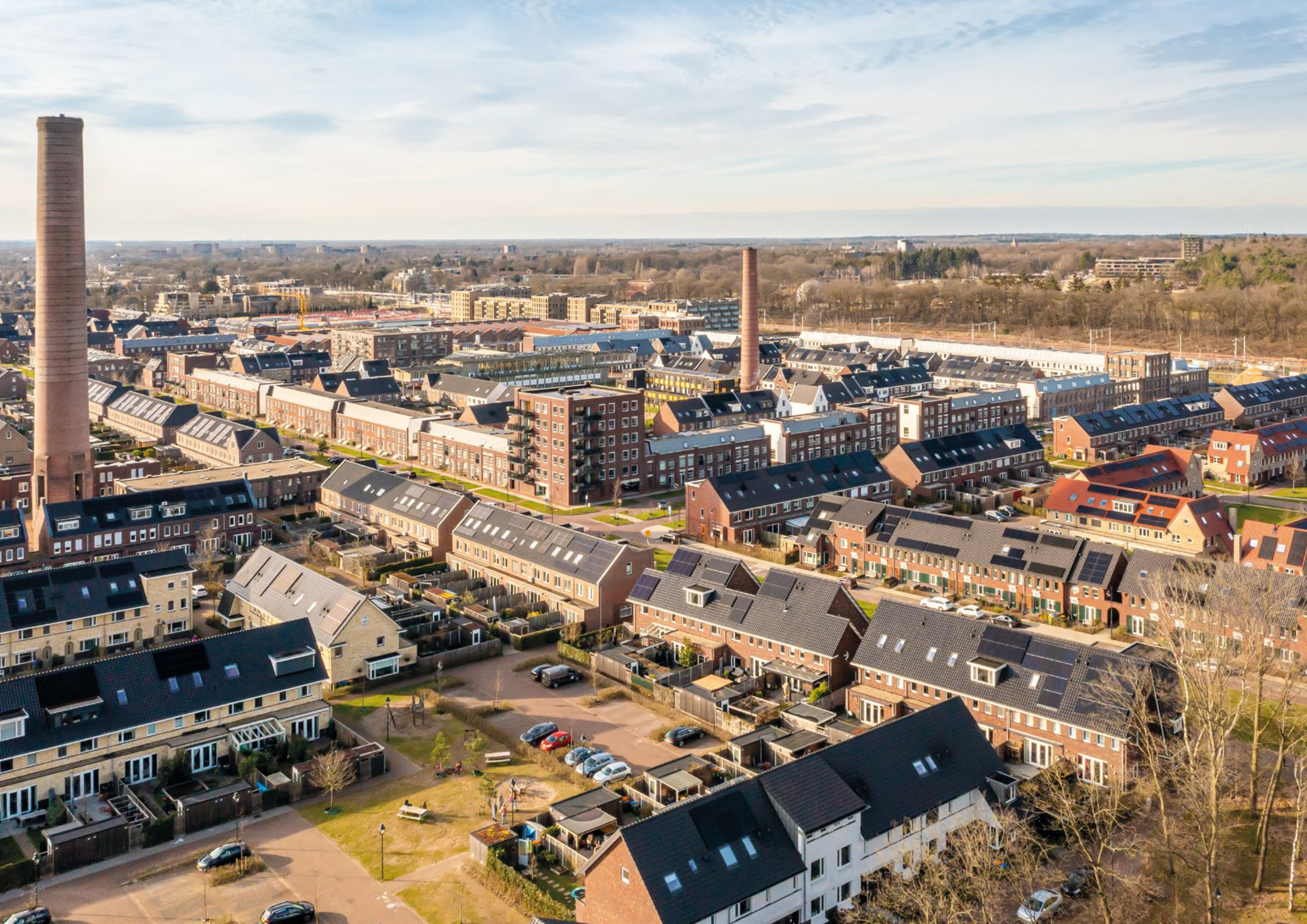
2023 Tax Report

Royal BAM Group nv



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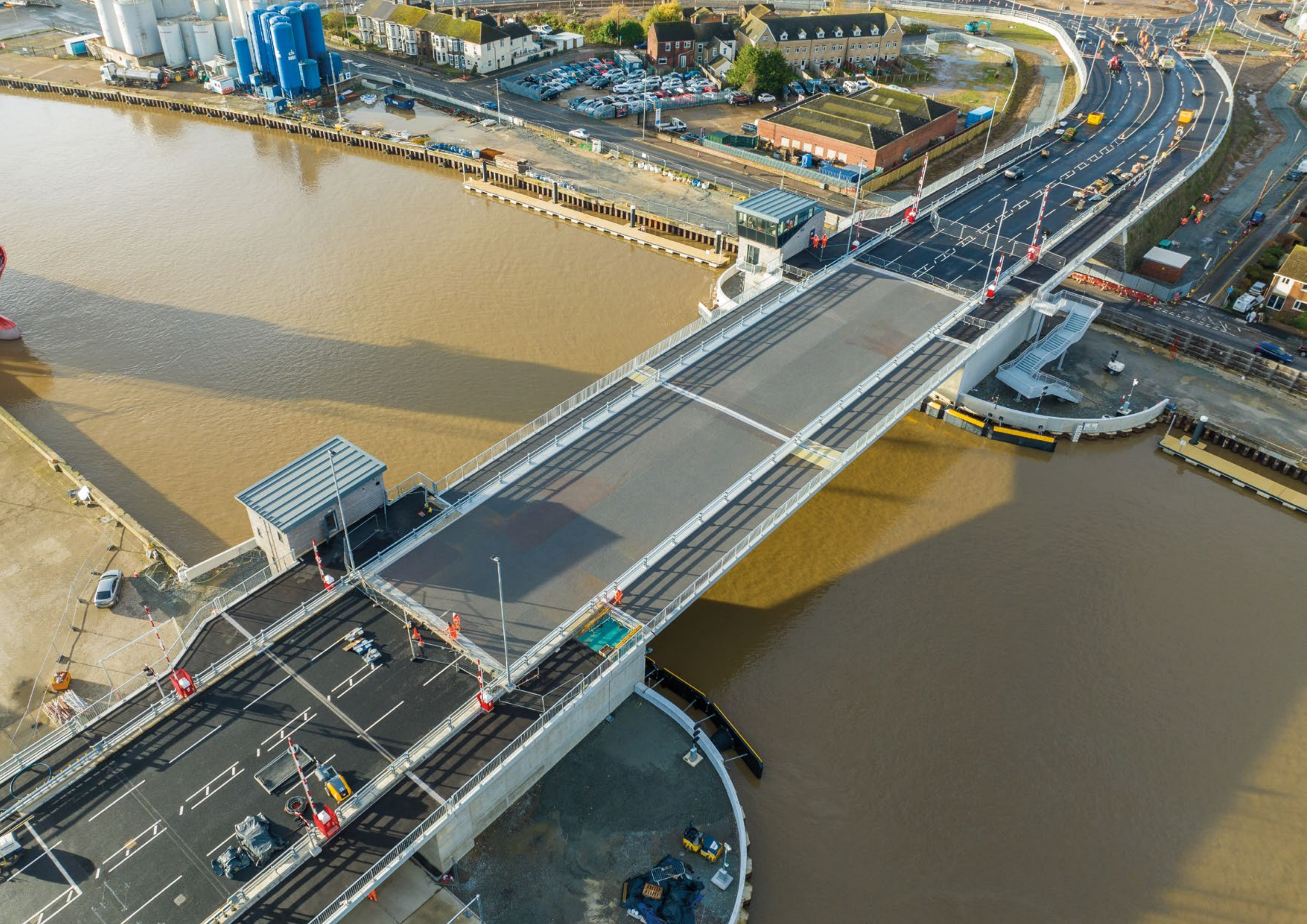


