

Report of the Supervisory Board to shareholders

Please find below our report for the financial year 2013. The past year was again characterised by economic conditions that continued to be extremely difficult. The Dutch residential and non-residential construction sectors in particular are suffering difficult times. The Supervisory Board and the Executive Board have spoken regularly about the effects of the crisis on the Group and about the measures to be taken.

The Group was also confronted with losses on a number of large projects abroad. That led to a downward adjustment of the profit forecast for the financial year 2013 when the half-yearly figures were published.

Declining turnover figures have led to reorganisations and downsizing once again in 2013. This is a very painful development, especially for those employees who have lost their jobs as a result. Unfortunately, given the need to ensure continuity, the measures taken are unavoidable.

Accordingly, over the past year it has been the economic crisis – and the best way for the Group to cope with it – that has once again demanded the most attention from the Supervisory Board and the Executive Board. Additionally, the report focuses its attention on the implementation of the strategic agenda 2013-2015 prepared by the Executive Board.

In 2014 once again, the focus of the Executive Board is on guiding the Group through the economic crisis as effectively as possible. There will also be a major focus on the implementation of the Strategic Agenda and on showing the results of this work.

The above topics and other work performed by the Supervisory Board are addressed in more detail in this report.

Bouwbedrijf Pennings.

Renovation and extension of Meubelplein Ekkersrijt, Eindhoven.



The Supervisory Board's activities

Strategy and operational plan

In the strategic agenda formulated in 2012, the central focus is on achieving operational improvement and targeted growth initiatives in services, multidisciplinary projects and international niche markets, all geared towards positioning BAM as the 'best-in-class' construction company.

The Supervisory Board believes that this is a realistic strategy, with well-chosen spearheads. In light of the economic situation, the financial objectives can be considered ambitious. In fact, the strategy is geared towards positioning the Group well for the period after the current economic crisis.

In 2013 the Supervisory Board discussed with the Executive Board a number of times about the progress that is being made with the implementation of the strategy. The Supervisory Board is of the opinion that the Executive Board has identified the right key indicators and has developed a good method to follow the progress of the implementation, to modify this method if necessary and to make it possible to measure the final results. The Supervisory Board has also approved the 2014 Operational Plan, which sets out the Group's financial targets, the strategy aimed at achieving these targets and the parameters used for this strategy. At the request of the Supervisory Board, the Executive Board gave more details about the sensitivity of the Operational Plan.

Losses on large projects

Over the course of the financial year the Group was also confronted with losses on a number of large projects abroad.

Both in the Supervisory Board and in the Audit Committee, detailed discussions were held with the Executive Board on a number of occasions regarding this disappointing state of affairs. The projects in question were reviewed in detail during these discussions. The Supervisory Board discussed these projects and the reasons for the losses suffered in detail and concluded that the state of affairs at the projects involved is mainly caused by specific circumstances regarding these projects and problems experienced by supply chain partners (subcontractors and suppliers).

The Supervisory Board has taken note of and consented to the additional measures, including the introduction of the central operational auditor position, which the Executive Board decided to do in order to limit the consequences of these unfavourable developments and to prevent such developments in the future where possible.

Financial

During the financial year, the Supervisory Board and the Executive Board regularly discussed the Group's financial position and the way in which the Group should be financed. The Supervisory Board

also exchanged views on several occasions with the Executive Board regarding the operating capital, the liquidity level, the terms and conditions of the current financing covenants, the Group's solvency level and the Group's financing requirement for the longer term.

In November of the financial year the Supervisory Board granted its approval for a so-called sub-10 emission of ordinary shares to strengthen the balance.

There has been a great deal of discussion regarding the negative development of the cashflow and the opportunities that the Group has to buck this trend. Construction companies are increasingly confronted with decreasing prefinancing by clients, with the effect that companies themselves are expected to have adequate cash and cash equivalents to carry out projects. Based on the stress scenarios prepared by the Executive Board, discussions were held regarding the Group's balance sheet position and the opportunities to improve the cashflow and the operating capital. The Supervisory Board is pleased to note that in 2013 the Group remained well within the agreed financing covenants.

