

# remuneration report

For the evaluation of the remuneration of the Management Board in 2022, the Supervisory Board takes into account the short-term company performance for 2022 and the long-term Aalberts non-financial objectives and financial objectives 2022-2026.



For further details of Aalberts' performance, reference is made to the report of the Management Board.

The Supervisory Board is satisfied that the Management Board has delivered solid short-term results and long-term value creation for Aalberts' stakeholders during 2022. Overall, Aalberts is well positioned to execute its strategy Aalberts 'accelerates unique positioning' and to drive long-term sustainable profitable growth.

## voting results at the General Meeting

During the Annual General Meeting on 19 May 2022 (**AGM 2022**) the advisory vote on the remuneration report 2021, relating to the implementation of the remuneration policy 2021, was adopted with a majority vote of 96.1%.

The positive voting results for the advisory vote on the remuneration report 2021 followed on the open dialogue that the company entered into with its stakeholders on the contents of the remuneration report in 2022. To address the most discussed topic in this dialogue, more insight and transparency on the performance criteria for the STI was provided, which we have continued to do in the remuneration report 2022. The NSR believes that a sound balance has been found between the request for transparency by shareholders and the company's hesitation to disclose commercially sensitive information, as disclosure of such information may not be in the interest of Aalberts and all its stakeholders.

## remuneration policy of the Management Board

The remuneration policy of the Management Board was last updated in 2021 and 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 human and 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 NSR 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 NSR 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 2022 amounted to EUR 2.4 million (2021: EUR 2.6 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.

## 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. The NSR uses various benchmarks to arrive at an informed position. Medium size and Dutch stock listed companies included in the AEX and the AMX as well as Dutch and European peer group companies are considered most relevant. The Supervisory Board takes into consideration factors like the size and nature of the company, global presence, nature and complexity of the business and exposure of the Management Board.

## 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 114,866 (2022);
- net surplus arrangement for that part of the annual pensionable salary above EUR 114,866.

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.

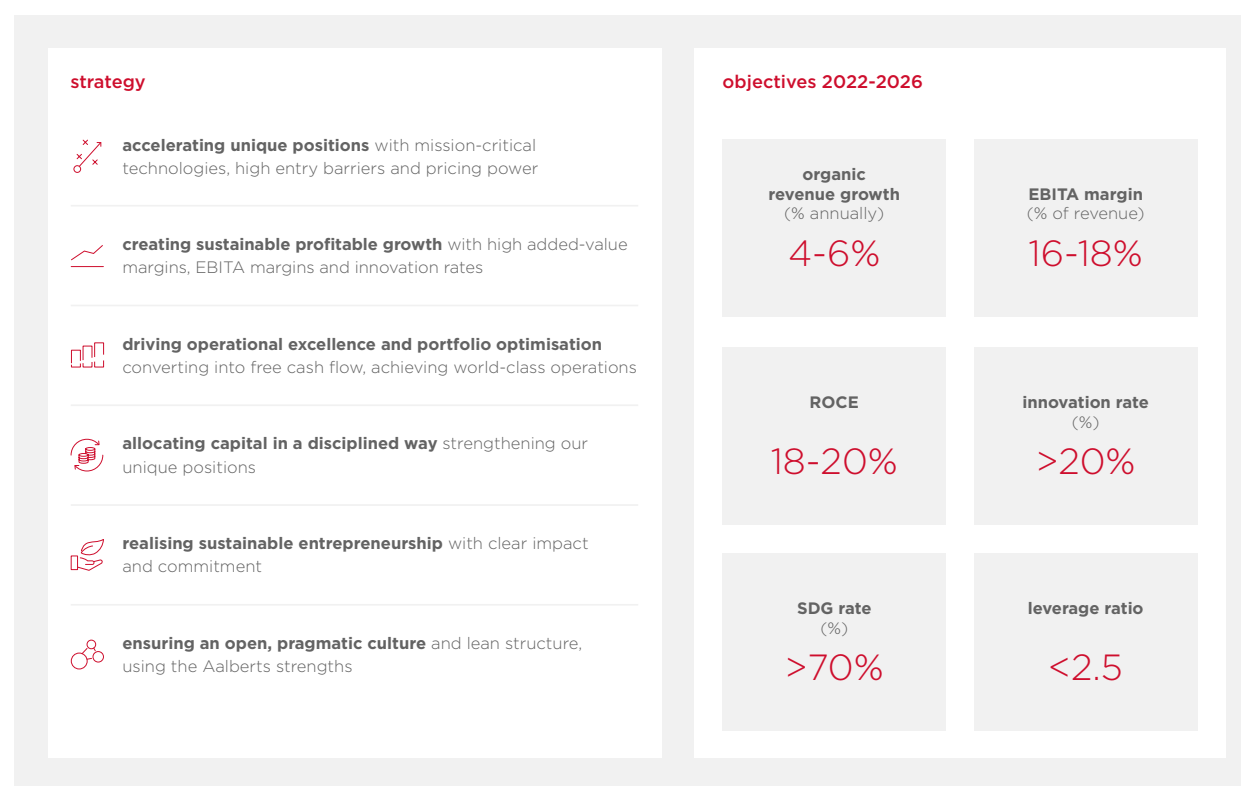
Management Board members pay one-third of the contribution for the basic arrangements.

