

STRATEGIC REPORT

The Directors submit their Strategic Report along with the Directors' Report & Accounts of BMT Group Limited (also referred to as the "Company") for the year ended 30 September 2023.

BUSINESS AND FINANCIAL REVIEW

BMT delivered a strong financial performance this year. Overall, the group achieved a profit before tax and after BMT profit sharing schemes of £6.9m (2022: £5.9m) and profit after tax of £5.4m (2022: £3.4m). The continuing business achieved a significant increase in turnover of £27.7m (up 18%) over the reporting period, with a resultant operating profit from continuing operations of £12.4m (2022: £9.0m). An additional gain on disposal of £1.9m was recognised in respect of discontinued operations and is discussed later in this review. At the close of the reporting period BMT's cash position was £9.0m above the previous year's level. BMT's performance during this year enabled us to reward our employees with a total profit distribution related to the financial year of £7.3m (2022: £5.2m).

This performance was founded on the investment described in last year's report that set the foundations for profitable growth. The effective implementation of our strategy contributed to our success as part of the winning consortium for the UK Ministry of Defence's Fleet Solid Support (FSS) ships contract which was awarded during this period. This contributed to record sales orders for the reporting period. The FSS ships contract is the biggest in BMT's history and will span 10 years, securing skilled jobs across the organisation but most especially in the fields of naval architecture, engineering and support.

Our North American and UK business showed profitable growth during the year. In contrast our APAC region including our key Australian market made a loss due to challenging trading conditions in the defence market. Organisational changes have been made in APAC during the year to put the business on a stronger, sustainable footing.

This year we completed the implementation of organisational design changes that enable greater focus on project and programme delivery. They also strengthen regional leadership allowing more agile response to emerging opportunities and market conditions.

Business environment

The reporting period began with governments in the UK, US and Canada all committing to strengthening their defence capabilities and altering strategic energy policy in light of rising geopolitical risks across the world. This has led to good performance in the offshore energy sector, driven by higher energy prices.

In Australia a government defence review resulted in delays to several key programmes. Demand for our environmental capability in the region remained positive driven by the occurrence of extreme weather events, increasing regulation and growth in the renewables market.

Growth in the renewables market has also benefited BMT in commercial shipping where demand for our specialist vessel expertise, particularly in the design of offshore wind farm support vessels continues to grow. The ongoing war in Ukraine and the related economic uncertainty has continued to suppress the global large yacht market.

Margin

With revenues rising, coupled with focus on project delivery and cost management, profits and profit margins have increased this year. This is in line with our expectations from the prior year and our investments in innovation and expertise have supported the delivery of higher margins in the year. We aim to continue investing in these areas to maintain our profitability and competitive edge.

BMT profit sharing schemes

Our ability to once again, for the third year in a row, make a significant BMT profit sharing schemes distribution of £7.3m related to the financial year is particularly pleasing as it rewards all of our people for the good results of the last year and demonstrates that our strategy to achieve a sustainable profit level by focussing on services, products and markets which can deliver good high margins has been achieved.

STRATEGIC REPORT (continued)

Continuing operations' results

Financial Highlights and Key Performance Indicators

Results summary:

	2023	2022
	£m	£m
Turnover	184.7	157.0
EBITDA (as below)	14.2	10.6
Profit before BMT profit sharing schemes and tax	12.1	8.3

The non-GAAP measure of Earnings Before Interest, Tax, Depreciation & Amortisation ('EBITDA') has been calculated in this report as follows:

	2023	2022
	£m	£m
Group Operating Profit	12.4	9.0
Depreciation & amortisation	1.8	1.6
EBITDA	14.2	10.6

The key operating performance indicators for continuing activities, whose purpose are to improve our economic sustainability, are:

	2023	2022
<i>Financial related:</i>		
Sales Order Intake [^]	£285.9m	£170.1m
Sales Order growth	68%	11%
Turnover	£184.7m	£157.0m
Turnover growth	18%	14%
EBITDA Margin	7.7%	6.8%

[^] Sales Orders are tracked within internal management information

Turnover from continuing operations increased by 18% to £184.7m with revenue increasing in the UK and North America, but falling in Europe and the Asia Pacific region. EBITDA margin increased by 100bps demonstrating our drive to improve delivery efficiency and cost control despite inflationary cost pressures, and investment in the innovation and expertise that can drive higher margins is beginning to deliver.