The Executive Board has also discussed with the Supervisory Board the extent of the Group's pension commitments, the effect on the balance sheet of the new methodology (introduced at the start of the 2013 financial year) used to account for changes in the net pension commitments and the implementation of IFRS 11.

Risk profile

As usual, the Supervisory Board's quarterly meetings included a discussion on the course of business and prospects for both the Group as a whole and for the respective sectors and individual operating companies, on the basis of written reports and accompanying presentations. These discussions covered the main risks involved in the business, the internal management and control systems and the results from the Executive Board's assessment of these systems. The implications of the matters addressed in these contexts at the meetings of the Supervisory Board are discussed elsewhere in the Annual Report, including on page 9 et seq.

The Board has satisfied itself that the Group has internal risk management and internal control systems, financial reporting manuals and procedures for drawing up such reports, as well as an established monitoring and reporting system.

In this context, the Supervisory Board has established that the Executive Board is continuing to monitor the operational activities of the Group's divisions just as closely as before. It is considered to be of great importance in this regard that each quarter the Executive Board extensively discusses the figures for each Group company with that company's management team so that the way in which the figures should be interpreted is understood, as are

BAM Utiliteitsbouw.

**Development and construction of the Hyundai Engine (Europe) Service Center office, Zestienhoven business park, Rotterdam.
Architect: Siebold Nijemhuis Architect.**



the challenges that the individual Group companies are facing. The Supervisory Board has determined with approval that, in the framework of a further intensified risk management, over the course of the financial year the Executive Board tightened the internal procedure for obtaining the approval of the Executive Board before Group companies submit tenders for large and high-risk projects.

Based in part on the disappointing development on a number of large projects, the Supervisory Board has welcomed the decision of the Executive Board to create an operational audit function at a central level. With this position there will be even greater focus on the supervision of the effectiveness and efficiency of the primary corporate processes in particular, on the compliance with policy guidelines and procedures and on the effectiveness of the risk-management measures taken, as well as possible areas for improvement.

Over the past years, the risk management of the Group has been strengthened. With the support of the central risk management

position at Group level, a uniform evaluation method has been introduced, which has been embedded in the existing managerial measures implemented by the Group companies. Incorporating the above into the existing reporting system implements in practice the efforts to further intensify the management and control of operational risk.

The Supervisory Board obtained information from the central risk manager about his activities and the progress that has been made.

The financial audit process is carried out by an external accountancy firm that is assisted by the executive officers of the Group and by the Group systems deployed. This is inspired by the project-based nature of a construction group's activities and the large number of projects being carried out by parts of the Group active at home and abroad. Also during 2013, the collaboration – stipulated in clearly-defined arrangements – between the external accountancy firm and the BAM employees involved in this work proceeded satisfactorily.

This above led the Supervisory Board to recommend that the Executive Board continue the current method of carrying out the audit process and further expand the positions of the central risk manager and the operational audit director.

Corporate social responsibility

The Supervisory Board discussed the importance of corporate social responsibility (CSR) for the Group with the Executive Board and agrees with the list of CSR factors identified by the Executive Board as being most relevant for BAM. One of these aspects concerns integrity. The Supervisory Board has determined that this topic will remain high on the agenda.

The Supervisory Board was pleased to note that the Group is very active in corporate social responsibility and is a pioneer in this field in the Construction sector. The Board noted again the importance of getting the other partners in the construction chain involved in this development too.

In the past year, the Group's efforts in the field of corporate social responsibility again included a regular focus on the progress being made by the Group in safety matters and on the proposed steps for achieving further improvements in this field. Evidently, it is difficult to carry on achieving improvements in the way we have in past years.

It was with regret that a number of fatal accidents were recorded on the Group's projects. The Supervisory Board has ordered the Executive Board to obtain detailed information on the cause of fatal and serious accidents and, together with the Executive Board, it considers the achievement of a higher safety level to be an important challenge for the Group. The Supervisory Board fully supports and encourages the Executive Board's approach to further increase management's dedication to safety and to give even more concrete definitions of the required safety behaviour. The Group's sustainable business practices are looked at in more detail from page 19 onwards of this Annual Report.

