

Remuneration Report 2019

This Remuneration Report provides an overview of the application of the Remuneration Policy and the components of the remuneration of the Board of Directors and the Supervisory Board during 2019. This Remuneration Report is drafted in accordance with article 2:135b of the Dutch Civil Code and the Dutch Corporate Governance Code.

The Company has successfully attracted and retained executives who are capable of leading and overseeing the Company at all levels and the Remuneration Policy is designed to facilitate this process. The Supervisory Board oversees all remuneration decisions and determines the criteria to measure the performance of the Board of Directors whereby considering the roles and responsibilities. For determining the remuneration of the Board of Directors, the Supervisory Board is informed about the remuneration of the direct reports to the Board of Directors including the Short-Term and Long-Term Incentive Plans applicable which are fully aligned with the performance conditions as operated under the Remuneration Policy.

As we believe that all employees are integral to our success, we are committed to fair and responsible remuneration. We therefore consider remuneration of the members of the Board of Directors and the Supervisory Board in the light of the remuneration of all employees, including associated pay ratios. Our Remuneration Policy is designed to reflect our commitment to paying fairly, responsibly and transparently. The Supervisory Board undertakes to engage actively with shareholders in order to address all legitimate and reasonable objections and concerns. We invite our shareholders to engage with us regarding our policy and reporting. In implementing the Remuneration Policy, the Supervisory Board analyzes the possible outcomes of its variable remuneration elements and how they may affect the total remuneration of the Board of Directors. In this respect, regular scenario analyses are undertaken whereby the development of the underlying share price of the Company's shares is considered. This with due regard for the risks to which variable remuneration may expose the Company. Variable remuneration shall be linked to predetermined, assessable and influenceable targets which are predominantly of a long-term and sustainable nature and linked to the strategy, values, purpose and vision of the Company.

The Company aspires to ensure that the Remuneration Policy aligns with all policies and procedures and complies with relevant laws and the Dutch Corporate Governance Code by applying high standards of corporate governance, environmental and ethical practices. Sound corporate governance is a key element of the culture, behaviour and management of the Company and is consistent with the core values and purpose. For this purpose we have defined our Code of Conduct to ensure these high standards in both the workplace and in all of our business dealings. These policies as contained in our Code of Conduct that encompass human rights, health and safety, conflict minerals, anti-corruption and anti-bribery, conflict of interest, financial reporting environmental responsibility, insider trading, community initiatives and includes a whistleblower procedure. The underlying documentation of our full Code of Conduct is available on our corporate website. In determining the actual remuneration of the Board of Directors, the Supervisory Board assesses the actual performance delivered based on its strategy in line with the Code of Conduct and takes into account the impact of the overall remuneration of the Board of Directors on the pay differentials within the Company. When determining remuneration, the Supervisory Board also obtains the views of the members of the Board of Directors relating to the level and structure of remuneration.

The Remuneration Policy has been effective as from 18 April 2017 after the approval of the Annual General Meeting of Shareholders. During 2019, the Committee completed the review of the requirements of the EU Shareholders' Rights Directive II. As a result of this review a new Remuneration Policy will be presented for adoption to the Annual General Meeting of Shareholders on 16 April 2020 and continues the existing remuneration policy principles and is updated for the outcomes of the review of the requirements as contained in the Dutch Corporate Governance Code and the new Dutch legal requirements. In addition, the policy is extended with the remuneration principles applicable to the individual compensation of the Supervisory Board members. The new Remuneration Policy will be applicable for a four year period starting as from 1 January 2020, except in the event of material changes which will be brought to the Annual General Meeting of Shareholders for approval.

Remuneration Structure

The total remuneration package of the Board of Directors is established on an annual basis by the Supervisory Board. The remuneration structure of the Board of Directors consists of the following elements:

- Fixed compensation - Annual base salary
- Short-Term Incentive - Annual cash bonus plan
- Long-Term Incentive - Performance Share Plan
- Pension allowance
- Other Benefits

The above components are regularly compared with a balanced remuneration reference group of companies selected based on industry, labour market, size and geographical spread to determine the total remuneration package for the Board of Directors. When selecting reference companies, the size and complexity of the Company is taken into account, including market capitalisation, net revenues and total assets. The following companies are included in this remuneration reference group:

Remuneration Reference Group	
AMG Group	Kendrion
Amsterdam Commodities	Lacroix
Batenburg Techniek	Lucas Bols
BE Semiconductor Industries	Nedap
Cicor Technologies	Oxford Instruments
Euromicron. Comm.& Cntl. Tech.	Phoenix Mecano
Holland Colours	Prima Industrie

Application of the Remuneration Policy in 2019

The Remuneration Policy was successfully applied by the Supervisory Board in 2019 without exceptions as set forth below. The remuneration of the Board of Directors consists of a basic salary and an annual bonus. The Supervisory Board determines the remuneration annually, within the framework permitted by the Remuneration Policy.

