

Executive Board

Remuneration Policy - 2024



Table of contents

Preamble / 3

1. Background / 3
2. Overview of the key changes / 3
3. The review process / 4
4. How BAM has engaged with its stakeholders / 4

Executive Board Remuneration Policy / 6

1. Introduction / 6
2. The labour market reference group / 8
3. Remuneration elements / 9
4. Governance provisions and contractual arrangements / 14
5. Overview of remuneration policy changes / 18
6. Appendix to this remuneration policy / 20

Preamble

1. Background

Royal BAM Group's Executive Board remuneration policy will be brought to the 2024 Annual General Meeting for adoption, since it has been four years since its last full review. In anticipation of this, the Supervisory Board has dedicated substantial time to review the policy and its implementation. This extensive assessment aims to ensure the policy's continued relevance, taking into account the new strategy for 2024-2026, business performance, and the interests of the stakeholders of Royal BAM Group ('BAM', 'the Group' or 'the Company').

BAM's previous 'Building a sustainable tomorrow' strategy (2021-2023), was initiated shortly after the initial approval of the Executive Board remuneration policy at the 2020 Annual General Meeting. Following this strategy, BAM executed a de-risking process, resulting in a focus on the Netherlands, the United Kingdom and Ireland and an improved profitability and predictability of performance. Noteworthy was the emphasis on sustainability, with clear goals to reduce emission intensity and virgin material usage in clients' projects and in the Group's own operations.

Under the new strategy (2024-2026), BAM aims to be a market leader in selected, sustainable, and profitable product market combinations. The strategy focuses on protecting profitability, transforming through industrialisation and digitalisation, and further expanding into growth markets. To uphold these ambitions, it is imperative for the Executive Board remuneration policy to ensure:

- **Business profile:** Alignment with the Group's evolving business profile in the challenging construction markets of the Netherlands, the UK, and Ireland;
- **Senior leadership:** Facilitation of the attraction and retention of highly skilled leadership, essential for safeguarding profitability, strengthening competitive advantage, and expanding in key markets;
- **Sustainability:** Alignment with the Group's sustainability objectives outlined in the 2023 sustainability strategy, contributing to the reduction of carbon emission, building materials, and waste footprint and supporting scalable sustainability solutions for clients;
- **Governance:** acknowledgement of evolving market and governance standards on Executive Board remuneration. The policy review has placed a clear focus on areas where BAM can and should enhance its approach and go beyond minimum requirements.

In this context, the Supervisory Board proposes a series of changes to the Executive Board remuneration policy and its implementation for 2024.

2. Overview of the key changes

Guiding principles

It is proposed to further detail the guiding principles underpinning the Executive Board remuneration policy with an emphasis on alignment with BAM's strategic objectives, adherence to the highest transparency standards, reflection of the Group's ambition for sector leadership in sustainability, stimulation of ownership for long-term stakeholder interests, and the fostering of fairness, consistency, inclusivity, and collaboration.

Labour market reference group

To enhance market comparability, it is proposed to establish the labour market reference group based on five guiding principles: geography, industry, sustainability, size, and governance. The composition of the group is to be reviewed on an annual basis against these principles. This will ensure alignment with the relevant talent market and a better reflection of the current company profile. For 2024, the reference group would consist of fourteen publicly traded companies in BAM's home markets, comparable in size and sustainability profile¹.

Incentive design

It is proposed to make several changes to BAM's incentive plans to improve effectiveness and alignment with the strategy and to ensure the policy remains future-proof and sufficiently competitive:

- **Sustainability:** The objective setting practice would allow for an increased weighting of sustainability objectives in the long-term incentive, as data availability and performance monitoring permit the incorporation of the sustainability strategy into performance objectives;

¹ The composition of the 2024 labour market reference group is presented in the appendix to this remuneration policy.

- **Opportunities:** The incentive opportunities for both short-term and long-term incentives would be increased to further drive long-term performance for shareholders and safeguard attracting and retaining critical executive talent. This adjustment aligns with market practices in the labour market reference group, particularly recognising the higher leverage in incentive payout within the design of many of BAM's peer companies;
- **Relative Total Shareholder Return:** The peer group² and vesting schedule would be redesigned, expanding the peer group from eleven to twelve companies with a comparable share and financial profile. Vesting would commence around the median at positions 6 and 7 and grow to a prudent maximum of 150% at positions 1 and 2. The average vesting percentages would be increased to strengthen alignment with shareholder interests.

Share ownership requirements

It is proposed to double the share ownership requirements for the CEO and CFO, from 100% to 200% and 75% to 150% respectively. This aims to stimulate share ownership and private investment in shares.

Governance provisions

The proposed remuneration policy for the Executive Board is also to include governance improvements essential for prudent remuneration decisions in the long-term interest of BAM and its stakeholders:

- **Malus and clawback:** Triggers for exercising these provisions have been expanded, now also including reckless behaviour, serious misconduct, material reputational damage, or a material failure of risk management;
- **Assessment of performance outcomes:** A discretion framework will be disclosed to provide further clarity on the annual assessment of the Remuneration Committee of the Supervisory Board on the appropriateness of formulaic outcomes of short-term and long-term incentives. This assessment considers amongst others stakeholder interests, performance on strategic objectives, and various internal and external triggers;
- **Derogation:** The derogation clause has been specified in more detail to accommodate exceptional events when the Supervisory Board needs to act quickly and temporarily deviate from the remuneration policy in the long-term interest of the Company.

