Royal BAM Group nv

Annual report 2023

Building a sustainable tomorrow

The David Oluwale Bridge creates new connections for pedestrians and cyclists in Leeds city centre. The bridge is named in memory of David Oluwale, who in 1969 was hounded to his death in the river, having been repeatedly racially harassed and targeted because of his homelessness and mental health problems and serves as a lasting reminder to the city of its past and its on-going commitment to equality.

Leeds, BAM Nuttall (in joint venture)

Contents

European single electronic reporting format
This copy of the annual financial reporting of Royal BAM Group nv for the year ended 31 December 2023 is not presented in the ESEF-format as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). To download the ESEF reporting package, please visit www.bam.com/en/investors/annual-reports. In any case of discrepancies between this PDF version and the ESEF reporting package, the latter prevails.

⋮ Executive Board report

Key figures[1]

(x € million, unless otherwise stated)

People

	2023	2022
Safety		
Incident frequency BAM (IF BAM)	**3.4**	3.7
Incident frequency total (IF Total)	**2.6**	-
Human resources		
Average number of employees *(in FTE)*	**13,344**	14,608
Female/male employees *(in %)*	**21/79**	20/80
Return on inclusion score	**55**	-

Planet

Decarbonisation		
Scope 1 and 2 CO_2 emissions intensity *(in tonnes per € million revenue)*	**10.9**	13.3[2]
Scope 1 and 2 CO_2 emissions *(in kilotonnes)*	**69**	88[2]
Energy consumption *(in terajoules)*	**1,378**	1,475
CDP Climate ranking	**A**	A
Circularity		
Construction and office waste intensity *(in tonnes per € million revenue)*	**8.7**	10.4[2]
Construction and office waste *(in kilotonnes)*	**55**	69[2]

Profit

	2023	2022
Revenue	**6,270**	6,618
Adjusted EBITDA	**304.3**	350.2[3]
Adjusted EBITDA margin *(in %)*	**4.9**	5.3
Net result attributable to the shareholders of the Company	**175.0**	179.6
Earnings per share *(in €)*	**0.65**	0.66
Dividend per share *(in €)*	**0.20**	0.15
Dividend payout *(in %)*	**31**	22
Average number of ordinary shares *(x 1,000)*	**269,966**	271,784
Share closing price as at 31 December *(in €1)*	**2.42**	2.17
Equity attributable to the shareholders of the Company	**920.5**	810.6
Total assets	**3,932.0**	3,819.4
Solvency ratio *(in %)*	**23.4**	21.2
Capital employed	**1,345.7**	1,194.3
Return on capital employed *(in %)*	**13.7**	16.8
Order book	**9,809**	10,038

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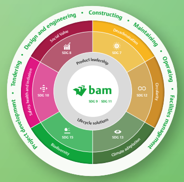
[1] Refer to the glossary in ▶ chapter 9.4 for definitions.

[2] These numbers were restated for ommissions identified during 2023. Refer to ▶ chapter 6.3 for further details.

[3] Adjusted EBITDA for 2022 includes the gain on sale of Wayss & Freytag Ingenieurbau amounting to €52 million.

2023 in review

Some sustainablity **highlights**



January

BAM presented its new sustainability strategy around six material themes concerning People and Planet, aligned with selected United Nations Development Goals and including short, medium and long term goals.

February

BAM has transplanted hundreds of rare orchids in one of Ireland's largest plant transplant operations as part of the enabling infrastructure works for Cork County Council on a large site near Midleton in East Cork.

March

BAM UK & Ireland is founding signatory of the Nature Positive Business Pledge, a framework designed to support businesses to act on biodiversity loss and contribute towards nature restoration.

May

BAM Infra Nederland constructed a test section of road paving in Heijningen for the municipality of Moerdijk, where BAM turned the existing asphalt paving into a new paving layer by applying a cold recycling technique, so reducing CO_2 emissions and the use of primary raw materials.

June

BAM Wonen, Staatsbosbeheer and IBI2 present the first 100% biobased and recycled panel material. Residual wood from Dutch forests, BAM construction sites and the saw mills of the TABS Group is processed into biobased chipboards and OSB equivalent boards, ready for construction projects and BAM's wooden housing concept Flow.

September

A new cross industry initiative, led by BAM, will design and develop the use of hydrogen as an alternative to diesel on construction sites. The 'Element One' project will adapt and develop dual-fuel technology, converting a range of construction plant to operate using a hydrogen-fuelled generator.

November

Area developer AM is delivering 112 sustainable owner-occupied homes in the Leeuwesteyn project in Utrecht with a wooden supporting structure, insulated with as many bio-based materials as possible such as straw and flax and equipped with circular materials in the facades and finishing.

Message from the CEO

> *‘We have successfully executed our ambitious strategic agenda for the 2021-2023 period, Building a sustainable tomorrow.’*

Ruud Joosten, CEO Royal BAM Group nv

Over 2023, Royal BAM Group nv delivered a strong performance with an adjusted EBITDA of €304 million, reflecting a margin of 4.9 per cent. The cash position and order backlog are at a good level. BAM proposes to pay a dividend over the year 2023 of €0.20 per share. Furthermore, BAM will return €30 million to shareholders via a share buyback. For the strategic period 2024-2026, BAM expects to deliver an adjusted EBITDA margin between 4 and 6 per cent.

‘I am pleased that our Group further improved its operational performance in 2023. In the Netherlands, civil engineering continued the positive trend, the residential activities had a good performance, while the contribution of non-residential construction substantially improved during the second half of the year. The division United Kingdom and Ireland showed a solid contribution overall. The performance of Construction UK disappointed due to supply chain issues and cost overruns at a large project.

Civil engineering UK, Ventures UK and Ireland contributed well. There were positive results from the activities in Belgium and Invesis. Our financial resilience further improved, illustrated by the increase of our capital ratio and our strong cash position. We propose to pay our shareholders a dividend of €0.20 per share over 2023, reflecting an increase of 33 per cent versus last year.

We have successfully executed our ambitious strategic agenda for the 2021-2023 period, ‘Building a sustainable tomorrow’, and we delivered all of our strategic targets. During the past three years, we have made major progress in de-risking our portfolio by selective tendering and by divestments. This strategy resulted in a more stable performance of BAM in the last three years. We remained focused on supporting our clients achieving their goals by providing value driven, reliable and sustainable solutions for construction and infrastructure.

In early 2023, as a signal of our focus on leadership in sustainable construction, we defined clear sustainability goals. These include ambitious decarbonisation targets as well as targets for circularity, climate adaptation, biodiversity, safety, health, inclusion, and social value. This year we achieved an important milestone of a 56 per cent scope 1 and 2 CO_2 intensity reduction versus 2015. I am also proud that BAM has achieved for the fifth consecutive year a place on CDP’s prestigious ‘A’ list for climate change.

Notwithstanding the business or sustainability related challenges the Company faces, it is people who matter most. In 2023, a BAM employee lost his life while working on one of the Group’s projects. These accidents impact everybody; first and foremost family and friends but also colleagues and others involved in accidents related to our activities.
We deeply regret all incidents and express our heartfelt determination to prevent all safety-related incidents.

Strategy 2024-2026: focus, transform and expand
Looking forward, our new strategy for 2024-2026 builds on the solid progress realised in the last three years with sustainability as our key driver. We maintain our focus to protect profitability, we continue to transform our Group to strengthen competitive advantages and we aim for expansion for future growth in selected product market combinations.

We are convinced that our strategy can create meaningful growth in value for our clients, will create development opportunities for our employees, and will generate attractive returns for our shareholders, while BAM actively contributes to more sustainable and inclusive communities and society.

In the next phase of the strategy for 2024-2026 BAM continues its current dividend policy to distribute a dividend between 30 and 50 per cent of the net result. The Group will also consider cash returns via share buybacks.

In 2024, in addition to the proposed dividend over 2023, BAM will return €30 million to shareholders via a share buyback.

Orderbook at a good level
Market conditions remain challenging in the short-term as a consequence of higher interest rates, political and geopolitical uncertainties and the continued pressure to attract and retain staff. Against this background, our order book is at a good level of €9.8 billion and we remain focused on the quality of the order intake. For the medium and longer term, we see attractive market opportunities supported by demand for decarbonisation, critical infrastructure and sustainable and affordable homes, where we have proven market-leading capabilities.

For the strategic period 2024-2026, BAM expects to deliver an adjusted EBITDA margin between 4 and 6 per cent.

Finally, also on behalf of the Executive Committee, I would like to thank all our stakeholders for their confidence in BAM. I would like to especially thank our employees for their hard work and commitment to serve our clients.’

Bunnik, the Netherlands, 21 February 2024

Ruud Joosten,
CEO Royal BAM Group nv

Value creation

Weldon Village Academy, a new co-educational secondary school, providing 1,200 places for students in years 7 to 11 and 300 post-16.

Weldon, BAM Construct UK

2.1 Business model

Organisation

The Group's organisational structure is based on two divisions, one dedicated to the Netherlands and the other to the United Kingdom and Ireland. The implementation of this structure was an important step in delivering on BAM's strategic agenda for 2021 - 2023 and was put in place to enhance operational excellence, knowledge sharing and the development of sustainable and life-cycle solutions in the underlying businessess. The Group's activities in Belgium are organised separately. The two divisions and Belgium are supported by a focused and streamlined corporate centre.

In the divisions Netherlands and United Kingdom and Ireland, BAM leverages its scale and strong position to lead with replicable and 'best-in-industry' construction processes, delivered by highly skilled employees to create valuable, sustainable solutions for its clients.

The Group employs approximately 13,900 people. The division Netherlands employs approximately 6,800 people, the division United Kingdom and Ireland approximately 6,800 people, and Belgium approximately 200 people.

Through its joint venture Invesis, BAM is also committed to PPP civil and social infrastructure projects.

Activities
BAM carries out non-residential construction activities in the Netherlands, the United Kingdom and Ireland, and on a modest scale in Belgium and Denmark.

In addition, BAM delivers residential construction projects primarily in the Netherlands, Ireland and Belgium. Housing for families, students and the elderly is developed and built mainly in the Netherlands, where development and construction are provided as a fully integrated solution to clients.

Property development activities are carried out in the Netherlands, the United Kingdom, Ireland and on a limited scale in Belgium. BAM is also active in facilities management in the Netherlands, the United Kingdom, Ireland and Belgium.

BAM's civil engineering activities cover the markets in the Netherlands, the United Kingdom, Ireland and Denmark (Fehmarnbelt Tunnel).

Management structure
Since 1 January 2022, BAM's Executive Committee consisted of the two Executive Board members (Chief Executive Officer and Chief Financial Officer) and two chief operating officers, one responsible for the activities in the Netherlands and the other for the activities in the United Kingdom and Ireland. In 2023, the Executive Committee was extended with the Chief HR Officer.

The financial, social and environmental performance of BAM's business activities are described in ▶ chapter 3.

① Organisational structure

Royal BAM Group nv - Corporate centre

Netherlands - *division*
BAM Infra Nederland
-
BAM Bouw en Techniek
-
BAM Residential
-
BAM Specials

United Kingdom and Ireland - *division*
BAM Nuttall
-
BAM Construct UK
-
BAM Contractors (Ireland)
-
BAM Ventures

Belgium
BAM Interbuild
-
Kairos

Public Private Partnerships
Invesis (50%)

Value creation model

BAM's value creation model shows how the Group uses resources, capabilities and expertise to create sustainable value for all stakeholders.

Inputs 2023

Human capital

Professional and skilled employees in all areas of construction and property development, civil engineering and facility management, including support staff.

- Building a diverse workforce with approximately 13,900 employees, reflecting the communities in which BAM operates
- Living and breathing the five core values (▸ see chapter 3.2)
- Developing employees' capabilities by training, coaching and leadership development

Natural capital

Materials such as concrete, steel, timber and asphalt.

- 62,000 tonnes steel, 100,000 m^3 ready-mix concrete, 610,000 tonnes asphalt used in the Netherlands in 2023
- In the Netherlands and the United Kingdom 96 per cent of the timber used is certified sustainable

Manufactured capital

Machinery, tools and buildings.

- In-house site equipment (BAM Materieel and BAM Site Solutions)
- Over 50 office locations in the United Kingdom, Ireland, Netherlands, and Belgium

Social and relational capital

Social relationships and networks, including clients, business partners, suppliers, subcontractors and other stakeholders.

- 95 per cent of BAM's 2023 spend with 22 per cent of our vendors
- Engaging stakeholders (▸ see chapter 2.3)
- Social Value engagement (▸ see chapter 3.2)

Intellectual capital

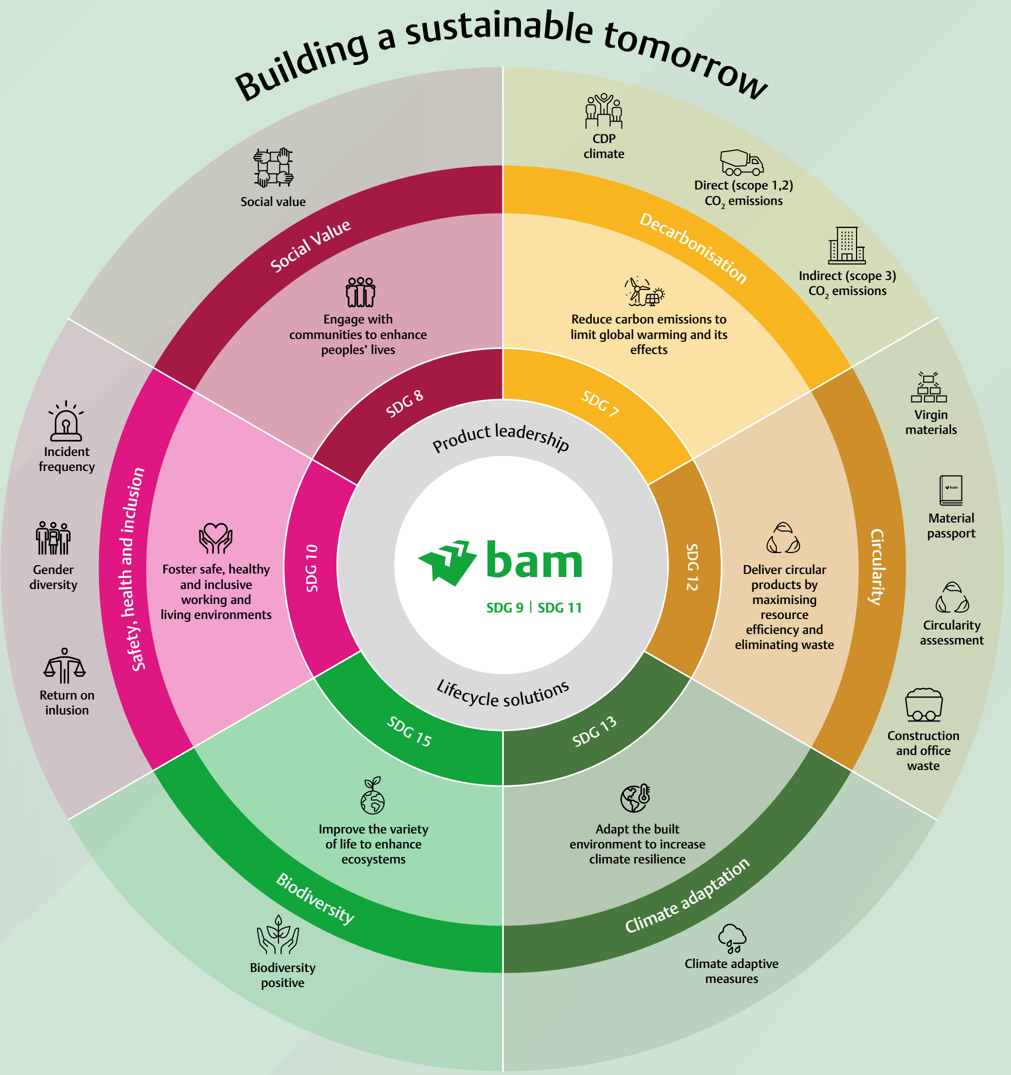
Digital, modular and industrialised construction technologies.

- Industrialised production of modular timber houses in BAM's factory
- Digital construction approach following ISO19650 by utilising 3D and 4D modelling

Financial capital

Funding from shareholders, financial stakeholders and clients.

- Equity attributable to the shareholders of the Company €920.5 million
- Credit capacity available for operations (Revolving Credit Facility), bonding and guarantees
- Cash position €757 million and net working capital



BAM's Activities

- Project development
- Tendering
- Design and engineering
- Constructing
- Maintaining
- Operating
- Facilities magagement

Sustainability is at the heart of BAM's strategy

The 'wheel' represents BAM's sustainability framework. An overview of the correponding strategic targets is presented in ▸ chapter 2.2 Strategy.

The United Nations' Sustainable Development Goals linked to BAM's Sustainability Strategy are:

BAM creates value with ...

Employees

- 76 per cent working in categories 'Build', 'Maintain' and 'Design'
- 22 per cent working in categories 'Acquire' and 'Management and support'
- 2 per cent working in category 'Other'

Clients and markets

- Public and private sector
- Energy transition
- Supporting productivity
- Housing shortage
- Climate adaptive assets
- Supporting society

Vendors

- Material suppliers
- Subcontractors
- Service providers
- Temporary staff and labour

Key partners

- Architects and engineers
- Joint venture partners
- Knowledge institutions
- Branch organisations
- Banks, credit insurers
- Local governments and regulators

... and operates in home countries

Areas

- Focus markets: the Netherlands, the United Kingdom, Ireland and Belgium
- Regulators across Europe
- Material suppliers of steel, concrete and asphalt mostly sourced in focus markets
- Certified timber for the Netherlands is predominantly sourced in the Netherlands. This timber mostly originates from Sweden, South-east Asia and Africa.

Outputs 2023

Providing a safe and inclusive working environment

- Incident Frequency BAM (IF BAM) is 3.4
- Women representing 21 per cent of the workforce
- Return on inclusion of 55

Limiting global warming and its effects, and reducing waste

- 56 per cent reduction of CO$_2$ intensity (scope 1 and 2) compared to 2015
- 60 per cent reduction of construction and office waste intensity compared to 2015

Being financially strong to build a safe and sustainable living environment

- Worked on more than 4,000 projects
- Solvency ratio of 23.4 per cent
- Adjusted EBITDA of €304.3

2.2 Strategy

Building a sustainable tomorrow

The year 2023 is the final year of the 2021 – 2023 strategy ‘building a sustainable tomorrow’. The goal was to increase profitability of the Company and de-risk the portfolio and the work BAM choose to undertake. BAM is pleased to report that this de-risking strategy resulted in improved returns for the period 2021-2023.

The Group’s performance in 2023 is a solid foundation for the next phase of the ‘building a sustainable tomorrow’ strategy, for the period of 2024-2026. This strategic period will continue the hard work of the last three years and aim to focus to protect profitability, transform to strengthen competitive advantage and expand for future growth.

BAM’s purpose of ‘building a sustainable tomorrow’ remains unchanged, as it consistently strives to enhance its contribution to a more sustainable world, improve working environments, and deliver significant returns for shareholders.

Progress made in 2023; final year in strategic period

- During 2023 the teams in the Netherlands, United Kingdom, Ireland and Belgium supported the development of the next phase of BAM’s strategy for 2024-2026.
- To complement BAM’s business and sustainability strategy, BAM developed HR initiatives that focus on the employee journey, leadership development, workforce and diversity, career opportunities, skills and capabilities, cross-collaboration and the HR organisation.
- In Belgium the integration of construction company, BAM Interbuild and development company Kairos to one company was successfully implemented resulting in a resilient Belgian operating unit.
- To better align BAM’s organisation with its client’s interest, various organisational changes have been made in the divisions. E.g. in BAM Construct UK the number of regions is being reduced from seven to six and in the non-residential unit of BAM in the Netherlands the organisation has been simplified.
- During 2023 BAM divested its small consulting operations in Indonesia and Singapore and its minority stake in Dutch start-up UbiOps.

Continue de-risking

- In 2023 BAM continued its strategy to de-risk its project portfolio. This resulted in selecting and focusing on Product Market Combinations that are attractive and where BAM has a differentiating proposition.
- As a consequence of this focus, BAM stopped tendering for projects in the Danish market and larger civil projects in the Dutch market that have an unfavorable risk-reward allocation. In the UK, BAM focused on frameworks and projects in the energy sector.

Accelerate opportunities for future growth

- In 2023 BAM continued investments in the BAM Flow wooden home concept factories and robotised part of its production. So far window frames and façade elements are produced in this factory. As of 2024 BAM will start the production of all other elements for Flow.
- BAM continues to monitor the market of prospective investments that can support accelerating growth in the medium-term.

Sustainability

- BAM has exceeded its ambitious scope 1 and 2 CO_2 intensity target of 50 per cent reduction versus 2015: in 2023, a reduction of 56 per cent versus 2015 was achieved.
- BAM has maintained its position on the CDP Climate A List for the fifth consecutive year.

Context and market opportunities

- The trends of energy transition and climate adaptation drive market growth towards 2030, specifically in renovations, inland flood protection and new energy markets, such as grids and EV charging infrastructure.
- Traditional construction segments are transforming to meet growing demand for (near) net-zero houses and buildings (newbuild and through renovations), and more sustainable materials, such as bio-based concepts and low-emission asphalt.

Strategy 2024-2026: Build on BAM's competitive strengths to serve sustainable growth segments

BAM aims to be a market leader in selected, sustainable, and profitable product market combinations (PMCs). The strategy for 2024-2026 focuses on protecting profitability, transforming through industrialisation and digitisation, and further expanding into growth markets.

② Strategy

2021 - 2023

Restructured NL and **UK&I portfolio** organising for **risk mitigation**

2024 - 2026

Focus to protect profitability, **transform** to strenghten competitive advantage and prepare to **expand** in sustainable and profitable markets

2027 - 2030

Expand further in **sustainability** driven **high-return PMCs** to become **sustainability leader**

Focus
BAM's strategy involves focus on selected markets with favourable risk-reward profile and positive impact on sustainability in the Netherlands, and in the United Kingdom and Ireland, emphasising key clients and proven competitive advantages. Some key initiatives include:

- **For Netherlands**: focusing on (cost)efficiency in residential, being selective in non-residential projects, and focusing on civil projects contributing to sustainability (f.e. land stations for wind parks), digitisation and with increased repetition and lower risk.
- **For United Kingdom and Ireland**: focusing on medium-sized projects with top clients and enhancing core and value chain capabilities (e.g. advisory, design and engineering).

Transform
BAM's transformation centres on markets where it differentiates on sustainable and industrialised product, process leadership and strong relationships with clients. BAM will target markets where prioritisation of innovation and sustainability can flourish, enabling transformation within the portfolio.

This will be achieved through:

- **For Netherlands**: increasing the number of biobased, industrialised Flow homes within residential, investing in sustainable asphalt and electrification of equipment to improve tender scoring and lead the way in sustainability.
- **For United Kingdom and Ireland:** industrialising education and health PMCs through efficient and sustainable, standardised designs, and by building cross-business propositions with a client centric approach.

Expand
BAM sees strong further growth in residential, new energy markets and renovations towards 2030. With BAM's scale and scope it is well positioned to serve these larger societal opportunities. BAM aims to expand in markets that are in line with BAM's strengths and sustainability values. This will be done through expanding existing capabilities. Key initiatives for the period 2024-2026 underpinning this are:

- **For Netherlands:** growing in new residential and renovations with an industrialised and digital concept, and expanding in grids, EV, inland flood protection and bridge renovations.
- **For United Kingdom and Ireland:** moving into energy solutions for non-residential buildings and expanding in grids and rail electrification.

Belgium
In Belgium, BAM continues its activities as an integrated construction, development and facilities management company, with a focus on sustainable projects.

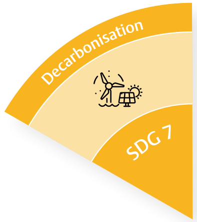
Invesis
BAM will support joint venture Invesis in implementing its strategy based on enhancing its position in home markets, expanding into new markets and building new offerings in new energy and digital infrastructure.

People and high performance culture
Successful execution relies on highly engaged people in a high-performance organisation, emphasising diversity, an attractive employee journey, leadership by example, talent management, and adaptive organisation.

Strategic outlook
2024-2026 holds exciting prospects for BAM. The launch of the sustainability component of the strategy early 2023 has been well-received by BAM's stakeholders. BAM's dedication towards building a sustainable tomorrow remains unwavering.

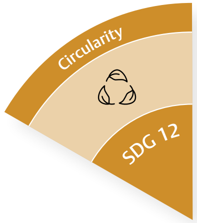
The construction market in the future promises opportunities in areas like residential, renovation and new energy markets. BAM's strategy capitalises into these areas. The competitive advantage stems from strong client relations, size and scope, and product and process leadership. BAM is confident that the refined focus on key markets, coupled with breadth of offering, will position it strongly going forward.

Overview of BAM's sustainability strategy targets for the years 2023, 2026 and 2030



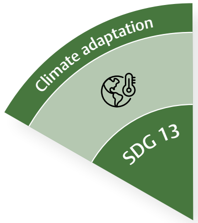
Decarbonisation

- 2023: -50% scope 1 and 2 CO_2 intensity vs. 2015
- 2026: -80% scope 1 and 2 CO_2 intensity vs. 2015
- 2030: -50% scope 3 CO_2 emissions vs. 2019
- Maintain CDP climate 'A' ranking



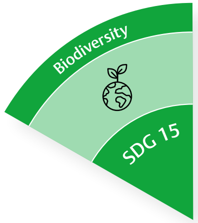
Circularity

- 2030: -50% non-biobased virgin materials vs. 2019
- 2030: A,B,C* and industrialised projects with design in their scope to use the material passport
- 2030: A,B,C* and industrialised projects with design in their scope to use the circularity assessment
- 2030: -75% construction and office waste intensity vs. 2015



Climate adaptation

- 2026: Climate-adaptive measures to be integrated in all BAM's own developments
- 2026: Offer climate-adaptive measures in all A,B,C* tenders with a design scope
- 2030: Climate-adaptive measures to be integrated in all projects



Biodiversity

- 2026: Biodiversity-positive alternatives to be offered in all A,B,C* tenders and developments with design in their scope
- 2026: Evidenced biodiversity balanced on all projects in the United Kingdom and Ireland
- 2030: Aggregated biodiversity-positive

Safety, health and inclusion

Gender diversity:

- 2023: ≥ 22% female representation in senior leadership
- 2026: ≥ 25% female representation in senior leadership
- 2030: ≥ 30% female representation in senior leadership

Return on inclusion:

- 2023: Set divisional ROI baselines and score > 51 (Silver)
- 2026: Score > 60 (Silver)
- 2030: Score > 71 (Gold)

Incident frequency:

- 2023: IF BAM and IF Total ≤ 3.0

Social Value

- 2023: UK&I 20% social value for projects
- 2026: UK&I 35% social value for projects, NL to deliver 5% social value on top of contractual obligations

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* BAM uses a classification system based on the size and risk profile of its projects, ranging from A (highest classification) to E. A, B, and C projects typically represent medium to large projects.

Delivered for Norfolk County Council, the Herring Bridge in Great Yarmouth eases traffic congestion on the town's roads, shortens journey times and improves journey reliability.
BAM Nuttall (in joint venture)

2.3 Stakeholder engagement

BAM consistently fosters active participation from stakeholders in the formulation of BAM's (sustainability) strategy and related targets.

Stakeholder involvement in 2023

The awareness and engagement with stakeholders towards building a sustainable performance culture has been a key focus in 2023. In 2023 the stakeholder dialogue further refined around BAM's sustainability matters driven by the yearly materiality assessment as reported in ▶ chapter 6.1. In 2023 BAM has applied a double materiality approach.

The stakeholder dialogue included the impact of BAM on the environment and society (inside-out) and the financial risks and opportunities for BAM (outside-in). This approach ensures a thorough and nuanced evaluation of the environmental, social, and governance matters and helps to better understand the relationship between these financial and sustainability risks and opportunities.

This method is referred to as the double materiality assessment and is in consideration of the requirements in the European Sustainability Reporting Standards (ESRS) 1 and 2 for use by all companies subject to the Corporate Sustainability Reporting Directive (CSRD), which will be applicable for listed companies such as BAM from 1 January 2024.

As part of the process, internal stakeholders were trained in the understanding of sustainability impacts, risks and opportunities and with respect to performing the double materiality assessment and quantification of the impacts.

Collaboration and knowledge sharing was enhanced across departments to address sustainability risks and further develop capabilities around determining the material impacts and the material financial risk and opportunities on BAM in relation to all aspects of BAM's sustainability strategy and other environmental, social and goverance matters.

The Executive Committee, and members of the Supervisory Board, are continuously involved in the stakeholder engagement process and in discussions with external stakeholders, such as clients, suppliers, shareholders and their representatives, providers of debt and insurance, and representatives of environmental organisations.

Stakeholders

BAM's stakeholders are all members of interest groups which significantly influence or are influenced by BAM's economic, environmental and social impact. BAM has identified six key stakeholder groups based on its value creation model as presented in ▶ chapter 2.2.

These groups, as well as typical types of engagement, are:

Clients
BAM plays an active role in offering sustainable solutions to BAM's clients. This extends beyond the most effective offering, to value created for society and the environment. BAM is in constant dialogue with its clients about project expectations and projections. In addition, BAM organises client meetings to share knowledge and best practices. This is primarily done through account management and business development.

Providers of financial capital
Engagement with investors, financial institutions and the financial community at large is actively pursued and usually takes place through road shows, seminars, investment meetings, press releases and in the Annual General Meeting of shareholders.

Employees
Employees are BAM's most valuable assets. Employee engagement is facilitated through multiple platforms such as internal events, open collaboration days, senior management meetings, the Young BAM, Future BAM and trainee communities and quarterly online BAM Engagement surveys. Additionally, BAM has active Works Councils across the business to discuss organisational changes and other employee-related matters.

Suppliers and subcontractors
Supply chain partners are essential to BAM, and therefore the Company engages with its key suppliers directly. During projects, BAM is in constant dialogue with its suppliers about project expectations, safety, sustainable solutions and sources of supplied goods to reduce the environmental and social negative impact of projects.

Society
BAM builds crucial facilities which society needs, such as housing, hospitals, schools, utilities and infrastructure. By their very nature, BAM's construction and civil engineering works have an impact on local communities. BAM's engagement through its projects is typically focused on topics like local spend, education and creating positive social impact through volunteering.

Regulators
By delivering projects, BAM is in constant contact with local and other governmental authorities about issuing permits and about compliance with regulations. BAM engages with regulators on issues such as carbon-free buildings, carbon impact in the infrastructure life cycle and other environmental issues.

Material matters in 2023

BAM determined the matters that have the largest impact and are of the highest concern to the stakeholders in BAM's value chain. The outcome is summarised in ▶ figure 3.

Compared to the 2022 assessment, the result shows two main differences. Product quality and control and Digitalisation and Industrialisation are not included, as both are considered more high-level matters being captured through Financial performance. Biodiversity and Social value are two newly identified material matters, resulting from BAM's increased focused on these matters as part of BAM's Sustainability strategy.

In BAM's risk management disclosures (▶ chapter 4.1) and the Double Materiality Assessment (▶ chapter 6.1) more detail is provided on the process and matters have been disclosed on a more granular level. Also, the management approach towards measurement, mitigating risks and pursuing specific opportunities is disclosed in response to those matters. BAM completed the first steps to fully integrate the outcomes of the double materiality assessment into the Enterprise Risk Management (ERM) process.

BAM derives forward looking guidance from this outcome and includes the relevant insights in strategy iteration and prioritiy setting in business programs, targets and reporting.

③ Summary stakeholder matters linking to performance indicators and risks

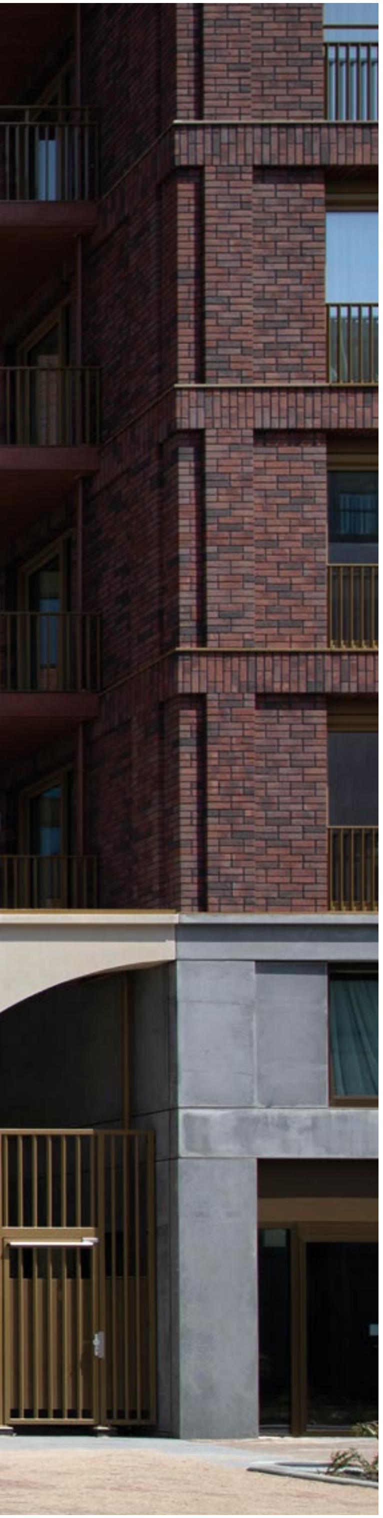
	Stakeholder matter	Key Indicator	Risk area	Performance in chapter
1	Financial performance	Adjusted EBITDA	Project tendering and contract execution, Financial and sustainability reporting	3.1

2	Climate mitigation
	- GHG emissions own operations: scope 1 and 2
	- GHG emissions value chain:
	  - scope 3
	  - Energy efficiency opportunities
	- Pollution of air and soil
		CO_2 emissions intensity	Climate change, Environmental impact	3.3, 6.3

3	Climate adaptation - Climate adaptive solutions - Climate risk on land bank	Tenders with climate adaptive measures offered	Climate change	3.3, 6.3
4	Biodiversity - Biodiversity loss through land use change - Biodiversity positive alternatives - Ecosystem services	Tenders with biodiversity measures offered	Environmental impact	3.3
5	Circularity - Circularity (circularity assessments/material passports) - Depletion of raw materials - Waste reduction, reuse and recycling	Construction and office waste intensity, Tenders with circularity assessments or material passports offered	Environmental impact	3.3
6	Diversity and Inclusion - Diversity - Training and skills development - Return on Inclusion	Female representation, Return on Inclusion	Human Resources	3.2, 6.4
7	Occupational health and safety - Occupational health and safety - Work-related ill health	IF Total	Safety	3.2, 6.4
8	Social value	Percentage of social value, Social Return On Inclusion	Project tendering and contract execution	3.2
9	Business conduct and corporate culture - Prevention and detection of corruption and bribery - Protection of data and respecting privacy - Corporate culture	Code of conduct - number of reported incidents	Regulatory and reputation, Transformation	3.2, 6.5

Tango Utrecht

Commissioned by housing associations Portaal and Woonin, BAM Wonen built 178 social rental homes in the Leidsche Rijn district of Utrecht. The homes meet the BENG standard (Bijna Energie-Neutraal Gebouw or Nearly Energy Neutral Building). Designed by BureauVanEig and Zecc Architecten, the apartments have a high-quality insulated building envelope with triple glazing, combined with high-quality energy facilities such as solar panels. This results in a future-proof building with a low energy consumption for the tenants.



Business performance

Maintenance works on track and overhead lines of the RandstadRail, using an electric aerial platform.

Zoetermeer, BAM Infra Nederland

3.1 Financial performance

Strategic targets *	Performance in 2023	Progress
BAM aims to improve adjusted EBITDA to circa 5 per cent.	The margin on the adjusted EBITDA for 2022 was 4.9 per cent, compared to 5.3 in 2022.	○○●
Trade working capital efficiency (“TWC efficiency”) below -10 per cent.	The TWC efficiency was -13.2 per cent at year-end 2023 compared to -15.8 per cent at year-end 2022.	○○●
Return on capital employed (ROCE) >10 per cent.	ROCE in 2023 was 13.7 per cent (2022: 16.8 per cent).	○○●
Grow capital ratio to 20 per cent over the strategic period.	Capital ratio was 23.4 per cent at year-end 2023 compared to 21.2 per cent at year-end 2022.	○○●

* Refer to the glossary in ▶ chapter 9.4 for definitions.

Over 2023, Royal BAM Group nv delivered a strong performance with an adjusted EBITDA of €304 million, reflecting a margin of 4.9 per cent. The liquidity position and order backlog are at a good level. BAM proposes to pay a dividend over the year 2023 of €0.20 per share. Furthermore, BAM will return €30 million to its shareholders via a share buyback. For the strategic period 2024-2026, BAM expects to deliver an adjusted EBITDA margin between 4 and 6 per cent.

- Combined revenue of division Netherlands and division UK and Ireland increased by 2% to €6.1 billion
- Adjusted EBITDA of €304 million (margin of 4.9%)
- Net result of €175 million, reflecting earnings per share of €0.65 (2022: €0.66)
- Liquidity position of €0.8 billion while trade working capital continues to normalise
- Capital ratio improved to 23.4% (2022: 21.2%)
- Order book of €9.8 billion
- Scope 1 and 2 CO_2 intensity reduction of 56% versus 2015 (target: minus 50%)
- New strategy 2024-2026 (focus, transform and expand) builds on solid progress in past three years

4 Key numbers

(x € million, unless otherwise stated)	**2023**	2022
Revenue	**6,270**	6,618
Adjusted EBITDA[1]	**304.3**	350.2
Adjusted EBITDA margin[1]	**4.9%**	5.3%
Net result attributable to shareholders	**175.0**	179.6
Dividend (in € per share)[2]	**0.20**	0.15
Order book (end of period)	**9,809**	10,038
Trade working capital efficiency [1]	**(13.2%)**	(15.8%)
Return on average capital employed [1]	**13.7%**	16.8%

[1] Refer to the glossary in ▶ chapter 9.4 for definitions.

[2] Proposal for 2023

The revenue of the division Netherlands and division United Kingdom and Ireland increased by 2 per cent. The Group revenue declined by 5 per cent to €6.3 billion compared to full-year 2022 due to the divestments in Germany and Belgium in 2022. The revenue of the divested activities was €394 million in 2022. The development of the British pound exchange rate had a negative effect of €55 million. Adjusted EBITDA of €304 million, reflected the strong operational performance, equating to a margin of 4.9 per cent. In 2022, adjusted EBITDA was €350 million, including positive contributions of divested companies and hedge revaluations. Excluding the positive result of the Wayss & Freytag transaction, the adjusted EBITDA margin was 4.5 per cent in 2022. The net result was €175 million (2022: €180 million), reflecting earnings per share of €0.65 (2022: €0.66). Adjusted items refer to reorganisation costs in both divisions. The net result was supported by the positive effects of increased interest rates and a low tax rate of 5 per cent. This tax rate includes the positive effects of recognised liquidation losses and of the revaluation of deferred tax assets for tax losses. Impairments were limited to €3 million (2022: €15 million).

The order book at year-end 2023 remained solid at €9.8 billion (2022: €10 billion), with a clear focus on quality. This included the reduction of €300 million due to government review of the regional UK roads development programme and the positive British pound exchange rate effect of €89 million. Of the total order book, €4.9 billion is expected to be carried out in 2024.

5 Income statement

(x € million, unless otherwise stated)	2023		2022	
	Revenue	**Adj. EBITDA**	Revenue	Adj. EBITDA
Division NL	**3,007**	**179.0**	2,917	172.5
Division UK&I	**3,139**	**121.5**	3,134	81.6
Germany, Belgium and International	**125**	**11.4**	569	77.8
Invesis	**-**	**2.6**	-	23.5
Other including eliminations	**(1)**	**(10.2)**	(2)	(5.2)
	6,270	**304.3**	6,618	350.2
Adjusted items		**(9.6)**		(5.2)
Depreciation and amortisation		**(121.3)**		(116.6)
Impairments		**(2.7)**		(15.0)
Finance result		**12.9**		2.3
Result before tax		**183.6**		215.7
Income tax expense		**(8.6)**		(37.9)
Non-controlling interest		**0.0**		1.9
Net result attributable to shareholders		**175.0**		179.6

Dividend proposal

BAM's policy is to pay out 30 to 50 per cent of the net result for the year, thereby considering the balance sheet structure supporting the strategic agenda. BAM proposes to pay a dividend of €0.20 per share, which reflects a pay-out ratio of 30 per cent of net income over the year 2023.

Subject to adoption by the Annual General Meeting on 10 April 2024, the shares will trade ex-dividend on 12 April 2024 and dividend will be paid on 8 May 2024 with a scrip alternative.

BAM will combine the repurchase of the shares to offset the dilution for the scrip alternative with the additional share buyback of approximately €30 million and a repurchase of shares to fulfil its obligations for share-based employee incentive schemes. Going forward, BAM intends to pay its dividends in cash.

Outlook strategic period 2024 - 2026

Market conditions remain challenging in the short-term as a consequence of higher interest rates, political and geopolitical uncertainties and the continued pressure to attract and retain staff. Against this background, the order book is at a good level of €9.8 billion, and BAM remains focused on the quality of the order intake. For the medium and longer term, BAM sees attractive market opportunities supported by demand for decarbonisation, critical infrastructure and sustainable and affordable homes, where we have proven market-leading capabilities. For the strategic period 2024-2026, BAM expects to deliver an adjusted EBITDA margin between 4 and 6 per cent.

Division Netherlands

6 Division Netherlands key numbers

(x € million, unless otherwise stated)	2023		2022	
	Revenue	**Adj. EBITDA**	Revenue	Adj. EBITDA
Construction and Property	**2,072**	**111.9**	1,978	105.5
Civil engineering	**964**	**65.0**	967	68.1
Other including eliminations	**(29)**	**2.1**	(28)	(1.1)
Total	**3,007**	**179.0**	2,917	172.5
Adjusted EBITDA margin		**6.0%**		5.9%
Revenue growth		**3%**		(1%)
Adjusted EBITDA growth		**4%**		23%
TWC efficiency		**(12.0%)**		(14.5%)
Orderbook		**4,917**		4,366
Orderbook growth		**13%**		(1%)

Revenue increased by 3 per cent compared to full-year 2022 driven by non-residential and telecom and energy systems activities, both part of Construction and Property. Adjusted EBITDA increased by 4 per cent to €179 million compared to €173 million in full-year 2022, reflecting an adjusted EBITDA margin of 6.0 per cent (2022: 5.9 per cent). The Dutch residential activities reported a good contribution. Home sales decreased to 1,670, reflecting the more challenging market conditions and including 134 sold homes in the Bajeskwartier project, of which 107 on behalf of joint venture partners. BAM is fully responsible for the development and sales of this project. In 2022, BAM sold 2,113 homes, including 106 for Bajeskwartier.

The performance of non-residential was impacted by design issues and cost overruns at the four non-residential projects in Denmark, of which two have been completed in the second half of the year. The operational performance of civil engineering remained strong.

The order book increased by 13 per cent to €4.9 billion mainly driven by strong order intake in non-residential construction and a stable development at civil engineering and residential construction and property. Recent project wins include the A-Pier at Schiphol, a five-year partnership with VodafoneZiggo and several residential developments in Diemen (Steigerblok), Veenendaal (Ritmeester) and in Zwolle (Spoorzone).

The formation of the new Dutch government has added to the uncertainty for the construction and property industry, especially regarding the ambition to build more homes and the legislation regarding nitrogen. Currently, cost increases and the relatively higher interest rates are leading to delays of some project awards. The residential market is still under pressure but shows some signals of recovery due to the effect of pay rises and a stabilisation of mortgage rates. For the medium to longer term, there remains a strong rationale for essential investments in energy transition, infrastructure and sustainable and affordable homes.

Division United Kingdom and Ireland

⑦ Division United Kingdom and Ireland key numbers

(x € million, unless otherwise stated)	2023		2022	
	Revenue	**Adj. EBITDA**	Revenue	Adj. EBITDA
Construction UK	**1,046**	**(14.8)**	1,062	35.6
Civil engineering UK	**1,363**	**77.3**	1,243	22.0
Ventures UK	**323**	**36.8**	222	13.1
Ireland	**463**	**27.6**	669	20.9
Other including eliminations	**(56)**	**(5.4)**	(62)	(10.0)
Total	**3,139**	**121.5**	3,134	81.6
Adjusted EBITDA margin		**3.9%**		2.6%
Revenue growth		**0%**		5%
Adjusted EBITDA growth		**49%**		(9%)
TWC efficiency		**(13.8%)**		(17.8%)
Orderbook		**4,533**		5,402
Orderbook growth		**(16%)**		(18%)

Revenue of €3.1 billion was in line with full-year 2022, with high activity in civil engineering UK and Ventures offsetting the lower level in Ireland due to progress on large projects. The British pound exchange rate had a €55 million negative effect on revenue. Adjusted EBITDA improved significantly to €122 million compared to €82 million in full-year of 2022, reflecting an adjusted EBITDA margin of 3.9 per cent (2022: 2.6 per cent). The contribution of Construction UK was impacted by supply chain issues and cost overruns at a large project. Civil engineering UK showed a good performance supported by the high activity level and the settlement for a legacy project while adjusted EBITDA in 2022 included disappointing results on some larger projects. The Ventures business had a strong performance, also driven by the divestment of an office development in the first half-year. The result of Ireland included an improved performance in civil engineering. The National Children's Hospital is progressing towards completion, in line with the revised agreed timetable.

The order book declined by 16 per cent to €4.5 billion, including the cancellation of a €300 million highways framework contract in the first half-year. The development of the British pound exchange rate had a positive effect of €89 million. Project wins during the year included additional works for HS2, an extension of the Framework agreement with the UK Environment Agency to mitigate climate change and protect against coastal erosion and flooding, and the repurposing of the historic Typhoo Tea building into a new broadcast centre for the BBC in Birmingham.

In the UK, the civil market is expected to be stable while in the short-term the construction market will be more challenging. The 2023 UK Energy Act to strengthen energy security and support the delivery of net zero is a positive development. BAM is positioned strongly in the energy market, following the successful execution of projects in this product market combination. Medium-term, there is a healthy pipeline in BAM's core construction markets for education, health, offices and leisure and key markets in Ireland like transport and social infrastructure. The construction market in Ireland is forecast to grow. BAM remains focused on winning projects with the right risk/reward balance.

Germany, Belgium and International

8 Germany, Belgium and International key numbers

(x € million, unless otherwise stated)	**2023**		2022	
	Revenue	**Adj. EBITDA**	Revenue	Adj. EBITDA
Germany, Belgium and International	**125**	**11.4**	569	77.8

Revenues declined substantially due to the divestments of Wayss & Freytag Ingenieurbau, BAM Galère and BAM Contractors nv during 2022. The activities in Belgium had a satisfactory performance. In Germany, BAM still shares responsibility for one project of the former BAM Deutschland.

Invesis

In 2023, Invesis continued to create value from the operational portfolio by successfully refinancing the University Hospital Schleswig-Holstein project and transferring the Dendermonde prison project, the A10/A24 project and the Afsluitdijk project to PGGM. Invesis added the GLM2 Social Housing Project in Australia to the portfolio reaching financial close in the fourth quarter of 2023. One project was transferred to a new owner. There is a strong pipeline and preferred bidder decisions are expected in 2024. At year-end 2023, Invesis had 44 operational projects (2022: 43), with a further 4 under construction (2022: 5), making 48 PPP projects in total (2022: 48).

Investigation

In October 2022, the Dutch Fiscal Information and Investigation Service (FIOD) and the Dutch Public Prosecutions Office (Openbaar Ministerie) have informed BAM International that it is the subject of an investigation into suspicions relating to potential fraud and corruption at some already completed projects. The timing and possible outcome of the investigation are uncertain. Therefore, the potential adverse financial impact of the outcome of the investigation, if any, cannot be reliably estimated at this time but could possibly be material.

BAM is fully cooperating with the investigation and taking appropriate steps in connection with the investigation, including an internal review of the relevant projects. In July 2020, BAM announced its intention to wind down BAM International. Meanwhile all projects of BAM International have been completed.

Cash flow

9 Cash flow

(x € million, unless otherwise stated)	**2023**	2022
Cash flow of operations	**276**	246
Cash flow from working capital	**(99)**	(466)
Change in provisions and pensions	**(71)**	24
Cash flow from operating activities	**106**	(196)
Cash flow from investing activities	**(91)**	(163)
Cash flow from financing activities	**(109)**	(93)
Increase / decrease in cash position	**(94)**	(452)
Cash and cash equivalents beginning period	**841**	1,285
Change in assets and liabilities held for sale	**-**	42
Exchange rate differences, other changes	**10**	(34)
Cash and cash equivalents	**757**	841

At year-end 2023, cash and cash equivalents totalled €757 million (2022: €841 million), while trade working capital continues to normalise.

The further improved operational performance resulted in a strong cash flow from operations of €276 million. Cash flow from working capital was €99 million negative, including the effects of higher interest rates and of lower advance payments on large lump-sum projects, which is in line with BAM's adjusted tendering strategy.

Provisions and pensions resulted in a cash outflow of €71 million, of which €35 million for defined benefit obligations, which included additional payments to cover the impact of indexation.

Cash flow from investing activities of -€91 million primarily relates to regular capital expenditure with a focus on sustainable, digital and modular solutions such as the electrification of equipment and modular housing. In 2022 this item included a net outflow of €66 million from divestments.

Cash flow from financing activities of -€109 million included the payment of cash dividend and the buyback of shares issued for scrip and coverage of share based employee compensation plans, totalling €42 million. The remainder relates to leases and repayment of interest bearing debt.

Exchange rates, primarily the British pound, had a positive effect of €10 million on cash and cash equivalents at the year-end.

Financial position

10 Financial position

(x € million, unless otherwise stated)	**2023**	2022
Cash position	**757**	841
Borrowings	**(62)**	(53)
Net (debt) cash before lease liabilities	**695**	788
Lease liabilities	**(234)**	(174)
Net (debt) cash	**461**	614
Trade working capital	**(822)**	(1,010)
Shareholders' equity	**921**	811
Balance sheet total	**3,932**	3,819
Capital ratio	**23.4%**	21.2%
Capital employed	**1,346**	1,194
Return on capital employed	**13.7%**	16.8%

The trade working capital efficiency percentage further increased, ending 2023 at -13.2 per cent (2022: -15.8 per cent), which reflects a further normalisation as a result of unwinding of advance payments on large projects as a consequence of BAM's adjusted tendering strategy and the effect of higher interest rates.

The increase in shareholders' equity of €110 million to €921 million mainly comprises the net result of 2023 (€175 million), positive exchange rate differences (€18 million), the negative effects of the payment of dividend and the related share buyback (-€42 million), remeasurement of post-employment benefit obligations (-€36 million) and cash flow hedges (-€8 million).

BAM's capital ratio further improved by 2.2 per cent point to 23.4 per cent at year-end 2023. The financial resilience further improved by securing the first extension of our €330 million revolving credit facility by one year to November 2027.

Tax

The Group's effective tax rate in 2023 is 5 per cent and is well below the weighted average nominal rate of 24 per cent. This is mainly explained by the recognition of liquidation losses at BAM International and of the revaluation of deferred tax assets for tax losses.

On corporate income tax, taxes on wages, social security contributions and VAT, the Group paid a total amount of €864 million in 2023 (2022: €981 million). Tax paid in 2022 was seriously impacted by the early and full repayment of Covid-19 deferred VAT and salary tax of €120 million.

11 Total taxes paid in 2023

(x € million, unless otherwise stated)	**Taxes**	**%**	**Revenue**	**%**
Netherlands	433	50	3,006	48
United Kingdom	393	46	2,676	43
Ireland	16	2	463	7
Belgium	20	2	118	2
Rest of the world	2	0	7	0
Total	**864**	**100**	**6,270**	**100**

3.2 Social performance

Strategic targets	Performance in 2023	Progress
• Fully incorporate safety in daily activities to achieve an incident frequency of ≤ 3.0*	IF BAM of 3.4 (down from 3.7 in 2022). IF Total of 2.6	🔴○○
• Evolve the leadership culture	BAM implemented its five core values in 2023 and developed a leadership framework	○○🟢
• Achieve minimum 22 per cent female representation within senior leadership	Female representation in senior leadership is 15 per cent	🔴○○
• Achieve minimum score of 51 on ‘Return on inclusion’ assessment	Return on inclusion score is 55 (2021: 45)	○○🟢
• Deliver 20 per cent social value in United Kingdom and Ireland	BAM is in the process of implementing a measurement and reporting tool	🔴○○

* Original strategic target <3.5; redefined in sustainability strategy (2023) as ≤3.0.

Safety

On 4 April 2023, BAM learnt with great sadness of the death of a highly valued colleague in a tragic accident during rail works in the Netherlands. Also several train passengers were injured in the accident. Multiple investigations are still ongoing.

BAM has implemented additional safety measures to improve BAM’s year-on-year safety performance. In division Netherlands, specific attention was paid to high risk type of incidents, such as falling from heights and collision hazards, for example through toolbox meetings. Another focus area to further enhance BAM’s safety culture is the general risk awareness, on site and with senior management. Key employment agencies actively participated in two workshops with the aim of enhancing safety performance concerning subcontractors and hired workers.

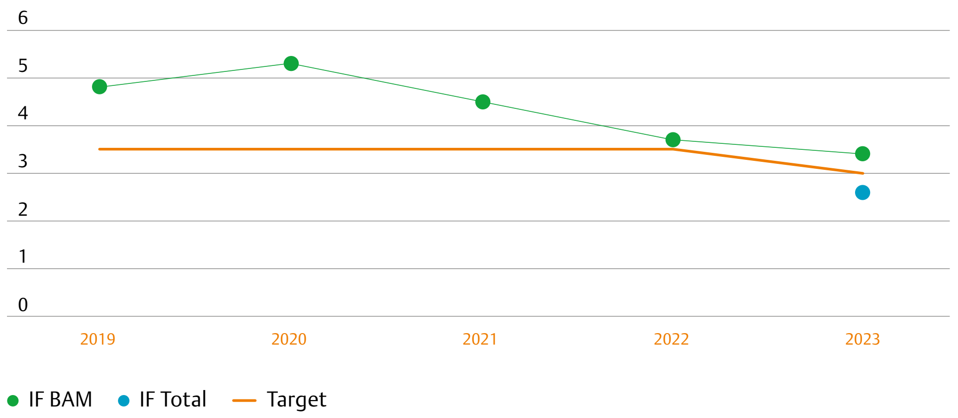
Division United Kingdom and Ireland has further enhanced its BAM Safety Leadership Programme across the division. A comprehensive Safety Leadership Survey was organised to gain further insight into the safety culture including the attitudes and perception of safety of BAM employees, supply chain and subcontractors.

Recurring safety measures in the day-to-day activities include safety self-assessments and internal and external safety audits with a specific focus on safety instructions, execution, improvements, communication and procedures regarding safety. On the annual Safety Day, BAM’s offices and project sites evaluate and stimulate the correct attitude and behaviour around safety. In The Netherlands the Safety Day 2023 was held in March, aligned with the industry-wide ‘Bewust Veilig Dag’.

BAM measures safety performance through the incident frequency and the number of serious accidents with the intent of continuous improvement. Incident frequency denotes the number of occupational accidents resulting in lost time (absence from work ≥ 1 day) per million hours worked. BAM measures incident frequency for its own employees (IF BAM) and for its own workforce, i.e. own employees plus subcontractors, hired workers and third parties (IF total). For 2023, BAM reports IF total for the first time in its annual report.

⑫ Incident frequency

(x 1 million worked hours)



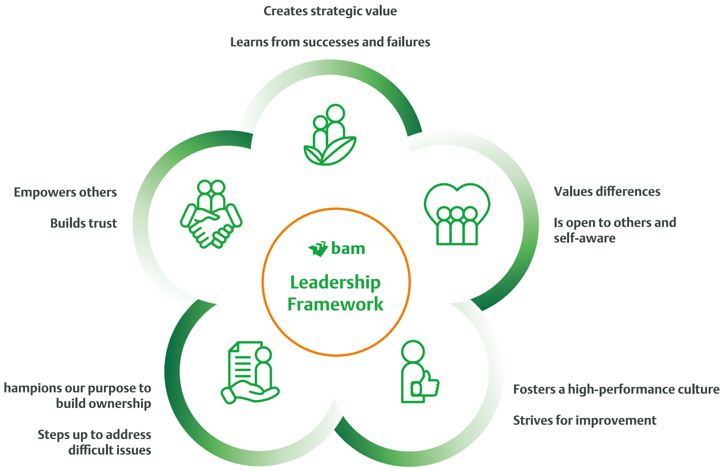
In 2023, IF BAM decreased to 3.4 (2022 3.7), which does not meet the 2023 target of IF ≤ 3.0. IF Total is 2.6 in 2023. A total of 193 (2022: 234) lost time accidents were reported, of which 71 (2022: 77) accidents involved BAM employees.

In 2023, 64 serious accidents were reported (2022: 63 serious accidents), of which 18 involved own employees. Serious accidents can be with and without lost time and are therefore not always included in BAM's IF figures. BAM classifies an accident as 'serious' when a worker is hospitalised for more than 24 hours or when it involves an electrocution, amputation or fracture (including a hairline fracture in the bone). BAM's processes are organised to learn from accidents, near-accidents and dangerous occurrences, to improve the safety culture across the company and to prevent any accidents from happening in the future.

Leadership culture

BAM's leaders play a crucial role in developing people and enabling a culture in which people act according to BAM's values. A new BAM Leadership Framework was defined in 2023 and is based upon BAM's five values and its desired leadership behaviour.

13 Leadership Framework



These values were developed in 2022 and implemented throughout 2023:

Sustainable:	'A more sustainable world means a brighter future for ourselves and generations to come. As an industry leader, we raise the bar for social and environmental impact and financial resilience. Today, tomorrow and every day.'
Inclusive:	'We create an environment where everybody feels welcome and valued. Welcoming diversity and inviting different perspectives is how we unleash our productivity and creativity. Because our differences make us stronger.'
Reliable:	'Reliability and trust are the foundations of our success. As we take on new challenges, we are clear about expectations and keep our promises. We can rely on each other as our clients and partners rely on us.'
Ownership:	'When we take responsibility for challenges, we find solutions. When we take accountability for our decisions, we create predictable and positive impact. When we act with consideration for our customers, partners and each other, we create a safe, healthy BAM for all.'
Collaborative:	'Success comes from all teams working together. Because when we work together and build relationships, our unique combination of talents and know-how maximises our team performance.'

The intention of combining BAM's values with the desired leadership behaviour, is a shift from having a 'culture by default' to developing a 'culture by design'. The Group's Leadership Framework will form the basis of BAM's recruitment processes and its leadership development portfolio. The latter offers different development opportunities in learning and coaching, such as the Enterprise Leadership Programme, the Future Leaders Programme, and the People Management Essentials Programme. The leadership journeys of BAM's senior leadership group are facilitated by multi-day immersive experiences which include one-to-one coaching sessions and workshops.

Besides the Leadership Framework, various initiatives were deployed to further 'activate' the BAM values throughout the BAM organisation. For example, one value was 'spotlighted' each quarter: engaging articles and interviews were published across the internal communication channels. Division Netherlands organised Value workshops, including an 'Inspiration Café' and 'Expeditions', bringing colleagues along the journey. In 2024, these conversations will continue. In division UK & Ireland, the focus in 2023 was on embedding the values 'in everything we do'.

Specifically, a deep-dive was done that identified over 250 tasks through which the values will be embedded. Across BAM, leaders will be helped to translate these values into their daily work, for instance, by embedding them in the goal-setting of employees.

Female representation

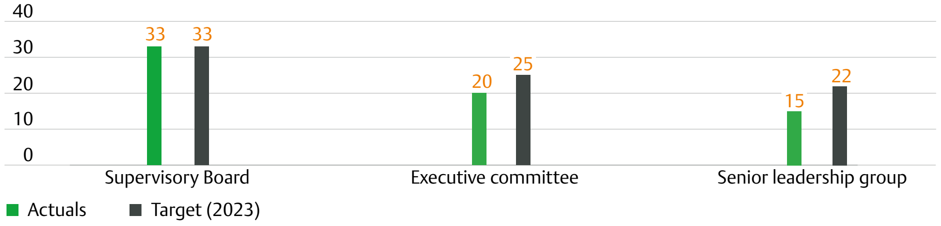
BAM strongly believes that diversity of culture, experience and opinion is a key factor for success, and that diverse management contributes to the appropriate balance of skills, expertise and experience.

In compliance with the statutory requirements to set a number for the diversity between female and male members of the Supervisory Board, its composition shall consist of at least one third (33 per cent) female members and at least one third (33 per cent) male members. Since the general meeting in 2017, the composition of the Supervisory Board has been in line with this target, with two out of six members being female.

The Group's aim is that at least 25 per cent of the Executive Committee (which includes the Executive Board) shall consist of women and at least 25 per cent shall consist of men. Since the appointment of Sabine van Hooijdonk-Verboom as Chief HR Officer per 1 July 2023, the female share in the Executive Committee composition is 20 per cent. This does not meet the target yet and BAM will continue to look for opportunities when new positions in the Executive Committee (including Executive Board) become available.

Additionally, BAM has set targets for the percentage of women in its senior leadership group for the period up to 2030. The senior leadership group ('SLG') is defined as all employees in senior job grades (referred to as grade F, G and H in BAM's salary framework). This group of approximately 140 employees includes members of the Executive Committee, the directors of businesses and large underlying business units, as well as the most senior functional roles in the divisions and at the corporate centre. As a result of a new grading model and newly defined group, the composition of the senior leadership has changed. At the end of 2023, the share of female leaders in SLG was 15 per cent while the target was set at 22 per cent.

14 Female representation
(in %)



BAM has defined and is actively pursuing interventions to improve the share of women in leadership positions, aware of the current gap to target and the longer-term ambition to achieve 30 per cent female representation in SLG by 2030. Key interventions include:

- Establishing a more diverse succession planning for senior management positions, building on detailed insights into the succession funnel and 'talent pools' across BAM;
- Critically assessing current colleagues in leadership positions based on performance and development, in line with BAM's newly developed leadership framework that outlines desired leadership behaviour in line with the BAM values;
- Raising awareness on gender diversity and inclusion (D&I) throughout the organisation, by tracking progress rigorously as done through the Return on Inclusion (ROI) audit, and incorporating areas for improvement into the BAM D&I roadmap.

In the group defined as key SLG, a significantly larger share of 29 per cent is female. The key SLG are leaders reporting directly to an Executive Committee member.

Return on inclusion

The Group believes in stimulating an inclusive culture that respects and values differences, thereby making the Group stronger, more innovative, and more attractive. In 2022, three diversity and inclusion (D&I) leads were appointed within the Company; one for corporate centre, one for division Netherlands and one for division United Kingdom and Ireland. During 2023, these leads have been acting on BAM's D&I Roadmap by for example offering inclusive webinars, making the recruitment processes more inclusive and further embedding the BAM values in leadership behaviour.

BAM collaborates with EA Inclusion, an external independent party, that conducts an inclusion assessment every two years. The assessment is based on extensive research and includes more than 50 interviews with key stakeholders, approximately 80 interviews with leaders, surveys conducted among circa 40 clients and suppliers, more than 15 site visits, and desk research based on workforce data (e.g. data on engagement, absence, gender, and age). The results of this rigorous process enable BAM to identify detailed actions to improve its efforts towards achieving the Group's inclusiveness ambition.

