Royal BAM Group nv

Annual report

2022

Building a sustainable tomorrow

Renovation work on the iconic Selfridges building at Bullring, Birmingham – BAM Construction

BAM has removed, cleaned and restored 16,000 aluminium disks while the building's facade was replaced and a new layer of insulation installed.

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European single electronic reporting format
This copy of the annual financial reporting of Royal BAM Group nv for the year ended 31 December 2022 is not presented in the ESEF-format as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815).
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22-02
BAM is subject to the structure regime as intended in Part 4, Book 2 of the Dutch Civil Code. The management report as intended in Part 9 of Book 2 of the Dutch Civil Code consists of chapters 1-6, 8.2, 8.3, 8.4, 9.1, 9.2, 9.7 and 9.8.

Key figures

(x € million, unless otherwise stated)

People

	2022	2021
Safety		
Incident frequency (IF BAM)	3.7	4.5
Human resources		
Number of employees as at 31 December *(in FTE)*	13,439	15,739
Average number of employees *(in FTE)*	14,608	17,001
Female/male employees *(in %)*	20/80	19/81

Planet

	2022	2021
Decarbonisation[1]		
Scope 1,2 CO_2 emissions intensity *(in tonnes per € million revenue)*	13.0	14.5
Scope 1,2 CO_2 emissions *(in kilotonnes)*	86	106
Energy consumption *(in terajoules)*	1,475	1,649
CDP Climate ranking	A	A
Circularity		
Construction and office waste intensity *(in tonnes per € million revenue)*	10.0	11.6
Construction and office waste *(in kilotonnes)*	66	85

Profit

	2022	2021
Revenue	6,618	7,315
Adjusted EBITDA[2]	350.2	278.4
Adjusted EBITDA margin *(in %)*	5.3	3.8
Net result attributable to the shareholders of the Company	179.6	18.1
Earnings per share *(in €)*	0.66	0.07
Dividend per share *(in €)*	0.15	-
Dividend payout *(in %)*	22	-
Number of shares as at 31 December *(x 1,000)*	271,784	273,296
Share closing price as at 31 December *(in €1)*	2.17	2.69
Equity attributable to the shareholders of the Company	810.6	653.6
Total assets	3,819.4	4,495.9
Solvency ratio *(in %)*	21.2	14.5
Capital employed	1,194.3	1,272.6
Return on capital employed *(in %)*	16.8	5.6
Order book	10,038	13,243

[1] BAM's new decarbonisation targets have been split into scope 1, 2 and scope 3 targets. Key figures now include only scope 1,2 CO_2 emissions and exclude CO_2 emissions related to employee travel. These were included in the carbon footprint in previous years, but are now reported under scope 3 emissions. Figures for 2021 have been adjusted accordingly and now include only scope 1 and 2 CO_2 emissions and energy consumption.

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

2022 in review

Some milestone projects

Langeveld Building, Erasmus University Rotterdam

Gijs Leffers, senior project manager and overall project responsible, BAM Bouw en Techniek

‘Langeveld Building is a unique and exceptionally sustainable educational building with an innovative ventilation system. Together, BAM and Erasmus University Rotterdam have taken up the challenge of developing and applying new technology in favour of a natural indoor climate.’


p.24

‘Groote Wielen’

Sebastiaan Meijer, project manager, BAM Infra Nederland

‘With our innovation, we have built the first low-cement bridge with a 25 per cent CO_2 reduction. Combined with the use of electric equipment and circular materials, we are contributing to a more sustainable society.’


p.32

One Strawberry Lane

Tony Fitzgerald, construction director, BAM Construction North East

‘Having a positive impact on the local communities in the North East is really important to us and this is reflected in the 44 per cent social value score for Home Group’s new HQ at Strawberry Lane in Newcastle.’


p.70


p.86

Industry leading work on scope 3 emissions

Anthony Heaton, sustainability and social value manager, BAM FM

‘Our involvement in the scope 3 emission project is not only recognising BAM’s knowledge and expertise, but is driving change throughout the facility management business with knock-on effects for other BAM companies.


p.220

NovaCity

Isabel Van Nespen, senior project manager, BAM Interbuild

‘It’s great to be able to participate in urban renewal in our capital city, in sustainable projects that can contribute to our future and can make a difference.’

Message from the CEO

1

'We consider sustainability as prime driver of BAM's future business and its ability to create long-term value.'

Ruud Joosten
CEO Royal BAM Group nv.

Message from the CEO

BAM had a good year in 2022. We met our financial outlook, strengthened our capital position, refinanced our revolving credit facility (RCF) and made early and full repayment of the Covid-19 deferred VAT and salary tax payments. We divested subsidiaries in Belgium and Germany, and we settled several legacy projects to further de-risk the portfolio. I am pleased to announce we will propose our shareholders to restart paying a dividend.

BAM had a satisfactory operational performance for the year as a whole. In the Netherlands division, residential activities continued to contribute well. The performance of Dutch civil engineering is steadily improving and the exposure to large single stage lump-sum contracts continues to decline. The contribution of Dutch non-residential construction and the United Kingdom and Ireland division was held back by inflation, supply chain issues and delays at some projects. Our activities in Belgium had a positive contribution. Our joint venture Invesis performed well, including the positive effect of the change in the fair value of hedge instruments.

We made good progress in 2022 with our three-year strategic plan. We implemented a new divisional structure with a lean corporate centre, finalised several major divestments and launched a culture programme. Regarding sustainability, I am proud that BAM has achieved for the fourth consecutive year a place on CDP's prestigious 'A' list for climate change. We consider sustainability as a prime driver for BAM's future business and its ability to create long-term value. In January 2023, the Group presented its new sustainability strategy around six material themes concerning People and Planet, 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 and include short-, medium- and long-term goals.

Safety has always been a fundamental priority for BAM, and over the years we have made substantial improvements to our safety culture and procedures. Sadly, we experienced two work related fatalities in 2022. These losses are devastating for family, friends and colleagues. The incident frequency decreased from 4.5 in 2021 to 3.7 in 2022.

Our order book of €10.0 billion is at a good level and we continue to focus on contracts with a healthy risk/reward balance. We see attractive market opportunities supported by demand for decarbonisation, critical infrastructure and sustainable buildings, where we have proven market-leading capabilities. Industry-wide pressure within supply chains, cost inflation and retaining staff are ongoing.

BAM is in good shape to benefit from its strong market positions and structural growth opportunities. Despite the headwinds created by the uncertain macro-economic and geopolitical situation, the Group remains on track with the execution of its strategy and is aiming to deliver a performance towards the 2023 strategic targets.

Based on our performance and further improved financial resilience we will propose to our shareholders to pay a dividend over 2022 of €0.15 per share.

> *Royal BAM Group nv meets its financial outlook for 2022, delivering adjusted EBITDA margin of 4.5 per cent excluding the positive result on the Wayss & Freytag Ingenieurbau transaction. The capital ratio further improved to 21.2 per cent. BAM confirms its earlier announced expectation to pay a dividend over the year 2022 and proposes €0.15 per share. BAM is in good shape to benefit from its strong market positions and structural growth opportunities. Despite the headwinds created by the uncertain macro-economic and geopolitical situation, the Group remains on track with the execution of its strategy and is aiming to deliver a performance towards the 2023 strategic targets.*

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, 22 February 2023

Ruud Joosten,
CEO Royal BAM Group nv

Value creation

2

Educational building Echo
Delft - BAM Bouw en Techniek

BAM completed 'Echo', the interfaculty educational building for the Technical University of Delft. The new meeting centre for students and university staff is sustainable, circular and energy-efficient.

2.1 Business model

Organisation

Royal BAM Group's organisational structure is based on two divisions, one dedicated to the Netherlands and the other to the United Kingdom and Ireland. This structure has been put in place to enhance operational excellence, knowledge sharing and the development of sustainable and life-cycle solutions. The two divisions are supported by a focused and streamlined corporate centre.

In the division Netherlands and the division 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.

With the completion of the divestment of Wayss & Freytag Ingenieurbau in September 2022, the Group finalised its divestment agenda, a key element of BAM's strategic plan to create a more predictable, profitable and sustainable company in 2023. BAM is focusing on further improvement of its activities in the Netherlands (including Denmark), the United Kingdom and Ireland and its remaining operations in Belgium.

Through its joint venture Invesis, BAM is also committed to PPP civil and social infrastructure projects. BAM International previously delivered construction and civil engineering projects outside Western Europe. Following the wind-down, all these projects have been completed.

The Group employs approximately 13,700 people. The division Netherlands employs approximately 7,000 people, the division United Kingdom and Ireland 6,400 people, and Belgium 200 people.

Organisational structure
Royal BAM Group implemented the aforementioned organisation structure on 1 January 2022.

The implementation of this structure is a further step in achieving BAM's strategic agenda for 2021-2023 (Building a sustainable tomorrow), which was presented in February 2021. With this organisational structure, BAM will enhance its effectiveness and focus on growth, leveraging its top-3 market positions in the Netherlands, the United Kingdom and Ireland. It will also contribute to faster development of innovative solutions, thereby supporting BAM's clients to improve their sustainability and lower their carbon footprint.

Activities
BAM carries out non-residential construction activities in the Netherlands, the United Kingdom and Ireland. On a modest scale, BAM is also active in non-residential construction in Denmark and Belgium. These activities are managed from the Netherlands. 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. Non-residential 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. BAM's civil engineering activities cover the markets in the Netherlands, the United Kingdom and Ireland, and Denmark (Fehmarnbelt Tunnel).

Top structure
Since 1 January 2022, BAM's Executive Committee consists of the two Executive Board members (chief executive officer and chief financial officer), as well as two chief operating officers, one responsible for the activities in the Netherlands and the other for the activities in the United Kingdom and Ireland. The management of the operations in Belgium reports to the CEO. The management of the joint venture Invesis reports to the CFO.

The financial, social and environmental performance of BAM's business lines 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
Interbuild
-
Kairos

Worldwide
BAM International

Public Private Partnerships
Invesis (50%)

Value creation model

Inputs

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 13,700 employees, reflecting the communities in which BAM operates
- Living and breathing the 5 new 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.

- 53,000 tonnes steel, 171,000 m^3 ready-mix concrete, 750,000 tonnes asphalt used in the Netherlands
- In the Netherlands and the United Kingdom the Group achieved a certified sustainable timber use of 99.3 per cent
- Emission intensity (in tonnes per € million revenue) of 13.0

Manufactered capital

Machinery, tools and buildings.

- BAM's first construction machine powered by hydrogen
- In-house site equipment (BAM Materieel and BAM Site Solutions)
- Over 55 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 2022 spend with 21 per cent of our vendors
- Engaging stakeholders (see chapter 2.3)
- Measuring BAM's added Social Value on UK projects (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
- 5 per cent employees working in category 'Design'

Financial capital

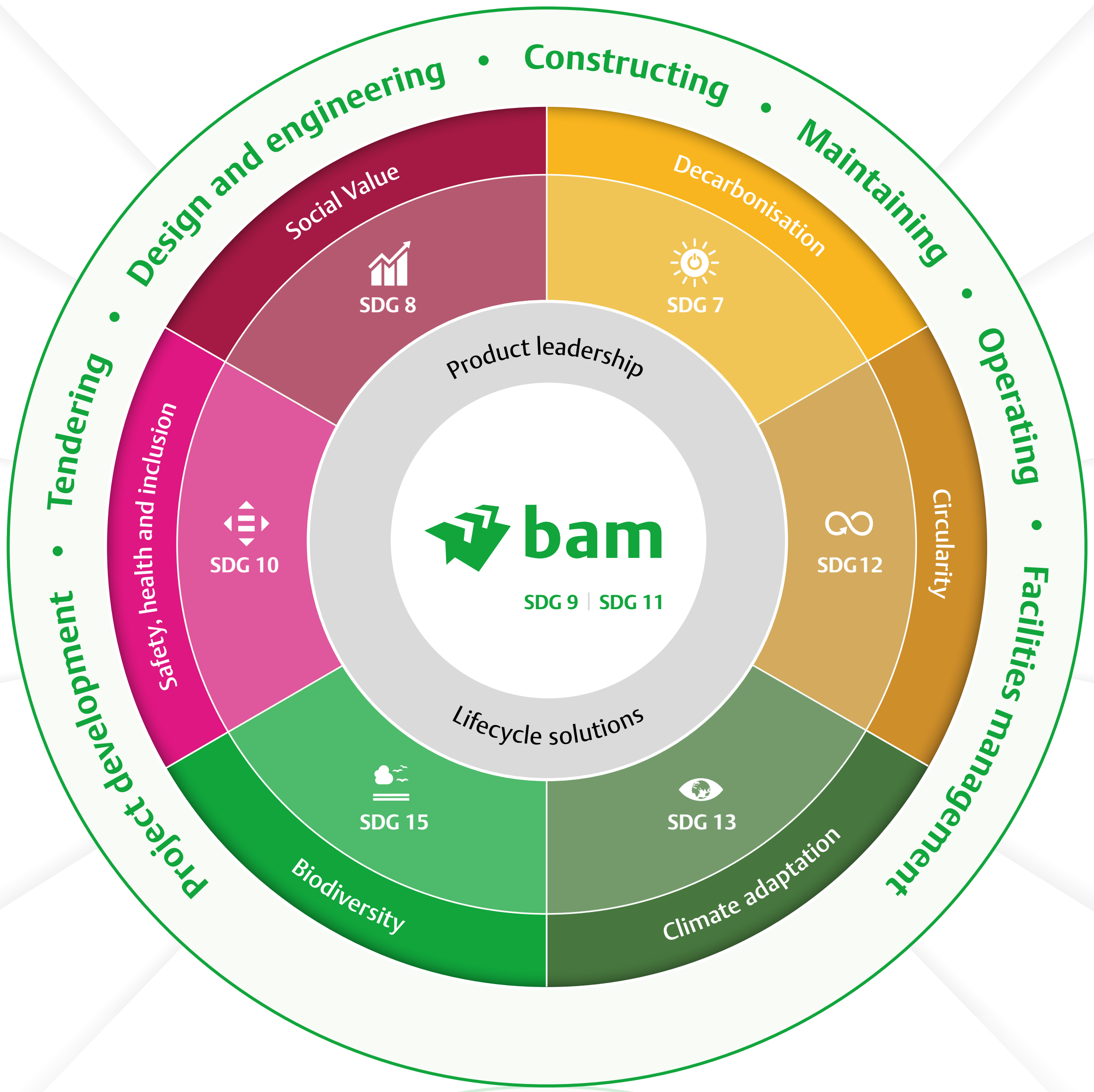
Funding from shareholders, financial stakeholders and clients.

- Equity attributable to the shareholders of the Company €810.6
- Credit capacity available for operations (Revolving Credit Facility), bonding and guarantees
- Cash position €841 and net working capital

'Building a sustainable tomorrow'

Our purpose

Providing clients with best-in-industry capabilities,
contribute to the global movement towards sustainability,
provide employees with a safe and rewarding work environment
and generate attractive returns for shareholders.



Sustainability is at the heart of BAM's strategy

The above 'wheel' provides a simplified representation of BAM's sustainability focus.
The detailed version is included in chapter 2.2 Sustainability strategy.

Outputs

Providing a safe and inclusive working environment

- Incident Frequency BAM (IF BAM) = 3.7
- Women representing 20 per cent of the workforce
- Engagement score of 72

Limiting global warming and it's effects and reducing waste

- 48 per cent reduction of CO_2 intensity (scope 1 and 2) compared to 2015
- 54 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 4,500 projects
- Solvency ratio of 21.2 per cent
- Adjusted EBITDA of €350.2

BAM creates value with...

Employees

- 77 per cent working in categories 'Build', 'Maintain' and 'Design'
- 22 per cent working in categories 'Acquire' and 'Functions'
- 1 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
- Branche organisations
- Banks, credit insurers
- Local governments and regulators

...and operates in key 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.

2.2 Strategy 2021-2023

Strategic plan: Building a sustainable tomorrow

BAM is continuing with the execution of its 2021-2023 strategy, Building a sustainable tomorrow. The goal of this strategy is to increase the profitability of the Company and to de-risk BAM's portfolio and the work it chooses to undertake. BAM is moving forward well towards this goal.

Concentrating its resources on the markets and sectors within which BAM excels means it can focus on providing clients with best-in-industry capabilities. In doing so, BAM is also looking towards other areas in which these specialised skill sets and industry capabilities can be leveraged to capture growth, with a particular focus on trends that support, not hinder, the progression of a sustainable and productive society.

BAM recognises the importance of its role as a key player in the construction industry. The Company believes it is its duty to contribute to the global drive towards a sustainable future for the planet and its inhabitants, and encourages clients and stakeholders to join BAM on this journey. This forms an integral part of its strategy (see pages 13 and 14).

For the next phase of the strategy, BAM is continuing its journey to form the basis for further growth in the years to come.

Highlights:
The Company aims to restructure its portfolio to focus on markets, projects and partnerships where BAM can leverage its proven competitive strengths, as follows:
- Create a platform for growth in the Netherlands, United Kingdom and Ireland;
- The construction and property activities of BAM in Belgium centered in the Flemish part remain part of BAM;
- Expand partnerships for creating assets with fixed long-term income by growing the current Private Public Partnerships (PPP) business and establishing new partnerships to develop residential properties;
- Leverage expertise in sustainability, digitalisation, modularisation and industrialised construction;
- Continue de-risking the project portfolio.

Focus on profitable growth platform

BAM continues to grow its business across its two divisions the Netherlands, and the United Kingdom and Ireland. BAM continues to strengthen its Construction, Property and Civil business lines in each of these markets whilst maintaining a strong position in the Public Private Partnerships arena (PPP). BAM continues to deepen its understanding of its markets and the trends emerging within. Analysing the markets and BAM's performance within them ensures robust, informed and strategic decision-making across all areas of the Company, such as which projects to tender for and how to best manage cost levels to suit its target clients and markets.

Once markets are identified and portfolios become increasingly focused, BAM continues to focus on key aspects of its delivery model such as life-cycle solutions and product leadership, and strives to provide clients with innovative and sustainable solutions to their project requirements. BAM integrates its development, design, construction and facilities maintenance capabilities to provide an end-to-end offering that encapsulates the quality of the BAM brand from start to finish.

In order to increase quality and profitability, and reduce risk, BAM will target projects where its innovative capabilities are allowed to flourish. This will enable repeatable and refined solutions to be developed to meet the specific needs of BAM's markets, clients and end users. It is key to combine the strategic themes of sustainability, digitalisation and industrialisation in BAM's solutions to build upon the Company's business strengths.

Continue de-risking

As part of the 2021-2023 strategic plan, BAM continues to improve its risk-reward profile. In doing so, BAM is moving its project portfolio away from large unrewarded risk by limiting the size of single-stage, lump-sum tenders.
BAM is sensitive to the current macroeconomic and industry challenges, which are built into the tender evaluation process. In 2022 BAM finalised its divestment agenda, a key element of its strategic plan to create a more predictable, profitable and sustainable company in 2023. From now on, BAM is focusing on further improvement of its activities in the Netherlands, United Kingdom and Ireland and its remaining operations in Belgium.

Progress made in 2022

Platform for growth:
- BAM developed a new comprehensive sustainability strategy which has been launched early 2023;
- With the involvement of a large number of BAM employees, BAM defined a new set of values;
- In 2022 BAM launched its new residential house concept Flow for sustainable and affordable houses based on timber and produced off-site;
- BAM voluntarily accelerated the early repayment of COVID-related support funds.

Manage for value - divestment agenda finalised:
- Wayss and Freytag Ingenieurbau (completed);
- BAM Galère (completed);
- BAM Contractors (Belgium; completed).

Market choices:
- BAM maintains a strong pipeline of opportunities, mainly driven by public stimulus programmes in the United Kingdom and Ireland, and high demand for sustainable solutions and for new homes in the Netherlands.

2 Strategy 2021-2023

Building a sustainable tomorrow

Focus on profitable growth platform
- Platform for growth
- Manage for value

Continue de-risking
- Market choices
- Avoid disproportionate risk in project portfolio
- Operational excellence in tenders and on projects

Accelerate opportunities for future growth
- Towards process and product leadership
- Life cycle solutions and selective investments

BAM 2023
- Approximately €5.5 billion revenue
- Stable adjusted EBITDA of approximately 5%
- ROCE > 10%
- Trade working capital efficiency < -10%
- Grow capital ratio to 20%
- Incident frequency ≤ 3.0
- Maintain CDP A ranking
- Scope 1 and 2 CO_2 reduction 50% versus 2015

Avoid disproportionate risk in project portfolio:
- BAM stopped multiple large single-stage lump-sum tenders with an unrewarded risk profile.

Process and product leadership:
- Life-cycle solutions are within reach given BAM's broad offering across the construction industry value chain. BAM is working on improving the synergies between its segments in both its United Kingdom and Ireland and its Netherlands divisions to offer clients a more complete life-cycle solution;
- BAM is focusing on process and product leadership by investing in off-site scalable manufacturing through the initiative 'BAM Flow', the new residential concept in the Netherlands to offer sustainable, high-quality and affordable dwellings;
- Within the divisions, Modern Methods of Construction (MCC) solutions are being developed to meet the needs of regular and potential clients in the markets in which BAM operates.

Safety and sustainability:
- While BAM improved its safety performance resulting in an IF BAM of 3.7 (4.5 in 2021) in 2022, this is still behind the 2022 target of ≤ 3.5;
- In 2022, BAM received an 'A' ranking and achieved leadership status on CDP's climate change benchmark for the fourth consecutive year;
- BAM reduced its scope 1 and 2 CO_2 intensity in 2022 by 48 per cent compared to 2015 and is well on track in reaching its target of 50 per cent by 2023;
- BAM continues to offer sustainable solutions and wins tenders thanks to a clear client demand for increased sustainability. BAM aims to increase the share of sustainable projects in its portfolio.

Digitalisation and industrialisation:
- BAM continues to establish its 'Digitise our Business' portfolio. One example is the development of BAM Flow, a tool to drive more efficient project management, which is now in informal use and will be rolled out formally in 2023. A second example is BAM Source, a common data environment based on SharePoint and BIM 360 which enables easy access to project information and can support onward decision-making.
- BAM has increased its digital construction approach following ISO19650 by utilising 3D and 4D modelling at earlier stages in projects to optimise and add value across project life cycles.

Acquisitions and divestments

Divestments

On 16 September 2022, Royal BAM Group sold its German business Wayss & Freytag Ingenieurbau to Zech Building SE, which bundles all construction activities of the Zech Group. The transaction was first announced on 21 June 2022. Wayss & Freytag Ingenieurbau employed over 1,000 employees, with annual revenue over €500 million. The divestment resulted in a book profit of approximately €50 million.

On 5 May 2022, Royal BAM Group sold its Belgian business BAM Contractors nv to the Belgian construction company Stadsbader Group. BAM Contractors employed approximately 400 people and had annual revenues of approximately €190 million.

On 3 February 2022, Royal BAM Group sold BAM Galère (including its subsidiary BAM Lux and BAM Galère's plant and equipment, managed by BAM Mat) to the Belgian construction company Thomas & Piron Group. The company was active in Wallonia, Brussels and – via subsidiary BAM Lux – in the Grand Duchy of Luxembourg, had annual revenues of approximately €200 million, and has 650 employees delivering construction and civil engineering projects.

Sustainability strategy

In 2022, BAM further developed the sustainability component of its strategy. BAM's purpose is to build a sustainable tomorrow. Through its new sustainability strategy, BAM takes ownership of fulfilling this purpose. The sustainability strategy forms an integral part of BAM's 2023 corporate strategy to de-risk its portfolio and move towards product leadership and life-cycle solutions. It enables BAM to reduce its carbon, resource and waste footprint, and offer clients scalable sustainable solutions.

BAM sees a strong drive for sustainable construction in its markets. Clients and the markets increasingly require BAM to take responsibility for both social and environmental sustainability. BAM's product leadership is key to offer scalable, sustainable solutions. Life-cycle solutions provide an opportunity to reduce the Company's footprint. Sustainability will be a differentiator for growth.

The impacts of climate change are intensifying across the globe. Temperatures are rising due to global warming. Raw materials are becoming scarce due to the increasing demand. Costs to repair damage caused by extreme weather are rising, and the number of plant and animal species is reducing due to urban expansion. In addition, societal challenges need to be addressed. Unhealthy and unsafe living environments affect physical and mental health, and inequality in opportunities limits diversity and inclusiveness.

Addressing social and environmental challenges requires collaboration. BAM sees that clients and other stakeholders are showing more commitment to these challenges. Legislation is increasingly becoming a means to encourage companies to work on sustainable solutions. The EU taxonomy and the Corporate Sustainability Reporting Directive (CSRD) are part of a wider sustainable finance package enabling the European Green Deal. The EU taxonomy introduces a classification system for environmentally sustainable economic activities. The CSRD is a directive by the European Parliament and Council that will modernise and strengthen the rules about the type of social and environmental information that companies have to report. All these global challenges and developments affect and impact the construction industry.

BAM underlines the importance of these challenges and developments. BAM wants to be a leader in the sector in order to create a socially and environmentally sustainable environment. In 2022, BAM analysed the global challenges and developments in legislation, clients and the construction market. These results, in combination with the results of BAM's materiality assessment (see chapter 2.3), were used to define six key themes for the Company's sustainability strategy:

- Decarbonisation;
- Circularity;
- Climate adaptation;
- Biodiversity;
- Safety, health and well-being;
- Social value.

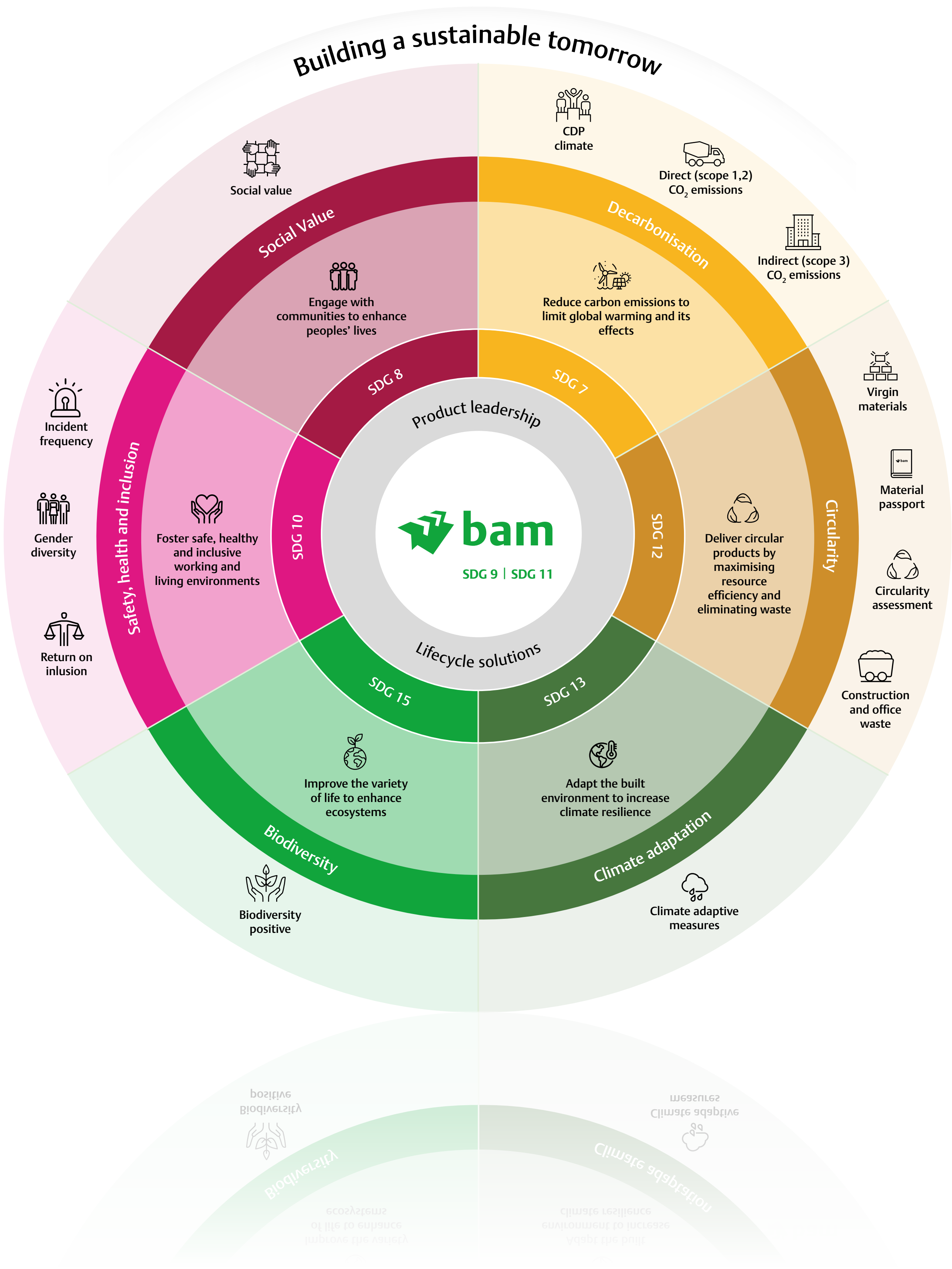
BAM has aligned its sustainability themes with the United Nations Sustainable Development Goals (SDGs). The UN SDGs provide a shared blueprint for peace and prosperity for people and planet, now and in the future. BAM has selected eight SDGs to which it can contribute most through its efforts with regard to the six sustainability themes. Six SDGs are explicitly linked to one of these themes. SDG 11 - 'Sustainable cities and communities' forms an integral part of BAM's core business and strategy. BAM contributes to SDG 9 - 'Industry, innovation, and infrastructure' through industrialisation and progression to more efficient solutions in infrastructure.

3 Related SDGs

7 – Affordable and clean energy;
8 – Decent work and economic growth;
9 – Industry, innovation and infrastructure;
10 – Reduced inequality;
11 – Sustainable cities and communities;
12 – Responsible consumption and production;
13 – Climate action;
15 – Life on land.

For each theme, BAM has set multiple medium- to long-term targets (2026-2030). The overview on pages 16 and 17 introduces the targets for each theme of the Company's sustainability strategy. In addition to the overview of the targets, the rationale behind each theme is briefly explained.

4 Alignment Sustainable Development Goals & Strategy themes



SDG	BAM Theme	BAM Targets
	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 **Comment on target and link to SDG** BAM contributes to SDG 7 by decreasing direct and indirect carbon emissions through reducing energy use and making use of sustainable energy where possible. BAM's scope 3 emissions by far outweigh scope 1 and 2 emissions, and tackling scope 3 emissions is a key part of BAM's decarbonisation strategy. Scope 3 emissions are a consequence of the upstream and downstream operations outside the Company. Measuring and reducing these emissions is challenging as BAM has no direct control over these emissions and complexity is high due to the large number of suppliers and other partners in the value chain. BAM aims to first generate detailed insights into where the most significant emissions come from to continue collaborating with partners in the supply chain to reduce these emissions in the most effective way.
	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 **Comment on target and link to SDG** Resource depletion is an important factor in using the earth's resources, and a major driver of polluting emissions. BAM is keen to implement circular principles that either extend or close the project life-cycle loop, making more efficient use of resources and therefore contributing to SDG 12. In the short term, BAM targets to improve the visibility of material use and offer options for circular construction methods. Furthermore, documentation of which materials are used in a particular construction maximises their reuse potential. The use of material passports and circularity assessments can support decision-making about which circular design principles to implement in the design phase of a project. BAM also continues to reduce the construction and office waste created in its production processes.
	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 **Comment on target and link to SDG** BAM aims to reduce the damaging effect of climate change on its construction projects by delivering climate-adaptive solutions. The Company plans to offer climate-adaptive measures, enabling its clients to choose options that make their assets more climate-resilient. In this way, BAM can contribute to climate action (SDG 13) through enabling a more climate-resilient built environment.

*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.

SDG	BAM Theme	BAM Targets
15	**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 **Comment on target and link to SDG** The continuously increasing loss of species is a serious threat for the planet. The construction industry can play an important role in reversing the loss of variety of plant and animal life. BAM aims to contribute to SDG 15 by constructing nature-inclusive solutions and offering biodiversity improvement alternatives to clients. BAM's ambition is to have an aggregated positive impact on biodiversity by 2030.
10	**Safety, health and inclusion**	Gender diversity: • 2023: Minimum 22% female representation in senior leadership • 2026: Minimum 25% female representation in senior leadership • 2030: Minimum 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 **Comment on target and link to SDG** BAM considers safety fundamental for all of its operations. BAM has used Incident Frequency as a key indicator for a long time now, and plans to expand the IF scope in 2023 to subcontractors and hired workers (IF Total). BAM's goal is that all people feel valued and respected as individuals. For health and inclusion, BAM aims for more balanced gender representation, while not excluding broader diversity improvements. BAM believes that more diversity only adds value by contributing towards an inclusive environment and to reducing inequalities (SDG 10). BAM further focuses on improving the Return on Inclusion (ROI) score. BAM plans to measure the impact of its inclusion initiatives with help of its ROI indicator.
8	**Social value**	• 2023: UK&I 20% social value for projects > €10 million • 2026: UK&I 35% social value for projects > €10 million, NL to deliver 5% social value on top of these obligations **Comment on target and link to SDG** Social value can enable BAM to maximise the positive impact that work and procurement has on local communities, people and the environment. In the United Kingdom and Ireland, BAM uses the National TOMs (Themes, Outcomes and Measurement) framework for measurements for social value. In the Netherlands, BAM aims to develop a comparable model. Social value is made tangible as a percentage of the project costs that have been invested in a way that benefits local and other communities and society, thereby also contributing to sustainable economic growth (SDG 8).

*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.

Through this sustainability strategy, BAM continues to support and encourage clients to accelerate their sustainability goals. In the coming years, BAM will strive to continue working with value chain partners and other stakeholders to fully leverage BAM's contribution to the six integrated planet and people themes and to continue its journey towards having a positive impact on people and the planet.

Strategy outlook

BAM is working on a strong pipeline of profitable work despite the effect of challenging global conditions such as rising inflation, the war in Ukraine and supply constraints. The public sector is anticipated to be a consistent area of public spending in the United Kingdom and Ireland despite overall spending cuts, and markets with high demand such as housing indicate that stimuli may be required to reach government objectives.

BAM will continue to focus on key markets and anticipates demand in areas in line with its strategic objectives. The Company believes that by improving its life-cycle solutions offer to its clients, BAM can create a strong value proposition with the knowledge, skills and resources that are already available within the Company. This will be a key focus to improve BAM's portfolio despite any global economic downturn.

Sustainable rail parking yard for Dutch Railways (NS), Arnhem – BAM Infra OV

2.3 Stakeholder engagement and material themes

Introduction

BAM regularly engages with internal and external stakeholders to identify the views and interests of the parties that hold an interest in the Company. By engaging with stakeholders, BAM increases its opportunities for learning to support effective prioritisation and decision-making. This chapter discusses various identified stakeholders and several channels of communication between BAM and its stakeholders.

Stakeholders

BAM's stakeholders are all members of interest groups which significantly influence or are influenced by its 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 described below:

Clients
Maximum value for money is of utmost importance 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 and press releases.

Employees
Employees are BAM's most valuable assets. Employee engagement is facilitated through multiple platforms such as Young BAM events, open collaboration days, senior management meetings 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 almost all of its suppliers. During projects, BAM is in constant dialogue with its suppliers about project expectations, safety, the carbon footprint and source of supplied goods to reduce the environmental 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 environmental issues like climate change.

Stakeholder engagement

The Executive Committee, and in some cases the chairman of the Supervisory Board, are actively involved in the 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. In addition to financial performance, risk management and governance, the emphasis is on long-term value creation, including the impact of BAM on society.

BAM has decided to perform the next stakeholder materiality assessment in the first half of 2023. This way, the assessment can be aligned with the Corporate Sustainability Reporting Directive (CSRD) regulations which were published at the end of 2022 and outcomes of the assessment can be followed up during the 2023 financial year.

BAM sent out a stakeholder survey in 2021, including a broad definition of the themes for complete cover. The materiality matrix (▶ figure 5) displays the prioritisation of the themes based on their relative importance to BAM, to its stakeholders and to society. In addition to answering closed questions, the stakeholders were requested to introduce and assess matters that they felt were missing in BAM's original materiality assessment. Topics raised by stakeholders included the energy transition and BAM's solution to the shortage of affordable housing.

For the materiality assessment of 2022, the stakeholder materiality assessment of 2021 was used as input. During 2022, the Executive Committee reviewed the materiality matrix and BAM's selection of material themes. The outcome of this review was to keep the seven most material themes as identified in 2021, as these remain important for BAM's long-term value creation.

Material themes in 2022

BAM has a clear vision: to create sustainable environments that improve people's lives. These should be sustainable in the experience of the many people impacted by BAM's projects – including BAM's employees. BAM's goal is to provide sustainable solutions to clients across the total life cycle of an asset, by minimising its environmental impact and generating sustainable value for all stakeholders.

The most relevant theme for the client group was project and product quality and control. Providers of financial capital indicated that BAM's financial performance is most relevant to their organisations. BAM's employees indicated employee recruitment, development and retention as important themes.

BAM's suppliers and subcontractors specifically indicated circularity, digitalisation and industrialisation as most material themes.
The planet-related themes of decarbonisation, circularity and climate adaptation were deemed most important for society.

Based on stakeholders' input, BAM identified the following seven themes (figure 5) as most material:
- Project and product quality and control;
- Financial performance;
- Decarbonisation;
- Digitalisation and industrialisation (including cybersecurity);
- Employee recruitment, development and retention;
- Health, safety and well-being;
- Circularity.

The theme project and product quality and control was identified as being most material by BAM's stakeholders. Having project and product quality and control means that BAM is in control of all its processes and has a predictable performance level. This is crucial for achieving the right level of financial and non-financial results for construction projects. Therefore, this material theme is interwoven in the chapters throughout the annual report, but the management approach is provided in chapter 9.7.

Three themes that were valued as important by BAM's stakeholders but were not selected as being the most material themes are risk management, climate adaptation and innovation. The Group made the decision to value these three themes as not being the most material because of the following considerations:
- Risk management: BAM sees this as a crucial activity to manage risks in all other themes, and not as a theme in itself. BAM's risk management approach can be found in chapter 4;
- Climate adaptation: BAM recognises the increasing importance of this theme, and has positioned climate adaptation as a key theme in its sustainability strategy. Within this strategy, BAM has set targets for 2023 onwards. For 2022, climate adaptation was not yet considered to be on par with material environmental themes such as decarbonisation and circularty, and therefore this theme has not yet been selected as a material theme;
- Innovation (research and development, new technologies) is an important theme for BAM and takes place across the Group's entire business, mainly through initiatives at individual project level. BAM has not selected innovation as a most material theme because innovation is significantly lower on the 'impact on BAM axis' in the materiality matrix compared to the most material themes.

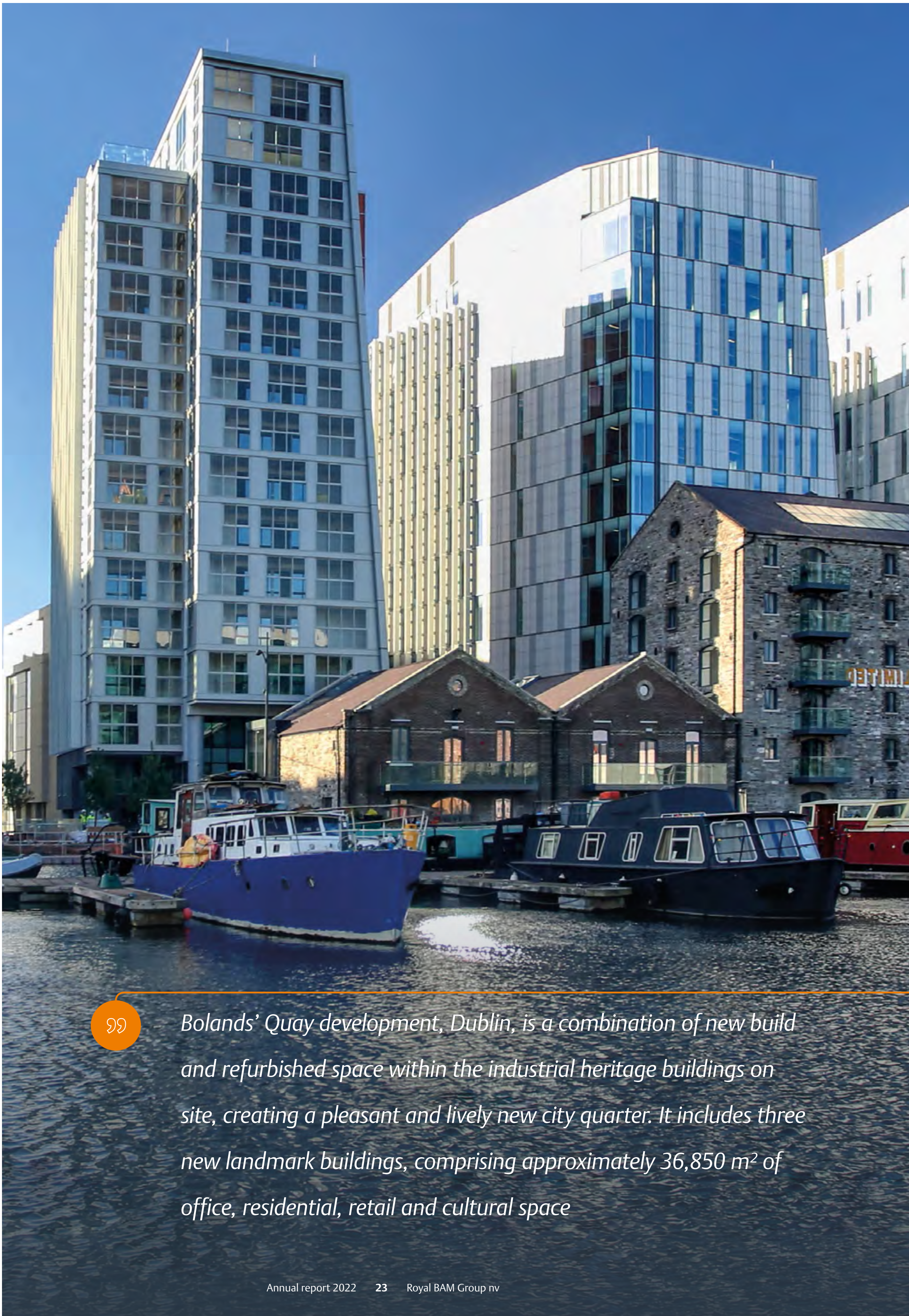
5 Materiality matrix

The dot size represents the significance of the impact (likelihood and severity) of BAM's performance on society. Large dots size reflects high impact.

6 Selection materials themes linking to performance indicators and risks

	Material themes	Indicator	Risks	Performance in chapter
1	Project and product quality and control	ROCE	Project, financial	2.2, 3.1
2	Financial performance	ROCE	Market, project, financial, property development	3.1
3	Decarbonisation	CO_2 emissions intensity	Market, sustainability	3.3
4	Digitalisation and industrialisation	Only qualitative description, see chapters 2.2 and 9.7 for explanation	Project, market	2.2
5	Employee recruitment, development and retention	Return on Inclusion, female representation	Reputation, people	3.2
7	Health, safety and well-being	IF BAM	People, health and safety	3.2
8	Circularity	Construction and office waste intensity	Market, sustainability	3.3

Bolands Quay - BAM Contractors Ltd, Dublin, BAM Ireland



Bolands' Quay development, Dublin, is a combination of new build and refurbished space within the industrial heritage buildings on site, creating a pleasant and lively new city quarter. It includes three new landmark buildings, comprising approximately 36,850 m² of office, residential, retail and cultural space

Langeveld Building
Erasmus University

The Netherlands

Rotterdam

Students per day
3,000

Surface
8,748m²

BREEAM Outstanding
CPG score
9

Gijs Leffers, senior project manager and overall project responsible, BAM Bouw en Techniek

‘Langeveld Building is a unique and exceptionally sustainable educational building with an innovative ventilation system. Together, BAM and Erasmus University Rotterdam have taken up the challenge of developing and applying new technology in favour of a natural indoor climate.’

Business performance

3

Residential area Weespersluis, Weesp - AM and BAM Wonen

AM (with third parties) is developing the high-quality new residential area of Weespersluis (300 hectares) near Amsterdam with a total of 2,750 homes.

3.1 Financial performance

Strategic targets 2023*	Performance in 2022	Progress
• BAM aims to improve adjusted EBITDA to circa 5 per cent	The margin on the adjusted EBITDA for 2022 was 5.3 per cent, compared to 3.8 in 2021.	○○●
• Capital employed: trade working capital efficiency below -10 per cent.	The trade working capital efficiency was -15.8 per cent at year-end 2022 compared to -16.9 per cent at year-end 2021.	○○●
• Return on capital employed (ROCE) >10 per cent.	ROCE in 2022 amounted to 16.8 per cent (2021: 5.6 per cent).	○○●
• Grow capital ratio to 20 per cent over the strategic period.	Capital ratio amounted to 21.2 per cent at year-end 2022 compared to 14.5 per cent at year-end 2021.	○○●

* Please refer to 9.5 Glossary for definitions.

Management summary

BAM delivers adjusted EBITDA of €350 million in 2022 and proposes dividend of €0.15 per share. The Group meets its financial outlook for 2022, delivering adjusted EBITDA margin of 4.5 per cent excluding the positive result on the Wayss & Freytag Ingenieurbau transaction. The capital ratio further improved to 21.2 per cent. BAM confirms its earlier announced expectation to pay a dividend over the year 2022 and proposes €0.15 per share. BAM is in good shape to benefit from its strong market positions and structural growth opportunities. Despite the headwinds created by the uncertain macro-economic and geopolitical situation, the Group remains on track with the execution of its strategy and is aiming to deliver a performance towards the 2023 strategic targets.

- Revenue in Netherlands, United Kingdom and Ireland increased by 2%; total revenue declined by 10% to €6.6 billion due to divestments in Belgium and Germany;
- Adjusted EBITDA of €350 million (adjusted EBITDA margin of 5.3%); adjusted EBITDA margin excluding €52 million book profit on Wayss & Freytag was 4.5%;
- Good contribution Dutch residential and further recovery in Dutch civil engineering; in second half-year increased impact of inflation, supply chain issues and project delays on Group result;
- Net result of €180 million (2021: €18 million), reflecting earnings per share of €0.66 (2021: €0.07);
- Liquidity position strong at €0.8 billion, after full repayment of Covid-19 deferred VAT and salary tax payments and effect of divestments; revolving credit facility extended to 2026, now also linked to sustainability targets;
- Capital ratio further improved to 21.2% (year-end 2021: 14.5%);
- Solid order book of €10.0 billion (2021: €13.2 billion), reduced mainly due to divestments (€2.1 billion), UK government review of regional roads development programme (€0.6 billion) and negative impact of exchange rate (€0.3 billion).

7 Key numbers

(x € million, unless otherwise stated)

	2022	2021
Revenue	6,618	7,315
Adjusted EBITDA[1]	350.2	278.4
Adjusted EBITDA margin[1]	5.3%	3.8%
Net result attributable to shareholders	179.6	18.1
Dividend (in € per share)[2]	0.15	-
Order book (end of period)	10,038	13,243
Trade working capital efficiency	-15.8%	-16.9%
Return on average capital employed	16.8%	5.6%

[1] Please refer to 9.5 Glossary for definitions

[2] Proposal for 2022

Effective 1 January 2022, BAM implemented an operating model based on two divisions: one for the Netherlands and one for United Kingdom and Ireland. BAM has divested several businesses since the start of 2021; the remaining businesses are reported in the line item Germany, Belgium and International. Since September 2022, the remaining Belgian activities include BAM Interbuild, BAM FM and Kairos.