The ratio of the remuneration of the members of the Board of Directors compared with the average remuneration of the other employees during 2019 is 9:1 (2018: 11:1). This ratio consists of the average remuneration of members of the Board of Directors recognized by the Company in 2019 of € 430,000 (2018: € 468,000) as stated in the summary of the remuneration of the members of the Board of Directors in relation to the average remuneration of all employees of the operating companies in Western Europe of € 42,000 (2018: € 41,000). This average remuneration comprises wages and salaries plus bonuses, options and performance shares of the employees in Western Europe, divided by the average number of employees in Western Europe.

1. Base Salary

The base salaries are not subject to any automatic pay rises under a collective bargaining agreement. The Supervisory Board regularly considers base salary levels of the members of the Board of Directors and compares these levels to remuneration reference group as outlined in the Remuneration Policy. The 2019 base salary levels of the members of the Board of Directors are set at the following levels:

	Base Salary
H.W.T. van der Vrande - CEO	326.778
A.H.H. van Bragt - COO	285.840
P.H.J. de Koning - CFO	285.840

Effective as per 1 January 2020, Mr E. Stodel was appointed as CEO of the Company by the Extraordinary Meeting of Shareholders on 18 December 2019 and as disclosed in the agenda for this meeting, the base salary of Mr Stodel was set at EUR 330,480 for 2020.

2. Short-Term Incentive

Every year, the Supervisory Board determines a bonus arrangement for the reporting year. The bonus arrangement is contingent upon the realisation of a series of predetermined quantitative performance targets. The bonuses awarded are recognised during the reporting year, based on the realisation of the performance targets during the financial year, and are paid in cash after the financial statements have been adopted. The at-target short-term incentive opportunity for the Board of Directors is set at 35% of annual base salary.

Each year, the Supervisory Board sets the performance targets after approval of the budget for the next financial year. Approximately 70% of the performance targets are linked to financial objectives. The Supervisory Board may choose a maximum of three of the following or comparable objectives at the start of each financial year:

- Sales growth (e.g. identical);
- Result before Interest and Tax;
- Net Cash Flow;
- Working Capital (including quality/solvency) and;
- Operational Margin.

The remaining 30% is based on non-financial and/or personal objectives. The Supervisory Board may choose a maximum of two of the following or comparable objectives at the start of each financial year:

- Cooperation with clients – ;
- Cooperation with suppliers – ;
- Improvement of internal cooperation and systems;
- ESG objectives and;
- Unlock potential Asia & Eastern Europe – .

Threshold, target and maximum performance levels will be set for each performance objective. The achievement of threshold performance will result in 50% pay-out of the award, at-target will result in 100% pay-out of the award and maximum performance will result in 160% pay-out of the award. Linear vesting will occur between performance levels. Performance below threshold level will result in 0% pay-out.

The Supervisory Board reviewed at year end the quality of the pre-determined financial and non-financial performance and the sustainable value delivered in order to determine the vesting of the Short-Term Incentive awarded for 2019. The actual levels of the financial and non-financial performance criteria set are not disclosed since this is considered competitive sensitive information and therefore classified as highly confidential and share price sensitive information. The following table shows the summary of the short-term incentive in the reported financial year:

2019 STI Performance Target	Vesting levels (as percentage of Base salary)				Actual performance 2019	2019 STI payout amounts		
	Min.	Threshold	Target	Max.		CEO	COO	CFO
Financial								
Inventories	0,0%	2,5%	5,0%	8,0%	8,0%			
EBIT	0,0%	5,3%	10,5%	16,8%	0,0%			
Sales Growth	0,0%	4,5%	9,0%	14,4%	8,2%			
Non financial								
Improvement of internal cooperation and systems	0,0%	3,3%	6,5%	10,4%	0,0%			
Unlock potential Asia & Eastern Europe	0,0%	2,0%	4,0%	6,4%	4,0%			
Total (as % of Base salary)	0,0%	17,6%	35,0%	56,0%	20,2%	66.050	57.776	57.776

3. Long-Term Incentive

A new remuneration policy applies with effect from 18 April 2017. The principal change is the introduction of a 'performance share plan', under which the members of the Board of Directors are annually awarded a conditional award of performance shares. Under the Company's long-term incentive plan, members of the Board of Directors shall be invited to receive a conditional award of performance shares in the Company. In this respect the at-target value of the annual award to the Board of Directors may amount to 22.5% of annual base salary in the year of the award. Each financial year, after approval of the annual accounts, the Supervisory Board determines the award of performance shares to the Board of Directors.