BAM was scored at 55 points, reaching its targeted 'Silver' level of 51 points or higher (on a scale of 100). This was especially ambitious for the businesses in the Netherlands and Ireland that had scored at around the mid-30s level in 2021. This score reflected an overall improvement by 10 points from the assessment in 2021. The report mentioned that BAM clearly acknowledged the need for cultural change, having embraced its D&I ambition and supporting a range of initiatives. Significant progress was observed through interventions involving leadership development, Inclusion@BAM, and executive sponsors visibly engaging with these D&I interventions, for instance through articles, videos and interviews.

The findings from the ROI assessment were shared and discussed with the Executive Committee as well as executive and HR directors of the businesses. Follow-up actions have been defined and include:
- Further embedding D&I in the organisation (maturing from a ‘voluntary’ to a mandatory part of the recruitment processes, training courses, and leadership engagement activities);
- Further formalising the inclusion networks (moving beyond gender; such as networks already set up in the UK&I for veterans and for BAM employees with disabilities);
- Further improving data quality to enable more fact-based decision-making (for instance, by better identifying ‘diverse talent’ and engaging these colleagues in ‘talent pools’ to prepare them for future leadership positions).

BAM is confident it will mature in its D&I journey and prepare to reach its targeted score of 60 or higher by 2026.

Social value

BAM’s ambition is to have a lasting societal impact by creating social value, a key theme in its ambition building a sustainable tomorrow. Social value enables investments back into the communities where projects are delivered. These investments range from directing wealth back into the local economy through local procurement and employment, to facilitating apprenticeships and to volunteering at local community projects. Activities that contribute to social and local economic value are allocated appropriate monetary value, which together can be expressed as a percentage of contract value or revenue.

Social Value in division United Kingdom and Ireland
BAM’s social value target of 20 per cent social value in 2023 included a specification that it was only applicable to projects worth over >€10 million. In 2023, it was decided to widen the scope of the social value targets for 2023 and 2026 to include all projects in the portfolio, regardless of contract value, as social value creation is equally important across all projects. Unfortunately, BAM was not able to reach the 2023 target. In 2023, the division United Kingdom and Ireland established a Social Sustainability enabling service. This involved the development of comprehensive policies and processes, alongside investment in an integrated reporting tool. The implementation of the tool is still ongoing, and therefore BAM is not yet able to report consolidated social and local economic value across the division.

The social sustainability team and people throughout the business continue to put effort into creating social and local economic value. Below are examples of these activities, figures are division wide:
- With the new standardised approach to capturing social value, the amount of projects where social outcomes are captured, has more than doubled in 2023.
- 320 apprentices were directly employed, delivering 13,770 apprenticeship weeks. A data academy and digital apprenticeship scheme were launched, providing apprentices the opportunity to upskill and increase their digital literacy. BAM is recognised among the top five best apprenticeship employers in the UK in the construction and property sector.

BAM encourages staff to spend a paid work day volunteering. In 2023, 554 members of BAM staff (circa 10 per cent of the total) have completed 632.5 days of volunteering, equating to 5,027 volunteering hours. This supported community projects such as sensory garden builds, hospice and community building refurbishments, and STEAM (Science, technology, engineering, arts and mathematics) engagement.

Of the projects completed in 2023, highlights were Sky Studios in Elstree, Hertfordshire creating 87 per cent (€189 million) social value, and Perth City Halls creating 29 per cent (€8 million) social value across the delivery of the project.
In 2024, BAM plans to implement the reporting tool to be able to report a consolidated social and local economic value by the end of the year. Combined with the upscaling of social value initiatives, this contributes towards BAM’s progress against the 2026 target of delivering 35 per cent social value in the division.

Social Value and SROI in division Netherlands
In the division Netherlands, projects for the public sector often contain obligations to deliver Social Return on Investment. This is a method of delivering and measuring social value in projects, with a focus on getting people that have a distance to the labour market into work. This can be supported through hiring these people directly and through social procurement, for instance purchasing at social recognised companies. Various social activities also contribute to social return, such as school visits to engage primary school and high school students. At the moment, these efforts are not yet reported by the division on a consolidated basis. The division Netherlands has committed to deliver 5 per cent social value on top of the required obligations by 2026, for which division Netherlands

intends to use a similar social value framework as the division United Kingdom and Ireland, made appropriate to the local context.

Division Netherlands' social return engagements in 2023 included:
- A national cooperation with JINC, reaching 775 young people through flash trainings, coaching and job interview training.
- Framework agreements with four specialised secondment organisations, to support hiring people from the SROI target group.
- BAM Specials reaching step 2 on the Prestatieladder Social Ondernemen (Social Entrepreneurship Performance Ladder) certification, recognising the way the organisation provides work to those who have difficulty finding employment.

Belgium
BAM Belgium manages the Zwaluwfonds, a foundation for charity donations, funded by employees and partners of BAM. In 2023, over €27 thousand was donated to four charities.

Considerate Constructors Scheme
BAM is part of the Considerate Constructors Scheme (CCS) in the United Kingdom and its Dutch equivalent Bewuste Bouwers. In this scheme, construction sites implement the Code of Considerate Practice, which includes behaviours for respecting the community, caring for the environment and valuing the workforce. In the United Kingdom, 58 CCS projects were registered in 2023 (2022: 42) with an average audit score of 43.7, above the industry average of 40.3. Under the scheme in the Netherlands 66 sites were registered (2022: 69) and the average audit score in 2023 was 7.3 (2022: 7.5), slightly below the industry average of 7.4.

Health and well-being

BAM places great value on the health and well-being of everyone who works for the Group. The way in which BAM implements its systems varies per division.

Netherlands
In the division Netherlands, BAM has contracted a certified external occupational health service to provide preventive and curative doctor services. Additionally, a periodic occupational health examination (PAGO) is organised for staff. Employees have indirect (through case management) access to a range of preselected providers and tools, supplied under a collective health insurance contract. Interventions can be organised in areas such as physiotherapy, lifestyle, ergonomics, psychology and social work. In accordance with Dutch standards, non-occupational healthcare is arranged through individual health insurance, although BAM can deploy the aforementioned interventions to support and accelerate support at an individual level. New policies on occupational health are developed, communicated and governed in consultation with the various Dutch Works Councils and a special council committee for safety, health, well-being and environment (VWGM). This committee convenes on a quarterly basis and ad-hoc when required.

United Kingdom and Ireland
Occupational health screening is provided by external suppliers in the United Kingdom. Consultations may then lead to referrals to specialist medical practitioners where appropriate. Employees who are paid on a monthly basis have private medical insurance available to them at no cost, although this represents a taxable benefit. These are only available to UK employees, and a total of 70 per cent of UK colleagues have this benefit. Those not in the scheme rely on the National Health Service. All employees and their dependants have access to an employee assistance programme which provides free, 24/7, confidential advice, support, information and, where needed, counselling, on a range of mental, social, financial and physical health issues. A comprehensive programme of training and awareness-raising is underway in the division, including 400+ individuals being trained as mental health first aiders to support colleagues.

This training also includes suicide awareness and prevention. The BAM Safety Day also incorporates well-being, so it is now the BAM Safety and Well-being Day. The aim is to continue raising awareness of the links between mental health and well-being, work safety and performance. BAMathon, a UK and Ireland-wide fitness event, took place in June 2023, with high levels of engagement shown by employees taking part in walking, running, cycling and swimming events in teams. The division won four well-being awards in 2023 for its innovative well-being work. It also became accredited with Investors in People in Workplace Health and Well-being. Safety committees have been set up at all levels in the organisation through which employees can signal occupational health hazards, suggest measures and work together with management to address these. Feedback on employee well-being is gained through a variety of processes, such as the Investors in People accreditation, Mind Index and Benchmark, Last Opinion (for leavers) and Glint surveys. Critical incident support is provided on sites in order to support those affected.

Human rights

Protecting and upholding human rights is important for strong and inclusive communities and is linked to BAM's efforts to create a sustainable environment. BAM has strengthened the approach on this topic in 2023 by a Human Rights Working Group, consisting of representatives from the Sustainability (reporting), Governance and Compliance, Human Resources, Procurement and

Legal departments. This Working Group leads the efforts and actions to assess and mitigate Human Rights risks in the following areas:
- Conducting Human Rights risk assessments
- Performing third party risks due diligence
- Training and engaging BAM employees and vendors
- Industry engagement
- Monitoring and incidents and complaints handling
- Strengthening human rights policies and procedures

Conducting human rights risk assessments
Besides the quarterly Enterprise Risk Management assessments and the Double Materiality Assessment (▶ chapter 6.1), the Human Rights Working Group performed a deep dive risk assessment on potential human rights risks. The aim of this risk assessment is to understand the human rights risks within BAM's own workforce and vendors (consisting of suppliers and subcontractors) and to determine necessary mitigating measures. The risk assessment confirmed existing insights and no new risks were identified.

Performing third party risks due diligence
BAM focuses on key and preferred vendors to ensure quality and compliance in the chain of subcontractors and suppliers. BAM uses onboarding for vendors. They are assessed on their compliance with BAM requirements. During tenders and the project phase, BAM uses competitive bidding or specific selected partners for each project, including checking that the vendor fully meets the Group's requirements. The requirements are included in the general procurement conditions and require vendors to comply with the BAM (Vendor) Code of Conduct, the BAM Business Principles (see www.bam.com) and the United Nations Guiding Principles on Business and Human Rights. Relationships with vendors are regularly evaluated and recorded using the vendor pyramid.

Where applicable, BAM has the right to monitor or assess a vendor's compliance in line with the BAM Vendor Code of Conduct. In 2023, BAM continued to de-risk its vendor base by limiting sourcing of materials and labour from outside Europe. BAM analysed suppliers from outside Europe and other low-risk countries, being Australia, Canada, Switzerland, Norway and USA. No site reviews for human rights were required due to the de-risking of the vendor base.
All new subcontractors in 2023 are located in the home markets. A limited percentage of the subcontractors (2023: 14 per cent) contains potential higher risk as it could involve lower-skilled or migrant labour. Depending on the specific nature of provided services by those potential higher risk subcontractors, additional risk mitigating measures have been taken, such as specific certifications, which are audited by external parties. BAM requires, for example, some subcontractors to register in the Labour Standards Register (Register Normering Arbeid) and at SNF (Stichting Normering Flexwonen) concerning standards for housing migrant workers. If the subcontractor does not meet the requirements, the subcontractor will be removed from the register and is then not allowed to work for BAM anymore.

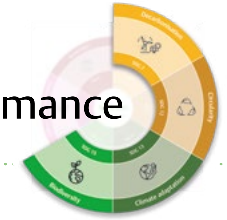
Training and engaging BAM employees and vendors
In 2023, BAM deployed new training materials on its renewed Code of Conduct. There is a mandatory e-learning on the Code of Conduct with a target of 95 per cent completion for BAM employees. For BAM employees in the United Kingdom, an e-learning on modern slavery is compulsory. In the United Kingdom, BAM works with the Supply Chain Sustainability School to provide training through e-learning or classroom training for vendor employees and to engage the supply chain.

Industry engagement
BAM has a framework agreement with Building and Wood Workers' International (BWI), to promote and protect employee rights. Driven by the Modern Slavery Act in the United Kingdom, the focus on human rights has led to collaboration with the government and industry peers. This manifested itself, among others, through the Supply Chain Sustainability School to jointly improve industry performance on sustainability issues, including modern slavery.

Monitoring and incidents and complaints handling
BAM encourages its employees and vendors to report suspected human rights incidents and complaints to BAM or to vendors. The compliance function monitors reports related to human rights. In 2023, the compliance function did not receive any reports related to human rights in line with the code of conduct and vendor code of conduct. There have also not been any fines, penalties or compensation for damages.

Strengthening Human Rights policies and procedures
In summary, BAM is guided by the standards established in the Universal Declaration of Human Rights; the Corporate Responsibility to Respect Human Rights under the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. BAM also recognises and respects the ILO Declaration on Fundamental Principles and Rights at Work, the ILO Conventions in force and the ILO Tripartite Declaration of Principles concerning multinational enterprises and social policy (MNE declaration). BAM complies with the Minimum Safeguards from the EU Taxonomy. BAM has covered these standards in its Code of Conduct, Human Rights Guideline and other underlying policies, such as its sustainability policy and procurement policy.

3.3 Environmental performance



Strategic targets	Performance in 2023	Progress
• Achieve a 50 per cent relative CO_2 emissions reduction in scope 1 and scope 2 by 2023 and an 80 per cent reduction in 2026 versus 2015.	BAM has reduced its scope 1 and 2 CO_2 intensity by 56 per cent versus 2015.	○○●
• Reduce absolute scope 3 emissions by 50 per cent in 2030 (base year 2019) and improve scope 3 measurement in 2023.	BAM has improved the scope 3 measurement and discloses its absolute scope 3 footprint.	○●○
• Maintain position on CDP Climate A List	BAM received an A score for CDP Climate for the fifth consecutive year.	○○●
• Reduce construction and office waste intensity by 75 per cent in 2030 versus 2015 (53 per cent in reduction in 2023).	BAM reduced its construction and office waste intensity by 60 per cent versus 2015.	○○●

Targets beyond 2023

In addition to the targets above, BAM has defined KPIs and set targets as part of its sustainability strategy. The first step on some of these targets is to develop a baseline measurement. Progress on these targets is therefore not yet reported in this year's report, but examples are provided in this chapter. These targets are:

- All A ,B, C* and industrialised projects with design in scope to use a circularity assessment by 2030;
- All A, B, C* and industrialised projects with design in scope to use a material passport by 2030;
- Reduce use of non-biobased primary (virgin) material by 50 per cent by 2030 (versus 2019);
- Offer climate-adaptive measures in all A, B, C* tenders with design in scope in 2026 and in all tenders by 2030;
- Apply climate-adaptive measures in BAM's own property developments in 2026;
- Offer biodiversity-positive alternatives in all A, B, C* tenders and developments with design in scope by 2026 and ensure an aggregated biodiversity impact by 2030;
- Ensure an evidenced biodiversity balance on all projects in 2026 in the United Kingdom and Ireland.

Sustainability forms an integral part of BAM's strategy. The Company aims to reduce its carbon, resource and waste footprint, and offer clients scalable sustainable solutions. BAM's performance on the targets in the sustainability strategy is divided in the four key strategic environmental themes: Decarbonisation, Circularity, Climate adaptation and Biodiversity. Supplementary disclosures and details are presented in ▶ chapter 6.3.

Decarbonisation

CO_2 reduction targets

BAM underlines the urgency to reduce carbon emissions and the pivotal role that the construction sector plays in the transition towards a sustainable low-carbon society. BAM has a 1.5 °C Science-Based Target, verified by SBTi, in place to ensure BAM is in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement. BAM has further increased the ambition level of its Science Based Targets. The accelerated targets were released early 2023 as part of BAM's sustainability strategy.

Scope 1 and 2 emissions

BAM has reached its 2023 reduction target of 50% versus 2015, as BAM's scope 1 and 2 CO_2 intensity decreased by 56 percent versus 2015. The CO_2 intensity in 2023 was 18 per cent lower compared to 2022 (from 13.3 to 10.9 tonnes per € million revenue). The reduction target was mainly achieved by divestments of carbon intensive business units and BAM's CO_2 reduction initiatives such as the use of biofuels and electrification. BAM's absolute scope 1 and 2 CO_2 emissions in 2023 were 69 kilotonnes, which was 22 per cent lower than its 2022 emissions of 88 kilotonnes. BAM's reports scope 1 and 2 CO_2 emissions using market based conversion factors for electricity as BAM's reduction targets are based on market based accounting. BAM's scope 1 and 2 CO_2 emissions using location based emissions factors are included in ▶ chapter 6.3.

Construction sites

The largest source of CO_2 emissions remains the fuel use on BAM's construction sites. In 2023, absolute emissions from fuels used on construction site were 36 kilotonnes compared to 48 kilotonnes in 2022. This decrease was caused by electrification of equipment and replacing diesel with hydrotreated vegetable oil (HVO) as well as the divestments (2022 CO_2 emissions still included the footprint of projects in Germany).

BAM continues its focus on the electrification of equipment to reduce CO_2 emissions on its construction sites and the dependency on fossil fuels. In the Netherlands, BAM aims to replace small equipment that needs replacement by electric alternatives. Other examples in 2023 are:

*BAM uses a classification system based on the size and risk profile of its projects, ranging from A (highest classification) to E. A, B, and C projects typically represent medium to large projects.

- The introduction of the first full electric drilling rig in the Netherlands. This electric machine drills up to 33 meter long piles in the ground saving up to 500 litres of diesel per day.
- The acquisition of two generators with a hydrogen combustion engine. These generators can serve as a replacement for the traditional diesel version and supply electricity directly to the construction sites.

The electrification of equipment is not sufficient to reach BAM's short term CO_2 reduction targets, which is why BAM is also replacing conventional diesel with sustainably produced HVO. The use of HVO increased to almost 5 million litres in 2023 compared to over 3 million litres in 2022. HVO now covers 27 per cent of the fuel use on construction sites.

The CO_2 reductions due to this initiative were circa 13 kilotonnes. The main challenge remains in the projects where BAM is not fully in control, such as joint ventures. Within the Netherlands, a pilot was also completed to shift company vans to HVO. This initiative will be further deployed in 2024.

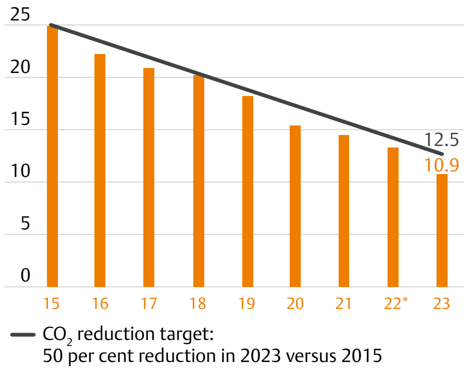
The replacement of fossil fuels by biofuels has sparked a great deal of debate in recent years. This discussion is focused on proving the true sustainability of apparently lower-carbon biobased fuels, which is not certain due to potential adverse impacts (e.g. land use change) during the production of biomass. BAM has given careful consideration to the use of HVO and remains satisfied that it is a necessary and suitable transition fuel to reduce CO_2 emissions in the short term.

Company car fleet
The emissions from the vehicle fleet, which account for 40 per cent of BAM's total scope 1 and 2 CO_2 emissions, decreased by 11 per cent compared to 2022. The number of fully electric lease vehicles more than doubled compared to 2022 to 2,295 in 2023 (a share of 47 per cent of the total lease fleet). For both divisions, BAM has a lease arrangement in which all new cars ordered are electric.

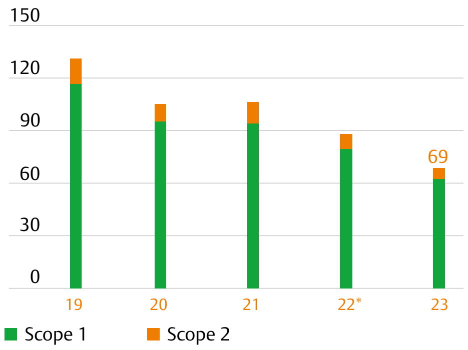
Procurement of renewable electricity
BAM's renewable electricity share has increased compared to last year to 69 per cent (2022: 65 per cent). The renewable electricity share is rising in the United Kingdom, but this is partly compensated by the grey energy use in the Fehmarnbelt project and the increase in electric vehicles in the Netherlands. The electric vehicles are currently assumed to be charged by an average national electricity mix, but initiatives are ongoing to gain insight in the renewable electricity share of public and home charging.

Scope 1 and 2 reduction roadmap
BAM's main focus areas for 2024 to further reduce direct CO_2 emissions are:
- Reducing diesel use on construction sites by establishing early-stage grid connections, electrify equipment and using alternative fuels (sustainably produced biofuels) where possible. The most important measure is the use of HVO on BAM's own projects which will carry on in 2024. For new joint venture projects the ambition is to include the usage of HVO in the contractual agreements.

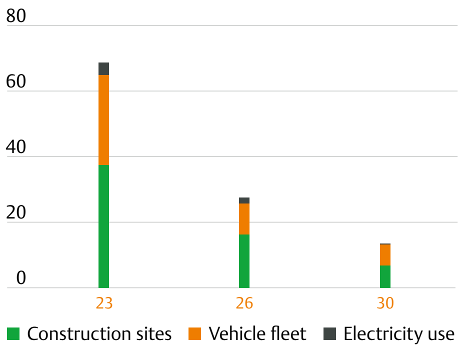
15 CO_2 emissions intensity (scope 1 and 2)
(in tonnes per € million revenue)



16 Absolute CO_2 emissions (scope 1 and 2)
(in kilotonnes)



17 Reduction roadmap scope 1 and 2
(in kilotonnes)



* Restatement of the values disclosed in BAM's annual report 2022, due to a prior period data omission. See specific details in ▶ chapter 6.3

- Electrifying BAM's company car fleet and ensuring the used electricity is renewable. Due to existing lease arrangements it will take a few years before the company cars will be 100% electrified. For the company vans it will be a longer transition due to the market not having the appropriate EV's to replace the current fleet. In the meantime alternative fuels will be deployed further.
- Working towards the procurement of 100 per cent renewable electricity in all offices and project sites.

The roadmap towards BAM's 2026 target and further reduction in 2030 (▶ figure 17) shows that the majority of the CO_2 reduction is anticipated at the Company's construction sites, as a result of further electrification of equipment and deployment of HVO. The electrification of BAM's vehicle fleet is also expected to continue to substantially contribute to BAM's CO_2 emissions reduction in the coming years.

Scope 3 emissions

BAM acknowledges the importance of reducing CO_2 emissions in the value chain outside the Group's activities, which is also underlined by BAM's ambitious scope 3 reduction target for 2030.
In 2023, BAM has started initiatives to reduce emissions associated with the use of materials. One example is 'GROENR BETON'. This is an initiative to offer more sustainable concrete to the market. Application of the concrete concept leads to a reduction of 15 to 20 percent CO_2 emissions compared to traditional mixtures. The properties of GROENR BETON are comparable to those of traditional concrete, making it suitable for many applications. Regarding reducing downstream emissions, BAM continued to deliver projects focusing on making homes energy efficient in 2023.

In 2023, BAM focused on improving the quality of measurement of scope 3. BAM has taken an increased effort in order to improve the completeness and accuracy of its scope 3 assessment in 2023. These efforts have led to an improvement in BAM's scope 3 measurement but are only the first steps in a longer journey. The complex and diverse supply chain and large variety in type of assets that BAM delivers creates challenges to compiling consistent, accurate and complete data. Further efforts will be needed to get BAM's scope 3 measurement to a level that allows effective steering on this topic.

BAM decided to start disclosing the results of its scope 3 assessment in this year's annual report to inform stakeholders of its journey. BAM estimates its scope 3 footprint to be circa 2,552 kilotonnes (the breakdown of BAM's scope 3 emissions is presented in ▶ chapter 6.3). The estimated scope 3 emissions are lower than BAM's 2019 baseline, but a meaningful comparison is not possible due to the substantial changes in applied methodology. BAM will continue to put effort into determining to what extent reductions are the result of methodology changes, the smaller size of the company (due to divestments) and actual reductions in the value chain. BAM expects that in the coming years more methodology changes will occur which may result in significant changes on the reported scope 3 footprint.

Most of BAM's scope 3 emissions are in the categories purchased goods and services and use of sold products. In 2023, BAM has made efforts in improving the measurement of these categories:
- Purchased goods and services. BAM has improved the completeness of the procurement database and the categorisation of procurement categories. The spend data is converted into CO_2 emissions using better suited public available conversion factors. In 2023, BAM has improved the completeness of the spend data method. Going forward, BAM aims to replace part of the spend based data with activity data which is expected to further improve the accuracy of the estimation.
- Use of sold products. BAM has improved its insights in the energy use of the assets it delivered in 2023 by making use of energy labels and design specifics. The energy use of these assets is multiplied by the expected lifetime of the asset to estimate the associated CO_2 emissions. The assessment now covers non-residential and civil projects as well, which were previously excluded.

The used methodology for all categories is presented in ▶ chapter 6.3 – Sustainability statements.

BAM's climate action acknowledged

BAM was awarded a place on the prestigious CDP Climate A List for the fifth consecutive year, recognising BAM's efforts in CO_2 reduction and transparent reporting. BAM was included in the Europe's Climate Leaders list of the Financial Times, a list of the top 400 European companies that have cut their greenhouse gas emissions the most.

Circularity

BAM aims to deliver more circular solutions to limit the use of primary materials and the environmental impact of these materials. BAM's circularity approach is centred around: 1) applying tools to support circular solutions (material passports and circularity assessment); 2) reducing the use of virgin materials by reusing, recycling and considering alternative materials and 3) waste reduction.

Material passports and circularity assessment

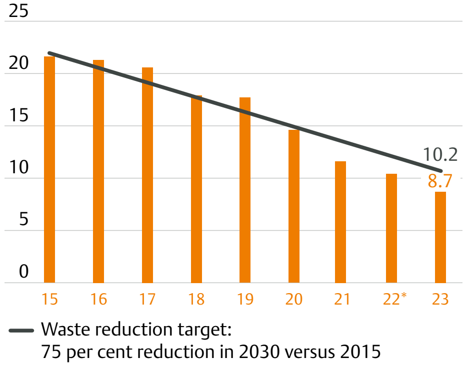
In BAM's strategy there is a focus on material passports and circularity assessments. The aim of a material passport is to ensure that the materials retain their value for reuse or recycling. The materials passport therefore contributes to the circular economy. The circularity assessments provides insight into the extent to which a building uses recycled materials and into the reusability and detachability of materials used. Due to the high workload associated with both material passports and the circularity assessments, these are currently mainly delivered on a client-demand basis.

In the Netherlands the construction and property sector mostly uses Madaster to set up material passports. Due to the large variety in client demands within the civil projects, instead of using a standardised tool, a standardised method developed by BAM was established in 2023 and already implemented in various projects. In 2023 a material passport was offered in 11 tenders (35 per cent of larger projects with design in scope) in the Netherlands. Within the United Kingdom and Ireland, no industry standard exists and BAM is working on developing these standards, and the material passports that were delivered in 2023 were not according to a set standard.

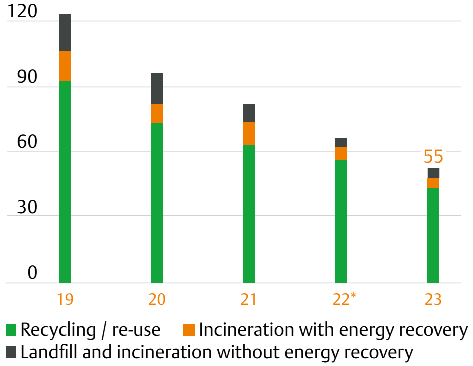
The construction and property sector in the Netherlands has adopted the Building Circularity Index (BCI) as a circularity assessment. The BCI is a scientifically based and proven measurement method to determine the circular potential of a building. In 2023, a circularity assessment was offered in 13 tenders (42 per cent of larger projects with design in scope) in the Netherlands. Within the United Kingdom and Ireland no industry standard exists and BAM is working on developing these standards.

In 2024, BAM will continue to offer material passports and circularity assessment on all projects in the Netherlands and work towards maturing the approach in the United Kingdom and Ireland. BAM aims to keep track on the share of projects where these circularity solutions are offered and implemented to prepare reporting against BAM's circularity targets for 2030.

18 Construction and office waste intensity *(in tonnes per € million revenue)*



19 Construction and office waste production per destination category *(in kilotonnes)*



* Restatement of the values disclosed in BAM's annual report 2022, due to a prior period data omission. See specific details in ▶ chapter 6.3

Reduce use of non-biobased primary (virgin) material
One of the targets in BAM's sustainability strategy is focused on reducing the usage of primary materials. In 2023 both divisions have focused on setting a baseline and roadmap for the key materials (steel, concrete and asphalt). Accurately mapping these materials for the entire Company remains a challenge, and the roadmap will therefore be continuously improved based on new insights. BAM has estimated the quantities of these main materials used in its construction projects in the Netherlands (see ▶ chapter 6.3).

Waste reduction
Construction and office waste are the most relevant waste categories for BAM as these materials are initially brought to BAM's sites and offices on its behalf, in contrast to excavation and demolition waste. BAM has set the target to reduce construction and office waste intensity by 75 per cent by 2030 (versus 2015). In 2023, its construction and office waste intensity was 8,7 (2022: 10.4, which means a decrease of 60 per cent compared to 2015. A total of 5 kilotonnes (2022: 5 kilotonnes) was landfilled or incinerated without energy recovery. The volumes of excavation waste and demolition waste both decreased again in 2022. These volumes are mainly impacted by the type and phase of projects and BAM does not consider excavation waste and demolition wastes useful metrics to steer upon.

Focus is on reducing construction waste, but also on repurposing waste. Both divisions have started initiatives to repurpose pallets that would otherwise be discarded by having a company collect all types of pallets for re-use purposes, reducing wood waste on construction sites substantially. Even though the focus of BAM is on reducing and re-using waste, recycling is still an important part of our waste streams. BAM's 'recycle or reuse' rate remained stable at 83 per cent (2022: 84 per cent).

Climate adaptation

While BAM and many other organisations are committed to mitigate climate change, BAM also acknowledges the reality that the climate is already changing and is expected to change further in the coming decades. That is why BAM has selected climate adaptation as one of its sustainability strategic themes. For BAM, climate adaptation is about adapting the built environment to increase climate resilience, meaning that the assets BAM delivers can withstand severe climate, such as heavy precipitation, drought and rising sea levels. Climate-adaptive solutions are also increasingly demanded by communities, clients and regulators. BAM does not have specific climate adaptation targets in place for 2023, but the Company is working towards delivering on the 2026 and 2030 targets.

In 2023, BAM has further implemented the Climate Risk Scan in the Netherlands. A Climate Risk Scan is now carried out in all large projects identifying the specific risks for project locations in the tender phase. These risks include water damage, drought, heat stress, subsidence and flooding. Based on the results of this scan, BAM is increasingly offering adaptive solutions, regardless whether this is specifically requested by the client. BAM aims to quantitively report on the share of large projects where climate adaptive measures are offered in 2024.

An example of a project where climate adaptive measures were implemented is the new shopping centre in the Waalsprong. This project was developed by BAM and delivered in 2023 with green facades that improve the indoor climate and retain rainwater and blue roofs that collect extra rainwater during heavy precipitation. The roofs provide additional cooling and water buffering which mitigates risks related to heat stress, draught and water damage.

BAM also delivers climate adaptive assets that have the function to withstand impacts of climate change. An example is the eight meter high sea wall in Dawlish that was completed in May 2023. Following a storm in 2014 that severely damaged the railway, the sea wall was renewed to withstand extreme weather conditions. The project team that developed and built the wall won two awards at the annual Institution of Civil Engineers (ICE) South West Civil Engineering Awards.

In 2024, BAM aims to apply the climate risk scan on all projects in the Netherlands and work towards a similar scan for projects in the United Kingdom, Ireland and Belgium. BAM will continue to put the processes in place to ensure climate adaptation is sufficiently covered in all tenders and projects.

Biodiversity

Biodiversity loss, together with climate change, is increasingly considered a severe threat to the planet, society and economy. Economies depend on healthy and resilient ecosystems and mitigating climate change can only truly be achieved by addressing biodiversity loss. Recognising the importance of nature, BAM included biodiversity as a key topic in its sustainability strategy. BAM does not have specific biodiversity targets in place for 2023, but the Company is working towards delivering on the 2026 and 2030 targets.

The ambition of BAM is to have an aggregated net-positive impact on biodiversity by 2030. BAM's roadmap and targets are centred around (i) measuring biodiversity effects, (ii) offering biodiversity enhancing solutions in tenders and (iii) achieving a positive biodiversity impact. For impacts on nature that are outside of the Company's control, BAM tries to proactively encourage and promote a Nature Positive approach. This includes participating in industry groups such as CIRIA (UK and Ireland) or the Green Building Council and contributing to discussions on 'embodied biodiversity' and biodiversity loss through BAM's value chain. Cementing this drive, division United Kingdom and Ireland was proud to be among the first to sign the Nature Positive Business Pledge in 2023. This is a commitment by businesses to progressively halt and reverse their negative impacts on nature.

Methodologies that provide businesses with clear guidelines for setting biodiversity targets and measuring impacts have not yet been developed at industry level. In 2023, BAM created a biodiversity scorecard to assess the maturity of its processes around biodiversity. This scorecard will be applied to projects and will act as the first step towards defining and measuring impact. It will measure various indicators such as habitat creation and enhancement, Biodiversity Net Gain (where applicable), inclusion of facilities for wildlife, biosecurity and pollution avoidance protocols, indirect impact on biodiversity through our supply chain, training, or how the project shares best practice and lessons learned.

In 2024, BAM will further test and implement the biodiversity scorecard on projects in the United Kingdom and Ireland, and explore if the same methodology can be applied to assess its projects in the Netherland and Belgium as well. This will help improve the insight in biodiversity impacts in BAM's projects and showcase the effect of biodiversity enhancing measures.

On behalf of the real estate company of the municipality of Tilburg and the Sports Company Tilburg, BAM Bouw en Techniek has made the Ice Sports Centre Stappegoor in Tilburg more sustainable.

Risk management and governance

Parking Keerdok, designed by POLO Architects-Archipelago, is a sustainable and multifunctional mobility hub, with 537 parking spaces and 110 bicycle sheds, retail spaces and offices.

Mechelen, Kairos (in joint venture) and BAM Interbuild

4.1 Risk management

Risk exposure is an inevitable part of BAM's strategy; controlled risks can lead to new opportunities, resulting in value creation. BAM's strategy has a clear focus on continued de-risking and accelerating opportunities for future growth, with sustainability as a key component. The strategy has been translated into BAM's risk management framework and enables management to identify, evaluate and address risks.

BAM strives for continuous improvement which in 2023 resulted in further embedding and strengthening of risk governance in relation to the organisational structure, increased management risk dialogues, attention to improvements in the effectiveness of internal controls regarding processes and systems and improvements in project control and reporting. These continuous improvements further strengthened the risk management and control systems, and played a key role in achieving BAM's strategic objectives.

What impacted BAM in 2023

In 2023, BAM's operations were influenced by some risks and uncertainties related to the nature and complexity of the business environment, alongside the identification of various opportunities. The Company continued to be affected by external risks such as persistent challenging market conditions from economic volatility, global political uncertainties due to international conflicts, market instability in the construction and property business in both divisions. Where necessary, corrective measures were taken to bring the risk profile in line with the respective risk appetite.

Safety
BAM is highly committed to preventing safety incidents and is focused on continuous improvements. However, the Company faced incidents at some project sites in 2023 and sadly learnt of the death of a highly valued colleague in a tragic accident during rail works in the Netherlands. Incidents are extensively evaluated by management of the respective businesses, the Executive Committee and the Health Safety and Sustainability Committee. Creating and maintaining a safe working environment remains a continuous focus area in order to achieve the Group's safety targets and to prevent incidents.

Supply chain
The pricing of materials and labor in the supply chain remained volatile in 2023. Inflation has led to cost increases in some projects, to the risk of not meeting clients' needs and to budget increases in construction during tenders. In addition, there is increased solvency risk in the UK supply chain. BAM has taken appropriate measures as part of its tender process and the effects are considered in estimates of the expected project results.

Market risk
The market conditions remain challenging due to high interest rates, political and geopolitical uncertainties and the continued pressure to attract and retain staff. Despite these challenges, BAM's order book remained at a good level.

Human resources
From a human resource perspective, BAM faced a complex set of challenges and opportunities, including managing project resourcing gaps, addressing a shortage of technically-skilled people, and handling inflation-driven wage pressure. BAM's response involves a focused approach to employee retention, workforce diversification, and implementing a comprehensive culture program in line with the BAM values.

Sustainability and CSRD
BAM has further developed the sustainability component of its strategy with the launch of the sustainability framework. This positions BAM to significantly reduce its carbon, resource, and waste footprint, while offering clients scalable sustainability solutions. Additional compliance risks arise from the recently introduced CSRD reporting requirements. To monitor compliance, BAM has established a sustainability reporting team dedicated to overseeing progress and ensuring compliance with the respective standards. BAM's commitment to product leadership and lifecycle solutions is pivotal in mitigating these risks. Through these measures, sustainability is expected to serve as a key differentiator for growth. The Company has set quantifiable targets and adjusted strategies as necessary to align with its overarching business objectives.

In the following sections, BAM's risk management process and how the Company effectively addresses and manages the key risk areas are outlined.

Risk management framework

BAM's risk management framework, established by the Executive Board, covers the approach to and responsibilities for risk management across the Company. The Executive Board has defined a strategy focusing on a sustainable business and project portfolio. This focus and the underlying strategic objectives and initiatives form the basis for BAM's enterprise risk management. It addresses the Company's strategic, operational, financial and compliance risks, which are assessed and prioritised based on their impact and probability, and based on the effectiveness of the risk response by the organisation. The Supervisory Board monitors and advises the Executive Board, which is responsible for enterprise risk management within the company.

On behalf of the Executive Board, the Risk and Control Committee coordinates the set-up and effectiveness of the risk management framework. The Risk and Control Committee, chaired by the Chief Financial Officer (CFO), advises the Executive Board on the main risks in the context of BAM's risk appetite. Risk assessments are carried out quarterly, and mitigating actions are defined and monitored. In 2022, the Company's risk appetite was validated with the Supervisory Board. A reassessment was conducted by the Executive Board in 2023 to confirm that the risk appetite adequately accounts for sustainability strategy risk factors. The risk management framework has been further enhanced following the results of the Company's double materiality assessment, which, among others, resulted in separating the sustainability risk into two separate risks relating to climate change and environmental impact. In line with the Dutch Corporate Governance Code, the COSO (Committee of Sponsoring Organisations of the Treadway Commission) Enterprise Risk Management Framework from 2017 was used as a reference to mature the Company's risk management framework further.

Risk profile and appetite

The Executive Board is responsible for establishing the risk appetite within BAM in relation to the Company's strategy and activities. Risk appetite is defined as the level at which BAM is willing to accept risk in the ordinary course of business to achieve its objectives.

The risk appetite is assessed based on the Company's strategy. An important pillar is the continued de-risking of BAM's business and market choices to avoid disproportionate risks in the project portfolio.

The company's risk appetite and main risk areas are described based on the following categories:

- Strategic risks – BAM takes a balanced approach to risk and reward to achieve its strategic objectives in terms of results and innovation, and continues to invest in innovation through digital and sustainable technologies and solutions;
- Operational risks – BAM seeks to limit the risks that may jeopardise the execution of its business activities;
- Financial risks – BAM strives to maintain a solid financial position (e.g., solvency and credit facilities), ensuring access to the financial markets and retaining its clients, supply chain and other partners. BAM wants to provide an insightful, fair and accurate representation of its performance and economic results;
- Compliance risks – Compliance with all applicable laws and regulations including BAM's code of conduct is of fundamental importance to the Group.

The strategic agenda, governance, core values, Code of Conduct, and policies and procedures further underpin risk appetite statements.

De-risking the business

An important strategic pillar in BAM's strategic agenda 2021-2023 was continued de-risking of the business by making conscious choices in the business to avoid disproportionate risks in the project portfolio, in particular for large projects.

In this respect, the stage gate process is a fundamental part of the BAM risk management framework. Tenders for projects are guided through various stage gates, based on their complexity, size and risk profile. The stage gate process establishes a clear risk profile for each project and ensures that risks and rewards are adequately balanced. For certain projects, the stage gate process requires expert involvement to leverage the combined knowledge within the Company, to support the tender and the project team in maximising the project's potential. The stage gate process follows a governance structure based on risk categorisation, to ensure that each tender and project is reviewed and approved by the appropriate management level. Bids for major projects or projects involving exceptional risk are submitted to the Executive Board for ratification and – if necessary – to the Supervisory Board for approval.
BAM's Internal Audit department performs independent testing of controls on selected projects across the Group. Based on this testing, an opinion is formed on the effectiveness of the project control system and the overall project performance.

In control statement process

The effectiveness of the internal control framework is monitored on a quarterly basis and assessed on a semi-annual basis. BAM has derived its internal control framework from the business model and underlying key processes and policies (e.g. for accounting, treasury, legal, compliance and information security). All key processes are identified around strategic enablers and are aligned with existing core processes in accordance with these enablers. The internal control framework ensures insight into the effectiveness of internal risk management and control systems, the reliability of financial reporting and compliance with laws and regulations.

The divisions, Belgium and the Group carry out self-assessments, and the results are reported to BAM Risk Management. These results are challenged by Risk Management, and improvement actions are implemented and monitored. Furthermore, internal audits challenge the results and provide recommendations to further improve the effectiveness of the internal control framework.

The in control statement process results in the 'Executive Board statement' as described below. The underlying assessments at the divisional level form the basis for managerial accountability for the effectiveness of the internal control framework, together with the formal issuance of an in control statement to the Executive Board. Any deviations from the internal control framework are highlighted, including identified follow-up actions to resolve these deviations.

The divisions have confirmed and signed the in control statement which supports the Executive Board in its assessment of the effectiveness of the design and operation of the internal control and risk management systems. The Company has identified areas of improvement as BAM is not yet at the level of maturity it aspires to.

Executive Board statement

In discharging this responsibility and to provide a substantiation for the statement below, the Executive Board has assessed the effectiveness of the design and operation of the internal control and risk management systems as described above.

In accordance with the Dutch corporate governance code and the Financial Supervision Act ('Wet op het financieel toezicht'), the Executive Board confirms that, to the best of its knowledge:

- The Executive Board report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems of Royal BAM Group;
- The aforementioned systems provide reasonable assurance that the financial statements do not contain any material inaccuracies;
- Based on the current state of affairs, it is justified that the financial statements are prepared on a going concern basis;
- There are no material risks or uncertainties that could reasonably be expected to have a material adverse impact on the Group's continuity for the period of twelve months after the preparation of the finanical statements.

It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realisation of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations. Nor can they provide certainty that BAM will achieve its objectives.

Furthermore, the Executive Board confirms that, to the best of its knowledge:

- The financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Royal BAM Group and of companies included in the consolidation;
- The Executive Board report provides a fair review of the position at the balance sheet date, the development and performance of the business during the financial year of Royal BAM Group;
- The Executive Board report describes the principal risks and uncertainties that Royal BAM Group faces.

Key risk areas

The following table summarises BAM's key risk areas, the respective risk appetite and management's measures to bring the risk in line with the risk appetite.

Risk appetite level		What does this mean
●	**Very high**	BAM is very risk taking and accepts these risks may materialise with a very high likelihood and/or impact.
●	**High**	BAM is risk taking and accepts that these risks may materialise with a high likelihood and/or impact.
●	**Medium**	BAM accepts these risks to materialise with a medium likelihood and/or impact.
●	**Low**	BAM accepts these risks to materialise at a low likelihood and/or impact.
●	**Very low**	BAM has (almost) no appetite for materialisation of these risks.

Risk description	Possible impact	Management measures	Risk appetite
Strategic risks			
Market			○○●○○
Most of the Company's focus markets are subject to fierce competition.	Fierce competition may lead to a buyer's market, which influences margins, causes a shift in design and contract risks towards the contractor, and endangers the pre-financing of projects by clients.	Based on BAM's strategy, the Group applies a disciplined focus on profitable growth platforms where it can use either scale or expertise as a critical success factor. Furthermore, BAM will accelerate opportunities for future growth.	
Acquisitions and divestments			○○●○○
Acquisitions and divestments need to have sufficient focus regarding profitable growth platforms and improving BAM's risk/reward profile.	BAM may not achieve the expected return on investment, return on capital employed and reduction of liabilities through its acquisitions and divestments.	BAM's strategy focuses on markets and projects where BAM has proven competitive strengths. In 2022, BAM finalised its divestment agenda. In 2023, BAM divested some smaller subsidiaries and associates, which are not considered to be contributing to the strategy.	
Transformation			○●●○○
The Company's strategic agenda involves a transition to a sustainable organisation, so that BAM can follow the developments in the sector and be a leader in its selected markets.	BAM may not achieve a successful and agile implementation of its defined transformation targets, together with its strategic agenda, financial and sustainability targets.	The Executive Board is closely steering and monitoring the progress of BAM's transformation activities and culture as defined in its strategic agenda and translated into its yearly operating plans.	
Innovation			○○●○○
The construction industry is at the brink of major technological changes. Digital technology is beginning to change value creation within the industry, where traditional capabilities may become commoditised.	Competitors or disruptive newcomers on the market can marginalise BAM's distinctive capabilities and thus jeopardise the existing business model.	BAM manages innovations in a structured manner, with mainly initiatives at individual project level. BAM prioritises projects where such innovation is replicable, in order to reduce risk and increase profitability.	

Risk description	Possible impact	Management measures	Risk appetite
Operational risks			
Safety			●○○○○
The nature of BAM's business can pose occupational health & safety risks to its people. The well-being, safety and work-related ill health effects (long term) of its people are of vital importance to the Company.	Safety incidents may lead to severe injuries, fatalities or project disturbance, loss of time or additional costs, and as a result, impact BAM's performance.	BAM's management measures with regard to health and safety are described in ▶ chapter 6.4.	
Property development			○●●○○
BAM is involved in property development for its own account. The level and timing of both income and costs of these projects may deviate from the initial expectations due to divergent market and process (planning/permits) conditions.	Property development projects may be postponed or completed at higher costs or lower income than budgeted. Furthermore, the realisable value of land bank and property development positions may be lower than the book value.	The Executive Board's decisions are based on project proposals in the Property Committee. The starting point is selective tendering with a focus on portfolio management. The general rule is that construction does not start before a significant number of properties have been sold or, for non-residential buildings, a large part of the project has been rented out or sold. The Property Committee also closely monitors the right timing for divestments of property.	
Project tendering and contract execution			○○●○○
The Group is constantly active in thousands of projects which exposes it to a wide variety of risks, in a sector known for its asymmetrical risk profile. Selecting the right projects against balanced contractual conditions and climate, environmental and social impact is crucial.	Failure to achieve a healthy order intake and flawless project execution may lead to fluctuations in the project results, possible claims and litigation, and ultimately to a failure to achieve BAM's strategic objectives.	BAM has implemented measures to manage the project risks and to guide the Company towards the desired risk appetite. The starting point is selective tendering, focusing on portfolio management and a robust stage gate procedure for tenders during the execution phase. BAM has moved the project portfolio away from large and high risk projects by refraining from participation in single-stage and lump-sum tenders above €150 million.	

Risk description	Possible impact	Management measures	Risk appetite
Supply chain			○○●○○
On an annual basis, BAM purchases approximately 70 per cent of its turnover from suppliers and subcontractors. These partners have a major impact on its projects, both financially and technically.	Failure to manage inflation and price increases in the supply chain (subcontractors, materials and services) and insufficient access to qualified and cost-effective vendors may have an impact on successful and profitable execution of BAM's projects.	BAM's project and vendor management processes address key supply chain risks, incorporating strategies such as price indexation reimbursement clauses in customer contracts to mitigate inflation impacts. BAM proactively manages risks for contracts lacking these clauses by securing fixed purchase prices for materials. The supplier selection process emphasises not only safety, sustainability, quality, total cost, logistics, and engineering but also supply reliability in challenging market conditions. Regular assessments of market impacts on project results further enhance BAM's capability to manage uncertainties and maintain stable, mutually beneficial relationships with suppliers and subcontractors.	
Human resources			○●○○○
Attracting, retaining, developing and engaging diverse talent is crucial for BAM, as it enables the Company to build a strong culture that is resilient to market changes. This 'attractive employee journey' is also essential for BAM in order to remain a preferred employer in a competitive environment.	An inability to attract and retain the right talent not only impacts culture, but may also pose a barrier to delivering on our corporate strategy, which requires critical skills and capabilities.	To attract talent, BAM has a professional team of recruiters in place who collaborate with dedicated search agencies. The Company invests in retaining, developing and engaging employees through various interventions, amongst others, training programmes for management trainees, project managers and senior leadership. Talent is prepared for key positions through inclusive leadership competencies that are in line with the BAM values.	
Information technology and security			○○●○○
Digitalisation, data, communication and connectivity are essential for BAM. However, an international presence also leads to cyber-security challenges, which require the Company to have the flexibility to continuously adapt.	Information technology is crucial in supporting and protecting the core and supporting processes. BAM increasingly relies on digital communication, connectivity and the use of technology. The Company has to remain alert to prevent the use of compromised data and the unavailability, loss or theft of critical strategic, financial and operational data.	BAM has continued focus to stay up-to-date with external threats and developments. In addition, BAM continues to invest and improve its security efforts to remain resilient to growing cyber-risks. This includes investment in tooling and in implementing and testing its information- and cyber security framework to ensure the confidentiality, integrity and continuity of data.	

Risk description	Possible impact	Management measures	Risk appetite
Sustainability			○●○○○
Climate change Climate change-related risks are related to climate mitigation, such as the risk of operating in a CO_2 intensive industry and climate adaptation risks, such as global warming are causing more frequently occurring extreme weather conditions, such as storms, heat waves, droughts, heavy rainfall with flooding and heavy snowfall.	Failure to deliver sustainable construction processes and sustainable new solutions could disrupt BAM's position related to its clients and supply chain partners, and lead to reduced revenue and higher costs. Specific climate adaptation risks can affect the valuation of assets (e.g., land bank, equipment, project locations).	BAM has addressed sustainability through its governance (the Health, Safety and Sustainability committee), corporate team and divisional teams, strategy (ambition to achieve a net positive result), project portfolio (by reducing the impact of BAM on resource use in cooperation with partners in the supply chain and clients to explore circular economic business models), risk management (by identifying and managing potential risks and opportunities) and metrics (by setting targets as part of the strategic agenda). BAM reports on the Task Force on Climate-related Financial Disclosures (TCFD) guidelines through its yearly CDP climate response, which is publicly available on the CDP website.	
Environmental impact The construction industry relies heavily on natural resources, which will be depleted when consumption goes faster than what nature can regenerate. Also the potential negative impact exists due to risk of pollution in our supply chain. The potential impact on biodiversity (through land use change) and the contribution to ecosystem services (benefits to humans provided by the natural environment and healthy ecosystems) can impose environmental risks, but also opportunities to the construction business.	Failure to deliver sustainable construction processes and sustainable new solutions could disrupt BAM's position related to its clients and supply chain partners, and lead to reduced revenue and higher costs.	BAM has addressed sustainability through its governance (the Supervisory Board's Health, Safety and Sustainability committee), corporate team and divisional teams. Impact assessments and planned improvements on measurement of BAM's impact will result in better insight on consequences to be addressed. Since 2023 the sustainability strategy of BAM includes two environmental themes, which will be evaluated in the tendering process focusing on circularity and biodiversity measures to be included in the project offers.	
Business continuity			○○●○○
Crisis and business continuity disruptions can have a material effect on the Company's operations due to risks such as natural disasters, influenza and the Covid-19 pandemic.	Disruptions (for example related to widespread public health concerns like Covid-19) can have a significant negative impact on BAM's business results.	BAM has a structured crisis management and multidisciplinary business continuity system to ensure continuity in a safe and healthy manner on project sites, in offices and at home.	

Risk description	Possible impact	Management measures	Risk appetite
Finance risks			
Financial and sustainability reporting			○●○○○
Providing insightful, fair and accurate representation of performance and economic results is essential for trust in BAM.	Material misstatements in the financial and sustainability reports may lead to a loss of confidence in the accounts by internal and external stakeholders.	BAM has a centrally steered Finance organisation that coordinates the process of accurate, complete and timely closing and consolidation of (non-)financial data. In 2023, a dedicated sustainability reporting function was established reporting directly to the CFO. This department works closely together with the business to address sustainability risks disclosed in the sustainability statements (▶ chapter 6). The central BAM Accounting Guidelines (BAG) provide the principles and standards for the application of IFRS rules within BAM, and the appropriate implementation of the new accounting guidelines by BAM's businesses is closely monitored. Furthermore, Group Finance coordinates, supports and approves complex interpretations and valuations. Periodic reviews by finance and risk functions underpin the insightful, fair and accurate representation of performance and economic results, and aim to prevent any material misstatements due to fraud or errors.	
Financial resilience			○●○○○
The attractiveness of BAM as a trusted partner to collaborate with or to invest in is strongly influenced by its financial position and its ability to manage financial risks.	Failure to achieve the status of trusted partner may prevent BAM from working with preferred parties and lead to restrictions on access to financial markets.	BAM's financing strategy is based on long-term relationships with reputable financial institutions and a well-spread debt maturity schedule. A strong centralised focus on cash and working capital, including financing by clients and suppliers, limits the need for extra capital. Other specific financial risk management measures, including those in the area of interest rate risk, foreign exchange risk, credit risk and liquidity risk are disclosed in note 4 in the consolidated financial statements.	

Risk description	Possible impact	Management measures	Risk appetite
Compliance risks Regulatory and reputation			●○○○○
Regulatory compliance and the trust of clients, shareholders, lenders, construction partners and employees in BAM is vital to ensure the continuity of the Company.	Ethical misconduct or non-compliance with applicable laws and regulations (such as competition, bribery and corruption and human rights) could expose BAM to liabilities or have a negative impact on its business and reputation. BAM may be subject to administrative, civil or criminal liabilities including significant fines and penalties, as well as suspension or debarment from government or non-government contracts for some period of time.	The BAM Code of Conduct and adjoining policies such as those relating to bribery, corruption and competition align with generally accepted standards and values and also with local legal and other rules and regulations. All employees must acknowledge the compliance with the Code of Conduct. The Group has a robust speak up approach (including external reporting line), so that breaches of the code and policy can be reported through various channels. Compliance officers monitor compliance and advise on integrity issues. In October 2022, the Dutch Fiscal Information and Investigation Service (FIOD) and the Dutch Public Prosecutions Office (Openbaar Ministerie) have informed BAM International that it is the subject of an investigation into suspicions relating to potential fraud and corruption at some already completed projects. BAM is fully cooperating with the investigation and taking appropriate steps in connection with the investigation, including an internal review of the relevant projects. In July 2020, BAM announced its intention to wind down BAM International. Meanwhile all projects of BAM International have been completed.	

4.2 Corporate governance

Legislative and regulatory developments

On 20 December 2022, an updated version of the Dutch Corporate Governance Code ('the Code') was published. By means of a decree dated 20 September 2023, the Dutch government has designated the Code as applicable to Dutch companies with a public listing. The Code is based on the comply-or-explain principle and applies as from the financial year 2017.

Decree with respect to the content of the Executive Board report

This chapter reports on the application of the Code at Royal BAM Group. Together with the information about the corporate governance structure and the BAM corporate governance compliance overview which can be found on the Company's website under the corporate governance heading (see www.bam.com/en/about-bam/corporate-governance), this comprises the 'Corporate governance statement' as specified in section 3, sub section 1 of the Decree with respect to the content of the Executive Board report ('the Decree on the Executive Board report').

Information about BAM's corporate governance structure and compliance with the Code (clause 3.1 of the Decree on the Executive Board report) and the functioning of the General Meeting and the rights of shareholders (clause 3a, sub section b of the Decree on the Executive Board report) can be found on the Company's website under the aforementioned corporate governance heading. The most important aspects of BAM's risk and control systems (clause 3a, sub a of the Decree on the Executive Board report) are available in ▶ chapter 4.3 of this annual report. Information about the composition and functioning of the Executive Board and the Supervisory Board (clause 3a, sub c of the Decree on the Executive Board report) is described in chapters ▶ 4.3 and ▶ 5.1, and the diversity policy for both boards (clause 3a, sub d of the Decree on the Executive Board report) is explained in this chapter and ▶ chapter 5.1. A declaration regarding the Decree in Article 10 of the EU Takeover Directive (clause 3b of the Decree on the Executive Board report) can be found in ▶ chapter 4.3 and the report on gender diversity in the Executive Committee (including the Executive Board), the Supervisory Board and sub-top of BAM is included in this chapter, as well as ▶ chapter 3.2 of this annual report.

Compliance with the Corporate Governance Code

Compliance with the Code is described in the aforementioned BAM corporate governance compliance overview, which is available on the Company's website. This is to be read in conjunction with this section, and is deemed to be incorporated into this section. In the event that there is a difference between the content of BAM's website and this section, this section will prevail. BAM complies with the principles and best practices of the Code. In accordance with the Code, the Company will submit any substantial changes in the main features of its corporate governance structure to the General Meeting for discussion purposes.

Corporate governance review 2023

The corporate governance structure of the Company was reviewed by the Executive Board and Supervisory Board in February and December 2023, assisted by the company secretary. The BAM corporate governance compliance overview was last updated on 14 February 2024.

Diversity and inclusion

Best practice in section 2.1.6 of the Code stipulates that the diversity and inclusion policy for the Company ('the D&I Policy') should be explained in the Executive Board report and the way in which it was implemented in practice, addressing (1) the goals of the D&I Policy, (2) the plan to achieve the goals of the D&I Policy, (3) the results of the D&I Policy in the past financial year and – where relevant and applicable – insight into the inflow, progression and retention of employees and (4) the gender composition of the Supervisory Board, the Executive Committee (including the Executive Board) and the sub-top (as defined below) at the end of the past financial year. Information on points (1), (2) and (3) is captured in ▶ chapter 3.2 of this annual report, section 'Female representation'. Details on point (4), relating more specifically to governance, are included below.

The Supervisory Board should be composed in such a way as to ensure a degree of diversity appropriate to BAM with regard to expertise, experience, competencies, other personal qualities, sex or gender identity, age, nationality and cultural or other background.

In compliance with the statutory requirements to set a number for the (diversity between) female and male members of the Supervisory Board, its composition shall consist of at least one third (1/3) female members and at least one third (1/3) male members. Since the general meeting in 2017, the composition of the Supervisory Board has been in line with this target, with two out of six members being female.

The Supervisory Board has resolved that the diversity policy for the Supervisory Board will apply equally to the Executive Board and the Executive Committee, whereby the aim is that at least 25 per cent of the Executive Committee (including the Executive Board) shall consist of women. Since the appointment of Sabine van Hooijdonk-Verboom as Chief HR Officer per July 1st, 2023, the female share in the Executive Committee composition is 20 per cent. This does not meet the target yet and BAM will continue to look for opportunities when (new) positions in the Executive Committee (including Executive Board) become available.

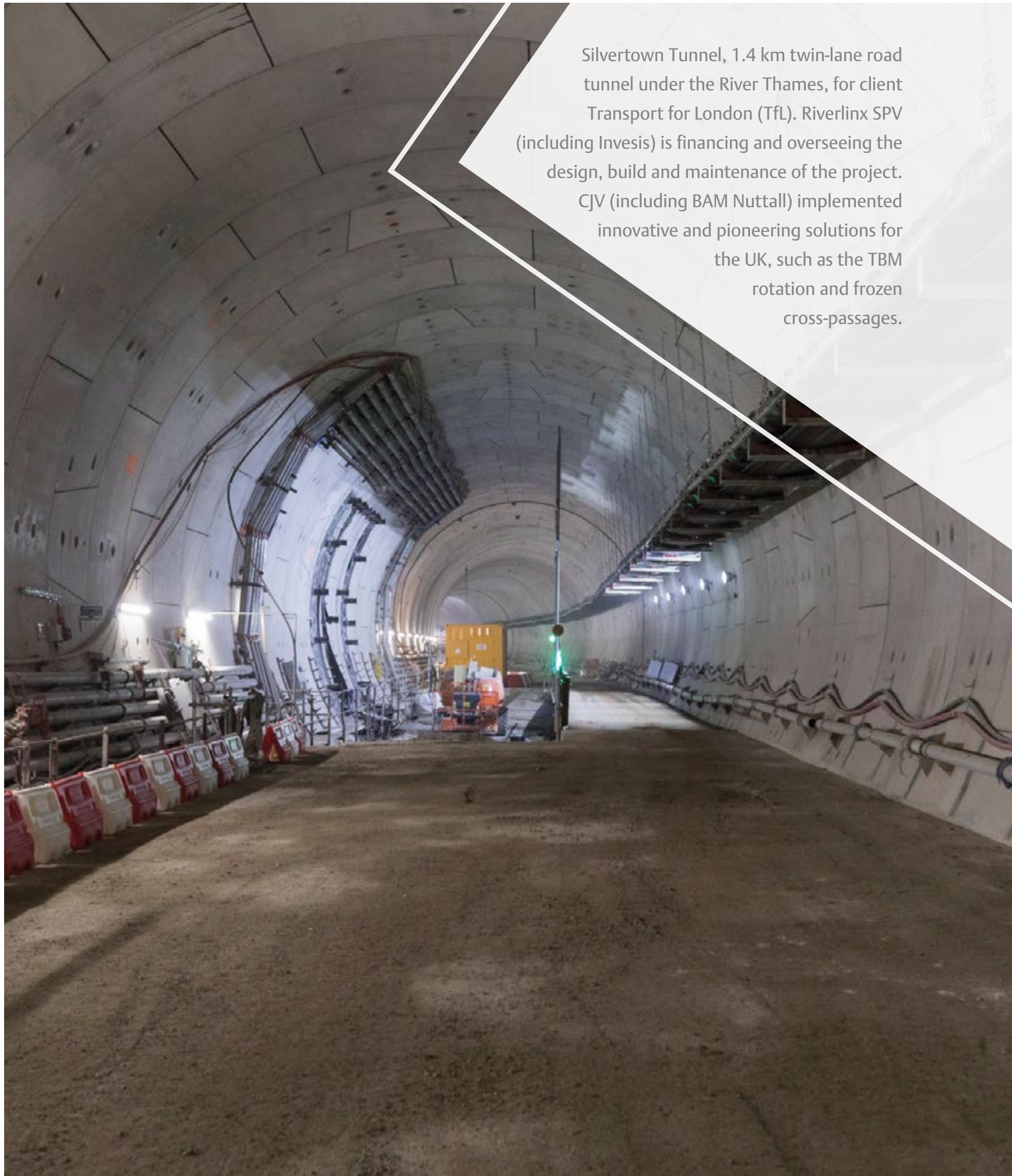
Besides the target for the Executive Committee, BAM has set targets for the percentage of women in its sub-top for the period up to 2030. The sub-top has been defined as the senior leadership positions at BAM. Originally, these senior leadership positions were defined on a case-by-case basis. In 2022, a new senior leader grading model was developed based on the KornFerry Hay Group methodology, which has been implemented in the course of 2023. The senior leadership group (SLG) is now defined as all leaders in senior job grades (F, G, H). This group of approximately 140 employees includes members of the Executive Committee, the directors of businesses and large underlying business units, as well as the most senior functional roles in the divisions and at the corporate centre.

As a result of this new grading model and newly defined group, the composition of the senior leadership has changed. At the end of 2023, the share of female leaders in SLG is at 15 per cent while the target was set at 22 per cent. This gap to target means additional attention and action is required, as outlined in ▶ chapter 3.2. It is important to note that in the group defined as key SLG, a significantly larger share of 29 per cent of incumbents are female. The latter group consists of all leaders graded F or higher, reporting directly to an Executive Committee member.

Sustainability

The Corporate Governance Code prescribes in section 1.1 that the Executive Board should develop a view on sustainable long-term value creation by the Company, formulate a strategy in line with this, including specific objectives. When formulating the strategy the Executive Board should pay attention to – amongst others – the impact of the Company in the field of sustainability, including the effects on people and the environment.

BAM developed a new sustainability strategy in 2022, which was presented and rolled-out in January 2023. Further information about BAM's strategy, including the sustainability strategy is provided in ▶ chapter 2.2 of this annual report.



Silvertown Tunnel, 1.4 km twin-lane road tunnel under the River Thames, for client Transport for London (TfL). Riverlinx SPV (including Invesis) is financing and overseeing the design, build and maintenance of the project. CJV (including BAM Nuttall) implemented innovative and pioneering solutions for the UK, such as the TBM rotation and frozen cross-passages.

