

HUMANITIES MATTER



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### Supervisory Board

#### Members

Steven Perrick

Catherine Lucet

Robin Hoytema van Konijnenburg

### Management Board

#### Members

Peter Coebergh

Olivier de Vlam

KONINKLIJKE BRILL NV

Plantijnstraat 2

PO BOX 9000

2300 PA Leiden

T +31 71 53 53 500

brill.com

This brochure contains a summary of the consolidated financial statements 2018. The complete annual report 2018, including the auditor's report, is available on [brill.com](http://brill.com) under [brill.com/page/InvestorRelations/investor-relations](http://brill.com/page/InvestorRelations/investor-relations)

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The year 2018 was a challenging year with disappointing results especially during the first three quarters. However, November and December sales results led to a turnaround and revenues stabilized. Substantial progress was made in improving gross margin, updating our corporate strategy and management structure, integrating previous acquisitions, launching the new brill.com platform, starting a profit improvement plan and in the continuous development of Brill's publishing program.

After 14 years of service as Managing Director and CEO, Herman Pabbruwe retired. During his tenure many circumstances in- and outside Brill changed profoundly. Digital publishing became the default format and Brill expanded through a large number of acquisitions and by growing our market coverage and presence. We are thankful for Herman's contributions to the growth and development of the company, which benefited all our stakeholders.

Effective as of the Annual General Meeting in May 2018, the new Management Board consists of two statutory directors: Peter Coebergh as CEO and Olivier de Vlam as CFO/COO. Jasmin Lange, Chief Publishing Officer, joined them in the new Executive Committee. Unfortunately, our CFO/COO Olivier de Vlam was required to step down temporarily in September due to a serious illness. We hope to have him back in our midst during the second half of 2019. As per 1 November, 2018, he was replaced as CFO by Wim Dikstaal and his COO responsibilities have been temporarily handed over to the CEO. As a consequence this annual report and the financial statements will only be signed off by the CEO, Peter Coebergh.

The year 2018 also marked the festive occasion of our 335th anniversary. It is a source of continued pride that our company has successfully weathered the ever-changing climate in our industry and has maintained an excellent market position and reputation among authors and customers alike. Brill publishes

mainly in the fields of Humanities, Social Sciences and International Law. Exactly the areas of scholarship that are vital for addressing today's global challenges. This makes Brill just as relevant today as it was 335 years ago and this belief has been laid down in our new mission statement (refer to Corporate Strategy). It is also being expressed in this year's article 'On the Relevance of the Humanities' with contributions from our authors and editors and symbolized by the hashtag #HumanitiesMatter on the cover of this brochure and on our famous notebook. This hashtag is shared and used by many in our academic communities. Humanities do matter and motivate us to stay relevant for all of our stakeholders.

In 2018, Brill achieved a record output of books, journal issues and open access publications, reflecting continued evidence that authors trust us to disseminate the work that they have devoted so much time and energy to. We aim to be at their side and ensure that they have the best possible publishing experience. This is the cornerstone to our competitive advantage. Therefore, we further elaborated our corporate strategy by adding an imperative that articulates our continued commitment to publishing excellence through service, support and infrastructure. For our publication program in the coming years, we have acquired more than 15 new journals, most of which have an existing subscription base or subsidy for open access. Further, we have closed several long-term institutional partnerships for prestigious open access projects which will contribute to revenue already in 2019. Brill continues to support the scholarly community's drive for open access publication. At Brill, authors can choose their preferred publishing model depending on their funder's policies, but always underpinned by our commitment to scholarly excellence and the peer review process. We are actively participating in discussions with various actors, such as cOAlitionS, university boards, funding agencies and librarians to manage the transition of subscription models to a sustainable open access model.

We also completed key programs in our back office that solidify our competitive position. The renewed brill.com was launched in November 2018 and combines all book and journal content, our full catalogue and all corporate information. It is optimized to be accessible from any device and showcases our author's publications in a researcher-centric interface, supporting scholars with improved accessibility, tooling and e-commerce processes. The new brill.com platform will be a strong asset for the coming years. Schöningh & Fink, our subsidiary in Germany, was further integrated in the workflows and management organization of Brill. The most recent acquisition mentis Verlag in Germany was fully integrated in Schöningh & Fink. The integration of Sense was also completed by the end of the year.

In 2018, Brill's revenue decreased by -1.2% to 36.0 million (2017: 36.4 million). Organically, excluding the effect of acquisitions, currency and accounting changes, revenue was stable.

In the US we experienced a strong decline in print book sales and one-off eBook sales. Print and eBook sales in Europe did well and our journal revenues grew globally by a healthy 6%. In China our sales continued to grow steadily, but other important Asian markets like Japan and South-Korea saw an overall decline in sales. Brill's strategy to expand in Asia was further developed through a Brill re-launch in India and by the appointment of a locally-based exclusive agent.

Although the cost of goods sold developed positively and as a result, gross margin increased from 65.5% in 2017 to 67.8% in 2018, EBITDA ended at 3.6 million, a decline of 12.8% versus 2017 (4.2 million). This is mainly due to the revenue development, combined with an increase in personnel and operating costs. During 2018 we faced significant delays in the development and launch of our new online platform brill.com, leading to higher than anticipated development costs and a period of 8 months with double platform costs.

Our personnel costs increased by 0.8 million or 6%, mainly due to an increase in average FTEs of 6 (0.4 million or 3.6%) and Central Labor Agreement (CLA) related increases in salaries (0.2 million or 2.1%). Additionally, Brill suffered in 2018 from personnel and capacity problems in the finance department, a result of key people either leaving Brill or being ill for a sustained period. Consequently, temporary staff had to be hired against a relatively high cost of 0.2 million. Brill management is convinced of the need to structurally improve profitability to maintain the company's ability to sustainably create value. A profit improvement plan was launched in Q3 of 2018 and already started to deliver some savings in Q4, 2018. This plan entails various actions to improve efficiency and financial control, leading to a recurring reduction in costs of 0.7 million as of 2019.

Included in the stand-alone company statement of financial position is the correction of the 2017 financial statements, related to the prior year's reclassification of content from inventory to intangible assets. We concluded with our auditors that based on Dutch requirements a legal reserve should have been formed in the 2017 company financial statements, equal to the amount of the capitalized content costs. We did form this legal reserve in the 2018 company financial statements and have restated the comparable 2017 numbers as if the legal reserve was formed by the end of December, 2017. This has no effect on the consolidated financial statements as this legal reserve is not required under IFRS.

In 2018 Brill changed its capital structure to finance an extraordinary dividend pay-out of € 3.00 per (certificate of) ordinary share. Furthermore, we wish to adhere to our corporate solvency policy of 40-60% and to the covenants agreed with our new corporate bank. At the end of 2018, the solvency rate was 42.0%. We will propose to the General Meeting of Shareholders that will be held on 16 May 2019,

an all-cash ordinary dividend of € 0.85 per (certificate of) ordinary share. Based on our net profit attributable to our shareholders, this is a 70% pay-out ratio.

The General Data Protection Regulation (GDPR), a new law designed to protect the personal data and privacy of EU residents became effective 25 May, 2018. During the remainder of 2018, Brill took the necessary actions to reach compliance; there has been no risk to data privacy for any stakeholders during this period.