1. Introduction

We are pleased to introduce the 2023 BAM Tax Report. This report demonstrates our commitment to be transparent about our approach to tax.

BAM's purpose is to build a sustainable tomorrow. As a signal of our focus on leadership in sustainable construction, we defined clear sustainability goals early 2023. Sustainability at BAM is not limited to ambitious decarbonisation targets, but also includes targets for circularity, climate adaptation, biodiversity, safety, health, inclusion, and social value.
The social value component of our sustainability agenda relates to BAM being actively engaged in the countries, regions and cities where we operate. Social value can enable BAM to maximise the positive impact that work and procurement has on local communities, people and the environment.

It is in the context of this social value that we continue to endeavor our role in society and feel that being transparent on our tax position and on our tax payments forms an integral part of our social responsibility. To turn our words into action, we have endorsed the Tax Governance Code developed by VNO-NCW (a Dutch employers' organisation), which aims for greater transparency on the tax position of Dutch listed companies.

In this 2023 Tax Report, we intend to give insights into the tax principles which are applied, and outline how these are embedded and safeguarded within the organisation. Furthermore, we provide insights into the taxes paid and collected, the tax numbers reported in the annual report, and the tax incentives used.

We trust this report is an important contribution towards more transparency as will continue to improve the reporting to our stakeholders. To improve comparability and reliability of the information disclosed, we are working towards applying the GRI 207 reporting standards as basis for the 2024 Tax Report together with assurance on that report.

Frans den Houter,
CFO

Walter Zuidgeest,
Head of Tax

Bunnik, the Netherlands
April 2024

2. Business and organisation

BAM designs, builds and maintains high-quality, sustainable buildings, homes and infrastructure for public- and private-sector clients. BAM is one of a few large companies to have set science-based targets to reduce the CO_2 intensity of its operations by 50% in 2030 compared to 2015, and is committed to maintaining its place on the Climate Change 'A' List, published by CDP each year. This commitment is set out in BAM's strategy for 2021-2023, called 'Building a sustainable tomorrow', which also aims to provide employees with safe and rewarding work, while generating attractive returns for shareholders.

The year 2023 is the final year of the 2021-2023 strategy. The goal was to increase profitability of BAM and de-risk the portfolio and the work BAM choose to undertake. BAM is pleased to report that this de-risking strategy resulted in improved returns for the period 2021-2023. The Group's performance in 2023 is a solid foundation for the next phase of the 'Building a sustainable tomorrow' strategy, for the period of 2024-2026. This strategic period will continue the hard work of the last three years and aim to focus to protect profitability, transform to strengthen competitive advantage and expand for future growth. BAM's purpose of 'Building a sustainable tomorrow' remains unchanged, as it consistently strives to enhance its contribution to a more sustainable world, improve working environments, and deliver significant returns for shareholders.

BAM is listed on the Amsterdam Euronext exchange.

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

In the divisions Netherlands and United Kingdom and Ireland, BAM leverages its scale and strong position to lead with replicable and 'best-in-industry' construction processes, delivered by highly skilled employees to create valuable, sustainable solutions for its clients. The Group employs approximately 13,900 people. The division Netherlands employs approximately 6,800 people, the division United Kingdom and Ireland approximately 6,800 people, and Belgium approximately 200 people.

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

Activities

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

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

Property development activities are carried out in the Netherlands, the United Kingdom, Ireland and on a limited scale in Belgium. BAM is also active in facilities management in the Netherlands, the United Kingdom, Ireland and Belgium. BAM's civil engineering activities cover the markets in the Netherlands, the United Kingdom, Ireland and Denmark (Fehmarnbelt Tunnel).

3. Financial year 2023

3.1 Significant events update

During 2023, the following significant events took place:

- On 19 January 2023 BAM announced the new sustainability strategy. Ambitious, transparent and realistic. That characterises BAM's new sustainability strategy. BAM sees this sustainability strategy as a crucial addition to its 'Building a sustainable tomorrow' strategy, because BAM believes there is only a future if it continues to build sustainable. The strategy is also crucial for its clients and society to be able to meet sustainability challenges together. The company launched ambitious targets, aiming to become an industry leader.

- On 9 May 2023 BAM started a share buyback programme for 9,351,489 ordinary shares to offset for the dilution effect due to the issue of stock dividend and to fulfill its obligations for the various running share-based employee incentive schemes vesting up to April 2026. The programme was finalised on 28 August 2023.

