

Executive Board remuneration policy 2023

1. Introduction

The remuneration policy is geared to attract and retain highly qualified executives and motivate them to achieve BAM's objectives. Particular emphasis is placed on experience with the Company's activities and the necessary management qualities.

The current remuneration policy was adopted by the General Meeting on 15 April 2020 and adjusted with its approvals on 24 August 2020, 14 April 2021 and 13 April 2022.

Remuneration policy design principles

The policy reflects BAM's strategy. It is transparently communicated and safeguards fairness and consistency within BAM and externally. Variable remuneration is an important part of the total package. The policy supports both short- and long-term objectives, whereas the emphasis is on long-term value creation for BAM and its stakeholders. It contributes to this long-term value creation by not only focusing on financial targets but also on non-financial targets such as sustainability, culture and safety.

In designing the policy and to determine the remuneration of the Executive Board, the Remuneration Committee uses external benchmark information to assess market comparability.

The Remuneration Committee has taken note of the Executive Board members' view on their remuneration.

2. Labour market reference group

The labour market reference group, as shown in table 1, is based on industry, ownership structure, geographical business scope and size parameters.

1 Labour market reference group

Arcadis	Kier Group
Balfour Beatty	NCC
Bauer	Post NL
Besix	SBM Offshore
Boskalis	Signify
Eiffage	Skanska
Fugro	Strabag
Galliford Try	TKH
Heijmans	VolkerWessels
Hochtief	Vopak

3. Remuneration elements

Overview of the design

Table 2 outlines the purpose, operation and opportunity of the different elements that make up the remuneration package of the Executive Board.

2 The remuneration of the Executive Board consists of four elements

Remuneration elements	Description	Strategic role
Fixed remuneration	Fixed cash compensation	Provide base compensation
Short-term incentive (STI)	<p>Cash incentive expressed as a percentage of fixed remuneration</p> <p>Value at</p> <ul style="list-style-type: none"> • Threshold performance: 27.5% • Target performance: 55% • Excellent performance: 82.5% <p>Objective setting</p> <ul style="list-style-type: none"> • Financial objectives: 70% • Non-financial objectives: 30% 	<p>Reward annual performance</p> <p>Incentivise achievement of agreed objectives</p> <p>Align Executive Board and shareholder interests</p>
Long-term incentive (LTI)	<p>Share-based incentive</p> <p>Award value expressed as a percentage of fixed remuneration</p> <ul style="list-style-type: none"> • CEO: 90% • CFO: 80% <p>Three-year vesting period</p> <p>Vesting of awarded shares:</p> <ul style="list-style-type: none"> • Threshold performance: 50% • Target performance: 100% • Excellent performance: 150% <p>Two-year lock-up period after vesting plus minimum share ownership requirement:</p> <ul style="list-style-type: none"> • CEO: 100% fixed remuneration • CFO: 75% fixed remuneration 	<p>Reward long-term value creation</p> <p>Retention</p> <p>Align Executive Board and shareholder interests</p>
Pensions	Contribution 22% of fixed remuneration	Provide for retirement savings and surviving dependent's pension

Fixed remuneration

The Supervisory Board determines the fixed remuneration of the individual members of the Executive Board based on advice from the Remuneration Committee. Once a year, the Supervisory Board evaluates whether, and, if so, to what extent the fixed remuneration will be adjusted. This annual evaluation generally takes place on 1 January of each year and considers personal performance, the results of the past year, the extent to which the current fixed remuneration deviates from the benchmark, and general changes in the market.

Short-term incentive (STI)

The STI depends on the achievement of predetermined measurable objectives. 70 per cent of the STI is based on financial objectives and 30 per cent is linked to non-financial objectives which are relevant for the Company's (long-term) success. Within this framework, each of the objectives is given a certain weighting, and for each of these objectives performance incentive zones (threshold, at-target and excellent performance levels) are defined. Payout gradually increases with performance. Payout starts with 27.5 per cent of the fixed annual remuneration at threshold performance, rising to 55 per cent at target performance and potentially going up to 82.5 per cent when performance is excellent. For performance below the threshold there will be zero payout.

To ensure continued alignment of the STI with BAM's strategy and to enable adequate responses to the challenges the Company faces, flexibility with respect to the STI objectives is important. Therefore, at the beginning of the financial year, based upon a proposal from the Remuneration Committee, the Supervisory Board determines the financial and non-financial STI objectives as well as the relative weighting and the performance incentive zones.

After the end of the financial year, the Remuneration Committee determines to what extent the STI targets for the selected objectives have been met. The Supervisory Board, following a proposal from the Remuneration Committee, will decide upon the STI to be awarded over the past financial year. Specific attention is given to the non-financial objectives to evaluate in detail what has concretely and measurably been delivered. The financial and non-financial objectives and weighting are disclosed at the beginning of the financial year. After the end of the financial year, the Supervisory Board will disclose the performance incentive zones and the Company's performance on each of the objectives as an actual score and as a percentage of target performance.