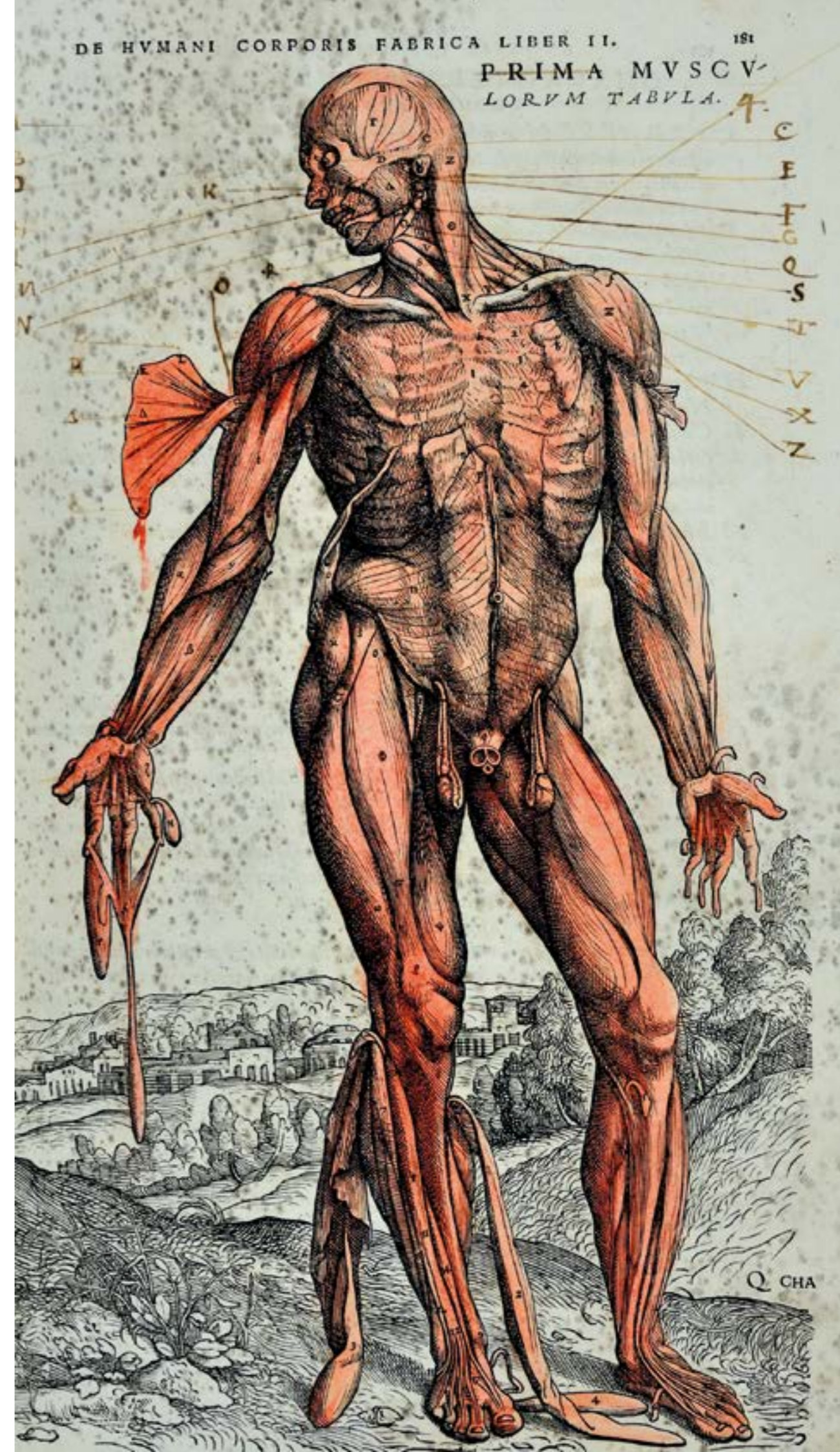
As usual we have to contend with many market- and geo-political uncertainties. For 2019, the upcoming Brexit is the most urgent. In order to mitigate any negative effects from Brexit, Brill has developed various alternatives together with our distribution partner in the UK and our - printing on demand (POD) - provider in the Netherlands. As the outcome of the Brexit process is highly uncertain, solutions based on several possible Brexit scenarios have been developed and prepared.

We are convinced that our updated long-term strategy, increased sales efforts in the Americas and Asia and the in 2018 launched profit improvement plan will yield sustainable value for all our stakeholders and will enable us to maintain the balance between Pallas Athena and Hermes as we have done for the past 335 years.

Leiden, 4 April, 2019

Peter Coebergh  
Chief Executive Officer

Hand-colored muscle man with identifications of the characters from *De Humani Corporis Fabrica*. This image is featured in *The Fabrica of Andreas Vesalius* published by Brill in 2018. Original from Bibliotheca Civica Romolo Spezioli.



## KEY FIGURES

All amounts: x EUR 1,000

	2018	2017	2016	2015	2014*	
<b>Results</b>						
[1] EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization, the operating income before the amortization of intangible fixed assets and the depreciation of tangible fixed assets, and excluding exceptional costs.	Revenue	35,951	36,394	32,177	30,809	29,601
	Gross profit	24,383	23,843	21,019	20,412	19,987
	EBITDA [1]	3,623	4,156	4,496	3,794	3,680
	Operating profit	2,360	3,315	3,712	3,015	2,675
	Profit for the year	2,304	2,260	2,797	2,332	2,153
	Free cash flow [2]	817	-43	2,329	3,201	822
	Net cash flow from investment activities excluding Content	-1,732	-3,996	-2,131	-962	-2,765
[2] Free Cash Flow = Net Cash Flow adjusted for cash flow from financing activities.	Average invested capital [3]	20,276	22,008	20,973	21,224	21,001
<b>Growth compared to previous year</b>						
	Revenue	-1.2%	13.1%	4.4%	4.1%	1.1%
	Gross profit	2.3%	13.4%	3.0%	2.1%	0.7%
[3] (Average) Invested Capital = (average of fixed assets minus deferred tax liabilities related to acquired intangibles + working capital less cash and net tax receivables and financial instruments.	EBITDA [4]	-12.8%	-7.6%	18.5%	3.1%	-18.3%
	Operating profit	-28.8%	-10.7%	23.1%	12.7%	-23.1%
	Profit from continued operations	1.9%	-19.2%	20.0%	8.3%	-12.5%
<b>Profitability</b>						
	Gross profit as % of revenue	67.8%	65.5%	65.3%	66.3%	67.5%
[4] 2017 and 2016 impacted by reclass of content to fixed assets.	EBITDA as % of revenue	10.1%	11.4%	14.0%	12.3%	12.4%
	Operating profit as % of revenue	6.6%	9.1%	11.5%	9.8%	9.0%
	Profit for the year as % of revenue	6.4%	6.2%	8.7%	7.6%	7.3%
	Revenue/average invested capital	1.8	1.7	1.5	1.4	1.4
	NOPLAT as % of revenue	5.0%	6.7%	8.5%	7.2%	6.7%
	ROIC	8.8%	11.1%	13.0%	10.1%	9.3%
<b>Balance sheet ratios</b>						
	Shareholders' equity / total assets	42.5%	56.0%	58.6%	58.1%	59.1%
	Current assets / current liabilities [4]	0.78	0.95	1.11	1.73	1.83
<b>Personnel</b>						
	Average number of employees (FTE)	167	161	132	132	132
	Revenue per employee	215	226	244	233	224
	EBITDA per employee	22	26	34	29	28
	Average personnel costs per employee (FTE)	70	67	71	68	63

\* Restated figures, refer annual report 2015.