3. The review process

Throughout 2023, the Remuneration Committee convened on seven occasions. Four of these meetings were exclusively dedicated to the review of remuneration policies for the Executive Board and the Supervisory Board, encompassing detailed discussions on policy implementation. An additional two sessions were focused on addressing outstanding topics of this review, preparing for stakeholder consultations and contributing to the decision-making process during the Supervisory Board meetings held in November and December.

The review process was supported by the expertise of Deloitte Executive Compensation, who commenced their involvement in March 2023 by conducting interviews with all members of the Supervisory Board and Executive Board, to gather their personal perspectives. In May, they led a kick-off workshop during a Remuneration Committee meeting. Deloitte provided external insights on market developments and offered benchmarks essential for BAM's comprehensive understanding of how its remuneration policy could be improved.

Beyond the review of remuneration policies for the Executive Board and the Supervisory Board, the Remuneration Committee engaged in a conversation with the CEO to translate policy adjustments to the Executive Committee and to senior leaders. This collaborative effort will ensure a cohesive approach in determining performance measures, setting targets, and fostering a shared commitment to share ownership throughout the organisation.

4. How BAM has engaged with its stakeholders

In the past year, as part of the comprehensive review and renewal of the Executive Board and the Supervisory Board remuneration policies, the Remuneration Committee of the Supervisory Board has actively engaged with shareholders, external stakeholders, and employees. BAM is grateful to all those who participated in these discussions, as their insights have been very valuable.

During the development of the proposed Executive Board and Supervisory Board remuneration policies, the Supervisory Board adopted a phased approach to stakeholder engagement. Initially, key issues raised by stakeholders regarding the draft policy were identified. Subsequently, potential solutions were discussed in follow-up conversations.

² The composition of the Relative TSR peer group used for the 2024 LTI award is presented in the appendix to this remuneration policy.

Specifically, in November and December of 2023, eleven discussions were held with prominent stakeholders, including proxy advisors ISS and Glass Lewis, shareholder representatives Eumedion and VEB, a major shareholder, and the Central Works Council.

It is important to note that the feedback received from stakeholders was diverse, covering a broad range of internal and external perspectives. In many instances, this feedback could be addressed through additional explanations or policy adjustments. However, in some cases, individual stakeholder views diverged or conflicted with the convictions of the Supervisory Board, making it challenging to accommodate all preferences.

The primary topics of discussion concerning the Executive Board remuneration policy centered around the following feedback:

- **Inclusion of larger companies in the labour market reference group:** Some stakeholders questioned the inclusion of a larger company in the composition of the labour market reference group in 2024, citing concerns about its size and complexity. The Supervisory Board carefully considered this feedback but ultimately decided to retain the composition, since:
 - This composition was the result of a structured peer group selection process, guided by the principles of the proposed policy (geography, industry, sustainability, size and governance);
 - The size of the peer company was carefully assessed in light of the labour market reference group size statistics, whereby BAM on average positions above the median of the relevant size parameters;
 - BAM's sustainability profile is closely aligned with the profile of the peer company's, as assessed by external rating agencies. In this respect, alternative reference companies with an equally aligned profile were not readily available;
 - Extensive assessment of the Total Target Direct Compensation level in the labour market reference group demonstrated that removing or replacing the peer company would have a very limited influence on the median.
- **Redesign of the Relative TSR performance objective:** The proposed policy outlines a TSR vesting schedule with vesting that commences around the median at positions 6 and 7. Initially, the Supervisory Board suggested to commence vesting at position 9 in light of the high volatility of share price developments in the construction industry, where unexpected windfalls or setbacks in major projects can have a strong and immediate influence on the share price. Stakeholders felt that this would not be justified since it would lead to pay-out when BAM would have below-median performance. The Supervisory Board discussed this feedback and, in the end, decided to nullify vesting at position 8 and 9. After careful consideration vesting percentages from 75% for median performance were however retained, since the Supervisory Board desires to strengthen alignment with shareholder interests through meaningful percentages while remaining prudent and capping maximum vesting at 150% in line with the other financial objectives in the LTI.
- **Derogation clause:** The proposed derogation clause grants the Supervisory Board the authority to temporarily deviate from the remuneration policy and award additional fixed remuneration or incentive awards in exceptional circumstances, when this would be necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability. Some stakeholders opposed to this clause, expressing concerns about the interpretation of the word 'exceptional'. The Supervisory Board carefully discussed their feedback and decided to retain the authority but introduce a cap for both additional fixed and variable remuneration, acknowledging the crucial role of shareholders in allowing for deviations to the remuneration policy. Furthermore, to safeguard the correct interpretation of the word 'exceptional', it was emphasised in the policy that the invocation of the derogation clause would never be taken lightly and that circumstances are only 'exceptional' when adhering to the relevant definition under Dutch law.

BAM remains dedicated to fostering a constructive and positive relationship with all stakeholders and commits to ongoing engagement as appropriate in the future.

Executive Board Remuneration Policy

1. Introduction

This document presents the Executive Board remuneration policy, which is proposed for adoption by the 2024 annual general meeting ('AGM') of the shareholders of Royal BAM Group nv ('BAM', the Group' or 'the Company'). Once adopted, this policy will be effective retroactively from 1 January 2024, until the 2028 AGM. It will be disclosed in full on BAM's corporate website.

