

For the evaluation of the remuneration of the Management Board, the Supervisory Board takes into account the short-term company performance for 2020 and the long-term Aalberts non-financial objectives and financial objectives 2018-2022. Despite the difficult uncertain market environment in 2020, Aalberts achieved a resilient and solid performance.

remuneration policy of the Management Board

The remuneration policy was updated in 2020 to be in accordance with the Shareholder Rights Directive II (**SRD**). Amendments were made to provide more transparency on the remuneration of the Management Board. In the preparation of the updated remuneration policy, opinions of stakeholders were taken into account. The remuneration policy of the Management Board was approved by the General Meeting on 25 June 2020.

The remuneration policy of the Management Board supports the company's purpose, values, strategy and objectives. Aalberts is where technology matters and real progress can be made. Humanly, environmentally and financially. The remuneration policy encourages the Management Board to relentlessly execute the Aalberts strategy and objectives by being entrepreneurial, taking ownership, going for excellence in everything they do, sharing knowledge to learn fast, continuously improving and innovating and acting with integrity. Aalberts strives for sustainable profitable growth and to continuously improve business results, while integrating sustainability in its strategy and taking responsibility for people and the environment. Taking this into account, the remuneration structure for the Management Board is aimed at the best possible balance between the company's short-term results and its long-term objectives. The objective of the remuneration policy is to recruit, motivate and retain qualified and experienced directors with industry experience for the Management Board. The best qualified talent is necessary to continuously improve company performance and create long-term value with mission-critical technologies. Meanwhile the public context around remuneration is acknowledged and the interests of all Aalberts' stakeholders are recognised.

Annually, the Remuneration Committee (**RemCo**) reviews the total remuneration of the Management Board members, as well as each

remuneration component of their package, such on behalf of the Supervisory Board. In doing so, the RemCo takes the remuneration objectives and principles as reflected in the remuneration policy into account.

The total remuneration of the Management Board members comprises the following components:

- a fixed base salary;
- a pension plan;
- variable remuneration in cash for achievements in the short-term (one year); and
- value remuneration in shares for achievements in the long-term (three years).

The aim is to achieve a good balance between fixed and non-fixed remuneration and short-term variable and long-term value remuneration.

fixed and variable remuneration of the Management Board

The aggregate fixed and variable remuneration of the members of the Management Board for 2020 amounted to EUR 2.0 million (2019: EUR 3.5 million) and is determined in accordance with the remuneration policy. The remuneration of the individual Management Board members split out by component is reflected in the table on page 3.

application remuneration policy

In accordance with the Articles of Association, the remuneration of the Management Board members has been set by the Supervisory Board. The remuneration of the individual Management Board members, including share-based remuneration, is in accordance with the remuneration policy. Scenario analyses have been performed in conformity with the Code and have been taken into account by setting the remuneration. The General Meeting's advisory vote on the remuneration report 2019 has been taken into account for the review of the current remuneration policy and proposal to update it.

fixed remuneration

The fixed remuneration of the Management Board consists of a base salary and a pension plan.

base salary

Once a year, the Supervisory Board determines whether, and if so, to what extent the base salary will be adjusted, taking into account developments in the market, the reward structures of peer group companies, the results of Aalberts and the pay ratio within the Aalberts group. In 2020 the individual members of the Management Board decided to reduce their fixed base salary with 20% in Q2 in view of the uncertainties Aalberts was facing at the start of the COVID-19 pandemic.

pension plan

The Management Board members participate in a pension plan (average pay or defined contribution pension plan). The pension plan includes two contribution arrangements, dependent on annual pensionable salary levels:

- basic arrangements for that part of the annual pensionable salary up to EUR 110,111 (2020);
- net surplus arrangement for that part of the annual pensionable salary above EUR 110,111. The employer contributions to this arrangement are made to participants in the form of gross cash compensation subject to tax withholdings, which can be used to fund a voluntary net defined contribution plan.

