

20

Brunel International N.V.

Annual report

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Brunel International N.V.
Annual report 2019

Contents

1	CEO statement	6
2	Corporate profile	8
3	Financial highlights 2019	10
4	Report from the supervisory board	12
5	Report from the board of directors	24
	Long-term value creation through a sustainable strategy	24
	Business model	26
	Organisational structure	28
	Business environment	30
	Stakeholders and material issues	36
	Strategy	40
	Risks, risk management and control systems	52
	Corporate governance	74
	Performance	80
	In control statement	91
6	The Brunel share	92
7	Annual accounts 2019	96
	Consolidated financial statements	98
	Company financial statements	149
8	Additional information	158
9	Independent auditor's report	160
10	Group financial record	176
11	Worldwide offices	178
	Colophon	181



CEO statement

Brunel's strategy is focused on growing our capabilities and improving the quality of our services for clients and professionals. 'Everybody should gravitate towards Brunel'.

Through the execution of this strategy, we aim to create additional value for all stakeholders.

It is clear that we did not reach that ambition in 2019 for our shareholders. Our US entity 'Brunel Industrial Services', carried unforeseen project and financial risks, and at the same time experienced a significant slowdown in the market for shale oil and gas. To protect Brunel's long term position, we had to make the decision to discontinue this operation.

The significant loss we had to take in the 2nd half of 2019, stopped our run of 7 quarters with improved top and bottom line performance. It also overshadowed the positive development we experienced in many other countries and regions like 'Middle East & India' and most Asian countries in the 'The rest of World' region.

But most importantly, we lost the trust of many shareholders, resulting in a significant drop in the valuation of our company.

After a thorough review with our supervisory board, we applied the learnings in processes and structure. With their full support for the current strategy and

the continued support of our founder, we are working hard to regain the trust that Brunel teams around the world deserve.

These difficult phases are very tough for the individuals involved, but it also shows the real culture of the company. Peter and I have had many supporting messages and saw key leaders stepping up to fight for Brunel's results and position. The passion for people and result driven attitude was, and is, clearly visible and these strong values will be utilized in our way forward. For me personally it reconfirmed: Brunel is unique. Being a Bruneller makes me proud.

We will continue executing our strategy and asked everybody to create a '+1' in their work. The '+1' is a service philosophy that results in higher quality to our clients and contractors. The '+1' concept starts with curiosity - wanting to really understand our stakeholders' needs. First we need to make sure we fulfil those needs through our Brunel teams and lean processes. And with '+1' we do something extra, we surprise our clients and contractors, we go the extra mile, we show our (data) insights and how these insights could make them stronger, we connect our digital tools to theirs, we act with more speed than anybody in the industry, we source that one unique engineer or that specialised IT professional others cannot find, and many more.

Brunellers in all countries are fully committed to their role and responsibilities. Peter and I appreciate their engagement and drive, while applying 'the extra step concept'. Together we will make sure Brunel is 'the place to be'.

Jilko Andringa
CEO



Drs. J.T. (Jilko) Andringa



Corporate profile

Jan Brand, the Dutch graduate engineer founded Brunel in 1975. Starting with the placement of a single fellow engineer, the foundation was laid for what became a global provider of business services that specialises in the flexible placement of professionals. Over the years, the company has continued to grow and diversify, but has always maintained Jan Brand's original focus: placing highly qualified, mainly technical, specialists.

Diverse services and markets

Brunel offers a diverse portfolio of services globally to help clients meet their business needs. In Europe, and more specifically Germany, the Netherlands,

Belgium, Switzerland, Czech Republic and Austria, we focus on traditional secondment. In other regions, we diversify our business: utilising our capabilities and infrastructure to find new growth opportunities and to decrease our dependency on the oil and gas market. Brunel has become a competitive brand of providing high-quality services in the markets of oil and gas, mining, infrastructure, renewable energy, automotive and life science worldwide.

Dream and ambition

Brunel's ambition is to create high satisfaction for our stakeholders. We make sure that talented specialists

along with industry leading clients gravitate towards Brunel. United in moving people forward; we pair talent with projects so both can reach their full potential in the fast changing marketplace. In everything we do, we follow our firmly rooted company values: entrepreneurship, integrity, results-driven and passion for people.

A truly global business

Today Brunel is an international group with a strong global brand. Operating from its own international network of 120 branch offices in 46 countries, we have 12.948 employees and an annual revenue of EUR 1.041 million (2019).



Drs. J.T. (Jilko) Andringa (l) and Drs. P.A. (Peter) de Laat (r)

Management of Brunel

Drs. J.T. (Jilko) Andringa
Chief Executive Officer, male (1966)

Jilko Andringa was appointed Chief Executive Officer of Brunel International N.V. on 7 December 2017.

His most recent position before transferring to Brunel was as President Northern Europe of ManpowerGroup. Before that Jilko Andringa held management positions at Randstad.

Andringa started his career at Exxon (Esso) Benelux. He completed his major in Business Economics and Marketing at the Rijksuniversiteit Groningen.

Other directorships: member of the supervisory board of EW Facility Services.

Drs. P.A. (Peter) de Laat, RA
Chief Financial Officer, male (1972)

Peter de Laat was appointed Chief Financial Officer of Brunel International N.V. on 1 May 2014.

After having obtained his Master Degree in Business Economics, Peter de Laat worked for sixteen years with Deloitte Accountants and was, amongst other members of the team, responsible for the audit of Brunel.


In 2012, De Laat joined Brunel and from April 2013 held the position of Director Finance and Control.



Financial highlights

x EUR million, unless stated otherwise

	2019	2018
Profit		
Revenue	1.041	915
Gross Profit	209	209
Operating costs	192	175
Operating profit (EBIT)	17	34
Result before tax	16	32
Tax	16	11
Group result after tax	-	22
Net profit	4	21
Ratios		
Change in revenue on previous year	13,8%	15,8%
Gross margin	20,1%	22,8%
Operating profit / Revenue	1,7%	3,7%
Group result after tax / Revenue	0,0%	2,4%
Balance		
Working capital	225	245
Group equity	274	283
Balance sheet total	437	396
Net cash flow	-16	-19
Ratios		
Total equity / total assets	62,6%	71,7%
Current assets / current liabilities	2,67	3,27
Workforce		
Employees total (average)	13.677	13.499
Employees direct (average)	12.046	11.955
Employees indirect (average)	1.631	1.544
Employees total (year-end)	12.948	14.538
Employees direct (year-end)	11.352	12.942
Employees indirect (year-end)	1.596	1.596
Shares in EUR		
Earnings per share	0,08	0,41
Shareholders' equity per share	5,50	5,59
Dividend per share	0,30	0,25
Highest price	14,46	16,55
Lowest price	8,09	10,23
Closing price at 31 December	9,01	10,92



Report from the supervisory board



from left to right: Drs. J.A. (Jan Arie) van Barneveld, Drs. A. (Aat) Schouwenaar, Prof.dr.ir. K. (Kitty) Koelemeijer and Drs. J.J.B.M. (Just) Spee.

We hereby present the report of the supervisory board for the year 2019.

Annual accounts 2019

The annual accounts and the notes thereto have been audited by PricewaterhouseCoopers Accountants N.V., who provided an unqualified audit opinion. The supervisory board concurs with the proposal of the board of directors to distribute a dividend of EUR 0.30 per share.

The annual accounts will be submitted to the general meeting of shareholders for adoption by the shareholders on 14 May 2020. We recommend the general meeting of shareholders to adopt the annual accounts and discharge the members of the board of directors.

Position and major topics 2019

The supervisory board views 2019 as a year of contrasts. On the one hand, Brunel outperformed in key markets and realized strong growth in most of its regions, however, it also incurred a substantial loss with Brunel Industry Services in the US.

During the course of the last financial year, the supervisory board paid particular attention to the

implementation of the strategic plan and the overall focus on cost awareness. Under the motto "Be Better@Brunel" the board started the implementation of a lean, first time right approach within the organisation. Further, the supervisory board closely monitored the overall performance of Brunel in the Netherlands.

The second half of the year the key item was the rapidly deteriorating developments at Brunel Industry Services in Texas, as a consequence whereof Brunel had to release profit warnings in August and October 2019. The supervisory board was kept well informed of the situation and was closely involved in the considerations with regard to adjusting the corporate structure, which led to the decision to stop the activities of Brunel Industry Services. The evaluation of the functioning of the internal management was shared and discussed in depth with the supervisory board.

Other topics covered

Besides these items, and the periodical financial performance reviews, topics discussed during the year under review were: risk assessment and risk management, fraud risk, the group's working capital, cash position, privacy and cybersecurity, and new employment legislation. These discussions included presentations by the board of directors on strategy, operations and financial performance.

The national and international laws and regulations relating to the company cover areas such as employment, work permits, health and safety, anti-bribery and corruption, foreign exchange and taxes. The supervisory board has discussed how compliance with relevant laws and regulations can be ensured. Non-compliance is reported via the periodic consultation with the supervisory board. The supervisory board obtains information from the board of directors regarding the extent and nature of various regulations and how compliance is monitored internally.

The group equity/total assets solvency ratio of the company is 61.4% and the cash position is healthy. The objective to fund the projected organic growth from its own resources is achievable.

Changes to the supervisory board

Ms Koelemeijer was appointed member of the supervisory board as per 14 May 2019.

Composition of the supervisory board

<p>Drs. A. (Aat) Schouwenaar chairman (b. 1946, male, Dutch)</p>	<p>Drs. J.J.B.M. (Just) Spee vice-chairman (b. 1965, male, Dutch)</p>	<p>Drs. J.A. (Jan Arie) van Barneveld supervisory board member (b. 1950, male Dutch)</p>	<p>Prof.dr.ir. K. (Kitty) Koelemeijer supervisory board member (b. 1963, female, Dutch)</p>
<p>Appointed: AGM May 2001</p>	<p>Appointed: AGM May 2017</p>	<p>Appointed: EGM December 2017 as per 1 March 2018</p>	<p>Appointed: AGM May 2019</p>
<p>Current term: 2019-2021</p>	<p>Current term: 2017 - 2021</p>	<p>Current term: 2018 - 2022</p>	<p>Current term: 2019-2023</p>
<p>Former main directorship: chairman of the management board and CEO of Endemol B.V.</p>	<p>Former main directorship: CEO of Endemol B.V. CEO of Stage Entertainment B.V.</p>	<p>Former main directorship: CEO of Brunel International N.V.</p>	<p>Profession: Full Professor of Marketing & Retailing and Director of the Marketing & Supply Chain Center at Nyenrode Business University.</p>
<p>Other directorships: vice-chairman of the supervisory board of Asito Dienstengroep S.E. member of the supervisory board of Stadion Amsterdam N.V. member of the supervisory board of Dutch Star Companies ONE N.V.</p>	<p>Other directorships: president of the Royal Netherlands Football Association (KNVB) chairman of the supervisory board of Stichting Nederlands Comite Unicef vice-chairman of the supervisory board of Stichting OLVG vice-chairman of the supervisory board of CTS Eventim AG & Co. KGaA member of the supervisory board of Attractiepark & Camping Duinrell B.V. member of the supervisory board of Asito Dienstengroep S.E. member of the supervisory board of Panther Media Group Limited</p>	<p>Other directorships: member of the supervisory board of Museum Boijmans Van Beuningen chairman of the supervisory board of B&S Group S.a.r.l. member of the advisory board of Boels Topholding B.V.</p>	<p>Other directorships: vice-chairman of the supervisory board of Intergamma Coöperatief U.A. member of the supervisory board of B&S Group S.a.r.l. member of the supervisory board of Centraal Boekhuis B.V. member of the supervisory council of Vereniging Eigen Huis member of the supervisory board of Coram International B.V. member of the supervisory board of Fonds Gehandicaptensport committee member of Nederlandse Vereniging Poppodia en Festivals</p>

Corporate governance

The members of the board of directors and supervisory board are responsible for compliance with the Dutch corporate governance code (the 'Code') and maintaining the corporate governance structure. They are collectively accountable towards these issues to the general meeting of shareholders. Once a year, compliance with the best practice provisions of the Code is discussed with the board of directors.

Appointment and selection

The members of the supervisory board are appointed for a term of four years and may thereafter be reappointed for another four-year period. They may then subsequently be reappointed again for a period of two years, which appointment may be extended at most two years. Candidates nominated for appointment or reappointment must meet the criteria as shown in the drawn-up profile. In 2019, the annual general meeting of shareholders of 16 May 2019 appointed Ms Koelemeijer for a term of four years.

In deviation of best practice provision 2.2.2 of the Code, the annual general meeting of shareholders of 16 May 2019 reappointed Mr Schouwenaar for an additional term of two years in addition to his term of eighteen years, because of Mr Schouwenaar's specific expertise and the phase Brunel was in.

Supervisory board members' meeting attendance 2019.

Supervisory board members	Supervisory board	Audit committee	Remuneration committee
Drs. A. (Aat) Schouwenaar	7/7	5/5	1/1
Drs. J.J.B.M. (Just) Spee	5/7*	4/5	1/1
Drs. J.A. (Jan Arie) van Barneveld	7/7	5/5	1/1
Prof.dr.ir. K. (Kitty) Koelemeijer	6/7	3/5	0/0**

* In 2019, the supervisory board held five scheduled meetings all of which were attended by the entire board of directors and supervisory board except for a one-time absence of Mr Spee. In addition, two telephone conferences took place, one of which Mr Spee was unable to attend.

The supervisory board further held six closed meetings that were not attended by the board of directors.

** Ms Koelemeijer was appointed per 16 May 2019 after the remuneration committee meeting took place.

In the five years prior to his appointment as member of the supervisory board, Mr van Barneveld was director of the company and is therefore not considered independent within the meaning of best practice provision 2.1.8 of the Code. The supervisory board is of the opinion that his personal qualities and acquired knowledge and insight into the company and the specific markets in which Brunel operates are retained for the company. Mr van Barneveld fits the profile drawn up by the supervisory board and is suitable for the performance of the duties of a member of the supervisory board.

Diversity of the supervisory board

The aim is to achieve a balanced composition of the supervisory board, where the combination of different experiences, backgrounds and skills of its members best enables the supervisory board to discharge its various obligations in relation to the company and its stakeholders. The aim is also to achieve a balanced ratio of men and women on the supervisory board. The target in this respect is to have at least 30 percent of the seats on the supervisory board occupied by women. The appointment of Ms Koelemeijer in any case secures the representation of female members (25 percent) within the supervisory board.

The aim for a balanced participation of women and men was taken into consideration in the appointment and reappointment. For a subsequent vacancy on the supervisory board, the selection and appointment committee in its search criteria shall once again specifically indicate that female candidates are desired for the position.

Attendance to the meetings

As from August 2018, all supervisory board members are members of the audit committee.

Outside the regular meetings there was also contact between members of the supervisory board, as well as with members of the board of directors. The chairman of the supervisory board met with the chief executive officer on a regular basis to discuss various issues, in particular the business situation, special business transactions and the overall situation of the Brunel-group. The chairman of the supervisory board regularly informed the other members about the content of these meetings.

Committees

According to the guidelines of the Code, Brunel is not obliged to set up separate audit, remuneration and selection and appointment committees. However, Brunel has had an audit committee since 2001 and has opted to retain the structure. Since August 2018, all members of the supervisory board are also members of the audit committee. The complete supervisory board also serves as the remuneration and selection & appointment committees. By-laws and terms of reference for both the supervisory board and its committees are posted on the company's website.

Evaluation of the board of directors

The evaluation of the performance of the board of directors as a whole, and of its individual members were discussed in the absence of the board of directors.

Self-evaluation of the supervisory board

At a private meeting, the supervisory board reflected on its own performance and that of its individual members, and members received individual feedback from the chairman of the supervisory board. In its own estimation, and in accordance with best practice provision 2.1.4 of the Code, the supervisory board has a balanced composition of knowledge and experience.

The results of the self-evaluation led to the conclusion that the supervisory board is satisfied with its own performance. The composition of the supervisory board is such that the members are able to operate independently and critically vis-à-vis one another, the management board, and any particular interests involved within the meaning of best practice provisions 2.1.7, 2.1.8 and 2.1.9 of the Code.

Remuneration committee

This committee, chaired by Mr Spee, oversees the remuneration policy to be pursued with regard to the board of directors, assesses remuneration. Including the short-term and long-term bonuses of the members of the board of directors, and prepares the remuneration report. The remuneration committee submits the proposal to the supervisory board concerning the remuneration of individual members of the board of directors.

The proposal is drawn up in accordance with the remuneration policy that has been established and will, in any event, cover the remuneration structure, the amount of the fixed and variable remuneration components, the applicable performance criteria, the scenario analyses that are carried out and the pay ratios within the company and its affiliated enterprise.

The remuneration committee met once in 2019.

Remuneration policy

Following the implementation of the EU Shareholder Rights Directive II in the Netherlands in 2019, Brunel will bring its remuneration policy into line with the new rules on remuneration. The revised remuneration policy will be presented to the annual meeting of shareholders in 2020 as voting item. 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 the best practice provision 1.1.1 of the Code.

The remuneration of the members of the board of directors is compliant with the Dutch Management and Supervision Act ('Wet Bestuur & Toezicht'), including the applicable requirements for claw back procedures on bonuses. Their severance pay is limited to one year's salary. They have no entitlement to severance pay if the director terminates the agreement early or is guilty of seriously culpable or negligent conduct.

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 company, assuring that the interest of the members of the board of directors and supervisory board are closely aligned to those of the company, its business and its stakeholders.

Before the remuneration policy as a whole is determined, and the level of remuneration of individual board members is fixed, scenario analyses are performed of the variable remuneration components and the consequences that they could have on the level of remuneration of the board members, with due regard for the employment conditions of the employees of Brunel, including their remuneration and the development of relevant pay ratios, compared to those of the members of the board of directors and supervisory board. 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 three components: a fixed compensation, a short-term variable component and a long-term variable component.

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 the supervisory board assesses realisation after year-end. 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 non-financial individual performance.

Both elements are weighted equally. The quantitative targets 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.

The short-term bonus may not exceed 75% of the fixed annual salary of the chief executive officer. For 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 pay out.

The remuneration report outlines the remuneration policy, provides a description of implementation of the remuneration policy in 2019, and sets out the remuneration of the members of the board of directors. The remuneration policy and remuneration report are posted on the company's website.

Audit committee

All members of the supervisory board are also members of the audit committee. The board of directors, the internal auditor and the external independent auditor attend the audit committee meetings. The supervisory board selects the external independent auditor. The audit committee has a supervisory role regarding the integrity of the internal and external financial reports of the company, risk management, and information technology.

The audit committee met five times in 2019: prior to the publication of the full-year 2018 figures, prior to announcing the quarterly results and to discuss the external independent auditor's audit plan for 2019 and interim findings.

The discussion on the scope of the audit included 2019 key audit matters as identified by the external independent auditor.

Recurring items for the audit committee meetings such as risk assessment and risk management, tax compliance, IT systems, internal controls, compliance with laws and regulations, and the quality of the finance function were discussed. Furthermore, the set up and performance of the commercial team, that monitors and strengthens contractual risk management, has been evaluated.

Appointment of external independent auditor annual accounts 2020

It will be proposed to the Annual Shareholders Meeting on 14 May 2020 that PricewaterhouseCoopers Accountants N.V. be our external independent auditor for the annual accounts of 2020.

Internal control

From an internal control perspective, Brunel is organised in regions and countries. In each region and country, a financial controller is responsible for internal control for the activities in his/her area. These financial controllers meet with the CFO on a monthly basis. Furthermore, compensation and hiring/dismissal of these financial controllers is the responsibility of the CFO in order to provide sufficient independence towards local general managers. Besides the local controllers, Brunel has a separate team of controllers in Amsterdam in the Corporate Finance and Control (CFC) department. Core competences are auditing, reporting and controlling. The majority of the CFC team members have worked with a big four audit firm before joining Brunel. In addition to group reporting, CFC performs internal control activities, both in desktop reviews and during site visits. CFC members visit all entities at least once every two years and visit significant or high risk entities multiple times a year. CFC also provides the group with accounting manuals and guidelines for internal control procedures, as well as a multiday global meeting with the local financial controllers.

Internal audit function

The internal auditor reports to the audit committee. The purpose of Brunel's internal audit function is to provide independent, objective assurance and consulting services designed to add value and improve Brunel's operations. The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. The internal audit function helps Brunel accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. The Head Internal Audit reports functionally to the audit committee and administratively (i.e., day-to-day operations) to the board of directors.

Risk and internal risk management systems

During 2019, the audit committee also discussed with the board of directors the updated risk assessment that was performed by the board of directors in cooperation with commercial management and the regional financial controllers. This concerns risks associated with the strategy and the nature of the business, and the way that the board of directors monitors the design and operation of the internal risk management systems. Risk assessment and risk management systems are being further embedded in the reporting structure to support decision making and achieving of strategic objectives in the coming years. The operational and strategic risks related to the company are described in the section "Risks, risk management and control systems" of this annual report.

Information and communication technology

In 2019, an update on the IT strategy was discussed as well as developments on existing IT infrastructure.

Financial reporting

The board of directors informed the supervisory board on the processes for the preparation of the financial reports and how the quality of the financial reporting is monitored. On the basis of this and the report of the external independent auditor, the supervisory board believes the board of directors adequately interprets its responsibility for the quality of the financial information.

Dialogue with the external independent auditor

The audit committee has discussed the annual accounts, annual report, supervisory board report, management letter and risk management policy with the board of directors and the external independent auditor. The supervisory board assessed the independence of the auditor. It was concluded that threats to independence are absent. The supervisory board believes that the external independent auditor provided the supervisory board with all relevant information in order to exercise its supervisory responsibilities.

Relationship with shareholders

The supervisory board discussed with the board of directors how to take into account the interests of shareholders as well as the issues raised by shareholders at the last annual general meeting of shareholders. The supervisory board believes that the company acted in a constructive and careful way regarding the shareholders' interests.

Others

The supervisory board approved the operational and financial objectives of the company, and also approved the strategy designed to achieve the objectives and the preconditions associated with that strategy.

The supervisory board endorsed the board of directors' efforts on corporate social responsibility and the particular aspects that are relevant to the enterprise.

Furthermore, no matters occurred which, under the law, the statutes or the Code, requires the approval of the supervisory board.

Conflicts of interest

In 2019, no matters occurred involving conflicts of interest of directors, supervisory board members, shareholders and/or external independent auditor that are of material significance to the company and/or the respective directors, members, shareholders and/or external independent auditor. Information on related party transactions is included under note 22 to the annual accounts.

Amsterdam, 14 February 2020

The supervisory board

A. Schouwenaar - chairman
J.J.B.M. Spee - vice-chairman
J.A. van Barneveld
K. Koelemeijer



Report from the board of directors

Long-term value creation through a sustainable strategy

Brunel is a people-centric company. It specialises in flexible work for specialists with a professional or university education. Headquartered in the Netherlands, Brunel operates internationally. Thirteen thousand people, comprising nearly one hundred different nationalities, work at local and international businesses for and on behalf of Brunel worldwide. Brunel is responsible for individuals to provide them with good terms of employment, safety, security and to support them in their career development.

Looking forward, we aspire to have a leading people culture everywhere in the world. This means recruiting and retaining outstanding people, engaging them to feel enthused by their work and colleagues, accommodating them with flexibility to achieve their professional and personal aspirations, equipping them with efficient tools and work processes and delivering the best results and services. This culture is reflected well in our code of conduct and core values led by the examples of the board of directors. By modelling and rewarding behaviour that demonstrates each of our values: entrepreneurship,

integrity, results-driven and passion for people, our people are constantly reminded of what Brunel stands for and how to better work by those principles.

We believe Brunel should be run with a long-term view and a sustainable strategy. Our approach is to take into account the views of Brunel stakeholders and our own understanding of the company's impact on wider society. Therefore, sustainability to us means being in business for the long term. In particular, to achieve a sustainable financial performance and profitable growth so that we can continue to reward shareholders and employees, to facilitate the long-term employability of specialists and professionals, to build long-lasting relationships

with customers and suppliers, to pay taxes and duties in the countries that we operate and to invest in communities for further growth. Only then we have a sustainable business, able to attract and retain the capital we need from our stakeholders to continue to operate. As a leading technical specialist in the global market, Brunel helps to create a better future for professionals and a better planet for future professionals. In particular, we support the UN sustainable development goals (SDGs) by: helping future, young and senior professionals with a distance to the labour market; and helping increase environmental consciousness and sustainability by raising awareness for clean seas and our own environmental footprint.

Business model

Our mission, vision and core values define what Brunel is trying to achieve and how we want to conduct business. Brunel's business model has resulted in quality service delivery, manageable risks, and generally a business that achieves growth and creates value for its stakeholders.

OUR VISION AND MISSION



Team Brunel is a unique professional community for all its stakeholders

Dream - our passionate and results-driven internal employees make sure that talented specialists, along with industry leading clients, gravitate towards Brunel. United in moving people forward, we pair talent with projects, so both can reach their full potential in the fast changing marketplace

Ambition - Brunel delivers stakeholder satisfaction and records revenues and profitability

OUR CORE VALUES



Entrepreneurship - global and local capabilities
Integrity - for all our people and contracts
Results-driven - keep improving
Passion for people

CAPITALS WE USE TO DO BUSINESS



Human Capital

Passionate and results-driven internal employees are a critical element to providing quality services to clients and career advancement opportunities for specialists
Talented specialists focus on deliverables, innovation and creativity

Financial Capital

1997 listed on the Stock Exchange
Solid balance sheet to support growth strategy with limited need for external financing
Track record of good returns on capital investments

Intellectual Capital

Worldwide operations with global scale of efficiency
Local expertise, sensitivity and responsiveness to national differences
Knowledge of global clients and talent pools
Streamlining process to improve productivity, efficiency and regulatory compliance

Manufactured Capital

Robust Information Technology (IT) (applications and infrastructure) connecting all Brunel entities worldwide to meet business objectives in terms of availability, resilience and reliability
Established 7 regional hubs to facilitate 120 branch offices in 46 countries across 6 continents
Alternate operating facilities and solutions to ensure business continuity

SOCIAL AND RELATIONSHIP CAPITAL

A long-lasting, global brand

1975 started up in the Netherlands
1980's first foreign office in Belgium
1990's founded Brunel Energy in Asia, Americas, Europe
Early 2000's working on global supplier agreements

Clients

Over 40 years of working experience with industry leading clients from more than 35 areas of specialisms

Culture

A deep root of engineering culture
Culture of compliance
Commitment to high standards of integrity
Effective corporate governance and risk management

Communities

Focus on developing local employment
Build professional communities

HOW WE CREATE VALUE



Invest in strategic positioning

Becoming a leading specialist in chosen global specialisms and build accounts, knowledge, community & specialists

Innovation

Providing added value in selected specialisms through distinctive knowledge and solutions

Operational excellence

Improving quality, speed and productivity through lean approach for high quality to clients and lower cost for delivery, digital process tools and KPI steering

Digitalisation

Creating digital roadmap (e.g. investing in digital tools) to drive client and professional connectivity, improve service quality and delivery time

Learning & development

Improving talent attraction, development and retention through HR agenda with talent planning, management development and succession planning

IN ORDER TO ATTRACT AND RETAIN THE ASSETS TO CONTINUE TO OPERATE:

As a sustainable business

Generate profit and cash flow to ensure sustainable financial growth

As a business partner

Get the things done
Provide clients and projects the access to a flexible and specialised knowledge base in order to meet the rising global service demand and break down today's technical boundaries

As an employer

Accommodate specialists and professionals with challenging assignments, competitive benefits and professional networks
Take care all related administrative and operational processes so they can focus on advancing the skills make them stand out

As a corporate citizen

Respect fundamental human rights in the employment market and safeguarding ethical behaviour, it extends to cultivating future generation and giving back to society at large

SERVICES WE DELIVER



Contracting and secondment services

Permanent recruitment

Talent acquisition services

Scope of work

Project management office

Project management company

Food accommodation transport services

Global mobility services

New location/start-up services

Client staff solutions services

MSP services

Vendor auditing and vendor inspection

Commissioning services

Trainee program services

Training services and online assessment

Maintenance and reliability

educational program

Shutdown and maintenance services

Project execution

IN THE VERTICALS OF:



Oil and gas

Renewables

Automotive

Infrastructure

Mining

OUTCOME OF OUR BUSINESS



Profitability and growth

During this year, achieved the growth in revenue of € 1.041 million, EBIT of € 17 million and a dividend to shareholders of € 0,30 per share

Highly skilled workforce

By the end of 2018, we are employing over 13,000 international and local employees with technical background in the countries where we operate in, alongside investment in the training and well-being of staff and local community

Stakeholder satisfaction

Engage stakeholder groups and create long-term value and satisfaction for our employees, contractors and clients

Contributions to corporate, social and environmental initiatives

We help create a better future for professionals and a better planet for future professionals

Organisational structure

Global and regional steering

The global leadership team leads the strategy execution. The team consists of regional directors of the largest regions complemented with the client management, verticals, human resources, marketing, IT, finance and legal leaders. These leaders report directly to the board of directors that consists of the CEO and CFO. This transformation aims to ensure our business will fully utilise its assets to execute its

strategy successfully and to prepare for the next stage of growth. In our management reporting, we follow the regional steering model to increase the focus on regional profitability and activities.

		Board of directors (CEO, CFO)							
Global and regional steering	DACH Region	The Netherlands	Middle East & India	Australasia	Americas	Rest of World			
						Europe & Africa	Russia & Caspian area	Asia	Belgium
Local ownership	Germany Austria Switzerland Czech Republic		UAE Iraq Oman Qatar Kuwait India	Australia Papua New Guinea New Zealand	US Mexico Canada Brazil Guyana	The Netherlands UK Denmark France Italy Norway Nigeria Albania Greece Romania Spain Angola Mozambique	Russia Kazakhstan Uzbekistan	Singapore China Japan South Korea Vietnam Brunei Thailand Malaysia Indonesia Myanmar	

		Board of directors (CEO, CFO)							
Global support function	Strategic Client Organisation	Global Commercial	Corporate Finance & Control	Corporate Legal & Compliance	Global HR	Global Marketing	Global IT & Digital	Global Verticals	Global M & A

Centralised support functions

Brunel has constructed a global infrastructure connecting all continents via regional hubs - Amsterdam, Bremen, Doha, Houston, Rotterdam, Perth and Singapore - by sharing financial and commercial resources. This structure allows commercial activities, business development, account management and recruitment to be 100% focused on clients and candidates, while

being fully supported by strong function-driven regional hubs. This centralised model gives management the ability to operate efficiently and cost-effectively, encourage greater communication between employees and managers. It also helps to ensure effective risk management, internal control and compliance activities.

		Regional leadership					
Regional support function	Regional hubs - Amsterdam, Bremen, Doha, Houston, Rotterdam, Perth and Singapore						
	Commercial team	Operations	Finance & control	HR	Marketing	IT	

Business environment

Global business environment

The world around us is rapidly evolving, and to confront it we need to have a system in place to adapt to the changes and keep track of it. Employees at different layers and in all the regions monitor key business environment indicators. In addition to



collecting information and intelligence from outside sources, we also collect insights and information from our internal existing knowledge base. The top six indicators below are most relevant for Brunel's business worldwide in 2020.




Indicator	Trends	Opportunities	Risks	Our response
Macroeconomics & industry cycles	<ul style="list-style-type: none"> Global economy will start to stabilise after two years of slowdown, while no sharp acceleration in growth is expected either Increasing positive effect of economic upturn for non-oil and gas markets Upturn of oil and gas business Geopolitical instability could hamper growth 	<ul style="list-style-type: none"> Drive growth above the economic cycle Additional opportunities when combining DACH/NL clients with other regions' infrastructure and experience Further build our contractor business 	<ul style="list-style-type: none"> Business growth depends on the economy upturn in the European market Challenges of existing business models in meeting the demand for new products and services 	<ul style="list-style-type: none"> "Risks, risk management and control system - Unfavourable macro-economic conditions/geo-political situation", page 60
Talent market	<ul style="list-style-type: none"> Greater flexibility and mobility Larger flexible pool for sourcing Shortage of specialists and broader skills gap in engineering, manufacturing and technology sectors 	<ul style="list-style-type: none"> Leverage Brunel's global network to offer integrated global mobility service solutions Actively adopting technology to improve productivity 	<ul style="list-style-type: none"> Uncertainty in changing regulatory environment in local markets Fierce competition for highly-skilled talents and specialists 	<ul style="list-style-type: none"> "Risks, risk management and control system - Human capital risk" page 66

Indicator	Trends	Opportunities	Risks	Our response
Client	<ul style="list-style-type: none"> Client pressure on margins Increased demand of HR solutions Increased demand of global service providers 	<ul style="list-style-type: none"> Increase the focus on strategic dialogues with existing clients to help them manage skilled, flexible workforce Brunel's expertise and proven service quality helps to identify customer pain points and win new clients. 	<ul style="list-style-type: none"> Increasing requirement on service speed and quality Stricter tender process to select suppliers and power in contract negotiation process Margin pressure and liabilities 	<ul style="list-style-type: none"> "Risks, risk management and control system - Contract negotiation and management", page 71
Regulatory landscape	<ul style="list-style-type: none"> Complexity of regulations leads to specialisation pressure Adverse regulatory environment in local labour market regarding flexible labour and immigration policy Technology triggers the regulators to shape new game rules - e.g. to enhance privacy protection and raise a higher standard of the international companies' business practices 	<ul style="list-style-type: none"> Strong culture of compliance and compliant operation Offer compliance as a service Participate in constructive social dialogue to find the appropriate in balance of regulations in our industry services 	<ul style="list-style-type: none"> Direct impact on the costs of our clients Higher compliance risks and costs Reputation damage 	<ul style="list-style-type: none"> "Risks, risk management and control system - Non-compliance with laws, regulations, local standards and codes", page 70
Technology & digital	<ul style="list-style-type: none"> Growing demand cost breakdown leading to margin pressure Higher digital standards Fast developed recruiting technologies to identify and find talents Increased efficiency and automation Companies are integrating their core business functionalities with their suppliers and their platforms to create new digital ecosystems 	<ul style="list-style-type: none"> Service solution innovation Increase automation Develop digital recruiting 	<ul style="list-style-type: none"> Digital disruption 	<ul style="list-style-type: none"> "Risks, risk management and control system - IT and digital risks", page 68
Competition	<ul style="list-style-type: none"> Increased competition over talents Market consolidation & shake-outs with less competition from small players More competition from generalists and/or engineering procurement construction companies 	<ul style="list-style-type: none"> Increase penetration rate of recruitment service in markets where Brunel has strong presence Innovation and client centric services 	<ul style="list-style-type: none"> Margin pressure Service delivery Fierce competition for highly skilled talents and specialists 	<ul style="list-style-type: none"> "Risks, risk management and control system - Competition", page 62

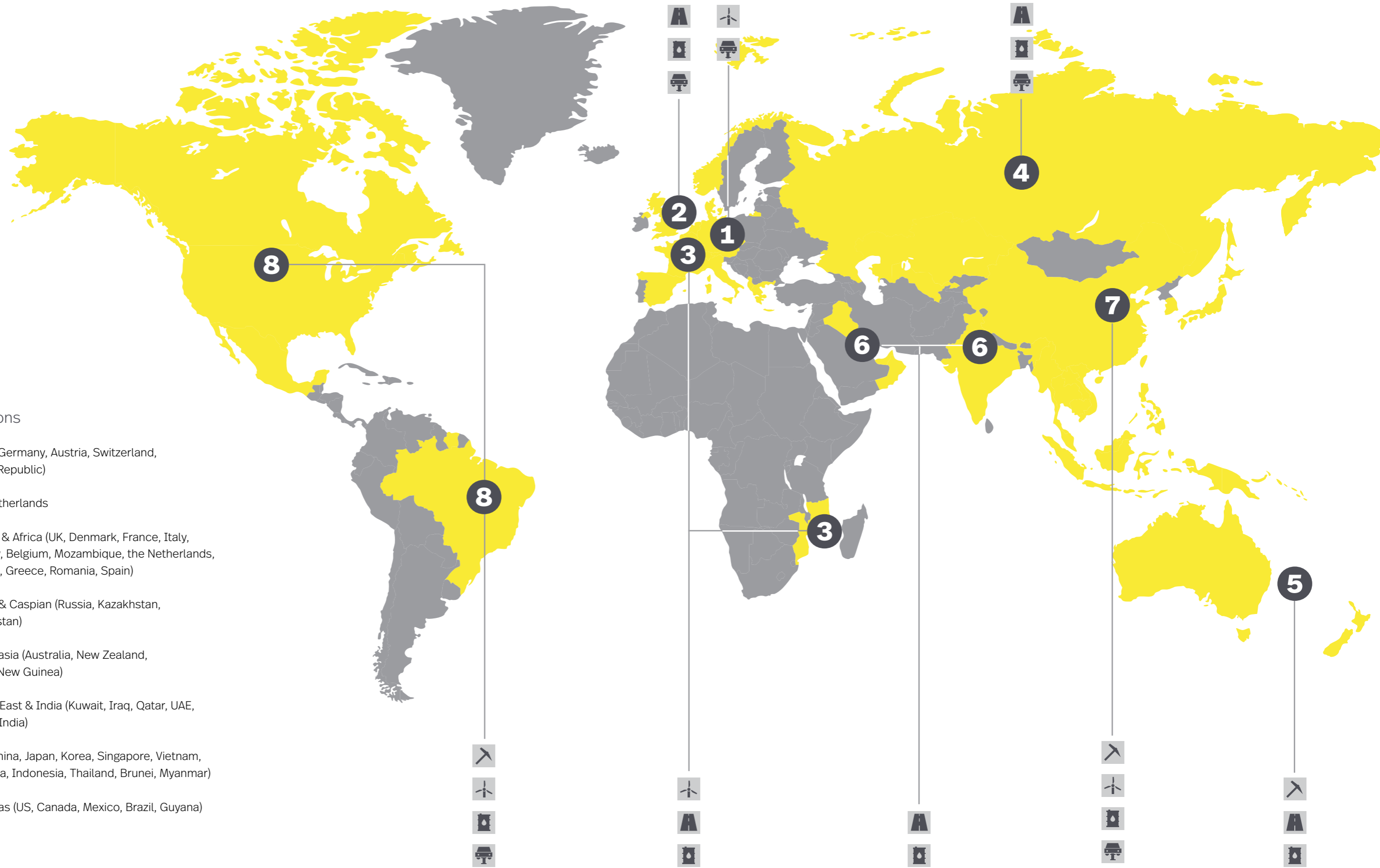
Key markets and outlook*

Part of our business, such as our local activities in the Netherlands and in Germany are highly dependent on the national GDP development. Other markets require additional vertical analysis, such as the capital investment in the vertical, besides understanding the general business indicators.