## 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 for 2022 relates to the 5-year business plan of Aalberts as reflected in the non-financial and financial objectives 2022-2026 under the strategy Aalberts 'accelerates unique positioning' 2022-2026. 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 forecast & strategy meetings.

The Aalberts non-financial objectives and financial objectives 2022-2026 (the Aalberts Strategic Objectives) are the following:



| name and position  | fixed remuneration            |                                | variable remuneration  | total fixed and variable remuneration | value remuneration           |   |
|--------------------|-------------------------------|--------------------------------|------------------------|---------------------------------------|------------------------------|---|
|                    | base salary<br>(in EUR 1,000) | pension plan<br>(in EUR 1,000) | STI*<br>(in EUR 1,000) | (in EUR 1,000)                        | LTI<br>(in number of shares) | proportion of variable<br>remuneration (in %) |
| Wim Pelsma (CEO)   | 850                           | 155                            | 447                    | 1,452                                 | 43,750                       | 30.8  |
| Arno Monincx (CFO) | 550                           | 90                             | 289                    | 929                                   | 18,750                       | 31.1  |
| <b>total</b>       | <b>1,400</b>                  | <b>245</b>                     | <b>736</b>             | <b>2,381</b>                          | <b>62,500</b>                | <b>30.9</b>                                   |

\* The STI is reflected in this table as the STI awarded over the financial year 2022.

### 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 objectives. The Supervisory Board sets the yearly financial and non-financial targets, based on the Aalberts strategy & objectives and the yearly updated Aalberts 5-year business plan, at the beginning of each financial year and these are evaluated in a personal conversation after the end of each financial year.

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 on-target bonus percentage for the Management Board members is 75% of base salary and will not exceed that percentage in case of above-target performance of some or all of the criteria, except in exceptional circumstances as determined by Supervisory Board. Above-target and below-target performance can be compensated with each other, where 90% is the minimum for below-target performance of the objectives. If all objectives are achieved for a percentage under 90%, the STI will be 0, which endorses the pay for performance principle.

The targets are based on three financial objectives, earnings per share before amortisation (**EPS**), free cash flow (**FCF**) and revenue (**revenue**) and on non-financial objectives. The **non-financial objectives** are

not specifically disclosed yet, Aalberts is in the process making its overall non-financial objectives more specific and measurable via KPIs.

#### STI

| performance criteria     | weighting | target achievement |
|--------------------------|-----------|--------------------|
| EPS                      | 32%       | above-target       |
| FCF                      | 32%       | below-target       |
| revenue                  | 16%       | above-target       |
| non-financial objectives | 20%       | on-target          |

The Supervisory Board has established the extent to which the STI targets set for 2022 have been achieved by the members of the Management Board as set out above. The achievement of the non-financial objectives is based on personal defined targets and visits of the NSR and the Supervisory Board to locations in 2022. During these visits, meetings and conversations took place with the business teams and head office leadership team on topics relating to the non-financial objectives for 2022. The non-financial objectives for 2022 have been achieved on-target.