The policy builds on the new strategy for 2024-2026 under which BAM aims to be a market leader in selected, sustainable, and profitable product market combinations. The strategy focuses on protecting profitability, transforming through industrialisation and digitalisation, and further expanding into growth markets.

Focus to protect profitability

BAM's strategy involves selective focus on profitable growth platforms in the Netherlands, and in the United Kingdom and Ireland, emphasising key clients and proven competitive advantages.

Transform to strengthen competitive advantage

BAM's transformation centres on sustainability in markets where it is looking to differentiate from competition on product and process leadership and strong relationships with clients. BAM will target markets where prioritisation of innovation and sustainability can flourish, enabling transformation within the portfolio.

Expand for future growth

BAM sees strong further growth in residential, new energy markets and renovations towards 2030. With its scale and scope it is well positioned to serve these larger societal challenges. BAM targets leading positions in markets that are in line with its strengths and sustainability purpose. This will be done by expanding existing capabilities.

The remuneration policy is geared to attract and retain highly qualified Executive Board members who have the experience and qualities to drive BAM's strategy.

Remuneration policy design principles

Guiding principles have been defined that form the basis of the Supervisory Board's review and establishment of the Executive Board remuneration policy.

Guiding principle

How this is translated into the remuneration policy

Strategy

The remuneration policy is aligned with BAM's objective to become a more predictable, profitable and sustainable company.

- ✔ The performance objectives in the STI and LTI will be defined and selected in accordance with BAM's annual and long-term strategic objectives.

Transparency

The remuneration policy is transparent, aligned with the highest governance and market standards.

- ✔ The remuneration policy is drafted in adherence to the highest transparency and disclosure standards.
- ✔ The governance provisions in the remuneration policy go beyond minimum requirements.
- ✔ The policy provides detailed insights into how the Remuneration Committee assesses formulaic STI and LTI outcomes and determines actual pay-outs.

Sustainability

The remuneration policy reflects the Group's sustainability ambitions.

- ✓ BAM's sustainability profile is considered in the determination of the labour market reference group.
- ✓ BAM's mission to be a leader in the sector on sustainability is reflected in the selection of STI and LTI performance objectives.
- ✓ BAM's ambitions on sustainability are expressed by adding further sustainability objectives and increasing their weighting, in LTI by the time data availability and performance monitoring would allow the Group to do so.

Ownership

The remuneration policy stimulates ownership such that BAM acts with consideration for the long-term interests of all its stakeholders.

- ✓ The use and design of performance shares aligns the Executive Board's and BAM's overall stakeholders' interests.
- ✓ The Executive Board members are expected to build share ownership in BAM via the share ownership requirements.

Consistency

The remuneration policy safeguards fairness and consistency within BAM and stimulates an inclusive and collaborative working environment.

- ✓ The policy has a strong focus on the Group's wider workforce compensation developments when reviewing the Executive Board's fixed remuneration.
- ✓ The benefits offered to the Executive Board members are in accordance with BAM's overall employee benefits proposition.
- ✓ The policy reflects the Group's People strategy in the selection of performance objectives.

How internal and external views are taken into account

Internal views

BAM is convinced of the importance that the Executive Board remuneration policy is aligned with and sufficiently considers pay practices within the Group. This is covered, among others, by monitoring internal pay differentials. When reviewing the remuneration policy, BAM engages with the Central Works Council to get feedback on the proposals.

External views

BAM engages on a regular basis with its external stakeholders on the design and application of the remuneration policy and the Group proactively reports back on their feedback and how this is taken into consideration. These stakeholders include (a representation of) BAM's shareholders where they have a meaningful stake in the Company, proxy advisors and (institutional) investor associations. While BAM's Central Works Council is primarily considered as an internal stakeholder, its views are also a fair representation of Dutch society at large as they represent approximately 6,500 employees in the Netherlands. Furthermore, the shareholders and other external stakeholders have been considered by the selection of both the financial- and non-financial performance objectives in the variable remuneration.

2. The labour market reference group

BAM uses a labour market reference group to assess market comparability of the design and value provided by the remuneration policy and to ensure it can attract and retain the Executive Board members.

The labour market reference group reflects the relevant talent market for the Executive Board. The following guiding principles are used for selection of the peer companies in the labour market reference group:

Guiding principle	Operation in practice
Geography	BAM is headquartered in the Netherlands and its core markets are the Netherlands, the United Kingdom and Ireland.
Industry	BAM is a construction and engineering company, but its talent market is not limited to the construction industry.
Sustainability	Sustainability is an integral part of the Group's corporate strategy.
Size	Peer companies should be broadly comparable in terms of BAM's size and complexity.
Governance	Comparison with other listed companies is most relevant.

Selection criteria are used such that the composition of the labour market reference group and peer company selection acknowledges these guiding principles:

- Peer companies' size is assessed on the metrics *Market capitalisation*, *Revenues*, *Employees* and *Assets* against the size metrics of BAM.
- Peer companies' sustainability profile should be comparable with BAM's sustainability profile, using external validation (e.g. *Sustainalytics* and *CDP scores*).

The Remuneration Committee will balance the selection process to ensure that the labour market reference group is sufficiently robust, while not losing sight of potential relevant peer companies.