Vertical	Key global themes 2020
Mining 	<p>A subdued price environment will place pressure on miners' profitability and inhibit miners' appetite to significantly expand capital expenditures over 2020. Some major players are expecting a slight increase in capex over 2020, mostly due to previously announced project requirements. In perspective, current capex expectations still remain well below 2012-2014 highs, and given the mining sector's focus on efficient capital allocation since then, the capex is not expected to return to these levels in 2020.</p> <p>With an increasing focus on sustainability among investors and governments, miners will accelerate the shift to more environmentally sustainable business practices, for example by reducing their exposure to the thermal coal sector.</p>
Renewables 	<p>Technological development to increase efficiency in solar and wind equipment will continue to improve project economic costs and bolster renewables growth over 2020. This will further undermine large scale thermal projects, within which coal power is already facing pushback as more financiers in both developed and emerging markets look for more sustainable projects.</p> <p>Moreover, 2020 is expected to be the year when efforts to deploy vehicle-to-grid intensify, as the batteries becoming available in rapidly expanding electric vehicles will become increasingly attractive to grid balancing as intermittent wind and solar supplies grow their share in the global power generation mix.</p>

Vertical	Key global themes 2020
Infrastructure 	<p>While 2020 will see persistent political risk continue, growth in the global infrastructure sector will accelerate, driven in particular by Asian markets. There will be an increasing focus from city planners to develop infrastructure that provides an alternative to traditional vehicles, and Europe will be at the forefront of establishing the policies necessary to direct investment to projects which encourage the development of the low carbon economy.</p> <p>The winners in 2020 are major construction and engineering companies capable of undertaking major green infrastructure projects and adapting to low-emission operating standards, as well as renewable energy firms equipped to handle greater demand for their assets' power generation.</p>
Oil and gas 	<p>In 2020, the oil and gas industry will continue to see Brent prices pressured lower, averaging USD62 per barrel in 2020 as a result of increased non-OPEC supply and a weak recovery in demand.</p> <p>Oil majors will continue to shift capital expenditure to alternative energy industries involved in the low carbon economy. New investments in power and the wider sustainability landscape will tie into efforts to reduce carbon emissions and present a more climate-friendly investment case. In particular, there will remain a notable divide between the European and North American majors, with North American companies more likely to be the laggards. Large state-owned oil and gas companies, particularly in Asia, Africa and the Middle East remain relatively inactive in the low carbon space.</p>
Automotive 	<p>Global automotive market in 2020 will show more of a stabilisation rather than notable growth as the previous highs in 2017. Middle East and North Africa expects to show strongest growth in total vehicle sales, followed by Sub-Saharan Africa, Latin America, Asia, Europe and North America.</p> <p>Carmakers will continue to face the mounting pressures of preparing for the adoption of new technology and regulatory changes, such as emissions standards and cybersecurity risks, against a backdrop of weak sales. Changes to their business model will also manifest in the way carmakers reach out to consumers, as changing attitudes towards vehicle ownership will mean traditional industry become less relevant, while the rise of micro-mobility as an alternative to driving will result in the need for greater regulation.</p>

* This commentary is produced by Fitch solutions Country Risk and Industry Research and is not a comment about Fitch Ratings' Credit Opinions or Credit Ratings. Nor is any of the background obtained from, or in conjunction with, Fitch Ratings credit analysis.



Our regions

- 1 DACH (Germany, Austria, Switzerland, Czech Republic)
- 2 The Netherlands
- 3 Europe & Africa (UK, Denmark, France, Italy, Norway, Belgium, Mozambique, the Netherlands, Albania, Greece, Romania, Spain)
- 4 Russia & Caspian (Russia, Kazakhstan, Uzbekistan)
- 5 Australasia (Australia, New Zealand, Papua New Guinea)
- 6 Middle East & India (Kuwait, Iraq, Qatar, UAE, Oman, India)
- 7 Asia (China, Japan, Korea, Singapore, Vietnam, Malaysia, Indonesia, Thailand, Brunei, Myanmar)
- 8 Americas (US, Canada, Mexico, Brazil, Guyana)

Stakeholders and material issues

Reporting principles and purpose

Following the International Integrated Reporting Framework (IIRC), identifying material issues is an important step to present Brunel's performance in relation to broader concepts of sustainability. We aim to provide a concise, accurate and comprehensive view of Brunel's operations, performance and relevant material issues. It should help explain to all stakeholders, the significance of various aspects of social, economic and governance performance on Brunel's ability to create long-term value.

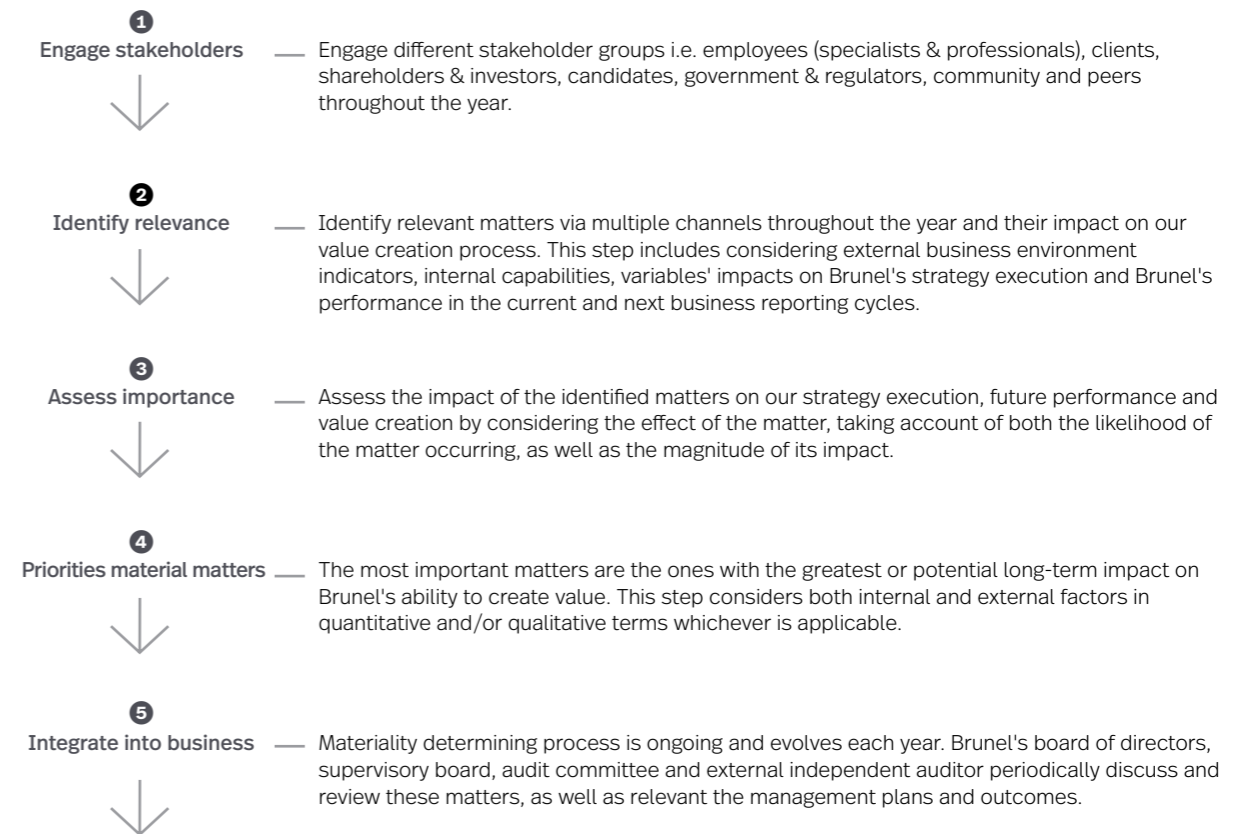
Definition

Material issues are those issues we believe have, or will have, a significant long-term impact on our profitability, people, culture and operations.

Scope and boundary

We only report information if defined as material or if mandatory to be disclosed pursuant to legal requirements. This reporting scope includes main participations of Brunel International N.V. (see the list of participations on page 103).

Material determination process



Materiality matrix



Significance of economic, environmental and social impacts on Brunel's strategy execution

Connectivity matrix

External material matters from our business environment	page
Client behaviour and trends	31
Talent market trends	30
Macroeconomics and industry cycles	30
Technology, privacy and data protection	31
Evolving regulatory landscape	31
Competition	31
Internal material matters relevant to our strategy execution	
Capabilities and differentiators	41
Profitable growth	
Strategic acquisition	
Leading specialist in global verticals	42
Services solutions and offerings	
Building communities	45
Brand and reputation	
Provide employees optimal and appropriate working conditions	
Health and safety	
Quality, speed and productivity	50
Processes and productivity	
Ensure efficient internal processes for operational excellence	
Risk management and control environment	
Digital roadmap	50
New technology and digitisation	
Global client management	42
Dependency on key clients	
Dependency on industry	
Sustainability	51
Contribute to the economic and social development in local community	
Create development and be a major force in the economy	
Talent and management development	44
Management quality and retention	
Training and education	
Talent attraction and development	
Culture and value	
Ethical business and compliance	26
Corporate governance	74
Tax governance and strategy	43
Non-material issues, no reporting unless legally required	
Environmental policy	
CO2 neutral	
Climate change	
Transport, energy consumption	

Strategy

Brunel's ambition is to create high satisfaction among our direct and indirect employees and among our clients. This stakeholder satisfaction should lead to record revenue and profit levels. To reach these goals we follow the line of the existing Brunel strategy and approach with clear new accents.



Sustainability in broad terms

- Labour and employment practices
- Combating bribery and corruption
- Social matters and community development
- Environmental matters
- Respect for human rights
- Good tax governance

Sustainability as part of strategy formulation 2018 – 2023



Giving back to society at large:

- helping future young and senior professionals with a distance to the labour market,
- and helping increase environmental consciousness and sustainability by raising awareness for clean seas and our own environmental footprint

Brunel helps to create a better future for professionals and a better planet for future professionals.

Brunel defines sustainability as managing our financial, social, environmental and governance risks, obligations and opportunities continuously and strategically, with the aim of (1) maximising the creation of value for our shareholders, stakeholders and society: (2) identifying, preventing and mitigating possible adverse impacts. Brunel's board of directors is collectively responsible for the long-term success of the company. The board considers sustainability issues as part of its strategy formulation. Our updated Sustainability Framework articulates the ambitions for the future and demonstrates our support for the UN Sustainable Development Goals (SDGs). Driven and underpinned by our dream and ambition, it directs our approach to integrate sustainability and manage our material issues within our business strategy.

Strategic objective 1: concentrating on profitable growth

Strategic actions:

- Capabilities and differentiators

Over the past 44 years, Brunel's brand has become a clear differentiator. Clients and employees recognise Brunel as an entrepreneurial partner with high ethical standards, created and operated by creative and result driven colleagues who have a 'passion for people'. To serve our local and multinational clients with their global and local needs, Brunel created a global footprint, with a regional structure for local relevance and entrepreneurship. Keeping our clients' business goals, industry trends

and changing regulations in mind, we invest in quality, processes and expertise to help clients realise their strategic goals through our global infrastructure.

- Leading specialist in global verticals

Brunel's global and local capabilities provide us the agility to adjust our organisation successfully to new opportunities. We diversified our business utilising our capabilities and infrastructure to find new growth opportunities and to decrease our dependency on the oil and gas market. Based on global specialisms, market opportunities and growth potential, we have identified multiple verticals for diversification, such as mining, infrastructure, renewable energy, automotive, oil and gas.

- Global client management

Brunel offers a diverse portfolio of services globally to help clients meet their business needs. In 2019, we have identified a group of clients, who work globally and look for "Brunel quality service" in markets. To facilitate these clients we have created the Global Strategic Account Management program - a process that encompasses the creation, development and active management of long-term relations with clients of strategic importance, aiming to create value for both companies. This process requires an organisation in which people at multiple levels and within different parts of both organisations work together in a structured way.

Associated risks and risk management 2019:

- Unfavourable macroeconomics page 60
- Dependency on key clients 64
- Competition 62
- Contract negotiations and management 71

Performance outcome 2019:

- Regional performance page 80
- Vertical performance 148

Trends and opportunities 2020:

- Clients trends page 31
- Vertical trends 32

Long-term value creation:

- Make a positive impact on society

Being responsible not only means creating sustainable financial returns for shareholders. It also requires providing sustainable value for other stakeholder groups as a knowledge partner, a resource provider, a growth facilitator and, in general, contributing to society as a major force of employment creation in the economy.

- Local employment

In some of our operating markets, there has been a focus on attracting existing local expertise and, where necessary, bringing in international specialists to train and develop the local talents of the future. Our operations in Kazakhstan, Papua New Guinea, Brazil and Thailand are good examples of maximising local employment opportunities to build local economic growth.

- Tax governance and strategy

Pursuing a transparent and honest tax policy is part of doing business for Brunel. Our tax strategy supports the business strategy of delivering stakeholder satisfaction and achieving sustainable growth. It aligns with Brunel's core value – integrity, which means living up to the letter as well as the spirit of external requirements from regulators and the law. We demonstrate this level of corporate integrity in everything we do: in dealing with all stakeholders - customers, suppliers, employees, shareholders, regulators and the society. Our tax approach also considers the sustainability strategy – the tax we pay is a critical financial resource to help achieve our sustainability agenda which is updated based on the framework of UN SDGs.

As such, our tax structure follows our business and Brunel has no evasive tax-structure, and does not use tax havens for tax avoidance. Complying with tax laws and paying our fair share of taxes is an important part of our corporate social responsibility, since it contributes to providing the basic building blocks for economic growth in the countries we operate in, even more so in the developing countries. We do not only pay a substantial amount of corporate income tax, we also pay significant amounts on other taxes such as wage taxes, withholding taxes and VAT. Due to the nature of our business, wage tax is an important area for us, both for compliance as well as for the significance of the amounts.

Since tax compliance is an important part of our service delivery, it is our policy to manage effectively the associated risks and to comply with all applicable tax laws, rules and regulations. Transactions conducted between group and companies located in different countries are in line with the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and other local transfer pricing regulations. The aim is to comply with the letter as well as the spirit of the law.

Therefore, we employ qualified and experienced tax personnel; have appropriate tax policies and procedures in place; assess tax risks regularly in risk assessment process; apply tax risk management to the same policies, procedures and controls that govern financial reporting risk management; engage reputable tax advisors at local and group level to provide advisory and compliance services. We strive to establish an open and transparent relationship with the tax authorities in all countries we operate in to provide certainty with respect to tax matters and to ensure our compliance with tax regulations. In the Netherlands, Brunel engages the Dutch tax authorities through regular meetings, calls and correspondence,

which includes discussing the tax impacts of potential future events, such as business restructuring, in advance. This constructive cooperation and real time working results in transparency as well as faster and greater clarity on Brunel's positions. To achieve consistency, our CFO monitors all significant dealings with tax authorities.

We comply with the OECD BEPS (Base Erosion and Profit Shifting) requirements, including preparing master filers and country-by-country reporting. We understand external country-by-country reporting and local transfer pricing files will provide more insight for local tax contributions. The disclosures in the annual accounts on our corporate income tax rate, as well as the actual paid corporate income tax reflect our tax policy execution. Brunel published its tax strategy policy on www.brunelinternational.net.

Strategic objective 2: building a solid reputation and being an industry shaper

Strategic actions:

- Talent and management development

Brunel has renewed its global human capital agenda in 2018 as an important pillar of the latest global strategy. This agenda addresses the topics of succession planning, talent retention, leadership development, and skills availability and employee engagement. It aims to provide people with opportunities to develop both professionally and personally. In 2019, we started implementing this human capital agenda through several new initiatives of the topics mentioned above.

We believe a diverse leadership team can build multi-cultural competencies within the organisation and produce better solutions to complex problems. Our global leadership team consists of managing directors from our major regions and heads of global support functions with different racial and ethnic backgrounds.

	2019				2018			
	Female		Male		Female		Male	
	#	%	#	%	#	%	#	%
Global leadership team	4	30,80%	9	69,20%	2	14,30%	12	85,70%
Global leadership team's direct report	36	35,00%	67	65,00%	32	34,40%	61	65,60%

- Build communities

Managing customer relations is an aspect of the quality assurance specifically focusing on customer retention and ultimately driving sales growth. For instance, in Brunel DACH, related policies and procedures are in place covering topics such as customer expectation, customer experience and customer satisfaction. Every year, our regional offices take the initiative to engage clients in different stakeholder events to collect their opinions, share knowledge and discuss challenges.

Building communities for professionals who are working for Brunel is also an important way for Brunel to add value to their experience. In particular, we support the career advancement of our engineers and raise the profile of the engineering profession in the society. In the Netherlands, Brunel has started the initiative of the Association for Professional Secondment together with a number of secondment companies. Through this association, Brunel is able to represent the interests of the secondment branch properly and at the right level. Other ongoing community programs also include technical traineeships in the fields of banking and insurance, online marketing, inspection consultancy, rail and infrastructure, industrial automation, maintenance, IT and government. These programs apply Brunel's work experience gained from clients and offer comprehensive guidance and networking opportunities to the (technical) talents. In other countries, for example UK and Russia, Brunel also organises regular campus recruitment events in universities to promote technology and engineering in the young generation.

Associated risks and risk management 2019:

- Human capital risks page 66

Performance outcome 2019

- Human capital risks –mitigating measures page 66

- Ongoing training and development programmes

All Brunel entities in 2019 have carried training and development related programmes. This includes, but is not limited to, tailored induction programme, recruitment and sales training, Lean methodology orientation, industry updates, labour law, HR partnership, taxes, compliance, commercial awareness, quality assurance and audit related training and workshops.

Average training hours* per employee worldwide 2019

Total 2019	26
Commercial employees**	28
Non-commercial employees***	16

* The training hours reported in 2019 apply to 1,631 indirect employees (average).
 ** Commercial employees refer to employees active in the business development, recruitment or sales processes.
 *** Non-commercial employees refer to employees not active in the business development, recruitment or sales processes, but in the processes of operations, finance etc.

• Net promoter score

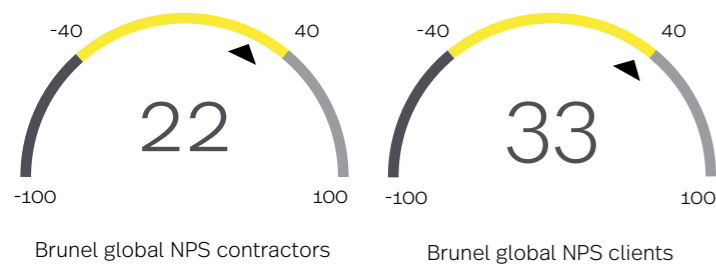
To achieve our desired stakeholder satisfaction, Brunel has committed to Net Promoter Score (NPS) as our most important KPI reflecting customer satisfaction. For Brunel, the “customers” are clients, contractors and candidates.

The first year results indicate that on a global level, our contractors view Brunel as a company that can be trusted and demonstrates “passion for people”. Our clients’ response indicate they will continue doing business with Brunel. In 2020, we will continue using the NPS surveys to understand our customers’ needs and focus on important touchpoints in the customer journey.

• Global company survey

Every year we issue a global company survey in which we ask Brunel employees to share their feedback on our company development and management. We use this survey to engage employees in realizing our strategy, to keep track of our developments as a global organisation and to identify and set the right priorities to improve our organisational capabilities. The survey is conducted through an independent party. The participation rates of 2018 and 2019 are 85% and 83% respectively. In 2019, over 58% of the participants have left valid comments and suggestions. Our overall engagement score is 7.9 (on a scale of 1 to 10). After conducting the survey and analysing the results, global and regional leadership also communicate the results with employees and create an action plan for improvement.

Brunel global NPS



Trends and opportunities 2020

- Talent trends page 30

Long-term value creation

- Brunel Foundation CSR booklet
- Health and safety at work

Brunel’s safety vision is that we believe that every individual has the right to work and live in a safe environment. At Brunel, we do everything we can to create such an environment based on the principles of care, trust, learning, ownership and accountability.

Brunel Netherlands has a policy on workplace health and safety. It identifies shared responsibility of Brunel and the individual employees for occupational health and safety, emergency response, accident reporting and registration, as well as preventive measures. Brunel also has a policy based on Dutch law for sick employees, setting out the employees’ rights and company’s obligations.

Brunel DACH has a manual to give its employees

guidance on how to deal with hazards in the workplace. It identifies work-related accidents and emergency response plans. This manual is part of the new employee induction programme. Other policies and procedures regarding health and safety, such as workplace inspection, are available on our intranet. A dedicated safety manager helps employees to prevent workplace accidents and promotes health and safety awareness. Brunel DACH also has an annual refresher health and safety training to make sure employees aware of health and safety laws and company policies.

All other Brunel entities have implemented the global health, safety and environment (HSE) system, for both employees and contractors that are working with our clients. Policies and procedures of emergency response, incident management, medical fitness and injury management are in place. The standards of health and safety may differ from country to country, sector to sector, and even job to job. Therefore, besides implementing Brunel’s own HSE system, we actively engage our clients at an early stage to clarify HSE laws and requirements and to implement client or sector specific standards. We utilise the below injuries and incident classifications which are commonly used throughout the world. In the event that Brunel is to report directly to a HSE Regulator or client then Brunel will use the applicable Safety Regulator’s definition. Our global HSE year-end statistics are:

Number and type of injuries:

	Fatalities	Lost Time Injuries	Medical Treatment Injuries	First Aid Injuries	Restricted Work Injuries	Alternate Duties Injuries	Total Recordable Injuries
All entities consolidated	0	16	27	26	5	6	49

Number and type of incidents:

	Near Miss Incidents	Equipment Incidents	Environmental Incidents
All entities consolidated	15	32	2

In Europe, we also keep monitoring the absenteeism (i.e. illness) rates of Brunel DACH and Brunel Netherlands. The year-end results are:

	Brunel DACH	Brunel Netherlands
Absenteeism rate of directs	3.95%	3.63%
Absenteeism rate of indirects	3.27%	5.45%

- Respecting human rights

One of Brunel's core values is passion for people. This means that we recognise our responsibility to respect the human rights of all stakeholders across our value chain. We are committed to actively assessing potential human rights impacts and taking action where needed to ensure our impact on people's lives are as positive as possible.

At the group level, we take into account the rights covering the eight fundamental human rights as International Labour Organisation (ILO) identified and elaborated in the ILO conventions. Brunel endorses all eight fundamental ILO conventions. Human rights is an integral part of Brunel's culture. Instead of managing human rights as a stand-alone issue, Brunel

makes specific reference to comply with them in various Brunel policies, such as the code of conduct, equal opportunity policy, HSE policy, fitness for work and privacy policy. These policies are available on our intranet and in our employee handbook.

In this year's annual report, we report on the human rights most applicable to Brunel throughout this report:

Freedom of association and right to collective bargaining

Brunel respects the right of its workers and employees to form and join organisations of their own choosing, as this is an integral part of a free and open society. We also comply with countries' legal requirements.

Brunel's operations vary in size, culture and industry. We have experienced different types of labour or industry union relationships. This means in some countries or industries, unions are more active than others. Therefore, we do not have a group policy but rather a general positive attitude towards trade union relationships. Based on mutual respect, Brunel is open to labour union activities, acknowledges the global rights of workers to form labour unions and join the labour union of their choice, and agrees to ensure union independence.

To improve the quality of the working relationship and

minimise conflicts, we respect employees' collective bargaining right and promote regular communication. For example, in Germany we have an union trade agreement in place and fully comply with the Equal Pay Act.

In Australia, our local entity has formed enterprise agreements with various industries and workers unions under the Fair Work Act framework. These agreements include matters such as salary rates, employment conditions, consultation processes, dispute resolution procedures, and deductions from wages for any purpose authorised by an employee. The agreement implementation is a part of HR management plan specific to each project.

Forced labour / modern slavery (including bonded labour)

Brunel does not tolerate improper conduct such as discrimination, harassment and workplace bullying. Brunel complies with non-discrimination regulations. Additionally, all employees are required to comply with policies, procedures, and systems of work including Brunel's equal opportunity, anti-discrimination, bullying and harassment standard.

The elimination of discrimination in respect of employment and occupation

Brunel does not tolerate improper conduct such as discrimination, harassment and workplace bullying. Brunel complies with non-discrimination regulations. Additionally, all employees are required to comply with policies, procedures, and systems of work including Brunel's equal opportunity, anti-discrimination, bullying and harassment standard.

Effective abolition of child labour

We endorse the ILO principle of the effective abolition of child labour. This principle means ensuring that every girl and boy has the opportunity to develop

physically and mentally to her or his full potential. Its aim is to stop all work by children that jeopardises their education and development. Considering that the business model of Brunel focuses on working with technical graduates and experienced employees, the risk of violating this principle in Brunel's business is very insignificant.

Just work: living wage and social security

As an employer, Brunel provides employment benefits including medical insurances, which cover the medical expenses, paid sick leave, annual leave and end of service benefits as required by applicable local laws. We offer life insurance to employees, accidental death and dismemberment insurance depending on specific assignments. We also provide additional benefits, not prescribed by law, such as return tickets to employees' base countries. In the Middle East, the majority of our employees are expats and they are entitled to such additional benefits.

Brunel's business model targets highly educated or skilled workforce. Therefore, we offer competitive salaries in every country where we operate in, including India and countries in Africa and South East Asia. This contributes to offering our employees a high standard of living.

Health and safety, security issues and conflict zones

Security issues and conflict zones remain relevant in specific regions, such as Africa and Asia. High-risk areas are present in those regions, with (frequent) conflicts taking place. Brunel has policies and procedures to safeguard the security of our employees in these high-risk areas.

Privacy and data protection

Privacy is a fundamental human right we respect. It is also an essential cultural element for Brunel to be a reliable business partner and earn the confidence of our people. Data is very relevant to Brunel's core business especially in the global trends of digital transformation and data-driven innovation. Brunel commits to the GDPR standard as our guiding principles of data protection. Brunel has used the implementation of GDPR to strengthen our culture of privacy, for example, implementing policies and procedures to reduce human errors, actively monitoring data centre environment and maintaining it up-to-date. Moreover, we keep raising the awareness of privacy risks among our employees when handling personal data in different business processes ("IT and digital related risks" page 68). In 2019, we have reported two data breaches to the Dutch Data Protection Authority.

Strategic objective 3: achieving operational excellence

Strategic actions:

- Quality, speed and productivity; Digital roadmap

Brunel defines operational excellence as achieving deep commercial expertise, efficient business processes, increased productivity, improved customer responsiveness and cost minimisation throughout our organisation as a whole. To achieve this, we need motivated and committed employees. They must rely on an effective management system, a company-wide implemented business methodology and an evolving digital strategy.

Brunel has constructed a global infrastructure connecting all continents via regional hubs by sharing

financial and commercial resources. We continuously enhance existing IT systems to optimise efficiency and ensure standardisation around the globe. Our IT systems facilitate business development, account management, recruitment, finance and payrolling, financial reporting and consolidation. This infrastructure, combined with digital processes and tools enables us to improve the speed and quality of our services.

Brunel recognises digital technology as an important enabler for innovations. Digital transformation brings forth unmatched opportunities and capabilities for growth and value creation. Brunel has invested significantly in creating and fine-tuning digital capabilities. These capabilities vary from advanced sourcing solutions to online platforms to bring clients and candidates together.

To achieve our ambition of stakeholder satisfaction, Brunel has introduced "Be Better@Brunel" using the Lean approach as our business methodology, which promotes the flow of value to the customer through continuous improvement and respect for people. We see Lean as both a philosophy and a discipline that, at its core, increases access to information to ensure responsible decision making in the service of creating customer value. We are now at a stage to gradually implement these strategic actions globally and develop them further.

Associated risks and risk management 2019:

- Non-compliance risks page 70
- IT and digital risks 68

Performance outcome 2019:

- Region performance page 80
- Sustainable planet scorecard CSR booklet

Trends and opportunities 2020:

- New technology page 31
- Evolving regulatory landscape 31

Long-term value creation:

- Sustainability

Since 2019, we started executing our commitment to sustainable development through Brunel's Corporate Social Responsibility (CSR) Program. This program is led by the Brunel Foundation, a platform allowing Brunel colleagues to volunteer their time or donate to programs and initiatives with a CSR focus.

The Brunel Foundation has the mission to positively impact People and our Planet by helping create a better future for professionals and a better planet for future professionals. To enable this goal, the Brunel Foundation supports the UN sustainable development goals (SDGs) by helping future, young and senior professionals with autism increase their job opportunities. We are partnering globally with Specialisterne Foundation, an organisation aimed at helping neurodivergent people engage in meaningful employment. At a local level, numerous regions have organised CSR-oriented initiatives to generate local impact in the fields of a cleaner planet or more accessible labor market.

The Brunel Foundation also helps increase environmental consciousness and sustainability by

raising awareness for clean seas and Brunel's own CO2 footprint. Brunel initiated an internal sustainable planet scorecard to measure our own impact and identify where we can improve our local offices footprint. A first measurement on this was conducted in Q1 2019 and a second measurement in Q1 2020 showed improvement across all criteria of the scorecard, for example, we showed improved scores in reducing energy consumption and using green energy, reducing travel related CO2 emissions by increasingly making use of a green vehicle fleet, and increasing recycling collection. More information on the Brunel Foundation and our CSR program can be found in the booklet attached to this report.

Brunel's business and operations have a strong emphasis on people, which limits our direct link to environmental risks. However, we are aware that some of our clients operate in sectors with high environmental impact. Significant amount of our clients in these sectors are progressively positioning themselves for the energy transition. We support our clients to take a role in transitioning to a low-carbon world by delivering the right skills.

Brunel supports relevant UN SDGs based on two pillars: People & Planet

<p>People</p> <p>We support skilled future, young and senior professionals with a distance to the labour market</p>	 
<p>Planet</p> <p>We help increase environmental consciousness and sustainability by raising awareness for clean seas and our own CO2 footprint</p>	 

Risks, risk management and control systems

Strategic approach to risk management

The board of directors is responsible for the risk management associated with Brunel's strategy and activities. Following the global and regional steering model, Brunel entities are responsible for identifying and managing risks, supported by the regional financial control function and CFC department. The board of directors reviews the risk management framework and assesses company's top risks on a regular basis, followed by communicating and executing actions among different levels and functions within Brunel. The board of directors discusses annually Brunel's risk management framework and company risks with the audit committee, the supervisory board and the external independent auditor. Adequate risk management and internal control systems are present in all Brunel entities.

Brunel believes risk management is a value creating activity and aims at achieving long-term sustainable management of its business activities. The board of directors considers the ability to control strategic, operational, compliance, commercial, financial reporting and financial risks crucial for achieving our targets and safeguarding the continuity of the company. As the business contexts evolves, the board of directors reevaluate Brunel's risk appetite annually to align with strategy and re-assessed key risks that may impact the achievement of this strategy. In particular, we keep strengthening our fraud risk management while facing the global rapid increase of online business, payments and data breaches. Identified fraud attempts in our business include phishing email, impersonating, hacking, and diversion theft. The board of directors has implemented an incident reporting procedure and discussed this topic in depth during the

annual controllers meeting. IT security measures and other control measures (e.g. raising employee awareness) to minimise the fraud risk are key components in the updated Brunel IT strategy. During the annual financial controllers meeting, the risks of internal fraud have been discussed extensively, especially focused on internal controls required to prevent significant fraud.

Our risk management activities appeared insufficiently tailored to the new activities of Brunel Industry Services, especially regarding the execution risks of fixed price projects and the assessment of the high volatility of the shale oil and gas market, and did not prevent the significant losses resulting from these risks materialising. During this reporting cycle, the results of risk management activities led to the conclusion that Brunel did not encounter other failings in the effectiveness of the internal risk management and control systems.

The board of directors has not identified any material risk and uncertainties that are relevant to the expectation of Brunel's continuity for the period of twelve months after the preparation of this report.

Align risk appetite and strategy

The board of directors defines the risk appetite of Brunel, i.e. the level of risk that Brunel is willing to take in order to achieve its objectives, and sets the risk appetite by our strategy, code of conduct, company values, authority schedules and policies. The following risk categories fully align with Brunel's strategy, mission, vision and core values.

Our risk appetite differs by types of risks:

Risk category	Risk description	Risk appetite
Strategic risks (S)	Risks which affect or are created by Brunel's business strategy and could affect Brunel's long-term positioning and performance	Low - moderate
Operational risks (O)	Risks which affect Brunel's ability to execute its strategic plan	Low - moderate
Compliance risks (C)	Risks of non-compliance with laws, regulations, local standards, Brune's code of conduct	Zero tolerance
Financial and reporting risks (F)	Risks include areas such as financial reporting, valuation, currency, liquidity and impairment risks	Low

Tie risk management to strategy and performance

Since 2018, Brunel has implemented the revised guidance of COSO ERM – Integrating Strategy and Performance 2017, in order to integrate Brunel's risk management system further in the normal business processes and activities, including the mission, vision and core values. In the last reporting cycle, we followed the framework to improve our own practices in the following five interrelated aspects:

1. Governance and culture
2. Strategy and objective setting
3. Performance
4. Review and revision
5. Information communication and reporting

1. Governance and culture

Both governance and culture are crucial for effective enterprise risk management. For Brunel, as a company listed on the Amsterdam Stock Exchange, the primary references for good corporate governance are Dutch law, and the Dutch Corporate Governance Code. Brunel's risk management is part of the governance structure. This has resulted in a generally accepted code of conduct, whistleblower procedure, compliance training for new employees, and refresher courses for existing employees and training-on-the-job programmes.

Effectiveness and compliance with the code of conduct are essentially determined through:

- periodic activities carried out by internal control framework, for example, CFC's site visit to Brunel's operation entities
- reports received in accordance with the whistleblowing process

- checks forming part of the standard operating procedures, such as the contracting procedure

The results of those activities are reported to the CEO and CFO. The relevant corporate departments are notified of violations for follow up in line with relevant policies.

The board of directors is accountable and responsible for risk oversight and possesses the required skills, experience and business knowledge. Periodically the board of directors – together with a controller from CFC if required – visits the operating companies to facilitate complex decision-making, to control financial progress and to monitor realisation of the business objectives.

2. Strategy and objective setting

The board of director ensures Brunel’s risk management framework, strategy and objective-setting work together in the strategic planning process. In the strategy execution phase, the updated risk appetite statement serves as a basis for identifying, assessing, and responding to risk.

