

Rationale for amending the Management Board and Supervisory Board remuneration policies (2025)

Aalberts has reviewed the remuneration policies for the Management Board (“MB”) and the Supervisory Board (“SB”). The current policies were adopted by the General Meeting in 2021 and 2022, respectively. It is proposed to adopt the revised policies at the 2025 AGM. If adopted the policies will apply as from 1 January 2025.

The proposed amendments to the policies enhance alignment with market standards, aiming to recruit, motivate, and retain qualified, diverse and experienced MB and SB members. A summary of the MB and SB policy amendments is provided below, with a detailed overview of the main elements of the MB and SB policies in the next section. In the process of updating these remuneration policies, different factors have been considered, and we have taken into account the input from and sounded with our key external stakeholders.

Alignment with the strategy

- The proposed policy aims to support the “thrive 2030” strategy
- For balance between financial and non-financial criteria, the long-term incentive (“LTI”) has been aligned with the short-term incentive (“STI”) resulting in 80% financial and 20% non-financial criteria in both incentive plans
- EBITA is added in the STI and the weight of Revenue is slightly increased
- In the LTI ESG is added as a non-financial measure
- Avoidance of usage of the same criteria for STI and LTI realization

Pay-for-performance

- In the current STI, the maximum of 75% of base salary pays out when achieving 100% of the set targets. The amended STI, lowers the payout for 100% target achievement to 60% of base salary and introduces a payout zone with a payout for threshold and maximum performance at respectively 50% and 150% of target
- The conditional grant of performance shares under the LTI is set at 100% of base salary for the CEO and 80% of base salary for other MB members. The design will be aligned with the STI with a payout for threshold and maximum performance at respectively 50% and 150% (currently: 125%) of target

Promoting share ownership

- The proposed policy introduces a share ownership guideline of 2x the target LTI level, i.e. 200% for the CEO and 160% for the other MB members (currently there is no share ownership guideline in place)

Enhanced transparency

- Transparency will be further enhanced, among others, by disclosing the remuneration level peer group, performance conditions and weighting in the policy and ex-post disclosure of target ranges and target realization as part of the remuneration report
- Furthermore, the good leaver rules will be disclosed, stipulating pro-rated LTI with vesting at the original vesting date and no vesting for bad leavers

Claw-back

- The claw-back clause is extended to include (serious) violations of the code of conduct

Removal discretionary power

- The discretion paragraph in the LTI, providing the Supervisory Board with the discretionary authority to adjust the number of performance shares or the performance criteria, has been removed

Amendment of the SB annual fees

- Increase of the SB annual fees for the first time in three years, to align with and ensure competitiveness with relevant peer companies to retain and attract qualified, diverse and experienced SB members

Main elements proposed changes to MB and SB policy

Management board - Peer group and base salary

| Element | Current | Proposed | | | | | | | | | | | | | | | | | | | | |
|-------------------------------------|--|---|--------------------------|--|----------------------|--|---------|-------------|---------|------|--------------|--------|-----|--------------|-----|-----------|-------|---------|-----------|-----------|----------|-------|
| Peer group & positioning | <p>“The RemCo 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.”</p> | <p>The remuneration of the Management Board members is targeted around the median of the peer group. This peer group comprises sixteen companies and consists for 50% of European headquartered sector-specific companies and for 50% of Dutch headquartered cross-industry companies. The group will be disclosed as part of the policy. In terms of size parameters, Aalberts is positioned around the median of the group (average of revenue & market capitalization)</p> <table border="1"> <thead> <tr> <th colspan="2">European sector specific</th> <th colspan="2">Dutch cross-industry</th> </tr> </thead> <tbody> <tr> <td>Geberit</td> <td>OC Oerlikon</td> <td>Arcadis</td> <td>IMCD</td> </tr> <tr> <td>Georg Fisher</td> <td>Sulzer</td> <td>BAM</td> <td>SBM Offshore</td> </tr> <tr> <td>IMI</td> <td>TKH Group</td> <td>Fugro</td> <td>Signify</td> </tr> <tr> <td>Indutrade</td> <td>VAT Group</td> <td>Heijmans</td> <td>Vopak</td> </tr> </tbody> </table> | European sector specific | | Dutch cross-industry | | Geberit | OC Oerlikon | Arcadis | IMCD | Georg Fisher | Sulzer | BAM | SBM Offshore | IMI | TKH Group | Fugro | Signify | Indutrade | VAT Group | Heijmans | Vopak |
| European sector specific | | Dutch cross-industry | | | | | | | | | | | | | | | | | | | | |
| Geberit | OC Oerlikon | Arcadis | IMCD | | | | | | | | | | | | | | | | | | | |
| Georg Fisher | Sulzer | BAM | SBM Offshore | | | | | | | | | | | | | | | | | | | |
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| Indutrade | VAT Group | Heijmans | Vopak | | | | | | | | | | | | | | | | | | | |