The average overall achievement of the financial and non-financial objectives is 70.1%. In accordance, the STI awarded over the financial year 2022 is 52.6% of the base salary (70.1% multiplied by 75% with a maximum of 75%) and amounts to EUR 736k.

### 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.

Under the PSP 2021-2023 the vesting of the performance shares is subject to the achievement of the company's average growth of the EPS and the ROCE % 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% and the average ROCE % in the performance period equals 17%, 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). 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 181,875 (2021: 148,125) ordinary shares in Aalberts at year-end. Of the 35,000 conditional performance shares that were granted in 2019 (PSP 2019-2021), a total of 43,750 (125%) vested in 2022, for which EUR 160k (2021: EUR 565k) was charged to the income statement. Those shares are subject to a holding period of 2 years pursuant to the vesting and release of shares in 2022. The number of conditional performance shares awards that were granted in 2021 (PSP 2021-2023) amounted to 35,000 shares for which EUR 504k (2021: EUR 336k) was charged to the income statement.

Arno Monincx (CFO) held a total number of 33,000 (2021: 18,000) ordinary shares in Aalberts at year-end. Of the 15,000 conditional performance shares that were granted in 2019 (PSP 2019-2021), a total of 18,750 (125%) vested in 2022, for which EUR 69k (2021: EUR 242k) was charged to the income statement. Those shares are subject to a holding period of 2 years pursuant to the vesting and release of shares in 2022. The number of conditional performance shares awards that were granted in 2021 (PSP 2021-2023) amounted to 20,000 shares for which EUR 288k (2021: EUR 192k) was charged to the income statement.

The total remuneration of the members of the Management Board for 2022, including the amounts charged to the income statement for the LTI, amounted to EUR 3.4 million (2021: EUR 3.9 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. 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 updated strategy 2022-2026 Aalberts 'accelerates unique positioning'.

### pay ratio

The average annual employee compensation is calculated by dividing the total Aalberts' personnel expenses specified in note 21 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.

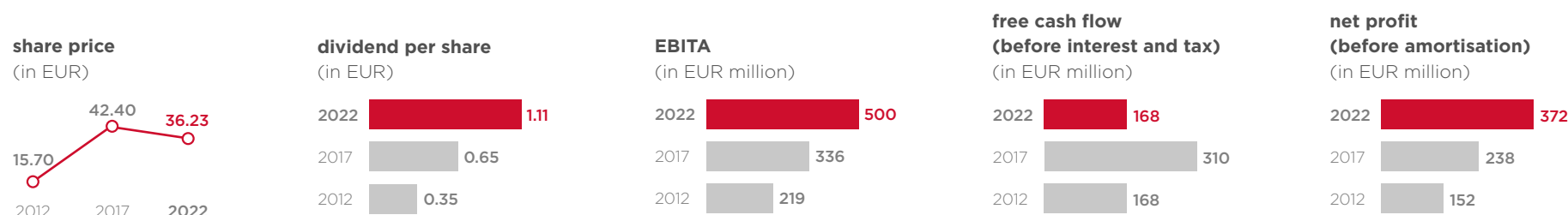
The average annual Management Board members' compensation is calculated by adding up the amounts of salary, pension contribution and STI of the Management Board members and dividing this aggregate amount by the number of Management Board members.