The labour market reference group will be verified on an annual basis, whereby the ambition is to keep the composition as stable as possible during the four-year policy mandate. Adjustment of the composition will only occur in case of significant changes in size, ownership structure, business profile, geographical scope or sustainability profile of BAM and/or peer companies. BAM shall disclose the composition of the labour market reference group on an annual basis in the remuneration report³, as part of the annual report.

BAM aims to provide its Executive Board Total Target Direct Compensation⁴ levels at the median of the labour market reference group and the remuneration package of the Executive Board members shall be reviewed on a regular basis. The Group may only deviate from the market positioning in exceptional circumstances. If that is the case, further explanation shall be provided in the remuneration report.

³ The composition of the 2024 labour market reference group is presented in the appendix to this remuneration policy.

⁴ Total Target Direct Compensation consists of fixed remuneration plus the target short-term incentive plus the target long-term incentive.

3. Remuneration elements

Overview of the design

The tables below outline the purpose, operation and opportunity of the different elements that make up the remuneration package of the Executive Board.

Fixed remuneration

Purpose	<ul style="list-style-type: none">• Provide base compensation to attract and retain qualified Executive Board members.
How BAM applies it in practice	<ul style="list-style-type: none">• The Supervisory Board determines, based on advice of the Remuneration Committee, fixed remuneration levels for the individual members of the Executive Board.• The fixed remuneration levels are set in accordance with the Executive Board member's skillset, experience and the requirements for the position. Fixed remuneration is paid in cash.• BAM reviews the fixed remuneration levels on an annual basis, considering the following factors in an objective and gender-neutral way:<ul style="list-style-type: none">- The personal performance of the individual Executive Board members;- The performance over the past year;- The alignment of the current fixed remuneration level to the labour market reference group;- Broader macro-economic factors;- BAM's wider workforce compensation developments such as relevant collective labour agreements.• While multiple factors are considered in the annual review of the fixed remuneration level, there is a particular focus on BAM's wider workforce compensation developments. Through this focus, fairness and consistency of remuneration decision making within the Group is safeguarded.
Opportunity	<ul style="list-style-type: none">• Fixed remuneration levels of the individual Executive Board members, and the development thereof, are disclosed in the remuneration report.

Short-term incentive ('STI')

Purpose	<ul style="list-style-type: none">• Reward annual performance, incentivise achievement of agreed objectives and align Executive Board and BAM's overall stakeholder interests.
How BAM applies it in practice	<ul style="list-style-type: none">• The STI depends on the achievement of predetermined measurable objectives.• At the beginning of the financial year, the Supervisory Board determines financial and non-financial objectives, based upon a proposal of the Remuneration Committee. This also includes the weighting and performance incentive zone per objective.• 70% of the STI is based on financial objectives and 30% of the STI is based on non-financial objectives.• Objectives are linked to BAM's overall strategy, including the Group's Sustainability and People strategy and reflect the strategic objectives for the financial year.• The selection of performance objectives, rationale, definition and weighting will be disclosed at the beginning of the performance period in the remuneration report. BAM has the ambition to maintain the selection and weighting of the objectives stable during the policy mandate.• In the selection of the relevant objectives, BAM will ensure that it acts with consideration for the long-term interests of all its stakeholders. Furthermore, the selection of the non-financial objectives will reflect the Group's ambition and mission to be a leader in the sector in creating a sustainable environment.• The STI has a one-year performance period equal to the financial year, after which the Remuneration Committee determines to what extent the STI targets for the selected objectives have been met. Following a proposal of the Remuneration Committee, the Supervisory Board will decide upon the amount of STI awarded to the Executive Board members.• After the end of the financial year, BAM will disclose the delivered performance, including performance incentive zones set, on each objective as an actual score and as a percentage of target performance. The Company's independent auditor will validate the calculations carried out and conclusions reached in relation to the numbers in the annual statements and underlying agreements. Its assessment will be binding.• The pay-out of STI awards will be in cash and will occur after the end of the financial year.
Opportunity	<ul style="list-style-type: none">• Target STI is set at 65% of fixed remuneration for the Executive Board members.• Pay-out starts with 32.5% of fixed remuneration at threshold performance and is set at a maximum of 97.5% of fixed remuneration at excellent performance. Pay-out between threshold and target performance and between target and maximum performance is on the basis of linear interpolation.• Below threshold performance, no pay-out occurs.

Long-term incentive ('LTI')