Revenue declined by 10 per cent to €6.6 billion compared to 2021, reflecting the divestment of subsidiaries in Belgium and Germany. The combined revenue of division Netherlands and division United Kingdom and Ireland increased by 2 per cent. The British pound exchange rate had a positive impact of €50 million.

Adjusted EBITDA increased by 26 per cent to €350 million compared to 2021, based on solid performance of the portfolio, supported by the positive effects of some settlements especially in the first half-year.

This result also included the result of €52 million on the Wayss & Freytag transaction. The adjusted EBITDA margin improved to 5.3 per cent (2021: 3.8 per cent). Excluding the book profit on the Wayss & Freytag transaction, the adjusted EBITDA margin was 4.5 per cent.

8 Income statement
(x € million, unless otherwise stated)

	2022		2021	
	Revenue	**Adj. EBITDA**	Revenue	Adj. EBITDA
Division NL	**2,917**	**172.5**	2,932	139.8
Division UK&I	**3,134**	**81.6**	2,993	89.2
Germany, Belgium and International	**569**	**77.8**	1,394	33.1
Invesis	**-**	**23.5**		13.7
Other including eliminations	**-2**	**-5.2**	-4	2.6
	6,618	**350.2**	7,315	278.4
Adjusted items		**-5.2**		-6.5
Depreciation and amortisation		**-116.6**		-145.4
Impairments		**-15.0**		-48.5
Finance result		**2.3**		-12.2
Result before tax		**215.7**		65.8
Income tax expense		**-37.9**		-48.8
Non-controlling interest		**1.9**		1.1
Net result attributable to shareholders		**179.6**		18.1

Net result improved substantially to €180 million (2021: €18 million), resulting in earnings per share of €0.66 (2021: €0.07). Total impairments decreased from €49 million to €15 million and relate to the write-down of equipment, goodwill, property positions and divestments. The line item finance result was positive €2 million compared with -€12 million in 2021, primarily reflecting the repayment in 2021 of the revolving credit facility and the subordinated convertible bond. Income tax was lower at €38 million (2021: €49 million) reflecting the absence of a €34 million of one-off non cash tax charges in 2021 that was mainly related to the impact of the change in tax rules in the Netherlands.

The order book at year-end 2022 remained solid at €10 billion, with a clear focus on the quality of the order intake. Of this total order book, €5.1 billion is expected to be carried out in 2023. The reduction of €3.2 billion compared to 2021 was driven by -€2.1 billion related to divestments, -€600 million in UK highways, following government review of the regional roads development programme, and the British pound exchange rate effect of -€300 million.

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 and the interests of the shareholders. BAM proposes to pay a dividend of €0.15 per share, which reflects a pay-out ratio of 32 per cent of net income over the year 2022, excluding the one-off result on the Wayss & Freytag transaction (€52 million). Subject to approval by the Annual General Meeting on 12 April 2023, the shares will trade ex-dividend on 14 April 2023 and dividend will be paid on 8 May 2023 with a scrip alternative. BAM will repurchase shares to offset the dilution for the scrip alternative.

Outlook

BAM is in good shape to benefit from its strong market positions and structural growth opportunities. Despite headwinds created by the uncertain macro-economic and geopolitical situation, the Group remains on track with the execution of its strategy and is aiming to deliver a performance towards the 2023 strategic targets.

Division Netherlands

9 Division Netherlands key numbers
(x € million, unless otherwise stated)

	2022		2021	
	Revenue	**Adj. EBITDA**	Revenue	Adj. EBITDA
Construction and Property	**1,978**	**105.5**	2,015	144.8
Civil engineering	**967**	**68.1**	950	-15.0
Other including eliminations	**-28**	**-1.1**	-33	10.0
	2,917	**172.5**	2,932	139.8
Adjusted EBITDA margin		**5.9%**		4.8%
TWC efficiency		**-14.5%**		-16.0%
Revenue growth		**-1%**		0%
Orderbook		**4,366**		4.388
Orderbook growth		**-1%**		-2%

Revenue was stable compared to the full-year 2021. Adjusted EBITDA increased by 23 per cent to €173 million compared to 2021, reflecting an adjusted EDITDA margin of 5.9 per cent (2021: 4.8 per cent). The contribution of the construction and property activities was still solid, but lower following a very strong full-year 2021. Home sales totalled 2,028 (2021: 2,485). Residential activities continued to contribute well. The performance of non-residential construction disappointed due to inflation, supply chain issues and delays at some projects in the Netherlands and Denmark.

The contribution of energy, water and telecom solutions improved substantially. Civil engineering showed a recovery with good operational performance, including good progress with the Afsluitdijk project where Rijkswaterstaat has granted the Levvel consortium the availability certificate, and supported by the settlement for the sea lock IJmuiden in the first half-year.
The order book was stable at €4.4 billion, despite a reduction by approximately €200 million for the Brunsbüttel lock project as part of the Wayss & Freytag transaction. BAM continues to be selective in tendering, especially regarding large scale lump-sum projects. Project wins include a contract to replace 400,000 residential water meters and the redevelopment of Berghaus in Amsterdam, which includes 288 homes.

The Dutch government is committed to essential investments for energy transition, infrastructure and housing. Demand in BAM's energy, water and telecoms markets remains positive. During 2022, the general business climate and consumer confidence declined while the uncertainty regarding nitrogen legislation persisted. Cost increases and rising interest rates are leading to delays of some project awards. In the housing market, discussions about potential regulations to maximise the increase of rents are creating uncertainty for institutional investors while average house prices and the number of building permits show a declining trend. There is a clear shortage of affordable and sustainable homes and production is highly dependent on the decisions and planning procedures of local and central governments. BAM is well positioned to supply these homes and is investing in innovative solutions for sustainable and affordable homes.

Division United Kingdom and Ireland

10 Division United Kingdom and Ireland key numbers
(x € million, unless otherwise stated)

	2022		2021	
	Revenue	**Adj. EBITDA**	Revenue	Adj. EBITDA
Construction UK	**1,062**	**35.6**	988	28.0
Civil engineering UK	**1,243**	**22.0**	1,234	29.9
Ventures UK	**222**	**13.1**	194	13.9
Ireland	**669**	**20.9**	633	17.7
Other including eliminations	**-62**	**-10.0**	-56	-0.3
	3,134	**81.6**	2,993	89.2
Adjusted EBITDA margin		**2.6%**		3.0%
TWC efficiency		**-17.8%**		-18.3%
Revenue growth		**5%**		28%
Orderbook		**5,402**		6,586
Orderbook growth		**-18%**		9%

Revenue increased by 5 per cent compared to 2021. In the UK, the activity level in Construction increased. In Ireland, revenues recovered after the impact of the Covid-19 restrictions in 2021. The British pound exchange rate had a €50 million positive effect on revenues.
Adjusted EBITDA was €81 million, reflecting a margin of 2.6 per cent (2021: 3.0 per cent). The contribution of Construction UK improved while Civil engineering UK was impacted by supply chain issues on some larger contracts. The Ventures UK business reported a stable adjusted EBITDA, including the result of property development UK, Ritchies (geotechnical engineering), facilities management, site solutions and EV charging solutions. The result in Ireland included the positive effect for its share of the claim settlement of Museum of the Future.

The order book remained solid at a level of €5.4 billion. This includes the reduction of €600 million in UK highways following government review of regional roads development programme, €300 million negative exchange rate effect and selective tendering. Project wins in 2022 included Parkhead Health Centre in Glasgow, the North Quays Infrastructure Project in Waterford (Ireland), Manchester Airport Group's Major Capital Works and Northern Irelands Water's Major Project Partnership Framework.

In the United Kingdom, growth sectors in civil are rail, road and energy, although infrastructure spend may be scrutinised due to macro-economic developments. The longer-term outlook in BAM's key construction markets in the United Kingdom for education, health, offices and leisure remains good, although inflation is causing affordability concerns at the moment. In Ireland, economic conditions are mixed. A clear positive is the commitment from the Irish government to a National Development Plan for 2021-2040 with a proposed capital spend of €165 billion focused on infrastructure.

Germany, Belgium and International

11 Germany, Belgium and International key numbers
(x € million, unless otherwise stated)

	2022		2021	
	Revenue	**Adj. EBITDA**	Revenue	Adj. EBITDA
Germany, Belgium and International	**569**	**77.8**	1,394	33.1

Revenues declined as expected due to the divestments of BAM Deutschland, BAM Galère, BAM Contractors (Belgium) and Wayss & Freytag Ingenieurbau. BAM International made further progress with wind-down.

Adjusted EBITDA was supported by the settlement of the Museum of the Future (80 per cent BAM International, 20 per cent BAM Contractors, Ireland) and includes the transaction result on the divestment of Wayss & Freytag Ingenieurbau of €52 million. In Germany, BAM still shares responsibility for some projects of BAM Deutschland. Following finalisation of the divestment agenda in September, BAM is continuing with BAM Interbuild and Kairos in Belgium with combined annual revenues of approximately €150 million.

The order book declined to €270 million (2021: €2.3 billion), due to the effect of divestments (€2.1 billion), and relates to the activities in Belgium.

Invesis

BAM's overall share of the net result of Invesis for the full-year 2022 was €24 million, including positive changes in fair value of hedge instruments of €16 million. In the second quarter, BAM implemented hedge accounting for the Invesis projects and changes in fair values of hedge instruments are now predominantly reported through other comprehensive income in equity. The positive effect on equity of these changes in fair values of hedge instruments was €35 million.

In 2022, Invesis reached financial close on the Egied Van Broeckhoven School in Brussels, which is the first project within a larger Belgium school building programme. With the acquisition of Asanti Datacentres in the United Kingdom, Invesis obtained access to the digital infrastructure market. There is a healthy pipeline of PPP project prospects and active bids at various stages of procurement. End 2022, there were 43 operational projects (2021: 41) with a further 5 under construction (2021: 6), making 48 PPP projects in total (2021: 47), while three projects were handed back to the client.

Investigation

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.

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

12 Cash flow
(x € million, unless otherwise stated)

	2022	2021
Cash flow of operations[1]	246	222
Change in Working capital	-466	142
Change in provisions and Pensions	24	-44
Cash flow from Operating Activities	-196	320
Cash flow from Investing Activities	-163	-166
Cash flow from Financing Activities	-93	-661
Increase / decrease in cash position	-452	-507
Cash and cash equivalents beginning period	1,285	1,789
Change in assets and liabilities held for sale	42	-42
Exchange rate differences, other changes	-34	45
Cash and cash equivalents	841	1,285

[1] Net result for the period adjusted for depreciation and amortisation, impairment charges and other non-cash elements.

Year-end 2022, cash and cash equivalents totalled €841 million (2021: €1,285 million). The improved operational performance resulted in a strong cash flow from operations. Cash flow from working capital was €466 million negative, due to repayment of the remaining Covid-19 deferred VAT and salary tax payments (€120 million), the effect of divestments (€70 million) and the impact of lower pre-payments on large lump-sum contracts, which is in line with BAM's strategic portfolio management. Also the seasonal, substantial, cash inflow at year-end was lower compared to previous years, partly caused by shorter, legal payment terms.

Cash flow from investing activities totalled €163 million negative, as investments for plant property and equipment increased to €93 million (2021: €65 million). This includes additional investments for sustainable solutions like the electrification of equipment and modular housing. The line item cash flow from investing includes a cash outflow of €66 million for the deconsolidation of divested subsidiaries. This was partly offset by a €42 million positive cash flow in the line change in assets and liabilities held for sale.
Cash flow from financing activities included €14 million for the repurchase of BAM shares, to cover all obligations for all the current share based employee compensation plans up to the year 2025. Exchange rates, primarily the British pound, had a negative effect of €34 million on cash and cash equivalents at the year-end.

Financial position

13 Financial position
(x € million, unless otherwise stated)

	2022	2021
Cash position	841	1,285
Interest-bearing debt	-53	-66
Net (debt) cash before lease liabilities	788	1,219
Lease liabilities	–174	-215
Net (debt) cash	614	1,004
Trade working capital	-1,010	-1,346
Shareholders' equity	811	654
Balance sheet total	3,819	4,496
Capital ratio	21.2%	14.5%
Capital employed	1,194	1,273
Return on average capital employed	16.8%	5.6%

At year-end 2022, BAM's net cash position was €788 million (2021: €1,219 million), while interest bearing debt was slightly lower. The decline in lease liabilities by €41 million to €175 million is primarily explained by the effect of divestments in Belgium and Germany.

Trade working capital was €1 billion negative at year-end 2022. The decrease versus 2021 is explained by higher working capital in the divisions and the impact of the completed divestments. Trade working capital efficiency reduced to -15.8 per cent versus -16.9 per cent at the end of 2021.

The increase of shareholders equity by €157 million to €811 million is driven by the net result (€180 million) and increased hedge reserves (€35 million, almost completely related to Invesis). This was partly offset by the translation effect of foreign exchange rates (-€28 million), actuarial losses on pensions (-€19 million) and the repurchase of own shares to cover all obligations for the share based employee compensation plans (-€14 million). The balance sheet total declined by €677 million, mainly due to the divestments and repayment of €120 million Covid-19 deferred VAT and salary tax payments. The increase in equity in combination with the shortening of the balance sheet resulted in a strong improvement of the capital ratio to 21.2 per cent (year-end 2021: 14.5 per cent). The financial performance of the Group and development of capital employed also resulted in a sharp improvement of the return on average capital employed to 16.8 per cent (2021: 5.6 per cent).

In December, BAM has renewed its committed revolving credit facility (RCF), now also linked to sustainability targets. The new facility of €330 million has a tenor until November 2026 with two one-year extension options and will be used for general corporate purposes. The facility is a refinancing of the former undrawn committed revolving credit facility, which was due to expire in March 2024.

Tax

The Group's effective tax rate in 2022 is 17.6 per cent; which is well below the weighted average nominal rate of 23 per cent. This is mainly explained by the recognition of additional deferred tax assets due to improved business forecasts (€12 million), the non-taxable results relating to divestments (€4 million) and a tax exempt settlement the Middle East (€4 million). This is offset by losses incurred during the year for which no deferred tax assets are recognized (€15 million).

On corporate income tax, taxes on wages, social security contributions and VAT, the Group paid a total amount of €981 million in 2022 (2021: €735 million). Cash tax paid is seriously impacted by the early and full repayment of Covid-19 deferred VAT and salary tax of €120 million.

14 Total taxes paid in 2022
(x € million, unless otherwise stated)

	Taxes	%	Revenue	%
Netherlands	502	51	2,809	42
United Kingdom	389	40	2,436	37
Ireland	18	1	618	9
Belgium	14	2	234	4
Germany	46	5	166	3
Rest of the world	12	1	355	5
Total	**981**	**100**	**6,618**	**100**

Groote Wielen

The Netherlands

’s-Hertogenbosch

Length
112m

Deck thickness
80cm

CO_2 emission reduction
25%

Sebastiaan Meijer, project manager, BAM Infra Nederland

‘With our innovation, we have built the first low-cement bridge with a 25 per cent CO_2 reduction. Combined with the use of electric equipment and circular materials, we are contributing to a more sustainable society.’

3.2 Social performance

Ambition: to offer added value to clients, employees, business partners and the community.

Targets	Performance in 2022	Progress
• Fully incorporate safety in daily activities to achieve an incident frequency (IF BAM) of ≤ 3.5.	IF BAM of 3.7 (down from 4.5 in 2021).	
• Implement new organisation structure as a result of the implementation of the strategy Building a sustainable tomorrow.	New organisation structure fully implemented.	
• Evolving the leadership culture.	BAM established a strong set of five core values to be activated within the Company in 2023, amending behaviour, systems, processes and programmes where applicable.	
• Achieve a genuinely inclusive organisation.	There is still work to do to achieve this. BAM is on a journey of developing its leaders through an inclusive leadership programme.	

New KPIs 2023-2030

BAM has defined new KPIs and set new targets as part of its sustainability strategy in 2022. The first step on some of these targets is to develop a baseline measurement in 2023. Progress on these targets is therefore not yet reported in this year's report, but examples are provided in this chapter. These targets are:

- United Kingdom and Ireland to deliver 20 per cent social value for projects > €10 million in 2023;
- United Kingdom and Ireland to deliver 35 per cent social value for projects > €10 million in 2026;
- Netherlands to deliver 5 per cent social value on top of the required obligations in 2026;
- Minimum 22 per cent female representation within senior leadership in 2023;
- Return on inclusion: set divisional ROI baselines and score > 51 in 2023.

Introduction

With the word 'sustainable' in the strategy Building a sustainable tomorrow, BAM refers to environmental sustainability as well as social sustainability. This chapter gives an overview of BAM's social performance in 2022. In 2022, BAM defined new values to support the implementation of the strategy. This chapter introduces these values and describes the current status of the social targets and KPIs of BAM's sustainability strategy.

Culture and values

The company culture is an important enabler in successfully delivering BAM's strategy Building a sustainable tomorrow. BAM considers it essential to involve its employees, partners and clients in defining core values and behaviours. After all, they know best what the culture of BAM's organisation is and what it takes to be successful in making its business strategy succeed.

The first key element in clarifying and communicating BAM's culture in 2022 was to establish a strong set of core values to be recognised and expressed by every employee across the entire organisation, thereby creating a shared sense of belonging and DNA. Hundreds of employees across the organisation were engaged through interviews, workshops and visits for the purpose of data analysis (more than 1,200 data points), to understand the desired behaviours everybody should adhere to.

To enhance the acceptance of the newly defined core values, a bottom-up voting process was designed, involving people throughout the workforce. In total, 3,691 employees (26.2 per cent of staff) submitted their vote. BAM used this input to find the right balance between strategy and employee input. This process resulted in five core values, which were introduced into the business and will serve as a starting point to be embedded in every business and support process going forward. The values are:

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.'

BAM took a number of actions to involve employees in defining behaviours that reflect the chosen values. Employees were asked for their opinion in different ways:
- Trainees and transformation partners were involved in creating videos;
- Existing meetings contributed to gathering feedback.

BAM employees were asked to fill in a questionnaire, and in total 1,973 (14 per cent) participated.
In these questionnaires, two questions were raised:
- What does this value mean for your own behaviour?
- Looking at this value, what kind of behaviour would you like to see from BAM's leadership?

Based on all the input, an expert review took place in order to arrive at a behavioural longlist for BAM's values. The Executive Committee and its direct reports then assessed whether these behaviours were the right ones to achieve BAM's strategic goals.

In 2023, BAM will be working on activating these values within the Company, and amending behaviour, systems, processes and programmes where applicable. This means the Group will develop branding around these values, develop icons to represent them, and create value cards on which the behaviours are described so that these can be used as a conversation starter within teams.

BAM will also create a values hub where all information about the values will be visible and where 'best practice' sharing will be essential. The Company will continue with leadership programmes and will incorporate these values into its journey toward the desired leadership. Throughout the year, the Company will spotlight a single value during a certain period.
BAM's divisions are engaged in developing and implementing their divisional roadmaps for 2023.

Safety

Safety performance
BAM acknowledges the responsibility the Company has that each employee, direct or indirect, can go home safe at the end of each workday. In 2022, regretfully two lives were lost as a result of occupational accidents. In June, a BAM employee lost his life in an industrial accident on the Viking windfarm project in Shetland. In October, a subcontracted diver died while carrying out underwater work on behalf of the Levvel construction consortium. Investigations of the labour inspectorate are ongoing. BAM deeply regrets these tragic accidents and continues to put effort in improving the safety culture across the Company to help to prevent these accidents from happening in the future.

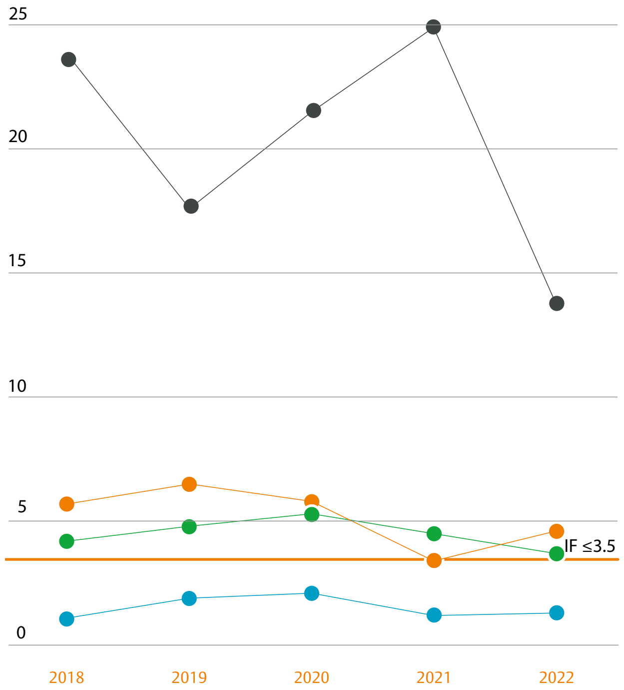
Safety performance at BAM is measured using the incident frequency (IF) indicator. The IF indicator denotes the number of occupational accidents resulting in lost time (absence from work ≥ 1 day) per million hours worked on construction sites.
The overall IF indicator comprises two categories:
- IF BAM: Incident frequency for employees on BAM sites;
- IF Total: Incident frequency including all people working on sites managed by BAM (BAM employees, hired individuals and subcontractors' employees) and third parties.

In 2022, the IF BAM decreased to 3.7 (2021: 4.5), which does not meet the 2022 target of IF ≤ 3.5.

IF Total figures are not yet disclosed as the Group is currently putting effort in improving the collection of hours worked by subcontractors and hired individuals. The method for collecting data on the hours worked by subcontractors and hired individuals differs per segment and can be based on measurements, headcounts, calculations, and/or estimations.

In the Netherlands division, the IF BAM increased from 3.4 in 2021 to 4.6 in 2022. Looking at the trend over the years, in 2021 the IF BAM was particularly low. The IF BAM for 2022 is still in line with the IF BAM 2018-2019-2020. Actions taken to improve safety performance include the development of one BAM Netherlands-wide safety approach, focussing on safety structure and safety culture.

15 Incident frequency (IF BAM) by country
(x 1 million worked hours)



- Belgium 13.8
- Division Netherlands 4.6
- Division United Kingdom and Ireland 1.3
- Total, consolidated 3.7

The IF BAM of United Kingdom and Ireland division increased slightly from 1.2 in 2021 to 1.3 in 2022. The division shows a consistently low IF BAM figure. The division continued to improve safety performance by monthly campaigns with topics such as 'Working at Height' or 'Slips, trips, and falls'. Furthermore, the Alkoomi Safety Leadership Programme was launched in 2022.

The IF BAM at BAM Belgium decreased from 24.9 in 2021 to 13.8 in 2022. The decrease is a result of the divestment of Belgian companies and a low IF BAM at BAM Interbuild. BAM Interbuild continues to work on safety by organising events such as the annual construction partner safety day.

The accidents included in the calculation of the IF indicator include all accidents with lost time of one day or more, independent of the severity of the accident. In 2022, a total of 234 (2021: 334) lost-time accidents were reported, of which 77 (2021: 112) accidents involving BAM-employees.
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). Serious accidents can be with and without lost time and are therefore not always included in BAM's IF figure. In 2022, 63 serious accidents (BAM employees, hired, subcontractors' employees, third parties) were reported: a decrease of 20 compared to 2021 (83 serious accidents). This decrease is the result of the divestment of BAM's German and Belgian companies.

Safety measures
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.

To show clients and partners that BAM complies with international occupational health and safety standards, several audits are performed across the Group. BAM Bouw en Techniek, BAM Specials, BAM Residential, BAM Nuttall, BAM Construct UK, BAM Contractors (Ireland), BAM Interbuild and Invesis are NEN-ISO 45001 accredited. BAM Infra Nederland is assessed on the Safety Culture Ladder. These assessments are performed by external auditors. Furthermore, internal audits are performed on the safety requirements in the BAM Requirement Framework.

Work-related hazards and hazardous situations are reported via the incident reporting processes at the segments, including for 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. Thorough investigation can provide information that may assist in preventing recurrences.

Construction site workers have regular safety meetings and, based on the evaluations, so-called 'toolboxes' about specific topics are organised (e.g. about slips, trips, and falls). Furthermore, the various segments work on their own safety culture. It can be challenging to speak up to each other about unsafe behaviours, and colleagues may experience reporting accidents as 'telling on each other'. The segments and projects have several ways to deal with this, e.g. by putting a 'good catch card' box on site and organising a monthly raffle with prizes.

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.

As of 1 January 2022, clients that signed the Governance Code Veiligheid in de Bouw (GCVB) include safety awareness as a mandatory theme in tenders and contracts. This prioritises safety further and puts it higher up the agenda in the Dutch construction markets.

In 2022, the BAM Safety Day was held on the 11 October. During its annual event, BAM's offices and project sites highlight the consequences of the choices made at work and home on the safety and well-being of others and themselves. Teams across BAM took the time to learn about the link between safety and well-being and what they can do to feel their best and where to get support if needed. The overarching theme was about staying sharp to continuously improve the safety and well-being in the organisation. Discussions were held on recognising and acknowledging risks and the importance of paying attention to each other.

To evaluate and stimulate the correct attitude and behaviour around safety and well-being, various activities were organised across the business. These activities included workshops, seminars, safety bingo, site visits and the publication of a BAM safety newspaper in the Netherlands. The newspaper featured various employees talking about what is done to make the working day safer for a local resident, tenant, colleague, subcontractor, supplier, environment, visitor or yourself.

Health and well-being

The health and well-being systems only cover BAM employees as subcontractor employers are responsible to have these processes in place for their employees. In the Netherlands, BAM has contracted a certified external occupational health service providing preventative and curative company doctor services. Additionally, a periodic occupational health examination (PAGO) is organised for staff. Employees have access to a range of preselected providers and tools, supplied under a collective health insurance contract with the insurance company VGZ. 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), that comes together on a fixed quarterly basis and ad-hoc when required. This committee also discusses, progress on agreed objectives, enforcement of rules and guidelines, and experiences in the workplace.

Contrary to the Netherlands and in line with local practice, occupational health service to individual employees in the United Kingdom and in Ireland is primarily provided and/or organised by internal BAM experts. Conversations then lead to referrals to medical practitioners where relevant. Additionally, a regular health check takes place in accordance with legislative requirements to map concerns that need to be addressed in the local businesses. Employees can voluntarily subscribe to private medical insurance by paying a premium. Furthermore, they have access to an employee assistance programme through which the company organises interventions and health promotions on a range of physical, mental, financial and social well-being issues. Safety committees are 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. These committees generally come together on a quarterly basis, with the exception of those that are allocated to projects which come together monthly.

Human resources

Composition of the workforce
BAM recognises the importance of extending its sustainability strategy to its workforce, and knows that data optimisation is required to do so effectively. To that end, BAM uses one cross-divisional core HR system that supports most HR processes and reports with 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.

With regard to the information below, percentages are based on headcount, and the absolute numbers provided represent headcount unless specified otherwise. Data is taken primarily from the aforementioned reporting solutions, with other data added where applicable. The total number of employees in scope for the overviews of 2022 is 13,767 (contingent workforce and students excluded) as per 31 December 2022.

General overview
Looking at the countries BAM operates in, the geographic distribution of employees is as follows:

16 Headcount

	Headcount
Netherlands	6,747
United Kingdom	5,876
Ireland	770
Belgium	195
Other*	179
Total	**13,767**

* Grouping of countries where BAM has limited market presence.

Over the course of 2022, the number of BAM employees has decreased by about 2,000 due to the divestments in Germany and Belgium and the continued wind-down of BAM International. The distribution of employee categories 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 (77 per cent), followed by the supporting capabilities of Functions and Acquire (22 per cent).

17 Distribution of employees

	Headcount	Percentage
Acquire	436	3%
Build	7,490	54%
Design	677	5%
Maintain	2,409	18%
Functions	2,603	19%
Other	152	1%
Total	**13,767**	**100%**

The above categories reflect which of BAM's activities employees primarily contribute to. These span the business process range of acquisition, design, building, and maintaining. The functions denote the broad range of roles internally leading, facilitating and supporting the aforementioned categories. Employees in category 'other' could not be directly mapped to a specific category.

Ageing workforce

The ageing workforce is a present-day issue that is recognised by BAM. Workforce ageing is most apparent in Build (where 40 per cent of staff are aged over 50), Maintain (where 47 per cent are aged over 50) and Functions (where 39 per cent are aged over 50), which 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.

18 Ageing workforce

	< 30	30-50	50+
Acquire	10%	57%	33%
Build	16%	44%	40%
Design	11%	58%	31%
Maintain	12%	41%	47%
Functions	13%	48%	39%
Other	13%	61%	26%
Total	**14%**	**46%**	**40%**

The above categories reflect which of BAM's activities employees primarily contribute to. These span the business process range of acquisition, design, building, and maintaining. The functions denote the broad range of roles internally leading, facilitating and supporting the aforementioned categories. Employees in category 'other' could not be directly mapped to a specific category.

Gender diversity

In terms of gender diversity, BAM has seen a steady increase in female representation, with women forming 20 per cent of the workforce towards the end of 2022. Looking at the countries the Company operates in, gender distribution is fairly consistent, though with a somewhat lower female representation in the Netherlands and other regions.

19 Distribution of employees

	Female	Non-female
Netherlands	16%	84%
United Kingdom	26%	74%
Ireland	21%	79%
Belgium	25%	75%
Other*	16%	84%
Total	**20%**	**80%**

* Grouping of countries where BAM has limited market presence. 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 (8 per cent), and only in Functions 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.

Representation in management

BAM strives for diverse and inclusive leadership. This shows in the Supervisory Board and the proportion of employees who report directly to the Executive Committee, where women account for 33 per cent and 22 per cent of the positions respectively. The Executive Committee is currently still exclusively male. The average age in management positions tends to be higher than the Company average.

20 Representation in management (in %)

	Female	Non-female	< 30	30-50	50+
Supervisory Board	33	67	0	0	100
Executive Committee	0	100	0	25	75
Direct Reports to Executive Committee*	22	78	0	34	66
Managers	16	84	2	52	46

* Excluding support roles

Performance and development of the workforce

BAM values transparency around the performance of its workforce.

A total of 76 per cent of staff members who were employed at the end of 2022 had undergone a full performance review over 2021. The remaining 24 per cent consist mainly of employees who joined in the fourth quarter of 2021 or over the course of 2022.

Recruitment
The year 2022 brought global social and economic changes that impacted business landscapes and candidate markets. Talent attraction in 2022 intensified under highly competitive market conditions.

Through the year, BAM filled 2,100 positions (including internships) across the organisation, which is in line with the number of leavers through the year excluding divestments and the wind-down of BAM International. 30 per cent of new recruits were female (up from 26 per cent in 2021). In total, 45 per cent of new recruits were hired in the Netherlands, and 55 per cent in the United Kingdom and Ireland. In 2021, BAM filled over 1,400 positions.

As gender inequality in the workplace remains a pervasive global issue, BAM strives to enable women to reach their full career potential while staying committed to fostering an environment that supports them in the workplace. Hiring and promoting women into leadership positions is good for employees, BAM's business and the communities around the world in which the Company operates.

At the end of 2022, BAM had just over 1,000 vacancies online. This number fluctuated throughout the year but increased in the fourth quarter of 2022. The Group is increasing its focus on recruiting professionals who can thrive on the journey towards greater sustainability, digitisation and industrialisation. This entails engaging with different types of candidate profiles.
People with profiles such as sustainability consultants, programme managers and digital specialists can be deployed across the organisation and will provide more possibilities with regard to career progression, knowledge sharing, collaboration and mobility.

Learning and development

BAM provides learning and development opportunities to employees via live and virtual learning experiences. These opportunities enable employees to execute their roles with excellence, accelerate their learning curves, and grow great careers through continuous learning. Through targeted platforms like GoodHabitz, employees can focus on timely and topical development areas including leadership, management excellence, functional capabilities, diversity, inclusion, and belonging.

BAM is also offering a coaching platform for employees. Its CoachDesk offers executive, management and employee trajectories. This coaching is offered in a blended form comprising a mixture of online tuition backed up by in-person support that is available when needed. Less than 48 hours after an employee has requested coaching support, a coach will get in touch to assess their needs and offer them the most appropriate form of coaching. BAM's leaders play a crucial role in developing its employees. To best support them in this, the Company has invested in a leadership development portfolio which offers different development opportunities 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, such as the Inclusive Leadership Programme launched in June 2022 which covers one-to-one coaching sessions and workshops.

Diversity and inclusion

BAM strives to lead with authenticity, thereby ensuring it lives up to its values every day. This creates an environment in which the employees have equal access to opportunity, and a safe space in which to bring their unique selves to the workplace. Following these principles, BAM opted for an inclusive design and voting process for the values, and 'inclusive' was unanimous in being one of the flagship behaviours.

BAM wants to be an employer for all, with a strategic focus on inclusion and diversity. BAM recognises the fundamental need for diversity and inclusion, and strives to have a workforce and supply chain that reflects the communities in which BAM works.

BAM believes in stimulating an inclusive culture that respects and values differences, making the company stronger, more innovative, and more attractive. In 2022, three diversity and inclusion leads were appointed within the Company, representing BAM's corporate centre and the two divisions.

As stated in chapter 2.2, BAM incorporated 'people' themes in its sustainability strategy in order to focus on creating an inclusive culture. BAM anticipates that targets that drive inclusion will better serve the business. Therefore its diversity targets focus on:
- Gender diversity at the top;
- Return on Inclusion assessment.

Gender diversity at the top
BAM strongly believes that diversity of culture, experience and opinion is a key factor for success, and that a diverse board ensures the appropriate balance of skills, expertise and experience. The Supervisory Board has resolved that the diversity aspects set in the profile 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 and at least 25 per cent shall consist of men. Besides the target for the Executive Committee, BAM has set targets for the percentage of women in its sub-top for the time period up to 2030. For more information, see chapter 5.1 Corporate Governance.

Return on Inclusion assessment
The Company collaborates with an external independent party, EA Inclusion, which conducts an inclusion assessment every two years (the first of which was in 2021), in which 20 core focus areas are audited using over 100 data points. The results are reflected in a score of the current state and predictions on the financial return of implementing improvements. These enable BAM to identify actions to keep growing towards achieving the Group's inclusiveness ambition. BAM's ambition in 2023 is to reach the silver level, which means aspiring to a level of 51 or higher on a scale of 100. This is especially ambitious for the segments in the Netherlands and Ireland that have historically scored at around the mid-thirties level.

Social value

BAM has the ambition to be recognised as the most socially conscious contractor. BAM uses social value as an indicator of its social performance. Social value is made tangible as a percentage of the project costs that has been invested in a way that benefits local communities and society, while also contributing to sustainable economic growth. Division United Kingdom and Ireland has committed to delivering 35 per cent social value on its projects worth over > €10 million by 2026, and division Netherlands has committed to deliver 5 per cent social value on top of the required obligations by 2026. Division United Kingdom and Ireland uses the TOMs (Themes, Outcomes and Measures) Framework for measurements for social value. Division Netherlands aims to apply a similar framework. The TOMs is a national framework that has been widely adopted among public commissioners in the United Kingdom. It assigns a financial proxy to measure the benefit created by an activity, and is designed to be robust and conservative, while following best-practice economic evaluation and analysis.

Currently BAM's division United Kingdom and Ireland is measuring a portion of its projects through the Social Value Portal. The Portal gives insight into social and local economic value added, and into progress towards targets on the amount of apprenticeships, career support sessions, charity support, community support, and educational sessions. In 2022, circa €200 million added social value was reported in the portal. Over the years the portal has been used, the participating projects have reported about 27 per cent of the contract value as social value.

Community engagement
In 2022, BAM continued with local community engagement initiatives on part of its projects. These initiatives formed part of existing programmes, such as the Considerate Constructors Scheme (CCS) in the United Kingdom and its Dutch equivalent Bewuste Bouwers, as well as initiatives by engagement managers on projects and site-specific sponsoring or charity work. In the United Kingdom, 42 CCS projects were registered in 2022. 69 sites were registered under the scheme in the Netherlands (2021: 54) and the average audit score in 2022 was 7.5, slightly below the industry average of 7.7.

Division United Kingdom and Ireland's community engagement work saw BAM invest over €323,000 in community support. This included support for the BBC One series 'DIY SOS', involving renovating homes for disadvantaged families across the country, and the North East Big Build project, where BAM fully refurbished a disused area of a specialist school into a brand new accessible food technology classroom for students living with physical disabilities. BAM's employees also supported its national charity partner, The British Heart foundation, undertaking fundraising activities totalling €170,124.

Human rights

Human rights is a relevant topic for BAM and its stakeholders. The value of people's rights and freedom plays a central role both in BAM's direct operations and in its efforts to create a sustainable environment. Human rights practices within BAM and its supply chain also impact the Group's reputation and come with the potential risk of losing its licence to operate. BAM's policy to protect human rights is included in its Code of Conduct and underlying policies, such as its sustainability policy and procurement policy.

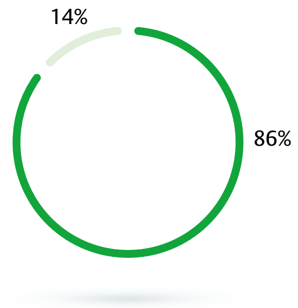
BAM focuses on the following key areas to mitigate risks related to human rights:
- Conducting risk analysis;
- Ensuring compliance and due diligence activities in the chain of vendors (consisting of subcontractors and suppliers of raw materials);
- Training and engaging BAM employees and vendors;
- Industry engagement;
- Monitoring.

Conducting a risk analysis
Risk analyses have been introduced to understand and mitigate the risk of slavery and human trafficking in the Company and supply chain. The main risks relate to materials supplied by contractors outside Europe and (sub)contracting where low-skilled or migrant labour may be used.

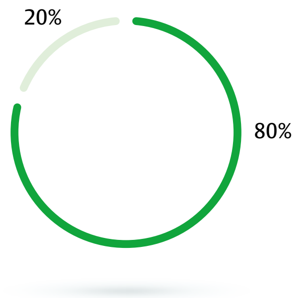
Graph 21 shows the different categories of subcontracting. 14 per cent of BAM's subcontracting expenditure is classified as a higher-risk expenditure. This higher-risk subcontracting expenditure consists of aspects such as:
- Structural works, e.g. steel reinforcement, concrete construction, foundations (31 per cent);
- Finishing works, e.g. roofing, glazing, facade cladding (10 per cent);
- Mechanical, electrical, and plumbing (13 per cent);
- General subcontracting (36 per cent);
- Services (11 per cent).

Graph 22 shows that 20 per cent of material expenditure has a higher risk. This higher-risk expenditure consists mainly of steel (96 per cent).

21 Subcontracting BAM



22 Materials BAM



Ensuring compliance and due diligence activities in the chain of subcontractors and suppliers
BAM uses a large and complex multi-tier supply chain due to the size and nature of its work and geographical spread across the Netherlands, the United Kingdom and Ireland. About 70 to 80 per cent of revenue is spent at the supply chain. This chain consists of approximately 23,000 vendors. Most of this spending involves companies that supply materials and/or labour to BAM's construction activities.

During tenders and the project phase, BAM uses competitive bidding to select the right vendor 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 contractors to comply with the BAM 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.

Specific requirements from clients are usually passed back-to-back to BAM's supply chain. Where applicable, BAM has the right to monitor or assess a vendor's compliance in line with the Vendor Code. In 2022, there was one potential new vendor located in a higher-risk area for which a site review was conducted for human rights. The review did not reveal any human rights issues.

Training and engaging BAM employees and vendors
Training and engagement on human rights is part of the Code of Conduct and there is a mandatory e-learning on the Code of Conduct with a target of 95 per cent for BAM employees. There is a compulsory e-learning modern slavery for BAM employees in the

In 2022, the Wâldwei joint venture has transferred management and maintenance of PPP project N31 to Rijkswaterstaat – Invesis and BAM Infra Nederland.

United Kingdom to train them on this topic. In the United Kingdom, BAM works with the Supply Chain Sustainability School to engage the supply chain and provide training through e-learning or classroom training for vendor employees.

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 activated 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
BAM encourages its employees and vendors to report suspected incidents to BAM or to vendors. The compliance function monitors reports related to human rights through the compliance organisation. In 2022, the compliance function received one submitted report related to human rights incidents at a subcontractor on which BAM has taken action.

Business conduct and transparency

BAM is committed to being an ethical company and to living up to the highest standards of honesty and integrity in the way it does business with clients, suppliers and within the Group. BAM's Code of Conduct and underlying policies further define how to do the right thing and remain true to the BAM core values, which include reliability. Living the Code of Conduct contributes to a safe, ethical and sustainable culture and protects the future of BAM. 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 objective and content of the Code of Conduct alive in the organisation. Therefore, an e-learning tool is used to train selected employees on the code. The training, available in country-specific languages (e.g. Dutch and English), is mandatory for (new) white-collar 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 97 per cent at year-end 2022. BAM's blue-collar employees are trained through so-called toolbox meetings. BAM strongly believes in a targeted approach for the different working groups to achieve optimum understanding and adaptation.

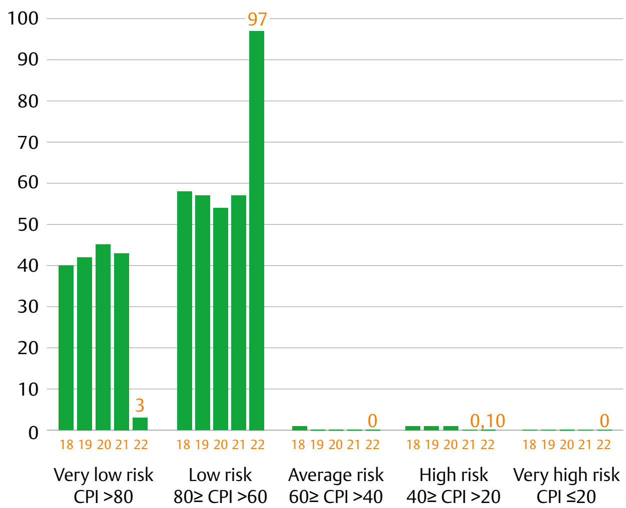
Speak-up process
BAM has a robust speak-up process, including an independent speak-up line to report suspicions of misconduct. BAM maintains a speak-up platform, featuring experience stories and the possibility to discuss dilemmas based on conversation starter cards. In 2022, the compliance officers within BAM continued with workshops and dialogue sessions across the Company and providing advice to questions from employees.

Reported incidents
In 2022, 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 and privacy breaches of which a limited number needed to be reported to the external local privacy authorities.

Ethics and Compliance Committee
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.

Corruption Perception Index
The Corruption Perception Index (CPI) is calculated by Transparency International and focuses on the strict application of the United Nations Convention Against Corruption (UNCAC). The CPI classifies countries according to their perceived level of corruption on a scale from 0 to 100. BAM mainly operates in Europe, which explains the overall score. BAM obtains its main turnover in countries with a low or very low risk of corruption. The large difference in score between 'very low risk' and 'low risk' in 2022 versus 2021 is due to a decreased score for the Netherlands from 82 to 80 on this index.

23 Revenue according to Corruption Perception Index *(in %)*



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 70 per cent of BAM's revenue while bringing added value to clients. Large vendor categories include concrete works, steel construction, mechanical and electrical engineering. Most of these are typically sourced from preferred vendors close to construction sites.

BAM aims to increase social and environmental awareness, and continuously look for opportunities to jointly improve both sustainability performance. Vendors are subject to BAM's general purchasing terms and conditions, which cover commitments to safety, human rights and the environment.

Division United Kingdom and Ireland actively focused on improving access to procurement opportunities for social enterprises, becoming a founding member of the Social Partnership Portal. This portal is a digital platform specifically designed to connect construction buyers with social businesses, the first of its kind to launch in the United Kingdom.
In 2022, BAM Procurement was re-structured to become two organisations, serving BAM Netherlands and BAM United Kingdom and Ireland. The new divisional Procurement functions secured alignment on selected categories, systems and knowledge exchange. For example, the continued journey to harmonise vendor data with Procurement Netherlands completing a project whereby vendors that deliver to the Dutch operating companies were onboarded in a uniform way. All vendor related information is collected in a single database from which secondary systems are fed. BAM United Kingdom and Ireland synergised with this approach by streamlining two of its prequalification systems into one and by further categorising vendors. Working as one, both Procurement Divisions developed new procurement reporting dashboards.

Procurement Netherlands started to roll out vendor relation management with focus on preferred supplier lists in all regions and this will continue to be developed in 2023. Both divisions are targeting safety and sustainability in their on-boarding and selection processes.

An example of BAM's supply chain engagement is the ongoing engagement with car leasing companies across the Group with the ambition to further increase the share of electric vehicles in its vehicle fleet. This engagement has led to the increase of the number of full electric vehicles within BAM to 992 in 2022, corresponding a share of 19 per cent of BAM's lease fleet.

Social outlook

In 2023 BAM will continue to build a high-performance organisation, based on an attractive employee value proposition, in order to attract, retain and engage a diverse talent group and make them successful. In doing this the Company will ensure that leaders live and breathe the new core values. BAM will offer people fair and transparent career opportunities and develop employees to the best of their ability, ensuring that skills remain relevant for the future.

BAM will continue to learn from accidents, near-accidents and dangerous occurrences. Where appropriate, these are thoroughly and objectively investigated.

BAM recognises the Company's responsibility for the safety of every person that works on a construction site managed by BAM. From financial year 2024 onwards, reporting an accident rate (covering all workers on BAM sites) is mandatory under the CSRD. BAM will prioritise the improvement of data quality of subcontractor hours. This will enable BAM to report externally on IF Total with limited assurance.

Division United Kingdom and Ireland will continue to deliver Social Value and add more projects to the Social Value portal over time. The data in the portal will be verified externally at the start of 2023. Division Netherlands plans to make use of so-called Social Return on Investment (SROI) Building Blocks that can be divided into three types: labour participation, social purchasing and organizing social activities. Division Netherlands intents to include purchase and HR information on SROI into a registration tool widely used by BAM's clients in the Netherlands.

3.3 Environmental performance

Targets	Performance in 2022
• Achieve a 50 per cent relative emissions reduction in scope 1 and scope 2 by 2023 and an 80 per cent reduction in 2026 (base year 2015).	BAM reduced its CO_2 intensity by 48 per cent compared to 2015.
• Reduce absolute scope 3 emissions by 50 per cent in 2030 (base year 2019) and improve scope 3 measurement in 2023.	BAM is working on improving its measurement capabilities to enable more complete and accurate reporting on scope 3 emissions.
• Maintain CDP Climate 'A' list ranking.	In 2022, BAM received an 'A' and achieved leadership status on CDP's climate change benchmark for the fourth consecutive year.
• Reduce construction and office waste intensity by 75 per cent in 2030 (versus 2015).	BAM reduced its construction and office waste intensity by 54 per cent compared to 2015.

New KPIs 2023-2030

BAM has defined new KPIs and set new targets as part of its sustainability strategy in 2022. The first step on some of these targets is to develop a baseline measurement in 2023. 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.

* 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.

Introduction

BAM's ambition is to build sustainable environments that enhance people's lives. The new sustainability strategy which BAM launched in January 2023 forms an integral part of BAM's corporate strategy to move towards product leadership and life-cycle solutions, thereby encouraging the Company to reduce its carbon, resource and waste footprint, and offer clients scalable sustainable solutions. This chapter describes BAM's performance on the targets in the new strategy, divided in the four key environmental themes:
- Decarbonisation;
- Circularity;
- Climate adaptation;
- Biodiversity.

In 2022, BAM was awarded a position on the CDP climate change 'A' list for the fourth consecutive year, and was declared the winner of the Forest50. BAM accelerated its decarbonisation targets, and its scope 1 and 2 CO_2 intensity was well below target of 13.6. The Company's construction and office waste intensity decreased in 2022.