- On 4 October 2023 BAM Infraconsult BV (BAM's civil engineering consultant in the Netherlands) has reached an agreement to transfer its subsidiaries Delta Marine Consultants Singapore and Delta Marine Consultants Indonesia to Van Oord.

3.2 Financial performance update

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

- Combined revenue of division Netherlands and division UK and Ireland increased by 2% to €6.1 billion
- Adjusted EBITDA of €304 million (margin of 4.9% Net result of €175 million, reflecting earnings per share of €0.65 (2022: €0.66)
- Liquidity position of €0.8 billion while trade working capital continues to normalise
- Capital ratio improved to 23.4% (2022: 21.2%)
- Order book of €9.8 billion
- Scope 1 and 2 CO2 intensity reduction of 56% versus 2015 (target: minus 50%)
- New strategy 2024-2026 (focus, transform and expand) builds on solid progress in past three years

(x € million, unless otherwise stated)	2023	
	Revenue	Adj. EBITDA
Division NL	3,007	179.0
Division UK&I	3,139	121.5
Germany, Belgium and International	125	11.4
Invesis	-	2.6
Other including eliminations	(1)	(10.2)
	6,270	304.3
Adjusted items		(9.6)
Depreciation and amortisation		(121.3)
Impairments		(2.7)
Finance result		12.9
Result before tax		183.6
Income tax expense		(8.6)
Non-controlling interest		0.0
Net result attributable to shareholders		175.0

4. Tax policy

BAM's corporate purpose is to provide clients with best-in- industry capabilities, contribute to the global movement toward sustainability, provide employees a safe and rewarding work environment and generate attractive returns for shareholders. Recognising the role tax plays in this regard, BAM has adopted tax principles that balance the interest of the various stakeholders.

The BAM Code of Conduct and BAM Values (collaborative, inclusive, ownership, reliable and sustainable) are a common foundation for how we work, set the standard for our behavior and provide a compass for decision making. Derived from and in line with these values and code of conduct, BAM has adopted the BAM Tax Policy. This tax policy is intended to set forth BAM's tax strategy, a commitment to the application of good tax practices and the underlying tax principles.

The BAM Tax Policy has been approved by the Executive Committee and the Audit Committee and is published on our website.

Scope

The tax policy applies to all companies of the group, as well as to all investees over which BAM has effective control. When BAM has no effective control, BAM will promote the alignment of their own tax policy with that of BAM. The tax policy applies to all taxes that BAM encounters in the course of its business. BAM's tax department supports awareness for and compliance with the tax policy.

Approach to tax

Tax is an important subject for BAM and its stakeholders.
Tax payments are not just a cost factor only, but also a contribution to society and seen as a means for social economic cohesion, sustainable growth and long-term prosperity. Therefore, BAM strives to come to a responsible approach to tax as an integral part of its corporate social responsibility agenda. BAM will seek to align the long-term interests of all our stakeholders, including customers, employees, business partners, investors, and wider society.

BAM has adopted the VNO NCW Tax Governance Code. The following BAM tax principles guide our decisions on tax matters:

Accountability and governance

Tax is a core part of corporate social responsibility and governance and is overseen by the Board. We have a tax control framework that enables us to identify and assess tax risks, define our tax risk appetite and monitor and report tax controls.

Tax compliance

We are committed to comply with the letter, the intent and the spirit of the tax legislation and transfer pricing rules of the countries in which we operate and to pay the right amount of tax at the right time.

Tax transparency and reporting

We regularly provide information to our stakeholders, including investors, policy makers, employees and the general public, about our approach to tax and taxes paid.

Relationship with tax authorities

We seek opportunities, wherever possible, to develop cooperative relationships with tax authorities based on mutual respect, transparency and trust.

Business structure

We will only use business structures that are driven by commercial considerations, are aligned with business activity and have genuine substance.

5. Risk management and governance

5.1 Risk management

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

Part of BAM's risk management framework is our effective tax control framework, which sets out the activities tools, techniques and organisation arrangements to ensure all tax risks are identified, assessed, understood and that appropriate responses are in place to mitigate the impact of all risks. Tax risks are the risks that the company may be paying or accounting for an incorrect amount of tax (including both income and indirect taxes), or that the tax positions that the company adopts are out of step with the tax risk appetite that the directors have authorised or believe is prudent. Tax risks may lead to a negative impact on the goals of the organisation, or to financial – or reputational – damage.

In organisations as ours, tax is impacting many processes in all parts of the organisation. As part of our tax control framework we have described the dedicated tax processes, such as the preparation of tax returns, step by step. By doing this we gain insight in where material risks are present in our processes. Where required we have implemented additional or tighter controls to manage these risks. Next to dedicated tax processes, tax can be relevant in business processes, such as tendering, HR, contract management, legal processes, etc. The relevant department also has a risk control framework in place, in which we ensure that the relevant tax step is included and controls are in place.

The tax control framework sets out the end-to-end processes for identifying, controlling, monitoring, reporting and escalation of tax risks. On a quarterly basis, tax controls in the scope of our tax control framework are subject to effectiveness testing and evaluation. On a yearly basis, risk and control self-assessments are performed to assess the design and effectiveness of specific tax controls.

The main tax risks identified are registered in our tax risk matrix, where we assess the likelihood and impact of the potential risk. In the Netherlands this risk matrix is shared with the Dutch tax authorities.

5.2 Governance

Despite international developments tax law remains a very country specific topic. Therefore we have tax functions at different levels and locations in the organisation. At the level of the divisions, we have local tax functions providing tax expertise for specific types of taxations. The local tax functions are responsible for the tax matters of local companies and activities. The corporate centre tax function at the level of the head office oversees, aligns and supports these local tax functions. Where specific tax expertise is not available in our own organisation we consult external tax advisors.

The BAM tax policy is intended to serve as a guidance to the application of good tax practices and the underlying tax principles. Everyone who is contributing to the tax function adheres to the BAM tax policy.

The Executive Committee and the Audit Committee of the Supervisory Board have approved the BAM Tax Policy. Implementation and operation of the BAM Tax Policy, as well as reports on our tax position and tax risks and - developments, are reviewed by and discussed with the Audit Committee on a regular basis, no less than annually.