3. Performance

Brunel strives to identify all potential internal and external events that could affect the strategy execution. This risk identification process includes risks arising from changes in business context.

The board of directors takes regular discussion of key risks and risk assessment with Brunel Global Leadership Team, corporate and regional controllers and regional management. In addition, various CFC meetings, business review meetings and budget meetings with division leadership also contribute to assessing potential impact and occurrence likelihood of the identified risks. With this information, Brunel is able to determine how to manage its risks and select its risk responses such as avoiding, accepting, reducing and/or sharing the risks. The risks listed in this section are our main, material and company-specific risks. The set of actions that Brunel has developed aligns with our risk appetite.

4. Review and revision

The review and revision component focuses on monitoring risk management performance. Effective monitoring provides insight into the relationship between risk and performance. All Brunel divisions are subject to general policies, rules and procedures aimed at controlling our risks. The established policies, procedures, control and monitoring activities include but are not limited to the following:

Risk category	Risk management
Strategic risk	Strategy updates Annual business reviews
Operational risk	Uniform IT systems Contracting procedures Weekly KPI reporting Monthly management reporting Quarterly business reviews Site visits Insurances
Compliance risk	Reporting and disclosures Legal counselling Anti-bribery and corruption policy and training Training Contract approval policy and procedure Internal control via business control
Financial risk	Uniform IT systems Accounting and control manual Internal control via business control CFC department Monthly reporting Quarterly reviews Treasury Audit

Strategy updates: The board of directors reviews Brunel’s strategy periodically, at least every three years or when developments require a review of the strategy.

Annual business reviews: Brunel reviews all businesses at least annually during the budget cycle. Supported by the CFC department, all entities prepare their own budgets. The board of directors discuss with local management about their business strategy, budget planning and the main opportunities and threats for achieving the budget. After approval by the supervisory board, the budgets serve as a basis for setting local management targets. The board of directors maintains a list of key performance indicators that are relevant to execute Brunel’s strategy successfully.

Uniform IT systems: Brunel has established a globally centralised IT infrastructure and unified applications for key business processes across entities worldwide.

This global setup implies all commercial and compliance information is stored and accessible in one secured environment. Key business processes are connected through customised system interfaces and enable us to replace manual controls by automated controls. The IT organisation also places great emphasis on segregation of duties across all IT functions. This further enhances Brunel’s internal control system when manage third party related potential financial risks.

Contracting procedures: For each region, the appointed risk manager monitors the regional and local contracting procedures. The risk managers, who are usually with rich experience in contracting and compliance with tax laws, other legislation and client requirements, review all agreements or binding

offerings and then determine the risk factor. Risk depends on a number of factors such as margin, location, services and insurance requirements. Every high-risk contract has to be reviewed by the global commercial team (which includes corporate legal) and has to be approved by the global commercial director. The global commercial director reports to the board of directors on significant and high risk contracts at least on a monthly basis. The global commercial team meets annually to share knowledge with each other and discuss commercial related topics.

Reporting: Brunel has the following reports in place to maintain full insight in performance and strategy execution:

- weekly KPI reporting
- monthly management reporting, including all relevant commercial activities
- monthly financial reporting
- quarterly updated rolling forecasts
- non-financial KPI reporting

The board of directors reviews all reports regularly. At least each quarter the board of directors, supported by the CFC department, discusses these management reports with local management.

Insurances: Brunel has an insurance manual in place, including insurance policies in the fields of employment relationships, liabilities and business continuity.

Accounting and control manual: This manual includes, besides reporting policies, valuation principles and definitions:

- the main internal control activities
- authorisation rules
- procedures on tax compliance
- contracting procedures
- treasury procedures

Anti-bribery and corruption policy and training:

Brunel operates worldwide including in countries with medium to high bribery and corruption risks. It is our policy to conduct all of our business in an honest and ethical manner. We take a zero tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships and implementing and enforcing effective systems to counter bribery. Brunel is a full member of TRACE International and complies with global anti-corruption laws.

In Brunel's anti-bribery and corruption policy, we have identified the following particular inherent risks for our business: facilitation payments, gifts, hospitality, agents and enhanced commission. To address the particular risks, we have put in place procedures to mitigate identified risk, such as conducting due diligence on third parties, communicating and training policies and procedures on bribery and corruption. The board of directors communicates Brunel's culture of integrity to all individuals working at all levels regularly.

Individuals working at Brunel are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage by following the whistleblowing procedure. Brunel's misconduct reporting system is available worldwide, 24 hours a day, 365 days a year. Individuals can share their concerns anonymously and submit the information in multiple languages. Brunel is committed to protecting the privacy of everyone involved in the misconduct reporting process. Any personal data obtained as part of the procedure is protected by Brunel privacy policies.

90% of the total number of new starters worldwide completed integrity training on the policies and procedures during their induction programme. 97% of the total number of Brunel employees worldwide completed the integrity annual re-certification training.

Brunel identified no bribery and corruption incidents during 2019.

Monitoring: Monitoring the adequacy and effectiveness of internal risk management and control systems is an ongoing improvement process. The board of directors and local managers arrange monitoring activities periodically through frequent contact between the CFC department and local financial management, and weekly operational and monthly financial reports.

- Corporate Finance & Control (CFC)

CFC is a separate department consisting of controllers with auditing, controlling or consulting background. The department reports directly to the board of directors. Main activities include, amongst others, reviewing monthly reports of all entities, monitoring tax compliance and frequently visiting our

operating entities. During these visits, various relevant subjects such as accuracy of monthly reporting and compliance with policies and procedures are subject to verification. CFC visits all operating entities of Brunel at least once every two years and significant entities at least three times a year. In addition, CFC advises local management to improve their internal risk management and control systems. Led by CFC, Brunel has implemented a renewed and more comprehensive internal control framework. This framework proves to add value when it is used to spot opportunities and to standardise procedures. Moreover, it creates a basis for an internal audit department to test the operating effectiveness of controls.

- Internal audit

To strengthen the effectiveness of Brunel's internal control system and risk management framework, Brunel has implemented an independent internal audit function to provide objective assurance to the audit committee and senior management. This internal audit function adopts a risk-based approach to access and make recommendations on the effectiveness of the existing controls. In 2019, we appointed a new Head of Internal Audit. Due to the transition, the internal audit activities were at a lower level for a couple of months.

- External audit

The external independent auditor is responsible for auditing Brunel's annual financial statements. The auditor prepares findings in the form of management letters and reports them directly to the audit committee. The external independent auditor attends all the meetings of the audit committee. He also attends and is authorised to address the general meeting of shareholders.

Risk trends

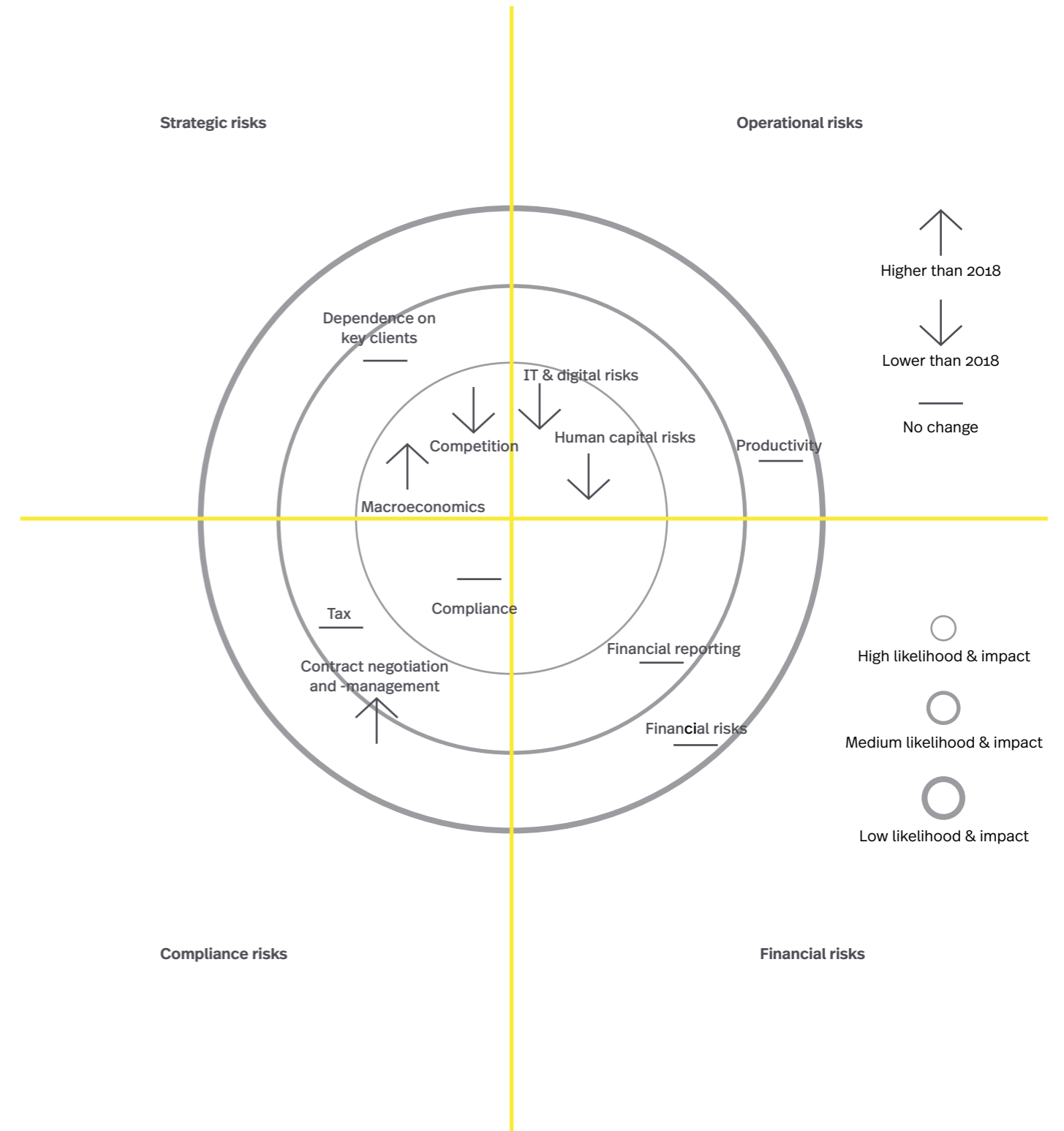
5. Information and communication

Communicating the internal risk management and control systems throughout the whole organisation is a continuous process. Effective communication also occurs in a broader sense, flowing up, down and across the organisation. Every year Brunel's financial community holds an international meeting, attended by the CFO, CFC department and all regional financial controllers, to discuss best practices and the latest developments in financial management and internal controls, and to implement action plans throughout the group.

Top risks and risk trends

In order to focus on effective controls of the current environment, Brunel assesses residual risk which is defined as the level of risk assuming existing responses operate according to design. The resulting impact could comprise a material direct or indirect adverse effect on Brunel's business, operations, volumes, financial condition, performance, reputation and/or other interests.

On page 59 we identify and discuss our top company-specific risks, the risk trends through 2019 and our risk response plan. The risks listed and the response plans are not exhaustive and may require adjustment from time to time.





Unfavourable macro-economic conditions / geopolitical situation – high likelihood & impact

Unfavourable macro-economic conditions and inability to deal with these conditions affect Brunel's business growth and margins negatively. Adverse and instable local economic, political and social conditions may result in lost sales, lost opportunities, increased costs, health and safety threat to our employees and increased risk of non-compliance. Historically Brunel has high dependency on the oil and gas industry, making us vulnerable to reduced capital expenditure spending in the sector.

Changing environmental policies or regulations could affect our clients in these sectors and therefore we are exposed to the potential risk of project delay or cancelation. The business in the Netherlands and DACH is highly dependent on the economic cycle. Key aspects:

- Dependency on countries – Brunel is dependent on the economic cycle and the geo-political situation of the countries where it is active.
- Dependency on industries – still a relative large share of Brunel's business depends on the oil and gas industry.

Mitigating measures	Application in 2019	Implementation in progress
Expand / monitor client base	Via annual Target Control programs in the Netherlands, Germany and Belgium, the entire sales organisation focuses on expanding our customer base and winning new clients. In 2019, other regions have implemented local sales competition under the umbrella name of Global Target Control to stimulate sales performance and employee engagement to achieve local goals.	Global Target Control 2020 Continue the target control tradition and introduce "+ 1" project – every employee finds 1 more client or 1 more project can lead to huge potential for global growth. As part of the reward program, global top performers will visit Amsterdam to celebrate Brunel's 45th anniversary.
Review locations	New Locations The board of directors and regional leaders are continuously exploring interesting viable business operations. New offices in Uzbekistan and Guyana are already up running. We are continuously reviewing the countries in which we do business and their geopolitical events, to assess whether we should continue to do business in these countries. Brunel is exploring new acquisition opportunities The board of directors owns the mergers and acquisitions strategic action and will evaluate opportunities based on the agreed criteria.	Increase Brunel's brand awareness Conduct research topics in the chosen verticals and regions to elevate Brunel's brand and help with international awareness. Planning focused on online client social media campaigns for the chosen verticals.

Mitigating measures	Application in 2019	Implementation in progress
Maintain flexibility in cost structure globally	Own employees versus contractors In order to minimise the downside risk of adverse economic conditions, Brunel manages the share of contractors versus own employees in our secondment business. As the margin on contractors is significantly lower, the right mix needs to be carefully managed. This is monitored via our monthly KPI reporting. This cost structure is also adopted in non-secondment business. Flexible contracts All starters (both internal and external employees) with Brunel receive a temporary contract first, and are offered a longer-term contract depending on their performance. Moreover, we use rental offices instead of buying them to maintain flexibility.	
Vertical approach	Diversification In 2019 all verticals – oil and gas, renewable energy, automotive, mining and infrastructure are active on a global level. The committed vertical leaders have drafted their vertical strategy and are in the process of building a knowledge base and network globally. We expect this vertical approach will help reduce our exposure to the oil and gas industry, whilst fully benefitting from recovery in oil and gas industry.	

Competition – high likelihood & impact

Actions of existing international and local competitors or new types of competitors on segments of Brunel could impair the organisation's competitive advantages and could negatively affect the financial performance. Key aspects:

- Margin pressure – intense competition puts pressure on our margins
- Service delivery – competition will try to match and beat our service quality
- Reputation – reputational damage for Brunel will drive our clients to the competition

Mitigating measures	Application in 2019	Implementation in progress
Innovation	<p>Further strengthening international sourcing capabilities</p> <p>Talent Acquisition Centres (TACs) in US, UK and Germany are fully up running. These capabilities help us and our clients to understand global talent trends. TACs are an effective tool to improve our recruitment methods and efficiency.</p>	<p>Increase focus on market intelligence</p> <p>A key driver of the recent merge of (Dutch) TAC team and marketing is the increasing business needs of market intelligence. With the combination of intelligent analytical tools and market knowledge, we expect to elevate Brunel's brand and market position further.</p>
Quality and efficiency	<p>Introduced "Lean" methodology and kicked-off "Be Better@Brunel" project</p> <p>Brunel has introduced "Lean" via Lean Yellow Belt, Green Belt classroom training and e-learning platform. Front running entities are adopting Lean methodology in their management approach and reorganisation plans. The global project "Be Better@Brunel" launched in Q3 2019 aims to implement lean thinking within Brunel. The first phase of this project aims to realise quick wins in end-to-end local processes improvements.</p> <p>Successful Navision upgrade</p> <p>We have successfully upgraded Navision (our ERP system) for Asia, Australia, Germany, the Netherlands and Middle East & India. The upgrade further improves our daily operations and effectiveness of control</p> <p>Further improvement on commercial management</p> <p>Commercial teams have been set-up per region and act as focal points of contact for any tenders that come out of their respective regions. Improved contract approval procedure, risk analysis and assessment process, and intercompany procedure are fully functional. In 2019, the bid management team in Brunel Netherlands also joined the global commercial network to share knowledge and improve commercial management.</p> <p>Embedded compliance culture into service quality upgrade</p> <p>We have upgraded our business processes, services with the latest (local and regional) compliance standards, and delivered to our clients and employees. This gives us a better proposition in the market to distinguish ourselves from competition.</p>	<p>Continuous improvement</p> <p>The quick win phase of "Be Better@Brunel" project will continue in 2020. We also expect to fully implement the lean philosophy (phase 2) throughout the whole organisation and realise more significant end-to-end global process improvement (phase 3) in the coming two years.</p>

Mitigating measures	Application in 2019	Implementation in progress
Strategic partnership	<p>Roll out Challenger Sale approach</p> <p>Brunel introduced Challenger Sale methodology to the global leadership team and key strategic account managers in Q3 2019. This sales methodology has a focus on improving the client's business by providing valuable insight that challenge the status quo.</p>	

Dependency on key clients – medium likelihood & impact

The ability to grow is highly dependent on key clients and their willingness to continue to do business with Brunel. Key aspects:

- Dependency on clients – since we have a few very large clients, the loss of one of these key accounts will damage our business.
- Complacency – in the past, a large part of our business had been “given” to us by our large accounts, creating a complacent culture. This might increase our dependency on key accounts.

Mitigating measures	Application in 2019	Implementation in progress
Expand/monitor client base	<p>Target Control</p> <p>Via annual Target Control programs in the Netherlands, Germany and Belgium, the sales organisation focuses on expanding our customer base and winning new clients. In 2019, other regions have implemented local sales competition under the umbrella name of Global Target Control to stimulate sales performance and employee engagement to achieve local financial and strategic targets.</p>	<p>Global Target Control 2020</p> <p>Continue the target control tradition and introduce “+ 1” project – every employee finds 1 more client or 1 more project can lead to huge potential for global growth. As part of the reward program, global top 80 performers will visit Amsterdam to celebrate Brunel’s 45th anniversary.</p> <p>Continuous improvement</p> <p>The quick win phase of “Be Better@Brunel” project will continue in 2020. We also expect to fully implement the lean philosophy (phase 2) throughout the whole organisation and realize more significant end-to-end global process improvement (phase 3) in the coming two years.</p> <p>Implement process KPIs</p> <p>To implement 5 KPIs – first time right, total days outstanding, lead -time, conversion ration recruitment, conversion ratio sales in order to monitor the results and effectiveness of our service delivery to customers.</p> <p>Increase Brunel’s brand awareness</p> <p>Conduct research topics in the chosen verticals and regions to elevate Brunel’s brand and help with international awareness</p> <p>Planning focused online client social media campaigns for the chosen verticals.</p>

Mitigating measures	Application in 2019	Implementation in progress
Quality and efficiency	<p>Embedded compliance culture into service quality upgrade</p> <p>We have updated our processes and services with the latest (local and regional) compliance requirements. This gives us a better proposition in the market to distinguish ourselves from competition.</p> <p>Introduced “Lean” methodology and kicked-off ‘Be Better@Brunel’ project</p> <p>Brunel has introduced “Lean” via Lean Yellow Belt, Green Belt classroom training and e-learning platform. Front running entities are adopting Lean methodology in their management approach and reorganisation plans. A global project of “Be Better@Brunel” is activated in Q3 2019 aims to implement lean thinking within Brunel. The first phase of this project aims to realise quick wins in end-to-end local processes improvements.</p> <p>Voice of customers</p> <p>Introduced Net Promotor Score as KPI for measuring customer (clients and contractors) satisfaction.</p>	
Adding customer value	<p>Added-value service</p> <p>We have demonstrated our capabilities in this area, amongst others, in our automotive testing centre in Germany.</p> <p>Improve customer loyalty</p> <p>Adding customer value by improving customer loyalty through increasing proactivity and project guidance. Focus globally on human approach and demonstrate passion for people. This directly affects contractors’ satisfaction.</p>	
KPIs	<p>KPIs steering</p> <p>The share of top 75 clients is included in our quarterly reporting. We monitor on an ad hoc basis the share of our key clients as a percentage of total revenue and other clients related non-financial KPIs.</p>	
Vertical approach	<p>In 2019 all verticals – oil and gas, renewable energy, automotive, mining and infrastructure are active on a global level. The committed vertical leaders have drafted their vertical strategy and are in the process of building a knowledge base and network globally. We expect this vertical approach will help reduce our exposure to the oil and gas industry, whilst fully benefitting from recovery in oil and gas industry.</p>	



Human capital risk – high likelihood & impact

The main risk is that we are unable to create successors for key personnel in (senior) management functions due to a lack of structural attention for succession planning, a small top management basis and the scarcity of qualified managers within the organisation. The scarcity of qualified internal staff could limit further growth as we are just able to manage the existing business. This risk category also includes the aspects of employee engagement, talent development, skills availability and turnover. The scope of the talent covers both internal employees and talented specialists. Key aspects:

- Retain and develop our key people
- Talent planning and development
- Knowledge sharing
- Employee engagement
- Skill availability and competence in house
- Internal employees and talented specialists
- Brand, reputation and positioning

Mitigating measures	Application in 2019	Implementation in progress
Talent planning and succession planning	<p>Training programs</p> <p>Programme in place: (local) induction programme, business school programme for executives, training programme for the sales organisation.</p> <p>Global Brunel Sales Academy</p> <p>The Sales Academy consists of base training, value focused engagement and challenger sale methodology depending on existing sales employees' experience upon joining. The Sales Academy support e-learning modules and classroom trainings, Dedicated trainers for Brunel Germany, Netherlands and the rest of the world are all in position.</p> <p>Specialist program and traineeship</p> <p>Within Brunel Netherlands, all business lines start the specialist programs and traineeship programs to offer young starters development opportunities to become subject matter experts.</p> <p>Succession planning</p> <p>Key management positions have identified their succession plans. Top 120 talent in scope.</p> <p>Bonus and option plan</p> <p>Brunel has a bonus plan for its entire indirect staff, where different programmes exist for both commercial and non-commercial staff. For key employees, Brunel also has a stock appreciation scheme.</p>	<p>Global induction program</p> <p>From 2020 the global induction program will be launched on Brunel's eLearning platform. This induction program will introduce new starters Brunel's strategy, culture and value and provide them necessary materials to understand Brunel's corporate policies, such as, the anti-bribery policy, whistleblower policy, data protection policy etc.</p> <p>BLDP group 2</p> <p>The second group of BLDP candidates will start their program from Q3 2020.</p> <p>Professional selection tools and processes</p> <p>Support management with the right tools, e.g. talent matrix, succession sheet etc. to identify, assess and develop talents and plan succession</p>

Mitigating measures	Application in 2019	Implementation in progress
Leadership Development	<p>Brunel Leadership Development Program (BLDP)</p> <p>The first group of BLDP candidates started their two- year international development program in early 2019. The program is carefully designed to encourage global collaboration and personal and professional growth through one-on-one coaching and group assignments.</p>	
Online assessment	<p>Roll out online assessment tool</p> <p>Introduced a cloud based and fully automated tool for measurement of personality, intelligence, career drives and learning agility. This tool is currently used to support development and selection processes on GLT and GLT -1 level globally. It is integrated into hiring and selection processes.</p>	
HR community	<p>Forming community</p> <p>The Global Head of HR supports regional and local HR managers and hosted the first Global HR annual meeting in Amsterdam in 2019.</p>	
Employee survey	<p>Global company survey 2019</p> <p>Annual employee survey used to collect employees satisfaction and their feedback on Brunel's strategy execution. The survey is anonymous and available in English and German. Based on the survey results, the regions create local action plans to address the issues identified from the survey results.</p>	
Internal communication	<p>Digital communication platform</p> <p>Launched CONNECT - a central platform where Brunel employees worldwide can start their day, interact and engage with colleagues, find relevant news and access all important documents – on any device. Most of the entities have also rolled out the digital communication platform, Microsoft Teams to enhance communication within the company.</p>	
Pro-active approach of future candidates	<p>Further strengthening international sourcing capabilities</p> <p>TACs in US, UK and Germany are fully up running. These capabilities help us and our clients to understand the global talent trends. TACs are an effective tool to improve our recruitment methods and efficiency.</p>	

IT and digital risks – high likelihood & impact

Information technology risks are abundant and increasing. Risks of cyber-attacks, phishing and other related fraudulent attempts, data fraud or theft, information mismanagement privacy and data protection are continuously increasing. The impact of any of those risks can have a severe reputational, financial and operational impact. This risk category also includes risks during digital transformation. Key aspects:

- Cyber and security risks
- Privacy and data protection – include risks of data breach and inappropriate handling of personal data
- Operations – include risks arising due to inadequate controls in the operating procedures
- Technology related risks – include scalability, compatibility and accuracy of the functionality of the implemented technology
- Resilience – risk of disruption in operations or unavailability of services, due to high dependency on tightly coupled technology

Mitigating measures	Application in 2019	Implementation in progress
Business continuity	Upgrade and implementation <ul style="list-style-type: none"> • Started the implementation of Epay time writing in Europe & Africa region and US. • Navision NL/DACH+CZ/BE upgrade to 2018 completed, Navision US/Asia/EU upgrade to 2016 completed • Website optimisations • Upgraded MyBrunel • Introduced the Business Intelligence dashboard – Power BI 	
Digital transformation	Digital officer <p>In Q4 2019, an experienced digital officer got on board to develop Brunel's digital strategy and enable the strategic focus shift from the internal business process to the external world of candidates and clients.</p>	

Mitigating measures	Application in 2019	Implementation in progress
Security, privacy and data protection	Actively detect cyber-attacks and upgrade security <ul style="list-style-type: none"> • Implemented a new security & compliance policy enabling employees to assign a sensitivity label to files and emails to further improve data protection • Penetration tests • E-learning on cyber risks to increase security awareness • Implemented global consent process to obtain candidate's consent and to store personal data in our IT system • Adopt cloud solutions • Office 365 implementation to replace office 2016 • Upgrade network to improve connectivity • Outsource infrastructure operations 	Upgrade and implementation <p>Continue system and security upgrade</p> Develop and implement digital strategy <ul style="list-style-type: none"> • All tools cloud based and up to date Workplace • Advanced sourcing solutions including AI (talent acquisition centre) • Platform 'Connect' • Client, contractor and candidate portals (through Pack intelligence) • Upgrade websites with SEO/SEA intelligence

Productivity – low likelihood & impact

This applies specifically to the secondment business in Europe, where employment contracts are based on contractual agreements with clients. Potential early termination of deployed employees can result in loss of productivity. In order to take corrective actions in a timely manner, we measure productivity on a daily basis and report it on a weekly basis.



Compliance – high likelihood & impact

Non-compliance with laws, regulations, and local standards (including tax) due to potential insufficient knowledge on the provisions of specific jurisdictions or due to provisions being open for interpretations resulting in penalties and / or reputational damage. To prevent financial and reputational damage, Brunel complies with various regulations on the following topics:

- Tax
- HR
- Legal
- Health and safety
- Anti-bribery and corruption
- Financial reporting

Contract negotiations & management – medium likelihood & impact

The potential of entering into burdensome, unenforceable or unfavourable contract terms or contracts that lack clear definition of business arrangements can result in non-compliance with contract terms and increased costs. Due to the focus on further growth and our expanding client base, the risk of entering in these contracts has increased. Key aspects:

- Margin – burdensome and unfavourable contracts might cause margin pressure
- Liabilities – burdensome and unfavourable contracts might cause margin pressure.
- Lack of strategic or insufficient client relationship management will cause deal sizes to go down while cost of new client acquisition is going up

Mitigating measures	Application in 2019	Implementation in progress
Increase and retain compliance knowledge	Provide regular trainings and update sessions to key personnel about changes in rules and regulations	Remain a compliance culture and a core value Brunel has always and will always maintain a strong corporate compliance culture, especially preventing illegal practices such as bribery and collusion in our industries and operation locations.
Monitoring of risks / internal control	Formalise internal audit function The Head of Internal Audit function is in place. Formalise and implement the (new) 3rd party due diligence procedure globally Brunel also has to comply with global and local legislation, according to which Brunel is responsible for the actions of its business partners, i.e. their agents, consultants, suppliers, joint-venture partners, or any individual or entity that has some form of business relationship with the Brunel organisation.	Client management to serve new and existing clients in more regions Brunel offers a diverse portfolio of services globally. Many of our multinational clients are expanding in new markets and expecting to receive “Brunel quality services”. We will use our strong local relationships to expand our service delivery to more regions and verticals.
Increase communication of business integrity	Communication and knowledge sharing This applies specifically to the secondment business in Europe, where employment contracts are based on contractual agreements with clients. Potential early termination of deployed employees can result in loss of productivity. In order to take corrective actions in a timely manner, we measure productivity on a daily basis and report it on a weekly basis.	
IT systems	Brunel International N.V. is ISO 270001 certified (whole company worldwide) Appoint CISO within Brunel Global IT who is responsible for Information Security Management System (ISMS), Management review, internal audits and external audits. ISMS is running through a cycle with continuous improvement as a result. Brunel can now prove that it is in control regarding information security risks. Regular upgrade of Navision and XRM to optimise and standardise our sales and finance processes. Appoint Data Protection Officer and manage Brunel GDPR compliance program and other global privacy regulations. Authorization matrix / security level creates higher level of information accuracy. Standardisation of IT system access rights based on employees business roles.	

Mitigating measures	Application in 2019	Implementation in progress
Commercial team	Further improvement on commercial management Commercial teams have been set up per region and act as focal points of contact for any tenders (FFI / RFP / RFQ and any new or amended client contracts) that come out of their respective regions. Improved contract approval procedure, risk analysis and assessment process, and intercompany procedure are fully functional. In 2019, the Bid Management team in Brunel Netherlands also joined the global commercial network to further share knowledge and improve commercial management.	
Awareness	Improve awareness of client contract creation • In sales operations and finance departments • Among different regions (for global contracts) • Standardisation of contract templates Contracts obligations management Improve visibility and control (fulfilment, expirations, renewals, key events tracking.)	



Tax – medium likelihood & impact

Brunel operates globally and is therefore exposed to various jurisdictions and complex tax systems. Considering the type of business, taxation is a large part of our costs. As compliance is one of the most important parts of our service, tax compliance is therefore one of the major business risks within Brunel. Depending on jurisdictions, tax rules as well as interpretations can be subject to changes, which can expose Brunel to additional tax costs. Key aspects:

- Additional cost
- Reputation damage

Mitigating measures	Application in 2019	Implementation in progress
Formal procedures and monitoring systems around tax compliance	<p>Updated procedures are accessible by all local offices. Depending on the sort of taxation, monitoring takes place by the commercial team, the payroll team and regional finance departments.</p> <p>CFC reviews all tax positions on a monthly basis and handles all tax regulation with a worldwide coverage.</p> <p>All new tax matters are reported to the CFO directly.</p>	<p>The group has a very basic structure of transfer pricing services. These services are limited to management, legal and administrative support and IT support. All of these services are part of the normal business functionalities within a global entity and are recharged based on usage. Brunel has not structured the organisation to achieve tax advantages.</p> <p>It is important for regional financial controllers to understand any differences between the local reporting method and the IFRS reporting method in order to ensure the proper treatment for tax reporting purposes. Generating awareness and ensuring understanding the nuances between the different book methods, e.g. via training, enhanced internal communication, will become more important in the coming years to improve our tax risk management.</p> <p>Other risk mitigating measures also include, for example, implementing a central online document storage solution to digitise tax files. This aims to enhance internal control on the local tax filing processes and ensure accurate process execution in a timely manner.</p>
Engage reputable tax advisors	<p>We have seen changes in tax laws and interpretations especially in developing countries we operate. The attitude of local tax authorities has become more opportunistic or even aggressive. This manifests itself in unexpected tax claims, a disproportionate amount of tax audits, and a tax authority that is not open to resolving disputes without going to court.</p> <p>To minimise these tax risks, we have engaged reputable tax advisors to ensure compliance.</p>	
Training	<p>Encourage relevant employees to take tax compliance trainings and seminars to keep Brunel's local knowledge up-to-date.</p>	

Financial reporting – medium likelihood & impact

The main measure to control the quality of the financial reporting, and prevent unintentional or intentional errors is internal control. Brunel continuously standardises and uniforms processes and procedures. As a result, more group wide controls are in place, as well as sharing of best practices. We are also monitoring the market trends to be able to respond quickly to changes in the control environment. Our financial consolidation application enables us to interface data directly from the source and get insights in the financials of our operations.

Financial risks – low likelihood & impact

Brunel has always had exceptionally high solvency rates. The company does not use any long-term credit lines and boosts favourable liquidity positions and bank facilities that accommodate the day-to-day management of the working capital. Our strong balance sheet is a competitive advantage.

Brunel is a solid partner in business and our assets include a limited amount of goodwill. As a result, impairment risks and the associated deterioration of the solvency level are unlikely. Brunel's most important financial assets are its account receivables, spread over more than two thousand clients. Despite internal procedures, uncollectible debts cannot be ruled out. However, the risk of a material erosion of operating profit is very small.

Brunel does incur currency risks. The main currency risk is the translation risks in connection with our accounts receivable positions and foreign participations. In the ordinary course of business, revenues and expenses are mostly denominated in the same currency, which helps to reduce the impact of exchange rate fluctuations. However, some (developing) countries have implemented mandatory use of local currencies to protect their economies. This can increase our currency risk due to the international nature of our clients and contractors.

Further information is included in on pages 114 of the annual accounts.

Corporate governance

Brunel International N.V.'s understanding of corporate governance is based on applicable laws, the rules and regulations applicable to companies listed on the NYSE Euronext Amsterdam stock exchange and the Dutch corporate governance code (the "Code"). The Code contains principles and best practices on the governance of listed companies and their accountability to their shareholders on this topic. The full text of the Code is available on www.mccg.nl.

Compliance and continuation

This chapter describes the principal aspects of Brunel's corporate governance structure and how the Code is applied. If applicable, explanations for deviating from the Code's best practice stipulations are provided.

The board of directors and supervisory board are responsible for maintaining the corporate governance structure and for ensuring compliance with that structure. They render joint account on these issues to the general meeting of shareholders.

The supervisory board and board of directors' regulations are published on the company's website. The key aspects of Brunel's corporate governance structure and compliance with the Code will be submitted for discussion at the 2020 annual general meeting.

The corporate governance structure at Brunel and the deviations from the Code are based on current conditions and views within Brunel. Conditions may change which may lead to adjustments in the structure and in the way in which Brunel complies with the Code. Every substantial change to the corporate governance structure of the company will be submitted to the general meeting of shareholders for discussion on a separate agenda item.

Brunel's view and strategy on the central feature of long-term value creation and the realisation thereof, are explained in the report of the board of directors. The board of directors' report also describes the company's risk appetite and the integration of risk management and internal control systems into the work processes.

Diversity

Brunel aims for a balanced distribution of seats in the supervisory board and the board of directors, with at least 30% of the seats occupied by women and at least 30% by men. Currently 25% of the seats in the supervisory board is occupied by a female.

The supervisory board is of the opinion that gender is only one element of diversity, and that experience, background, knowledge, skills and insight are equally important and relevant criteria in selecting new members. At the same time, the supervisory board believes that also the team dynamics and the specific structure of Brunel should be taken into consideration.

Brunel considers diversity in age and nationality inappropriate for the formulation of a specific objective. However, Brunel acknowledges that experience and wisdom come with the years and that young people have the most potential when it comes to being open to new developments.

Against this background, the main priority is always to recommend, nominate and appoint the most suitable candidate for the position. With this in mind, Brunel strives gradually for a mixed composition of the supervisory board and the board of directors on the aspects of diversity that are relevant to the company.

Board of directors

Tasked with the management of the company, the board of directors is responsible for setting Brunel's mission, vision, strategy and focus on long-term value creation; execution of its implementation; taking responsibility for Brunel's overall results, and addressing corporate responsibility issues. The board of directors operates in accordance with the interests of Brunel and is to that end required to consider all appropriate interests associated with the company. The board of directors is responsible for complying with all relevant primary and secondary legislation, the risk profile associated with the strategy, the corporate responsibility issues relevant to the company, its financing, and its external communications. The board of directors is required to report developments on the abovementioned subjects to, and discuss the internal risk management and control systems with, Brunel's supervisory board and its audit committee.

Supervisory board

Brunel's articles of association determine that the supervisory board consists of a minimum of three members. The supervisory board determines the number of its members.

The supervisory board is charged with supervising the board of directors and the general course of affairs of Brunel, as well as advising the board of directors. The supervisory board evaluates the corporate structure and the control mechanisms established by the board of directors. In performing its duties the supervisory board takes into account the relevant interest of the company's stakeholders, and, to that end, consider all appropriate interests associated with the company.