While current sustainability results are promising, BAM also acknowledges that the Company needs to step up in other areas to cover the full scope of its sustainability strategy and achieve BAM's ambition to be a leading sustainable company in the construction sector. BAM's key areas of improvement are the measurement of scope 3 emissions and improving the reporting processes for the KPIs on the themes of circularity, climate adaptation and biodiversity.

Decarbonisation

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's carbon footprint is monitored by measuring carbon emissions using the greenhouse gas (GHG) protocol. This defines three scopes for greenhouse gas accounting and reporting purposes:

- Greenhouse gas directly emitted from the Company's own activities (scope 1);
- Indirect emissions from purchased electricity, heating and cooling (scope 2);
- Indirect emissions up- and downstream in the value chain (scope 3).

CO_2 reduction targets
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. In 2022, BAM further increased the ambition level of its CO_2 reduction targets:

- By 2023, BAM aims to reduce scope 1 and 2 CO_2 intensity by 50 per cent compared to 2015;
- By 2026, BAM aims to reduce scope 1 and 2 CO_2 intensity by 80 per cent compared to 2015;
- By 2030, BAM aims to reduce scope 3 absolute CO_2 emissions by 50 per cent, compared to 2019.

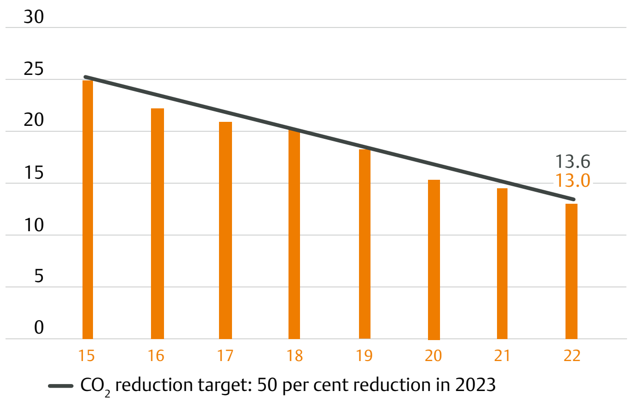
CO_2 footprint of scope 1 and 2
In previous annual reports, BAM has reported on scope 1 and 2, and on its employees' transport emissions (scope 3). The new decarbonisation targets distinguish between scope 1 and 2 emissions and scope 3 emissions. The employee transport scope 3 emissions are therefore only included in the scope 3 reporting to avoid double counting. BAM's scope 1 and 2 CO_2 intensity decreased to 13.0 tonnes per € million revenue in 2022, a 10 per cent reduction compared to 2021 (14.5). When including employee travel-related scope 3 emissions, the CO_2 intensity decreased from 15.4 in 2021 to 14.1 in 2022, corresponding to a 8 per cent reduction.

Its CO_2 emission reductions in the past few years indicate that BAM is already close to reaching its 2023 reduction target. These reductions are mainly caused by divestments and BAM's ongoing CO_2 reduction measures such as the use of sustainable biofuels. BAM's absolute scope 1 and 2 CO_2 emissions in 2022 were 86 kilotonnes, which was 19 per cent lower than its 2021 emissions of 106 kilotonnes.

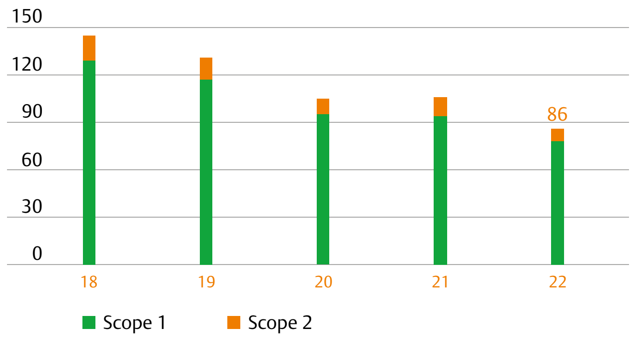
BAM's main efforts to reduce CO_2 emissions include:

- Working towards the procurement of 100 per cent renewable electricity in all offices, facilities and project sites;
- Reducing diesel use on construction sites by establishing early-stage grid connections, electrify equipment and using alternative fuels (sustainably produced biofuels) where possible;
- Electrifying BAM's company car fleet.

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



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



Procurement of renewable electricity
BAM's green electricity share increased to 65 per cent (2021: 60 per cent). This increase was mainly caused by the divestment of BAM Deutschland, where few renewable electricity contracts were in place, and a slight increase in the use of renewable electricity in the United Kingdom and Ireland.

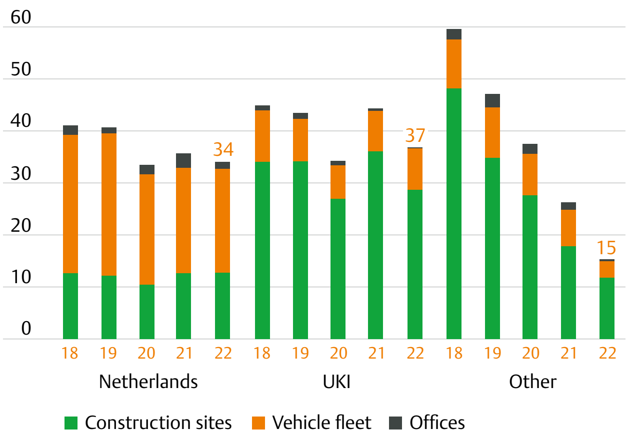
Reducing diesel usage
The largest source of CO_2 emissions lies in the fuel use on BAM's construction sites. In 2022, absolute emissions from fuels used on construction site were 46 kilotonnes compared to 56 kilotonnes in 2021. This decrease was mainly caused by replacing diesel with sustainably produced hydrotreated vegetable oil (HVO). The use of HVO more than doubled in 2022 compared to 2021: over three million litres of HVO was used (compared to approximately 15 million litres of generic diesel) saving circa eight kilotonnes of CO_2 emissions.

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. BAM has given careful consideration to the use of HVO and remains satisfied that it is a necessary and suitable transition fuel to reduce emissions. BAM recognises the ongoing concerns surrounding the sustainability of HVO and biofuels more generally, and the situation remains under constant review.

Besides replacing diesel with sustainably produced HVO, BAM also focuses on the electrification of equipment to further reduce CO_2 emissions. The process of electrifying of equipment accelerated in 2022: BAM's first electric asphalt spreader was introduced, as was an electrically powered 'krol' (a crane able to move on rails), an electric foundation drill rig, and electric mobile excavators.

Company car fleet
The emissions from the vehicle fleet, which account for 36 per cent of BAM's total scope 1 and 2 CO_2 emissions, decreased by 12 per cent compared to 2021. This decrease is mainly caused by BAM's divestments and its continued transition to fully electric vehicles in its fleet. The number of fully electric vehicles increased to 992 in 2022 (a share of 19 per cent of the total lease fleet). From January 2022 onwards, BAM has a lease arrangement in the Netherlands in which all new cars ordered are electric.

26 Absolute CO_2 emissions (scope 1 and 2) per source and division *(in kilotonnes)*



Scope 3 emissions
BAM acknowledges the increasing focus on emissions in the value chain outside the Group's activities. In its new sustainability strategy, disclosing and reducing scope 3 emissions plays a more prominent role in BAM's decarbonisation targets. Measuring scope 3 emissions is complex, but for a construction company the complexity is even further increased by the large variety in products and projects. The key challenge for BAM is to obtain all relevant data from vendors and clients.

Currently, BAM only reports on the scope 3 employee transport emissions, which accounted for absolute CO_2 emissions of 7 kilotonnes in 2022 (2021: 6 kilotonnes). BAM aims to first improve the quality of the measurement of other scope 3 categories before disclosing these emissions in its annual report. BAM does report its scope 3 emission inventory including all categories conform the Greenhouse Gas Protocol's Scope 3 Corporate Value Chain Accounting Reporting Standard as part of its annual CDP submission, which is publicly available on the CDP and BAM website.

While BAM is working on improving its scope 3 measurements, the Company is also deploying initiatives to reduce scope 3 emissions, by:

- Working with clients and supply chain partners to reduce carbon emissions in the value chain. An example is the 3D printed concrete staircase for the Sighthill Bridge in Scotland, which saved 50 per cent of the concrete volume compared to traditional precast staircase units.
- Bringing low- or zero-carbon products and services to the market to scale up their positive impact. An example is the construction of 'NOM' (zero-energy properties) dwellings in the Netherlands. Since BAM started in 2014, over 2,000 of these dwellings have been delivered (new-build and renovation).

BAM's climate action acknowledged
In 2022, BAM was rewarded a place on CDP's prestigious 'A' list for climate change for the fourth consecutive year. CDP is a global ranking that evaluates corporate efforts to address and mitigate climate change. 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. BAM was declared the winner of the Forest50 in 2022. This prestigious list ranks the 50 largest construction companies in the Netherlands on their level of use of sustainable wood and their communications about the importance of responsible forest management.

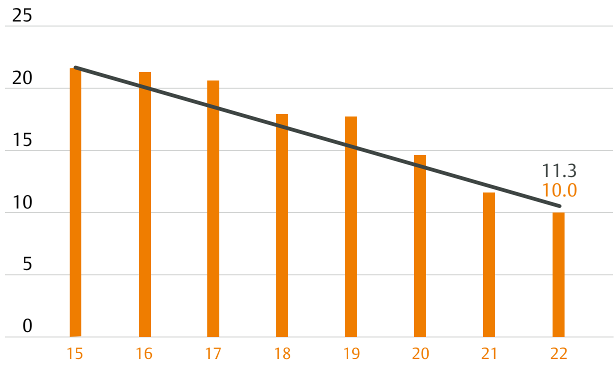
Circularity

BAM strives to become an integral part of the circular economy, by eliminating waste over the life-cycle of its developments and increasing circular aspects and approaches in its projects. BAM aims to preserve raw materials and resources over the life-cycle and to deliver projects using safe, healthy and renewable materials.

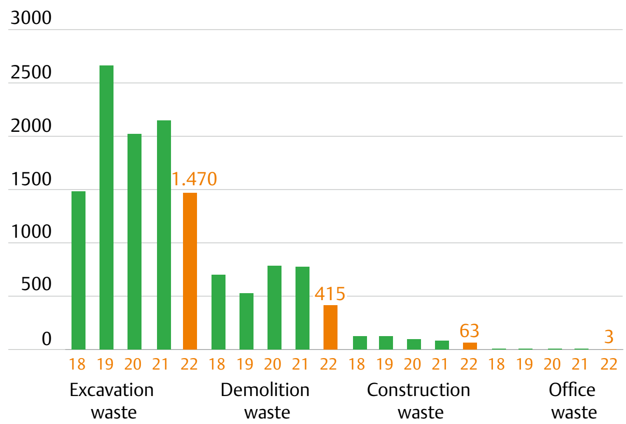
Waste reduction
Construction and office waste are the most important waste categories for BAM as these materials are initially brought to BAM's sites and offices on its behalf, in contrast to excavation and demolition waste. BAM has set the ambition to reduce construction and office waste intensity by 75 per cent by 2030 (versus 2015). In 2022, its construction and office waste intensity was 10.0 (2021: 11.6), which means a decrease of 54 per cent compared to 2015. A total of 5 kilotonnes (2021: 8 kilotonnes) was landfilled or incinerated without energy recovery.

BAM's 'recycle or reuse' rate increased to 84 per cent (2021: 77 per cent). Even though the recycling rate is still important for BAM, and BAM's waste processors will continue in their efforts to increase this percentage, it is no longer an explicit target. BAM deems it is more important to focus on reducing material usage than on recycling after usage.

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



28 Waste production per source *(in kilotonnes)*



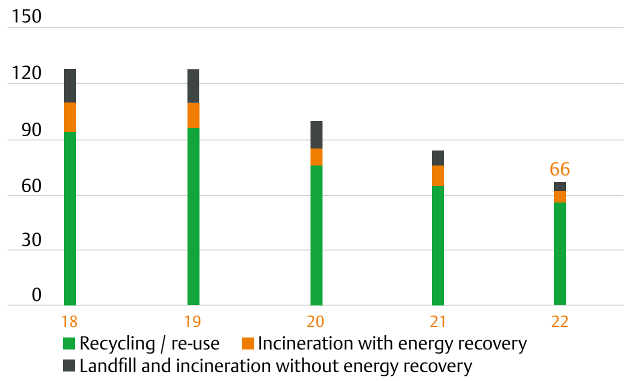
BAM has substantially reduced its construction and office waste intensity in the past few years, but the focus on circularity assessments and the further implementation of material passports are expected to help identify where and how remaining waste is generated and how this can be driven down further.

The volumes of excavation waste and demolition waste both decreased substantially in 2022, caused by the divestments of BAM's Belgian and German subsidiaries and due to a reduced share of projects with a large demolition and/or groundworks scope in BAM's project portfolio.

Material passports and circularity assessment
Circularity is an important topic in the construction sector. The introduction of material passports and a circularity assessments is therefore an important development.

BAM is currently developing standards for the material passport which will continuously be improved based on market-driven initiatives.

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



The circularity assessment supports:
- design for resource efficiency and use of sustainable sources;
- design for adaptability to extend the life cycle of materials;
- design for disassembly to reuse materials.

BAM is actively working on the development of integrated circular concepts and showcasing the benefits to clients.

In 2022, material passports were applied in several projects, such as:
- MFO II, a multifunctional building of the Erasmus University Rotterdam;
- The Kadehuis: a residential development project in Arnhem.

An example of a project where a circularity assessment was used is the British Antarctic Survey Rothera Wharf project. This project required a full detailed method statement for the dismantling of the wharf at the end of its life, which led to a design that was suitable for dismantling.

Reduce use of non-biobased primary (virgin) material
The target in BAM's new sustainability strategy is focused on reducing the usage of key materials (steel, concrete and asphalt) and on increasing the usage of sustainable certified timber in BAM's property development projects. BAM has estimated the quantities of these main materials used in its construction projects in the Netherlands (table 30).

The material quantities and recycled content are based on supplier data, industry averages and data from the asphalt plants of AsfaltNu. BAM's short-term goal is to set out a roadmap for optimising the usage of these materials. In the meantime, BAM is already working on reducing these materials where opportunities arise. An example is the Dawlish sea wall project, where ultra-low carbon concrete mix was used for the mass fill between the old and new walls. The concrete makes use of a by-product created in the manufacturing of steel to replace a large proportion of the cement, which would otherwise be required to build the structure.

30 Material consumption in the Netherlands

Consumption	2022	2021	2020	2019	2018
Ready-mix concrete *(in m³)*	**171,000**	282,500	231,500	203,000	208,000
Timber *(in m³)*	**16,750**	18,000	21,000	34,500	19,500
Asphalt *(in t)*	**750,000**	775,000*	1,400,000	1,100,000	1,250,000
Steel *(in t)*	**53,000**	84,000	77,000	76,000	72,500
Recycled content					
Ready-mix concrete *(in %)*	7	7	5	10	12
Timber *(in %)*	**0**	0	0	0	0
Asphalt *(in %)*	**45**	45*	39	42	41
Steel *(in %)*	**70**	68	70	70	66

* Restatement of the values of 1,050,000 tonnes and 46 per cent disclosed in BAM's 2021 annual report. BAM's share of asphalt production was reported, instead of the actual share that was applied in BAM's projects.

Sustainable timber
BAM considers sustainably produced timber a valuable construction material to support the transition to a circular economy. Besides, using sustainable timber is key to supporting forest conservation and biodiversity while also helping to combat climate change. BAM has therefore made a commitment to FSC Netherlands to exclusively use certified sustainable timber for its projects.

In BAM's divisions Netherlands, and United Kingdom and Ireland, the Group achieved a certified sustainable timber use of 99.3 per cent. The data coverage is 89 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.

31 Certified sustainable timber use
(in %)

	2022	2021	2020	2019	2018
Organisational coverage	**89**	87	81	80	79
Sustainable timber	**99**	99	99	99	94

Climate adaptation

Climate adaptation deals with risks and opportunities associated with climate change. Longer-term shifts in climate patterns, e.g. sustained higher temperatures, are relevant risks for BAM because of the potential impact on BAM's operations and the impact on the design and other aspects of projects in BAM's portfolio. There is also a higher demand for climate-adaptive solutions by the community, clients, and regulators. BAM discloses the full details of its climate change risk assessment in its CDP submission.

Climate adaptation is an increasingly important topic in the projects BAM delivers. A Climate Risk Scan methodology was developed in 2022 in the Netherlands to assess the specific climate risks for project locations. This includes topics of water damage, draught, heat stress, subsidence and flooding. The scan consists of three steps: the first step is to identify the risks, the second step is to identify the relevant climate-adaptive measures, and the third step is to assess the mitigation effect of the applied measures. BAM plans to start using the Climate Adaptation Scan on large projects from 2023 onwards and to develop a library with climate adaptive measures.

BAM helps future-proof its clients' assets by offering climate-resilient buildings and by offering civil engineering solutions to mitigate climate hazards. Examples of projects in 2022 are:
- The Green Acre Grange Residential BAM Building in Ireland, one of Ireland's first 'Blue Roof' residential developments, designed to attenuate and manage rainwater at roof level via a restrictive flow outlet.
- The Green Village, an initiative of the University of Delft, for which BAM is redesigning a square to function as a testing ground to validate ideas and concepts on the theme of heat stress in the city.

Biodiversity

Biodiversity is increasingly gaining attention within the construction sector as a topic both in the projects that BAM delivers and during the construction phase. BAM therefore included biodiversity as a key topic in its sustainability strategy in 2022.

BAM sees opportunities to improve biodiversity in its projects and deliver biodiversity-enhancing assets as part of its purpose to create environments that enhances people's lives.

In 2030 BAM aims to have an aggregated net-positive biodiversity impact. BAM's roadmap and targets are centered around (i) measuring biodiversity effects, (ii) offering biodiversity-improving features in its tenders and (iii) achieving a positive biodiversity impact.

Biodiversity is also becoming a more pressing issue from a regulatory perspective. The United Kingdom government has announced projects will be required to demonstrate a 10 per cent biodiversity increase in 2023. Furthermore, 'The protection and restoration of biodiversity and ecosystems' is one of the objectives of the EU taxonomy.

BAM is already taking steps to fight biodiversity loss. In the United Kingdom, BAM offers and measures biodiversity net gain (BNG) in many projects already, and a substantial part of its civil-engineering client base demands no net-loss. BNG is a process which leaves nature in a better state than when it started. BAM applies the DEFRA Model, a tool developed by the United Kingdom government to assess the biodiversity (habitat) before and after a project, to assess biodiversity loss or gain. Examples of projects where BAM will have a positive influence on biodiversity include:

- The scheme at Ormesby Beck, where parts of the natural Tees Estuary will be restored to make way for new wildlife habitats;
- The first of five HS2 'green tunnels' that, when complete, will be covered by soil and host thousands of native trees and shrubs to fit in with the surrounding countryside.

BAM was also was a a theme partner of the 'Nationale DenkTank' (National Think Tank) in the Netherlands in 2022, which focused on the research question of how to turn the tide in the Dutch biodiversity crisis. Results were published in December 2022 and suggested ten feasible and impactful solutions for Dutch society, including a proposal to shape centralised government in the field of nature-inclusive construction.

Nitrogen and PFAS emissions
The deposition of nitrogen and emissions of Per- and polyfluoroalkyl (PFAS) and Perfluorooctanesulfonic acid (PFOS) substances remain important issues in the construction sector in the Netherlands. At the end of 2022, the exemption for the construction sector was revoked, which implies that construction projects need to show that nitrogen emissions during the construction process remain within regulatory limits. This may lead to the delay or temporary shutdown of construction projects. While this may have severe implications, BAM projects were barely affected in 2022 and most potential implications are expected to be covered by its clients.

Benzene emissions
In 2021, it was determined that when high percentages of recycled asphalt (PR) are used in new asphalt mixtures, harmful substances are released during asphalt production, including benzene and PAHs. This is an industry-wide problem, and the sector is working on solutions to get the emission of harmful substances under control. The solutions considered, which were partly implemented in 2022, include making technical adjustments to the asphalt plants, installing active carbon filters, and making temporary or permanent adjustments to composition mixtures.

Environmental outlook

The development of BAM's sustainability strategy was an important milestone in 2022. 2023 will be an important year to further implement this strategy and work towards achieving the ambitious targets. External stakeholders, such as environmental organisations, will increasingly monitor BAM's progress and hold BAM accountable for delivering on these targets. In the coming years, improving the measurement of scope 3 CO_2 emissions will be a key aspect of BAM's ability to drive sustainability further.

The revoked exemption status of the construction sector in the Netherlands on nitrogen emissions increases the importance for BAM to offer emission-free construction sites. This will accelerate the need to further electrify BAM's equipment to reduce emissions on site.

New and expanding reporting regulations, such as the Corporate Sustainability Reporting Directive (CSRD), will require BAM to further expand the scope of its non-financial reporting. BAM is already keen to report transparently on its material themes, as shown by the Company voluntarily complying with the GRI standards, but BAM is also prepared to increase its efforts to fully embed these requirements in its reporting processes.

The increased scope of the Company's sustainability strategy provides great opportunities for BAM to maintain its position as a leading construction company in the field of sustainability. With a good track record in meeting sustainability targets, BAM is looking forward to keep improving and working towards a sustainable tomorrow.

3.4 EU taxonomy

Introduction and understanding of the assessment

BAM is committed to continuously improving its sustainability performance in line with the Group's sustainability strategy (see chapter 2.2) and aims to report transparently on BAM's sustainability transition. In addition to BAM's non-financial reporting (chapter 2.1, 2.2, 2.3, 3.2, 3.3, 9.6, 9.7, 9.9) in accordance with GRI standards, BAM discloses non-financial information required by the EU taxonomy in this chapter and appendix 9.8.

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 environmentally 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.

Accordingly, 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.

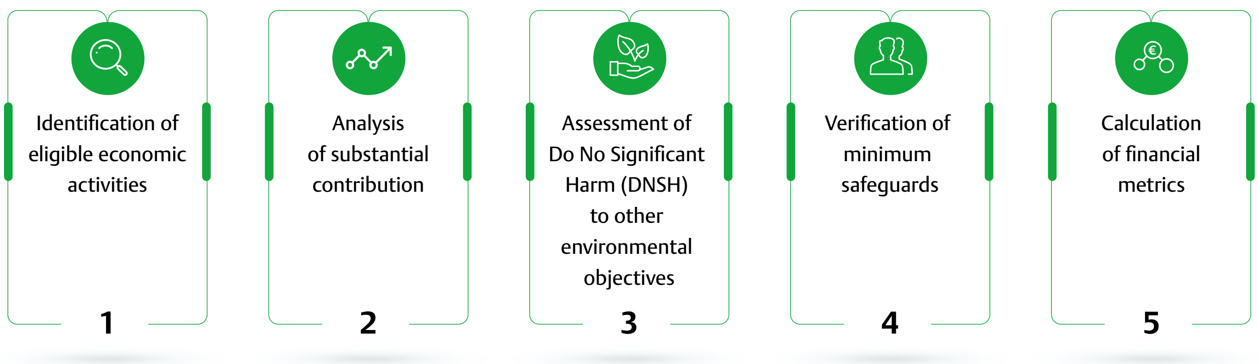
The EU taxonomy provides a standardised, science-based classification system, including technical screening criteria, in order to create transparency in non-financial statements. In 2022, BAM is required to disclose what proportion of its revenue, its capital expenditure, and operating expenditure is reported as eligible and aligned under the EU taxonomy on the first two objectives (climate change mitigation and climate change adaptation). It is expected that during 2023, the European Commission will publish the activity descriptions and technical screening criteria on the other four objectives. BAM closely monitors EU taxonomy developments, to ensure correct assessments of, and full compliance with, the EU taxonomy reporting requirements.

BAM has completed an assessment of its activities that are eligible for, and aligned with, the EU taxonomy. Details of the assessment and definitions of the specific KPIs as used for the EU taxonomy are explained in appendix 9.8.
The assessment process has been executed under the supervision of the Executive Committee, involving the relevant functions, such as sustainability and finance. The applicability of the EU taxonomy was assessed across BAM's portfolio in 2022, covering all countries in which the Group operates, following five steps (see figure 32):

1. Identification of eligible economic activities
All the activities within the Group's portfolio included in the Climate Delegated Act have been identified. This process considered activities under the climate change mitigation and climate change adaptation objectives. Examples of eligible economic activities include 'Infrastructure for rail transport', 'Construction of new buildings' and 'Renovation of existing buildings'.

2. Analysis of substantial contribution
The eligible activities identified in the previous phase are analysed to verify their compliance with the substantial contribution criteria for climate change mitigation or climate change

32 Five steps of the EU taxonomy assessment



adaptation. BAM mainly focused the assessment on activities that are considered sustainable in perspective of the Company's sustainability strategy, such as rail projects, energy neutral houses and modular timber construction (Flow concept). The analysis was conducted in accordance with the substantial contribution criteria contained in the Climate Delegated Act, for example:
- Regarding infrastructure for rail transport: the transport is dedicated to passengers and/or freight, and not dedicated to the storage or transport of fossil fuels;
- Regarding the construction of new buildings: Primary Energy Demand should be at least 10 per cent below the threshold for nearly-zero-energy buildings (NZEB), certified by an Energy Performance Certificate;
- Regarding the renovation of buildings: the building renovation complies with the applicable requirements for major renovations, as set out in the applicable national and regional building regulations for 'major renovation' implementing Directive 2010/31/EU. Alternatively, it leads to a reduction of primary energy demand of at least 30 per cent;
- For the portfolio eligible under the objective climate change adaptation (Annex II), a climate risk and vulnerability assessment is required on clusters or projects. Climate adaptive solutions following the assessment should be implemented in the design and construction of the projects.

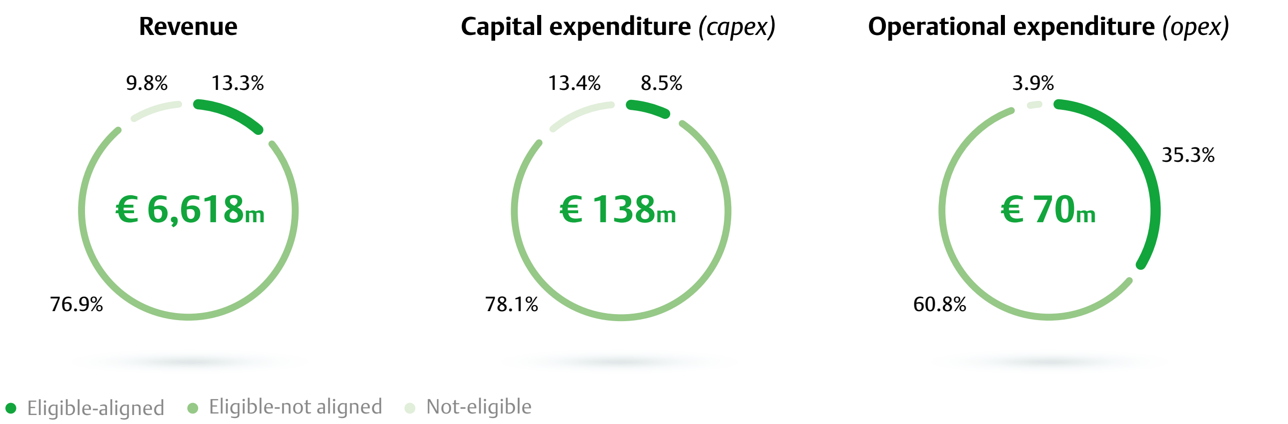
3. Assessment of not causing significant harm to the other environmental objectives (Do No Significant Harm or DNSH)
An analysis of existing environmental procedures was performed to verify compliance with the DNSH criteria for each country, business unit or product cluster (dependent on the granularity of the assessment), adapted to the specific requirements envisaged for each environmental objective. BAM has evaluated these DNSH criteria to establish a sufficient amount of detail for the procedures involved, whereby for example:
- A climate risk and vulnerability assessment (as detailed in the appendix supporting Annex I) is performed on specific clusters or projects;
- The minimum reuse, recycling and other material recovery of waste is above the relevant threshold (>70%). The assessment requires BAM to consider office waste, wood, and construction & demolition waste, excluding the so-called 'naturally occurring material' (e.g. rubble and soil in the case of rail projects);
- For substantiation of the DNSH's biodiversity criteria, BAM relies on the environmental permit, which prescribes that an Environmental Impact Assessment is performed when required by the Dutch implementation of Directives 2014/52/EU.

Non-compliance with any of the DNSH criteria results in a 'eligible-not aligned' outcome of the assessment.

4. Verification of compliance with minimum social safeguards
BAM has verified if the eligible economic activities are carried out in compliance with minimum safeguards, including the due diligence process for the Group's human rights assessments. Four core topics have been identified:
- Human rights, including workers' rights;
- Bribery and corruption;
- Taxation;
- Fair competition.

For each of these topics, 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.

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



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 (▶ see figure 33). The explanations related to each of these categories are presented in appendix 9.8.
In order to arrive at the EU taxonomy KPIs – the proportion of revenue, capital expenditure (capex) and operational expenditure (opex), BAM mapped its financial performance to the relevant EU taxonomy aligned economic activities. Details are reported in appendix 9.8.

Conclusion of the assessment

The conclusion of BAM's 2022 EU taxonomy assessment is disclosed in figure 33. An explanation of the three EU taxonomy KPIs is provided in the paragraphs below.

Revenue KPI
The revenue KPI is calculated based on the proportion of net revenue generated from projects. Revenue related to joint ventures (as reported in Note 11 of the Financial statements) is not included in the scope of the assessment. In 2022, 13.3 per cent of revenue was generated by business activities aligned with the EU taxonomy, 76.9 per cent was eligible for, but not aligned with the EU taxonomy, and 9.8 per cent of BAM's economic activities in 2022 was determined to be not eligible.

The majority of the economic activities (relating to revenue) of BAM are classified as eligible under Annex I (climate change mitigation) and include for example projects in the areas of:
- Infrastructure for rail transport (6.14), including heavy and light rail, underground rail and freight rail;
- Construction of new buildings (7.1): non-residential buildings, including schools, hospitals and office buildings and residential buildings, including activities related to residential developments;
- Renovation of existing buildings (7.2), mainly residential projects;
- Transmission and distribution of electricity (4.9), for example the construction of Metal-Organic Frameworks (MOFs).

Project revenues related to infrastructure for road transport and public transport (6.15) and the construction of water projects (6.16) are reported as eligible under Annex II (climate change adaptation).

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.

Also, 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 its alignment assessment, BAM obtained substantial evidence for meeting the relevant criteria. BAM reached a positive conclusion on the alignment of three project clusters:
- BAM Infra OV (Netherlands);
- BAM Rail (United Kingdom);
- BAM Residential (Netherlands) for the revenues related to A++++ label residential buildings.

On other clusters, for example BAM's water infrastructure, road transport and non-residential building 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), in accordance with the criteria set out in Appendix A to Annex 1 to the Delegated Regulation 2020/852 per economic activity has resulted in eligble-not aligned activities. In order to fulfil the DNSH criteria on climate change adaptation, BAM concluded that climate adaptation scans are not yet performed on every relevant cluster or project or do not meet the requirements as described in the regulation. BAM concluded that the climate risk assessment performed for obtaining an environmental permit is not sufficient to reach a positive conclusion on the DNSH criteria for climate change adaptation. Going forward, BAM expects to perform more regularly climate adaptation procedures, 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 has made the specific choice not to consider the alignment of economic activity 6.15 Infrastructure enabling road and pubic transport in the scope of 2022. The activity classifies as eligible under Climate change adaptation, hence is reported as eligible part of the business. However, BAM is awaiting the alignment criteria under the environmental objective related to circularity to perform the alignment assessment, because BAM's sustainability strategy related to this activity is more focused on circularity.

Also, specifically for economic activity 6.16 Infrastructure for water transport (eligible under Climate change adaptation), 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 Annex II to the Delegated Regulation 202/852. 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 a cluster or on a project-by-project basis, and hence reports this as not aligned in its 2022 assessment.

In general, the non-residential part of our economic activities (included under 7.1) is reported as eligible-not aligned, mainly because no supportive evidence has been obtained for the DNSH criteria for the sustainable use and protection of water. The regulation reads that BAM is required to comply with specified water use for the water appliances that are attested by product data sheets, a building certification or an existing product label in the EU, and are in accordance with the technical specifications. Across our current non-residential project portfolio, the criteria set out for specific water flows, as an exmple, have not been met or the data is not available to assess whether the criteria can be met.

For details of the eligibility and alignment assessment for revenue, refer to appendix 9.8.

Capital expenditure KPI
The proportion of capital expenditure (capex) in 2022 that is eligible-aligned is 8.5 per cent, 78.1 per cent was eligible for, but not aligned with the EU taxonomy, and 13.4 per cent of BAM's capex in 2022 was determined to be not eligible.

Investments in 2022 that classify as aligned under the EU taxonomy include investments in equipment regarding the construction of BAMs aligned activities under climate change mitigation, mainly related to the rail infrastructure activities. Also the investments related to the new residential concept Flow (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 electric vehicles. The total investment for 2022 in electric vehicles, mainly equipment and cars, is around €20 million. In the EU taxonomy reporting, however, not the full amount is reported as aligned. 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. Hence, all capex related to (electric) equipment is allocated to our economic activities. Due to this methodology, only electric equipment allocated to our aligned activities is classified as aligned capex.

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 2022.

For details of the eligibility and alignment assessment for capex, refer to appendix 9.8.

Operational expenditure KPI
The proportion of operational expenditure (opex) in 2022 that is eligible-aligned is 35.3 per cent, 60.8 per cent was eligible for, but not aligned with the EU taxonomy, and 3.9 per cent of BAM's opex in 2022 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 2022.

Operational expenditure in 2022 that classifies as eligible-aligned with the EU taxonomy, include for example the short term lease expenses, pro rata, of BAM's rail business.

For details of the eligibility and alignment assessment for opex, refer to appendix 9.8.

EU taxonomy outlook

Ongoing implementation process
The current EU taxonomy assessment is based on BAM's interpretation of EU taxonomy guidelines available during 2022, including the latest draft of the commission notice on the

interpretation and implementation of certain legal provision of the EU taxonomy (dated 19 December 2022).

Furthermore, the assignment of activities to the environmental objectives is driven by the fact that reporting is required only for the first two objectives (i.e., climate change mitigation and climate change adaptation). Going forward, BAM may potentially decide to change the assignment of specific projects or project clusters to other environmental objectives, when the European Commission publishes the activity descriptions and technical screening criteria on the other four objectives. BAM expects that reporting on the remaining four environmental objectives (water and marine resources, the transition to a circular economy, pollution prevention and control, and biodiversity and ecosystems) will be in scope from 2023 onwards.

BAM has performed the assessment over 2022 based on the information that is currently available, including FAQ documentation and general EU taxonomy guidance. However, the regulation is still under development, and several elements are open to interpretation by the industry and other bodies. This will potentially affect BAM's interpretation of the EU taxonomy going forward, and therefore the outcomes of taxonomy eligibility and alignment.

Expected next steps regarding EU regulated non-financial reporting
BAM is committed to closely monitoring EU taxonomy developments, to ensure correct assessments of, and full compliance with the EU taxonomy reporting requirements. Also, under the Corporate Sustainability Reporting Directive (CSRD), BAM will have to report in accordance with ESRS standards for reporting periods beginning on 1 January 2024. BAM is making the necessary preparations to be able to comply with the new reporting standards.

Iconic office Belnine, Kairos and BAM Interbuild

Iconic office Belnine at Belliardstraat 9 (Rue Belliard) in the European quarter in Brussels. Belnine comprises ten levels with a total of 6,500 m² of floor space, above a basement of 2,000 m².

Risk management

4

3D concrete printed staircase, Glasgow - BAM Nuttall

Installation of Scotland's first 3D concrete printed staircase, providing access to Sighthill Bridge across the M8. The new pedestrian and cycle bridge will connect Glasgow City Centre to the Sighthill area in a new sustainable transport corridor.

4. Risk management

Exposure to risk is inevitable in pursuing 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. This strategy translated into BAM's risk management framework and enables management to identify, evaluate and address risks.

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 which focuses on the business and the project portfolio. This focus, together with the underlying strategic objectives and initiatives, forms the basis for BAM's enterprise risk management. It addresses the Company's strategic, operational, financial and compliance risks. Risks are assessed and prioritised on their impact and probability, and on the effectiveness of the risk response assessments in the organisation. The Supervisory Board monitors and advises the Executive Board, which has the overall responsibility 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 on a quarterly basis, and mitigating actions are defined and monitored. The Company's risk appetite was assessed with the Supervisory Board and the risk management has been further strengthened through the new organisational structure during 2022. During 2022, the external risk landscape was affected by new sustainability requirements as a result of the Dutch court case concerning nitrogen and geopolitical and economic developments such as the Ukraine war. The latter impacts the supply chain, the business climate and consumer confidence. Furthermore, the export control regulations changed due to new sanctions for Russia, based on the Ukraine war, which had limited impact on BAM. Positive developments from a risk perspective included finalising the divestment agenda during the year. Furthermore, environmental opportunities exist around decarbonatisation and sustainable construction.

Continuous improvement is part of the Risk and Control Committee agenda. This resulted in the further strengthening of risk governance in relation to the organisational structure, increased management attention to improvements in the effectiveness of internal controls in respect of processes and systems, and improvements in project control and reporting. These continuous improvement aspects further strengthened the risk management and control systems, and play a key role in achieving BAM's strategic objectives. 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 further mature the risk management framework within BAM.

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 in order to achieve its objectives.
The risk appetite is assessed of the basis of the Company's strategy. An important pillar is continued de-risking of BAM's market choices to avoid disproportionate risk in the project portfolio, in particular with respect to large projects.

The Company's risk appetite and main risk areas are described on the basis of the following categories:
- Strategic risks – BAM takes a balanced approach on 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.

Risk appetite statements are further underpinned by BAM's strategic agenda, governance, core values, Code of Conduct, and policies and procedures.

Continuation of de-risking the business

An important strategic pillar for the Group is continued de-risking of the business. This was strengthened by the strategic divestments carried out during 2021 and 2022, and reinforced by making conscious choices in the remaining business with the aim of avoiding disproportionate risks in the project portfolio, in particular with respect to large projects.

A fundamental part of the BAM risk management framework in this respect is the stage gate process. Tenders for projects are guided through various stage gates, based on their complexity, size and risk profile. The stage gate process is designed to establish a clear risk profile for each project and to ensure that risks and rewards are adequately balanced. For certain projects, stage gate requires expert involvement to leverage the combined knowledge within the Group, in order to support the tender and 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 level of management. 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, it forms an opinion 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 (chapter 2.1) 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, as well as the reliability of financial reporting and compliance with laws and regulations.

The divisions and the headquarters carry out self- assessments, and the results are reported to Royal BAM Group. These results are challenged, 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 an end-of-year 'Executive Board statement' (see next paragraph). The underlying assessments at the subsidiary level form the basis for managerial accountability for the effectiveness of the internal control framework, together with the formal issuance of a statement and letter of representation 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.

Reported deviations included an improvement plan to further strengthen the level of internal control. The most important risk areas which impacted BAM were project execution, health and safety, supply chain risks and compliance (due to the investigation at BAM International).

Executive Board statement

The Executive Board is responsible for the design and operation of the internal risk management and control systems. 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 (see previous paragraph).
In addition, the Executive Board has determined an outlook based on market developments, orderbook, financing and cash flow (see chapter 3.1).

Based on this management report and in accordance with best practice 1.4.3 of the Dutch corporate governance code as adopted on 8 December 2016, and article 5:25c of the Financial Supervision Act ('Wet op het financieel toezicht'), the Executive Board confirms that, to the best of its knowledge:

- The management 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 reporting does not contain any material inaccuracies;
- Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis;
- The management report states those material risks and uncertainties that are relevant to the expectation of Royal BAM Group's continuity for the period of 12 months after the preparation of the management report.

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 management 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 management report describes the principal risks and uncertainties that Royal BAM Group faces.

Main risk areas

Several risk areas and measures were identified with respect to BAM's strategic objectives.

- Very low - Low - Medium - High - Very high

Risk description	Possible impact	Management measures	Risk appetite
Strategic risks			
Market			Medium
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 for 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			Medium
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 focus on markets and projects where BAM has proven competitive strengths.. In 2022, BAM finalised its divestment agenda (see chapter 2.2). BAM further strengthened the portfolio towards sustainability and industrialised construction through the acquisition of off-site production facilities for modular construction.	
Transformation			Low - Medium
The Company's strategic agenda involves a transition to a new 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 non-financial targets.	The Executive Board is closely steering and monitoring the progress of BAM's transformation activities as defined in its strategic agenda and translated into its yearly operating plans. Furthermore, BAM has designed and implemented a new organisational structure, whereby the functional model changed from an operating company structure to a division structure.	
Innovation			Medium
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 entering the market may marginalise BAM's distinctive capabilities and thus jeopardise the existing business model.	BAM manages innovations in a structured manner, mainly by means of initiatives at the 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 safety risks to its people. The well-being and safety of its people are of vital importance to the Company.	Safety incidents may lead to serious 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 9.7, 'Material themes and management approach'.	
Property development			
BAM is involved in property development for its own account. The level and timing of both income (sale/rent) and costs (site acquisition and building costs) of these projects may deviate from the initial expectations as a result of divergent market and process (planning/permits) conditions.	Property development projects may be postponed or completed at higher costs 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			
BAM is constantly active in thousands of projects where the Company is exposed to a wide variety of risks, in a sector known for its asymmetrical risk profile. Selecting the right projects against balanced contractual conditions 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 with a focus on portfolio management and a robust stage gate procedure for tenders during the execution phase. BAM will move its project portfolio away from large unrewarded risks by limiting the size of single-stage, lump-sum tenders to €150 million. Furthermore, BAM finalised its divestment agenda.	
Supply chain			
On an annual basis, BAM purchases more than 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 has a vendor management process that strives for added-value, long-term, mutually beneficial relationships with partners. BAM works with selected groups of suppliers and subcontractors on different levels, both on the business segment as well as on the country level. Suppliers are assessed against five different aspects: safety, quality, total cost, logistics, and engineering and process. This assessment leads to a dialogue to improve the performance and continuation of the collaboration.	

Risk description	Possible impact	Management measures	Risk appetite
Human resources			
Attracting, training and retaining talented people is crucial for BAM, because it enables the Company to respond more effectively to changes in the market by exploiting its full potential. It is essential that BAM remains a preferred employer.	An inability to attract and keep the right talent, expertise and human capital within BAM would have a negative effect on success.	To attract top talent, BAM has a professional recruitment team that works with external recruitment agencies. The Company invests in the development of employees through various training programmes, including programmes for management trainees, project directors and project managers, and prepares candidates for key positions to improve their leadership and inclusion skills.	
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 aims to improve the maturity of its IT function to keep up with external developments. In addition, BAM has increased its security efforts to remain resilient to growing cyber-risks. This includes investment in tooling and in implementing and testing an information security framework to ensure the confidentiality, integrity and continuity of data.	
Sustainability			
The construction industry relies heavily on natural resources, which will be depleted when consumption goes faster than what nature can regenerate. Climate-related 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.	BAM has covered sustainability through its governance (the Supervisory Board's 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 identify 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.	
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 reporting			○●○○○
Providing insightful, fair and accurate representation of performance and economic results is essential for trust in BAM.	Potential material misstatements in the financial 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 financial data. 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 that need to be supported by position papers. 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. In 2022, BAM repaid the €120 million Covid-19 support that is received to the government. and renewed its committed revolving credit facility (RCF) of €330 million. Other specific financial risk management measures, including those in the area of interest rate risk, foreign exchange risk, price risk, credit risk and liquidity risk are disclosed in note 3 of the Financial Statements.	
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) 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 but 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. 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.	

What impacted BAM in 2022

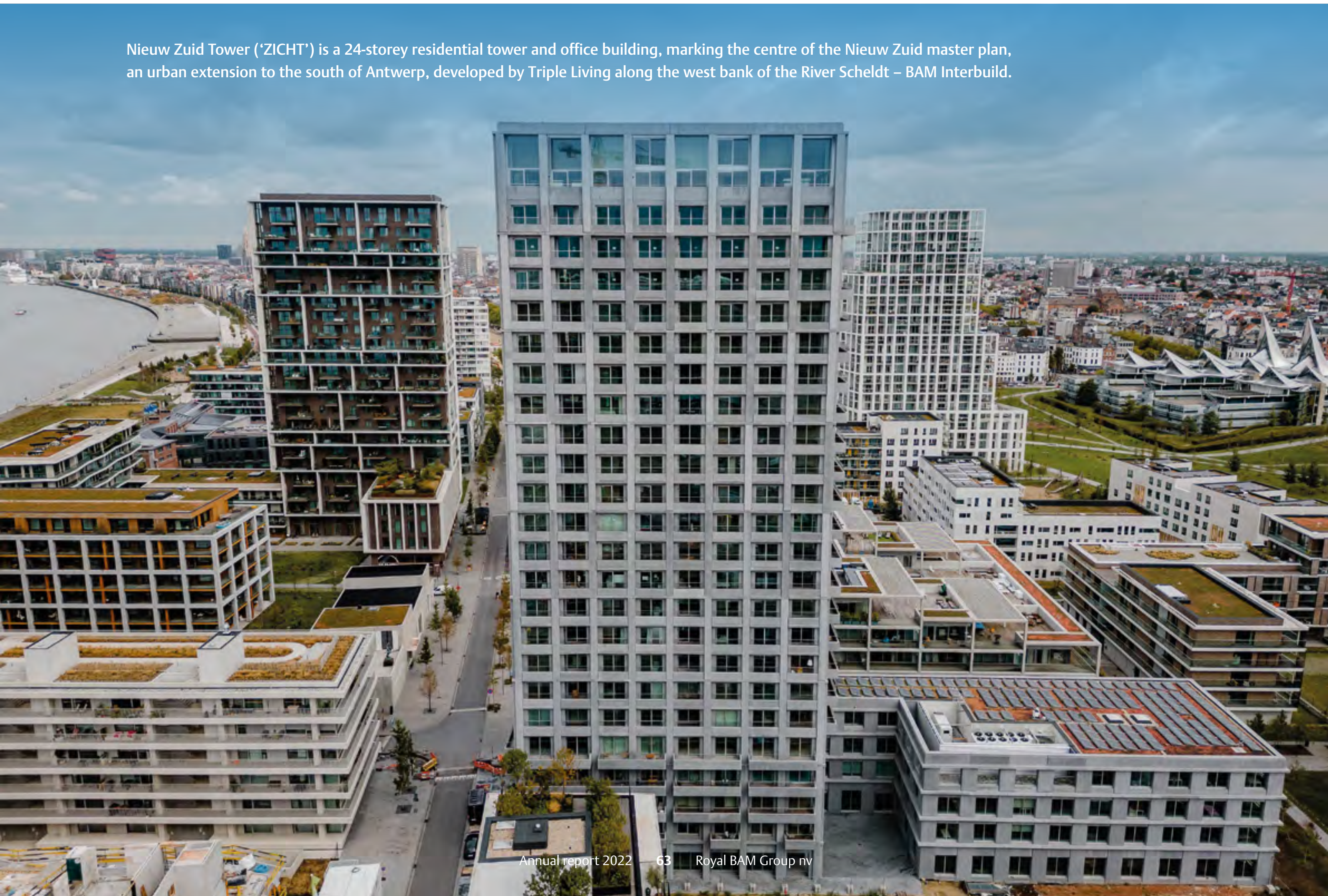
Some risks and uncertainties related to the nature and complexity of the business environment had an impact on BAM in 2022, although a number of opportunities also emerged. The major events are covered in this section.