The corporate centre tax function regularly reports to the CFO and the Executive Committee on day-to-day operations, the status and effectiveness of the function and on tax developments.

6. Relationship with tax authorities

We seek to develop and maintain open, constructive and mutually respectful relations with tax authorities based on transparency and trust. We only seek rulings from tax authorities to confirm the applicable tax treatment based on the full disclosure of the facts. We support the OECD initiatives to promote tax transparency and the reform of international tax systems in order to arrive at fair tax systems.

Netherlands
In the Netherlands, our relationship with the tax authorities is embedded in the 'individual monitoring plan'. During quarterly update meetings, we inform tax inspectors of business developments and potentially relevant tax topics. We also strive to update the tax inspectors on BAM's approach to tax. Finally, we proactively share our tax risk control matrix, which includes identified risks, potential exposure and mitigation measures. Furthermore, every year several risks are subject to a thorough and detailed internal review, whose outcome is shared and discussed with the tax authorities.

United Kingdom
In the United Kingdom, we have a dedicated HMRC Customer Compliance Manager. During yearly update meetings, we inform tax officers of business developments and potentially relevant tax topics. We also strive to update the tax officers on BAM's approach to tax. Finally, we proactively share our tax risk control matrix, which includes identified risks, potential exposure and mitigation measures. Every three years, we are subject to re-assessment of our tax processes and the subsequent risk profile, by HMRC. Currently our risk profile is low, which means that HMRC fully trusts and relies on our tax processes.

Ireland
We strive to implement similar engagements in Ireland.

Belgium
Although less common in Belgium, we strive to implement similar engagements as we have in the beforementioned countries.

7. Tax features and incentives

A tax feature is a part of a tax system designed to keep the system coherent. A tax incentive is a governmental tax measure designed to incentivise or encourage a particular business activity by reducing related tax payments.

Tax incentives are available in the various countries where BAM operates. BAM will claim tax incentives if these are in line with business operations provided that BAM is entitled to these not just by the letter of the tax law, but also by its policy intention.

7.1 Tax features

Some of the most important tax features to BAM are:

7.1.1 Participation exemption (Netherlands and UK)

Royal BAM Group nv is BAM's ultimate parent company, and the Dutch participation exemption regime applies to income derived from its domestic and foreign subsidiaries. The Dutch participation exemption regime aims to eliminate economic double corporate taxation of profit distributions paid by a subsidiary to its parent company. A corporate taxpayer is exempt from Dutch corporate income tax on all benefits, such as dividends and capital gains, connected with a qualifying shareholding.

In the UK, a similar participation exemption regime (substantial shareholding exemption) applies.

7.1.2 Loss carry-forward

Operational losses incurred that lead to a tax loss in a specific year can be carried forward to be offset against the taxable profits of a future year. This offsetting is subject to several conditions that may differ per country. The most important conditions relate to the timing (indefinite carry-forward or time-capped) and amount (full offsetting of a taxable profit or a percentage thereof). Most countries where BAM operates have a loss carry-forward regime.

7.2 Tax incentives

Some of the most important tax incentives to BAM are:

7.2.1 Research and development tax credit - WBSO (Netherlands)

If a company carries out research and/or development projects, it may be able to make use of the Dutch research and development tax credit WBSO (in Dutch: Wet ter Bevordering van Speur- en Ontwikkelingswerk).

Each year, the Dutch government allocates the WBSO budget as part of its Tax Plan. The WBSO R&D tax credit offers support for two different types of projects:

- Development project
  This category covers the development of technically new physical products, physical production processes or software (or parts thereof).
- Technical scientific research
  This category covers exploratory research of a technical nature.

A company may apply for the WBSO tax credit for R&D activities carried out by its own employees, and for costs and expenditures incurred while carrying out an R&D project.

7.2.2 Energy Investment Allowance – EIA (Netherlands)

In the Netherlands, a company can receive a tax deduction for clearly defined investments (specific) and for tailor-made investments (generic) that result in substantial energy savings. A company can deduct 45.5%of these investment costs from its taxable profit. This is possible on top of the usual depreciation. These investments are described as 'company resources' on the Energy List.

7.2.3 Environmental Investment Allowance - MIA (Netherlands)

In the Netherlands, a company can receive a tax deduction for investments listed on the Environment List, referred to as business assets, which are minimally damaging to the environment.
A company can deduct up to 45% of the investment costs for an environmentally friendly technology on top of the usual depreciation.

7.2.4 Research and Development expenditure credit – RDEC (UK)

Research and Development (R&D) reliefs support companies that work on innovative projects in science and technology. These can be claimed by companies that seek to research or develop an advancement in their field. Large companies can claim a Research and Development Expenditure Credit (RDEC) for working on R&D projects. A company may be able to claim corporation tax relief if the project meets the specific definition of R&D.

The credit is calculated at 13 per cent (increased to 20 per cent as from 1 April 2023) of a company's qualifying R&D expenditure and is taxable as trading income. Regardless of whether a company makes a profit or loss, the credit may be used to discharge the company's corporation tax liabilities.

7.2.5 Research and development tax credit (Ireland)

Money spent by a company on research and development activities may qualify for the R&D tax credit. The credit is calculated at 25% of qualifying expenditure, and is used to reduce a company's Corporation Tax.