Members of the supervisory board perform their duties without mandate and independent of any particular interest in the business of the company. The supervisory board is responsible for the quality of its own performance and for this purpose annually reviews its performance. The responsibility for proper performance of its duties is vested in the supervisory board as a whole.

Brunel ensures that there are structured reporting lines to the supervisory board. The audit committee assists the supervisory board in fulfilling its supervisory responsibilities for the integrity of the financial reporting process, the system of internal business controls and risk management, the external audit process, the external auditor's qualifications, independence and performance.

The chairman of the supervisory board ensures the proper functioning of the board and its committees and acts on behalf of the supervisory board as the main contact for the board of directors. The vice-chairman replaces the chairman when required and acts as contact for the other board members concerning the functioning of the chairman. The supervisory board regulations and the resignation schedule are posted on the company's website, www.brunelinternational.net.

Structure and shares

The authorised capital of Brunel International N.V. is EUR 5,998,000 divided into 199,600,000 ordinary shares and one priority share. The par value of the ordinary shares is EUR 0.03 each. On 31 December 2019 the number of outstanding shares was 50,574,624.

Priority share

The priority share, which has a par value of EUR 10,000, has been issued to Stichting Prioriteit Brunel, subject to the condition precedent that the majority shareholder loses its majority share in Brunel's share capital. The priority share will be fully paid up as soon as the issue becomes unconditional.

The protective stipulations are included in the articles of association of Brunel and are posted on the company's website.

Major shareholder

According to The Netherlands Authority for the Financial Markets (AFM) register on notification of substantial holdings, Brunel founder Mr J. Brand directly or indirectly holds a capital interest of approximately 58.56%, with corresponding voting rights.

Annual General Meeting of Shareholders

Brunel is required to hold an annual general meeting of shareholders within six months after the end of the financial year in order to, among other things, adopt the annual accounts and to decide on any proposal concerning dividends. Further to Dutch law, the release from liability of the members of the board of directors and release from the liability of supervisory board members for the performance of their respective duties during the financial year are also agenda items for this meeting.

Voting rights

Each shareholder has the right to attend general meetings of shareholders, either in person or by written or electronic proxy, to address the meeting and to exercise voting rights, subject to the provisions of Brunel's articles of association. An eligible shareholder has the aforementioned rights if registered as shareholder on the applicable record date as set by the board of directors.

Each of the shares in Brunel's share capital carries the right to cast one vote. Unless otherwise required by Dutch law or Brunel's articles of association, resolutions are passed by a simple majority of votes cast by the shareholders present or represented at the meeting.

Auditor

On 16 May 2019 the annual general meeting of shareholders charged the external auditor with the task of auditing Brunel's annual accounts.

Delegation

On 16 May 2019 the general meeting of shareholders authorised the board of directors for a period of 18 months to issue (rights) to shares and to restrict or exclude shareholders' preemption rights, with due observance of the law and articles of association (which require the approval of the supervisory board). The authorisation is limited to 5% of Brunel's issued share capital, as at the date of issue.

A new authorisation will be submitted for approval to the annual general meeting of shareholders of 14 May 2020.

On 14 May 2019 the annual general meeting of shareholders also authorised the board of directors for a period of 18 months to acquire own shares with due observance of the law and the articles of association (which require the approval of the supervisory board) to the maximum of 10% of the issued share capital of Brunel, by means of stock market purchases or in any other way, at prices lying within the bandwidth of 10% above and 10% below the Euronext Amsterdam opening price for the company's shares on the day of the purchase, or, in default thereof, the most recent prices registered. A new authorisation will be submitted for approval to the annual general meeting of shareholders of 14 May 2020.

Amendment to the articles of association

Amendment to Brunel's articles of association can take place upon a proposal of the board of directors approved by the supervisory board and adopted by the general meeting of shareholders. A proposal to amend the articles of association must be stated in a notice convening a general meeting of shareholders. The proposal shall be passed upon an absolute majority of the votes cast in the general meeting of shareholders.

Governance statement

The corporate governance statement can be found on the company's website www.brunelinternational.net.

Deviations from the Dutch corporate governance code

Best practice provision 2.2.2

After having reached the maximum term of appointment to the supervisory board, Mr Schouwenaar was reappointed for extra terms in 2013, 2015, and 2017. In order to secure continuity and effective succession within the supervisory board the general meeting of shareholders reappointed Mr Schouwenaar at 16 May 2019 for an additional term of two years.

Best practice provision 4.2.3

Information for analysts, shareholders, the press and other parties in the financial markets is provided in accordance with the relevant recommendations in the Code. However, Brunel does not entirely comply with the public nature of meetings, for example through transmission on the internet, as we believe this implies a disproportionate burden for our organisation.

Best practice provision 4.3.3

In 2005, the general meeting of shareholders decided to discontinue the adoption of the rules applicable to the full two-tier board structure ("structuurregime"). The supervisory board was granted the right to submit a binding nomination in the case of the appointment of directors and supervisory directors. In deviation from best practice provision 4.3.3. such nomination may only be rejected by the general meeting of shareholders by means of a two-thirds majority of votes cast, representing more than half the issued capital. These criteria were prescribed as the supervisory board considered it necessary, in light of Brunel's specific circumstances, to ensure that its position is as strong as possible in the current structure.

Performance

Brunel International

2019 was an exciting but difficult year. Exciting because we have seen most regions grow and win projects, also the regions that were most affected by the downturn in oil and gas. Difficult because we had to decide to stop activities at Brunel Industrial Services (BIS) following losses on a lump sum project and the market for shale oil and gas experiencing a slowdown with changing clients' behaviour in their contracting model from time & material to fixed pricing. As a consequence, our BIS-activities in Q3 were at a very low level, causing a disbalance with our organisational capacity and resulting in significant operational losses. Our revenue increased to EUR 1.041 million in 2019, a growth of 14%.

The gross margin decreased from 22.8% to 20.1% partly because of the losses in BIS. Excluding the effect of BIS the margin decreased from 23.0% to 22.0%, caused by the lower margin in the Netherlands and the change in mix between our business in Europe and other parts of the world. The overhead expenses increased by 10%, excluding BIS the increase is 6%.

As a result, the EBIT for 2019 amounts to EUR 17.4 million, excluding BIS the EBIT amounts to EUR 39.6 million. The normalised EBIT increased by 10%. This increased profitability, especially at a lower gross margin shows the first results of our efforts to make the organisation more efficient. In 2020 we will further increase our operational leverage to come to a structurally higher profitability. Earnings per share (EPS) decreased by 80% to € 0.08. EPS excluding BIS increased by 5% to € 0.43.

The effective tax rate for 2019 ended at 99.2%, mainly because of the losses in the US and the impairment of deferred tax assets in the US.

The direct headcount decreased from 12,942 at 31 December 2018 to 11,352 at 31 December 2019. This decrease is mainly driven by the completion of large projects in the region of Middle East & India where Brunel provided blue collar workers. The indirect headcount remained stable at 1,596. For 2020 we expect continued growth in most of the regions.

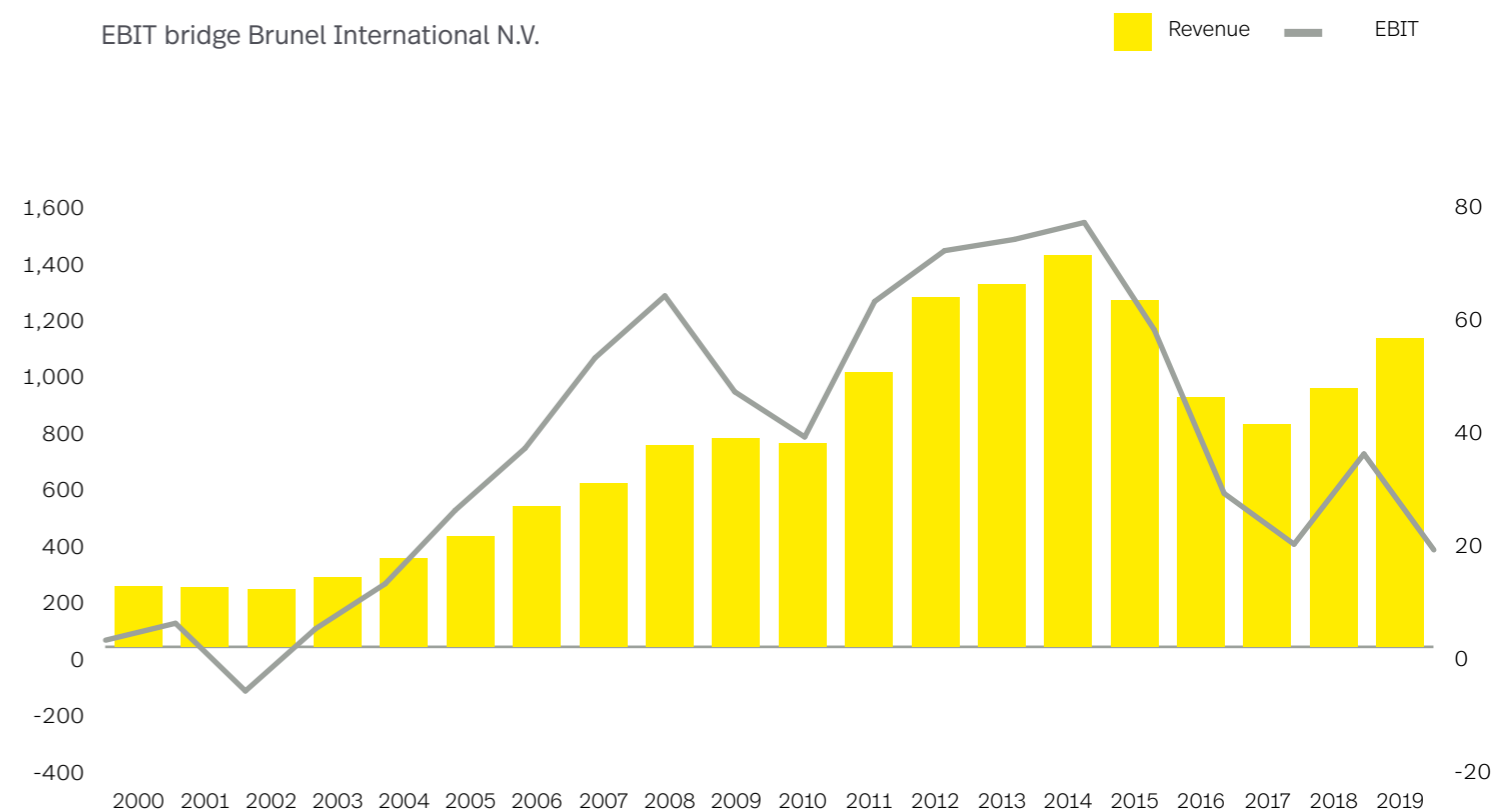
Balance sheet

Working capital decreased by 9%, mainly as a result of the termination of the activities of BIS. The average days outstanding increased by 1%, adjusted for BIS the average days outstanding decreased by 3%.

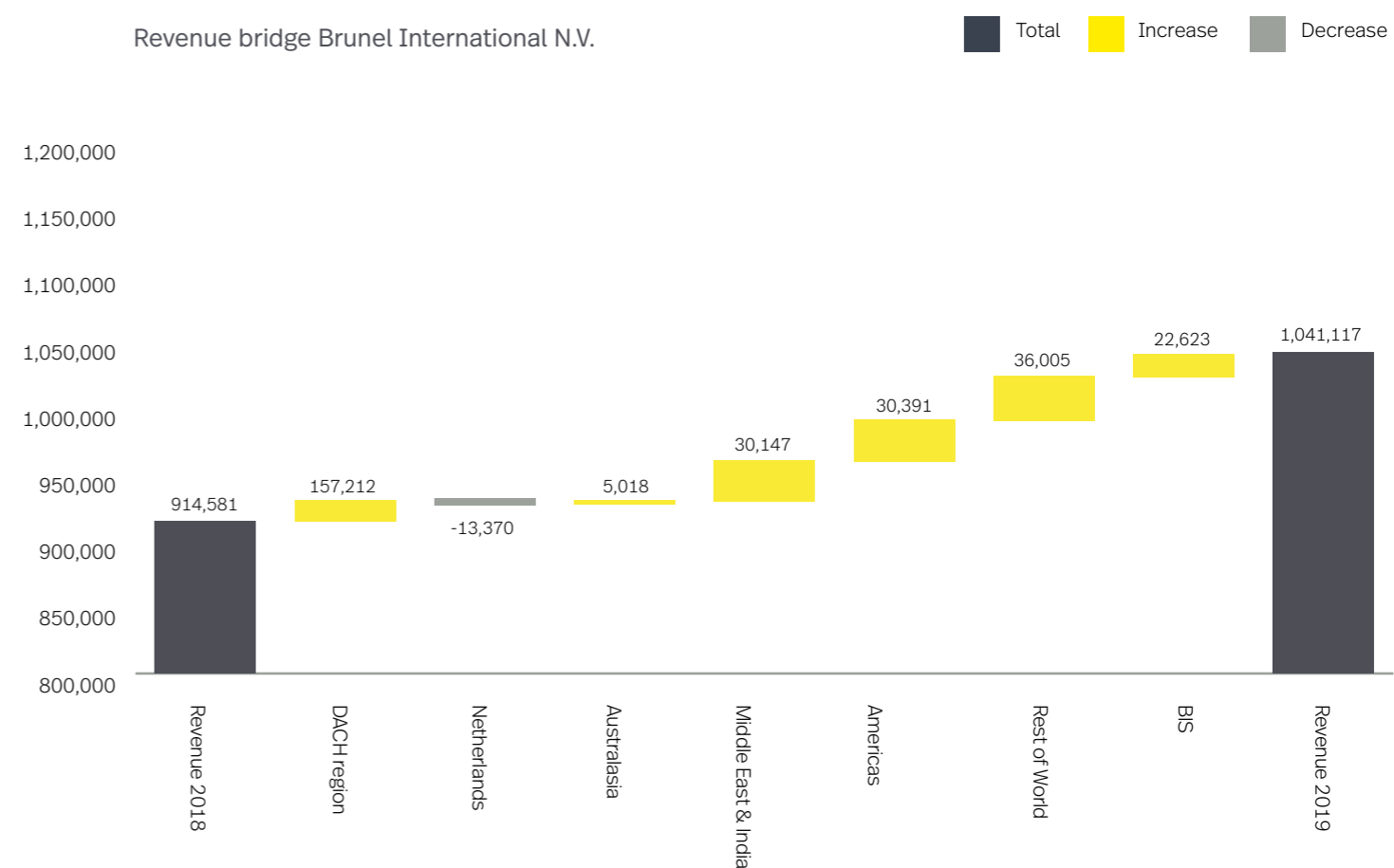
Goodwill and acquisition related intangibles decreased by EUR 0.4 million due to amortisation and exchange results.

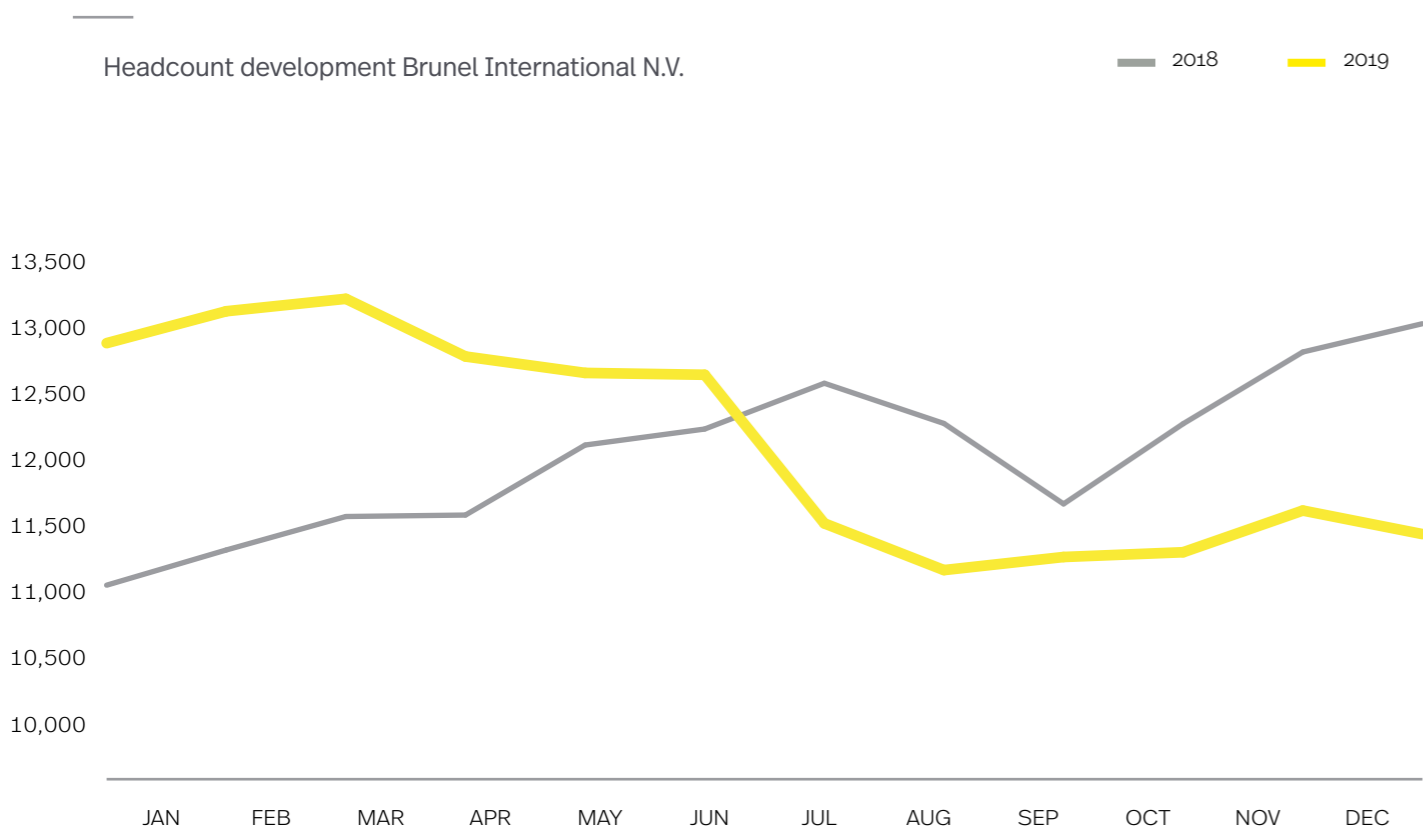
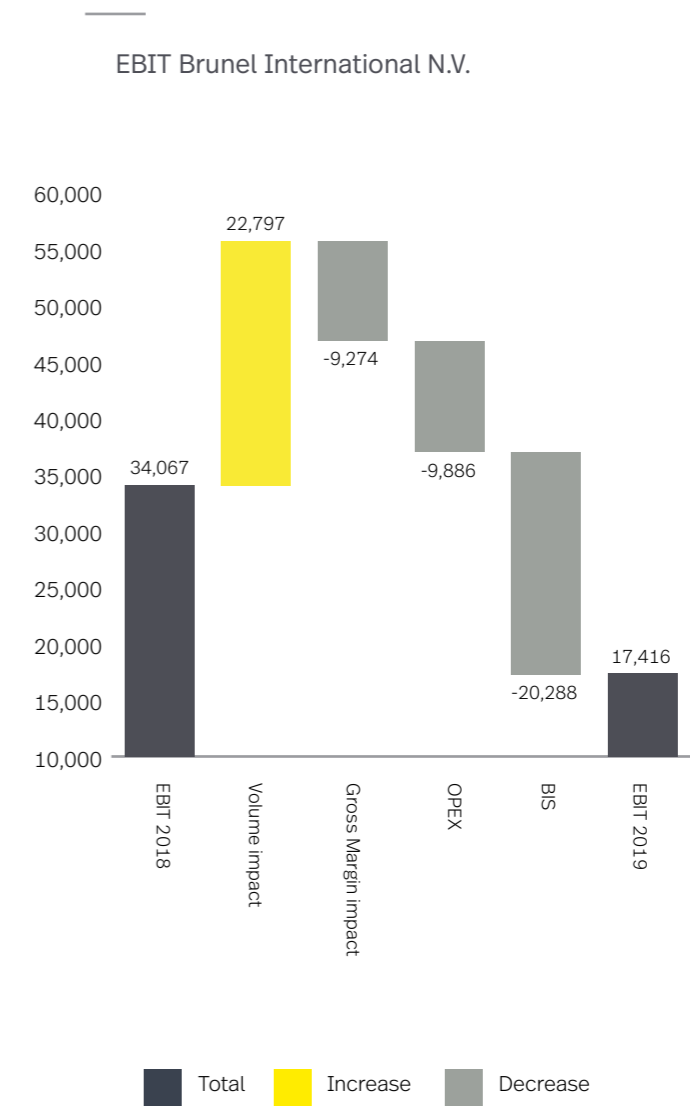
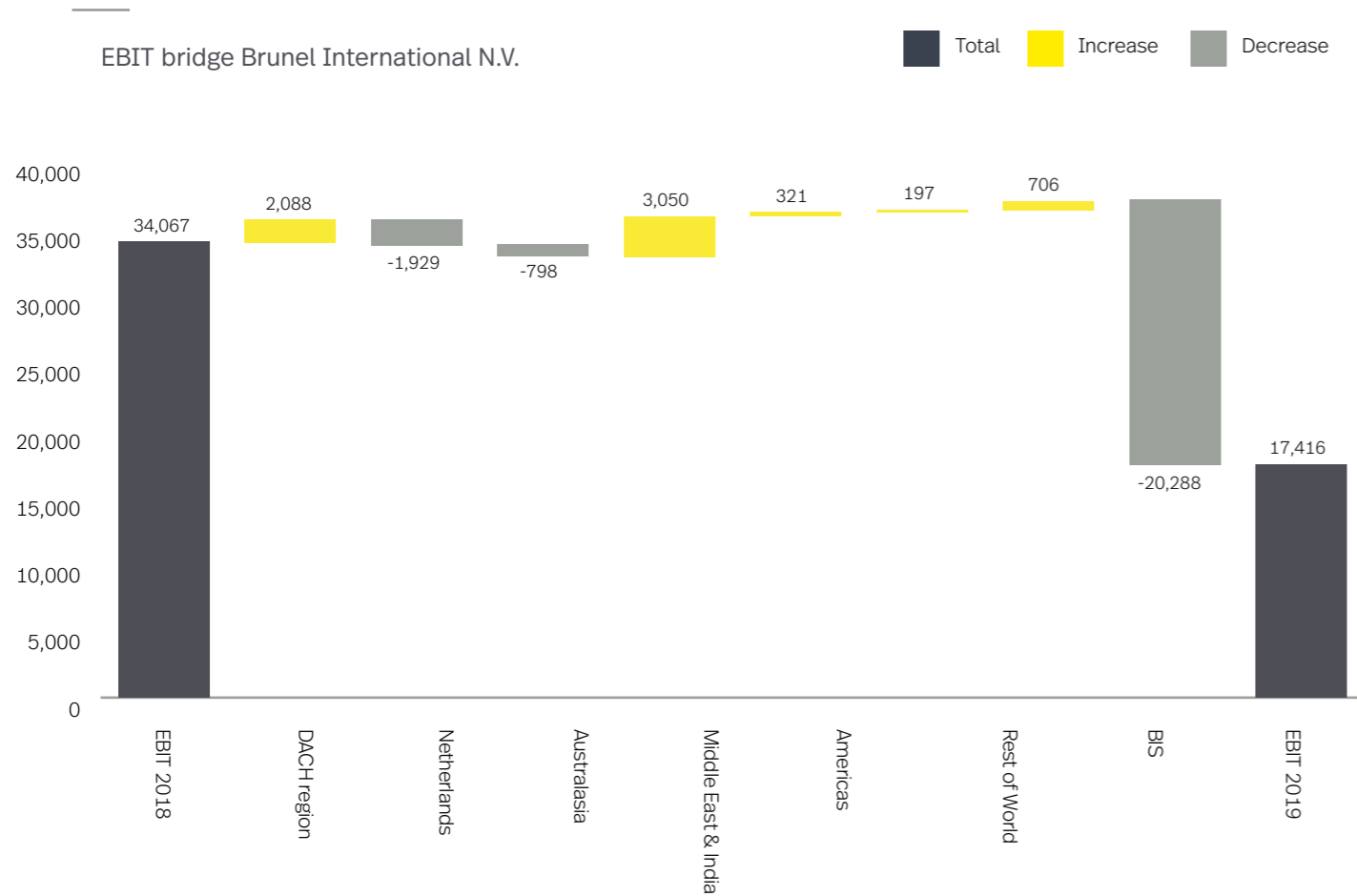
IFRS 16, the new accounting standard for leases, became effective in 2019. The non-current assets increased by EUR 53.5 million and the non-current and current liabilities increased with EUR 35.2 million and 19.1 million respectively. Other investments will be at a similar level as in 2019. Brunel uses no external financing and does not expect to use it in 2020.

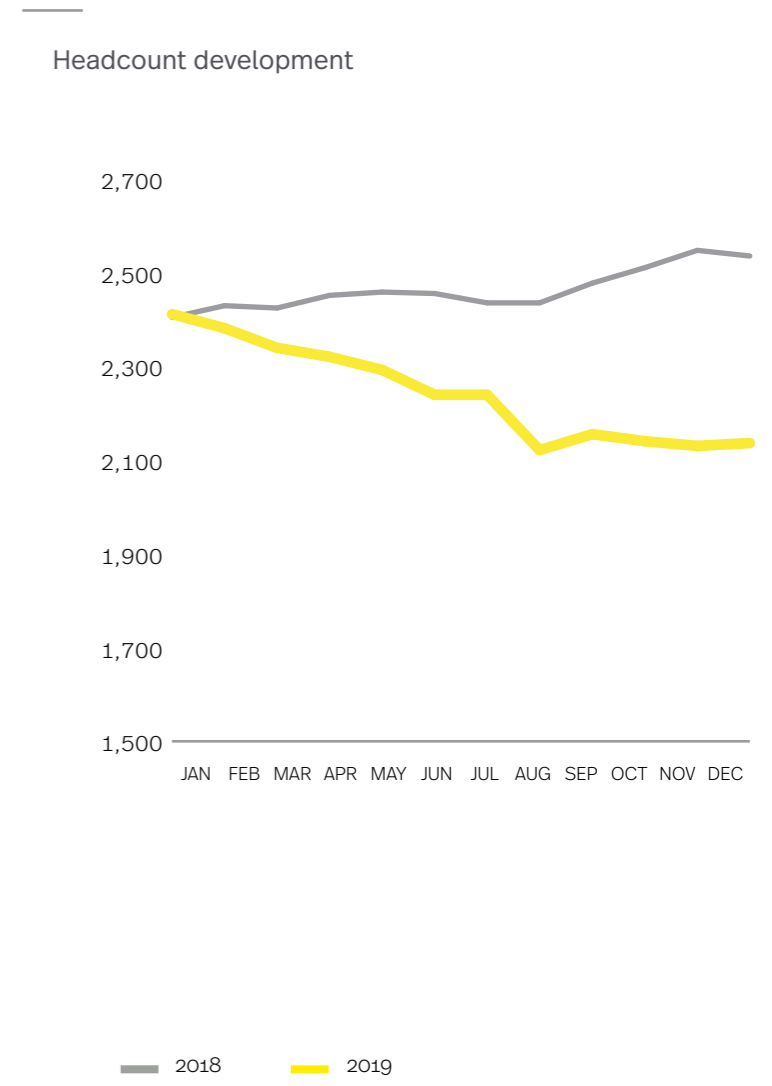
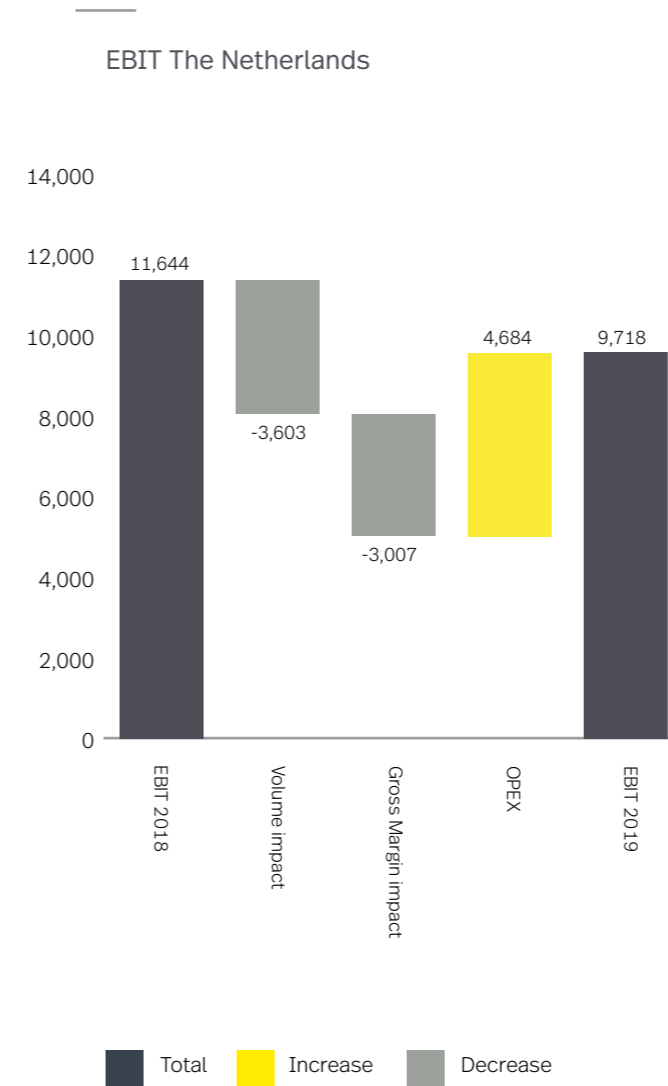
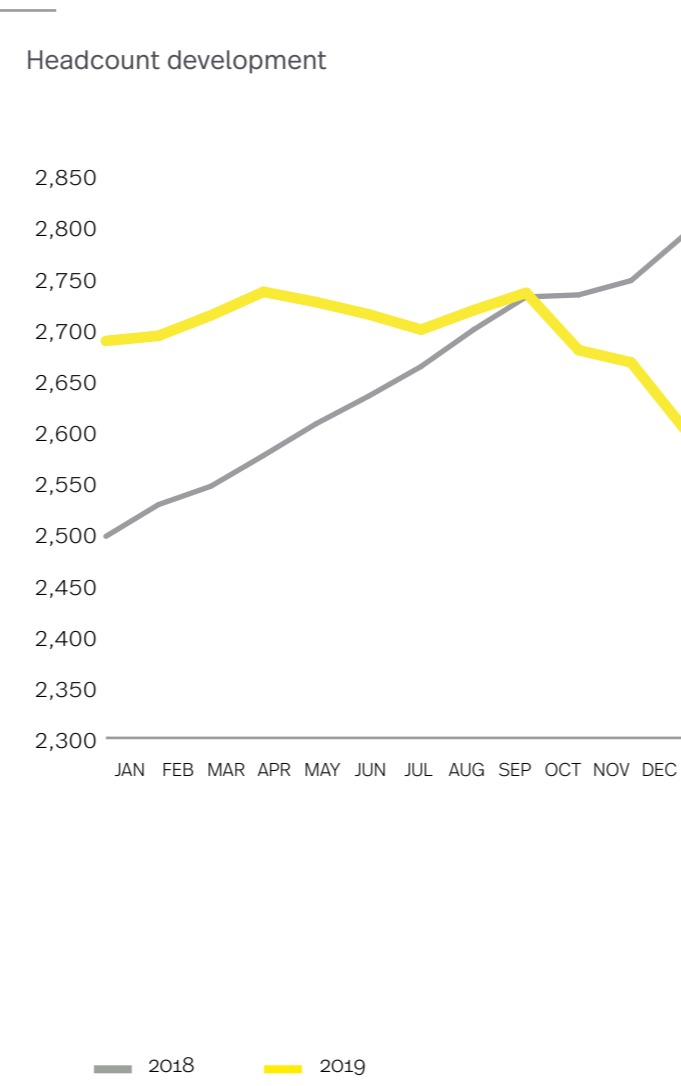
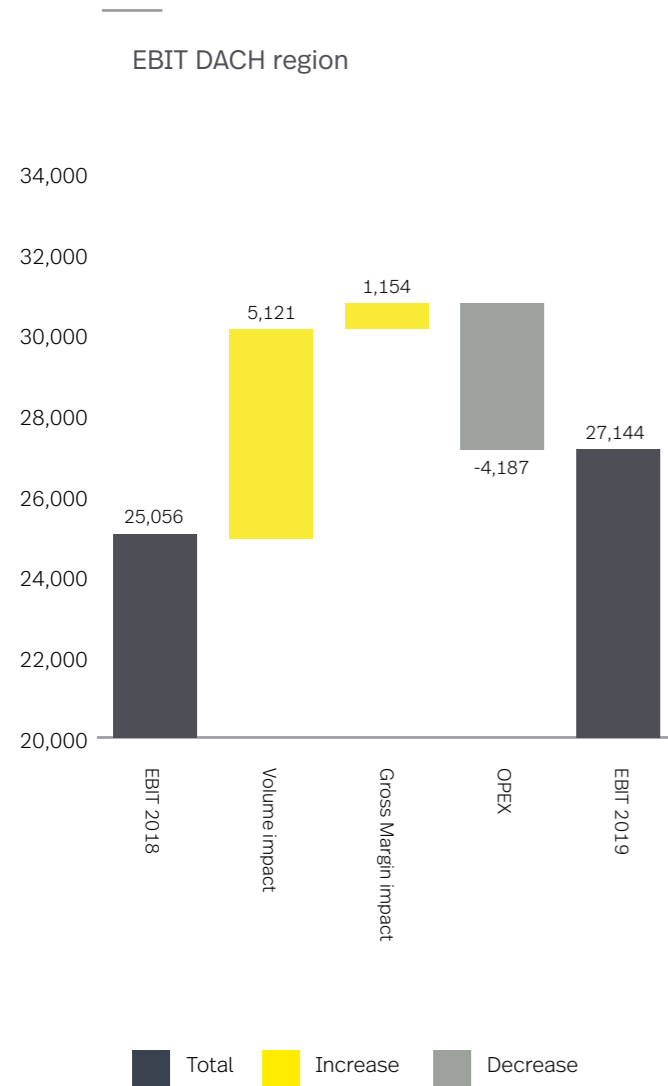
EBIT bridge Brunel International N.V.



Revenue bridge Brunel International N.V.







DACH region

This region includes Germany with both its secondment and project business, Switzerland, Austria and Czech Republic. Our organisation in Germany has again, proven to be able to quickly and professionally adjust to changes in the market. In 2018, they dealt with implementation of the equal pay regulations. This year they managed through the downturn in the automotive industry. Through diversification into related fields, still with a clear engineering profile, the DACH region managed to stabilise its growth. Revenue growth is 6% in 2019. The gross profit increased from 32.1% in 2018 to 32.6% in 2019.

Operating expenses increased by 7%, mainly due to further investments in the sales force to support continued growth. As a result, the EBIT increased by 8% to EUR 27.1 million.

Outlook

Where the growth stabilised in 2019 we expect a slight decrease in revenue and profitability following the downturn in the automotive industry. We maintain our diversification strategy to counterbalance the trends in the automotive sector.

The Netherlands

The Netherlands had a challenging year. Revenue decreased by 6% as a result of scarcity in specialized IT and engineering talent and clients actively taking over our professionals.

Despite an additional working day in 2019, the gross margin decreased from 28.3% in 2018 to 26.9% in 2019. This is mainly the result of a higher bench.