4.3 Decree on Article 10 of the Takeover Directive

This chapter relates to the provisions of the decree of 5 April 2006 implementing article 10 of Directive number 2004/25/EC of the European Parliament and the Council of the European Union dated 21 April 2004 and lastly revised on 13 October 2015 ('the Decree on Article 10 of the EU Takeover Directive').

Capital structure
The Company has three classes of shares: ordinary shares, preference shares B and a series of preference shares F. BAM shares are traded on the Euronext Amsterdam stock exchange. Note 22 of the financial statements may be used as a reference for the Company's capital structure. At the balance sheet date, only ordinary shares were issued. The following rights attached to the shares into which the Company's capital is divided follow from the Articles of Association and the Dutch Civil Code. There is no difference in the voting rights attached to a preference share B, a preference share F or an ordinary share. As all ordinary shares and preference shares B and F have the same nominal value (EUR 0.10), every issued and outstanding share of a class gives the right to cast one vote in the general meeting and to cast one vote in the meeting of holders of that specific class. Ordinary shares and preference shares F may only be issued against payment in full.

Preference shares B may be issued against partial payment. Holders of ordinary shares have a preemptive right in respect of new ordinary shares to be issued, unless restricted or excluded pursuant to a resolution of the General Meeting. Holders of ordinary shares do not have a preemptive right in respect of new preference shares to be issued. Holders of preference shares B and F do not have a preemptive right in respect of shares to be issued. The transfer of ordinary shares and preference shares F is not restricted by the Articles of Association. The transfer of preference shares B requires the approval of the Executive Board.

The relevant financial right attached to the shares which follows from Article 31 of the Articles of Association concerns the application of the profit in relation to preference shares B and F. A brief summary of Article 31 of the Articles of Association is that from the profit realised in any financial year, an amount will first be distributed, where possible, on the Class B cumulative preference shares, calculated by applying the percentage stated below to the amount that must be paid up on those shares at the start of the financial year for which the distribution is made. The percentage referred to above will be equal to the average of the Euribor rates for money market loans with a maturity of twelve months – weighted according to the number of days for which these rates prevailed – during the financial year for which the distribution is made, plus one percentage point. Euribor refers to the Euro Interbank Offered Rate as determined and published by the European Central Bank.

Subsequently, if possible, a dividend will be distributed on each financing preference share of a certain series, with due consideration of the provisions of Article 31(6) of the Articles of Association. See ▶ chapter 8.2 for Articles of Association provisions governing the distribution of profit.

Limits on the transfer of shares
The Company has no limitation, under the Articles of Association or by contract, on the transfer of shares or depositary receipts issued with the Company's cooperation, apart from the restriction on the transfer of preference shares B. Article 13 of the Articles of Association stipulates that approval is required from the Executive Board for the transfer of preference shares B. The scheme is included in order to offer the Company the facility – because of the specific purpose of issuing these shares, namely the acquisition of finance or achieving protection – of offering the holders of these shares an alternative in the event that they wish to dispose of their shares.

As regards the preference shares B, the Company and Stichting Aandelenbeheer BAM Groep (Foundation Preference Shares BAM Group) have agreed that the Company will not proceed to issue these shares or to grant any rights to purchase them to anyone else without the Foundation's permission. The Foundation will not dispose of or encumber any preference shares B, nor renounce the voting rights relating to them, without permission from the Company.
See ▶ chapter 8.3 onward regarding the reasons behind protecting the Company and the way this is done.

Substantial interests
The Company is aware of the several interests in its equity, which are now reported under the provisions concerning the reporting of controlling interests under the Disclosure of the Financial Supervision Act (see ▶ chapter 9.1).

Special control rights
The shares into which the Company's equity is divided are not subject to any special control rights.

Employee share or employee option plan
The Company does not have any recurring employee share or employee option plans other than the long-term incentive plan based on performance shares which was introduced for the members of the Executive Board in 2015. This long-term incentive plan is cascaded down to approximately 30 senior executive positions below the Executive Board. Specifically for 2021, the Company introduced a one-off special incentive plan in support of its new strategy. This plan is awarded to top management below Executive Board level, and is tightly linked to BAM's strategic objectives for 2021-2023. It replaces eligibility for the regular long-term incentive plan for this period.

Voting rights
Each share in the Company provides entitlement to the casting of one vote at shareholders' meetings. There are no restrictions on the exercising of voting rights. The Company's Articles of Association contain the usual provisions in relation to intimation for the purpose of being acknowledged as a proxy at shareholders' meetings. Where the Articles of Association mention holders of depositary receipts or depositary receipt holders, whether named or bearer, this is understood to mean holders of depositary receipts issued with the Company's cooperation and also individuals who, under the terms of Articles 88 or 89, Book 2 of the Dutch Civil Code, have the rights accorded to holders of depositary receipts for shares issued with the Company's cooperation.

Shareholders' agreements
The Company is not aware of any agreements involving one of the Company's shareholders and which might provide reasons for restricting the transfer of shares or of depositary receipts issued with the Company's cooperation or restricting the voting rights.

Appointment and dismissal of members of the Supervisory Board and members of the Executive Board and amendment of the Articles of Association
The Company is obliged by law to operate a mitigated two-tier structure. The General Meeting appoints the members of the Supervisory Board, based on a recommendation from the Supervisory Board. The General Meeting also appoints the members of the Executive Board, with the Supervisory Board having the right of recommendation. A more detailed explanation of the rules governing the appointment and dismissal of members of the Supervisory Board and members of the Executive Board can be found in the Articles of Association of the Company.
Resolutions to amend the Articles of Association or to dissolve the Company may only be adopted by the General Meeting pursuant to a proposal of the Executive Board and subject to the approval of the Supervisory Board.

Powers of the Executive Board
The Executive Board's powers are those arising from legislation and regulations. A more detailed description of the Executive Board's duties can be found in the rules of the Executive Board and the Executive Committee. The Executive Board was authorised by the General Meeting held on 12 April 2023 to issue ordinary shares and Class F preference shares and/or to grant options to purchase these shares, subject to approval from the Supervisory Board. This authorisation is limited in duration to eighteen months. It is also limited in scope to 10 per cent of the issued capital.

The General Meeting held on 12 April 2023 granted authority to the Executive Board for a period of eighteen months to repurchase shares in the Company, within the limitations imposed by the law and the Articles of Association and subject to the approval of the Supervisory Board. In principle, the General Meeting is asked to grant these authorisations every year. Resolutions to amend the Articles of Association, or to dissolve the Company, may only be passed by the General Meeting based on a proposal put forward by the Executive Board and approved by the Supervisory Board.

Change of control provisions in important agreements
BAM differentiates the following categories of agreements as referred to in the Decree on Article 10 of the EU Takeover Directive:
- The Company has entered into a syndicated revolving credit facility ('the RCF') effective from 30 November 2022. The RCF agreement stipulates that a change of control event triggers a mandatory prepayment. This means no lender shall be obliged to fund a utilisation (except for a rollover loan). Additionally if a lender so requires, it can cancel its commitment and require that all outstanding amounts under the agreement shall become immediately due and payable;
- Royal BAM Group and its subsidiaries have entered into various important agreements that contain clauses that in the event of a change of control, the other party has the right to terminate the agreement. These agreements are in themselves not considered key agreements within the meaning of the Decree on Article 10 of the EU Takeover Directive, but jointly they are considered significant;
- The terms and conditions of the conditional performance share plan stipulate that, upon the occurrence of a change of control, the Supervisory Board may decide to vest the conditional Performance Shares accelerated on a prorated basis, both in terms of time and performance. The Supervisory Board is however also authorised to withdraw conditional and unconditional performance shares in exchange for a cash payment at market value.

4.4 Supervisory Board and Executive Board

Biographies of the Supervisory Board members


From the left: G. (Gosse) Boon, N.M. (Nina) Skorupska, H.Th.E.M. (Henk) Rottinghuis, M.P. (Paul) Sheffield, D. (Denise) Koopmans and B. (Bob) Elfring.

H.Th.E.M. (Henk) Rottinghuis

(1956), Chairman

Mr Rottinghuis is a Dutch businessman who has held senior executive and non-executive roles for leading European companies across various industry sectors. He served as CEO and chairman of the Executive Board of Pon Holdings from 2001 until his retirement in 2010. He joined Pon in 1993 and became a member of the Executive Board in 1999. Before that, he fulfilled senior management roles at Royal Nedlloyd Group. Since his retirement from Pon, he has held several Supervisory Board and non- executive director positions, including at Royal Bank of Scotland, Blokker, DRG (food retail), Stork (as chairman) and CRH (cement building materials). Mr Rottinghuis completed his studies at the University of Groningen in 1982.

Mr Rottinghuis is a Dutch national. Information about Mr Rottinghuis's shareholding position is on page 79.

Other offices: chairman of the Supervisory Board of Koole Terminals, and member of the Supervisory Board of Damen Shipyards Group.

Mr Rottinghuis was appointed to the Supervisory Board in 2020.

G. (Gosse) Boon

(1959), Vice-Chairman

Mr Boon studied quantitative business economics and commercial law at Erasmus University Rotterdam. He completed the postgraduate RA (Chartered Accountant) program at the same university. Mr Boon started his career at Unilever. From 1983 to 2000, he held various senior positions within this company, the latest being CFO of Unilever Brazil. In the period 2000-2004, Mr Boon was CEO of DiverseyLever Netherlands. Subsequently, Mr Boon became CFO and member of the Executive Board of private equity owned Rijnmond Waste Processing and Van Gansewinkel Group respectively. In 2010, he joined publicly listed Nutreco and became its CFO and an Executive Board member in 2011. In 2015, following the delisting of Nutreco, he decided to leave this company.

Mr Boon is a Dutch national. Information about Mr Boon's shareholding position is on page 79.

Other offices: chairman of the Supervisory Board of Albron, member of the Supervisory Board of KPMG Netherlands, and lay judge (expert member) of the Companies and Business Court (Enterprise Chamber), which is part of the Amsterdam Court of Appeal.

Mr Boon was appointed to the Supervisory Board in 2017 and reappointed in 2021. He was appointed vice-chairman of the Supervisory Board in 2019.

B. (Bob) Elfring

(1959)

Mr Elfring obtained a master's degree in Law and Business Economics at the University of Groningen. He started his career at Amsterdam-Rotterdam Bank, followed by management positions at Rabobank, Amsterdamse Investeringsbank, MeesPierson and Lehman Brothers. Between 2008 and 2011, he worked for Credit Suisse, where among other tasks he was responsible for Investment Banking in Northern Europe and the Benelux. Between 2011 and 2018, Mr Elfring worked for Bank of America Merrill Lynch, where from 2012 onwards he was responsible for Corporate and Investment Banking in Europe, the Middle East and Africa, based in London. In 2021, he became Vice-Chair of EMEA Investment Banking at J.P. Morgan Securities plc.

Mr Elfring is a Dutch national and does not own any shares in the Company's capital.

Other office: chairman of the Supervisory Board of Vuyk Holding.

Mr Elfring was appointed to the Supervisory Board in 2020.

D. (Denise) Koopmans

(1962)

Mrs Koopmans earned a master's degree in Law from Erasmus University Rotterdam and a further postgraduate degree Real Estate Law from Radboud University Nijmegen. Between 1991 and 1998, Mrs Koopmans was Chief Legal Officer at NBM-Amstelland (acquired by BAM in 2000). Since then, she has worked in various commercial and senior international leadership positions at Heerema Group, Cap Gemini Engineering and RELX Group. Between 2011 and 2015, Mrs Koopmans was managing director of the Legal & Regulatory division of Wolters Kluwer in the Netherlands and director of the global business line for workflow solutions. Before Wolters Kluwer, she was CEO at LexisNexis Business Information Solutions (RELX Group). Since 2015, Mrs Koopmans has worked as a non-executive director and advisor of companies.

Mrs Koopmans is a Dutch national. Information about Mrs Koopmans's shareholding position is on page 79.

Other offices: non-executive director at Swiss Post AG, Sanoma Corporation and Cicor Group, member of the Supervisory Board of NORMA Group, lay judge (expert member) of the Companies and Business Court (Enterprise Chamber), which is part of the Amsterdam Court of Appeal.

Mrs Koopmans was appointed to the Supervisory Board in 2020.

M.P. (Paul) Sheffield

(1961)

Mr Sheffield studied civil engineering at the University of Surrey. He is a Chartered Engineer and Fellow of the British Institution of Civil Engineers. From 1983 to 2014, he was employed by the Kier Group, a large British construction and property development group, listed on the London stock exchange, where he held a number of management positions. Mr Sheffield spent the first 17 years of his career working on significant infrastructure and construction projects around the world, including seven years as a project director on power stations in the United Kingdom, desalination plants in Saudi Arabia and underground railways in Hong Kong. He then spent seven years running business units within the United Kingdom, and in 2005 he joined the Board of Kier Group with responsibility for global construction activities. He was appointed as Chief Executive Officer in 2010. In 2014, Mr Sheffield left the Kier Group for Laing O'Rourke, the largest private construction company in the United Kingdom, where he was a member of the Executive Committee until 2017 and responsible for their activities in Europe and the Middle East.

Mr Sheffield is a British national and does not own any shares in the Company's capital.

Other offices: none.

Mr Sheffield was appointed to the Supervisory Board in 2017 and reappointed in 2021.

N.M. (Nina) Skorupska

(1961)

Dr Skorupska obtained a master's degree in Chemistry, Engineering and Geology at the University of Newcastle upon Tyne and subsequently conducted post-graduate research at the same university. She started her professional career with multiple research and management roles at successively IEA Coal Research and National Power plc. In 2001, Dr Skorupska moved to RWE where she held various senior management and executive positions until 2012, most recently as Chief Technology Officer at Essent in 's-Hertogenbosch, where she was responsible for Essent's power plants (including construction projects). In 2013, Dr Skorupska became Chief Executive of REA, the Association for Renewable Energy and Clean Technology.

Dr Skorupska is a British national and does not own any shares in the Company's capital.

Other offices: non-executive director at Transport for London, and non-executive director at Renewable Energy Assurance Ltd.

Dr Skorupska was appointed to the Supervisory Board in 2021.

Biographies of the Executive Board members

R.J.M. (Ruud) Joosten
(1964), CEO

Mr Joosten earned a degree in Business Economics at VU Amsterdam in 1987 and an MBA from the University of Leuven in 1990. Mr Joosten started with AkzoNobel in 1996 as a marketing director, joining from Petrofina (currently PPG) where he began his career in 1988. At AkzoNobel he held management positions in sales and marketing, and became managing director of Decorative Paints North and Eastern Europe in 2006. In 2013, he joined AkzoNobel's Executive Committee and became responsible for the Decorative Paints business. In 2018, he became the Chief Operating Officer of AkzoNobel, responsible for the business performance of the coatings and paints businesses.

Mr Joosten is a Dutch national. Information about Mr Joosten's shareholding position is on page 76.

Mr Joosten has been a member of the Executive Board (CEO) of Royal BAM Group since September 2020.

L.F. (Frans) den Houter
(1974), CFO

Mr Den Houter was trained as a hydrographic surveyor at the Amsterdam University of Applied Sciences, then earned a degree in business economics at the University of Amsterdam and an international master's degree in Finance and Control. He started his career at Exxon Mobil in 2000, where he worked as a financial analyst and controller for the Benelux retail operating company. In 2005 he moved to Shell, where he worked as a controller at Shell Global Real Estate, project manager at Shell Energy Europe and financial manager for joint ventures at Shell Upstream International. He joined Heerema Marine Contractors (HMC) in 2010 as its Finance and Control Manager and then held the position of Senior Vice-President Finance before being appointed as CFO in 2012.

Mr Den Houter is a Dutch national. Information about Mr Den Houter's shareholding position is on page 76.

Mr Den Houter has been a member of the Executive Board (CFO) of Royal BAM Group since August 2018.

20 Retirement schedule for the Supervisory Board

Member	Committees	Date of initial appointment	Year of reappointment	End of current term	End of second term
H.Th.E.M. Rottinghuis*	HSS, NC	15-04-2020	-	2024	2028
G. Boon	AC	19-04-2017	2021	2025	2025
B. Elfring	AC, RC	24-08-2020	-	2024	2028
D. Koopmans*	NC, RC	24-08-2020	-	2024	2028
M.P. Sheffield	AC, HSS	24-08-2017	2021	2025	2025
N.M. Skorupska	HSS, NC, RC	14-04-2021	-	2025	2029

* Right of recommendation of Central Works Council.

Audit Committee (AC), Health, Safety and Sustainability Committee (HSS), Nomination Committee (NC), Remuneration Committee (RC).

21 Retirement schedule for the Executive Board

Member	Date of birth	Date of initial appointment	Date of reappointment	End of current term
R.J.M. Joosten, chairman	21-11-1964	24-08-2020	-	2024
L.F. den Houter	20-05-1974	26-06-2018	13-04-2022	2026

4.5 Executive Committee

From the left: L.F. (Frans) den Houter, S.B. (Sabine) van Hooijdonk-Verboom, R.J.M. (Ruud) Joosten, J.G. (Joost) Nelis and J.D. (John) Wilkinson.

The Executive Committee consists of the Executive Board members R.J.M. Joosten and L.F. den Houter, as well as of Mrs S.B. (Sabine) van Hooijdonk-Verboom, Mr J.G. (Joost) Nelis and Mr J.D. (John) Wilkinson.

Information about the role and responsibilities of the Executive Committee is included in the Executive Board and Executive Committee rules of procedure. The relationship and contact with the Supervisory Board is explained in the Supervisory Board rules of procedure (see www.bam.com), pursuant to which Supervisory Board meetings shall generally be attended by all members of the Executive Committee.

S.B. (Sabine) van Hooijdonk-Verboom (1981), CHRO

Mrs van Hooijdonk-Verboom was appointed Chief HR officer, effective 1 July 2023. She joined BAM in early 2022 as executive director Group HR. Before she joined BAM, Mrs Van Hooijdonk-Verboom was global DE&I Lead and Executive HR Business Partner at JDE Peets where she was responsible for creating the People strategy in all the central functions. As part of this role, she also led the creation and implementation of the D&I business case. She gained extensive HR experience with senior (global) positions at KPMG and Philips. Mrs Van Hooijdonk-Verboom graduated as a Master of Science in business administration with a specialism in human resources at the VU University Amsterdam.

J.G. (Joost) Nelis (1967), COO division Netherlands

Mr Nelis was appointed COO for the business line Construction and Property, effective 1 April 2019. Since 1 January 2022, Mr Nelis has coordinated the activities in the division Netherlands. Previously, he held the position of director at BAM Bouw en Vastgoed Nederland, BAM's Dutch subsidiary for property development, non-residential and residential construction and M&E services. He joined BAM in 1996 and has held various management positions, including managing director of BAM Wonen (residential) from 2008 to 2016. Mr Nelis graduated as a Master of Science from Delft University of Technology. He is a member of the General Board of Bouwend Nederland.

J.D. (John) Wilkinson (1968), COO division United Kingdom and Ireland

Mr Wilkinson was appointed Chief Operating Officer (COO) for the division United Kingdom and Ireland, effective 1 January 2022. Since 5 October 2020, John Wilkinson has been a member of the Executive Committee (as COO for the former business line Civil Engineering). He was formerly President of Infrastructure and a member of the Executive Committee of SNC-Lavalin in Canada. He previously held senior positions with British civil engineering companies Laing O'Rourke, Kier Group and May Gurney, respectively as managing director of UK Infrastructure, executive director of Services and managing director. Mr Wilkinson holds a Bachelor of Science (Hons) in Construction Management from Reading University and is an Alumnus of Cambridge Judge Business School.

Shetland HVDC link and all associated infrastructure for Scottish and Southern Electricity Networks (SSEN) Transmission.
BAM Nuttall (in joint venture)

Supervisory Board

The new building for Iedersz, the work-learning organisation of the municipality of Groningen (designed by De Unie Architecten), has acquired energy label A+++++.

BAM Bouw en Techniek

5.1 Report of the Supervisory Board to shareholders

BAM successfully executed a de-risking strategy from 2021-2023, resulting in a focus on the Netherlands, United Kingdom and Ireland and an improved profitability and predictability of performance. Noteworthy is the emphasis on sustainability, with clear goals to reduce emission intensity and virgin material usage in our clients' projects and in our own operations. Regarding sustainability the strategy focuses on climate adaptation, biodiversity, safety, health & inclusion, decarbonisation, circularity and increasing social value. The new strategy for 2024-2026 builds on the strong platform that has been created in the last three years.

While the Company has clearly prepared for the years to come, significant challenges still lie ahead. The effects of climate change, which is threatening life on earth are increasingly becoming visible. In addition, political and economic uncertainty continued throughout 2023 and also give cause for concern. The cost of living has increased substantially on the back of inflation, rising interest rates, leading to a lack of purchasing power, inequality and social unrest.

Governments are struggling to adequately and structurally address these challenges. It is encouraging to see that BAM, despite these challenges, not only has been able to meet its strategic targets but also has prepared for the next step.

Notwithstanding the business or sustainability related challenges the Company faces, it is people who matter most. In 2023, a BAM employee lost his life while working on one of the Group's projects. Such accidents impact everybody; first and foremost family and friends but also colleagues and others involved in accidents related to our activities. The Supervisory Board deeply regrets all incidents, and expresses its heartfelt determination to prevent all safety-related incidents.

Highlights of 2023

The Company showed a solid financial performance in 2023. Other notable developments in 2023 included the launch of ambitious strategies for Sustainability and People, including goals and KPIs, and an update of the Code of Conduct following the implementation of new company values. The investigation by the Dutch Fiscal Information and Investigation Service (FIOD) and the Dutch Public Prosecutions Office (Openbaar Ministerie) into certain projects of BAM International is ongoing and the Supervisory Board is following the external investigation and internal review closely.

Progress on strategy and operational plan

The year 2023 marks the end of BAM's 2021-2023 strategy Building a sustainable tomorrow. Through this strategy, BAM aimed to provide clients with best-in-industry capabilities, contribute to the global movement towards greater sustainability, provide employees with a safe and rewarding work environment, substantially reduce the risk profile of the projects the Group undertakes, and generate attractive returns for shareholders.

When the Company set out on this strategy in 2021, it marked a radical change in risk appetite by focusing on home markets where BAM's market share makes a difference, divesting or closing operations that did not meet that criterium, no longer pursuing large projects with unbalanced risk profiles and transforming the organisation into a leaner and more focused operating model.

The Supervisory Board is proud to see that BAM delivered on this three-year strategic plan by delivering an adjusted EBITDA margin of 4.9 per cent with a revenue of €6.3 billion, ROCE 13.7 per cent, Trade working capital efficiency of -13.2 per cent and a growth of the capital ratio to 23.4 per cent over the strategic period. After the organisational changes and completion of the programmes in 2022, the project portfolio has been de-risked considerably. Stricter control on order intake has helped delivering more predictable performance and sustainability is increasingly embedded in the Group's business offerings. This all is supported by new company values and an ambitious culture programme aimed to arrive at a more engaged and inclusive workforce.

In the course of 2023, the Company started with the preparation for the new strategic period 2024-2026. The Supervisory Board was highly involved in the process, during regular meetings and ad-hoc workshops and a multi-day off-site which was solely dedicated to the preparation of the new strategy. The new strategy proposed by the Executive Board was fully endorsed by the Supervisory Board.

Based on this strategy, BAM's divisions and functions prepared operating plans for 2024, which were consolidated into the operating plan for the Group. The Supervisory Board discussed the outlines and 2024 priorities in its meeting in September 2023, after which the Group's operating plan was further discussed and approved in December. The Company prepared different stress scenarios, the outcome of which demonstrated the resilience of the Group.

Supervisory Board activities in 2023

Meetings of the Supervisory Board

In addition to the aforementioned items, the Supervisory Board discussed other matters with the Executive Committee in each of its regular meetings. These included the current state of affairs, BAM's financial performance and divisions, critical project developments, market developments, the order intake, working capital and cash flow, the financial condition of the Company as reflected by the balance sheet, investments and divestments, and the quarterly trading updates. The meetings also included a reporting on what had been discussed during the meetings of the Supervisory Board committees.

Other matters discussed were related to the annual report and financial statements for 2022, the 2023 half-year press release and interim statements, the dividend policy and the dividend proposal for 2023, as well as compliance reports and material legal proceedings in which the Company was engaged.

Updates
The Executive Committee also regularly updated the Supervisory Board on the situation regarding a number of important long-running projects and tenders. Such discussions focused mainly on the risks in these projects and how these were managed and/or could be mitigated. Besides the regular matters that needed to be addressed, the Supervisory Board spent ample time on specific topics, which included the development of the new strategy, the appointment of Sabine van Hooijdonk-Verboom to the Executive Committee as Chief Human Resources Officer (CHRO), the execution of the share buy-back programme, the update of the Code of Conduct, the status of the investigation by Dutch authorities into potential irregularities at some of BAM International's completed projects and the status of the investigations into the life lost including the actions that have been taken as a result.

Other contacts
A delegation from the Supervisory Board met with the Central Works Council in the Netherlands. The Supervisory Board actively engaged with the Executive Committee as well as other senior managers in order to ensure the Supervisory Board received the right information. Besides these formal meetings, the chairman of the Supervisory Board had regular contact with BAM's CEO, as did the chairman of the Audit Committee with the Company's CFO. The chairman and other members of the Supervisory Board also met with a wide range of senior managers in order to be briefed on specific topics such as human resources, finance, corporate governance and internal audit. During the multi-day off-site in September the Supervisory Board visited the Flow factory in Oudkarspel (Netherlands) for modular off-site manufacturing of wooden houses.

Edusessions
Edusessions are organised throughout the year in order to inform and educate the Supervisory Board about specific matters. In 2023, Edusessions were held about social value, return on inclusion and unconscious bias, as well as on risk appetite and risk profile, and the impact and future of artificial intelligence at BAM. The Audit Committee organised a dedicated workshop on the developments with regard to sustainability reporting. These events expose the Supervisory Board to other talented people in the organisation.

Attendance
In 2023, the full Supervisory Board met on ten occasions (seven formal meetings and three ad-hoc meetings) in the presence of the Executive Board or Executive Committee. The attendance rate of the individual members at the full Supervisory Board and the committee meetings was 100 per cent with the exception of Mrs. Koopmans (95%) and Dr Skorupska (68% due to personal circumstances).

Before each of the formal meetings, the Supervisory Board met without the Executive Committee being present. Topics discussed in these pre-meetings regarded the preparation of the meeting, the functioning of the Executive Board, the annual self-assessment, and the remuneration policy and remuneration of the Executive Board members, including the determination of the variable portion of their remuneration for 2023 and the targets for 2024.

Other activities (including investor relations)
The Supervisory Board highly values an open and regular dialogue with shareholders and investors to explain the Group's strategy and performance and to receive feedback. The Supervisory Board reviewed BAM's investor relations activities and shareholder base in all its meetings and was informed of the feedback given by shareholders, investors and analysts. The Supervisory Board also took note of various analysts' reports regarding the Company.

Together with the Executive Board, the Supervisory Board prepared the Annual General Meeting in April 2023. The meeting was subsequently evaluated. The hybrid approach of organising a physical meeting while also allowing shareholders to participate and vote virtually is perceived as a positive development in encouraging shareholders to join these important meetings. The Supervisory Board was pleased that all proposals were adopted.

Supervisory Board committee activities in 2023

The Supervisory Board has four permanent committees: Audit Committee, Remuneration Committee, Nomination Committee, and Health, Safety and Sustainability Committee. Three of these committees are mandatory and in line with corporate governance requirements. The Health, Safety and Sustainability Committee was established in 2021 to underline the Supervisory Board's focus and emphasis on these topics. It is the task of these committees to support and advise the Supervisory Board on items under the committees' responsibility and to prepare the Supervisory Board's decisions regarding those items. The Supervisory Board as a whole remains responsible for the way in which it performs its tasks and for the preparatory work carried out by the committees. The committees all reported on their meetings to the Supervisory Board.

Audit Committee
In 2023, the Audit Committee was composed of Gosse Boon (chair), Paul Sheffield and Bob Elfring. This composition is in line with the relevant provisions of the Corporate Governance Code. The Committee met six times in 2023: it held four regular meetings in which the financial results were discussed, plus an additional meeting in December to discuss BAM's 2024 operating plan with the CFO and the Executive Director Group Control. In addition, a workshop was organised on sustainability reporting to assess the impact of the ESG and CSRD regulations, the ESG Governance and the role and responsibilities of the Audit Committee. The external auditor was present at all four regular meetings and the workshop. The CFO, the Executive Director Group Control and also the Group Director Internal Audit attended all regular Audit Committee meetings.

- *Topics*

In line with its regular tasks and responsibilities, the Audit Committee addressed many topics, including the development of BAM's key financial figures, the external auditor's 2023 assurance plan, the external auditor's Board Reports, the internal audit plan for 2023 and 2024, and the output and impact of the new mandatory sustainability reporting requirements.

In addition, developments relating to tax, IT (including IT general controls), insurance, legislation (including material legal proceedings), treasury, compliance, risk management and pensions were monitored and reviewed, as well as BAM's progress on the transformation of its IT landscape and finance functions.

- *External auditor*

The Audit Committee was briefed by the external auditor on relevant developments in the audit profession and on the major findings of their audit and review procedures.

The Committee met with the external auditor without the Executive Board being present, and reported to the Supervisory Board on the performance of and the relationship with the external auditor. Furthermore, the chairman of the Audit Committee regularly communicated on a one-to-one basis with the external auditor and the CFO. The Audit Committee considers the Company's relationship with the external auditor to be effective.

Remuneration Committee

In 2023 the Remuneration Committee was composed of Denise Koopmans (chair), Bob Elfring and Nina Skorupska. One of the responsibilities of the Remuneration Committee is to make proposals to the Supervisory Board regarding the remuneration policy, the terms of employment of the members of the Executive Board, and the remuneration of the members of the Supervisory Board and the Executive Board. The remuneration of those members of the Executive Committee who are not also members of the Executive Board is also subject to the marginal approval of the Supervisory Board.

- *Meetings and topics*

In 2023 the Remuneration Committee met seven times. In February, the Remuneration Committee submitted a proposal to the full Supervisory Board regarding the pay-out of the 2022 short- term incentive and the vesting of the 2020-2022 long-term incentive, based on BAM's performance and the applicable criteria. While preparing the 2023 Annual General Meeting, the Remuneration Committee developed a proposal for the adoption of an amendment to increase the fixed remuneration of the chair, vice-chair and members of the Supervisory Board as well as the fees for committee chairs and vice-chairs in accordance of with inflation. During the year the Remuneration Committee reviewed the fixed remuneration of the CEO and CFO in light of remuneration increases of other employees and developments in the labour market reference group and submitted a proposal to implement an indexation. The Remuneration Committee also performed a full review of the remuneration policies for the Executive Board and Supervisory Board. Based on expert advice and the input from different stakeholders a proposal for updated policies was prepared which was submitted to the Supervisory Board subsequently. In December 2023, the Remuneration Committee also submitted a proposal to the full Supervisory Board for the objective setting for the 2024 short-term incentive and the 2024-2026 long-term incentive.

- *Remuneration report*

The Remuneration Committee prepared the remuneration report, which also explained how the remuneration policy had been implemented in practice. The Remuneration Committee met seven times. The CEO was present during parts of these meetings, as were the executive director Group HR and the director of Compensation and Benefits, who also acts as secretary to the Remuneration Committee. The committee members also consulted each other a number of times outside the context of a formal meeting.

Nomination Committee

During 2023, the Nomination Committee was composed of Henk Rottinghuis (chair), Denise Koopmans and Nina Skorupska. The key responsibility of the Nomination Committee is to make proposals to the Supervisory Board regarding the size and composition of the Supervisory Board and the Executive Board, with regard to selection criteria, selection procedures, appointments and reappointments to both boards as well as with regard to the assessment of their performance. The Nomination Committee also monitors the Executive Board's policy on selection criteria and appointment procedures for senior management, talent development and holds annual appraisals with the individual members of the Executive Board.

Appointments to the Executive Committee in addition to the Executive Board members, are also subject to the approval of the Supervisory Board. In 2023 the Nomination Committee reviewed the decision to appoint Sabine van Hooijdonk-Verboom to the Executive Committee as CHRO and proposed to the Supervisory Board to approve this decision recognizing the fact that employees are the essential success factor for achieving the Company's strategy.

- *Meetings and topics*

The Nomination Committee met three times in 2023 , in addition to which members consulted each other a number of times outside the context of a formal meeting. Items discussed included the composition of the Supervisory Board, Executive Board, Executive Committee and senior management, including diversity and inclusion aspects regarding this composition. In addition, the Nomination Committee, the CEO and the CHRO discussed workforce trends, selection criteria and appointment procedure for senior managers, the results of the 2023 talent review cycle looking into succession planning for senior management roles, diversity and inclusion, and talent development. Finally, the Nomination Committee was updated regularly on initiatives on the people roadmap to deliver on the people strategy.

Health, Safety and Sustainability Committee
Throughout 2023, the Health, Safety, and Sustainability (HSS) Committee, composed of Henk Rottinghuis (chair), Paul Sheffield and Nina Skorupska, supervised and challenged health and safety practices within the Company, while driving sustainability throughout the organisation. The HSS Committee's key responsibilities included a thorough review and advisory role regarding the Company's health, safety, and sustainability policies, management approaches, culture, and performance. Moreover, the HSS Committee reflected on significant internal and external developments, fostering the advancement of an ambitious, well-structured sustainability agenda, and supporting the implementation of a clearly articulated roadmap.

- *Meetings and topics*

In 2023, the HSS Committee met four times, besides several consultations between members outside formal meetings. Topics of discussion encompassed a range of issues: the business's response to regulatory changes and global sustainability trends, the ongoing investigation into the tragic lost life incident at Voorschoten, progress in BAM advocating for the UK Government to mandate sustainable HVO (hydrotreated vegetable oil) on major infrastructure projects, action plans to deliver BAM's sustainability strategy targets, developments in safety culture and sustainability in procurement processes, and regular evaluations of our sustainability dashboards and roadmaps. The sustainability targets for the management incentives were discussed in a dedicated meeting. These discussions reflect the Supervisory Board's ongoing committment to steering the Company towards ever improving safety and sustainability performance.

Safety

The Supervisory Board agrees with the Executive Board that safety is the highest priority for BAM, its people, supply chain employees and society at large. The Supervisory Board took note of the tragic life lost during 2023 and discussed actions taken following incidents in previous years. This accident was discussed extensively both by the Supervisory Board and the Health, Safety and Sustainability Committee. This life lost and also the other serious accidents that occurred show that safety requires permanent attention. The incident frequency (IF BAM) decreased from 3.7 in 2022 to 3.4 in 2023. It remains BAM's aspiration to prevent all incidents and to meet the target of ≤ 3.0 in the short to medium term.

Across the Group, safety conversations with the project teams remain a valued ongoing best practice. The Supervisory Board took note of the positive feedback on the BAM Safety Day (see ▶ chapter 3.2), which aims to increase awareness of the importance of safety. Continuous focus is required to further decrease the incident frequency. The Supervisory Board emphasises the importance of continuing to learn from accidents, near-accidents and dangerous occurrences, and of increasing BAM's focus on the prevention of serious accidents. The Supervisory Board fully supports the Company's continuous efforts to further increase safety, not only through guidelines and instructions but especially by giving it consistent management attention and emphasizing behavioral aspects.

Corporate governance

Each year, an updated corporate governance compliance overview is published on BAM's website, providing transparency on how BAM complies with the Dutch Corporate Governance Code. The Supervisory Board took note of the updated Dutch Corporate Governance Code which was published on 20 December 2022 and monitored implementation and compliance in the course of 2023.

The rules for the Executive Board and Executive Committee and the rules for the Supervisory Board were updated in order to address the changes in the Corporate Governance Code.

The Supervisory Board and the Executive Board are of the opinion that the Company's corporate governance is up to standard. Please refer to the corporate governance statement in ▶ chapter 5.1 for more information.

Risk management

Proper risk management remains a high priority for the Supervisory Board, essential for predictable performance and enhancing shareholder value. As such, it continued to be high on the Supervisory Board's agenda. BAM's 2021-2023 strategy focuses on de-risking the portfolio, a crucial factor in improving shareholder returns. In its meetings, the Supervisory Board discussed the risk appetite that fits with the Company's strategic agenda and the related business and project portfolio. BAM's focus on its key growth markets, alongside a robust stage gate tender process, continue to play a pivotal role in identifying potential risks early and implementing appropriate measures to mitigate risks at the tendering level.

The Supervisory Board continues to fully support the Executive Committee's strategic decision to stop tendering for large, complex, single-stage projects that present an unbalanced risk-reward profile. This decision reflects BAM's firm commitment to critical and selective tendering, essential for de-risking BAM's portfolio. By drawing lessons from past challenges, BAM is reinforcing its risk management strategies. Furthermore, the Supervisory Board, in collaboration with the Executive Committee, continuously evaluates the company's risk appetite. This ongoing process ensures BAM sets clear boundaries for future engagements, aligning them with its long-term strategic objectives.

The Supervisory Board reviewed BAM's business and project portfolio, including those projects with a higher risk profile, and discussed how these are managed. Additional comfort and insights were obtained from Internal Audit, which continued with auditing several high-exposure projects, resulting in recommendations to improve project control measures.

As part of the Supervisory Board's annual risk management review, the Audit Committee and, subsequently the Supervisory Board discussed in their respective October and February meetings the outcome of BAM's enterprise risk management assessment in the presence of the Executive Director Group Control. This annual assessment provides an overview of the key risks BAM faces in achieving its objectives. The key risks and related mitigating measures were discussed. The Executive Director Group Control also informed the Supervisory Board about the status of adherence to BAM's business requirements framework, which is used to assess the internal risk management and control system throughout the Group. The Supervisory Board was pleased to note that improvements continue to be made, amongst other by implementing a risk monitoring tool.

The Supervisory Board concluded that BAM has in place adequate internal risk management and control systems, financial reporting manuals and procedures for drawing up financial reports as well as an established monitoring and reporting system.

Sustainability

Sustainability strategy
Early in 2023, BAM launched its long-term sustainability strategy, which is built on the Company's purpose and market- driven sustainability ambitions. This strategy is an integral part of both BAM's 2021-2023 strategic plan and the new strategic plan for 2024-2026. The strategy has been developed around six material themes concerning People and Planet, and is driven by the global challenges regarding climate change and inequality, and related developments concerning legislation, clients and competitors.

These themes are aligned with selected United Nations Sustainable Development Goals (SDGs) and include clear goals for the shorter and longer term. The Supervisory Board was closely involved in the development of the sustainability strategy and the goals that were set for the six themes. The Supervisory Board recognises the importance and connection of all six sustainability themes and supports the Company in its focus on achieving the targets it has set.

Structural focus on sustainability
In order to further support attention to matters such as safety and sustainability, the Supervisory Board established a committee for Health, Safety and Sustainability (HSS) in 2021. This is a permanent committee of the Supervisory Board composed of three members, with also the COOs and the Head of Sustainability attending.

The HSS Committee supervises two matters of greatest importance to the Group: taking care of BAM's employees and those directly or indirectly involved in its operations (health and safety aspects), and sustainability at large, comprising the impact of BAM's activities on society, climate and the environment.

Ambitions and performance 2023
The Supervisory Board is delighted that BAM was rated on the CDP A-list for the fifth consecutive year, and notices a promising ongoing trend in reducing BAM's environmental footprint. The Supervisory Board closely monitors the challenges in CO_2 measurements and the planned reductions in scope 1, 2 and 3. In this regard the Supervisory Board notes with satisfaction that the Company has met (and even exceeded) its 2023 scope 1 and 2 CO_2 reduction target of 50 per cent reduction versus 2015. Further acceleration is however needed to also meet the ambitious 2026 targets.

The Company is also committed to reduce the scope 3 CO_2 intensity of its operations by 50 per cent in 2030 compared to the 2019 base year. While the Company is quite ambitious in its scope 3 approach, the Supervisory Board also acknowledges that consistent and reliable measuring of scope 3 is an enormous challenge and maturing the measurement process will be a multi-year journey for the Company. The Supervisory Board recognises the need to educate more customers to choose and pay for sustainable solutions.

Composition

Composition of the Executive Board and Executive Committee
The Executive Board, composed of chairman and CEO Ruud Joosten, and CFO Frans den Houter, remained unchanged in 2023. Ruud Joosten joined the Executive Board in 2020 and Frans Den Houter became a member of the Executive Board in 2018 and was re-appointed in 2022. In September 2023 the Supervisory Board announced its intention to re-appoint Ruud Joosten in 2024. Further information about the individual members of the Executive Board is available in ▶ chapter 4.4.

In addition to Ruud Joosten and Frans den Houter, the Executive Committee at year-end consisted of a further three members: Sabine van Hooijdonk-Verboom, Joost Nelis and John Wilkinson. The composition of the Executive Committee reflects BAM's organisational structure, which means that since 1 January 2022, BAM's activities are being managed in two divisions, of which one focuses on the Netherlands, while the other focuses on the United Kingdom and Ireland. This structure replaced the previous Construction and Property and Civil Engineering business lines.

Joost Nelis, the former chief operating officer (COO) for Construction and Property, became responsible for the activities in the Netherlands on 1 January 2022. John Wilkinson, who was formerly the COO for BAM's Civil Engineering activities, became responsible for the activities in the United Kingdom and Ireland on the same date. Some legacy projects outside the core geographies have been divided between the two COOs. BAM's Belgian management reports to Mr Joosten. Effective 1 July 2023 Sabine van Hooijdonk-Verboom joined the Executive Committee as CHRO in order to emphasise the importance of BAM's people in executing the set strategy. Further information about the individual members of the Executive Board and Executive Committee is available in ▶ chapter 4.4 and ▶ chapter 4.5.

Composition of the Supervisory Board
As in previous years, the Supervisory Board in 2023 consisted of six members, including chairman Henk Rottinghuis who was appointed to his position in 2020. The Board's vice-chairman was Gosse Boon. The four other members were Bob Elfring, Denise Koopmans, Paul Sheffield and Nina Skorupska. Further information about the six individual members of the Supervisory Board is available in ▶ chapter 4.4.

When selecting new candidates, the Supervisory Board considers expertise, experience, diversity, and independence aspects as described in the profile of the Supervisory Board (schedule 2 of the Supervisory Board rules of procedure, which are available on BAM's website). Candidates always meet with the Executive Board and a delegation of the Central Works Council whose input is considered in the recommendation for nomination.

Diversity and inclusion

Policy and targets
The Supervisory Board, Executive Board and Executive Committee recognise the benefits and importance of diversity in their composition. The profile for the Supervisory Board includes a minimum 30 per cent target for female and male board members respectively.

The present composition of the Supervisory Board is in line with the targets set. For the Executive Board and Executive Committee, a minimum 25 per cent target was set for female and male board members, respectively.

With the appointment of Sabine van Hooijdonk-Verboom as CHRO the female representation increased to 20 per cent which is still not in line with the above target.

In accordance with the 2021 law on diversity at the top of large corporations ('Wet evenwichtiger verhouding tussen mannen en vrouwen in het bestuur en de raad van commissarissen'), BAM has set and/or reconfirmed fitting and challenging targets on diversity for its Supervisory Board, Executive Board and/or Executive Committee and senior leadership group. In addition, an action plan was established in order to achieve these targets.

Further information on the targets and action plan is available in ▶ chapter 3.2.

Independence

The Supervisory Board established that none of the Executive Board members held more than two Supervisory Board positions at large organisations or a position as chairman of such a supervisory body in 2023. This was in line with the Management and Supervision Act ('Wet bestuur en toezicht rechtpersonen') and the Corporate Governance Code.
Given his position as a member of the Supervisory Board of KPMG, Mr Boon will be excluded from the selection process for the new external auditor which will start in 2024. No other conflicts of interest between the Company and members of the Executive Board and/or Executive Committee were established or reported. The Supervisory Board also met the requirements of the Code with regard to independence in 2023. Its members did not have any other relationships of a business nature with the Company.

Furthermore, none of the Supervisory Board members had more than five memberships of supervisory boards at Dutch listed companies or other large institutions. The Supervisory Board is not aware of any conflicts of interest between its members and the Company. Although formally not a conflict of interest, it may occur that a project is discussed involving other parties with whom a member of the Supervisory Board has an affiliation. In that case, it is standard practice that the respective board member will leave the meeting and thus refrain from participating in the discussion.

Performance assessments, induction and training

Performance assessments
In November 2023, the Supervisory Board performed its annual self-assessment for the year under review. This self-assessment was done with the support of an external facilitator and included interviews with all individual members of the Supervisory Board. In addition the facilitator also held interviews with the members of the Executive Board, selected senior managers and the external auditor. The feedback from these interviews was translated into a report which was subsequently discussed in a dedicated evaluation session. In this session, specific attention was paid to tone-of-voice, provision of information, focus areas and succession planning. The Supervisory Board concluded that it continues to be a well-functioning team, is of an appropriate size, and benefits from expertise, diversity and international representation. A number of suggestions were made to further strengthen the Supervisory Board going forward, focusing on topics including succession planning, balance between business and other topics and board room dynamics.

The Supervisory Board also reviewed the functioning of the Executive Board and its members, based on input received from the Executive Board following its own performance evaluation. The outcome of the review by the Supervisory Board was shared and discussed with the members of the Executive Board.

The Supervisory Board appreciated the open discussions and transparent communications and felt that the Executive Board was functioning well.

Inductions
As no new members joined either the Executive Board or Supervisory Board in 2023, no inductions were required.

Training
The Supervisory Board recognises the importance of continuous training and development. This is addressed extensively in the annual performance evaluation, and safeguarded by an annual educational budget for Supervisory Board members.

Given the importance of sustainability, the Supervisory Board (together with the Executive Committee) followed a follow-up programme by the Institute for Sustainability Leadership (University of Cambridge) on the changing global context, with a particular focus on approaches to protect and restore nature and the interconnectedness of climate, nature, society and economic progress. This programme contributed to aligning both boards in their ambition to be a frontrunner in the construction industry.

Annual General Meeting in 2023

The Annual General Meeting took place on 12 April 2023. Shareholders were given the opportunity to either participate in-person or virtually. The Annual General Meeting was prepared by the Executive Board and Supervisory Board. All proposals were adopted. Besides the regular topics, the agenda also included the presentation of the new sustainability strategy and the amendment of the remuneration policy for the Supervisory Board.

External auditor

Performance assessment
During the year under review, the external auditor Ernst & Young Accountants LLP reported on its 2022 audit, and attended the quarterly meetings with the Audit Committee and Supervisory Board, as well as the Annual General Meeting on 12 April 2023.

Reappointment proposal
The Supervisory Board assessed the performance of, and its relationship with, the external auditor, based upon feedback from the Executive Board, the evaluation and recommendation of the Audit Committee and the feedback of the financial leadership team. Based on this assessment, the Supervisory Board's experience with the external auditor, and the external auditor's expertise with regard to the construction industry in general and BAM in particular, the Supervisory Board recommended that the shareholders present at the Annual General Meeting should reappoint Ernst & Young Accountants LLP as the external auditor responsible for auditing the 2024 financial statements and review of the sustainability information of the Group. This proposal was subsequently approved at the Annual General Meeting.

2023 assurance plan
The 2023 assurance plan was presented to, and discussed with, the Audit Committee and the Supervisory Board, and subsequently approved. During the audit of the 2022 full-year results and the review of the 2023 half-year results, the Supervisory Board met with Ernst & Young Accountants LLP to discuss its reports. The relationship between the external auditor and the Supervisory Board was effective and open.

The Supervisory Board established that the external auditor received the financial and sustainability information on which the reports were based in a timely manner, and noted that the external auditor had discussed the information provided with the Executive Board and officers of the Company. The Supervisory Board took note of the reports and board reports as prepared by the external auditor, and addressed the follow-up of the identified action points.

Areas of emphasis
The Supervisory Board discussed with the external auditor and the Executive Board the areas of emphasis related to the annual reporting as identified by the auditor. These comprised the revenue recognition, investigation by the Dutch authorities into potential irregularities at some of BAM International's completed projects, non-financial information and sustainability, valuation of land and building rights, the valuation of goodwill and other assurance-related topics. In the February and August meetings, the Supervisory Board, in the presence of the external auditor, discussed the revenue recognition, project accounting and valuation (including variation orders and claims), as well as other topics regarding accounting and reporting such as the valuation of goodwill, foreign exchange results, uncertain tax positions, fraud, and compliance and non-compliance with laws and regulations as well as sustainability information.

2023 financial statements and dividend
This annual report, which is based on the International Integrated Reporting Framework, includes the 2023 financial statements, duly prepared by the Executive Board. The financial statements have been audited by the external auditor, Ernst & Young Accountants LLP; the unqualified independent auditor's report is included in ▶ chapter 8.1.

Discussions with Executive Board and external auditor
The Audit Committee discussed the draft financial statements with the Executive Board and the external auditor. The Audit Committee also discussed the auditor's report and board report, and the quality of internal risk management and control systems. The Audit Committee had this discussion with the external auditor without the Executive Board being present. Subsequently, the Supervisory Board discussed this annual report, including the

financial statements, with the Executive Board in the presence of the external auditor. The Supervisory Board took note of the reporting from the Audit Committee and reviewed the auditor's report and the quality of internal risk management and control systems. The Supervisory Board concluded that it should sign the 2023 financial statements.

Proposal to the Annual General Meeting in 2024

Financial statements
The Supervisory Board recommends that the 2023 financial statements should be adopted during the Annual General Meeting, to be held on 10 April 2024. The Supervisory Board is of the opinion that the financial statements, the report by the Executive Board and the report by the Supervisory Board provide a solid basis on which to hold the Executive Board accountable for the management policies pursued, and the Supervisory Board accountable for its supervision of these policies. The members of the Supervisory Board signed off the financial statements in accordance with their statutory obligations under article 2:101, paragraph 2 of the Dutch Civil Code.

Dividend proposal
The Supervisory Board recommends that attendees at the Annual General Meeting should adopt the proposal of the Executive Board to make a distribution of €0.20 per share against the net result of 2023.

Final comments

The Supervisory Board is confident that BAM is well-positioned for successful performance, with the Group consistently executing a transparent strategy, focusing on protecting profitability, transforming through industrialisation and digitisation, and further expanding into growth markets. The portfolio has been de-risked considerably with projects taken onboard before 2020 now largely completed and the annual profitability in the three consecutive years (2021-2023) is positive and shows an increasing trend. The Supervisory Board extends its gratitude to the Executive Board, the Executive Committee, management, and staff for their dedicated contributions, collectively enhancing BAM's resilience and ultimately benefiting all stakeholders of the Company.

Bunnik, the Netherlands, 21 February 2024

On behalf of the Supervisory Board,

Henk Rottinghuis, Chairman

The New Children's Hospital (NCH) project will bring together the services currently provided at three children's hospitals into a modern, custom-designed, digital, hospital at St James's campus in Dublin, to deliver the best care and treatments for Ireland's sickest children and young people. NCH will be also the primary centre for paediatric education, training, and research in Ireland, BAM Contractors Ltd.

5.2 Remuneration report

Message from the Chair of the Remuneration Committee

‘Dear shareholders,

On behalf of the Supervisory Board, it is with great pleasure that I present the 2023 Remuneration Report. This comprehensive document outlines the relation between BAM’s performance and the remuneration awarded to the Executive Board and Supervisory Board over the past year. Additionally, it explains the objectives that have been set to govern Executive Board remuneration in 2024.

In addition to this, BAM’s remuneration policies for the Executive Board and Supervisory Board will be brought to the 2024 Annual General Meeting for adoption, since it has been four years since their last full review. During this time, BAM executed a de-risking process, resulting in a focus on the Netherlands, UK and Ireland and an improved profitability and predictability of performance. Furthermore, sustainability became a key focus area, with clear goals to reduce CO_2 intensity and virgin material usage in clients’ projects and in BAM’s own operations.

As we move into the new strategic period 2024-2026, the Remuneration Committee thoroughly considered BAM’s new strategy during its remuneration policy reviews. In accordance with this strategy, BAM aims to be a market leader in selected, sustainable, and profitable product market combinations. The strategy focuses on protecting profitability, transforming through industrialisation and digitalisation, and further expanding into growth markets.

Throughout 2023, the Remuneration Committee convened seven times, with a significant focus on formulating remuneration policies and meticulously assessing their implementation.

As a result of this review, the proposed policies are firmly anchored in principles that emphasise alignment with BAM’s strategic objectives, adherence to the highest transparency standards, reflection of BAM’s ambition for sector leadership in sustainability, stimulation of ownership for long-term stakeholder interests, and the fostering of fairness, consistency, inclusivity, and collaboration.

The policies will be presented at the Annual General Meeting in April 2024 for approval. Further background is provided in the preamble of these policies.

Incentive outcomes over 2023
The incentive outcomes reflect BAM’s commendable performance on short-term incentive (STI) and long-term incentive (LTI) objectives.

BAM further improved its operational performance over 2023, despite some setbacks in Construction UK. Notably civil engineering in the Netherlands continued the positive trend, the division United Kingdom and Ireland delivered a solid contribution and there were positive results from the activities in Belgium and Invesis. BAM’s financial resilience further improved, illustrated by the increase of the capital ratio and a strong liquidity position. Against this background, BAM’s order book remains at a good level with a strong focus on the quality of the order intake. And, importantly, BAM is making good progress in its sustainability agenda achieving the important milestone of a 50 per cent scope 1 and 2 CO_2 emissions intensity reduction versus 2015 and a spot on the CDP Climate A List for the fifth consecutive year.

The strong financial and strategic progress in 2023 resulted in a formulaic STI outcome for the Executive Board of 68.3 per cent of fixed remuneration. Overall, the Committee was satisfied that this outcome was reflective of the performance achieved.

As to the LTI for 2021-2023, 131.1 per cent of the conditionally awarded shares will vest, underlining the profitable growth and shareholder value that was created over the three-year performance period. The Committee considered the LTI outcome to accurately reflect the performance of the business over the three-year period, in particular the successful execution of the strategy, and therefore no further discretion was applied.

More details on the achievements per objective can be found in tables ▶ 25 and ▶ 26.

Incentive objectives for 2024
Moving into 2024, the Remuneration Committee has set objectives for STI 2024 and LTI 2024-2026, taking into account BAM’s new strategy and sustainability goals.

Notably, total cash flow will be introduced as a new objective for the STI, balancing the financial objectives that were previously primarily focused on profitability. This also reflects the increasing importance of cash management upon the unwinding of advance payments on large projects as a consequence of BAM’s adjusted tendering strategy. In the LTI, the sustainability objectives will be enhanced by increasing the weighting for CO_2 intensity reduction and by introducing a scorecard grounded in the key priorities of BAM’s sustainability strategy. This scorecard will better enable BAM to steer and reward on performance delivered against the specific objectives reflected in the sustainability strategy.

More details on the objectives for STI 2024 and LTI 2024-2026 can be found in ▶ table 31.

Stakeholder consultation
Stakeholder consultation has played an important role in shaping the proposed remuneration policies, with the Committee engaging in discussions to gather valuable feedback. The outcome of these discussions is reflected in the preamble of the proposed policies that will be submitted to the Annual General Meeting.

Stakeholders however also provided other views on broader remuneration matters, including the remuneration report. Primarily, they were highly appreciative of BAM's commitment to following best practice in governance by disclosing the threshold, target and excellent performance levels of the incentive plans at the end of the performance period. This disclosure can be found in tables ▶ 25 and ▶ 26. Some stakeholders have urged BAM to further expand this by disclosing performance levels at the start of the performance period. We have however decided not to do so, since performance levels are a detailed reflection of BAM's strategic and operational plans which we consider to be commercially sensitive.

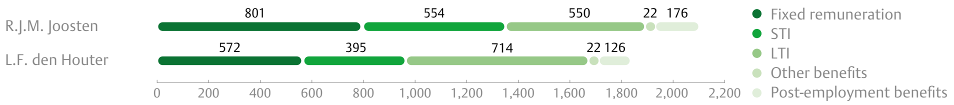
Additionally, stakeholders have advised BAM to further improve its remuneration report and start providing a more elaborate explanation of the reasons why incentive objectives are set and how achievement on these objectives is assessed. To this purpose, BAM has changed the structure, presentation and content of its remuneration report. The remuneration policies of the Executive Board and Supervisory Board have been relocated to BAM's website and are summarised in the remuneration report through the new 'at a glance' section. This allows the report to focus on the application of the policy with an emphasis on objective setting and achievement. This change is complemented by a shift towards a more visual and insightful representation.

Closing remarks
In the following pages, we present BAM's new remuneration report, featuring the following elements:
Remuneration Executive Board at a glance – page 70
Remuneration of the Executive Board in 2023 – page 71
Terms of appointment of the Executive Board members – page 72
Share ownership of the Executive Board members – page 76
Internal pay ratio and five-year analysis – page 76
Remuneration of the Executive Board in 2024 – page 77
Remuneration Supervisory Board at a glance – page 78
Remuneration of the Supervisory Board in 2023 – page 78
Share ownership of the Supervisory Board members – page 79

To conclude, we hereby extend our heartfelt thanks to all stakeholders for their unwavering support and guidance on both the 2023 remuneration report and the proposed remuneration policies.'

Denise Koopmans,
Chair of the Remuneration Committee

Remuneration Executive Board at a glance



Labour market reference group

Arcadis, Balfour Beatty, Bauer, Besix, Boskalis, Eiffage, Fugro, Galliford Try, Heijmans, Hochtief, Kier Group, NCC, Post NL, SBM Offshore, Signify, Skanska, Strabag, TKH, VolkerWessels, Vopak

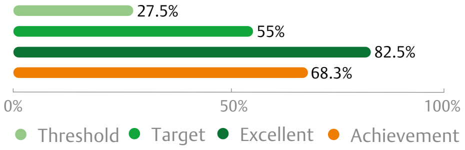
	Purpose and 2023 Policy	2023 Actuals
Fixed remuneration	**Purpose:** Provide base compensation to attract and retain qualified Executive Board members. **Policy:** Annual evaluation, generally on 1 January, considering personal performance, the results of the past year, the extent to which the current fixed remuneration deviates from the benchmark and general changes in the market.	See below
STI	**Purpose:** Reward annual performance, incentivise achievement of agreed objectives and align Executive Board and shareholder interests. **Policy:** Cash incentive expressed as a percentage of fixed remuneration. Objective setting: 70% Financial objectives | 30% Non-financial objectives	See below
LTI	**Purpose:** Reward long-term value creation, serve as retention instrument and align Executive Board and shareholder interests. **Policy:** Share-based incentive. Award value expressed as a percentage of fixed remuneration: CEO 90% | CFO 80% Objective setting: 66.7% Financial objectives | 33.3% Non-financial objectives Three-year vesting period. Two-year lock-up period after vesting plus minimum share ownership requirement: CEO: 100% of fixed remuneration | CFO: 75% of fixed remuneration	See below
Post-employment benefits	**Purpose:** Provide for retirement savings and surviving dependent’s pension. **Policy:** Gross allowance equal to 22% of fixed remuneration.	In line with policy
Benefits	**Purpose:** Offer a competitive package of benefits that suits the needs of the Executive Board members. **Policy:** The benefits offering is set in accordance with the overall benefits proposition provided to BAM Group’s wider workforce. BAM Group does not offer any loans, warrants and the like to the Executive Board members.	In line with policy

2023 Actuals – Fixed remuneration

	R.J.M. Joosten	L.F. den Houter
1 January 2023 +2.5%	€791,000	€565,000
1 July 2023 +2.5%	€811,000	€579,000

2023 Actuals – STI

STI 2023 payout (% of fixed remuneration)

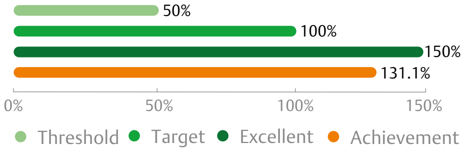


STI 2023 payout (amount)

R.J.M. Joosten	€553,660
L.F. den Houter	€395,276

2023 Actuals – LTI

Vesting LTI plan 2021-2023 (% of award)



Remuneration of the Executive Board in 2023

The members of the Executive Board received remuneration in the past financial year in line with the remuneration policy adopted by the General Meeting on 15 April 2020 and amended on 24 August 2020, 14 April 2021 and 13 April 2022. Scenario analyses have been done and have been taken into consideration upon drafting this remuneration policy. The remuneration policy for the Executive Board is available on BAM's website (▶ see www.bam.com/en/about-bam/corporate-governance/articles-of-association-rules-and-codes). A summary of the remuneration of the individual members of the Executive Board can be found in the table below.

22 Total remuneration Executive Board
(x €1,000)

	Fixed remuneration		Short-term incentive		Long-term incentive [1]		Other benefits [2]		Post-employment benefits		Total remuneration	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
R.J.M. Joosten	**801**	772	**554**	525	**550**	-	**22**	23	**176**	170	**2,103**	1,490
L.F. den Houter	**572**	551	**395**	375	**714**	81	**22**	23	**126**	121	**1,829**	1,151

[1] The amount shown under 'Long-term incentive' consists of the taxable value of the performance shares vested to the Executive Board member at the vesting date in the respective financial year.

[2] The amount shown under 'Other benefits' consists of the car allowance.

BAM has not awarded any options to members of the Executive Board.
The remuneration of the Executive Board members was not affected by a change of control at the Company. No loans were issued.

The Supervisory Board did not see any reason during the financial year to use its extraordinary powers to adjust or reclaim variable remuneration that has been awarded previously.

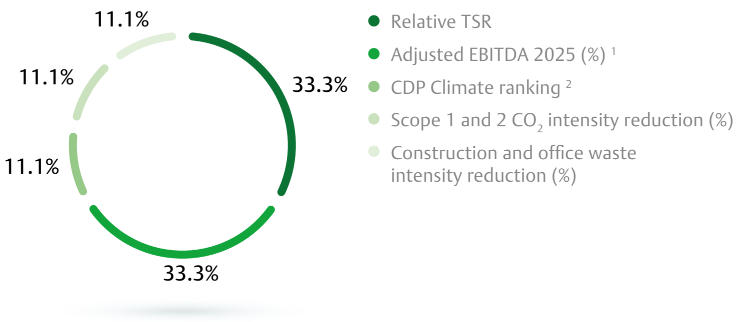
Fixed remuneration
The Supervisory Board reviewed the fixed remuneration against the increase in average employee remuneration within BAM as also reflected in the relevant collective labour agreements in the Netherlands. On this basis, the fixed remuneration of Mr Joosten was increased by 2.5 per cent per 1 January 2023 to €791,000 gross per annum and by 2.5 per cent per 1 July 2023 to €811,000 gross per annum (the previous increase for the CEO being 3 per cent as of 1 January 2022). The fixed remuneration of Mr Den Houter was increased by 2.5 per cent per 1 January 2023 to €565,000 gross per annum and by 2.5 per cent per 1 July 2023 to €579,000 gross per annum (the previous increase for the CFO being 3 per cent as of 1 January 2022).

Short-term incentive (STI)
Based on input from the Remuneration Committee, the Supervisory Board evaluated the Company's performance in 2023 in relation to the objectives that had been set for the year. The Supervisory Board has reviewed the formulaic outcome and considers it to be reasonable and fair. On that basis, it has not applied any discretionary adjustment. Therefore, the short-term incentive outcome has been determined at 68.3 per cent of fixed remuneration. Further details on the achievement of the performance objectives can be found in ▶ table 25.