Discontinued operations results

Discontinued operations primarily includes the results of BMT Designers and Planners Inc, whose independent Board filed for Chapter 7 of the US Bankruptcy Code on 1 February 2022. The turnover and profit before tax on discontinued operations totalled £nil (2022: £8.7m) and £1.9m (2022: £2.8m) respectively, reflecting an additional gain on disposal in the current year being recognised following a reassessment of the amounts recoverable by the Group from the trustee in bankruptcy.

For further information on discontinued operations, please see Note 4 of the accounts.

Total Group result for the year

The Group delivered an overall turnover of £184.7m (2022: £165.7m) and profit before BMT profit sharing schemes and tax of £14.0m (2022: £11.1m), with £12.1m (2022: £8.3m) being delivered by the continuing business as summarised below.

	2023	2022
	£m	£m
<i>Continuing operations</i>		
Profit before BMT profit sharing schemes and tax	12.1	8.3
BMT profit sharing schemes	(7.0)	(5.2)
Continuing operations profit before tax	5.1	3.1
Discontinued operations profit before tax	1.9	2.8
Total Group profit before tax	7.0	5.9

The profit after tax was £5.4m (2022: £3.4m).

Group Balance Sheet and Cash Flows summarised

BMT generated a positive cash flow from operations of £15.5m (2022: negative cash flow of £0.6m) which included pension funding contributions of £3.0m (2022: £2.9m). This includes cash received in advance on certain contracts which will be completed over future years. The Group spent £1.7m (2022: £3.9m) on capital improvements (primarily computer equipment), which was lower than last year which included capitalised ERP system spend and improvements to office space. The Group distributed £4.9m to employees as part of the BMT profit sharing schemes which was accrued in the previous financial year. This led to an overall cash increase of £9.0m (2022: £9.8m reduction) in the year to £40.5m (2022: 31.5m) including a foreign exchange movement loss of £0.4m (2022: £1.2m gain).

We continue to focus on the management of our working capital including our cash position. The Group had net assets before the pension deficit and associated deferred tax of £49.2m (2022: £47.5m) the assets increasing by £1.7m despite a property revaluation loss, net of deferred tax, of £1.9m due to secondary office assets coming onto the market at material discounts compared to previous years, recognised within other comprehensive income. Including the net pension deficit, the consolidated Group had net assets of £35.7m (2022: £35.9m), a £0.2m decrease from prior years due to a £1.9m increase in the pension deficit net of deferred tax. The Group has an agreed deficit funding plan with the Pension Trustees which will be reviewed as part of the next Triennial valuation.

STRATEGIC REPORT (continued)

A non-GAAP summary of the Consolidated Balance Sheet is re-presented below:

	2023	2022
<i>Group Balance Sheet re-presented</i>	£m	£m
Fixed assets	13.3	16.0
Cash and cash equivalents *	40.5	31.5
Other net assets / (liabilities) before pension deficit	(2.8)	2.3
Provisions for liabilities & charges excluding US pension deferred tax liability	(1.8)	(2.3)
Net assets before net pension deficit	49.2	47.5
Pension deficit	(18.0)	(14.8)
Pension related net deferred tax asset	4.5	3.2
Net assets	35.7	35.9
Profit & loss reserves	47.1	43.5
Revaluation reserves	2.0	3.9
Non-controlling interests	0.1	0.1
Equity before Pension reserve	49.2	47.5
Pension reserve	(13.5)	(11.6)
Total Equity	35.7	35.9

*Cash and cash equivalents include cash at bank and in hand, bank overdrafts and bank loans.

BMT Group Limited, the parent entity, had net assets of £23.4m on 30 September 2023 (2022: £33.5m), including the UK pension deficit. The decrease in net assets is due to a loss of £2.9m on the defined benefit pension valuation net of tax, a loss of £1.9m on revaluation on freehold property net of deferred tax and a loss for the year of £5.3m.