Awards of performance shares will vest at the end of a three-year period following the date of award, subject to (i) the achievement of predetermined group financial targets that appropriately reflect the longer term strategy of the Company being profit margin growth; and (ii) the continued service as a member of the Board of Directors with the Company.

Where the at-target level of performance is met, all (100%) of the shares underlying the award will vest and an equivalent number of Company shares will be released to the participant. At threshold level of performance 50% of the performance shares underlying the award will vest. At maximum level of performance 200% of the performance shares underlying the award will vest. Performance below threshold level will result in 0% vesting of the performance shares awarded.

For the three-year performance periods 2017-2019, 2018-2020 and 2019-2021, the "at target (100%)" number of performance shares conditionally awarded aggregated 20,110, 14,688 and 18,410 shares, respectively. The number of at target shares awarded was calculated based on the gross annual base salary divided by the average closing share price for all trading days in the fourth quarter of the year immediately preceding the start of the performance period. The performance shares conditionally awarded will vest in 2020, 2021 and 2022. The number of shares that will actually vest will be based on the above mentioned pre-determined performance conditions.

The number of performance shares which could vest for the three-year performance periods 2017-2019, 2018-2020 and 2019-2021 range between nil (in the case of below threshold performance) to a maximum of 40,220 shares (2017-2019 award), 29,376 shares (2018-2020 award) and 36,820 (2019-2021 award). The members of the Board of Directors could receive 200% of the "at target" number of performance shares awarded if stretched performance is achieved with respect to both performance measures during each respective performance period.

The actual levels of the financial performance criteria set are not disclosed since this is considered competitive sensitive information and therefore classified as highly confidential and share price sensitive information. Based on the actual performance realized for the first 2017-2019 performance share award based on EBIT growth, the following table shows the summary of the long-term incentive in the reported financial year:

2017 LTI Performance Target	Vesting levels				Actual performance	2017 LTI number of vested shares		
	Min.	Threshold	Target	Max.		CEO	COO	CFO
Financial								
EBIT Growth (vesting levels as % of at target award)	0%	50%	100%	200%	101,30%			
EBIT Growth (as % of base pay at award)	0,00%	11,25%	22,50%	45,00%	22,8%			
						7.412	6.483	6.483

The Supervisory Board may in accordance with the Remuneration Policy upwardly or downwardly adjust the number of Performance Shares that may vest by a maximum of 10%. This discretionary performance adjustment may be applied by the Supervisory Board to reflect the overall performance achieved and market developments, and further aligns the interests of the members of the Board of Directors with those of the shareholders. For the 2017-2019 performance award, the Supervisory Board decided to not apply this 10% performance adjustment. As a result, 101.3% of the at target award resulting in 20,379 shares related to the 2017 performance award will vest on 16 April 2020, subject to continued employment until this date. The vested shares are subject to a two-year lock-up period, except for the shares that may be sold or settled to cover the withholding tax liability upon vesting of the performance shares.

Clawback and ultimate remedium

In line with Dutch law and the Remuneration policy, the Short-Term Incentive and Long-Term Incentive components for the member of the Board of Management are subject to clawback provisions and ultimate remedium clauses. During 2019, no circumstances have been identified by the Supervisory Board that result in any adjustments or clawback.

Share Option Scheme

Until 2017, the Company granted options under the share option scheme for the members of the Board of Directors. Several option grants made until 2017 are currently still outstanding, partly still subject to vesting and are included in the table below under 'Other Remuneration Information'. This scheme provided for grants of non-transferable options to acquire shares in Neways. The options may be exercised three years after grant, for a period of two years, which means that their total life is five years. Options may only be exercised by converting them into shares. If an option holder leaves the Group, their option rights lapse.

4. Pensions

The pensions of the members of the Board of Directors are insured with the pension fund of Metalekro. These pensions, including pre-pension rights, are based on the career-average system. The members of the Board of Directors also have supplementary pensions based on the defined contribution system.