## DATA PER SHARE

In thousands of euros, based on weighted average number of outstanding shares

	2018	2017	2016	2015	2014*
Weighted average number of outstanding shares	1,874,444	1,874,444	1,874,444	1,874,444	1,874,444
Shareholders' equity per share	11.09	14.62	14.69	14.49	14.32
Increase/decrease in %	-24.2%	-0.5%	1.4%	1.2%	-1.4%
EBITDA per share	1.93	2.22	2.40	2.02	1.96
Increase/decrease in %	-12.9%	-7.6%	18.8%	3.1%	-18.3%
Earnings per share	1.23	1.21	1.49	1.24	1.15
Increase/decrease in %	1.6%	-19.1%	20.2%	7.8%	-12.5%
Free cash flow per share	0.44	-0.02	1.24	1.71	0.44
Increase/decrease in %	2001%	-101.9%	-27.5%	289.3%	-68.6%
Dividend per share	0.85	1.32	1.32	1.24	1.15
Increase/decrease in %	-35.6%	0%	6.5%	7.8%	2.7%
Pay-out ratio	70%	109.1%	88.4%	100%	100%
Extraordinary dividend per share	0	3.00	0	0	0
Number of outstanding shares at year end	1,874,444	1,874,444	1,874,444	1,874,444	1,874,444
Highest share price during the year	41.20	37.36	28.00	27.95	25.83
Lowest share price during the year	17.20	27.29	20.95	22.70	21.95
Share price at year end	17.80	35.50	27.73	23.36	25.73

\* Restated figures, refer annual report 2015.

### History

When the then-general manager Evert Jan Brill (1812-1871) bought the Leiden-based publisher Luchtmans in 1848 and re-named it under his own name, he continued the business started by Jordaan Luchtmans (1652-1708) in 1683. In 1896, Brill became a publicly listed company and one hundred years later, in 1996, the word 'Koninklijke' (royal) was added to the firm's name. Throughout the twentieth century Brill developed into a significant international scholarly publisher, focusing on an expanding portfolio of subject areas. In 2017, Brill took the step to establish itself in Germany through the acquisition of Schöningh & Fink.

### Imprints and Products

Throughout its history, Brill has not only grown organically, but has also acquired many other publishers and imprints, including Nijhoff, IDC Publishers, Humanities Press, Styx, Index Islamicus, Gieben, Koninklijke Van Gorcum, Transnational, Hotei, Global Oriental, Forsten and KITLV. At the end of 2013, Brill acquired Hes & De Graaf, followed by Editions Rodopi BV in the summer of 2014, Schöningh & Fink effective 1 January 2017, Sense in July 2017 and mentis Verlag as per 1 January 2018. Brill currently uses the following imprints: Brill | Nijhoff, Hotei, Brill | Hes & De Graaf, Brill | Rodopi, Brill | Sense. For the time being, the imprints Ferdinand Schöningh, Wilhelm Fink and mentis are maintained as stand-alone imprints.

Books play a major role in the humanities, unlike the fields of natural sciences and engineering where the journal format is dominant. Brill also supplies primary source material, such as scans of historic archives and collections of documents, which are primarily sold online. Digital sales have grown in recent years and in 2018 generated 53% of our revenue. Digital will be the prevailing format across books, journals and primary sources. Brill pursues innovation through its involvement in the Digital Humanities where innovative uses

of technology in both research and publication methods contribute to further development within our core markets.

Brill distributes the e-version of its products directly on brill.com and through third party platforms, thereby strengthening its position and the dissemination of its publications. Due to the long-term value of scholarly information in the humanities, the lifespan of our products is generally long. Since 2007 all new books are available as eBooks and some of our much older and long-running book series were also digitized and offered to the market as a collection. Brill also offers regional and subject based collections. In this way, we assure our authors of our unqualified promise that books from Brill will always remain available.

### International: Authors and Clients

Brill has been an international player from the start. More than ninety-five percent of Brill's sales are generated outside of the Netherlands, comparable to the proportion of Brill's authors who reside abroad. Most clients are in Europe and North America, with Asia becoming more important every year. Brill is in contact with all leading global academic research centers but cherishes its traditionally strong link with the University of Leiden. Due in part to Brill's leading position in several areas in which the University specializes - such as Islamic studies, minor languages, archeology and sinology – Leiden scholars are particularly well represented at Brill.

### Marketing and Sales

Brill's direct sales efforts are focused on university libraries. For the past several years, libraries throughout the world have seen their budgets for the humanities come under pressure, yet university libraries have thus far maintained a relatively stable collection development policy and steady demand. The last few years have also witnessed an increasing trend toward purchases

being made only when there is specific demand by scholarly end users, the so-called Evidence Based Acquisitions (EBA). However, the institutional nature of the sales dictates that purchasing is done primarily by the library.

Purchases by libraries are often made through third parties: journal agents act as intermediaries for subscriptions and traditional library suppliers have in part transformed into electronic middlemen.

Brill's marketing and sales strategy is focused on achieving the widest possible distribution of its products to reach beyond its primary market of professional colleagues targeted by the author. Cooperation with companies such as Google, Scopus and other platforms increases the discoverability of Brill's publications and, thereby, its ability to operate more successfully in the present information society. In Germany, Brill, with the Schöningh & Fink imprints, continues to operate also through bookstores, thus reaching students and the general public interested in the humanities.

### Publishing Rights and Distribution

Brill's publishing strategy consists of reinforcing its well-established brands and monitoring developments in specific areas of scholarly research. Brill employs a standard contract with its authors to establish a reasonable and legally sound basis for controlled distribution of the research by the authors themselves or by their institutions. This legal basis is achieved by a transfer of copyright or by licensing agreement, including open access options.

### Organization and Employees

Brill is a centrally managed company with several corporate and delegated functions. The two statutory directors together form the Management Board, responsible for Corporate and Governance affairs. Day-to-day management of Brill is entrusted to an Executive Committee consisting of the two statutory

directors in their roles of CEO and CFO/COO and the CPO (Chief Publishing Officer). The Executive Committee meets every two weeks. The primary business activities rest with the publishing units, which focus on the key subject areas in which Brill operates. The acquisition editors within the publishing units are responsible for publication development and contact with editors and authors. They are supported by four departments: Sales, Marketing, Finance & Operations and HR. The Heads of these departments together with the members of the Executive Committee form the extended Management Team that meets once a month. Our local legal entities in Boston, Singapore and Paderborn are managed by local statutory directors, who meet monthly with the Executive Committee in a video conference.

Koninklijke Brill nv, a public limited company under Dutch law, with its registered office at Plantijnstraat 2, 2321 JC Leiden, is the parent company of the Brill Group. The share capital of the company is divided into ordinary shares and cumulative preference shares. There are currently no cumulative preference shares issued. Of the issued ordinary shares, approximately 99% are certified and administered by the Stichting Administratiekantoor Koninklijke Brill nv. Only share

certificates are listed on Euronext Amsterdam. Most certificates are held by Dutch investors. Almost 60% of the certificates are held in tranches of 3% or more. In the context of the Financial Supervision Act, the following holders of share certificates, on 31 December, 2018, have reported an interest of 3% or more to the Dutch Authority Financial Markets:

Filings	Size	Declaration date
Mont Cervin Sàrl	22%	22 June 2012
Axxion S.A.	6%	20 July 2016
Teslin Participaties Coöperatief U.A.	6%	6 July 2017
J.P. van Slooten	5%	11 April 2017
Brokat Media Support BV	5%	18 December 2012
Stichting Administratiekantoor Arkelhave Capital	5%	16 December 2016
Stichting John en Marine Van Vlissingen Foundation	5%	11 August 2015
Add Value Fund N.V.	3%	18 July 2014

Koninklijke Brill nv is a statutory two-tier company (operating under the Dutch 'structuurregime'). The articles of association, available on the company's website, regulate inter alia the appointment and dismissal of Supervisory Board and Management Board members, the rights allocated to the Annual General Meeting and the amendment of the articles of association.