OWNERSHIP, PURPOSE, VISION & VALUES

BMT's Ownership Structure

BMT Group Ltd is the ultimate parent company of the group of companies whose ownership is held by the BMT Employee Benefit Trust ('EBT').

The parent company is a private company limited by guarantee with no share capital. Voting control and legal ownership rests with the EBT Trustees and beneficial ownership rests with current and certain former employees. For the purposes of this Annual Report and FRC Guidance on the Strategic Report, the Trust and Beneficiaries are the members.

In view of the size, nature and ownership structure of the organisation and the readily available amount of information and data provided to members on a regular basis throughout each year, this Strategic Report aims to present a fair, balanced, and understandable view for the members to help them assess how the directors have performed their duties particularly in relation to promoting the success of the company for the benefit of its members taken as a whole. It should be read with the rest of the Annual Report and Accounts.

Our Purpose

BMT exists to help navigate some of the most important and impactful engineering challenges of our time, creating an environment where people with outstanding technical knowledge strive to deliver a safer, more efficient, more effective, and sustainable future.

Our Vision

Our vision is to be a global leader in solutions to the most important and impactful engineering challenges of our time. We want to be recognised for our collaborative and partnering approach, investing not only in our future, but in the futures of others through our work in communities, education, and the environment.

Through the lens of our core business and our strategic growth campaigns, our vision translates as:

- 'A global force in ship design'; and
- 'A credible digital competitor, transforming asset life cycle and environmental services'.

STRATEGIC REPORT (continued)

Who we are

BMT is a maritime-orientated high-end design house and technical consulting firm. We are driven by a passion for solving complex, real-world problems that matter.

We are ambitious for our future and the positive impact we can have, and we recognise that delivery excellence enables us both to reward our people and invest in our future.

STRATEGY

Our Core Business and Our Strategy

We deliver on our ambition through the implementation of our strategy. That is to retain and grow market share in our core business areas, build powerful collaborative relationships that draw value from the full breadth of our global capability, and drive innovation that is closely aligned to our customers' and industries' current and future needs.

We summarise this as:

- Sustain the Core
- Growth through Collaboration
- Exploit and invest in Innovation

Our core business is made up of distinctive and sustainable BMT capabilities, which we leverage to address the needs of our customers and markets and are the primary focus of future capability development. We refer to these as our 'famous four' offerings, and they are as follows:

- 1) Maritime design and consultancy
- 2) Asset monitoring and sustainment
- 3) Environment and climate solutions
- 4) Defence and security acquisition and customer friend

We have a broad international reach with a track record of delivery in most parts of the world. Our capabilities are delivered from our major office locations in the UK, Netherlands, USA, Canada, Singapore, and Australia.

We see exciting growth opportunities in both defence and commercial ship design, and in the rapid development of digital capabilities to offer truly integrated environmental solutions, and advanced asset lifecycle services.

Our Goals

We are ambitious for our future growth. This increases the scale and reach of the impact we can have on the world and provides developmental career pathways for our people.

A foundation of strong financial performance enables future growth and drives meaningful profit distribution to our employees.

This is underpinned by our commitment to create real value for our customers and our employees and to play our part in meaningful change in the route to a net zero carbon footprint and sustainability.

Our headline strategic targets are:

Financial related: -

- Double digit sales orders growth
- Growth in Turnover
- Double digit EBITDA margin % (pre profit shares)

Non-financial related: -

- Improved employee engagement
- Improved customer satisfaction
- Net Zero by 2035

Employee Value Proposition ('EVP')

Our EVP is our distinctive employee offering encompassing salary, benefits, our culture, purpose and values, as well as our policies and practices around a healthy work-life balance, a supportive working environment, career development and personal growth. In 2023, we continued to invest in our culture and working environment and what attracts people to work for us, with a special focus on ensuring that our systems as well as the office spaces support flexible working and enable employees to connect with their colleagues and the business.

Also embedded in our EVP are:

- Employee assistance programmes in all our regions providing employees and their families with counselling and other valuable services to support them in their personal and professional lives, which has been particularly important during the pandemic.
- Continued investment in our practice communities - internal networks of colleagues joined together by a common area of professional and technical interest which help bring world-class expertise to our projects and provide a fertile environment for professional development. In the future, these will be supported by our newly established Fellowship Scheme.
- The BMT profit sharing schemes provide a key financial return to the employees of BMT as an Employee Benefit Trust.