A company may qualify for the R&D tax credit if:

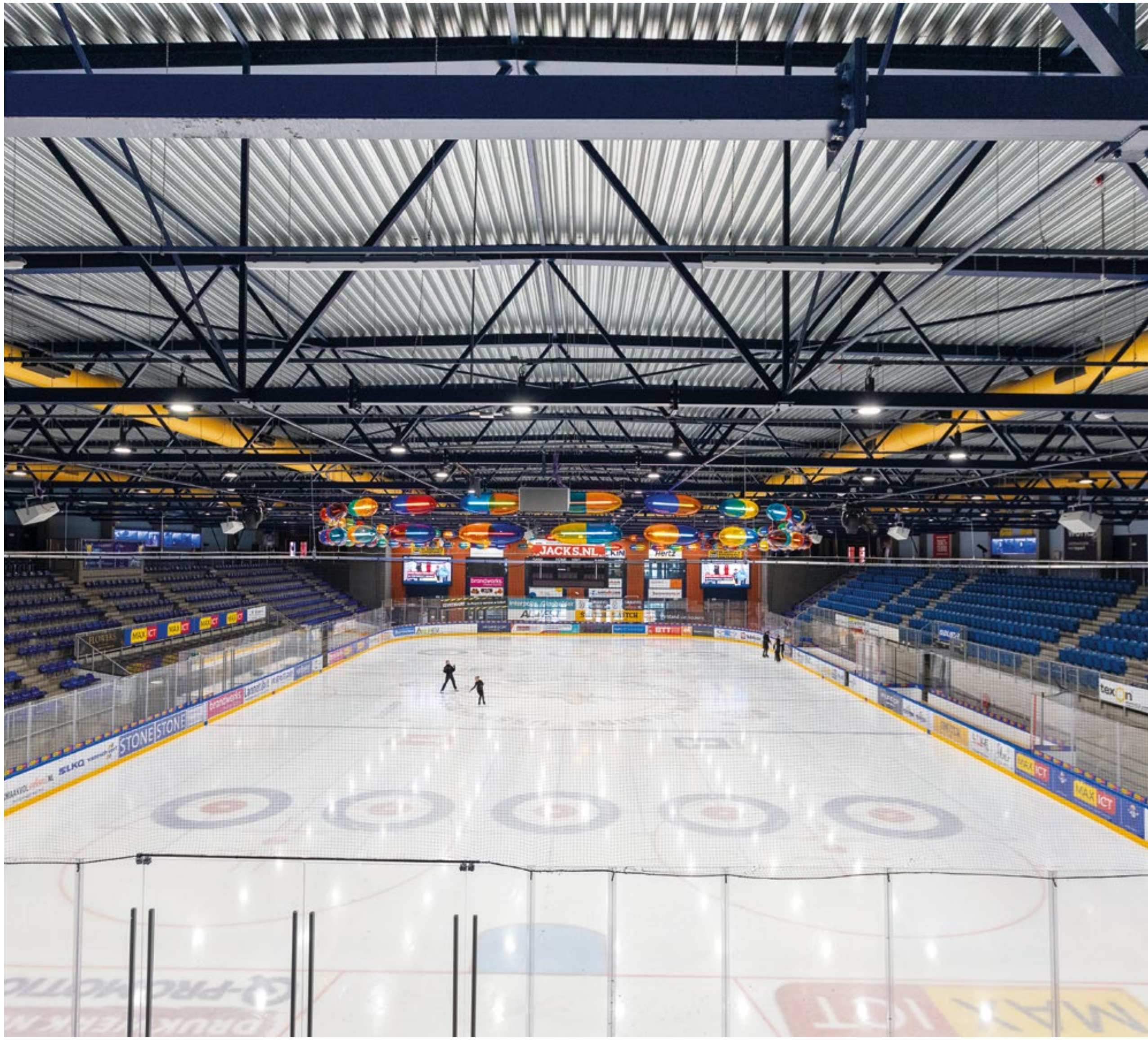
- it is within the charge of Corporation Tax in Ireland;
- it carries out qualifying R&D activities in Ireland or the European Economic Area (EEA);
- the expenditure does not qualify for a tax deduction in another country.

7.2.6 Super deduction (UK)

From 1 April 2021 until 31 March 2023, companies investing in qualifying new plant and machinery assets will be able to claim:

- a 130% super-deduction capital allowance on qualifying plant and machinery investments
- a 50% first-year allowance for qualifying special rate assets

The government has offered unprecedented support for businesses during Covid. Even so, pandemic-related economic shocks and the accompanying uncertainty have chilled business investment. This super-deduction will encourage firms to invest in productivity-enhancing plant and machinery assets that will help them grow, and to make those investments now.



8. Effective tax rate

The purpose of this section is to explain the tax charge and the effective tax rate in more detail. This information is also included in BAM's 2023 Annual Report.

(x €1,000)	2023
Result before tax	183,568
Tax calculated at Dutch tax rate of 25.8%;	47,361
Tax effects of:	
• Tax rates in other countries	(3,770)
• Non deductible goodwill impairment	-
• Non deductible expenses	2,270
• Remeasurement of deferred tax – changes in enacted tax rates	-
• Adjustments from filing tax returns	(846)
• Previously unrecognised tax losses	(44,717)
• Tax losses no(t) (longer) recognised	14,458
• Results of investments and other participations	(4,796)
• Change in uncertain tax provisions	(804)
• Other	(542)
Tax charge/(gain)	8,614
Effective tax rate	4.7%

Tax calculated at Dutch tax rate

BAM reported a profit before tax of €184 million over 2023. The IFRS reporting standards suggests that the presentation of the tax expense starts with the tax that would have been due if the profit before tax had been subject to the ultimate parent company's tax rate.

Tax rates in other countries
As BAM does business in several countries where tax rates are applicable that differ from the Dutch tax rate, the impact of such different tax rates is shown. In 2023, the main driver of this item was the United Arab Emirates, where operational profits are subject to 0% corporate income tax.

Non-deductible expenses
Several countries where BAM has business activities do not allow full deduction of certain, specific, business expenses. These are mainly expenses for which also a private element can be identified, such as meals, entertainment, etc.

Furthermore, in the Netherlands, costs relating to the acquisition or divestment of shares in subsidiaries are subject to the participation exemption rule and therefore not tax deductible. In 2023, BAM incurred a small amount of M&A expenses for the divestments of Delta Marine Consultants in Singapore and Indonesia.

Adjustments for filing tax returns
Current and deferred tax provisions reported relating to prior years have been updated to reflect positions more accurately. This is mostly due to the filing of tax returns which take place in a subsequent reporting period.

Previously unrecognised tax losses
In the Netherlands and Belgium, BAM has a substantial amount of tax losses available for carry-forward. This amount of tax losses is not recognised in full. BAM therefore regularly reassesses the expected amount of tax losses that will be utilised in the foreseeable future. Based on operational forecasts, the reassessment has resulted in additional recognition of tax losses in both the Netherlands and Belgium.