Other activities

Each of the Supervisory Board's meetings featured a report on what had been discussed in meetings of the Board's committees. In addition, the Executive Board reported in each case on the state of affairs, the financial situation and market developments for the operating companies and the risks they face, each report being based on the operational plan for the relevant financial year. Matters also discussed included the Annual Report and financial statements for 2012, the half-yearly reports and interim statements for 2013, the reserve and dividend policy and the dividend proposal for 2012, corporate governance, the various effects of IFRS (International Financial Reporting Standards) on the Group's financial reports, the Group's existing anti-takeover measures, management development and the quality of management, and the most important claims as well as legal proceedings involving parts of the Group.

During the financial year, the Supervisory Board again arranged to be regularly updated by the Executive Board on the general course of business at the operating companies. These updates also focused on the developments in the Group's markets. The Supervisory Board also received regular reports on the state of affairs regarding certain major projects that parts of the Group were involved in, and was also informed about certain proposed bids made by BAM International in respect of large-scale projects.

During the annual visit to a number of the Group's operating companies over several days in September 2013, the Supervisory Board and the Executive Board exchanged views with the management teams of the British operating companies. The directors gave a brief presentation on their companies, their markets and the challenges they currently face. The visitors also met with a number of employees from the levels beneath the management team. The Supervisory Board is of the opinion that these operating companies are well positioned in their highly competitive markets.

The Supervisory Board was informed by a Board member of the Belgian Group companies regarding the state of affairs at these companies and in their markets.

Moreover the members of the Supervisory Board were informed by the Executive Board regarding the Group's accommodation plans in the Netherlands, including the introduction of regional BAM houses, geared towards greater efficiency, flexibility and reducing costs.

This year, delegations from the Supervisory Board, consisting of different members on each occasion, again took part in two consultation meetings with the Central Works Council. The usual informal annual meeting of the Supervisory Board and the Executive Board with the Central Works Council was held in May 2013.

Performances

The performances of the Supervisory Board and its individual members are assessed periodically using a written questionnaire sent to survey the members of the Supervisory Boards, supplemented by discussions between the chairman and each Board member. This assessment was carried out for the past financial year too. The results of this assessment were first discussed by the Supervisory Board without the Executive Board being present and were then shared with the chairman of the Executive Board.

The Supervisory Board is of the opinion that the individual members of the Board, as well as the Board as a whole, are functioning properly. Attention for the prompt provision of management information would be desirable to enable further

optimisation. Moreover the Supervisory Board feels that it is important to set aside more time for the introduction of new Supervisory Board members, as well as the permanent education to sitting Supervisory Board members. Finally the Supervisory Board members attached great importance to regular contact with the senior management of the operating companies, staff departments and the external auditor.

The assessment by the Supervisory Board of the performance of the Executive Board and of its individual members has been made based on interviews with each member of the Executive Board that were carried out by the Remuneration Committee. The results were discussed by the Supervisory Board without the Executive Board being present.

The Supervisory Board acknowledges that in 2013 the Executive Board again had to perform in difficult economic conditions. Given these circumstances, the Executive Board saw itself forced to take a number of restructuring measures with far-reaching implications. However painful these measures may be for the employees concerned, they are unavoidable with regard to ensuring the continuity of the business. The Supervisory Board believes that in the past year the Executive Board acted effectively in the past financial year and has learned lessons from the setbacks on a number of large projects.

Remuneration

The Supervisory Board has compiled the remuneration report prepared by the Remuneration Committee. The remuneration report is included on page 86 of the Annual Report as part of the Report by the Supervisory Board. There are no plans to modify the remuneration policy, which will therefore continue unchanged in 2014. The Supervisory Board believes that the remuneration package is well-balanced. In addition to the fixed remuneration and annual variable benefit component, there is room in the remuneration package for the members of the Executive Board for a remuneration component that rewards long-term improvement. A long-term benefit plan has been chosen that rewards the Executive Board members for positive development of the BAM share price compared to alternative investments by shareholders in comparable enterprises. This long-term benefit plan was approved by the General Meeting on 20 April 2011 and is explained in more detail on page 88 of the Annual Report.