5. Other benefits

Other benefits include expense compensation, lease car and social security premiums.

Total remuneration

Remuneration of the Board of Directors recognized by the Company for the years ended December 31, 2019 and 2018 was as follows:

Remuneration Board of Directors

2019	x € 1.000	Base salary	Pensions	Social security contribution	STI	LTI shares	Other benefits	Total
H.W.T. van der Vrande		327	37	13	66	77	33	553
A.H.H. van Bragt		286	37	13	58	66	18	478
P.H.J. de Koning		286	37	14	58	66	19	480
Total remuneration		899	111	40	182	209	70	1.511

2018	x € 1.000	Base salary	Pensions	Social security contribution	STI	LTI shares	Other benefits	Total
H.W.T. van der Vrande		318	39	10	118	75	57	617
A.H.H. van Bragt		278	39	10	103	66	19	515
P.H.J. de Koning		278	39	10	103	66	19	515
Total remuneration		874	117	30	324	207	95	1.647

Other Remuneration Information

The actual cash remuneration paid and the value of the vested equity remuneration to the Board of Directors by the Company for the years ended December 31, 2019 and 2018 was as follows:

Name		Remuneration Board of Directors								
		1 Fixed remuneration			2 Variable remuneration		3 Extraordinary items	4 Pension expense	5 Total Remuneration	6 Proportion of fixed and variable remuneration
		Base salary	Fees	Fringe benefits	One-year variable	Multi-Year variable				
H.W.T. van der Vrande - CEO	2019	326.483	-	45.705	66.050	103.500	-	37.213	578.951	71%/29%
	2018	318.246	-	66.902	118.069	83.400	-	39.033	625.650	68%/32%
A.H.H. van Bragt - COO	2019	285.582	-	31.976	57.776	103.500	-	36.828	515.662	69%/31%
	2018	278.377	-	29.170	103.278	83.400	-	38.658	532.882	65%/35%
P.H.J. de Koning - CFO	2019	285.582	-	32.000	57.776	103.500	-	36.828	515.686	69%/31%
	2018	278.377	-	29.368	103.278	83.400	-	38.658	533.081	65%/35%

The following table shows the options granted or due to the members of the Board of Directors:

Name of Director, position	Share Options														
	The main conditions of share option plans							2019							
	1 Date of grant	2 Vesting period	3 Total Term	4 Vesting Date	5 Termination date	6 Exercise period	7 Exercise Price	8 Opening balance Shares options outstanding 1 January 2019	9 Shares Options awarded	10 Options exercised	11 Shares Options vested	12 Share Options lapsed	13 Shares Options awarded and unvested at year end	13 Shares Options exercisable	13 Options outstanding 31 December 2019
H.W.T. van der Vrande - CEO	*)				dec-19		6,00	125.000	-	-	-	-	-	125.000	125.000
	apr-15	April 2015 - April 2018	5 years	apr-18	apr-20	2 yrs after vesting	9,79	15.000	-	-	-	-	-	15.000	15.000
	apr-16	April 2016 - April 2019	5 years	apr-19	apr-21	2 yrs after vesting	7,10	15.000	-	-	15.000	-	-	15.000	15.000
A.H.H. van Bragt - COO	apr-17	April 2017 - April 2020	5 years	apr-20	apr-22	2 yrs after vesting	11,71	15.000	-	-	-	-	15.000	-	15.000
	apr-15	April 2015 - April 2018	5 years	apr-18	apr-20	2 yrs after vesting	9,79	15.000	-	15.000	-	-	-	-	-
	apr-16	April 2016 - April 2019	5 years	apr-19	apr-21	2 yrs after vesting	7,10	15.000	-	15.000	15.000	-	-	-	-
P.H.J. de Koning - CFO	apr-17	April 2017 - April 2020	5 years	apr-20	apr-22	2 yrs after vesting	11,71	15.000	-	-	-	-	15.000	-	15.000
	apr-16	April 2016 - April 2019	5 years	apr-19	apr-21	2 yrs after vesting	7,10	15.000	-	15.000	15.000	-	-	-	-
	apr-17	April 2017 - April 2020	5 years	apr-20	apr-22	2 yrs after vesting	11,71	15.000	-	-	-	-	15.000	-	15.000
Total								245.000	-	45.000	45.000	-	45.000	155.000	200.000