Furthermore, BAM has tax losses available for carry-forward in several countries, which are not recognised. In some of these countries, BAM reported an operational profit in 2023, which can be offset with available tax losses. Therefore, BAM has recognised additional tax losses for these specific operational results in 2023.

Tax losses not or no longer recognised
Furthermore, BAM has reported operational losses in some countries. It assesses if and to which extent these tax losses will be utilised in the foreseeable future. Based on this assessment, BAM has not recognised tax losses for operational losses incurred in some countries.

However, in the Netherlands BAM is, under strict conditions, entitled to a fiscal liquidation loss deduction for operational losses incurred abroad. For this future deduction a deferred tax asset is recognised.

Results of investments and other participations
In almost all countries where BAM operates, results from participations – operational results, dividend distributions and/or capital gains – are fully or partly exempted from taxation (see also 7.1.1 Participation Exemption). In 2023, BAM reported several results from non-consolidated subsidiaries, associates and joint ventures that are exempted from taxation.

Change in uncertain tax provisions
BAM regularly reassesses its identified tax risks and its potential exposure. It subsequently updates its provision for uncertain tax positions. Due to the settlement of several tax audits and disputes and the lapsing of statutes of limitation, part of the provision for uncertain tax positions was released in 2023.

9. Deferred taxes

Deferred taxes are taxes that are due in future years (liabilities) or recoverable in the foreseeable future (assets), due to timing differences between IFRS reporting and local tax rules.

For example, under IFRS, tangible assets are depreciated in a straight line for three years, while under local tax rules a minimum of five years is prescribed. This means that for tax purposes, tangible asset depreciation in years 1, 2 and 3 are lower than under IFRS, leading to a higher current tax liability as expected from the IFRS numbers. However, higher tax depreciation in years 4 and 5 leads to a lower current tax liability than expected from the IFRS numbers. This future lower current tax liability is reported at the end of years 1, 2 and 3 in a deferred tax asset.

	Year 1	Year 2	Year 3	Year 4	Year 5
IFRS					
EBITDA	1,000	1,000	1,000	1,000	1,000
Depreciation	(500)	(500)	(500)		
PBT	500	500	500	1,000	1,000
Tax GAAP					
EBITDA	1,000	1,000	1,000	1,000	1,000
Depreciation	(300)	(300)	(300)	(300)	(300)
PBT	700	700	700	700	700
Current tax	175	175	175	175	175
Deferred tax	(50)	(50)	(50)	(50)	(50)
Total tax	125	125	125	125	125
	25%	25%	25%	25%	25%
Deferred tax asset	50	100	150	75	-

BAM has several deductible and taxable temporary differences resulting in deferred tax positions (per year-end 2022), that can be summarised as follows:

(x €1,000)	Deferred tax		
	Assets	Liabilities	Net
Non tangible assets	24,680	-	24,680
Tangible assets	3,881	39,617	(35,736)
Other receivables	1,115	-	1,115
Loans and borrowings	38,517	2,032	36,485
Derivatives	340	31	309
Employee provisions	18	12,880	(12,862)
Other provisions	5,251	-	5,251
Current liabilities	-	1,091	(1,091)
Tax losses	49,447	-	49,447
Subtotal	**123,249**	**55,651**	**67,598**
Netting	(40,803)	(40,803)	-
Total reported	**82,446**	**14,848**	**67,598**

Intangible and financial assets
Due to the wind-down of BAM International and the subsequent liquidation of legal entities, in the Netherlands BAM is, under strict conditions, entitled to a fiscal liquidation loss deduction. For this future deduction a deferred tax asset is recognised.

Another part of this item relates to the operational losses reported in Dutch CV companies. Operational losses are reported in the year of occurrence under IFRS, but can only be deducted for tax purposes up to the amount of capital contributed into the CV company, which often takes place in a subsequent year.

Tangible assets
This item relates to right-of-use assets that are recognised on the IFRS balance sheet, which is subject to depreciation. For tax purposes, recognition and subsequent depreciation are not allowed.

Furthermore, local tax rules dictate specific depreciation schemes for groups of assets. This depreciation scheme may differ from the depreciation scheme applied under IFRS. As a result, depreciation amounts are not always aligned.

Loans and borrowings
Loans and borrowing mainly relate to financial leases, which are accrued in full under IFRS. This is not allowed for tax purposes, where only the actual payments made during a year are tax-deductible. Employee benefits provision. Especially defined benefit pension schemes result in pension provisions under IFRS, accruing for future payments to be made. Local tax legislation does not allow for such accrual, and only accepts tax deduction for actual payments made during the year.

Other provisions
In general, the rules for recognising a provision under local tax legislation is more strict than under IFRS. As a result, expected costs can be accrued earlier under IFRS than under local tax legislation.

Tax losses and tax credits
Reference is made to paragraph 11 of this Tax Report.

Netting
Under IFRS deferred tax assets and liabilities shall be offset if (1) the company has a legally enforceable right to do so for current tax payments, and (2) both the asset and the liability relate to income taxes levied by the same taxation authority.

10. Total tax contributions

(x €1,000)

	Corporate tax	Withholding taxes	VAT	Wage tax and social security premiums	**Total**
Netherlands	6,202	3,300	159,420	228,849	**397,771**
United Kingdom	9,617	-	239,145	143,790	**392,552**
Ireland	2,840	8,610	(14,936)	19,424	**15,938**
Belgium	3,371	-	8,181	7,964	**19,516**
Other	65	-	11,237	5,804	17,106
Total	22,095	11,910	403,047	405,831	842,883

This overview provides with information on tax cash flows to and from national taxation authorities on corporate income tax, withholding taxes, VAT and wage tax and social security premiums.

Corporate tax include all domestic and foreign taxes which are based on taxable profits.

Withholding taxes are taxes deducted at source, especially one levied by some countries on dividends, royalties, interest, services paid to a person or company resident in- or outside that country.

Wage tax and social security premiums represent taxes withheld by BAM from employee remunerations and paid on behalf of employees to tax authorities.