Meetings

In the year under review, the Supervisory Board met on seven occasions in the presence of the Executive Board. Six of these meetings were ordinary meetings. Additionally, the Supervisory Board and the Executive Board discussed the progress being made with the implementation of the strategic agenda 2013-2015. Almost all of these meetings were attended by the complete Supervisory Board and the complete Executive Board. The Supervisory Board met on four occasions without the Executive Board being present. The new member who joined during financial year 2013 completed the usual induction programme, during which new members become acquainted with a number of key officers at staff departments and group companies.

The meetings held without the Executive Board being present were devoted to such matters as internal deliberations about decisions that the company had to take in this financial year and the performance and the composition of the Executive Board and of the individual members of that Board, as well as the payment, including the determination of the variable portion of that remuneration. There were also discussions about the Supervisory Board's own performance (both as a whole and of the individual members) and that of the Board's individual committees. Matters discussed here included the composition of and profile of the Supervisory Board, the decision-making process, the quality of the supervisory process and of the supervision itself and the relationship with the Executive Board.

The Supervisory Board's committees

The Supervisory Board has a set of rules governing the composition, duties and procedures of the Board and its dealings with the Executive Board, the General Meeting and the Central Works Council. The rules of the Supervisory Board and those of the Supervisory Board committees mentioned below, as well as the composition of the committees, can be found on the company's website.

The Supervisory Board has three permanent committees, namely an Audit Committee, a Remuneration Committee and a Selection and Appointments Committee. It is the task of these committees to support and advise the Supervisory Board concerning the activities that are the committees' responsibility and to prepare the Supervisory Board's decisions regarding those activities. 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 submitted reports on all their meetings to the Supervisory Board.

The Audit Committee

In the financial year until the end of the General Meeting held on 25 April 2012, the Audit Committee was composed of Messrs Noy, Scheffers and Wester, with Mr Scheffers acting as chairman.

The composition of the Audit Committee is in line with the provisions of the Dutch corporate governance code. The Audit Committee supports the Supervisory Board in the performance of its tasks, especially as regards financial and accounting matters, and it drafts proposed decisions of the Supervisory Board in respect of matters covered by its remit.

The Committee met four times over the past financial year. The external auditor was present for at least part of all four of these meetings. The chairman and the Chief Financial Officer of the Executive Board also attended all the Audit Committee's meetings.

The principal topics addressed at these Audit Committee meetings were the financial reporting of the 2012 annual figures, the 2013 half-yearly figures and interim statements, the 2012 management letter and the 2013 interim management letter, the follow-up to the external auditor's recommendations, the risks and risk management and control systems, including those concerning project development, the dividend policy and the Group's tax planning. The following topics were also addressed: the activities and fee of and the relationship with the external auditor, as well as the audit plan for 2013. Also discussed was the 2014 operational plan; the Group's funding and solvency; the ratios in the funding

agreements; the impairment review; banking relationships; the valuation of real estate; the movement of the operating capital and liquidity level; the losses within the Group that can be offset against tax; the development and control of the costs of the central executive departments; the financial and administrative organisation; and some effects of IFRS on Financial reporting. The Audit Committee also held discussions with the Executive Board on several occasions about the refinancing of the Group, including the 'sub-10' share emission at the end of the financial year.

Special attention was also given in the financial year 2013 to the consequences that the economic crisis is having on the Group, including the opportunities to reduce the capital invested in property development projects which were discussed with the Executive Board.

Moreover the Audit Committee was briefed by the external auditor on relevant developments in accountancy. The Audit Committee exchanged views with the chairman and the Chief Financial Officer of the Executive Board about the consequences of the entry into force of the amended Management and Supervision (Public and Private Companies) Act ('Wet op het accountantsberoep') for the Group, particularly the compulsory change of accountancy firm.