In cases where an STI has been awarded based on inaccurate (financial) data, the Supervisory Board has the right to adjust the award accordingly, and BAM is entitled to reclaim (any part of) the STI paid to a member of the Executive Board on the basis of incorrect (financial) information. The Company's independent auditor will check the calculations carried out and conclusions reached in connection with the STI plan, and its assessment will be binding.

Long-term incentive (LTI)

Executive Board members participate in a performance share plan. Performance shares are awarded on a conditional basis each year. These shares vest after a vesting period of three years subject to the relevant performance over this period. The number of annually awarded performance shares is calculated by dividing the award value by the average closing price of the BAM share on Euronext Amsterdam over the five days after the General Meeting in the year of award. The award value is 90 per cent of fixed remuneration for the CEO, and 80 per cent of fixed remuneration for the CFO.

Performance under the LTI plan is based on two financial objectives, namely relative total shareholder return (TSR) and adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA), and one non-financial objective, namely sustainability. TSR is defined as the share price increase, 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. The Company's relative position within its peer group determines the vesting

percentage. The composition of the TSR peer group is evaluated on a periodic basis, among other things, considering corporate events. As of the 2021-2023 LTI plan, the TSR peer group comprises Balfour Beatty, Eiffage, Heijmans, Hochtief, Kier Group, NCC, PORR, Skanska, Strabag, Vinci and BAM.

At the beginning of the financial year, based upon a proposal from the Remuneration Committee, the Supervisory Board determines the performance incentive zones (threshold, at-target and excellent performance levels) for adjusted EBITDA, and the criteria and performance incentive zones for sustainability.

After the three-year performance period, the Supervisory Board, based on a proposal by the Remuneration Committee, will assess the extent to which the performance objectives have been achieved. This results in a vesting percentage for each of the three performance objectives, each determining one third of the vesting of the conditionally awarded performance shares. For excellent performance, the number of performance shares that vests may amount to a maximum of 150 per cent of the at-target number of performance shares. This percentage may be reduced to 50 per cent (on a sliding scale) for threshold performance and to zero below that. The performance incentive zones for TSR are presented in table 3.

3 The TSR performance incentive zones (in %)

TSR ranking	Relative TSR Vesting ¹
1	150
2	125
3	100
4	75
5	50
6	25
7	0
8	0
9	0
10	0
11	0

¹ Vesting is expressed as a percentage of the conditionally awarded number of shares.

The performance incentive zones and the Company's performance on each of the objectives as an actual score and as a percentage of target performance will be disclosed after the end of the performance period.

In accordance with the Dutch Corporate Governance Code, the three-year vesting period will be followed by a two-year lock-up period. In addition, there is a minimum share ownership requirement, which amounts to 100 per cent of fixed remuneration for the CEO and to 75 per cent of fixed remuneration for other members of the Executive Board. The members are not allowed to divest any shareholding until the two-year lock-up period has lapsed and the minimum share ownership requirements have been met, with the exception of any sale of shares during the lock-up period required to meet any tax obligations and social security premiums (including any other duties and levies) as a consequence of the vesting.

The authority to implement the LTI plan for the Executive Board lies with the Supervisory Board, which has the right to change or terminate the scheme at any time. If the Supervisory Board decides to terminate or make material changes to the LTI plan for Executive Board members, the General Meeting will be asked to adopt a resolution to that effect.

Upon a decision of the Supervisory Board, following a proposal from the Remuneration Committee, the Company has the discretionary power to fully or partially reclaim from the participating member of the Executive Board the conditionally awarded performance shares as well as vested shares (or any benefit resulting therefrom) where those have been awarded based on incorrect information concerning:

- The achievement of the performance objectives concerned; or
- Events or conditions on which the shares were conditionally awarded.

The Company's independent auditor will check the calculations carried out and conclusions reached in connection with the LTI plan and its assessment will be binding.

Post-employment benefits and other benefits

Executive Board members receive an age-independent gross allowance of 22 per cent of their fixed remuneration from which they need to finance their own retirement savings, including a surviving dependent's pension.

BAM has a competitive benefits package for the members of the Executive Board. This package includes such matters as healthcare and disability insurance, personal accident insurance, a car (allowance) policy and reimbursement of business expenses.

BAM has no other remuneration provisions, beyond the remuneration package mentioned in the remuneration policy, nor are there any other rights to one-time payments.