Brill's Corporate Governance is set up in line with its business objectives and aligns with the Dutch Corporate Governance Code except where noted otherwise below. In addition to the Code, Brill has implemented its Core Values and Business Principles which is available, together with Brill's other policies, at [brill.com](http://brill.com).

The proceedings of the Annual General Meeting of Shareholders follow the stipulations of the Dutch Civil Code and are detailed in Brill's articles of association (available at [brill.com](http://brill.com)). Brill's most notable deviation

from the Code is the policy regarding use of certification as a possible method of protection.

Brill is a relatively small, highly specialized and profitable publisher, active in an industry that is in consolidation. Also, the sensitive nature of Brill's relationships with its key stakeholders - including authors, librarians and scholars, whose continued trust is the cornerstone under our business' value - requires careful weighing of each major strategic change. Therefore, the Executive Committee deems protection against hostile takeovers to be necessary. Accordingly, the company has implemented defensive structures.

Firstly, the company has cooperated with the issuance of certificates of shares that can be seen as a defensive measure in that the Stichting Administratiekantoor Koninklijke Brill nv (Trust Office) reserves the right in the event of situations as referred to in Art. 2:118a.2 DCC not to issue voting proxies nor to accept binding

voting instructions. Share certificates will be maintained as long as they contribute to the set of measures that aim to ensure sufficient protection and balanced decision making on the future of the company.

Secondly, Brill has the possibility of issuing preference shares. In the event of such an issue, the preference shares would be placed with Stichting Luchtmans, which has the right to acquire preference shares to a maximum of 100% of the ordinary issued share capital.

Pursuant to a provision in the articles of association, the conversion of share certificates is possible to a limited extent (1%). In addition, shareholding is limited to individuals, the company itself, the Trust Office, and legal entities that were shareholders in the past (before 29 July, 1997).

In line with the Code, the Board of the Trust Office consists of three independent members. The Board of the Trust Office shares the opinion of the statutory directors and Supervisory Board relating to the use of share certificates as a defensive mechanism.

Several responsibilities have been allocated to the Combined Meeting - the joint meeting of the Supervisory Board and the Management Board. The rights of the Combined Meeting include the determination of the number of members of the Supervisory Board, authority on profit distribution proposals, the making of proposals to amend the articles of association - dissolution and legal merger / demerger of the company. The Supervisory Board has not formed separate committees.

Diversity is an important aspect of the corporate management culture, as expressed in Brill's Core Values, where Brill states the importance of diversity and inclusiveness. Consequently, it is Brill's objective to achieve a balanced composition of all its governance bodies. As of May 2018, the company's management

body, the Executive Committee consists of two statutory directors, both male, and a female CPO. The extended Management Team (which includes the Executive Committee) consists of seven people of which three are female. The company has a Supervisory Board consisting of three persons, of which one is female. Given the current composition of the management layers below the Executive Committee, Brill believes that maintaining this balanced distribution will be sustainable in the future.

Regarding transparency between the statutory directors and the Supervisory Board, and between Supervisory Board members themselves, clear agreements were made. The employment agreements are drawn up in line with the best practice provisions of the Code. The company's existing rules of conduct, including regulations on insider trading, sexual intimidation, fraud and corruption and rules for misconduct reporting, are available at [brill.com](http://brill.com).

The Supervisory Board and the Management Board meet annually to discuss the implementation of best practice guidelines and compliance with current legal requirements. They currently hold that the corporate governance structure of the company is broadly in line with the principles expressed in the Dutch Corporate Governance Code, except for the use of share certificates as a defensive mechanism.

The Supervisory Board and the Management Board are aware that protection of the company is generally only temporary in nature and primarily aims to create room to carefully weigh the strategic alternatives for the company and, if necessary, evaluate the situation with the key stakeholders. Therefore, it must be made clear to all stakeholders and especially to shareholders and holders of certificates of shares, what the company's strategy is, and what valuable elements from past, present and future are incorporated therein. The aim is to make the company an attractive investment for

shareholders who prefer a strategy focused on long-term sustainable value creation. Sustainable value creation is, in turn, largely dependent on Brill's standing among customers and authors.

An active investor relations' agenda is in place to communicate this message. Retaining the trust and support of investors is a basic element of the corporate governance policy.

Regarding aspects of best practice provisions not relevant to protection, the Management Board and the Supervisory Board remain of the opinion that these are further supplementing the existing corporate governance structure. The experience the company has gained with the introduction of provisions in respect to corporate governance has been favorable. We are of the opinion that Brill's current governance supports strategies that help create long-term value.

Supervisory Board  
Chief Executive Officer

### Introduction

Brill's Core Values and General Business Principles apply to all Brill companies and their subsidiaries that together make up the Brill Group. These govern how Brill and all its entities operate and conduct business. Hereafter 'Brill' refers to the Brill Group and all its underlying entities.

### LIVING BY OUR PRINCIPLES

The Executive Committee formed in 2018 developed a new mission statement:

*"We operate from a strong belief that the Humanities, Social Sciences and International Law are areas of scholarship vital for addressing today's global challenges. This belief motivates us to offer our authors the best possible service and infrastructure to disseminate their research. In order to advance discovery and learning we are keen to support scholars by providing them with access to the finest research tools and reference works in their fields. The relevance and high quality of the works we publish is key to the sustainability of our business."*

Brill meets a need for multimedia information amongst specialist academic target groups and markets. To achieve its mission, the company must add value and grow consistently, mainly by increasing its market share and expanding its customer base in the fields in which it is active as well as in adjacent niches. The overriding objective is to maximize Brill's long-term value creation benefitting all stakeholders, including the global community that provides Brill its license to operate.

Our shared core values of quality service to the scholarly community, integrity and respect for people underpin all the work we do and are the foundation of our General Business Principles. The General Business Principles apply to all transactions, large or small, and drive the behavior expected of every employee in every Brill company in the conduct of its business at all times. We are judged by our actions; therefore,

our reputation will be upheld if we act in accordance with our Core Values, these General Business Principles and the law. We encourage our business partners to live by these or similar principles. It is the responsibility of management to lead by example, to ensure that all employees are aware of these principles and behave in accordance with the spirit as well as with the letter of this statement. Employees know that acting in line with the Principles is not optional and non-compliance will have consequences.

The application of these principles is underpinned by communication procedures, which are designed to ensure that our employees understand the principles. As part of the assurance system, it is also the responsibility of management to provide employees with safe and confidential channels to raise concerns and report instances of non-compliance. In turn, it is the responsibility of Brill employees to report suspected breaches of the Business Principles to Brill.

### OUR VALUES

Brill employees share a set of core values: quality service to the scholarly community, integrity and respect for people. We also firmly believe in the fundamental importance of trust, diversity, teamwork and professionalism, and taking pride in what we do.

### RESPONSIBILITIES AND SUSTAINABLE VALUE CREATION

As part of the General Business Principles, we commit to the sustainable development of our company. We are aware of Brill's legacy and are committed to an equally illustrious future. This requires balancing short- and long-term interests, integrating business, environmental and social considerations into our decision-making. At Brill, we believe that creating sustainable value for all stakeholders is essential to ensuring the long-term viability of the company. The company's ability to create value hinges on achieving a balance between serving the scholarly community and business considerations.