- Purpose**
- Reward long-term value creation, serve as retention instrument and align Executive Board and BAM's overall stakeholder interests.
- How BAM applies it in practice**
- BAM annually awards performance shares to the Executive Board members on a conditional basis.
 - The number of shares BAM awards annually is calculated by dividing the award value by the price of BAM's share on Euronext Amsterdam in the year of award.
 - These shares vest after a vesting period of three years, subject to relevant performance over the performance period (which runs from 1 January in the year of award until 31 December of the year preceding the vesting date).
 - The shares include a dividend right which will be accrued during the vesting period and will be paid out at the vesting date, subject to the same performance conditions.
 - At the beginning of the financial year, BAM's Supervisory Board determines financial and non-financial objectives, based upon a proposal of the Remuneration Committee. This also includes the weighting and performance incentive zone per objective, to the extent not determined by this remuneration policy.
 - 66.67% of the LTI is based on financial objectives and 33.33% of the LTI is based on sustainability objectives.
 - The Supervisory Board, upon recommendation of the Remuneration Committee, however has the possibility to increase the weighting of the sustainability objectives up to 50% by the time data availability and performance monitoring would allow BAM to further incorporate its sustainability strategy into meaningful and challenging LTI performance objectives. Further disclosure shall be provided in the relevant remuneration report if this will be applied for a new LTI award.
 - Financial objectives are linked to BAM's strategy and reflect the long-term strategic objectives for the performance period. 50% of the financial objectives, and thus 1/3 of the LTI award (unless the weighting of the sustainability objectives is increased), will be subject to Relative Total Shareholder Return ('Relative TSR').
 - TSR is defined as the share price development, including dividends, and is measured over a three-year period based on the three-month average share price before the start and the end of the three-year performance period. TSR performance is determined on the basis of BAM's ranking within a Relative TSR peer group:
 - The Relative TSR peer group is determined on the basis of selecting companies with a comparable share and financial profile as BAM.
 - The composition of the Relative TSR peer group will be verified on an annual basis, whereby the ambition is to keep the composition as stable as possible. The composition of the peer group is disclosed at the beginning of the performance period in the annual remuneration report.
 - The composition of the peer group will only be adjusted in case of delisting and/or significant change in ownership, business profile, share or financial profile of BAM and/or peers. Such adjustments will be disclosed in the annual remuneration report⁵.
 - The vesting schedule is presented below. The vesting schedule will be adjusted in accordance with any future changes in the Relative TSR peer group if deemed relevant:

Position	1	2	3	4	5	6	7	8	9	10	11	12
Vesting	150%	150%	125%	125%	100%	100%	75%	0%	0%	0%	0%	0%

⁵ The composition of the Relative TSR peer group used for the 2024 LTI award is presented in the appendix to this remuneration policy.

- Non-financial objectives are linked to BAM’s sustainability strategy and reflect the long-term strategic objectives for the performance period.
- BAM will disclose the selection of the performance objectives, rationale, definition and their weighting at the beginning of the performance period in the remuneration report. BAM has the ambition to maintain the selection and weighting of the objectives stable during the policy mandate.
- In the selection of the relevant objectives, it is ensured that the policy acts with consideration for the long-term interests of all BAM’s stakeholders. Furthermore, the selection of the non-financial objectives will reflect BAM’s ambition and mission to be a leader in its sector to create a socially and environmentally sustainable environment.
- After the three-year performance period, the Remuneration Committee determines to what extent the LTI targets for the selected objectives have been met. Following a proposal of the Remuneration Committee, the Supervisory Board will decide upon the amount of conditionally awarded shares that will vest for each performance objective.
- After the end of the performance period, BAM will disclose the delivered performance, including performance incentive zones set, on each objective as an actual score and as a percentage vesting of the conditionally awarded number of shares. The company’s independent auditor will validate the calculations carried out and conclusions reached in relation to the numbers in the annual statements and underlying agreements. Its assessment will be binding.
- Vested shares are subject to a two-year lock-up period. During this lock-up period, the Executive Board members are not allowed to divest any shares, with the exception to meet any tax obligations and/or social security premiums (or any other duties and levies) as a consequence of the vesting.

Opportunity

- The award value is 100% of fixed remuneration for the CEO and 90% of fixed remuneration for the CFO.
- The vesting percentage in case of threshold performance is 50% of the conditionally awarded shares and 150% of the awarded shares in case of excellent performance. Vesting between threshold and target performance and between target and maximum performance is on the basis of linear interpolation.
- Below threshold performance, no vesting occurs.
- The vesting percentages for Relative TSR differ and are presented in the section LTI – *How BAM applies it in practice*.

Post-employment benefits

Purpose

- Provide the Executive Board members a solid basis for retirement savings.

How BAM applies it in practice

- The Executive Board members receive an age-independent allowance, from which they need to finance their own retirement savings, including a surviving dependent’s pension.

Opportunity

- The contribution provided by BAM is a gross allowance, equal to 22% of the member’s fixed remuneration.

Benefits

Purpose

- Offer a competitive package of benefits that suits the needs of the Executive Board members.

How BAM applies it in practice

- The Executive Board members may receive benefits such as, but not limited to:
 - Healthcare and disability insurance;
 - Personal accident insurance;
 - Car (allowance) policy;
 - Liability insurance;
 - Reimbursement of business expenses.
- The benefits offering is set in accordance with the overall benefits proposition provided to BAM's wider workforce. In doing so, BAM safeguards fairness and consistency of remuneration decision making within the Group.
- BAM does not offer any loans, warrants and the like to the Executive Board members.

Opportunity

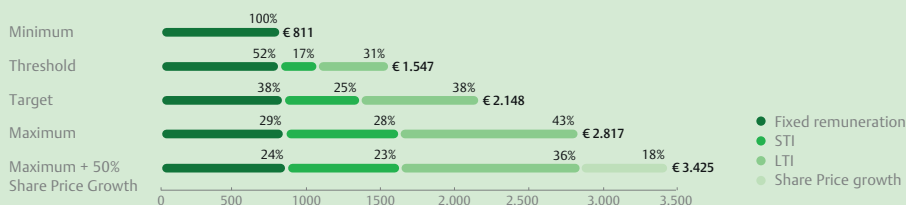
- The value of the received benefits may differ per Executive Board member, as these may be tailored to the business and individual needs of the recipient. In principle, the value and arrangements are in line with overall market practice.