The Audit Committee met with the external auditor on one occasion without the Executive Board being present and reported to the Supervisory Board on the relationship with the external auditor. The Audit Committee believes that the relationship with the external auditor is sound. The Audit Committee also spoke to the Executive Board about risk management and was pleased to find that the Group is further intensifying risk management, including by means of the appointment at a central level of an operational audit position.

The Remuneration Committee

In the financial year, the Remuneration Committee was composed of Ms Mahieu and Mr Elverding, with Ms Mahieu being the chairwoman. The composition of the Remuneration Committee is in line with the provisions of the Dutch corporate governance code.

One of the tasks of the Remuneration Committee is to make proposals to the Supervisory Board with regard to company remuneration policy, the level of remuneration and the terms of employment of members of the Executive Board and the remuneration of the members of the Supervisory Board. The Committee submitted a proposal to the Supervisory Board relating to the remuneration of members of the Executive Board and criteria for the variable benefit in 2014. In addition, The Remuneration Committee also proposed a remuneration report on the way in which remuneration policy has been implemented in practice.

BAM Deutschland, BAM Immobilien-Dienstleistungen.
Construction and 25-year maintenance of
Gymnasium Corvinianum, Northeim.



In the financial year, the Committee also consulted the chairman of the Executive Board about the policy on terms and conditions of employment for directors of operating companies and executive officers of equivalent rank.

The Remuneration Committee did not use the services of an external independent remuneration adviser during the financial year.

The Remuneration Committee met three times during the past financial year. The chairman of the Executive Board was present at these meetings. The Committee members consulted with each other a number of times outside the context of a formal meeting. The Committee held individual performance evaluation interviews with the members of the Executive Board as part of the assessment of the Executive Board.

The Selection and Appointments Committee

During the financial year, the Selection and Appointments Committee was composed of Messrs Elverding and Scheffers, with Mr Elverding being the chairman. One of the tasks of the Selection and Appointments Committee is to make proposals to the Supervisory Board regarding selection criteria and appointment procedures, and regarding the size, composition, appointments and reappointments to and assessment of the performance of the Supervisory Board and the Executive Board. The Committee also monitors the Executive Board's policy on selection criteria and appointment procedures for senior management.

The Selection and Appointments Committee met three times in the past financial year. The Committee members also consulted with each other a number of times outside the context of a formal meeting. On those occasions, the members discussed the current and future size and composition of the Supervisory Board and the Executive Board.

The Committee prepared the proposal for the appointment of Mr Hansen as a member of the Supervisory Board, and the reappointment of Mr Scheffers, and the proposal for the reappointment of Mr Rogers as a member of the Executive Board.

Composition of the Supervisory Board

On 24 April 2013 the General Meeting of Shareholders reappointed Mr H. Scheffers as a supervisory director for a period of four years. On 20 November 2013, in an Extraordinary General Meeting of Shareholders, Mr J.-P. Hansen was appointed as a supervisory director for a period of four years to fill the vacancy created by Mr Baar's retirement following the General Meeting of Shareholders on 24 April 2013.

During the financial year, until the General Meeting of Shareholders of 24 April 2013, the Supervisory Board consisted of six members, after which there were five members. With the appointment of Mr Hansen, as of 20 November 2013 the Board once again consists of six members.

A profile of the Supervisory Board has been drawn up, which is available for shareholders to examine at the company's office and which is also published on the company's website. This profile was discussed with shareholders in the General Meeting on 21 April 2009 in the context of the amendments to the Dutch Corporate Governance Code made in late 2008. The Supervisory Board believes that the Board's composition is in line with this profile, subject to the comment detailed in the following paragraph. More details about the profile can be found in the section on corporate governance on page 67 of the Annual Report.

The Management and Supervision (Public and Private Companies) Act came into force on 1 January 2013. Amongst other changes, this Act introduces provisions relating to a more balanced participation of women and men in the management of companies. The company itself and a number of major Group companies are classed as companies governed by these provisions. The Act stipulates that participation can be said to be well-balanced if at least 30 per cent of the seats on the Supervisory Board and Executive Board (and on the boards of major Group companies) are occupied by men and at least 30 per cent by women and that companies should strive to achieve this well-balanced participation.