To achieve this balance, we define value in terms of value created for our stakeholders. This value creation and Brill's standing with each of these stakeholder groups is the condition for our company to remain relevant within a changing media landscape.

We recognize the following stakeholders and areas of value creation:

- Authors – Publishing Service Value
- Librarians and funders – Account Service Value
- Readers – Content and Usability Value
- Investors – Economic Value
- Staff – Development Value
- Global Community – Community Value

### The Principles

#### Principle 1 ECONOMIC PERFORMANCE

Long-term profitability is essential to achieving our business goals and to our continued growth. It is a measure of both the efficiency and the value that customers place on Brill products and services. It supplies the necessary corporate resources for the continued investment that is required to develop and produce future publications to meet customer needs. Without profits and a strong financial foundation, it would not be possible to fulfil our responsibilities. Criteria for investment and divestment decisions include sustainable development considerations (economic, social and environmental) and an appraisal of the risks of the investment. Risk management is a key element of our management process of sustainable value creation.

#### Principle 2 QUALITY SCHOLARLY SERVICE

Brill companies aim to provide the scholarly community with the highest level of quality and service. To this end, Brill invests not only in developing its network of scholarly authors and editors but also in offering them sound processes of peer review, continuous availability of their publication, editorial tools and standards that meet up-to-date requirements for digital dissemination, competitive production quality and a reliable

distribution channel that ensures availability at each author's target audience of academics who use new technology in an increasingly networked digital environment. We are committed to standards of editorial integrity and independence, and our editorial policy only applies academic quality as a criterion for publishing, not adherence to any political, religious or other non-academic viewpoints.

#### Principle 3 BUSINESS INTEGRITY

Brill companies insist on integrity and fairness in all aspects of business and expect the same in our relationships with all those with whom we do business. The direct or indirect offer, payment, soliciting or acceptance of bribes in any form is unacceptable. We do not engage in the practice of facilitation payments to speed up or secure the performance of a routine government action. Employees must avoid conflicts of interest between their private activities and their part in conducting company business. Employees must also declare potential conflicts of interest. All business transactions on behalf of a Brill company must be reflected accurately and fairly in the accounts of the company in accordance with established procedures and are subject to audit and disclosure. As a publicly listed company, Brill follows all rules around insider trading.

#### Principle 4 POLITICAL ACTIVITIES

##### *Of companies*

Brill companies act in a socially responsible manner within the laws of the countries in which we operate. Brill companies do not make payments to political parties, organizations or their representatives. Brill companies do not take part in party politics. However, when dealing with governments, Brill companies have the right and the responsibility to make our position known on any matters, which affect us and our stakeholders, which is in accordance with our values and the Business Principles.

##### *Of employees*

Where individuals wish to engage in community activity, including standing for election to public office, they will be given the opportunity to do so; however, we do not use Brill's assets, including our time at work, to further personal political activities or interests.

#### Principle 5 CORPORATE SUSTAINABILITY

We create value for the global community and specifically the scholarly community by being a reputable publisher who facilitates the scholarly process in selected scholarly disciplines. Specifically, we believe that editorial integrity and freedom of press is in full service of the free flow of scholarly information. Acting efficiently, in the meaning of creating output using the minimal required amount of resources in the broadest sense, is of direct benefit to the scholarly process as well as to society at large, and therefore supportive to Brill's long-term reputation and continuity.

Our corporate sustainability policy can only be successful if it ties in with our core capabilities and the long-term interests of our stakeholders. Consequently, we focus on just those initiatives where we feel we can make a difference. At the same time, we strive for high standards and permanent improvement in all general facets of responsible corporate citizenship – and we expect the same from our vendors and contractors.

#### Principle 6 COMMUNICATION AND ENGAGEMENT

Brill companies recognize that regular dialogue and engagement with our stakeholders is essential. We are committed to reporting our performance by providing full relevant information to legitimately interested parties, subject to any overriding considerations of business confidentiality. In our interactions with employees, business partners and local communities, we seek to listen and respond honestly and responsibly. Brill staff is committed to the responsible use of digital communications and social media in line with Group policies.

#### Principle 7 COMPLIANCE

We comply with applicable laws and regulations of the countries in which we operate. Brill's tax policy is aimed at achieving an efficient tax structure while paying fair amounts due in the constituencies where it does business.

##### Implementation

To create a coherent framework for the conduct of business within the Brill Group, these General Business Principles have been detailed further in the following documents:

1. Corporate Governance Policy (refer to separate Chapter)
2. Brill Code of Conduct
3. Vendor Policy
4. Remuneration Policy (refer to separate Chapter)
5. Corporate Sustainability (refer to separate Chapter)
6. Risk Management Policy (refer to separate Chapter)
7. Whistleblower Policy
8. Code of Conduct on Insider Trading

For documents listed above which are not included in this report, please refer to [brill.com](http://brill.com).

The Executive Committee monitors the effects of the above-mentioned policies on a regular basis by discussing them with the HR manager, the appointed trusted persons and the Works Council.

At Brill, we believe that our ability to create sustainable value for all stakeholders is essential to the long-term viability of the company. We recognize the following areas of value creation:

#### Authors – Publishing Service Value

We are proud that every year an increasing number of prominent scholarly authors select Brill as their publisher of choice. This choice is a vital one to the development of an author's scholarly field and individual career. Authors select Brill for the quality of our journals and book series, the services we offer and the reputation of our imprints. Editorial independence and strict peer review as well as long-term commitments are key to maintaining a strong reputation. Authors know that the editorial boards that curate the research we publish have been selected based on the quality of their contribution to the field. Brill provides tools and support to maintain an efficient and high-quality publishing process, based on a deep know-how of publishing and the publishing experience. Authors and editors must be served in the best possible way. Brill has the investment capabilities for more complex and capital-intensive projects. Authors know that Brill has access to the world's premier research libraries through its distribution system and that Brill will work with them or their institution in various commercial models according to their preference.

#### Librarians and funders – Account Service Value

Our publications can be found in the most eminent institutions in each field in which we publish. In working with these institutions, we strive to offer flexible and attractive models that enable libraries and funders to work with us efficiently. We offer our content through platforms which enable them to provide library patrons with easy access to our publications. We provide librarians with data and tools to evaluate the use of our services to their patrons and to calibrate their purchasing decisions. We offer funders flexible

models to subsidize scholarly research of choice, either in traditional or in open access models. We work with global distribution partners that enable efficient ordering processes.

#### Readers – Content and Usability Value

For our readership, ease of access and ease of use is the primary consideration. We support scholars in performing their critical task of progressing their scholarly field. Online readers do not search for content from a brand or supplier but rather by subject or keyword, and then prioritize results based on the reputation of the journal title or book collection. On our platforms, a large majority of internet traffic originates from Google (Scholar) searches. Increasingly, we see readers accessing our platforms from mobile devices. Our job is to make the experience seamless, enabling a fast and effective search and, when the reader arrives on our platform, a comprehensive and efficient reading experience.

For those readers preferring the print format, we aim for quality and service by working with printing on demand (POD) providers who are quality leaders in their region. Those customers preferring the print option value a high-quality product which is available for use within a short period of time. The implementation of a multisite POD structure further delivered value in that context. Only in exceptional cases is offset printing considered the preferred method of production. This applies mainly to major reference works and when technical or economic considerations indicate special binding requirements or larger print runs.

#### Investors – Economic Value

The economic value created for our investors is determined by the company's ability to profitably grow the business. The resulting value creation is a precondition to maintaining our investor's confidence and support in case of additional capital requirements. A focused investor relations policy remains vital to communicate the value created and to manage expectations.