|  | 2018                               |                                   | 2019                               |                                   | 2020                               |                                   | 2021                               |                                   | 2022                               |                                   |
|--|------------------------------------|-----------------------------------|------------------------------------|-----------------------------------|------------------------------------|-----------------------------------|------------------------------------|-----------------------------------|------------------------------------|-----------------------------------|
|  | fixed and STI<br>(in EUR<br>1,000) | LTI**<br>(in number<br>of shares) | fixed and STI<br>(in EUR<br>1,000) | LTI**<br>(in number<br>of shares) | fixed and STI<br>(in EUR<br>1,000) | LTI**<br>(in number<br>of shares) | fixed and STI<br>(in EUR<br>1,000) | LTI**<br>(in number<br>of shares) | fixed and STI<br>(in EUR<br>1,000) | LTI**<br>(in number<br>of shares) |
| <b>annual change</b>   |                                    |                                   |                                    |                                   |                                    |                                   |                                    |                                   |                                    |                                   |
| Wim Pelsma (CEO)   | 1,441                              | 37,500                            | 1,441                              | 0                                 | 1,286                              | 29,050                            | 1,585                              | 0                                 | 1,452                              | 43,750                            |
| Arno Monincx (CFO)   | 794                                | 12,500                            | 815                                | 0                                 | 754                                | 12,450                            | 989                                | 0                                 | 929                                | 18,750                            |
| <b>company performance</b>   |                                    |                                   |                                    |                                   |                                    |                                   |                                    |                                   |                                    |                                   |
| organic revenue growth %   | 4.6                                |                                   | 1.1                                |                                   | (7.0)                              |                                   | 16.0                               |                                   | 8.7                                |                                   |
| EBITA  | 366                                |                                   | 363                                |                                   | 283*                               |                                   | 454*                               |                                   | 500                                |                                   |
| EPS  | 2.49                               |                                   | 2.42                               |                                   | 1.81*                              |                                   | 3.05*                              |                                   | 3.37                               |                                   |
| FCF  | 312                                |                                   | 312                                |                                   | 360*                               |                                   | 310*                               |                                   | 168*                               |                                   |
| <b>average remuneration on a full-time<br/>equivalent basis of employees</b> |                                    |                                   |                                    |                                   |                                    |                                   |                                    |                                   |                                    |                                   |
| employees of the group   | 49.2                               |                                   | 51.4                               |                                   | 50.3                               |                                   | 54.4                               |                                   | 60.5                               |                                   |

\* before exceptionals.

\*\* 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:



all figures before exceptionals

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 2022 was 19.7 (2021: 23.7).

### comparative information

The table on previous page 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.

### 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 2022. In the last few years the work of the Supervisory Board has expanded considerably in intensity, complexity and time with additional themes on the agenda of its committees. A benchmark study has been done in 2022 on the remuneration of supervisory board members of other Dutch stock listed AMX companies. Based on this benchmark, it was evaluated and concluded by the NSR that compared to the AMX reference group, Aalberts was positioned below median market levels for the annual remuneration of the members and the Chairman of the Supervisory Board and for the committee fees. On this basis and upon proposal of the NSR, the Supervisory Board proposed to the AGM that the annual remuneration of the members and the Chairman of the Supervisory Board and the committee fees be increased to the median of the AMX reference group. This updated remuneration policy reflecting the increased amounts as reflected below was approved by the General Meeting on 19 May 2022.

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

|   | EUR 1,000 |
|---|-----------|
| general membership fee                          | 50        |
| chairmanship fee                                | 25        |
| Audit committee membership/<br>chairmanship fee | 7.5/10    |
| NSR membership/chairmanship fee                 | 7/10      |

### remuneration Supervisory Board

The following fixed individual remuneration were paid 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 4.

The current amounts of the general fee, the committee fees and the chairmanship fee are approved by the General Meeting on 19 May 2022 and effective as per 1 January 2022.

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 are no members of the Supervisory Board that hold shares in the company.

| amounts in EUR 1,000           | 2022       | 2021       | 2020       | 2019       | 2018       |
|--------------------------------|------------|------------|------------|------------|------------|
| Peter van Bommel <sup>1</sup>  | 78         | 12         |            |            |            |
| Lieve Declercq <sup>2</sup>    | 56         | 34         |            |            |            |
| Piet Veenema                   | 60         | 50         | 50         | 50         | 50         |
| Jan van der Zouw               | 60         | 55         | 55         | 55         | 55         |
| Martin van Pernis <sup>3</sup> | 32         | 65         | 65         | 65         | 65         |
| Annette Rinck <sup>4</sup>     | 19         | 45         | 23         |            |            |
| <b>total</b>                   | <b>305</b> | <b>284</b> | <b>248</b> | <b>225</b> | <b>225</b> |

1. appointed EGM 2021

2. appointed AGM 2021

3. until AGM 2022

4. until AGM 2022