

Brunel International N.V. Remuneration Report 2017

Introduction

The remuneration of the members of the Board of Directors is the responsibility of the Supervisory Board as a whole. Decisions by the Supervisory Board should be in accordance with the remuneration policy for members of the Board of Directors as approved by the General Meeting of Shareholders.

Decisions regarding the remuneration of the members of the Supervisory Board are taken by the General Meeting of Shareholders.

BOARD OF DIRECTORS

Remuneration policy

The remuneration policy's objective is to attract, motivate and retain qualified and expert executives to an internationally operating company, which is listed on the stock exchange and specialises in the flexible supply of knowledge and capacity. The remuneration policy remains unchanged with the proviso that following best practice provision 3.1.2 of the Dutch Corporate Governance Code, the pay ratios within the company and its affiliated enterprise are taken into consideration. The Supervisory Board believes that the remuneration policy expedites the short-term operational performance and the objectives for the strategy for long-term value creation within the meaning of best practice provision 1.1.1 of the Dutch Corporate Governance Code. The remuneration policy for members of the Board of Directors, is available on the company's website. No substantial changes to this policy are expected in the coming years. All substantial changes to the remuneration policy in future will be submitted to the General Meeting of Shareholders for approval.

Employment contracts

The members of the Board of Directors and the dates of their appointment are:

Mr J.T. Andringa, CEO	December 7, 2017
Mr J.A. van Barneveld, (CEO up to 7 December 2017)	March 1, 2000
Mr P.A. de Laat, CFO	May 1, 2014

Mr Van Barneveld was appointed before the Dutch Corporate Governance Code was implemented and the company wishes to respect its existing contract with the CEO, which will terminate on February 28, 2018. Contrary to the provisions of best practice provision 2.2.1, Mr Van Barneveld has been appointed for an indefinite period. In line with best practice provision 2.2.1, Mr Andringa and Mr De Laat have been appointed for a period of 4 years. The agreements with the members of the Board of Directors include a termination arrangement, which is in line with best practice provision 3.2.3.

The terms of the agreement with Mr Andringa are in line with Brunel's remuneration policy.

Key elements of the agreement:

Gross fixed basic salary	EUR 575,000
Gross compensation bonus (one time)	EUR 225,000
Gross transitional arrangement (one time)	EUR 95,833

Allotment of 50,000 share appreciation rights, exercisable in accordance with the long-term variable remuneration scheme as described in the company's remuneration policy.

Remuneration structure and components

The remuneration structure for the Board of Directors is designed to balance short-term operational performance with the long-term objectives of the company, with due regard for the risks to which variable remuneration may expose the enterprise. The total remuneration and the remuneration elements are based on the going rates in the international labour market and are fine-tuned using data from companies, which are similar to Brunel in terms of scale and complexity.

Before the remuneration policy as a whole is determined, and the level of remuneration of individual board members is fixed, scenario analysis are made of the variable remuneration components and the consequences that they could have on the level of remuneration of the board members. The level and structure of the remuneration of the board members is determined by reference to the scenario analysis carried out and with due regard for the pay differentials within the company. In determining the level and structure of the remuneration of board members, both financial and non-financial indicators relevant to the long-term objectives of the company are taken into account.

The remuneration package, following the adoption of the remuneration policy, contains the following components:

Base salary

The Supervisory Board determined the salaries of the directors for 2017 at:

Fixed annual gross salary 2017:

Mr J.T. Andringa	EUR 575,000
Mr J.A. van Barneveld	EUR 600,000
Mr P.A. de Laat	EUR 350,000

Variable Salary

The variable component of the total remuneration package is performance related. It consists of short- and long-term components. Performance targets and conditions are derived from our strategy and annual business plans. The targets are assigned prior to the relevant year and assessment of realisation is conducted after year-end by the Supervisory Board.

Short-term variable component

The short-term incentive compensation is paid in cash. The short-term bonus scheme for the members of the Board of Directors rewards both financial performance and individual performance. Both elements are weighted equally. The quantitative targets (budget, sales, margin, profitability, EBIT and control of operating capital) reflect the financial parameters considered by the Supervisory Board to be critical with regard to the realisation of Brunel's strategic objectives. The Supervisory Board ensures that the targets agreed are both challenging and realistic. For commercial and competition-related considerations, Brunel does not wish to publish the targets that have been agreed. The short-term bonus may not exceed 75% of the fixed annual salary of the CEO. For the other Board members the maximum bonus opportunity is 50% of the fixed annual salary. The realisation of each financial or individual target can independently result in bonus payment. The Supervisory Board allocates the bonus based on the achievement of the targets of members of the Board of Directors and determines the associated payout.

Based on the results in 2017, as approved by the auditor, the Supervisory Board has considered the extent to which the performance delivered meets the quantitative targets and also the individual targets have been assessed. None of the member of the Board of Directors achieved the quantitative targets, and all have partially achieved the individual targets.

Cash bonus for results 2017:

Mr J.A. van Barneveld	EUR 225.000 Gross
Mr P.A. de Laat	EUR 88.000 Gross

Long-term variable component

In 2015, the option scheme has been replaced by a Share Appreciation Rights (SAR) scheme as the long-term variable remuneration component. This scheme emphasises the sustainable growth of operating profit and market share as well as the realisation of the company's long-term policies. The term is five years. SARs can only be exercised after a period of three years has passed since they were granted. If employment ends the SARs will lapse, except for the 2014, 2015 and 2016 option and SAR series for Mr Van Barneveld.