Long-term incentive (LTI)
Based on input from the Remuneration Committee, the Supervisory Board evaluated the Company's performance over the performance period 2021-2023 in relation to the objectives that had been set. The Supervisory Board has reviewed the formulaic outcome and considers it reasonable and fair. On that basis, it has not applied any discretionary adjustment. Therefore, the vesting percentage for this plan has been determined at 131.1 per cent. Further details on the achievement of the performance objectives can be found in ▶ table 26. The conditional performance shares that were awarded under the LTI plan 2021-2023, will vest on 22 April 2024.

As announced in the remuneration report over 2022, the LTI plan for 2023-2025 was awarded during 2023 with unchanged objectives and in line with the remuneration policy. The performance objectives and weighting can be found in the table below.

23 Performance objectives and weighting LTI plan 2023-2025



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[1] Expressed as a percentage of revenue.

[2] Score on the global disclosure system of CDP Climate.

The conditionally awarded and vested performance shares under all LTI plans to members of the Executive Board are disclosed in ▶ table 28.

Post-employment benefits and other benefits
Both Mr Joosten and Mr Den Houter received an age-independent gross allowance of 22 per cent of their fixed remuneration as pension contribution, in line with the remuneration policy.

Terms of appointment of the Executive Board members

Members of the Executive Board are appointed for a term of four years, and deliver their services under a management services agreement. The table below states the appointment dates, notice periods and the severance payment if the Company terminates the management services agreement of a member of the Executive Board.

24 Appointment and contractual arrangements

	R.J.M. Joosten	L.F. den Houter
Date of first appointment	24-08-2020	26-06-2018
Start date current appointment	24-08-2020	13-04-2022
Period of appointment	4 years [1]	4 years [2]
Notice period for the Company	3 months	3 months
Notice period for the Executive Board member	3 months	3 months
Severance	max 1 year's fixed remuneration	max 1 year's fixed remuneration

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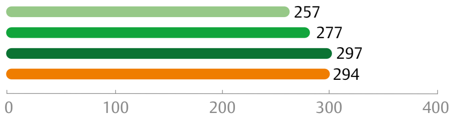
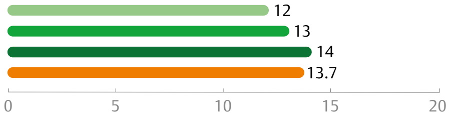
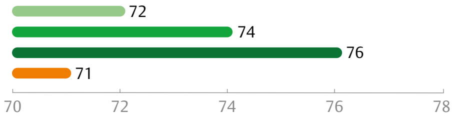
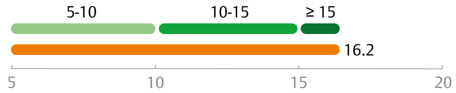
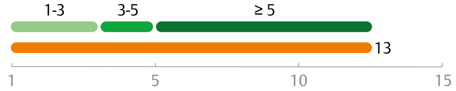
[1] Appointed until the General Meeting in 2024.

[2] Appointed until the General Meeting in 2026.

25 Performance on 2023 STI objectives

● Threshold ● Target ● Excellent ● Achievement

	Objective	Weighting (%)	Achievement on performance objectives	Achievement	Achievement (% of target)	STI (% of fixed remuneration)
Financial	Adjusted EBITDA *(x € million)* [1]	45		BAM delivered a strong performance with an adjusted EBITDA of €304 million. After deducting €10 million, related to divestments, the achievement significantly exceeded target.	142.5	35.2
	ROCE *(in %)*	25		The Return On Capital Employed significantly exceeded target level.	135	18.6
Non-financial	Employee engagement *(in %)* [2]	7.5		It has been proving difficult to increase the engagement score. BAM has however strengthened the process, applying more focused interventions for specific units.	-	-
	Safety *(IF Total)*	7.5		The long-term strategic target of 3.0 was met, but the more ambitious STI target of 2.5 in 2023 was not reached entirely.	50	2.1
	Scope 1 and 2 CO_2 intensity reduction *(in %)*	7.5		This year, BAM achieved a 56 per cent scope 1 and 2 CO_2 intensity reduction versus 2015, higher than the agreed milestone of 50 per cent.	150	6.2
	Construction and office waste intensity reduction *(in %)*	7.5		The reduction significantly exceeded excellent level and was well in line with the long-term ambition to reduce towards 75 per cent in 2030 versus 2015. This achievement also demonstrates that waste intensity can be volatile, depending on the type and phase of actual projects.	150	6.2
	Overall achievement					68.3

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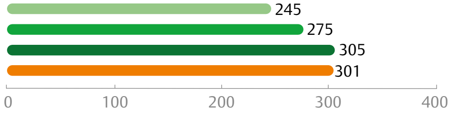
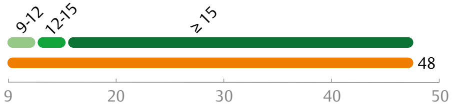
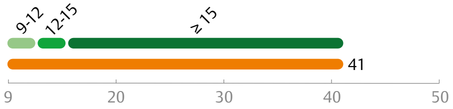
[1] The adjusted EBITDA used for target setting and achievement of STI differs from the one reported, due to a different calculation methodology which primarily focuses on the long-term profitability of the Company. It also differs from the adjusted EBITDA for the LTI, which is limited to BAM's home markets. In the event of divestments, EBITDA of divested entity is removed from 'threshold', 'at target' and 'excellent' performance levels as well as from actuals for the remaining part of the year. The direct and indirect effect of divestment (possible book gains, losses, transaction costs and the remaining operational EBITDA within the year) are not included in the calculation.

[2] Measured with the standardised, external (Glint) survey.

26 Performance on 2021-2023 LTI objectives

● Threshold ● Target ● Excellent ● Achievement

Objective	Weighting (%)	Achievement on performance objectives	Achievement	Achievement (% of target)	Vesting (% of award)
Relative TSR [1]	33.3	Position 3	See ▶ table 27 for the TSR peer group ranking. BAM's relative TSR performance has again increased, after having ended up in 9th position over 2019-2021 and 7th position over 2020-2022.	100	33.3
Adjusted EBITDA *(x € million)* [2]	33.3		BAM delivered a strong performance with an adjusted EBITDA of €304 million. After deducting €3 million net, related to results from Germany and BAM International as well as to divestments, the achievement significantly exceeded target.	143.3	47.8
Sustainability					
- CDP Climate Ranking	11.1		BAM has once again earned a spot on the prestigious CDP Climate A List, for the fifth consecutive year.	150	16.7
- Scope 1 and 2 CO_2 intensity reduction *(in %)*	11.1		This year, BAM achieved a 56 per cent scope 1 and 2 CO_2 intensity reduction versus 2015, higher than the agreed milestone of 50 per cent. Overall, the reduction over 3 years was much higher than anticipated, demonstrating the acceleration of BAM's ambition level.	150	16.7
- Construction and office waste intensity reduction *(in %)*	11.1		The reduction significantly exceeded excellent level and was well in line with the long-term ambition to reduce towards 75 per cent in 2030 versus 2015. This achievement also demonstrates that waste intensity can be volatile, depending on the type and phase of actual projects.	150	16.7
Overall achievement					**131.1**

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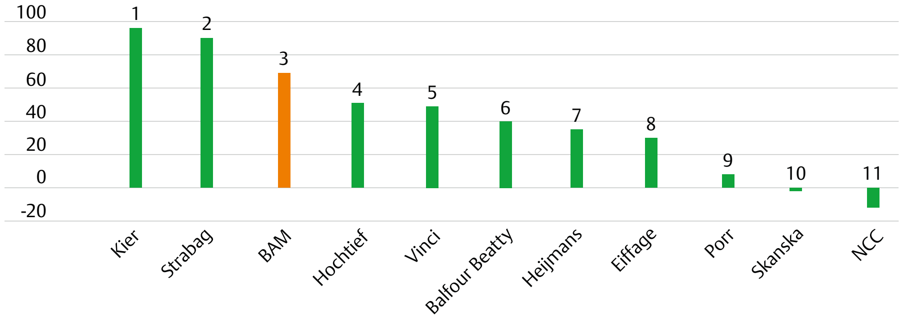
[1] BAM's relative position within a peer group of 11 companies. TSR is defined as the share price increase, including dividends, based on the three-month average share price before the start and the end of the three-year performance period.

[2] The adjusted EBITDA used for target setting and achievement of LTI differs from the one reported, due to a different calculation methodology which primarily focuses on the long-term profitability of the Company. It also differs from the adjusted EBITDA for the STI, which is limited to BAM's home markets. In the event of divestments, EBITDA of divested entity is removed from 'threshold', 'at target' and 'excellent' performance levels as well as from actuals for the remaining part of the year. The direct and indirect effect of divestment (possible book gains, losses, transaction costs and the remaining operational EBITDA within the year) are not included in the calculation.

27 TSR peer group ranking LTI plan 2021-2023



28 LTI plan

(value in €)

	Performance period	Award date	Vesting date	End of lock-up period	Shares awarded [1]	Shares vested [2]	Value of conditionally awarded shares at award date	Value at year-end 2023 [3]
R.J.M. Joosten	01-01-2023 - 31-12-2025	20-04-2023	20-04-2026	20-04-2028	347,201	n/a	711,900	**839,532**
	01-01-2022 - 31-12-2024	25-04-2022	25-04-2025	25-04-2027	254,341	n/a	694,350	**614,997**
	01-01-2021 - 31-12-2023	22-04-2021	22-04-2024	22-04-2026	221,961	n/a	490,000	**536,702**
	01-01-2020 - 31-12-2022	01-09-2020	24-04-2023	23-04-2025	285,734	305,971	381,111	**739,838**
L.F. den Houter	01-01-2023 - 31-12-2025	20-04-2023	20-04-2026	20-04-2028	220,445	n/a	452,000	**533,036**
	01-01-2022 - 31-12-2024	25-04-2022	25-04-2025	25-04-2027	161,465	n/a	440,800	**390,422**
	01-01-2021 - 31-12-2023	22-04-2021	22-04-2024	22-04-2026	135,894	n/a	300,000	**328,592**
	01-01-2020 - 31-12-2022	23-04-2020	24-04-2023	23-04-2025	367,371	393,389	490,000	**951,215**
	01-01-2019 - 31-12-2021	29-04-2019	29-04-2022	29-04-2024	68,393	34,197	291,600	**82,688**

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[1] This is the ‘at-target’ number of conditionally awarded performance shares. The number of performance shares that vest may vary between 0 (in the event of ‘below threshold’ performance) and 150 per cent (in the event of ‘excellent’ or ‘above excellent’ performance) of the ‘at-target’ number of performance shares. For Mr Joosten, the shares awarded in 2020 have been decreased pro rata according to the number of months in which he provided management services during the relevant performance period. Since Mr Den Houter served as CEO on an interim basis until the appointment of Mr Joosten, the LTI award value for the 2020-2022 plan was based on an award value of 70 per cent (CEO level instead of CFO level) of fixed remuneration including the CEO allowance.

[2] The number of vested shares at the vesting date before tax (withhold to cover deduction) and including the dividend up until the vesting date.

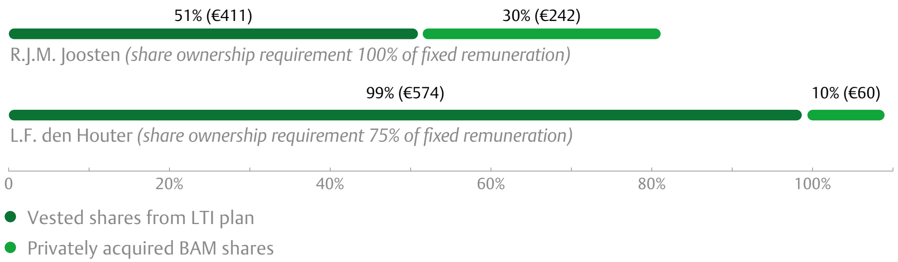
[3] The value for the award in 2019 and 2020 is based on the number of ‘Shares vested’ in this table, multiplied by the closing share price of BAM at year-end 2023 (€2.418). The value for the other awards is based on the number of ‘Shares awarded’ in this table (since these shares are still conditional at year-end 2023), multiplied by the closing share price of BAM at year-end 2023 (€2.418).

Share ownership of the Executive Board members

The Company has rules relating to possessing and trading in BAM securities. These rules are published on the Company's website. The table below shows the shares held by Executive Board members on 31 December 2023.

29 Share ownership Executive Board members [1]

(x €1,000)



[1] Ratios based on the number of shares on 31 December 2023, multiplied by the closing share price of BAM at year-end 2023 (€2.418) divided by the fixed remuneration at year-end 2023.

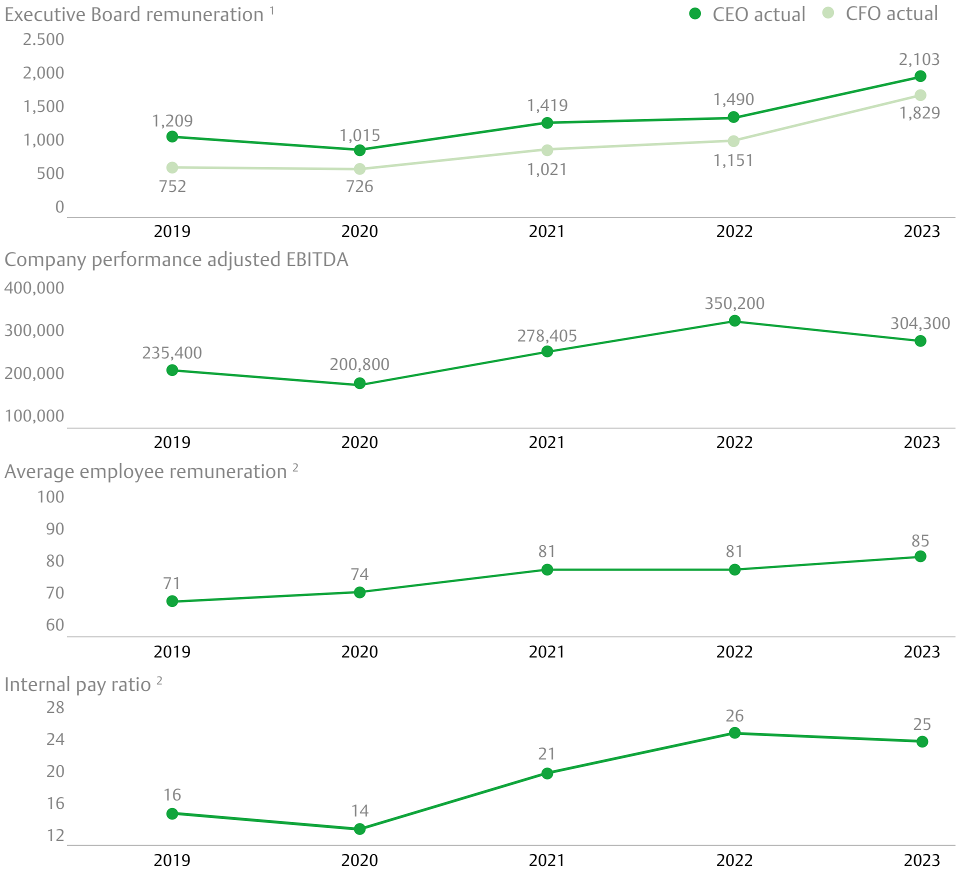
Internal pay ratio and five-year analysis

BAM's internal pay ratio in 2023 was 25 (2022: 26), meaning that its CEO's pay was 25 times the average pay within the organisation. The internal pay ratio is calculated as the total annual CEO remuneration divided by the average employee remuneration (employee benefit expenses excluding restructuring costs and termination benefits divided by the average number of FTE). Both the annual CEO remuneration and the average employee remuneration are derived from the financial statements (IFRS). External employees are not included in the calculation since BAM does not have sufficient information available. The decrease in the ratio is primarily caused by an increase of the average employee remuneration.

A five-year analysis of Executive Board remuneration versus internal pay ratio, average employee remuneration and company performance can be found in ▶ table 30. It contains the performance measure adjusted EBITDA, which is believed to be a crucial reflection of the success of the Company.

30 Five-year analysis Executive Board remuneration and company performance

(x €1,000)



[1] The Executive Board remuneration is derived from table 22 of this remuneration report. The actual remuneration for the CEO in 2020 is based on the annualised remuneration of Mr Joosten, who was appointed per September 2020. The actual remuneration for the CEO before 2020 is related to the previous CEO, Mr Van Wingerden. The actual remuneration for the CFO in 2020 is exclusive of the CEO allowance and the retrospective payment in 2020 of pension contributions to the CFO from 1 August 2018 onwards has been allocated to the relevant years.

[2] The average employee remuneration and internal pay ratio are derived from the financial statements (IFRS).

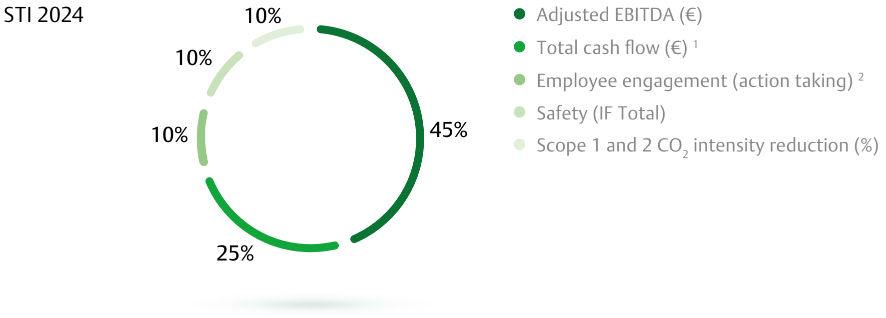
Remuneration of the Executive Board in 2024

Based on advice from the Remuneration Committee, Audit Committee and Health, Safety and Sustainability Committee, the Supervisory Board determined the performance objectives and their weighting for the 2024 short-term incentive and the 2024-2026 long-term incentive.

For the short-term incentive, the existing ROCE (return on capital employed) objective will be replaced with an objective on total cash flow. This change reflects the increasing importance of cash management upon the unwinding of advance payments on large projects. Furthermore, the overall employee engagement objective will be replaced with a more specific objective, concerning the belief that management will take action to drive concrete interventions to improve employee engagement. Finally, the objective on construction and office waste intensity reduction, that was included in previous years, will be removed. This will be done to shift the weighting of the performance objectives towards the most meaningful and ambitious areas of the sustainability strategy.

For the long-term incentive, the weighting for CO$_2$ intensity reduction will be increased and the two objectives on CDP Climate and construction and office waste intensity reduction, as included in previous years, will be replaced by a sustainability scorecard of 5 targets on circularity, climate adaptation, biodiversity, inclusion & diversity and social value. This scorecard will better enable BAM to steer and reward on performance delivered against the specific objectives reflected in the sustainability strategy.

31 Performance objectives and weighting



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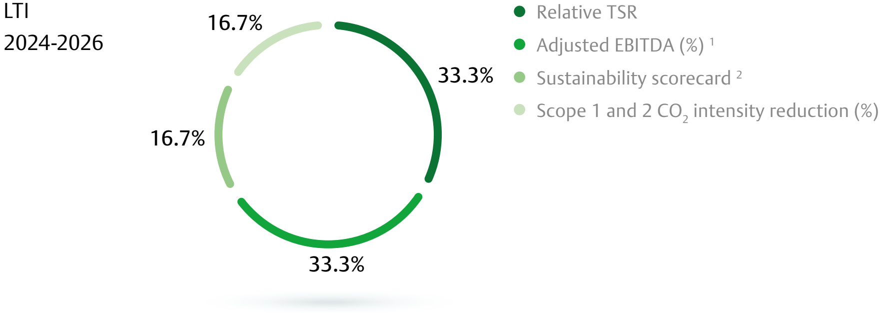
[1] Average end-month IFRS cash position (excluding joint ventures) for October-December 2024 minus average for October-December 2023.

[2] Measured with the standardised, external (Glint) survey. Average % employees positive over Q1-Q4 on Glint survey statement: ‘I believe meaningful action will be taken as a result of this survey’.



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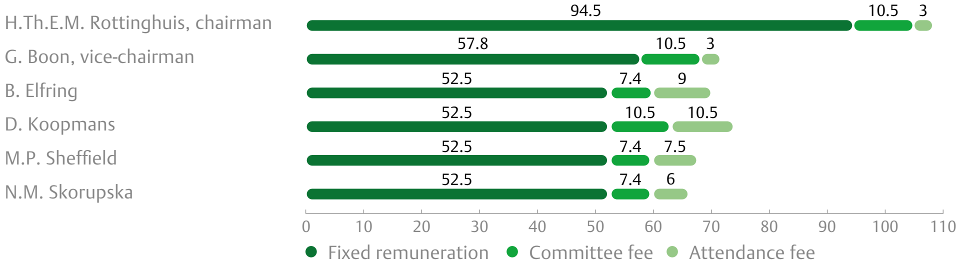
[1] Expressed as a percentage of revenue.

[2] Number from 5 scorecard targets achieved over 2026 on circularity, climate adaptation, biodiversity, inclusion & diversity and social value.

Remuneration Supervisory Board at a glance

(x €1,000)



	Purpose and 2023 policy	
Fixed remuneration	**Purpose:**	Reward Supervisory Board members for time spent and for the responsibilities of their role.
	Policy:	Chairman €94,500 per annum Vice-chairman €57,750 per annum Member €52,500 per annum
Committee fee	**Purpose:**	Reward Supervisory Board members for time spent and for the responsibilities of their role.
	Policy:	Chairman €10,500 per annum | Member €7,350 per annum
Attendance fee	**Purpose:**	Compensate Supervisory Board members for additional time spent to attend meetings.
	Policy:	€1,500 per meeting outside country of residence.
Expenses	**Purpose:**	Reimburse Supervisory Board members for actual costs in the performance of their duties for BAM.
	Policy:	Reimbursement of actual incurred costs.

Remuneration of the Supervisory Board in 2023

The members of the Supervisory Board received remuneration in the past financial year in line with the remuneration policy as adopted by the General Meeting on 15 April 2020 and amended on 12 April 2023. The remuneration policy for the Supervisory Board is available on BAM's website (▶ see www.bam.com/en/about-bam/corporate-governance/articles-of-association-rules-and-codes).

The remuneration of the individual members of the Supervisory Board over the last five years can be found in the table below.

No options or shares were awarded to members of the Supervisory Board, and no loans were issued to them.

(32) Five-year overview of total Supervisory Board remuneration [1]

(x €1,000)

	2023	2022	2021	2020	2019
H.Th.E.M. Rottinghuis, chairman	**108**	103	102	48	-
G. Boon, vice-chairman	**71**	70	67	59	63
B. Elfring	**69**	68	62	20	-
D. Koopmans	**74**	68	65	23	-
M.P. Sheffield	**67**	65	59	164	68
N.M. Skorupska	**66**	65	42	-	-
H. Valentin, former member	-	-	16	59	68
H.L.J. Noy, former chairman	-	-	-	46	80
C.M.C. Mahieu, former member	-	-	-	54	60
K.S. Wester, former vice-chairman	-	-	-	-	18
R. Provoost, former member	-	-	-	-	8
Total	455	439	413	473	365

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[1] The amounts are excluding reimbursed expenses. Amounts 2020 include the 20 per cent Covid-19 reduction and the additional remuneration for Mr Sheffield as delegated Supervisory Board member.

Share ownership of the Supervisory Board members

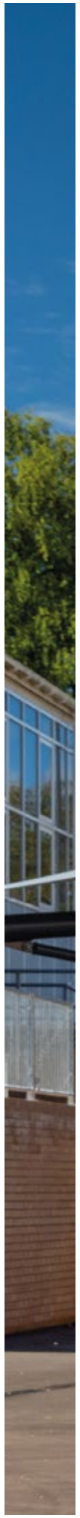
The table below shows the shares held by Supervisory Board members on 31 December 2023.

33 Share ownership Supervisory Board members

	Type of shares	Number of shares
H.Th.E.M. Rottinghuis, chairman	Privately acquired BAM shares	100,000
G. Boon, vice-chairman	Privately acquired BAM shares	100,000
D. Koopmans	Privately acquired BAM shares	15,000

Bunnik, the Netherlands, 21 February 2024

Supervisory Board



Holyrood Academy

Extension of Holyrood Academy in Chard, Somerset. Designed by Grainge Architects, the new building incorporates a purpose-built student/dining area, six classrooms and new office space and meeting rooms. BAM Construct UK delivered a building which is all-electric and fitted with energy efficient fabric in line with Somerset County Council's climate change strategy.


Rocket lolly
85p
Chocolate
ice cream tub
85p


HOLYROOD
ACADEMY

Sustainability statements

The new Perth Museum will open its doors in Spring 2024, after the redevelopment of Perth City Hall for Perth and Kinross Council and Hub East Central, rejuvenating a historic landmark and providing space for the city's collection of national artifacts, including the Stone of Destiny.

Perth (Scotland), BAM Construct UK

6.1 Approach to sustainability reporting

BAM consistently fosters communication and dialogue with both internal and external stakeholders to learn about the perspectives and concerns of those parties impacted by the Company. Such interactions not only expand BAM's knowledge base but also enhance the Company's capacity for sound decision-making and the effective prioritisation of actions.

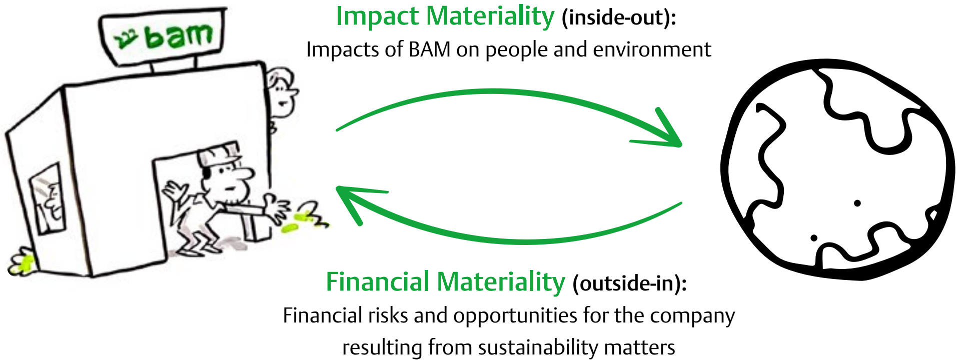
BAM updated the approach of the materiality assessment as a first step in preparation for the implementation of the Corporate Sustainability Reporting Directive (CSRD), which becomes applicable for BAM as of 2024. The materiality assessment discussed in this chapter has been prepared in consideration of the relevant paragraphs from the European Sustainability Reporting Standards (ESRS 1 and 2). Key changes in the approach include:

- BAM took a more comprehensive view on sustainability matters, meaning more topics at a more granular level were included in the long list used as the basis for assessment compared to last year's assessment.
- The engagement with BAM's internal stakeholders was strengthened by involving more colleagues in the process. Also, increased guidance and workshops were provided to address the topic, enhancing internal capabilities for conducting assessments.
- Applying the so called "double materiality" principle, adding the evaluation of outside-in (financial) risks or opportunities of sustainability matters on BAM, in addition to the traditional inside-out impact that BAM has been reporting since 2018 in line with Global Reporting Initiative (GRI) standards.
- Evaluating potential material impacts in addition to actual material impacts and making use of a more objective scoring methodology.
- Inclusion of positive and negative impact within BAM's own operations and its value chain, in both upstream and downstream activities.

BAM determined which matters are material to stakeholders. These material matters were subsequently used to determine the scope of BAM's sustainability reporting. Going forward, the list of (material) sustainability matters will be evaluated on a yearly basis in line with the CSRD.

Double Materiality Assessment

Following the methodology of Double Materiality Assessment (DMA), BAM actively solicited input and feedback from internal and external stakeholders to gain a comprehensive understanding of the most pressing concerns to stakeholders. This approach helps to establish evidence of actual or potential impact on both people and the environment associated with the Company's activities, particularly from the perspective of stakeholders who may be directly impacted.



Double materiality has two dimensions, namely: impact materiality and financial materiality. Thus, the methodology used for this assessment is based on two processes. The first process involves the identification, assessment, and prioritisation of actual and potential impact made by BAM on people and the environment. The second process focuses on identification, assessment, and prioritisation of financial risks and opportunities for BAM associated with Environment, Social, and Governance (ESG) matters.

After determining the material matters for BAM, the final step in the process is the integration of sustainability matters within the organisational processes. The matters identified through the materiality analysis are used for strategic direction and control on material sustainability matters. The material matters resulting from the DMA also determine the scope of BAM's sustainability reporting. The implementation of the DMA and related sustainability reporting is not intended as a compliance exercise but to drive strategic embedding of sustainability in the core activities of BAM, aiming to achieve sustainable change and build a resilient company.

Interactions with internal stakeholders

Identification of matters

BAM performed a documentation review to gather a wide range of potential matters relevant to the Company. The desk review included a media search related to the industry, review of internal documents, review of the previous materiality assessment, peer reviews, and a global standards review. Next, BAM held several dialogue sessions with internal stakeholders to identify actual and potential impact and financial risks and opportunities. Stakeholders were invited to the dialogue sessions that fit their areas of expertise (within Environment, Social or Governance). These sessions were attended by employees across BAM's divisions and underlying businesses.

Assessment of Impact Materiality
A wider group of internal stakeholders, including the people involved in the 'identification of matters', was invited to participate in a survey regarding impact. BAM requested the participants to assess the scale, scope, irremediable character (for negative impact) and likelihood (for potential impact) per matter.

Matters are classified as material when the assessment outcome exceeds the pre-defined thresholds. The defined criteria, i.e., quantification of the assessment, are in line with BAM's Enterprise Risk Management (ERM) process. BAM facilitated pre-read material, Q&A sessions, and one-on-one meetings to ensure the participants were well-informed throughout the process.

Assessment of Financial Materiality
BAM aimed to harmonise this process as much as possible with the existing risk management process. Consequently, BAM's risk management experts played a role in consolidating the extensive list of potential financial risks and opportunities into a more manageable list of nineteen matters.

34 External stakeholder overview

External stakeholder	Processes and communication	Matters discussed
Clients	Joint project and business development, strategic partnership, workshop, (social) media, in-person meeting, podcast recording	Collaboration on sustainability, circularity
Knowledge institutions	In-person meeting, workshop, online meeting	Circularity, water scarcity, decarbonisation
Local communities	In-person meeting, workshop, information market, guest lecture, open office hours, BouwApp, voluntary work community	Safety during construction works
Suppliers and subcontractors	In-person meeting, online meeting, virtual event	Timber certification, circularity, sustainability strategy, supply chain, HVO, petrol engine alternative products, hydrogen and innovation
Industry bodies	Virtual event, conference, workshop, round-the-table event, in-person meeting, online meeting	Decarbonisation, sustainability nature-based solutions, climate adaptation, biodiversity, nature positive initiatives, sustainability strategy, innovation, social value
Regulators	In-person meeting, online meeting	Sustainable mobility, regeneration, climate resilience, HVO adoption by the industry, combatting climate change, sustainability strategy, carbon reduction, biodiversity
Investors and analysts	In-person meeting, online meeting, round-the-table event	Biodiversity, working conditions in the value chain, natural capital, human rights, biodiversity, sustainability
NGOs and trade unions	In-person meeting, online meeting, (social) media	Decarbonisation, safety
Media	Conference, media content	Decarbonisation, energy transition

Finance experts from across the Group were invited to participate in the financial materiality survey. Participants were requested to assess the size and likelihood for each identified financial risk or opportunity. They were also encouraged to identify any additional financial risks and opportunity during this stage. Whether a matter classified as material in the outcome of the assessment is determined based on pre-defined thresholds in line with BAM's risk management process.

Analysis of results and prioritisation

The data derived from the survey results was collected and analysed, with particular attention to outliers, unexpected findings, and alignment with BAM's sustainability strategy. Regarding Impact materiality, dialogue sessions on the outcomes were held with the experts involved in the 'Identification of matters'. For financial materiality, a dialogue session was conducted involving BAM's financial leadership, including the Company's CFO.

Interactions with external stakeholders

BAM maintains an ongoing dialogue with external stakeholders, including those in BAM's value chain, to remain informed about their perspectives and expectations with respect to sustainability matters. The level of engagement with external stakeholders was increased during the development of the sustainability strategy. BAM's sustainability strategy, launched in the first quarter of 2023, includes the material matters discovered during that process. Throughout 2023, the company continued to engage with external stakeholders through numerous discussions centred around various ESG topics, as summarized in figure 34. Nature is considered as a silent stakeholder. Where ecological data and data on the conservation of species is missing, nature can be represented by for example NGOs, knowledge institutions, and scientists. ▸ Refer to chapter 2.3 for a description of external stakeholders.

Material sustainability matters in 2023

BAM selected material matters for these sustainability statements based on interactions with internal and external stakeholders. The alignment of the DMA process with CSRD in addition to GRI, and new insights in the impact on people and environment, led to additional material matters compared to the prior reporting year.

The relevant disclosures regarding BAM's material sustainability matters are included in this report provided that the data and information are available and meet the necessary quality standards. These sustainability statements not only highlight BAM's commitment to transparency about sustainability performance to inform stakeholders, but also serve as a cornerstone for nurturing a responsible and resilient business approach. BAM strives for transparency regarding both its knowledge and areas where information may be lacking, aspiring to uphold openness in its reporting.

As the DMA was first conducted in 2023, and integrating material matters into reporting processes takes time, the development and disclosure of targets and metrics on all matters is a work in progress. BAM has addressed the material financial risks and opportunities through the materiality assessment; however, given the novelty of the subject, detailed reporting on these effects is not provided in this annual report.

The DMA led to a selection of nineteen material impacts and two material financial risks and opportunities. The results of the analysis are presented in ▸ figure 35, revealing a tilt to the 'impact' side. This is in line with the current insights and understanding within BAM on the link between financial risks and opportunities and sustainability impact. Financial risks and opportunities are either limited, mitigated, or might not yet have been calculated due to the lack of data driven insights used in the assessment.

In line with the BAM sustainability strategy, two topics were added as material on the impact axis: (1) Circularity, and (2) Return on inclusion. Biodiversity positive alternatives was added as a sub-matter under "Biodiversity loss: own operations".

In validation sessions, the completeness of the financial material matters was evaluated, leading to the inclusion of two material financial matters (Financial risk of climate change on BAM's land bank valuation and Opportunities related to energy efficiency). This addition was prompted by the anticipation that these potential financial risks and opportunities may evolve in the near future, for example due to changes in legislation or change in client demand.

Evaluation of the process and results

This is the first time BAM has evaluated its material sustainability matters from a double materiality perspective. The DMA is performed by BAM in accordance with the requirements in ESRS 1 and ESRS 2, required by the CSRD, which is effective from 1 January 2024 onwards. Throughout the assessment process, additional information and interpretation guidance emerged, driven in part by feedback rounds and additional Q&A documents provided by the European Commission. Given the novelty of this subject, BAM went through an iterative process finding the right way to perform the assessment that fits the Company environment, and including the right experts across the Company, leading to a significant learning curve for everyone involved.

35 (Material) Sustainability matters 2023

	Themes	Reference
environmental	**GHG emissions: own operations (scope 1 and 2)**	3.3, 6.2, 6.3
	GHG emissions: value chain (scope 3)	3.3, 6.2, 6.3
	Adaptation to climate change	3.3, 6.2, 6.3
	Pollution of air and soil: own operations	
	Pollution of air and soil: upstream operations	6.3
	Pollution of air and soil: substances of (very high) concern	
	Water discharges in water bodies and in the oceans: own operations	
	Water discharges in water bodies and in the oceans: upstream operations	
	Water consumption: own operations	
	Water consumption: upstream operations	
	Habitat degradation and intensity of pressure on marine life: own operations	
	Biodiversity loss: own operations	3.3, 6.2, 6.3
	Biodiversity loss: sustainable use of land and forest in the supply chain	
	Biodiversity: Nature inclusive design	
	Ecosystem services	6.3
	Circularity: depletion of raw materials	3.3, 6.2, 6.3
	Circularity: circular design	3.3, 6.2, 6.3
	Circularity: waste reduction	3.3, 6.2, 6.3
	Circularity: waste reuse and recycling	3.3, 6.2, 6.3
social	**Occupational health and safety: own operations**	3.2, 6.2, 6.4
	Work-related ill health: own employees	3.2, 6.4
	Violence and harassment in the workplace	
	Collective bargaining coverage and social dialogue (own workforce)	
	Diversity within the company's own workforce (own employees)	3.2, 6.2, 6.4
	Return on inclusion	3.2, 6.2
	Training and skills development (own employees)	3.2, 6.2, 6.4
	Corporate culture	3.2, 6.2, 6.5
	Health and safety for the company's workers in the value chain	
	Adequate wages	
	Modern slavery and human rights	
	Precarious work for the company's workers in the value chain	
	Social value	3.2, 6.2
	Land and resource rights of communities in the value chain	
	Water availability and water quality communities in the value chain	
	Consumer safety (related to product quality)	
	Consumers and end users: area Development	
	Management of relationships with suppliers including payment practices	
governance	Tax base erosion and profit shifting	
	Prevention and detection of corruption and bribery	6.2, 6.5
	Protection of data and respecting privacy	6.2, 6.5

The assessment outcomes currently reveal a limited number of value chain-related themes. Anticipating greater insight and data accessibility, BAM expects additional value chain-related themes to emerge as material outcomes. For instance, the impact on biodiversity in the supply chain is identified as an area worth monitoring closely.

BAM anticipates ongoing development regarding the maturity of this process in the coming years. BAM expects more robust outcomes through increased data insights and more clarity on the practical implementation of the guidelines and comparability across the industry.

Methodology and assumptions

Scope

The DMA encompasses the entire Royal BAM Group, including all activities, divisions, and businesses. This extends to the Company's upstream, own operations, and downstream activities, covering all associated geographical regions.

Impact Materiality

A sustainability matter is material from an impact perspective when it pertains to BAM's material actual or potential, positive or negative impact on people or the environment over the short-, medium- and long-term time horizons (within one year, between one and five years, longer than five years).

BAM determined a quantitative threshold that was also made qualitative for the purpose of the survey and dialogue sessions. An impact is material if it is scored 'critical' or 'high'. The impact is not material it is scored 'medium', 'low', or 'negligible'.

Financial Materiality

BAM has considered the connections of the Company's impacts and dependencies with risk and opportunities that may arise from those impacts and dependencies during the identification and assessment phase of the process on financial materiality. During dialogue sessions with stakeholders, financial risks and opportunities related to the impacts and dependencies were identified. Stakeholders were also invited to identify any supplementary risks and opportunities for BAM in the survey.

A sustainability matter is material from a financial perspective if it triggers or may trigger material financial risks or opportunities on BAM. This is the case when it generates or may generate risks or opportunities that have a material influence (or are likely to have a material influence) on BAM's cash flows, development, performance, position, cost of capital or access to finance in the short-, medium- and long-term time horizons (within one year, between one and five years, longer than five years). The materiality of a financial risk or opportunity is based on the severity of the impact and likelihood of the risk or opportunity to occur. BAM determined a quantitative threshold that was also made qualitative for the purpose of the survey and dialogue sessions. A financial risk or opportunity is material if it is scored 'critical' or 'high'. The financial risk or opportunity is not material it is scored 'medium', 'low', or 'negligible'.

Gross (inherent) or residual risks and opportunities

BAM considered whether to emphasise gross or residual risk when prioritising financial risks or opportunities. Exclusively considering gross risk might render the discussion irrelevant, as it deviates from real-world scenarios where numerous risks are mitigated by long-standing legislation, company processes and management controls. Solely considering residual risk may not address root causes and lead to an incomplete understanding of the risk landscape. BAM opted for a middle-ground approach. BAM takes into account the overall size or severity of a risk. The assessment of likelihood incorporates residual risk, as industry-wide measures, standard business processes, and internal controls reduce the probability of an event occurring.

Integration in other company processes

BAM prioritises sustainability-related risks relative to other types of risks as part of the Enterprise Risk Management process. BAM's Enterprise Risk Management process (▶ chapter 4.1) encompasses strategic, operational, financial, and compliance risks. The results of the DMA as well as the sustainability strategy, feed into the overall risk management process.

Risks are evaluated and ranked based on their potential impact, likelihood, and the efficacy of the organisation's risk response measures. This procedure fosters discussions throughout the organisation, involving financial and sustainability experts, and leads to an appropriate management response and monitoring on relevant controls.

6.2 Sustainability reporting principles

BAM's aim to continuously improve reporting transparency on sustainability performance and progress with respect to the sustainability strategy, resulted in this set of sustainability statements as part of the management information provided in this report.

Reporting framework and specific regulation
The sustainability information disclosed in BAM's annual report has been prepared in accordance with the GRI Universal Standards 2021 and complies with the EU Non-Financial Reporting Directive (2014/95/EU) and the 'EU Taxonomy' delegated acts referred to in ▶ chapter 6.6. An overview of the GRI disclosures covered by this report is available on BAM's website (▶ https://www.bam.com/en/investors/annual-reports). In ▶ chapter 6.1, the Double Materiality Assessment has been prepared in accordance with the European Sustainability Reporting Standards (ESRS) 1 and 2. The information on relevant indicators, definitions, scope and measurement can be found in these sustainability statements. In addition to the information that is already provided in ▶ chapter 3, ▶ chapter 6 is covering disclosures and notes on all material matters.

Reporting period, boundaries and scope
This report presents both quantitative and qualitative data for the calendar year 2023. Data collection also relates to this timeframe. Exceptions are disclosed in the notes to the reported figures.

BAM applies the GHG Protocol Corporate accounting and reporting standard to define the organisational boundary for reporting sustainability information. In general, BAM applies the 'share of equity' approach to account for sustainability information and data. The approach regarding acquisitions and divestments are disclosed on a case-by-case basis. With respect to reporting on safety BAM also has (parts of) the value chain in scope. Detailed definitions are included in ▶ chapter 9.4 Glossary. The metric-specific reporting principles are explained in the notes to the reported numbers.

No significant changes from previous reporting periods in the scope and boundaries have been incorporated.

Reporting process, systems and control
BAM uses a consolidated reporting system for sustainability information (including CO_2 emissions, waste, safety and other people related indicators). This can be seen as an extension of the financial reporting system (consolidation tool).

The applied reporting processes and definitions are formalised in BAM's Sustainability reporting manual, which provides guidance on how to collect, consolidate and report data. BAM's main sustainability matters and indicators are described in ▶ chapter 2.3 and ▶ chapter 6.1.

Key internal controls that are caried out to ensure consistent, complete and accurate reporting are also described in the Sustainability reporting manual.

Significant estimates and judgements
Making judgements, assumptions and estimates is a fundamental part of preparing sustainability-related disclosures. Useful contextual assumptions and those that can significantly impact measurements are explicitly disclosed in the sustainability statements to aid in the interpretation of sustainability information. In principle, assumptions used in the sustainability statements are consistent with the assumptions used in the financial statements to the extent possible, and otherwise differences are disclosed.

For specific metrics, BAM uses information from the value chain partners, i.e. scope 1, 2 and 3 reporting, IF total (including subcontractors), and waste intensity. In these cases accounting principles disclosed clarify for which part of the data BAM relies on third party input, if applicable.

Reporting based on third party data deals with measurement uncertainty, for example due to the quality or availability of data from value chain partners.

Forward looking information
By nature, forward looking information, like plans and targets, involve risk and uncertainty because they relate to future events and circumstances. There are many factors that could cause actual results and developments to differ materially from those expressed or implied.

Data restatements
Prior-period errors are omissions from, and misstatements in, the sustainability information for one or more periods. These errors may arise from misuse or failure to use reliable information that was available and the Company reasonably could have obtained and considered.

Changes in estimates are different from (corrections of) prior-period errors. A change in estimate results from new information or new developments.

BAM has a sustainability reporting restatement policy that describes the principles used in case of data restatements (including both errors and changes in estimates). BAM assesses on a case-by-case basis whether the restatement is material for the information, including both qualitative and quantitative factors. If considered material, the prior-period reported data will be restated, unless it is impracticable to do so. The reason why information is revised will be disclosed in the notes.

Verification
The Executive Board has appointed Ernst & Young Accountants LLP (EY) to provide independent assurance of the report to provide BAM's stakeholders with assurance about BAM's sustainability information.

BAM has obtained limited assurance for the sustainability information reported in chapters ▶ 2, ▶ 3.2, ▶ 3.3, and ▶ chapter 6.

Policies
BAM has policies in place to manage material impacts, risks and opportunities:

- BAM Sustainability Policy
- BAM Diversity & Inclusion Policy
- BAM HR Perform & Develop Policy
- BAM Code of Conduct
- BAM Competition Policy
- BAM Privacy Policy
- BAM Data Retention Policy

The policies describe the objective, scope, principles, requirements, and roles and responsibilities of functions within BAM.

The matters that became material to BAM for the first time during 2023, and are not part of BAM's sustainability strategy or fundamental business practices, will be included in the policies in 2024 (Pollution of air and soil: upstream operations, Ecosystem services, Work related ill-health).

The general objective of the policies is to provide an overarching and standardised approach to managing sustainability topics across BAM. BAM requires management of the divisions to monitor sustainability requirements against pre-determined plans, standards and objectives and report in line with the reporting requirements as set out in the BAM Sustainability reporting manual.

The scope of the policies is BAM's own operations and projects where BAM is responsible for the administration. In all other activities, for example related to joint arrangements, the Company encourages partners to demonstrate the commitments reflected in the policies. Divisions may produce instructions to meet local needs and expectations. Such instructions are consistent with, and not in conflict with, the BAM policy framework. The policies apply to all companies, employees, and any other representatives of BAM.

The Executive Committee is ultimately responsible and accountable for sustainability at BAM. Focus areas are BAM's sustainability strategy, sustainability reporting and the sustainable business initiatives. Management of the divisions is accountable for implementation of the strategy, reporting, policies and business initiatives in the division.

Through implementation of the BAM Sustainability Policy, BAM commits to the United Nations Sustainable Development Goals framework and ISO14001 environmental management systems.

The policies are available to all BAM employees via BAM Connect. Input from stakeholders on the policies is obtained during ongoing discussions with employees (directly and/or via the relevant Works Council), interactions with shareholders (directly and/or via shareholder representative organisations) and interactions with other relevant stakeholders. With regard to the Works Council, their input is not part of formal (statutory) advice or consent rights in accordance with the Dutch Works Council Act (Wet op de Ondernemingsraden).

6.3 Environmental information

Climate change

Based on the outcomes of the Double Materiality Assessment, BAM discloses information on the following matter(s) in these sustainability statements:

- GHG emissions: own operations (scope 1 and 2)
- GHG emissions: value chain (scope 3)
- Adaptation to climate change

The following information is incorporated by reference to other parts of the Executive board report:

Description	Chapter	(Sub)chapter name
Transition plan for climate change mitigation and adaptation	3.3 Environmental performance	Decarbonisation Climate adaptation
Policies related to climate change mitigation and adaptation	6.2 General information	Policies
Actions and resources in relation to climate change policies	3.3 Environmental performance	Decarbonisation Climate adaptation
Energy consumption and mix	3.3 Environmental performance	Procurement of renewable electricity

Targets related to climate change mitigation and adaptation
BAM has committed to reduce the CO_2 intensity of its operations. BAM has a 1.5 °C Science-Based Target, verified by SBTi, in place to ensure BAM is in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement. BAM has further increased the ambition level of the Company's Science Based Targets. The accelerated targets were released early 2023 as part of BAM's sustainability strategy. The target is broken down into a scope 1 and 2 target (reduction of 50 per cent by 2023 and 80 per cent by 2026 compared to 2015) and a scope 3 reduction target of 50 per cent by 2030 compared to 2019.

Future developments, such as variations in sales volumes or mergers and acquisitions, are considered through the setting of intensity targets instead of absolute targets for scope 1 and 2. When BAM experiences fluctuations in revenue, absolute emissions naturally follow the same trend. Adopting intensity-based targets brings the Company closer to assessing genuine environmental improvements, as opposed to solely concentrating on absolute emission targets.

Due to the absolute nature of the scope 3 target, the scope 3 metrics follow the fluctuation in revenue, meaning that as the Company's revenue increases or decreases, scope 3 emissions also move accordingly. There is an expectation that over time, the methodology for measuring scope 3 emissions will improve, potentially involving calculations and measurements conducted by the company's suppliers rather than relying on generalised databases.

BAM continuously tracks the effectiveness of the Company's actions by internal quarterly reporting on the targets and related metrics.

Gross scope 1 and 2 emissions
BAM's energy consumption and greenhouse gas inventory are based on the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, Revised Edition as issued by the World Business Council for Sustainable Development and the World Resources Institute. BAM reports its greenhouse gas emissions as CO_2 equivalent while considering greenhouse gases other than CO_2.

BAM's reporting scope includes both direct CO_2 emissions (scope 1 emissions originating from BAM's own sources) and indirect CO_2 emissions resulting from the generation of purchased electricity used by BAM, calculated with market-based conversion factors (scope 2 emissions).

Where clients provide BAM with electricity and BAM receives information on its client-supplied electricity consumption, BAM includes this consumption in its carbon footprint.

On several projects, BAM provides fuel and electricity to subcontractors. In accordance with BAM's Sustainability reporting manual, the supplied fuel and electricity to subcontractors should be measured and excluded from reported figures, unless fuel and electricity are supplied under the supervision of BAM. In practice, however, it is not always possible to determine how much fuel is supplied to subcontractors. In that case, BAM accounts for all CO_2 emissions.

BAM reports fuel consumption by leased vehicles under scope 1 emissions. Energy consumption from district heating is considered negligible, and is therefore not included in BAM's overall energy consumption and related CO_2 emissions.

Activity data, mostly based on meter readings, invoices and data provided by suppliers, are used to calculate BAM's footprint. In instances where complete and accurate data are unavailable, BAM employs calculations or estimations utilising reliable methods and input data.

BAM calculates the energy consumption (in terajoules) and CO_2 emissions associated with BAM's energy consumption, using conversion factors from reputable and authoritative sources. BAM applies country-specific conversion factors for electricity and natural gas, BAM uses tank-to-wheel emission factors for scope 1 emissions as well-to-tank is part of BAM's scope 3 footprint. For scope 2 emissions, the full well-to-wheel factors are applied. All conversion factors are reviewed annually and updated if necessary.

36 Absolute CO_2 emissions (scope 1 and 2)
(in kilotonnes) - market-based conversion factors

	2023	2022*	2021	2020	2019
Scope 1	62.3	79.5	94.0	95.1	116.7
Scope 2	6.3	8.5	12.3	10.0	14.4
Total	**68.6**	88.0	106.4	105.2	131.1

* Restatement of the values disclosed in BAM's annual report 2022: BAM's share of emissions related to the projects in Denmark was omitted in the data. CO_2 emissions for 2022 have been restated, the additional impact on CO_2 emissions - scope 1 and 2 is 2.0 kilotonnes.

37 Absolute CO_2 emissions (scope 1 and 2)
(in kilotonnes) - location-based conversion factors

	2023	2022	2021	2020	2019
Scope 1	62.3	79.5	94.0	95.1	116.7
Scope 2	16.4	16.3	20.9	22.0	25.0
Total	**78.7**	95.8	114.9	117.1	141.7

38 CO_2 emissions (scope 1 and 2)

Intensity *(in tonnes per € million revenue)*	**2023**	2022*	2021	2020	2019
Scope 1 and 2	**10.9**	13.3	14.5	15.4	18.2
Scope 1 and 2 (including employee travel related scope 3)	**12.1**	14.4	15.4	16.7	20.1
Absolute emissions *(in kilotonnes)*					
Division NL	**29.6**	35.9	35.6	33.5	40.6
Division UK&I	**38.3**	36.8	44.3	34.2	43.4
Other	**0.7**	15.3	26.5	37.5	47.1
Total absolute emissions	**68.6**	88.0	106.4	105.2	131.1

* Restatement of the values disclosed in BAM's annual report 2022: BAM's share of emissions related to the projects in Denmark was omitted in the data. CO_2 emissions for 2022 have been restated, the additional impact on CO_2 emissions - scope 1 and 2 is 1.966 kilotonnes. The total impact on 2022 CO_2 Intensity scope 1 and 2 is 0.3.

39 Absolute CO_2 emissions (scope 1 and 2) per source and division in 2023
(in kilotonnes)

Division	**Construction sites**	**Vehicle fleet**	**Offices**
NL	9.4	19.0	1.3
UK&I	30.4	7.7	0.1
Other	0.1	0.6	0.0
Total	**39.9**	**27.3**	**1.4**

Gross scope 3 emissions
BAM's scope 3 inventory is based on the Greenhouse Gas Protocol Corporate Value chain (scope 3) Accounting and Reporting Standard. BAM reports its greenhouse gas emissions as CO_2 equivalent. The table below shows BAM's 2023 scope 3 emissions across the fifteen scope 3 categories as defined in the Greenhouse Gas Protocol.

Total scope 3 emissions are estimated at 2,552 kilotonnes, a factor 37 larger than BAM's scope 1 and 2 emissions. The vast majority of BAM's scope 3 emissions fall in categories (1) Purchased goods and services and in category (11) Use of sold products.

40 Scope 3

	Category	Emissions (ktonnes CO_2e)	Share of scope 1, 2 and 3
1	Purchased goods and services	1,416	54%
2	Capital goods	119	5%
3	Fuel and energy-related activities	19	1%
4	Upstream transportation and distribution	0	0%
5	Waste generated in operations	13	1%
6	Business travel	5	0%
7	Employee commuting	2	0%
8	Upstream leased assets	-	-
9	Downstream transportation and distribution	-	-
10	Processing of sold products	-	-
11	Use of sold products	924	35%
12	End-of-life treatment of sold products	54	2%
13	Downstream leased assets	-	-
14	Franchises	-	-
15	Investments	-	-
	Total scope 3	**2,552**	**97%**
	Scope 1 and 2	**69**	**3%**
	Total scope 1,2 and 3	**2,621**	**100%**

BAM's scope 3 estimation is based on several different data sources, methods and assumptions. Six out of the fifteen categories are considered not applicable and/or not material for BAM, for the following reasons:
- 8. Upstream leased assets: BAM's leased assets consist of leased buildings (offices) and the lease fleet. Related emissions are already included in BAM's scope 1 and 2 emissions.
- 9. Downstream transport: As a construction-services business, no product undergoes downstream transportation and distribution.
- 10. Processing of sold products: All products are sold in final form, with no further processing required.
- 13. Downstream leased assets: The assets that are leased to other entities are constructed by BAM itself. This means the downstream emissions are already included in category (11) Use of sold products. In some occasions, a business unit owns assets that are temporarily under BAM's management and leased to other entities. The related CO_2 emissions are considered not material and therefore not included in BAM's scope 3 inventory.
- 14. Franchises: BAM does not operate a franchising business model.
- 15. Investments: This category is primarily applicable to investors and financial institutions. BAM does not have relevant running investments that should be included this category.

The methodology, data sources and key assumption and limitations of the nine categories for which the scope 3 emissions are estimated are listed below:

1. **Purchased goods and services**

   CO_2 emissions from purchased goods and services are based on BAM's spend data. BAM's vendors are classified in BAM-specific categories. BAM has selected Exiobase v3.8.2 as the emission factor database to convert spend data into CO_2 data. The BAM procurement categories have been manually mapped against the categories in the Exiobase database based on expert judgement. Uncategorised spend data is mapped against the Exiobase category 'construction works'. BAM has developed a tool in which the spend (procurement) data, the Exiobase conversion factors and the category mapping is loaded and CO_2 associated with the spend is calculated.

   The category purchased goods and services includes all emissions from BAM's projects and a proxy for emissions from joint arrangements. BAM reports the emissions from joint arrangements as follows: BAM includes 100 per cent of the spend of joint arrangements where BAM is responsible for project administration and zero per cent of the spend of joint arrangements where BAM is not responsible for project administration. BAM assumes that this approach does not materially deviate from the actual spend share of BAM joint arrangements (equity share approach).

2. **Capital goods**

   CO_2 emissions from capital goods are derived from the CO_2 emissions from purchased goods and services. After processing in BAM's tool, the total spend based CO_2 emissions includes both purchased goods and services and capital goods. The following Exiobase categories are considered to comprise capital goods:

   - Sale, maintenance, repair of motor vehicles, motor vehicles parts, motorcycles, motor cycles parts and accessories
   - Motor vehicles, trailers and semi-trailers
   - Machinery and equipment n.e.c. (not elsewhere classified)
   - Office machinery and computers

   The CO_2 emissions from these categories are deducted from the category purchased goods and services and reported under capital goods.

3. **Fuels- and energy related activities**

   The upstream CO_2 emission of fuels- and energy related activities are derived from the same fuel and energy use which form the basis for BAM's scope 1 and 2 emissions. The fuel and energy quantities are multiplied by country specific 'well to tank' emission factors to cover the upstream emissions that are not included in the scope 1 and 2 calculation.

4. **Upstream transport and distribution**

   CO_2 emissions associated with upstream transport and distribution are included in category (1) Purchased goods and services. It is not feasible for BAM to distinguish transport related emissions in the Exiobase factors.

5. **Waste**

   CO_2 emissions associated with the disposal and treatment of waste are based on the waste figures that BAM also reports separately. Waste quantities are categorised by BAM's waste processors into different waste streams and conversion factors from the 'Emissions Factors Hub' are used to estimate associated CO_2 emissions. Excavation waste is not included in this estimation as excavation waste is most often reused on site or on a different site.

6. **Business travel**

   CO_2 emissions related to business travel are captured following the same process as BAM's scope 1 and 2 emissions. BAM captures data related to privately owned cars (refunded kilometres), air travel and train travel.

7. **Employee commuting**

   CO_2 emissions associated with commuting by car are captured following the same process as BAM's scope 1 and 2 emissions. Using country specific statistics, HR data and conversion factors the emissions related to the other modes of transport are calculated. These emissions are added up to determine total employee commuting emissions.

11. **Use of sold products**

    The CO_2 emissions of the use of sold products are estimated by taking the energy use of the assets delivered by BAM in 2023 and multiplying that by the lifetime of the asset. BAM acknowledges that this approach can result in large fluctuation in emissions over the years depending on the amount and type of projects delivered in the reporting year. A different approach is used per asset type:

    - For residential buildings, the BENG2 value, average energy use per energy label or reference project combined with the actual or national average floor area is used to estimate the (expected) energy use. A lifetime of 75 years is taken for new built houses, and 25 years for renovated houses. For renovated houses the complete energy use after renovation is included in the scope 3 inventory. The final step is to convert the energy use to CO_2 emissions.
      A conservative assumption is applied to use the CO_2 factor of electricity (highest) for all energy use, as BAM is currently not able to derive the energy carriers of the estimated energy use.
    - For non-residential buildings (e.g. offices), a project list is compiled of all delivered assets in 2023. In the Netherlands, the BENG2 value in combination with a conversion factor is used to estimate the associated energy use. For the United Kingdom, the information on the energy labels and floor areas of the delivered projects is captured in the project list and used to determine the expected energy use. A lifetime of 50 years is used for new-built and 40 years for renovation projects.
    - For civil engineering assets, the majority of delivered assets, such as roads, railways and foundations are considered to have insignificant energy consumption in the use phase. These assets mainly include low-energy components such as LED lighting and electronic traffic signs. The civil assets that do have a significant energy use are assets that include buildings, such as railway stations. For these assets, a project list with the expected energy use is compiled and used as a basis for the estimation of associated CO_2 emissions.

    For some business units BAM was not able to derive the required data. For these missing business units, the CO_2 emissions are estimated based on the annual revenue of the non-assessed business units. In total, 15 per cent of the CO_2 emissions reported in this category was extrapolated.

12. **End of life treatment of sold products**
    The CO_2 emissions associated with the end of life treatment of sold products are estimated based on the delivered Construction and Property assets in 2023 which are also used in the category use of sold products. The total floor area of these assets is calculated and multiplied with an average amount demolition waste per square metre. The mass of waste is then multiplied by emission factors from the Emission Factors Hub (same source as in category 5. Waste).

Climate-related scenario analyses
BAM conducts, and focuses on further maturing, climate-related scenario analyses (short, medium and long term) in two areas:

- at Company level to create and improve the perspective of its reduction targets
- at project level, to identify and evaluate the climate change adaptation requirements of the projects BAM constructs.

BAM's target is in line with the 1.5 °C trajectory of the International Energy Agency Net Zero Emissions by 2050 (IEA NZE 2050) scenario. The scenario is applied without any alterations to the underlying inputs, assumptions and methods used by the IEA. BAM uses this scenario to explore relevant climate change risks on both medium term (2030) and long term (2050), as these timeframes are both relevant for BAM, but ask for a different strategic approach. The scenario analyses have been used to strengthen BAM's business objectives and sustainability strategy. Also, BAM used the results of the scenario analyses to set a science-based target for 2030. BAM linked this to its ambition of having a net positive impact on climate, resources and people by 2050.

In response to the climate adaptation matter, BAM has developed a climate scan that is applied to key projects where physical climate related risks are relevant to either the construction process or the asset itself (▶ chapter 3.3 Environmental performance). This climate scan makes use of the 'klimaateffecten atlas' (climate effects register) which is based on the fourteen climate scenarios of KNMI (Royal Netherlands Meteorological Institute) which are based on the climate scenarios of IPCC (Intergovernmental Panel on Climate Change). The most severe climate scenario used by KNMI and in BAM's climate scan is based on RCP 6.0 (Representative Concentration Pathway, global temperature rise of 3-4 °C by 2100). This climate scan is applied in the early phase of a project (or tender) and based on the outcome, climate change adaptation measures are discussed with clients and in most cases implemented. BAM targets towards 2026 is to have these type of climate risk scans effectively introduced to all of the large (A and B category) tenders.

Financial effects from material climate-related physical and transition risks
From 2024 onwards, BAM intends to further define and report financial effects related to climate-related physical and transition risks. During the initial reporting years, the data availability within the company is expected to be limited and financial effects are anticipated to be derived based on estimations and calculations.

On a qualitative basis BAM's financial effects due to climate change risks and opportunities can be related to the following key areas:

- Strategic planning is influenced by climate-related risks and opportunities in the business area of products and services, by means of tender selection (including offering sustainable solutions) and PMC (Product Market Combination) analysis.
- BAM's progress on the sustainability strategy and the disclosures on EU Taxonomy provide insight in BAM's transition risks, opportunities and concrete plans towards becoming a more sustainable company and as such in how BAM is able to contribute to the Paris Agreement within existing business models.
- The impact of sustainability developments and business roadmaps is limited in terms of additional capex investments in the short term, because this is largely part of the generic replacement plans of for example equipment and cars. The valuation of fixed assets possibly impacted by climate-related risks is assessed as low for 2023. The most substantial decisions that were recently taken, related to direct investments and/or decisions that have direct impact on financial resources and planning, are:
  - Investment in electrification of equipment
  - Launching the BAM Flow concept (timber-based prefab housing concept)
  - Electrifying company vehicle fleet

Pollution

Based on the outcomes of the Double Materiality Assessment, BAM discloses information on the following matter in these sustainability statements:

- Pollution of air and soil: upstream operations

The following information is incorporated by reference to other parts of the Executive board report:

Description	Chapter	(Sub)chapter name
Policies related to pollution	6.2 General information	Policies
Actions and resources related to pollution	3.3 Environmental performance	Scope 3 Reduce use of non-biobased primary (virgin) material
Targets related to pollution	3.3 Environmental performance	Scope 3 Reduce use of non-biobased primary (virgin) material

Targets related to pollution
In the Sustainability Strategy BAM Group focuses on the reduction of non-biobased virgin materials. Specifically, the focus is on reducing the consumption of primary materials such as concrete, steel, and asphalt, known for their substantial environmental impact, including pollution. These materials contribute to the release of CO_2 and air pollutants like sulphur oxides, nitrogen oxides, and carbon monoxide. BAM aims to minimise the reliance on primary non-biobased materials by substituting them with bio-based or secondary (reused and recycled) materials.