Remuneration scenarios for the Executive Board members

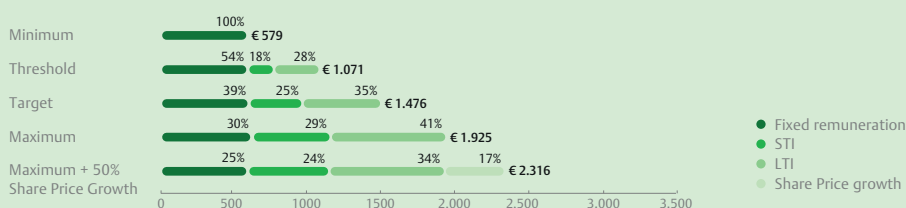
BAM conducts scenario analyses to determine possible outcomes of the remuneration policy, including the mix between fixed and variable remuneration in different scenarios. While doing so, the Group ensures the outcomes of the variable remuneration remain appropriate and in accordance with the guiding principles and policy framework.

The variable remuneration opportunities incentivise the Executive Board members and (long-term) value creation for all BAM's stakeholders, while at the same time safeguarding against inappropriate outcomes and risk-taking beyond the Group's risk profile. Whereas the number of shares vested are impacted by delivered performance against the objectives, share price changes directly affect the value of LTI award at vesting, and thereby the mix between fixed and variable remuneration. The Supervisory Board has taken this into consideration, and regards the actual effect on the vesting for the Executive Board members to be desirable since this promotes alignment between their interests and those of BAM's shareholders.

CEO



CFO



Notes to the graphs:

- All amounts are presented in € 1,000;
- Fixed remuneration is based on FY2023 levels;
- Pension and benefits are excluded from the overview;
- LTI is presented on the basis of face value;
- Share Price Growth assumes the impact of share price increase on face value LTI.

4. Governance provisions and contractual arrangements

Share ownership requirements

BAM expects from its Executive Board members to build share ownership within the Group via the share ownership requirements. The purpose of the share ownership requirements is to stimulate ownership by the Executive Board members such that they act with consideration for the long-term interests of all the relevant stakeholders. The following share ownership requirements apply:

Element	Design
Ownership requirement	<ul style="list-style-type: none">• CEO: 200% of fixed remuneration;• Other Executive Board members: 150% of fixed remuneration.
Eligible shares	<ul style="list-style-type: none">• All vested shares (including those in lock-up period) and stock dividend from incentive plans;• All shares acquired with private funds.
Build-up and selling requirements	<ul style="list-style-type: none">• Executive Board members are not allowed to divest any shareholding received under variable remuneration plans (and no longer subject to lock-up period) nor privately acquired shares until share ownership requirements are met;• Executive Board members are allowed to sell and transfer shares to meet any tax obligations and/or social security premiums (or any other duties and levies) as a consequence of vesting of the LTI plans;• The selling restriction will not apply to shares acquired with private funds before 1 January 2024, although the Executive Board members are encouraged to retain these;• The sale of any shares by Executive Board members, no longer subject to share ownership requirements, must be done in compliance with market abuse regulations and the Insider Dealing Policy of BAM.

The Supervisory Board may decide to waive the share ownership requirements for a limited period of time and only in case of exceptional circumstances. Such a decision, including rationale, shall be disclosed in the remuneration report.

Remuneration approach for newly appointed Executive Board members

The remuneration policy provides the Supervisory Board with the opportunity to determine appropriate remuneration for newly appointed Executive Board members. The following principles apply for both internal promotions and external hires:

Component	Approach
Remuneration levels	Act in accordance with the guiding principles and remuneration elements as outlined in this Remuneration Policy when setting the remuneration levels for newly appointed members of the Executive Board.
Internal promotions	BAM will respect commitments or contractual arrangements made prior to appointment as member of the Executive Board.
External hires	<ul style="list-style-type: none">• The Supervisory Board may, upon recommendation of the Remuneration Committee, award cash or equity-based awards, to compensate for the loss of compensation and benefits due to forfeiture of outstanding variable remuneration awards of the external candidate.• Such awards and the value thereof will be decided, based on the conditions, time horizon, structure and value of the arrangements that were forfeited.

Malus & Clawback

All variable remuneration paid out, awarded or vested under the remuneration policy is subject to malus & clawback. The Supervisory Board has the right to adjust the award, or fully or partially reclaim the pay-outs and awarded or vested shares if:

- It was awarded on the basis of incorrect information concerning the achievement of the performance objectives, and/or the events or conditions;
- The Executive Board member has caused a corporate failure or material financial loss as a result of inappropriate or reckless behaviour;
- The Executive Board member has committed serious misconduct or has violated BAM's Code of Conduct;
- A situation has occurred whereby the Group has suffered material reputational damage;
- A material failure of risk management or a breach of risk management policies has occurred.

The application of malus and/or clawback shall be made in accordance with the independent auditor's review and the associated conclusions.

Discretionary authority of the Supervisory Board

The Supervisory Board has the discretionary authority to make minor policy changes to the remuneration policy to maintain the spirit of the remuneration policy. If the Supervisory Board decides on a proposal to make material changes to the remuneration policy, the AGM shall be requested to adopt a resolution to that effect.