The six-person Supervisory Board has one woman member and the four-person Executive Board has one woman member, so the Group can be said to have taken steps in the right direction recently, but it has not yet reached the desired target figure. In particular, those Group companies that still do not have any women directors need to take the necessary steps in this direction. Additional attention will be given to this in case of vacancies on boards, the Executive Board and the Supervisory Board.

Both the Supervisory Board and the Executive Board agree with the importance of having balanced participation in the Group's managerial bodies. Some time ago, the company launched a number of initiatives to this end. These are set out on page 22 of the Annual Report. The Supervisory Board encourages the Executive Board to continue to give its strong support to these initiatives.

The retirement schedule for the members of the Supervisory Board is shown on page 95 of the Annual Report and is also published on the company's website. In accordance with the Dutch Corporate Governance Code (hereafter: the Code), Supervisory Board members can in principle serve a maximum of three four-year terms of office. Their reappointment for another term of office will naturally be submitted to the shareholders on each occasion.

The particulars of the members of the Supervisory Board are stated on pages 94 and 95 of the Annual Report and are an integral part of this report. The remuneration of Supervisory Board members is stated on page 86 of the Annual Report.

The Supervisory Board members do not have any other relationships of a business nature with the company. In the opinion of the Supervisory Board, the Code's requirements with regard to independence have been met.

None of the Supervisory Board members has more than five memberships of Supervisory Boards at Dutch listed companies, this being in line with the Code. Where a Supervisory Board member does fulfill more than five 'demanding' supervisory positions as referred to in the Management and Supervision (Public and Private Companies) Act, this is permitted by this Act's transitional arrangement.

The Supervisory Board is not aware of any conflicts of interest between the company and members of the Supervisory Board, or between the company and natural persons or legal entities that hold at least 10 per cent of the shares in the company.

Composition of the Executive Board

On 24 April 2013 the General Meeting of Shareholders reappointed Mr M.J. Rogers as a member of the company's Executive Board. Mr Rogers was reappointed for a period of four years.

During the financial year the Executive Board consisted temporarily of five members. Following Mr Ruis's retirement on 24 April 2013, the Executive Board now once again consists of four members.

The retirement schedule for the members of the Executive Board is shown on page 96 of the Annual Report and is also published on the company's website.

Members of the Executive Board are appointed for a period of four years. They retire at the end of the first Annual General Meeting to be held in the fourth year after the year in which they were appointed. The contractual agreements with members of the Executive Board who were appointed before the Code came into effect will be honoured; their appointment is for an indefinite period.

The remuneration of the members of the Executive Board is stated on page 91 of the Annual Report.

None of the members of the Executive Board holds more than two 'demanding' supervisory positions as referred to in the Management and Supervision (Public and Private Companies) Act. No position of chair of a supervisory body is held. The above is in line with the Management and Supervision (Public and Private Companies) Act and the Code.

The Supervisory Board has no evidence of any conflicts of interest between the company and members of the Executive Board.

Shareholders and investor relations

The Annual General Meeting was prepared and the events at the meeting were discussed afterwards. The Supervisory Board was very pleased that the General Meeting went well and that a thorough, substantive discussion with the shareholders present had again taken place. The Supervisory Board has approved the use of electronic communication media for the General Meeting.

The Supervisory Board takes cognisance of an overview of the Group's investor relations activities on a regular basis. As regards contacts with shareholders, the Supervisory Board believes that this contact should primarily take place in shareholders' meetings. The Supervisory Board believes that a high level of shareholder attendance at those meetings is extremely important and that contact between the company and shareholders outside of shareholders' meetings can be important – for both the company and the shareholders. The Supervisory Board will ensure that the company accepts shareholders' requests for talks in those cases where talks are considered important. The company itself can also take the initiative and request talks with a shareholder. The company has a general policy on bilateral contacts with shareholders, investors, analysts and the press. This policy is published on the company's website.

The Supervisory Board has discussed the dividend policy and dividend proposal for the financial year 2012. As for previous years, the decision has been taken to propose to the General Meeting an optional dividend for 2012.