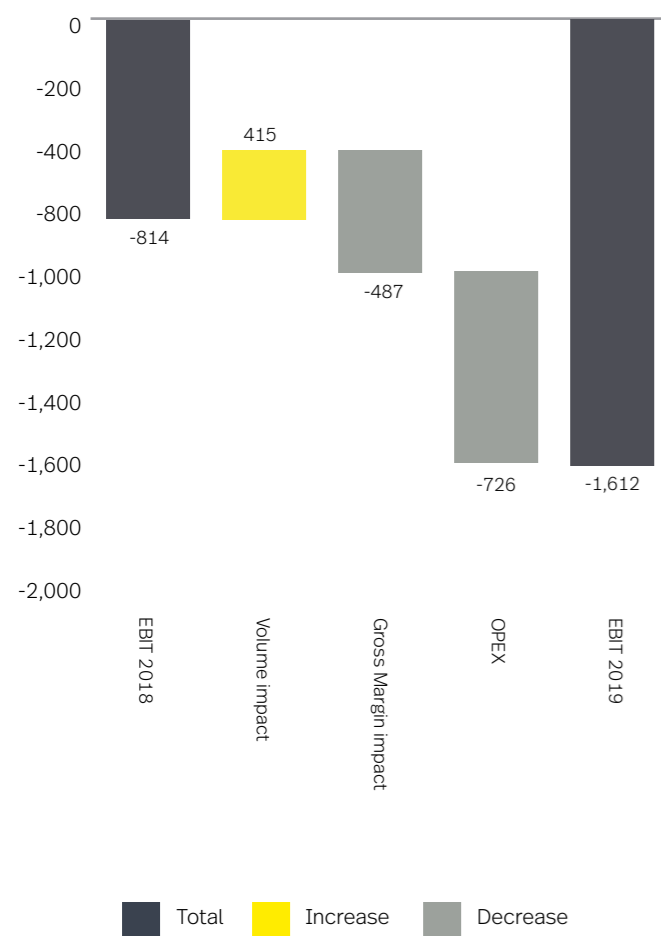
Operating expenses decreased by 9%, mainly due to costs for pilots in new markets that have been concluded in Q4 2018. In 2019, our organisation in

the Netherlands entered a transformation to align with the current business climate in the Netherlands. With this transformation we have lowered our running cost base, while maintaining capabilities to support strong growth.

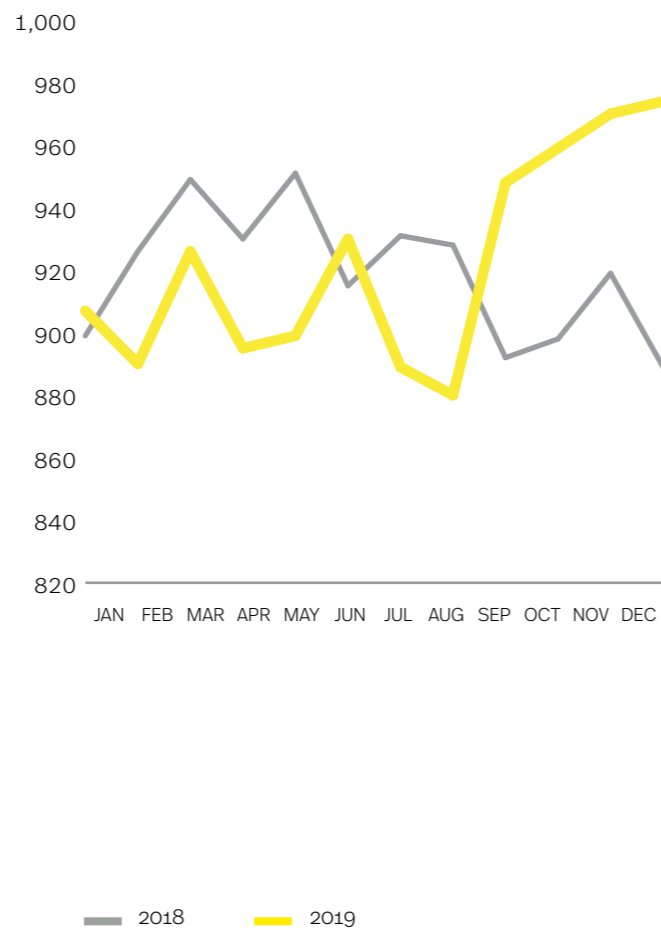
Outlook

We expect another difficult year for the Netherlands, the labour market remains very tight and competitive. With the measures taken in 2019, we do expect an increase in profitability.

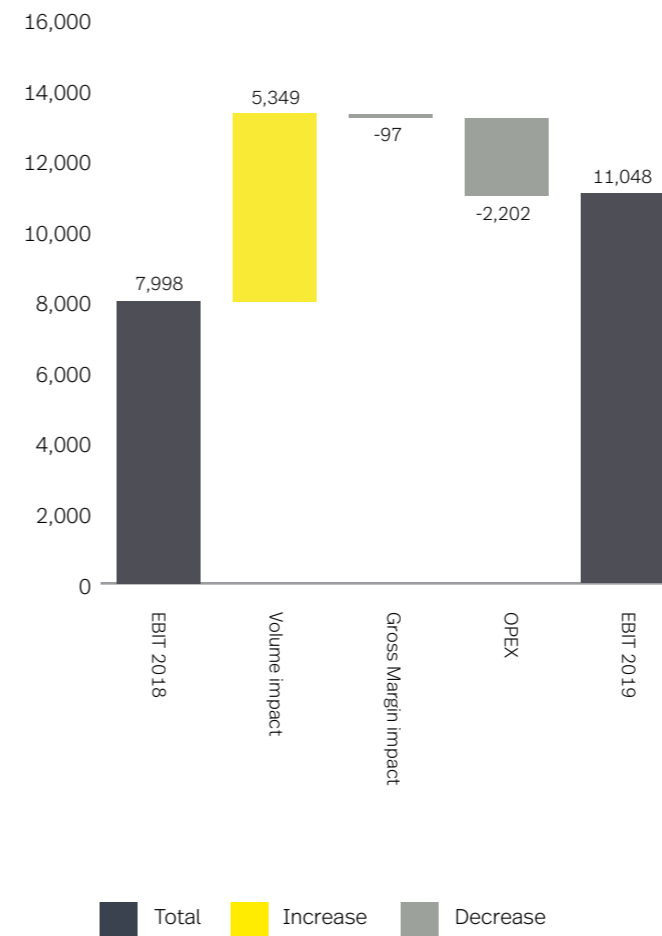
EBIT Australasia



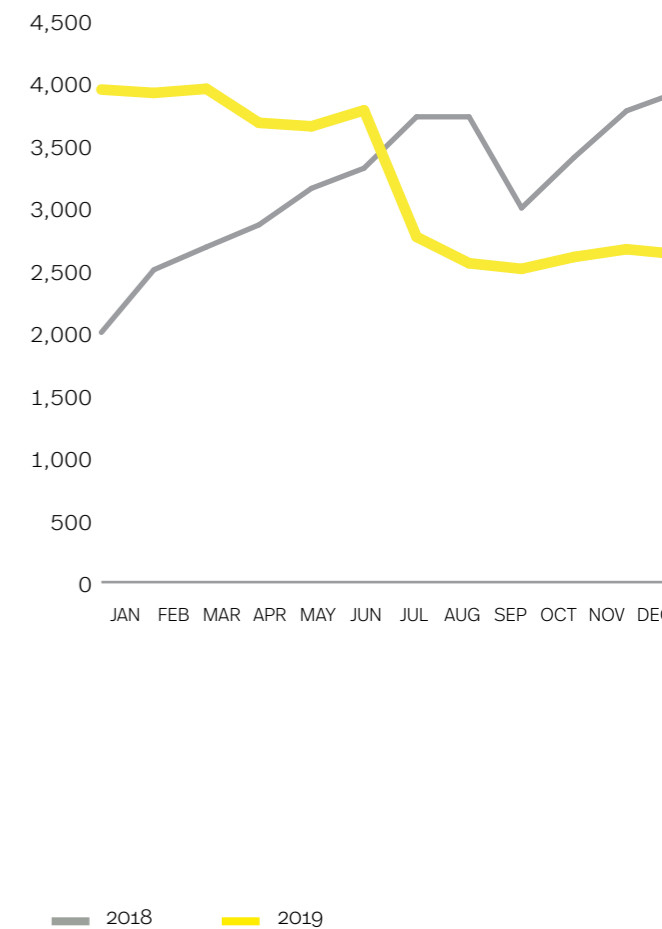
Headcount development



EBIT Middle East & India



Headcount development



Australasia

This region includes Australia, New Zealand and Papua New Guinea. Revenue grew by 4%, mainly driven by our oil and gas business in Papua New Guinea and Australia. Our mining business was affected by bad weather and floods in the first half of 2019 and a highly competitive environment in the mining sector.

Operating costs increased by 7%, mainly due to investments in our organisation to prepare for upcoming projects.

Outlook

We expect to be able to achieve moderate growth in 2020 and return to profitability in the course the year.

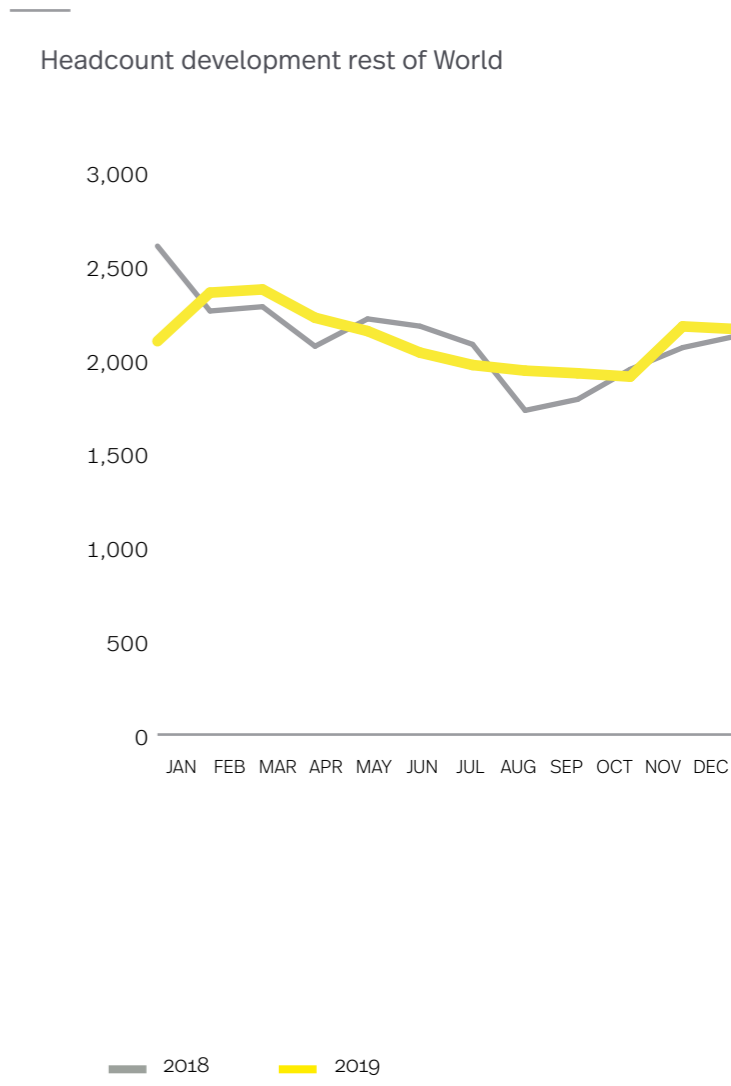
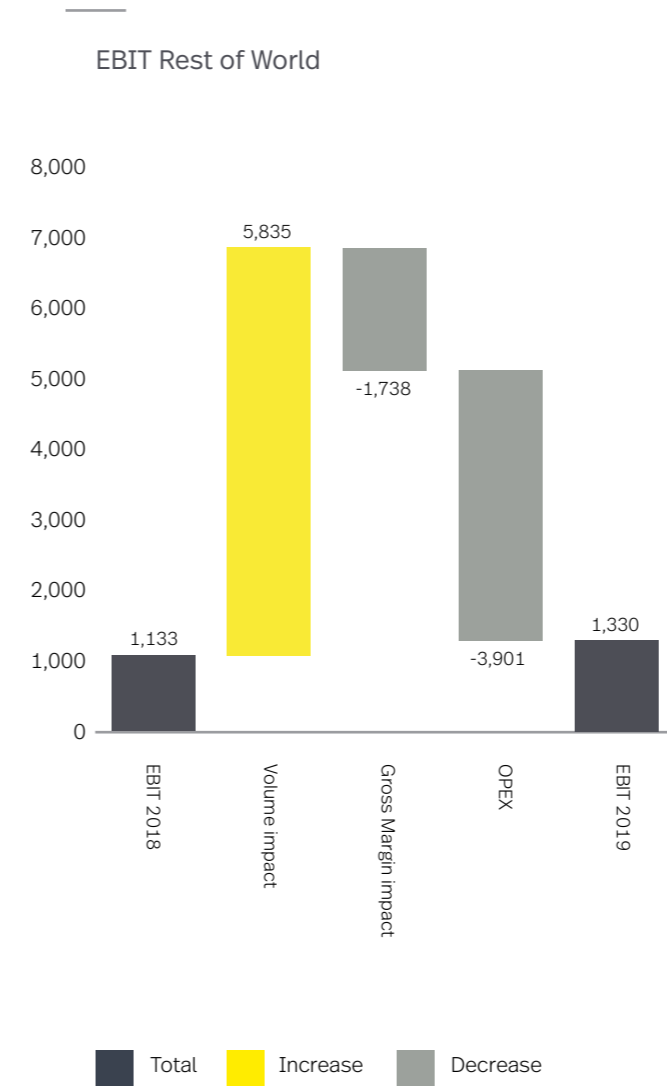
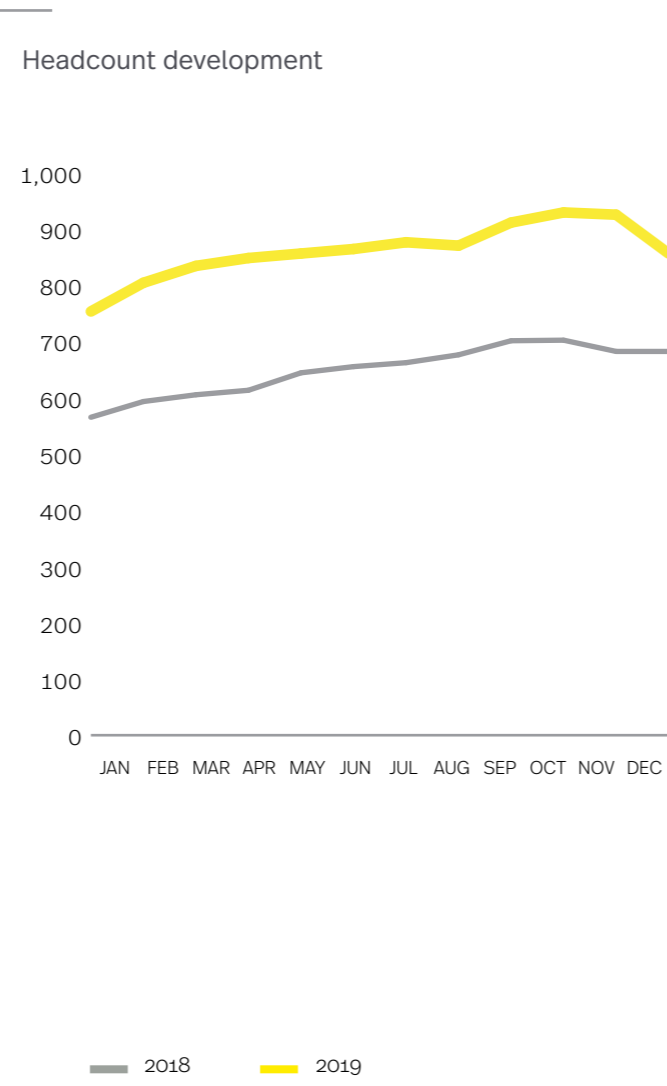
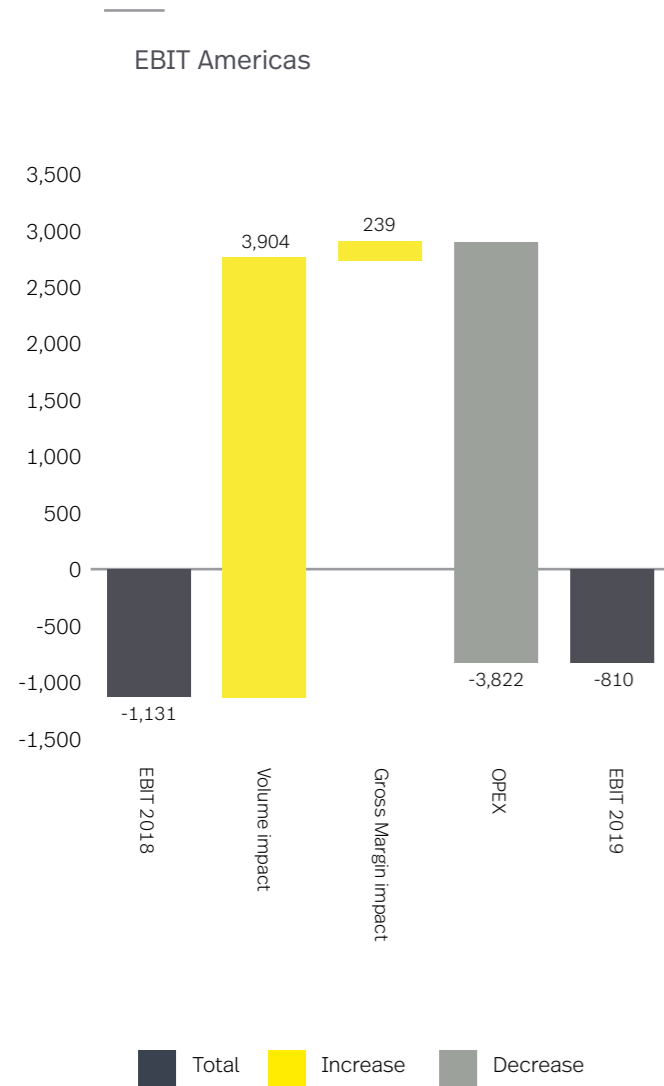
Middle East & India

Main countries in this region are Dubai, India, Kuwait and Qatar. This region, again, demonstrated an amazing performance in 2019 with a 35% revenue growth and is now our second largest contributor to the operating profit.

Our existing organisation is able to manage this strong growth without any significant increases in operating cost, hence the improved profitability, despite a slightly lower gross margin percentage.

Outlook

Our strong team in this region, in combination with all the opportunities will be able to continue the strong performance in 2020.



Americas

Starting Q4 2019, the Americas will be reported as a separate segment and no longer included in "Rest of World". Main countries in this region are the US, Canada, Brazil and Mexico. We recently opened an entity in Guyana to support our oil and gas clients with their new projects. Revenue increased by 41% in 2019, mainly driven by diversification within our oil and gas business and increased activities at our large clients. The gross margin has increased slightly as a result of increased recruitment activities.

To keep up with the strong growth, we invested in our internal organisation to prepare for the next step. Our organisation is now able to manage further growth without any significant increases in operating cost.

Outlook

We expect another year of strong growth and a return to profitability in the second half of 2020.

Rest of World

Rest of World includes Russia, South East Asia and the remaining European countries. Americas is reported separately in 2019 and we have updated the comparative figures accordingly. The revenue growth of 27% is driven by increased activities in South East Asia.

In South East Asia, we have seen increased activities at the yards in China and Singapore and engineering for oil and gas projects in Japan.

After completing large projects in the beginning of 2019, Russia was able to win large projects that will ramp up in the beginning of 2020.

Our existing organisations in these regions are able to manage the strong growth without any significant increases in operating cost.

Outlook

Asia and Russia will continue to achieve strong growth.

Winding down BIS

On 22 October 2019, Brunel has decided to stop Brunel Industrial Services (BIS) in Texas, US. Since 2017, BIS has worked on various construction and maintenance projects, including large projects in shale oil and gas. As announced in Brunel's Q2 results this August, we encountered issues with a project for a water treatment plant, which we won in 2018, leading to a significant loss. We replaced the general manager and rebuilt the organisation, but at the same time we saw the market for shale oil and gas experiencing a slowdown with changing clients' behaviour in their contracting model from time and material to fixed pricing. As a consequence, our BIS-activities in Q3 were at a very low level, causing a disbalance with our organisational capacity and resulting in significant operational losses. After a thorough re-evaluation of the strategic rationale of this business, it was decided to stop the BIS-activities as soon as practicable. Until then, existing commitments, including the water treatment plant project, will be delivered on in close collaboration with the client for an optimal outcome. All commitments are expected to be delivered and finalised in Q2 2020. Brunel has no similar contracts anywhere else in the world

The total net loss incurred by BIS in 2019 amounts to EUR 23.8 million.

Outlook

All commitments are expected to be delivered and finalised in Q2 2020.

In control statement

The board of directors is responsible for Brunel's risk management and control systems, and for reviewing its effectiveness. The internal risk management and control systems, as described earlier, aim to manage the key risks that may prevent us from achieving our business objectives. However, the risk management and control systems cannot provide full assurance of preventing all control gaps, material misstatements, cases of fraud, or violations of laws and regulations.

In 2019, the board of directors reviewed and analysed the strategic, operational, financial & reporting and compliance risks to which the group was exposed, and it regularly reviewed the design and operational effectiveness of Brunel's risk management and control systems.

The board of directors shared the outcome of these reviews with the audit committee and the supervisory board, and discussed them with our external independent auditor. Brunel's risk management and control systems should ensure consistent and reliable financial reporting, both internally and externally.

In accordance with the Dutch Corporate Governance Code, we have assessed the design and operational effectiveness of our internal risk management and control systems.

Based on the activities performed during 2019, and in accordance with best practice provision 1.4.3, the board of directors considers that:

- this report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- the aforementioned systems provide reasonable

assurance that the financial reporting does not contain any material inaccuracies;

- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- the report includes the conclusion that there are no material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of this report.

Following section 5:25c, paragraph 2, under c of the Dutch Act on Financial Supervision (Wet op Financieel Toezicht) the members of the board of directors confirm that to the best of their knowledge:

These 2019 annual accounts give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole. This is in accordance with IFRS as endorsed by the European Union.

This annual report gives a true and fair view of the company's position and the undertakings included in the consolidation taken as a whole as of 31 December 2019 and of the development and performance of the business for the financial year then ended. This annual report includes a description of the principal risks and uncertainties that the company faces.

Amsterdam, 14 February 2020

The board of directors

J.T. Andringa P.A. de Laat
CEO CFO



The Brunel share

Structure and shares

Brunel International N.V. is a public limited liability company. Its authorised capital is EUR 6 million, divided into 199.6 million ordinary shares and one priority share. The par value of the ordinary shares is EUR 0.03 each. The par value of the priority share is EUR 10,000. The priority share has not been issued.

Stock exchange listing

Brunel International N.V. ordinary shares are listed at the NYSE Euronext stock exchange in Amsterdam

(ticker symbol BRNL). Since 2015, Brunel has been listed on the Amsterdam Small Cap Index (AScX). Since April 2011, options on Brunel shares have also been traded on NYSE Liffe, the derivatives market of NYSE Euronext.

Share capital

The total number of shares outstanding on 31 December 2019 is 50,574,624, giving a market capitalisation of EUR 456 million at that time. The number of shares outstanding at year-end 2018 was 50,574,624.

Share option scheme

Up to 2014, option rights were granted to the members of the board of directors, under the articles of association. A note explaining these grants is included in the supervisory board's remuneration report, which is available on the company's website. Several senior management members were also granted option rights, for which the last portion expired in 2019. In 2015, the stock option scheme was revised to a stock appreciation rights (SAR) scheme.

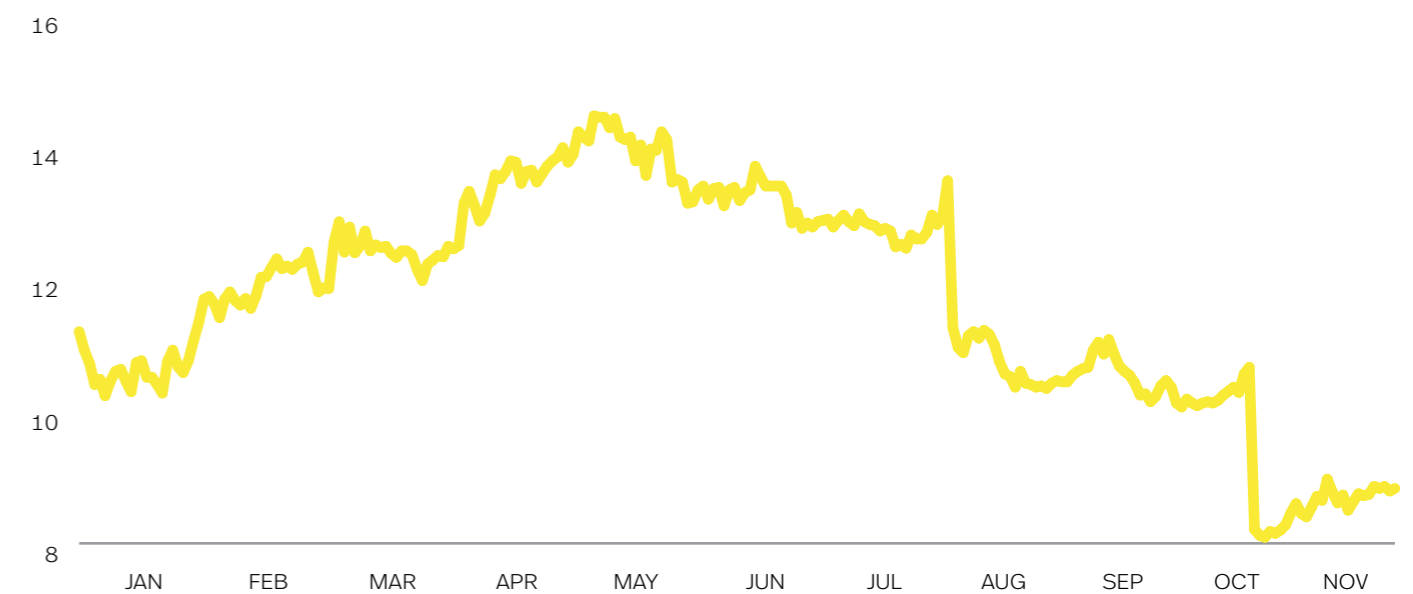
Interests

According to the AFM register on notification of substantial holdings, Mr J. Brand, the company's founder, directly or indirectly holds a capital interest of approximately 58.56%, with corresponding voting rights.

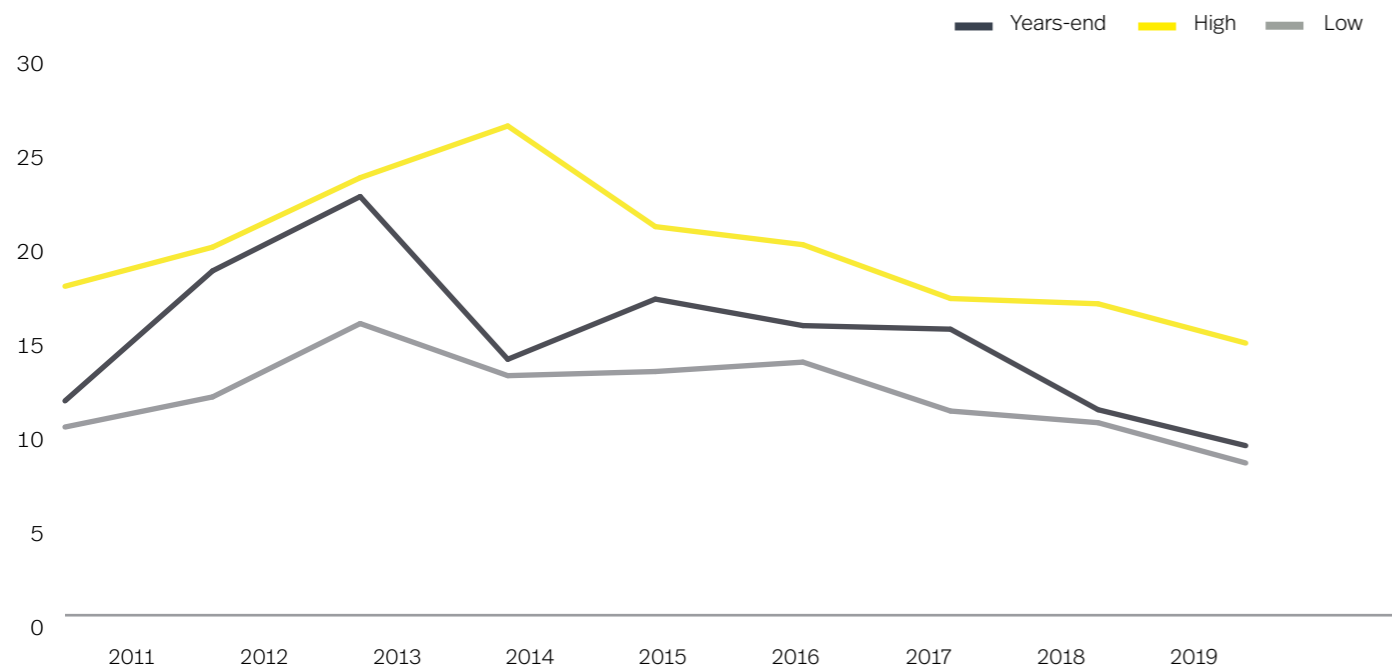
Dividend

For this year we propose to pay a dividend of EUR 0.08 per share and an additional dividend of EUR 0.22 per share to the general meeting of shareholders.

Share price development (EUR)



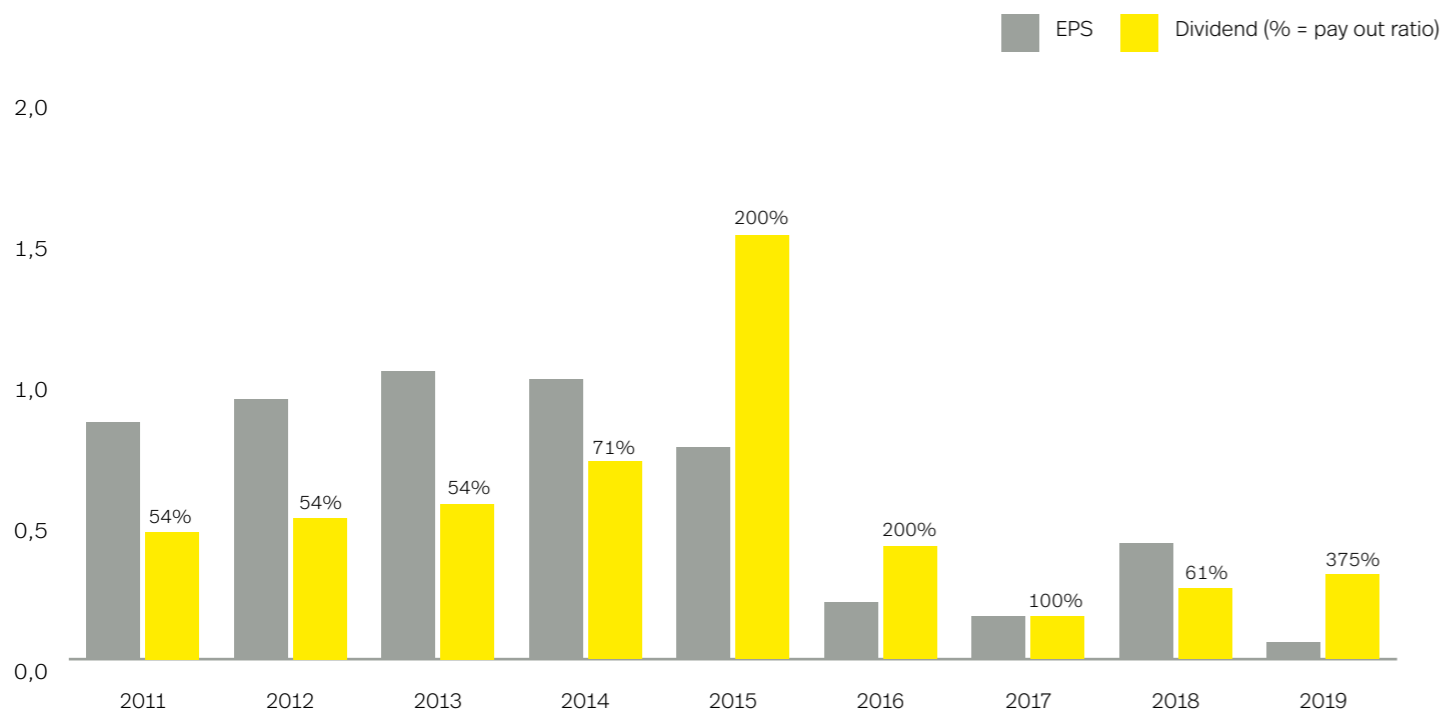
Brunel share price (EUR)



Financial calendar

- 30 April 2020** Trading update for the first quarter 2020
- 14 May 2020** Annual general meeting of shareholders
- 18 May 2020** Ex-dividend listing
- 5 June 2020** Dividend available for payment
- 31 July 2020** Publication half-year 2020 results
- 30 October 2020** Trading update for the third quarter 2020

Brunel earnings per share (EUR)





Annual accounts

Contents

	Consolidated financial statements	
	Consolidated balance sheet	98
	Consolidated profit and loss account	99
	Consolidated statement of comprehensive income	100
	Consolidated cash flow statement	101
	Consolidated statement of changes in equity	102
	Notes to the consolidated annual accounts	104
	Company financial statements	
	Company balance sheet	149
	Company profit and loss account	150
	Notes to the company balance sheet and profit and loss account	151

Consolidated balance sheet as at 31 December 2019

x EUR 1,000, before profit appropriation

	31 December 2019	31 December 2018
Non-current assets		
Goodwill (1)	8,609	8,492
Other intangible assets (2)	10,953	13,096
Property, plant and equipment (3)	7,988	7,263
Right-of-use assets (4)	40,670	-
Investments accounted for using the equity method (5)	-	-
Non-current restricted cash (7)	7,293	11,056
Deferred income tax assets (17)	13,417	14,428
Total non-current assets	88,930	54,335
Current assets		
Trade and other receivables (6)	261,075	243,939
Income tax receivables (17)	2,844	2,284
Cash and cash equivalents (7)	84,628	94,963
Total current assets	348,547	341,186
Total assets	437,477	395,521
Non-current liabilities		
Provisions (8)	5,163	4,476
Deferred income tax liabilities (17)	317	397
Lease liability (4)	27,595	-
Other non-current liabilities (9)	-	1,324
Total non-current liabilities	33,075	6,197
Current liabilities		
Lease liability (4)	14,942	-
Other current liabilities (10)	111,313	104,763
Income tax payables (17)	4,312	1,122
Total current liabilities	130,567	105,885
Total liabilities	163,642	112,082
Net assets	273,835	283,439
Group equity (11)		
Share capital	1,517	1,517
Share premium	86,145	86,145
Reserves	186,743	174,533
Unappropriated result	3,825	20,571
Shareholders' equity	278,230	282,766
Non-controlling interest (11)	-4,395	673
Total equity	273,835	283,439

Consolidated profit and loss account for the year ended 31 December 2019

x EUR 1,000

Revenue	1,041,117	914,581
Direct personnel expenses	-831,703	-705,684
Contribution margin	209,414	208,897
Indirect personnel expenses (14)	-123,448	-110,778
Depreciation and amortisation (15)	-23,605	-7,385
Other expenses (16)	-44,945	-56,667
Total operating costs	-191,998	-174,830
Operating profit	17,416	34,067
Exchange differences	-570	-704
Interest income	621	540
Interest expenses	-1,028	-778
Financial income and expense	-977	-942
Share of result of investments accounted for using the equity method (5)	-	-676
Group result before tax	16,439	32,449
Tax (17)	-16,306	-10,919
Group result for the period	133	21,530
Net profit attributable to equity holders of the parent (ordinary shares)	3,825	20,571
Net profit/loss attributable to non-controlling interest	-3,692	959
Net profit for the year	133	21,530
BASIC EARNINGS PER SHARE IN EURO (18)	0.08	0.41
DILUTED EARNINGS PER SHARE IN EURO (18)	0.08	0.40

Consolidated statement of comprehensive income for the year ended 31 December 2019

x EUR 1,000

	2019	2018
Net profit	133	21,530
Other comprehensive income/expense		
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		
Exchange differences arising on translation of foreign operations	5,162	-1,035
Income tax relating to components of other comprehensive income	-57	-347
	5,105	-1,382
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		
Actuarial losses on defined benefit plans	-344	-
	-344	-
Total other comprehensive income/expense (net of tax)	4,761	-1,382
Total comprehensive income	4,894	20,148
Attributable to:		
Ordinary shareholders	8,109	19,158
Non-controlling interest	-3,215	990
Total comprehensive income	4,894	20,148

Consolidated cash flow statement for the year ended 31 December 2019

x EUR 1,000

	2019	2018
Cash flow from operating activities		
Result before tax	16,439	32,449
Adjustments for:		
Depreciation and amortisation (15)	23,605	7,385
Interest income	-621	-540
Interest expense	1,028	778
Share of loss/profit from associates (5)	-	676
Other non-cash expenses (21)	2,102	45
Share based payments (12)	96	-498
Changes in:		
Receivables (19)	-15,185	-47,445
Provisions (8)	687	2,806
Other non-current liabilities (9)	1,324	754
Other current liabilities (20)	3,686	6,575
	-9,488	-37,310
Income tax paid (17)	-12,543	-9,171
Interest paid	-1,055	-249
Interest received	443	448
Cash flow generated from/used in operating activities	20,006	-5,987
Cash flow from investing activities		
Additions to property, plant and equipment (3)	-3,696	-1,988
Additions to intangible fixed assets (2)	-2,849	-5,244
Disposals of property, plant and equipment (3)	508	44
Disposals of intangible assets (2)	62	10
Cash flow used in investing activities	-5,975	-7,178
Cash flow from financing activities		
Issue of new shares	-	2,362
Dividend non-controlling interest (11)	-1,853	-625
Dividend ordinary shareholders (11)	-12,645	-7,586
Principal elements of lease payments	-15,189	-
Cash flow used in financing activities	-29,687	-5,849
Total cash flow	-15,656	-19,014
Cash position at 1 January	106,019	125,668
Exchange rate fluctuations	1,558	-635
Cash position at 31 December	91,921	106,019

Consolidated statement of changes in equity for the year ended 31 December 2019

x EUR 1,000

			Reserves		Retained earnings	Unattributable to ordinary shareholders	Non-controlling interest	Total	
	Share Capital	Share Premium	Trans- lation reserve	Share based payments					
Balance at 1 January 2018	1,513	83,787	3,816	2,672	169,399	7,645	268,832	136	268,968
Net profit						20,571	20,571	959	21,530
Exchange differences arising on translation of foreign operations			-1,066				-1,066	31	-1,035
Income tax relating to components of other comprehensive income/expense			-347				-347		-347
Total comprehensive income/expense			-1,413			20,571	19,158	990	20,148
Issue of shares								172	172
Cash dividend (11)					-7,586		-7,586	-625	-8,211
Appropriation of result					7,645	-7,645			
Share based payments (12)									
Option rights exercised/expired (12)	4	2,358		-1,212	1,212		2,362		2,362
Balance at 31 December 2018	1,517	86,145	2,403	1,460	170,670	20,571	282,766	673	283,439
Net profit/loss						3,825	3,825	-3,692	133
Exchange differences arising on translation of foreign operations			5,055				5,055	107	5,162
Actuarial losses on defined benefit plan (8)					-344		-344		-344
Liquidation loss on non-controlling interests (11)					-370		-370	370	-
Income tax relating to components of other comprehensive income/expense			-57				-57		-57
Total comprehensive income/expense			4,998		-714	3,825	8,109	-3,215	4,894
Cash dividend (11)					-12,645		-12,645	-1,853	-14,498
Appropriation of result					20,571	-20,571			
Share based payments (12)									
Option rights expired (12)				-1,460	1,460				
Balance at 31 December 2019	1,517	86,145	7,401	-	179,342	3,825	278,230	-4,395	273,835

Participations

Brunel International N.V.'s main participations are listed below. These are included in the consolidated annual accounts of Brunel International N.V. Unless otherwise stated, all these participations are, directly or indirectly, wholly-owned and Brunel has full or over half of the voting power. Some non-material participations are not included in the list.