The award of the STI and LTI is at the discretion of the Supervisory Board. If awarded, the Supervisory Board shall ensure that the STI and LTI behave in accordance with their intended purpose and aligned with the remuneration policy guiding principles:

- It may, upon recommendation of the Remuneration Committee, adjust STI and LTI targets, performance measures and/or actual (formulaic) outcomes for the impact of significant events such as strategic portfolio disposals, significant acquisitions, accounting changes or exceptional one-off costs;
- In this regard, appropriateness of the formulaic outcomes will be assessed against the defined discretion framework to acknowledge other factors which drive overall company performance and the impact across stakeholders. The framework helps to align pay and performance fairly and to avoid pay for failure. Based on the outcomes, the Remuneration Committee will make a recommendation to the Supervisory Board whether outcomes should be adjusted. The discretion framework is presented on the next page.

What is the formulaic outcome?

How does the outcome compare with the interests of BAM's stakeholders*?

*Providers of
financial capital*

Employees

Clients

*Suppliers and
(sub)contractors*

Society

Regulators

How does the outcome compare with overall performance and progress made on strategic objectives?

*Financial
performance*

*Sustainability
performance*

*Health and safety
performance*

*People and culture
performance*

*Digitalisation and
industrialisation*

Internal triggers

Have there been any acquisitions or divestments that impact outcomes and/or company performance?

Have there been any major safety incidents or major breaches of good conduct?

Are there exceptional efforts delivered that should be taken into account?

Are the STI and LTI formulaic outcomes consistent?

External triggers

Are there any unexpected or unforeseen external developments that impact company performance which need to be considered?

Are there any other events that should be factored in?

(e.g. reputational/risk related or change in accounting standards and regulatory requirements)

Is the outcome reasonable and fair, or should an adjustment be considered?

Consider stakeholder response to results

Compare with historical use of discretion

Determine additional stakeholder engagement and disclosure

* BAM's stakeholders should be considered from a holistic perspective and are presented in a non-hierarchical order.

In the event of termination of employment before the end of the performance period, the Supervisory Board will decide on treatment of STI pay-out and LTI vesting. Decision-making shall be made in accordance with internal policies, contractual arrangements and relevant (plan) rules.

Derogation clause

In exceptional circumstances, the Supervisory Board may decide to temporarily derogate from the remuneration policy, in particular on the following elements:

- **Labour market reference group:** Use of a different peer group and market positioning.
- **Fixed remuneration:** Award of additional fixed remuneration through an allowance in case Executive Board members are assigned additional responsibilities.
- **STI and LTI:**
 - A change in selection of performance objectives;
 - The introduction of one-off special purpose STI awards or different STI instruments;
 - The granting of additional LTI awards under the existing plan.

Any additional fixed remuneration shall be capped at 50% of the annual fixed remuneration.
Any additional variable remuneration shall be capped at 100% of the annual fixed remuneration⁶.
Additional fixed and variable remuneration can be awarded separately or in combination.

The derogation clause will not be taken lightly and shall only be triggered in case of exceptional circumstances as defined by Dutch law (when this is necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability). Triggers may be, but are not limited to recruitment or retention of an Executive Board member during a (hostile) takeover offer, the outbreak of a crisis or serious financial turnaround requirements, or serious illness or death of an Executive Board member.

In case of a trigger event, the Remuneration Committee shall make a proposal to the Supervisory Board for approval, which consists of an overview for which elements of the derogation should be applied and what the impact on quantum will be (if any). Application of the derogation clause, including rationale for doing so, shall be disclosed in the remuneration report. Derogation will be terminated no later than the adoption of a new remuneration policy.

Contractual arrangements of the Executive Board members

Executive Board members are appointed for a term of four years and they deliver their services under a management services agreement. Both the Group and the Executive Board members have a notice period of three months to terminate the service agreement. In case BAM terminates the agreement before the end of the appointment period other than for an urgent reason or a member is not reappointed after the appointment period, the Executive Board member is entitled to a payment of maximum one time the fixed annual remuneration.

Executive Board members are covered by an indemnity, under the Articles of Association, against claims made against them in respect of actions or omissions in the performance of their duties, unless said actions or omissions constituted wilful, deliberately reckless or seriously culpable misconduct and/or consisted of traffic offences.

Review approach of the remuneration policy

The Supervisory Board is responsible for drafting the remuneration policy, based on advice from the Remuneration Committee. The remuneration policy is drafted in accordance with statutory, legal and regulatory requirements. The AGM adopts the remuneration policy.

The Supervisory Board shall regularly review the remuneration policy and shall put it forward for adoption by the AGM at least every four years. In the event of material changes, both internal and external stakeholders shall be engaged to capture their feedback. Any proposal shall describe and explain the material changes and shall explain how it has considered the views of stakeholders on the remuneration policy and reports since the latest voting on the remuneration policy. The remuneration policy is to be adopted by the AGM at least 75% of the votes cast.

The remuneration for the individual Executive Board members is determined by the Supervisory Board, based on recommendations of the Remuneration Committee. The Remuneration Committee is supported by an independent external consultant.

⁶ Cap based on stretch performance, excluding potential share price increases in case of LTI awards.