Safety
BAM is highly committed to preventing safety incidents and is focused on continuous improvement. However, the Company faced incidents at some project sites in 2022. BAM regrettably had to record two fatalities on two project sites. These incidents were extensively evaluated by the management of the involved subsidiaries, 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 availability of materials in the supply chain remained uncertain in 2022. This has led to cost increases in a number of projects, to the risk of not meeting clients' needs and to budget increases in construction during tenders. BAM has taken appropriate measures as part of its tender process, and the effects are considered in estimates of the expected project results.

Investigation Dutch authorities
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. BAM is fully cooperating and taking appropriate steps in connection with the investigation, including an internal review of the relevant projects.

De-risking by finalising the divestment agenda
In the first half of 2022, BAM completed the divestments of BAM Galère and BAM Contractors in Belgium, and in the second half of the year, BAM also completed the divestment of Wayss & Freytag Ingenieurbau in Germany. These divestments have de-risked BAM and supported the improvement of BAM's capital ratio.



Nieuw Zuid Tower ('ZICHT') is a 24-storey residential tower and office building, marking the centre of the Nieuw Zuid master plan, an urban extension to the south of Antwerp, developed by Triple Living along the west bank of the River Scheldt – BAM Interbuild.

Governance

5

The Rowe, Whitechapel, London - BAM Construction

The Rowe offers 15,000 m² of sustainable office space. Climate-conscious principles underpin every aspect of the scheme from plan to build. It will run on 100% renewable electricity and will provide a 26% carbon emission reduction compared to a standard office building.

5.1 Corporate governance

Legislative and regulatory developments

On 20 December 2022, an updated version of the Dutch Corporate Governance Code ('the Code') was published. BAM will account for compliance with the updated Code in its annual report over 2023. For the financial year 2022, the Code which was published on 8 December 2016 is still applicable. By means of a decree dated 29 August 2017, 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 in respect of the contents 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 (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 in respect of the contents of the Executive Board report ('the Decree').

Information about BAM's corporate governance structure and compliance with the Code (clause 3.1 of the Decree in respect of the contents of the Executive Board report), the functioning of the General Meeting and the rights of shareholders (clause 3a, sub section b of the Decree in respect of the contents of the Executive Board report) can be found on the Company's website under the corporate governance heading. The most important aspects of BAM's risk and control systems (clause 3a, sub section a of the Decree in respect of the contents of the Executive Board report) are available in chapter 4 of this integrated report. Information about the composition and functioning of the Executive Board and Supervisory Board (clause 3a sub c of the Decree with respect to the contents of the Executive Board report) is described in chapters 5.3 and 6.1, and the diversity policy for both boards is explained in this chapter and chapter 6.1. A declaration regarding the Decree in Article 10 of the EU Takeover Directive (clause 3d of the Decree in respect of the contents of the Executive Board report) can be found in chapter 5.2.

Compliance with the Corporate Governance Code

Compliance with the Code is described in the BAM corporate governance compliance overview, which is available on www.bam.com. 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 2022

The corporate governance structure of the Company was reviewed by the Executive Board and Supervisory Board in January and December 2022, assisted by the company secretary. The BAM corporate governance compliance overview was last updated on 31 December 2022.

Diversity

Best practice in section 2.1.6 of the Code stipulates that the diversity policy for the Executive Board and Supervisory Board should be explained in the Executive Board report as well as the way that it was implemented in practice, addressing (1) the policy objectives, (2) how the policy has been implemented and (3) the results of the policy in the past financial year.

Since the implementation of the new Code in 2017, the profile for the Supervisory Board contains diversity aspects, including a clear target for gender participation. This target for the Supervisory Board to consist for at least one-third of female members, and for at least one-third of male members, does not materially differ from the target set in the previous profile. 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. Besides gender, diversity in background, nationality, expertise and experience in the Supervisory Board are equally important in order to provide most value. The Supervisory Board meets these diversity requirements.

BAM strongly believes that diversity of culture, experience and opinion is a key factor for success, and that a diverse Board ensures the appropriate balance of skills, expertise and experience. The Supervisory Board has resolved that the diversity aspects set in the profile 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 and 25 per cent shall consist of men. However, the composition of the Executive Committee (including the Executive Board) is not yet in line with the aforementioned gender target. The Executive Committee now consists of four male members, and there were no vacancies in the Executive Board or Executive Committee in 2022.

The Company's aspiration remains, and besides the targets for the Supervisory Board and the Executive Committee, in accordance with the new law on diversity in the top of large corporation ('Wet evenwichtiger verhouding tussen mannen en vrouwen in bestuur en raad van commissarissen') BAM has set a 22 per cent target for the percentage of women represented in its so-called 'sub-top' by the end of 2023 and a target of 30 per cent by the end of 2030. This sub-top has been defined as the senior leadership positions at BAM (excluding Executive Board / Executive Committee). These senior leadership positions originally were defined on a case-by-case basis. In 2022 a new senior leader grading model has been developed based on the KornFerry Hay Group methodology, which will be implemented in the course of 2023. As a result the composition of the senior leadership group will change. Ultimately this group is expected to encompass between 100 and 150 incumbents, including the directors of the segments and bigger business units as well as the most senior functional roles in the divisions and at the corporate centre. In the annual report over 2023 BAM will report based on the basis of this new model. The percentage of women in senior leadership positions based on that model was estimated to be approximately 18 per cent ultimo 2022. Actual numbers will become available upon implementation and will then be reported to the SER (Sociaal-Economische Raad).

BAM strives to improve the percentage of women in its executive and senior leadership positions by:

- Raising awareness on gender diversity and inclusiveness throughout the organisation;
- Aiming for an equal balance of male and female candidates when recruiting new employees;
- Providing bias training and including leadership coaching for senior; management;
- Performing a gender pay gap analysis and actively correcting pay where required;
- Identifying and creating more diverse succession planning for the senior management positions;
- Maintaining an external female leadership pipeline for future positions;
- Supporting inclusiveness within our benefit plans;
- Assuring that job interviews will be held by a diverse selection panel.

Sustainability, responsibility and delegation

The Corporate Governance Code prescribes that in developing the strategy for long-term value creation, the Executive Board should pay attention to sustainability aspects. The new BAM sustainability strategy was developed during 2022, and was rolled-out at the start of 2023 (see chapter 2.2). The new sustainability strategy includes environmental and social aspects.

The Executive Board is responsible for defining the sustainability policy, in consultation with the director of strategy, sustainability and innovation, and the management of the business segments. Meetings with senior management are used to define sustainability issues, prioritise objectives, monitor activities and report results. Critical concerns are reported to the Executive Board at least in quarterly reports, or more often whenever urgency is required. The Executive Board communicates to the Supervisory Board according to planned reporting cycles, or whenever more urgency is required. Topics such as the reduction of CO_2 emissions and waste, along with business integrity and safety, apply to all BAM segments.

Each division has a management team member who shares responsibility for BAM's sustainability activities. The divisions report progress quarterly to the Executive Board and the director of strategy, sustainability and innovation, together with details of actions taken to support the Company's business objectives. Progress against targets is reviewed and, when necessary, additional actions are taken to ensure BAM's sustainability targets are pursued and met. Results on KPIs concerning sustainability are reported in chapter 3.3.

Compliance with Tax Governance Code

The Company has chosen to apply the Tax Governance Code, which was developed by VNO-NCW and introduced in 2022. This Tax Governance Code should lead to more transparency on the tax position of Dutch listed companies. BAM supports the intention that companies are open about their tax payments, so that people can understand how much is paid, where and why. Transparency builds trust. It is about putting the numbers into context, but also about demonstrating the commitment to comply with legislation and explaining a company's approach to tax.

The Tax Governance Code is, similarly to the Corporate Governance Code, based on the comply-or-explain principle. The Company assesses compliance with the principles and best practices of the Tax Governance Code, which will be described in a separate tax governance compliance overview. BAM will publish this overview on its website in the course of 2023 and will use this to report on compliance with the Tax Governance Code going forward.

Hospital Tergooi MC, Hilversum, the Netherlands, BAM Bouw en Techniek

In mid-2022, BAM Bouw en Techniek - Special Projects delivered the first parts of hospital Tergooi MC in Hilversum. With facilities for emergency care, diagnostics and operating rooms, delivery rooms and a children's ward, the new hospital will be completed in 2023.

5.2 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 of 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 16 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 following 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 20 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 over 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 13 April 2022 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 13 April 2022 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 new syndicated revolving credit facility (RCF) effective from 30 November 2022 (see note 18.4 of the financial statements for further details). 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.

One Strawberry Lane

United Kingdom

Newcastle

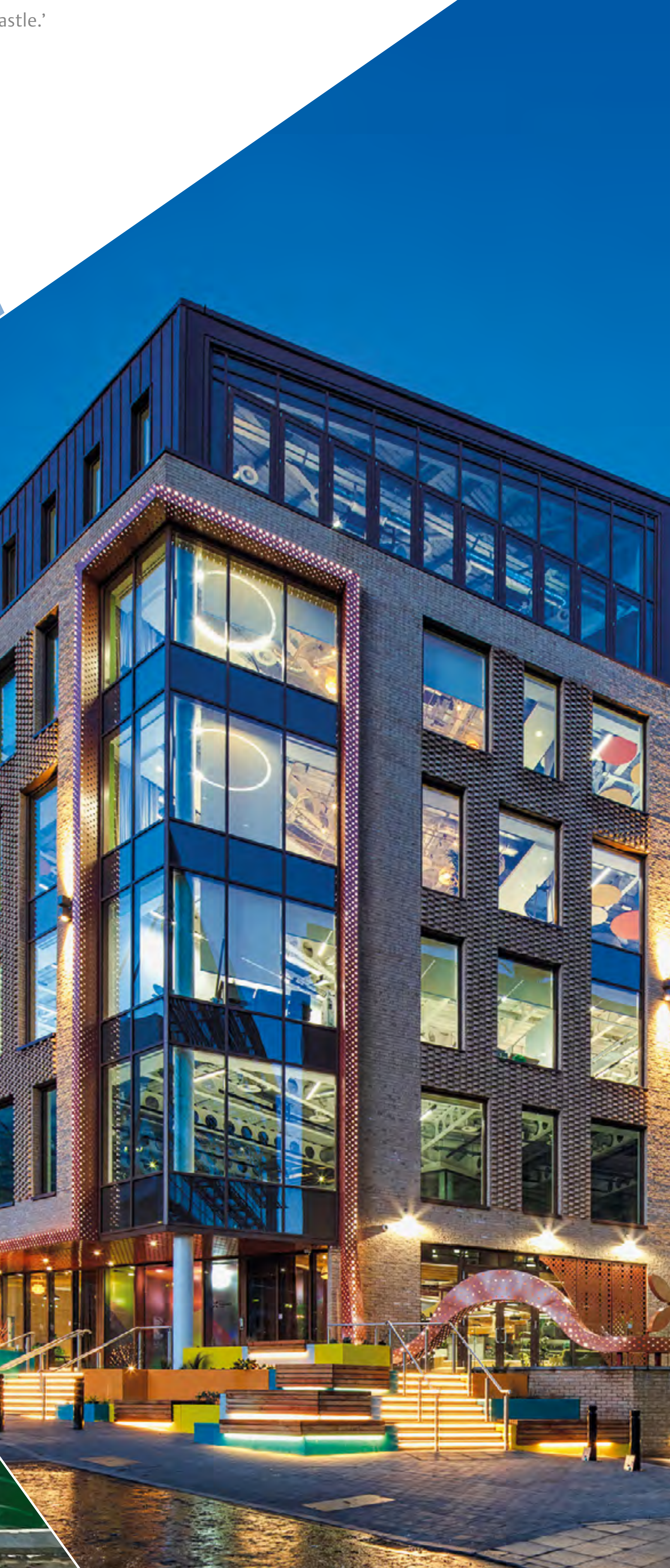
Employees
700

Six storey building
6

EPC energy efficiency rating
A

Tony Fitzgerald, construction director, BAM Construction North East

‘Having a positive impact on the local communities in the North East is really important to us and this is reflected in the 44 per cent social value score for Home Group’s new HQ at Strawberry Lane in Newcastle.’



5.3 Supervisory Board and Executive Board

Biographies of the Supervisory Board members

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 100.

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.

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.

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) course 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 Rijnmond Waste Processing and Van Gansewinkel Group respectively. In 2010, he joined 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 can be found on page 100.

Other offices: chairman of the Supervisory Board of Albron, member of the Supervisory Board of KPMG, 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.

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 100.

Other offices: non-executive director at Swiss Post AG, Sanoma Corporation and Cicor Group, lay judge (expert member) of the Companies and Business Court (Enterprise Division) 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: non-executive director at Southern Water Services.

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.

34 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).

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 97.

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 97.

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

35 Retirement schedule for the Executive Board

Member	Date of birth	Date of initial appointment	Year 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	01-08-2018	13-04-2022	2026

5.4 Executive Committee

The Executive Committee consists of the Executive Board members R.J.M Joosten and L.F. den Houter, as well as of J.G. (Joost) Nelis and 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.

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, an international, fully integrated professional services and project management company, based in Montreal, Canada. He previously held senior positions with leading 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.

From the left: Ruud Joosten, Frans den Houter, Joost Nelis and John Wilkinson

Supervisory Board

6

The Dawlish Sea wall protects the railway line through the installation of panels, pre-cast blocks and recurve units for Network Rail. It will provide better protection against rising sea levels and extreme weather conditions for generations to come.

Sea wall, Dawlish
BAM Nuttall

6.1 Report of the Supervisory Board to shareholders

The world is changing rapidly and encountering tremendous challenges related to climate, health, inequality, the economy and politics. While the world has gradually loosened itself from the restrictions imposed to contain the Covid-19 pandemic, the political and economic situation has deteriorated rapidly. The war in Ukraine, social unrest and growing geopolitical tensions around the world are giving cause for concern. At the same time, the cost of living is increasing rapidly on the back of inflation, leading to poverty, inequality and social unrest. The unstable political situation in the UK following Brexit and the consequences of the nitrogen exemption ruling in the Netherlands are impacting BAM directly and indirectly.

At the same time, the world is struggling to agree on an effective way to battle the effects of climate change, which is threatening life on earth. While BAM, as a company, cannot influence these global challenges, it feels it has a responsibility to act. BAM recognises this and is determined to take that responsibility. The world is changing, and BAM will take the lead and change accordingly. BAM will contribute positively to People and Planet while at the same time lowering its risk profile, thereby becoming more stable and successful. This report explains how the Supervisory Board supervised the Company's activities and initiatives in 2022.

While it is important to focus our attention on global challenges, we also acknowledge our responsibility for the people who are involved in or are influenced by the activities of the Group. In 2022, BAM regrettably had to record two fatal incidents on the Group's projects. These incidents were extensively evaluated. Together with the Executive Committee, the Supervisory Board is of the opinion that ongoing attention to safety is one of the most important challenges for the Group. The Supervisory Board fully supports and encourages the Executive Committee's commitment to prevent all safety-related incidents.

Highlights of 2022

Royal BAM Group made good progress on its three-year strategic plan by delivering an adjusted EBITDA margin of 4.5 per cent and implementing a new organisation structure, finalising several major divestments and launching a culture programme. The Supervisory Board steered these developments by continuously focusing on the execution of the 2021-2023 strategy Building a sustainable tomorrow.

The ability of the Supervisory Board to meet again in person provided a renewed sense of momentum to drive the Company forward. It also enabled members to discuss important issues, such as the development of the sustainability strategy that was launched in early 2023, which was discussed by the Supervisory Board extensively on several occasions throughout the year.

Other notable developments in 2022 included the announcement of the settlement reached on the Afsluitdijk project in May and the renewal of the Group's revolving credit facility in November. The Supervisory Board is regularly updated about the investigation by the Dutch Fiscal Information and Investigation Service (FIOD) and the Dutch Public Prosecutions Office (Openbaar Ministerie) into BAM International (see chapter 3.1). BAM is fully cooperating with the investigation and taking appropriate steps, including an internal review of the relevant projects. The Supervisory Board is following the investigation closely and is monitoring the steps taken by BAM.

Progress on strategy and operational plan

Over the past year, BAM has made further progress with its 2021-2023 strategy Building a sustainable tomorrow. Through this strategy, BAM aims 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.

Climate change has become a much more urgent and prominent topic for corporations globally, partly due to the many extreme weather events experienced recently in historically temperate regions. Through the size, business orientation and geographical position that the Group has established, BAM is able to fulfil its clients' increasing demands for sustainable construction methods and solutions. The Supervisory Board considers sustainability as a prime driver for BAM's future business and its ability to create long-term value. Through BAM's Health, Safety and Sustainability Committee, the Supervisory Board engages in constructive dialogue with management and staff by supervising and challenging the Company's actions and programmes in the areas of sustainability, as well as in the area of safe and healthy working practices.

With regard to sustainability, BAM's focus on markets and projects where the Company has proven its competitive strengths is creating a platform for secure long-term growth with increased profitability and continued de-risking. In line with this strategy, BAM Galère, BAM Contractors (Belgium) and Wayss & Freytag Ingenieurbau (Germany) were divested in 2022, and BAM International is in the process of being wound down. Furthermore, BAM is continuing to be selective in its order intake by avoiding tendering for projects with an unbalanced risk-reward profile, and limiting the size of single-stage, lump-sum tenders to €150 million. As a result, its order book is gradually being de-risked.

Based on this strategy, BAM's divisions and functions prepared operating plans for 2023, which were consolidated into the operating plan for the Group. The Supervisory Board discussed the outlines and 2023 priorities in its meeting in September 2022, after which the Group's operating plan was further discussed and approved in December.

Composition, diversity and independence

Composition of the Executive Board and Executive Committee

The Executive Board, consisting of chairman and CEO Ruud Joosten, and CFO Frans den Houter, remained unchanged in 2022. Mr Joosten joined the Executive Board in 2020 and Mr Den Houter became a member of the Executive Board in 2018. In 2022 Mr Den Houter was reappointed as a member of the Executive Board. Further information about the individual members of the Executive Board is available in chapter 5.3.

In addition to Mr Joosten and Mr Den Houter, the Executive Committee consisted of a further two members in 2022: Joost Nelis and John Wilkinson.

The composition of the Executive Committee reflected BAM's new organisational structure, which was implemented to further improve effectiveness and facilitate access to growth opportunities. This means that since 1 January 2022, BAM's activities have been 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. Further information about the individual members of the Executive Board and Executive Committee is available in chapter 5.3 and 5.4.

Composition of the Supervisory Board

As in previous years, the Supervisory Board in 2022 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 5.3.

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

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 in 2022 for female and male board members, respectively. The composition of the Executive Committee in 2022 was not yet 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 sub-top management levels. 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 5.1.

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 2022. This was in line with the Management and Supervision Act ('*Wet bestuur en toezicht rechtpersonen*') and the Corporate Governance Code. No 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 2022. 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 December 2022, the Supervisory Board performed its annual self-assessment for the year under review. This self-assessment was based on an extensive questionnaire and competence grid that were completed by all members prior to the evaluation session. The feedback from the individual members of the Supervisory Board was translated into a report which was subsequently discussed in a dedicated evaluation session. In this session, specific attention was paid to long-term value creation,

culture and behaviour. 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, strategy development, and reporting throughout the year, and site visits.

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 2022, 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.

In addition, Edusessions are organised throughout the year in order to inform and educate the Supervisory Board about specific matters. In 2022, Edusessions were held about decarbonisation, procurement, land banks and area development in the Netherlands, and developments on non-financial reporting legislation.

Given the importance of sustainability, the Supervisory Board (together with the Executive Committee) also followed a dedicated 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.

Supervisory Board activities in 2022

Meetings of the Supervisory Board and attendance rate
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 business lines, 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 press releases. The meetings also included a report on what had been discussed during the meetings of the Supervisory Board committees. Other matters discussed included the annual report and financial statements for 2021, the 2022 half-year report and interim statements, the reserve and dividend policy and the dividend proposal for 2022, 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 critical 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 a number of specific topics, which included the implementation of its strategy together with the divestment of BAM Galère, BAM Contractors and Wayss & Freytag Ingenieurbau, the settlement reached on the Afsluitdijk project, the investigation by Dutch authorities into potential irregularities at some of BAM International's completed projects, the renewal of the revolving credit facility, the development of the sustainability strategy including the targets to be set for the different areas of this important topic, the cause of the two fatal accidents in the year under review, and the actions that have been taken as a result.

Internal meetings
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 senior managers in order to be briefed on specific topics such as human resources, finance, corporate governance and internal audit. In addition to these regular meetings, the Supervisory Board held a number of periodical educational sessions in order to take 'deep dives' on specific topics relevant to the Company and the construction industry. The Supervisory Board also approved the remuneration report prepared by the Remuneration Committee. The remuneration report is included in chapter 6.2 of this annual report.

Attendance
In 2022, the 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 meetings was as follows:
In 2022, Mr Elfring and Mr Sheffield were absent during one ad-hoc meeting. Their attendance rate therefore was 90 per cent. The attendance rate of the other members of the Supervisory Board was 100 per cent.

Before each of the seven formal meetings, the Supervisory Board met without the Executive Board 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 2021 and the targets for 2022.

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 2022. This 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. The importance of a solid relationship with the financial markets is high on the Supervisory Board's agenda, as it recognises that the financial performance of BAM over the last few years requires improvement, in particular for shareholders.

Supervisory Board committee activities in 2022

The Supervisory Board has four permanent committees: the 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 specifically 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 submitted reports on their meetings to the Supervisory Board.

Audit Committee
During 2022, 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 five times in 2022: it held four regular meetings in which the financial results were discussed, plus an additional meeting in December to discuss BAM's 2023 operating plan with the CFO and the Group Control director. The external auditor was present at all four regular meetings. The CFO, the Group Control director and the Internal Audit director also 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 2022 assurance plan, the internal audit plan for 2022 and 2023, and the impact of the new mandatory sustainability requirements on reporting. 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 and finance functions.

External auditor
The Audit Committee was briefed by the external auditor on relevant developments in the audit profession, including updated interpretations of the IFRS standards. 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
On 31 December 2022, 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 approval of the Supervisory Board.

Amendments proposed and implemented
While preparing the 2022 Annual General Meeting, the Remuneration Committee developed proposals for the adoption of amendments to the remuneration policy for the Executive Board. The first amendment was to increase the at-target long-term incentive eligibility in response to the challenges in achieving the ambitions of the strategy. The second amendment was to change the threshold and stretch pay-out of the short-term incentive plan in order to decrease pay-out for underperformance and increase pay-out for overperformance, thereby strengthening the Company's performance culture. In December 2022, the Remuneration Committee submitted a proposal to the full Supervisory Board for the objective setting for the 2023 short-

term incentive and the 2023-2025 long-term incentive. In February 2023, 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. Finally, the Remuneration Committee reviewed the fixed remuneration of the CEO and CFO during the year in light of remuneration increases of other employees and developments in the labour market reference group and submitted a proposal to implement an increase accordingly.

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 five times. The CEO was present during parts of these meetings, as were the executive director of 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 2022, 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, and holds annual appraisals with the individual members of the Executive Board.

Appointments to the Executive Committee for those members who are not also Executive Board members, are also subject to the approval of the Supervisory Board.

Meetings and topics
The Nomination Committee met three times, 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, the BAM graduate programme, selection criteria and appointment procedure for senior managers, the results of the 2021 people scan and the 2022 talent review cycle. In addition, the Nomination Committee, the CEO and the executive director of Group HR discussed succession planning for senior management roles, diversity and inclusion, and talent development. Finally, the Nomination Committee monitored progress on diversity and inclusion, and the Executive Board was encouraged to maintain this as a priority over the longer term.

Health, Safety and Sustainability Committee
During 2022, the Health, Safety and Sustainability (HSS) Committee was composed of Henk Rottinghuis (chair), Paul Sheffield and Nina Skorupska. The HSS Committee challenges existing practices to ensure a strong health and safety culture throughout the Company, and focuses on ensuring sustainability in all layers of the organisation. The responsibilities of the HSS Committee include reviewing and advising on the Company's health, safety and sustainability policies, management, culture and performance. Other responsibilities include critically reflecting on relevant internal and external developments, supporting the development of an ambitious and properly set-up sustainability agenda, and ensuring a clearly defined roadmap.

Ambition
The HSS Committee is one of the mechanisms through which BAM aims to improve the Company's performance, thereby offering added value to clients, employees, business partners and the community. Its focus areas include improving safety, sustainability and social leadership, and furthering BAM's goal of Building a sustainable tomorrow.

Meetings and topics
The HSS Committee met five times, in addition to which members consulted each other a number of times outside the context of a formal meeting. Items discussed included the letters received from VBDO and Friends of the Earth ('Milieudefensie'), Covid-19 developments, non-financial reporting in the annual report, assessing the Supervisory Board's knowledge on sustainability (and subsequently developing the Cambridge programme), deep-dives on decarbonisation, biodiversity and social value, the safety culture ladder and the role of sustainability in tenders, the development of the sustainability strategy, the safety and sustainability dashboards and roadmaps.

Annual General Meeting in 2022

The Annual General Meeting took place on 13 April 2022. 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 reappointment of Mr Den Houter as a member of the Executive Board and the amendment of the remuneration policy for the Executive Board.

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 will monitor implementation and compliance in the course of 2023.

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 in this report for more information.

Risk management

Proper risk management is the key to predictable performance and therefore shareholder value. As such, it continued to be high on the Supervisory Board's agenda. BAM's 2021-2023 strategy underpins the importance of de-risking the portfolio to improve shareholder value. 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 tender-stage gate process, continue to play a pivotal role in the early identification of potential risks and the implementation of appropriate measures to mitigate risks at the tendering level.

The Supervisory Board fully supported the Executive Committee's commitment to be critical and selective in the early phases of tendering processes. This, among other factors, led to BAM's strategic decision to stop tendering for large, complex projects in a single-stage tender and for those with an unbalanced risk-reward profile. The discussion on the risk appetite the Company is willing to adopt is one that demands constant attention. The Executive Committee made it clear to the organisation where the lines will be drawn. This will help BAM to further de-risk its portfolio over the years to come whilst recognising that important steps have again been taken in the year under review. This ongoing de-risking should avoid the unacceptable disappointments BAM has had to face in the past.

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

As part of the Supervisory Board's annual risk management review, the Audit Committee and subsequently the Supervisory Board discussed in their respective November and February meetings the outcome of BAM's enterprise risk management assessment in the presence of the executive director of Group Control. This annual assessment provides an overview of the key risks BAM is facing in relation to achieving its objectives. The key risks and related mitigating measures were discussed. The executive director of Group Control also informed the Supervisory Board about the status of adherence to BAM's 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.

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

Safety and sustainability

New sustainability strategy
In 2022, Royal BAM Group developed 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 BAM's 2021-2023 strategic plan Building a sustainable tomorrow and 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 short-, medium- and long-term goals. 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.

Achievements and ambitions
The Supervisory Board is delighted that BAM was rated on the CDP A-list for the fourth consecutive year, and notices a promising ongoing trend in reducing BAM's ecological footprint. The Supervisory Board recommends focusing on the challenges in CO_2 measurements and the reductions in scope 1, 2 and 3 (emissions up and down the value chain). 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 2015 base year. BAM's CO_2 reduction initiatives include working towards the procurement of 100 per cent renewable electricity in all offices, facilities and project sites; reducing diesel use on project sites; and working with clients and supply chain partners to reduce carbon emissions throughout the value chain.

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, comprising the COOs and the head of Sustainability and Safety Reporting. 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 all consequences of BAM's activities on the environment and the climate.

Safety incidents in 2022
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 two fatal accidents that occurred during 2022. These accidents were discussed extensively both by the Supervisory Board and the Health Safety and Sustainability Committee. These fatal accidents and also the other serious accidents that occurred show that safety requires permanent attention. The incident frequency (IF BAM) decreased from 4.5 in 2021 to 3.6 in 2022. It remains BAM's overall aspiration to progressively improve this figure to an average of 3.5 in the short to medium term. The main challenge lies in collecting complete data and incident reports, particularly from subcontractors and third parties, in order to accurately determine exposure hours and incident frequency.

Across the Group, safety conversations with the project teams remain a valued ongoing best practice. 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 emphasising behavioural aspects.

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. In addition, the Supervisory Board was periodically updated on the impact of Covid-19 on BAM's operations and employees, on the measures that were taken to protect the workforce, and on the effects of the loosening of the restrictions in many jurisdictions.

External auditor

Performance assessment
During the year under review, the external auditor Ernst & Young Accountants LLP reported on its 2021 audit, and attended the quarterly meetings with the Audit Committee and Supervisory Board as well as the Annual General Meeting of 13 April 2022.

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 members present at the Annual General Meeting should reappoint Ernst & Young Accountants LLP as the external auditor responsible for auditing the 2023 financial statements of the Group. This proposal was then approved at the Annual General Meeting.

2022 assurance plan
The 2022 assurance plan was presented to, and discussed with, the Audit Committee and the Supervisory Board, and subsequently approved. During the audit of the 2021 full-year results and the review of the 2022 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 information on which the financial reports was 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.

Improvements/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, project accounting and valuation (including variation orders and claims), disposal of subsidiaries and segment reporting, non-financial information and sustainability, sensitivities and estimates with respect to the valuation of goodwill and deferred tax assets and other assurance-related topics. Several of these topics as well as divestments were also discussed with the external auditor during the subsequent quarters in 2022. In the August 2022 meeting, the Supervisory Board discussed formally and in more depth revenue recognition, project accounting and valuation (including variation orders and claims), as well as several topics related to accounting and reporting, including sensitivities and estimates with respect to the valuation of goodwill, uncertain tax positions, segment reporting and hedge accounting, fraud, and compliance and non-compliance with laws and regulations and non-financial information.

2022 financial statements and dividend

This annual report, which is based on the International Integrated Reporting Framework, includes the 2022 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 2022 financial statements.

Proposal to Annual General Meeting in 2023
The Supervisory Board recommends that the 2022 financial statements should be adopted during the Annual General Meeting, to be held on 12 April 2023. 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 €0.15 per share against the net result of 2022.

Final comments

The Supervisory Board is convinced that BAM is in a strong position to perform successfully, as the Group is continuing to implement a clear strategy and as the de-risking of its portfolio is on track, both through divestments and selective tendering. The Supervisory Board thanks the Executive Board, the Executive Committee, management and employees for their contributions to make BAM a more resilient company, in the interest of all BAM's stakeholders.

Bunnik, the Netherlands, 22 February 2023

On behalf of the Supervisory Board,

Henk Rottinghuis, Chairman

City hall Midden-Groningen, Hoogezand, the Netherlands - BAM Bouw en Techniek

Industry leading work on scope 3 emissions

United Kingdom & Ireland

Mitigating release of carbon
7kt

Emissions intensity reduced
20%

Carbon target Net zero
2026

Anthony Heaton, sustainability and social value manager, BAM FM

‘Our involvement in the scope 3 emission project is not only recognising BAM’s knowledge and expertise, but is driving change throughout the facility management business with knock-on effects for other BAM companies.

6.2 Remuneration report

Message from the Chair of the Remuneration Committee

'Dear shareholders,

On behalf of the Supervisory Board, I am pleased to present our remuneration report, in which we provide a summary of the remuneration policies for the Supervisory Board and Executive Board, and explain how BAM's performance in 2022 translated into the actual remuneration awarded.

Amendments to the remuneration policy for the Executive Board
At the Annual General Meeting of 13 April 2022, shareholders adopted amendments to the remuneration policy for the Executive Board (supported by 91.55 per cent) and the 2021 remuneration report (supported by 96.13 per cent). The amendments involved several important changes. In line with market practice, the threshold and the stretch payout of the short-term incentive plan were adjusted from 35 per cent to 27.5 per cent and from 75 per cent to 82.5 per cent of fixed remuneration respectively to decrease payout for underperformance and increase payout for overperformance. Additionally, the at-target long-term incentive eligibility was increased from 70 per cent to 90 per cent of fixed remuneration for the CEO and from 60 per cent to 80 per cent of fixed remuneration for the CFO, in light of the important role of the Executive Board in realising the ambitions of the strategy.

2022 performance and short-term incentive outcom
Despite increased impact of inflation, supply chain issues and project delays in the second half year, BAM achieved the performance incentive zone 'excellent' on Adjusted EBITDA and ROCE over 2022. The effects of divestments were carved out for the calculation of Adjusted EBITDA to achieve an accurate reflection of underlying performance.

The planned carbon intensity reduction has also been overachieved, demonstrating the high priority that BAM continues to attach to the sustainability agenda and the ongoing improvements that are being made.

The performance on the construction and office waste reduction objective was below threshold level, mainly due to the type of the activities undertaken in the Silvertown tunnel and Thames-Tideway projects in the UK.

The safety performance measured through incident frequency has not been as strong as anticipated but still qualified for threshold performance. BAM has however been confronted with two fatal accidents in 2022 which we deeply regret and casts a shadow over our results.

Employee engagement has also remained somewhat lower than expected, demonstrating that the level of change within the organisation is still high and affecting our people. An increase in engagement will continue to be an important priority for 2023. Overall, the aforementioned achievements have resulted in a short-term incentive of 68.1 per cent of fixed remuneration. There was no discretion applied to adjust the achievements or payout.

2019-2021 and 2020-2022 performance and long-term incentive outcome
We have changed our disclosure practice by reporting on the vesting of the long-term incentive plan for which the performance period ends in the financial year (plan 2020-2022, vesting in 2023) as opposed to the plan that vests in the financial year (plan 2019-2021, vesting in 2022). In this transition year we therefore report on two performance periods.

BAM's relative total shareholder return has been steadily improving from the reported 11th place over 2018-2020 to 9th place over 2019-2021 and 7th place over 2020-2022, which means that we continue to improve the performance we deliver to shareholders. That being said, the performance is still not at the desired level.

The profitability measure in the long-term incentive plan has changed from Return On Capital Employed (ROCE) to Adjusted EBITDA per 2021-2023, as agreed with shareholders in 2021, to better reflect the ambitions of the strategy. For the two plans that BAM reports on this year, that measure was however still ROCE. The performance was under the threshold for 2019-2021 but has significantly improved to excellent level for 2020-2022, reflecting the successful execution of the strategy.

Finally, performance on the sustainability objectives has remained excellent as large improvements have been made, leading to significant reductions in carbon intensity and construction and office waste intensity as well as a continued 'A' qualification in the CDP ranking.

As a result of the aforementioned achievements, 50 per cent of the conditionally awarded shares have vested for the long-term incentive plan over 2019-2021 and 100 per cent will vest for the long-term incentive plan over 2020-2022. There was no discretion applied to adjust the achievements or vesting.

Disclosure
When consulting with stakeholders on remuneration policies and on reporting, the most prominent feedback has been on the level of disclosure concerning the incentive plans. In 2022, BAM has therefore started to disclose the specific non-financial objectives and weightings for the short-term incentive at the beginning of the financial year and has started to report on the actual performance on the objectives of the incentive plans after the end of the financial year.

In addition, BAM has improved disclosure on the vesting of the long-term incentive plan as explained in the previous paragraph.

Importantly, the threshold, target and excellent performance levels for the incentive plans will be disclosed as soon as BAM will have restructured its portfolio of activities as a result of the three year strategy to ensure maximum comparability and to provide genuine insight. This will take place for the first time in 2024 for the short-term incentive plan of 2023 and for the long-term incentive plan covering the period 2021-2023.

Other stakeholder engagement

Besides the stakeholder feedback on disclosure, the comments concerning the remuneration policies and reporting have been predominantly positive. On a general note, there have been open discussions on the importance of setting meaningful and measurable Environmental, Social and Governance (ESG) objectives for the incentive plans which have led BAM to incorporate carbon intensity reduction and construction and office waste reduction in the short-term incentive plan per 2022, in addition to the Safety and Employee Engagement ambitions. Furthermore, there are questions from time to time concerning the internal pay ratio between the Executive Board and employees, demonstrating the importance of closely monitoring increases in collective labour agreements and of prudent decision-making on incentive payouts. In this respect, the comparability and fairness of the remuneration of top management versus other employees was also discussed at a committee meeting. As a final point, it was noted that BAM's market capitalisation has placed the Company in the Dutch AScX index while assets, employees and especially revenue are significantly larger than those of index-peers, underlining the need to retain a meaningful labour market reference group towards the future.

Remuneration in 2023

As BAM has entered the final year of the current strategic period, the Supervisory Board has decided to maintain focus and keep the objectives and weightings for the (2023) short-term incentive plan and the (2023-2025) long-term incentive plan unchanged. The objectives are still considered to be meaningful and reliable measures of company performance.

As to the relative total shareholder return measure of the long-term incentive plan, a small change will be made. The Supervisory Board decided to replace Boskalis by Kier Group, retrospectively per the 2021-2023 long-term incentive plan due to it's recent delisting. The choice of Kier Group is consistently in line with the methodology used for determining the original peer group, and is supported by its comparability in terms of key business indicators and by the level of their sustainability ambitions. Boskalis has been retained in the peer group for the TSR performance for 2020-2022, using the performance of Boskalis up until the last day of trading before the announcement of the offer by HAL since this offer was only made public after 24 months during the 36 months performance period.

Composition Remuneration Committee

Finally, we were happy to welcome Bob Elfring to the Remuneration Committee per August 2022, replacing Henk Rottinghuis. This created a stronger connection with the Audit Committee in addition to the connection with the Health, Safety & Sustainability Committee which is already represented by Nina Skorupska.

Denise Koopmans,
Chair of the Remuneration Committee'

In 2022, BAM Infra Nederland deployed an emission-free large asphalt set for the first time in Nunspeet. This included an electric roller, an electric asphalt paver, an electric tandem vibratory roller, an electric small roller, a hybrid adhesive car and an electric cabin – BAM Infra Nederland.

Remuneration policy for the Executive Board

The Supervisory Board draws up the remuneration policy for the Executive Board based on advice from the Remuneration Committee. The General Meeting adopts the remuneration policy. Once the remuneration policy has been adopted, the Supervisory Board determines the remuneration for the individual members of the Executive Board, again based on recommendations from the Remuneration Committee which is supported by an independent, external consultant to, for instance, obtain market data.

The Supervisory Board will regularly review the remuneration package to ensure that it complies with the assumptions underlying the remuneration policy. The policy will also be evaluated regularly and be put forward for adoption at the General Meeting at least every four years. The current remuneration policy was adopted by the General Meeting on 15 April 2020 and adjusted with its approvals on 24 August 2020, 14 April 2021 and 13 April 2022.

Design principles

The remuneration policy is geared to attract and retain highly qualified executives and motivate them to achieve BAM's objectives. Particular emphasis is placed on experience with the Company's activities and the necessary management qualities. The policy reflects BAM's strategy. It is transparently communicated and safeguards fairness and consistency within BAM and externally. Variable remuneration is an important part of the total package. The policy supports both short- and long-term objectives, whereas the emphasis is on long-term value creation for BAM and its stakeholders. It contributes to this long-term value creation by not only focusing on financial targets but also on non-financial targets such as sustainability, culture and safety.

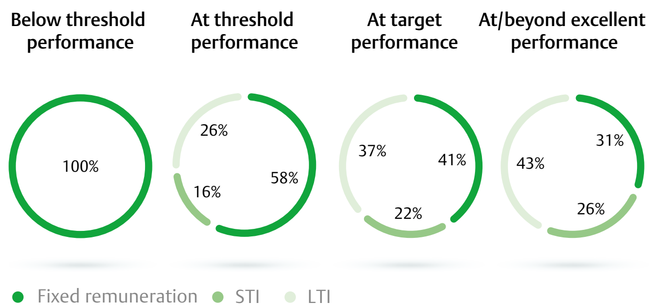
In designing the policy and to determine the remuneration of the Executive Board, the Remuneration Committee uses external benchmark information to assess market comparability. Remuneration levels for total direct compensation (fixed remuneration plus short-term incentive plus long-term incentive) are aimed at the median of a labour market reference group. In addition, the internal pay differentials (fairness and differences towards the rest of the organisation) are monitored.

Scenario analyses are used to determine possible outcomes of the variable remuneration elements, including the mix between fixed remuneration and variable remuneration in various scenarios, see ▶ tables 36 and 37. The maximum relative value of the variable remuneration elements, considering an unchanging share price and excellent performance, is between 67 per cent (for the CFO) and 69 per cent (for the CEO) of the total, with the higher value being awarded through the long-term incentive plan.

This incentivises achievement and (long-term) value creation while at the same time guarding against inappropriate outcomes and risk-taking beyond the risk profile of the Company. Share price changes directly affect the value of the long-term incentive at vesting, and thereby the mix between fixed remuneration and variable remuneration. The Supervisory Board has taken this into consideration, and regards the actual effect on the vesting for Executive Board members of BAM to be desirable since this promotes more alignment between the interests of the Executive Board and those of shareholders.

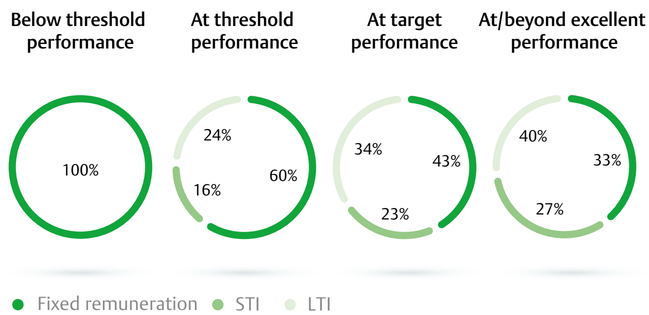
An average share price increase of 10 per cent per annum, for example, increases the relative value of variable remuneration in the mix from 57 per cent to 62 per cent (for the CFO) and from 59 per cent to 64 per cent (for the CEO) if performance is on target. At the opposite end of the spectrum, an average share price decrease of 10 per cent per annum decreases the relative value of variable remuneration in the mix from 57 per cent to 53 per cent (for the CFO) and from 59 per cent to 55 per cent (for the CEO) if performance is on target.

36 Target pay mix [1] CEO



[1] LTI assumes an unchanged share price and presented at face value.

37 Target pay mix [1] CFO



[1] LTI assumes an unchanged share price and presented at face value.

The Remuneration Committee has taken note of the Executive Board members' view on their remuneration.

Labour market reference group

The labour market reference group, as shown in ▶ table 38, is based on industry, ownership structure, geographical business scope and size parameters.

38 Labour market reference group

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

Fixed remuneration
The Supervisory Board determines the fixed remuneration of the individual members of the Executive Board based on advice from the Remuneration Committee. Once a year, the Supervisory Board evaluates whether, and, if so, to what extent the fixed remuneration will be adjusted. This annual evaluation generally takes place on 1 January of each year and considers 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.

Short-term incentive (STI)
The STI depends on the achievement of predetermined measurable objectives. 70 per cent of the STI is based on financial objectives and 30 per cent is linked to non-financial objectives which are relevant for the Company's (long-term) success. Within this framework, each of the objectives is given a certain weighting, and for each of these objectives performance incentive zones (threshold, at-target and excellent performance levels) are defined. Payout gradually increases with performance. As of 2022, payout starts with 27.5 per cent of the fixed annual remuneration at threshold performance, rising to 55 per cent at target performance and potentially going up to 82.5 per cent when performance is excellent. For performance below the threshold there will be zero payout.

To ensure continued alignment of the STI with BAM's strategy and to enable adequate responses to the challenges the Company faces, flexibility with respect to the STI objectives is important. Therefore, at the beginning of the financial year, based upon a proposal from the Remuneration Committee, the Supervisory Board determines the financial and non-financial STI objectives as well as the relative weighting and the performance incentive zones.

After the end of the financial year, the Remuneration Committee determines to what extent the STI targets for the selected objectives have been met. The Supervisory Board, following a proposal from the Remuneration Committee, will decide upon the STI to be awarded over the past financial year. Specific attention is given to the non-financial objectives to evaluate in detail what has concretely and measurably been delivered. The financial and non-financial objectives and weighting are disclosed at the beginning of the financial year. After the end of the financial year, the Supervisory Board will disclose the Company's performance on each of the objectives as an actual score and as a percentage of target performance. The performance incentive zones are currently not disclosed since these were considered to qualify as commercially sensitive information. This will however change next year, as explained in the introduction of this report.

In cases where an STI has been awarded based on inaccurate (financial) data, the Supervisory Board has the right to adjust the award accordingly, and BAM is entitled to reclaim (any part of) the STI paid to a member of the Executive Board on the basis of incorrect (financial) information. The Company's independent auditor will check the calculations carried out and conclusions reached in connection with the STI plan, and its assessment will be binding.

Long-term incentive (LTI)
Executive Board members participate in a performance share plan. Performance shares are awarded on a conditional basis each year. These shares vest after a vesting period of three years subject to the relevant performance over this period. The number of annually awarded performance shares is calculated by dividing the award value by the average closing price of the BAM share on Euronext Amsterdam over the five days after the General Meeting in the year of award. As of 2022, the award value is 90 per cent of fixed remuneration for the CEO, and 80 per cent of fixed remuneration for the CFO.

Performance under the LTI plan is based on two financial objectives, namely relative total shareholder return (TSR) and adjusted earnings before interest, taxes, depreciation and amortisation (Adjusted EBITDA), and one non-financial objective, namely sustainability. TSR is defined as the share price increase, including dividends, and is measured over a three-year period based on the three-month average share price before the start and the end of the three-year performance period. The Company's relative position within its peer group determines the vesting percentage. The composition of the TSR peer group is evaluated on a periodic basis, among other things, considering corporate events. As of the 2021-2023 LTI plan, the TSR peer group comprises Balfour Beatty, Eiffage, Heijmans, Hochtief, Kier Group, NCC, PORR, Skanska, Strabag, Vinci and BAM.

At the beginning of the financial year, based upon a proposal from the Remuneration Committee, the Supervisory Board determines the performance incentive zones (threshold, at-target and excellent performance levels) for Adjusted EBITDA, and the criteria and performance incentive zones for sustainability.

After the three-year performance period, the Supervisory Board, based on a proposal by the Remuneration Committee, will assess the extent to which the performance objectives have been achieved. This results in a vesting percentage for each of the three performance objectives, each determining one third of the vesting of the conditionally awarded performance shares. For excellent performance, the number of performance shares that vests may amount to a maximum of 150 per cent of the at-target number of performance shares. This percentage may be reduced to 50 per cent (on a sliding scale) for threshold performance and to zero below that. The performance incentive zones for TSR are presented in table 39.

39 The TSR performance incentive zones (in %)

Relative TSR	
TSR ranking	Vesting [1]
1	150
2	125
3	100
4	75
5	50
6	25
7	0
8	0
9	0
10	0
11	0

[1] Vesting is expressed as a percentage of the conditionally awarded number of shares.

The actual scores on the objectives of the LTI plan will be disclosed after the end of the performance period. The performance incentive zones for Adjusted EBITDA and sustainability are currently not disclosed since these were considered to qualify as commercially sensitive information, as explained in the introduction of this report. This will however change next year as explained in the introduction of this report.

In accordance with the Dutch Corporate Governance Code, the three-year vesting period will be followed by a two-year lock-up period. In addition, there is a minimum share ownership requirement, which amounts to 100 per cent of fixed remuneration for the CEO and to 75 per cent of fixed remuneration for other members of the Executive Board. The members are not allowed to divest any shareholding until the two-year lock-up period has lapsed and the minimum share ownership requirements have been met, with the exception of any sale of shares during the lock-up period required to meet any tax obligations and social security premiums (including any other duties and levies) as a consequence of the vesting.

The authority to implement the LTI plan for the Executive Board lies with the Supervisory Board, which has the right to change or terminate the scheme at any time. If the Supervisory Board decides to terminate or make material changes to the LTI plan for Executive Board members, the General Meeting will be asked to adopt a resolution to that effect.