Management Board – Short-term incentive

| Element | Current | Proposed |
|-----------------------------|--|--|
| Performance criteria | 2022: 32% Earnings Per Share, 32% Free Cash Flow, 16% revenue, 20% non- financial criteria | 30% EBITA, 30% Free Cash Flow, 20% Total Revenue, 20% non-financial criteria |

| | | |
|-------------------------------------|---|---|
| Performance and payout level | “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. If the non-financial and financial targets are achieved for exactly 100% (on an individual basis or mutually compensated), the STI adds maximum 75% to the base salary.” | The STI at 100% achievement of financial and non-financial targets is set at 60% of base salary for MB members. Depending on the level of achievement of the targets, the STI can range from a minimum of 0% up to a maximum of 150% of the at-target STI percentage (equal to 90% of base salary). In case of threshold performance, the payout equals 50% of the at-target STI percentage (equal to 30% of base salary) |
|-------------------------------------|---|---|

Management Board - Long-term incentive

| Element | Current | Proposed |
|-------------------------------------|--|--|
| Grant approach | “The Supervisory Board determines upfront how many shares will be conditionally awarded to the Management Board members” | Annual grant based on a fixed percentage of base salary approach |
| Performance criteria | Average growth of the earnings per share before amortization (“EPS”) and the Return On Capital Employed percentage (“ROCE”) | 50% EPS, 30% ROCE, 20% ESG |
| Performance and payout level | “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.” | The annual at-target variable is set at 100% of base salary for the CEO and 80% for other MB members. The vesting schedule reflects that the actual number of performance shares to be released after the Performance Period can be a number between 0% (minimum) and 150% (maximum) of the shares that have been conditionally awarded. In case of threshold performance, the payout equals 50% of the at-target LTI. Targets set on a yearly basis for a three-year period |
| Discretionary authority | “The Supervisory Board has the discretionary authority to adjust the number of performance shares or the performance criteria, (...)” | LTI discretionary authority is excluded from the policy |

Management Board – Other elements

| Element | Current | Proposed |
|-----------------------------------|---|---|
| Share ownership guidelines | N/A | Introduction of share ownership guidelines at 2x the target LTI level, i.e. 200% of base salary for the CEO and 160% of base salary for other MB members |
| Leaver arrangement | Not disclosed | Added to the policy: good leaver “pro-rated” with vesting at the time of the originally planned vesting date and bad leaver: no vesting in line with market practice |
| Claw back | “the SB is entitled at its own discretion to recover (...) the STI or LTI on the basis of incorrect financial or other information (...)” | Extended to invoke the claw-back clause to (serious) violations of the company’s code of conduct |
| Deviation | “In the event of exceptional circumstances, the Supervisory Board (...) may decide to temporarily deviate from this Policy. (...)” | Specified: Exceptional circumstances cover only situations in which there is a material change in the business, such as a sale of an essential part of the business of the company or acquisitions that signify an increase in the revenue or balance total of the company as set out in Article 17.9 of the Articles of Association, or situations in which the deviation from the remuneration policy is necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability. In cases where deviation would result in remuneration higher than the current policy maximum level, such additional remuneration is capped at one time total target remuneration |
| Hiring policy | N/A | Added to the policy the possibility to grant a sign-on award, to compensate for the loss of remuneration that an incoming MB member would face upon a transfer of employment |

Management Board – Disclosures of performance criteria

| Element | Current | Proposed |
|-----------------------------|---|---|
| Performance criteria | <p>STI: no disclosure of the specific performance criteria in the policy; ex-post disclosure of performance criteria, with qualitative disclosure of target achievement</p> <p>LTI: disclosure of the specific performance criteria in the policy; ex-post disclosure of performance criteria and quantitative disclosure of target achievement</p> | <p>Ex-ante disclosure of STI and LTI performance criteria and weightings in the policy and ex-post quantitative disclosure (if applicable) of target ranges and target achievement in the remuneration report</p> |

Supervisory Board

| Element | Current | Proposed |
|-----------------------|---|---|
| Annual fees | <p>Chair € 75,000</p> <p>Member € 50,000</p> | <p>Chair € 90,000</p> <p>Member € 60,000</p> |
| Committee fees | <p>Audit Chair € 10,000</p> <p>NSR Chair € 10,000</p> <p>Audit Member € 7,500</p> <p>NSR Member € 7,000</p> | <p>Committee Chair € 12,000</p> <p>Committee Member € 8,000</p> |
| Travel fees | Not in place | Intercontinental € 3,000 per meeting (no continental travel fees) |