Management Board members pay one-third of the contribution for the basic arrangements.

non-fixed remuneration

The non-fixed remuneration consists of variable remuneration in the form of short-term incentives (**STI**) and value remuneration in the form of long-term incentives (**LTI**) and is an important component of the remuneration package. The distribution between the STI and the LTI aims to achieve an optimal balance between short-term result and long-term value creation. The non-fixed remuneration relates to the 5-year business plan of Aalberts as reflected in the non-financial and financial objectives 2018-2022 under the strategy 'focused acceleration' 2018-2022. The Aalberts 5-year business plan is based on the plans of the business teams, which are discussed and evaluated each year with the Management Board during the strategy & forecast meetings.

The Aalberts non-financial objectives and financial objectives 2018-2022 (the Aalberts Strategic Objectives) are the following:



name and position of Management Board member	fixed remuneration		variable remuneration	total fixed and variable remuneration	value remuneration	proportion of variable remuneration (in %)
	base salary* (in EUR 1,000)	pension plan (in EUR 1,000)	STI** (in EUR 1,000)	(in EUR 1,000)	LTI*** (in number of shares)	
Wim Pelsma (CEO)	760	148	378	1,286	29,050	29.4
Arno Monincx (CFO)	456	71	227	754	12,450	30.1
Total	1,216	219	605	2,040	41,500	29.7

* Base salary minus 20% reduction in Q2.

** The STI is reflected in this table as the STI awarded over the financial year 2020.

*** The LTI is reflected in this table as the number of shares vested in 2020 under the current PSPs.

short-term incentives (STI)

The STI is an important component of the remuneration package to reward short-term performance in line with the long-term Aalberts Strategic Objectives, combined with additional individual non-financial performance goals. The Supervisory Board sets the yearly financial targets based on the targets for that year, in line with the Aalberts Strategic Objectives and the individual non-financial targets at the beginning of each financial year and these are evaluated in a personal conversation after the end of each financial year. The individual non-financial criteria are not disclosed, as these qualify as commercially sensitive information. Depending on the level of achievement of the targets, the STI can add from a minimum of 0% up to a maximum of 75% to the base salary. The achievement of the financial targets on an individual basis is between a minimum of 90% and a maximum of 110%. The weighting of the non-financial targets and the financial targets is 20% and 80% respectively. If the non-financial targets are achieved for 0% and all financial targets are achieved for a percentage under 90%, the STI will be 0, which endorses the pay for performance principle.

The Supervisory Board has established the extent to which the STI targets set for 2020 has been achieved. This results in an average overall achievement of 62.9%. In accordance, the STI awarded over the financial year 2020 is 47.2% of the base salary.

long-term incentives (LTI)

The value remuneration in the long-term for performance of Management Board members is in the form of a conditional awarding of shares. Under the Performance Share Plan (**PSP**), shares will conditionally be granted to Management Board members. Vesting of these shares is conditional on the achievement of certain predetermined performance targets at the end of a three-year period. The long-term performance criteria attached to the granting of the performance shares relate to the implementation of the Aalberts Strategic Objectives over a three-year period (the performance period). The Supervisory Board determines upfront how many shares will be conditionally awarded to the Management Board members. The vesting of the performance shares is subject to the achievement of the company's average growth of the earnings per share before amortisation (**EPS**) over the performance period, in accordance with the vesting schedule as included in the PSP. The vesting schedule reflects that the actual number of performance shares to be released after the performance period can be a number between 0% and 125% of the shares that have been conditionally awarded. If the average annual growth of EPS in the performance period equals 10%, then 100% of the performance shares will vest and will be released.

Shares awarded conditionally must be held for at least five years (three years vesting period plus two years holding period) or until the end of the

employment contract, if this is sooner. Given this five-year period Management Board members are driven and motivated to contribute to the realisation of the Aalberts Strategic Objectives, creating long-term value creation for the stakeholders of Aalberts. Upon the release of the performance shares, personal tax and social contribution obligations arise for the Management Board members. The holding period of five years does not apply if the shares are sold to pay these tax and social contribution obligations.