For instance, the strategy involves replacing steel and concrete with sustainably sourced timber whenever possible. Additionally, BAM is actively working to enhance awareness of purchased products, such as requesting suppliers to specify the type of concrete on invoices.

Nitrogen and PFAS emissions
Nitrogen emissions remain an important concern in the construction sector in the Netherlands. The government does not yet have a clear policy on this matter. Awaiting final policy and in order to continue building, a separate calculation must be made for each construction project of the nitrogen emissions released during construction. Until now, BAM projects were hardly affected; BAM closely monitors developments in this area.

Benzene emissions
Within the civil sector, an industry-wide problem was discovered in 2021. Harmful substances were released during asphalt production, including benzene and PAHs, when high percentages of recycled asphalt (PR) are used in new asphalt mixtures. In both 2022 and in 2023 operational carbon filters were installed in various asphalt plants, these filters ensure a significant reduction in emissions. For the short-term this mitigates severe impact and avoids having to scale down production. In the meantime, the plants are working on smarter and more sustainable techniques for the longer term.

From 2024 onwards, BAM intends to report on upstream pollution in alignment with CSRD. During the initial reporting years, the data is anticipated to be derived based on estimations and calculations.

Biodiversity and ecosystems

Based on the outcomes of the Double Materiality Assessment, BAM discloses information on the following matter(s) in these sustainability statements:
- Biodiversity loss: own operations
- Ecosystem services

The following information is incorporated by reference to other parts of the Executive board report:

Description	Chapter	(Sub)chapter name
Transition plan and consideration of biodiversity and ecosystems in strategy and business model	2.1 Business model 3.3 Environmental performance	Value creation model Biodiversity
Policies related to biodiversity and ecosystems	6.2 General information	Policies
Actions and resources related to biodiversity and ecosystems	3.3 Environmental performance	Biodiversity
Targets related to biodiversity and ecosystems	3.3 Environmental performance	Biodiversity

Metrics related to biodiversity and ecosystems change
From 2024 onwards, BAM intends to define and report impact metrics related to biodiversity. During the initial reporting years, the data is anticipated to be derived based on estimations and calculations.

Ecosystem services
This topic emerged as a material matter for the first time during the 2023 Double Materiality Assessment. Implementation of the reporting processes is still ongoing.

Ecosystem services are these services provided by ecosystems that lead to benefits received by people in the form of security, goods and materials, health and wellbeing. Examples include, food and timber provision, climate regulation (carbon storage and sequestration, urban cooling), water purification and flow regulation, flood protection, recreation, tourism, and physical and mental health. This definition is based on the work of IEMA Biodiversity and Natural Capital (BaNC) Network.

During 2023 BAM developed a Biodiversity Assessment that will be used on a selection of projects from the start of 2024. The assessment includes the matter Ecosystem services.

BAM intends to report externally on this matter starting from the reporting year 2024, in alignment with the CSRD, complying to the CSRD disclosure requirements on this topic.

Resource use and circular economy

Based on the outcomes of the Double Materiality Assessment, BAM discloses information on the following matter(s) in these sustainability statements:
- Circular design
- Depletion of raw materials
- Waste reduction
- Waste reuse and recycling

The following information is incorporated by reference to other parts of the Executive board report:

Description	Chapter	(Sub)chapter name
Policies related to resource use and circular economy	6.2 General information	Policies
Actions and resources related to resource use and circular economy	3.3 Environmental performance	Circularity
Targets related to resource use and circular economy	3.3 Environmental performance	Circularity

BAM Group contributes to the circular economy by designing buildings and infrastructure in line with circular economy principles and maximising the extent to which waste processing is recirculated in practice after first use.

Resource inflows
To design according to circular principles, BAM developed a Circularity Assessment and Material Passports. The Circularity Assessment can support decision-making about which circular design principles to implement in the design phase of a project. In the Material Passport the materials used in the end product are documented, enhancing repairability, disassembly, and planning for re-use and recycling at the end of the product lifecycle. Refer to ▶ chapter 3.3 for more information on material passports and circularity assessment.

Critical raw materials for Royal BAM are ready-mix concrete, timber, asphalt and steel. BAM reports the amount of materials used and the recycled content of various materials used in the Netherlands. Raw materials which are consumed in large quantities and which have a significant impact on natural resources, have been selected. BAM reports on concrete, timber, asphalt and steel.

Raw material consumption in the Netherlands was determined using supplier reports. This data was extrapolated to cover all suppliers. The results are verified against BAM's procurement database, and with BAM's internal and external experts. The recycled content was determined based on information provided by suppliers.

41 Material consumption in the Netherlands

	2023	2022*	2021	2020	2019
Consumption					
Ready-mix concrete *(in m³)*	**100,000**	183,000	282,500	231,500	203,000
Timber *(in m³)*	**16,250**	16,750	18,000	21,000	34,500
Asphalt *(in t)*	**610,000**	750,000	775,000	1,400,000	1,100,000
Steel *(in t)*	**62,000**	72,000	84,000	77,000	76,000
Recycled content					
Ready-mix concrete *(in %)*	**4**	7	7	5	10
Timber *(in %)*	**0**	0	0	0	0
Asphalt *(in %)*	**43**	45	45	39	42
Steel *(in %)*	**70**	70	68	70	70

* Restatement of the values disclosed in BAM's annual report 2022 on Ready-mix concrete and Steel: BAM's share of emissions related to the projects in Denmark was omitted in the data.

Timber plays a crucial role in minimising the use of non-biobased materials. BAM has committed to using only certified sustainable timber for its projects, as part of its agreement with FSC Netherlands. BAM achieved a certified sustainable timber use of 95 per cent for its projects in division Netherlands and 99 per cent in United Kingdom. The drop in percentage for division Netherlands compared to 2022 (99 per cent) is caused by a single purchase unintentionally done with a supplier that is not FSC-certified. This deviation from the BAM Sustainability Policy was further investigated and BAM concluded that although the chain of custody was formally broken, the timber in question was sourced sustainably by the supplier. Hence, the risk of actual usage of non-certified timber on the project is low. The data coverage is 93 per cent, as timber use in Ireland is not included. Market conditions continue to make it very challenging to procure sustainable certified timber in Ireland.

42 Certified sustainable timber use *(in %)*

	2023	2022	2021	2020	2019
Organisational coverage	**93**	89	87	81	80
Sustainable timber	**96**	99	99	99	99

Resource outflows

The reporting scope of waste includes all waste leaving BAM's sites and offices. Reported waste is mainly based on waste tickets and data provided by suppliers. Reported waste is either measured, calculated or estimated using methods and input data based on BAM's experience in comparable works. Excavation waste and demolition waste are especially difficult to measure and are more often calculated or estimated.

Construction and office waste consists of temporary and permanent construction and other materials and packaging brought on to sites which are to be discarded and subsequently leave offices, construction sites and/or BAM sites such as depots or premises. Waste is retrieved and processed by third-party waste processors. BAM relies on these processors to adhere to (local) legislations stating that the waste needs to be disposed of in a responsible way.

43 Construction and office waste
(in kilotonnes)

	2023	2022*	2021	2020	2019
C&O waste Intensity *(in tonnes per € million revenue)*	**8.7**	10.4	11.6	14.6	17.7
C&O waste	**54.6**	68.8	85.0	99.7	127.5
Destination					
Recycling / re-use	**45.4**	58.4	65.4	76.2	95.8
Incinteration with energy recovery	**4.5**	5.8	11.4	8.5	14.0
Landfill and incineration without energy recovery	**4.7**	4.6	8.2	15.0	17.7
Source					
Excavation waste	**747.9**	1,470.3	2,146.4	2,020.2	2,664.9
Demolition waste	**105.8**	414.6	773.1	784.1	526.1
Construction waste	**51.3**	65.3	80.3	94.9	122.6
Office waste	**3.3**	3.5	4.7	4.8	4.9

* Restatement of the values disclosed in BAM's annual report 2022: BAM's share of waste related to the projects in Denmark and non-contracted waste processors in The Netherlands was omitted in the data. Construction waste for 2022 has been restated, the additional impact on Construction waste is 2.8 kilotonnes. The total impact on 2022 Waste Intensity is 0.4.

6.4 Social information

Own workforce

Based on the outcomes of the Double Materiality Assessment, BAM discloses information on the following matters in these sustainability statements:
- Diversity (own employees)
- Return on inclusion
- Training and skills development (own employees)
- Occupational health and safety (own operations)
- Work-related ill health (own employees)

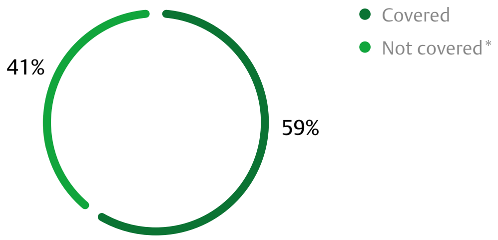
The following information is incorporated by reference to other parts of the Executive Board report:

Description	Chapter	(Sub)chapter name
Policies related to own workforce	6.2 General information	Policies
Processes for engaging with own workforce and workers' representatives about impacts	3.2 Social performance	Health and well-being
Processes to remediate negative impacts and channels for own workforce to raise concerns	6.5 Governance information	Fostering a speak up culture
Taking action Targets	3.2 Social performance	Safety, Leadership culture. Female representation, Return on inclusion, Social value, Health and well-being
Incidents, complaints and severe human rights impacts	3.2 Social performance	Human rights
Return on inclusion	3.2 Social performance	Return on inclusion

Collective bargaining coverage and social dialogue

BAM recognises the importance of extending its strategy to its workforce and knows that data optimisation is required to do so effectively. To that end, BAM uses a single cross-divisional core HR system that supports most HR processes and reports using standardised data. In addition, BAM has implemented a reporting solution that offers internationally used standard metrics and allows multiple data sources to be integrated for strategic HR reporting and people analytics. Concerning the information provided below, percentages are calculated based on headcount, and the absolute numbers given represent headcount unless explicitly stated otherwise.

44 Percentage of employees covered by collective employment agreements



* Conditions of employees not covered by collective employment agreements are generally based on conditions from these collective employment agreements and/or company-specific.

Characteristics of the undertaking's employees

The total number of employees in scope for the overviews of 2023 is 13,897 (contingent workforce and students excluded) as per 31 December 2023. The geographic distribution of employees is included in table 46.

45 Headcount

	Headcount
Netherlands	6,834
United Kingdom	6,049
Ireland	694
Belgium	196
Other	124
Total	**13,897**

The distribution of employee by function reflects BAM's operations and services, with Build as the largest category. Build, Maintain and Design together comprise the majority of the Company's workforce (76 per cent), followed by the supporting capabilities of Management and support and Acquire (22 per cent).

46 Distribution of employees

	Headcount	Percentage
Acquire	457	3
Build	7,383	53
Design	683	5
Maintain	2,437	18
Management and support	2,650	19
Other	287	2
Total	**13,897**	**100**

The Company's workforce mirrors the demographic trend of an aging population. Workforce ageing is most apparent in Maintain (where 45 per cent of staff are aged over 50), Build (where 38 per cent are aged over 50) and Support and management (where 37 per cent are aged over 50). These three categories together form more than 90 per cent of the workforce.

Other employee categories show a lower percentage of employees over 50 (closer to 30 per cent). Overall, 14 per cent of BAM's workforce are under 30 years of age.

47 Ageing workforce (in %)

	< 30	30-50	50+	Total
Acquire	8	61	31	100
Build	16	46	38	100
Design	12	59	29	100
Management and support	12	51	37	100
Maintain	12	43	45	100
Other	17	59	24	100
Total	**14**	**48**	**38**	**100**

Characteristics of non-employees
The most common types of non-employees in BAM's own workforce are subcontractors and self-employed people. These non-employees may be involved in work activities similar to BAM employees or may be recruited as specialists. BAM works on reporting FTE for non-employees.

Recruitment
In 2023, economic shifts and labour trends continued to influence both business landscapes and candidate markets. In the recruitment process, BAM primarily focused on sharpening the Employee Value Proposition (EVP) and Employer Brand (EB). Additionally, investments were made in promoting gender balance and fostering skill and competence development among the Company's leaders.

An integrated EVP and EB allows BAM to deliver on its goals, and especially improves engagement of the Company's people: it supports BAM in the mission to become the employer of choice. BAM created a compelling employee value proposition in 2023, which the Company will communicate internally and externally in 2024. BAM's EVP captures BAM's positively differentiating aspects, while employee data also underpins why working at BAM is of value. BAM incorporated and aligned the BAM sustainability strategy with the EB strategy, which puts sustainability at the forefront of our minds in everything we do and how we do it. This makes BAM take responsibility for reducing its carbon footprint, preserving the natural environment, and creating a balanced and healthy workplace.

Talent attraction in 2023 intensified under highly competitive market conditions. In 2023, BAM filled 2,009 positions, across the organisation. The number of new recruits decreased by 91 compared to 2022 (2,100). The majority of these new recruits were hired to fill positions in Build, Maintain and Management and support. In general, 29 per cent of new recruits were female, up from 30 per cent in 2022.

In total, 32 per cent of new recruits were hired in the Netherlands, and 65 per cent in the United Kingdom and Ireland.

At year-end 2023, BAM had 718 open vacancies: 422 in Netherlands and 285 in United Kingdom and Ireland. The majority of open vacancies are in the same fields as those for which new recruits were appointed. The key recruitment focus for BAM is to find professionals who can thrive on the journey towards greater sustainability, digitisation and industrialisation. These include people with profiles such as sustainability consultants, programme managers and digital specialists, who can be deployed across the organisation and thrive on an environment of collaboration and change.

Diversity
BAM recognises the importance of gender diversity. In 2023, its female representation grew to 21 per cent. In the Netherlands and 'other' regions, BAM had a somewhat lower female representation, whilst United Kingdom had a relatively high female representation of 26 per cent.

48 Distribution of employees (in %)

	Female	Non-female	Total
Netherlands	16	84	100
United Kingdom	26	74	100
Ireland	24	76	100
Belgium	24	76	100
Other	19	81	100
Total	**21**	**79**	**100**

Gender categories were chosen as female and non-female, in line with BAM's ambitions for female representation in the workforce and to avoid the risk of singling out employees who are non-binary or do not have their gender recorded.

Additionally, BAM notes that there are still differences in representation between female and non-female employees. Most notably, women are still a marked minority in the Build employee category (9 per cent), and only in Support and management do women form 50 per cent of the workforce. Furthermore, whereas most employees have full-time contracts at BAM regardless of gender, women more commonly hold part-time contracts.

The representation of women on the Supervisory Board stands at 33 percent, whereas the Executive Committee has only 20 percent female members. Of the people who report directly to the Executive Committee, 29 per cent are women. In both the Board and the Executive Committee, the average age is slightly higher than the Company average.

49 Representation in management (in %)

	Female	Non-female	< 30	30-50	50+
Supervisory Board	33	67	0	0	100
Executive Committee	20	80	0	40	60
Direct Reports to Executive Committee*	29	71	0	48	52
Managers	17	83	2	56	42

* Excluding support roles

50 Part-time versus full-time employment by gender (in %)

	Part-time			Full-time			
	Female	Non-female	Parttime Total	Female	Non-female	Fulltime Total	Total
Netherlands	4	4	9	4	37	41	49
United Kingdom	5	2	7	7	30	37	44
Ireland	0	0	0	1	4	5	5
Belgium	0	0	0	0	1	1	1
Other	0	0	0	0	1	1	1
Total	**9**	**6**	**16**	**12**	**72**	**84**	**100**

Please note: working part-time is defined as working less than 1 FTE. Any row where the percentages seem not to add up to 100% is due to rounding of numbers.

51 Contract types by gender (in %)

	Netherlands	United Kingdom	Ireland	Belgium	Other*	Total
Permanent	**94**	**94**	**95**	**100**	**85**	**94**
Female	15	25	22	24	19	20
Non-female	79	69	72	76	66	74
Fixed-term	**4**	**1**	**4**	**0**	**13**	**3**
Female	1	1	1	0	1	1
Non-female	3	1	2	0	12	2
Non-guaranteed hours	**0**	**2**	**0**	**0**	**0**	**1**
Female	0	1	0	0	0	0
Non-female	0	1	0	0	0	1
Other	**2**	**3**	**2**	**0**	**2**	**2**
Female	0	1	0	0	0	0
Non-female	1	3	1	0	2	2
Totals	**100**	**100**	**100**	**100**	**100**	**100**

Any column where the percentages seem not to add up to 100% is due to rounding of numbers. For financial information regarding personnel expenses, refer to Note 7 to the consolidated financial statements in ▶ chapter 7.

Training and skills development
BAM is committed to providing employees with learning opportunities to improve employability of people working at BAM. Throughout 2023, BAM refined its Performance & Development (P&D) processes and professionalised its learning opportunities. The goal was to empower its employees to attain continuous professional growth throughout their careers.

BAM provides learning and development opportunities to its people via live and virtual learning experiences. These opportunities enable employees to execute their roles with excellence, accelerate their learning curves, and develop great careers through continuous learning. In 2023, the learning platform Study Tube was developed in division Netherlands. Mainly through targeted platforms like Study Tube, employees can focus on timely and topical development areas including leadership behaviour, management excellence, functional capabilities, diversity and sustainability. BAM values transparency around the performance of its workforce. A total of 78 per cent of staff members had undergone a full performance review over 2023 per year-end, the rest will be completed in 2024.

Occupational health and safety
All employees and non-employees in BAM's own workforce are covered by the Company's safety system. The health and well-being system only covers BAM employees as the employers of non-employees are responsible to have these processes in place for their employees.

Safety performance at BAM is measured using the incident frequency (IF) indicator. The IF indicator denotes the number of work-related injuries resulting in lost time (absence from work ≥ 1 day) per million hours worked, independent of the severity of the injury. Reportable injuries are based on actual occurrences and are never extrapolated or estimated. Despite all measures and an open safety culture, there is an inherent risk of incomplete accident reporting.

BAM is partially dependent on information provided by subcontractors and the person involved in the accident. The worked hours used in the IF calculation are measured, calculated or estimated.

Division United Kingdom and Ireland collects the hours of non-BAM employees in three ways: (1) data collected from pass used to enter and exit construction site, (2) hours indicated by the subcontractor, (3) headcount by e.g. project lead on project site. Where necessary, the assumption is made that a workday is 8 or 9 exposure hours.

In division Netherlands hired individuals write their worked hours in BAM's systems. Some of the hours can be calculated based on spend, where a set fee is paid for e.g. machine with operator. Hours of other non-BAM employees working for division Netherlands are determined based on the amount that is transfered to the 'G-rekening' per estimated hour worked.

Worked hours relate to the calendar year 2023, with the exception that a part of the business uses the timeframe from 25 December 2022 until 24 December 2023. Work-related hazards and hazardous situations are reported via the incident reporting processes in the business, including high-potential near-misses and dangerous occurrences. Thorough accident investigation is important as a legal requirement and to identify the immediate and underlying causes of accidents and can provide information that may assist in preventing recurrences.

The overall IF indicator comprises two categories:

- IF BAM: Incident frequency for BAM employees on BAM sites;
- IF Total: Incident frequency including all people working on sites managed by BAM (BAM employees, self-employed people and subcontractors' employees and third parties such as members of the public).

52 Incident frequency (x 1 million worked hours)

	2023	2022	2021	2020	2019
IF BAM	**3.4**	3.7	4.5	5.3	4.8
IF Total	**2.6**	-*	-*	-*	-*

* BAM reports IF Total figures externally for the first time in 2023. BAM will report this information going forward, comparative information has not been part of the reporting scope and as such has not been derived from internal records.

Health and safety legislation and regulation continues to increase in many countries, where the Group operates. Raising the standard of health and safety performance is the main thrust behind these legal requirements. The Group seeks to secure the highest standards of health and safety, irrespective of the standards imposed by any legal framework. It was therefore decided that all subsidiaries of the Group should comply with the ISO 45001:2018 standard for occupational health and safety management systems. All employees whose safety BAM is responsible for (employees, subcontractors, and hired individuals) are covered by this system.

BAM's code of conduct calls for workers to never put health and safety aside to get the job done and to stop an activity that the worker believes to be unsafe. Workers can report environmental, health, and safety issues to the line manager, or compliance officer, or via the speak-up process. Workers are protected against reprisals because reports can be made to the compliance officer outside the project team or anonymously (if desired) via the speak-up process. Following the Code of Conduct, retaliation – whether direct or indirect – against employees who raise a concern may result in disciplinary action up to and including dismissal.

Work related ill-health

Working in the construction industry can expose workers to a variety of hazards that can cause long-term health effects. BAM characterizes ill-health as mental and physical health issues that do not stem from an acute event, such as a work-related accident leading to injury. These health complaints typically manifest after a prolonged exposure to an agent or emerge over an extended period, as seen in diseases that may surface years after exposure to toxic chemicals.

This matter emerged for the first time as a material matter through BAM's materiality analysis in 2023. Information related to metrics and targets is currently still unavailable. This topic is managed by the divisions and by external parties to guarantee confidentiality of personal information. Projects are ongoing to improve availability of statistical information. Present challenges in the reporting involve distinguishing between work-related injuries and ill-health, as well as differentiating between work-related and non-work-related ill health.

Affected communities - Social Value

For details regarding BAM's impacts, actions, targets, and metrics concerning this entity specific matter, please refer to ▶ chapter 3.2 Social performance, specifically the subchapter on Social Value.

Sassevaart joint venture (including BAM Infra Nederland) is delivering Nieuwe Sluis (new lock) in Terneuzen for client VNSC (Vlaams-Nederlandse Scheldecommissie).

6.5 Governance information

Business conduct

Based on the outcomes of the Double Materiality Assessment, BAM discloses information on the following matters in these sustainability statements:
- Corporate culture
- Prevention and detection of corruption and bribery
- Protection of data and respecting privacy

The following information is incorporated by reference to other parts of the Executive board report:

Description	Chapter	(Sub)chapter name
Corporate culture	3.2 Social performance	Leadership culture

Business conduct policies and corporate culture
The BAM Code of Conduct describes the expected behaviours and it deals with the varying subjects such as the BAM values, safety, human rights, preventing bribery & corruption, protection of data and respecting privacy. The BAM Code of Conduct subjects are part of the risk management process (including a compliance risk assessment), training and awareness, monitoring and reporting.

In line with internal and external developments, in 2023 BAM revised its Code of Conduct and underlying policies that define how to remain true to the BAM values and to do things right. The most significant change was the more explicit alignment in the Code of Conduct with the BAM values, the new sustainability strategy, social & psychological safety, reliable business partners (human rights) and export control (sanctions). New employees must sign a statement in which they acknowledge to comply with this code as part of their employment contract.

Training employees
BAM believes that communication and training are fundamental to making and keeping the Code of Conduct alive and to encourage open conversations. BAM adopted a targeted approach for the different working groups to achieve optimum understanding and adaptation. A new interactive e-learning is developed to train employees on the code. The training, available in country-specific languages (e.g. Dutch and English), is mandatory for BAM employees. Progress is closely monitored and reported to management. The objective is to reach around 95 per cent completeness on an ongoing basis, taking into account fluctuations due to new starters. The status was between 94 and 95 per cent at year-end 2023. BAM's site employees without access to online learning platforms, are trained through so-called toolbox meetings. Additionally, Compliance Officers provide target group specific training sessions to educate on specific compliance themes.

Reported incidents
In 2023, the number of cases reported was in line with previous years. The reported suspicions of misconduct have been assessed and, where needed, sanctions have been taken, up to and including dismissal. Reported cases dealt with issues such as inappropriate use of company assets, safe working environment and privacy breaches of which a limited number needed to be reported to the external local privacy authorities. There have not been any fines, penalties or compensation for damages.

Fostering a speak up culture, in which employees feel empowered to talk about any issue without fear of negative consequences, is essential for BAM. The revised Speak Up procedure, which is also summarised in the Code of Conduct, encourages the reporting of possible breaches and offers protection for those who speak up. Furthermore, the revised procedure also includes the new requirements of the (EU) Whistleblower Directive. The quarterly employee pulse survey showed that the majority of employees feels free to express concerns without fear of negative consequences. Work to promote awareness of the Speak Up option is a key theme in the compliance program. Those who wish to report a concern or incident can report directly to a line manager, confidential advisor or compliance officer. People wishing to remain anonymous can use the Speak Up Line, which is operated by a third party and open to employees and external stakeholders alike 24/7. Cases that are identified as higher risk are reported to the Ethics and Compliance Committee.

Supply chain management
BAM is involved in many stages of the construction value chain, from development, engineering and construction to maintenance and operation. Vendors are essential in all this, as their knowledge, people and other resources provide more than 75 per cent of BAM's revenue while bringing added value to clients. Large vendor categories include concrete works, steel construction, mechanical and electrical engineering, wood (constructions) and temporary labour. These are typically sourced from preferred vendors close to construction sites.

Vendors are subject to BAM's general purchasing terms and conditions and BAM's Vendor Code of Conduct (renewed in 2023), which cover commitments to safety, human rights, sanctions and trade restrictions and the environment. The two divisional procurement departments secure continuous alignment on selected categories, systems, reporting and knowledge exchange. In 2023 the divisions improved their vendor onboarding processes and are further enhancing safety and sustainability in

their vendor onboarding and selection processes.
Sustainable sourcing and safety in the supply chain remain key topics in the coming years to contribute to the BAM strategy.

Prevention and detection of corruption and bribery
Undetected bribery and corruption can cause serious damage to society, including damaging public trust and causing injustice through advantaging some at the expense of others. Compliance risk assessments are conducted as part of BAM's risk management process. Overarching, BAM obtains its main turnover in countries with a low or very low risk of corruption based on the Corruption Perception Index (CPI) from Transparency International. This index focuses on the strict application of the United Nations Convention Against Corruption (UNCAC). Furthermore, there are quarterly risk assessments on compliance risks developments and the assessment of its measures to ensure a match with the very low risk appetite for compliance risks.

The Ethics and Compliance Committee supports the Executive Committee and the divisions with the compliance programme, actual compliance matters and remedial actions. It ensures consistency across the Group. Reported suspicions of misconduct are discussed on a quarterly basis with the Executive Committee and every six months with the Audit Committee of the Supervisory Board.
On a yearly basis, the effectiveness of the management approach is assessed and improvement activities are captured in the operating plan of the compliance function. Furthermore, in 2023 BAM strengthened the compliance process and monitoring by initiating Divisional Ethics and Compliance Committees in addition to the Group Ethics and Compliance Committee.

Protection of data and respecting privacy
Implementing robust data protection measures safeguards the personal data of employees and clients. Protection of data and respecting privacy is a core element of the BAM Code of Conduct and is part of underlying, specific policies on data privacy, information and cyber security. BAM has dedicated Privacy, Information Security and Cyber Security functions who collaboratively work together with management to implement 'privacy and security by design' within the organization, at selected projects and in contracts with new third parties. BAM has relevant certifications in place, such as ISO 27001 Information Security. Furthermore, there is a coordinated training and awareness program to keep management and employees up-to-date on new developments and required behaviour. In addition, there are specified privacy, information security and cyber security controls included in the BAM Requirements Framework, which are being assessed on the effectiveness of its risk mitigation.
A limited number of privacy breaches needed to be reported to the external local privacy authorities. There have not been any fines, penalties or compensation for damages during the reporting period.

In November 2023, the new Dawlish sea wall performed as designed when faced with some exceptionally high winds and stormy conditions. The project is an example of exceptional collaboration, drawing on expertise from Network Rail, BAM Nuttall and its suppliers.

6.6 EU Taxonomy

The EU taxonomy for sustainable activities, i.e. ‘green taxonomy’, is a classification system to clarify which economic activities are environmentally sustainable, in the context of the European Green Deal, a set of policy initiatives by the European Commission supporting the ambition of the EU to be climate-neutral by 2050. The EU taxonomy was adopted by the European Union with Regulation 2020/852, and requires BAM to assess and disclose the percentage of environmentally sustainable economic activities for the proportion of revenue, capital expenditures and operational expenditures.

The EU taxonomy comprises six environmental objectives to identify sustainable economic activities: climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems.

An economic activity is defined as environmentally sustainable if it meets the technical screening criteria:
- Substantial contribution criteria: the activity contributes substantially to at least one of the six environmental objectives;
- Do no significant harm (DNSH) criteria: the activity does no significant harm to any of the other environmental objectives;
- Minimum safeguards criteria: the activity is carried out in compliance with minimum safeguards.

In 2022 BAM disclosed what portion of its revenue, its capital expenditure, and operating expenditure was eligible and aligned under the EU taxonomy on the first two objectives (climate change mitigation and climate change adaptation). In 2023, the European Commission published the activity descriptions and technical screening criteria on the other four objectives, as a result of which BAM is required to disclose eligibility on all six objectives. BAM decided to also report alignment with these four new objectives.

The current EU taxonomy assessment is based on BAM’s interpretation of EU taxonomy guidelines available in 2023, including the latest published Environmental Delegated Act on 21 November 2023.

BAM recognized that the regulation is continuously being developed, hence some elements are open to interpretation by the industry and other parties. This will potentially affect BAM’s interpretation of the criteria going forward, and therefore the outcomes of taxonomy eligibility and alignment.

Assessment process

BAM has completed an eligibility assessment of its activities and for the eligible activities BAM assessed alignment with the EU taxonomy. The assessment process has been executed under the supervision of the Executive Committee, and led by the Sustainability Reporting team with the support of the relevant functions, such as sustainability and finance.
The assessment covers all countries in which the Group operates, and is executed using the following five steps (▶ figure 31).

1. Identification of eligible economic activities
All the activities within the Group’s portfolio included in the Climate Delegated Act have been identified. Examples of eligible economic activities include ‘Infrastructure for rail transport’, ‘Construction of new buildings’ and ‘Renovation of existing buildings’.

53 Five steps of the EU taxonomy assessment

1. Identification of eligible economic activities
2. Analysis of substantial contribution
3. Assessment of Do No Significant Harm (DNSH) to other environmental objectives
4. Verification of minimum safeguards
5. Calculation of financial metrics

2. Analysis of substantial contribution
The eligible activities identified in the previous phase are analysed to verify their compliance with the substantial contribution criteria of the EU Taxonomy.

BAM mainly focused its assessment on activities that are considered sustainable in perspective of the Company's sustainability strategy, such as rail projects, modular timber construction (Flow concept), energy neutral houses, nearly-zero-energy buildings and renovation of houses and buildings.

3. Assessment of not causing significant harm to the other environmental objectives
An analysis of existing environmental procedures was performed to verify compliance with the DNSH criteria for each activity or project, dependent on the granularity of the assessment. BAM has evaluated these DNSH criteria to establish a sufficient amount of detail for the procedures involved. Non-compliance with any of the DNSH criteria results in an 'eligible-not aligned' outcome of the assessment.

4. Verification of compliance with minimum social safeguards
BAM has verified that the eligible economic activities are carried out in compliance with minimum safeguards, including the Human Right due diligence process and risk assessment for the Group.

The following topics have been identified:
- Human right policies;
- Human right impacts;
- Human right communication;
- Grievance mechanisms;
- Consumer interests;
- Bribery and corruption;
- Fair competition;
- Taxation.

BAM assessed the steps of the due diligence process described in the minimum safeguard requirements.

- Embed responsible business conduct into policies and management systems;
- Identify and assess adverse impacts in operations, supply chains and business relationships;
- Cease, prevent or mitigate adverse impacts;
- Track implementation and results;
- Communicate how the topics and related measures are addressed.

5. Calculation of financial metrics
In concluding the outcome of the four previous steps, BAM has classified all the economic activities across its portfolio in the following three categories: eligible-aligned, eligible-not aligned, and not-eligible (▶ figure 54).

Definitions and KPIs

The EU taxonomy requires companies to examine whether an economic activity is included in the Delegated Regulation 2020/852 by the European Commission (eligibility) and whether or not these eligible economic activities are environmentally sustainable (alignment).

BAM classifies its activities in the following three categories: eligible-aligned, eligible-not aligned, and not-eligible.

Eligible-aligned: this refers to an economic activity that simultaneously meets the following three conditions:
- it is explicitly included in the EU taxonomy regulation for its substantial contribution to one of the six objectives of the EU taxonomy;
- it meets the substantial contribution criteria in the EU taxonomy regulation for this specific environmental objective;
- it meets all DNSH criteria
- BAM complies with minimum safeguards.

Eligible-not aligned: this refers to an economic activity that:
- is explicitly included in the EU taxonomy regulations for its substantial contribution to one of the six objectives of the EU taxonomy; but
- it does not meet the specific criteria in the EU taxonomy regulation for these specific environmental objectives; or
- at least one of the DNSH conditions is not met; and/or
- BAM does not comply with the minimum safeguards.

Not eligible: this refers to an economic activity that has not (yet) been identified by the EU taxonomy as a substantial contributor to one of the six objectives of the EU taxonomy and, therefore, no criteria have been developed.
The rationale of the European Commission is that such activities may not have a significant impact on their objectives.

Clarifications of KPIs
BAM reconciled the denominators for revenue and capital expenditure, with the reported data in the consolidated financial statements or in the underlying records, to mitigate the risk of double counting.

The basis for the calculation of the EU taxonomy eligibility and alignment metrics for respectively revenue, capital expenditure and operational expenditure are based on the following definitions:

Revenue
Revenues accounted for in the consolidated financial statement as further defined in note 5.

Capital expenditure (capex)
Additions to tangible and intangible assets accounted for in the Consolidated Financial Statements under IFRS during the financial year, considered before depreciation, amortisation and any re-measurements, excluding goodwill (included in note 13, 14 and 15 in the Financial Statements). The capex cover the costs accounted for in accordance with IAS 16 (Property, Plant and Equipment, IAS 38 (Intangible assets) and IFRS 16 (Leases). Any leases that do not result in the recognition of a right of use asset are not accounted for as capex.

Operational expenditure (opex)
Direct non-capitalised costs recorded in the Consolidated Income Statement under IFRS that relate to research and development, building renovation measures, short-term lease, maintenance and repair (excluding expenses reported as raw materials and consumables used), and any other direct expenditure relating to the day-to-day servicing of assets or Property, Plant and Equipment (PP&E). Because the definition under the Delegated Act is taken into account to calculated total opex, the numbers differ from the figures presented under the heading ‘operating expenses’ in the financial statements.

Methodology

The calculation of the financial metrics associated with each economic activity was performed relying on a centralised process, where sustainability information is mapped to financial information in a single database. The financial information was collected from the Group’ reporting system. Sustainability information is obtained from the CRM system and enriched with management information on the environmental performance of the economic activities. Procedures and assumptions were documented, including details, examples and substantive evidence of the assessment, in order to complete a reliable estimate of the eligibility and alignment assessment.

In order to arrive at the EU taxonomy KPIs, BAM mapped its financial performance to the relevant EU taxonomy eligible and aligned economic activities.

Revenue - eligibility methodology
The revenue KPI is calculated based on the proportion of net revenue generated from projects. Revenue of joint ventures (as reported in note 16 of the Financial statements) is not included in the scope of the assessment. The analysis with regard to taxonomy eligibility was carried out on data per project. The EU taxonomy provides descriptions of eligible economic activities that belong to one of the six objectives of the EU taxonomy. The activities of BAM that are eligible under the EU taxonomy are all eligible under activities within the objectives climate change mitigation and climate change adaptation.

Revenue - alignment methodology
For the purpose of the taxonomy-alignment assessment, BAM clustered projects based on the nature of the activity and similarity in operational and technical criteria to assess compliance with the technical screening criteria in the EU taxonomy.

Based on the Company’s strategic focus, preliminary screening and internal identification of potential ‘green’ revenue with different stakeholder groups, BAM selected multiple clusters for which the alignment assessment was performed. Dependent on the granularity of the criteria, the assessments were performed on a country, business or project level.

BAM’s alignment assessment includes the analysis of all substantial contribution criteria and Do No Significant Harm criteria for the relevant objectives. In the assessment BAM:
1. Describes the context and application in BAM’s context;
2. Substantiates and provides available documentation to support the claim on whether an activity meets the criteria, either on a project, or on an activity level, dependent on the nature of the criteria;
3. Reaches a conclusion on the alignment based on the available substantiation;
4. Evidences adherence to the minimum safeguards on a Group-wide level.

Capex - eligibility and alignment methodology
The eligibility scan for capital expenditures in 2023 (capex additions) was performed in line with the eligibility scan for revenue. For all expenditures, BAM determined if there was a specific allocation possible to an economic activity. Most capex, such as (electric) equipment or cars, tower cranes, surveying equipment or cabins is associated with multiple economic activities. Eligibility for these additions is determined based on the proportion of the capital expenditure associated with

taxonomy- eligible activities on a business level. Capital expenditure by joint ventures (as reported in note 16 of the Financial statements) is not included in the scope of the assessment.
The capex alignment assessment is based on three possible alignment scenarios:

- Capex is related to assets or processes that are associated with taxonomy-aligned economic activities;
- Capex is part of a Capex-plan as defined in the regulation to expand taxonomy-eligible economic activities to become taxonomy-aligned (subject to conditions);
- Capex is related to the purchase of output of aligned activities.

The aligned capex related to the first scenario has been calculated based on a pro-rata basis related to the revenue of the aligned economic activities per business.
For the assessment and disclosures in 2023, BAM has allocated all capex to the economic activities identified for the taxonomy revenue KPI. Hence, alignment criteria applied to capex are equal to the criteria applied for the related economic activity. For example, with respect to investments in electric cars, BAM has assessed the alignment of capex in the context of the revenue generating activity it was allocated to. BAM did not consider alignment in relation to the asset itself, for example in 6.5 Transport by motorbikes, passenger cars and light commercial vehicles.
BAM has not included capex plans for the capex alignment assessment of 2023, because the plans for improvements do not constitute a plan to reach alignment fully.

Opex - eligibility and alignment methodology
The expense accounts identified to determine operational expenditures according to the EU taxonomy definition are the following:

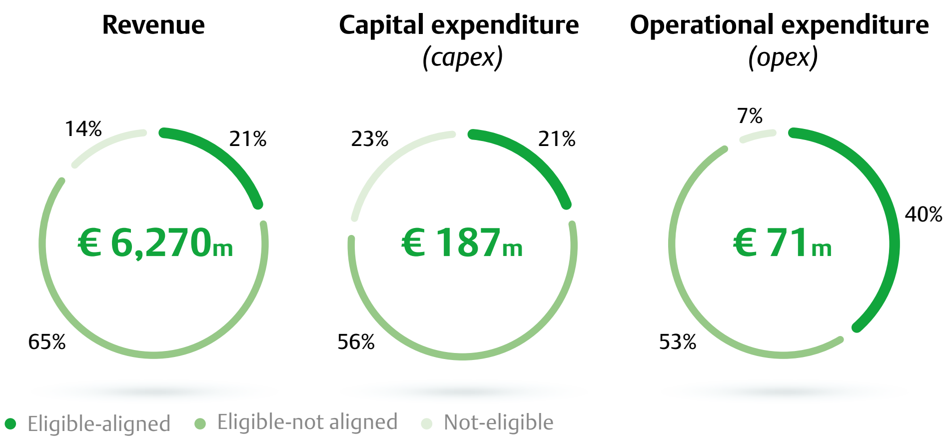
- Repairs and maintenance;
- Short-term leases (< 12 months);
- R&D expenses.

For repairs and maintenance, eligibility is determined on the basis of the activity description in the general ledgers. For the annual rent expenses related to short-term leases and R&D expenses, eligibility is calculated on a pro-rata basis related to the revenue eligibility of the activities per business.

Conclusion of the assessment

Aligned revenue in 2023 (21 per cent) has increased compared to last year (2022: 13 per cent). mainly caused by shifts in portfolio and improved availability of evidence. Key insights from the assessment of the technical screening criteria have been shared within the business to further enhance BAM's knowledge on building sustainably.

54 Revenue, capital expenditure (capex) and operational expenditure (opex)



Revenue - eligibility outcome
In 2023, 86 per cent of BAM's revenue is eligible under the EU Taxonomy, compared to 90 per cent in 2022. Changes are mainly driven by differences is BAM's project portfolio. Details per activity are disclosed in ▶ table 55.

Project revenues reported as not-eligible include economic activities related to electrical installations (including fibre cables for homes), data networks, airport infrastructure, earthworks, drill and blast projects, and oil- and gas-related projects, including energy plants and gas grid transmission and distribution networks. In line with last year, BAM reported activities such as the ground investigation works for planned wind farms and the construction of cement bases of wind farms as not-eligible.

Although these activities are instrumental for the general functioning of energy-generating installations, based on the supplementary note from the Platform on Sustainable Finance (October 2022), BAM concludes that these activities would not be assumed to be instrumental for the substantial contribution of the target activity. Where an activity has a direct link with the target activity but does not have an instrumental role in delivering a substantial positive environmental impact, then this should not be considered an enabling activity.

In general, changes in portfolio also result in a different spread across the activity categories. For example, due to the divestment in 2022, the absolute revenue that is eligible under activity CCA 6.15 Infrastructure enabling road transport and public transport is less than prior period.

In 2023 BAM took further steps to improve the accuracy of data on EU Taxonomy eligibility, which caused shifts from eligible revenue under the activity CCM 7.1 Construction of new buildings to not-eligible revenue or to other type of activities in category 7. The more detailed eligibility analysis also resulted in shifts between eligible activity categories.

Revenue - alignment outcome
In its alignment assessment, BAM obtained substantial evidence for meeting the relevant criteria. In 2023, BAM has aligned revenue in the following activity categories:

- Infrastructure for rail transport (Netherlands and United Kingdom) - CCM 6.14;
- Construction of new buildings (Netherlands), including both residential and non-residential buildings - CCM 7.1;
- Renovation of existing residential buildings (Netherlands) - CCM 7.2;
- Installation, maintenance and repair of charging stations for electric vehicles in buildings (Netherlands) - CCM 7.4;
- Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (Netherlands) - CCM 7.5.

The largest part of BAM's aligned revenue in 2023 (21 per cent) is coming from the projects related to Infrastructure for rail transport (CCM 6.14) in the Netherlands and United Kingdom. This outcome is similar to last year. Percentages are influenced by the relative amount of rail revenue in BAM's portfolio.

In CCM 7.1 and CCM 7.2 BAM concluded on more aligned projects with the EU taxonomy compared to last year, because of an increased number of projects that has been assessed in 2023. BAM collects evidence of the technical screening criteria in these categories on a project by project level. Based on the likelihood of meeting the criteria, projects are selected for assessment. BAM sees the increase in the number of assessed projects in 2023 as a positive development in order to report more sustainable revenue, although BAM cannot yet conclude that projects are structurally more sustainably designed and executed based on this improvement.

In additional to the residential projects, the assessment also resulted in aligned non-residential revenue in CCM 7.1 and CCM 7.2. The assessment results show that while many non-residential projects do meet the requirements of the contribution criteria and most of the DNSH criteria, most do not meet the requirements of the DNSH criteria for the sustainable use and protection of water and pollution prevention and control. The assessment clarifies which decisions need to be made to meet these technical screening criteria for these type of projects. This knowledge will be taken into account for future decision making and therefore will support the construction of more sustainable buildings.

The aligned revenue in CCM 7.4 and CCM 7.5 is mainly related to activities where BAM installs charging stations for electric vehicles and smart meters in buildings.

On other activities, for example BAM's water infrastructure and road transport activities, the alignment criteria could not be fulfilled. Revenues in these areas are reported as eligible-not aligned. For example, across BAM's portfolio, the scope of detailed climate risk assessments (DNSH for climate change adaptation) has resulted in eligible-not aligned activities. In order to fulfill the DNSH criteria on climate change adaptation, BAM concluded that climate adaptation scans are not yet used on every relevant activity or project. The climate risk assessment performed for obtaining an environmental permit is in BAM's view not sufficient to reach a positive conclusion on the DNSH criteria for climate change adaptation. The internal climate adaptation scan that is used in the residential and non-residential business meet the DNSH criteria that are relevant for the risks on local level. Going forward, BAM expects to perform more regular climate adaptation scans that are compliant with the DNSH criteria for climate adaptation, as this is one of the targets in the sustainability strategy (see ▶ chapter 2.2).

Furthermore, BAM concluded that the activities related to infrastructure enabling road transport are not (yet) eligible under the objective Circular economy, as was expected last year. These activities are eligible under activity (CCA 6.15) infrastructure enabling road and pubic transport, and hence reported as such. This activity is not aligned with the EU taxonomy under the climate change adaptation criteria.

Also, specifically for economic activity Infrastructure for water transport (CCA 6.16) the substantial contribution criteria, as well as the DNSH criteria related to the sustainable use and protection of water could not be aligned with the requirements. In order to make a substantial contribution to climate change adaptation, BAM is required to perform a climate risk and vulnerability assessment and to substantiate the implementation of adaptation solutions in the project that:

- Do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets or of other economic activities;
- Favour nature-based solutions or rely on blue or green infrastructure to the extent possible;

- Are consistent with local, sectoral, regional or national adaptation plans and strategies;
- Are monitored and measured against pre-defined indicators and whereby remedial action is considered where those indicators are not met.

Currently BAM does not have the relevant insights and documentation for all relevant projects regarding the implementation of adaptation solutions.

To meet the requirements for the DNSH criteria for the sustainable use and protection of water, BAM needs to determine whether environmental degradation risks related to preserving water quality and avoiding water stress have been identified and addressed with the aim of achieving good water status and good ecological potential. Environmental degradation risks are identified and addressed by the (local) government before the start of a project, evidenced by the permit received by BAM. In the current situation, BAM sees limited possibilities to substantiate the criteria on an activity or on a project-by-project basis, and hence reports this as not aligned in its 2023 assessment.

Capex - eligibility and alignment outcome

The proportion of capital expenditure (capex) in 2023 that is eligible-aligned is 21 per cent (2022: 8 per cent), 56 per cent was eligible for, but not aligned with the EU taxonomy, and 23 per cent of BAM’s capex in 2023 was determined to be not eligible.

Investments in 2023 that classify as aligned under the EU taxonomy include investments in equipment regarding the construction of BAM’s aligned activities under climate change mitigation, mainly related to the rail infrastructure activities. Also the investments related to the residential houses and the sustainable timber housing are considered to be aligned under the EU taxonomy, on the basis that revenue related to these residences can be aligned.

As part of the BAM’s strategy Building a sustainable tomorrow, BAM invests in both divisions in electric equipment and vehicles. The total investment and right to use (lease) additions for 2023 in electric equipment and vehicles is €38 million.

Under the EU Taxonomy, all capex related to (electric) equipment is allocated to BAM’s economic activities. Due to this methodology, only electric equipment allocated to our aligned activities is classified as EU Taxonomy aligned capex. In the Delegated Regulation 2020/852 there is no economic activity defined that describes the use of (low carbon) equipment in construction and infrastructure projects. With respect to investments in electric cars, BAM has not classified those as eligible under economic activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles.

Consistent with the approach for electric equipment, BAM used a pro rata allocation to the economic activities, to determine eligibility and alignment for the year 2023.

Opex - eligibility and alignment outcome

The proportion of operational expenditure (opex) in 2023 that is eligible-aligned is 40 per cent (2022: 35 per cent), 53 per cent was eligible for, but not aligned with the EU taxonomy, and 7 per cent of BAM’s opex in 2023 was determined to be not eligible.

As the opex definition in the EU taxonomy is very narrow, this KPI is less significant in the light of BAM’s business model. The percentages are estimated based on a pro-rata basis related to the revenue of the aligned economic activities in order to determine eligibility and alignment for the operational expenditures in 2023.

Operational expenditure in 2023 that classifies as eligible-aligned with the EU taxonomy, include for example the short term lease expenses, pro rata, of BAM’s rail business.

55 Proportion of revenue associated with EU taxonomy-aligned economic activities – disclosure covering 2023

				Substantial contribution to						Do no significant harm to												
Economic activities	Objective + Taxonomy code	Absolute revenue 2023	Proportion of revenue 2023	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Absolute revenue 2022	Proportion of revenue 2022	Taxonomy revenue 2023 compared to 2022	Taxonomy proportion of revenue compared to 2022	Enabling activity	Transitional activity
		€/mln.	%														€/mln.	%			E	T
A. EU taxonomy eligible activities																						
A.1 - Environmentally sustainable activities (eligible-aligned)																						
Infrastructure for rail transport	CCM 6.14	923	14.7%	✓						n/a	✓	✓	✓	✓	✓	✓	819	12.4%	104	2.3%	E	
Construction of new buildings	CCM 7.1	284	4.5%	✓						n/a	✓	✓	✓	✓	✓	✓	23	0.3%	261	4.2%		
Renovation of existing buildings	CCM 7.2	65	1.0%	✓						n/a	✓	✓	✓	✓	✓	✓	36	0.5%	29	0.5%		T
Installation, maintenance and repair of charging stations for electric vehicles in buildings	CCM 7.4	30	0.5%	✓						n/a	✓	✓	✓	✓	✓	✓	0	0.0%	30	0.5%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	7	0.1%	✓						n/a	✓	✓	✓	✓	✓	✓	0	0.0%	7	0.1%	E	
Revenue of environmentally sustainable activities (eligible-aligned) (A.1)		**1,308**	**20.9%**	20.9%	0.0%	0.0%	0.0%	0.0%	0.0%	n/a	✓	✓	✓	✓	✓	✓	**878**	**13.3%**	**430**	**7.6%**		
Of which Enabling		960	15.3%	15.3%	0.0%	0.0%	0.0%	0.0%	0.0%	n/a	✓	✓	✓	✓	✓	✓	819	12.4%	141	2.9%	E	
Of which Transitional		65	1.0%	1.0%	-	-	-	-	-	n/a	✓	✓	✓	✓	✓	✓	36	0.5%	29	0.5%		T
A.2 - EU taxonomy-eligible but not environmentally sustainable activities (eligible-not aligned)																						
Infrastructure enabling road transport and public transport	CCA 6.15	859	13.7%													✓	1,139	17.2%	(280)	(3.5%)	E	
Infrastructure for water transport	CCA 6.16	287	4.6%													✓	338	5.1%	(51)	(0.5%)		
Transmission and distribution of electricity	CCM 4.9	188	3.0%													✓	251	3.8%	(63)	(0.8%)	E	
Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies	CCM 4.27	32	0.5%													✓	0	0.0%	32	0.5%		
Renewal of water collection, treatment and supply systems	CCM 5.2	12	0.2%													✓	0	0.0%	12	0.2%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3	12	0.2%													✓	51	0.8%	(39)	(0.6%)		
Renewal of waste water collection and treatment	CCM 5.4	16	0.3%													✓	0	0.0%	16	0.3%		
Infrastructure for rail transport	CCM 6.14	64	1.0%													✓	25	0.4%	39	0.6%	E	
Construction of new buildings	CCM 7.1	1,873	29.9%													✓	3,020	45.6%	(1,147)	(15.8%)		
Renovation of existing buildings	CCM 7.2	589	9.4%													✓	222	3.4%	367	6.0%		T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	98	1.6%													✓	0	0.0%	98	1.6%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	24	0.4%													✓	0	0.0%	24	0.4%	E	
Others (<10 mln)*		20	0.3%													✓	41	0.6%	(21)	(0.3%)	E	
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**4,074**	**65.0%**	46.7%	18.3%	0.0%	0.0%	0.0%	0.0%							✓	**5,087**	**76.9%**	**(1,013)**	**(11.9%)**		
Revenue of Taxonomy eligible activities (A.1+A.2)		**5,382**	**85.8%**	67.6%	18.3%	0.0%	0.0%	0.0%	0.0%							✓	**5,965**	**90.1%**	**(583)**	**(4.3%)**		
B. Taxonomy-non-eligible activities																						
Revenue of taxonomy not-eligible activities (B)		**888**	**14.2%**													✓	**653**	**9.9%**	**235**	**4.3%**		
Total (A + B)		**6,270**	**100.0%**													✓	**6,618**	**100.0%**	**(348)**	**0.0%**		

*The category other contains the activities CCM 4.3, CCM 4.12, CCM 5.1, CCM 6.13 and CCM 6.16. On these activities is less then 10 mln euro revenue eligible.

56 Proportion of capex associated with EU taxonomy-aligned economic activities – disclosure covering 2023

				Substantial contribution to						Do no significant harm to												
Economic activities	Objective + Taxonomy code	Absolute capex 2023	Proportion of capex 2023	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Absolute capex 2022	Proportion of capex 2022	Taxonomy capex 2023 compared to 2022	Taxonomy proportion of capex compared to 2022	Enabling activity	Transitional activity
		€/mln.	%														€/mln.	%			E	T
A. EU taxonomy eligible activities																						
A.1 - Environmentally sustainable activities (eligible-aligned)																						
Infrastructure for rail transport	CCM 6.14	25.2	13.5%	✓						n/a	✓	✓	✓	✓	✓	✓	8.1	5.9%	17.1	7.6%	E	
Construction of new buildings	CCM 7.1	12.5	6.7%	✓						n/a	✓	✓	✓	✓	✓	✓	3.4	2.5%	9.0	4.2%		
Renovation of existing buildings	CCM 7.2	1.0	0.5%	✓						n/a	✓	✓	✓	✓	✓	✓	0.1	0.1%	0.8	0.4%		T
Installation, maintenance and repair of charging stations for electric vehicles in buildings	CCM 7.4	0.2	0.1%	✓						n/a	✓	✓	✓	✓	✓	✓	0.0%	0.0%	0.2	0.1%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0.1	0.0%	✓						n/a	✓	✓	✓	✓	✓	✓	0.0%	0.0%	0.1	0.0%	E	
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**39.0**	**20.8%**	20.8%	0.0%	0.0%	0.0%	0.0%	0.0%	**n/a**	✓	✓	✓	✓	✓	✓	**11.7**	**8.4%**	**27.3**	**12.4%**		
Of which Enabling		25.5	13.6%	13.6%	0.0%	0.0%	0.0%	0.0%	0.0%	n/a	✓	✓	✓	✓	✓	✓	8.1	5.9%	17.4	7.8%	E	
Of which Transitional		1.0	0.5%	0.5%	-	-	-	-	-	n/a	✓	✓	✓	✓	✓	✓	0.1	0.1%	0.8	0.4%		T
A.2 - Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy aligned activities)																						
Infrastructure enabling road transport and public transport	CCA 6.15	37.1	19.8%													✓	52.8	38.2%	(15.7)	(18.4%)	E	
Infrastructure for water transport	CCA 6.16	9.9	5.3%													✓	6.1	4.4%	3.7	0.8%		
Transmission and distribution of electricity	CCM 4.9	8.6	4.6%													✓	3.7	2.7%	5.0	1.9%	E	
Infrastructure for rail transport	CCM 6.14	1.2	0.6%													✓	6.0	4.4%	(4.8)	(3.7%)	E	
Construction of new buildings	CCM 7.1	31.9	17.0%													✓	34.9	25.3%	(3.1)	(8.3%)		
Renovation of existing buildings	CCM 7.2	7.9	4.2%													✓	3.0	2.2%	4.9	2.0%		T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	5.9	3.1%													✓	0.0	0.0%	5.9	3.1%	E	
Others (<10 mln)*		3.5	1.9%													✓	1.4	1.0%	2.1	0.9%	E	
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**106.0**	**56.5%**	31.5%	25.0%	0.0%	0.0%	0.0%	0.0%							✓	**107.9**	**78.1%**	**(2.0)**	**(21.6%)**		
Capex of Taxonomy eligible activities (A.1+A.2)		**144.9**	**77.3%**	52.3%	25.0%	0.0%	0.0%	0.0%	0.0%							✓	**119.6**	**86.5%**	**25.3**	**(9.2%)**		
B. Taxonomy-non-eligible activities																						
Revenue of taxonomy not-eligible activities (B)		**42.5**	**22.7%**													✓	**18.6**	**13.5%**	**23.9**	**9.2%**		
Total (A + B)		**187.4**	**100.0%**													✓	**138.2**	**100.0%**	**49.2**	**0.0%**		

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*The category other contains the activities where less then 1 million euro capex is eligible.

57 Proportion of opex associated with EU taxonomy-aligned economic activities – disclosure covering 2023

Economic activities	Objective + Taxonomy code	Absolute opex 2023	Proportion of opex 2023	Substantial contribution to						Do no significant harm to						Minimum safeguards	Absolute opex 2022	Proportion of opex 2022	Taxonomy opex 2023 compared to 2022	Taxonomy proportion of opex compared to 2022	Enabling activity	Transitional activity
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems							
		€/mln.	%														€/mln.	%			E	T
A. EU taxonomy eligible activities																						
A.1 - Environmentally sustainable activities (Taxonomy-aligned)																						
Infrastructure for rail transport	CCM 6.14	27.2	38.6%	✓						n/a	✓	✓	✓	✓	✓	✓	24.6	35.3%	2.6	3.3%	E	
Construction of new buildings	CCM 7.1	0.8	1.2%	✓						n/a	✓	✓	✓	✓	✓	✓	0,0	0.0%	0.8	1.2%		
Renovation of existing buildings	CCM 7.2	0.1	0.2%	✓						n/a	✓	✓	✓	✓	✓	✓	0,0	0.0%	0.1	0.2%		T
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**28.1**	**39.9%**	39.9%	0.0%	0.0%	0.0%	0.0%	0.0%	n/a	✓	✓	✓	✓	✓	✓	**24.6**	**35.3%**	**3.5**	**4.6%**		
Of which Enabling		27.2	38.6%	38.6%	0.0%	0.0%	0.0%	0.0%	0.0%	n/a	✓	✓	✓	✓	✓	✓	24.6	35.3%	2.6	3.3%	E	
Of which Transitional		0.1	0.2%	0.0%	-	-	-	-	-	n/a	✓	✓	✓	✓	✓	✓	0.0	0.0%	0.1	0.2%		T
A.2 - Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy aligned activities)																						
Infrastructure enabling road transport and public transport	CCA 6.15	13.8	19.5%													✓	21.2	30.4%	(7.4)	(10.9%)	E	
Infrastructure for water transport	CCA 6.16	7.7	10.9%													✓	2.1	3.1%	5.6	7.9%		
Transmission and distribution of electricity	CCM 4.9	2.5	3.6%													✓	4.2	6.1%	(1.7)	(2.5%)	E	
Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies	CCM 4.27	1.2	1.7%													✓	0.0	0.0%	1.2	1.7%		
Infrastructure for rail transport	CCM 6.14	2.4	3.4%													✓	0.4	0.6%	2.0	2.8%	E	
Construction of new buildings	CCM 7.1	8.3	11.8%													✓	7.6	10.8%	0.8	1.0%		
Others (<10 mln)*		1.5	2.2%													✓	6.9	9.8%	(5.3)	(7.7%)	E	
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**37.4**	**53.1%**	22.6%	30.4%	0.0%	0.0%	0.0%	0.0%							✓	**42.4**	**60.8%**	**(5.0)**	**(7.7%)**		
Opex of Taxonomy eligible activities (A.1+A.2)		**65.6**	**92.9%**	62.5%	30.4%	0.0%	0.0%	0.0%	0.0%							✓	**67.0**	**96.0%**	**(1.4)**	**(3.1%)**		
B. Taxonomy-non-eligible activities																						
Opex of taxonomy-non-eligible activities (B)		**5.0**	**7.1%**													✓	**2.8**	**4.0%**	**2.2**	**3.1%**		
Total (A + B)		**70.6**	**100.0%**													✓	**69.8**	**100.0%**	**0.8**	**0.0%**		

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*The category other contains the activities where less then 1 million euro opex is eligible.

BAM created Sky Studios Elstree, the most sustainable film and TV studio in the world, housing 13 sound stages and home to a range of film and TV productions from Sky Studios and NBCUniversal.
BAM Construct UK

Financial statements

Production hall

BAM Wood Concepts,

Heerhugowaard.

