

# Supervisory Board

## *Remuneration Policy - 2024*



**bam**

Royal BAM Group nv



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# Supervisory Board remuneration policy

## 1. Introduction

This document presents the Supervisory 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 Supervisory Board members who have the experience and qualities to drive BAM's strategy.

### Remuneration policy design principles

The remuneration policy aims to reward the Supervisory Board members for their time spent and for the responsibilities associated with their role. These responsibilities include, but are not limited to, the responsibilities imposed by the Dutch Civil Code, Dutch Corporate Governance Code and the Articles of Association. The Supervisory Board's remuneration is not tied to the results of BAM, nor impacted by any change in control at BAM. The remuneration policy does not allow for rewarding any options or shares to the Supervisory Board members.

### How internal and external views are taken into account

#### *Internal views*

BAM is convinced of the importance that the Supervisory Board remuneration policy is aligned with and sufficiently considers pay practices within the Group. 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.

## 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 Supervisory Board members.

As there is significant overlap in the talent market for the Supervisory Board and Executive Board members, the same labour market reference group is applied for both groups. As such, the same guiding principles are used as for the Executive Board:

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 in 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's and/or peer companies. BAM shall disclose the composition of the labour market reference group on an annual basis in its remuneration report<sup>1</sup>, as part of the annual report.

BAM aims to provide remuneration levels at the median of the labour market reference group and BAM will review the remuneration levels on a regular basis. To ensure alignment with the policy, an indexation in line with the general increase for the *CAO Bouw & Infra* will be applied automatically during the policy period. Notwithstanding this automatic process, a benchmark will be performed bi-annually to review whether remuneration levels indeed continue to be in line with the policy. 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.

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

### 3. Remuneration elements

#### Overview of the remuneration elements

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

#### Fixed remuneration

<b>Purpose</b>	<ul style="list-style-type: none"><li>• Provide compensation to attract and retain Supervisory Board members who contribute to the desired board composition regarding expertise, experience, diversity and independence.</li></ul>
<b>How BAM applies it in practice</b>	<ul style="list-style-type: none"><li>• The Supervisory Board determines, based on advice of the Remuneration Committee, fixed remuneration levels for the Supervisory Board members.</li><li>• The fixed remuneration levels are set in accordance with the time commitment and responsibilities associated with the role in the Supervisory Board.</li><li>• These levels are automatically indexed in line with the general increase for the <i>CAO Bouw &amp; Infra</i> during the policy period.</li><li>• Fixed remuneration is paid in cash.</li></ul>
<b>Opportunity</b>	<ul style="list-style-type: none"><li>• Chair: € 105,000 per annum.</li><li>• Vice-Chair: € 70,000 per annum.</li><li>• Member: € 60,000 per annum.</li></ul>

#### Committee fee

<b>Purpose</b>	<ul style="list-style-type: none"><li>• Provide compensation for the support and advice that the Committee provides to the Supervisory Board on items under its responsibility.</li></ul>
<b>How BAM applies it in practice</b>	<ul style="list-style-type: none"><li>• The Supervisory Board determines, based on advice of the Remuneration Committee, committee fees for BAM's Supervisory Board Committees.</li><li>• The committee fee levels are set in accordance with the time commitment and responsibilities associated with the role in the Committees.</li><li>• These levels are automatically indexed in line with the general increase for the <i>CAO Bouw &amp; Infra</i> during the policy period.</li><li>• Members are compensated for their role in every Committee they participate in.</li><li>• Committee fee is paid in cash.</li></ul>
<b>Opportunity</b>	<ul style="list-style-type: none"><li>• Chair: € 10,500 per annum.</li><li>• Member: € 7,350 per annum.</li></ul>

#### Other arrangements

<b>Purpose</b>	<ul style="list-style-type: none"><li>• Enable the Supervisory Board members to undertake their role.</li></ul>
<b>How BAM applies it in practice</b>	<ul style="list-style-type: none"><li>• The Supervisory Board members receive an attendance fee per meeting in case of attending a meeting outside the country of residence to compensate for additional time spent.</li><li>• The Supervisory Board members are reimbursed for all actual costs incurred related to the attendance and preparation of meetings, training and education.</li><li>• Attendance fees, and reimbursement of actual incurred costs are paid in cash.</li><li>• BAM does not issue loans or guarantees to the Supervisory Board members, nor are they eligible to participate in any benefits programme offered by BAM to its employees.</li></ul>
<b>Opportunity</b>	<ul style="list-style-type: none"><li>• Attendance fee per meeting outside the country of residence: € 1,500 per meeting.</li><li>• Reimbursement of costs: all actual costs incurred.</li></ul>

## 4. Governance provisions

### Derogation clause

In exceptional circumstances, the Supervisory Board may decide to award an additional remuneration of € 1,500 per half day.

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 a situation when a Supervisory Board member is temporarily delegated to support the Executive Committee in an advisory role or when there is a temporary and significant increase (e.g. at least 25%) in time commitment in relation the Supervisory Board or one of its Committees.

In case of a trigger event, the Remuneration Committee shall present a proposal to the Supervisory Board for approval. This will consist of an overview of the specific circumstances and the impact of the proposal on the total remuneration package. Application of the derogation clause, including the rationale for invoking it, shall be disclosed in the remuneration report. Derogation will be terminated no later than the adoption of a new remuneration policy.

### Other governance provisions

Other than the regular remuneration elements for the Supervisory Board, BAM does not provide additional remuneration such as sign-on bonuses to the Supervisory Board members. Furthermore, the Supervisory Board members are not eligible to any severance payments nor are they subject to malus, claw-back or change-in-control provisions.

All Supervisory Board remuneration elements are paid in cash. If and in so far as a Supervisory Board member holds shares in BAM, these should be held as long-term investments.

### 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 put 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 by at least 75% of the votes cast.

## 5. Overview of remuneration policy changes

Element	Summary of previous policy	Summary of proposed policy	Rationale
Labour market reference group	<ul style="list-style-type: none"> <li>• Median of Dutch listed companies with a two-tier board structure comparable in size and scope.</li> </ul>	<ul style="list-style-type: none"> <li>• Same labour market reference group as for the Executive Board.</li> </ul>	<ul style="list-style-type: none"> <li>• Use the same group to reflect the overlap in the talent market for the Supervisory Board and Executive Board.</li> </ul>
Fixed remuneration	<ul style="list-style-type: none"> <li>• Chair € 94,500, Vice-Chair € 57,750, Member € 52,500.</li> <li>• Adjusted periodically on the basis of benchmark information.</li> </ul>	<ul style="list-style-type: none"> <li>• Chair € 105,000, Vice-Chair € 70,000, Member € 60,000.</li> <li>• Automatically indexed in line with the general increase for the <i>CAO Bouw &amp; Infra</i>.</li> </ul>	<ul style="list-style-type: none"> <li>• Align levels with market median and ensure that alignment remains during the four-year mandate.</li> </ul>
Committee fee	<ul style="list-style-type: none"> <li>• Chair € 10,500, Member € 7,350.</li> <li>• Fixed committee fee, regardless of the number of committees in which the member participates.</li> </ul>	<ul style="list-style-type: none"> <li>• Chair € 10,500, Member € 7,350.</li> <li>• Committee fee for every Committee a member participates in.</li> <li>• Automatically indexed in line with the general increase for the <i>CAO Bouw &amp; Infra</i>.</li> </ul>	<ul style="list-style-type: none"> <li>• Acknowledge the additional time commitment and responsibilities for participation in every single committee.</li> <li>• Ensure that fees remain aligned with market median during the four-year policy mandate.</li> </ul>

## 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	