Upon a decision of the Supervisory Board, following a proposal from the Remuneration Committee, the Company has the discretionary power to fully or partially reclaim from the participating member of the Executive Board the conditionally awarded performance shares as well as vested shares (or any benefit resulting therefrom) where those have been awarded based on incorrect information concerning:

- The achievement of the performance objectives concerned; or
- Events or conditions on which the shares were conditionally awarded.

The Company's independent auditor will check the calculations carried out and conclusions reached in connection with the LTI plan and its assessment will be binding.

Post-employment benefits and other benefits
Executive Board members receive 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.

As for employees, BAM has a competitive benefits package for the members of the Executive Board. This package includes such matters as healthcare and disability insurance, personal accident insurance, a car (allowance) policy and reimbursement of business expenses. The Company does not offer loans, warrants and the like to members of the Executive Board or to employees, except for the following indemnities and insurances as per insurance conditions. Current and former members of the Supervisory Board and Executive Board are covered by the indemnity, under the Articles of Association, against claims made against them in respect of actions or omissions in the performance of the duties of their position, unless said actions or omissions constituted wilful, deliberately reckless or seriously culpable misconduct and/or consisted of traffic offences. This facility also applies to all employees and former employees of BAM. The Company has taken out directors' and officers' liability insurance under standard market terms and conditions for the members of the Supervisory Board, Executive Board and Executive Committee, as well as for the management team members of divisions and segments and all other directors and officers.

BAM has no other remuneration provisions, beyond the remuneration package mentioned in the remuneration report, nor are there any other rights to one-time payments.

Derogation clause
A derogation clause is included in the remuneration policy to guarantee that the Supervisory Board can use its discretion to ensure that the short-term and long-term incentive plans continue to support the interests of the Company even in exceptional circumstances, and retains the option to intervene when required. In exceptional circumstances, the Supervisory Board may decide to temporarily deviate from the remuneration policy of the Executive Board based on a proposal of the Remuneration Committee, when this is necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability. The derogations can only concern the objective setting and payout of the short-term and long-term incentive plans.

40 The remuneration of the Executive Board consists of four elements

Remuneration elements	Description	Strategic role
Fixed remuneration	Fixed cash compensation	Provide base compensation
Short-term incentive (STI)	Cash incentive expressed as a percentage of fixed remuneration Value at • Threshold performance: 27.5% • Target performance: 55% • Excellent performance: 82.5% Objective setting • Financial objectives: 70% • Non-financial objectives: 30%	Reward annual performance Incentivise achievement of agreed objectives Align Executive Board and shareholder interests
Long-term incentive (LTI)	Share-based incentive Award value expressed as a percentage of fixed remuneration • CEO: 90% • CFO: 80% Three-year vesting period Vesting of awarded shares: • Threshold performance: 50% • Target performance: 100% • Excellent performance: 150% Two-year lock-up period after vesting plus minimum share ownership requirement: • CEO: 100% fixed remuneration • CFO: 75% fixed remuneration	Reward long-term value creation Retention Align Executive Board and shareholder interests
Pensions	Contribution 22% of fixed remuneration	Provide for retirement savings and surviving dependent’s pension

Remuneration Executive Board in 2022

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. A summary of the remuneration of the individual members of the Executive Board can be found in ▶ table 41.

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

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 3 per cent to €771,500 gross per annum as of 1 January 2022 (the previous increase for the CEO being 7 per cent as of 1 July 2021) and the fixed remuneration of Mr Den Houter was increased by 3 per cent to €551,000 gross per annum as of 1 January 2022 (the previous increase for the CFO being 7 per cent as of 1 July 2021).

Short-term incentive (STI)
Based on input from the Remuneration Committee, the Supervisory Board evaluated the Company's performance in 2022 in relation to the objectives that had been set for the year. This resulted in a short-term incentive of 68.1 per cent of the 2022 fixed remuneration. More details can be found in ▶ table 42.

Long-term incentive (LTI)
Based on input from the Remuneration Committee, the Supervisory Board evaluated the Company's performance over the performance periods 2019-2021 and 2020-2022 in relation to the objectives that had been set.

The conditional performance shares that were awarded under the LTI plan 2019-2021 vested on 29 April 2022. The vesting percentage of the shares was determined at 50 per cent. This was strongly supported by the excellent performance on the sustainability objectives.

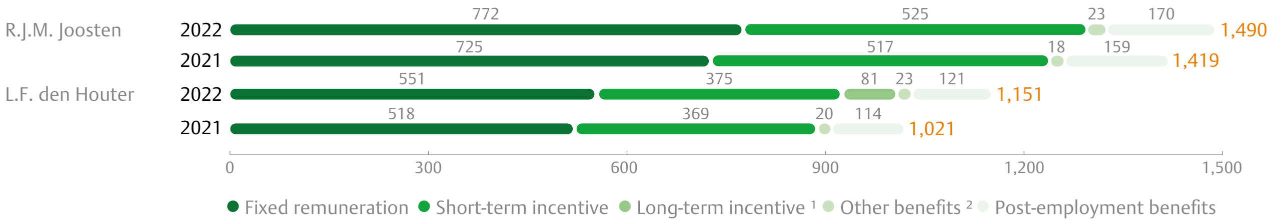
The conditional performance shares that were awarded under the LTI plan 2020-2022 will vest on 24 April 2023. Contrary to earlier years, BAM now also discloses information on this vesting to further increase transparency, despite the fact that its value has not yet become taxable income. The vesting percentage for this plan has been determined at 100 per cent. Both the performance on ROCE and on the sustainability objectives was excellent. Details on the achievement of the performance objectives for both these LTI plans can be found in ▶ table 43.

The conditionally awarded and vested performance shares under all LTI plans to members of the Executive Board are disclosed in ▶ table 44.

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 adjustment adopted by the Extraordinary General Meeting of 24 August 2020.

41 Total remuneration Executive Board

Fixed remuneration, short-term incentive, long-term incentive, other benefits, post-employment benefits and total remuneration *(x €1,000)*



[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] Until September 2021, the Executive Board members were provided with a company car. As of September 2021, the Executive Board members chose to receive a car allowance instead. Both options are in line with the applicable car policy. The amount shown under 'Other benefits' consists for 2022 of the car allowance and for 2021 of the car allowance (as of September 2021) and the actual cost of the company car (until September 2021).

42 Performance on 2022 STI objectives

	Objective	Weighting (%)	Achievement	Achievement (% of target)	STI as % of fixed remuneration
Financial	Adjusted EBITDA [1]	45	€318.9 million	150	37.1
	ROCE *(in %)*	25	16.8	150	20.6
Non-financial	Employee engagement *(in %)* [2]	7.5	72	50	2.1
	Safety [3]	7.5	2.7	50	2.1
	Carbon intensity reduction *(in %)* [4]	7.5	9.2	150	6.2
	Construction and office waste intensity reduction *(in %)* [4]	7.5	(4.3)	-	-
	Overall achievement				**68.1**

[1] The adjusted EBITDA in the STI 2022 is not the same as the adjusted EBITDA that is reported as the key figure elsewhere throughout the annual report due to a different calculation methodology which primarily focuses on the long-term profitability of the Company. 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.

[3] Number of accidents leading to lost time per million working hours, for the total BAM population (including subcontractors, office personnel, etcetera).

[4] Intensity is expressed in tonnes per million euro revenue.

43 Performance on LTI objectives

	Objective	Weighting (%)	Achievement	Achievement (% of target)	Vesting (% of award)
LTI 2019-2021	Relative TSR	33	9th position	-	-
	ROCE *(in %)*	33	5.6	-	-
	Sustainability				
	- CDP ranking [1]	11	A list	150	16.7
	- Carbon intensity reduction *(in %)* [2]	11	23.9	150	16.7
	- Construction and office waste intensity reduction *(in %)* [2]	11	35.8	150	16.7
	Overall achievement				**50**
LTI 2020-2022	Relative TSR	33	7th position	-	-
	ROCE *(in %)*	33	16.8	150	50
	Sustainability				
	- CDP ranking [1]	11	A list	150	16.7
	- Carbon intensity reduction *(in %)* [2]	11	29.9	150	16.7
	- Construction and office waste intensity reduction *(in %)* [2]	11	43.5	150	16.7
	Overall achievement				**100**

[1] Score on the global disclosure system of CDP.

[2] Intensity is expressed in tonnes per million euro revenue.

44 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 2022 [3]
R.J.M. Joosten	1/1/2022 31/12/2024	25/04/2022	25/04/2025	25/04/2027	254,341	n/a	694,350	**551,920**
	1/1/2021 31/12/2023	22/04/2021	22/04/2024	22/04/2026	221,961	n/a	490,000	**481,655**
	1/1/2020 31/12/2022	01/09/2020	24/04/2023	23/04/2025	285,734	n/a	381,111	**620,043**
L.F. den Houter	1/1/2022 31/12/2024	25/04/2022	25/04/2025	25/04/2027	161,465	n/a	440,800	**350,379**
	1/1/2021 31/12/2023	22/04/2021	22/04/2024	22/04/2026	135,894	n/a	300,000	**294,890**
	1/1/2020 31/12/2022	23/04/2020	24/04/2023	23/04/2025	367,371	n/a	490,000	**797,195**
	1/1/2019 31/12/2021	29/04/2019	29/04/2022	29/04/2024	68,393	34,197	291,600	**74,207**

[1] This is the 'at-target' number of conditionally awarded performance shares. The number of performance shares that vests 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 provides 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 (sell to cover deduction) and including the dividend up until the vesting date.

[3] The value for the award in 2019 is based on the number of 'Shares vested' in this table, multiplied by the closing share price of BAM at year-end 2022 (€2.17). The value for the other awards is based on the number of 'Shares awarded' in this table (since the vesting percentage is not yet known at year-end 2022), multiplied by the closing share price of BAM at year-end 2022 (€2.17).

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. BAM also has regulations for members of the Executive Board and the Supervisory Board relating to trading in securities other than those issued by the Company. Table 45 shows the shares held by Executive Board members on 31 December 2022.

Internal pay ratio and five-year analysis

BAM's internal pay ratio in 2022 was 26 (2021: 21), meaning that its CEOs pay was 26 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 increase in the ratio is primarily caused by the increase of the IFRS valuation of the outstanding LTI plans of the CEO.

The relatively low internal pay ratio fits BAM's median pay policy as well as its business model with a large workforce of professionals in Western European countries.

It also underlines the value the Company attaches to safeguarding internal equity across all organisational levels.

A five-year analysis of Executive Board remuneration versus average employee remuneration and company performance can be found in table 46. It contains the performance measure Adjusted EBITDA, which is believed to be a crucial reflection of the success of the Company.

Terms of appointment of the Executive Board members

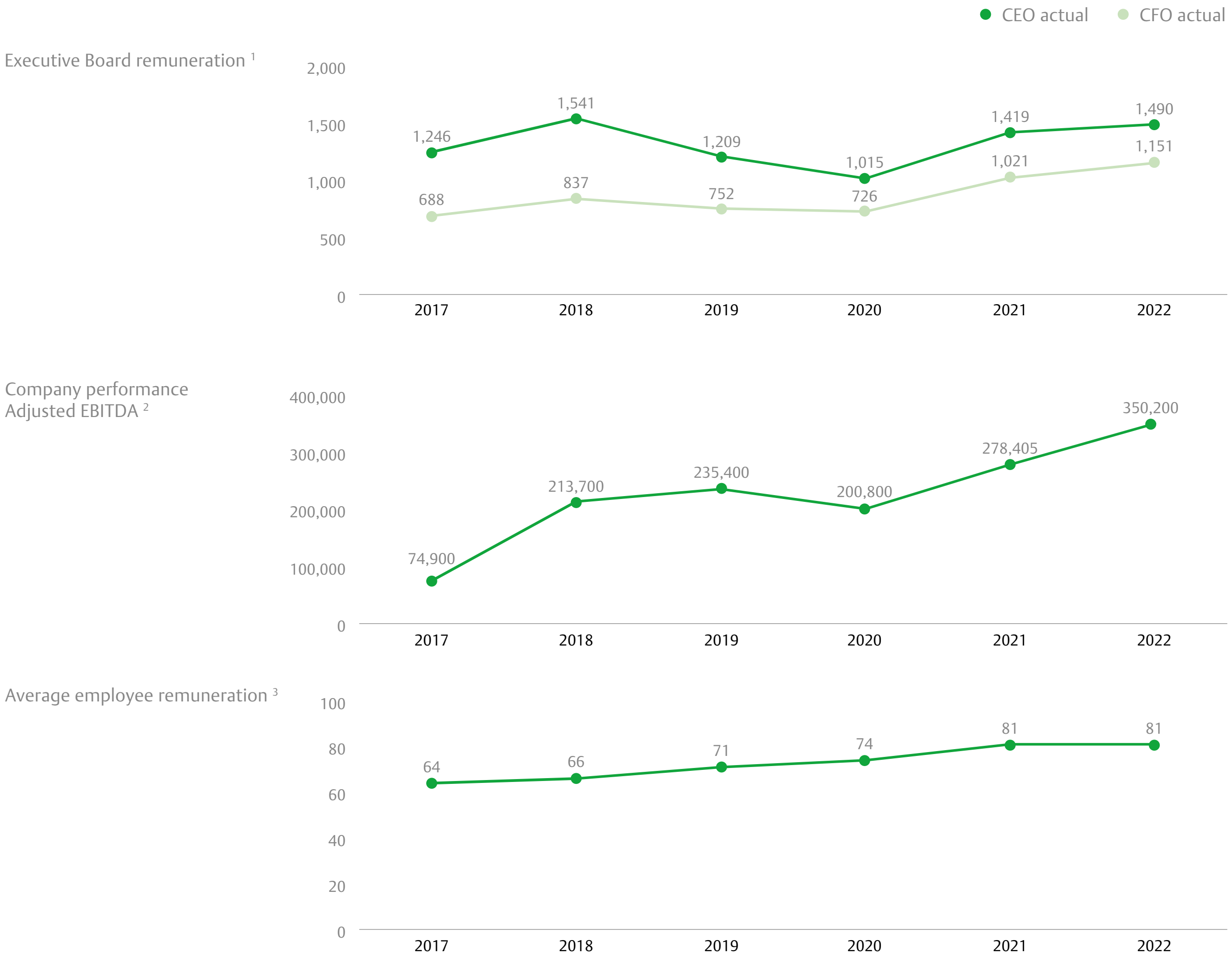
Members of the Executive Board are appointed for a term of four years, and deliver their services under a management services agreement. Table 47 states the appointment dates, notice periods and the maximum severance payment if the Company terminates the management services agreement of a member of the Executive Board.

45 Share ownership Executive Board members
(value in €)

	Type of shares	Number of shares	Fixed remuneration	Ownership ratio [2]	Share ownership requirement
R.J.M. Joosten	Privately acquired BAM shares	100,000	771,500	28.1%	n/a
	Vested shares from LTI plan [1]	-		-	100% of fixed remuneration
L.F. den Houter	Privately acquired BAM shares	25,000	551,000	9.8%	n/a
	Vested shares from LTI plan [1]	19,010		7.5%	75% of fixed remuneration

[1] The number of vested shares after tax (sell to cover deduction) and including dividend on 31 December 2022.
[2] The ratio is based on the 'Number of shares' in this table, multiplied by the closing share price of BAM at year-end 2022 (€2.17), divided by the fixed remuneration at year-end 2022.

46 Five-year analysis Executive Board remuneration and company performance
(x €1,000, unless otherwise stated)



[1] The Executive Board remuneration is derived from table 41 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. The actual remuneration for the CFO in 2018 has been annualised since Mr Den Houter was appointed per August 2018. The actual remuneration for the CFO before 2018 is related to the previous CFO, Mrs Menssen.

[2] Up until 2018, adjusted EBITDA was exclusive of depreciation of right-of-use assets.

[3] The average employee remuneration is derived from the financial statements (IFRS).

47 Appointment and contractual arrangements

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

[1] Appointed until the General Meeting in 2024.

[2] Appointed until the General Meeting in 2026.

Remuneration policy for the Supervisory Board

The remuneration policy for the Supervisory Board as stated below was adopted by the General Meeting on 15 April 2020.

The Supervisory Board draws up the Supervisory Board remuneration policy based on advice from the Remuneration Committee. The remuneration policy will be evaluated regularly and will be put forward for adoption at the General Meeting at least every four years, in line with the Shareholders' Rights Directive.

The Supervisory Board remuneration policy is geared to attract and retain members who contribute to the desired composition regarding expertise, experience, diversity and independence, as set out in the profile of the Supervisory Board. This policy aims to reward Supervisory Board members for time spent and for the responsibilities of their role, including but not limited to the responsibilities imposed by the Civil Code, Dutch Corporate Governance Code and the Articles of Association. On this basis, the remuneration for Supervisory Board members consists of the following elements:

- A fixed remuneration and a fixed committee fee (regardless of the number of committees in which the member participates), which varies for the chairman, vice-chairman and members, to reflect the time spent and the responsibilities of the role;
- An attendance fee per meeting in case of attending a meeting outside the country of residence to compensate for additional time spent to attend meetings, and;
- A reimbursement of actual costs in the performance of their duties for BAM.

BAM does not differentiate in committee fees. The amounts can be found in table 48.

The Supervisory Board uses external benchmark information to assess the market comparability of the remuneration. The last benchmark was performed in 2021 and a new benchmark is planned for 2023. Remuneration levels are aimed at the median of Dutch listed companies with a two-tier board structure comparable in size and scope.

In exceptional circumstances, when a significant increase in time investment by its members is necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability, the Supervisory Board may decide to temporarily deviate from the remuneration policy of the Supervisory Board based on a proposal from the Remuneration Committee. In such circumstances, the Supervisory Board may decide to award members an additional remuneration of €1,500 per half-day. This may, for example, occur when a Supervisory Board member is temporarily delegated to support the Executive Committee in an advisory role.

Given the nature of the responsibilities of the Supervisory Board, their remuneration is not tied to BAM's results, nor impacted by any change of control at the Company. It is BAM's policy not to award any options or shares to members of the Supervisory Board. If and in so far as a Supervisory Board member holds shares in the Company, these should be long-term investments. No loans are issued to members of the Supervisory Board, nor are they eligible to participate in any benefits programme offered by BAM to its employees.

No additional remuneration, such as sign-on bonuses, is paid upon recruiting new Supervisory Board members. The Supervisory Board members are not eligible to any severance, claw-back or change of control provisions.

48 Remuneration Supervisory Board

Fixed remuneration	Chairman €90,000 per annum Vice-chairman €55,000 per annum Member €50,000 per annum
Committee fee	Chairman €10,000 per annum Member €7,000 per annum
Attendance fee for meetings outside country of residence	€1,500 per meeting
Expenses	Reimbursement of actual incurred costs

Remuneration of the Supervisory Board in 2022

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.

The remuneration of the individual members of the Supervisory Board over the last five years can be found in table 49.

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

Share ownership of the Supervisory Board members

Table 50 shows the shares held by Supervisory Board members on 31 December 2022.

49 Five-year overview of total Supervisory Board remuneration [1]
(x €1,000)

	2022	2021	2020	2019	2018
H.Th.E.M. Rottinghuis, chairman	**103**	102	48	-	-
G. Boon, vice-chairman	**70**	67	59	63	60
B. Elfring	**68**	62	20	-	-
D. Koopmans	**68**	65	23	-	-
M.P. Sheffield	**65**	59	164	68	69
N.M. Skorupska	**65**	42	-	-	-
H. Valentin, former member	**-**	16	59	68	68
H.L.J. Noy, former chairman	**-**	-	46	80	80
C.M.C. Mahieu, former member	**-**	-	54	60	60
K.S. Wester, former vice-chairman	**-**	-	-	18	62
R. Provoost, former member	**-**	-	-	8	-
Total	**439**	413	**473**	**365**	**399**

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

50 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, 22 February 2023
Supervisory Board

Dock tower, Antwerp, Belgium - BAM Interbuild

Financial statements

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British Antarctic Survey, Scotland and North East - BAM Nuttall

The Antarctic Infrastructure Modernisation Programme will transform how British Antarctic Survey enables and supports frontier science.

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Consolidated income statement

(x €1,000)

	Notes	2022	2021
Revenue	5	**6,618,169**	7,315,281
Gain on sale of subsidiaries	34	**52,337**	-
Raw materials and consumables used		**(1,424,911)**	(1,731,462)
Subcontracted work and other external charges		**(3,456,375)**	(3,698,505)
Employee benefit expenses	25	**(1,193,218)**	(1,390,475)
Depreciation and amortisation charges	7,8,9	**(116,602)**	(145,373)
Impairment charges	26	**(13,473)**	(34,373)
Other operating expenses		**(304,987)**	(275,527)
Exchange rate differences		**(4,504)**	2,486
		(6,514,070)	(7,273,229)
Share of result of investments in associates and joint ventures	11	**58,479**	50,151
Share of impairment charges in investments in associates and joint ventures	26	**(1,502)**	(14,117)
		56,977	36,034
Operating result		**213,413**	78,086
Finance income	28	**8,848**	3,864
Finance expense	28	**(6,589)**	(16,103)
		2,259	(12,239)
Result before tax		**215,672**	65,847
Income tax	29	**(37,948)**	(48,844)
Net result		**177,724**	17,003
Attributable to:			
Shareholders of the Company		**179,644**	18,124
Non-controlling interests			
		(1,920)	(1,121)
		177,724	17,003
Earnings per share *(x €1)*			
Basic earnings per share	30	**0.66**	0.07
Diluted earnings per share	30	**0.65**	0.07

The notes on pages 109 to 169 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

(x €1,000)

	Notes	2022	2021
Net result		177,724	17,003
Items that may be subsequently reclassified to the income statement			
Fair value movement of cash flow hedges		557	260
Tax on fair value of cashflow hedge		(161)	(6)
Cash flow hedge	17	396	254
Fair value movement of cash flow hedges in joint ventures (net)	17	34,210	-
Exchange rate differences		(27,784)	21,955
Items that will not be subsequently reclassified to the income statement, net of tax			
Movement in remeasurements of post-employment benefit obligations		(27,485)	24,344
Tax on movement in remeasurements of post-employment benefit obligations		8,687	3,122
Remeasurements of post-employment benefit obligations	21	(18,798)	27,466
Other comprehensive income		(11,976)	49,675
Total comprehensive income		165,748	66,678
Attributable to:			
Shareholders of the Company		167,668	67,771
Non-controlling interests		(1,920)	(1,093)
		165,748	66,678

The notes on pages 109 to 169 are an integral part of these consolidated financial statements.

Consolidated statement of financial position as at 31 December

(x €1,000)

	Notes	31 December 2022	31 December 2021
Non-current assets			
	7		
Property, plant and equipment		**199,545**	198,242
Right-of-use assets	8	**170,737**	210,051
Intangible assets	9	**325,516**	346,382
PPP receivables	10	**13,593**	14,713
Investments in associates and joint ventures	11	**326,968**	252,858
Other financial assets	12	**77,591**	78,107
Employee benefits	21	**72,513**	98,384
Deferred tax assets	23	**57,428**	86,760
		1,243,891	1,285,497
Current assets			
Inventories	13	**482,025**	430,125
Trade and other receivables	14	**1,229,783**	1,238,865
Income tax receivable		**14,239**	3,607
Derivative financial instruments	20	**522**	463
Cash and cash equivalents	15	**841,246**	1,284,709
		2,567,815	2,957,769
Assets classified as held for sale	35	**7,689**	252,674
		2,575,504	3,210,443
Total assets		**3,819,395**	4,495,940
Equity attributable to the shareholders of Company			
Share capital and premium	16	**839,311**	839,311
Reserves	17	**(70,662)**	(77,484)
Retained earnings		**41,941**	(108,238)
		810,590	653,589
Non-controlling interests		**(2,106)**	(186)
Total Equity		**808,484**	653,403
Non-current liabilities			
Borrowings	18	**40,661**	25,903
Lease liabilities	19	**118,871**	146,442
Derivative financial instruments	20	**-**	-
Employee benefits	21	**45,568**	86,340
Provisions	22	**94,420**	116,967
Social security and other taxes	24	**-**	110,639
Deferred tax liabilities	23	**18,511**	24,384
		318,031	510,675
Current liabilities			
Borrowings	18	**11,968**	39,149
Lease liabilities	19	**55,806**	69,329
Trade and other payables	24	**2,468,517**	2,871,706
Derivative financial instruments	20	**38**	695
Provisions	22	**145,708**	93,016
Income tax payable	29	**10,843**	10,852
		2,692,880	3,084,747
Liabilities classified as held for sale	35	**-**	247,115
		2,692,880	3,331,862
Total equity and liabilities		**3,819,395**	4,495,940

The notes on pages 109 to 169 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

(x €1,000)

	Notes	Attributable to the shareholders of the Company: Share capital and premium	Reserves (Note 17)	Retained earnings	Total	Non-controlling interests	Total equity
As at 1 January 2021		839,311	(99,665)	(156,203)	583,443	1,278	584,721
Cash flow hedges	17	-	254	-	254	-	254
Remeasurements of post-employment benefit obligations	21	-	-	27,466	27,466	-	27,466
Exchange rate differences	17	-	21,927	-	21,927	28	21,955
Other comprehensive income, net of tax		-	22,181	27,466	49,647	28	49,675
Net result		-	-	18,124	18,124	(1,121)	17,003
Total comprehensive income		-	22,181	45,590	67,771	(1,093)	66,678
Disposal		-	-	-	-	(1,386)	(1,386)
Share-based payments	37	-	-	2,375	2,375	1,015	3,390
		-	-	2,375	2,375	(371)	2,004
As at 31 December 2021		839,311	(77,484)	(108,238)	653,589	(186)	653,403
Cash flow hedges	17	-	396	-	396	-	396
Cash flow hedges in joint ventures	17	-	34,210	-	34,210	-	34,210
Remeasurements of post-employment benefit obligations	21	-	-	(18,798)	(18,798)	-	(18,798)
Exchange rate differences	17	-	(27,784)	-	(27,784)	-	(27,784)
Other comprehensive income, net of tax		-	6,822	(18,798)	(11,976)	-	(11,976)
Net result		-	-	179,644	179,644	(1,920)	177,724
Total comprehensive income		-	6,822	160,846	167,668	(1,920)	165,748
Repurchase of ordinary shares	16	-	-	(14,326)	(14,326)	-	(14,326)
Share-based payments	37	-	-	3,659	3,659	-	3,659
		-	-	(10,667)	(10,667)	-	(10,667)
As at 31 December 2022		839,311	(70,662)	41,941	810,590	(2,106)	808,484

The notes on pages 109 to 169 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

(x €1,000)

	Notes	2022	2021
Net result		**177,724**	17,003
Adjustments for:			
• Income tax	29	**37,948**	48,844
• Depreciation and amortisation	7,8,9	**116,602**	145,373
• Impairments	26	**13,473**	34,373
• Share of impairment charges in investments	11,26	**1,502**	14,117
• Result on sale of property, plant and equipment		**(10,144)**	(7,325)
• Gain on sale of subsidiaries	34	**(52,337)**	-
• Share based payments	37	**3,658**	-
• Share of result of investments in associates and joint ventures	11	**(58,479)**	(50,151)
• Finance income	28	**(8,848)**	(3,864)
• Finance expense	28	**6,588**	16,103
Interest received		**7,324**	3,632
Dividends received from investments	11	**35,972**	34,798
Changes in provisions and pensions	21,22	**24,094**	(44,349)
Changes in working capital (excluding cash and cash equivalents)		**(466,272)**	141,816
Cash flow from operations		**(171,195)**	350,370
Interest paid		**(10,913)**	(25,863)
Income tax paid		**(15,182)**	(376)
Net cash flow from ordinary operations		**(197,290)**	324,131
Investments in PPP receivables	10	**(779)**	(4,244)
Repayments of PPP receivables	10	**2,155**	346
Net cash flow from operating activities		**(195,914)**	320,233
Purchases of property, plant and equipment	7	**(92,869)**	(64,899)
Purchases of intangible assets	9	**(1,613)**	(4,561)
Investments in non-current receivables and other financial assets	12	**(28,986)**	(36,197)
Proceeds from sale of property, plant and equipment		**15,504**	21,343
Proceeds from sale of intangible assets		**579**	2,398
Repayments of non-current receivables and other financial assets	12	**9,954**	16,046
Investments in subsidiaries, net of cash required		**-**	(5,233)
Net proceeds from sale of subsidiares	34	**(65,604)**	(94,462)
Net cash flow from investing activities		**(163,035)**	(165,565)
Proceeds from borrowings	18	**39,142**	34,978
Repayments of borrowings	18	**(50,599)**	(609,536)
Repayments of principal portion of lease liabilities	19	**(67,437)**	(87,521)
Repurchase of ordinary shares		**(14,326)**	-
Net cash flow from financing activities		**(93,220)**	(662,079)
Change in cash and cash equivalents		**(452,169)**	(507,411)
Cash and cash equivalents at beginning of year		**1,284,709**	1,788,937
Change in cash and cash equivalents in assets and liabilities held for sale	35	**42,355**	(42,355)
Exchange rate differences on cash and cash equivalents		**(33,649)**	45,538
Net cash position at end of year	15	**841,246**	1,284,709

The notes on pages 109 to 169 are an integral part of these consolidated financial statements.

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. The Group was involved in specialist construction and civil engineering projects in niche markets worldwide and, up to the divestment of Wayss & Freytag Ingenieurbau AG on 15 September 2022, the Group also operated in the Germany.

The Company is a public limited company, which is listed on Euronext Amsterdam, with its registered seat and head office in Bunnik, the Netherlands. The address of the Company's head office is Runnenburg 9, 3981 AZ, Bunnik, the Netherlands.

On 22 February 2023, the Executive Board and the Supervisory Board authorised the financial statements for issue. These financial statements are subject to the adoption by the Annual General Meeting on 12 April 2023.

The Company is registered in the Commercial Register of the Chamber of Commerce under number 30058019.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies and 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 consolidated financial statements are disclosed in note 4.

2.1.1 Assessment of climate-related matters

The Group is taking steps to reduce footprint and create sustainable environments. The Group has a defined sustainability strategy that focuses amongst others on the themes of decarbonization, circularity, climate adaptation and biodiversity. During 2022, the Group accelerated its earlier announced targets; the Group is working towards:
- a 50% relative reduction of scope 1 and scope 2 $CO2$ intensity in 2023 (was 2030) and a 80% relative reduction by 2026.
- a 50% relative reduction of scope 3 $CO2$ emissions by 50% in 2030 (was 20% in 2030).

Additionally, the Group targets a 75% reduction 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 $CO2$ 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, use of electrical equipment and electrification of the car fleet. 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 electrification of equipment is ongoing for a number of years. Where possible, the Group is replacing equipment that reached the end of its usefil life by electrical equipment. Electrical equipment is generally more expensive than non-electrical equipment and thus requires higher capital expenditures.

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 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 are denied when the emission of nitrogen does not comply with the respective requirements. The Group assessed whether the Council's conclusion has an impact to project planning for 2023 and related finanical budgets. It is noted that a number of planned civil engineering projects may need to be postponed or cancelled while the impact to construction and property activities is minimal. For civil engineering projects that are potentially impacted, the Group is supporting its clients to comply with updated (environmental) requirements. The impact to financial budgets for 2023 is assessed as marginal as the Group believes it can replace any projects that may be postponed by other projects. For the period beyond 2023, the impact is currently assessed as minimal for all Dutch activities. The Group also expects that the Dutch government will take appropriate measures to ensure continuity of the Dutch construction industry.

The effect of climate-related matters has been reflected in the 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 Assessment of supply chain disruptions and inflation

The lasting impact of the unmet demands during the Covid-19 pandemic and the ongoing war between Ukraine and Russia have disrupted supply chain and put pressure on inflation. The consequential increase in energy prices have also seriously impacted the price of steel and other materials that are key elements in the Group's construction activities, resulting in increased project-related costs. For the vast majority of projects the exposure of the project result to these increased project costs 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 offset the 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 uncertainty in estimating 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, see also note 4.

On an overall basis, 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.

As a corrective measure to increasing inflation, central banks increased interest rates. The effect of increasing interest rates is mainly reflected in 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 9 and 21 respectively. Furthermore, the effect of increasing interest rates has been considered as part of the Group's overall risk management, see note 3.

2.2 Changes in accounting policies and disclosures

(a) Application of new and revised standards
Several amendments and interpretations apply for the first time as of 1 January 2022, but these do not have a material impact on the consolidated financial statements of the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
The amendments to IAS 37 specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services. These costs include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendment is effective for annual periods beginning on or after 1 January 2022. The Group's accounting policies were already in line with the amendment even before it was made effective. Thus, the amendment has no impact to the Group's financial statements.

(b) New standards and interpretations in issue but not yet effective
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022 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. With regard to amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, which is applicable for annual periods beginning on or after 1 January 2023, the Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

2.3 Consolidation

(a) Subsidiaries
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 accordance with IFRS 9 either in the income statement or as a change to other comprehensive income. 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.

(b) Changes in ownership interests in subsidiaries without change of control
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.

(c) Disposal of a business
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.

2.4 Investment in associates and joint arrangements

(a) Associates
Associates are all entities over which the Group has significant influence but not control, 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 equals 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 equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment 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. 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.

2.5 Foreign currency translation

(a) Functional and presentation currency
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.

(b) Transactions and balances
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'.

(c) Group companies
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 are recognised in 'other comprehensive income'.

(d) Exchange rates
The following exchange rates of the euro against the pound sterling (£) have been used in the preparation of these financial statements:
- Closing exchange rate: 0.8836 (2021: 0.8381)
- Average exchange rate: 0.8530 (2021: 0.8616)

2.6 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 items. 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 (note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other operating expenses in the income statement.

2.7 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 recognizes 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 (note 2.9).

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 typically leases cars for not more than six years and, hence, is not exercising any renewal options. These cars are used both by office as 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.

2.8 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.
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.

2.9 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life or that are not ready to use are not subject to depreciation or amortisation and are tested annually for impairment. 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.

2.10 Assets and liabilities 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.

2.11 Financial assets

2.11.1 Classification

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.

2.11.2 Recognition and measurement

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Subsequent measurement differs per category:
- Financial assets at amortised cost
- Financial assets fair value through profit or loss

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. Financial assets at amorised cost include PPP receivables, other financial assets, trade receivables, contract receivables, due from related parties and other receivables.

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 at fair value through profit or loss are included in other finanical assets.

Financial assets are derecognised when the right to receive cash flows from the instrument have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.13 Impairment of financial assets

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 are if a debtor or a group of debtors:
- experience significant financial difficulty;
- are in default or delinquency in interest or principal payments;
- have increased probability of default;
- other observable data resulting in increased credit risk.

The amount of lifetime credit losses is measured as the difference between the 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. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For trade receivables, contract assets and contract receivables, 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.
If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the income statement.

2.14 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 fair values of the derivative financial instruments used for hedging purposes are disclosed in note 20. Movements on the hedging reserve in other comprehensive income are shown in note 17. 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 'operating result'.

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 forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'finance income/expense'.

2.15 Inventories

Land, building rights and property developments are recorded at the lower of cost and net realisable value. The Group capitalises interest on finance raised to facilitate the development of specific projects 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.

2.16 Construction contracts

The Group defines a construction contract as a contract specifically negotiated for the construction of an asset. On the balance sheet, the Group reports the net contract position for each (construction) contract as either an contract asset or a contract liability. 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. A contract receivable is an amount to be billed for which payment is only a matter of passage of time. 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. A provision for onerous contracts is recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. For further guidelines regarding construction contracts see paragraph 2.25.

2.17 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within 'borrowings' in current liabilities.

2.18 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds. When share capital is repurchased in order to prevent dilution as a result of the share-based compensation plan, the consideration paid, including directly attributable costs, net of tax, is deducted from equity. Repurchased shares (treasury shares) are presented as a deduction from total equity. When treasury shares are sold or re-issued subsequently, any amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

2.19 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.

2.20 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 capitalized). 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.

2.21 Current and deferred 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.

2.22 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.

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.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.23 Share-based payments

Performance Share Plan

The Group operates an equity-settled share-based compensation plan.

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.

2.24 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 has been 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.

2.25 Revenue recognition

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
- Service concession arragements

Revenue recognition is subject to judgments and uncertainties as described in paragprah 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 based on a contract as a whole, which is not necessarily the same as if evaluated on project level, because a contract may include more performance obligations. In determining the amount of variable considerations as part of the economic benefits expected to be received under the contract, the same policies apply as those described below.

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 recognized 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 recognized 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 recognized 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 recognized 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 arragements
Under the terms of IFRIC 12, 'Service concession arrangements' comprise construction activities, as well as operating and maintenance activities. Both activities recognise revenue in conformity with the respective policies describe above. The consideration (concession payments) received is allocated between construction/upgrade activities and operating/maintenance services according to the relative Stand-alone selling prices of the individual performance obligations. PPP receivables are contract assets in the form of concession payments to be received from governments in relation to PPP projects, based upon the availability of the specific facility. As these reimbursements are not unconditional as at balance sheet date, these are recognized as contract assets instead of receivables. These contract assets contain a significant financing component.

2.26 Finance income and expenses

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.

2.27 Statement of cash flows

The statement of cash flows is prepared using the indirect method. The net cash position in the statement of cash flows consists of cash and cash equivalents, net of bank overdrafts. 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 operation activities. Cash flows in connection with PPP receivables are included in the cash flow from operating activities since these projects are part of regular construction and recurring maintenance revenue for BAM's business lines 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. Financial risk management

3.1 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 and the Enterprise Risk Management Framework. 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.

(a) Market risk

(i) Foreign exchange risk
A substantial part of the Group's activities takes place in the United Kingdom and, to a limited extent, in other non-euro countries. The Group's results and shareholders' equity are therefore affected by flucutations in foreign exchange rates. Generally, the Group is active in these non-euro countries through local subsidiaries and, to a limited extent, through joint ventures. The exchange risk on such non-euro operations is limited, because 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 to euro) is not hedged.

Due to the decrease of the exchange rate of the pound sterling in 2022, the reported revenue, results, equity and closing order book for the UK companies decreased. Based on the value per end of 2022 of the Group's UK subsidiaries, an increase or decrease in the exchange rate of the pound sterling by 10%, will have an effect on the Group's equity of approximately €42 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. Reference is made to note 20 for further details about the forward exchange contracts outstanding.

(ii) 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 liabilities, it is the Group's policy to manage the cash flow risk and to accept the fair value risk. Therefore, the Group does not use interest rate swaps under which fixed-rate interest liabilities are converted into variable rates.

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. At year-end 2022, 18% (2021: 17%) of the interest on the Group's debt position was fixed. The part not covered consists almost entirely of property financing.

If variable interest rates (generally Euribor) had been higher or lower by 100 basis points, the Group's net result before tax would have been impacted as follows:

	2022	2021
100bps higher	+ 3.0m	+ 1.9m
100 bps lower	-/- 3.7m	-/-2.8m

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. Reference is made to note 11.1 for the accounting treatment in the Group's financial statements.

(iii) Price risk
The Group is exposed to price risks arising from the offering of a price for services to a customer in the tendering phase and being required to purchase materials and use of subcontractors at execution of a project, which may be months or even years later. It is the Group's policy to mitigate its exposure to such price risks through a contractual price indexation reimbursement clause with the customer. This clause allows the Group to charge to the customer any price increases beyond a pre-determined range. In case that a price indexation reimbursement clause does not cover all of the materials and/or subcontracted services, the Group may mitigate its exposure by securing or fixing purchase prices for materials and subcontractors at the same time that a sales price is offered to a customer.

During 2021, the Group identified increasing price risks as a result of amongst others, a disruption of the supply chain and inflationary pressure. These price risks further increased in 2022 with further increasing inflation, starting to impact a wider range of products and services. While it is impossible to exclude the impact of price fluctuations altogether, the Group takes the view that its current policy reflects the optimum economic balance between decisiveness and predictability.

(b) 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, contract receivables, 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	2022	2021
Non-current assets			
PPP receivables	10	13,593	14,713
Non-current receivables	12	76,449	76,894
Current assets			
Trade receivables – net	14	477,265	445,037
Contract assets	14	432,266	444,469
Contract receivables	14	92,389	94,956
Amounts due from related parties	14	22,112	51,229
Other receivables	14	76,708	89,390
PPP receivables	10,14	338	594
Derivative financial instruments	20	522	463
Cash and cash equivalents	15	841,246	1,284,709
		2,032,888	2,502,454

PPP receivables and a substantial part of trade receivables, contract assets and contract receivables 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 prepayments or payments proportionate to progress of the work, which limits the credit risks, in principle, to the balances outstanding.

Credit risk on trade and other receivables, contract assets and contract receivables 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's policy aims to limit any concentration of credit risks involving cash and cash equivalents.

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 32.2) and financial guarantees. A provision for financial guarantees of €10 million has been recognized (2021: €3 million), see note 22.

(c) 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 optimize the use of cash that is available in the entire group while the Group's committed syndicated credit facility of €330 million (see note 18), allows to draw loans should that be required. As of 31 December 2022 no loans were drawn from the facility (31 December 2021: nil).
The composition of the expected contractual cash flows as of 31 December 2022 and 2021 is as follows:

	Carrying amount	Contractual cash flows	< 1 year	1 – 5 years	> 5 years
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**
2021					
Syndicated credit facility	-	-	-	-	-
Non-recourse PPP loans	8,946	10,330	848	3,543	5,939
Non-recourse property financing	20,604	21,021	16,614	3,856	551
Other non-recourse financing	3,796	4,064	1,611	2,453	-
Recourse property financing	26,617	27,288	20,191	3,938	3,159
Other recourse financing	5,089	5,347	1,035	3,596	716
Lease liabilities	215,771	232,011	70,528	130,231	31,252
Provisions [1]	13,000	13,000	10,000	3,000	-
Trade and other payables	1,581,737	1,581,737	1,581,737	-	-
	1,875,560	**1,894,798**	**1,702,564**	**150,617**	**41,617**

[1] Consisting of financial guarantee contracts and provisions for risk sharing projects presented under the provisions. See note 22 for further disclosure.

3.2 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 the carrying amount of subordinated convertible bonds (which were repaid in 2021). The Group's target capital ratio is above 20%. On 31 December 2022, the capital ratio was 21.2% (2021: 14.5%). Under the terms of borrowings facilities the Group is required to comply with financial covenants. For information on these financial covenants see note 18.7.

3.3 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				
	Notes	Receivables	Financial liabilities	Hedging	Non-financial instruments	Total
2022						
PPP receivables	10	13,593	-	-	-	13,593
Other financial assets [1]	12	77,591	-	-	-	77,591
Derivative financial instruments	20	-	-	522	-	522
Trade and other receivables	14	670,336	-	-	559,447	1,229,783
Cash and cash equivalents	15	841,246	-	-	-	841,246
Borrowings	18	-	(52,629)	-	-	(52,629)
Provisions [2]	22	-	(15,125)	-	(225,003)	(240,128)
Lease liabilities	19	-	(174,677)	-	-	(174,677)
Derivative financial instruments	20	-	-	(39)	-	(39)
Trade and other payables	24	-	(1,307,620)	-	(1,160,897)	(2,468,517)
		1,602,766	**(1,550,051)**	**483**	**(826,453)**	**(773,255)**
2021						
PPP receivables	10	14,713	-	-	-	14,713
Other financial assets [1]	12	78,107	-	-	-	78,107
Derivative financial instruments	20	-	-	463	-	463
Trade and other receivables	14	681,204	-	-	557,661	1,238,865
Cash and cash equivalents	15	1,284,709	-	-	-	1,284,709
Borrowings	18	-	(65,052)	-	-	(65,052)
Provisions [2]	22	-	(13,000)	-	(196,983)	(209,983)
Lease liabilities	19	-	(215,771)	-	-	(215,771)
Derivative financial instruments	20	-	-	(695)	-	(695)
Trade and other payables	24	-	(1,581,737)	-	(1,400,609)	(2,982,346)
		2,058,733	**(1,875,560)**	**(232)**	**(1,039,931)**	**(856,990)**

[1] The other financial assets consist of several types of financial assets. See note 12 for the specification of receivables based on fair value through profit or loss, receivables based on amortised cost and other.

[2] Consisting of financial guarantee contracts and provisions for risk sharing projects presented under the provisions. See note 22 for further disclosure.

All financial instruments are valued at amortised cost, with the exception of a part of the other financial assets (note 12) and the derivative instruments (note 20), which are valued at fair value through profit or loss (unless in hedge accounting relationship).

3.4 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' (current part), 'trade and other receivables' and 'trade and other payables' approximate their fair value.

3.5 Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4. 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 summarized below.

(a) Revenue recognition
The Group's revenue recognition policies as specified in note 2.25 require management to make judgments and estimates, particularly for revenue that is recognized over time. Revenue for performance obligations that are satisfied over time are generally recognized using the cost-to-cost method (i.e. an input method). This method 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, claim income 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 customer payment;
- The Group has a formal approval from the customer 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 and when 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.

Several large and complex projects are exposed to higher levels of estimation uncertainties which are inherent to the overall value of the respective projects. These estimation uncertainties relate to unpriced variation orders and contractual claims. Constraints on variable considerations for these projects mainly relate to change orders requested by the client but not approved, contractual penalties in relation to time extension (claims) and recovery of costs in relation to design issues. The outcomes of negotiations and settlements regarding these variation orders and claims can have a broad range. Different outcomes to the assumptions applied as part of these estimates could have a significant impact on the Groups overall financial results.

Due to the level of uncertainty, combination of cost and high number of income variables and timing across a large portfolio of contracts (in excess of 5,000) at different stages of their contract life, it is impracticable to provide a quantitative analysis of the aggregated judgements that are applied at a contract and/or portfolio level.

(b) Income tax
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 to estimate 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.

(c) 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 (income) 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 for pension obligations are based on current market conditions and envisaged developments. Sensitivity analyses in respect of these assumptions is disclosed in note 21.

(d) 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.

(e) 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 9 for CGUs that have a higher likelihood of impairment.

5 Segment information

As per 1 January 2022, the Group implemented a new organisational structure to further improve effectiveness of and access to growth opportunities. The implementation of this new structure is a next step in realizing the strategic agenda for 2021-2023 (Building a sustainable tomorrow). As a result of the organisational changes, the Group also changed its internal reporting structure which resulted in a change in the composition of the Group's operating and reportable segments. Accordingly, the Group restated the previously reported segment information. The activities are grouped in two new divisions, one dedicated to the Netherlands, which also includes the Group's activities in Denmark, and the other to the United Kingdom and Ireland. This new structure replaced the previous business lines Construction and Property and Civil engineering. With this new organisational structure, BAM will enhance its effectiveness and focus on growth, leveraging its market positions in the Netherlands, the United Kingdom and Ireland.

Based on an evaluation of how the Group allocates resources and analyses performance in the new organisational structure, the Group has revised the presentation of its reportable segments by the identification of three reportable segments: Division Netherlands (NL), Division United Kingdom and Ireland (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 Netherlands, 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	Note	Division NL	Division UK&I	Invesis	Belgium, Germany and International	Other including eliminations	Total
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)
Impairment	26	(476)	(3,875)	-	(7,624)	(3,000)	(14,975)
Operating result		94,375	45,930	23,477	59,981	(10,351)	213,412
Finance Result		(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**
2021 *(restated)*							
Revenue		2,931,689	2,993,320	-	1,394,153	(3,881)	7,315,281
Adjusted EBITDA[1]		139,850	89,209	13,698	33,119	2,530	278,405
Adjusted items		(3,991)	-	-	(1,066)	(1,398)	(6,455)
EBITDA		135,859	89,209	13,698	32,053	1,132	271,950
Depreciation and amortisation		(73,448)	(22,254)	-	(40,666)	(9,005)	(145,373)
Impairment	26	(14,848)	(18)	-	(30,512)	(3,112)	(48,490)
Operating result		47,563	66,936	13,698	(39,125)	(10,985)	78,087
Finance Result		(2,120)	(2,272)	-	(5,005)	(2,842)	(12,239)
Result before tax		**45,443**	**64,664**	**13,698**	**(44,130)**	**(13,827)**	**65,848**

[1] Adjusted EBITDA is the main segment performance measure. Refer to 9.5 Glossary for defintion and reconciliation. Adjusted EBITDA of Belgium, Germany and International for 2022 includes the gain on sale of Wayss & Freytag Ingenieurbau amounting to €52 million.