5. Overview of remuneration policy changes

Element	Summary of previous policy	Summary of proposed policy	Rationale
Guiding principles	<ul style="list-style-type: none"> • Generic guiding principles, aligned with the Group's compensation principles and reflecting regulatory requirements. 	<ul style="list-style-type: none"> • Guiding principles are further tailored to BAM. • Guiding principles are specifically linked to remuneration policy design. 	<ul style="list-style-type: none"> • Align the guiding principles with the updated strategy. • Provide a better explanation on the link with the Group's remuneration design.
Labour market reference group	<ul style="list-style-type: none"> • Pan-European labour market reference group of 20 peer companies. 	<ul style="list-style-type: none"> • Guiding principles for selection of peer companies to reflect the relevant talent market for BAM. • For 2024: 14 peer companies, reflecting business competitors and Dutch cross-industry. 	<ul style="list-style-type: none"> • Define guiding principles to ensure composition is aligned with the relevant talent market for BAM. • Update the composition to better reflect the Group's current corporate profile.
Fixed remuneration	<ul style="list-style-type: none"> • Various external factors are considered in the annual review. 	<ul style="list-style-type: none"> • Include wider workforce increases as factor in the annual review. 	<ul style="list-style-type: none"> • Further align policy text with preferred review approach. • Ensure consistency in review approach of EB remuneration with the Group's wider workforce.
STI	<ul style="list-style-type: none"> • Target pay-out of 55% of fixed remuneration for the CEO and CFO. • Non-financial objectives should be relevant for BAM's (long-term) success. 	<ul style="list-style-type: none"> • Target pay-out of 65% of fixed remuneration for the CEO and CFO. • Non-financial objectives are linked to BAM's Sustainability and People strategy. 	<ul style="list-style-type: none"> • Adjust the target pay-out %: <ul style="list-style-type: none"> - Bring in line with median levels in the updated labour market reference group; - Ensure the policy is future proof, as the intention is to keep the incentive eligibility unchanged for the next four years; - Mitigate for the higher leverage in stretch/target pay-outs within peer companies. • Better reflect BAM's approach on Sustainability and People objectives into non-financial objectives.

LTI

- Target award of 90% for the CEO and 80% for the CFO.
- 66.67% is based on financial objectives and 33.33% is based on non-financial objectives.
- Relative TSR peer group consists 11 companies.
- Vesting for Relative TSR starts with 25% of target award at median positioning.
- Target award of 100% for the CEO and 90% for the CFO.
- 66.67% is based on financial objectives and 33.33% is based on sustainability objectives. Weighting of sustainability objectives may be increased to 50% by the time data availability and performance monitoring would allow us to further incorporate sustainability objectives in BAM’s LTI.
- Relative TSR peer group is determined on the basis of comparability in share and financial profile.
- For the 2024 award: The Relative TSR peer group consists of 12 companies.
- Vesting for Relative TSR starts around the median with 75% at the 7th position, followed by target vesting at the 6th position.
- Adjust the target award %:
 - Bring in line with levels in the updated labour market reference group;
 - Ensure the policy is future proof, as the intention is to keep the incentive eligibility unchanged for the next four years;
 - Mitigate for the higher leverage in stretch/target pay-outs within peer companies.
- Possibility to increase the weighting of sustainability objectives reflect the Group’s ambition and mission to be a leader in its sector, while ensuring sufficiently challenging and meaningful targets in its LTI.
- Selection criteria for Relative TSR peer companies ensures comparison with relevant peer companies to the Group and its shareholders.
- The adjusted Relative TSR vesting schedule brings the expected vesting % closer to a market-aligned 100% of target award, while not allowing for below median vesting.

Share ownership requirements

- CEO: 100% of fixed remuneration. Other EB members: 75% of fixed remuneration.
- Only vested shares from LTI plans count.
- CEO: 200% of fixed remuneration. Other Executive Board members: 150% of fixed remuneration.
- All vested shares and shares acquired with private funds will count.
- The selling restriction will not apply to shares acquired with private funds before 1 January 2024.
- Stimulate share ownership and own investment in shares by BAM’s Executive Board members.

Governance provisions	<ul style="list-style-type: none"> • Generic malus and clawback and SB discretion provisions in place. • Generic derogation clause on STI and LTI in place. • No remuneration approach defined for newly appointed EB members. 	<ul style="list-style-type: none"> • Additional triggers for malus and clawback are defined. • SB's discretionary authority on remuneration decision making, including STI and LTI, is further explained. • Derogation clause is further specified on the elements in scope and potential trigger events. • Remuneration approach for any external hires and internal promotions to the Executive Board is defined. 	<ul style="list-style-type: none"> • Ensure that BAM's malus and clawback triggers are beyond minimum regulatory requirements. • Provide greater transparency how BAM's Supervisory Board assesses formulaic STI and LTI outcomes in light of overall company performance and stakeholder interests. • Provide greater transparency on which elements BAM may temporarily derogate from the policy (in exceptional circumstances only). • Ensure the policy allows BAM to attract new EB members should that occur during the lifetime of its policy and explain the remuneration approach in such case.
-----------------------	---	---	--

6. Appendix to this remuneration policy

The labour market reference group in 2024 consists of the following companies:

Aalberts	Fugro	Koninklijke KPN	SBM Offshore
Arcadis	Heijmans	Morgan Sindall Group	Signify
Balfour Beatty	Keller Group	PostNL	
Corbion	Kier Group	Renew Holdings	

The Relative TSR peer group for the 2024 award consists of the following companies:

BAM Group	Heijmans	NCC
Balfour Beatty	Hochtief	Peab
CFE	Kier Group	Skanska
Galliford Try Holdings	Morgan Sindall Group	STRABAG