The option scheme has been adjusted for options that had not vested yet. The only adjustment is that the possibility to settle options in shares has been cancelled. As a consequence the scheme for these participants is a cash settled plan.

In 2017, the following SARs have been granted:

Director	Number of SARs	Exercise price in EUR
Mr J.T. Andringa	50,000	14.77
Mr J.A. van Barneveld	-	-
Mr P.A. de Laat	30,000	15.00

Pension contribution

The pension scheme for members of the Board of Directors is a defined contribution plan. The contributions are fully borne by the company.

Loans

The company has issued no loans or guarantees to members of the Board of Directors.

Board of Directors remuneration in 2017

The table below summarises the 2017 compensation elements of the members of the Board of Directors.

2017 in EUR	Base salary	Short-term bonus	Pension	Other benefits *	Share based payments **	Total
Mr J.T. Andringa	48,000		1,000	187,000	2,000	238,000
Mr J.A. van Barneveld	600,000	225,000	6,000	32,000	-122,000	741,000
Mr P.A. de Laat	350,000	88,000	7,000	10,000	46,000	501,000

* Other benefits for Mr Andringa represents the transitional arrangement. Other benefits for Mr Van Barneveld and Mr De Laat concern the compensation for the cap of the maximum amount of "pensionable income" at EUR 100k that came into effect at 1 January 2015. The expected saving on pension premium for Brunel has been added to the salaries of the Board members.

** Represents the fair value of options and SARs earned and/or forfeited as recorded in the profit and loss account for 2017.

Summary of stock options outstanding

Stock options outstanding per December 31, 2017

Director	Year of granting	Exercise price in EUR	Fair value in EUR	Exercise period ends in
Mr J.A. van Barneveld				
100,000	2014	22.92	4.39	March 2019

As per December 31, 2017, these options can be exercised.

Summary of SARs outstanding

SARs outstanding per December 31, 2017

Director	Year of granting	Exercise price in EUR	Fair value in EUR	Exercise period ends in
Mr J.T. Andringa				
50,000	2017	14.77	2.10	December 2022
Mr J.A. van Barneveld				
75,000	2013	17.21	3.94	May 2018
70,000	2015	17.68	2.93	March 2020
70,000	2016	17.26	2.07	March 2021
Mr P.A. de Laat				
10,000	2013	16.29	3.71	March 2018
20,000	2014	22.92	4.39	March 2019
50,000	2015	17.68	2.93	March 2020
50,000	2016	17.26	2.07	March 2021
30,000	2017	15,00	2.10	February 2022

The valuation model to calculate the fair value of the SARs is the Black and Scholes model. The fair value of the SARs granted in 2017 amounts to EUR 2.10 per option. The reference dates are the date of granting, and precisely three years later. As per December 31, 2017, the SARs granted in 2013 and 2014 can be exercised.

Internal pay ratio

The pay ratio of CEO compensation compared to the average employee compensation during 2017:

	2017	2016
Mr J.T. Andringa, CEO (as of December 7, 2017)	9.0	-
Mr J.A. van Barneveld (up to December 7, 2017)	10.9	11.3

For Mr Van Barneveld, this ratio is calculated using the total direct compensation during 2017 of EUR 741k, compared to the average compensation of all indirect employees. For Mr Andringa, this ratio is calculated using the normalized annualized compensation for 2017 of EUR 611k, compared to the average compensation of all indirect employees. The average compensation of all indirect employees is calculated from the numbers as reported in Note 14 Direct and indirect personnel expenses and Note 23 Segment reporting, resulting in an average compensation of EUR 68k for 2017.

SUPERVISORY BOARD

The Annual General Meeting of Shareholders determines the remuneration of the Supervisory Board members, and it may be reviewed annually. The remuneration of the members of the Supervisory Board consists only of a fixed annual payment and reflects the time spent and the responsibilities of their role. It is not linked to the financial results of the company. Members of the Supervisory Board do not receive any performance or equity-related compensation and do not accrue any pension rights with the company. The company does not grant stock options or shares to the members of the Supervisory Board.

The regulations for shareholdings for members of the Supervisory Board are posted on the company's website.

Supervisory Board remuneration in 2017

The annual allowances of the members of the Supervisory Board are set on median levels compared to companies, which are similar to Brunel in terms of scale and complexity. As approved by the Annual General Meeting of Shareholders held in May 2016, the annual gross salary for the Chairman is EUR 70,000, Vice-Chairman EUR 60,000 and Supervisory Board Member EUR 55,000, and an additional compensation of EUR 5,000 for the Chairman of the Audit Committee.

2017	in EUR
Mr D. van Doorn, Chairman	70,000
Mr A. Schouwenaar, Vice-Chairman and Chairman Audit Committee	64,000
Mr J.J.B.M. Spee (as of May 12, 2017), Member	34,000
Mr J. Bout, Chairman Audit Committee (stepped down March 15, 2017)	13,000

Amsterdam, February 2018

Brunel International N.V.

The Supervisory Board