

Royal BAM Group nv
Bunnik

Runnenburg 9, 3981 AZ Bunnik
PO Box 20, 3980 CA Bunnik, the Netherlands
Telephone +31 (0)30 659 89 88

Retouradres: Postbus 20, 3980 CA Bunnik

Date 13 April 2022
Our reference BAM-21-B-00018-MAu
Contact Michel Aupers
Telephone +31 (0)30 659 86 23
Email michel.aupers@bam.com
Page 1 van 3

Mrs A. Laskewitz, Executive Director
VBDO
Pieterstraat 11
3512 JT Utrecht

Subject **VBDO engagement letter 2022**

Dear Mrs Laskewitz,

On behalf of the Supervisory Board and the Executive Board of Royal BAM Group nv, we would like to thank you very much for your letter of 6 April, addressed to our Boards.

We very much appreciate your questions regarding our 2022 annual report and our annual general meeting of 13 April 2022.

Prior to our AGM, we would like to answer your questions in this letter.

Biodiversity

As the loss of biodiversity is seen as one of the largest threats to both humanity and the planet, In the coming three years VBDO will be focusing on the impacts and dependencies of companies on biological diversity and ecosystems.

Question 1: VBDO appreciates BAM's aim to contribute to SDG 15 (Life on Land) by providing nature-inclusive solutions and offering clients biodiversity net gain strategies that respect and enhance ecosystems (AR, p. 15). For companies to lower their impact on biodiversity and natural capital loss, however, it is crucial to first evaluate biodiversity and natural capital risks for both the company's own operations and value chain¹. BAM uses a Biodiversity Net Gain (BNG) assessment to identify potential biodiversity impacts on the company's sites (AR, p. 44). VBDO considers this a comprehensive approach for the company's own operations and projects, but currently has no insight into how accurate or effective BAM's biodiversity assessment is. In 2022, could BAM commit to reporting more details on the contents, outputs or aggregated results and targets of the BNG assessment and explain how biodiversity as a topic is integrated in the recently announced update of the sustainability strategy? VBDO understands that the construction business is tender focused. To what extent does BAM itself take the initiative to apply biodiversity solutions in these tenders? What is the share of projects that is nature positive?

Response BAM:

BAM appreciates the attention of VBDO for this topic as we have identified biodiversity as one of the key topics in our upcoming updated sustainability strategy. Currently, we are investigating the opportunity of also including a Group target on biodiversity.

BAM sees an increasing client demand when it comes to biodiversity solutions in the built environment. In our tenders and projects where biodiversity isn't explicitly requested by the client, BAM tries to integrate biodiversity solutions in our bids. Specifically in tenders and projects where BAM has influence on the design, we already integrate biodiversity improvement measures. This is done in close dialogue with the client. Multiple nature-

Date 13 April 2022
Our reference BAM-21-B-00018-MAu
Page 2 of 3

inclusive projects, both in the Netherlands and United Kingdom and Ireland have already been realized. The share of projects that is nature positive isn't something BAM currently discloses. However we have a clear ambition to disclose more details of our biodiversity impact in the near future and in line with the updated sustainability paragraph of our strategy.

Question 2: BAM reported it is committed to reducing CO2 emissions in scope 1 and 2 by 50% in 2030 compared to 2015, and reducing scope 3 emissions by 20% compared to 2017 (AR, p. 41). VBDO appreciates BAM's transparency throughout the years on reporting climate-related data (i.e. CDP Climate Leader) and of course the accomplished emission reductions in the past years. BAM's target year for achieving net zero is 2050 and BAM has reported that it is planning on achieving this goal through supply chain collaboration, innovation, and digital thinking through products and realising products through circular business models (AR, p. 94). The company sees progress on scope 3 as a business opportunity, but we have not seen a clear path and intermediate milestones until 2030 yet. When can we expect more mature and ambitious scope 3 objectives and footprints?

Response BAM:

We are currently working on more mature and ambitious scope 3 objectives together with stakeholders across Royal BAM Group. The renewed objectives can be expected with the publication of the updated sustainability paragraph of our strategy later this year.

Question 3: The due diligence law, as recently adopted by the European Parliament, requires companies to identify, address and remedy their impact on human rights in their value chain. Although BAM reports very openly on the company's health and safety audits (AR, p. 31), VBDO has found no evidence that BAM has a full insight into, and manages and mitigates the negative impacts that the company has on labour conditions in its value chain. VBDO is curious to learn about BAM's progress regarding supply chain due diligence. Can BAM again commit to reporting (in the 2022 Annual Report) on the results of the company's suppliers' assessments and audits and on the identified risks in the supply chain (also for the Non Tier 1 suppliers), and in addition, how it manages non-adherence and pro-actively mitigates negative impact?

Response BAM:

Following the proposal adopted by the European parliament in 2021, the European Commission issued the Proposal for a Directive on Corporate Sustainability Due Diligence on 23 February 2022, to tackle human rights and environmental impacts across global value chains. This initiative, adopted by the EU parliament, is still at the stage of a legislative proposal for adoption by the member states, so the measures announced by the Commission might be subject to change. BAM is identifying the impact of the upcoming increased due diligence requirements in order to also comply with the upcoming legal requirements. In doing so, BAM will pay particular attention to any additions or tightening of its processes for checking supply chains for adverse effects on human rights and the environment. (More) Effective due diligence practices will also be considered in order to mitigate potential risks before they materialise.

BAM is maturing its supplier assessments with respect to human rights in the supply chain. This is an evolutionary process, first internally and with the supply chain and secondly by reporting results in external reports. We want to do this in a thorough manner and step by

Date 13 April 2022
Our reference BAM-21-B-00018-MAu
Page 3 of 3

step. From an integrated report perspective, every year we will consider on what next step we will report which provides an accurate picture for the whole of BAM. In our integrated report 2021 we have already expanded our supply chain section with a qualitative statement on the importance of due diligence activities and activities performed. We have the ambition to also provide more transparency in this field, however that will also depend on the quality and maturity of the processes and data.

Question 4: BAM reports that the percentage of women working in senior management is currently 18% (AR, p. 36). BAM also reports that the company sees diversity and inclusion as a key focus when acquiring talent (AR, p. 34). Nonetheless, VBDO has found no evidence that the company has set KPIs on increasing the diversity in the company, specifically for the number of women in senior management. VBDO is, therefore, curious to learn more about BAM's ambition to increase the number of women in senior management. What is BAM's goal for the percentage of women in senior management and how is BAM going to achieve this?

Response BAM:

The promotion of women into senior positions has been a key concern of ours. Female representation in senior management positions increased from 17% to 18% from 2020 to 2021. This is a result of focussed efforts in both recruitment and succession planning. No targets have yet been identified as we are working on an update of the sustainability paragraph of our strategy that is likely to include diversity and inclusion targets and action plans. The plan will be communicated later this year.

Kind regards,
Royal BAM Group nv

M. Aupers
Manager Investor Relations

Cc: - H.Th.E.M. Rottinghuis
- R.J.M.Joosten
- S.H.A.J. Beckers