STRATEGIC REPORT (continued)

MANAGING RISK AND UNCERTAINTY

The Board has ultimate responsibility for determining the nature and extent of the risks that the business is willing to take. The Internal Audit Function conducts an independent programme of activity to assess the Group's key systems, processes, and controls, sharing the results with the Executive Committee and the Audit Committee.

Principal Risks

The Group Risk Register prioritises material risks to the delivery of BMT's strategy, see table overleaf.

High government debt levels, persistent inflation, and general global market uncertainties can affect customer spending patterns. National elections in core markets may impact the timing, nature, and value of new contracts or changes to existing contracts. Key mitigations include maintaining critical supplier status and increasing agility in our service offerings. A solid order book of long-term contracts acts as a hedge to short term demand shocks.

Transformation of our delivery organisation, a new ERP system (UK), and a Global PMO function are among the initiatives introduced to reduce programme delivery risks. These changes will allow faster and better capacity management and resource allocation decisions. This mitigates the impact of contract delays and facilitates resourcing of new projects. To help ensure performance across all projects, we have more risk-based commercial and technical input to contract gate reviews. Across large projects like the FSS, we work closely with our partners to manage risks at a local and programme level, and employ proactive engineering and contract change control processes to manage any design alterations or supply delays.

Although debt free, we maintain careful cashflow management and adopt pro-active funding policies to meet long-term liabilities. We work closely with the Trustees to manage the DB Pension Scheme deficit, with funding plans agreed based on actuarial reviews.

System and Data security risks remain high due to the increasingly sophisticated cybersecurity threats using AI. We are building defences and resilience through the roll out of regional IT networks and deployment of a suite of

tools for active deterrence, detection, and remediation under approved IT, Data and Digital strategies. Other principal risks include people recruitment and retention, with certain markets more vulnerable to employee turnover. The company takes actions including providing Global Mobility and Careers Mapping programmes that provides development opportunities across the organisation. Health & Safety risks remain high due to the nature of activities in small pockets of the business, and work is ongoing to drive a safety-first culture with risk identification and with investment in new systems and training to support more real-time reporting.

Emerging Risks

Emerging risks and opportunities are those that are developing or are changing, with the full impact being evaluated.

Regional conflicts and geopolitics will underpin spending decisions on core areas of national security including cyber defences and in energy resilience. We believe the introduction of Artificial Intelligence (AI) tools will transform how companies operate and are investing in our AI capabilities to unlock its potential whilst managing the downside risks.

The urgency of the climate emergency and environmental sustainability presents evolving and new opportunities to support our customers and new risks to the business. We continue to invest in the management and reporting of ESG matters, working to reduce our carbon footprint and ensure our supply chain meet global ethical standards. We also seek to use our collective engineering expertise to work with our customers and partners to accelerate the transition to clean energy (including within the defence and maritime sectors) and to reduce the environmental impact of extractive industries.

Risk Appetite

We take a balanced approach to risk. In areas including pipeline growth, organisational and digital transformation, and innovation we are willing to accept a higher level of risk and return. In matters of compliance, ethics, cybersecurity, financial management, and safety - our risk appetite remains low, with a cautious approach to management.

STRATEGIC REPORT (continued)

MANAGING RISK AND UNCERTAINTY (continued)