Balance sheet disclosures	Division NL	Division UK&I	Invesis	Belgium, Germany and International	Other including eliminations	Total
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**
2021 *(restated)*						
Assets	1,699,033	1,829,953	-	1,069,344	(355,247)	4,243,083
Equity-accounted investees	96,849	23,544	125,814	6,052	599	252,858
Total assets	**1,795,882**	**1,853,497**	**125,814**	**1,075,396**	**(354,648)**	**4,495,941**
Liabilities	1,688,246	1,446,001	-	904,339	(196,048)	3,842,538
Group equity	107,636	407,496	125,814	171,057	(158,600)	653,403
Total equity and liabilities	**1,795,882**	**1,853,497**	**125,814**	**1,075,396**	**(354,648)**	**4,495,941**

Further disclosures about Invesis are included in Note 11.

Other disclosures	Division NL	Division UK&I	Belgium, Germany and International	Other including eliminations	Total
2022					
Additions to property, plant and equipment, right-of-use assets and intangible assets	77,929	33,739	25,684	845	138,197
Share of result of investments accounted for at equity method	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
2021 *(restated)*					
Additions to property, plant and equipment and intangible assets	49,438	32,342	36,920	5,924	124,624
Share of result of investments accounted for at equity method	11,418	604	10,314	-	22,336
Average number of FTE	6,868	5,958	3,875	300	17,001
Number of FTE at year-end	6,675	6,052	2,751	261	15,739

Revenue disaggregation

Revenue is further disaggregated to the underlying businesses' as follows:

	Division NL	Division UK&I
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, eliminations and miscellaneous	(27,555)	(62,903)
	2,917,447	**3,133,705**
2021 *(restated)*		
Construction and property	2,015,276	987,734
Ventures	-	194,177
Civil engineering	950,102	1,234,010
BAM Ireland	-	633,219
Other, eliminations and miscellaneous	(33,689)	(55,820)
	2,931,689	**2,993,320**

Total revenue of Belgium, Germany and International of €569 million (2021: €1,394 million) comprises of revenue from Belgium of €222 million (2021: €616 million), Germany of €327 million (2021: €696 million) and International of €20 million (2021: €82 million).

Revenue is further disaggregated by nature as follows:

	Division NL	Division UK&I	Belgium, Germany and International	Eliminations	Total
2022					
Construction contracts	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**
2021					
Construction contracts	2,296,123	2,906,281	1,311,412	(3,674)	6,510,142
Property development	603,602	2,350	37,848	-	643,800
Service concession arrangements and other	31,964	84,689	44,893	(207)	161,339
	2,931,689	**2,993,320**	**1,394,153**	**(3,881)**	**7,315,281**

6. 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
2022			
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	**(537,562)**	**345,568**	**(191,994)**
2021			
Land and building rights	-	227,377	227,377
Property development	-	185,410	185,410
Amounts due from customers	328,243	5,066	333,309
Project assets	328,243	417,853	746,096
Non-recourse property financing	-	(20,604)	(20,604)
Recourse property financing	-	(26,617)	(26,617)
Amounts due to customers	(783,382)	(75,911)	(859,293)
Provision for onerous contracts	(128,578)	-	(128,578)
Project liabilities	(911,960)	(123,132)	(1,035,092)
As at 31 December	**(583,717)**	**294,721**	**(288,996)**

As at 31 December 2022 advance payments (as included in amounts due to customers) refers to amounts received for which work has not yet started, in connection with construction contracts and property development amount to €105 million (2021: €159 million) and nil (2021: €2 million) respectively.

Other revenue disclosures
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. Within the construction business, regular installments will 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 2022 from performance obligations satisfied in previous periods amounts to €37 million (2021: €54 million). This includes settlements on OpenIJ in division NL and Museum of the Future in BAM International and division UK&I. Within Division NL, an agreement was also reached between Levvel and the Dutch government on the Afsluitdijk project in July 2022. The signed agreement did not significantly change the project result estimates made as of 31 December 2021.

The Group has not used the practical expedient to exclude performance obligations in contracts with an original expected duration of one year or less. These are included in the time buckets mentioned in the next page.

The revenue expected related to unsatisfied performance obligations (running or won projects) are as follows:

(x € million)	**2022**	2021
Up to 1 year	**5,133**	5,911
2 to 5 years	**4,906**	7,332
	10,038	13,243
Over 5 years	**1,332**	1,526
Total	**11,371**	14,769

7. Property, plant and equipment

	Land and buildings	Plant and equipment	Construction in progress	Other assets	Total
As at 1 January 2021					
Cost	171,524	475,577	19,343	154,086	820,530
Accumulated depreciation and impairments	(85,625)	(358,442)	(175)	(123,220)	(567,462)
	85,899	**117,135**	**19,168**	**30,866**	**253,068**
Additions	5,408	33,905	13,581	12,005	64,899
Acquisition through business combination	198	1,817	-	502	2,517
Disposals	(14,762)	(7,712)	(4,829)	(6,918)	(34,221)
Transfer to assets held for sale	(2,845)	(27,150)	(50)	(549)	(30,594)
Reclassifications	332	8,457	(11,876)	717	(2,370)
Impairment charges	-	(3,760)	(1,270)	-	(5,030)
Depreciation charges	(7,314)	(29,318)	(187)	(14,545)	(51,364)
Exchange rate differences	268	857	23	189	1,337
	67,184	94,231	14,560	22,267	198,242
As at 31 December 2021 [1]					
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
Impairment charges	-	-	-	-	-
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**

[1] This schedule does not include the impairments related to the assets transferred to held for sale before their disposal for an amount of €10 million in 2021.

Asset construction in progress mainly comprises plant and equipment. Land and buildings and plant and equipment are not pledged as a security for borrowings.

Transfers to assets held for sale of €46 million in 2022 mainly relate to property, plant and equipment of Wayss & Freytag, see note 34.1

8. Right-of-use assets

	Land and buildings	Equipment and installation	IT equipment	Cars	Other	Total
As at 1 January 2021	**123,917**	**44,916**	**552**	**123,508**	**462**	**293,355**
Additions	16,560	7,412	35	27,040	280	51,327
Disposals	(8,414)	(581)	-	(756)	-	(9,751)
Transfer to assets held for sale	(9,006)	(17,975)	-	(5,227)	-	(32,208)
Depreciation charges	(23,608)	(12,443)	(426)	(48,759)	(396)	(85,632)
Impairment	(1,980)	-	-	-	-	(1,980)
Remeasurements	(3,601)	(3,433)	19	3,550	(40)	(3,505)
Reclassifications	64	(1,662)	-	(2,903)	-	(4,501)
Exchange rate differences	1,965	354	11	600	16	2,946
	(28,020)	(28,328)	(361)	(26,455)	(140)	(83,304)
As at 31 December 2021 [1]	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**

[1] This schedule does not include the impairments related to the assets transferred to held for sale before their disposal for an amount of €16 million in 2021.

Transfers to assets held for sale of €20 million in 2022 mainly relate to right-of-use assets of Wayss & Freytag, see note 34.1.

9. Intangible assets

	Goodwill	Non-integrated software	Other	Total
As at 1 January 2021				
Cost	677,363	40,270	9,750	727,383
Accumulated amortisation and impairments	(358,447)	(25,646)	(8,823)	(392,916)
	318,916	**14,624**	**927**	**334,467**
Additions	3,837	704	4,164	8,705
Disposals	(2,393)	(5)	(164)	(2,562)
Amortisation charges	-	(7,158)	(1,219)	(8,377)
Transfer to assets held for sale	(71)	(343)	-	(414)
Reclassifications	-	7,866	-	7,866
Impairment charges	(18)	(3,257)	-	(3,275)
Exchange rate differences	9,972	-	-	9,972
	330,243	12,431	3,708	346,382
As at 31 December 2021				
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 charges	-	(7,553)	(1,007)	(8,560)
Reclassifications	-	442	-	442
Impairment charges	(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**

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. Due to changes in the organisational and reporting structure as specified in note 5, the Group reassessed its (groups of) cash-generating units to which goodwill is allocated. This reassessment resulted in a re-allocation of goodwill from BAM Construct UK and BAM Nuttall to BAM Ventures and from BAM Infra to BAM Specials. The re-allocation is based on the relative value method of the respective groups of CGUs and represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The revised goodwill CGU structure did not give rise to goodwill impairments.

Goodwill related to BAM Nuttall and BAM Construct UK are assessed as significant balances. The goodwill of Kairos and BAM Contractors Limited have limited headroom. The carrying amounts of goodwill for these CGUs are as follows:

	2022	2021
BAM Nuttall	**64,873**	77,219
BAM Construct UK	**59,731**	64,028
BAM Contractors	**45,800**	48,800
Kairos	**6,571**	6,571
Other CGUs (with non-significant goodwill balance)	**139,487**	133,625
As at 31 December	**316,462**	330,243

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 including the effects of IFRS 16, consistent with the other parameters of the impairment test, as this provided the most reliable manner of determining an appropriate discount rate using available market data.

The WACC used to determine the value in use of each CGU is 8.2% (31 December 2021: 6.8%) subject to country specific adjustments. The WACC, revenue growth rate and profit before tax margin are crucial assumptions in the value-in-use calculations. If and when these underlying 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 and CGUs with limited headroom 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	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
BAM Construct UK	**8.9%**	7.3%	**0.1%**	0.9%	**2.1%**	0.0%	**3.2%**	2.5%	**3.5%**	2.6%
BAM Nuttall	**8.9%**	7.3%	**1.9%**	-2.3%	**2.1%**	0.0%	**3.0%**	2.7%	**3.2%**	3.0%
BAM Contractors	**9.1%**	7.6%	**-1.2%**	-1.9%	**2.1%**	0.0%	**2.2%**	2.4%	**2.0%**	2.6%
Kairos	**9.4%**	7.8%	**-8.4%**	-2.9%	**2.1%**	0.0%	**9.8%**	9.0%	**12.9%**	9.8%

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 before tax margin in the forecast period is the average margin as a percentage of revenue based on past performance and the expected recovery to a normalised margin deemed achievable by management in the respective CGU, if applicable.

The impairment tests in 2022 resulted in an impairment of goodwill of BAM Contractors Ltd. of €3 million and impairment of goodwill of Modern Homes Ireland of €3.5 million. The impairment of goodwill of BAM Contractors Ltd. was recorded as a result of a trigger-based impairment test as of 30 June 2022 and was driven mainly by an increased WACC. At year-end, no further impairments apply and the headroom on the carrying amount remains limited. The impairment of goodwill of Modern Homes Ireland was identified in the annual goodwill impairment test and is mainly driven by lower than expected financial performance.

The recoverable amounts of BAM Construct UK, BAM Nuttall and CGUs other than Kairos and BAM Contractors exceed their carrying amounts with significant headroom.

The below table specifies the results of sensitivity analyses for CGUs with limited headroom. The table specifies what change in the respective assumption is required for the outcome of the test to result in nil headroom.

	Headroom in impairment test	Discount rate	Revenue growth in forecast period	Revenue growth beyond forecast period	Profit margin in forecast period	Profit margin after forecast period
BAM Contractors	12	+0.9%	-3.7%	-1.1%	-0.1%	-0.3%
Kairos	10	+2.1%	-8.5%	-3.5%	-0.6%	-4.4%

10. PPP receivables

PPP receivables amount to €13.9 million as per 31 December 2022 (2021: €15.3 million), of which €13.6 million (2021: €14.7 million) is classified as non-current. Receivables issued during the year amount to €0.8 million whereas repayments during the year amount to €2.2 million. The average duration of the remaining receivables is 25 years (2021: 25 years).

11. Investments in associates and joint ventures

	2022	2021
Joint ventures	**312,893**	236,963
Associates	**14,075**	15,895
As at 31 December	**326,968**	252,858

Certain individually immaterial joint ventures have a carrying amount below nil. Depending on the manner these joint ventures are funded and the Group's contractual commitment any further losses are reflected in an allowance for loans receivable or a provision for joint ventures. As at 31 December 2022, the Group recognised a provision for joint ventures amounting to €11 million (2021: €7 million) and an allowance for non-recoverable loans amounting to €5 million (2021: €7 million) within other financial assets.

11.1 Investment in joint ventures

Set out below are the joint ventures of the Group 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.

Nature of investment in the joint ventures in 2022 and 2021:

	Principal activity	Country of incorporation	% Share 2022	% Share 2021
Invesis Group bv (formerly BAM PPP Concessies bv)	Asset management	Netherlands	**50.00%**	50.00%
AsfaltNu cv	Asphalt production	Netherlands	**50.00%**	50.00%

The amounts recognised in the balance sheet and income statement are as follows:

	AsfaltNu cv		Invesis Group bv	
	2022	2021	**2022**	2021
Current assets	**34,365**	30,440	**58,120**	57,866
Non-current assets	**33,831**	29,941	**380,984**	268,604
Current liabilities	**(29,861)**	(29,549)	**(30,214)**	(29,732)
Non-current liabilities	**(7,149)**	(6,200)	**(36,496)**	(45,110)
Net assets	**31,186**	24,632	**372,394**	251,628
Share in profit rights	**50%**	50%	**50%**	50%
Carrying amount	**15,593**	12,316	**186,197**	125,814
Of which:				
Cash and cash equivalents	**12,220**	16,042	**32,568**	35,929
Current financial liabilities	**28,817**	29,209	**(4,058)**	(7,190)
Non-current financial liabilities	**5,639**	6,200	**(24,394)**	(34,752)
Revenue	**95,446**	111,076	**41,793**	47,272
Profit or loss	**3,954**	(9,652)	**46,954**	27,396
Other comprehensive income	**-**	-	**66,408**	2,880
Total comprehensive income	**3,954**	(9,652)	**113,362**	30,276
Share in profit rights	**50%**	50%	**50%**	50%
Share in profit or loss	**1,977**	(4,826)	**23,477**	13,698

Dividends received from Invesis Group bv in 2022 amount to €7 million (2021: €6 million).

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 (2021: €2 million) and is included in other financial assets.

As a result of the aforementioned sale of shares to PGGM in 2020, cash-flow hedge accounting was discontinued for Invesis' interest rate swaps. On 1 April 2022, the Group decided to re-apply hedge accounting for these instruments. Consequently, as from 1 April 2022 the fair value movements are predominantly reported through OCI, significantly reducing future volatility in the income statement. Fair value movements of these instruments resulted in a €34 million gain in other comprehensive income (i.e. the effective portion of the hedge) and a €16 million (gain) in profit or loss. The gain recorded in profit or loss includes the ineffective portion of the hedges (approximately €4 million) and is part of the Group's share in Invesis' result of €23.5 million. These positive fair value movements contributed significantly to the increase in Invesis' carrying amount to €186 million as at 31 December 2022. 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 not distributable by the Group and therefore included in the legal reserve as explained in note 7.1 of the company financial statements.

11.2 Property development joint ventures

Revenue and net result of property development joint ventures in 2022 amount to €115 million and €21 million respectively (2021: €138 million and €38 million). Property development recognised in the balance sheet amounts to €196 million (2021: €209 million) of which an amount of €88 million (2021: €94 million) is externally financed (all numbers are share of the Group).

Dividend received from property development joint ventures amounts to €16 million in 2022 (2021: €19 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.

11.3 Investment in associates

There are no associates that are individually material to the group.

12. Other financial assets

	Receivables valued on fair value through profit or loss	Receivables valued at amortised cost	Other	Total
As at 1 January 2021	48,004	20,680	1,376	70,060
Additions	-	-	65	65
Loans granted	21,347	270	-	21,617
Loan repayments	(5,950)	(10,054)	-	(16,004)
Disposals	-	(250)	(223)	(473)
Transfer to assets held for sale	-	(2,321)	(5)	(2,326)
Reclassifications	-	4,176	-	4,176
Exchange rate differences	-	992	-	992
As at 31 December 2021	**63,401**	**13,493**	**1,213**	**78,107**
Additions	-	-	(71)	(71)
Loans granted	10,530	-	-	10,530
Loan repayments	(9,873)	(10)	-	(9,883)
Impairment	(375)	-	-	(375)
Reclassifications	-	(61)	-	(61)
Exchange rate differences	(448)	(208)	-	(656)
As at 31 December 2022	**63,235**	**13,214**	**1,142**	**77,591**

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.

13. Inventories

	2022	2021
Land and building rights	219,189	227,377
Property development	238,634	185,410
	457,823	412,787
Raw materials	15,706	11,435
Work in progress and semi-manufactures	4,214	3,432
Finished products	4,282	2,471
	482,025	430,125

Land and building rights are to be presented as current on the balance sheet within 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 the investments in property development is considered to be current by nature.

The impairments relating to the property portfolio are as follows:

	Note	2022	2021
Impairment charges		12,252	11,661
Reversal of impairment charges		(12,804)	(13,549)
	26	(552)	(1,888)

Property development includes the following completed and unsold property:

Unsold and finished property	2022 Number/m²	2022 Carrying amount	2021 Number/m²	2021 Carrying amount
Commercial property - rented	27,950	56,233	30,766	67,157
Commercial property - unrented	2,848	6,598	2,116	2,841
		62,831		69,998

Other inventories (raw materials, work in progress, semi-manufactures and finished products) were not subject to impairments in 2022 or 2021.

14. Trade and other receivables

	Notes	2022	2021
Trade receivables		487,228	450,632
Less: Provision for impairment of receivables		(9,963)	(5,595)
Trade receivables - net		477,265	445,037
Amounts due from customers	6	327,324	333,309
Capitalised contract cost	6	-	-
Retentions		104,942	111,160
Contract assets		432,266	444,469
Amounts to be invoiced work completed		15,723	12,724
Amounts to be invoiced work in progress		76,666	82,232
Contract receivables		92,389	94,956
Amounts due from related parties	36	22,112	51,229
PPP receivables		338	594
Other financial assets		1,524	(2)
Other receivables		76,708	89,390
Prepayments		127,181	113,192
		1,229,783	1,238,865

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 2022 a part of the trade receivables amounting to €19 million (2021: €21 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.

Trade receivables and contract assets reduced by €71 million and €63 million due to the sale of Wayss and Freytag. The reduction is offset by increases in both balances from the remaining operating activities of the Group.

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 previously agreed percentage until completion of the project.

Amounts to be invoiced work completed and in progress represent the gross amounts expected to be collected for contract work performed to date but awaiting confirmation from customer before actual billing.

Amounts due from related parties mainly comprises receivables from joint ventures and associates.

The ageing analysis of these trade receivables is as follows:

	2022		2021	
	Trade receivables	Provision for impairment	Trade receivables	Provision for impairment
Not past due	408,606	(1,500)	368,370	(819)
Up to 3 months	37,677	(2,275)	40,158	(441)
3 to 6 months	10,855	(2,350)	10,183	(417)
6 to 12 months	11,501	(1,749)	10,881	(1,030)
1 to 2 years	6,384	(83)	13,911	(616)
Over 2 years	12,205	(2,006)	7,129	(2,272)
	487,228	(9,963)	450,632	(5,595)

Apart from trade receivables none of the other assets were subject to impairment. Movements in the provision for impairment of trade receivables are as follows:

	2022	2021
As at 1 January	**5,595**	18,628
Additions to provision for impairment	**18,655**	2,895
Disposals	**(9,584)**	(6,000)
Release	**(3,232)**	(4,838)
Receivables written off during the year as uncollectable	**(1,028)**	(3,432)
Reclassifications	**(378)**	(1,739)
Exchange rate differences	**(65)**	81
As at 31 December	**9,963**	**5,595**

Provision for impairment of receivables in 2022 and 2021 is mainly relate 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.

15. 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 €254 million (2021: €395 million). From the remaining cash balance, an amount of €19 million (2021: €20 million) is not at the free disposal of the Group.

16. Share capital and premium

	Number of ordinary shares	Number of treasury shares	Number of ordinary shares in issue	Ordinary shares	Share premium	Total
As at 1 January 2021	279,407,449	6,111,432	273,296,017	27,941	811,370	839,311
Repurchase of ordinary shares	-	-	-	-	-	-
Awarded LTI shares	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
As at 31 December 2021	279,407,449	6,111,432	273,296,017	27,941	811,370	839,311
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**	**27,941**	**811,370**	**839,311**

At year-end 2022, the authorised capital of the Group was 400 million ordinary shares (2021: 400 million) and 600 million preference shares (2021: 600 million), all with a nominal value of €0.10 per share (2021: €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 section Other information.

In 2022, the Group repurchased 5,287,888 own shares for a total amount of €14.3 million (2021: nil).

17. Reserves

	Hedging	Translation	Total
As at 1 January 2021	(355)	(99,310)	(99,665)
Cash flow hedges			
- Fair value movement of forward foreign exchange contracts	260	-	260
- Tax on fair value movement	(6)	-	(6)
Exchange rate differences	-	21,927	21,927
	254	21,927	22,181
As at 31 December 2021	**(101)**	**(77,383)**	**(77,484)**
Cash flow hedges			
- Fair value movement of forward foreign exchange contracts	557	-	557
- Tax on fair value movement	(161)	-	(161)
- Fair value movement of cash flow hedges in joint ventures (net)	34,210	-	34,210
Exchange rate differences	-	(36,255)	(36,255)
	34,606	(36,255)	(1,649)
Reclassification to profit or loss	-	8,471	8,471
As at 31 December 2022	**34,505**	**(105,167)**	**(70,662)**

The hedging reserves and translation reserve are both legal reserves.

Reclassification to profit or loss of exchange rate differences is related to the wind down of BAM International. The related loss is included in exchange rate differences in the consolidated income statement.

18. Borrowings

	As at 1 January 2022	Changes from financing cash flows: Proceeds from borrowings	Repayments of borrowings	Other changes: Effective interest method	Transfers to/ from joint ventures	Disposals/ Held for sale	Exchange rate differences	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

	As at 1 January 2021	Changes from financing cash flows: Proceeds from borrowings	Repayments of borrowings	Other changes: Effective interest method	Transfers to/ from joint ventures	Disposals	Exchange rate differences	As at 31 December 2021
Non-recourse PPP loans	**2,950**	6,300	(304)	-	-	-	-	8,946
Non-recourse property financing	**70,686**	22,672	(71,788)	-	-	(966)	-	20,604
Recourse property financing	**38,013**	3,589	(14,985)	-	-	-	-	26,617
Subordinated convertible bonds	**118,670**	-	(120,100)	1,430	-	-	-	-
Syndicated credit facility	**400,000**	-	(400,000)	-	-	-	-	-
Other non-recourse financing	**3,877**	1,798	(1,404)	-	(475)	-	-	3,796
Other recourse financing	-	619	(955)	-	5,425	-	-	5,089
Bank overdrafts	355	-	(355)	-	-	-	-	-
	634,551	34,978	(609,891)	1,430	4,950	(966)	-	65,052

18.1 Non-recourse PPP loans

The non-recourse PPP loans relate to real estate projects in the Netherlands. Of the non-current part, €5.4 million has a term to maturity of more than five years (2021: €5.6 million). The average term to maturity of the PPP loans is 13 years (2021: 14 years). The average interest rate on PPP loans is 2.1% (2021: 2.1%). Interest margins of these loans depend on market fluctuations during the term of these loans.

18.2 Non-recourse property financing

These loans are contracted to finance land for property development and ongoing property development projects. The average term of non-recourse property financing is approximately 2.8 years (2021: approximately 1.4 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 several property financing loans, the interest is (partially) fixed. The balance of these financing loans is nil (2021:nil).

The carrying amount of the related assets is approximately €126 million at year-end 2022 (2021: approximately €140 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.

18.3 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 approximately 3.0 years (2021: approximately 1.4 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 several property financing loans, the interest is (partially) fixed. The balance of these financing loans is €2 million (2021: €2 million).

Recourse property financing relates directly to the accompanying assets, that constitute a security for lenders. The carrying amount of the accompanying assets amounts to approximately €118 million at year-end 2022 (2021: approximately €95 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.

18.4 Committed syndicated credit facility

On 30 November 2022, the Group entered into a new revolving credit facility agreement ("new RCF") with a syndicate of banks replacing the existing €400 million revolving credit facility. The new RCF provides the Company with a facility of maximum €330 million which can be used for general corporate purposes, including working capital financing. The new facility has a term of four years (until 30 November 2026) plus two one-year extension options. 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 new RCF is subject to financial covenants which remain largely unchanged from the financial covenants in the existing €400 million revolving credit facility. Reference is made to section 18.7 for further details.

The transaction costs of the new RCF (which is undrawn as at 31 December 2022) amount to €2 million and are recorded as non-current assets and amortised over the term of the facility. The new RCF is subject to market conform commitment and utilisation fees and are in line with the old facility.

18.5 Other financing

Other loans relate to financing of property, plant and equipment.

18.6 Bank overdrafts

Besides the non-current committed syndicated credit facility, the Group holds €153 million (2021: €153 million) in bilateral credit facilities. At year-end 2022 as well as 2021 the bilateral credit facilities were not utilised.

18.7 Covenants

Terms and conditions 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 applicable. This ratio relates the interest and repayment obligations to the project cash flow. No early payments were made during the year as a result of not adhering to the financing conditions of project related financing (2021: 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 summarized as follows:

	Calculation	Requirement	2022	2021
Leverage ratio	Net borrowings/EBITDA	≤ 2.50[1]	**(4.8)**	(8.5)
Interest cover ratio	EBITDA/net interest expense	≥ 4.00	**N/A**	19.1
Solvency ratio	Capital base[2]/total assets	≥ 15%	**27.5%**	21.1%
Guarantor covers	EBITDA share of guarantors	≥ 70%[3]	**99.6%**	98.8%
	Assets share of guarantors	≥ 70%	**101.6%**	98.1%

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

3 The EBITDA share of guarantors increased from ≥60% under the previous revolving credit facility to ≥70% under the new RCF.

The Group reported a net recourse interest income instead of an expense for the year ended 31 December 2022, making the recourse interest cover ratio not applicable.

18.8 Other information

The non-recourse PPP loans relate directly to the associated receivables from government bodies. Therefore, 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. Therefore, the carrying amounts of these loans do not differ significantly from their fair values.

The effective interest rates (including hedging instruments) are as follows:

	2022	2021
Committed syndicated credit facility	-	2.2%
Non-recourse PPP loans	**2.1%**	2.1%
Non-recourse property financing	**4.6%**	4.5%
Recourse property financing	**4.4%**	2.8%
Other non-recourse financing	**3.9%**	4.5%
Other recourse financing	**1.3%**	1.8%

The Group contracted swaps to mitigate the exposure of borrowings. The Group's unhedged position is as follows:

	Up to 1 year	1 to 5 years	Over 5 years	Total
Total borrowings	11,968	34,895	5,766	52,629
Fixed interest rates	(3,083)	(6,105)	(379)	(9,567)
As at 31 December 2022	**8,885**	**28,790**	**5,387**	**43,062**
Total borrowings	39,149	16,013	9,890	65,052
Fixed interest rates	(4,023)	(6,363)	(882)	(11,268)
As at 31 December 2021	**35,126**	**9,650**	**9,008**	**53,784**

The carrying amounts of the Group's borrowings are denominated in Euro's.

19. Lease liabilities

The Group leases various land and buildings, equipment and installations, IT equipment, cars and other items from third parties under non-cancellable lease agreements. The lease agreements vary in duration, termination clauses and renewal options. The average incremental borrowing rate applied is 2.5% as per 31 December 2022 (2021: 2.1%).

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2022	2021
As at 1 January	**215,771**	293,973
Additions	**40,504**	49,216
Accretion of interest	**4,158**	5,151
Payments	**(71,595)**	(92,672)
Remeasurements	**7,886**	(4,422)
Acquisition through business combinations	**-**	(10)
Disposals	**(3,900)**	(8,280)
Transfer to liabilities held for sale	**(14,000)**	(26,167)
Reclassifications	**(1,913)**	(4,256)
Exchange rate difference	**(2,234)**	3,238
As at 31 December	**174,677**	215,771
Current	**55,806**	69,329
Non-current	**118,871**	146,442

Transfer to liability held for sale amounting to €14 million in 2022 relate to lease liabilities of Wayss & Freytag, see note 34.1.

The undiscounted future lease payments as included in the lease liabilities, presented in time buckets, are as follows:

	2022	2021
Up to 1 year	**57,915**	70,528
1 to 5 years	**104,262**	130,231
Over 5 years	**19,845**	31,252
	182,022	232,011

In addition to the identified lease liabilities above, an amount of €44 million of lease commitments exist regarding the short-term leases (2021: €43 million). Given the applied practical expedient, these leases have not been included in the lease liabilities and are therefore not stated in the table above.

The Group has several lease contracts that include extension and termination options. Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Within five years	More than five years	Total
2022:			
Potential cash options not included in the leaseterm:			
- Extension options, if the options are exercised	5,318	1,035	6,353
- Termination options, if the options are not exercised	-	-	-
2021:			
Potential cash options not included in the leaseterm:			
- Extension options, if the options are exercised	39,574	9,718	49,292
- Termination options, if the options are not exercised	2,652	-	2,652

The following are the amounts recognised in profit or loss:

	2022	2021
Depreciation expense of right-of-use assets	**68,471**	85,632
Interest expense on lease liabilities	**4,158**	5,581
Impairment/(reversal) of right of use assets	**(490)**	1,980
Rent expenses – short term leases	**57,548**	55,089
Rent expenses – leases of low-value assets	**135**	267
Rent expenses – variable lease payments	**8,045**	14,291
Total	**137,867**	162,840

Amounts recognised in the consolidated statement of cash flows:

	2022	2021
Payments	**(71,595)**	(92,672)
Interest	**4,158**	5,151
Repayments of principal portion of lease liabilities	**67.437**	(87,521)

20. Derivative financial instruments

	2022			2021		
	Assets	**Liabilities**	**Fair value**	Assets	Liabilities	Fair value
Forward exchange contracts	**522**	**39**	**483**	463	695	(232)
Of which current:	**522**	**39**	**483**	463	695	(232)

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2022 were €95 million (2021: €63 million). The fair value amounts to €0.5 million positive (2021: €0.2 million negative).

The terms to maturity of these contracts are up to a maximum of one year for the amount of €95 million (2021: €62 million), between one and two years for the amount of nil (2021: €1 million) and between two to four years of nil (2021: nil).

The notional principal amounts and the average forward rates of the foreign exchange contracts outstanding are:

	2022		2021	
	Notional amount	**Average rates**	Notional Amount	Average rates
EURGBP	**46,687**	**0.8857**	9,707	0.8994
EURUSD	**-**	**-**	65	1.2368
EURAED	**-**	**-**	35,178	4.1503
EURAUD	**4,177**	**1.5562**	-	-
EURNOK	**798**	**10.3373**	4,301	10.1497
EURCAD	**3,465**	**1.4431**	6,875	1.4566
EURDKK	**40,369**	**7.4314**	-	-
EURSEK	**-**	**-**	7,060	10.3396
	95,496		63,186	

21. Employee benefits

	2022	2021
Defined benefit asset	**72,513**	98,384
Defined benefit liability	**32,546**	61,572
Other employee benefits obligations	**13,022**	24,768
	45,568	86,340

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. A further description of the post-employment benefit plans per country is as follows:

The 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 by external parties and relates to defined contribution schemes.

At year-end 2022, the (twelve-month average) coverage rate of the industry pension fund for construction is 132% (2021: 119%). The industry pension fund for metal & technology has a (twelve-month average) coverage rate of 108% at year-end 2022 (2021: 101%). The (twelve-month average) coverage rate of the industry pension fund for railways is 133% (2021: 117%).

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 and index-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 March 2016 and led to supplementary contributions in 2022 to the amount of approximately €6 million (2021: approximately €7 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 €91m

In addition, several defined benefit schemes are accounted for as defined contribution schemes due to the fact that external parties administering them are not able to provide the required information. These schemes have limited numbers 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 any material contributions in 2022 nor 2021.

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 are classified and accounted for as defined benefit plans under IAS 19 'Employee Benefits'.

Germany

In Germany, the Group operates one defined benefit pension scheme financed by the employer. The Group closed two schemes to new participants and since 2006, the Group operates a defined contribution scheme, into which employees have the opportunity to contribute on an individual basis. In 2021, the Group divested BAM Deutschland, which resulted in a reduction of the net defined benefit obligation of €21 million and in 2022, the Group divested Wayss & Freytag, which resulted in a further reduction of the net defined benefit obligation of €18 million. The latter movement is reported as transfer to held for sale, see note 34.1.

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 €3 million (2021: €2 million).

Movements in the defined benefit pension plans over the year are as follows:

	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)
Changes and plan amendments	-	-	-	-	-	-
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**
Present value of obligation	265,334	552,531	7,385	14,936	61,939	902,125
Fair value of plan assets	242,192	623,355	7,313	5,665	63,567	942,092
As at 31 December 2022	**23,142**	**(70,824)**	**72**	**9,271**	**(1,628)**	**(39,967)**
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**

	Netherlands	United Kingdom	Belgium	Germany	Ireland	Total
As at 31 December 2021						
Defined benefit liability	21,698	972	407	30,014	8,481	61,572
Defined benefit asset	-	98,384	-	-	-	98,384
	21,698	**(97,412)**	**407**	**30,014**	**8,481**	**(36,812)**
Present value of obligation						
As at 1 January 2021	409,768	1,066,775	28,946	71,232	105,294	1,682,015
Service cost	-	(214)	1,402	12	1,787	2,987
Interest expense	1,527	16,314	170	630	1,300	19,941
Remeasurements	(10,784)	(26,355)	(308)	(185)	787	(36,845)
Plan participants contributions	-	-	548	-	319	867
Benefit payments	(13,658)	(39,038)	(1,573)	(3,838)	(10,870)	(68,977)
Changes and plan amendments	-	-	-	-	-	-
Settlements	(29,588)	-	-	-	-	(29,588)
Disposals	-	-	-	(30,810)	-	(30,810)
Transfer to held for sale	-	-	(19,894)	-	-	(19,894)
Exchange rate differences	-	79,614	-	-	-	79,614
As at 31 December 2021	**357,265**	**1,097,096**	**9,291**	**37,041**	**98,617**	**1,599,310**
Fair value of plan assets						
As at 1 January 2021	392,623	1,121,882	25,651	17,243	94,022	1,651,421
Interest income	1,463	17,397	158	151	1,183	20,352
Remeasurements	(18,860)	4,336	984	21	1,018	(12,501)
Employer contributions	3,805	6,658	1,754	3,268	4,464	19,949
Plan participants contributions	-	-	548	-	319	867
Benefit payments	(13,658)	(39,038)	(1,573)	(3,838)	(10,870)	(68,977)
Administration cost	(218)	(1,562)	(107)	-	-	(1,887)
Settlements	(29,588)	-	-	-	-	(29,588)
Disposals	-	-	-	(9,818)	-	(9,818)
Transfer to held for sale	-	-	(18,531)	-	-	(18,531)
Exchange rate differences	-	84,835	-	-	-	84,835
As at 31 December 2021	**335,567**	**1,194,508**	**8,884**	**7,027**	**90,136**	**1,636,122**
Present value of obligation	357,265	1,097,096	9,291	37,041	98,617	1,599,310
Fair value of plan assets	335,567	1,194,508	8,884	7,027	90,136	1,636,122
As at 31 December 2021	**21,698**	**(97,412)**	**407**	**30,014**	**8,481**	**(36,812)**
Amounts recognised in the income statement						
Service cost	-	(214)	1,402	12	1,787	2,987
Net interest expense	64	(1,083)	12	479	117	(411)
Changes and plan amendments and settlements	-	-	-	-	-	-
Administration cost	218	1,562	107	-	-	1,887
	282	**265**	**1,521**	**491**	**1,904**	**4,463**
Amounts recognised in other comprehensive income						
Remeasurements:						
- Return on plan assets, excluding interest income	18,860	(4,336)	(984)	(21)	(1,018)	12,501
- (Gain)/loss from change in demographic assumptions	(15)	(11,639)	(46)	-	-	(11,700)
- (Gain)/loss from change in financial assumptions	(10,743)	(2,627)	(1,000)	802	654	(12,914)
- Experience (gains)/losses	(26)	(12,089)	738	(987)	133	(12,231)
	8,076	(30,691)	(1,292)	(206)	(231)	(24,344)
Income tax	(2,020)	(1,696)	383	211	-	(3,122)
Remeasurement net of tax	**6,056**	**(32,387)**	**(909)**	**5**	**(231)**	**(27,466)**

The average duration of the defined benefit obligations per country were as follows:

	Netherlands	United Kingdom	Belgium	Germany	Ireland
2022					
Average duration (in years) - 2022	**12**	**14**	**14**	**7**	**18**
Average duration (in years) - 2021	15	19	16	11	22

The significant actuarial assumptions per country were as follows:

	Netherlands	United Kingdom	Belgium	Germany	Ireland
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%**
2021					
Discount rate	0.9%	1.8%	1.0%	1.1%	1.6%
Salary growth rate			1.9%	1.5%	-
Pension growth rate	0 - 1.9%	2.2 - 3.4%	-	1.5%	0 - 2.1%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each country. The impact to the defined benefit obligation to changes in weighted principal assumptions is as follows:

	2022		2021	
	Increase by 0,5%	**Decrease by 0,5%**	Increase by 0,5%	Decrease by 0,5%
Discount rate	**(€56 million)**	**€61 million**	(€136 million)	€155 million
Indexation	**€29 million**	**(€ 28million)**	€59 million	(€54 million)
Salary increase	**€0 million**	**(€0 million)**	€1 million	(€1 million)

If the life expectancy increases or decreases by 1 year, the pension liability will increase or decrease by approximately €33 million (2021: increase by €72 million and decrease by approximately €69 million).

The above 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.

Plan assets are comprised as follows:

	Netherlands	United Kingdom	Belgium	Germany	Ireland	Total
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**
2021						
Equity instruments	-	132,535	-	-	26,745	159,280
Debt instruments	-	898,040	-	-	52,175	950,215
Property	-	19,187	-	-	3,662	22,849
Qualifying insurance policies	335,567	103,482	8,884	7,027	398	455,358
Cash and cash equivalents	-	41,264	-	-	7,156	48,420
	335,567	1,194,508	8,884	7,027	90,136	**1,636,122**

Plan assets do not include the Company's ordinary shares. The Group applies IAS 19.115 for the valuation of the plan assets in connection with the insured contracts. Assets with a value of €324 million are unquoted (2021: €587 million).

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 2023 are expected to increase from 2022 by €13 million to €35 million, mainly due to higher contributions in the Netherlands.

22. Provisions

	Warranty	Restructuring	Claims / legal obligations	Associates and joint ventures	Onerous contracts	Other	Total
As at 1 January 2021	36,175	40,154	29,874	39,440	158,844	22,450	326,937
Charged/(credited) to the income statement:							
- Additional provisions	13,200	9,869	3,552	3,651	61,730	19,514	111,516
- Release	(2,736)	(3,414)	(1,046)	-	(18,484)	(6,328)	(32,008)
Used during the year	(8,558)	(24,121)	(4,142)	(2,663)	(56,228)	(5,439)	(101,151)
Reclassifications	119	(6,100)	-	-	461	1,685	(3,835)
Exchange rate differences	-	5	-	-	1,011	27	1,043
Disposals	(5,415)	-	(23,763)	(33,304)	(4,934)	(10.571)	(77,987)
Transfer to liabilities held for sale	-	(181)	-	-	(13,822)	(528)	(14,531)
As at 31 December 2021	**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	141,892
- 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)	(67,395)
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**

Provisions are classified in the balance sheet as follows:

	2022	2021
Non-current	**94,420**	116,967
Current	**145,708**	93,016
	240,128	209,983

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 52% of the provision is current in nature (2021: 50%).

Claims and legal obligations mainly relate to legal cases of closed projects. These are related to active and at-risk cases. The uncertainties related to this provision are linked to the duration and the extent of the amount to be incurred. The provision is non current in nature in both years.

The provision for associates and joint ventures arise from the legal or constructive obligation in connection with structured entities for property development projects (associates and joint ventures). An amount of €11 million (2021: €7 million) is attributable to joint ventures and nil (2021: nil) to associates. The provision is non current in nature.

A provision for onerous contracts is related to projects for which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits. The provisions are based on judgments and uncertainties as described in note 2.1.2 and note 4. 62% of the provision is current in nature (2021: 37%).

As part of the sale of BAM Deutschland AG in 2021 the Group, by way of a financial guarantee, guaranteed to the buyer that the outstanding receivable older than one year as at 31 December 2020 are at least collectible for 90 per cent. The amount of outstanding receivables as of 31 December 2022 is €36 million. The Group recognised a provision of €10 million (2021: €3 million). The Group also provided a guarantee for certain projects where the Group and the buyer agreed to share the profits and losses of those project up to a certain cap. When the expected loss exceeds the cap, which was the case during 2022, the Group bears all risks. The Group recognised €10 million in

2021 and €14 million in 2022. During 2022, payments were made in amount of €19 million. The remaining provision (€5 million) is current in nature.

The non-current part of provisions has been discounted at an interest rate in the range of approximately 0% to 3% (2021: 0% to 3%).

23. Deferred tax assets and liabilities

	2022	2021
Deferred tax assets	**57,428**	86,760
Deferred tax liabilities	**(18,511)**	(24,384)
Deferred tax assets (net)	**38,917**	62,376

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:

	Deferred tax assets		**Deferred tax liabilities**		**Net deferred tax**	
	2022	2021	**2022**	2021	**2022**	2021
Intangible and financial assets	**3,751**	4,612	**-**	-	**3,751**	4,612
Tangible assets	**5,054**	7,556	**33,715**	36,177	**(28,661)**	(28,621)
Work in progress	**-**	-	**-**	11,796	**-**	(11,796)
Trade and other receivables	**19**	19	**-**	-	**19**	19
Loans and borrowings	**32,989**	34,483	**852**	26	**32,137**	34,457
Derivatives	**-**	216	**135**	119	**(135)**	97
Employee benefits provision	**34**	9,391	**17,986**	24,353	**(17,952)**	(14,962)
Other provisions	**3,096**	12,703	**(122)**	(178)	**3,218**	12,881
Current liabilities	**-**	55	**1,834**	2,032	**(1,834)**	(1,977)
Tax loss and tax credits	**48,374**	67,666	**-**	-	**48,374**	67,666
	93,317	136,701	**54,400**	74,325	**38,917**	62,376
Netting	**(35,889)**	(49,941)	**(35,889)**	(49,941)	**-**	-
Total reported	**57,428**	**86,760**	**18,511**	**24,384**	**38,917**	**62,376**

	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	(11,796)	1,919	-	-	9,877	-	-	-
Trade and other receivables	19	-	-	-	-	-	-	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	-	-	(7,772)	(111)	(1)	3,218
Current liabilities	(1,976)	80	-	-	-	-	62	(1,834)
Tax loss and tax credits	67,666	(15,938)	26	-	(6,968)	-	581	48,374
Total	**62,376**	**(26,553)**	**5,482**	**2,694**	**(7,155)**	**782**	**1,291**	**38,917**

	As at 1 January 2021	(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 2021
Intangible and financial assets	-	1,044	-	143	(538)	-	3,963	4,612
Tangible assets	(924)	(24,448)	-	247	2,260	54	(5,810)	(28,621)
Work-in-progress	(18,116)	(4,112)	-	-	10,432	-	-	(11,796)
Trade and other receivables	-	5,012	-	-	(5,012)	-	19	19
Loans and borrowings	524	28,041	-	426	(2,586)	-	8,052	34,457
Derivatives	112	(3)	(18)	-	-	-	6	97
Employee benefits provision	3,939	(2,158)	(4,672)	(5,282)	(5,637)	(1,151)	-	(14,962)
Other provisions	23,728	681	-	562	(51)	110	(12,150)	12,881
Current liabilities	(143)	166	-	2	687	114	(2,803)	(1,976)
Tax loss and tax credits	83,439	(22,012)	5	1,648	(5,069)	-	9,655	67,666
Total	**92,560**	**(17,789)**	**(4,685)**	**(2,254)**	**(5,514)**	**(874)**	**933**	**62,376**

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 recognize 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 2021, except for the forecasted future taxable profits.

The reversal scheme of temporary differences is re-assessed on a regular basis. In 2022, this has resulted in the derecognition of deferred tax assets previously recognized for land and buildings and for pension provisions. A reassessment of the Group's forecasted taxable profits for the years 2023 - 2027 resulted in the recognition of additional deferred tax assets relating to available tax losses. On balance this has resulted in an increase in deferred tax assets of € 11.3 million, mainly relating to the Netherlands. At the same time, the Group derecognised deferred tax assets for available tax losses in other countries. This resulted in a decrease of deferred tax assets by €14.6 million. The remaining carrying amount of the deferred tax asset is €57.4 million as at 31 December 2022.

The gross movements through other comprehensive income have a deferred tax impact of €5.5 million, mainly relating to pensions.

Netherlands

Tax losses available to the fiscal unity in the Netherlands at 31 December 2022 amount to approximately €493 million (2021: €551 million). These available tax losses relate to the years 2013 - 2017 and result to a large extent from identifiable causes, including significant impairments on properties and significant restructuring costs which are both unlikely to recur. Available tax losses can be carried forward to be offset against future profits indefinitely and can be utilised up to 50% for a taxable profit exceeding €1 million.

Based on estimates and timing of future taxable profits within the fiscal unity in the Netherlands for the upcoming five years, approximately €175 million of these losses are recognised (2021: €156 million). Management estimates of forecasted taxable profits in the Netherlands are based on financial budgets approved by management, extrapolated using growth rates for revenue and profit before tax margins that take into account external market data and benchmark information and taking into account past performance. 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 recognition criteria for deferred tax assets. No specific tax planning opportunities have been taken into account.

Germany

Although the group has sold its German activities, a number of German legal entities remain present in the Group's legal structure. These entities have tax losses available for future settlement of in total approximately €500 million (corporate tax and trade tax combined), for which no deferred tax asset has been recognized. The legal term within which these losses may be offset against future profits is indefinite.

VAT Settlements
During 2022, the Group received VAT settlements in the Netherlands and Germany. The Group received €4 million VAT settlement with regard to the private use of company cars in the Netherlands and €6 million VAT refund and €3 million of related legal interest in Germany. Proceeds from the settlements are recorded in other operating expenses, the related interest is recognized in finance income.

24. Trade and other payables

	Notes	2022	2021
Trade payables		499,733	624,980
Amounts due to customers (contract liabilities)	6	768,967	859,293
Amounts due to related parties	36	30,424	76,627
Social security and other taxes		146,806	283,487
Pension premiums		7,201	8,185
Amounts due for work completed		148,665	222,179
Amounts due for work in progress		564,650	572,891
Other financial liabilities		(10)	737
Other liabilities		64,158	84,323
Accrued expenses and deferred income		237,923	249,643
		2,468,517	2,982,345

In 2020, temporary deferral of tax payments (value added tax and wage tax) was granted by certain tax authorities in response to COVID-19. The total deferral of tax payments amounted to approximately €120 million as per 31 December 2021. The amount was repaid in full in 2022.

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.

Amounts due to customers reduced by €87 million due to the sale of Wayss and Freytag.

25. Employee benefit expenses

	Note	2022	2021
Wages and salaries		969,146	1,135,778
Social security costs		134,936	161,146
Pension costs - defined contribution plans		85,274	86,517
Pension costs - defined benefit plans	21	2,733	4,463
Other post-employment benefits		1,129	2,571
		1,193,218	1,390,475

Employee benefit expenses include restructuring costs and other termination benefits of €4 million (2021: €6 million).