Remuneration scenarios for the Executive Board members

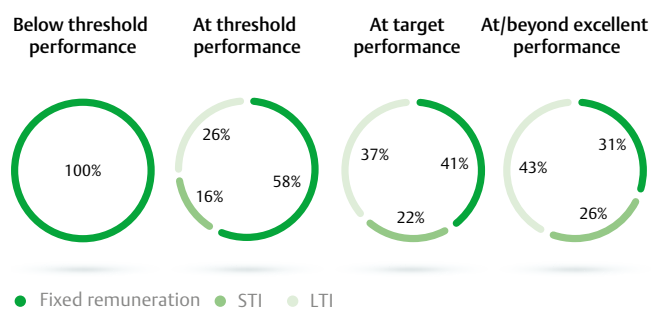
Remuneration levels for total direct compensation (fixed remuneration plus short-term incentive plus long-term incentive) are aimed at the median of a labour market reference group. In addition, the internal pay differentials (fairness and differences towards the rest of the organisation) are monitored.

Scenario analyses are used to determine possible outcomes of the variable remuneration elements, including the mix between fixed remuneration and variable remuneration in various scenarios, see tables 4 and 5. The maximum relative value of the variable remuneration elements, considering an unchanging share price and excellent performance, is between 67 per cent (for the CFO) and 69 per cent (for the CEO) of the total, with the higher value being awarded through the long-term incentive plan.

This incentivises achievement and (long-term) value creation while at the same time guarding against inappropriate outcomes and risk-taking beyond the risk profile of the Company. Share price changes directly affect the value of the long-term incentive at vesting, and thereby the mix between fixed remuneration and variable remuneration. The Supervisory Board has taken this into consideration, and regards the actual effect on the vesting for Executive Board members of BAM to be desirable since this promotes more alignment between the interests of the Executive Board and those of shareholders.

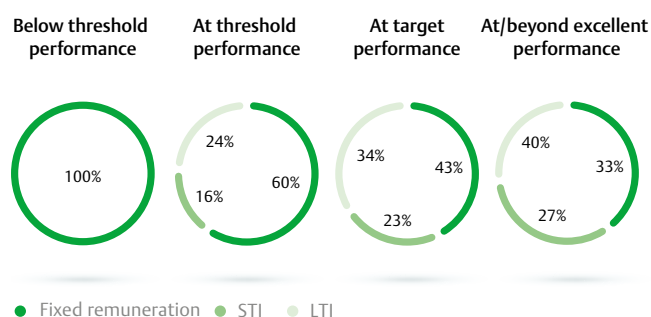
An average share price increase of 10 per cent per annum, for example, increases the relative value of variable remuneration in the mix from 57 per cent to 62 per cent (for the CFO) and from 59 per cent to 64 per cent (for the CEO) if performance is on target. At the opposite end of the spectrum, an average share price decrease of 10 per cent per annum decreases the relative value of variable remuneration in the mix from 57 per cent to 53 per cent (for the CFO) and from 59 per cent to 55 per cent (for the CEO) if performance is on target.

4 Target pay mix ¹ CEO



¹ LTI assumes an unchanged share price and presented at face value.

5 Target pay mix ¹ CFO



¹ LTI assumes an unchanged share price and presented at face value.

4. Governance provisions and contractual arrangements

Share ownership of the Executive Board members

The Company has rules relating to possessing and trading in BAM securities. These rules are published on the Company's website. BAM also has regulations for members of the Executive Board relating to trading in securities other than those issued by the Company. The Company does not provide any share option schemes.

Derogation clause

A derogation clause is included in the remuneration policy to guarantee that the Supervisory Board can use its discretion to ensure that the short-term and long-term incentive plans continue to support the interests of the Company even in exceptional circumstances, and retains the option to intervene when required. In exceptional circumstances, the Supervisory Board may decide to temporarily deviate from the remuneration policy of the Executive Board based on a proposal of the Remuneration Committee, when this is necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability. The derogations can only concern the objective setting and payout of the short-term and long-term incentive plans.

Contractual arrangements of the Executive Board members

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

The Company does not offer loans, warrants and the like to members of the Executive Board, except for the following indemnities and insurances as per insurance conditions. Current and former members of the Executive Board are covered by the indemnity, under the Articles of Association, against claims made against them in respect of actions or omissions in the performance of the duties of their position, unless said actions or omissions constituted wilful, deliberately reckless or seriously culpable misconduct and/or consisted of traffic offences. The Company has taken out directors' and officers' liability insurance under standard market terms and conditions for the members of the Executive Board.

Review approach of the remuneration policy

The Supervisory Board draws up the remuneration policy for the Executive Board based on advice from the Remuneration Committee. The General Meeting adopts the remuneration policy. Once the remuneration policy has been adopted, the Supervisory Board determines the remuneration for the individual members of the Executive Board, again based on recommendations from the Remuneration Committee which is supported by an independent, external consultant to, for instance, obtain market data.

The Supervisory Board will regularly review the remuneration package to ensure that it complies with the assumptions underlying the remuneration policy. The policy will also be evaluated regularly and be put forward for adoption at the General Meeting at least every four years.

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