Wim Pelsma (CEO) held a total number of 145,125 (2019: 120,075) ordinary shares in Aalberts at year-end. Of the 35,000 conditional performance shares that were granted in 2017 (PSP 2017-2019), a total of 29,050 (83%) vested in 2020, for which kEUR 104 (2019: kEUR 228) was charged to the income statement. Those shares are subject to a holding period of 2 years pursuant to their vesting and release in 2020. The number of conditional performance shares awards that were granted in 2019 (PSP 2019-2021) amounted to 35,000 shares for which kEUR 341 (2019: kEUR 213) was charged to the income statement.

Arno Monincx (CFO) held a total of 18,000 (2019: 6,250) ordinary shares in Aalberts at year-end. Of the 15,000 conditional performance shares that were granted in 2017 (PSP 2017-2019), a total of 12,450 (83%) vested in 2020, for which kEUR 44 (2019: kEUR 98) was charged to the income statement. Those shares are subject to a holding period of 2 years pursuant to their vesting and release in 2020. The number of conditional performance shares awards that were granted in 2019 (PSP 2019-2021) amounted to 15,000 shares for which kEUR 146 (2019: kEUR 91) was charged to the income statement.

The total remuneration of the members of the Management Board for 2020, including the amounts charged to the income statement for the LTI, amounted to EUR 2.7 million (2019: EUR 4.3 million).

sustainable profitable growth

The Supervisory Board took note of the individual Management Board members' views with regard to the amount and structure of their own remuneration and more in particular their voluntary salary reduction. Within

the framework of the Code and the best practice principles contained therein, the Supervisory Board has implemented the remuneration policy in line with the strategy, long-term value creation objectives, risks and (non-)financial objectives of Aalberts.

The Supervisory Board believes that the total remuneration package is a sound balance to realise the Aalberts Strategic Objectives. The remuneration package encourages the Management Board members to deliver solid results every year and to relentlessly execute the Aalberts strategy 'focused acceleration' 2018-2022.

pay ratio

The average annual employee compensation is calculated by dividing the total Aalberts' personnel expenses specified in note 22 of the financial statements - excluding the LTI of all employees, termination benefits and the total remuneration of the members of the Management Board - by the average number of employees minus the average number of Management Board members.

The average annual Management Board members' compensation is calculated by adding up the amounts of salary, pension contribution and STI of the Management Board members and dividing this aggregate amount by the number of Management Board members.

The pay ratio is defined as the ratio between the average annual employee compensation and the average annual Management Board members' compensation. The pay ratio in 2020 was 20.3 (2019: 20.4).

comparative information

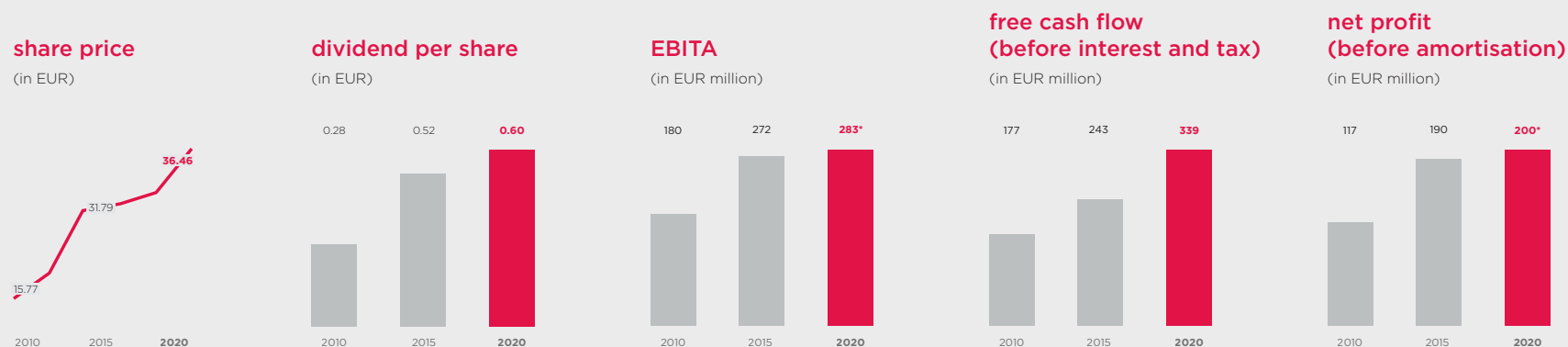
The table on page 5 provides information on the annual change of remuneration of each individual member of the Management Board, of the performance of the company and of average remuneration on a full-time equivalent basis of employees of the company other than Management Board members over the five most recent financial years.