#### Growth

The scholarly research community realizes a steadily growing output in the form of scholarly books and journal articles. Brill's ability to grow the business rests on being granted the right to publish a stable or increasing proportion of the high-quality research that is produced, and to successfully bring those publications to the market. In doing so, Brill must remain intimate with changing market preferences for alternate business models and ensure appropriate geographical coverage, for example in Asia.

In addition, Brill invests in self-generated publication initiatives such as dictionaries, encyclopedias, other reference works or primary sources where it believes synergies can be created from Brill's reputation, its author community and its existing portfolio of products and services. These opportunities can represent significant value due to their unique and proprietary nature as well as associated recurring revenue streams.

#### Profitability

Profitability at Brill, as stated by the Return on Invested Capital or ROIC, is driven by two key factors:

**Margin** – measured as Net Operating Profit Less Adjusted Taxes (NOPLAT) divided by Revenues. We believe that, even more than the required continuous operating efficiency improvements, product portfolio structure is paramount to long-term improvement of margin.

**Asset Turnover** – as measured by the average amount of invested capital required to support the revenue. We actively seek to optimize capital deployment to keep ROIC at target levels.

Our ROIC performance therefore is driven both by our ability to generate profitable revenue as well as by controlling the consolidated statement of financial position, and our KPI system is geared towards monitoring these drivers.

In 2018, Brill reported mixed results on its economic value drivers. Revenue declined by 1.2%, but because of the new bank loan, asset turnover increased from 1.7x to 1.8x. NOPLAT margin dropped and consequently ROIC declined from 11.1% to 8.8%.

#### Staff – Development Value

Brill has a unique company culture and working environment which is an asset for attracting and retaining talent, despite the company's limited size. Staff values their employment because of the internationally oriented company culture combined with high professional standards, development opportunities, and global exposure. Brill develops these factors through job rotation, delegation of authorities, training – both on the job as well as formalized training – and periodical team and general staff events.

#### Global Community – Community Value

We create value for the global community and specifically the scholarly community by playing our role as a reputable publisher who facilitates the scholarly process in selected scholarly disciplines in a responsible and efficient manner, through creating output using the minimal required amount of resources in the broadest sense. We believe that this approach is of direct benefit to the scholarly process as well as to society at large, and therefore is supportive to Brill's long-term reputation and continuity.

At Brill, we believe that our corporate sustainability policy can only be successful if it ties in with our core capabilities and the long-term interests of our stakeholders. Consequently, we focus on a few initiatives where we feel we can make a difference. At the same time, we strive for permanent improvement in all general facets of responsible corporate citizenship.

For further details on our Corporate Sustainability policy, please refer to the relevant chapter in this report.

**Risk Management Policy**

The risk management policy of the company is updated in the context of the company's strategic plan. The company adopted an approach consistent with its scale, ambitions and organization structure.

Risk management is integral to Brill's overall management structure. Risks classified as having strategic impact are discussed with the Supervisory Board annually to enable the Board to make proper evaluations regarding Brill's results and prospects. Furthermore, the Board evaluates the entire risk management framework on an ongoing basis.

Brill's policy requires that mitigating measures applied to each risk are commensurate to the level of impact and the risk appetite that Brill defines regarding each risk category.

**Risk Management**

Management of risk at Brill is generally executed through three categories of risk management tools:

*Organization and Governance* – The organizational structure and culture of Brill must support the identification and avoidance of risk by making well-informed decisions in a timely manner. This requires certain levels of delegation and empowerment. Governance must ensure an adequate framework of accountability.

*Internal Control Framework* – The framework of internal controls must provide reasonable assurance that:

- Business processes are carried out effectively and efficiently.
- Financial statements adequately reflect the business' financial position and development.

*Business Policies* – The framework of business policies must ensure that Brill can:

- Capture business opportunities.
- Avoid undue risk of losses to company assets.
- Execute on its strategy.

Risk management is in the hands of the Executive Committee. Day-to-day supervision lies with the CFO/COO, and execution is delegated as follows. Design, implementation and execution of financial control measures are carried out by the Group controller, whereas the design, implementation and execution of IT related controls are carried out by the team that is accountable for the administration of the system. The implementation of specific measures and improvements, is driven by a combination of the Executive Committee's assessment of current risk profiles and the annual management letter supplied by the external independent auditor. Brill's Supervisory Board reviews all reporting by the external independent auditor. Due to the small scale of operations and the high degree of centralization of accounting, Brill does not have an internal auditor. The decision to abstain from appointing an internal auditor is reviewed annually by the Supervisory Board.

**Risk Classification**

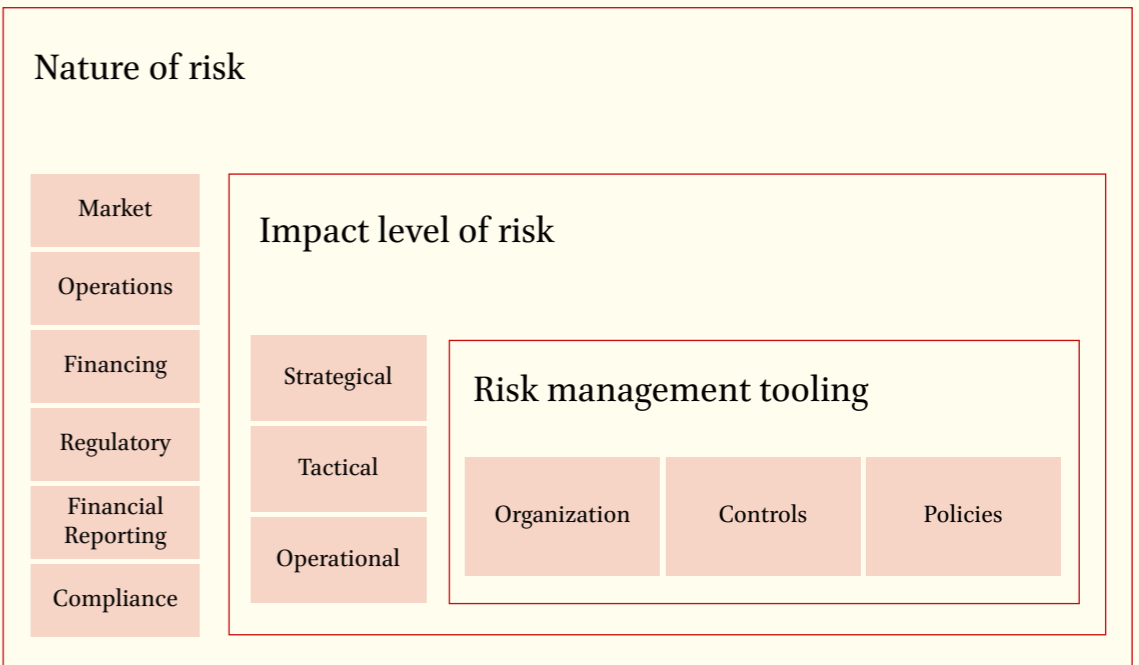
To assign risk management accountability correctly within the organization, Brill classifies risks as follows:

- A. Level of impact of the risk on the business of Brill
  - Operational
  - Tactical
  - Strategic
- B. Nature of the risk
  - Market – the risk relates to a change in market circumstances that impacts market participants' propensity to purchase Brill's product, to use Brill as their publisher of choice, or to supply goods and services required by Brill at economically viable rates.
  - Operations – the risk relates to an event or trend that impacts Brill's operational capacity to execute its strategy successfully and manage its business as a going concern. This category explicitly includes IT, outsourcing, fraud, corruption, and cybersecurity risks.