Furthermore, the numbers represent all subsidiaries where BAM holds a 100% shareholding. Joint venture companies are represented to the extend BAM is performing the administration for such joint venture.

Withholding taxes in the Netherlands represent the tax withheld from dividend payments to our shareholders.

Withholding taxes in Ireland represent Relevant Contracts Tax (‘RCT’), a withholding tax that applies to certain payments by principal contractors to subcontractors in the construction, forestry and meat-processing industries. The RCT tax rate will depend on the subcontractor’s compliance record with the Irish tax authorities.

The negative VAT contribution in Ireland is the consequence of the local VAT law. Outgoing invoices to local clients can be sent while applying the reverse charge mechanism, thereby shifting the VAT charge to the client. Conversely, income invoices from suppliers are received including local VAT, which can be reclaimed from the Irish tax administration.

11. Tax losses available for carry-forward

BAM has incurred tax losses in several countries from loss-making operational projects. These tax losses are, subject to certain criteria, available for carry-forward and will – where possible – be settled against future operational profits.

In countries where we continue operations, tax losses that can be utilised in the foreseeable future are recognised in the form of a deferred tax asset. The foreseeable future is defined as the five years following the reporting date.

Netherlands
In the Netherlands, BAM has a total amount of tax losses available for carry-forward of roughly €442 million as per year-end 2023. BAM expects that €173 million of the total amount can be utilised in the foreseeable future, and this is therefore recognised as a deferred tax asset.

Available tax losses can be carried forward indefinitely and can be settled against profits up to €1 million in full. Additionally, 50% of profits exceeding €1 million can be settled against available tax losses.

Belgium
In Belgium, BAM has a total amount of tax losses available for carry-forward of roughly €33 million at year-end 2023. Of this total amount, €20 million is expected to be utilised in the foreseeable future and recognised as a deferred tax asset.

Available tax losses can be carried forward indefinitely and can be settled against profits up to €1 million in full. Additionally, 70% of profits exceeding €1 million can be settled against available tax losses.

Ireland
In Ireland, BAM has a total amount of tax losses available for carry-forward of roughly €23 million as per year-end 2023. As these tax losses are ringfenced by specific provisions in the Irish tax legislation, it is not expected that they will be utilised in the foreseeable future, and therefore no deferred tax asset is recognised.

12. Business structure

At the end of 2023, BAM's legal structure consisted of roughly 700 legal entities.

This significant number of legal entities is caused by the nature of our business. Many projects are co-creations with other building companies or area development companies, each with different participants and with different share ratios. Especially within the property development business (AM), this is very common.

Also, the type of financing for a project may require the incorporation of separate legal entities for individual projects.

As outlined in our tax policy, we will not make use of 'tax havens' or of 'non-cooperative jurisdictions' (in the sense of secrecy jurisdictions with none or very low taxation) other than for business purposes (i.e., not for tax avoidance purposes). All entities that are present within our structure serve a business purpose. In countries where we have sold businesses or the business is in the process of wind-down, we generally dissolve the legal entities when the business terminates. Nevertheless, some legal entities and/or structures are present that currently serve a remote business purpose. BAM is in the process of dissolving these legal entities when possible.

In line with our 2023 Annual Report, we have disclosed the materially active and controlled BAM companies.

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.

Netherlands	
Koninklijke BAM Groep nv	Holding and support services
BAM Nederland bv	Holding and support services
BAM Bouw en Techniek bv	Construction
BAM Wonen bv	Construction
AM bv	Property development
BAM Specials bv	Construction and services
BAM Energie & Water bv	Construction
BAM Telecom bv	Construction
BAM Infra bv	Infrastructure
BAM Infra Rail bv	Infrastructure
BAM Infraconsult bv	Consulting
United Kingdom	
BAM Construct UK Ltd	Construction
BAM Nuttall Ltd	Infrastructure
Ireland	
BAM Contractors Ltd	Construction and infrastructure
Belgium	
BAM Belgium bv	Holding and support services
BAM Interbuild bv	Construction
Kairos nv	Property development
International	
BAM International bv	Dormant
Joint arrangements	
Invesis bv (50%, Netherlands)	PPP
AsfaltNu cv (50%, Netherlands)	Infrastructure

VNO-NCW Tax Governance Code compliance

	Principle and best practice determination	Comply or explain	Explanation
A	**Approach to tax**		
	The Company sees tax not as a cost factor only, but as a means for social economic cohesion, sustainable growth and long-term prosperity.		
1.	The Company's approach to tax is based on a tax strategy and set of principles approved by the board of directors, the supervisory board, or delegated sub-committee (the Board).	Comply	Our approach to tax is stated in the Tax Policy, which is published both in our Tax Report (par. 4) and on the company's website. Furthermore, the approval by the Executive Committee and Audit Committee is explained in the governance paragraph (5.2).
2.	The Company reports at least annually to the Board on tax risks and adherence to the tax strategy and principles.	Comply	How we report to the Board is explained in the governance paragraph of our Tax Report (par. 5.2).
3.	The Company's tax strategy and principles apply to all group entities.	Comply	The scope of our Tax Policy is stated in the Tax Policy itself, which is published both in our Tax Report (par. 4) and on the company's website.
4.	The Company's tax principles apply to how the Company operates in its relationships with employees, customers and contractors.	Comply	The scope of our Tax Policy is stated in the Tax Policy itself, which is published both in our Tax Report (par. 4) and on the company's website.

	Principle and best practice determination	Comply or explain	Explanation
B	**Accountability & Tax Governance**		
	Tax is a core part of corporate social responsibility and governance and is overseen by the Board.		
1.	The Board is accountable for the tax strategy, principles and tax risk management.	Comply	The accountability and governance is included in Tax Policy, which is published both in our Tax Report (par. 4) and on the company's website. In addition, our CFO has co-written the introduction of our Tax Report, committing to the importance of our transparent approach to tax, contributing to our corporate social responsibility.
2.	The Company has a tax control framework that sets out the tax controls and risk management.	Comply	In our Tax Report (par 5.1) we elaborate on how we manage our tax risks.
3.	Internal or external auditors regularly review the Company's tax controls as part of the audit of its financial results.	Comply	Controls are shared and discussed with Dutch tax authorities. Furthermore, we consider to involve internal and external auditors in the near future.