BAM Specials

Consolidated income statement

(x €1,000)

	Notes	2023	2022
Revenue	6	**6,270,474**	6,618,169
Materials and third party services		**(4,567,485)**	(4,881,286)
Personnel expenses	7	**(1,153,823)**	(1,193,218)
Depreciation and amortisation		**(121,293)**	(116,602)
Impairments	9	**(3,559)**	(13,473)
Exchange rate differences		**(12,700)**	(4,505)
Other operating expenses		**(277,594)**	(315,131)
Other income	8	**5,881**	62,482
Share in result of associates and joint ventures	16	**29,911**	58,479
Share in impairments of associates and joint ventures	9	**917**	(1,502)
Operating result		**170,729**	213,413
Finance income	10	**23,262**	8,848
Finance expense	10	**(10,423)**	(6,589)
Result before tax		**183,568**	215,672
Income tax	11	**(8,614)**	(37,948)
Net result		**174,954**	177,724
Attributable to:			
Shareholders of the Company		**174,991**	179,644
Non-controlling interests		**(37)**	(1,920)
Earnings per share *(x €1)*			
Basic earnings per share	12	**0.65**	0.66
Diluted earnings per share	12	**0.64**	0.65

Consolidated statement of comprehensive income

(x €1,000)

	Notes	2023	2022
Net result		**174,954**	177,724
Items that may be reclassified to the income statement			
Fair value movement of cash flow hedges		**(366)**	557
Tax on fair value of cash flow hedge		**95**	(161)
Cash flow hedge		**(271)**	396
Fair value movement of cash flow hedges in joint ventures (net)	16	**(7,865)**	34,210
Exchange rate differences		**18,442**	(27,784)
Items that will not be reclassified to the income statement			
Remeasurements of post-employment benefit obligations		**(43,733)**	(27,485)
Tax on remeasurements of post-employment benefit obligations		**7,965**	8,687
Remeasurements of post-employment benefit obligations	24	**(35,768)**	(18,798)
Other comprehensive income		**(25,462)**	(11,976)
Total comprehensive income		**149,492**	165,748
Attributable to:			
Shareholders of the Company		**149,531**	167,668
Non-controlling interests		**(39)**	(1,920)

Consolidated statement of financial position

(x €1,000)

	Notes	31 December 2023	31 December 2022
Non-current assets			
Property, plant and equipment	13	236,411	199,545
Right-of-use assets	14	217,433	170,737
Intangible assets	15	327,854	325,516
PPP receivables		13,675	13,593
Investments in associates and joint ventures	16	333,652	326,968
Other financial assets	17	92,759	77,591
Employee benefits	24	51,894	72,513
Deferred tax assets	11	82,446	57,428
		1,356,124	1,243,891
Current assets			
Inventories	18	463,076	482,025
Trade and other receivables	19	1,326,208	1,230,305
Income tax receivable		23,645	14,239
Cash and cash equivalents	20	757,333	841,246
		2,570,262	2,567,815
Assets classified as held for sale	21	5,634	7,689
		2,575,896	2,575,504
Total assets		3,932,020	3,819,395

	Notes	31 December 2023	31 December 2022
Equity			
Equity attributable to owners of the Company		920,495	810,590
Non-controlling interests		324	(2,106)
Group equity	22	920,819	808,484
Non-current liabilities			
Borrowings	23	54,513	40,661
Lease liabilities	14	160,902	118,871
Employee benefits	24	32,041	45,568
Provisions	25	82,217	94,420
Deferred tax liabilities	11	14,848	18,511
		344,521	318,031
Current liabilities			
Borrowings	23	7,061	11,968
Lease liabilities	14	73,313	55,806
Trade and other payables	26	2,447,781	2,468,555
Provisions	25	114,677	145,708
Income tax payable		23,848	10,843
		2,666,680	2,692,880
Liabilities classified as held for sale	21	-	-
		2,666,680	2,692,880
Total equity and liabilities		3,932,020	3,819,395

Consolidated statement of changes in equity

(x €1,000)

	Notes	Attributable to the shareholders of the Company						
		Share capital and premium	Translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interests	Total equity
As at 1 January 2022		839,311	(77,383)	(101)	(108,238)	653,589	(186)	653,403
Cash flow hedges		-	-	396	-	396	-	396
Cash flow hedges in joint ventures	16	-	-	34,210	-	34,210	-	34,210
Remeasurements of post-employment benefit obligations	24	-	-	-	(18,798)	(18,798)	-	(18,798)
Exchange rate differences		-	(27,784)	-	-	(27,784)	-	(27,784)
Other comprehensive income, net of tax		-	(27,784)	34,606	(18,798)	(11,976)	-	(11,976)
Net result		-	-	-	179,644	179,644	(1,920)	177,724
Total comprehensive income		-	(27,784)	34,606	160,846	167,668	(1,920)	165,748
Repurchase of ordinary shares	22	-	-	-	(14,326)	(14,326)	-	(14,326)
Share-based payments	28	-	-	-	3,659	3,659	-	3,659
		-	-	-	(10,667)	(10,667)	-	(10,667)
As at 31 December 2022		839,311	(105,167)	34,505	41,941	810,590	(2,106)	808,484
Cash flow hedges		-	-	(271)	-	(271)	-	(271)
Cash flow hedges in joint ventures	16	-	-	(7,865)	-	(7,865)	-	(7,865)
Remeasurements of post-employment benefit obligations	24	-	-	-	(35,768)	(35,768)	-	(35,768)
Exchange rate differences		-	18,444	-	-	18,444	(2)	18,442
Other comprehensive income, net of tax		-	18,444	(8,136)	(35,768)	(25,460)	(2)	(25,462)
Net result		-	-	-	174,991	174,991	(37)	174,954
Total comprehensive income		-	18,444	(8,136)	139,223	149,531	(39)	149,492
Repurchase of ordinary shares	22	-	-	-	(19,835)	(19,835)	-	(19,835)
Dividend	22	-	-	-	(21,998)	(21,998)	-	(21,998)
Change in ownership					(2,650)	(2,650)	2,469	(181)
Share-based payments	28	-	-	-	4,857	4,857	-	4,857
		-	-	-	(39,626)	(39,626)	2,469	(37,157)
As at 31 December 2023		839,311	(86,723)	26,369	141,538	920,495	324	920,819

Consolidated statement of cash flows

(x €1,000)

	Notes	2023	2022
Net result		**174,954**	177,724
Adjustments for:			
• Income tax	11	**8,614**	37,948
• Depreciation, amortisation and impairments		**124,852**	130,075
• Share in result of associates and joint ventures	16	**(29,911)**	(58,479)
• Share in impairments of associates and joint ventures	9	**(917)**	1,502
• Result on sale of property, plant and equipment and intangible fixed assets	8	**(1,531)**	(10,144)
• Gain on sale of subsidiaries, joint ventures and associates	8	**(1,785)**	(52,337)
• Share based payments	28	**4,857**	3,658
• Finance income	10	**(23,262)**	(8,848)
• Finance expense	10	**10,423**	6,588
Net proceeds from PPP receivables		**(388)**	1,376
Interest received		**23,974**	7,324
Interest paid		**(15,008)**	(10,913)
Income tax paid		**(22,299)**	(15,182)
Dividends received from joint ventures and associates	16	**23,773**	35,972
Cash flow from operations		**276,346**	246,264
Changes in provisions and pensions		**(71,178)**	24,094
Decrease/(increase) in inventories		**20,269**	(51,365)
Decrease/(increase) in trade and other receivables		**(97,004)**	(141,380)
Increase/(decrease) in trade and other payables		**(22,726)**	(273,527)
Net cash flow from operating activities		**105,707**	(195,914)

	Notes	2023	2022
Net cash flow from operating activities *(continued)*		**105,707**	(195,914)
Investments in property, plant and equipment	13	**(80,005)**	(92,869)
Investments in intangible fixed assets	15	**(4,312)**	(1,613)
Investments in non-current receivables and other financial assets	16/17	**(24,789)**	(28,986)
Repayments of non-current receivables and other financial assets	16/17	**9,160**	9,954
Proceeds from sale of property, plant and equipment and intangible fixed assets	8	**6,483**	16,083
Net proceeds from sale of subsidiaries, joint ventures and associates	8	**2,017**	(65,604)
Net cash flow from investing activities		**(91,446)**	(163,035)
Proceeds from borrowings	23	**25,154**	39,142
Repayments of borrowings	23	**(15,770)**	(50,599)
Repayments of principal portion of lease liabilities	14	**(76,062)**	(67,437)
Payment of dividend		**(21,998)**	-
Repurchase of ordinary shares		**(19,835)**	(14,326)
Net cash flow from financing activities		**(108,511)**	(93,220)
Total cash flow		**(94,250)**	(452,169)
Cash and cash equivalents on 1 January	20	**841,246**	1,284,709
Change in cash and cash equivalents held for sale	21	**-**	42,355
Exchange rate differences on cash and cash equivalents		**10,337**	(33,649)
Cash and cash equivalents on 31 December	20	**757,333**	841,246

Notes to the consolidated financial statements

1. General information

Royal BAM Group nv ('the Company' or 'BAM'), its subsidiaries (together, 'the Group') and the Group's participations in joint operations and investments in associates and joint ventures design, build and maintain sustainable buildings, homes, and infrastructure for public and private sector clients. The Group is mainly active in the Netherlands, the United Kingdom, Ireland and Belgium. In earlier years, the Group also had operations in Germany and was involved in specialist construction and civil engineering projects in niche markets worldwide.

The Company is a public limited company listed on Euronext Amsterdam and has its registered seat and head office in Bunnik, the Netherlands. The address is Runnenburg 9, 3981 AZ, Bunnik, the Netherlands. The Company is registered at the Chamber of Commerce under number 30058019.

The Executive Board and the Supervisory Board authorised the financial statements for issue on 21 February 2024.

2. Accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements have been consistently applied, unless otherwise stated. In these financial statements 2023, the Group made changes to the presentation of the consolidated income statement to align with industry practice and to increase transparency. The main changes comprise the combining of two line items ('raw materials and consumables used' and 'subcontracted work and other external charges') into 'Materials and third party services' and the separate presentation of 'other income'. Other income is separately presented to increase transparency on other income items that affect the Group's results. Previously, its main component (gain on sale of subsidiaries) was reported separately while gains on sale of PP&E of €10 million in 2022 was reported in other operating expenses.

Also, the presentation of the statement of changes in equity has been updated following the new layout of the annual report. A breakdown of 'reserves' into 'hedging reserve' and 'translation reserve', previously included in the notes, is now incorporated in the primary statement. Lastly, the presentation of cash-flow from operations in the statement of cash flows has been updated. The Group no longer presents cash-flow from ordinary operations as the cash-flows from PPP receivables, earlier presented separately, is no longer significant. Also, the composition of cash flow from operations has been amended to align with industry practice. It is now the cash flow from operating activities minus cash flows from working capital and pensions and provisions.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. The financial statements have been prepared on a going concern basis and, unless otherwise stated, under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expense. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.1.1 Climate-related matters

The Group continuously takes steps to reduce footprint and create sustainable environments. The Group has a defined sustainability strategy that focuses amongst others on the themes of decarbonisation, circularity, climate adaptation and biodiversity. The Group is working towards the following targets:

- an 80% relative reduction (versus 2015) of scope 1 and 2 CO_2 intensity by 2026.
- a 50% relative reduction (versus 2019) of scope 3 CO_2 emissions in 2030.

Additionally, the Group targets a 75% reduction (versus 2015) of construction and office waste intensity by 2030 and defined new KPIs as part of its sustainability strategy that was launched beginning of 2023. On a long term basis, the Group's ambition is to have a net positive impact on climate and resources by 2050. This can be achieved by supply chain collaboration, innovation and digital thinking through products and realising products through circular business models.

The Group considered the impact of these (accelerated) targets to its financial statements. The CO_2 reduction targets are expected to be achieved by (for example) the use of 100% renewable energy in all of the Group's offices, reduction of diesel use on project sites by using biofuels or establishing early grid-connections. Most of these initiatives require changes to the way of working while the overall impact to the Group's cost level is not material. For those initiatives that result in higher costs, e.g. when diesel on project sites is replaced by biofuels, clients are generally compensating the extra costs. The Group also reduces CO_2 emissions by increasing the use of electrical equipment and by electrification of the car fleet. The financial impact is assessed as limited, as this is mostly achieved through the generic replacement plans.

The Group's operating activities are exposed to laws and regulations that are impacted by climate and environment related matters. During 2022, the Dutch Council of State concluded that governmental processes to issue permits for the construction of buildings and infrastructure does not comply with European laws. The governmental processes do not appropriately take into consideration whether the emission of nitrogen of certain construction activities have an impact to the environment. The conclusion of the Council does not impact permits that have already been issued but it does require changes to governmental processes. This implies that future processes to obtain permits may take more time than initially expected and that requests may be denied when the emission of nitrogen does not comply with the respective requirements.

The impact of the Council's conclusion to the Group's secured contracts has been limited. To the extent permits for the respective projects had not been issued, the nitrogen impact of secured contracts has been re-assessed and, in most instances, it is concluded that the project complies with the applicable requirements. For projects that did not comply with the requirements, the Group has been able to take corrective measures such as changing the construction method or using electrical equipment. At the same time, it is noted that tender activity for road projects that require permits is slowing down. Market research shows that circa 7% to 15% of projects planned by the government will not be able to commence given their nitrogen impact.

The financial effect of climate-related matters has been reflected in the Group's budgets for the next years, which for example are used in the Group's impairment tests for goodwill and deferred tax assets and in determining the realisable value of land and building rights. The overall impact to the financial statements is limited.

2.1.2 Supply chain disruption and inflation

During 2022 and 2023, the Group's activities have been exposed to the effects of supply chain disruption and inflation. The significant increase in energy prices in 2022 have seriously impacted the price of steel and other materials that are key elements in the Group's construction activities. Prices for these materials stabilised during 2023, but cost pressure continued, mainly as a result of increased cost of labour. This all resulted in increased project-related costs in both years. For the vast majority of the Group's projects, the exposure of the project result to the effects of inflation is limited as the respective contracts include a price indexation reimbursement clause. Based on such clause, the Group is entitled to additional (variable) revenue to compensate for the effect of increased costs. The form and content of the price indexation reimbursement clause may vary per jurisdiction and contract, and in some situations is challenged by the Group's clients, resulting in increased estimation uncertainty of the overall project result.

The Group also has contracts that do not contain a price indexation reimbursement clause. For such contracts the Group generally mitigates its exposure to price fluctuations by securing or fixing purchase prices for materials. Due to supply chain issues and/or liquidity constraints driven by significantly increased purchase prices, there have been situations in which suppliers were unable to meet their commitments (in a timely manner), exposing the Group to the price risk. At each reporting date, the effects are specifically considered in estimates of the expected project result, as described in note 3.1.

Overall, the Group's project results have been negatively impacted by inflation and supply chain disruption. The Group continues to increase contractual awareness and periodically revisits project estimates to pay attention to the treatment of costs that are not contractually agreed and to the actions to address price changes in contracts.

To bring down inflation, central banks have increased their interest rates in 2022 and 2023. The effect of increasing interest rates is mainly reflected in the Group's financial income and expense. Considering the Group is in a net cash position, the impact over 2023 has been positive. Increasing interest rates also have an impact to the annual goodwill impairment test and valuation of defined benefit obligations. The effects of changes in interest rates as well as the impact of further changes to them are disclosed in note 15 and 24 respectively.

2.2 Changes in accounting policies and disclosures

Several amendments and interpretations apply for the first time as of 1 January 2023. The impact of these is as follows:

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' policies by a requirement to disclose their 'material' policies. Guidance and examples were added on how entities apply the concept of materiality in their assessment. The Group performed an assessment and concluded that the amendments have no impact on the Group's consolidated financial statements.

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12
The amendments have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception, the use of which is to be disclosed, applies immediately.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2024 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a material effect on the consolidated financial statements of the Group.

2.3 Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in the income statement.
Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in the income statement. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.
Intercompany transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

When the Group ceases to have control in a business, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that business are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the profit or loss or to retained earnings.

2.4 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'euro' (€), which is the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within 'exchange rate differences'.

The results and financial position of the group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- assets and liabilities for each balance sheet are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange rate differences are recognised separately in equity in 'other comprehensive income'.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange rate differences arising from the translation of these items are recognised in 'other comprehensive income'.

The following exchange rates of the euro against the pound sterling (£) have been used in the preparation of these financial statements:

- closing exchange rate: 0.869 (2022: 0.884)
- average exchange rate: 0.870 (2022: 0.853)

2.5 Derivative financial instruments and hedging activities

Derivatives are only used for economic hedging purposes and not as speculative investments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. The Group designates the derivatives as hedges of a particular risk associated with a recognised asset or liability, a highly probable forecast transaction or the foreign currency risk of the unrecognised Group's commitment.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- there is 'an economic relationship' between the hedged item and the hedging instrument;
- the effect of credit risk does not 'dominate the value changes' that result from that economic relationship;
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than twelve months and as a current asset or liability when the remaining maturity of the hedged item is less than twelve months. The effective portion of changes in the fair value of cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps, hedging variable rate borrowings, is recognised in the income statement within 'finance income/expense'. The gain or loss relating to the effective portion of forward foreign exchange contracts, hedging a foreign currency exposure, is recognised in profit or loss within 'exchange rate differences'. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2.6 Statement of cash flows

The statement of cash flows is prepared using the indirect method. Cash flows in foreign exchange currencies are converted using the average exchange rate. Exchange rate differences on the net cash position are separately presented in the statement of cash flows. Payments in connection with interest and income tax are included in the cash flow from operations. Cash flows in connection with PPP receivables are also included in the cash flow from operations since these projects are part of regular construction and recurring maintenance revenue and include concessions for roads, rail, education, health care and government buildings. Paid dividend is included in cash flow from financing activities.

The purchase price of acquisitions of subsidiaries are included in the cash flow from investing activities as far as payments have taken place. Cash and cash equivalents in the subsidiaries are deducted from the purchase price. In the statement of cash flows the interest paid related to leases is presented as part of the cash flow from operating activities, while the repayments are presented as part of the cash flows from financing activities.

Non-cash transactions are not included in the statement of cash flows.

3. Critical accounting judgements and key sources of estimation uncertainties

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The reported amounts are based on factors which inherently are associated with uncertainties. Actual results may therefore differ materially from these estimates. The most significant judgments and estimates are summarised below.

3.1 Revenue recognition

The Group's revenue recognition policies require management to make judgments and estimates, particularly for revenue that is recognised over time. Such revenue is generally recognised using the cost-to-cost method (i.e. an input method), which requires a forecast to be made of the profit margin on the performance obligation upon its completion and the costs yet to incur. The stage of completion is then determined by comparing actual costs incurred to date to total costs to complete the performance obligation. The Group has coordinated systems for cost estimating, forecasting and revenue and costs reporting. The system also requires a consistent judgment (forecast) of the final outcome of the project, including analyses of variances in earlier assessment dates.

Making forecasts of the profit margin upon completion of the performance obligation involves judgments and estimates on costs as well as revenue. On the cost side, estimates are to be made with respect to costs to be incurred to complete the performance obligation as well as maintenance and defect liabilities. On the revenue side estimates are to be made with respect to the amount of variable consideration and judgments are required to determine whether such variable consideration should be constraint. Variable consideration includes fees for changes in scope of work ('variation orders'), unpriced variation orders, claims due from customers as well as performance bonusses and/or penalties ('liquidated damages').

Estimates of variable consideration are to be constraint to an amount that is not highly probable of a significant reversal. The Group quantifies highly probable as a probability of 75% or more.

Variable consideration is generally included in total revenue (i.e. not constraint) when:
- The additional amounts are already covered by a client payment;
- The Group has a formal approval from the client on the respective additional amount of fee proposed by the Group;
- The Group has a written instruction or approval on the change in scope of work from the client and related amounts are contractually agreed based on specific contract rates, underlying costs or underlying costs plus a normal profit margin;
- The additional amounts are covered by written settlement offers from the customer.

In exceptional circumstances, variable consideration may also be included in total revenue when none of the above criteria are met and/or when there is a dispute with the customer. In such circumstances, the highly probable criterion is generally substantiated by advice or opinion of a lawyer. As at 31 December 2023, the Group included in its revenues an aggregate amount of €44 million for claims due from customers and unapproved variation orders (31 December 2022: €32 million). The Group considers the amount as highly probable, however, inherent estimation uncertainty exists. The ultimate outcome of negotiations and settlements can differ and could impact the Group's results.

3.2 Income taxes

The Group is subject to income taxes in numerous jurisdictions. Judgement and estimates are required in determining the provision for income taxes, particularly in determining the carrying amount of deferred tax assets and the amount of liabilities for (potential) uncertain tax positions. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Such estimates are based on the technical merits of the underlying position. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Deferred tax assets are recognised for tax losses carry-forwards, temporary differences and tax credits to the extent that realisation of the related tax benefit through future taxable profits is probable. This requires estimating the amount of future taxable profits, for which a forecast window of five years is generally applied, and to apply judgment in assessing probability of actually achieving the forecasted levels.

3.3 Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for pensions include the discount rate, expected salary growth rates and expected indexation of pensions. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds (AA) that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions are based on current market conditions and envisaged developments. Sensitivity analyses in respect of these assumptions is disclosed in note 24.

3.4 Impairment of land and building rights

Land and building rights are generally acquired at a premium on its value in present state and condition Such premium can be paid since future intentions (i.e. development) of the Group represent a considerable value increase. The ultimate value of land and building rights upon development depends on a number of factors including the number of buildings and the expected sale or rental price of the respective buildings. In case the Group is not able to proceed development, e.g. upon adverse decision of a governmental body, the respective land and building rights is generally subject to an impairment. The valuation of land and building rights, to test their respective carrying amount for impairments, is based on a fair value assessment that takes into consideration relevant assumptions. Such fair value assessment is generally supported by a valuation of an external valuator (by rotation) to benchmark.

3.5 Impairment of goodwill

Goodwill is tested annually for impairment. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations are determined using discounted cash flow projections and require estimates in connection with the future development of revenues, profit before tax margins and the determination of appropriate discount rates. An impairment loss is recognised if the carrying amount of an asset of CGU exceeds its recoverable amount. Sensitivity analyses in respect of key assumptions are disclosed in note 15.

4. Financial risk management

4.1 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's aim is for a financing structure that ensures continuing operations and minimises cost of equity. For this, flexibility and access to the financial markets are important conditions. As usual within the industry, the Group monitors its financing structure using a capital ratio, among other factors. Capital ratio is calculated as the capital base divided by total assets. The Group's capital base consists of equity attributable to shareholders of the Company and, up to 2021, the carrying amount of subordinated convertible bonds. The Group's target capital ratio is above 20%. On 31 December 2023, the capital ratio was 23.4% (2022: 21.2%). Under the terms of borrowings facilities the Group is required to comply with financial covenants. For information on these financial covenants see note 23.

4.2 Financial risk factors

The Group's activities are exposed to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. Risks are inherent to any business and the risks to which the Group is exposed are not unusual or different from what is considered acceptable in the industry. The Group's risk management system is designed to identify and manage threats and opportunities. Effective risk management enables the Group to capitalise on opportunities in a carefully controlled environment. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to limit potential adverse effects on the Group's financial performance. Financial risk management is carried out by Group treasury under policies approved by the Executive Board, which has the overall responsibility for risk management in the Group. Group treasury identifies, evaluates and, when necessary, hedges financial risks in close collaboration with the group companies. The Executive Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments, non-derivative financial instruments and possible investment of excess liquidity.

4.2.1 Market risk

(a) Foreign exchange risk

A substantial part of the Group's activities takes place in the United Kingdom (in pound sterling) and, to a limited extent, in other non-euro countries. The Group's results and equity are therefore affected by fluctuations in foreign exchange rates. Generally, the Group is active in these non-euro countries through local subsidiaries, limiting the exchange risk as both income and expense are denominated largely in the same currencies. The associated translation risk to the group (arising from translation of the local currency into euro) is not hedged.

Due to changes in the exchange rate of the euro to pound sterling, revenue and results from the United Kingdom slightly increased in 2023 while equity and order book slightly decreased. At year end 2023, a 10% change in the exchange rate, will impact the Group's equity by circa €44 million.

A limited part of the group's activities involves contracts that have a different currency than the functional currency of the respective subsidiary. Group policy is that costs and revenues from these projects are mainly expressed in the same currency, thus limiting foreign exchange risks. The Group may hedge the residual exchange risk on a project-by-project basis, using forward exchange contracts. This involves hedging of unconditional project related exchange risks in excess of €1 million as soon as these occur. The Group reports these hedges by means of cash flow hedge accounting. Additional exchange risks in the tender stage and arising from contractual amendments are assessed on a case-by-case basis.

Procedures have been established for proper recording of hedge transactions. Systems are in place to ensure the regular performance and analysis of the requisite hedge effectiveness measurements.

(b) Interest rate risk

The Group's interest rate risk is associated with interest-bearing receivables and cash and cash equivalents on the one hand and interest-bearing borrowings, on the other. If the interest is variable, the Group is exposed to a cash flow risk, i.e. future interest payments vary with (changes in) the interest rate. If the interest rate is fixed, the group is exposed to a fair value risk. For interest-bearing borrowings the Group may manage cash flow risks; the fair value risk is not hedged. Interest rates on borrowings are generally variable and are hedged to fixed rates on a case-by-case basis with reference to the asset or operation that is funded. The analysis of the cash flow interest rate risk takes into account cash and cash equivalents, the debt position and the usual fluctuations in the Group's working capital requirements. The composition of borrowings by interest rate is as follows:

	Up to 1 year	1 to 5 years	Over 5 years	Total
31 December 2023				
Total borrowings	7,061	49,080	5,433	61,574
Fixed interest rates	(2,370)	(5,424)	(156)	(7,950)
Variable interest rates	**4,691**	**43,656**	**5,277**	**53,624**
31 December 2022				
Total borrowings	11,968	34,895	5,766	52,629
Fixed interest rates	(3,083)	(6,105)	(379)	(9,567)
Variable interest rates	**8,885**	**28,790**	**5,387**	**43,062**

Interest rates on cash and cash equivalents is variable. If variable interest rates had been higher 100 basis points, the Group's net result before tax would have been €4.3 million higher (2022: €3 million higher). If the variable interest rates had been lower 100 basis points, the Group's net result before tax would have been €4.3 million lower (2022: €3.7 million lower).

The Group's joint venture Invesis has, directly and indirectly (through its project joint ventures and associates), significant amounts of borrowings that have variable interest rates. Invesis and the underlying project joint ventures and associates entered into swaps to covert such variable interest rates into fixed interest rates. The aim of these interest rate swaps is create stable and predictable cash-flows from the respective projects. The Group applies cash-flow hedge accounting for these derivatives, see note 16.1 for more details.

4.2.2 Credit risk

The Group is exposed to credit risks with regard to financial assets including PPP receivables, non-current receivables, derivative financial instruments, trade receivables, contract assets, amounts due from related parties, other receivables, and cash and cash equivalents. The carrying amounts of the assets exposed to a credit risk are as follows:

	Notes	2023	2022
Non-current assets			
PPP receivables		**13,675**	13,593
Non-current receivables	17	**91,647**	76,449
Current assets			
Trade receivables – net	19	**525,083**	477,265
Contract assets	19	**554,840**	524,655
Amounts due from related parties	19	**18,465**	22,112
Other receivables	19	**86,057**	76,708
PPP receivables		**644**	338
Derivative financial instruments	19	**121**	522
Cash and cash equivalents	20	**757,333**	841,246
		2,047,865	2,032,888

PPP receivables and a substantial part of trade receivables and contract assets are due from governments or government bodies in the Netherlands, the United Kingdom and Ireland. Considering these countries have a strong credit rating, the credit risk related to these assets is therefore inherently assessed as very low. Furthermore, a significant part of trade receivables – net is based on contracts involving advance payments or payments proportionate to progress of the work, which limits the credit risks, in principle, to the overall balances outstanding. Credit risk on trade and other receivables and contract assets is monitored continuously. Clients' creditworthiness is analysed before entering into a contract and then monitored during performance of the project. This involves taking account of the client's financial position, previous collaborations and other factors. Group policy is designed to mitigate credit risks which can for example be achieved by retaining ownership of assets until payment has been received, obtaining prepayments and the use of bank guarantees.

Non-current receivables predominantly concern loans granted to property and joint ventures. These loans are in general not past due at the balance sheet date. Credit losses are identified based on the financial position and forecasts of these associates and joint ventures, which also include the value of the underlying property development positions. For a part of these loans property developments positions are held as securities generally subordinated to the providers of the external financing.

Cash and cash equivalents are held in various banks. The Group limits the associated credit risk as a result of the Group's policy to work only with respectable banks and financial institutions. This involves cash and cash equivalents in excess of €10 million being held at banks and financial institutions with a minimum rating of 'A'.

The Group assessed the credit risk for these assets and concluded that no significant expected credit loss provisions are required. In addition to the credit risk on financial assets, the Group is exposed to credit risk on parental guarantees (note 31.2) and financial guarantees. A provision for financial guarantees of €3.5 million has been recognised (2022: €10 million), see note 25.

4.2.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in satisfying its financial liabilities. The Group's policy on liquidity is to ensure that at all times sufficient liquidity is available to satisfy its liabilities when due. To monitor liquidity requirements, the group maintains a cash-flow forecast for the next twelve months. The forecast takes into account the amount of cash and cash equivalents, credit facilities and the usual fluctuations in the Group's working capital requirements. The size of individual transactions can cause relatively large short-term fluctuations in the liquidity position. The main instruments to ensure that sufficient liquidity is available are the group's cash pools and its credit facilities. The cash pools provide the Group with the flexibility to optimise the use of cash that is available in the entire group while the Group's committed syndicated credit facility of €330 million and other credit facilities (see note 23), allow to draw loans should that be required. As of 31 December 2023 no loans were drawn from the facility (31 December 2022: nil).

The expected contractual cash flows as of 31 December 2023 and 2022 is as follows:

	Carrying amount	Contractual cash flows	< 1 year	1 – 5 years	> 5 years
2023					
Syndicated credit facility	-	-	-	-	-
Non-recourse PPP loans	8,509	9,782	855	3,347	5,580
Non-recourse property financing	32,464	39,447	5,464	33,983	-
Other non-recourse financing	3,557	3,766	1,539	2,227	-
Recourse property financing	13,874	16,323	1,629	14,485	209
Other recourse financing	3,170	3,240	985	2,255	-
Lease liabilities	234,215	241,652	72,450	138,203	30,999
Provisions [1]	3,500	3,500	3,500	-	-
Trade and other payables	1,364,088	1,364,088	1,364,088	-	-
	1,663,377	1,681,798	1,450,510	194,500	36,788
2022					
Syndicated credit facility	-	-	-	-	-
Non-recourse PPP loans	8,538	9,828	786	3,338	5,704
Non-recourse property financing	20,525	23,388	4,194	19,194	-
Other non-recourse financing	3,458	3,621	1,463	2,158	-
Recourse property financing	15,972	17,797	6,410	11,162	225
Other recourse financing	4,136	4,250	1,013	3,023	214
Lease liabilities	174,677	182,022	57,915	104,262	19,845
Provisions [1]	15,125	15,125	15,125	-	-
Trade and other payables	1,307,620	1,307,620	1,307,620	-	-
	1,550,051	1,563,651	1,394,526	143,137	25,988

[1] Consisting of financial guarantees relating to the sale of BAM Deutschland as disclosed in note 25.

4.3 Financial instruments by categories

The Group has three categories of financial instruments. A significant number of these are inherent to the Group's business activities and are presented in various balance sheet items. The following summary indicates the values for which financial instruments are included for each relevant balance sheet item:

	Financial instruments				
	Receivables	Financial liabilities	Hedging	Non-financial instruments	Total
2023					
PPP receivables	13,675	-	-	-	13,675
Other financial assets [1]	91,674	-	-	-	91,674
Trade and other receivables	743,164	-	121	582,923	1,326,208
Cash and cash equivalents	757,333	-	-	-	757,333
Borrowings	-	(61,574)	-	-	(61,574)
Provisions [2]	-	(3,500)	-	(193,394)	(196,894)
Lease liabilities	-	(234,215)	-	-	(234,215)
Trade and other payables	-	(1,364,088)	(1,318)	(1,082,376)	(2,447,782)
	1,605,846	(1,663,377)	(1,197)	(692,847)	(751,575)
2022					
PPP receivables	13,593	-	-	-	13,593
Other financial assets [1]	77,591	-	-	-	77,591
Trade and other receivables	670,336	-	522	559,447	1,230,305
Cash and cash equivalents	841,246	-	-	-	841,246
Borrowings	-	(52,629)	-	-	(52,629)
Provisions [2]	-	(15,125)	-	(225,003)	(240,128)
Lease liabilities	-	(174,677)	-	-	(174,677)
Trade and other payables	-	(1,307,620)	(39)	(1,160,897)	(2,468,556)
	1,602,766	(1,550,051)	483	(826,453)	(773,255)

[1] Other financial assets consist of several types of financial assets. See note 17 for the specification of receivables based on fair value through profit or loss, receivables based on amortised cost and other.

[2] Consisting of financial guarantees relating to the sale of BAM Deutschland as disclosed in note 25.

All financial instruments are valued at amortised cost, with the exception of a part of the other financial assets (note 17) and the derivative instruments which are valued at fair value through profit or loss (unless in hedge accounting relationship).

4.4 Fair value estimation

The fair value of financial instruments not quoted in an active market is measured using valuation techniques. The Group uses various techniques and makes assumptions based on market conditions on balance sheet date. The valuation also includes (changes in) the credit risk of the counter party and the credit risk of the Group in conformity with IFRS 13.

One of these techniques is the calculation of the net present value of the expected cash flows (discounted cash flow projections). The fair value of the interest rate swaps and the fair value of financial guarantee contracts are calculated as the net present value of the expected future cash flows. The fair value of the forward exchange contracts is measured based on the 'forward' currency exchange rates on balance sheet date. In addition, valuations from banks are requested for interest rate swaps.

Financial instruments valued at fair value consist of interest rate swaps, foreign exchange contracts and a portion of the other financial assets. In line with the current accounting policies the derivatives are classified as level 2. Receivables valued on fair value through profit or loss, which are part of 'Other financial assets' and provision for financial guarantee contracts are classified as level 3 - the fair value is determined based on the discounted cash flow method. It is assumed that the carrying amount of 'borrowings', 'trade and other receivables' and 'trade and other payables' do not materially differ from their fair value.

5. Segment information

The Group's activities are grouped in two divisions, one dedicated to the Netherlands, which also includes the Group's activities in Denmark, and the other to the United Kingdom and Ireland. The Group allocates resources and analyses performance and identified three reportable segments: Division Netherlands ('division NL'), division United Kingdom and Ireland ('division UK&I') and Invesis. Belgium, Germany and International are considered individual operating segments that are not individually reportable, and thus combined. The performance of the segments division NL, division UK&I and Invesis are separately reported to and reviewed by the Executive Board. The Executive Board is considered the Chief Operating Decision Maker.

Revenue and results	Division NL	Division UK&I	Invesis	Belgium, Germany and International	Other including eliminations	Total
2023						
Revenue	3,007,334	3,138,843	-	125,336	(1,039)	6,270,474
Adjusted EBITDA[1]	178,999	121,463	2,594	11,434	(10,174)	304,316
Adjusted items	(7,458)	(2,815)	-	620	-	(9,653)
EBITDA	**171,541**	**118,648**	**2,594**	**12,054**	**(10,174)**	**294,663**
Depreciation and amortisation	(75,241)	(42,715)	-	(2,264)	(1,073)	(121,293)
Impairments	(2,642)	-	-	-	-	(2,642)
Finance income and expense	(520)	19,898	-	3,485	(10,024)	12,839
Result before tax	**93,138**	**95,831**	**2,594**	**13,275**	**(21,271)**	**183,567**
2022						
Revenue	2,917,447	3,133,704	-	568,852	(1,834)	6,618,170
Adjusted EBITDA[1]	172,547	81,648	23,477	77,800	(5,252)	350,220
Adjusted items	(1,369)	(4,408)	-	534	13	(5,230)
EBITDA	**171,178**	**77,240**	**23,477**	**78,334**	**(5,239)**	**344,990**
Depreciation and amortisation	(76,327)	(27,435)	-	(10,729)	(2,112)	(116,603)
Impairments	(476)	(3,875)	-	(7,624)	(3,000)	(14,975)
Finance income and expense	(1,039)	1,609	-	3,089	(1,399)	2,260
Result before tax	**93,336**	**47,539**	**23,477**	**63,070**	**(11,750)**	**215,672**

Balance sheet	Division NL	Division UK&I	Invesis	Belgium, Germany and International	Other including eliminations	Total
2023						
Assets	1,594,614	1,774,641	-	267,458	(38,345)	3,598,368
Equity-accounted investees	122,384	25,498	176,200	9,000	570	333,652
Total assets	**1,716,998**	**1,800,139**	**176,200**	**276,458**	**(37,775)**	**3,932,020**
Liabilities	1,605,576	1,364,793	-	133,240	(92,408)	3,011,201
Group equity	111,422	435,346	176,200	143,218	54,633	920,819
Total equity and liabilities	**1,716,998**	**1,800,139**	**176,200**	**276,458**	**(37,775)**	**3,932,020**
2022						
Assets	1,590,082	1,739,804	-	288,877	(126,336)	3,492,427
Equity-accounted investees	106,574	25,415	186,197	8,183	599	326,968
Total assets	**1,696,656**	**1,765,219**	**186,197**	**297,060**	**(125,737)**	**3,819,395**
Liabilities	1,588,883	1,362,914	-	198,921	(139,807)	3,010,911
Group equity	107,773	402,305	186,197	98,139	14,070	808,484
Total equity and liabilities	**1,696,656**	**1,765,219**	**186,197**	**297,060**	**(125,737)**	**3,819,395**

Further disclosures about Invesis are included in note 16.

[1] Adjusted EBITDA is the main segment performance measure. Refer to 9.5 Glossary for definition and reconciliation. Adjusted EBITDA of Belgium, Germany and International for 2022 includes the gain on sale of Wayss & Freytag Ingenieurbau amounting to €52 million.

Other disclosures	Division NL	Division UK&I	Belgium, Germany and International	Other including eliminations	Total
2023					
Additions to property, plant and equipment, right-of-use assets and intangible assets	122,904	64,634	2,226	1,960	191,724
Share in result of associates and joint ventures	27,545	(229)	918	-	28,234
Average number of FTE	6,655	6,368	223	97	13,343
Number of FTE at year-end	6,681	6,273	212	97	13,263
2022					
Additions to property, plant and equipment, right-of-use assets and intangible assets	77,929	33,739	25,684	845	138,197
Share in result of associates and joint ventures	24,190	(110)	9,420	-	33,500
Average number of FTE	6,857	6,291	1,282	179	14,608
Number of FTE at year-end	6,807	6,227	308	97	13,439

6. Revenue and projects

The Group recognises revenue when it transfers control over a product or service to its customer, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services. The Group's revenue is generally related to construction contracts, property development, maintenance and service contracts and service concession arrangements.

Revenue recognition is subject to judgments and uncertainties as described in note 4. A provision is recognised when contracts for which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received. This assessment is for the full contract, which is not necessarily the same as if evaluated on project level, because a contract may include multiple performance obligations. In determining the amount of variable considerations as part of the economic benefits expected to be received under the contract, the policies below apply.

Construction contracts

Construction contracts are contracts that are specifically negotiated for the construction of an asset for a client. The construction of an asset is generally one performance obligation and the transaction price generally consists of a fixed part and several variable parts. Variable parts include (but are not limited to) contractual options to a customer to make changes to the design or construction of the asset, inflation reimbursement clauses, performance incentives and liquidated damages. Variable revenue may also include changes to the design or construction of the asset for which the respective price has not been agreed.

Variable revenue is generally constraint and recognised only to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. It is common practice for a contract to be subject to variation orders. These variation orders generally do not result in additional distinct goods and services and do not have a distinct price. Therefore they are accounted for as cumulative catch-up adjustment.

In general, the Group is building on the land of the customer or improving an asset of the customer, which results in creating an asset that the customer controls as the asset is created. As a result, revenue for construction contracts is recognised over time, generally using the cost-to-cost method (i.e. an input method). Costs are recognised as incurred and revenue is recognised on the basis of the proportion of total costs at the reporting date to the estimated total costs of the contract. Estimated total costs of the contract may include cost contingencies to take account of the specific risks that have been identified during the early stages of the contract. The cost contingencies are reviewed on a regular basis throughout the contract life and are adjusted where appropriate.

Property development

The Group also develops and constructs property development at its own risk and rewards. Developed properties may be sold during the construction process or upon completion. When the property is sold during the construction process, the property changes into a construction contract and it follows the accounting policies described earlier. When the property is sold upon completion, revenue is recognised at a point in time. This happens generally when ownership of the asset is transferred and the Group has a legal right to receive payment. Sale of completed property generally occurs for a fixed price.

Maintenance and service contracts

The Group also operates maintenance and service contracts. These services can be sold as separate contracts (e.g. facilities management) but also as part of a larger contract with other promised goods or services (e.g. maintenance of an highway that was also constructed). When part of a larger contract, the maintenance and service component generally represents a separate service and the transaction price is allocated to performance obligations based on the relative stand-alone selling price.

Revenue from maintenance and service contracts is recognised over time. Progress for these contracts may be measured in different ways, depending on the nature of the service. The Group applies the progress measure that best depicts the way the customer receives and consumes the benefits. E.g. for a facilities management contract, progress may be measured based on time; the number of months or years that the service has been provided as compared to the number of months of years that the service was contracted.

Measuring progress based on time is generally not appropriate for highway maintenance contracts as the amount of service (and costs) fluctuate significantly during the contract period. For these contracts, progress is measured based on the cost-to-cost method.

Service concession arrangements

Under IFRIC 12, 'Service concession arrangements' comprise construction as well as operating and maintenance activities. All activities recognise revenue in conformity with the respective policies describe above and the consideration (concession payments) is allocated between the activities according to the relative stand-alone selling prices of the individual performance obligations. PPP receivables are financial assets in the form of concession payments to be received from governments based on the availability of the respective asset. The concession payments are unconditional and as they contain a significant financing component, they are discounted at a market interest rate.

6.1 Revenue disaggregation

Revenue is further disaggregated to the underlying businesses as follows:

	Division NL	Division UK&I
2023		
Construction and property	2,072,409	1,045,861
Ventures	-	323,307
Civil engineering	963,987	1,363,364
BAM Ireland	-	463,027
Other including eliminations	(29,062)	(56,716)
	3,007,334	**3,138,843**
2022		
Construction and property	1,977,966	1,062,407
Ventures	-	221,823
Civil engineering	967,036	1,243,395
BAM Ireland	-	668,982
Other including eliminations	(27,555)	(62,903)
	2,917,447	**3,133,704**

Revenue of Belgium, Germany and International comprises Belgium of €118 million (2022: €222 million), Germany of nil (2022: €327 million) and International of €8 million (2022: €20 million).

Revenue is further disaggregated by nature as follows:

	Division NL	Division UK&I	Belgium, Germany and International	Eliminations	Total
2023					
Construction and maintenance	2,535,975	2,940,028	59,662	(1,039)	5,534,626
Property development	423,108	74,565	47,644	-	545,317
Service concession arrangements and other	48,251	124,250	18,030	-	190,531
	3,007,334	**3,138,843**	**125,336**	**(1,039)**	**6,270,474**
2022					
Construction and maintenance	2,417,066	3,024,016	511,006	(1,834)	5,950,254
Property development	479,679	866	41,158	-	521,703
Service concession arrangements and other	20,702	108,822	16,688	-	146,212
	2,917,447	**3,133,704**	**568,852**	**(1,834)**	**6,618,169**

The consideration received that was included in the project contract liability balance at the beginning of the period, has been fully recognised as revenue in the current year. In the construction business, regular instalments take place but within the Group never leading to significant pre-financing longer than a year.

Performance obligations could be satisfied once the technical completion is final and control has been fully transferred to the client. It is common however to finalise the last pricing discussions regarding variable considerations, including claims, after control has been transferred. Revenue recognised in 2023 from performance obligations satisfied in previous periods amounts to €6 million (2022: €37 million).

6.2 Orderbook

The revenue expected related to unsatisfied performance obligations (running or won projects) is as follows. The Group has not used the practical expedient to exclude performance obligations in contracts with an original expected duration of one year or less.

(x € million)	**2023**	2022
Up to 1 year	**4,936**	5,133
2 to 5 years	**4,873**	4,906
	9,809	10,038
Over 5 years	**1,330**	1,332
Total	**11,139**	11,371

6.3 Projects

A major part of the Group's activities concerns construction contracts and property development which are reflected in various balance sheet items. An overview of the balance sheet items attributable to construction contracts and property development is stated below:

	Construction contracts	Property development	Total
Land and building rights	-	236,777	236,777
Property development	-	205,689	205,689
Amounts due from customers	314,306	16,474	330,780
Project assets	314,306	458,940	773,246
Non-recourse property financing	-	(32,464)	(32,464)
Recourse property financing	-	(13,874)	(13,874)
Amounts due to customers	(639,111)	(87,300)	(726,411)
Provision for onerous contracts	(148,071)	-	(148,071)
Project liabilities	(787,182)	(133,638)	(920,820)
As at 31 December 2023	**(472,876)**	**325,302**	**(147,574)**

	Construction contracts	Property development	Total
Land and building rights	-	219,189	219,189
Property development	-	238,634	238,634
Amounts due from customers	313,556	13,768	327,324
Project assets	313,556	471,591	785,147
Non-recourse property financing	-	(20,525)	(20,525)
Recourse property financing	-	(15,972)	(15,972)
Amounts due to customers	(679,441)	(89,526)	(768,967)
Provision for onerous contracts	(171,677)	-	(171,677)
Project liabilities	(851,118)	(126,023)	(977,141)
As at 31 December 2022	**(537,562)**	**345,568**	**(191,994)**

Amounts due to customers refers to payments received for work that has not yet started. As per 31 December 2023 these amount to €99 million for construction contracts and nil for property development (2022: €105 million and nil). Amounts due to customers at the beginning of the year have been fully recognised as revenue in the year. In the construction industry, customers regularly make advance payments but these do not result in significant pre-financing longer than a year.

7. Personnel expenses

	Note	**2023**	2022
Wages and salaries		**942,815**	965,487
Social security costs		**118,366**	134,936
Share-based payment expense	26	**4,857**	3,659
Pension costs - defined contribution plans		**86,927**	85,274
Pension costs - defined benefit plans	24	**(481)**	2,733
Other post-employment benefits		**1,339**	1,129
		1,153,823	1,193,218

Personnel expenses include restructuring costs and other termination benefits of €10 million (2022: €4 million). At year-end 2023, the Group had 13,263 FTE (2022: 13,439). The average number of FTE in 2023 was 13,343 (2022: 14,608), of which 6,591 in other countries than the Netherlands (2022: 7,571).

8. Other income

Other income consists of income that is not related to the Group's core activities such as gains on the sale of property, plant and equipment and intangible fixed assets, gains on the sale of subsidiaries, joint ventures or associates and other non-recurring income.

Other income can be specified as follows:

	2023	2022
Gain on sale of Wayss & Freytag Ingenieurbau AG	**-**	52,337
Gain on sale of associates	**1,785**	-
Gain on sale of PP&E and intangible fixed assets	**1,531**	10,145
Other	**2,565**	-
	5,881	62,482

8.1 Gain on sale of Wayss & Freytag Ingenieurbau AG

On 20 June 2022, BAM signed a share purchase agreement with ZECH Building SE for the sale of all of the Group's shares in Wayss & Freytag Ingenieurbau AG. On 15 September 2022, the Group completed the divestment and all the assets and liabilities of the former subsidiary were fully derecognised.

The shares were sold for an amount of €160 million, with related costs to sell of €5 million. The net cash outflow for the sale of Wayss & Freytag Ingenieurbau AG amounted to €26 million and is included in the proceeds from sale of subsidiaries in the consolidated statement of cash flows. Total revenue up to 15 September 2022 amounted to €327 million with a total adjusted EBITDA of €24 million. Wayss & Freytag Ingenieurbau AG was included in the operating segment Germany.

The Group has indemnified the purchaser and provided various guarantees in the normal course of selling a business. As at 31 December 2023, the Group has not recognised any liability for these indemnifications as no outflow of resources are probable (2022: nil).

8.2 Sale of BAM Galère srl (and its direct subsidiaries)

On 3 February 2022, the Group sold its shares in BAM Galère srl including part of BAM Mat bv assets to Thomas & Piron Group. Due to the loss of control of BAM Galère srl, all the assets and liabilities of the former subsidiaries were fully derecognised as of 3 February 2022.

The shares and part of the assets of BAM Mat bv were sold for an amount of €34 million with related costs to sell of €2 million. A total impairment loss of €5 million was recognised to lower the carrying amount to its fair value less costs to sell. Of this impairment €4 million was already reported in 2021. The impairment loss forms part of the impairment charges. The net cash outflow for the sale of BAM Galère srl amounted to €5 million and is included in the proceeds from sale of subsidiaries in the statement of cash flows. Total revenue up to 3 February 2022 amounted to €22 million with a total adjusted EBITDA of €1 million. BAM Galère srl was included in the operating segment Belgium.

The Group has indemnified the purchasers of BAM Galère srl for various risks that are in the normal course of selling a business. The maximum exposure for the Group amounts to €10 million for certain indemnifications and the total exposure is capped to the purchase price. As at 31 December 2023, the Group has not recognised any liability for these indemnifications as no outflow of resources are probable (2022: nil)

8.3 Sale of BAM Contractors nv

In 2022 the Group sold its shares in BAM Contractors nv to Desire Stadsbader N.V. The sale was completed on 5 May 2022. Due to the loss of control of BAM Contractors nv, all the assets and liabilities of the former subsidiary were fully derecognised as of 5 May 2022.

As a result of the for sale, a total impairment of €18 million was recognised of which €16 million was already reported in 2021. The impairment loss forms part of the impairment charges. The shares were sold for an amount of €29 million in cash with related costs to sell of €2 million. The net cash outflow for the sale of BAM Contractors nv amounted to €35 million and is included in the Proceeds from sale of Subsidiaries in the consolidated cashflow statement. Total revenue up to 5 May 2022 amounted to €47 million with a total (adjusted) EBITDA of €2 million. BAM Contractors nv was included in the operating segment Belgium.

The Group has indemnified the purchaser for various risks that are in the normal course of selling a business. The maximum exposure for the Group amounts to €15 million for certain indemnifications and the total exposure is capped to the purchase price. As at 31 December 2023, the Group has not recognised any liability for these indemnifications as no outflow of resources are probable (2022: nil)

9. Impairments

Non-financial assets that have an indefinite useful life and intangible assets that are not ready to use are not subject to depreciation or amortisation but are tested annually for impairment. Non-financial assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (CGUs). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

	Notes	2023	2022
Intangible assets	15	-	6,500
ROU assets (reversal)	14	-	(490)
Assets held for sale and disposals	8	-	7,640
Other financial assets		-	375
Inventories	18	3,559	(552)
Impairments		3,559	13,473
Share in impairments of associates and joint ventures		(917)	1,502
		2,642	14,975

10. Finance income and expense

Finance income is recognised using the effective interest method. Finance income on impaired loan and receivables is recognised using the original effective interest rate.

Finance expenses comprise interest expenses on borrowings, deposits, cash positions, lease liabilities, finance lease expenses, gains and losses relating to hedging instruments and other financial expenses. Interest expenses on borrowings and lease liabilities are recognised in the income statement using the effective interest method.

	2023	2022
Finance income		
Interest income	23,262	8,848
Finance expense		
Interest expense on lease liabilities	7,988	4,236
Interest expense on other financial liabilities	7,313	5,931
Less: capitalised interest on the Group's own projects	(4,878)	(3,578)
	10,423	6,589
Net finance result	12,839	2,259

11. Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income respectively directly in equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It adjusts and/or establishes tax assets and tax liabilities where appropriate on the basis of amounts expected to be paid to or received from tax authorities. Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.
Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

11.1 Income tax expense

	2023	2022
Current tax	**30,093**	11,043
Deferred tax	**(21,479)**	26,905
	8,614	37,948

The weighted average tax rate applicable was 23.7% (2022: 22.6%). Income tax on the Group's result before tax differs from the theoretical amount that would arise using BAM's weighted average tax rate, caused by the main items:

- Reassessment of the utilisation potential for available tax losses have resulted in recognition of previously unrecognised tax losses, mainly in the Netherlands, decreased the effective tax rate. This includes the effect of the envisaged wind down of foreign operations and subsequent liquidation of legal entities, which results in additional future tax deductions in the Netherlands.
- The Group's share in results of joint ventures and associates is subject to the participation exemption. This decreases the effective tax rate.
- For operational losses in several countries, no deferred tax assets have been recognized as no or insufficient future taxable profits are expected, increasing the effective tax rate.

This can be further specified as follows

	2023	2022
Result before tax	**183,568**	215,672
Tax calculated at Dutch tax rate of 25.8%;	**47,361**	55,643
Tax effects of:		
• Tax rates in other countries	**(3,770)**	(6,850)
• Non deductible goodwill impairment	**-**	1,212
• Non deductible expenses	**2,270**	2,369
• Remeasurement of deferred tax – changes in enacted tax rates	**-**	349
• Adjustments from filing tax returns	**(846)**	(2,432)
• Previously unrecognised tax losses	**(44,717)**	(11,347)
• Tax losses no(t) (longer) recognised	**14,458**	14,589
• Results of investments and other participations	**(4,796)**	(14,071)
• Change in uncertain tax provisions	**(804)**	(1,457)
• Other including expenses not deductible for tax purposes	**(542)**	(57)
Tax charge/(gain)	**8,614**	37,948
Effective tax rate	**4.7%**	17.6%

In December 2022, the Council of the European Union unanimously adopted the Directive implementing Pillar Two global minimum tax rules. This directive aims to ensure a global minimum level of taxation of 15% in all countries in which multinationals are present. The Group completed an initial assessment of the impact of the new rules based on initiatives presented by governments in countries in which the Group is active. Based on this initial assessment the Group expects to apply the transitional safe harbour rules in all jurisdictions. The adoption of the Pillar Two Model rules by the jurisdictions in which the Group operates, is expected to have no material impact.

In all relevant jurisdictions the applicable tax rate is around 25%, well above the minimum rate of 15%. The only exception is Ireland, where the corporate income tax rate is 12.5% for trading income and 25% for non-trading income. At the current mix of income, the Group expects an effective tax rate in Ireland of circa 15% and thus no material additional Pillar Two charge is expected.

In the Netherlands, Pillar Two may have an impact to the Group's tax expense when significant liquidation losses (e.g. BAM International) are claimed as liquidation losses are disregarded by Pillar Two. Depending on the amount of liquidation losses and the amount of pre-tax income in a particular year, the effective tax rate in the Netherlands may be lower than 15% as a result of which additional taxes may be due under Pillar Two regulations. However, liquidations are expected to take place in the next three years, in which the Group is expecting to apply the transitional safe harbours.

The Group applies the mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules.

11.2 Deferred income tax

	2023	2022
Deferred tax assets	**82,446**	57,428
Deferred tax liabilities	**(14,848)**	(18,511)
Deferred tax assets (net)	**67,598**	38,917

Deferred tax assets in a country are recognised only to the extent that it is probable that future taxable profits in that country are available against which the deductible temporary differences, available tax credits and available tax losses carry-forwards can be utilised. The assessment as to whether an entity will have sufficient taxable profits in the future is a matter requiring careful judgement based on the facts and circumstances available. Although the profit forecast shows that sufficient profit should be available in coming years to recognise a deferred tax asset for compensating losses, the Group performed further analysis of all positive and negative evidence to substantiate the position. The nature of the convincing evidence did not change significantly compared to 31 December 2022, except for the forecasted future taxable profits.
The increase in deferred taxes is mainly driven by the reassessment of the Group's forecasted taxable profits for the years 2024 – 2028, which resulted in the recognition of additional deferred tax assets relating to available tax losses mainly in the Netherlands. Furthermore, the envisaged wind down of foreign operations and subsequent liquidation of legal entities resulted in additional future tax deductions (reflected as intangible asset) in the Netherlands. On balance deferred tax assets increased by €25 million.

Finally actuarial results on employee benefit provision recognized through other comprehensive income resulted in a decrease of deferred tax liabilities of €8 million in the UK.

The breakdown of deferred income tax assets and liabilities is as follows:

	Deferred tax assets		**Deferred tax liabilities**		**Net deferred tax**	
	2023	2022	**2023**	2022	**2023**	2022
Intangible and financial assets	**24,680**	3,751	**-**	-	**24,680**	3,751
Tangible assets	**3,881**	5,054	**39,617**	33,715	**(35,736)**	(28,661)
Trade and other receivables	**1,115**	19	**-**	-	**1,115**	19
Loans and borrowings	**38,517**	32,989	**2,032**	852	**36,485**	32,137
Derivatives	**340**	-	**31**	135	**309**	(135)
Employee benefits provision	**18**	34	**12,880**	17,986	**(12,862)**	(17,952)
Other provisions	**5,251**	3,096	**-**	(122)	**5,251**	3,218
Current liabilities	**-**	-	**1,091**	1,834	**(1,091)**	(1,834)
Tax loss and tax credits	**49,447**	48,374	**-**	-	**49,447**	48,374
Subtotal	**123,249**	93,317	**55,651**	54,400	**67,598**	38,917
Netting	**(40,803)**	(35,889)	**(40,803)**	(35,889)	**-**	-
Total reported	**82,446**	57,428	**14,848**	18,511	**67,598**	38,917

Tax loss and tax credits as of 31 December 2023 can be further specified by country as follows:

	Total available		of which		Deferred
	Income tax	Trade tax	recognised	Tax rate	tax asset
Netherlands	441,984	-	172,732	25.8%	44,565
United Kingdom	-	-	-	25.0%	-
Ireland	23,138	-	-	12.5%	-
Belgium	32,774	-	19,528	25.0%	4,882
Germany	326,425	284,257	-	30.0%	-
Total	**824,321**	**284,257**	**192,260**		**49,447**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	As at 1 January 2023	(Charged)/ credited to the income statement	(Charged)/ credited to other comprehensive income	Changes in enacted tax rates	Disposal of subsidiary	Exchange rate differences	Other	As at 31 December 2023
Intangible and financial assets	3,751	20,929	-	-	-	-	-	24,680
Tangible assets	(28,661)	(8,683)	-	-	10	29	1,570	(35,735)
Trade and other receivables	19	1,096	-	-	-	-	-	1,115
Loans and borrowings	32,137	5,850	-	-	-	-	(1,502)	36,485
Derivatives	(135)	349	95	-	-	-	-	309
Employee benefits provision	(17,952)	(2,662)	7,965	-	-	(293)	81	(12,861)
Other provisions	3,218	1,998	-	-	(9)	43	(1)	5,249
Current liabilities	(1,834)	804	-	-	-	-	(62)	(1,092)
Tax loss and tax credits	48,374	1,201	-	-	(128)	-	-	49,447
Total	**38,917**	**20,882**	**8,060**	**-**	**(127)**	**(221)**	**86**	**67,597**

	As at 1 January 2022	(Charged)/ credited to the income statement	(Charged)/ credited to other comprehensive income	Changes in enacted tax rates	Disposal of subsidiary	Exchange rate differences	Other	As at 31 December 2022
Intangible and financial assets	4,612	(642)	-	-	(219)	-	-	3,751
Tangible assets	(28,621)	(4,589)	-	-	4,582	(107)	74	(28,661)
Work in progress	(11,777)	1,919	-	-	9,877	-	-	19
Loans and borrowings	34,457	1,184	-	-	(4,079)	-	575	32,137
Derivatives	97	(43)	(189)	-	-	-	-	(135)
Employee benefits provision	(14,962)	(9,704)	5,645	2,694	(2,626)	1,000	-	(17,952)
Other provisions	12,881	1,179	-	-	(10,729)	(111)	(1)	3,218
Current liabilities	(1,976)	80	-	-	-	-	62	(1,834)
Tax loss and tax credits	67,666	(15,938)	26	-	(3,961)	-	581	48,374
Total	**62,376**	**(26,553)**	**5,482**	**2,694**	**(7,155)**	**782**	**1,291**	**38,917**

Netherlands
At 31 December 2023, the tax losses available to the fiscal unity in the Netherlands amount to approximately €442 million (2022: €493 million). These losses mainly relate to the years 2013 - 2017 and result, to a large extent, from identifiable causes including significant property impairments and restructuring costs which are unlikely to recur. The losses can be carried forward indefinitely to be utilised up to 50% of a future taxable profit exceeding €1 million. Based on estimates and timing of future taxable profits within the fiscal unity for the upcoming five years, approximately €173 million of these losses are recognised (2022: €175 million). Management estimates of forecasted taxable profits are based on financial budgets approved by management, extrapolated using growth rates for revenue and profit before tax margins that take into account past performance and external market data and benchmark information. Growth rates for revenue and profit before tax margins are in line with the Group's mid- and long-term expectations. Subsequently these forecasts have been reduced to meet the deferred tax assets recognition criteria. No specific tax planning opportunities have been taken into account.

The envisaged wind down of foreign operations and subsequent liquidation of legal entities results in additional future tax deductions, resulting in additional deferred tax assets of €20 million.

Ireland
In Ireland the Group has several legal entities that have available tax losses. These entities do not form a tax group and available tax losses can only be settled by the legal entity that has incurred the losses. At 31 December 2023 the total amount of tax losses available are €23 million, none of which is recognised. The legal term within which these losses may be offset against future profits is indefinite.

Belgium
In Belgium the Group has several legal entities that carry tax losses. These entities do not form a tax group and the losses can only be settled by the entity that has incurred it. At 31 December 2023 the total amount of tax losses available is € 33 million of which €20 million is recognised. The legal term within which these losses may be offset against future profits is indefinite.

Germany
Although the Group has sold its German operations, a number of German legal entities remain present in the legal structure. These entities have tax losses available for future settlement of circa €610 million (corporate and trade tax combined), for which no deferred tax assets have been recognised. The legal term within which these losses may be offset against future profits is indefinite.

12. Earnings per share

Basic EPS is calculated by dividing the profit or loss for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company adjusted for the effect of dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2023	2022
Weighted average number of ordinary shares in issue	**269,966**	271,783
Net result attributable to shareholders	**174,991**	179,644
Basic earnings per share (*in €*)	**0.65**	0.66

Allowing for dilution, the earnings per share are as follows:

	2023	2022
Diluted weighted average number of ordinary shares in issue	**274,336**	275,555
Net result attributable to shareholders (*diluted*)	**174,991**	179,644
Diluted earnings per share (*in €*)	**0.64**	0.65

The diluted weighted average number of ordinary shares in issue differ from the weighted average number of ordinary shares in issue by 4.4 million shares (2022: 3.8 million). These shares related to the Group's share-based payment plans and represent the number of shares that would vest at the balance sheet date if that would be the end of the vesting period.

13. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Other costs are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other categories of property, plant and equipment is determined using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Land improvements	4 to 10 years
Buildings	10 to 50 years
Equipment and installations	4 to 10 years
IT equipment	4 to 10 years
Furniture and fixtures	4 to 10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. At the end of each reporting period the carrying amounts of property, plant and equipment are reviewed to assess whether there is an indication of impairment. If such an indication exists, the asset's recoverable amount is determined. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds of the disposal to the carrying amount of the asset. A gain is recognised in other income, a loss is recognised as an impairment.

	Land and buildings	Plant and equipment	Construction in progress	Other assets	Total
As at 1 January 2022					
Cost	143,543	353,117	14,560	126,122	637,342
Accumulated depreciation and impairments	(76,359)	(258,886)	-	(103,855)	(439,100)
	67,184	**94,231**	**14,560**	**22,267**	**198,242**
Additions	4,794	60,787	15,760	11,528	92,869
Disposals	(1)	(2,650)	(2,492)	(217)	(5,360)
Transfer to assets held for sale	(2,947)	(32,721)	(9,891)	(938)	(46,497)
Reclassifications	(406)	1,324	(1,112)	1,647	1,453
Depreciation charges	(6,250)	(23,556)	-	(9,765)	(39,571)
Exchange rate differences	(352)	(999)	(11)	(228)	(1,590)
	62,022	96,416	16,814	24,293	199,545
As at 31 December 2022					
Cost	125,599	287,653	16,814	86,555	516,621
Accumulated depreciation and impairments	(63,577)	(191,237)	-	(62,262)	(317,076)
	62,022	**96,416**	**16,814**	**24,293**	**199,545**
Additions	3,834	43,515	21,155	11,501	80,005
Disposals	(204)	(2,970)	(837)	(941)	(4,952)
Reclassifications	205	4,561	(3,000)	(1,294)	472
Depreciation charges	(6,548)	(22,343)	-	(10,410)	(39,301)
Exchange rate differences	54	484	17	87	642
	59,363	119,663	34,149	23,236	236,411
As at 31 December 2023					
Cost	129,669	318,723	34,149	96,710	579,251
Accumulated depreciation and impairments	(70,306)	(199,060)	-	(73,474)	(342,840)
	59,363	**119,663**	**34,149**	**23,236**	**236,411**

Transfers to assets held for sale of €46 million in 2022 mainly relate to property, plant and equipment of Wayss & Freytag. Construction in progress mainly comprises plant and equipment.

14. Leases

The group is lessee for a range of assets that are used in the ordinary course of business. At inception of a contract, the Group assesses whether it is or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and it applies the lease of low-value assets recognition exemption that are considered of low value (i.e., below €5,000). Payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group recognises right-of-use asset and lease liability at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. At the end of each reporting period the carrying amounts of right-of-use assets are reviewed to assess whether there is an indication of impairment. If such an indication exists, the asset's recoverable amount is determined. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The estimated useful life of the majority of right-of-use assets are as follows:

Land and buildings	5 to 25 years
Cars	1 to 6 years
Equipment	1 to 11 years
IT equipment	1 to 6 years
Other	1 to 10 years

The Group recognises lease liabilities at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date, if the interest rate implicit in the lease is not readily determinable. The lease term comprises the non-cancellable term of the lease plus any periods covered by an option to extend the lease if it is reasonably certain to be exercise and any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. For several leases, the Group has renewal and/or extension options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). Usually, the Group is able to be reasonably certain if an option is exercised around two years before the lease term ends. The renewal options for leases of cars are not included as part of the lease term because the Group generally is not exercising any renewal options. These cars are used both by office and project management employees. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, non-lease components related to the leased asset, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the profit and loss.

After the commencement date, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when:
- there is a change in future lease payments arising from a change in an index. The lease liability is then remeasured by discounting the revised lease payments by using the initial discount rate;
- the Group changes its assessment of whether it will exercise a purchase, extension or termination option. In this case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- a lease contract is modified and the lease modification is not accounted for as a separate lease. In this case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

14.1 Right of use assets

	Land and buildings	Equipment and installation	IT equipment	Cars	Other	Total
As at 1 January 2022	**95,897**	**16,588**	**191**	**97,053**	**322**	**210,051**
Additions	8,956	3,035	90	31,499	135	43,715
Disposals	-	(490)	-	(269)	-	(759)
Transfer to assets held for sale	(13,198)	(3,345)	(75)	(3,245)	(103)	(19,966)
Depreciation charges	(19,744)	(5,759)	(151)	(42,682)	(135)	(68,471)
Impairment reversal	490	-	-	-	-	490
Remeasurements	6,737	(246)	32	1,571	(59)	8,035
Reclassifications	2	282	-	(611)	-	(327)
Exchange rate differences	(1,178)	(180)	(1)	(664)	(8)	(2,031)
	(17,935)	(6,703)	(105)	(14,401)	(170)	(39,314)
As at 31 December 2022	**77,962**	**9,885**	**86**	**82,652**	**152**	**170,737**
Additions	16,968	19,920	268	70,121	129	107,406
Disposals	(464)	(34)	-	(402)	-	(900)
Depreciation charges	(17,810)	(13,974)	(194)	(43,848)	(1,892)	(77,718)
Remeasurements	(1,536)	10,883	-	2,179	5,779	17,305
Reclassifications	(108)	(399)	-	451	-	(56)
Exchange rate differences	337	81	-	236	5	659
	(2,613)	16,477	74	28,737	4,021	46,696
As at 31 December 2023	**75,349**	**26,362**	**160**	**111,389**	**4,173**	**217,433**

Transfers to assets held for sale of €20 million in 2022 mainly relate to right-of-use assets of Wayss & Freytag.