- Financing – the risk relates to an event or trend that impairs Brill's ability to attract sufficient funds to finance working capital or long-term investments and therefore its ability to operate as an ongoing concern and execute its business strategy
- Regulatory – the risk relates to changes in legislation or governance with effects on Brill's current business arrangements, on Brill's stakeholders and their capacity or propensity to transact business with Brill (in short, impact on Brill's 'license to operate').

- Financial Reporting – the risk impacts Brill's transparency in its results and financial position both internally for management purposes as well as to its stakeholders.
- Compliance – the risk impacts Brill's compliance with applicable law and regulations or it impacts Brill's business or financial reporting through transgressions of applicable law or regulations.

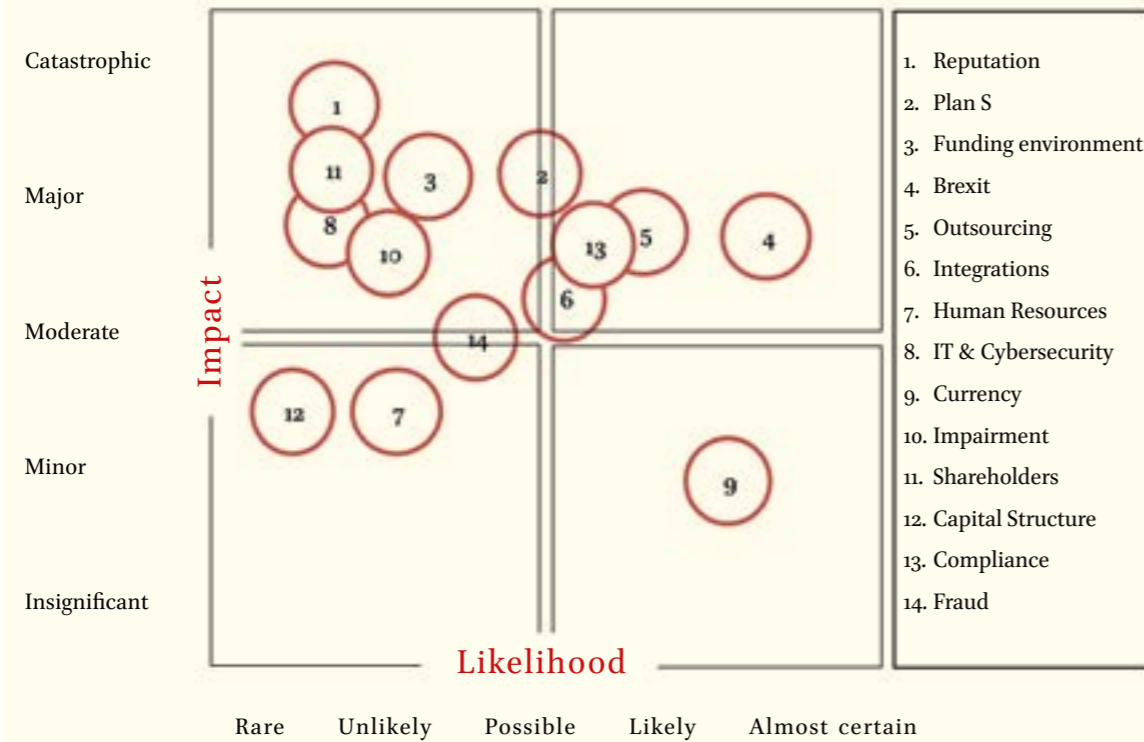
Consequently, Brill's risk management analysis and tooling framework can be summarized as follows:



**Discussion of specific risks with impact at the strategic level**

The risks set out in this overview have been classified per the system described above and are linked to the objectives pursued in Brill's strategy, the company's

applicable risk appetite and the mitigation strategies in place. The following depicts a visual classification of specific risks at the strategic impact level to illustrate our assessment of our risk profile and the level of risk that the company is willing to take:



The risk appetite ratings in the following table should be interpreted as ranking measures rather than as an absolute, calibrated, proportional measure of risk. Risk appetite per category is based on an annual management assessment.

Nature of the Risk	Description of the Risk	Objective threatened	Risk appetite (1=lo & 5=hi)	(Type of) Mitigation in place
Market	1. <i>Reputation</i> : Various events may impact the company's reputation versus its stakeholders which is the cornerstone of Brill's ability to run and develop its business.	Strategic objective to expand in current and adjacent subject fields	1	<i>Organizational</i> : Organizational structure that enables the company to react and adapt flexibly to changing market circumstances. <i>Business policies</i> : Editorial policies including diligent peer review and checks on plagiarism, communication policy, investor relations policy, code of conduct.
	2. <i>Plan S</i> : Review of open access policies of major funding bodies like the ERC, UKRI, DFG, NWO.	Maintaining a sustainable journal program	2	Hired a dedicated Program Manager Open Access. Reviewed and improved open access workflows. Active participation in open access discussions with relevant actors.
	3. <i>Funding environment</i> : Our customers and authors depend on their respective governments' and societies' willingness to fund research in the humanities and social sciences incl. purchases at Brill and their collaboration with Brill.	Expand in current and adjacent subject fields	3	<i>Business policies</i> : Increased focus on repeatable business, expansion into adjacent market segments, tap alternative funding sources (ERC) + set up workflows to support authors to get funding for open access publication.
	4. <i>Brexit</i> : Especially a no-deal Brexit may lead to distribution problems for our distributor Turpin based in the UK	Profit improvement	2	Plans for various Brexit scenarios have been developed with Turpin and our POD printers to avoid distribution problems.
Operations	5. <i>Outsourcing</i> : Failed outsourcing may impact business continuity or quality and the pricing of services used leading to reduced competitiveness.	Enhance operating capacity	2	<i>Organizational</i> : Quality of Brill staff. <i>Control measures</i> : SLA's, vendor selection process. <i>Business policies</i> : Insurance, contingency and back-up measures.
	6. <i>Integrations</i> : Limited capacity to integrate acquisitions.	Realizing benefits of new acquisitions	2	Plan integration processes carefully. Hire interim staff for specific projects.
	7. <i>HR Risk</i> : We may not be able to attract and retain the right staff.	Achievement of strategic plan	2	<i>Business policy</i> : Develop Brill reputation and culture as attraction and retention mechanism.

Nature of the Risk	Description of the Risk	Objective threatened	Risk appetite (1=lo & 5=hi)	(Type of) Mitigation in place
	<i>8. IT and cybersecurity risk:</i> Deficiencies in our IT general controls may lead to reduced efficiency, business continuity and increased risk of fraud or exposure to cybersecurity risks.	Enhance operating capacity	2	<i>Control measures:</i> IT general controls like segregation of duties, IT user & access management policies (firewalls, passwords). <i>Business policies:</i> Contingency and back-up measures, security measures, communication on IT and cybersecurity risks.
Financing and other	<i>9. Currency:</i> Significant swings in the USD / exchange rate may impact our results	Improve financial performance	2	<i>Business policies:</i> Hedging policy (refer to financial statements).
	<i>10. Impairment risk:</i> The company carries substantial intangible assets on its consolidated statement of financial position. Deteriorating business performance may lead to impairments which could cause substantial erosion of equity.	Improve financial performance	2	<i>Internal controls:</i> Annual review of the value of intangible assets. <i>Business policies:</i> Conservative valuation calculations when doing acquisitions, reduction of assets required to run the business.
	<i>11. Shareholders:</i> Investors may not be willing to fund Brill's strategic plan.	Expand in current and adjacent subject fields	1	<i>Business policies:</i> Investor relations policy, dividend policy, focus on financial performance improvement. <i>Internal Controls:</i> Framework of controls aimed at financial reporting reliability.
	<i>12. Capital structure:</i> Rabobank loan. Covenants are part of the loan agreement. Significantly lower results may lead to breaching the covenants.	Financial stability	2	<i>Business policy:</i> Managing debt and equity, following financing policies and monitoring ratios. Profit improvement plan and cost saving initiative.
Regulatory	<i>13. Compliance:</i> High audit costs due to increased IFRS and other regulations for listed companies.	Improve financial performance	1	<i>Business policies:</i> Better qualified staff and processes in finance. Improved audit workflows.
	<i>14. Fraud:</i> Brill's expanding business in certain countries might raise the risk of fraud or corruption by third party intermediaries for which Brill can be held liable.	Financial stability, reputation	1	<i>Business policies:</i> Agreements with all intermediaries that they accept our Code of Conduct and Business Principals. CEO approval for all contracts with and payments to third parties in these countries. Project with PSI/STM.