	Principle and best practice determination	Comply or explain	Explanation
C	**Tax Compliance**		
	The Company is committed to comply with the letter, the intent and the spirit of the tax legislation of the countries in which it operates and to pay the right amount of tax at the right time.		
1.	The Company prepares and files all tax returns required, providing complete, accurate and timely disclosures to all relevant tax authorities.	Comply	Our approach to Compliance is stated in the Tax Policy, which is published both in our Tax Report (par. 4) and on the company's website. Furthermore, our relationships with tax authorities (par. 6) also explains how we disclose information to tax authorities.
2.	The Company's responsible tax planning is based on reasonable interpretations of applicable law and is aligned with the substance of the economic and commercial activity of its business.	Comply	Our approach to tax planning is stated in the Tax Policy, which is published both in our Tax Report (par. 4) and on the company's website.
3.	The Company will not undertake transactions or engage in arrangements of which the sole purpose is to create a tax benefit that is in excess of a reasonable interpretation of relevant tax rules.	Comply	Our tax approach to transactions is stated in the Tax Policy, which is published both in our Tax Report (par. 4) and on the company's website. In the Tax Policy we make a statement on which business structures we use.
4.	The Company will only claim tax incentives in line with the policy intent of such tax incentives and provided such incentives are generally available.	Comply	The tax features and tax incentives that are relevant for BAM are listed in our Tax Report (par. 7). We also make a statement on when we apply for tax incentives.
5	If the Company seeks certainty in advance from tax authorities to confirm an applicable tax treatment, it does so based on full disclosure of all relevant facts and circumstances.	Comply	Our relationships with tax authorities (par. 6) states when and how we seek certainty in advance with tax authorities. Furthermore, it also explains how we disclose information to tax authorities.

	Principle and best practice determination	Comply or explain	Explanation
D	**Business Structure**		
	The Company will only use business structures that are driven by commercial considerations, are aligned with business activity and have genuine substance.		
1.	The business activities drive the Company's tax structure. The Company does not use so-called tax havens for tax avoidance. All entities in tax havens exist for substantive and commercial reasons.	Comply	Our approach to tax structuring is stated in the Tax Policy, which is published both in our Tax Report (par. 4) and on the company's website. In the Tax Policy we make a statement on which business structures we use (par. 12).
2.	The Company pays tax on profits according to where value is created within the normal course of commercial activity.	Comply	Our approach to compliance is stated in the Tax Policy, which is published both in our Tax Report (par. 4) and on the company's website. In the Tax Policy we make statements on following transfer pricing regulations and paying the right amount of tax at the right time.
3.	The Company uses the arm's length principle, in line with guidelines issued by the OECD, and applies this consistently across its businesses, contingent on local laws.	Comply	Our tax approach to transfer pricing is stated in the Tax Policy, which is published both in our Tax Report (par. 4) and on the company's website. In the Tax Policy we make a statement on following transfer pricing regulations and paying the right amount of tax at the right time. Furthermore, in our relationship with Tax Authorities we state to support the OECD initiatives for fair tax systems.

	Principle and best practice determination	Comply or explain	Explanation
E	**Relationships with Tax Authorities and Other External Stakeholders**		
	Mutual respect, transparency and trust drive the Company's relationships with tax authorities and other relevant external stakeholders.		
1.	The Company seeks to develop cooperative relationships with tax authorities, and relevant other authorities, based on mutual respect, transparency and trust.	Comply	In our Tax Report we elaborate on our relationship with tax authorities (par. 6).
2.	The Company seeks to engage constructively in national and international dialogue with governments, business groups and civil society to support the development of effective tax systems, legislation and administration.	Comply	BAM is actively participating in tax groups at VNO-NCW and Bouwend Nederland, which groups are engaged in dialogues on development of and changes in (international) tax laws and regulations.
3.	The Company will work collaboratively with tax authorities to achieve early agreement on disputed issues and certainty on a real-time basis, wherever possible. Where there is controversy, the Company will strive to resolve the controversy by applying these principles.	Comply	In our Tax Report we elaborate on our relationship with tax authorities (par. 6).

	Principle and best practice determination	Comply or explain	Explanation
F	**Tax Transparency & Reporting**		
	The Company regularly provides information to its stakeholders, including investors, policy makers, employees, civil society and the general public, about its approach to tax and taxes paid. The Company will therefore publish the following information:		
1.	A tax strategy or policy and its tax risk management strategy.	Comply	Our approach to tax is stated in the Tax Policy, which is published both in our Tax Report (par. 4) and on the company's website. Furthermore, the approval by the Executive Committee and Audit Committee is explained in the governance paragraph (5.2).
2.	A list of entities, with ownership information and a brief explanation of the type and geographic scope of activities.	Comply	A list of main legal entities within our structure is disclosed in our Tax Report (par. 12). A full list of legal entities is filed and publicly available with the Dutch Commercial Register.
3.	Annual information on the corporate income tax the Company accrues and pays on a cash basis at a country level.	Partly comply	An overview of tax cash contributions is included in our Tax Report (par. 10).
4.	The total tax borne and collected by the Company, globally or per country, including corporate income taxes, property taxes, (non-creditable) VAT and other sales taxes, employer/employee related taxes, and other taxes that constitute costs to the Company or are remitted by the Company on behalf of customers or employees, by category of taxes.	Comply	An overview of taxes borne and collected is included in our Tax Report (par. 10).
5.	Information on financially material tax incentives (e.g. tax holidays), including an outline of the incentive requirements and when it expires.	Comply	Information on the tax features and incentives we use are disclosed in our Tax Report (par. 7).
6.	An outline of the advocacy approach the Company takes on tax issues, the channels through which the Company engages in regard to policy development and the overall purpose of its engagement.	Comply	BAM is actively participating in tax groups at VNO-NCW and Bouwend Nederland, which groups are engaged in dialogues on development of and changes in (international) tax laws and regulations.