At year-end 2022, the Group had 13,439 employees in FTE (2021: 15,739). The average number of employees in FTE amounted to 14,608 (2021: 17,001), of which 7,571 in other countries than the Netherlands (2021: 9,781).

26. Impairment charges

	Notes	2022	2021
Intangible assets	9	6,500	3,275
Property, plant and equipment		-	5,030
ROU assets (reversal)		(490)	1,980
Assets held for sale and disposals		7,640	25,976
Other financial assets		375	-
Inventories		(552)	(1,888)
Impairment charges		13,473	34,373
Share of impairment charges in investments	11	1,502	14,117
		14,975	48,490

27. 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:

	2022			2021		
€ thousands	EY Netherlands	EY foreign member firms	Total	EY Netherlands	EY foreign member firms	Total
Audit fees	3,950	2,158	6,108	3,938	2,220	6,158
Audit-related fees	88	24	112	93	33	126
Tax fees	-	-	-	-	-	-
Other non-audit fees	-	-	-	-	-	-
			6,220			6,284

28. Finance income and expense

	2022	2021
Finance income	8,848	3,864
Finance expense		
• Interest expense on lease liabilties	4,236	5,581
• Interest expense on other financial liabilities	5,931	15,671
	10,167	21,252
Less: capitalised interest on the Group's own projects	(3,578)	(5,149)
	6,589	16,103
Net finance result	2,259	(12,239)

An overview of the applicable effective interest rates on borrowings is disclosed in note 18.

29. Income tax

	2022	2021
Current tax	11,043	21,045
Deferred tax	26,905	27,799
	37,948	48,844

Income tax on the Group's result before tax differs from the theoretical amount that would arise using the Dutch applicable tax rate applicable to profits of the consolidated companies as follows:

	2022	2021
Result before tax	215,672	65,847
Tax calculated at Dutch tax rate (2022: 25.8%; 2021: 25%)	55,643	16,462
Tax effects of:		
• Tax rates in other countries	(6,850)	(937)
• Non deductible goodwill impairment	1,212	-
• Non deductible expenses	2,369	3,780
• Remeasurement of deferred tax – changes in enacted tax rates	349	10,010
• Return to provision adjustments	(2,432)	(3,613)
• Previously unrecognised tax losses	(11,347)	(17,297)
• Tax losses no(t) (longer) recognised	14,589	36,570
• Results of investments and other participations, net of tax	(14,071)	1,597
• Change in uncertain tax provisions	(1,457)	1,298
• Other including expenses not deductible for tax purposes	(57)	974
Tax charge/(gain)	37,948	48,844
Effective tax rate	17.6%	74.2%

The weighted average tax rate applicable was 22.6% (2021: 23.6%). 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:

- The results from divestments Wayss & Freytag Ingenieurbau AG, BAM Galère BV and BAM Contractors BV is (almost entirely) tax exempted, resulting in a decrease of the effective tax rate.
- Reassessment of the utilisation potential for available tax losses have resulted in recognition of previously unrecognised tax losses, mainly in the Netherlands and derecognition of tax losses in other countries. This decreased the effective tax rate.
- Several expenses, including goodwill impairment expenses, are not deductible for tax purposes, increasing the effective tax rate.
- In 2021 a tax rate change in the UK was enacted, which enters into effect as per 1 April 2023. The main impact of this rate change has been accounted for in 2021. In 2022 this has an marginal impact, increasing the effective tax rate.
- Due to the settlement of several tax audits and disputes, part of the provision for uncertain tax positions has been released. As a result the effective tax rate is decreased.
- While filing tax returns the difference between the initial accrual and the actual amount due has decreased the effective tax rate

In December 2022, the Council of the EU 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. BAM is currently assessing the impact of the new rules. The future effective tax rate may be impacted by this development.

30. Earnings per share

	2022	2021
Weighted average number of ordinary shares in issue (x 1,000)	**271,783**	273,296
Net result attributable to shareholders	**179,644**	18,125
Basic earnings per share (in €)	**0.66**	0.07

Allowing for dilution, the earnings per share are as follows:

	2022	2021
Diluted weighted average number of ordinary shares in issue (x 1,000)	**275,555**	284,461
Net result attributable to shareholders (diluted)	**179,644**	20,610
Diluted earnings per share (in €)	**0.65**	0.07

The Group has repaid its unsecured subordinated convertible bond on 11 June 2021. In the calculation of the diluted weighted average number of ordinary shares only the portion of these potential shares are included for the period during which they were outstanding. In 2021 the potential ordinary shares are antidilutive because their conversion to ordinary shares would improve the result per share. Therefore, no conversion is assumed and the diluted earnings per share are equal to the basic earnings per share.

31. Dividends per share and proposed appropriation of result

The net result attributable to shareholders of the Company for 2022 amounting to €180 million has been attributed to shareholders' equity. The Company proposes to declare a dividend over 2022 of €0.15 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.

32. Contingencies

32.1 Legal proceedings

In the normal course of business the Group is involved in legal proceedings predominantly concerning litigation in connection with (completed) construction contracts. The legal proceedings, whether pending, threatened or unasserted, if decided adversely or settled, may have a material impact on the Group's financial position, operational result or cash flows. The Group may enter into discussions regarding settlement of these and other proceedings and may enter into settlement agreements, if it believes settlement is in the best interests of the Company's shareholders. In accordance with current accounting policies, the Group has recognised provisions with respect to these proceedings, where appropriate, which are reflected on its balance sheet.

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.

32.2 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.

It is not expected that any material risks will arise from these securities. These securities are limited in amount and can only be called upon in case of (proven) default.

The parent company guarantees issued amount to €140 million (2021: €169 million). Guarantees issued by banks and surety companies amount to €1.0 billion (2021: €1.5 billion). Guarantee facilities amount to €2.0 billion (2021: €2.9 billion).

32.3 Investigation

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.

33. Commitments

33.1 Purchase 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:

	2022	2021
Property, plant and equipment	8,121	5,790
Land	129,588	155,863
	137,709	161,653

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.

33.2 Lease commitments

The Group has various lease contracts that have not yet commenced as at 31 December 2022. The future undiscounted lease payments for these non-cancellable lease contracts are €4.4 million within one year, €32.4 million within five years and €3.9 million thereafter (2021: €3.9 million within one year, €15.8 million within five years and €1.3 million thereafter).

The Group has variable lease payments amounting to €18.2 million which are not recognised in lease liabilities, but are recognised as expense in profit and loss (2021: €31.8 million). The expected future costs related to these variable lease payments are €6.1 million within one year, €11.7 million within five years and €0.5 million thereafter (2021: €11.4 million within one year, €19.7 million within five years and €0.7 million thereafter). Variable leases mainly relate to fuel costs which is based on usage. The variability of these costs depend on the number of vehicles driven, their actual usage and any changes in rates.

34. Gain on sale of subsidiaries

Gain on sale of subsidiaries can be further specified as follows:

	2022	2021
Gain on sale of Wayss & Freytag Ingenieurbau	52,337	-
Gain on sale of other subsidiaries	-	-
	52,337	-

During 2021 the Group sold its shares in BAM Deutschland AG and its direct holder, to Zech Group SE and Gustav Zech Foundation. The sale was completed on 15 October 2021. The shares were sold for an amount of €1, with related costs to sell of €3 million. Before completion of the transaction an impairment loss of €5 million was recognised to lower the carrying amount to its fair value less costs to sell. The net cash outflow for the sale of BAM Deutschland was €86 million and is included in the Proceeds from sale of Subsidiaries in the statement of cash flows.

34.1 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. Accordingly, all its assets and liabilities of Wayss & Freytag Ingenieurbau were classified as held for sale as at 30 June 2022.

On 15 September 2022, the Group completed the divestment of its stake in Wayss & Freytag Ingenieurbau including other non-core related assets. Due to the loss of control of Wayss & Freytag Ingenieurbau AG, all the assets and liabilities of the former subsidiary were fully derecognised as of 15 September 2022. Wayss & Freytag Ingenieurbau AG was included in the operating segment Germany.

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.

As per transaction date 15 September 2022 the following major categories of assets and liabilities that are derecognised following the loss of control are summarised below:

(in € million)	15 September 2022
Non current assets	66
Current receivables	154
Cash and cash equivalents	185
Total assets derecognised	405
Non current liabilities	50
Current liabilities	255
Total liabilities derecognised	305

The Group has indemnified the purchaser and provided various guarantees in the normal course of selling a business. As at 31 December 2022, the Group has not recognised any liability for these indemnifications as no outflow of resources are probable.

34.2 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. BAM Galère srl was included in the operating segment Belgium.

The shares and part of BAM Mat bv assets 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. Refer to note 26.

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.

As per transaction date 3 February 2022 the following major categories of assets and liabilities were derecognised:

(in € million)	3 February 2022
Non current assets	20
Current receivables	82
Cash and cash equivalents	39
Total assets derecognised	141
Borrowings	14
Provisions	8
Current liabilities	87
Total liabilities derecognised	109

The Group has indemnified the purchasers of BAM Galère srl for various risks that are in the normal course of selling a business. As at 31 December 2022, the Group has not recognised any liability for these indemnifications as no outflow of resources are probable. The maximum exposure for the Group amounts to €10 million for certain indemnifications and the total exposure is capped to the purchase price.

34.3 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. BAM Contractors nv was included in the operating segment Belgium.

Due to the classification held for sale, a total impairment of €18 million was recognised for BAM Contractors nv to lower its carrying amount to its fair value less costs to sell. Of this impairment, €16 million was already reported as per 31 December 2021. The impairment loss forms part of the impairment charges. Refer to note 26.

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.

As per transaction date 5 May 2022 the following major categories of assets and liabilities that are derecognised following the loss of control are summarised below:

(in € million)	**5 May 2022**
Non current assets	11
Current assets	68
Cash and cash equivalents	64
Total assets derecognised	143
Borrowings	12
Provisions	9
Current liabilities	95
Total liabilities derecognised	116

The Group has indemnified the purchaser for various risks that are in the normal course of selling a business. As at 31 December 2022, the Group has not recognised any liability for these indemnifications as no outflow of resources are probable. The maximum exposure for the Group amounts to €15 million for certain indemnifications and the total exposure is capped to the purchase price.

35. Assets and liabilities classified as held for sale

	2022	2021
Assets classified as held for sale	7,689	252,674
Liabilities classified as held for sale	-	(247,115)
	7,689	5,559

Assets and liabilities classified as held-for-sale as of 31 December 2021 included the assets and liabilities of BAM Galère srl and BAM Contractors bv. These were disposed during the year. During 2022, the assets and liabilities of Wayss & Freytag Ingenieurbau were transferred to held for sale as disclosed in note 34.1. The transaction was completed on 15 September 2022 and the respective assets and liabilties were derecognised accordingly.

36. 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.

36.1 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.

The Group carried out transactions with associates and joint arrangements related to the sale of goods and services for €162 million (2021: €319 million) and related to the purchase of goods and services for €80 million (2021: €59 million).

The 2022 year-end balance of short term receivables amounts to €22 million (2021: €51 million) and the short term liabilities amounts to €30 million (2021: €77 million).

36.2 Loans to related parties

At year-end 2022, the Group granted loans to related parties (mainly relating to associates and joint ventures) for the amount of €76 million (2021: €76 million). These transactions were made on normal commercial terms and conditions, except that for a number of loans there are no fixed terms for the repayment of loans between the parties. Interests for these loans are at arm's length. Loans to related parties are included in 'Other financial assets' in the statement of financial position.

36.3 Key management compensation

Key management includes members of the Executive Board and the Supervisory Board.

Executive Board

The compensation paid or payable to the Executive Board for services is shown below:

(in € thousand)	2022					
	Fixed remuneration	Short-term incentive	Long-term incentive	Other benefits	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**

	2021					
	Fixed remuneration	Short-term incentive	Long-term incentive	Other benefits[1]	Post-employment benefits	Total
R.J.M. Joosten	725	517	272	18	159	1,691
L.F. den Houter	518	369	266	20	114	1,287
	1,243	886	538	38	273	2,978

[1] The amount shown under Other benefits consists of the car allowance (as of September 2021) and the actual cost of the company car (until September 2021).

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%). At the beginning of each financial year, the Supervisory Board determines the financial and non-financial STI objectives, their relative weighting and the performance incentive zones (i.e. threshold, at target and excellent performance levels). Payout gradually increases with performance, starting with a payout of 27.5% of the fixed annual remuneration at threshold performance, 55% at target performance and potentially going up to 82.5% when performance is excellent. Below threshold there will be zero payout.
The Supervisory Board determined the payout for 2022 at 68% (2021: 69%).

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 disclosed in note 37.

No loans or advances have been granted to the members of the Executive Board. Per 31 December 2022, Mr Joosten held 100,000 privately acquired BAM shares and Mr Den Houter held 25,000 privately acquired BAM shares.

Supervisory Board

The compensation paid or payable to the Supervisory Board for services is shown below:

(in € thousand)	**2022**	2021
H.Th.E.M. Rottinghuis, Chairman	**103**	102
G. Boon, Vice-Chairman	**70**	67
B. Elfring	**68**	62
D. Koopmans	**68**	65
M.P. Sheffield	**65**	59
N.M. Skorupska	**65**	42
H. Valentin (former member)	**-**	16
	439	413

The actual and necessarily incurred costs in the performance of the duties for the Group are reimbursed.

No share options have been awarded to the members of the Supervisory Board. Per 31 December 2022, Mr Boon held 100,000 privately acquired BAM shares, Mrs Koopmans held 15,000 privately acquired BAM shares and Mr Rottinghuis held 100,000 privately acquired BAM shares. The other active members of the Supervisory Board do not hold any shares in the Company nor have loans or advances been granted as per 31 December 2022.

37. Share-based payments

The Company operates a Performance Share Plan for members of the Executive Board and 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 financial years. The number of awarded performance shares is calculated by dividing the award value (expressed as a percentage of fixed remuneration) by the average closing price of the BAM share on Euronext Amsterdam on the five days after the General Meeting in the year of award.

Performance is based on two financial objectives, being relative total shareholder return (TSR) and adjusted EBITDA as of the Performance Share Plan 2021-2023 (up to and including the plan 2020 - 2022 this was ROCE) and one non-financial objective, being sustainability. TSR is defined as the share price increase, including dividends and measured over a three year period based on the three month average share price before the start and the end of the three year performance period. The relative position within the peer group determines the vesting percentage. The TSR peer group comprises of Balfour Beatty, Boskalis, Eiffage, Heijmans, Hochtief, NCC, PORR, Skanska, Strabag, Vinci (and BAM). As of the plan 2021-2023, Boskalis has been replaced by Kier Group.

At the beginning of each performance period, based upon a proposal from the Remuneration Committee, the Supervisory Board determines the performance incentive zones (i.e. threshold, at target and excellent performance levels) for adjusted EBITDA, ROCE, TSR and sustainability.

After the three year performance period, the Supervisory Board will assess the extent to which the performance objectives have been achieved. This results in a vesting percentage for each of the three performance objectives, each determining one third of the vesting of the conditionally awarded performance shares. 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 0 below that.

The three-year performance period will be followed by a two-year lock-up period. In addition, there is a minimum share ownership requirement. Executive Board members are not allowed to divest any shareholding until the two-year lock-up period has lapsed and the minimum share ownership requirements are met, with the exception of any sale of shares during the lock-up period required to meet any tax obligations and social security premiums (including any other duties and levies) as a consequence of the vesting.

The table below indicates the percentage of conditional shares that could vest in connection with the pre-determined performance conditions:

TSR		Adjusted EBITDA		Sustainability	
Ranking	Vesting	Score	Vesting	Score	Vesting
1	150%	Excellent and above	150%	Excellent and above	150%
2	125%	Target	100%	Target	100%
3	100%	Threshold	50%	Threshold	50%
4	75%	Below threshold	0%	Below threshold	0%
5	50%				
6	25%				
7	0%				
8	0%				
9	0%				
10	0%				
11	0%				

In 2021, the Company introduced a Special Incentive Plan. Under this Special Incentive Plan, 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 new strategy as well as on the objectives that have been set for the strategic period 2021-2023. If and in so far these positions were also participant in the regular Performance Share Plan, the Special Incentive Plan 2021-2023 replaced any awards under the Performance Share Plan 2021-2023. Performance relates to the strategic financial objectives based on adjusted EBITDA for the full company and home countries. 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.

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 (financial and non-financial) and recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

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.

The movement of the Performance Share Plan and Special Incentive Plan (in number of shares) during 2022 for the members of the Executive Board and for all other participants is shown below:

	As at 1 January 2022	Awarded	Vested (including dividend)	Forfeited	As at 31 December 2022
R.J.M. Joosten	507,695	254,341	-	-	762,036
L.F. den Houter	571,658	161,465	(34,197)	(34,196)	664,730
Other participants [1]	4,057,605	850,915	(170,348)	(487,953)	4,250,219
	5,136,958	1,266,721	(204,545)	(522,149)	5,676,985

[1] Including former member of the Executive Board. Mr R.P van Wingerden who held 47,886 shares as at 1 January.

The movement of the Performance Share Plan and Special Incentive Plan (in number of shares) during 2022 per Share Based Plan year-layer is shown below:

	As at 1 January 2022	Awarded	Vested (including dividend)	Forfeited	As at 31 December 2022
2019 - 2021	434,886	-	(204,545)	(230,341)	-
2020 - 2022	2,048,597	-	-	(160,444)	1,888,153
2021 - 2023	2,653,475	186,013	-	(131,364)	2,708,124
2022 - 2024	-	1,080,708	-	-	1,080,708
	5,136,958	1,266,721	(204,545)	(522,149)	5,676,985

The fair value per share of the 2022 award, for the participants, in connection with the TSR performance part amounted to €2.01 per share and is determined using a Monte Carlo simulation model. For the other financial and non-financial performance part, the fair value equals the share price at the date of award. The key assumptions used in the valuations of the fair values were as follows:

	2022
Share price at award date (in €)	2.66
Risk-free interest rate (in %)	0.58
Volatility (in %)	45.05

Expected volatility has been determined based on historical volatilities for a period of five years.

In 2022, an amount of €3.7 million was charged (2021: €2.4 million released) to the income statement arising from the share plans.

38. 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 limited to a period of between 1 and 4 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 material to the Group. The Group's share of the revenue of these joint operations amounts to approximately €1 billion in 2022 (2021: approximately €1.2 billion), which represents approximately 15% of the Group's revenue (2021: 16%).

The Group's share of the balance sheets of joint operations is indicated below:

(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**

(in € million)	2021			
	Division NL	Division UK&I	Belgium, Germany and International	Total
Assets				
- Non-current assets	3.1	-	1.0	4.1
- Current assets	105.8	173.0	507.5	786.3
	108.9	173.0	508.5	790.4
Liabilities				
- Non-current liabilities	14.4	-	-	14.4
- Current liabilities	120.2	159.6	508.4	788.2
	134.6	159.6	508.4	802.6
Net balance	(25.7)	13.4	0.1	(12.2)

The group has capital commitments under joint operations amounting to nil (2021: €13 million). Guarantees issued by banks and surety companies amount to €0.2 million (2021: €20 million). Transfers of funds and/or other assets are made in consultation with the partners of the joint operations.

39. Events after the reporting period

No material events after the reporting period have occurred.

Company statement of financial position as at 31 December

(before appropriation of result, x €1,000)

	Notes	31 December 2022	31 December 2021
Non-current assets			
Property, plant and equipment		-	8,095
Right-of-use assets		1,857	2,521
Intangible assets	2	312,464	330,121
Financial assets	3	925,589	1,018,832
Deferred tax assets	4	41,668	64,903
		1,281,578	1,424,472
Current assets			
Receivables	5	53,739	36,676
Cash and cash equivalents	6	327,831	582,264
		381,570	618,940
Total assets		1,663,148	2,043,412
Equity attributable to shareholders of the Company			
Issued and paid capital	7	27,941	27,941
Share premium		811,370	811,370
Legal reserves		62,382	5,922
Retained earnings		(270,747)	(189,030)
Net result		179,644	(2,614)
		810,590	653,589
Provisions			
Subsidiaries	8	-	2,756
Employee benefits	8	23,300	22,522
Other	8	-	2,138
		23,300	27,416
Non-current liabilities			
Borrowings		-	-
Other liabilities	9	-	5,857
Lease liabilities		903	1,714
		903	7,571
Current liabilities			
Lease liabilities		985	843
Other liabilities	9	827,370	1,353,993
		828,355	1,354,836
Total equity and liabilities		1,663,148	2,043,412

Company income statement

(x €1,000)

	Notes	2022	2021
Internal charges	10	49,633	145,834
Other income		-	-
External charges		(2,179)	(11,100)
Employee benefit expenses	11	(20,265)	(41,801)
Depreciation and amortisation charges		(2,112)	(9,005)
Impairment charges		(3,000)	(3,112)
Other operating expenses		(37,999)	(94,816)
Exchange rate differences		10	188
		(65,545)	(159,646)
Operating result		(15,912)	(13,812)
Finance income		8,040	6,859
Finance expense		(9,439)	(10,261)
		(1,399)	(3,402)
Result before tax		(17,311)	(17,214)
Income tax	12	14,747	(8,271)
Share of result of investments		182,208	22,871
Net result		179,644	(2,614)

Notes to the company financial statements

1. Summary of significant 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 Group applied the Dutch 'RJ 100.107a' regarding expected credit losses. Therefore 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. 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 2021				
Cost	512,469	9,651	883	523,003
Accumulated amortisation and impairments	(200,488)	(4,429)	(419)	(205,336)
	311,981	5,222	464	317,667
Additions	-	651	-	651
Amortisation charges	-	(2,596)	(88)	(2,684)
Reclassifications	-	7,628	-	7,628
Impairment charges	-	(3,112)	-	(3,112)
Exchange rate differences	9,971	-	-	9,971
	9,971	2,571	(88)	12,454
As at 31 December 2021				
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**
Disposals	-	(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**

3. Financial assets

	Shares in subsidiaries	Receivables from subsidiaries	Other participating interests	Total
As at 1 January 2021	460,787	364,850	117,424	943,061
Net result for the year	9,173	-	13,698	22,871
Dividends	(15,000)	-	(6,100)	(21,100)
Adjustments in group structure	(70,334)	19,254	-	(51,080)
Capital contributions	110,231	-	-	110,231
Loans granted and repayments	-	(30,945)	-	(30,945)
Hedging reserve	254	-	-	254
Remeasurements of post-employment benefit obligations	33,520	-	-	33,520
Exchange rate differences	10,518	-	1,501	12,019
As at 31 December 2021	**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)
Adjustments in group structure	(113,744)	9,631	-	(104,113)
Capital contributions	20,000	-	10,377	30,377
Loans granted and 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**

Adjustments in group structure in 2022 and in 2021 reflect the effect of changes to the Group's legal structure. During both years, a number of direct subsidiaries were transferred to other subsidiares for a cash consideration. The result on these transactions was nil, i.e. the consideration was equal to the respective subsidiary's carrying amount.

A list of the principal subsidiaries is disclosed in section Other information, paragraph 8.4.

4. Deferred tax assets

	2022	2021
Deferred tax assets	**41,668**	64,903
	41,668	64,903

The Company carries the full balance of deferred tax assets on carry forward losses of the fiscal unity.

5. Receivables

	2022	2021
Amounts due from subsidiaries	**40,847**	15,632
Amounts due from joint ventures	**-**	-
Prepayments and accrued income	**12,892**	21,044
	53,739	36,676

Receivables are due within one year.

6. Cash and cash equivalents

	2022	2021
Cash at bank and in hand	327,831	582,264
	327,831	582,264

Cash and cash equivalents are at the free disposal of the Company.

7. Equity attributable to shareholders of the Company

At year-end 2022, the authorised capital of the Group was 400 million ordinary shares (2021: 400 million) and 600 million preference shares (2021: 600 million), all with a nominal value of €0.10 per share (2021: €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 2021	27,941	811,370	(16,259)	(117,425)	(101,445)	604,182
Net result for the year	-	-	-	-	(2,614)	(2,614)
Appropriation of result				(101,445)	101,445	-
Remeasurements of post-employment benefit obligations	-	-	-	27,465	-	27,465
Cash flow hedges	-	-	255	-	-	255
Repurchase of ordinary shares	-	-	-	-	-	-
Share-based payments	-	-	-	2,374	-	2,374
Exchange rate differences	-	-	21,927	-	-	21,927
Other	-	-	-	-	-	-
As at 31 December 2021	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	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-
Exchange rate differences	-	-	(27,784)	-	-	(27,784)
Other	-	-	49,637	(60,304)	-	(10,667)
As at 31 December 2022	**27,941**	**811,370**	**62,382**	**(270,747)**	**179,644**	**810,590**

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 €35 million (2021: nil) and the translation reserve €105 million negative (2021: €77 million negative). The Group's non-distributable reserve relating to undistributed profits accumulated in joint ventures and associates amounts to €133 million (2021: €86 million) and also mainly consists of Invesis of €102 million (2021: €85 million).

The sum of share premium, retained earnings and net result are in principle distributable except for an amount of €105 million , which is to cover the negative translation reserve.

In 2021 the result for the year of the Company accounts amounts to €2.6 million negative and differs from the consolidated result for the year by €20.7 million. The difference related to the negative equity value of a subsisidary which was valued at nil in the Company accounts in 2020. In 2021 the equity value became positive again and the difference reversed.

7.2 Dividends per share

The net result for 2022 amounting to €180 million has been attributed to shareholders' equity. The Company proposes to declare a dividend over 2022 of €0.15 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 and employee benefits

	2022	2021
Subsidiaries	**-**	2,756
Employee benefits	**23,300**	22,522
Other provisions	**-**	2,138
	23,300	27,416

Employee benefits provision mainly relates to the defined benefit liability of the Dutch pension plan as disclosed in Note 21 of the consolidated financial statements.

9. Other liabilities

	2022	2021
Amounts due to subsidiaries	**812,290**	1,298,670
Other liabilities	**15,080**	61,180
	827,370	1,359,850

In response to Covid-19, the Group made use of the temporary deferral of tax payments (value added tax and wage tax) granted by certain tax authorities for a total amount of €6 million in 2020, which has been reflected under the non-current liabilities in 2021 and fully repaid in 2022.

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 represents revenue from services that have been charged to subsidiaries in respect of management activities and responsibilities.

As per 1 January 2022, the Group implemented a new organisational structure to further improve effectiveness of and access to growth opportunities. The implementation of this new structure is a next step in realizing the strategic agenda for 2021-2023 (Building a sustainable tomorrow). As a result of this, the extent of the activities of the Company reduced and certain responsibilities were transferred to the business. The effect of the migration is a decrease in internal charges by €83.0 million, a decrease in employee benefit expenses by €13.5 million and a decrease in other expenses by €69 million.

11. Employee benefit expenses

	2022	2021
Wages and salaries	29,097	36,461
Social security costs	2,242	2,764
Pension costs - defined contribution plans	2,414	2,548
Pension costs - defined benefit plans	45	28
Attributable to subsidiaries	(13,533)	-
	20,265	41,801

At year-end 2022, the Company had 97 employees in FTE (2021: 286). The average number of employees in FTE amounted to 179 (2021: 303). There are no employees in other countries than the Netherlands. Employee benefit expenses attributable to subsidiaries relate to expenses for activities and responsibilities that were transferred to the business (as explained in note 10) 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 85% (2021: -48%) and differs from the applicable nominal tax rate of 25,8%. The difference is mainly attributable to the recognition of an additional deferred tax assets relating to tax losses. This is based on the Group's forecast of taxable profits for the years 2023 - 2027.

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.

Additional information on key management compensation is disclosed in note 36 to the consolidated financial statements.

14. Commitments and contingencies

14.1 Guarantees

The Company has issued parent company guarantees amounting to **€140** million (2021: €169 million) at year-end.

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.

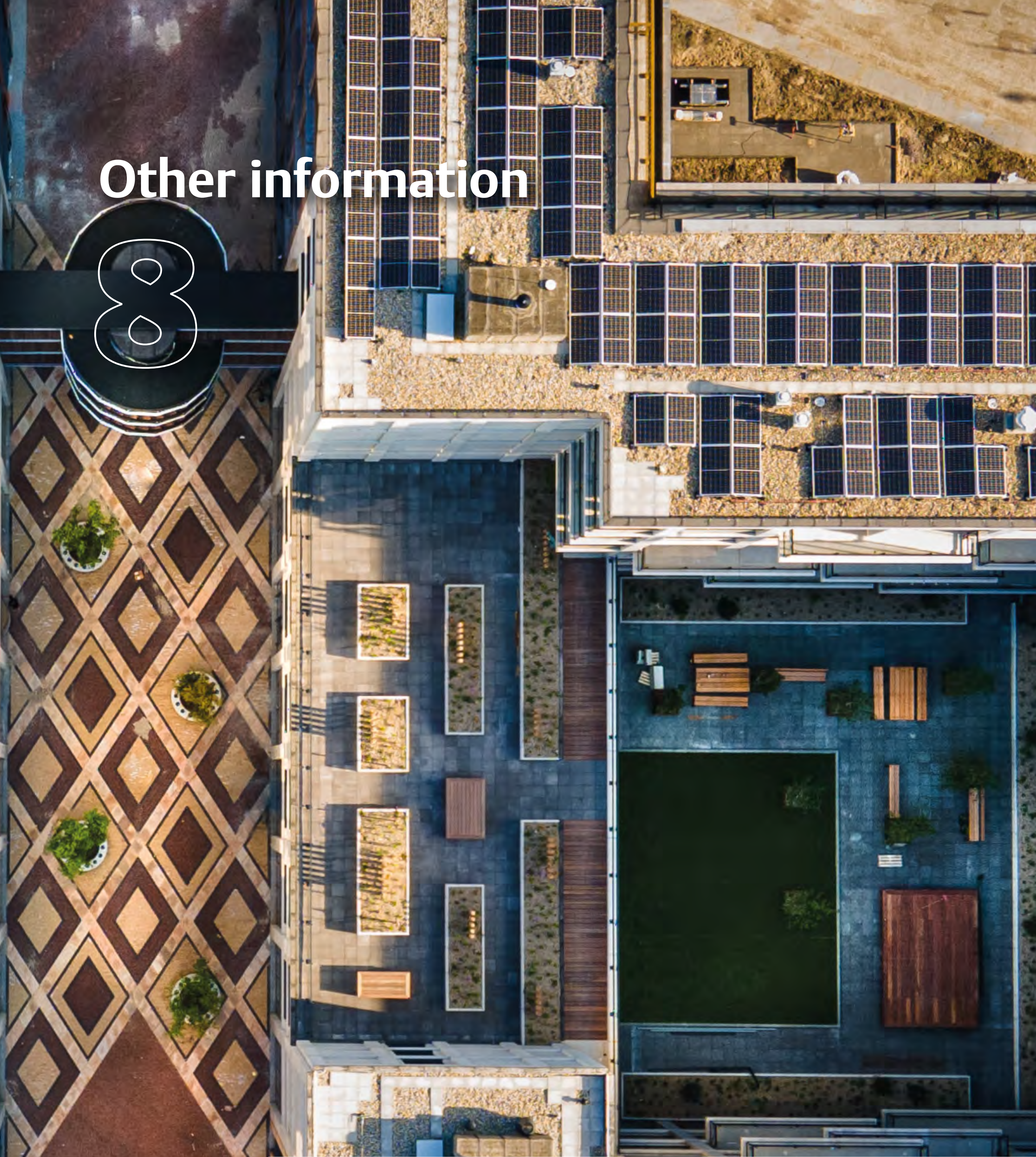
The Company forms a fiscal unity with BAM's major Dutch and certain other subsidiaries for income tax and VAT purposes and, for that reason, it is jointly and severally liable for the Dutch income tax and Dutch VAT liabilities of the whole fiscal unity.

Bunnik, the Netherlands, 22 February 2023

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

8 Other information



Residential complex, Utrecht
BAM Wonen

Residential complex with 600 apartments for working young people in Utrecht Leidsche Rijn for social concept developer Change=. The scheme also includes studios for creative professionals, a gym, restaurant and additional spaces.

8.1 Independent auditor's report and limited assurance report on non-financial information

Independent auditor's report

To: the shareholders and Supervisory Board of Royal BAM Group nv

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 of Royal BAM Group nv based in Bunnik.
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 2022 and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- the accompanying company financial statements give a true and fair view of the financial position of Royal BAM Group nv as at 31 December 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:
- the consolidated statement of financial position as at 31 December 2022
- the following statements for 2022: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows
- the notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:
- the company statement of financial position as at 31 December 2022
- the company income statement for 2022
- 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 (hereinafter: the Company or 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 offers its clients a substantial package of products and services in the sectors Construction and Property, Civil Engineering and Public Private Partnerships. The Company is structured in divisions and is mainly active in the Netherlands, the United Kingdom, Ireland, Belgium and Germany, and we tailored our group audit approach accordingly. 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	€ 32 million (2021: € 35 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 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 € 1.6 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.

Our group audit focused on significant group entities. Entities are considered significant either because of their individual financial significance or because they are likely to include significant risks of material misstatement due to their specific nature or circumstances. On this basis, we selected entities for which an audit or review had to be carried out on the complete set of financial information or on 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 in line with the current auditing standards we have had several (virtual) meetings during each phase of the audit and ultimately discussed the outcome of audit procedures with all component auditor. In addition we visited our component auditors in the United Kingdom and Ireland and reviewed electronic audit files of component auditors in the United Kingdom, Ireland and Belgium. 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 CO2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets ('stranded assets') and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO2 footprint.

The Executive Board summarized the Royal BAM Group nv's commitments and obligations, and reported in the section 2.2 "Strategy 2021-2023" and 3.3 "Environmental performance" of the management report 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 management report and considered whether there is any material inconsistency between the non-financial information in section 2.2 "Strategy 2021-2023" and 3.3 "Environmental performance" and the financial statements.

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 2022.

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 management report for the Executive Board's (fraud) risk assessment and section Risk Management of the Report of the Supervisory Board to shareholders 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.

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others 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 4 to the 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 did require significant attention during our audit.

Risks related to management override of controls and revenue recognition	
Fraud risk	We addressed the risks related to management override of controls. In our audit approach we considered that this fraud risk would primarily impact the incorrect valuation of work in progress and revenue recognition due to over-estimation and/or under-estimation of the project results (including contract provisions). The risk predominantly relates to projects that are considered key due to their relative size and complexity. This risk is specifically related to the over-estimation and/or under-estimation of project results (based on (component) management's tendencies – taking into consideration management adjustments) due to: • 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 a fraud 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. 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 and making use of agents in the relationship with principals and settlement of variable considerations. Given the winddown of BAM International this risk has shifted from focusing on tenders to the involvement of agents in the settlement of variable considerations. The Company is a very 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 payments (bribery) from suppliers or subcontractors.
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 2022; • performing substantive test of details regarding significant contracts with suppliers in 2022; • review of correspondence with relevant authorities (e.g. relating to compliance with anti-bribery and anti-competition laws and regulations in jurisdictions where it does business); • assessment of (potential) cases 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 32 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 32 to the financial statements.

We considered the possible impact on our opinion and evaluated the adequacy of related disclosures in Note 32 to the financial statements and chapter 4 “Risk management” to the management report.

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.

Based on our procedures performed, we did not identify material uncertainties about going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Our key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

Following the investigation by the Dutch authorities regarding possible irregularities at BAM International, a new key audit matter "Investigation by the Dutch authorities" has been defined. Last year's key audit matter regarding "Classification and valuation of assets held for sale and/or accounting for results from disposal of subsidiaries" has changed to "Accounting for results from disposal of subsidiaries" as the assets held for sale related to the disposal of subsidiaries are divested during 2022. In comparison with previous year, our other key audit matters did not change.

Valuation of projects and revenue recognition		
Refer to pages 57-63 (Management report), pages 127-128 (Note 4. Critical accounting judgements and key sources of estimation uncertainties) and pages 132-133 (Note 6. Projects)		
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 percentage of completion method. We therefore considered this to be a key audit matter. Royal BAM Group nv is involved in large and complex construction projects for which the Company applies the percentage of completion 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 is 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, thereby taking into account the various parts of the world Royal BAM Group nv operates in.	Our audit procedures included an assessment of the internal control environment of Royal BAM Group nv, testing existence of relevant controls, performing physical and digital site visits (using webcams and drones), vouching project valuations and testing the Executive Board's position against supporting documentation and Royal BAM Group nv's accounting policy. For long-term contracts, we also compared the position 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 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 internal construction experts to determine the reasonableness of the Executive Board's estimations of variable considerations and costs to complete.	Overall, in our view projects have been valued in accordance with EU-IFRS, thereby taking into account the disclosures with respect to risk and uncertainty mentioned on the pages referred to above.

Investigation by the Dutch authorities

Refer to pages 63 (Management report, section risk management) and page 161 (Note 32. Contingencies)

Risk	Our audit approach	Key observations
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 and deferred tax assets

Refer to page 31 (Executive Board report), pages 127-128 (Critical accounting judgements and key sources of estimation uncertainties), pages 135-136 (Note 9. Intangible assets) and pages 155-157 (Note 23. Deferred tax assets and liabilities)

Risk	Our audit approach	Key observations
As per 31 December 2022, Royal BAM Group nv recognised goodwill (€ 316 million) and net deferred tax assets (€ 57 million). The valuation of both goodwill and deferred tax assets is primarily based on expected future cashflows and forecasted results, among others derived from the 2023 operating plan and strategic agenda 2021-2023 as approved by the Supervisory Board, and the Executive Board's outlook based on order intake and expected margins for new projects for 2023 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. For goodwill valuation purposes, Royal BAM Group nv's reassessment resulted in an impairment at the CGU's BAM Contractors Ltd. and Modern Homes Ireland totalling € 6.5 million. CGU's with limited headroom are disclosed on page 136 of the Report.	Our audit procedures included an assessment of the Company's assumptions underlying the estimated future (taxable) 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 (taxable) results, challenged risk adjustments made by the Executive Board and we assessed the historical accuracy of the Executive Board's assumptions (back-testing) and analysed the rationale for differences between expected results and the actual results. We involved corporate finance and tax specialists to determine the reasonableness of the assumptions and appropriateness of the models used by Royal BAM Group nv in determining the valuation of respectively goodwill and net deferred tax assets.	In our view, the Executive Board's assessment on the recognised goodwill and net deferred tax assets is reasonable and within the acceptable range taken into account the requirements of EU-IFRS.

Valuation of land and building rights

Refer to pages 127-128 (Critical accounting judgements and key sources of estimation uncertainties) and pages 132-133 (Note 6. Projects)

Risk	Our audit approach	Key observations
The estimates supporting the value of land and building rights relate to terms which vary from one year to more than thirty years, due to which the estimation uncertainty is significant. We therefore considered this to be a key audit matter.	We have assessed the calculations of the net realizable 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 compared the Executive Board's assumptions concerning the development of prices of residential housing with independent expectations of external parties and institutions. We involved 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-IFRS.

Accounting for results from disposal of subsidiaries

Refer to pages page 29-30 (Management report) and pages 162-164 (Note 34. Gain on sale of subsidiaries)

Risk	Our audit approach	Key observations
The Company divested Wayss & Freytag, BAM contractors nv and BAM Galere in 2022 and divested BAM Deutschland in 2021. Divestments trigger derecognition of certain assets and liabilities and recognition of results from disposals. Considering that the transactions are deemed outside the normal course of business, the complexity of these transactions and level of judgement involved, we identified this to be a key audit matter.	We have inquired group management (including the Executive Board) and local management and inspected significant contracts and agreements relating to (potential) divestments. We also performed substantive testing procedures to verify the valuation of results from disposal of subsidiaries and the initial and subsequent measurement of specific indemnities that were agreed upon.	In our view the accounting for results from disposal of subsidiaries is applied by Royal BAM Group nv in accordance with EU-IFRS.

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 management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the management 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.

Other non-prohibited services provided
In addition to the statutory audit of the financial statements we mainly provided the following services:
- Agreed upon procedures on debt covenants and other financial ratios
- Assurance on other items than the consolidated financial statements of Royal BAM Group nv (such as local statutory audits)
- Assurance on non-financial information as described in the assurance report on non-financial information

All non-prohibited services provided have been pre-approved by the Audit Committee.

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-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern. Based on the 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.

Amsterdam, 22 February 2022

Ernst & Young Accountants LLP

A.A. van Eimeren

Limited assurance report of the independent auditor on Royal BAM Group nv's non-financial information

To: the shareholders and Supervisory Board of Royal BAM Group nv

Our conclusion

We have reviewed the non-financial information in the accompanying annual report for 2022 of Royal BAM Group nv at Bunnik. A review is aimed at obtaining a limited level of assurance.

Based on our review procedures performed nothing has come to our attention that causes us to believe that the non-financial information does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to corporate social responsibility; and
- the thereto related events and achievements in 2022

in accordance with the reporting criteria as included in the section 'Reporting criteria'.

The non-financial information is included in the chapters 2.1 Business model (pages 9-11), 2.2 Strategy 2021-2023 (pages 12-18), 2.3 Stakeholder engagement and material themes (pages 20-22), 3.2 Social performance (pages 34-43), 3.3 Environmental performance (pages 44-49), 9.6 Non-financial reporting process and methods (pages 206-207), 9.7 Material themes and management approach (pages 208-213) and 9.9 Additional non-financial information (pages 222-223) of the annual report and the GRI Disclosures as disclosed on the website of Royal BAM Group nv.

Basis for our conclusion

We have performed our review of the non-financial information in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports), 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 under this standard are further described in the section 'Our responsibilities for the review of the non-financial 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).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

The reporting criteria used for the preparation of the non-financial information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) and the applied supplemental reporting criteria as disclosed in appendix 9.6 Non-financial reporting process and methods on pages 214-215 of the annual report.

The non-financial information is prepared in accordance with the GRI Standards. The GRI Standards used are listed in the GRI Content Index as published on the website of Royal BAM Group nv.

The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time

Consequently, the non-financial information needs to be read and understood together with the reporting criteria used.

Key review matters

Key review matters are those matters that, in our professional judgement, were of most significance in our review of the non-financial information. We have communicated the key review matter to the Supervisory Board. The key review matter is not a comprehensive reflection of all matters discussed. This matter was addressed in the context of our review of the non-financial information as a whole and in forming our conclusion thereon, and we do not provide a separate conclusion on this matter.

Correct registration of safety incidents

Refer to pages 34-37 (Management report) and pages 206-207 (Appendix 9.6 Non-financial reporting process and methods)

Key assurance matter

Royal BAM Group nv uses and discloses own reporting criteria for the KPI Incident Frequency BAM ('IF BAM') and the number of serious accidents.

The complexity of the scoping of the indicators and the decentralized organization of Royal BAM Group nv inherently involves risk that not all reported safety incidents are correctly included in the registration process of incidents. We therefore considered this to be a key assurance matter.

How our assurance engagement addressed the matter

Our assurance procedures focused on evaluating the definitions for the KPI IF BAM and the number of serious accidents used both on the level of Royal BAM Group nv's segments and on corporate level, inquiring of responsible personnel from different levels within the organization on how Royal BAM Group nv monitors this inherent risk and obtaining a general understanding of controls that are in place to mitigate this risk. We reviewed internal documentation on a limited test basis on group and segment level, to verify the correctness of the registered safety incidents. We have also reviewed whether the disclosures in the annual report, including any inherent limitations in measurement, are adequate.

Key observations

Nothing has come to our attention that causes us to believe that IF BAM and the number of serious accidents are not prepared in accordance with the reporting criteria as disclosed in appendix 9.6 Non-financial reporting process and methods of the annual report.

Limitations to the scope of our review

The non-financial information includes prospective information such as ambitions, strategy, plans, expectations and estimates. Inherent to this prospective information the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the non-financial information.

The references to external sources or websites in the non-financial information are not part of the non-financial information as reviewed by us. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

Responsibilities of the Executive Board and the Supervisory Board for the non-financial information

The Executive Board is responsible for the preparation of reliable and adequate non-financial information in accordance with the reporting criteria as included in the section 'Reporting criteria', including the identification of stakeholders and the definition of material matters. The Executive Board is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, taking into account applicable law and regulations related to reporting. The choices made by the Executive Board regarding the scope of the non-financial information and the reporting policy are summarized in appendix 9.6 Non-financial reporting processes and methods (pages 206-207) 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 non-financial information that is free from material misstatement, whether due to error or fraud.

The Supervisory Board is responsible for overseeing the non-financial information reporting process of Royal BAM Group nv.

Our responsibilities for the review of the non-financial information

Our responsibility is to plan and perform the review engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.
Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review is therefore substantially less than the assurance obtained in an audit.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our review included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant non-financial information themes and issues, and the characteristics of the Company
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the non-financial information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the Executive Board
- Obtaining through inquiries a general understanding of internal control, reporting processes and information systems relevant to the preparation of the non-financial information, without obtaining evidence about implementation or testing the operating effectiveness of controls
- Identifying areas of the non-financial information with a higher risk of misleading or unbalanced information or material misstatements, whether due to error or fraud. Designing and performing further assurance procedures aimed at determining the plausibility of the non-financial information responsive to this risk analysis. These procedures consisted amongst others of:
  - Interviewing management and relevant staff at group and segment level responsible for the sustainability strategy, policy and results
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the non-financial information
  - Determining the nature and extent of the review procedures for locations. For this, the nature, extent and/or risk profile of these locations are decisive. Based thereon we selected the locations to visit. The visits to sites and offices in the Netherlands, Ireland and the United Kingdom are aimed at, on a local level, validating source data and evaluating the design of controls and validation procedures
  - Obtaining assurance evidence that the non-financial information reconciles with underlying records of the Company
  - Reviewing, on a limited test basis, relevant internal and external documentation
  - Performing an analytical review of the data and trends in the information submitted for consolidation at corporate level
- Evaluating the consistency of the non-financial information with the information in the annual report which is not included in the scope of our review
- Evaluating the overall presentation and content of the non-financial information
- Considering whether the non-financial information as a whole, including the disclosures, reflects the purpose of the reporting criteria used

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

From the matters communicated with the Supervisory Board we determine the key review matters: those matters that were of most significance in the review of the non-financial information. We describe these matters in our assurance report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

Amsterdam, 22 February 2023

Ernst & Young Accountants LLP

A.A. van Eimeren

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 2022 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 2022 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 a member 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.

Asphalt A32, the Netherlands - BAM Infra Nederland.

Appendices

9

Afsluitdijk, the Netherlands - Consortium Levvel, including Invesis and BAM Infra Nederland

Design, build, finance and 25 years' maintenance of the strengthened Afsluitdijk (32 km).

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 was €582 million at year-end 2022 (year-end 2021: €735 million).

Investor relations policy

The purpose of the investor relations policy is to provide accurate, transparent and consistent information simultaneously and 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 about 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 press release and on its website.

BAM publishes quarterly financial and other information. The full-year and half-year results are presented at analyst meetings. The trading updates for the first quarter and the third quarter are presented during conference calls. These events are held in the English language and can be followed live or on demand on the website. BAM organises roadshows and participates in investor conferences to meet existing and potential investors. All data and venues are published on the Company's website.

In its annual reporting cycle, BAM embeds a closed period in which the Company does not enter into contact with investors, analysts or the press about the general business of the Company. 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.

BAM is covered by analysts from most Dutch brokers; they are key in distributing information to support the investment case to their clients. Research reports about BAM are available through these brokers.

All activities comply with the rules and regulations of Euronext Amsterdam and the Dutch Authority for the Financial Markets (AFM).