Brunel Corporate B.V., Amsterdam, The Netherlands	Brunel Engineering Services (Qingdao) Co., Limited Qingdao, China
Brunel Energy Europe Staff B.V., Amsterdam, The Netherlands	Brunel Engineering Services (Nantong) Co. Limited Nantong, China
Brunel CR B.V., Amsterdam, The Netherlands	Brunel Technical Services Thailand Ltd, Bangkok, Thailand
Brunel Nederland B.V., Rotterdam, The Netherlands	Brunel Vietnam Company Ltd., Ho Chi Minh City, Vietnam
Brunel Energy Holding B.V., Rotterdam, The Netherlands	Brunel Myanmar Co. Ltd, Yangon, Myanmar
Brunel Energy Europe B.V., Rotterdam, The Netherlands	Brunel Energy Pty Ltd, Perth, Australia
Brunel Energy Nederland B.V., Rotterdam, The Netherlands	Brunel Technical Services Pty Ltd, Perth, Australia
Brunel Engineering Consultants N.V., Mechelen, Belgium	Brunel Construction & Maintenance Services Pty Ltd, Perth, Australia
Brunel International UK Ltd, Glasgow, United Kingdom	SES Labour Solutions Pty Ltd, Brisbane, Australia
Celsius Ltd., Birmingham, United Kingdom	SESLS Pty Ltd, Brisbane, Australia
Brunel Service GmbH & Co. KG, Bremen, Germany	SES Industrial Pty Ltd, Brisbane, Australia
Brunel GmbH, Bremen, Germany	SES Resources Pty Ltd, Brisbane, Australia
Car Synergies GmbH, Bochum, Germany	Brunel Energy Inc, Houston, Unites States of America
Brunel International France Sarl, Paris, France	Brunel Resources Inc, Houston, Unites States of America
Brunel Italia SRL, Milan, Italy	Brunel Industry Services LLC, (75%) Houston, Unites States of America
Brunel Energy Norge AS, Stavanger, Norway	Brunel Industrial & Pipeline Services LLC, (75%) Houston, Unites States of America
Brunel Austria GmbH, Salzburg, Austria	Wrap Insulation & Scaffolding Services LLC, (75%) Houston, Unites States of America
Brunel Switzerland AG, Zürich, Switzerland	Surge Electrical & Implementation Services LLC, (75%) Houston, Unites States of America
Brunel CZ s.r.o., Prague, Czech Republic	Brunel Energy Canada Inc, Calgary, Canada
Brunel Romania Srl, Bucharest, Romania	Brunel Canada Ltd, Toronto, Canada
Brunel Denmark ApS, Copenhagen, Denmark	Brunel Energy Servicos Ltda Brasil, Rio de Janeiro, Brazil
Brunel Rus LLC, Moscow, Russia	Brunel Mexico Sa de CV, Mexico City, Mexico
Brunel Private Employment Agency Ltd., Moscow, Russia	Brunel Muscat LLC, (70%) Muscat, Oman
Brunel Recruitment Kazakhstan Atyrau LLP, Atyrau, Kazakhstan	Brunel UBK LLC, Tashkent, Uzbekistan
Brunel Energy Nigeria Ltd, Lagos, Nigeria	Brunel Atyrau LLP, Atyrau, Kazakhstan
Brunel Mozambique Lda, Maputo, Mozambique	Brunel Kazakhstan LLP, (50%) Atyrau, Kazakhstan
Brunel Energy LLC, Dubai, United Arab Emirates	Brunel Guyana Inc, Georgetown, Guyana
Brunel DMCC, Dubai, United Arab Emirates	Brunel New Zealand Ltd, New Plymouth, New Zealand
Brunel Oil & Gas Services WLL, (75%) Doha, Qatar	
Brunel India Private Ltd, Mumbai, India	
Brunel Energy Kuwait WLL, (75%) Farwania, Kuwait	
Ishtar Baghdad for General Services LLC, Baghdad, Iraq	
Brunel Technical Services Company (Kurdistan) LLC, (89%)	
Brunel Energy Japan K.K., Tokyo, Japan	
Brunel International South East Asia Pte Ltd, Singapore	
Brunel Technical Services, Pte Ltd, Singapore	
Brunel International South East Asia PNG Limited Port Moresby, Papua New Guinea	
Brunel Energy Malaysia SDN BHD, Kuala Lumpur, Malaysia	
Brunel Energy Korea Ltd, Ulsan, South Korea	
Brunel Energy Hong Kong Ltd, Hong Kong, China	
Brunel Hong Kong Ltd, Hong Kong, China	
Brunel Consultancy Shanghai Ltd, Shanghai, China	
Brunel Engineering (Dalian) Ltd. Dalian, China	

Notes to the consolidated annual accounts

General information

Brunel International N.V., registered at the chamber of commerce under number 24261450, is a public limited liability company domiciled in Amsterdam, the Netherlands and listed on the Euronext Amsterdam. The head office of the company is located in Amsterdam, the address is:

John M. Keynesplein 33
1066 EP Amsterdam
The Netherlands

The consolidated annual accounts of Brunel include the company and its subsidiaries (together referred to as 'Brunel'). A summary of the main subsidiaries is included on page 103 of this report.

The annual accounts were signed and authorised for issue by the Board of Directors and released for publication on 14 February 2020. The annual accounts and the dividend proposal are subject to adoption by the General Meeting of Shareholders on 14 May 2020.

Unless stated otherwise, all the information in these annual accounts is in thousands of Euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest thousand.

Brunel's activities are mainly secondment, project management, recruitment and consultancy.

Statement of compliance

The annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

The annual accounts have been prepared under the historical cost convention, except for financial assets, financial liabilities measured at fair value through profit and loss, share based payments and contingent consideration.

New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- IFRS 16, 'Leases'
- Annual improvements to IFRS standards 2015-2017 cycle
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19

The group had to change its accounting policies as a result of the above standards, out of which most significant was IFRS 16. The group elected to adopt the new rules based on the simplified approach and recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed in the paragraph below. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods. If the group has uncertain tax positions in the future IFRIC 23 might have a significant impact.

Change in accounting policies – IFRS 16 "Leases"

As indicated above, the group has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard (simplified approach). The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in paragraph "Accounting principles for the valuation of assets and liabilities and determination of profit".

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present

value of remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to these liabilities on 1 January was 1.0%.

Practical expedients applied

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019;
- Accounting for operating leases with a remaining lease term of less than 12 months at 1 January 2019 as short-term leases;
- Accounting for operating leases with a value lower than USD 5,000 at 1 January 2019 as low-value leases;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

Measurement of lease liabilities

The reconciliation between the operating lease commitments disclosed as at 31 December 2018 and lease liabilities accounted for at 1 January 2019 is set out below:

Measurement of lease liabilities	2019
Operating lease commitments disclosed as at 31 December 2018	47,679
Discounted using the lessee's incremental borrowing rate at the date of initial application	-2,269
Less: Short-term and low-value leases not recognised as a liability	-2,377
Add/less: adjustments as a result of a different treatment of extension and termination options	11,265
Lease Liability recognised as at 1 January 2019	54,298
Of which are:	
Current lease liabilities	19,073
Non-current lease liabilities	35,225
	54,298

Measurement of right-of-use assets

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated balance sheet as at 31 December 2018.

Adjustments recognised in the consolidated balance sheet on 1 January 2019

The change in accounting policy affected the following items in the consolidated balance sheet on 1 January 2019:

- Right-of-use assets – increase of EUR 53.5 million
- Liability for office rent-free period – decrease of EUR 0.6 million
- Lease liabilities – increase of EUR 54.3 million
- Other liabilities – decrease of EUR 0.2 million

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Principles of consolidation

The consolidated annual accounts include the financial information of Brunel International N.V. and its subsidiaries. Subsidiaries relate to companies controlled directly or indirectly by Brunel International N.V. These companies are listed on page 103. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The results of acquired or disposed companies are consolidated from the date on which control is transferred and the date the control is ceased, respectively.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from Brunel's share therein. Non-controlling interests consist of the net equity value of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Accounting principles for the valuation of assets and liabilities and determination of profit

Goodwill

When a company or business is acquired, the acquirer recognises goodwill as an asset. Goodwill is recognised for the future economic benefits arising from assets acquired that are not individually identified and separately recognised. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. Impairment of goodwill will be tested at least annually. An impairment loss recognised for goodwill is not reversed in a subsequent period. Changes in ownership interests in subsidiaries that do not result in loss of control are dealt with in equity.

Goodwill is allocated to groups of cash-generating units for the purpose of impairment testing. The allocation is made to those groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Goodwill at acquisition date is measured as:

- The fair value of the consideration transferred, being the fair value of the assets given and liabilities incurred or assumed; plus
- The recognised amount of a non-controlling interests in the acquiree; plus
- The fair value of any previous equity interests in the acquiree (if the business combination is achieved in stages); less
- The fair value of identifiable assets acquired and liabilities assumed (including contingent liabilities).

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

The recoverable amount is based on the higher of the fair value less cost of disposal and value in use. The value in use is determined by means of cash flow projections based on the actual operating results adjusted for non-cash items (mainly depreciation) and the expected future performance. The latter is based on management's estimates and assumptions of revenue growth and development of operating margins, assessed with external data.

Acquisition-related intangible assets

Acquisition-related intangible assets (customer databases and trade names) that are acquired by Brunel and have definite useful lives are stated at cost less accumulated amortisation and impairment losses. When an intangible asset is acquired in a business combination, its cost is the fair value at the date of its acquisition. This cost is determined on a basis that reflects the estimated amount that the entity would have paid for the asset in an arm's length transaction between knowledgeable and willing parties, based on the best information available. Amortisation of acquisition-related intangible assets is charged to depreciation and amortisation on a straight-line basis over their estimated useful lives, from the date they are available for use. The residual values and useful lives are reviewed at each balance sheet date and adjusted, if appropriate. Refer to note 2 Other intangible assets for further details.

Software

Acquired software (licenses) and developed software are stated at cost less accumulated amortisation and impairment losses. Expenditures in relation to the development of identifiable and unique software products used by Brunel, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets and amortised over their estimated useful lives. Capitalised costs include personnel expenses of software development and an appropriate portion of relevant overhead. Expenditures associated with maintaining computer software programs are recognised as an expense when incurred. Amortisation of software applications is charged to depreciation and amortisation on a straight-line basis over their estimated useful lives, from the date they are available for use. The residual values and useful lives are reviewed at each balance sheet date and adjusted, if appropriate. Acquired computer software licenses are amortised, using the straight line method, over their useful lives.

Property, plant and equipment

Property plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the assets. Depreciation of property, plant and equipment is charged to operating expenses on a straight-line basis over their estimated useful lives, from the date they are available for use. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised as other income or expenses in the consolidated profit and loss account.

Investments accounted for using the equity method

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition. This equity method includes the carrying amount of the investment together with all other long-term interests.

Loans to subsidiaries and associates ('funding') in the company balance sheet is initially stated at fair value. Subsequent measurement is at amortised costs less provision for impairment.

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Trade receivable and other receivables

Trade receivable and other receivables are initially stated at fair value. Subsequent measurement is at amortised costs less provision for impairment. For the provision for impairment the group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 1 January 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Contract assets and liabilities

In case of fixed price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by Brunel exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Provisions

Provisions are recognised for legally enforceable or constructive obligations as a result of a past event and for which the settlement is likely to require an outflow of resources and to the extent these can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at an interest rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

Restoration provisions are recognised for rented real estate objects where Brunel is, after lease contract expiration, liable to bring the object back to its original state. Estimated amounts for legal claims are provided for at the lowest amount at which Brunel expects the claim to be reasonably settled. Provided amounts for legal claims are categorised to be settled within one year after the balance sheet date, unless the group has the right to defer settlement for more than one year.

Onerous contract provisions are recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Pension obligations

The group operates various post-employment schemes, mostly defined contribution pension plans and one defined benefit plan. The liability recognised in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated profit and loss account.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in

other comprehensive income. They are included in other reserves in the consolidated statement of changes in equity and in the consolidated balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated profit and loss account as past service costs

Liabilities for other long term benefits

In some countries the group has several other liabilities related to employee benefits. Amongst others, long-service awards and post-employment obligations. These obligations are measured as the fair value of expected future payments to be made. Remeasurement gains and losses arising from experience adjustments are recognised in the consolidated profit and loss account.

Other non-current liabilities

Long-term liabilities are recognised initially at fair value, net of transaction costs incurred. Long-term liabilities are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated profit and loss account over the period of the long-term liabilities using the effective interest method.

Other current liabilities

Current liabilities are initially stated at fair value and subsequently measured at amortised cost using the effective interest method.

Foreign currency and exchange differences

Monetary balance sheet items denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date; profit and loss account items are translated at the average rates during the financial year. Exchange differences relating to transactions in foreign currency are recorded in the exchange differences.

Exchange differences due to the consolidation of foreign companies are charged or credited directly in other comprehensive income to the translation reserve.

For the purpose of presenting consolidated annual accounts, the assets and liabilities of Brunel's foreign operations are translated into Euro using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period.

Functional and presentation currency

Brunel operates in countries with different currencies. All companies have, as their functional currency, the local currency of the country in which they operate, which is their primary economic environment. The functional currency of the parent company, as well as of the majority of its subsidiaries, is the Euro.

The translation reserve comprises all translation differences arising from the translation of the net investment in activities in currencies other than the Euro. Such translation differences are recognised initially in other comprehensive income and presented in this separate component of shareholders' equity and recognised in the consolidated statement of profit and loss on disposal of the net investment. The translation reserve also includes the tax effect on translation differences.

Share based payments

Brunel has a share based payment arrangement under which options are granted to the directors and senior management of the company. These options are settled in ordinary shares. The grant date fair value of these options is included in the indirect personnel expenses. The expenses are credited to equity for the same amount. The fair value is calculated based on the Black-Scholes option valuation model. At each balance sheet date, Brunel revises its estimates of the number of options that are expected to become exercisable subject to continued employment based on this non-market vesting condition. The impact of the revision of original estimates, if any, is recognised in the indirect personnel expenses with a corresponding adjustment to equity.

The share based payment reserve relates to options granted by Brunel to its employees under its share option plan.

Share Appreciation Rights (SAR)

In 2015 the option scheme has been replaced by a SAR scheme. The SAR granted to personnel are conditional upon continued employment. The SAR scheme is a cash settled plan. The fair value of these SAR's is charged to the indirect personnel expenses from the grant date through vesting date. The fair value of the SAR is determined at every year-end based on the Black-Scholes option valuation model. At each balance sheet date, Brunel revises its estimates of the number of SAR's that are expected to become exercisable subject to continued employment based on this non-market vesting condition. The impact of the revision of original estimates, if any, is recognised in the indirect personnel expenses with a corresponding entry to liabilities.

The SAR liability relates to SAR's granted by Brunel to its employees under its SAR scheme.

Revenue from contracts with customers

Brunel recognises revenue for contracting and secondment over time as our customer simultaneously receives and consumes all of the benefits provided by Brunel. When Brunel is the principal in a transaction and thus controls a promised service (employment of contractors) before transferring that service to clients (hours worked), the transactions are recorded gross in the consolidated profit and loss account. If Brunel acts as an agent and is not the employer (and thus only arranges for another party to provide services to customers), revenues are reported on a net basis.

Recruitment revenue is recognised once the service has been completed, being in principle when the candidate starts and the customers starts to benefit from our services.

For fixed price contracts, we take on the responsibility for the execution (on top of supplying manpower). In some cases we create or enhance an asset that the customer controls as the asset is enhanced or created. In other cases we do not create an asset with an alternative use and we have an enforceable right to payment for performance completed to date. We recognise the fixed price contract revenue over time.

Variable consideration is only applicable to fixed price contracts.

The revenue is measured at the transaction price agreed under the contract. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds four months. The transaction price is therefore not adjusted for the effects of a significant financing component.

Rendering of services

Under rendering of services the performance obligation is providing temporary personnel. The following types of revenue are recognised;

- Contracting revenue (rendering of services) whereby hours or days worked at agreed rates during the financial reporting period are recognised as revenue.
- Reimbursable expenses related revenue in cases where Brunel acts as a principal are recognised as a gross amount (including true up) upon recognition of the reimbursable costs.
- Recruitment revenue relates to revenue for the recruitment of employees for third parties.
- Other revenue such as in cases where Brunel acts as an agent, revenues are reported on a net basis, when the service is rendered.

Fixed price contracts

The performance obligation or construction contracts is to fulfil the engineering and construction services as specified in the contract. Generally, fulfilling the performance obligation means enhancing an asset that is owned by the customer.

For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. This is determined based on the actual costs incurred relative to the total expected costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

In case of fixed price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. If the contract includes an hourly fee, revenue is recognised in the amount to which Brunel has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

Direct and indirect personnel expenses

Direct personnel expenses relate to costs attributed directly to the services provided. Indirect personnel expenses relate to costs attributed directly to our internal staff.

Contribution margin

Contribution margin is defined as revenue minus direct personnel expenses.

Exchange differences

Foreign currency transactions are translated into the functional currency at the exchange rate applicable at the date of the transactions. Currency translation differences resulting from the settlement of these transactions and the translation of the monetary assets and liabilities denominated in foreign currency at the balance sheet date are recognised in the exchange differences in the consolidated profit and loss account.

Foreign exchange differences relating to bank balances are recorded in the financial income and expense, other foreign exchange differences are recorded in the operating profit.

Interest income and expenses

Interest income comprises interest received on outstanding deposits and interest costs comprise interest due on funds drawn, calculated using the effective interest method and interest on lease liabilities, calculated using the incremental borrowing rate.

Retirement benefit costs

Pension plans prevailing within Brunel are mostly defined contribution plans, which are funded through payments to independent entities. Brunel has no legal or constructive obligations to pay further contributions if these separate entities do not hold sufficient assets to pay all employees the pension benefits relating to employee service in the current and prior periods. The regular contributions constitute net periodic costs for the year in which they are due and are included within direct and indirect personnel expenses.

Leases

The group leases various offices, cars and other office equipment. Rental contracts are typically made for fixed periods of 6 months to 8 years but may have extension options as described below.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of property where the group is a lessee and the consideration on lease and non-lease components or the stand-alone prices are not clearly stated, it has elected not to separate lease and non-lease components and instead account for these as a single component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, cars and other office equipment were classified as operating leases. From 1 January 2019, leases are recognised as a right-of-use-asset and a corresponding lease liability at the date at which the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the group under residual value guarantees;
- The exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use-asset in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the group:

- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the individual lessee, which does not have recent third party financing; and
- Makes adjustments specific to the lease, e.g. term, country, currency and security.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use-asset.

Lease payments are allocated between principal and finance costs. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use-assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use-assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of property, cars and other office equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a term of 12 months or less. Low value assets comprise IT equipment and small items of office furniture.

Some property leases contain variable payment terms, usually subject to inflation corrections.

Extensions and termination options are included in a number of property, cars and other office equipment leases across the group. These are used to maximise the operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of property the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the group is typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate);
- Otherwise, the group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in cars and other office equipment leases have not been included in the lease liability, because the group could replace the assets without significant cost or business disruption.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes tax liabilities where appropriate on the basis of amounts expected to be paid to the tax authorities.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Brunel's liability for current tax is calculated using applicable rates.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the annual accounts and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to funding items charged or credited directly to equity, in which case the related deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes

assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Accounting principles for determining the consolidated cash flow statement

The consolidated cash flow statement has been prepared according to the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments including paid or received interest, and items of income or expense associated with investing or financing cash flows.

Accounting principles for segment reporting

Operating segments have been identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. Information reported to the group's chief operating decision maker is focused at components engaged in providing services in a particular economic environment from those of other segments. A geographical segment is engaged in providing services in a particular economic environment which are subject to risks and returns that are different from those segments operating in other economic environments.

The main regions are: DACH (Germany, Austria, Switzerland and Czech Republic), The Netherlands, Americas, Australasia, Europe & Africa, Middle East & India, Russia & Caspian area and South East Asia. This is the basis on which internal reports are provided to the chief operating decision maker for assessing performance and determining the allocation of resources within the Group. From 2018 onwards, all regions exceeding 10% of total revenue, EBIT or assets are reported separately. The remaining regions are combined in Rest of World.

Critical accounting estimates, assumptions and judgments

In the preparation of annual accounts, management makes certain critical accounting estimates and assumptions concerning the future. The resulting reported amounts will,

by definition, rarely equal the related actual outcome. Estimates and judgments are continually evaluated and are based on historical experience and various other factors, including expectations of future events, which are believed to be reasonable under the circumstances. The following estimates, assumptions and judgments have an inherent significant risk of potentially causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of assets

Brunel tests whether intangible assets have suffered any impairment, in case of triggering events and at least annually for goodwill. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of cash-generating units have been determined using, amongst other instruments, value-in-use calculations. These calculations require the use of estimates. Based on these impairment tests, impairment losses, if any, are identified. However, should the actual performance of these cash-generating units become materially worse compared to the performance based on the estimates, possible impairment losses could arise, or could deviate from the detected impairment losses. This impairment loss or deviation could have impact on the carrying amounts of the intangible assets. For the impairment testing of goodwill, refer to note 1.

Receivables

Brunel has receivables on third parties in numerous countries. These receivables include revenue to be invoiced. Significant judgment is required in determining the collectability of the receivables. The group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and revenue to be invoiced (accrued income). Refer to note 6.

Provisions

Due to the nature of provisions, a considerable part of their determination is based on estimates and/or judgments, including assumptions concerning the future. The actual outcome of these uncertain factors may be materially

different from the estimates, causing differences with the estimated provisions. Hence, the differences between actual outcomes and the recorded provisions can impact results over the periods involved. The timing of outflow of resources to settle these obligations is subject to the same uncertain factors. Refer to note 8.

Deferred income taxes

Brunel is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide deferred tax asset on, amongst other items, tax losses carry-forward. There are many uncertain factors that influence the amount of the tax losses carry-forward. Brunel recognises deferred tax assets on tax losses carry-forward based on their best estimates. When the actual results are different from the amounts that were initially estimated, such differences will impact the income tax in the consolidated profit and loss account and the deferred tax assets and/or deferred tax liabilities in the period in which these deviations occur. Refer to note 17.

Capital risk management

Brunel manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders. The dividend policy of Brunel is aimed at maximising the distributions to shareholders, while reserving enough capital to ensure the ability to continue as a going concern and to fund planned growth. Brunel's strategy is to use existing cash and cash flows instead of long-term credit facilities to finance further growth. This typically leads to high solvency rates.

Financial risk management

Brunel's activities are exposed to a variety of financial risks, including foreign currency exchange rates and interest rates. Brunel's overall risk management program focuses to minimise potential adverse effects on the financial performance of Brunel. This program is implemented and carried out under policies approved by the Board of Directors.

Liquidity risk

Brunel maintains sufficient cash to fund her ongoing operations. In addition there is the availability of funding through adequate internal credit facilities to minimise liquidity risk. Within Brunel derivative financial instruments are not

used nor are hedging activities undertaken. The department Corporate Finance & Control monitors the worldwide cash position. For the maturity analysis on leases, trade account receivable and provisions, refer to notes 4, 6 and 8.

Foreign exchange risk

x EUR 1,000

Currency fluctuations affect the consolidated results, because a portion of the cash flow is generated in other currencies than Euro. Brunel limits the foreign exchange

risk by maintaining a back-to-back policy, meaning that the management strives to have both income and expenses to be generated locally in the same currency. Due to the back-to-back policy, the foreign exchange risk of Brunel is limited to the exchange risk over the results in foreign currencies and the trade receivable and cash positions in foreign currencies. The foreign currencies that can have a material effect on the consolidated profit and loss account of Brunel are the US dollar and the Australian dollar. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets 31 december		Liabilities 31 december	
	2019	2018	2019	2018
US Dollar	60,891	63,827	12,598	9,593
Australian Dollar	24,998	24,603	7,491	6,814
	85,889	88,430	20,089	16,407

The following table details the Group's sensitivity to a 10% increase and decrease in the Euro against the relevant foreign currencies. These percentages represent management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period

end for a change in foreign currency rates. A positive number below indicates an increase in profit and other equity when the Euro weakens 10% against the relevant currency. For a 10% strengthening of the Euro against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	US dollar Impact		Australian dollar Impact	
	2019	2018	2019	2018
Profit or loss	-2,562	-290	-186	-82
Other equity	5,953	3,139	2,315	2,307
Total equity	3,391	2,849	2,129	2,225
Revenue	19,188	12,864	10,535	10,436

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. Brunel has no significant concentrations of credit risk. The most important items on the consolidated balance sheet that are imposed to credit risk are the trade and other receivables. The trade accounts receivable include an allowance for bad debts (refer to note 6). Generally, services are provided to large and financially strong companies. In order to minimise credit risk exposure Brunel intensively monitors the payment behaviour of their customers. Other policies limit the amount of credit exposure to any financial institution. Despite these internal procedures, uncollectible debts cannot be ruled out, but the risk of a material erosion of the operating profit is small. Receivables will be written-off when clearly uncollectible due to bankruptcy or other similar factors. In any case, as long as no bankruptcy or court ruling has occurred, we will continue chasing debtors to receive the outstanding amount. As per 31 December 2019 the largest receivable against a single counterparty amounted EUR 12.9 million (31 December 2018: EUR 8.5 million). For 2019, largest revenue from transactions with a single external customer amounted to EUR 91.4 million (2018: EUR 47.8 million).

Interest rate risk

Due to the nature of Brunel's business the operating cash flows are substantially independent of changes in market interest rates. Interest coverage is the leading parameter in managing interest exposure. Due to the capital structure of Brunel the interest paid and received are immaterial amounts and hence no material interest rate risk applies.

1. Goodwill

Movements during the year:

	2019	2018
At cost at 1 January	8,968	8,968
Accumulated impairment and exchange rate movements	-476	-252
Balance at 1 January	8,492	8,716
Changes in carrying amount:		
Exchange rate movements	117	-224
Balance at 31 December	8,609	8,492
At cost at 31 December	8,968	8,968
Accumulated impairment and exchange rate movements	-359	-476
Balance at 31 December	8,609	8,492

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

	2019	2018
Brunel Americas	1,086	1,064
Brunel Australasia	4,418	4,355
Brunel DACH	2,844	2,844
Brunel Rest of World	261	229
Balance at 31 December	8,609	8,492

Impairment testing

In the financial year the company assessed the recoverable amount of goodwill. The recoverable amount of the main cash-generating units for which goodwill is capitalised is based on value in use. The value in use is determined by means of cash flow projections based on the actual operating results adjusted for non-cash items (mainly depreciation) and the expected future performance. The latter is based on management's estimates and assumptions of revenue growth and development of operating margins, assessed with external data. The forecasted cash flows have been derived from the budget 2020.

The value in use of the main cash-generating units resulted in no impairment compared to the carrying amount as at 31 December 2019.

Management has projected cash flow forecasts over a period of five years. The annual budget is used as a basis for the projection in the first year whereas key assumptions were applied for the extrapolation of the results to the period after the first year.

We assessed an impact of IFRS 16 implementation on the key assumptions of goodwill impairment test:

- Impact on the discount rate was insignificant.
- The discounted cash flow model and calculation of the carrying amount has been updated to incorporate the effect of implementation of IFRS 16.

Key assumptions for 2020-2024 (2019-2023) used in calculation of the value in use for the significant cash-generating unit Brunel Americas are:

	2019	2018
Revenue growth	19%	21%
Budgeted contribution margin	11.9%	13.9%
Operating costs increase	4%	5%
Terminal growth rate	2.0%	1.5%
Pre tax discount factor	13.8%	14.3%
Depreciations and investments plans	Depreciations are used for new or replacing investments	Depreciations are used for new or replacing investments

Key assumptions for 2020-2024 (2019-2023) used in calculation of the value in use for the significant cash-generating unit Brunel Australasia are:

	2019	2018
Revenue growth	10%	10%
Budgeted contribution margin	8.5%	10.0%
Operating costs increase	3%	3%
Terminal growth rate	2%	2.5%
Pre tax discount factor	14.4%	13.7%
Depreciations and investments plans	Depreciations are used for new or replacing investments	Depreciations are used for new or replacing investments

If the revenue growth % was reduced to 8%, or the budgeted contribution margin reduced to 8%, or the operating costs increase % increased to 5.3%, or the pre-tax discount factor increased to 17.3%, the recoverable amount of the cash-generating unit would be equal to the carrying amount.

Key assumptions for 2020-2024 (2019-2023) used in calculation of the value in use for the significant cash-generating unit Brunel DACH are:

	2019	2018
Revenue growth	0%	5%
Budgeted contribution margin	32.3%	32.7%
Operating costs increase	1%	2%
Terminal growth rate	0%	0%
Pre tax discount factor	11.5%	13.0%
Depreciations and investments plans	Depreciations are used for new or replacing investments	Depreciations are used for new or replacing investments

All cash-generating units have substantial headroom available to cover variations in assumptions.

2. Other intangible assets

The other intangible assets consist of the following:

	2019	2018
Software	10,555	12,116
Trade names	33	82
Customer databases	365	898
Balance at 31 December	10,953	13,096

The amortisation rates are as follows:

- Software: 20-40% per annum
- Trade name SES Labour Solutions: 33.33% per annum
- Customer database SES Labour Solutions: 33.33% per annum

Residual values are considered to be zero.

Software

Movements during the year:

	2019	2018
At cost at 1 January	31,860	33,709
Accumulated amortisation	-19,744	-22,408
Balance at 1 January	12,116	11,301
Changes in carrying amount:		
Additions	2,849	5,244
Disposals	-62	-10
Amortisation	-4,355	-4,413
Exchange rate	7	-6
Total changes	-1,561	815
At cost at 31 December	34,594	31,860
Accumulated amortisation	-24,039	-19,744
Balance at 31 December	10,555	12,116

Software mainly includes financial and business supporting software acquired. The average remaining amortisation period is three years.

In 2019 a part of the software with an at cost value of EUR 10 (2018: 7,093) that was fully amortised has been written off from both the at cost value and the accumulated impairment.

Trade names

Movements during the year:

	2019	2018
At cost at 1 January	155	155
Accumulated amortisation and impairment	-73	-17
Balance at 1 January	82	138
Changes in carrying amount:		
Amortisation	-50	-50
Exchange rate	1	-6
Balance at 31 December	33	82
At cost at 31 December	155	155
Accumulated amortisation and impairment	-122	-73
Balance at 31 December	33	82

Customer databases

Movements during the year:

	2019	2018
At cost at 1 January	1,707	1,707
Accumulated amortisation and impairment	-809	-190
Balance at 1 January	898	1,517
Changes in carrying amount:		
Amortisation	-544	-552
Exchange rate	11	-66
Balance at 31 December	365	898
At cost at 31 December	1,707	1,707
Accumulated amortisation and impairment	-1,342	-809
Balance at 31 December	365	898

3. Property, plant and equipment

Movements during the year:

	Office equipment	Computer systems	Total
At cost at 1 January 2018	20,497	4,398	24,895
Accumulated depreciation	-13,707	-3,383	-17,090
Balance at 1 January 2018	6,790	1,015	7,805
Changes in carrying amount:			
Additions	1,615	374	1,989
Disposals	-139	-23	-162
Depreciation	-1,967	-403	-2,370
Exchange rate	5	-5	-
Total changes 2018	-486	-57	-542
At cost at 31 December 2018	23,512	4,444	27,956
Accumulated depreciation	-17,207	-3,486	-20,693
Balance at 31 December 2018	6,304	958	7,263
Changes in carrying amount:			
Additions	3,174	522	3,696
Disposals	-620	-96	-716
Depreciation	-1,777	-469	-2,246
Exchange rate	-15	7	-8
Total changes 2019	762	-36	726
At cost at 31 December 2019	26,006	4,795	30,801
Accumulated depreciation	-18,940	-3,872	-22,812
Balance at 31 December 2019	7,066	922	7,989
Depreciation rate	20-40%	20-40%	20-40%

No leased items are included in property, plant and equipment. Residual values are considered to be zero. The carrying amount equals the estimated fair value of the assets.

In 2019 part of the property, plant and equipment with an at cost value of EUR 136 (2018: EUR 2,504) that was fully depreciated has been written off from both the at cost value and the accumulated depreciation.

4. Leases

This note provides information for leases where the group is a lessee.

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2019	1 January 2019
Right-of-use-asset		
Right-of-use-asset - Property	33,355	44,554
Right-of-use-asset - Cars	7,204	8,810
Right-of-use-asset - Others	111	103
Total	40,670	53,466
Lease liability		
Current	14,942	19,073
Non-current	27,595	35,225
Total	42,537	54,298

Additions to the right-of-use assets during 2019 amount to EUR 2.7 million, of which EUR 2.5 million relates to property and EUR 0.1 million relates to cars and other leases, each. In 2019, an impairment of EUR 0.8 million was made to the right-of-use asset for property related to BIS. Lease remeasurements amount to EUR 0.8 million, consisting of EUR 1.3 million reduction in property and EUR 2.2 million increase in cars.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options has already been reflected in the lease liability for properties as it is reasonably certain that these options will be exercised. Lease extensions on cars and other office equipment are not expected to have a significant impact, as assets can be easily replaced with little cost to Brunel. Lease payments for some contracts include inflationary increases, but there are no other variable lease payments that depend on an index or rate.