Risk	Link to our Strategy	Why it Matters	How we Manage it
Strategy, Future Business & Brand Management Risks	Sustain the Core Invest in Innovation	We remain heavily weighted toward the Defence sector and UK market in particular. We are reliant on long-term relationships with several key customers and partners. We need to maintain the trust to deliver and be competitive.	Our key account managers work closely with our core customers to understand their strategic goals and budgets, and we undertake in-depth market analysis to inform our development and future business activities. We remain alert to changing customer priorities and balance the market risk by offering a diverse portfolio of services.
External Market Factors including market shocks	Sustain the Core	External factors including changes to national governments in core markets, ongoing geopolitical volatility and economic uncertainty could lead to significant changes to the type, scope, and timing of customer orders. Our ability to deliver on schedule and on budget could be impacted by external market factors.	Our annual integrated strategic planning exercises are stress tested for a range of outcomes across all our markets. We continually monitor market movements and the likely impact on our customers and suppliers. We focus on cost control and maintain cash reserves in response to business or market volatility. We adapt our ways of working to minimise the delivery risks as required.
Programme and Project Delivery Risks	Sustain the Core Grow through Collaboration	Failure to assess adequately the contractual, technical, and delivery risks at the outset could result in material financial losses, legal claims, and reputational damage. We undertake large, multi-year, complex projects which carry material delivery risks and could lead to potentially onerous contracts without strong management and change control processes.	Our project lifecycle processes are supported by relevant policies, procedures, and management systems. Our opportunity gate reviews allow robust risk identification during the bid-to-contract phase. We have re-organised the delivery function to optimise our capacity management and resource allocation decisions. For certain large projects, we seek to manage risks at a local and programme level, employing proactive engineering and contract change control processes.
People: Attraction & Retention. Health & Safety, Wellbeing	Sustain the Core Grow through Collaboration Exploit and Invest in Innovation	We achieve success through our people, and we need to be able to recruit and retain the requisite skills to meet our customers' needs and to drive the business forward. We face competitive markets for the right talent. We undertake a small number of higher risk activities in pockets of the business and need to adhere to the H&S and Environment regulations across several geographies.	Targeted recruitment campaigns help us attract the best people, and we benchmark our Employee Value Proposition against other companies. We offer several platforms for training, employee engagement and career development. We ensure our people have the requisite qualifications and we encourage a safety-first culture, investing in processes, training, and risk reporting systems. Additionally, many of our customers provide bespoke Health & Safety training programmes.
Physical and Data Security Risks	Sustain the Core Exploit and Invest in Innovation	A breach of physical or data security, cyber-attack or system failure could adversely impact our business and our stakeholders, and may lead to a breach of regulations, exposing the company to financial and reputational losses. The use of AI by bad actors has potential to make cyber threats more difficult to detect and manage.	We adopt a multi-layered approach, using physical and network security measures to protect our systems and data. Software tools monitor and support our data and systems security and roll out of regional networks helps ensure only approved applications are used. All employees undertake mandatory training, with a perpetual cycle of refresher training.

STRATEGIC REPORT (continued)

Risk	Link to our Strategy	Why it Matters	How to Manage it
Innovation – new technologies and digitalisation; market disruptors	Exploit and Invest in Innovation Grow through Collaboration	New technologies and industry trends change how our customers operate, and constant innovation is required to stay competitive and relevant. Deployment of artificial intelligence tools has potential to disrupt aspects of how we and our customers / partners work.	We invest in innovation that is aligned with our overall strategy. We develop Digital, Data and IT strategies to drive efficiencies and support innovation. We sustain the skills necessary to support our customers through targeted investment, including the safe deployment of AI tools to enhance our capabilities.
Long-term Liabilities: Defined Benefit Pension Commitments	Sustain the Core	We hold a defined benefit (DB) pension scheme which is now closed. A material and sustained drop in the value of the pension fund assets or an increase in liabilities beyond actuarial assumptions, could require additional funding to manage the deficit.	We manage the DB scheme liabilities by implementing appropriate funding strategies based on actuarial valuations. The Trustees have appointed a Fiduciary Manager to help optimise asset returns and to follow appropriate hedging strategies to protect the scheme against interest and inflation rate volatility.

STRATEGIC REPORT (continued)

SECTION 172(1) STATEMENT AND STAKEHOLDER ENGAGEMENT

The Board of Directors responsibilities under s.172 of the Companies Act 2006, requires them to act in good faith and promote the success of the Company for the benefit of its members as a whole. Below, we describe how they have fulfilled their duties towards the main stakeholder groups.

In making decisions, the Board and its Committees take into account the potential impact on stakeholders as well as broader factors, such as the Company's impact on the community and environment, responsible business practices, reputational risks, and the likely long-term consequences of its decisions. This helps to ensure that decisions are made with consideration for all relevant factors.

