

## Latest Remuneration Report

### Board of Directors remuneration

	basic income	variable remuneration	benefits of employee participation plan	pension costs	total
2017					
R. M. Wegman	397	289	42	66	794
E. Urff	329	237	31	50	647
total	726	526	73	116	1,441
2016					
R. M. Wegman	392	247	36	56	731
E. Urff	324	202	19	45	590
total	716	449	55	101	1,321

The Board of Directors has to deposit at least 50% of its variable remuneration with Stichting Medewerkerparticipatie Nedap in exchange for Nedap depositary receipts. The depositary receipts are locked up for a period of four years.

The benefits offered by the employee participation plan are the 10% purchase discount on the depositary receipts and entitlement to bonus depositary receipts (after four years). Since the creation of the plan, members of the Board of Directors have invested all of their variable remuneration, less statutory deductions, in the plan.

(Items x 1)	depositary receipts held at year-end	bonus depositary receipts not yet awarded year-end
2017		
R. M. Wegman	24,881	2,829
E. Urff	7,001	1,750
total	31,882	4,579
2016		
R. M. Wegman	20,702	2,640
E. Urff	4,133	1,033
total	24,835	3,673

Nedap has not granted the Supervisory Board any rights to acquire Nedap depositary receipts. The company has not granted the Board of Directors or Supervisory Board members any loans or guarantees. Details of the remuneration policy for the Board of Directors under the articles of association are

provided below. The components of the remuneration received in the financial year 2017 as per the remuneration policy are listed under 'Board of Directors remuneration' in the financial statements 2017 (see below). At the start of the financial year 2017, we set the performance standards for the variable components of members of the Board of Directors' pay. The Board of Directors invests a minimum of 50% of such variable remuneration in the Nedap employee participation plan, and thus in depositary receipts for shares that are locked up for a period of four years. As a result, at least 50% of variable remuneration is of a long-term nature. Since the creation of the employee participation plan, members of the Board of Directors under the articles of association have invested all of their variable remuneration in the plan.

Directors' remuneration consists of a fixed and a variable component. The variable component depends on whether or not members of the Board of Directors meet targets set in advance by the Supervisory Board, with 1/3 of variable pay linked to financial targets, 1/3 to internal organisational targets and 1/3 to external targets. For competitive reasons, Nedap cannot give further details of the targets. However, it can be disclosed that the Board of Directors did not hit all of the financial targets set for 2017. When it comes to the internal and external targets, performance has been so good that setting the total variable remuneration above the target level, i.e. at 75% of the fixed annual income, is justified.

In deciding on total remuneration for members of the Board of Directors, we took note of the views of individual directors on the level and structure of their pay. We also analysed several different scenarios, taking into account factors such as the development of revenue and profits, the advancement of Nedap's interests in the medium and long term, and internal pay relationships at Nedap. Nedap N.V.'s managing director receives a fixed annual salary that includes a holiday allowance and thirteenth month's salary. We compared this to the median gross fixed annual pay (including holiday allowance and thirteenth month's salary) of the 533 employees working at the Groenlo head office at year-end 2017. In doing so, we converted part-time employees' salary to the salary they would be on if they were in full-time employment. Given the major differences between countries in terms of spending power and tax rate, employees at subsidiaries outside the Netherlands were not included in the equation. The pay awarded to members of the Board of Directors was not included in the calculation of the median gross fixed annual salary either. The managing director's fixed annual salary equals seven times the median salary.

### Supervisory Board members remuneration

	2017	2016
G. F. Kolff	40	40
J. M. L. van Engelen	30	30
D. W. J. Theyse	30	30
M. C. Westermann	30	30
<b>total</b>	<b>130</b>	<b>130</b>

Remuneration of the members of the Supervisory Board has not changed and is set out in the financial statements 2017 under 'Supervisory Board remuneration' (see below).

## Remuneration policy for the Board of Directors under the articles of association

The aim of the remuneration policy is to have a compensation package for the Board of Directors that will help to attract and retain qualified and expert directors, while also ensuring and advancing the medium and long-term interests of the company.

The compensation package for the Board of Directors comprises:

### I Fixed annual income

Fixed annual income that is revised each year at least by a percentage equal to that of the salary increase provided for in Nedap's collective labour agreement.

### II Variable annual income

The variable annual income depends on the members of the Board of Directors meeting targets set in advance by the Supervisory Board. One third of the variable income is determined by financial targets, one third by targets relating to the development of the internal organisation and one third by targets focusing on the way in which the organisation operates in its environment. 60% of the fixed annual income is paid for performance at target level, with a maximum of 90% of the fixed annual income.

Each director must contribute at least 50% of his variable annual income after taxation to *Stichting Medewerkerparticipatie Nedap* in exchange for depositary receipts. This means that a significant part of the variable income is dependent on the company's long-term performance.

The Supervisory Board may increase or decrease the variable income if, in its opinion, the calculations lead to an unreasonable outcome. If variable remuneration is granted on the basis of incorrect information, the Supervisory Board is entitled to recover it from the director concerned.

The compensation package for the Board of Directors has been set taking into account internal pay relationships and market information. The compensation package is reviewed regularly to ensure that it is still competitive and in line with the extent and complexity of the duties.

The Board of Directors has the same defined contribution pension plan as Nedap N.V. staff, albeit that the defined contribution is 6/5 of the premium for staff and that the minimum old-age pension deductible is applied. Like staff members, board members are entitled to compensation for the employer's contribution released as a result of the statutory pensionable wages cap. The pensionable salary is based on the fixed annual income.

No agreements that derogate from the law have been made with the members of the Board of Directors regarding a period of notice.

As of 1 January 2015, directors under the articles of association appointed after this date are entitled to contractual severance pay that does not exceed the compensation specified in provision 3.2.3 of the Dutch Corporate Governance Code. A severance package was not agreed with directors appointed before 1 January 2015. No loans, advances or guarantees have been granted to the directors.