Amounts recognised in the consolidated profit and loss account

The consolidated profit and loss account shows the following amounts related to leases:

Depreciation charge of right-of-use asset	2019	2018
Property	-12,391	-
Cars	-3,958	-
Other	-60	-
Total	-16,409	-
Interest expense (included in financial income & expense)	-570	-
Expense relating to short-term and low-value leases (included in note 14 - direct personnel expenses)	-8,306	-
Expense relating to short-term and low-value leases (included in note 16 - other expenses)	-3,304	-

The total cash outflow for leases in 2019 was EUR 27.4 million, of which EUR 15.2 million are principal elements of recognised lease liabilities.

Maturity analysis

The table below analyses the group's lease liabilities into relevant maturity groupings based on their contractual maturities.

Maturity	Property	Cars	Others	Total
Less than 1 year	11,084	3,967	40	15,091
Between 1 and 2 years	7,965	3,184	36	11,184
Between 2 and 3 years	4,928	218	16	5,163
Between 3 and 4 years	3,208	15	19	3,241
Between 4 and 5 years	2,743	1	3	2,747
More than 5 years	6,253	-	-	6,253
Total	36,181	7,385	114	43,681

5. Investments accounted for using the equity method

Interest in associates

Set out below is the associates of the group as at 31 December 2019 which, in the opinion of the directors, are material to the group. The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or

registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. The associate is fully impaired, no further cash injections will be made, and therefore there is no risk of further losses.

Name of entity	Country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Carrying amount	
		2019	2018			2019	2018
IBR Soluções Limitada ⁽¹⁾	Angola	49%	49%	Associate	Equity method	-	-

⁽¹⁾ IBR Soluções Limitada is an associate of Brunel International N.V. operating in Angola.

The tables below provide summarised financial information for the associate that is material to the group.

The information disclosed reflects the amounts presented in the annual accounts of the relevant associate and not Brunel International N.V.'s share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	2019	2018
Current assets	404	1,135
Current liabilities	-4,772	-4,724
Long-term liabilities	-548	-838
Net assets at 31 December	-4,916	-4,427

	2019	2018
Opening net assets 1 January	-4,427	-3,326
Profit / loss for the period	-2,689	-3,012
Foreign exchange	2,200	1,911
Closing net assets at 31 December	-4,916	-4,427

Summarised statement of comprehensive income

	2019	2018
Revenue	-	36
Profit / loss for the period	-2,689	-3,012

As Brunel's interest in IBR Soluções Limitada has been impaired and Brunel does not have any further legal or constructive obligations to make payments to or on behalf of IBR Soluções Limitada, additional losses are no longer recognised.

6. Trade and other receivables

The trade and other receivables consist of the following:

	2019	2018
Trade accounts receivables	173,751	160,830
Prepayments	7,861	8,033
Accrued income	68,043	69,358
Other receivables	11,420	5,718
Balance at 31 December	261,075	243,939

All receivables have an expected term of less than one year. The carrying amount of these receivables equals the fair value. Prepayments include a Nigerian withholding tax receivable of EUR 1,356 (2018: EUR 1,323) for which EUR 1,356 (2018: EUR 1,323) has been impaired. Other receivables include VAT receivables of EUR 9,991.

The accrued income includes contract assets of EUR 987 (2018: EUR 3,447) related to fixed price contracts in the US and Germany.

The group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and accrued income. To measure the expected credit losses, trade receivables and accrued income have been grouped based on shared credit risk characteristics and the days past due, on a country-level. Accrued income has substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for accrued income. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 1 January 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and other known matters. Based on this, even though the basis for the expected loss rate is the same, the expected loss rates for trade receivables and accrued income might differ.

The movement in this allowance is as follows:

	2019	2018
Balance at 1 January	1,543	2,438
Fully provided receivables which are written off	-729	-984
Change in allowance recognised in result	2,102	45
Exchange rate movements	20	44
Balance at 31 December	2,936	1,543

Ageing of past due and not impaired trade accounts receivables is as follows:

	2019	2018
Trade accounts receivable - Not due	126,236	104,481
1-30 days - past due	25,155	36,103
31-60 days - past due	8,541	9,812
61-90 days - past due	4,170	5,605
91-120 days - past due	2,710	2,190
120+ days - past due	9,875	4,182
Balance at 31 December	176,687	162,373

The loss allowance as at 31 December 2019 was determined as follows for both trade accounts receivables and accrued income:

Trade accounts receivable	Balance at 31 December	Expected loss rate	Loss allowance
Trade accounts receivable - Not due	126,236	0.1%	118
1-30 days - past due	25,155	0.0%	10
31-60 days - past due	8,541	0.3%	24
61-90 days - past due	4,170	1.1%	44
91-120 days - past due	2,710	1.9%	51
120+ days - past due	9,875	26.5%	2,620
Balance at 31 December	176,687		2,867

Accrued income	Balance at 31 December	Expected loss rate	Loss allowance
Services delivered December	44,610	0.0%	16
Services delivered month - 1	9,095	0.0%	2
Services delivered month - 2	3,142	0.2%	6
Services delivered month - 3	2,223	0.6%	13
Services delivered older	8,619	0.4%	32
Other accrued income	354		-
Balance at 31 December	68,043		69

The specific credit terms granted vary from 14-90 days. These terms are based on the general terms and conditions of Brunel and/or specific agreements with individual customers.

Generally, services are provided to large and financially strong companies, which are mainly operating in the oil industry. In order to minimise credit risk exposure Brunel intensively monitors the payment behaviour of their customers based on specific agreements with individual customers and the credit worthiness of the customers. Based on historical behaviour of their customers Brunel does not expect any material write-offs and therefore the expected credit loss rates are not highly sensitive.

The current assessment of the counterparty risk of our customers is that we do not expect any material write-offs. This assumption is based on the current payment behaviour of our clients. Additionally we are in frequent contact with clients that have amounts outstanding past the due date.

7. Non-current restricted cash, cash and cash equivalents

The Non-current restricted cash, cash and cash equivalents consist of the following:

	2019	2018
Non-current restricted cash	7,293	11,056
Cash and cash equivalents	84,628	94,963
Balance at 31 December	91,921	106,019

This item consists mainly of bank balances, of which EUR 24.0 million (2018: EUR 20.0 million) is not freely disposable on grounds of issued bank guarantees. The fair value approximates the carrying value.

In 2019, the non-current restricted cash has been reclassified to non-current assets. To be consistent, the same reclassification has been made in our balance per 31 December 2018.

8. Provisions

Movements during the year:

	Pension obligation	Restoration provision	Legal claims	Illness	Total
Balance at 1 January 2019	1,712	100	393	2,271	4,476
Additions	384	272	80	297	1,033
Withdrawals	-16	-	-311	-	-327
Release	-	-	-19	-	-19
Balance at 31 December 2019	2,080	372	143	2,568	5,163

The restoration provision represents the provision for returning rented real estate objects to the original state at the end of the lease contract. The estimate may vary as a result of the utilisation of the leased premises and sub-lease arrangements where applicable.

The majority of the non-current part of these provisions is expected to be settled within five years of the balance

sheet date, except for pension obligations, which will mature after five years.

The provision for illness represents the obligation for continuation of wage payment during extended periods of illness and disability.

Aside from the pension provision, as disclosed below, other provisions are not sensitive to changes in underlying assumptions

The amounts recognised in the consolidated balance sheet and the movements in the defined benefit obligation over the year are as follows:

Pension obligation	2019	2018
Balance at 1 January	1,712	-
Reclassification	-	1,291
Current service cost	61	374
Interest expense	39	47
Total amount recognised in profit or loss	100	421
Remeasurements:		
Loss from change in financial assumptions	334	-
Experience loss	10	-
Total amount recognised in other comprehensive income	344	-
Payments from plan:		
Benefit payments	-76	-
Balance at 31 December	2,080	1,712

The group operates a defined benefit pension plan in Germany under regulatory frameworks. The defined benefit pension plan is managed jointly by Brunel and Bochumer Verband. This plan is a final salary pension plan, which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. In the plans, pension payments are generally updated in line with the retail price index. This is an unfunded plan and no plan assets are applicable. The main risks in relation to this plan relate to the key variables in the actuarial calculations (i.e. changes in bonds yields, inflation risks and life expectancy).

Significant actuarial assumptions for the pension plan are:

Assumptions	2019	2018
Discount rate	1.49%	2.22%

The sensitivity of the defined benefit obligation to changes in the principal assumption is:

Impact on defined benefit obligation	2019	2018
Discount rate -0,5%	+11%	+10%
Discount rate +0,5%	-9%	-9%

9. Other non-current liabilities

The other non-current liabilities consist of the following:

	2019	2018
Liability for office rent-free period	-	648
Contingent consideration business combinations	-	676
Balance at 31 December	-	1,324

The liability for office rent-free period relates to our offices in the Netherlands. Due to the adoption of IFRS 16 in 2019, the liability has been reclassified to right-of-use assets (refer to note 4). The contingent consideration for business combinations relates to the acquisition of SES Labour

Solutions and is based on performance targets until mid-2020. The given amount has been reclassified to current liabilities (refer to note 10) in 2019. The carrying amount of these liabilities equals the fair value.

10. Other current liabilities

The other current liabilities consist of the following:

	2019	2018
Trade payables	16,821	16,804
Taxes and social security charges	37,301	35,481
Pensions	801	630
Accrued employee expenses	48,147	43,442
Contingent consideration business combinations	748	738
Accrued expenses	4,125	4,367
Current portion of onerous contracts	1,259	-
Other liabilities	2,111	3,301
Balance at 31 December	111,313	104,763

The contingent consideration for business combinations relates to the acquisition of SES Labour Solutions and is based on performance targets until mid-2020. The portion presented in current liabilities is the amount related to 2020.

Current liabilities have an expected term of less than one year. The majority of trade payables and taxes and social security charges are due within a range of 1-45 days.

The current portion of onerous contracts relates to the loss-making contract for the construction of a water treatment plant by BIS.

The majority of the other liabilities and accrued employee expenses are due within a range of 1-180 days.

The carrying amount of these liabilities equals the fair value.

11. Group Equity

The authorised capital is EUR 5,998,000 divided into one priority share with a nominal value of EUR 10,000 and 199.6 million ordinary shares with a nominal value of EUR 0.03. The subscribed capital consists of 50,574,624 ordinary shares (2018: 50,574,624) with a value of EUR 1,517,239.

The movement in the number of issued shares is:

	2019	2018
Issued at 1 January	50,574,624	50,429,624
Issue of Shares	-	145,000
Issued at 31 December	50,574,624	50,574,624

Except for the translation reserve, all reserves are freely distributable. In 2018 the cash dividend was EUR 0.25 per share. The proposed dividend for 2019 will be EUR 0.08 per share and an additional dividend of EUR 0.22 per share. Further information is provided in the consolidated statement of changes in equity on page 102 of this report.

The priority share, which has a par value of EUR 10,000, has been issued to Stichting Prioriteit Brunel, subject to the condition precedent that the majority shareholder loses its majority share in Brunel International N.V.'s share capital. The priority share will be fully paid up as soon as the issue becomes unconditional. The protective stipulations are included in the Articles of Association of Brunel International N.V.

Non-controlling interest

The movement in non-controlling interest is as follows:

	2019	2018
Balance at 1 January	673	136
Result for the year	-3,692	959
Issue of shares	-	172
Dividend	-1,853	-530
Liquidation loss	370	-
Exchange rate movements	108	-64
Issued at 31 December	-4,395	673

Set out below is summarised financial information for the main non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Middle East & India		BIS		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Non-current assets	3,091	635	607	46	-	-	3,698	681
Current assets	53,731	41,323	11,975	13,839	19	77	65,725	55,238
Current liabilities	-14,184	-11,365	-11,396	-5,039	-7	-1,655	-25,586	-18,059
Non-current liabilities	-32,343	-22,311	-28,294	-12,174	-20	-	-60,656	-34,485
Net assets per 31 December	10,296	8,282	-27,107	-3,328	-8	-1,578	-16,820	3,375
Accumulated NCI	2,385	1,874	-6,777	-832	-4	-369	-4,395	673
Dividend paid to NCI	1,853	625	-	-	-	-	1,853	625
Revenue	89,219	60,449	41,742	19,119	-	34	130,961	79,602
Profit (loss)	8,960	7,202	-23,778	-2,198	-9	-1,161	-14,827	3,843
Result allocated to NCI	2,248	1,798	-5,945	-550	4	-290	-3,692	1,508

Middle East & India includes the non-controlling interests in our entities in Kuwait (25%), Qatar (25%) and Oman (30%).

The other non-controlling interest mainly includes the non-controlling entities in the BIS-group in the US.

12. Option rights

Outstanding option rights:

Year granted	2014
Outstanding at 1 January 2019	333,000
Exercised	-
Forfeited	-
Expired	-333,000
Outstanding at 31 December 2019	-
Weighted average exercise prices in EUR	22.92
Range of exercise prices in EUR	22.92
Expiry date	1 March 2019

Outstanding option rights J.A. van Barneveld

Year granted	2014	Total
Outstanding at 1 January 2019	100,000	100,000
Exercised	-	-
Forfeited	-	-
Expired	-100,000	-100,000
Outstanding at 31 December 2019	-	-
Exercise prices in EUR	22.92	

Option rights movement

	2019		2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 January	333,000	22.92	647,000	20.40
Exercised during the year	-		-145,000	16.29
Forfeited during the year	-		-68,000	22.92
Expired during the year	-333,000	22.92	-101,000	16.29
Balance at 31 December	-		333,000	22.92

Stock Appreciation Rights (SAR)

In 2015 the option scheme has been replaced by a SAR scheme. The SAR's granted in 2019 are conditional upon continued employment. The vesting period is three years. Options can be exercised during two years after vesting on condition that the employee is still in the service of the company. This last condition does not apply to the SAR's granted to the former CEO. The SAR scheme is a cash settled plan.

Due to the cash settlement method of the SAR's, the rights are subject to a mark-to-market valuation exercise to measure the fair value on the specific balance date. When (re)measuring the fair value on the latest reporting date, the expected life of the right is determined based on the expectation regarding exercise behaviour of the participants. Exercise behaviour is influenced by for example share price development.

The grant date fair value of the SAR's is determined based on the Black-Scholes option valuation model. In this model the expected volatility is based on historical volatility for the corresponding periods of the Company shares (27.23% - 39.56%), the expected dividend yield is based on the dividend policy and set at 2.0% to 3.0%, the expected remaining years (0.7 - 4.0 years) and a risk free interest in the range of -0.557% and -0.684%. The risk free interest is based on the yield of AAA rated EU government bonds with a maturity commensurate to the expected life of the respective award. The weighted average fair value of SAR's

granted in 2019 amounts to EUR 2.10. During 2019, 868,000 SAR's have been granted on 14 February 2019, conditional upon continued employment for three years. During the year no SAR's have been exercised, 208,000 SAR's were forfeited and 106,000 have expired. At 31 December 2019 a total of 351,000 SAR's can be exercised. The total costs of the SAR scheme in 2019 recognised in the consolidated profit and loss account amount to EUR 95 thousand, based on portion of time passed by the end of the year and fair value at year end. Per year end the total liability for the SAR scheme amounts to EUR 228 thousand. Costs are spread over the period in which employees provide services. The total intrinsic value at the end of the period of liabilities related to vested share appreciation rights is nihil (2018: nihil).

13. Contingent liabilities

The group leases various offices, cars and other office equipment under non-cancellable operating leases expiring within 6 months to 5 years. The leases have varying terms, escalation clauses and renewal rights. On renewal the terms of the leases are renegotiated.

From 1 January 2019, the group has recognised right-of-use assets for these leases, except for short-term and low-value leases that are disclosed below. See note 4 for further information.

	2019	2018
Expire in year 1	574	15,679
Expire in years 2-5	65	25,082
Expire in years 6 and later	-	6,918
Balance at 31 December	639	47,679

Brunel GmbH is subject to a tax audit in Germany regarding the years 2012-2015. In the tax audit, the deductibility of interest expenses has been challenged. We are confident that we will be able to adequately support these interest expenses and that the chances of a significant adjustment and tax payment are remote. The maximum tax exposure is EUR 13.2 million.

Events after balance sheet date

No events of interest to the group as a whole took place after the balance sheet date.

Notes to the consolidated profit and loss account

x EUR 1,000, unless stated otherwise

14. Direct and indirect personnel expenses

The direct and indirect personnel expenses consist of the following:

	2019		2018	
	Direct	Indirect	Direct	Indirect
Salaries	610,427	84,215	499,812	76,115
Social charges	41,605	12,288	39,682	11,325
Pension charges	23,769	2,205	23,187	2,114
Other	155,902	24,740	143,003	21,224
Total	831,703	123,448	705,684	110,778

The pension schemes in the group can all be classified as defined contribution, except for one defined benefit plan in Germany (refer to note 8). The other direct personnel expenses include visa, logistic and other services provided to direct employees. These expenses are typically reimbursed by our customers. The other direct personnel expenses include EUR 8.3 million in short-term or low-value leases, this mainly relates to BIS (EUR 5.7 million).

The above figures include EUR 52.0 million and EUR 3.7 million direct and indirect personnel expenses that relates to BIS operations which are being wound down.

Remuneration of directors

The directors' remunerations charged to the results in 2019 (2018) are set out below:

	Short-term employee benefits				Share based payments	Total
	Salary	Bonus	Pension	Other *		
Board of Directors:						
J.T. Andringa, CEO	600 (575)	- (323)	11 (11)	- (134)	7 (6)	618 (1,049)
J.A. van Barneveld, former CEO	- (100)	- (-)	- (-)	- (-)	6 (-211)	6 (-111)
P.A. de Laat, CFO	430 (400)	- (180)	9 (9)	- (-)	8 (-100)	447 (489)
Supervisory Board:						
D. van Doorn (stepped down per 1 June 2018)	- (29)	-	-	-	-	- (29)
A. Schouwenaar	70 (68)	-	-	-	-	70 (68)
J.J.B.M. Spee	65 (61)	-	-	-	-	65 (61)
J.A. van Barneveld (as of 1 March 2018)	55 (46)	-	-	-	-	55 (46)
K. Koelemeijer (as of 16 May 2019)	34 (-)	-	-	-	-	34 (-)
	1,254 (1,279)	- (503)	20 (20)	- (134)	21 (-305)	1,295 (1,631)

* Other benefits for Mr Andringa represents the transitional arrangement.

- Mr Andringa has 8,000 shares in the company, in addition to 100,000 SAR's.
- Mr De Laat has 10,000 shares in the company, in addition to 230,000 SAR's.
- Mr van Barneveld has no shares in the company, but does hold 140,000 SAR's.
- The other members of the supervisory board hold neither shares nor share options in the company.
- No loans and/or guarantees have been issued to members of the board of directors or supervisory board.

SAR's of directors

Year granted	2015	2016	2017	2018	2019	Total
J.T. Andringa, CEO	-	-	50,000	-	50,000	100,000
J.A. van Barneveld, former CEO	70,000	70,000	-	-	-	140,000
P.A. de Laat, CFO	50,000	50,000	30,000	50,000	50,000	230,000
Range of exercise prices in EUR	17.68	17.26	14.77-15.00	15.48	12.78	

Internal pay ratio

The pay ratio of CEO compensation compared to the average employee compensation during 2019:

	2019	2018		2019	2018
J.T. Andringa, CEO	8.2	12.9	Other intangible assets (2)	4,949	5,015
			Property, plant and equipment (3)	2,246	2,370
			Right-of-use assets (4)	16,410	-
			Total	23,605	7,385

The internal pay ratio is calculated using annual compensation for 2019 of EUR 0.6 million (2018: normalised annualised excluding the transitional arrangement), compared to the average compensation of all indirect employees. The average compensation of all indirect employees was 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 0.1 million for 2019.

15. Depreciation and amortisation

The costs for depreciation and amortisation in the consolidated profit and loss account consist of the following:

The depreciation of the right-of-use assets includes an impairment of EUR 0.8 million related to BIS.

16. Other expenses

The 2019 other expenses amount to EUR 44.9 million (2018: EUR 56.7 million) and include EUR 2.7 million (2018: EUR 15.7 million) short-term and low-value lease costs. Due to the implementation of IFRS 16, leased property and cars are recorded as right-of-use assets, with depreciation and interest expenses recorded in the consolidated profit and loss account. Furthermore, the other expenses comprise marketing expenses, IT expenses, office and other overhead costs.

Audit costs

The audit costs consist of the following:

	Pricewaterhouse Coopers Accountants N.V.	Member firms / affiliates	Total 2019	Pricewaterhouse Coopers Accountants N.V.	Member firms / affiliates	Total 2018
Audit of the financial statements	584	800	1,384	516	716	1,232
Tax services	-	271	271	-	205	205
Other non-audit fees	-	-	-	-	52	52
Total	584	1,071	1,655	516	973	1,489

The fees listed above relate to the procedures applied to the Company and its consolidated group entities by accounting firms and external independent auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties - Wta') as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

The audit fees relate to the audit of the 2019 annual accounts, regardless of whether the work was performed during the financial year.

Our independent auditor, PricewaterhouseCoopers Accountants N.V., has rendered, for the period to which our statutory audit relates, in addition to the audit of the statutory annual accounts the following services to the company and its controlled entities:

Tax Services

- Tax compliance services

Other non-audit fees

- Audits of financial information for the purpose of tenders

17. Tax

	2019	2018
Current tax income / expense	15,220	14,137
Deferred tax income / expense	1,086	-3,218
Tax income / expense	16,306	10,919

In 2019, the effective tax rate on the result before tax is 99.2 % (2018: 33.7%).

The reconciliation between the actual tax expense and the tax expense based on the Dutch corporate income tax rate (2019 and 2018: 25%) is as follows:

	2019		2018	
Income tax at Dutch corporate income tax rate	4,110	25.0%	8,112	25.0%
Permanent differences:				
Difference with foreign tax rates	1,254	7.6%	2,490	7.7%
Weighted average applicable tax rate	5,364	32.6%	10,602	32.7%
Adjustment previous years	1,029	6.3%	-727	-2.2%
Non-taxable items	368	2.2%	1,441	4.4%
Tax losses not recognised as deferred tax asset	6,814	41.4%	1,103	3.4%
Impairment of deferred tax assets	2,462	15.0%	579	1.8%
Recognition of deferred tax assets	-	0.0%	-2,145	-6.6%
Rate adjustment deferred tax asset	-	0.0%	650	2.0%
Other taxes	269	1.6%	-584	-1.8%
Effective tax charge	16,306	99.2%	10,919	33.7%

The weighted average applicable tax rate and the effective tax rate are strongly affected by changes in the mix of results of subsidiaries in countries with different tax rates and/or systems. The effective tax rate is mainly affected by the loss in BIS and the impairment of deferred tax assets in the US. Countries with alternative minimum taxes had a relatively higher share in the results.

Movement schedule tax assets and liabilities

	Current	Deferred	Total
Balance at 1 January 2018			
Tax assets	7,252	11,763	19,015
Tax liability	-754	-1,024	-1,778
	6,498	10,739	17,237
Movements during the year			
Paid / received	9,171	-	9,171
Through profit and loss	-14,137	3,217	-10,920
Through divestment	-314	-	-314
Through other comprehensive income	-347	-	-347
Transfer from prepayments	306	-	306
Exchange rate adjustment	-14	74	60
	-5,335	3,291	-2,044
Balance at 31 December 2018			
Tax assets	2,284	14,428	16,712
Tax liability	-1,122	-397	-1,519
	1,162	14,031	15,193
Movements during the year			
Paid / received	12,543	-	12,543
Through profit and loss	-15,221	-1,086	-16,307
Through other comprehensive income	-57	-	-57
Exchange rate adjustment	105	155	260
	-2,630	-931	-3,561
Balance at 31 December 2019			
Tax assets	2,844	13,417	16,261
Tax liability	-4,312	-317	-4,629
	-1,468	13,100	11,632

During the financial year an amount of EUR 0.1 million was debited directly to other comprehensive income (2018: EUR 0.3 million) for tax relating to foreign exchange results recorded in the other comprehensive income.

The deferred tax assets originate from accumulated tax losses (mainly from US, Germany and Austria) and temporary differences. Recognition and derecognition of these assets are based on the forecasted results for the relevant group companies.

The deferred tax liabilities relate to temporary differences in the valuation of intangible assets that were a result of business combinations.

	Opening balance	Recognised in P&L	Exchange rate adjusted	Closing balance
Movement of deferred tax positions in 2018:				
Deferred tax assets				
Deferred tax assets in relation to:				
Temporary differences in allowance for doubtful debt	254	65	15	334
Temporary differences valuation other intangible assets	5,150	201	-	5,351
Temporary differences in accruals employee expenses	1,128	-4	-24	1,100
	6,532	262	-9	6,785
Recognised tax losses	5,231	2,342	70	7,643
Total deferred tax assets	11,763	2,604	61	14,428
Deferred tax liabilities				
Deferred tax liabilities in relation to:				
Temporary differences valuation other intangible assets	-497	171	22	-304
Temporary differences in accruals employee expenses	-91	6	-8	-93
Retained earnings from subsidiaries	-436	436	-	-
Total deferred tax liabilities	-1,024	613	14	-397
Total deferred tax assets and liabilities	10,739	3,217	75	14,031
Movement of deferred tax positions in 2019:				
Deferred tax assets				
Deferred tax assets in relation to:				
Temporary differences in allowance for doubtful debt	334	76	41	451
Temporary differences valuation other intangible assets	5,351	589	-	5,940
Temporary differences in accruals employee expenses	1,100	81	5	1,186
	6,785	746	46	7,577
Recognised tax losses	7,643	-1,926	123	5,840
Total deferred tax assets	14,428	-1,180	169	13,417
Deferred tax liabilities				
Deferred tax liabilities in relation to:				
Temporary differences valuation other intangible assets	-304	158	-3	-149
Temporary differences in accruals employee expenses	-93	-63	-12	-168
Total deferred tax liabilities	-397	95	-15	-317
Total deferred tax assets and liabilities	14,031	-1,085	154	13,100

Deferred tax assets amounting to EUR 5.8 million (2018: EUR 7.6 million) are dependent on future taxable profits in excess of the profits arising from the reversal of existing temporary differences. Unused tax losses for which no deferred tax assets have been recognised amount to EUR 54.6 million (2018: EUR 28.5 million). All tax losses,

either recognised or unrecognised can be offset with future profits. Dependant on the country EUR 3 million of the unrecognised losses will expire within 5 years, the remainder can either be offset within 15 years (EUR 42.4 million) or indefinitely (EUR 9.2 million).

18. Earnings per share

	2019	2018
Weighted average number of ordinary shares for the purpose of basic earnings per share	50,574,624	50,502,124
Effect of dilutive potential ordinary shares from share based payments	-	333,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	50,574,624	50,835,124
Net income for ordinary shareholders in EUR	3,825,151	20,570,509
Basic earnings per share in EUR	0.08	0.41
Diluted earnings per share in EUR	0.08	0.40

Notes to the consolidated cash flow statement

The majority of the items on the consolidated cash flow statement are, on an individual basis cross-referenced to the relevant notes on the consolidated profit and loss account and the consolidated balance sheet. For the remainder of the material items, the reconciliation between amounts included in the consolidated cash flow statement and related amounts in the consolidated profit and loss account and the consolidated balance sheet are shown below.

19. Trade and other receivables

	2019	2018
Balance at 1 January	243,939	204,758
Change in allowance for bad debt	-2,102	-45
Change in receivables	15,185	47,445
Exchange rate movements	4,053	-8,219
Balance at 31 December	261,075	243,939

20. Other current liabilities

	2019	2018
Balance at 1 January	104,763	104,425
Change in current liabilities	3,686	6,575
Exchange rate movements	2,864	-6,237
Balance at 31 December	111,313	104,763

21. Other non-cash expenses

The other non-cash expenses include the impairment of trade and other receivables (refer to note 6).

22. Transactions with related parties

The Board of Directors, the Supervisory Board, majority shareholder and participations are considered to be related parties. For information about the Directors' remuneration reference is made to note 14. Transactions with related parties were made on terms equivalent to those that prevail in arm's length transactions. Included under other operating expenses is an amount of EUR 79 (2018: EUR 79) paid as consultancy fee to the majority shareholder of Brunel International N.V.

23. Segment reporting

x EUR 1,000, unless stated otherwise

Operating segments have been identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. Information reported to the group's chief operating decision maker is focused at components engaged in providing services in a particular economic environment from those of other segments. A geographical segment is engaged in providing services in a particular economic environment which are subject to risks and returns that are different from those segments operating in other economic environments.

The main regions are: DACH (Germany, Austria, Switzerland and Czech Republic), the Netherlands, Americas, Australasia, Europe & Africa, Middle East & India, Russia & Caspian area and South East Asia. This is the basis on which internal reports are provided to the chief operating decision maker for assessing performance and determining the allocation of resources within the Group. From 2018 onwards, all regions exceeding 10% of total revenue, EBIT or assets are reported separately. The remaining regions are combined in Rest of World.

In October 2019, the management decided to stop Brunel Industrial Services (BIS) in Texas, US. Subtotals exclude operations in BIS that is presented separately below, given that since that date the internal reports shared with the chief operating decision maker changed.

Reportable segments

	Revenue		Gross profit		Operating profit	
	2019	2018	2019	2018	2019	2018
	Segments					
DACH region	284,324	268,602	92,616	86,340	27,144	25,056
Netherlands	206,779	220,148	55,726	62,336	9,718	11,644
Australasia	118,963	113,945	9,827	9,899	-1,612	-814
Middle East & India	117,407	87,260	20,831	15,579	11,048	7,998
Americas	104,089	73,698	13,370	9,227	-810	-1,131
Rest of World	167,813	131,809	27,170	22,636	1,330	1,579
Unallocated	-	-	-	-	-7,205	-8,356
Subtotal	999,375	895,462	219,540	206,017	39,613	35,976
BIS	41,742	19,119	-10,126	2,880	-22,197	-1,909
Total	1,041,117	914,581	209,414	208,897	17,416	34,067

In the segment Rest of World a revenue of EUR 22.3 million (2018: EUR 16.9 million) is generated in The Netherlands.

	Balance sheet total		Non-current assets		Investment in IA & PPE	
	2019	2018	2019	2018	2019	2018
	Segments					
DACH region	99,831	85,561	18,133	5,805	1,128	709
Netherlands	68,150	58,543	20,830	2,969	207	1,840
Australasia	40,360	33,673	8,771	2,143	817	144
Middle East & India	70,872	55,618	10,951	849	239	481
Americas	34,920	35,580	4,055	3,623	331	76
Rest of World	99,410	86,482	8,936	11,342	396	537
Unallocated	11,450	26,179	16,647	16,501	2,660	3,418
Subtotal	424,993	381,636	88,323	43,232	5,778	7,205
BIS	12,484	13,885	607	46	767	28
Total	437,477	395,521	88,930	43,278	6,545	7,233

	Tax expense		Current & Long-term liabilities		Depreciation and Amortisation	
	2019	2018	2019	2018	2019	2018
	Segments					
DACH region	9,228	8,620	38,351	21,685	5,843	894
Netherlands	2,397	3,695	54,517	36,985	5,352	1,673
Australasia	-226	1,081	9,794	8,978	1,287	658
Middle East & India	765	-23	37,971	26,644	2,094	146
Americas	3,185	-2,192	7,290	5,696	677	84
Rest of World	1,369	1,514	33,871	8,576	2,778	498
Unallocated	-625	-1,860	-23,056	914	4,059	3,409
Subtotal	16,093	10,835	158,738	109,478	22,090	7,362
BIS	213	84	4,904	2,604	1,515	23
Total	16,306	10,919	163,642	112,082	23,605	7,385

Employees

The total number of direct and indirect employees with the group companies is set out below:

Average workforce

	2019		2018	
	Direct	Indirect	Direct	Indirect
	Segments			
DACH region	2,697	513	2,646	476
Netherlands	2,242	409	2,463	438
Australasia	922	85	919	78
Middle East & India	3,215	137	3,168	116
Americas	861	127	648	98
Rest of World	1,856	287	2,025	276
Unallocated	-	53	-	53
Subtotal	11,793	1,611	11,869	1,535
BIS	253	20	86	9
Total workforce	13,677		13,499	

Workforce at 31 December

	2019		2018	
	Direct	Indirect	Direct	Indirect
DACH region	2,603	512	2,791	503
Netherlands	2,136	379	2,535	449
Australasia	974	84	889	79
Middle East & India	2,621	139	3,922	124
Americas	856	124	682	114
Rest of World	2,090	289	1,805	273
Unallocated	-	57	-	43
Subtotal	11,280	1,584	12,624	1,585
BIS	72	12	318	11
Total workforce	12,948		14,538	

Winding down BIS

On 22 October 2019, Brunel has decided to stop Brunel Industrial Services (BIS) in Texas, US. Since 2017, BIS has worked on various construction and maintenance projects, including large projects in shale oil and gas. As announced in Brunel's Q2 results this August, we encountered issues with a project for a water treatment plant, which we won in 2018, leading to a significant loss. We replaced the general manager and rebuilt the organisation, but at the same time we saw the market for shale oil and gas experiencing a slowdown with changing clients' behaviour in their contracting model from time & material to fixed pricing. As a consequence, our BIS-activities in Q3 were at a very low level, causing a disbalance with our organisational capacity and resulting in significant operational losses. After a thorough re-evaluation of the strategic rationale of this business, it was decided to stop the BIS-activities as soon as practicable. Until then, existing commitments, including the water treatment plant project, will be delivered on in close collaboration with the client for an optimal outcome. All commitments are expected to be delivered and finalised in Q2 2020. Brunel has no similar contracts anywhere else in the world.

The total net loss incurred by BIS in 2019 amounts to EUR 23.8 million.

Other segment information

Other segment information provides an overview of the activities with regard to our global vertical approach.

Revenue

	2019	2018
Oil & Gas	462,055	327,184
Automotive	113,150	94,921
Engineering	223,764	292,066
Mining	59,665	55,994
Infrastructure	58,308	52,429
Other	124,174	91,986
Total	1,041,117	914,581

Company balance sheet as at 31 December 2019

x EUR 1,000, before profit appropriation

	31 December 2019	31 December 2018
Non-current assets		
Other intangible assets (24)	9,295	10,519
Property, plant & equipment (25)	137	132
Right-of-use assets (26)	4,676	-
Investments accounted for using the equity method (27)	262,402	260,447
Deferred tax income assets	6,054	5,832
Total non-current assets	282,564	276,930
Current assets		
Trade and other receivables (28)	45,416	19,658
Income tax receivables	547	117
Cash and cash equivalents (29)	786	5,963
Total current assets	46,749	25,738
Total assets	329,313	302,668
Non-current liabilities		
Lease liabilities (26)	3,958	-
Total non-current liabilities	3,958	-
Current liabilities		
Lease liabilities (26)	723	
Other current liabilities (30)	46,402	19,902
Total current liabilities	47,125	19,902
Total liabilities	51,083	19,902
Net assets	278,230	282,766
Shareholders' equity (31)		
Share capital	1,517	1,517
Share premium	86,145	86,145
General reserve	179,342	171,610
Translation reserve	7,401	2,923
Unappropriated result	3,825	20,571
Total shareholders' equity	278,230	282,766

Company profit and loss account for the year ended 31 December 2019

x EUR 1,000

	2019	2018
Revenue (32)	15,951	16,574
Direct personnel expenses (33)	-	-
Contribution margin	15,951	16,574
Indirect personnel expenses (33)	-9,982	-8,359
Depreciation and amortisation (24-26)	-4,604	-3,409
Other expenses (34)	-8,800	-13,160
Total operating costs	-23,385	-24,928
Operating profit	-7,434	-8,354
Exchange differences	-5	-7
Interest income	77	218
Interest expenses	-82	-13
Financial income and expense	-10	198
Share of profit of investments accounted for using the equity method (35)	9,607	26,868
Result before tax	2,163	18,712
Tax	1,662	1,859
Net result	3,825	20,571

Notes to the company balance sheet and profit and loss account

x EUR 1,000, unless stated otherwise

General

The annual accounts of Brunel International N.V. have been prepared using the option of section 362, subsection 8, of Book 2 of Dutch Civil Code, meaning that the accounting principles used are the same as for the consolidated annual accounts. Foreign currency has been translated, assets and liabilities have been valued, and net income has been determined, in accordance with the accounting principles for the valuation of assets and liabilities and determination of profit on pages 104 until 116.

Financial assets

Subsidiaries of Brunel International N.V. are presented using the equity method. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Brunel International N.V.'s investment in subsidiaries includes goodwill identified on acquisition. This equity method includes the carrying amount of the investment together with all other long-term interests.