annual change	2016		2017		2018		2019		2020	
	fixed and STI (in EUR 1,000)	LTI** (in number of shares)	fixed and STI (in EUR 1,000)	LTI** (in number of shares)	fixed and STI (in EUR 1,000)	LTI** (in number of shares)	fixed and STI (in EUR 1,000)	LTI** (in number of shares)	fixed and STI (in EUR 1,000)	LTI** (in number of shares)
Management Board member remuneration										
W.A. Pelsma (CEO)	1,301	14,600	1,371	0	1,441	37,500	1,441	0	1,286	29,050
A.R. Monincx (CFO) (as from 1 May 2017)	-	-	455	0	794	12,500	815	0	754	12,450
company performance										
organic revenue growth %	1.1		5.5		4.6		1.1		(7.0)	
EBITA	298		336		366		363		283*	
EPS	1.92		2.15		2.49		2.42		1.81*	
FCF	273		310		312		312		339	
average remuneration on a full-time equivalent basis of employees										
employees of the group	47.7		48.1		49.2		51.4		50.3	

* before strategic restructuring cost

** LTI is reflected in this table as number of shares vested under a PSP in the relevant financial year

The KPI and share price development over a 10-years period is as follows:



* before strategic restructuring cost

miscellaneous

In the context of the Dutch Claw Back Act, the Supervisory Board saw no reason to revise an incentive prior to payment nor to claw back an incentive. There are no specific arrangements for early termination of employment and resignation of the members of the Management Board. Aalberts did not provide any loans to Management Board members.

update

Each year, the Supervisory Board reviews the Management Board remuneration policy and assesses its alignment with the market in more detail.

remuneration policy Supervisory Board

The remuneration policy of the Supervisory Board supports the company's purpose, values, strategy and objectives. The remuneration policy of the Supervisory Board aims to recruit and retain Supervisory Board members with the right expertise and experience. The remuneration policy of the Supervisory Board supports the Supervisory Board to duly execute its duties and responsibilities independently, and, hence, contribute as best as possible to the realisation of the company's strategic objectives, including long-term value creation for the company and its stakeholders. It achieves these objectives by providing remuneration that consists of fixed elements only, with remuneration levels that are sustainable within the level playing field in the Netherlands.

The remuneration policy of the Supervisory Board was updated in 2020 to be in accordance with the SRD. Limited amendments were made and the amounts did not change. The remuneration policy of the Supervisory Board was approved by the General Meeting on 25 June 2020.

The total remuneration of the Supervisory Board members comprises of the following components:

	EUR 1,000
a general fee for membership of the Supervisory Board	45
a committee membership fee / a committee chairmanship fee	5/10
a fee for chairmanship of the Supervisory Board	15

remuneration Supervisory Board

The following fixed individual remuneration were paid to members of the Supervisory Board in accordance with the remuneration policy. The table also reflects the annual change of remuneration of each individual member of the Supervisory Board over the five most recent financial years. Information on performance of the company and average remuneration of employees is provided on page 5.

amounts in EUR 1,000	2020	2019	2018	2017	2016
M.C.J. van Pernis	65	65	65	58	40
M.J. Oudeman	55	55	55	39	
A. Rinck*	23				
P. Veenema	50	50	50	46	30
J. van der Zouw	55	55	55	49	40
total	248	225	225		

* appointed mid 2020 as member of the Supervisory Board

The current amounts of the general fee, the committee fees and the chairmanship fee are approved by the General Meeting on 18 April 2017 and effective as per 1 April 2017.

No loans, advances or guarantees have been granted to the members of the Supervisory Board. No options have been granted to members of the Supervisory Board. At year-end there is one member of the Supervisory Board that holds shares in the company: M.J. Oudeman holds 330 ordinary shares.