External auditor

Both in its discussion of the 2012 annual figures and its discussion of the 2013 half-yearly figures, the Supervisory Board – as usual – called on the external auditor to provide additional information. The Board noted that the external auditor had received the financial information on which the interim statements, the half-yearly figures, the annual figures and the other interim Financial reports were based and that he had been given the opportunity to respond to that information.

The Supervisory Board also took cognisance of the reports by the external auditor and discussed these documents with the external auditor and the Executive Board. The Supervisory Board also discussed the follow-up to the external auditor's findings with the Executive Board.

The external auditor was in attendance at the Annual General Meeting of Shareholders of 24 April 2013.

As part of its consideration of the 2013 Annual Report and Financial Statements, the Supervisory Board assessed the relationship with the external auditor, based on a report from the Executive Board and the Audit Committee. Given the Board's good experience with the external auditor and the external auditor's expertise with regard to the construction industry in general and the Group in particular, the Supervisory Board sees no reason to propose to the shareholders that the external auditor be changed.

It is therefore proposed to the General Meeting of 23 April 2014 that PricewaterhouseCoopers Accountants N.V. be reappointed as external auditor responsible for auditing the Group's 2014 financial statements.

On the advice of the Audit Committee, the Supervisory Board approved the Executive Board's proposal to implement the compulsory change of external auditor, in accordance with the amended Management and Supervision (Public and Private Companies) Act as of 1 January 2013, starting from the financial year 2016.

Corporate governance

The company's corporate governance structure and its compliance with that structure were discussed with the shareholders in the General Meeting on 21 April 2009. The Supervisory Board and the Executive Board reviewed the corporate governance structure during the financial year and decided that there is no reason to change it. However, the rules governing the Supervisory Board and the rules governing the Executive Board have been brought into line with the new legislation on conflicts of interest. The Supervisory Board and the Executive Board are convinced that Royal BAM Group's corporate governance is well organised. Please refer to the corporate governance statement from page 67 on of the Annual Report concerning the company's compliance with the Code.

BAM Wegen, BAM Rail (with third party).

Quay wall: BAM Civiel and BAM Infraconsult.

Container terminal Rotterdam World Gateway, Tweede Maasvlakte.

Final comments

The 2013 financial statements, duly prepared by the Executive Board, will be submitted to the General Meeting for approval. The financial statements have been audited by the Group's external auditor, PricewaterhouseCoopers Accountants N.V.; the unqualified auditor's report is included on page 199 of the Annual Report. The Supervisory Board has discussed the Financial statements with the Executive Board in the presence of the external auditor. The Supervisory Board is of the opinion that the financial statements, the report by the Supervisory Board and the report by the Executive Board form a good basis on which to hold the Executive Board accountable for the management policies pursued and the Supervisory Board accountable for its supervision of the management policies pursued. The members of the Supervisory Board have signed the financial statements in accordance with their statutory obligations under Article 2:101, paragraph 2 of the Dutch Civil Code.

The General Meeting of Shareholders to be held on 23 April 2014 will be invited to declare a dividend for the financial year 2013 of €0.05 in cash per ordinary share or in shares (2012: €0.10 in cash or in shares).

Looking back on the financial year 2013, it may be stated that the construction sector again felt the consequences of the economic crisis in all the Group's home markets. Royal BAM Group was also faced with persistent difficult economic conditions during the past financial year.

It is expected that the market conditions in the construction sector in the Group's home countries will once again remain difficult in 2014. However, interesting opportunities can always be found, even during times of economic crisis. Given the Strategic Agenda 2013-2015, the Supervisory Board is convinced that the Group is capable of capitalising on these opportunities. This is why all our attention and energy must be devoted to the realisation of this Strategic Agenda. This will not only enable the Group to come through the economic crisis successfully but will even mean it can raise its profile as a result. The Supervisory Board feels sure the Group can do this, in view of the fact that the management and the employees are very much involved in these efforts. It is very grateful to them for the commitment they have demonstrated.

Bunnik, the Netherlands,
19 February 2014
Supervisory Board