Revenue

Brunel International N.V. provides management services, business IT management, design, implementation and support services. Revenue from providing services is recognised in the accounting period in which the services are rendered.

24. Other intangible assets

This concerns software. Movements during the year:

	2019	2018
At cost at 1 January	25,315	27,096
Accumulated amortisation	-14,796	-18,536
Balance at 1 January	10,519	8,560
Changes in carrying amount		
Additions	2,601	5,312
Amortisation	-3,825	-3,353
Balance at 31 December	9,295	10,519
At cost at 31 December	27,916	25,315
Accumulated amortisation	-18,621	-14,796
Balance at 31 December	9,295	10,519

In 2019 no software that was fully amortised has been written off from both the at cost value and the accumulated impairment (2018: 7,093).

25. Property, plant & equipment

Movements during the year:

	2019	2018
At cost at 1 January	302	468
Accumulated amortisation	-170	-307
Balance at 1 January	132	161
Changes in carrying amount		
Additions	59	27
Depreciation	-54	-56
Balance at 31 December	137	132
At cost at 31 December	361	302
Accumulated depreciation	-224	-170
Balance at 31 December	137	132

26. Leases

This note provides information for leases where the company is a lessee.

Amounts recognised in the balance sheet

The company balance sheet shows the following amounts relating to leases:

	2019	1 January 2019
Right-of-use-asset		
Right-of-use-asset - Property	4.470	5.109
Right-of-use-asset - Cars	206	163
Total	4.676	5.272
Lease liability		
Current	723	815
Non-current	3.958	4.457
Total	4.682	5.272

Additions to the right-of-use assets during 2019 amount to EUR 0.1 million.

Amounts recognised in the profit and loss account

The profit and loss account shows the following amounts related to leases:

	2019
Depreciation charge of right-of-use assets	2019
Depreciation	-725
Interest expense	-28
Expense relating to Short-term and low-value leases (included other expenses)	-109

The total cash outflow for leases in 2019 was EUR 0.1 million.

27. Investments accounted for using the equity method

The investments accounted for using the equity method consist of the following:

	2019	2018
Subsidiaries	259.733	258.085
Funding of group companies	2.669	2.362
Balance at 31 December	262.402	260.447

Subsidiaries

Movements during the year:

	2019	2018
Balance at 1 January	258,085	251,580
Capital contributions	-	256,849
Profit for the year	9,607	26,868
Dividend payment	-13,000	-278,048
Reclass negative participations to funding of group companies	-	2,332
Exchange rate movements	5,040	-1,496
Balance at 31 December	259,616	258,085

Funding of group companies

Movements during the year:

	2019	2018
Balance at 1 January	2,362	2,148
Reclass negative participations to funding of group companies	-	-2,332
Transfer of group funding	-300	-
Additions	700	2,518
Exchange rate movements	-93	28
Balance at 31 December	2,669	2,362

The interest rate for funding of group companies is based on our global transfer pricing policy. The interest rate is around 5%. There are no repayment schedules as this depends on the cash flow of the group company. The fair value approximates the book value.

28. Trade and other receivables

The trade and other receivables consist of the following:

	2019	2018
Group companies	42,002	14,431
Other receivables	3,414	5,227
Balance at 31 December	45,416	19,658

All trade and other receivables fall due within one year. The fair value approximates the book value.

29. Cash and cash equivalents

Cash at bank and in hand are freely disposable. The fair value approximates the book value.

30. Other current liabilities

The other current liabilities consist of the following:

	2019	2018
Group companies	43,956	17,497
Other current liabilities	2,446	2,405
Balance at 31 December	46,402	19,902

All current liabilities fall due within one year. The fair value approximates the book value.

31. Shareholders' equity

Composition of and changes in shareholders' equity:

	Legal reserves					Unappropriated result	Total 2019	Total 2018
	Share Capital	Share Premium	General Reserve	Translation reserve	Developed Software			
Balance at 1 January 2019	1,517	86,145	171,610	2,403	520	20,571	282,766	268,832
Exchange differences result				4,998			4,998	-1,413
Actuarial losses			-344				-344	-
Liquidation loss on non-controlling interests			-370				-370	-
Result financial year						3,825	3,825	20,571
Cash dividend (11)			-12,645				-12,645	-7,586
Appropriation of result			20,571			-20,571		-
Recognition of legal reserve								-
Share based payments (12)								-
Option rights exercised (12)								2,362
Balance at 31 December 2019	1,517	86,145	178,822	7,401	520	3,825	278,230	282,766

A legal reserve is recognised in connection with the capitalised cost of the internally developed software.

In the year under review the cash dividend per share was EUR 0.25 per share. The proposed dividend for 2019 will be EUR 0.08 per share and an additional dividend of EUR 0.22 per share.

Information on outstanding options is provided in the notes to the consolidated balance sheet (refer to note 12). The details on the composition of and changes in the shareholder's equity of 2019 are disclosed in the consolidated statement of changes in group equity.

32. Revenue

The revenue in the company profit and loss account relates to management fees charged to group entities.

33. Direct and indirect personnel expenses

Salaries, social security charges and pension expenses amounted to EUR 4.8 million, EUR 0.5 million and EUR 0.2 million, respectively for 2019 (2018: expenses of EUR 4.7 million, EUR 0.3 million and EUR 0.2 million, respectively). At the end of 2019 Brunel International N.V. employed 57 people (2018: 43), all in the Netherlands. On average Brunel International N.V. employed 53 people (2018: 53). Besides the Board of Directors and their personal assistants, these concern the group finance, legal, IT and HR department.

34. Other expenses

The 2019 other expenses amount to EUR 8.8 million (2018: EUR 13.2 million) and comprise IT expenses, marketing expenses, office and other overhead costs.

35. Share of profit of investments accounted for using the equity method

	2019	2018
Profit group companies	9,607	26,868

Other

Disclosures of director's remuneration and audit fees are included in notes 14 and 16 to the consolidated annual accounts.

Guarantees

The company has guaranteed the liabilities for its Dutch participations Brunel Nederland B.V. and Brunel Energy Holding B.V. Brunel International N.V. has guaranteed towards Brunel GmbH its receivable on Brunel Car Synergies GmbH. At 31 December 2019 this receivable amounts to EUR 2 million (2018: EUR 2 million). Brunel International N.V. has guaranteed towards Liberty Mutual Surety Europe B.V. EUR 3.5 million (2018: EUR 2 million). No other guarantees have been provided (2018: EUR 0.0 million). Brunel International N.V. has issued a letter of credit towards HSBC for the credit facility of Brunel India Private Ltd. The letter of credit amounts to EUR 3.5 million (2018: EUR 3.5 million).

Brunel International N.V. is part of the Dutch fiscal unity for corporate income taxes, as well as for value-added taxes. As a consequence, the company bears joint and several liabilities for the debts with respect to corporate income taxes and value-added taxes of the fiscal unities. The company settles corporate income taxes, based on the fiscal results before taxes of the subsidiaries belonging to the fiscal unity.

Events after balance sheet date

No events of interest to the group as a whole took place after the balance sheet date.

Amsterdam, 14 February 2020

The board of directors

J.T. Andringa
P.A. de Laat

The supervisory board

A. Schouwenaar
J.A. van Barneveld
J.J.B.M. Spee
K. Koelemeijer



Additional information

Events after balance sheet date

No events of interest to the group as a whole took place after the balance sheet date.

Profit appropriation according to the articles of association

Article 26.2 The board of directors determines the part of the Company's profits which will be added to the reserves, subject to the approval of the holder of the priority share*.

Article 26.3 The remaining part of the Company's profits is at the disposal of the shareholders for distribution of profit.

* Pursuant to Article 4.3, as long as the priority share is not subscribed, the rights attached to this share are exercised by the general meeting of shareholders

Proposed profit appropriation

It will be proposed to the general meeting of shareholders that a dividend EUR 0.08 per share and an additional dividend of EUR 0.22 per share will be paid in cash.

Priority share

The priority share, which has a par value of EUR 10,000, has been issued to Stichting Prioriteit Brunel, subject to the condition precedent that the majority shareholder loses its majority share in Brunel International N.V.'s share capital. The priority share will be fully paid up as soon as the issue becomes unconditional. The protective stipulations are included in the articles of association of Brunel International N.V. and are posted on the company's website.



Independent auditor's report

To: the general meeting and the supervisory board of Brunel International N.V.

Report on the financial statements 2019

Our opinion

In our opinion:

- the consolidated financial statements of Brunel International N.V. together with its subsidiaries ('the group') give a true and fair view of the financial

position of the group as at 31 December 2019 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;

- the company financial statements of Brunel International N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2019 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2019 of Brunel International N.V., Amsterdam. The financial statements include the consolidated financial statements of the group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2019;
- the following statements for 2019: the consolidated profit and loss account, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement; and
- the notes, comprising significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2019;
- the company profit and loss account for the year then ended;
- the notes, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.

We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Brunel International N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

Overview and context

Brunel International N.V. provides secondment, project management, temping, recruitment and consultancy services. The group comprises components in several regions throughout the world and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the group, as set out below.

During the year the operations of Brunel Industrial Services in the US showed significant losses. As a result, management decided to stop the operations of Brunel Industrial Services in the US.

This affected the determination of materiality as described in the section 'Materiality'. We also noted that the risk of valuation of accounts receivable, accrued income and contract assets increased within Brunel Industrial Services during the year, which resulted in the key audit matter as described in the section 'Key audit matters'.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgments, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In the paragraph 'Critical accounting estimates, assumptions and judgments' of the financial statements, the Company describes the areas of judgment in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of

material misstatement in the recoverability of deferred tax assets in the US, we considered this to be a key audit matter. Furthermore, we identified the compliance with laws and regulations related to salaries of direct employees as a key audit matter considering its complexity and potential magnitude of a related misstatement. The key audit matters are further explained in the 'Key audit matters' section of this report.

Another area of focus was the implementation of the new EU-IFRS standard 16 'leases'. The group did not have to go through an extensive implementation process since it was not complex to identify and process all relevant data associated with the leases entered into by Brunel. Management made judgements in applying these standards, however these judgements have limited impact on the financial statements. Therefore, this is not considered to be a key audit matter.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of an international company in the business services industry in which Brunel operates. We therefore included specialists in the areas of payroll, corporate income tax and IT and experts in the area of valuations with respect to the share based payments and the determination of the weighted average cost of capital, in our team.

The outline of our audit approach was as follows:



Materiality

- Overall materiality: €1,800,000 (2018: €1,536,000).

Audit scope

- We conducted audit work on 14 components (2018: 15 components).
- Site visits were conducted to Germany and the US.
- The Company uses regional shared service centres in several locations. As a consequence, the component teams audit processes served by those shared service centres centrally in the specific location.
- Audit coverage: 80% of consolidated revenue, 80% of consolidated total assets and 87% of consolidated operating profit.

Key audit matters

- Valuation of accounts receivable, accrued income and contract assets relating to Brunel Industrial Services
- Compliance with laws and regulations relating to salaries of direct employees.
- Valuation of deferred tax assets in the US.

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial

statements as a whole as set out in the table below.

These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€1,800,000 (2018: €1,536,000).
Basis for determining materiality	We used our professional judgment to determine overall materiality. As a basis for our judgment we used 4.5% of operating profit (equals to EBIT as reported by the Company) and excluded the result from BIS due to the non-recurring nature of the incurred losses.
Rationale for benchmark applied	We used operating profit as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis, we believe that operating profit is an important metric for the financial performance of the Company. We excluded the result from BIS due to the non-recurring nature of the incurred losses. As an amount, the materiality increased compared to last year due to the increase in operating profit excluding BIS.
Component materiality	To each component in our audit scope, we, based on our judgment, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between €265,000 and €1,700,000.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would

report to them misstatements identified during our audit above €90,000 (2018: €75,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Brunel International N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Brunel International N.V.

We tailored the scope of our audit to ensure that we, in aggregate, performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the group engagement team and by each component auditor.

We subjected the two components Brunel Nederland B.V. and Brunel GmbH to audits of their complete financial information, as those components are individually financially significant to the group. Eleven other components were selected for audits of their complete financial information based on discussions with management to achieve an appropriate coverage on financial line items in the consolidated financial statements and our risk assessment. Additionally, we selected one component for specified audit procedures to achieve appropriate coverage on specific financial line items in the consolidated financial statements.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	80%
Total assets	80%
Operating profit	87%

None of the remaining components represented more than 3% of total group revenue or total group assets. For those remaining components we performed, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

The group's accounting process is structured around regional shared service centres and national accounting offices. The regional shared service centres maintain the accounting records and controls for different group entities ('components') in the region and report on behalf of local management to the head office finance team in Amsterdam through an integrated consolidation system.

The group engagement team performed the audit work for the Brunel International N.V. entity.

For the components we used component auditors who are familiar with the local laws and regulations in each of the territories to perform audit work locally. Where component auditors performed the work, we determined the level of involvement we needed to have in their audit work to be able to conclude whether we had obtained sufficient appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included amongst others our risk analysis, materiality and scope of the work. We discussed with the component audit teams the structure of the group, the main developments that are relevant for the component auditors, the group and local risk assessment, the materiality levels to be applied and their audit approach regarding significant risks. We had individual calls with the significant and some specific component audit teams during the year including upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures and other matters, which could be of relevance for the consolidated financial statements. For the significant components we reviewed selected working papers of the component auditors.

The group engagement team visits the component teams on a rotational and risk basis, taking into consideration significance and specific country risks. In the current year the group audit team visited the group's operations in the US to discuss market developments to assess the recoverability of the deferred tax assets and based on the increasing risks relating to accounts receivables, accrued income and contract assets in Brunel Industrial Services and the importance of the judgments involved (refer to key audit matters 'Valuation of the deferred tax assets in the US' and 'Valuation of accounts receivable, accrued income and contract assets in Brunel Industrial Services'). Furthermore, we visited the group's operations in Germany given the increase in revenue and the financial significance for the group.

The component team involved in the audit of Brunel Nederland B.V. also contains team members which are involved in the audit of Brunel International N.V.

The group engagement team performed the audit work on the Global IT processes and controls, the model used to determine the IFRS 16 accounting, the group consolidation, financial statement disclosures and a number of complex items at the head office. These included, valuation of goodwill, valuation of deferred tax assets and share based payments.

By performing the procedures above at components, combined with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence on the group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

Our focus on the risk of fraud

Our objectives

We assess and respond to the risk of fraud in the context of our audit of the financial statements.

In this context and with reference to the sections on responsibilities in this report, our objectives in relation to fraud are:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate audit responses; and

- to respond appropriately to fraud or suspected fraud identified during the audit.

However, because of the characteristics of fraud, particularly those involving sophisticated and carefully organised schemes to conceal it, such as forgery, deliberate failure to record transactions and collusion, our audit might not detect instances of material fraud.

Our risk assessment

We obtained an understanding of the entity and its environment, including the entity's internal control. We made enquiries of group and local management, corporate legal, the internal audit function and the supervisory board. In addition, we considered other external and internal information. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. Fraud risk factors are events or conditions, which indicate an incentive or pressure, an opportunity, or an attitude or rationalisation to commit fraud. We evaluated the fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud.

As in all of our audits, we addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the board of directors or local management that may represent a risk of material misstatement due to fraud.

Our response to the risks identified

We performed the following audit procedures to respond to the assessed risks:

- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks.
- We performed data analysis on journal entries and evaluated key estimates and judgements for bias by Brunel International N.V., including retrospective reviews of prior year's estimates.

Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk.

These procedures also included testing of transactions back to source information.

- Assess the policies and procedures regarding other functions (side functions) of key management outside of the organisation.
- Assessment of matters reported on the (group's) whistleblowing and complaints procedures with the entity and results of management's investigation of such matters.
- Analyse the systems and structures within the organisation (such as reward and performance management systems).
- Evaluate the selection and application of accounting policies.
- With respect to the risk of bribery and corruption

across various countries, we conducted specific audit procedures determined by a risk based process (including among others evaluating and testing of the third party involvement process, the tender process and procedures over cash withdrawals and cash disbursements).

- Assess if there are transactions outside the normal course of the business and evaluate the business rationale for these transactions.
- Maintain an appropriate level of professional scepticism throughout the audit process.
- We incorporated an element of unpredictability in our audit.
- We considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud. If so, we evaluated our assessment of fraud risk and its resulting impact on our audit procedures.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

Key audit matter

Valuation of accounts receivable, accrued income and contract assets relating to Brunel Industrial Services

Refer to note 6 and note 10 in the financial statements

In 2017, Brunel founded Brunel Industrial Services ("BIS") to work on various construction and maintenance projects. The nature of these activities differ from Brunel's historical business models. In 2018 BIS won several (large) contracts which started to materialize in 2019. During 2019 significant losses were incurred on these projects and as a result in October the board of directors decided to cease the operations in BIS and wind down the activities.

During the year it became apparent that the risk management activities were insufficient tailored to the new activities of BIS. Fixed price contracts are inherently complex in nature and their magnitude increased as a result of contracts materializing. At the same time the ageing of the accounts receivable and accrued income increased.

The company had to apply judgement as to the future collection and to whether any receivables or contract assets should be impaired. This increased judgement leads to a higher risk of misstatement in the valuation of accounts receivable, accrued income and contract assets. Therefore, we considered the valuation of these accounts receivable, accrued income and contract assets to be a key audit matter.

Compliance with laws and regulations relating to salaries of direct employees

Brunel operates worldwide and has to comply with different laws and regulations in around 44 countries.

Given the large number of territories and the regulatory environment in some of the countries in the Middle East, Asia and Africa, there is higher complexity for the group to comply with the laws and regulations relating to salaries of direct employees. Furthermore, due to the nature of the business, small errors in the payments of wage tax and other payroll related charges may have a material impact on the financial statements. Hence, we focused on this risk of error due to non-compliance with applicable laws and regulations around payroll in these regions.

Valuation of deferred tax assets in the US

Refer to note 17 in the financial statements

The subsidiaries of the Company located in the US incurred significant tax losses in previous years as well as in 2019. The fiscal unity can offset these losses against future local fiscal profits but carry forward is restricted in the number of years due to local expiry periods. Due to the loss incurred at BIS (refer to key audit matter above) and the loss incurred at other US entities the available fiscal losses grew to an amount of €45.8 million.

Brunel did not meet its budget for 2019 on operating profit and the forecast does no longer include the activities of BIS. Therefore, management expects lower future taxable profits and the deferred tax asset was impaired to €1.2 million (2018: €3.6 million).

The main assumptions in determining the deferred tax assets are estimates on revenue growth and margin development, strongly related to the developments in the oil market. Another factor is the ability to attract and maintain contractors.

Due to the inherent level of uncertainty in the assumptions applied, the significance of the amount and the significant management judgment involved, we considered the valuation of the deferred tax asset in the US a key audit matter.

Our audit work and observations

We verified the existence of an arrangement by obtaining signed agreements, third party purchase orders and third-party change orders. We read contracts and change orders to assess for unique or non-standard terms.

For contract assets and related onerous contract liabilities we assessed management's judgement on the cost to complete and accrued income and challenged management's assumptions. The procedures included obtaining evidence to support applied hourly rates and hours written, and reconciling changes in budgets to supporting evidence such as contract modifications. We also discussed the progress of the projects with the respective project manager and management.

Our audit procedures on accounts receivable and accrued income included among others substantive testing on payments received during the year and after year end, testing on credit notes, reconciliation of accrued income to timesheets, client contracts and third-party change orders.

We noted no material findings based on our procedures performed.

We evaluated controls on group level that were implemented to monitor compliance with laws and regulations. We combined testing on the effectiveness of local internal controls with substantive testing on the accuracy and completeness of gross versus net salary calculations, the accuracy of filings and payments for wage tax and other payroll related charges to fiscal authorities.

We involved payroll specialists at local level to perform these audit procedures and to test whether applicable local taxes and other charges were paid to the local tax authorities. We also obtained and read correspondence with local fiscal authorities and tested the reconciliation between the salary administration and the finance administration in the different territories. There were no material differences noted.

We substantively tested the total amount of the fiscal losses available by, amongst others, recalculating the taxable result and reconciliation with tax filings and used income tax specialists to assist us. We have challenged the assumptions applied in the valuation by management. We determined whether the assumptions are substantiated by corroborative evidence. This was done by, amongst others, assessing the development of revenues, margins and productivity during the year and onwards and the validation of client contracts won that will impact the performance of 2020. We assessed the forecast used against the past performance, budget and business plans, local economic developments and external market information such as public announcements by large clients on their future investments and labor market developments.

In addition, we considered the local expiry periods together with any applicable restrictions in recovery for this jurisdiction. We determined there is sufficient evidence for the underlying forecast that supports the valuation of the deferred tax asset.

Finally, we assessed the adequacy of the disclosures in note 17 of the financial statements. We noted no material findings.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the CEO statement, corporate profile of Brunel, financial highlights, report from the supervisory board, report from the board of directors, the Brunel share, additional information, group financial record and worldwide offices;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9

of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Brunel International N.V. on 15 August 2013 by the supervisory board following the passing of a resolution by the shareholders at the annual meeting held on 15 August 2013. Our appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of seven years.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have

provided to the Company and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 16 to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors and the supervisory board for the financial statements

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 14 February 2020

PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.C. Bond RA

Appendix to our auditor's report on the financial statements 2019 of Brunel International N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole.

Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Group financial record

x EUR million unless otherwise stated

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Profit											
Net revenue	1,041.1	914.6	790.1	884.9	1,228.9	1,386.6	1,283.4	1,236.5	972.4	720.9	738.4
Gross profit	209.4	208.9	182.7	187.1	230.0	249.0	230.7	223.4	189.5	152.0	151.8
Operating profit	17.4	34.1	17.9	26.8	56.1	74.7	72.3	70.0	60.9	37.3	45.1
Result before tax	16.4	32.4	14.6	24.2	56.7	75.4	72.5	69.4	61.7	38.4	44.7
Group result after tax	0.1	21.5	7.8	10.6	37.6	48.9	49.9	44.5	39.7	25.6	32.1
Net income	3.8	20.6	7.6	10.1	37.1	48.4	49.5	44.1	39.4	25.2	31.1
Cash flow (net profit + depreciations/ impairment)	27.4	28.0	15.6	18.4	45.5	56.7	55.9	48.9	43.4	29.2	35.5
Depreciation and amortisation	23.6	7.4	8.0	8.3	8.4	7.8	6.0	4.5	3.7	3.6	3.4
Additions to tangible fixed assets	3.7	2.0	2.9	1.4	4.1	3.1	2.6	2.8	2.7	2.3	5.3
Workforce											
Average over the year	13,677	13,499	11,086	10,796	12,495	13,725	13,073	11,219	9,545	7,656	7,847
Balance sheet information											
Non-current assets	88.9	43.3	41.2	36.0	40.7	41.4	36.0	37.7	31.4	27.6	28.9
Working capital	225.3	246.4	232.5	259.7	310.4	290.8	246.1	228.1	202.8	175.0	152.5
Group equity	273.8	283.4	269.0	293.7	347.7	328.3	278.1	264.2	232.9	202.2	180.9
Balance sheet total	437.5	395.5	378.9	399.7	479.4	492.6	438.5	419.5	381.4	294.2	254.7
Ratios											
Change in revenue on previous year	13.8%	15.8%	-10.7%	-28.0%	-11.4%	8.0%	3.8%	27.2%	34.9%	-2.4%	3.4%
Gross profit/ net revenue	20.1%	22.8%	23.1%	21.1%	18.7%	18.0%	18.0%	18.1%	19.5%	21.1%	20.6%
Operating profit/ net revenue	1.7%	3.7%	2.3%	3.0%	4.6%	5.4%	5.6%	5.7%	6.6%	5.2%	6.1%
Group result/ net revenue	0.0%	2.4%	1.0%	1.2%	3.1%	3.5%	3.9%	3.6%	4.4%	3.6%	4.3%
Group equity/ total assets	62.6%	71.7%	71.0%	73.5%	72.5%	66.5%	63.4%	62.9%	61.0%	68.7%	71.0%
Current assets/ current liabilities	2.67	3.33	3.21	3.50	3.42	2.81	2.57	2.48	2.38	2.91	3.08
Shares (in EUR)											
Earnings per share	0.08	0.41	0.15	0.20	0.75	0.99	1.02	0.93	0.85	0.55	0.68
Shareholders' equity per share	5.50	5.59	5.33	5.81	6.96	6.64	5.71	5.45	4.95	4.35	3.91
Dividend per share	0.30	0.25	0.15	0.40	1.50	0.70	0.55	0.50	0.45	0.40	0.40
Highest price	14.46	16.55	16.87	19.69	20.65	26.00	23.25	19.57	17.48	14.82	11.92
Lowest price	8.09	10.23	10.85	13.45	12.95	12.73	15.50	11.61	10.00	9.73	3.51
Closing price at 31 December	9.01	10.92	15.20	15.39	16.80	13.60	22.25	18.30	11.39	14.75	11.73

Worldwide offices

Brunel International N.V.

Head office

THE NETHERLANDS

Amsterdam
John M. Keynesplein 33
1066 EP Amsterdam

Worldwide offices

ALBANIA

Tirana
Rruga Faik Konica,
Ndërtesa Nr. 6, Hyrija Nr. 7,
1010, Tirana

ANGOLA

Luanda
Nº36, R/C – Edifício
Serpa Pinto
Rua Dr. Alves da Cunha
Ingombotas, Luanda

AUSTRIA

Salzburg
Innsbrucker
Bundesstraße 126
5020 Salzburg

Vienna
Modecenterstr. 17-19,
Objekt 1, 8.OG
1110 Vienna

Innsbruck
Grabenweg 68
6020 Innsbruck

Gleisdorf
Business Park 8, TOP 9
8200 Gleisdorf

AUSTRALIA

Brisbane
Level 12/141 Queen
Street,
Brisbane City QLD 4000

Mackay
C1 /10 Prospect Street
Mackay QLD 4740

Perth
Level 8, 40 The Esplanade
Perth WA 6000

Maitland
9-10, 420 High Street
Maitland NSW 2320

BELGIUM

Genk
C-Mine 12
3600 Genk

Gent
Ottergemsesteenweg 439
9000 Gent

Mechelen
Blarenberglaan 3A
2800 Mechelen

BRAZIL

Rio de Janeiro
Avenida das Américas,
3443
Bloco 3, Ala A, Sala 301
Barra da Tijuca
Rio de Janeiro RJ CEP
22631-003

BRUNEI DARUSSALAM

Room 823, 8th Floor,
PGGMB Building, Jalan
Kianggeh
BS8811, Bandar Seri
Begawan

CANADA

Bow Valley Square 4,
Suite 1410,
250 - 6th Avenue SW
T2P 3H7 Calgary

Toronto
401 The West Mall
Etobicoke,
Suite 702
M9C 5J5 Toronto

CHINA

Hong Kong
Units 1603-4, 16th Floor,
Causeway Bay Plaza I,
No. 489 Hennessy Road
Hong Kong

Shanghai
No. 333 Wan Hang Du
Road,
Yueshang Building Room
1901,
Jingan District,
Shanghai 200042

Shenzhen
Room 311B, 3F
New Times Square 1 Taizi
Road
Nanshan District
Shenzhen

Shenzhen
Room 915, 9F,
China Merchant Plaza,
1166 Wanghai Road,
Nanshan District
Shenzhen

Dalian
No.136, Zhongshan Road
Room 947,
903-908A Zhongshan
District, Dalian

Qingdao Room 1009, Building 5 10th Floor No. 600, Zhujiang Road, Tianxiang International Huangdao District, Qingdao	Aachen Schloß Rahe Straße 15 52072 Aachen	Dresden Tatzberg 47 01307 Dresden	Kassel Friedrichsplatz 8 34117 Kassel	Osnabrück Parkstraße 40 49080 Osnabrück	Wuppertal Lise Meitner Straße 11 42119 Wuppertal	Chennai Workafella Business Centre - 51, Tower A, Level 4, Rattha Tek Meadows, Old Mahabalipuram Road, Sholinganallur 600119 Chennai	Jakarta Graha Mampang 5th Floor Jl. Mampang Prapatan 100 Jakarta Selatan 12760
CZECH REPUBLIC	Berlin Hauptstraße 65 12159 Berlin	Düsseldorf Franz-Rennefeld-Weg 4 40472 Düsseldorf	Kiel Gablenzstraße 9 24114 Kiel	Regensburg Blumenstraße 16 93055 Regensburg	Brunel Car Synergies GmbH		
Prague Pobřežní 620/3 186 00 Prague	Bielefeld Am Lenkwerk 9 33609 Bielefeld	Duisburg Schifferstraße 200 47059 Duisburg	Köln Konrad Adenauer Straße 25 50996 Köln	Rostock Am Strande 3a 18055 Rostock	Bochum Dinnendahlstraße 9 44809 Bochum	Gurgaon 401, Block B, Bestech Chambers, Sushant Lok -I, Sector 43 122002 Gurgaon	IRAQ Baghdad Building 6/2 Street 42 Block 213 Kendi-Al-Harhiya Baghdad
DENMARK	Bochum Lise Meitner Allee 2 44801 Bochum	Erfurt Konrad-Zuse-Straße 15 99099 Erfurt	Leipzig Kreuzstraße 7a 04103 Leipzig	Saarbrücken Werner-von-Siemens Allee 4 66115 Saarbrücken	Hildesheim Daimlerring 9 31135 Hildesheim	Pune 411, Nayati Emporium, Baner, Taluka Haveli 411045 Pune	Kurdistan Villa 109, Pank City Erbil
Copenhagen Havnegade 39 1058 Copenhagen	Bonn Am Propsthof 10 53121 Bonn	Essen Altendorfer Straße 11 45127 Essen	Lindau Von Behring Straße 6a 88131 Lindau	Stuttgart Rita-Maiburg-Str.40 70794 Filderstadt	GREECE	Athens 62 Kifissias Avenue Athens 15125, Maroussi	ITALY
FRANCE	Braunschweig Frankfurter Straße 2 38122 Braunschweig	Frankfurt Solmsstraße 83 60486 Frankfurt	Mannheim Augustaanlage 32 68165 Mannheim T +49 621 729 67 0	Villingen-Schwenningen Benediktinerring 5/1 78050 Villingen - Schwenningen	INDIA	Athens	INDONESIA
Paris 8 rue Témar Saint Germain en Laye 78100	Dortmund Hafenpromenade 1-2 44263 Dortmund	Hamburg Ferdinandstraße 25-27 20095 Hamburg	München I Mozartstraße 2 85622 Feldkirchen bei München T +49 89 35 88 23 0		Mumbai 001 Ground Floor; Ascot Centre Opposite Hotel ITC Grand Maratha	Balikpapan Gedung BRI 7th Floor Jl. Jenderal Sudirman 37 Balikpapan 76112 Kalimantan Timur	Milan Via Michelangelo Buonarroti, 39 20145 Milan
GERMANY	Heilbronn Lise Meitner Straße 8 74074 Heilbronn	Hannover Brüsseler Straße 3 30539 Hannover	München II Messerschmittstr. 4 80992 München	Wiesbaden Otto von Guericke Ring 10 65205 Wiesbaden	Mumbai	Batam Dana Graha Building 5th floor Room 502 Jl. Imam Bonjol Nagoya Batam	JAPAN
HEAD OFFICE	Karlsruhe Marktplatz 1 76337 Waldbronn bei Karlsruhe	Nürnberg Lina Ammon Straße 9 90471 Nürnberg		Würzburg Unterdürrbacher Straße 8 97080 Würzburg	Bangalore 3rd Floor, No 332, Building No 26, DBS House, Cunningham Road, 560052 Bengaluru	Tokyo Dogenzaka Square 6F 5-18 Maruyamacho, Shibuya-ku Tokyo 150-0044	
Bremen Hermann Köhl Straße 1 28199 Bremen							

KAZAKHSTAN

Atyrau
17B Satpayev Street
BC Atyrau Plaza
office 306
Atyrau 060011

KUWAIT

Farwaniya
Office #22, Waha Mall
Dajeej Area, Farwaniya
P.O.Box 18081

MALAYSIA

Kuala Lumpur
25.2, Level 25 Menara
Standard Chartered
30 Jalan Sultan Ismail
50250 Kuala Lumpur

Sarawak
Lot No. 2348
Jalan Datuk Edward Jeli
Piasau Jaya
98000 Miri, Sarawak

MEXICO

Mexico
Paseo de la Reforma, 243,
Piso 18,
Cuauhtemoc,
Ciudad de Mexico 06500

MOZAMBIQUE

Maputo
Prédio Torres Rani
Avenida Marginal
Talhão 141, Escritórios
- 6º andar

MYANMAR

Yangon
Level 8A, Union Financial
Centre (UFC)
Corner of Mahabandoola
road and Thein Phyu road,
Botahtaung Township

NEW ZEALAND

New Plymouth
9-11 Moturoa Street
New Plymouth 4310

NIGERIA

Lagos
Mulliner Towers,
39 Alfred Rewane Road
Ikoyi, Lagos

NORWAY

Stavanger
Forusbeen 78
4033 Stavanger

OMAN

Muscat
Flat 21, Building 31,
Plot No: 1/371
Bosher-North Othaiba,
Street 244,
PC 124 Muscat

PAPUA NEW GUINEA

Port Moresby
Level 2, Bramell Street,
Office C2.2
Ela Beach Towers, Suite 3
Port Moresby, NCD 121

PHILIPPINES

Manila
311-4 / 330-3 3F Spark
Place Bldg
P. Tuazon corner 10th
Avenue,
Cubao ,Quezon City

QATAR

Doha
Building B1, Office No: 104
Al Waab City Commercial
District, Salwa Road
Doha

ROMANIA

Bucharest
Calea Serban Voda,
Nr. 133, Etaj 2,
Sector 4 Bucharest

RUSSIA

Moscow
5/19 Nizhniy Susalnyi
Pereulok
B ARMA, Office 430
105064 Moscow

Novorossiysk
1 Svobody Street
Liter A, office 410
353900 Novorossiysk

Yuzhno-Sakhalinsk
31B Kommunisticheskoy
Prospect, 3rd floor
B Green Palace
693000
Yuzhno-Sakhalinsk

Svobodniy
16 Karla Marksa street,
office 302
676456 Svobodniy

SINGAPORE

Singapore
77 Robinson Road #10-03
Singapore 068896

SOUTH KOREA

Geoje
Level 2, 540-2
Okpo-Dong,
Geoje 656-904

SPAIN

Madrid
C/ Edgar Neville 1
Madrid 28020

SWITZERLAND

Zürich
Leutschenbachstrasse 95
8050 Zürich

THAILAND

Chonburi
Laem Chabang Port
49/63 Moo 5. T.
Tungsukhla
A. Sriracha
Chonburi 20230

THE NETHERLANDS

Amsterdam
John M. Keynesplein 33
1066 EP Amsterdam

Eindhoven
High Tech Campus 97
5656 AG Eindhoven

Enschede
Hengelosestraat 500
7521 AG Enschede
T +31 20 312 5000

Groningen
Rozenburglaan 1
9727 DL Groningen

Rotterdam
Rotterdam Airport-baan
19
3045 AN Rotterdam

Utrecht
Winthontlaan 6J
3526 KV Utrecht

Zwolle
Grote Voort 247
8041 BL Zwolle

UNITED ARAB EMIRATES

Dubai
Cluster I, Gold Tower,
25th floor
Jumeirah Lakes Tower
Dubai

Abu Dhabi
P O Box: 35138, Al Hamed
Tower, 5th Floor, Office
No:1,
Muroor Street
Abu Dhabi

UNITED KINGDOM

Manchester
19 Spring Gardens
Manchester M2 1FB

Birmingham
Cornwall Buildings
45 Newhall Street
Birmingham B3 3QR

UNITED STATES OF AMERICA

Houston
9811 Katy Freeway
Suite 1000
77024 Houston

Detroit
5631 Sashabaw Rd
48346 Clarkston
Michigan

Salt Lake City
10653 S River Front
Parkway, Suite 290
84095 South Jordan
Utah

UZBEKISTAN

Tashkent
95A Amir Temur Street
BC UzOman office 503
100084 Tashkent

VIETNAM

Ho Chi Minh City
P, 1901, Tang 19, Saigon
Trade Center
37 Ton Duc Thang, P. Ben
Nghe, Q.1
Ho Chi Minh City

Colophon

Integrated reporting - research and analysis
Kaikai Jing, Brunel International N.V.

Communications Brunel International N.V.
Nicole Kirleis, Brunel International N.V.

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Hans B. Thé

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