14.2 Lease liabilities

Set out below are the movements in lease liabilities during the period:

	2023	2022
As at 1 January	**174,677**	215,771
Additions	**119,641**	40,504
Accretion of interest	**7,611**	4,158
Payments	**(83,673)**	(71,595)
Remeasurements	**16,384**	7,886
Acquisition through business combinations	**-**	-
Disposals	**-**	(3,900)
Transfer to liabilities held for sale	**-**	(14,000)
Reclassifications	**(1,144)**	(1,913)
Exchange rate difference	**719**	(2,234)
As at 31 December	**234,215**	174,677
Current	**73,313**	55,806
Non-current	**160,902**	118,871

Transfer to liability held for sale amounting to €14 million in 2022 relates to lease liabilities of Wayss & Freytag, see note 8. Refer to note 4.1 for further details on the maturities of the Group's lease liabilities.

14.3 Other lease disclosures

The following are the amounts recognised in profit or loss:

	2023	2022
Depreciation expense of right-of-use assets	**77,718**	68,471
Interest expense on lease liabilities	**7,611**	4,158
Impairment/(reversal) of right of use assets	**-**	(490)
Rent expenses – short term leases	**52,863**	57,548
Rent expenses – leases of low-value assets	**-**	135
Rent expenses – variable lease payments	**13,059**	8,045
Total	**151,251**	137,867

Amounts recognised in the consolidated statement of cash flows:

	2023	2022
Repayments of principal portion of lease liabilities	**76,062**	67,437
Interest	**7,611**	4,158
Total	**83,673**	71.595

An amount of €53 million of commitments exist for the short-term leases (2022: €44 million). Given the applied practical expedient, these leases are not included in the lease liabilities.

The Group has several lease contracts that include extension options. As of 31 December 2023, the undiscounted potential future rental payments relating to extension options, which are not included in the lease liabilities are €53.8 million (2022: €51.8 million).

14.4 Lease commitments

The Group has various lease contracts that have not yet commenced as at 31 December 2023. The undiscounted future lease payments for these contracts are €4.5 million within one year, €21.5 million within one to five years and €1.2 million thereafter (2022: €4.4 million within one year, €32.4 million within one to five years and €3.9 million thereafter).

The Group has variable lease payments amounting to €13.1 million which are not recognised in lease liabilities, but are recognised as expense in profit and loss (2022: €18.2 million). The expected future costs related to these variable lease payments are €7.6 million within one year and €17.9 million within one to five years and €0.9 million thereafter (2022: €6.1 million within one year, €11.7 million within five years and €0.5 million thereafter). Variable leases mainly relate to fuel costs which is based on usage. The variability of these costs depends on the number of vehicles driven, their actual usage and any changes in rates.

15. Intangible assets

(a) Goodwill
Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree and the amount of the non-controlling interest in the acquiree.
For the purpose of impairment testing, goodwill acquired in business combinations is allocated, at acquisition date, to the cash- generating units (CGUs) or groups of CGUs expected to benefit from that business combination. Each unit to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually in the fourth quarter or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Non-integrated software
Non-integrated software is stated at cost less accumulated amortisation and impairment losses. The cost of non-integrated software includes direct labour, any other costs directly attributable to developing the software for its intended use. Amortisation on non-integrated software is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (between four and ten years). The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

(c) Other
Other intangible assets relate to market positions (including brand names) are stated at cost less accumulated amortisation and impairment losses. Amortisation on other intangible assets is calculated over their estimated useful lives (generally between two and ten years). The assets' useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

	Goodwill	Non-integrated software	Other	Total
As at 1 January 2022				
Cost	687,548	41,316	12,222	741,086
Accumulated amortisation and impairments	(357,305)	(28,885)	(8,514)	(394,704)
	330,243	**12,431**	**3,708**	**346,382**
Additions	-	1,613	-	1,613
Disposals	-	(579)	-	(579)
Amortisation	-	(7,553)	(1,007)	(8,560)
Reclassifications	-	442	-	442
Impairments	(6,500)	-	-	(6,500)
Exchange rate differences	(7,282)	-	-	(7,282)
	316,461	6,354	2,701	325,516
As at 31 December 2022				
Cost	684,284	42,011	11,127	737,422
Accumulated amortisation and impairments	(367,823)	(35,657)	(8,426)	(411,906)
	316,461	**6,354**	**2,701**	**325,516**
Additions	-	4,312	-	4,312
Amortisation	-	(3,488)	(786)	(4,274)
Exchange rate differences	2,299	1	-	2,300
	318,760	7,179	1,915	327,854
As at 31 December 2023				
Cost	686,757	38,088	11,232	736,077
Accumulated amortisation and impairments	(367,997)	(30,909)	(9,317)	(408,223)
	318,760	**7,179**	**1,915**	**327,854**

15.1 Goodwill

Goodwill related to BAM Nuttall and BAM Construct UK are assessed as significant balances. The carrying amounts of goodwill for these CGUs are as follows:

	2023	2022
BAM Nuttall	**66,418**	64,873
BAM Construct UK	**60,802**	59,731
Other CGUs (with non-significant goodwill balance)	**191,539**	191,858
As at 31 December	**318,759**	316,462

The recoverable amount of each CGU was determined based on value-in-use calculations. Value-in-use was determined using discounted cash flow projections that cover a period of five years and are based on the financial plans approved by management. Key assumptions for the value-in-use calculations are those regarding discount rate (WACC), revenue growth rate and profit before tax margin. The discount rate has been determined consistent with the other parameters of the impairment test.

The WACC used to determine the value in use of each CGU is 7.9% (31 December 2022: 8.2%) subject to country specific adjustments. The WACC, revenue growth rate and profit before tax margin are key assumptions in the value-in-use calculations. If and when these assumptions would change in the future, this could have significant impact on the CGU's value in use, which might give rise to an impairment. The key assumptions used in the value-in-use calculations for CGUs with significant allocated goodwill are as follows:

	Discount rate (post-tax)		Revenue growth in forecast period		Revenue growth beyond forecast period		Profit margin in forecast period		Profit margin after forecast period	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
BAM Construct UK	**8.6%**	8.9%	**1.5%**	0.1%	**3.0%**	2.1%	**3.1%**	3.2%	**3.6%**	3.5%
BAM Nuttall	**8.6%**	8.9%	**3.6%**	1.9%	**3.0%**	2.1%	**3.0%**	3.0%	**3.4%**	3.2%

Revenue growth rates are based on the average annual growth rate from past performance and management's expectations of market development referenced to external sources of information. The profit margin is the profit before tax margin as a percentage of revenue and is based on past performance and the development to a realistic normalised margin in the respective CGU.

The impairment tests in 2023 did not result in impairments (2022: impairment of €6.5 million). The recoverable amounts of all CGUs exceed their carrying amounts with sufficient headroom.

16. Investments in associates and joint ventures

(a) Associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights or based on the representation on the board of directors. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the income statement, where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group determines the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

Profits and losses resulting from transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. When necessary amounts reported by associates have been adjusted to conform with the Group's accounting policies.

(b) Joint arrangements
Investments in joint arrangements are classified as either joint ventures or joint operations depending on the contractual rights and obligations. Joint ventures are joint arrangements whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the joint venture. The parties to the arrangement have agreed contractually that control is shared and decisions regarding relevant activities require unanimous consent of the parties which have joint control of the joint venture. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equal or exceed its interest in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Interest in joint ventures includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures. Unrealised gains and losses on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Joint operations are joint arrangements whereby the Group and other parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the joint operation. The Group recognises its share in the joint operations' individual revenues and expenses, assets and liabilities and recognises it on a line-by-line basis in the Group's financial statements (see note 29).

	2023	2022
Joint ventures	**318,487**	312,893
Associates	**15,165**	14,075
As at 31 December	**333,652**	326,968

Certain individually immaterial joint ventures have a carrying amount below nil. Depending on the funding structure of these joint ventures and the Group's contractual commitments to them, any further losses are reflected in an allowance for loans receivable or a provision for joint ventures. As at 31 December 2023, the Group recognised a provision for joint ventures amounting to €2 million (2022: €11 million) and an allowance for non-recoverable loans amounting to €7 million (2022: €5 million) within other financial assets.

16.1 Property development joint ventures

Revenue and net result of property development joint ventures in 2023 amount to €98 million and €16 million respectively (2022: €115 million and €21 million). Property development recognised in the balance sheet amounts to €252 million (2022: €196 million) of which an amount of €114 million (2022: €88 million) is externally financed (all amounts represent the Group's share).

Dividends received from property development joint ventures amount to €11 million in 2023 (2022: €16 million).

The financial years of many joint ventures run from 1 December up to and including 30 November to ensure timely inclusion of the financial information in the Group's financial statements.

16.2 Associates

There are no associates that are individually material to the group.

16.3 Other joint ventures

Set out below are the joint ventures that are individually material to the Group. This information reflects the amounts presented in the financial statements of the joint ventures adjusted for differences in accounting policies.

	Principal activity	Country of incorporation	% Share	
			2023	2022
Invesis Group bv	Asset management	Netherlands	**50.00%**	50.00%
AsfaltNu cv	Asphalt production	Netherlands	**50.00%**	50.00%

As part of the sale of Group's 50% share to PGGM in 2020, the parties agreed to a contingent consideration of up to €25 million for the years 2021-2025. The contingent consideration becomes payable if and when the secured equity commitments will exceed a certain threshold over a period of five years with a cap of €5 million for each and every year. Given the assumed threshold along with the past level of secured equity, the fair value of the contingent consideration is estimated at €2 million (2022: €2 million) and is included in other financial assets.

The fair value of hedge instruments in Invesis resulted in a €7.8 million loss (2022: €34 million gain) in other comprehensive income (i.e. the effective portion of the hedge) and a €0.5 million gain (2022: €16 million gain) in profit and loss. Hedge accounting was not applied in Q1 2022 as a result of which all fair value movements (€12 million) were recognised in profit and loss. Hedge accounting was re-applied in Q2 2022 after which only the ineffective portion (€ 4 million) was recognised in profit and loss. Inherently, these unrealised gains reverse towards the maturity of the underlying instruments, resulting in a decrease in the carrying amount of Invesis. The gains are non-distributable and therefore included in the legal reserve as explained in note 7.1 of the Company financial statements.

The amounts recognised in the balance sheet and income statement are as follows:

	AsfaltNu cv		Invesis Group bv	
	2023	2022	**2023**	2022
Current assets	**31,306**	34,365	**57,156**	58,120
Non-current assets	**37,026**	33,831	**376,992**	380,984
Current liabilities	**(24,717)**	(29,861)	**(31,502)**	(30,214)
Non-current liabilities	**(6,954)**	(7,149)	**(50,246)**	(36,496)
Net assets	**36,661**	31,186	**352,400**	372,394
Share in profit rights	**50%**	50%	**50%**	50%
Carrying amount	**18,331**	15,593	**176,200**	186,197
Of which:				
Cash and cash equivalents	**10,196**	12,220	**27,098**	32,568
Current financial liabilities	**24,541**	28,817	**(3,146)**	(4,058)
Non-current financial liabilities	**5,703**	5,639	**(37,392)**	(24,394)
Revenue	**95,813**	95,446	**57,334**	41,793
Profit or loss	**3,475**	3,954	**5,188**	46,954
Other comprehensive income	**-**	-	**(15,232)**	66,408
Total comprehensive income	**3,475**	3,954	**(10,044)**	113,362
Share in profit rights	**50%**	50%	**50%**	50%
Share in profit or loss	**1,738**	1,977	**2,594**	23,477

Dividends received from Invesis Group bv in 2023 amount to €5 million (2022: €7 million).

17. Other financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired or issued. In principle, the financial assets are held in a business model whose objective is to collect contractual cash flows over the lifetime of the instrument. Financial assets that do not meet Solely Payments of Principal and Interest (SPPI) criterion (for which the test is performed at instrument level) are classified as other financial assets at fair value through profit or loss.

Financial assets at amortised costs are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period which are classified as non-current assets.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

If the credit risk on a financial asset has not increased significantly since initial recognition, the loss allowance for that financial instrument is the 12-month expected credit losses (ECL). If the credit risk on a financial asset has significantly changed since initial recognition the loss allowance equals the lifetime expected credit losses. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Indications of increase in credit risk for financial assets include debtors experiencing significant financial difficulty or being in default or delinquency in interest or principal payments. The amount of lifetime credit losses is measured as the difference between the financial asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate, taking into account the value of collateral, if any. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Financial assets are derecognised when the right to receive cash flows has expired or has been transferred and the Group has transferred substantially all risks and rewards of ownership.

	Receivables valued on fair value through profit or loss	Receivables valued at amortised cost	Other	Total
As at 1 January 2022	**63,401**	**13,493**	**1,213**	**78,107**
Additions	-	-	(71)	(71)
Loans granted	10,530	-	-	10,530
Loan repayments	(9,873)	(10)	-	(9,883)
Transfer to assets held for sale	(375)	-	-	(375)
Reclassifications	-	(61)	-	(61)
Exchange rate differences	(448)	(208)	-	(656)
As at 31 December 2022	**63,235**	**13,214**	**1,142**	**77,591**
Additions	-	-	(30)	(30)
Loans granted	9,394	14,785	-	24,179
Loan repayments	(7,697)	(1,463)	-	(9,160)
Transfer to current	(391)	364		(27)
Exchange rate differences	-	206	-	206
As at 31 December 2023	**64,541**	**27,106**	**1,112**	**92,759**

Receivables valued on fair value through profit or loss are mainly non-recourse loans to project development joint ventures and are classified as level 3 valuation method; the fair value is determined based on the discounted cash flow method.

18. Inventories

Land, building rights and property developments are recorded at the lower of cost and net realisable value. The Group capitalises interest expenses on loans and borrowings that fund these assets to facilitate the development. Interest costs are capitalised once development commences and until practical completion, based on the total actual finance cost incurred on the borrowings during the period. When properties are acquired for future redevelopment, interest on borrowings is recognised in the income statement until redevelopment commences.

Raw materials and finished goods are stated at the lower of cost and net realisable value. Cost is determined using the 'first-in, first-out (FIFO) method'. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

	2023	2022
Land and building rights	**236,777**	219,189
Property development	**205,689**	238,634
	442,466	457,823
Raw materials	12,340	15,706
Work in progress and semi-manufactures	**4,001**	4,214
Finished products	**4,269**	4,282
	463,076	482,025

Land and building rights are presented as current assets in the ordinary course of business, however by its nature, the realisation of the majority of these assets will be past one year. The majority of investments in property development is expected to be sold within one year.

Impairments relating to the property portfolio are as follows:

	Note	**2023**	2022
Impairment charges		**4,444**	12,252
Reversal of impairment charges		**(885)**	(12,804)
	9	**3,559**	(552)

Property development includes the following completed and unsold property:

	2023		2022	
Completed and unsold property	**Number/m²**	**Carrying amount**	Number/m²	Carrying amount
Houses	-	-	-	-
Commercial property - rented	**2,073**	**2,810**	27,950	56,233
Commercial property - unrented	**1,938**	**1,793**	2,848	6,598
		4,603		62,831

Other inventories were not subject to impairments in 2023 or 2022.

19. Trade and other receivables

Trade and other receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method less, any impairment losses.

A contract asset is recognised when the Group has a right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time. It is recognised as the revenue recognised minus the invoiced amount.

When the invoiced amount exceeds the amount of revenue recognised, the balance is classified as amount due to customer.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

	2023	2022
Trade receivables	**531,508**	487,228
Less: Provision for impairment of receivables	**(6,425)**	(9,963)
Trade receivables - net	**525,083**	477,265
Amounts due from customers	**330,780**	327,324
Amounts to be invoiced	**111,673**	92,389
Retentions	**112,387**	104,942
Contract assets	**554,840**	524,655
Amounts due from related parties	**18,465**	22,112
PPP receivables	**644**	338
Other financial assets	**1,242**	1,524
Derivative financial instruments	**121**	522
Other receivables	**86,057**	76,708
Prepayments	**139,756**	127,181
	1,326,208	1,230,305

The concentration of credit risk with respect to trade receivables is limited, as the Group's customer base is large and geographically spread. As at 31 December 2023 a part of the trade receivables amounting to €20 million (2022: €19 million) is past due over one year but partly impaired. These overdue receivables relate to a number of customers and remain outstanding mainly due to ongoing discussions about claims and/or variation orders.

Retentions relate to amounts retained by customers on progress billings. In the United Kingdom and Ireland in particular, it is common practice to retain a percentage of invoiced amounts until completion of the project.

Amounts due from related parties mainly comprise receivables from joint ventures and associates. Other receivables include €13.6 million for the Group's entitlement to old receivables of BAM Deutschland AG as explained in note 25.

The ageing analysis of trade receivables and related provisioning is as follows:

	2023		2022	
	Trade receivables	**Provision for impairment**	Trade receivables	Provision for impairment
Not past due	**430,130**	**(260)**	408,606	(1,500)
Up to 3 months	**53,330**	**(10)**	37,677	(2,275)
3 to 6 months	**8,361**	**(104)**	10,855	(2,350)
6 to 12 months	**19,821**	**(1,794)**	11,501	(1,749)
1 to 2 years	**9,480**	**(2,803)**	6,384	(83)
Over 2 years	**10,386**	**(1,454)**	12,205	(2,006)
	531,508	**(6,425)**	487,228	(9,963)

Movements in the provision for impairment of trade receivables are as follows:

	2023	2022
As at 1 January	**9,963**	5,595
Additions to provision for impairment	**2,428**	18,655
Disposals	**-**	(9,584)
Release	**(1,327)**	(3,232)
Receivables written off during the year as uncollectable	**(4,577)**	(1,028)
Reclassifications	**(81)**	(378)
Exchange rate differences	**19**	(65)
As at 31 December	**6,425**	9,963

Provision for impairment of receivables in 2023 and 2022 is mainly related to disputed balances and final negotiations on these balances with the customers. No significant credit losses were incurred.

The creation and release of provisions for impaired receivables are included in other operating expenses in the income statement.

20. Cash and cash equivalents

Cash and cash equivalents include the Group's share in cash of joint operations as part of the conditions in project specific funding agreements and amount to €238 million (2022: €254 million). From the remaining cash balance, an amount of €25 million (2022: €19 million) is not at the free disposal of the Group; it is intended for specific VAT and wage tax payments only.

21. Assets and liabilities classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. For this to be the case the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable. Non-current assets (or disposal groups) classified as held for sale are measured at the lower of the asset's carrying amount and the fair value less costs to sell. Depreciation or amortisation of an asset ceases when it is classified as held for sale. Equity accounting ceases for an investment in a joint venture or associate when it is classified as held for sale.

	2023	2022
Assets classified as held for sale	**5,634**	7,689
Liabilities classified as held for sale	**-**	-
	5,634	7,689

22. Group equity

The Company's share capital is classified as equity. It consists of the Company's ordinary shares and preference shares. The surplus paid by shareholders above the nominal value of shares is recognised as share premium. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Repurchases of own shares are deducted from retained earnings on a cost basis. The cost represents the market price paid on the acquisition date. When repurchased shares are sold or re-issued subsequently, any amount received is recognised as an increase in retained earnings, and the resulting surplus or deficit on the transaction remains in retained earnings.

Dividend is recognised as a liability in the period in which it is approved by the Annual General Meeting.

22.1 Outstanding shares

	Number of ordinary shares	Number of treasury shares	Number of ordinary shares in issue
As at 1 January 2022	279,407,449	6,111,432	273,296,017
Repurchase of ordinary shares	-	5,287,888	(5,287,888)
Awarded LTI shares	-	(111,440)	111,440
Dividends	-	-	-
As at 31 December 2022	**279,407,449**	**11,287,880**	**268,119,569**
Shares issued	4,630,427	4,630,427	-
Repurchase of ordinary shares	-	10,275,655	(10,275,655)
Awarded LTI shares	-	(1,888,153)	1,888,153
Dividends	-	(9,246,187)	9,246,187
As at 31 December 2023	**284,037,876**	**15,059,622**	**268,978,254**

At year-end 2023, the authorised capital of the Group was 400 million ordinary shares (2022: 400 million) and 600 million preference shares (2022: 600 million), all with a nominal value of €0.10 per share (2022: €0.10 per share). All issued shares have been paid in full (only ordinary shares).

On 17 May 1993, the Company granted Stichting Aandelenbeheer BAM Groep ('the Foundation') a call option to acquire class B cumulative preference shares in the Company's share capital. This option was granted up to such an amount as the Foundation might require, subject to a maximum of a nominal amount that would result in the total nominal amount of class B cumulative preference shares in issue and not held by the Company equalling no more than 99.9% of the nominal amount of the issued share capital in the form of shares other than class B cumulative preference shares and not held by the Company at the time of exercising of the right referred to above. The board of directors of the Foundation has the exclusive right to determine whether or not to exercise this right to acquire class B cumulative preference shares. Additional information has been disclosed in chapter 8.3.

22.2 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. The exchange rate differences for 2023 of €18.4 million include the reclassification of translation differences to profit or loss related to the wind down of BAM International for € 9.8 million (2022: €8.5 million). The related loss is included in exchange rate differences in the consolidated income statement.

22.3 Dividend

On 12 April 2023, the annual general meeting approved a cash dividend of €0.15 per ordinary share with a scrip alternative. On 8 May 2023, the Group paid €22 million in cash and distributed 9.2 million shares to shareholders that opted for stock dividend. In order to satisfy the stock dividend requirement, the Company issued 4.6 million new ordinary shares at no cost.

22.4 Treasury shares

During 2023, the Group repurchased 10.3 million own shares for a total consideration of €19.8 million (2022: €14.3 million). This consists of the repurchase programme to offset the dilution effect due to the issue of stock dividend and of the various running share-based employee incentive schemes (9.4 million shares) and repurchase of vested shares from employees to settle their wage tax and social security premiums (0.9 million shares).

22.5 Dividend proposal

The Company proposes to declare a dividend over 2023 of €0.20 per ordinary share. The dividend can be paid in cash or in shares at the option of the shareholders. For dividend paid in shares, the Group will repurchase shares to offset dilution.

23. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. After initial recognition borrowings are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised. The effective interest rate amortisation is included as finance costs in the income statement (unless the costs are capitalised). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

		Changes from financing cash flows		Other changes		
	As at 1 January 2023	Proceeds from borrowings	Repayments of borrowings	Effective interest method	Other	**As at 31 December 2023**
Non-recourse PPP loans	8,538	615	(644)	-	-	8,509
Non-recourse property financing	20,525	17,218	(5,279)	-	-	32,464
Recourse property financing	15,972	5,061	(7,159)	-	-	13,874
Other non-recourse financing	3,458	2,260	(1,722)	-	(439)	3,557
Other recourse financing	4,136	-	(966)	-	-	3,170
Bank overdrafts	-	-	-	-	-	-
	52,629	25,154	(15,770)	-	(439)	61,574

		Changes from financing cash flows		Other changes		
	As at 1 January 2022	Proceeds from borrowings	Repayments of borrowings	Effective interest method	Transfers to/ from joint ventures	**As at 31 December 2022**
Non-recourse PPP loans	8,946	13	(421)	-	-	8,538
Non-recourse property financing	20,604	25,490	(24,603)	-	(966)	20,525
Recourse property financing	26,617	12,214	(22,859)	-	-	15,972
Other non-recourse financing	3,796	1,425	(1,763)	-	-	3,458
Other recourse financing	5,089	-	(953)	-	-	4,136
Bank overdrafts	-	-	-	-	-	-
	65,052	39,142	(50,599)	-	(966)	52,629

23.1 Non-recourse PPP loans

The non-recourse PPP loans relate to real estate projects in the Netherlands. Of the non-current part, €5.3 million has a term to maturity of more than five years (2022: €5.4 million). The average term to maturity of these loans is 12 years (2022: 13 years). The average interest rate is 2.1% (2022: 2.1%).

Non-recourse PPP loans relate directly to the associated receivables from government bodies. The interest rates are influenced marginally by market adjustments applying to companies. The terms of property loans are relatively short, as a consequence of which interest margins are in line with the markets.

23.2 Non-recourse property financing

These loans are contracted to finance land positions acquired for property development and ongoing property development projects. The average term of non-recourse property financing is 3.3 years (2022: 2.8 years).

Interest on these loans is generally based on Euribor plus a margin. Interest margins of these loans do not depend on market fluctuations during the term of these loans.

The carrying amount of the related assets is €119 million at year-end 2023 (2022: €126 million). The assets are pledged as a security for lenders. These loans will be payable on demand if the agreed qualitative and quantitative conditions relating to interest and capital repayments, among other things, are not met.

23.3 Recourse property financing

Recourse property financing is contracted to finance land and building rights and property development. The average term of recourse property financing is 3.0 years (2022: 3.0 years). Interest on these loans is based on Euribor plus a margin. Interest margins of these loans do not depend on market fluctuations during the term of these loans. For property financing loans amounting to €1 million, the interest is (partially) fixed (2022: €2 million).

Recourse property financing relates directly to the accompanying assets, that constitute a security for lenders. The carrying amount of these assets amount to €90 million at year-end 2023 (2022: approximately €118 million). Additional securities exist in the form of a guarantee provided by the Group, in some cases supplemented by a bank guarantee. These loans will be repayable on demand if the agreed qualitative and quantitative conditions relating to interest and capital repayments, among other things, are not met.

23.4 Committed syndicated credit facility

On 30 November 2022, the Group entered into a revolving credit facility agreement that provides a facility of maximum €330 million which can be used for general corporate purposes, including working capital financing. The facility had a term of four years (until 30 November 2026) plus two one-year extension options. During 2023, the first option was exercised and the maturity extended to 30 November 2027.

Loans obtained under the facility are subject to variable market interest rates (EURIBOR) plus a margin in the range of 1.75% - 3.00% depending on the Group's Recourse Leverage Ratio. On an annual basis, the margin is adjusted based on the Group's performance on four ESG KPIs. The maximum margin adjustment is plus/minus 0.05%, depending on the number of ESG KPI's meeting their respective target. The RCF is subject to financial covenants (see note 23.6) and to market conform commitment and utilisation fees. The facility has not been used in 2022 and 2023.

23.5 Bank overdrafts

Besides the committed syndicated credit facility, the Group holds €153 million (2022: €153 million) in bilateral credit facilities.

23.6 Covenants

Terms and conditions, including covenants, for project financing, being (non-) recourse PPP loans, (non-) recourse property financing loans, are directly linked to the respective projects. A relevant ratio in property financing arrangements is the loan to value, i.e. the ratio between the financing arrangement and the value of the project. In PPP loans and recourse property financing arrangements the debt service cover ratio is generally applicable. This ratio relates the interest and repayment obligations to the project cash flow. A breach of covenants may require immediate repayment of the respective outstanding loan. During 2023, no early payments were made as a result of not adhering to the financing conditions of project related financing (2022: nil).

The Group's revolving credit facility is subject to a number of financial covenants. Non-compliance with the covenants could qualify as an event of default based on which the lenders may require immediate repayment of outstanding loans and cancel their commitments.
Terms and conditions for the committed syndicated credit facility are based on the Group as a whole, excluding non-recourse elements. The ratios for this financing arrangement (all recourse) are the leverage ratio, the interest cover ratio, the solvency ratio and the guarantor cover.

The capital base in the financial covenants (as part of the solvency ratio) is adjusted for the hedging reserve and remeasurements of post-employments benefits, among other things. The requirements and realisation of the recourse ratios described above, are summarised as follows:

	Calculation	Requirement	**2023**	2022
Leverage ratio	Net borrowings/EBITDA	≤ 2.50[1]	**(3.9)**	(4.8)
Interest cover ratio	EBITDA/net interest expense	≥ 4.00	**N/A**	N/A
Solvency ratio	Capital base[2]/total assets	≥ 15%	**30.9%**	27.5%
Guarantor covers	EBITDA share of guarantors	≥ 70%	**110.8%**	99.6%
	Assets share of guarantors	≥ 70%	**99.9%**	101.6%

[1] An increased recourse leverage ratio of 2.75 is permitted for each second and third quarter of the year.

[2] The capital base in the financial covenant is adjusted for the hedging reserve and remeasurements of post-employment benefits, among other things

The Group reported a net recourse interest income instead of an expense for the year ended 31 December 2023, making the recourse interest cover ratio not applicable.

24. Employee benefits

(a) Pension obligations
A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation. When the plan assets exceed the defined benefit obligation, the Group recognises a pension asset, which is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available when it can be realised during the life of the plan, or upon settlement of the plan's liabilities.
Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise. Current service costs of defined benefit plans are recognised immediately in the income statement, as part of 'employee benefit expenses', and reflect the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past-service costs are recognised immediately in the income statement. Interest expenses are included in the 'employee benefit expenses'.

For defined contribution plans, the Group pays contributions to administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Other employment obligations
Other employment obligations comprise jubilee benefits, retirement gifts, temporary leaves and similar arrangements and have a non-current nature. These obligations are discounted to their present value. Remeasurements are recognised- in profit or loss.

	2023	2022
Defined benefit asset	**51,894**	72,513
Defined benefit liability	**19,190**	32,546
Other employee benefits obligations	**12,851**	13,022
	32,041	45,568

The Group operates defined contribution plans in the Netherlands, United Kingdom, Belgium, Germany and Ireland under broadly similar regulatory frameworks. The legacy defined benefit pension plans in all countries are closed for new entrants. Defined benefit plans in the United Kingdom and Ireland are in a net asset position; there is no asset ceiling on these plans as the Group is entitled to a return of surplus at the end of the plans' lives. A further description of the post-employment benefit plans per country is as follows:

Netherlands

In the Netherlands, the Group makes contributions to defined benefit schemes as well as defined contribution schemes. The pension schemes in the Netherlands are subject to the regulations as stipulated in the Pension Act. Due to the Pension Act the pension plans need to be fully funded and need to be operated outside the Company through a separate legal entity. Several multi- employer funds and insurers operate the various pension plans. The Group has no additional responsibilities for the governance of these schemes.

The basic pension for every employee is covered by multi-employer funds in which also other companies participate based on legal obligations. These funds have an indexed average salary scheme and are therefore defined benefit schemes. Specifically, these are the industry pension funds for construction, metal & technology and railways. As these funds are not equipped to provide the required information on the Group's proportionate share of pension liabilities and plan assets, the defined benefit plans are accounted for as defined contribution plans. The Group is obliged to pay the predetermined premium for these plans. The Group may not reclaim any excess payment and is not obliged to make up any deficit, except by way of the adjustment of future premiums. The part exceeding the basic pension amount (top-up part), which is not covered by multi-employer funds, is carried out under separate contracts and are all defined contribution schemes.

At year-end 2023, the (twelve-month average) coverage rate of the industry pension fund for construction is 125% (2022: 132%). The industry pension fund for metal and technical sectors has a (twelve-month average) coverage rate of 110% at year-end 2023 (2022: 108%). The (twelve-month average) coverage rate of the industry pension fund for railways is 130% (2022: 133%).
With effect from 2006, all defined benefit schemes are closed for new entrants. The build-up of future pension entitlements for employees is covered by the multi-employer funds or external insurance companies. Defined benefit schemes are closed for future accumulation. Indexation is mainly linked to the industry pension fund for construction.

The Group has established an accountability committee, with representation from the Central Works Council (CWC) and the Socio-Economic Committee of the BAM pensioners association (SEC).

United Kingdom

In the United Kingdom, the Group makes contributions to defined benefit plans as well as defined contribution plans. The Group is responsible for making supplementary contributions to recover the historical financing deficits. The plan for supplementary contributions was last revised after the most recent actuarial valuations of the funds in April 2022 and led to supplementary contributions in 2023 to the amount of €6 million (2022: €6 million). The Group replaced the closed defined benefit pension schemes with defined contribution schemes, which are executed by an outside insurance company. Following the closure of future accumulation in defined benefit pension schemes in 2010, employees who participated in these schemes were invited to participate in the defined contribution schemes. The buyout of the HBG GA DB Scheme in 2022 has contributed to the reduction of the gross assets and liabilities of circa €91 million.

During 2023, the High Court in the United Kingdom concluded in a case between Virgin Media and NTL Pension Trustees II that a salary-related contracted-out scheme cannot be changed unless the actuary confirmed in writing (through a so-called section 37 confirmation) that the scheme would continue to satisfy the legal norms. If such confirmation would not exist, the High Court concluded that the change would automatically void. The case has been appealed but has the potential to cause significant issues in the United Kingdom pensions industry. Trustees of the Group's UK salary-related contracted-out scheme await the outcome of the appeal and, if necessary, will investigate the implications. It is currently impossible to estimate the potential impact, if any, on the Group's schemes.

In addition, several defined benefit schemes are accounted for as defined contribution schemes as the external parties administering the funds are not able to provide the required information. These schemes have a limited number of members. The Group is obliged to pay the predetermined premium for these plans. The Group may not reclaim any excess payment and is not obliged to make up any deficit, except by way of the adjustment of future premiums. The Group did not make material contributions in 2023 and 2022.

Belgium

In Belgium, the Group makes contributions to a relatively small defined benefit scheme that is executed by an external insurance company. The Group has also made arrangements for employees to participate in a defined contribution scheme. Belgian defined contribution plans are subject to the law of 28 April 2003 on occupational pensions, due to changes in the law in December 2015 defined contribution plans are classified and accounted for as defined benefit plans.

Germany

After the disposal of BAM Deutschland in 2021 and Wayss & Freytag in 2022, the Group operates one remaining small defined benefit pension scheme financed by the employer, which is closed to new participants.

Ireland

The Group has a defined benefit scheme in Ireland, executed by a company pension fund. The multi-employer pension scheme was fully converted from a defined benefit scheme to a defined contribution scheme with effect from 1 January 2006 for new entrants. The Group is responsible for making supplementary contributions to recover the historical financing deficits. The plan for supplementary contributions was last revised after the most recent actuarial valuations of the funds in 2017. This has led to a yearly supplementary contribution of approximately €4 million (2022: €3 million).

The significant actuarial assumptions per country were as follows:

	Netherlands	United Kingdom	Belgium	Germany	Ireland
2023					
Discount rate	**3.1%**	**4.6 - 4.8%**	**3.8%**	**3.6%**	**3,6%**
Salary growth rate	**-**	**-**	**2.1%**	**2.5%**	**-**
Pension growth rate	**0 - 6.1%**	**2.7 - 3.2%**	**2.1%**	**2.5%**	**0 - 2.4%**
2022					
Discount rate	3.5%	5.0%	3.2%	3.9%	4.2%
Salary growth rate	-	-	2.2%	2.2%	-
Pension growth rate	0 - 3.9%	1.9 - 3.0%	2.2%	2.2%	0 - 2.7%

Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in each country.

Movements in the defined benefit pension plans over the year are as follows:

	Netherlands	United Kingdom	Belgium	Germany	Ireland	Total
As at 31 December 2023						
Defined benefit liability	10,307	-	57	8,826	-	19,190
Defined benefit asset	-	51,041	-	-	853	51,894
	10,307	**(51,041)**	**57**	**8,826**	**(853)**	**(32,704)**
Present value of obligation						
As at 1 January 2023	265,334	552,531	7,385	14,936	61,939	902,125
Service cost	-	47	213	-	696	956
Interest expense	9,036	27,080	230	558	2,540	39,444
Remeasurements	17,433	27,074	114	(59)	6,601	51,163
Plan participants contributions	-	-	120	-	261	381
Benefit payments	(14,380)	(27,609)	(376)	(865)	(3,199)	(46,429)
Settlements	-	-	-	-	-	-
Transfer to held for sale	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Exchange rate differences	-	9,525	-	-	-	9,525
As at 31 December 2023	**277,423**	**588,648**	**7,686**	**14,570**	**68,838**	**957,165**
Fair value of plan assets						
As at 1 January 2023	242,192	623,355	7,313	5,665	63,567	942,092
Interest income	8,697	30,783	236	223	2,710	42,649
Remeasurements	8,717	(2,315)	(36)	(849)	1,913	7,430
Employer contributions	22,069	6,360	380	1,570	4,439	34,818
Plan participants contributions	-	-	120	-	261	381
Benefit payments	(14,380)	(27,609)	(376)	(865)	(3,199)	(46,429)
Administration cost	(179)	(1,582)	(8)	-	-	(1,769)
Settlements	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfer to held for sale	-	-	-	-	-	-
Exchange rate differences	-	10,697	-	-	-	10,697
As at 31 December 2023	**267,116**	**639,689**	**7,629**	**5,744**	**69,691**	**989,869**

	Netherlands	United Kingdom	Belgium	Germany	Ireland	Total
Amounts recognised in the income statement						
Service cost	-	47	213	-	696	956
Net interest expense	339	(3,704)	(6)	335	(170)	(3,206)
Changes and plan amendments and settlements	-	-	-	-	-	-
Administration cost	179	1,582	8	-	-	1,769
	518	(2,075)	215	335	526	(481)
Amounts recognised in other comprehensive income						
Remeasurements:						
- Return on plan assets, excluding interest income	(8,717)	2,315	36	849	(1,913)	(7,430)
- (Gain)/loss from change in demographic assumptions	-	(2,826)	-	570	-	(2,256)
- (Gain)/loss from change in financial assumptions	14,381	26,066	(10)	(572)	5,770	45,635
- Experience (gains)/losses	3,052	3,834	124	(57)	831	7,784
	8,716	29,389	150	790	4,688	43,733
Income tax	-	(7,344)	(36)	-	(585)	(7,965)
Remeasurement net of tax	8,716	22,045	114	790	4,103	35,768

	Netherlands	United Kingdom	Belgium	Germany	Ireland	Total
As at 31 December 2022						
Defined benefit liability	23,142	61	72	9,271	-	32,546
Defined benefit asset	-	70,885	-	-	1,628	72,513
	23,142	(70,824)	72	9,271	(1,628)	(39,967)
Present value of obligation						
As at 1 January 2022	357,265	1,097,096	9,291	37,041	98,617	1,599,310
Service cost	-	102	540	-	1,520	2,162
Interest expense	3,153	17,637	71	327	1,462	22,650
Remeasurements	(81,249)	(400,882)	(92)	(3,885)	(37,401)	(523,509)
Plan participants contributions	-	-	144	-	285	429
Benefit payments	(13,835)	(30,926)	(498)	(851)	(2,544)	(48,654)
Settlements	-	(91,458)	-	-	-	(91,458)
Transfer to held for sale	-	-	-	(17,696)	-	(17,696)
Disposals	-	-	(2,071)	-	-	(2,071)
Exchange rate differences	-	(39,038)	-	-	-	(39,038)
As at 31 December 2022	265,334	552,531	7,385	14,936	61,939	902,125
Fair value of plan assets						
As at 1 January 2022	335,567	1,194,508	8,884	7,027	90,136	1,636,122
Interest income	3,004	19,414	72	69	1,369	23,928
Remeasurements	(91,335)	(429,044)	123	(564)	(30,174)	(550,994)
Employer contributions	8,977	5,804	434	2,091	4,495	21,801
Plan participants contributions	-	-	144	-	285	429
Benefit payments	(13,835)	(30,926)	(498)	(851)	(2,544)	(48,654)
Administration cost	(186)	(1,656)	(7)	-	-	(1,849)
Settlements	-	(91,458)	-	-	-	(91,458)
Disposals	-	-	(1,839)	-	-	(1,839)
Transfer to held for sale	-	-	-	(2,107)	-	(2,107)
Exchange rate differences	-	(43,287)	-	-	-	(43,287)
As at 31 December 2022	242,192	623,355	7,313	5,665	63,567	942,092

	Netherlands	United Kingdom	Belgium	Germany	Ireland	Total
Amounts recognised in the income statement						
Service cost	-	102	540	-	1,520	2,162
Net interest expense	149	(1,777)	(1)	258	93	(1,278)
Changes and plan amendments and settlements	-	-	-	-	-	-
Administration cost	186	1,656	7	-	-	1,849
	335	(19)	546	258	1,613	2,733
Amounts recognised in other comprehensive income						
Remeasurements:						
- Return on plan assets, excluding interest income	91,335	429,044	(123)	564	30,174	550,994
- (Gain)/loss from change in demographic assumptions	1,777	(9,279)	-	-	-	(7,502)
- (Gain)/loss from change in financial assumptions	(83,137)	(427,868)	(215)	(3,327)	(38,197)	(552,743)
- Experience (gains)/losses	111	36,265	123	(558)	796	36,737
	10,086	28,162	(215)	(3,321)	(7,227)	27,485
Income tax	(2,602)	(7,041)	53	-	903	(8,687)
Remeasurement net of tax	7,484	21,121	(162)	(3,321)	(6,324)	18,798

The average duration of the defined benefit obligations per country were as follows:

	Netherlands	United Kingdom	Belgium	Germany	Ireland
Average duration (in years) - 2023	11	14	14	7	17
Average duration (in years) - 2022	12	14	14	7	18

Plan assets are comprised as follows:

	Netherlands	United Kingdom	Belgium	Germany	Ireland	Total
2023						
Equity instruments	-	55,739	-	-	23,183	78,922
Debt instruments	-	559,616	-	-	41,260	600,876
Property	-	9,106	-	-	3,128	12,234
Qualifying insurance policies	267,116	390	7,629	5,744	-	280,879
Cash and cash equivalents	-	14,838	-	-	2,120	16,958
	267,116	639,689	7,629	5,744	69,691	989,869
2022						
Equity instruments	-	57,046	-	-	21,865	78,911
Debt instruments	-	543,752	-	-	38,084	581,836
Property	-	10,348	-	-	3,002	13,350
Qualifying insurance policies	242,192	855	7,313	5,665	-	256,025
Cash and cash equivalents	-	11,354	-	-	616	11,970
	242,192	623,355	7,313	5,665	63,567	942,092

Plan assets do not include the Company's ordinary shares. Assets with a value of €381 million are unquoted (2022: €324 million).

The impact to the defined benefit obligation to changes in weighted principal assumptions is as follows:

	2023		2022	
	Increase by 0,5%	**Decrease by 0,5%**	Increase by 0,5%	Decrease by 0,5%
Discount rate	**(€59 million)**	**€65 million**	(€56 million)	€61 million
Indexation	**€33 million**	**(€29 million)**	€29 million	(€28 million)
Salary increase	**€0 million**	**(€0 million)**	€0 million	(€0 million)

If the life expectancy increases or decreases by one year, the pension liability will increase or decrease by approximately €35 million (2022: increase or decrease by €33 million). The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

Through its defined benefit pension plans the Group is exposed to a number of risks, the most significant of which are detailed below:

Risk	**Impact**
Asset volatility	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.
Changes in bond yields	A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
Salary growth	The plan liabilities are calculated based on future salaries of the plan participants, so increases in future salaries will result in an increase in the plan liabilities.
Pension growth	The majority of the plan liabilities are calculated based on future pension increases, so these increases will result in an increase in the plan liabilities.
Life expectancy	The majority of the plan liabilities are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan liabilities.

With regard to the funded plans, the Group ensures that the investment positions are managed within an asset-liability matching ('ALM') framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Group has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Employer contributions to post-employment benefit plans for the year ending 31 December 2024 are expected to decrease from 2023 from €35 million to €17 million. The contributions in 2023 included extra amounts for indexation.

25. Provisions

Provisions for warranties, restructuring costs, claims/legal obligations, associates and joint ventures and onerous contracts are recognised when: (a) the Group has a present legal or constructive obligation as a result of past events; (b) it is probable that an outflow of resources will be required to settle the obligation; and (c) the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Restructuring provisions are recognised when a detailed formal plan has been approved, and the restructuring has either commenced or has been announced publicly. Restructuring provisions comprise lease termination penalties and employee termination payments.
Future operating losses are not recognised.

If the Group's share in losses exceeds the carrying amount of the investment (including separately presented goodwill and other uninsured receivables), further losses will not be recognised, unless the Group has provided securities to the associate or joint venture, committed to liabilities or payment on behalf of the associate and joint venture. In that case, the excess will be provided for.

Provisions are classified in the balance sheet as follows:

	2023	2022
Non-current	**82,217**	94,420
Current	**114,677**	145,708
	196,894	240,128

The non-current part of provisions is discounted at a rate in the range of 0% to 6% (2022: 0% to 3%).

The provision for onerous contracts is based on judgments and uncertainties as described in note 4. Approximately 60% of the provision is current in nature (2022: 60%).

	Warranty	Restructuring	Claims and legal obligations	Joint ventures	Onerous contracts	Other	Total
As at 1 January 2022	**32,785**	**16,212**	**4,475**	**7,124**	**128,578**	**20,809**	**209,983**
Charged/(credited) to the income statement:							
- Additional provisions	21,566	5,820	350	4,534	94,449	24,173	150,892
- Release	(2,470)	(590)	(100)	-	(13,168)	(2,437)	(18,765)
Used during the year	(16,245)	(16,146)	(454)	(1,080)	(21,889)	(20,581)	(76,395)
Reclassifications	(13)	(134)	-	-	355	-	208
Exchange rate differences	-	-	-	-	(1,587)	(38)	(1,625)
Transfer to liabilities held for sale	(4,700)	-	(3,771)	-	(15,061)	(638)	(24,170)
As at 31 December 2022	**30,923**	**5,162**	**500**	**10,578**	**171,677**	**21,288**	**240,128**
Charged/(credited) to the income statement:							
- Additional provisions	24,797	10,273	-	-	82,632	86	117,788
- Release	(9,345)	(620)	(500)	-	(10,265)	(1,200)	(21,930)
Used during the year	(15,418)	(7,698)	-	(8,244)	(96,666)	(11,774)	(139,800)
Exchange rate differences	-	-	-	-	693	15	708
As at 31 December 2023	**30,957**	**7,117**	**-**	**2,334**	**148,071**	**8,415**	**196,894**

The provision for warranty concerns the best estimate of the expenditure required to settle complaints and deficiencies that become apparent after the delivery of projects and that fall within the warranty period. In reaching its best estimate, the Group takes into account the risks and uncertainties that surround the underlying events which are assessed periodically. Approximately 50% of the provision is current in nature (2022: 50%).

As per 31 December 2022, other provisions of €15 million were related to the sale of BAM Deutschland AG, to cover the following obligations to the buyer:

- guarantee the buyer for collection of 90% of outstanding receivables older than one year as at 31 December 2020 (“old receivables”) with a final payment to the buyer two year after the sale
- share profits and losses for two projects from the expected project result on the transaction date. It was agreed that losses were shared up to a certain cap. When the expected loss exceeds the cap, the Group bears all risks.

During 2023, the guarantee on old receivables reached its final payment date. The Group paid the buyer €19.1 million to settle the outstanding receivables. After the payment, the Group remains entitled to 90% of future cash proceeds of one receivable of €13.6 million, which is reflected as a financial asset in other receivables. Provisions used during the year reflect the remainder of €5.5 million and €6 million of other payments. As of 31 December 2023, a provision of €3.5 million remains for the remaining exposure.

Also, one of the two projects for which the risk sharing mechanism applied was completed and settled, resulting in a gain of €9 million. The Group bears all risks on the remaining project.

26. Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. A contract liability is recognised when the Group has an obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

	Notes	**2023**	2022
Trade payables		**507,305**	499,733
Amounts due to customers (contract liabilities)	6	**726,411**	768,967
Amounts due to related parties	27	**90,192**	30,424
Social security and other taxes		**167,766**	146,806
Pension premiums		**8,475**	7,201
Amounts due for work completed		**90,777**	148,665
Amounts due for work in progress		**611,014**	564,650
Derivative financial instruments		**1,318**	39
Other liabilities		**64,517**	64,158
Accrued expenses and deferred income		**180,006**	237,912
		2,447,781	2,468,555

Amounts due to related parties mainly comprises payables to joint ventures and associates. The amounts due for work completed and for work in progress relate to suppliers of the Group for contract work performed.

27. Related parties

The Group identifies subsidiaries, associates, joint arrangements, third parties executing the Group's defined benefit pension plans and key management as related parties. Transactions with related parties are conducted at arm's length, on terms comparable to those for transactions with third parties.

27.1 Sales and purchase of goods and services

A major part of the Group's activities is carried out in joint arrangements. These activities include the assignment and/or financing of land as well as carrying out construction contracts. In 2023, the Group carried out transactions with associates and joint arrangements related to the sale of goods and services for €81 million (2022: €162 million) and related to the purchase of goods and services for €58 million (2022: €80 million).

The 2023 year-end balance of short term receivables amounts to €18 million (2022: €22 million) and the short term liabilities amounts to €90 million (2022: €30 million).

27.2 Loans to related parties

At year-end 2023, the Group had outstanding loans to associates and joint ventures for the amount of €79 million (2022: €76 million). These loans were provided on normal commercial terms and conditions, except that a number of loans does not have a fixed repayment date. Interest rates for these loans are at arm's length. Loans to related parties are included in 'Other financial assets' in the statement of financial position.

27.3 Key management compensation

Key management includes members of the Executive Board and the Supervisory Board. The compensation paid or payable to the Executive Board for services is shown below:

(in € thousand)	**2023**					
	Fixed remuneration	Short-term incentive	Long-term incentive	Other benefits[1]	Post-employment benefits	Total
R.J.M. Joosten	**801**	**554**	**545**	**22**	**176**	**2,098**
L.F. den Houter	**572**	**395**	**342**	**22**	**126**	**1,457**
	1,373	**949**	**887**	**44**	**302**	**3,555**

	2022					
	Fixed remuneration	Short-term incentive	Long-term incentive	Other benefits[1]	Post-employment benefits	Total
R.J.M. Joosten	772	525	617	23	170	2,107
L.F. den Houter	551	375	566	23	121	1,636
	1,323	900	1,183	46	291	3,743

[1] The amount shown under Other benefits consists of the car allowance.

The short-term incentive (‘STI’) is part of the remuneration package of the Executive Board and is based on financial objectives (70%) and non-financial objectives (30%). Further information about STI is specified in the remuneration report. For 2023, the Supervisory Board determined that payout over 2023 results is 68% of fixed remuneration (2022: 68%).

Post-employment benefits to members of the Executive Board are an age-independent gross allowance of 22 per cent of their fixed remuneration from which they need to finance their own retirement savings, including a surviving dependent’s pension.

The long-term incentive relates to the Performance Share Plan. Additional information is included in the remuneration report and in note 28.

No loans or advances have been granted to the members of the Executive Board. On 31 December 2023, Mr Joosten held 100,000 privately acquired BAM shares and Mr Den Houter 25,000.

Remuneration for supervisory board members only comprises fixed remuneration, as further explained in the remuneration report, and is as follows:

(in € thousand)	**2023**	2022
H.Th.E.M. Rottinghuis, Chairman	**108**	103
G. Boon, Vice-Chairman	**71**	70
B. Elfring	**69**	68
D. Koopmans	**74**	68
M.P. Sheffield	**67**	65
N.M. Skorupska	**66**	65
	455	439

No share options, loans or advances have been provided to the members of the Supervisory Board. On 31 December 2023, Mr Boon, Mrs Koopmans and Mr Rottinghuis respectively held 100,000, 15,000 and 100,000 privately acquired BAM shares.

28. Share-based payments

The Group operates equity-settled share-based plans. The fair value of the employee services received in exchange for the grant of the shares is recognised as cost with a corresponding credit entry of equity. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. The total amount to be expensed is determined by reference to the fair value of the shares granted:

- including a market performance condition based on the Company’s share price;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement within ‘personnel expenses’, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

The Company operates a Performance Share Plan for members of the Executive Board and for a limited group of senior management positions below the Executive Board. Under the Performance Share Plan, each year performance shares are conditionally awarded subject to performance over a vesting period of three years and followed by a lock-up period of two years. Further information about the Performance Share Plan is included in the remuneration report.

In 2021, the Company introduced a Special Incentive Plan ("SIP"), under which the Company awarded conditional performance shares to a limited group of senior management positions below the Executive Board to motivate them to deliver on the objectives for the strategic period 2021-2023. When an employee was also a participant in the regular Performance Share Plan, the SIP replaced any awards under the Performance Share Plan 2021-2023. SIP measures performance on adjusted EBITDA for the full company and home countries in 2022 and 2023. The performance shares vest three years after the award date provided that the participant is still employed with the Company. For excellent performance, the number of performance shares that vests may amount to a maximum of 150% of the 'at target' number of performance shares. This percentage may be reduced to 50% (on a sliding scale) for threshold performance and to zero below that.

In principle, conditionally awarded shares are forfeited if the participant is no longer employed by the company, however upon termination of employment due to retirement, disability or death the participant (or his or her heirs) reserves the right on the pro rata number of conditionally awarded shares to become unconditionally pursuant to the same vesting conditions as described above (pro rata means the number of full months that the participant was engaged by the Company during the performance period divided by 36 months). For the performance shares, the most recent expected results of the group were included to calculate the expected vesting of performance shares.

Conditional shares in the Performance Share Plan include a dividend right like ordinary shares, however these dividends will be paid out in shares at the vesting date. Therefore the dividend yield on the conditional shares equals nil. Conditional shares in the Special Incentive Plan do not include a dividend right like ordinary shares.

In 2023, an amount of €4.9 million was charged (2022: €3.7 million) to the income statement arising from the share plans.

The movement of the Performance Share Plan and Special Incentive Plan (in number of shares) during 2023 for the members of the Executive Board and for other participants is shown below:

	As at 1 January 2023	Awarded	Dividend rights	Vested (including dividend)	Forfeited	As at 31 December 2023
R.J.M. Joosten	762,036	347,201	53,938	(305,971)	-	857,204
L.F. den Houter	664,730	220,445	47,057	(393,389)	-	538,843
Other participants	4,250,219	908,319	131,744	(1,322,523)	(157,013)	3,810,746
	5,676,985	**1,475,965**	**232,739**	**(2,021,883)**	**(157,013)**	**5,206,793**

The movements in number of shares of the Performance Share Plan and Special Incentive Plan (included in 2021-2023) during 2023 per Share Based Plan year-layer is shown below:

	As at 1 January 2023	Awarded	Dividend rights	Vested (including dividend)	Forfeited	As at 31 December 2023
2020-2022	1,888,153	-	133,730	(2,021,883)	-	-
2021-2023	2,708,124	-	25,320	-	(117,775)	2,615,669
2022-2024	1,080,708	-	73,689	-	(39,238)	1,115,159
2023-2025	-	1,475,965	-	-	-	1,475,965
	5,676,985	**1,475,965**	**232,739**	**(2,021,883)**	**(157,013)**	**5,206,793**

The fair value per share of the 2023 award in connection with the TSR performance part amounted to €1.23 per share and is determined using a Monte Carlo simulation model. For the other (non) financial performance measures, the fair value equals the share price at the grant date. The key assumptions used in the valuations of the fair values were as follows:

	2023
Share price at grant date (in €)	**2.03**
Risk-free interest rate (in %)	**2.49**
Volatility (in %)	**45.10**

Expected volatility has been determined based on historical volatilities for a period of five years.

29. Joint operations

A part of the Group's activities is carried out in joint arrangements and classified as joint operations. This applies to all activities and all countries in which the Group operates. These arrangements remain in place until a project is finished. In practice, the duration of the majority of the joint operations is generally limited to a period of one to four years, with the exception of joint operations in connection with land and building rights held for strategic purposes.

Based on assessment of balance sheet total, revenue and result, none of the joint operations is individually material to the Group. The Group's share of the revenue of these joint operations amounts to approximately €713 million in 2023 (2022: approximately €1.0 billion), representing approximately 11% of the Group's revenue (2022: 15%).

The Group's share of the balance sheets of joint operations is indicated below:

(in € million)	**2023**			
	Division NL	Division UK&I	Belgium, Germany and International	Total
Assets				
- Non-current assets	2.8	-	-	**2.8**
- Current assets	54.4	192.2	23.3	**269.9**
	57.2	192.2	23.3	**272.7**
Liabilities				
- Non-current liabilities	9.4	-	-	**9.4**
- Current liabilities	44.7	165.7	23.0	**233.4**
	54.1	165.7	23.0	**242.8**
Net balance	**3.1**	**26.5**	**0.3**	**29.9**

(in € million)	2022			
	Division NL	Division UK&I	Belgium, Germany and International	Total
Assets				
- Non-current assets	20.9	-	-	20.9
- Current assets	105.9	172.3	39.1	317.3
	126.8	172.3	39.1	338.2
Liabilities				
- Non-current liabilities	12.6	14.0	-	26.6
- Current liabilities	98.3	144.3	38.9	281.5
	110.9	158.3	38.9	308.1
Net balance	15.9	14.0	0.2	30.1

As of 31 December 2023, the Group has capital commitments for joint operations amounting to nil (2022: €12.5 million). Guarantees issued by banks and surety companies amount to €0.2 million (2022: €0.2 million). Transfers of funds and/or other assets are made in consultation with the partners of the joint operations.

30. Commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred and conditional contractual obligations to purchase land for property development activities is as follows:

	2023	2022
Property, plant and equipment	**908**	8,121
Land	**129,047**	129,588
	129,955	137,709

The conditional nature of the contractual obligations to purchase land relate to, among other items, the amendment of development plans, the acquirement of planning permissions and the actual completion of property development projects.

31. Contingencies

31.1 Claims and legal proceedings

In the normal course of business the Group is exposed to claims from (sub)contractors and client that generally arise from a dispute about the quality of work and the amount of compensation. The Group recognises provisions for such claims when a cash outflow is probable. When not resolved or settled, claims may subsequently involve legal proceeding which, if decided or settled adversely, may have a material impact on the Group's financial position, operational result or cash flows.

In April 2023, the building safety act 2022 in the United Kingdom came into force covering multi high rise residential buildings. The regulations seek to improve fire safety on these buildings and may impact developers and construction companies as there is uncertainty to where liability would fall between the developer, constructor and owner if unsafe conditions would be identified. It is currently not possible to estimate the potential impact.

Ethical misconduct or non-compliance with applicable laws and regulations (such as competition, bribery and corruption) could expose BAM to liabilities or have a negative impact on its business and reputation. BAM may be subject to administrative, civil or criminal liabilities including significant fines and penalties, as well as suspension or debarment from government or non-government contracts for some period of time.

31.2 Guarantees

Bonds and guarantees are provided in the ordinary course of business to BAM's clients, either by the Company (parental guarantees), by banks (bank guarantees), or by surety companies (surety bonds), securing due performance of the obligations under the contracts by the subsidiaries of the Company. These securities are limited in amount and can only be called upon in case of (proven) default. It is not expected that any material risks will arise from these securities.

The parent company guarantees issued amount to €109 million (2022: €140 million). Guarantees issued by banks and surety companies amount to €1.0 billion (2022: €1.0 billion). Guarantee facilities amount to €1.9 billion (2022: €2.0 billion).

31.3 Investigation

In October 2022, the Dutch Fiscal Information and Investigation Service (FIOD) and the Dutch Public Prosecutions Office (Openbaar Ministerie) have informed BAM International that it is the subject of an investigation into suspicions relating to potential fraud and corruption at some already completed projects. The timing and possible outcome of the investigation are uncertain. Therefore, the potential adverse financial impact of the outcome of the investigation, if any, cannot be reliably estimated at this time but could possibly be material.

BAM is fully cooperating with the investigation and taking appropriate steps in connection with the investigation, including an internal review of the relevant projects. In July 2020, BAM announced its intention to wind down BAM International. Meanwhile all projects of BAM International have been completed.

32. Audit fees

The fees stated below for the audit of the financial statements are based on the total fees for the audit of the financial statements, regardless of whether the procedures were already performed in the financial year. Expenses for services provided by the Company's current independent auditor, Ernst & Young Accountants LLP (EY) and its foreign member firms to the Group are specified as follows:

	2023			2022		
€ thousands	EY Netherlands	EY foreign member firms	Total	EY Netherlands	EY foreign member firms	Total
Audit fees	**4,130**	**2,420**	**6,550**	3,950	2,158	6,108
Audit-related fees	**74**	**22**	**96**	88	24	112
Tax fees	**-**	**-**	**-**	-	-	-
Other non-audit fees	**-**	**-**	**-**	-	-	-
			6,646			6,220

33. Events after the reporting period

No material events after the reporting period have occurred.

Company statement of financial position

(before appropriation of result, x €1,000)

	Notes	31 December 2023	31 December 2022
Non-current assets			
Intangible assets	2	**314,536**	312,464
Tangible fixed assets		**1,263**	1,857
Financial assets	3	**936,965**	925,589
Deferred tax assets	4	**44,897**	41,668
		1,297,661	1,281,578
Current assets			
Receivables	5	**57,612**	53,739
Cash and cash equivalents	6	**247,215**	327,831
		304,827	381,570
Total assets		**1,602,488**	1,663,148
Equity attributable to shareholders of the Company			
Issued and paid capital	7	**28,404**	27,941
Share premium	7	**810,907**	811,370
Legal reserves	7	**79,488**	62,382
Retained earnings	7	**(173,295)**	(270,747)
Net result	7	**174,991**	179,644
		920,495	810,590
Provisions	8	**10,470**	23,300
Non-current liabilities			
Lease liabilities		**825**	903
		825	903
Current liabilities			
Lease liabilities		**476**	985
Other liabilities	9	**670,222**	827,370
		670,698	828,355
Total equity and liabilities		**1,602,488**	1,663,148

Company income statement

(x €1,000)

	Notes	2023	2022
Internal charges	10	**33,534**	49,633
Other income		**-**	-
External charges		**(2,385)**	(2,179)
Personnel expenses	11	**(19,890)**	(20,265)
Depreciation and amortisation charges		**(1,073)**	(2,112)
Impairment charges		**-**	(3,000)
Other operating expenses		**(21,433)**	(37,989)
Operating result		**(11,247)**	(15,912)
Finance income		**19,817**	8,040
Finance expense		**(29,841)**	(9,439)
		(10,024)	(1,399)
Result before tax		**(21,271)**	(17,311)
Income tax	12	**25,938**	14,747
Share of result of investments		**170,324**	182,208
Net result		**174,991**	179,644

Notes to the company financial statements

1. Summary of the accounting policies

1.1 Basis of preparation

The company financial statements of Royal BAM Group nv (‘the Company’ or ‘BAM’) have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with subsection 8 of section 362, Book 2 of the Dutch Civil Code, the recognition and measurement principles applied in these parent company financial statements are the same as those applied in the consolidated financial statements (see note 2 to the consolidated financial statements).

The expected credit losses on receivables from subsidiaries have not been included in the company financial statements, since these have been eliminated within the book value of the receivables.

1.2 Investments in subsidiaries

Investments in subsidiaries are measured at net asset value. The net asset value is calculated using the accounting policies, as described in note 2 to the consolidated financial statements. The net asset value of subsidiaries comprises the cost, excluding goodwill, of BAM’s share in the net assets of the subsidiary plus BAM’s share in income or losses since acquisition, less dividends received.

1.3 Income tax

Corporate income tax is charged and/or allocated to the subsidiaries forming part of the fiscal unity, as if they were independent taxable entities. Tax receivables and payables to the respective subsidiaries are included in current receivables and current other liabilities.