*) Options on shares held by major shareholders

The following table shows the shares awarded or due to the members of the Board of Directors:

Name of Director, position	Shares awards												
	The main conditions of share award plans						2019 based on at target award levels (100%)						
	1 Specification of plan	2 Performance period	3 Award date	4 Vesting Date	5 End of holding period	6 Opening balance Shares outstanding 1 January 2019	7 Shares awarded	8 Shares vested	9 Shares subject to a performance condition	10 Performance adjustment	11 Shares awarded and unvested at year end	12 Shares subject to a holding period	13 Shares outstanding 31 December 2019
H.W.T. van der Vrande - CEO	PSP 2017	1 January 2017 - 31 December 2019	apr-17	apr-20	apr-22	7.314					98	7.412	7.412
	PSP 2018	1 January 2018 - 31 December 2020	apr-18	apr-21	apr-23	5.342			5.342				5.342
	PSP 2019	1 January 2019 - 31 December 2021	apr-19	apr-22	apr-24		6.696		6.696				6.696
A.H.H. van Bragt - COO	PSP 2017	1 January 2017 - 31 December 2019	apr-17	apr-20	apr-22	6.398				85	6.483		6.483
	PSP 2018	1 January 2018 - 31 December 2020	apr-18	apr-21	apr-23	4.673			4.673				4.673
	PSP 2019	1 January 2019 - 31 December 2021	apr-19	apr-22	apr-24		5.857		5.857				5.857
P.H.J. de Koning - CFO	PSP 2017	1 January 2017 - 31 December 2019	apr-17	apr-20	apr-22	6.398				85	6.483		6.483
	PSP 2018	1 January 2018 - 31 December 2020	apr-18	apr-21	apr-23	4.673			4.673				4.673
	PSP 2019	1 January 2019 - 31 December 2021	apr-19	apr-22	apr-24		5.857		5.857				5.857
						34.798	18.410		33.098		20.378	53.476	

The following table shows the comparable figures to evaluate remuneration and company performance over the last five reported financial years:

Comparable table over remuneration and company performance over the last five reported financial years						
Annual Change	2015 vs 2014	2016 vs 2015	2017 vs 2016	2018 vs 2017	2019 vs 2018	Remuneration awarded or due 2019
Board of Director's remuneration						
H.W.T. van der Vrande - CEO	23%	47%	17%	7%	-8%	578.951
A.H.H. van Bragt - COO	0% ¹	7%	14%	4%	-3%	515.662
P.H.J. de Koning - CFO	0% ¹	7%	17%	0%	-3%	515.686
Company performance						
EBIT	-11%	50%	18%	32%	-39%	15.148.000
Average remuneration on a full-time equivalent basis of employees						
Employees of the group	8%	2%	4%	-2%	5%	42.048

¹ No comparison included since not in service during 2014

Loans

At the end of 2019, no loans, advances or guarantees were outstanding to the members of the Board of Directors in accordance with the Remuneration Policy.

Remuneration Supervisory Board members

Currently no formal Remuneration Policy is in place for Supervisory Board members. As required by Dutch law, a Remuneration Policy will be proposed to the General Meeting of Shareholders on 16 April 2020.

The Supervisory Board members are entitled to a fixed base fee for membership of the Supervisory Board.

As approved by the AGM, the Supervisory Board members are entitled to the following fees:

Annual fee per function in the Supervisory Board	Fixed annual fee
Chair	EUR 40,000
Member	EUR 30,000

The compensation is regularly assessed against Dutch market levels. The benchmark is based on AScX companies listed on Euronext Amsterdam by comparing fixed compensation levels at median level. The Supervisory Board will present any proposed changes to the fees or the compensation elements to the AGM for approval.

Furthermore, each Supervisory Board member is entitled to an annual expense allowance of EUR 2,500.

The total cash remuneration of the members of the Supervisory Board for over the last five reported financial years was as follows:

Compensation Supervisory Board	2019	2018	2017	2016	2015
(x € 1.000)					
H. Scheepers (Chair)	40	40	40	40	37
R. Penning de Vries (member)	30	30	30	30	30
P. van Bommel (member)	30	30	30	30	23
D. Boers (former member)					12
Total	100	100	100	100	102

All cash remuneration is fixed and the members of the Supervisory Board are not entitled to any performance or equity related compensation and are not entitled to any pension allowance or contribution.

Loans

At the end of 2019, no loans, advances or guarantees were outstanding for each of the members of the Supervisory Board.