

Remuneration Report

The Remuneration, Appointment and Selection Committee (RAS) Committee makes, among others, proposals to the Board regarding the fixed and variable remuneration (as applicable) of the individual Board Members. In accordance with the Articles, the final determination of the Board Members' remuneration (amount and composition) lies with the Company's General Meeting of Shareholders.

Remuneration policy for the non-executive Board Members

At the AGM of May 28, 2015 a new remuneration policy was adopted. This policy came into effect on June 1, 2015 and is as follows: each non-executive Board Member continues to receive a basic fee of € 26,000 per year. The Chairman of the Board receives a total fee of € 58,000 per year, including all committee fees. A committee chairman receives an additional fee of € 10,000 and committee members receive an additional € 8,000. In 2016 no changes were made to the remuneration policy.

The remuneration for non-executive Board Members consists of fixed remuneration only. A breakdown of

the total remuneration as paid in 2016 is presented in the table below.

Mutations in Board positions during 2016

On April 15, 2016 Mr. Oren (the former CEO and executive Board Member) resigned from the Board. During the AGM held on May 26, 2016 Mr. Hasson (appointed as CEO on April 15, 2016) was appointed as executive Board Member. The statutory term of appointment of Messrs. Sheldon, Schnur and May ended during the AGM 2016. During the same meeting Messrs. Sheldon and Schnur were reappointed whilst Mr. May was not available for reappointment. In the EGM held on December 12, 2016, Mr. Groen was appointed as non-executive Board Member.

Mutations in Committee positions during 2016

Mrs. Seinstra was appointed as Chairman of the RAS Committee on May 25, 2016 and Mr. May left the Committee on May 26. Mr. Marsman was appointed as member of the Audit Committee on August 23, 2016.

Non-executive Board Member ¹		Gross Remuneration in 2016 in €
Mr. P. Sheldon	Chairman of the Board; member of the Audit Committee and of the RAS Committee	58,000
Mr. C. van den Bos	Vice-Chairman of the Board and Chairman of the Audit Committee	36,000
Mr. M. Groen		1,258
Mr. Y. Grunfeld ¹		26,000
Mr. B. Marsman	Member of the RAS Committee Member of the Audit Committee	36,804
Mr. A. May	Chairman of the RAS Committee and member of the Audit Committee	17,742
Mr. E. Rechter ¹		26,000
Mr. A. Schnur ¹		26,000
Mrs. M. Seinstra	Chairman of the RAS Committee	35,194

¹ Pursuant to the Amended Deeds of Trust, the remuneration of the non-executive Board Members who are Holders of Control (Messrs. Grunfeld, Rechter and Schnur), shall not be paid if certain conditions as defined in the Amended Deeds of Trust are not met.

Pursuant to the Articles, Board Members receive indemnification for losses, damages and costs which they may incur as a result of a claim or proceedings related to the fulfillment of their duties as Board Members (willful misconduct and gross negligence excluded). The Company accordingly has entered into indemnity agreements with the Board Members and the members of the Executive Management. It is noted that any agreement with a Board Member who is also Holder of Control is only effective upon approval of the General Meeting of Shareholders. No indemnification was granted in 2016.

Remuneration of the (current and former) CEO in 2016

Remuneration of the (current) CEO

On April 15, 2016 Mr. Hasson was appointed as CEO of Kardan and during the AGM of 2016, the shareholders approved his remuneration package as it was proposed by the Board after the RAS committee analyzed the possible outcomes of the different variable components. This remuneration package entails an annual fixed remuneration, a variable remuneration consisting of a discretionary bonus and a severance payment as further detailed below.

Fixed remuneration of the CEO

The CEO is entitled to receive a fixed monthly remuneration consisting of a salary for management services provided by him in the Netherlands, and a fee for consultancy services primarily in respect of the activities and investments of the Kardan Group, related to its non-Dutch operations. In addition the CEO was entitled to customary social benefits in the Netherlands, car, cellular telephone, etc. The total annual fixed remuneration is estimated at € 355,000. Since the CEO came into office on April 15 his fixed remuneration in 2016 was € 219,000.

Variable remuneration – short term²

The Board may decide, upon its sole discretion, to propose to grant the CEO a variable remuneration in the form of a bonus for each calendar year, based on his achievements during the relevant year and taking into account his total remuneration package. Proposals for bonuses, if applicable, will be submitted to the General Meeting for approval. For the year 2016 the Board has proposed a bonus of € 100,000 conditional upon the achievement of specific targets, principally in relation to the repayment of the maturities of existing outstanding debt due in February 2017. On January 24, 2017, the Board concluded that the CEO had met the specified target and consequently proposed the payment of the bonus for 2016 of € 100,000 in the full amount.

Severance Payment

The agreement between Kardan and the CEO can be terminated by either party. Each party has to give a 6 months' notice (the 'Notice Period') of an intention to terminate the agreement. If the CEO gives such notice, at any time after December 31, 2016, he will only be entitled to receive payment during the period in which he rendered services to the Company during the Notice Period. Should the Board decide that the CEO's services are not required during the entire Notice Period, he would still be entitled to receive the full six months' payment. If the Company initiates the termination, the CEO will be entitled to receive a full payment during the Notice Period, even if he was requested not to render any services to the Company during the Notice Period.

No severance payment will be due in the event that the Company terminates the CEO's engagement for cause.

² Pursuant to the Amended Deeds of Trust, the CEO's bonus, if applicable in any year, shall be reduced by 20% if certain conditions as defined in the Amended Deeds of Trust are not met. The bonus has been paid to the CEO.

Total remuneration

A breakdown of the total costs of the remuneration for the current CEO in 2016 as per April 15, 2016 is presented in the following table:

Element	Remuneration in 2016
Base Remuneration (including social benefits)	€ 219,000
Allowances company car, cell phone	
Annual Bonus	€ 100,000
Pension	included in Base Fee
Total	€ 319,000

It is noted that the CEO has an incentive plan granted to him by TBIF in 2012 which was not affected by his appointment as CEO of the Company.

Remuneration of the former CEO

Mr. Oren, who resigned as CEO per April 15, 2016, was entitled to a six months' paid notice period that ended effectively on September 30, 2016. The fixed remuneration for Mr. Oren in the year 2016 amounted to € 421,000. Mr. Oren received no variable remuneration for activities performed during 2016 and no options to acquire shares in the Company in 2016. No prior granted options were exercised by Mr. Oren in 2016 and they all expired in 2016.

Employee Options

In 2016 no additional options to acquire shares in Kardan were granted and no existing options were exercised by employees. However, 50,000 options expired and the total number of options granted to senior employees is therefore 250,000 as at December 31, 2016.

For further details regarding share-based payments see Note 18 of the consolidated financial statements.