2. Intangible assets

	Goodwill	Non-integrated software	Other	Total
As at 1 January 2022				
Cost	522,440	17,930	883	541,253
Accumulated amortisation and impairments	(200,488)	(10,137)	(507)	(211,132)
	321,952	**7,793**	**376**	**330,121**
Additions	-	(578)	-	(578)
Amortisation charges	-	(870)	(89)	(959)
Reclassifications	-	(5,838)	-	(5,838)
Impairment charges	(3,000)	-	-	(3,000)
Exchange rate differences	(7,282)	-	-	(7,282)
	(10,282)	(7,286)	(89)	(17,657)
As at 31 December 2022				
Cost	515,158	3,565	883	519,606
Accumulated amortisation and impairments	(203,488)	(3,058)	(596)	(207,142)
	311,670	**507**	**287**	**312,464**
Additions	-	290	-	290
Amortisation charges	-	(426)	(88)	(514)
Exchange rate differences	2,296	-	-	2,296
	2,296	(136)	(88)	2,072
As at 31 December 2023				
Cost	517,454	3,855	883	522,192
Accumulated amortisation and impairments	(203,488)	(3,484)	(684)	(207,656)
	313,966	**371**	**199**	**314,536**

3. Financial assets

	Shares in subsidiaries	Receivables from subsidiaries	Other participating interests	Total
As at 1 January 2022	539,150	353,159	126,523	1,018,832
Net result for the year	158,731	-	23,477	182,208
Dividends	-	-	(6,675)	(6,675)
Changes to legal structure	(113,744)	9,631	-	(104,113)
Capital contributions	20,000	-	10,377	30,377
Loan repayments	-	(197,832)	-	(197,832)
Hedging reserve	396	-	34,210	34,606
Remeasurements of post-employment benefit obligations	(11,314)	-	-	(11,314)
Exchange rate differences	(19,494)	-	(1,006)	(20,500)
As at 31 December 2022	573,725	164,958	186,906	925,589
Net result for the year	167,730	-	2,594	170,324
Dividends	(93,816)	-	(4,975)	(98,791)
Changes to legal structure	(2,287)	-	-	(2,287)
Capital contributions	-	-	-	-
Loan repayments	-	(38,784)	(90)	(38,874)
Hedging reserve	(271)	-	(7,865)	(8,136)
Remeasurements of post-employment benefit obligations	(27,049)	-	-	(27,049)
Exchange rate differences	15,940	-	249	16,189
As at 31 December 2023	633,972	126,174	176,819	936,965

Changes to legal structure reflect the effect of transfers of subsidiaries. In 2022, a number of direct subsidiaries were transferred to other subsidiaries for a cash consideration. The result on these transactions was nil, i.e. the consideration was equal to the respective subsidiary's carrying amount. Adjustments in the group structure in 2023 are related to the acquisition of a non-controlling interest of a subsidiary in Ireland.

A list of principal subsidiaries is disclosed in ▶ chapter 8.4 of this annual report.

4. Deferred tax assets

	2023	2022
Deferred tax assets	**44,897**	41,668
	44,897	41,668

The Company carries the full balance of deferred tax assets on carry forward losses of the fiscal unity.

5. Receivables

	2023	2022
Amounts due from subsidiaries	**40,412**	40,847
Amounts due from joint ventures	**-**	-
Prepayments and accrued income	**17,200**	12,892
	57,612	53,739

Receivables are due within one year.

6. Cash and cash equivalents

	2023	2022
Cash at bank and in hand	**247,215**	327,831
	247,215	327,831

Cash and cash equivalents are at the free disposal of the Company.

7. Equity attributable to shareholders of the Company

At year-end 2023, the authorised capital of the Group was 400 million ordinary shares (2022: 400 million) and 600 million preference shares (2022: 600 million), all with a nominal value of €0.10 per share (2022: €0.10 per share). All issued shares have been paid in full.

Movements in shareholders' equity are as follows:

	Attributable to the shareholders of the Company					
	Issued and paid capital	Share premium	Legal reserves	Retained earnings	Net result	Total
As at 1 January 2022	27,941	811,370	5,923	(189,031)	(2,614)	653,589
Net result for the year	-	-	-	-	179,644	179,644
Appropriation of result	-	-	-	(2,614)	2,614	-
Remeasurements of post-employment benefit obligations	-	-	-	(18,798)	-	(18,798)
Cash flow hedges	-	-	34,606	-	-	34,606
Repurchase of ordinary shares	-	-	-	(14,326)	-	(14,326)
Share-based payments				3,659	-	3,659
Exchange rate differences	-	-	(27,784)	-	-	(27,784)
Transfers	-	-	49,637	(49,637)	-	-
As at 31 December 2022	**27,941**	**811,370**	**62,382**	**(270,747)**	**179,644**	**810,590**
Net result for the year	-	-	-	-	174,991	174,991
Appropriation of result	-	-	-	179,644	(179,644)	-
Issue of share capital	463	(463)	-	-	-	-
Dividend payment	-	-		(21,998)	-	(21,998)
Remeasurements of post-employment benefit obligations	-	-	-	(35,768)	-	(35,768)
Cash flow hedges	-	-	(8,136)	-	-	(8,136)
Repurchase of ordinary shares	-	-	-	(19,835)	-	(19,835)
Share-based payments	-	-	-	4,857	-	4,857
Exchange rate differences	-	-	18,444	-	-	18,444
Acquisition non-controlling interest	**-**	**-**	-	(2,650)	**-**	**(2,650)**
Transfers	-	-	6,798	(6,798)	-	-
As at 31 December 2023	**28,404**	**810,907**	**79,488**	**(173,295)**	**174,991**	**920,495**

On 12 April 2023, the annual general meeting approved a cash dividend of €0.15 per ordinary share with a scrip alternative. On 8 May 2023, the Group paid €22 million in cash and distributed 9.2 million shares to shareholders that opted for stock dividend. In order to satisfy the stock dividend requirement, the Company issued 4.6 million new ordinary shares at no cost.

During 2023, the Group repurchased 10.3 million own shares for a total consideration of €19.8 million (2022: €14.3 million). This consists of the repurchase programme to offset the dilution effect due to the issue of stock dividend and of the various running share-based employee incentive schemes (9.4 million shares) and repurchase of vested shares from employees to settle their wage tax and social security premiums (0.9 million shares).

7.1 Share premium, legal reserves, retained earnings and net result

Legal reserves comprise the reserves for (cash flow) hedging, translation differences and the Group's non-distributable reserve relating to undistributed profits accumulated in joint ventures and associates. These legal reserves are required by Dutch law and are not distributable.

The hedging reserve, which is mainly related to Invesis, amounts to €26 million (2022: €35 million) and the translation reserve amounts to €87 million negative (2022: €105 million negative). The Group's non-distributable reserve relating to undistributed profits accumulated in joint ventures and associates amounts to €140 million (2022: €133 million) of which €101 million is related to Invesis (2022: €102 million).

The sum of share premium, retained earnings and net result are in principle distributable except for an amount of €87 million, which is to cover the negative translation reserve.

7.2 Dividends per share

The net result for 2023 amounting to €175 million has been attributed to shareholders' equity. The Company proposes to declare a dividend over 2023 of €0.20 per ordinary share. The dividend can be paid in cash or in shares at the option of the shareholders. For dividend paid in shares, the Group will repurchase shares to offset dilution.

8. Provisions

	2023	2022
Employee benefits	**10,470**	23,300
	10,470	23,300

Employee benefits provision mainly relates to the defined benefit liability of the Dutch pension plan as disclosed in note 24 of the consolidated financial statements.

9. Other liabilities

	2023	2022
Amounts due to subsidiaries	**641,417**	812,290
Income tax payable	**10,824**	-
Other liabilities	**17,981**	15,080
	670,222	827,370

Amounts due to subsidiaries is related to intercompany financing and the Group's cash pool structure. The amounts are payable on demand and are subject to an interest rate equal to one month EURIBOR. Other liabilities mainly consist of trade and other payables.

10. Internal charges

Internal charges represent revenue from services that have been charged to subsidiaries in respect of management activities and responsibilities. The company charges these to its subsidiaries on a cost-plus basis.

11. Employee benefit expenses

	2023	2022
Wages and salaries	**15,347**	27,387
Social security costs	**1,192**	2,242
Share-based payment expense	**1,884**	1,710
Pension costs - defined contribution plans	**1,442**	2,414
Pension costs - defined benefit plans	**25**	45
Attributable to subsidiaries	**-**	(13,533)
	19,890	20,265

At year-end 2023, the Company employed 97 FTE (2022: 97). The average number of FTE in 2023 was 97 (2022: 179). There are no employees in other countries than the Netherlands. Employee benefit expenses attributable to subsidiaries in 2022 relate to expenses for activities and responsibilities that were transferred to subsidiaries following the implementation of the new organisational structure and that have been deducted from the employee benefit expenses. The employment contracts of these employees transferred during the year.

12. Income tax expense

The Company's effective tax rate is -122% (2022: -85%) and differs from the applicable nominal tax rate of 25.8%. The difference in both 2022 and 2023 is mainly attributable to the recognition of additional deferred tax assets relating to tax losses. This is based on the Group's forecast of taxable profits for the next five years.

13. Related parties

The Company has entered into arrangements with a number of its subsidiaries and affiliated companies in the course of its business. These arrangements relate to service transactions and financing agreements and were conducted at market prices.

14. Commitments and contingencies

14.1 Guarantees

At 31 December 2023, the Company has issued parent company guarantees amounting to €109 million (2022: €140 million).

14.2 Third-party liability

The Company is jointly and severally liable for the debts of the subsidiaries based in the Netherlands pursuant to section 403, Book 2 of the Dutch Civil Code.

The Company, together with other participants, has a joint and several liability for deficits in the Group's cash pool as a whole.

The Company forms a fiscal unity with BAM's major Dutch and certain other subsidiaries for income tax and VAT purposes and, for that reason, it is jointly and severally liable for the Dutch income tax and Dutch VAT liabilities of the whole fiscal unity.

Bunnik, the Netherlands, 21 February 2024

Supervisory Board:
H.Th.E.M. Rottinghuis
G. Boon
B. Elfring
D. Koopmans
N.M. Skorupska
M.P. Sheffield

Executive Board:
R.J.M. Joosten
L.F. den Houter

Approximately 1,300 homes have been delivered on the 42.5 hectare site of the former artificial silk factory Enka in various residential neighborhoods with their own character, Ede. AM and BAM Wonen

Other information

Assembling the Greatworth green tunnel for HS2, designed to blend the high speed railway into the rural landscape and reduce disruption for communities around Greatworth in West Northamptonshire.

EKFB, including BAM Nuttall

8.1 Independent auditor's report and limited assurance report on sustainability information

Independent auditor's report

To: the shareholders and Supervisory Board of Koninklijke BAM Groep N.V.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements 2023 of Koninklijke BAM Groep N.V. (hereinafter: the Company or Royal BAM Group nv) based in Bunnik, the Netherlands. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Royal BAM Group nv as at 31 December 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted in the European Union (EU-IFRSs) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying company financial statements give a true and fair view of the financial position of Royal BAM Group nv as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2023
- The following statements for 2023: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows
- The notes comprising material accounting policy information and other explanatory information

The company financial statements comprise:

- The company statement of financial position as at 31 December 2023
- The company income statement for 2023
- The notes comprising a summary of the accounting policies 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 Royal BAM Group nv in accordance with the EU Regulation on specific requirements regarding statutory audit 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 have 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.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Royal BAM Group nv, through its operating companies, offers its clients products and services in the sectors Construction and Property, Civil Engineering and Public Private Partnerships. Revenues from construction contracts, is considered an area requiring critical accounting judgements and a key source of estimation uncertainty. Land and building rights involved in property development, at the company's own risks and rewards, requires recoverability testing based on the net realisable value. The Company is structured in divisions and is mainly active in the Netherlands, the United Kingdom, Ireland and Belgium, and we tailored our group audit approach accordingly.

Royal BAM Group nv decided in 2020 to cease all operations of BAM International in other countries. We paid specific attention in our audit to a number of areas driven by the operations of the Company and our risk assessment.

Materiality

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud 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.

Materiality	€ 30 million (2022: € 32 million)
Benchmark applied	0.5 per cent of revenue
Explanation	Based on our analyses of the common information needs of users of the financial statements, we consider result before tax the most appropriate benchmark to determine materiality. However, result before tax has been volatile and consequently we considered revenues to be a more appropriate benchmark to determine materiality. We determined materiality consistent with previous year.

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 € 1.5 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Royal BAM Group nv is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive 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.

In establishing the overall approach to the audit, we determined the audit procedures required to be performed by us, as Group auditors or by (non-)EY Global member firms operating under our instructions.

For the foreign Royal BAM Group nv components, we involved EY component auditors, who are familiar with local laws and regulations. We involved non-EY component as well as EY component auditors for projects with external partners in which Royal BAM Group nv does not have a majority share. In order to take responsibility as Group auditor we have had several (virtual) meetings during each phase of the audit and ultimately discussed the outcome of audit procedures with all component auditors.

In addition we visited our component auditors in the United Kingdom, Ireland and Denmark and reviewed their electronic audit files. We have performed audit procedures ourselves for entities within the Group located in the Netherlands, thereby focusing on the key risk areas. We also have performed several audit procedures centrally.

As a result of the above mentioned procedures, we have covered all entities and foreign locations that are significant to the consolidated financial statements of Royal BAM Group nv.

In addition, we have performed analytical review procedures and made inquiries with the Executive Board with respect to some smaller locations that are not material and made sure that there are no developments or exposures that should have been covered.

By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the real estate and construction industry. We included specialists in the areas of IT audit, corporate finance, income tax, pensions, construction projects, land and building rights, share based payments, legal and forensics.

Our focus on climate-related risks and the energy transition

Climate change and the energy transition are high on the public agenda. Issues such as CO_2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO_2 footprint.

The Executive Board summarised the Royal BAM Group nv's commitments and obligations, and reported in the section 2.2 "Strategy" and 3.3 "Environmental performance" of the annual report and section 2.1.1 "climate-related matters" in the financial statements how the Company is addressing climate-related and environmental risks also taking into account related regulatory and supervisory guidance and recommendations.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition and the Company's commitments and (constructive) obligations, are taken into account in estimates and significant assumptions. Furthermore, we read the annual report and considered whether there is any material inconsistency between the sustainability information in section 2.2 "Strategy" and 3.3 "Environmental performance" and the financial statements, including Note 2.1.1 Climate-related matters.

During our audit we observed that the Executive Board took climate change related risks and opportunities into account when determining the Company's strategy and consequently in the determination of the financial reporting judgements, estimates or significant assumptions as at 31 December 2023.

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 we 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. 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.

Our audit response related to fraud risks
We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the Company and its environment and the components of the system of internal control, including the risk assessment process and the Executive Board's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes. We refer to chapter 4 of the annual report for the Executive Board's (fraud) risk assessment and section Risk Management of the Report of the Supervisory Board to shareholders in chapter 5 in which the Supervisory Board reflects on this (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic and legal specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in note 3 to the consolidated financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties. The following fraud risks identified required significant attention during our audit.

Presumed risks of fraud in revenue recognition

Fraud risk

We presumed that there are risks of fraud in revenue recognition. We evaluated that revenues from construction contracts and property development give rise to these risks, including the related valuation of work in progress, due to an intentional over-estimation and/or under-estimation of the project results and required contract provisions. The risk predominantly relates to projects that are considered key due to, amongst others, their relative size and complexity and may take the form of:

- Incorrect valuation of variable considerations (i.e. variation orders, claims, penalties and bonuses); and
- Incorrect estimation of costs to complete (including an increased estimation uncertainty due to supply chain pressure and inflationary aspects)

Our audit approach

We describe the audit procedures responsive to the this fraud risk in the description of our audit approach for the key audit matter *Valuation of projects and revenue recognition*.

Risk related to non-compliance with anti-fraud laws and regulations, including bribery and corruption

Fraud risk We identified the risk that the Company does not comply with anti-fraud and bribery laws and regulations in jurisdictions where it does business, both as a result of active transactions and/or passive transactions in which it is involved. As a result, the Company may be subject to administrative, civil or criminal liabilities including fines and penalties, as well as suspension or debarment from government or non-government contracts for some period of time.

The risk with regard to active transactions concerns the risk that the Company makes illegal payments (bribery) to induce the recipient to act or refrain from acting. The risk particularly relates to the tender process for (larger) projects.

Due to the size of the company, Royal BAM Group nv is a large customer for its suppliers and subcontractors. Therefore, suppliers and subcontractors have an incentive to become a preferred supplier or subcontractor for work on specific projects or in general. This leads to the risk that the Company or its employees accept(s) payments (bribery) from suppliers or subcontractors (passive transactions).

We also refer to chapter 4.1 of the annual report.

Our audit approach We obtained an understanding of the entity level controls and the legal and regulatory framework of the Company and executed procedures to confirm that they have been properly implemented.

On a periodic basis, we enquired with the Executive Board, internal audit department, risk and compliance department and legal department to understand and assess existing and potentially non-compliance matters and new constructive and legal obligations. We inspected legal and compliance management reports. We read the minutes of meetings of the Executive Board and Supervisory Board.

For the specific risks identified we involved forensic specialists to design a tailored work program to address the risks identified, containing among others the following procedures:
- inquiry with the Executive Board, compliance officer and tender desk manager;
- review of minutes of meetings of local management;
- performing analytical procedures, including data analytics;
- performing substantive test of details regarding the tender costs and costs related to agents incurred in 2023;
- performing substantive test of details regarding significant contracts with suppliers in 2023;
- review of correspondence with relevant authorities (e.g. relating to compliance with anti-bribery and anti-competition laws and regulations in jurisdictions where the Company does business);
- evaluation of (potential) lawsuits identified or suspected by the Company.

The Dutch Fiscal Information and Investigation Service (FIOD) and the Dutch Public Prosecutions Office (Openbaar Ministerie) have informed BAM International that it is the subject of an investigation into suspicions relating to potential fraud and corruption at some already completed projects. For further information we refer to note 31 and to our key audit matter “Investigation by the Dutch authorities”.

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance, human resources, local management and the Supervisory Board.

There are (remaining) compliance, regulatory and reputation risks inherent to doing business in jurisdictions around the world as disclosed in note 31 to the financial statements. We considered the possible impact on our opinion and evaluated the adequacy of related disclosures in the financial statements.

Our audit response related to risks of non-compliance with laws and regulations
We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, 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 Executive Board and local management, 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. In case of potential non-compliance with laws and regulations that may have a material effect on the financial statements, we assessed whether the Company has an adequate process in place to evaluate the impact of non-compliance for its activities and financial reporting and, where relevant, whether the Company implemented remediation plans. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern
As disclosed in section going concern in note 2 to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the Executive Board made a specific assessment of the Company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the Executive Board exercising professional judgment and maintaining professional skepticism. We considered whether the Executive Board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant 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.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

Last year's key audit matter regarding "Accounting for results from disposal of subsidiaries" is not a key audit matter in 2023 as no such divestments occurred in 2023. Recognition of deferred tax assets is no longer part of the key audit matter relating to the valuation of goodwill as the degree of uncertainty changed due improved (taxable) results and changes in Dutch tax loss utilization rulings. In comparison with previous year, our other key audit matters did not change.

Valuation of projects and revenue recognition

Risk	Our audit approach	Key observations
The valuation of projects and revenue recognition are significant to the financial statements based on the quantitative materiality and the degree of management judgment required to account for complex projects and to apply the cost-to-cost method. Under the cost-to-cost method, costs are recognised as incurred and revenue is recognised on the basis of the proportion of total costs at the reporting date to the estimated total costs of the contract. Furthermore, we presumed that there are risks of fraud in revenue recognition, in particular related to revenues from construction contracts and property development. We therefore considered this to be a key audit matter. Refer to pages 37-47 (management report, section risk management), page 125 (Note 3. Critical accounting judgements and key sources of estimation uncertainties) and pages 131-133 (Note 6. Revenue and projects). Royal BAM Group nv is involved in large and complex construction projects for which the Company applies the cost-to-cost method. The amount of project revenue, profit recognised as well as provisions for onerous contracts in a year is dependent, inter alia, on the actual costs incurred, the assessment of the percentage of completion of (long-term) contracts and the forecasted contract revenue and costs to complete of each project. Furthermore, the amount of revenue and result are influenced by the valuation of variation orders and claims. This often involves a high degree of judgement due to the complexity of projects, uncertainty about costs to complete and uncertainty about the outcome of discussions with clients on variation orders and claims.	Our audit procedures included obtaining an understanding of the internal control environment of Royal BAM Group nv, evaluating implementation of relevant controls, performing physical and digital site visits (using webcams), vouching project valuations and challenging the Executive Board's position based on supporting documentation and Royal BAM Group nv's accounting policy. For long-term contracts, we also compared the position that Royal BAM Group nv is currently taking to the positions taken in previous year, to ensure consistency in the valuation and to perform back testing on this estimate. During our procedures we had an increased focus on the impact of challenging market conditions from economic volatility, global political uncertainties due to international conflicts, inflationary aspects and supply chain pressure. In cases where a high amount of judgement is involved, we gained additional comfort by comparing the Executive Board's positions to opinions from external parties such as lawyers or surveyors. For specific complex projects we involved our own construction experts to determine the reasonableness of the Executive Board's estimations of variable considerations and costs to complete.	Overall, in our view revenues are recognised and projects have been valued in accordance with EU-IFRSs.

Investigation by the Dutch authorities

Risk	Our audit approach	Key observations
As disclosed on page 24 (management report, section financial performance) and page 164 (Note 31. Contingencies), the Dutch Fiscal Information and Investigation Service (FIOD) and the Dutch Public Prosecutions Office (Openbaar Ministerie) have informed BAM International that it is the subject of an investigation into suspicions relating to potential fraud and corruption at some already completed projects.	• We have obtained information regarding the suspicions of the Dutch Public Prosecutions Office and discussed these suspicions with the Executive Board, Audit Committee and the chairman of the Supervisory Board. • We have reassessed our risk analysis and updated our audit approach taking into account expert advice from our in-house forensic specialists as well as our external counsel. • We evaluated steps taken by the Executive Board which includes amongst others an internal review. • We evaluated the Company's internal review taking into account scoping, governance, the use of experts, and timing of procedures and communication of results • We have inquired with the Company's internal and external counsel as to the status of the ongoing investigation. • To corroborate the results of our inquiries we vouched information received with objective evidence, third parties, our external counsel and we reviewed related documentation. • We furthermore tested manual journals entries and other transactions with unusual characteristics using amongst other data-analytics tools. • We have evaluated the disclosures in the annual report related to this matter.	We concluded that the disclosure in the financial statements appropriately reflects the current status and potential (financial) impact of the investigation.

Valuation of goodwill

Risk	Our audit approach	Key observations
As per 31 December 2023, Royal BAM Group nv recognised goodwill (€319 million). As discussed on page 25 (management report, section financial performance) and disclosed on page 126 (Note 3. Critical accounting judgements and key sources of estimation uncertainties) and pages 143-144 (Note 15. Intangible assets), the valuation of goodwill is, amongst others, based on the determination of cash generating units ("CGU's"), the discount rate, revenue growth and profit before tax margin, among others derived from the 2024 operating plan and strategic agenda 2024-2026 as approved by the Supervisory Board, and the Executive Board's outlook based on order intake and expected margins for new projects for 2024 and beyond. Estimation of future cashflows and results inherently involves a high degree of judgment. We therefore considered this to be a key audit matter. Royal BAM Group nv's annual goodwill impairment test did not result in impairments. Key assumptions used in the value-in-use calculations of CGUs with a significant amount of goodwill are disclosed on page 144 of the Report.	Our audit procedures included an assessment of the Company's assumptions underlying the estimated future results for their reasonableness and consistency with operating plans, strategic plans for future years, order intake, expected margins for new projects. We also challenged the Executive Board's expectations of future results, challenged risk adjustments made by the Executive Board and we evaluated the historical accuracy of the Executive Board's assumptions (back-testing) and analyzed the differences between expected and actual outcome. We involved corporate finance specialists to assess the reasonableness of the assumptions and appropriateness of the goodwil impairment test.	In our view, the Executive Board's assessment on the valuation of the recognised goodwill is reasonable and within the acceptable range taken into account the requirements of EU-IFRSs.

Valuation of land and building rights

Risk	Our audit approach	Key observations
As per 31 December 2023, Royal BAM Group nv recognised land and building rights (€ 237 million). As disclosed on page 126 (Note 3. Critical accounting judgements and key sources of estimation uncertainties) and pages 131-133 (Note 6. Revenue and projects), the estimates supporting the value of land and building rights relate to the future development of prices of residential housing for terms that vary from one year to more than thirty years, inherently creating significant estimation uncertainty. External parties, appraisers and institutions are involved to support the positions of the Executive Board. We therefore considered this to be a key audit matter.	We have assessed the calculations of the net realisable values of the land and building rights and challenged the reasonableness and consistency of the assumptions used by the Executive Board. We also determined consistency with prior years and external available information such as external appraisals and plans and decisions of government bodies. We also evaluated the Executive Board's assumptions concerning the future development of prices of residential housing with independent expectations of external parties, appraisers and institutions. We involved our own valuation specialists to determine the reasonableness of the assumptions and models used by Royal BAM Group nv to support the value of land and building rights.	In our view the valuation applied by Royal BAM Group nv is in accordance with EU-IFRSs.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the executive board report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the executive board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. The Executive Board and the Supervisory Board are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the shareholders meeting as auditor of Royal BAM Group nv on 22 April 2015, as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)

Royal BAM Group nv has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in the XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by Royal BAM Group nv, complies in all material respects with the RTS on ESEF.

The Executive Board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the Executive Board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N "Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument" (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- Obtaining an understanding of the Company's financial reporting process, including the preparation of the reporting package
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
  - Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding 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-IFRSs and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion. Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board
- 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

Communication

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the Audit Committee of the Supervisory Board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Utrecht, 21 February 2024

Ernst & Young Accountants LLP

Signed by J.H.A. de Jong

Limited assurance report of the independent auditor on the sustainability information

To: the shareholders and Supervisory Board of Koninklijke BAM Groep N.V.

Our conclusion

We have performed a limited assurance engagement on the sustainability information in the accompanying annual report for 2023 of Koninklijke BAM Groep N.V. (hereinafter: the Company or Royal BAM Group nv) based in Bunnik, the Netherlands.

Based on our procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the sustainability information does not present fairly, in all material respects:

- The policy with regard to sustainability matters
- The business operations, events and achievements in that area in 2023

in accordance with the applicable criteria as included in the section Criteria.

The sustainability information is included in the chapters 2.1 Business model, 2.2 Strategy, 2.3 Stakeholder engagement 3.2 Social performance, 3.3 Environmental performance and 6 Sustainability statements of the annual report.

Basis for our conclusion

We have performed our limited assurance engagement on the sustainability information in accordance with Dutch law, including Dutch Standard 3810N, “Assurance-opdrachten inzake duurzaamheidsverslaggeving” (Assurance engagements relating to sustainability reporting), which is a specified Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000, “Assurance engagements other than audits or reviews of historical financial information”. Our responsibilities in this regard are further described in the section Our responsibilities for the assurance engagement on the sustainability information of our report.

We are independent of Royal BAM Group nv in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Criteria

The criteria applied for the preparation of the sustainability information are the GRI Sustainability Reporting Standards (GRI Standards) and the criteria supplementally applied as disclosed in chapter 6.2 Sustainability reporting principles of the annual report. The GRI Standards used are listed in the GRI Content Index as published on the website of Royal BAM Group nv. The criteria applied specifically for chapter 6.6 EU Taxonomy is Regulation (EU) 2020/852, as supplemented with Commission Delegated Regulation (EU) 2021/2139, Commission Delegated Regulation (EU) 2021/2178, Commission Delegated Regulation (EU) 2023/2485 and Commission Delegated Regulation (EU) 2023/2486.

The comparability of sustainability information between entities and over time may be affected by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques. Consequently, the sustainability information needs to be read and understood together with the criteria applied.

Limitations to the scope of our assurance engagement

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations, and estimates. Prospective information relates to events and actions that have not yet occurred and may never occur. We do not provide assurance on the assumptions and achievability of this prospective information.

In the sustainability information, the calculations to determine scope 3 CO_2 emissions are mostly based on assumptions and sources from third parties. The assumptions and sources used are disclosed in chapter 6.2 Sustainability reporting principles of the annual report. We have assessed that these assumptions and external sources are plausible and appropriate, but we have not performed procedures on the content of these assumptions and external sources.

The references to external sources or websites in the sustainability information are not part of the sustainability information as included in the scope of our assurance engagement. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect of these matters.

Responsibilities of the Executive Board and the Supervisory Board for the sustainability information

The Executive Board is responsible for the preparation and fair presentation of the sustainability information in accordance with the criteria as included in the section Criteria, including the identification of stakeholders and the definition of material matters.

The Executive Board is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of stakeholders, considering applicable law and regulations related to reporting. The choices made by the Executive Board regarding the scope of the sustainability information and the reporting policy are summarised in the chapter 6.2 Sustainability reporting principles of the annual report.

Furthermore, the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the sustainability reporting process of Royal BAM Group nv.

Our responsibilities for the assurance engagement on the sustainability information

Our responsibility is to plan and perform the assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Our assurance engagement is aimed to obtain a limited level of assurance to determine the plausibility of sustainability information. The procedures vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance that is obtained when a reasonable assurance engagement is performed. We apply the Nadere voorschriften kwaliteitssystemen (NVKS, regulations for quality management systems) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our assurance engagement included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, and the characteristics of the company
- Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the company's materiality assessment and the reasonableness of estimates made by the Executive Board
- Obtaining through inquiries a general understanding of the internal control environment, the reporting processes, the information systems and the entity's risk assessment process relevant to the preparation of the sustainability information, without testing the operating effectiveness of controls
- Identifying areas of the sustainability information where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis.

These procedures consisted amongst others of:

- Making inquiries of management and relevant staff at group and business level responsible for the sustainability strategy, policy and results
- Interviewing relevant staff responsible for providing the information for, carrying out controls on, and consolidating the data in the sustainability information
- Determining the nature and extent of the procedures to be performed for the group components and locations. For this, the nature, extent and/or risk profile of these components are decisive. Based thereon we selected the components and locations to visit. The visits to sites and offices in the Netherlands and United Kingdom are aimed at, on a local level obtaining a general understanding of the design and implementation of controls
- Assessing the suitability and plausibility of assumptions and sources from third parties used for the calculation underlying the scope 3 CO_2 emissions as included in section 3.3 Environmental performance and 6.3 Environmental information of the annual report
- Obtaining assurance evidence that the sustainability information reconciles with underlying records of Royal BAM Group nv
- Reviewing, on a limited sample basis, relevant internal and external documentation
- Considering the data and trends in the information submitted for consolidation at corporate level
- Reconciling the relevant financial information with the financial statements
- Reading the information in the annual report that is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the sustainability information
- Considering the overall presentation and balanced content of the sustainability information
- Considering whether the sustainability information as a whole, including the sustainability matters and disclosures, is clearly and adequately disclosed in accordance with criteria applied

Communication

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the assurance engagement and significant findings that we identify during our assurance engagement.

Utrecht, 21 February 2024

Ernst & Young Accountants LLP

Signed by J.H.A. de Jong

8.2 Articles of Association provisions governing the distribution of profit

(Summary of Article 31 of the Articles of Association)
From the profit achieved in any financial year, an amount will first be distributed, where possible, on the class B cumulative preference shares, calculated by applying the percentage stated below to the mandatory amount paid up on those shares as at the start of the financial year for which the distribution is made. The percentage referred to above will be equal to the average of the Euribor rates for money market loans with a maturity of twelve months – weighted according to the number of days for which these rates prevailed – during the financial year for which the distribution is made, plus one percentage point. Euribor refers to the Euro Interbank Offered Rate as determined and published by the European Central Bank.

Subsequently, if possible, a dividend will be distributed on each financing preference share of a certain series, with due consideration of the provisions of this article, equal to an amount calculated by applying a percentage to the nominal amount of the financing preference share concerned at the start of that financial year, plus the amount of share premium paid in on the financing preference share issued in the series concerned at the time of initial issue of the financing preference shares of that series, less the amount paid out on each financing preference share concerned and charged to the share premium reserve formed at the time of issue of the financing preference shares of that series prior to that financial year. If and to the extent that a distribution has been made on the financing preference shares concerned in the course of the year and charged to the share premium reserve formed at the time of issue of the financing preference shares of the series concerned, or partial repayment has been made on such shares, the amount of the distribution will be reduced pro rata over the period concerned according to the amount of the distribution charged to the share premium reserve and/or the repayment with regard to the amount referred to in the preceding sentence.

The calculation of the dividend percentage for the financing preference shares of a certain series will be made for each of the series of financing preference shares referred to below, in the manner set forth for the series concerned.

Series FP1 to FP4
The dividend percentage will be calculated by taking the arithmetic mean of the yield to maturity on euro government loans issued by the Kingdom of the Netherlands with a remaining term matching as closely as possible the term of the series concerned, as published in the Euronext Prices Lists, plus two percentage points.

Series FP5 to FP8
The dividend percentage will be equal to the average of the Euribor rates for money market loans with a maturity of twelve months – weighted according to the number of days for which these rates prevailed – during the financial year for which the distribution is made, plus two percentage points.

The above percentages may be increased or reduced by an amount of no more than 300 basis points.

The above percentages apply for the following periods: series FP1 and FP5: five years; series FP2 and FP6: six years; series FP3 and FP7: seven years and series FP4 and FP8: eight years. After a period expires, the percentage will be modified in accordance with the rules laid down in Article 31 paragraph 6(c) of the Articles of Association.

The Supervisory Board shall determine, based on a proposal by the Executive Board, what part of the profit remaining after application of the above provisions will be added to the reserves. The part of the profit that remains thereafter is at the disposal of the General Meeting, subject to the provision that no further dividends will be distributed on the preference shares and with due consideration of the other provisions of Article 31 of the Articles of Association.

8.3 Anti-takeover measures

Royal BAM Group nv has taken the following measures to protect itself against any undesired developments that might have an impact on the independence, continuity and/or identity of the Company and the group of companies associated with the Company.

Pursuant to a resolution passed by the General Meeting held on 12 June 1972, the Articles of Association include the possibility of issuing preference shares. Stichting Aandelenbeheer BAM Groep (hereafter referred to as 'the Foundation') was founded with a view to this possibility in 1978. The objective of the Foundation is to look after the interests of the Group. Specifically, the Foundation seeks to ensure that the interests of the Company, the Group and all their stakeholders are safeguarded as much as possible, and that influences which could undermine the independence and/or continuity and/or identity of the Group and which conflict with those interests are averted to the best of the Foundation's ability. The Foundation attempts to achieve this objective by acquiring and holding class B cumulative preference shares in the Company's capital, by exercising the rights connected with those shares, and/ or by using its right of enquiry.

As announced at the General Meeting held on 4 June 1992 and considered at the General Meeting on 8 June 1993, the Company granted the Foundation an option to acquire class B cumulative preference shares in the Company's capital on 17 May 1993. This option was granted up to such an amount as the Foundation might require, subject to a maximum of a nominal amount that would result in the total nominal amount of class B cumulative preference shares in issue and not held by the Company equalling no more than ninety-nine point nine per cent (99.9 per cent) of the nominal amount of the issued share capital in the form of shares other than class B cumulative preference shares and not held by the Company at the time of exercising the right referred to above. The board of the Foundation has the exclusive right to determine whether or not to exercise this right to acquire class B cumulative preference shares. No class B cumulative preference shares have been issued at this time.

On 6 October 2008, the Company granted the Foundation the right, under Article 2:346(c) of the Dutch Civil Code, to submit a petition as referred to in Article 2:345 of the Dutch Civil Code (right of enquiry).

The Supervisory Board and the Executive Board reserve the right, in the interests of the Company and its associated companies, to resolve to take alternative measures in order to protect the Group against influences that might be regarded by the Supervisory Board and the Executive Board, after balancing the interests of the Company and all of the stakeholders in the Group, as being potentially damaging to the independence, continuity and/or identity of the Group.

The Foundation's board consists of three members who are appointed by the Foundation's board, after notification to the Executive Board. The Foundation is supported by its own legal and communication advisors.

The composition of the board at the end of 2023 was:
J.J. Nooitgedagt, chairman;
F.K. Buijn;
P. van Riel.

The chairman of the Foundation's board receives an annual fee of
€12,000 from the Foundation. The Foundation pays an annual fee of €10,000 to each of the other members of its board.

The particulars of the board members at the end of 2023 were as follows:

J.J. (Jan) Nooitgedagt (1953)
Mr Nooitgedagt has served on the Foundation's board since 2017 and was appointed chairman in that same year. He is a Dutch national. A former member of the Executive Board and chief financial officer of Aegon, Mr Nooitgedagt is chairman of the Supervisory Board of PostNL N.V., chairman of the Supervisory Board of Invest-NL and chairman of the Board of Stichting Beschermingspreferente aandelen Fugro.

F.K. (Frederik) Buijn (1950)
Mr Buijn has been a member of the Foundation's board since 2012. He is a Dutch national. Due to his long-term experience as a qualified civil-law notary Mr Buijn is well versed in corporate law. Mr Buijn is a member of the Board of Stichting Preferente Aandelen Arcadis N.V. He is involved in various family companies as chairman or as a member of foundation trust offices, and chairman of the Board of Stichting Instituut Gak.

P. (Paul) van Riel (1956)
Mr Van Riel has been a member of the Foundation's board since 2019. He is a Dutch national. He is a former CEO and chairman of the Board of Management of Fugro N.V. He is chairman of the Supervisory Board of NV HVC and chairman of the Board of Stichting Preferente Aandelen Arcadis N.V.

8.4 List of principal subsidiaries, joint arrangements and associates

Subsidiaries	%
BAM Groep Nederland bv*, Bunnik (Netherlands)	100
BAM Nederland bv*, Bunnik (Netherlands)	100
BAM Bouw en Techniek bv*, Bunnik (Netherlands)	100
BAM Residential bv*, Bunnik (Netherlands)	100
uniting the activities of:	
BAM Wonen bv*, Bunnik	100
Homestudios bv*, Utrecht	100
AM bv*, Utrecht	100
BAM Specials bv*, Bunnik (Netherlands)	100
BAM Energie & Water bv*, Zwolle	100
BAM Telecom bv*, Zwammerdam	100
BAM Infra Nederland bv*, Gouda (Netherlands)	100
uniting the activities of:	
BAM Infra bv*, Gouda	100
BAM Infra Rail bv*, Breda	100
BAM Infraconsult bv*, Gouda	100
BAM Belgium bv, Brussels (Belgium)	100
uniting the activities of:	
BAM Interbuild bv, Antwerp	100
Kairos nv, Antwerp	100
BAM Construct UK Ltd, Hemel Hempstead (United Kingdom)	100
BAM Nuttall Ltd, Camberley, Surrey (United Kingdom)	100
BAM International bv*, The Hague (Netherlands)	100
BAM Contractors Ltd, Kill, County Kildare (Ireland)	100

Joint arrangements	%
Invesis bv, Bunnik (Netherlands)	50.0
AsfaltNu cv, Culemborg (Netherlands)	50.0

A list of associates as referred to in Sections 379 and 414, Book 2, of the Netherlands Civil Code has been deposited at the Office of the Trade Register in Utrecht.

* In respect of these subsidiaries, Royal BAM Group nv has deposited a declaration of joint and several liability pursuant to Section 403, Part 9, Book 2 of the Netherlands Civil Code.

The new operating centre of the WZA (Wilhelmina Hospital Assen) includes six state-of-the-art operating rooms, which are equipped with, among other things, an ultra-modern air renewal system, Assen, BAM Bouw en Techniek.

Appendices

Restoration of the listed Eindenhout estate (Huis Eindenhout, 1793).

Haarlem, Schakel & Schrale (BAM Specials)

9.1 Royal BAM Group nv shares

Stock exchange listing

BAM has been listed on Euronext Amsterdam since 1959 (symbol: BAMNB; ISIN code: NL0000337319). The share is included in the AScX index, and options are traded by Liffe, the Euronext derivatives exchange. The market capitalisation at year-end 2023 was €651 million (year-end 2022: €582 million).

Investor relations policy

The purpose of the Group's investor relations policy is to provide accurate, transparent and consistent information in a timely manner to stakeholders, which include existing and potential shareholders, financial institutions, brokers and the media. BAM intends to ensure there is a clear understanding of its strategy, performance and decisions to create awareness and confidence. Information is made available through the annual report, quarterly financial and other information, press releases and presentations to investors, which are all available on the Company's website. BAM discloses price-sensitive information without delay through a press release and on its website.

BAM has embedded a closed period in its reporting calender. In this period, the Company does not enter into contact with investors, analysts or the press about the general business. This closed period starts six weeks prior to the publication of each annual report and half-year report and three weeks prior to the publication of the first and third quarter trading updates.

Share price

The 2023 closing price of the ordinary share was €2.42, which was 12 per cent above the closing price at year-end 2022 (€2.17). The AScX index ended the year 1 per cent higher. BAM's share price decreased by 4 per cent over the last five years. By way of comparison, the AEX and the AScX indexes rose by 51 per cent and 28 per cent respectively in the same period.

▶ Graph 58 shows the history of the BAM ordinary share price over the past five years.

Trading volume on Euronext Amsterdam

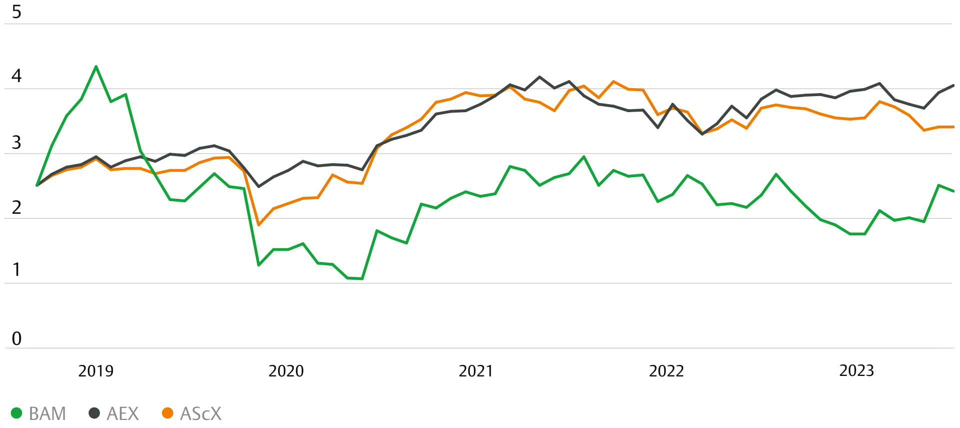
The average daily trade in BAM shares was 1,785,000 ordinary shares (2022: 2,151,000). In 2023, the average daily trade in BAM shares amounted to €3.9 million (2022: €5.4 million).

Shareholders

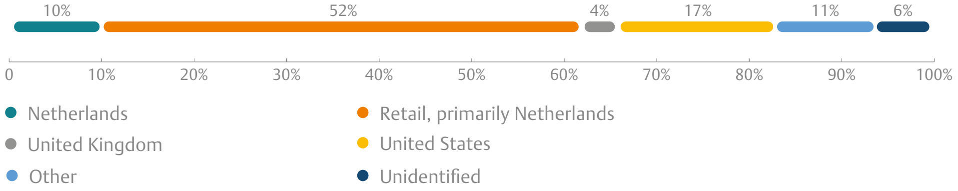
BAM closely monitors developments in its shareholder base by following public market information and a yearly shareholder identification report. Under the Dutch Financial Supervision Act, shareholders must disclose to the Dutch Authority for the Financial Markets (AFM) when they hold 3 per cent or more of shares and when they transfer to a different threshold level. At year-end 2023, the aggregate holdings of funds controlled by Dimensional Holdings and The Vanguard Group each surpassed 3 per cent in BAM's share capital. BAM holds 15,059,622 (5 per cent) treasury shares, of which 5,947,165 shares are for the long-term incentive plan.

58 Ordinary share price movement

(in €)



59 Geographical distribution of shareholders on 31 December 2023



60 Information per share *(in € per share, unless otherwise indicated)*

	2023	2022	2021	2020	2019
Number of ordinary shares ranking for dividend	**268,978,254**	268,119,569	273,296,017	273,296,017	273,296,017
Average number of ordinary shares	**269,966,098**	271,783,810	273,296,017	273,296,017	273,495,636
Net result ranking for dividend	**0.65**	0.67	0.07	(0.45)	0.04
Equity attributable to shareholders	**3.42**	3.02	2.39	2.13	2.30
Dividend [1]	**0.20**	0.15	-	-	-
Pay-out *(in %)*	**30.7**	22.3	-	-	-
Dividend yield *(in %)* [2]	**8.3**	6.9	-	-	-
Highest closing price	**2.68**	3.44	3.03	2.68	4.38
Lowest closing price	**1.76**	1.97	1.61	1.03	2.16
Price on 31 December	**2.42**	2.17	2.69	1.71	2.69
Average daily trade *(in number of shares)*	**1,785,000**	2,151,000	2,021,000	3,331,000	2,528,000
Market capitalisation at year-end *(x €1,000)* [3]	**650,927**	581,819	735,166	465,970	734,074

[1] Dividend proposal 2023. [2] Based on share price at year-end. [3] Based on total number of ordinary shares in issue.

61 Specification of the number of outstanding shares

	2023	2022
Outstanding ordinary shares on 31 December	**284,037,876**	279,407,449
Treasury shares held for performance share plan	**(5,947,165)**	(6,805,850)
Other treasury shares	**(9,112,457)**	(4,482,030)
Ordinary shares qualifying for a dividend on 31 December	**268,978,254**	268,119,569
Percentage of ordinary shares qualifying for a dividend	**94.7%**	96.0%

Number of outstanding ordinary shares

In 2022, BAM introduced a policy to buy back shares to satisfy its obligations of the various long-term incentive plans.

Total shares qualifying for dividends increased by 858,685 at the end of 2023 versus the start of the year, to fulfil BAM's obligations for share-based employee incentive schemes.

Dividend policy

BAM has a dividend policy to distribute a dividend reflecting between 30 and 50 per cent of the net result for the year. When deciding upon the dividend, the Company considers the balance sheet structure supporting the strategic agenda. The proposal is to distribute a dividend of €0.20 over 2023 (in 2023 a dividend of €0.15 was distributed over the year 2022).

9.2 Ten-year overview [1]

(x € million, unless otherwise stated)	**2023**	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenue	**6,270.5**	6,618.2	7,315.3	6,768.2	7,209.1	7,207.8	6,603.7	6,976.1	7,422.9	7,314.0
Adjusted EBITDA [2]	**304.3**	350.2	278.4	200.8	235.4	213.7	113.1	159.8	137.1	124.3
Adjusted EBITDA margin *(in %)* [2]	**4.9**	5.3	3.8	2.9	3.3	3.0	1.7	2.3	1.8	1.7
Operating result	**170.7**	213.4	78.1	(221.3)	52.3	105.2	28.6	32.9	(10.7)	(104.7)
Result before tax	**183.6**	215.7	65.8	(236.9)	50.6	114.5	58.3	60.1	13.3	(122.4)
Net result	**175.0**	177.7	17.0	(122.4)	12.0	24.4	13.4	49.2	11.0	(106.9)
• from continuing operations	**175.0**	177.7	17.0	(272.0)	12.0	24.4	13.4	49.2	11.0	(106.9)
• from discontinued operations	**-**	-	-	149.7	-	-	-	-	-	-
• attributable to the shareholders of the Company	**175.0**	179.6	18.1	(122.2)	11.8	23.8	12.5	46.8	10.2	(108.2)
Basic earnings per share *(in €1)*	**0.65**	0.66	0.07	(0.45)	0.04	0.09	0.05	0.17	0.04	(0.40)
Diluted earnings per share *(in €1)*	**0.64**	0.65	0.07	(0.45)	0.04	0.09	0.05	0.17	0.04	(0.40)
Dividend per ordinary share *(in €1)* [3]	**0.20**	0.15	-	-	-	0.14	0.10	0.09	0.02	-
Equity attributable to the shareholders ofthe Company	**920.5**	810.6	653.6	583.4	628.4	729.0	852.2	834.3	902.1	827.4
Subordinated convertible bonds	**-**	-	-	118.7	120.5	117.6	115.0	112.5	124.3	124.5
Capital base	**920.5**	810.6	653.6	702.1	748.9	846.7	967.2	946.7	1,026.5	951.9
Total assets	**3,932.0**	3,819.4	4,495.9	5,244.5	4,540.2	4,578.0	4,571.2	4,812.0	4,852.2	4,956.0
Capital ratio *(in %)*	**23.4**	21.2	14.5	13.4	16.5	18.5	21.2	19.7	21.2	19.2
Capital employed	**1,345.7**	1,194.3	1,272.6	1,957.3	1,536.1	1,388.7	1,520.1	1,657.3	1,804.7	1,870.3
Return on capital employed *(in %)*	**13.7**	16.8	5.6	(4.2)	3.4	7.5	2.8	2.9	0.2	(6.4)
Additions to property, plant and equipment	**80.0**	92.9	64.9	58.7	82.3	83.1	82.4	61.9	64.6	56.3
Additions to right-of-use assets	**107.4**	43.7	51.3	78.4	118.1	-	-	-	-	-
Depreciation property, plant and equipment	**39.3**	39.6	51.4	54.0	54.0	63.8	55.0	60.3	66.5	79.6
Depreciation right-of-use assets	**77.7**	68.5	85.6	99.2	99.7		-	-	-	-
Amortisation intangible assets	**4.3**	8.6	8.4	6.0	5.9	6.0	4.1	4.1	4.1	3.2
Impairments (including from joint ventures and associates)	**2.6**	15.0	48.5	74.7	18.5	23.8	4.8	50.7	39.1	115.9
Order book	**9,809**	10,038	13,243	13,760	12,659	12,692	11,609	10,193	11,480	10,268
Average number of employees *(in FTE)*	**13,344**	14,608	17,001	18,731	19,433	20,194	19,720	20,370	21,916	23,525

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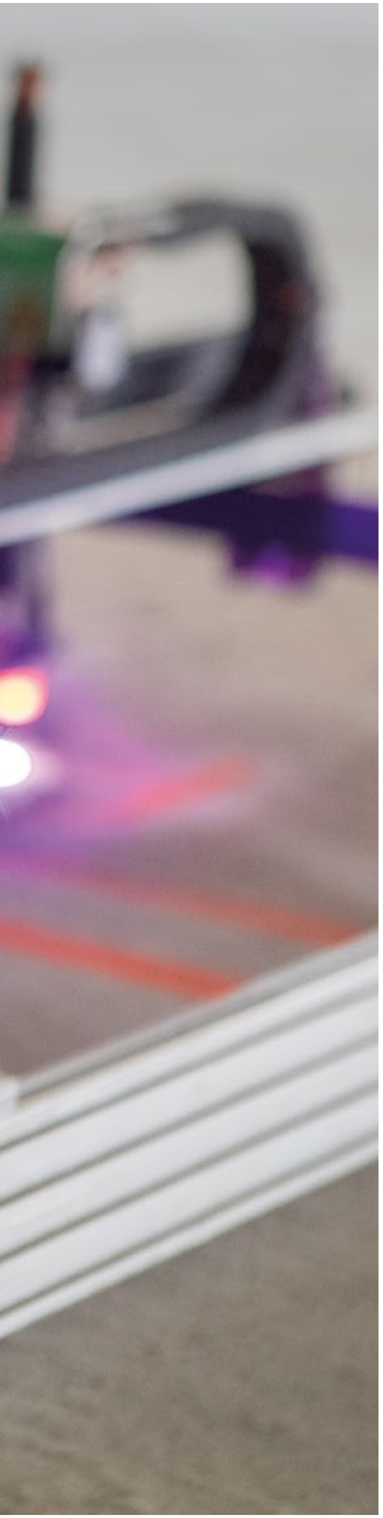
[1] All amounts are as reported in the respective year

[2] From continued and discontinued operations

[3] For 2023 dividend proposal.

BAM Bouw en Techniek uses the so-called BIM printer in construction projects to automatically draw drawings from BIM in full size on the concrete floor to precisely position the dividing walls and doors. This robot printer ensures fast and accurate dimensioning of the elements. Robotisation is one of the building blocks that BAM uses - as an application in the field of digitalisation - to add value to projects.

BIM printer

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DANGER
LASER
4
AVOID EYE OR SKIN EXPOSURE TO DIRECT OR SCATTERED RADIATION
LASER IN USE !
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9.3 Key financial dates

10 April 2024	Annual general meeting of shareholders
2 May 2024	Trading update first quarter 2024
25 July 2024	Publication of half-year results 2024
7 November 2024	Trading update first nine months 2024
13 February 2025	Publication of annual results 2024
9 April 2025	Annual general meeting of shareholders
8 May 2025	Trading update first quarter 2025
24 July 2025	Publication of half-year results 2025
6 November 2025	Trading update first nine months 2025

After the move of the hospital Groot Ziekengasthuis (GZG), the 5-hectare GZG site is being transformed into a new part of the city centre of 's-Hertogenbosch: **the Gasthuiskwartier, AM (in joint venture).**

9.4 Glossary

Some measures included in this annual report are not IFRS measures and are generally referred to as non-IFRS measures. The Group uses these as internal measures of performance to compare against budget, prior year and/or latest internal forecasts. The non-IFRS measures are reported in this annual report, as the Group believes they will support stakeholders to understand the Group's financial position and results of operations. Included below are reconciliations of the respective non-IFRS measure to the closest financial measure under IFRS for stakeholders to appropriately understand their nature. Amounts are in thousands of euro, unless stated otherwise.

Absolute CO_2 emissions
Energy consumption (GJ) and CO_2 emissions (in tonnes). The CO_2 emissions are calculated by applying conversion factors for the different energy types.

Absolute construction and office waste
The absolute construction and office waste is representing the total construction waste generated at construction sites plus the waste produced at BAM offices.

Adjusted EBITDA
Result before tax, impairment charges, interest, depreciation and amortisation and excluding restructuring costs and pension one-off results. Adjusted EBITDA is determined as follows:

	2023	2022
Result before tax	183,567	215,672
Finance result	(12,839)	(2,259)
Operating result ("EBIT")	170,728	213,413
Impairments	3,559	13,473
Share in impairment charges of associates and joint ventures	(917)	1,502
Depreciation and amortisation	121,293	116,602
EBITDA	294,663	344,990
Restructuring costs	9,653	5,230
Pension one-off	-	-
Adjusted EBITDA	304,316	350,220

Capital base
Equity attributable to the shareholders of the Company plus subordinated convertible bond. Capital base is determined as follows:

	2023	2022
Equity attributable to the shareholders of the Company	920,495	810,590
Subordinated convertible bond	-	-
Capital base	920,495	810,590

Capital employed
Non-current assets plus net working capital plus cash and cash equivalents. Capital employed is determined as follows:

	2023	2022
Non-current assets	1,356,124	1,243,891
Plus: net working capital	(767,741)	(890,849)
Plus: cash and cash equivalents	757,333	841,246
Capital employed	1,345,716	1,194,288

Capital ratio
Capital base divided by total assets. Capital ratio is determined as follows:

	2023	2022
Capital base	920,495	810,590
Total assets	3,932,020	3,819,395
Capital ratio	23.4%	21.2%

Cash flow from working capital	The sum of decrease/(increase) in inventories, decrease/(increase) in trade and other receivables and increase/(decrease) in trade and other payables as presented in the consolidated statement of cash flows. Cash flow from working capital is determined as follows:

	2023	2022
Decrease/(increase) in inventories	**20,269**	(51,365)
Decrease/(increase) in trade and other receivables	**(97,004)**	(141,380)
Increase/(decrease) in trade and other payables	**(22,726)**	(273,527)
Cash flow from working capital	**(99,461)**	(466,272)

CO_2 intensity	The relative CO_2 emissions is the total CO_2 footprint (absolute emissions) of BAM corrected for changes in revenue. The relative emissions allow for a more relevant year on year comparison on BAM's performance, as changes in the workload (amount and size of projects) are accounted for. The CO_2 intensity (tonnes CO_2 /M€ revenue) is calculated by dividing the total absolute CO_2 emissions by the revenue.
Construction waste	Construction waste consists of temporary and permanent construction materials and packaging brought on to construction sites which remain fully or partially unused during construction activities and which are to be discarded.
Construction and office waste intensity	The construction and office waste intensity is representing the total construction and office waste of BAM corrected for changes in revenue. The construction and office waste intensity is calculated by dividing the total construction and office waste by the revenue.
Demolition waste	Demolition waste encompasses all waste arising from demolishing or strip out of existing buildings and/or infrastructure on the construction site. It generally includes concrete, bricks, tiles, ceramics, and gypsum based materials, timber, glass, plastics, asphalt, tar and tarred products, metals, insulation materials.
EBIT	Earnings before interest and tax. The amount is the equivalent of operating result as specified in the reconciliation of adjusted EBITDA.
Excavation waste	Excavation waste encompasses all materials removed from the construction site as a result of excavation activities during preparation of construction sites. Excavation is defined as unwanted material resulting from excavation activities such as land levelling, civil and/or infrastructural works and/or general foundations. It generally includes soil, rocks and vegetation arising from site preparation.
General Meeting	Annual general meeting of shareholders.
GHG	Greenhouse gases which have a global warming impact.
IF BAM	Incident frequency for own employees on construction sites.
IF Total	Incident frequency for the workforce, i.e. own employees plus subcontractors, hired workers and thirds.
Incineration with energy recovery	The process of recovering the embodied energy of a material through incineration.

Incineration without energy recovery/landfill	The incineration of waste without recovering the embodied energy or the disposal of waste in the ground.
Liquidity position	The amount of cash and cash equivalents.
Net (debt) / cash	Cash and cash equivalents minus (non-current and current) borrowings minus (non-current and current) lease liabilities. Net (debt) / cash is determined as follows:

	2023	2022
Cash and cash equivalents	**757,333**	841,246
Minus: non-current borrowings	**(54,513)**	(40,661)
Minus: current borrowings	**(7,061)**	(11,968)
Minus: non-current lease liabilities	**(160,902)**	(118,871)
Minus: current lease liabilities	**(73,313)**	(55,806)
Net (debt) / cash	**461,544**	613,940

Net (debt) / cash before lease liabilities	Net (debt) / cash plus (non-current and current) lease liabilities. Net (debt) / cash before lease liabilities is determined as follows:

	2023	2022
Net (debt) / cash	**461,544**	613,940
Plus: current lease liabilities	**73,313**	55,806
Plus: non-current lease liabilities	**160,902**	118,871
Net (debt) / cash before lease liabilities	**695,759**	788,617

Net working capital	Current assets (excluding cash and cash equivalents) minus current liabilities (excluding current borrowings and current lease liabilities). Net working capital is determined as follows:

	2023	2022
Current assets	**2,575,896**	2,575,504
Minus: cash and cash equivalents	**(757,333)**	(841,246)
Minus: current liabilities	**(2,666,680)**	(2,692,881)
Plus: current borrowings	**7,061**	11,968
Plus: current lease liabilities	**73,313**	55,806
Net working capital	**(767,743)**	(890,849)

Office waste	Office waste consists of everyday items we use in the offices and then throw away, such as paper, product packaging, organic waste, furniture, clothing, bottles, food scraps, newspapers, appliances, paint, and batteries.
Occupational accident	An unintended occurrence during a period of paid work that results in physical injury or illness, including accidents that occur during business trips (during working hours, no commuting). In the event of an accident involving multiple victims, the number of accidents is considered equal to the number of victims.
Order book	The amount of expected revenue from contracts with customers, for the next five years, that has been secured but has not yet been recognised as revenue as the respective performance obligation has not yet been satisfied. Orderbook is further specified in note 6.2 of the consolidated financial statements.

Return on capital employed (ROCE)

EBIT (on a rolling year basis) divided by the average four-quarter capital employed. Return on capital employed is determined as follows:

	2023	2022
EBIT	**170,728**	213,413
Average four-quarter capital employed	**1,244,433**	1,270,400
ROCE	**13.7%**	16.8%

Return on Inclusion (ROI)

Return on Investment with diversity and inclusion expressed in an audit score and/or a current return in euro per euro invested in diversity and inclusion. The score is obtained by means of an ROI audit (external auditor) related to 20 key focus areas.

The scores of the ROI audit can be categorised as follows:

1. Diamond (90+) - exemplar
2. Platinum (81-90) - leader
3. Gold (71-80) - champion
4. Silver (51-70) - aspiring
5. Bronze (0-50) - starting out

Reuse/recycling

The beneficial reuse of waste in its current form (either on-site or off-site). Recycling is the reprocessing of wastes, either in the same material (closed-loop) or a different material (open-loop).

Serious accident

An industrial accident that leads to the person involved being admitted to hospital for more than 24 hours or that results in electrocution, amputation or (hairline) fracture with or without lost time.

Sustainable timber

Responsibly sources and certified timber (verified, legal and sustainable) consisting of the following categories:

- FSC 100%
- FSC mix
- PEFC mix
- Other certificates

The share of sustainable timber is calculated by dividing the sum of sustainable categories (all the above) by the total of categories. The remaining timber is reported as not certified.

Social value

Social value is a broader understanding of value. Activities that contribute to social and local economic value are allocated appropriate monetary value, which together can be expressed as a percentage of contract value or revenue.

Social Return on Investment (SROI)

This is a method of delivering and measuring social value in projects, with a focus on getting people that have a distance to the labour market into work. Project contracts for the public sector in The Netherlands often contain contractual obligations with respect to SROI, expressed in a monetary value or percentage of contract sum.

Solvency

Equity attributable to shareholders of the Company, divided by total assets:

	2023	2022
Equity attributable to the shareholders of the Company	**920,495**	810,590
Total assets	**3,932,020**	3,819,395
Solvency	**23.4%**	21.2%

Thirds	(in the context of IF total) All other parties involved in an accident arising from a work or workplace activity in which BAM is directly or indirectly involved, such as members of the public, visitors, bystanders, other road users, site inspectors from governmental agencies and vendors”
Total shareholder return (TSR)	Metric used to compare the performance of companies in BAM’s peer group’s shares over time. The relative TSR position reflects the market perception of overall performance relative to the peer group.
Trade working capital	Net working capital minus land and building rights, property development, non-trade receivables and payables (PPP receivables, other financial assets, other receivables, taxes, derivative financial instruments, provisions, other liabilities and assets and liabilities held for sale). Trade working capital is determined as follows:

	2023	2022
Net working capital	**(767,743)**	(890,849)
Minus: land and building rights	**(236,777)**	(219,189)
Minus: property development	**(205,689)**	(238,635)
Minus: non-trade receivables	**(135,810)**	(123,132)
Plus: non-trade payables	**524,169**	462,084
Trade working capital	**(821,846)**	(1,009,721)

Trade working capital efficiency	The average four-quarters’ trade working capital divided by revenue (on a rolling year basis). TWC efficiency is determined as follows:

	2023	2022
Average four-quarters’ trade working capital	**(824,778)**	(1,047,410)
Revenue	**6,270,474**	6,618,169
TWC efficiency	**(13.2%)**	(15.8%)

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Layout
Boulogne Jonkers Design, Zoetermeer, the Netherlands

Printing
Veenman+, Rotterdam, the Netherlands

Illustrations
Chapman Brown Photography (cover image), Count Media - Gerard de Graaff,
Diego Rosero Erazo, Egbert de Boer - architectural photography, HS2,
Lisette van de Pavoordt, Marcel van Kerckhoven, Perth Museum, Sander Koning,
Sky Revolutions - Patrick Rebelo/Jamie Jones, Tim Pestridge, Tomasz Kozak