Our Customers & Partners

The Board has defined long-term collaborative relationships with customers as a central part of our strategy, putting them at the heart of our vision and approach to innovation. Key Account Managers ensure the needs and voice of our customers are heard and understood in planning and decision making.

The Board was involved in deciding to make significant investment in staff in anticipation of the FSS ships contract and other larger orders and in the FSS bid submission.

Our Employees

Our ability to deliver our strategy and the desired result for our customers requires competent and empowered people working safely together across BMT. Actions the Board has taken to position the business for profitable growth create long-term value for our employees.

This year the focus on the employees has continued to be at the forefront of Board decisions with remuneration, wellbeing, DEI (Diversity, Equity, Inclusion) and career development recognised as vital enablers to the success of the organisation. This has led to continued high levels of employee engagement, which have been confirmed by a global employee survey.

Throughout the year, the board have ensured they understand the views of the employees through engagement with the Employee Engagement Group (EEG) and directly via Mick Dewhirst, our Employee Director who joined the board at the start of the reporting year.

The Board considered the employee perspective in our ERP System investment through regular briefings leading up to post year end go live in the UK. In addition, the board was involved in the review and assessment of our office property portfolio including reorganisation of our UK offices in light of change to working practices post the pandemic.

Employees are provided with a monthly overview of business performance via a dedicated intranet site, and bi-annually the CEO provides 'townhall' briefings via videoconference globally. These media include a narrative describing the financial and economic factors affecting performance of the business, as well as an overview of any key events or trends such as the business exits and the rationale.

A payment was made during the year from the BMT profit sharing schemes based on the performance in the preceding financial year. A profit share has also been agreed for the current financial year to be paid in FY2023/24.

Our Suppliers

The Board recognise the importance of mutually beneficial relationships with suppliers, including our contractors, in the successful delivery of our strategy. The Board also recognise the importance of delivering this success in a manner compliant with ethical business practices.

BMT seeks the continuous promotion of due diligence and the transparent application of our Supplier Code of Conduct. This helps suppliers to ensure they comply with all relevant policies, laws and regulations covering topics such as bribery, slavery, human rights, and health & safety.

Our Wider Community

The Board fully support community engagement, recognising the strategic importance of delivering value and having a positive impact in our local communities. Our approach to encouraging volunteering and engaging with charities and community partnerships creates real and enduring value for BMT and those we work with. We apply our expertise in delivering environmental projects and minimising detrimental impacts of our operations. We inspire the future workforce of BMT by supporting national and local initiatives such as STEM and are targeting growth by focusing on a sustainable future.

STRATEGIC REPORT (continued)

Our Pension Scheme

The Board recognises current and future pensioners within its Defined Benefit Scheme as stakeholders in its decision making. The Board is committed to ensuring the pension scheme is fully funded over a sensible timescale, the investments and fund are managed in the best way for members, and that risks are managed in an appropriate way. The Chief Financial Officer engages in a transparent and regular dialogue with the Pension Trustee.

Our Industry Bodies

The Board encourages a strategic approach to industry relationships that create benefits for BMT. We actively engage with many professional bodies and trade associations to positively influence and shape the future of our industries.