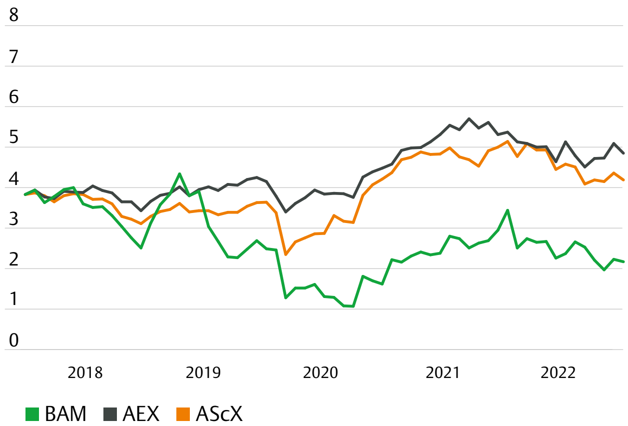
More information about investor relations is available on www.bam.com under the link 'Investor relations' or from Michel Aupers, Manager Investor Relations, at ir@bam.com, +31 (0)30 659 89 88.

Share price

The 2022 closing price of the ordinary share was €2.17, which was 19 per cent below the closing price at year-end 2021 (€2.69). The AScX index ended the year 15 per cent lower. BAM's share price decreased by 43 per cent over the last five years. By way of comparison, the AEX and the AScX indexes rose by 27 per cent and 9 per cent respectively in the same period.

▶ Graph 51 shows the history of the BAM ordinary share price over the past five years.

51 Ordinary share price movement
(in €)



Trading volume on Euronext Amsterdam

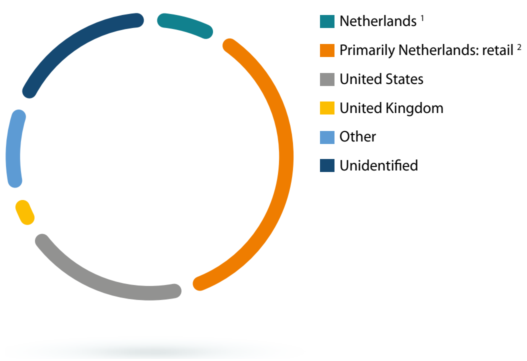
The average daily trade in BAM shares was 2,151,000 ordinary shares (2021: 2,021,000). In 2022, the average daily trade in BAM shares amounted to €5.4 million (2021: €4.8 million).

52 Information per share
(in € per share, unless otherwise indicated)

	2022	2021	2020	2019	2018 [5]
Number of ordinary shares ranking for dividend	**268,119,569**	273,296,017	273,296,017	273,296,017	273,296,017
Average number of ordinary shares	**271,783,810**	273,296,017	273,296,017	273,495,636	273,490,657
Net result ranking for dividend	**0.66**	0.07	(0.45)	0.04	0.09
Equity attributable to shareholders	**3.02**	2.39	2.13	2.30	2.61
Dividend [1]	**0.15**	-	-	-	0.14
Pay-out *(in %)*	**22** [2]	-	-	-	40
Dividend yield *(in %)* [3]	**6.9**	-	-	-	5.6
Highest closing price	**3.44**	3.03	2.68	4.38	4.16
Lowest closing price	**1.97**	1.61	1.03	2.16	2.37
Price on 31 December	**2.17**	2.69	1.71	2.69	2.51
Average daily trade *(in number of shares)*	**2,151,000**	2,021,000	3,331,000	2,528,000	1,723,000
Market capitalisation at year-end *(x €1,000)* [4]	**581,819**	735,166	465,970	734,074	687,066

[1] Dividend proposal 2022. [2] Pay-out of 32 per cent, excluding one-off result on the Wayss & Freytag Ingenieurbau transaction. [3] Based on share price at year-end. [4] Based on total number of ordinary shares in issue. [5] Adjusted for IFRS 15.

53 Geographical distribution of shareholders on 31 December 2022



[1] Netherlands including treasury shares
[2] Retail, primarily Dutch shareholders

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 2022, Acadian Asset Management disclosed a position surpassing 3 per cent in BAM's share capital. BAM holds 11,287,880 (4 per cent) treasury shares, of which 6,805,850 shares are for the long-term incentive plan of its management.

Number of outstanding ordinary shares

54 The movement in the number of outstanding shares

	2022	2021
Outstanding ordinary shares on 31 December 2022	**279,407,449**	279,407,449
Treasury shares held for performance share plan	**(6,805,850)**	(5,174,216)
Other treasury shares	**(4,482,030)**	(937,216)
Ordinary shares qualifying for a dividend on 31 December 2022	**268,119,569**	273,296,017
Percentage of ordinary shares qualifying for a dividend	**96.0%**	97.8%

In 2022, BAM introduced a policy to buy back shares to fulfil the Company's obligations for the various share-based employee incentive schemes in operation each year. Total shares qualifying for dividends declined by 5,176,448 at the end of 2022 versus the start of the year, following the execution of a share buy-back programme to fulfil BAM's obligations for the various share-based employee incentive schemes vesting up to April 2025.

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 €0.15 over 2022 (2021: no dividend distributed).

9.2 Five-year overview

(x € million, unless otherwise stated)	2022	2021	2020*	2019*	2018
Revenue	**6,618.2**	7,315.3	6,768.2	7,176.0	7,207.8
Adjusted EBITDA	**350.2**	278.4	200.8	235.4	213.7
Adjusted EBITDA margin *(in %)*	**5.3**	3.8	2.9	3.3	3.0
Operating result	**213.4**	78.1	(221.3)	34.6	105.2
Result before tax	**215.7**	65.8	(236.9)	23.4	114.5
Result for the year from continuing operations	**177.7**	17.0	(272.0)	(13.3)	-
Result for the year from discontinued operations	**-**	-	149.7	25.3	-
Net result attributable to the shareholders of the Company	**179.6**	18.1	(122.2)	11.8	23.8
Basic earnings per share *(in €1)*	**0.66**	0.07	(1.00)	(0.05)	0.09
Diluted earnings per share *(in €1)*	**0.65**	0.07	(1.00)	(0.05)	0.09
Dividend per ordinary share *(in €1)* [1]	**0.15**	-	-	-	0.14
Equity attributable to the shareholders of the Company	**810.6**	653.6	583.4	628.4	729.0
Subordinated convertible bonds	**-**	-	118.7	120.5	117.6
Capital base	**810.6**	653.6	702.1	748.9	846.7
Total assets	**3,819.4**	4,495.9	5,244.5	4,540.2	4,578.0
Solvency ratio *(in %)*	**21.2**	14.5	13.4	16.5	18.5
Capital employed	**1,194.3**	1,272.6	1,957.7	1,537	1,389
Return on capital employed *(in %)*	**16.8**	5.6	(4.2)	3.4	7.5
Net investment in property, plant and equipment	**42.2**	33.2	43.9	67.7	72.2
Net additions right-of-use assets	**5.0**	41.6	77.9	115.8	-
Depreciation, amortisation and impairment charges of:					
- Property, plant and equipment	**39.6**	56.4	54.6	54.0	63.7
- Right-of-use assets	**68.0**	87.6	99.2	99.7	-
- Intangible assets	**15.1**	11.7	67.0	16.2	6.0
- Other impairment charges	**9.0**	38.2	13.2	8.2	20.6
Total impairment charges	**15.0**	48.5	74.7	18.5	23.8
Order book	**10,038**	13,243	13,760	12,659	12,692
Number of employees as at 31 December *(in FTE)*	**13,439**	15,739	17,966	19,517	20,194
Average number of employees *(in FTE)*	**14,608**	17,001	18,731	19,433	20,156

* On a continuing basis unless otherwise stated.

[1] For 2022 dividend proposal.

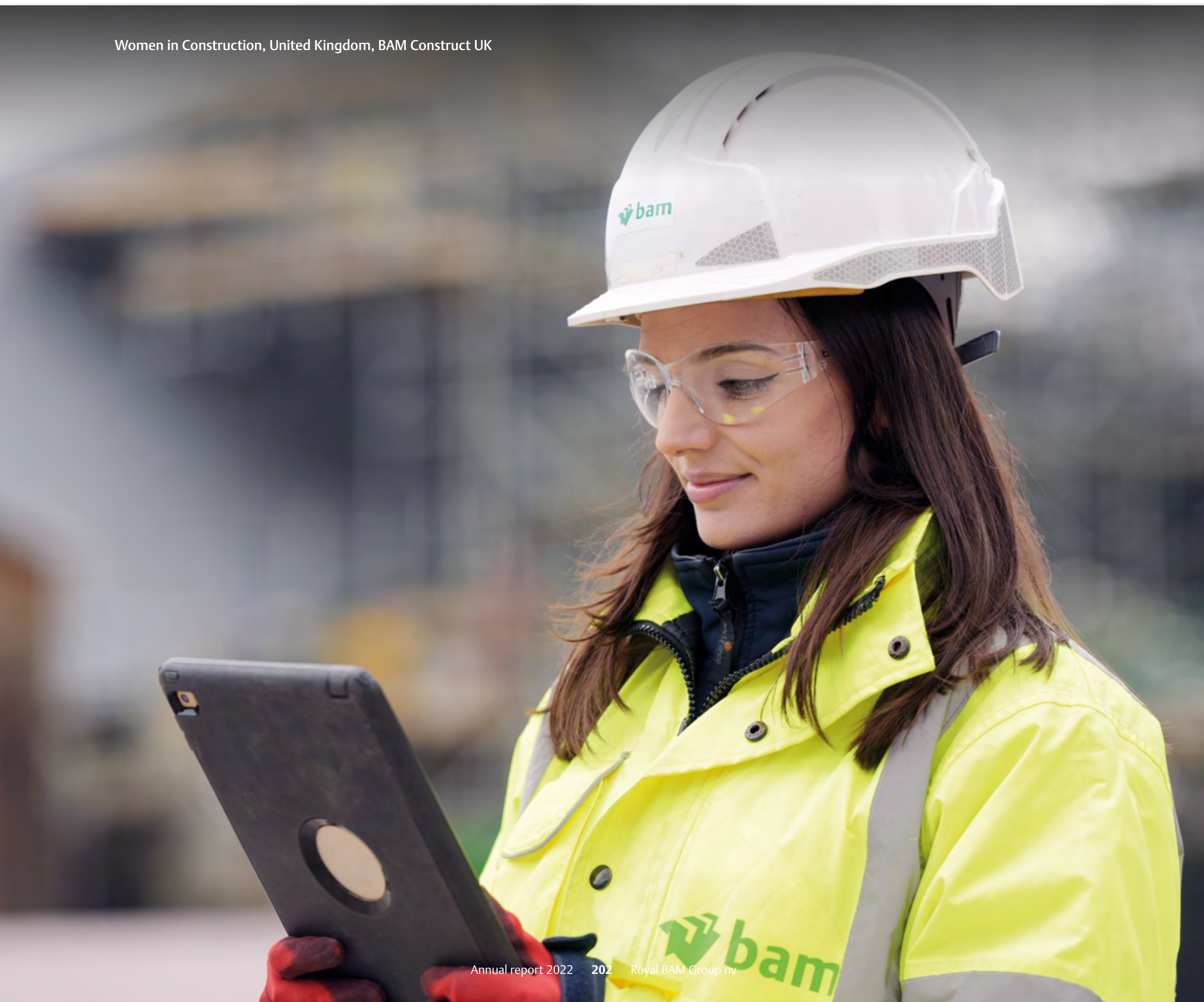
9.3 Non-financial information* and diversity information reference table

Topic	Sub topic	Included (yes/no)	Page reference
Business model	Not applicable	Yes	9-11
Relevant social and personnel matters (e.g. HR, safety etc.)	A description of the policies pursued, including due diligence	Yes	20-22, 34-43
	The outcome of those policies	Yes	22, 34-43
	Principal risks in own operations and within value chain and how risks are managed	Yes	22, 57-63, 208-212
	Non-financial key performance indicators	Yes	22, 34-43
Relevant environmental matters (e.g. climate-related impacts)	A description of the policies pursued, including due diligence	Yes	20-22, 44-49, 208-212
	The outcome of those policies	Yes	22, 44-49
	Principal risks in own operations and within value chain and how risks are managed	Yes	57-63, 208-212
	Non-financial key performance indicators	Yes	44-49
Relevant matters with respect to human rights (e.g. labour protection)	A description of the policies pursued, including due diligence	Yes	20-22, 34-43, 208-212
	The outcome of those policies	Yes	34-43, 208-212
	Principal risks in own operations and within value chain and how risks are managed	Yes	34-43, 208-212
	Non-financial key performance indicators	Yes	34-43, 208-212
Relevant matters with respect to anti-corruption and bribery	A description of the policies pursued, including due diligence	Yes	20-22, 34-43, 208-212
	The outcome of those policies	Yes	34-43
	Principal risks in own operations and within value chain and how risks are managed	Yes	34-43, 44-49, 208-212
	Non-financial key performance indicators	Yes	34-43
Insight into diversity (Supervisory Board and Executive Board)	A description of the policies pursued, including due diligence	Yes	38-40, 77-81
	The outcome of those policies	Yes	38-40, 77-81
	Principal risks in own operations and within value chain and how risks are managed	Yes	38-40, 77-81
	Non-financial key performance indicators	Yes	38-40, 77-81

* In compliance with 'Besluit bekendmaking niet-financiële informatie' which is the implementation of the EU Directive 2014/95/EU on Non-Financial information.

9.4 Key financial dates

12 April 2023	Annual general meeting of shareholders
4 May 2023	Trading update first quarter 2023
17 August 2023	Publication of half-year results 2023
2 November 2023	Trading update first nine months 2023
15 February 2024	Publication of annual results 2023
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



Women in Construction, United Kingdom, BAM Construct UK

9.5 Glossary

Some definitions as specified in this glossary are finanical measures that are not IFRS measures. These 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 consistently reported in this annual report, as the Group believes they will assist stakeholders to understand the Group's financial position and results of operations. In the glossary, the Group reconciles the respective non-IFRS measure to the closest finanical measure under IFRS for stakeholders to appropriately understand their nature. Amounts are in thousands of euro, unless otherwise stated.

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:

	2022	2021
Result before tax	215,672	65,847
Finance result	2,259	(12,239)
Operating result (EBIT)	213,413	78,086
Impairment	(13,473)	(34,373)
Share of impairment charges in investments in associates and joint ventures	(1,502)	(14,117)
Depreciation and amortisation	(116,602)	(145,373)
EBITDA	344,990	271,949
Restructuring costs	(5,230)	(6,455)
Pension one-off	-	-
Adjusted EBITDA	350,220	278,404

Capital base

Equity attributable to the shareholders of the Company plus subordinated convertible bond. Capital base is determined as follows:

	2022	2021
Equity attributable to the shareholders of the Company	810,590	653,589
Subordinated convertible bond	-	-
Capital base	810,590	653,589

Capital employed

Non-current assets plus net working capital plus cash and cash equivalents. Capital employed is determined as follows:

	2022	2021
Non-curret assets	1,243,891	1,285,497
Net working capital	(890,849)	(1,297,650)
Cash and cash equivalents	841,246	1,284,709
Capital employed	1,194,288	1,272,556

Capital ratio

Capital base divided by total assets. Capital ratio is determined as follows:

	2022	2021
Capital base	810,590	653,589
Total assets	3,819,395	4,495,940
Capital ratio	21.2%	14.5%

Community engagement

The process by which community benefit organisations and individuals build ongoing, permanent relationships with the purpose of applying a collective vision for the benefit of a community.

Current ratio

Current assets, including assets held for sale, divided by current liabilities, including liabilities held for sale.

Earnings per share	Net result attributable to shareholders, divided by the weighted average number of ordinary shares in issue during the year.
EBIT	Earnings before interest and tax.
General Meeting	Annual general meeting of shareholders.
GHG	Greenhouse gases which have a global warming impact.
HSE	Health, safety and environment.
IF BAM	Incident frequency including all BAM site employees on own work and joint ventures.
Incident frequency (IF)	The total number of industrial accidents leading to absence from work per million hours worked on construction sites.
Industrial 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.
Net debt	Long-term borrowings plus short-term borrowings less cash and cash equivalents. Net debt is determined as follows:

	2022	2021
Long-term borrowings	40,661	25,903
Short-term borrowings	11,968	39,149
Less: cash and cash equivalents	(841,246)	(1,284,709)
Net debt	(788,617)	(1,219,657)

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:

	2022	2021
Current assets	2,575,504	3,210,443
Less: Cash and cash equivalents	(841,246)	(1,284,709)
Less: Current liabilities	(2,692,881)	(3,331,862)
Current borrowings	11,968	39,149
Current lease liabilities	55,806	69,329
Net working capital	(890,849)	(1,297,650)

Return on capital employed (ROCE)	Rolling-year EBIT divided by the average four-quarter rolling capital employed.
Return on equity (ROE)	Rolling-year net result divided by the average four-quarter rolling invested equity.
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 fracture with or without lost time.
Solvency	Equity attributable to shareholders of the Company, divided by total assets.

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 excluding land and building rights, property development, PPP receivables, other financial assets, other receivables, taxes, derivative financial instruments, provisions, other liabilities and assets, and liabilities held for sale.
Trade working capital efficiency	The average four-quarters' trade working capital divided by rolling-year revenue.

9.6 Non-financial reporting process and methods

Reporting criteria: in accordance with GRI Standards
This report has been prepared in accordance with the GRI Standards. An overview of the GRI disclosures covered by this report is available on BAM's website (www.bam.com/en/sustainability/reports-and-policies). In this overview, more information is disclosed on the nature and coverage of reporting per GRI disclosure (e.g. quantitatively or qualitatively).

Reporting period and reporting frequency
This report presents both quantitative and qualitative data for the calendar year 2022. The data for BAM Contractors nv and Wayss & Freytag have been included until the date of the completion of divestment (respectively 5 May and 16 September). For CO_2 and waste, the month of April was extrapolated for BAM Contractors, and for Wayss & Freytag Ingenieurbau data was available until the closing date. Data from BAM Galère were not included, since it was deemed insignificant. No other significant changes from previous reporting periods in the scope and boundaries have been incorporated.

Reporting boundaries
In general, BAM applies the 'share of equity' approach to account for non-financial performance and data, and BAM views disclosure regarding acquisitions and divestments on a case-by-case basis.

Reporting process
The annual report, including all material aspects, is compiled by the Executive Board and discussed with the Supervisory Board. BAM uses a reporting system for non-financial information (including safety, CO_2, waste and HR), as an extension of the financial reporting system. The applied reporting processes and definitions are formalised in BAM's non-financial reporting manual, which provides guidance on how to collect, consolidate and report data. BAM's main non-financial topics and indicators are described below.

Reporting indicators
For BAM's main non-financial indicators, this chapter provides further insight below. For other quantitative indicators, disclosures on the reporting scope and methods used are given elsewhere in this report.

Safety
BAM defines its incident frequency (IF BAM) as the number of people involved in industrial accidents leading to absence from work, per million hours worked on construction sites. Reportable incidents 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 the person involved in an accident. The worked hours are measured, calculated or estimated.

The absolute number of reported serious accidents covers:
- People working on sites managed by BAM: BAM employees, subcontractors, hired employees and others, such as visitors;
- Joint ventures: BAM employees, BAM subcontractors and employees directly hired by BAM.

Business conduct and transparency
BAM has selected the percentage of employees who completed the Code of Conduct e-learning course as a KPI for business conduct and transparency. This KPI is defined as the percentage of selected BAM employees who have completed the Code of Conduct e-learning course since the launch in November 2019. The aim of the course is to embed training and awareness of the Code of Conduct contents and requirements, including reporting and potential dilemmas, in order to guide employees in their decisions on Code of Conduct-related matters. The scope of the selected employees for the e-learning course includes all BAM employees in offices and project offices, and excludes blue-collar employees (e.g. carpenters, technicians) who are trained via a toolbox session. The e-learning course is also not applicable to subcontractors and suppliers on site.

Human Resources (HR)
HR data are mostly derived from the BAM Group HR system, called BAM People, supplemented with figures from local systems in Belgium. Employee engagement figures are derived from the Glint system. The totals from BAM People as a source system may occasionally vary, depending on when a report was generated. This can lead to small differences, although without a significant impact on conclusions or insights.

Based on the organisational structure as per 1 January 2022, the Group has revised the presentation of its reportable segments (see Note 5 of the Financial statements). However, in chapter 3.2 Social performance under Composition of the workforce and chapter 9.9 Additional non-financial information, the Human Resources reporting deviates. In these cases BAM reports at country level: Netherlands, United Kingdom, Ireland, Belgium and Other.

Energy consumption and CO_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 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, based on GHG emissions reported in national

inventory reports (NIR). BAM uses tank-to-wheel emission factors for scope 1 emissions; well-to-tank is part of BAM's scope 3 footprint. For scope 2 emissions, the full well-to-tank factors are applied. All conversion factors are reviewed annually and updated if necessary.

BAM's reporting scope includes its direct CO_2 emissions (scope 1 emissions, from BAM's own sources), indirect CO_2 emissions from the generation of purchased electricity consumed by BAM using market-based conversion factors (scope 2 emissions) and employee travel-related scope 3 emissions.
The GHG Corporate value chain (scope 3) accounting and reporting standard for scope 3 reporting has not been implemented, but BAM does disclose its complete scope 3 inventory in its annual CDP response which is publicly available. Contrary to the Greenhouse Gas Protocol, BAM reports fuel consumption by leased vehicles under scope 1 emissions. Energy consumption from district heating and use of public transport are considered negligible, and they are 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. Where complete and accurate data are not available, BAM uses calculations or estimations using reliable methods and input data.

Where clients provide BAM with electricity and BAM receives reliable information on its client-supplied electricity consumption, the Company includes this consumption in its carbon footprint. It occurs on a number of projects that BAM supplies fuel and electricity to subcontractors. In accordance with BAM's non-financial 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.

Waste
The reporting scope 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 be 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.

Materials
BAM reports the amount of materials used and the recycled content of various materials used by its Dutch segments. Raw materials which are consumed in large quantities and which have a significant impact on natural resources, have been selected. The Company reports on concrete, timber, asphalt and steel.

Raw material consumption in the Netherlands was determined using supplier reports. These data were extrapolated to cover all suppliers. BAM aspires to keep the amount of extrapolated data below 20 per cent. The results are verified against BAM's procurement database, internal and external experts. The recycled content was determined based on information provided by suppliers.

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

BAM has obtained limited assurance for all non-financial information reported in ▶ chapters 2.1, 2.2, 2.3, 3.2, 3.3, 9.6, 9.7, 9.9 and on the GRI disclosures as published on www.bam.com/en/investors/annual-reports.

9.7 Material themes and management approach

The content of this chapter is an integral part of the Executive Board report as required under EU directive.
The numbering of the material themes corresponds to the numbers in figure 5, chapter 2.3.

Definition	Impact	Management approach
1 Project and product quality and control		
Promoting predictable performance, quality of tender process, efficient project management and effective project execution with the aim to meet and exceed client expectations.	In order to meet and exceed client expectations, BAM must continuously improve the experienced performance of its products. Product quality means that BAM does what it has promised to do, within budget and on time. Operational performance is crucial for achieving the right level of financial and non-financial results for construction projects. Negative impact on people and the environment can take place when BAM does not deliver the promised product quality, for example causing accidents to happen. This topic is taken into account in the enterprise risk management process as one of the main risk areas (Project tendering and contract execution).	Understanding and controlling the quality of BAM's projects and products is managed in various ways. To guarantee the current and future results of construction projects, the tender process focusses on the quality of its tenders. Tenders (and later the projects) are guided through various stage gates, based on complexity, size and risk profile. During these stage gates tenderteams are challenged to strengthen the project selection and define a good basis for the execution of the project. The segments responsible for carrying out the projects are certified to manage the product performance. For effective project execution internal processes are managed and inspection plans are used to perform on-site inspections. System audits are conducted by third parties and BAM's Internal Audit department. The Internal Audit team performs independent project reviews on selected projects across the company to review the effectiveness of project control systems and the overall project performance. On all levels, outcomes are assessed by the senior management of BAM's segments. Lessons learned to manage impacts more successfully are considered as part of the enterprise risk management process. Stakeholders were involved during the enterprise risk management process and during development of BAM's strategy 2021-2023.

For BAM's performance, see chapter 3.2 Social performance.

Definition	Impact	Management approach
2 Financial performance		
Generating overall financial health, including balance sheet, profit & loss, property divestment and working capital improvement.	A healthy financial performance provides BAM with the means to undertake transactions with its supply chain partners, leading to the possibility to develop new activities and to pay BAM's employees and shareholders.	Constant attention is paid to strengthening BAM's balance sheet and net results by improving financial processes to ensure a solid track record of project execution and margin stability, including rigorous monitoring of the cost base in line with BAM's portfolio. Other key elements are working capital and liquidity management. Lessons learned to manage impacts more successfully are considered as part of the enterprise risk management process. Stakeholders were involved during the enterprise risk management process and during development of BAM's strategy 2021-2023.

Example KPI: Return on capital employed (ROCE) >10 per cent. For BAM's performance, see chapter 3.1 Financial performance.

Definition	Impact	Management approach
3 Decarbonisation		
Reducing carbon emissions to limit global warming and its effects.	The construction industry has a high energy consumption and carbon footprint compared to other sectors. BAM's energy use and carbon footprint therefore contributes to climate change. Climate adaptation and mitigation options can help address climate change, but no single option is sufficient by itself. Effective implementation depends on policies and cooperation from governmental bodies. Urgent action is needed to significantly reduce greenhouse gas emissions and BAM supports global developments like the UN's Sustainable Development Goals, the Paris Agreement, the EU Emissions Trading System and the Science Based Target Initiative. BAM discloses its decarbonisation preformance, both negative and postivie, in chapter 3.3.	BAM innovates and works with value chain partners to identify possible reductions in both upstream and downstream manufacturing and operational processes. BAM has calculated its carbon footprint in order to identify the main influences and therefore the key areas for potential reduction of emissions. The Group has set ambitious scope 1,2 and 3 reduction targets in line with climate science and externally verified (by the Science Based Target initiative). BAM monitors and benchmarks progress on these targets on a quarterly basis for different activities within the Company. The Company focuses on reducing its direct CO2 emissions by lowering energy consumption during the construction process. The Group also maintains its efforts to use higher proportions of renewable energy. Stakeholders were involved during the development of the Sustainability Strategy launched at the start of 2023. Stakeholders are informed on the effectiveness of actions through periodical reporting.

Example KPI: CO2 intensity For BAM's performance, see chapter 3.3 Environmental performance.

Definition	Impact	Management approach
4 Digitalisation and industrialisation		
Integrating digital technologies (e.g. digital construction, cybersecurity, big data) to scale-up and automate project execution and the development of solutions.	Digitalisation and industrialisation are key elements in a changing society, where data and digital solutions become increasingly important. In the construction sector, a digital approach is becoming essential in scaling-up and automate processes to increase efficiencies and develop new solutions. Potential negative impact of BAM on this theme is limited, BAM alone could not stop these developments. BAM can have a positive impact by innovating and applying modern digital technologies in its production processes.	BAM embraces digitalisation and industrialisation to optimise building processes and support a lifecycle approach towards (information) management in its operations. BAM's efforts aim to create the most effective and efficient way of working, reduce waste, get the most out of data in order to improve business performance and add value to BAM's stakeholders. BAM applies technological innovations, such as BIM, robotics, virtual and augmented reality and modular and offsite construction practices, to build digitally before building on site, therefore reducing risks during construction and supporting a safer working environment for employees on construction sites. BAM has not yet a quantitative KPI in place for digitalisation and industrialisation in place, as current measurements are unfortunately insufficient to provide a clear insight in BAM's performance on this theme. BAM discloses examples of digitalisation efforts in chapter 2.2. Lessons learned to manage impacts more successfully are considered as part of the enterprise risk management process (main risk area Innovation). Stakeholders were involved during the enterprise risk management process and during development of BAM's strategy 2021-2023. Stakeholders are informed on progress during informal visits to e.g. modular building sites, in the annual report, and via press releases.

Definition	Impact	Management approach
5 Employee recruitment, development and retention		
Empowering employees to use their skills, abilities and experience in a way that adds value to the business and provides personal growth, sustainable innovation and profit.	BAM increases its intellectual capital and the human capital of its stakeholders by investing in employee development. Although the impact of the development of employees on society in general is minimal, it is much greater within BAM, where it contributes to the involvement of employees and lifelong learning. BAM recognises the importance of Group-wide development and implementation of the talent strategy and agenda, succession planning and internal mobility, based on BAM's organisational development and strategic objectives. Talent management allows BAM to attract, develop, motivate and retain productive, engaged employees, now and in the future. BAM is committed to the principles of equal opportunity and diversity. The Group believes that diverse teams are better aligned with the wishes and expectations of its clients and with society in all BAM markets. In line with its vision on diversity, BAM wants to attract people with different profiles and backgrounds to build teams that are suitable for future challenges and will contribute to the achievement of BAM's strategic goals. This material theme has an actual and potential, negative and positive impact on people. Positive impacts are the contribution to lifelong learning and employability of people working at BAM. Furthermore, a positive impact can be made on diversity and inclusion in the construction sector. Vice versa, a negative impact can exist on these topics in case of an ineffective management approach. This topic is taken into account in the enterprise risk management process as well as one of the main risk areas (Human Resources). Impacts were assessed in this process.	The Group's development approach is aimed at encouraging employees to take their development into their own hands, with the manager/Company taking on a supporting and facilitating role. The employee's personal development is recorded in a personal learning and development plan. These plans are evaluated regularly between manager and employee. BAM offers employees various tools that can be used in their personal development, which are all accessible via BAM's intranet Connect. With BAM Learning, BAM offers an integrated approach to support employees in achieving their professional development goals. The training portfolio enables employees to keep up with their professional knowledge and to further develop the broader skills related to their role and career paths. Courses include topics such as integrity, entrepreneurship, commerce, new contract forms, project and risk management, procurement and financial management. The Group aims to foster an open culture of learning and exchanging knowledge in the form of training and education, building on the knowledge and expertise available within BAM as well as providing on-the-job development opportunities. For business and project leadership development (including early career), the Group has specialised programmes. For retention, BAM has not yet tracked a dedicated metric as the organisation structure itself was undergoing changes and divestment and wind-down activities were in progress. The attraction and retention of talented employees are however critical to BAM's success and the loss of employees with specialised skills could result in business interruptions. For this reason, BAM has already activated some key initiatives focused on cultivating an inclusive culture. During 2023 a strong focus will be given to investing in career opportunities (building career and visibility plans); building concrete actions based on the engagement results. Engagement with stakeholders has informed the actions taken during development of Sustainability Strategy launched at the start of 2023. Stakeholder feedback is gathered through the Glint survey.

For BAM's performance, see chapter 3.2 Social performance.

Definition	Impact	Management approach

7 Health, safety and well-being

Definition	Impact	Management approach
Fostering healthy and safe working and living environments.	BAM is responsible for the occupational safety of everyone who works for BAM. This includes all people directly employed by BAM, but also everyone else working on sites managed by BAM. Health and safety at work contribute to employee satisfaction. A high level of safety performance gives BAM a competitive advantage. Incidents and adhering to rules and regulations regarding safety strongly affects BAM's reputation.	BAM has developed a Group-wide guideline for safety reporting. All safety management systems from operational companies must comply with this guideline. The design of the safety management system is responsibility of the operating companies, so safety processes are appropriate for local challenges and regulations. Safety performance is consolidated at Group level and discussed with the Executive Committee every quarter. Stakeholders are involved in the actions taken on the construction site e.g. through regular safety meetings, toolboxes, 'good catch cards'. Effectiveness of the actions taken is communicated through the same channels, or in periodical reports, e.g. using the IF indicator or display of amounts of accidents during a period of time.

For BAM's performance, see chapter 3.2 Social performance.

8 Circularity

Definition	Impact	Management approach
Reducing resource consumption, eliminating waste and enabling continual material use to limit material depletion.	BAM has a continuous need for raw materials, water and energy. This means that primary processes are influenced by the increasing volatility of raw materials and energy prices. The products made by the Group must also comply with current and future requirements, with particular attention to the significant influence of changing laws and regulations. Waste production influences BAM's licence to operate and is an indicator of the efficiency of the business processes. In addition, waste products lead to costs due to the low value of residual material. BAM being a large construction company, its waste production has an impact on society. BAM has identified opportunities for innovation based on changing customer requests, especially regarding greater attention for the recycling of materials and the use of sustainable materials, including certified timber from sustainable forests. BAM discloses its ciruclarity preformance, both negative and postivie, in chapter 3.3.	BAM is innovating to reduce material consumption during the design process. The Group works with its supply chain partners to identify more sustainable alternatives for production and operational processes, both upstream and downstream. BAM focuses on improving the recycling potential of materials and renewable materials by critically assessing the design and materials used. BAM has set targets for waste reduction, reduction of non-biobased primary (virgin) material, use of circularity assessments and material passports. The Group monitors and benchmarks progress on these targets on a quarterly basis for various activities within the Company. Stakeholders were involved during the development of the Sustainability Strategy launched at the start of 2023. Stakeholders are informed on the effectiveness of actions through periodical reporting.

Example KPI: Construction and office waste intensity For BAM's performance, see chapter 3.3 Environmental performance.

Dendermonde Prison, Belgium - Invesis, BAM Interbuild and BAM FM

9.8 EU taxonomy assessment details

This appendix contains an elaboration on the EU taxonomy eligibility and alignment assessment, following on from chapter 3.4 EU taxonomy.

Definitions of eligibility and alignment

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 climate change mitigation or adaptation;
- it meets the substantial contribution criteria in the EU taxonomy regulation for this specific environmental objective;
- it meets all Do No Significant Harm (DNSH) criteria and 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 climate change mitigation or adaptation; but
- it does not meet the specific criteria in the EU taxonomy regulation for these specific environmental objectives; or
- it does not meet at least one of the DNSH conditions and/or 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 climate change mitigation or adaptation and, therefore, no criteria have been developed. The rationale of the European Commission is that such activities may not have a significant impact on climate change mitigation or adaptation, or may be integrated into the EU taxonomy regulation at a later stage.

Further clarifications and definitions of KPIs

The consolidated financial statements of BAM have been prepared in accordance with IFRS. BAM reconciled the denominators for revenue, capital expenditure, and operational expenditure with the reported data in the consolidated financial statements, or in the underlying records, to mitigate the risk of double counting.

No amounts that have been attributed to an activity associated with the climate change mitigation objective, have been taken into consideration for activities associated with the climate change adaptation objective or vice versa.

The KPIs are provided at the level of the Group where BAM prepares consolidated financial and non-financial statements, covering all consolidated entities.

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 income statement under IFRS (included in Note 5 in the Financial Statements)

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 7, 8 and 9 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 to use the 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 company's financial statements.

Financial metric calculation process

The calculation of the financial metrics associated with each economic activity was performed relying on a centralised process, where non-financial information is mapped to financial information in a single database. The financial information was collected from the reporting system used by the Group or from the management systems used by the divisions. Non-financial 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.

I. Process eligibility scan
Revenue - eligibility
The analysis with regard to taxonomy eligibility was carried out on

data per project. The EU taxonomy provides descriptions of eligible economic activities in Annex I (substantial contribution to climate change mitigation) and Annex II (substantial contribution to climate change adaptation) of the Delegated Regulation (EU) 2020/852. The specific descriptions of activities include references to NACE codes, that can be associated with that activity. These NACE code references are indicative and do not prevail over the specific definition of the activity provided in its description.

BAM mapped the projects on NACE codes (codes defined by the EU to classify economic activities) and project classifications derived from our tender stage gate process (CRM data).

Outcomes of the eligibility assessment were internally reviewed. Analytical procedures were performed in order to understand relevant movements compared to the prior year's report and to reconcile the numbers with the numbers reported in the financial statements.

Capital expenditure - eligibility
The eligibility scan for capital expenditures in 2022 (capex additions) was performed in line with the eligibility scan for revenue. For each of the additions, BAM determined if there was a specific allocation possible to an economic activity as described in Annex I or Annex II of the Delegated Regulation (EU) 2020/852.

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 calculated based on the proportion of the capital expenditure associated with taxonomy-eligible activities on a segment level. Capital expenditure related to joint ventures (as reported in Note 11 of the Financial statements) is not included in the scope of the assessment.

Operational expenditure - eligibility
The expense accounts identified to determine opeational expenditures according to the EU taxonomy definition are the following:
- Repairs and maintenance;
- Short-term leases (< 12 months);
- R&D expenses.

In respect of 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 segment.

II. Process alignment scan
Revenue
For the purpose of the taxonomy-alignment assessment, BAM clustered its projects based on the organisation of the Company and commonalities regarding the project definitions and 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 segment, cluster or project level. In 2022, BAM concluded positively on the alignment assessment of these three clusters:
- BAM Infra OV (Netherlands);
- BAM Rail (United Kingdom);
- BAM Residential (Netherlands) for the revenues related to A++++ label residential buildings.

BAM's alignment assessment includes the analysis of all substantial contribution criteria and Do Not Significant Harm criteria for the relevant objectives. In the assessment, documented in position papers per cluster, 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, on a cluster, or on a segment 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.

Capital expenditure
In respect to capex alignment BAM has performed the assessment based on three possible alignment scenarios:
- capex is related to assets or processess that are associated with taxonomy-aligned economic activities;
- capex is part of a plan to expand taxonomy-eligible economic activities to become taxonomy-aligned (subject to conditions);
- capex is related to the purchase of output of aligned acitivities.

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 segment.

For the assessment and disclosures in 2022, 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 2022, because the plans for improvements do not constitute a plan to reach alignment fully.

Operational expenditure
The calculation of the opex alignment in 2022 is an estimate based on revenue generating activities opex has been allocated to.

Alignment for opex is estimated based on a pro-rata basis related to the revenue of the aligned economic activities per segment. For the expenses related to repairs and maintenance, alignment is determined on the basis of the activity's description in the general ledgers.

III. Disclosure tables
In 2022, the level of alignment of BAM's economic activities with the EU taxonomy due to their substantial contribution to climate change mitigation and climate change adaptation objectives, in compliance with the principle of not doing significantly harm to other environmental objectives (DNSH) and the minimum safeguards, is included in the following tables:

55 Proportion of revenue associated with EU taxonomy-aligned economic activities – disclosure covering 2022

				Substantial contribution to		Do no significant harm to									
Economic activities	Taxonomy code	Absolute revenue 2022	Proportion of revenue 2022	Climate change mitigation	Climate change adaption	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of revenue 2022*	Enabling activity	Transitional activity
		€/million	%										%	E	T
A. EU taxonomy eligible activities															
A.1 - Environmentally sustainable activities (eligible-aligned)															
Infrastructure for rail transport	6.14	819	12.4%	✓		n/a	✓	✓	✓	✓	✓	✓	12.4%	E	
Construction of new buildings	7.1	23	0.3%	✓		n/a	✓	✓	✓	✓	✓	✓	0.3%		
Renovation of existing buildings	7.2	36	0.5%	✓		n/a	✓	✓	✓	✓	✓	✓	0.5%		T
Revenue of environmentally sustainable activities (eligible-aligned) (A.1)		878	13.3%										13.3%		
A.2 - EU taxonomy-eligible but not enviromentally sustainable activities (eligible-not aligned)															
Transmission and distribution of electricity	4.9	251	3.8%									✓		E	
Construction, extension and operation of water collection, treatment and supply	5.1	32	0.5%									✓			
Construction, extension and operation of waste water collection and treatment	5.3	51	0.8%									✓			
Infrastructure for rail transport	6.14	25	0.4%									✓		E	
Infrastructure enabling road transport and public transport	6.15	1,139	17.2%									✓		E	
Infrastructure enabling low carbon road transport and public transport	6.15	9	0.1%									✓		E	
Infrastructure for water transport	6.16	338	5.1%									✓		E	
Construction of new buildings	7.1	3,020	45.6%									✓			
Renovation of existing buildings	7.2	222	3.4%									✓			T
Revenue of taxonomy-eligible but not enviromentally sustainable activities (eligible-not aligned) (A.2)		5,087	76.9%												
B. EU taxonomy not-eligible activities															
Revenue of taxonomy not-eligible activities (B)		653	9.8%												
Total (A + B)		6,618	100%												

56 Proportion of capex associated with EU taxonomy-aligned economic activities – disclosure covering 2022

Economic activities	Taxonomy code	Absolute revenue 2022	Proportion of revenue 2022	Substantial contribution to: Climate change mitigation	Substantial contribution to: Climate change adaption	Do no significant harm to: Climate change mitigation	Do no significant harm to: Climate change adaptation	Do no significant harm to: Water and marine resources	Do no significant harm to: Circular economy	Do no significant harm to: Pollution	Do no significant harm to: Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of revenue 2022*	Enabling activity	Transitional activity
		€/million	%										%	E	T
A. EU taxonomy eligible activities															
A.1 - Environmentally sustainable activities (eligible-aligned)															
Infrastructure for rail transport	6.14	8.1	5.9%	✓		n/a	✓	✓	✓	✓	✓	✓	5.9%	E	
Construction of new buildings	7.1	3.4	2.5%	✓		n/a	✓	✓	✓	✓	✓	✓	2.5%		
Renovation of existing buildings	7.2	0.1	0.1%	✓		n/a	✓	✓	✓	✓	✓	✓	0.1%		T
Revenue of environmentally sustainable activities (eligible-aligned) (A.1)		11.7	8.5%										8.5%		
A.2 - EU taxonomy-eligible but not enviromentally sustainable activities (eligible-not aligned)															
Transmission and distribution of electricity	4.9	3.7	2.7%									✓		E	
Construction, extension and operation of water collection, treatment and supply	5.1	0.7	0.5%									✓			
Construction, extension and operation of waste water collection and treatment	5.3	0.4	0.3%									✓			
Infrastructure for rail transport	6.14	6.0	4.4%									✓		E	
Infrastructure enabling road transport and public transport	6.15	52.8	38.2%									✓		E	
Infrastructure enabling low carbon road transport and public transport	6.15	0.2	0.2%									✓		E	
Infrastructure for water transport	6.16	6.1	4.4%									✓		E	
Construction of new buildings	7.1	34.9	25.3%									✓			
Renovation of existing buildings	7.2	3.0	2.2%									✓			T
Revenue of taxonomy-eligible but not enviromentally sustainable activities (eligible-not aligned) (A.2)		107.9	78.1%												
B. EU taxonomy not-eligible activities															
Revenue of taxonomy not-eligible activities (B)		18.6	13.5%												
Total (A + B)		138.2	100%												

57 Proportion of opex associated with EU taxonomy-aligned economic activities – disclosure covering 2022

Economic activities	Taxonomy code	Absolute revenue 2022	Proportion of revenue 2022	Substantial contribution to: Climate change mitigation	Substantial contribution to: Climate change adaption	Do no significant harm to: Climate change mitigation	Do no significant harm to: Climate change adaptation	Do no significant harm to: Water and marine resources	Do no significant harm to: Circular economy	Do no significant harm to: Pollution	Do no significant harm to: Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of revenue 2022*	Enabling activity	Transitional activity
		€/million	%										%	E	T
A. EU taxonomy eligible activities															
A.1 - Environmentally sustainable activities (eligible-aligned)															
Infrastructure for rail transport	6.14	24.6	35.3%	✓		n/a	✓	✓	✓	✓	✓	✓	35.3%	E	
Revenue of environmentally sustainable activities (eligible-aligned) (A.1)		24.6	35.3%										35.3%		
A.2 - EU taxonomy-eligible but not enviromentally sustainable activities (eligible-not aligned)															
Transmission and distribution of electricity	4.9	4.2	6.1%									✓		E	
Construction, extension and operation of water collection, treatment and supply	5.1	0.0	0.0%									✓			
Construction, extension and operation of waste water collection and treatment	5.3	1.8	2.6%									✓			
Infrastructure for rail transport	6.14	0.4	0.6%									✓		E	
Infrastructure enabling road transport and public transport	6.15	21.2	30.4%									✓		E	
Infrastructure enabling low carbon road transport and public transport	6.15	4.9	7.1%									✓		E	
Infrastructure for water transport	6.16	2.1	3.1%									✓		E	
Construction of new buildings	7.1	7.6	10.8%									✓			
Renovation of existing buildings	7.2	0.1	0.2%									✓			T
Revenue of taxonomy-eligible but not enviromentally sustainable activities (eligible-not aligned) (A.2)		42.4	60.8%												
B. EU taxonomy not-eligible activities															
Revenue of taxonomy not-eligible activities (B)		2.8	3.9%												
Total (A + B)		69.8	100%												

NovaCity

Belgium

Brussel

Residential units
63

Surface
7,560 m²

Bicycle storage
142

Isabel Van Nespen,

senior project manager, BAM Interbuild

'It's great to be able to participate in urban renewal in our capital city, in sustainable projects that can contribute to our future and can make a difference.'

9.9 Additional non-financial information

Introduction

This annual report has been prepared in accordance with the GRI Standards.

The GRI Sustainability Reporting Standards (GRI Standards) are vital guidelines to the work of BAM, playing a crucial role in helping the organisation to be transparent and take responsibility for its impacts.

A detailed overview of the GRI disclosures 2022 can be found on BAM's website, under annual reports.

In this chapter additional data has been included in line with the GRI disclosures 2022 in the area of human resources:

Human resources

58 Employee category by gender

	Female	Non-female
Acquire	38%	62%
Build	8%	92%
Design	16%	84%
Maintain	24%	76%
Functions	50%	50%
Other	22%	78%
Total	**20%**	**80%**

* Categories above reflect which of BAM's activities employees primarily contribute to. These span the business process range of acquisition, design, building, and maintaining. Functions denote the broad range of roles internally leading, facilitating and supporting the aforementioned categories. Employees in category "other" could not be directly mapped to a specific category. 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.

59 Part-time versus full-time employment by gender

	Part-time		Full-time	
	Female	Non-female	Female	Non-female
Netherlands	9%	8%	7%	76%
United Kingdom	11%	4%	15%	70%
Ireland	5%	2%	16%	78%
Belgium	5%	1%	19%	74%
Other*	1%	2%	15%	82%
Total	**9%**	**6%**	**11%**	**74%**

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.

* Grouping of countries where BAM has limited market presence.

60 2021 Performance reviews by gender for employees in service per end 2022

	Female	Non-female	Headcount
Not reviewed	24%	76%	3,335
Reviewed	19%	81%	10,432

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.

61 2021 Performance reviews by employee category for employees in service per end 2022

	Not reviewed	Reviewed	Headcount
Acquire	20%	80%	436
Build	23%	77%	7,490
Design	15%	85%	677
Maintain	26%	74%	2,409
Functions	26%	74%	2,635
Other	97%	3%	120
Total	**24%**	**76%**	**13,767**

* Categories above reflect which of BAM's activities employees primarily contribute to. These span the business process range of acquisition, design, building, and maintaining. Functions denote the broad range of roles internally leading, facilitating and supporting the aforementioned categories. Employees in category "other" could not be directly mapped to a specific category.

62 Contract types by gender (in %)

		Netherlands	United Kingdom	Ireland	Belgium	Other*
Permanent	**Female**	14.5	24.1	19.4	24.6	15.6
	Non-female	80.9	69.9	75.1	75.4	75.4
Fixed-term	**Female**	1.2	0.6	0.9	0.0	0.0
	Non-female	3.0	0.9	1.7	0.0	5.0
Non-guaranteed hours	**Female**	0.0	0.8	0.0	0.0	0.0
	Non-female	0.0	1.3	0.0	0.0	0.0
Other	**Female**	0.0	0.5	0.3	0.0	0.6
	Non-female	0.4	1.9	2.6	0.0	3.4
Totals		**100**	**100**	**100**	**100**	**100**

Any column where the percentages seem not to add up to 100% is due to rounding of numbers.

* Grouping of countries where BAM has a limited market presence.

63 Percentage of employees covered by collective employment agreements

Covered	Not covered*	Total
60%	40%	100%

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

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