STAKEHOLDERS: why they matter, their interests and how BMT engages with them

Why they matter to us	Their interests	How BMT Engages with its stakeholders
Customers & Partners: We aspire to be our customers' trusted partner helping to solve their most complex challenges.	<ul style="list-style-type: none"> • Delivery • Safety • Innovation • Relationship 	<ul style="list-style-type: none"> • We build long-term customer relationships and collaborations to understand their needs and create enduring value
Employees: We strive to ensure our long-term sustainability for the people who drive our success: our employees.	<ul style="list-style-type: none"> • Remuneration and reward • Learning and development • Health and Safety • Diversity & Inclusion (D&I) • Wellbeing 	<ul style="list-style-type: none"> • Global Induction • Comprehensive learning and development opportunities • Career framework • Globally benchmarked remuneration and benefits • Employee Engagement Group and other employee networks • D&I and Wellbeing strategies
BMT Employee Benefit Trust and Beneficiaries: We operate the business to add value now and into the future.	<ul style="list-style-type: none"> • Long term stability of the company • Company performance • Returns 	<ul style="list-style-type: none"> • Regular updates, meetings, and engagement with Trustees • Engagement of the Trustees with the Employee Engagement Group
Industry bodies: We maintain positive and constructive relationships with industry bodies to be able to understand, shape and influence our industries.	<ul style="list-style-type: none"> • Regulations, policies, and standards • Thought leadership • Skills deficit 	<ul style="list-style-type: none"> • Memberships & In-kind support • Employees actively engaged in meetings and committees • Technical papers • Promoting professional accreditation and memberships
Supply chains: Our suppliers are critical enablers of the effective delivery of our business and vital partners in ensuring compliance and minimising impacts.	<ul style="list-style-type: none"> • Long term relationships • Timely payment • Clear parameters 	<ul style="list-style-type: none"> • Good working relationships • Prompt payment • Supplier Code of Conduct • Supplier due diligence
Communities: We understand that we depend on the communities where we operate and have a responsibility towards them.	<ul style="list-style-type: none"> • Employment • Health & Safety • Environment • Community investment • Education 	<ul style="list-style-type: none"> • Sponsorship • Charitable giving and volunteering • University partnerships • STEM Ambassadors
Pension Scheme: We recognise current and future pensioners within our Defined Benefit Scheme as stakeholders in company decision making.	<ul style="list-style-type: none"> • Employer Covenant • Deficit contributions 	<ul style="list-style-type: none"> • Transparent dialogue • Regular covenant monitoring

STRATEGIC REPORT (continued)

FUTURE DEVELOPMENT OF THE BUSINESS

We continue to develop the business to enhance the value we create for our customers, employees, and all stakeholders.

Our ambitious net zero targets and sustainability strategy are aligned to two prioritised Sustainable Development Goals (SDGs). These are SDG 9: Industry, Innovation & Infrastructure and SDG 13: Climate Action and they are at the heart of our future business growth and ambition.

In the coming year we will continue to embed sustainability into all parts of our business and culture and further support our proposition to our customers, enabling them to achieve more sustainable outcomes.

The implementation of organisational and management information system changes in the reporting year are powerful enablers of the efficiency of our delivery and our commitment to offer customers access to the full breadth of BMT's capabilities.

The investment we have made in our digital strategy, strategic campaigns and our approach to innovation are showing positive results and will continue through the coming year. The creation and maturation of regional leadership teams will further enable opportunities for regional growth.

Employees have always been at the heart of our business model and will continue to be so. Competitive remuneration and benefits will help attract and retain talent. Meaningful BMT employee profit sharing schemes payments will connect everyone to our shared success. Fundamental to that success is the importance of providing employees with the professional development, challenging work, and opportunities to build careers at BMT. We are committed to being a purpose led business where our employees have the opportunity to work on projects that matter.

These elements combined with an already strong employee value proposition will help to ensure we secure the best talent in all areas of our business. We will continue to actively create a more diverse workforce bringing a wide range of thinking in an inclusive and safe environment that promotes employee wellbeing.

Continuing the trend of the past year we will invest further in building customer relationships to understand their needs, and ensure they are represented in all aspects of our thinking.

What are our priorities?

Our priorities and strategic focus remain unchanged. To fulfil our purpose and continue the successful implementation of our strategy next year and beyond we must focus on growing and profitably delivering our order book, staying close to our customers, and investing in our people.

Our strategic priorities are therefore:

- Sustain and grow our core business through the famous four
- Drive new growth through exploiting our innovation and research
- Drive new growth through emerging campaigns and partnerships

Our strategy of selective focus on our core markets and sectors is enhanced by our commitment to deliver sustainable outcomes for our customers. Our ethical & social narrative means we offer a strong value proposition for our clients and employees.

This focus and expertise put us in a good position to deal with market uncertainty and to meet future challenges and aspirations of our clients and stakeholders.

The order book and contracted work for the year has, again, held up well, reflecting the confidence of our customers and value of our offerings in our core markets. The strength of the order book positions us well for the following year.

As approved by the Board and signed on its behalf:



Sarah Kenny OBE
Chief Executive Officer
3 April 2024