### Risk management and internal control in 2018

In 2018 Brill made limited progress in enhancing the company's framework of internal controls, based on recommendations made by the external independent auditor following discussion with the Executive Committee and the Supervisory Board. Specific steps were taken in upgrading financial management, enhancing visibility of certain implemented controls and enhanced reporting systems to support management and external reporting. Improvements in controls concerning client access to our online databases result from our program to renew Brill's online platform.

The 2018 interim review performed by the external independent auditor reported limited progress on the issues and recommendations for improvement that were outstanding by the end of 2017. However due to staffing shortage some issues have not been solved in 2018 and are now deferred. In general, the improvement opportunities center around IT General Controls and the visibility and formalization of implemented control measures, as well as on the balance in the framework of internal controls. The company takes this issue very seriously and will continue to work on improvements in 2019.

One of the strengths of Brill's publishing program is the variety of formats that we offer to researchers. Scholars publish their works with us as journal articles and books or contribute to the development of reference works and primary source collections. In 2018, we continued to foster this healthy product mix and focused our acquisition activities especially on journals, online resources and institutional partnerships for open access projects.

Most journals we contracted in 2018 were taken over from competitors and smaller institutional or society publishers. Such journals have an established readership, a functioning editorial board and a sustainable copy flow. We are pleased to welcome journals in all fields, including *Global Governance* and the *Australian Yearbook of International Law* (International Law); the *Video Journal of Education and Pedagogy* and *Triple Helix* (Social Sciences); *Contributions to Zoology* (Biology); *Bandung: Journal of the Global South* and *Mawlana Rumi Review* (Area Studies); *AION* (Classics); *Religion and Gender* (Religion); as well as the *International Journal of Jungian Studies* and *Simone de Beauvoir Studies* (Philosophy). Next to acquiring existing journals Brill continues to develop new subscription and open access outlets, particularly in growing and emerging fields. Amongst others we are preparing the launch of *Public Anthropologist* (Social Sciences), *The European Journal on the Philosophy of Emotions* (Philosophy) and *Frankokratia* (History). With the *Journal of Urdu Studies*, we are increasing our portfolio on South Asia, one of Brill's strategic growth areas for the coming years. *Brill Research Perspectives (BRP)*, a journal format that allows for publishing in-depth review articles, has established itself with 35 titles since its launch in 2014. This year we succeeded in acquiring six additional titles in Jesuit Studies, Quaker Studies, Byzantine Studies, Religion and Education, Religion and Politics, and Religion and Psychology.

In September, a broad coalition of international funding bodies launched "Plan S", a plan to make all journal articles derived from publicly funded research available in open access. Under the leadership of the European Commission draft guidelines were developed to ensure a fair, efficient and transparent transition from the current reader-pays to a free access model. Together with a group of medium-sized publishers Brill consulted with the leadership of the coalition to work towards sustainable models for the humanities and social sciences. As one of the early movers in open access publishing we aim to provide Plan S compliant publishing venues for all our authors.

The front list of our book program has developed steadily and acquisitions of new book series such as *Studies in Polar Law* (International Law), *Critical Approaches in Early Christianity* (Biblical Studies), *Political Ecology in the Asia Pacific Region* (Area Studies) and *Mapping the Past* (History) will further diversify the portfolio. In September we acquired and quickly integrated five well-established book series of DEO Publishing, strengthening our list in Biblical Studies and Theology. With 33 titles published in 2018, we have significantly grown our open access book program to more than 330 titles. More importantly, we have established several long-term partnerships with institutions and funding bodies to publish new book series in open access. With the European Research Council (ERC) we will publish 5 new book series with a total of at least 40 volumes in the coming years. In addition, *Anchoring Innovation* is a Leiden based research project in Ancient History that is funded by the Dutch NWO. We expect to publish 45 monographs and edited volumes in open access with researchers affiliated with this project. Together with the Max Planck Institute for European Legal History in Frankfurt we have established the series *Max Planck Studies in Global Legal History of the Iberian Worlds* (History) and expect to publish the first titles in 2020. Finally, the Saxon Academy of Sciences and Humanities is funding the publication of up to 20 open access volumes in the series *Bibliotheca Arabica*.

In September we released *Brill Companions Online*, a suite of eBook collections in the fields of History, Classical Studies, Religious Studies, Asian Studies, and Middle East and Islamic Studies. In total, the collection contains 285 research companions targeting both scholars and students. Moreover, our portfolio of reference works grew with several new titles, in particular in Middle Eastern Studies. The Wellcome Trust will fund an open access reference work on the *Literary History of Medicine*, and we reached an agreement with Columbia University to take over the print publication of the prestigious *Encyclopaedia Iranica*.

Our cooperation with German publishers on reference works remains fruitful. At year end, we launched the *International Encyclopedia of Comparative Law* (International Law), which was previously co-published with Mohr Siebeck and available in print only. Now fully owned by Brill, we hope to further expand this reference work in the coming years. From Herder Verlag we acquired all rights to the *Lexikon der christlichen Ikonographie* (Art History). This important reference work in the field of iconography will expand Arkyves, our innovative reference tool to study imagery. In cooperation with Kohlhammer Verlag we launched the *The History of Global Christianity* in both English (print/online) and German (online). The *Pauly Supplements* (Classics), the *Encyclopedia of Early Modern History* and the *Encyclopedia of Jewish History and Culture* (Metzler Verlag) all published new volumes in 2018.

Digital primary sources continue to be a small but vibrant product format. With our expertise in online publishing, focus on editorial quality and excellent relationships with institutions and archives, we have developed a strong profile, especially in History and Area Studies. In 2018 we digitized and launched *The Times Supplements*, *Basilica Online*, *Grotius Collection Online*, *North China Daily News Online*, and *Cuban Culture and Cultural Relations, Pt. 2*. The Cuban

collection was scanned at the Casa de las Américas in Havana and gives digital access to files covering more than a thousand writers, thinkers and artists from Cuba and abroad. For publication in 2019 we have reached agreements to digitize the *Moscow News* and *The Daily Worker* in cooperation with the International Institute of Social History, Amsterdam, and the *Augustus De Morgan Library* with Senate House Library, London.

In December 2016 we acquired the German imprints Ferdinand Schöningh and Wilhelm Fink and in mid-2017 the Dutch publishing house Sense. Sense closed its operations in Dordrecht only at the end of last year, which is the reason most integration activities took place in the past twelve months. While the development of the book front list of Sense suffered from changes in personnel, we were able to acquire the first three journals and a first reference work in the field of Education.

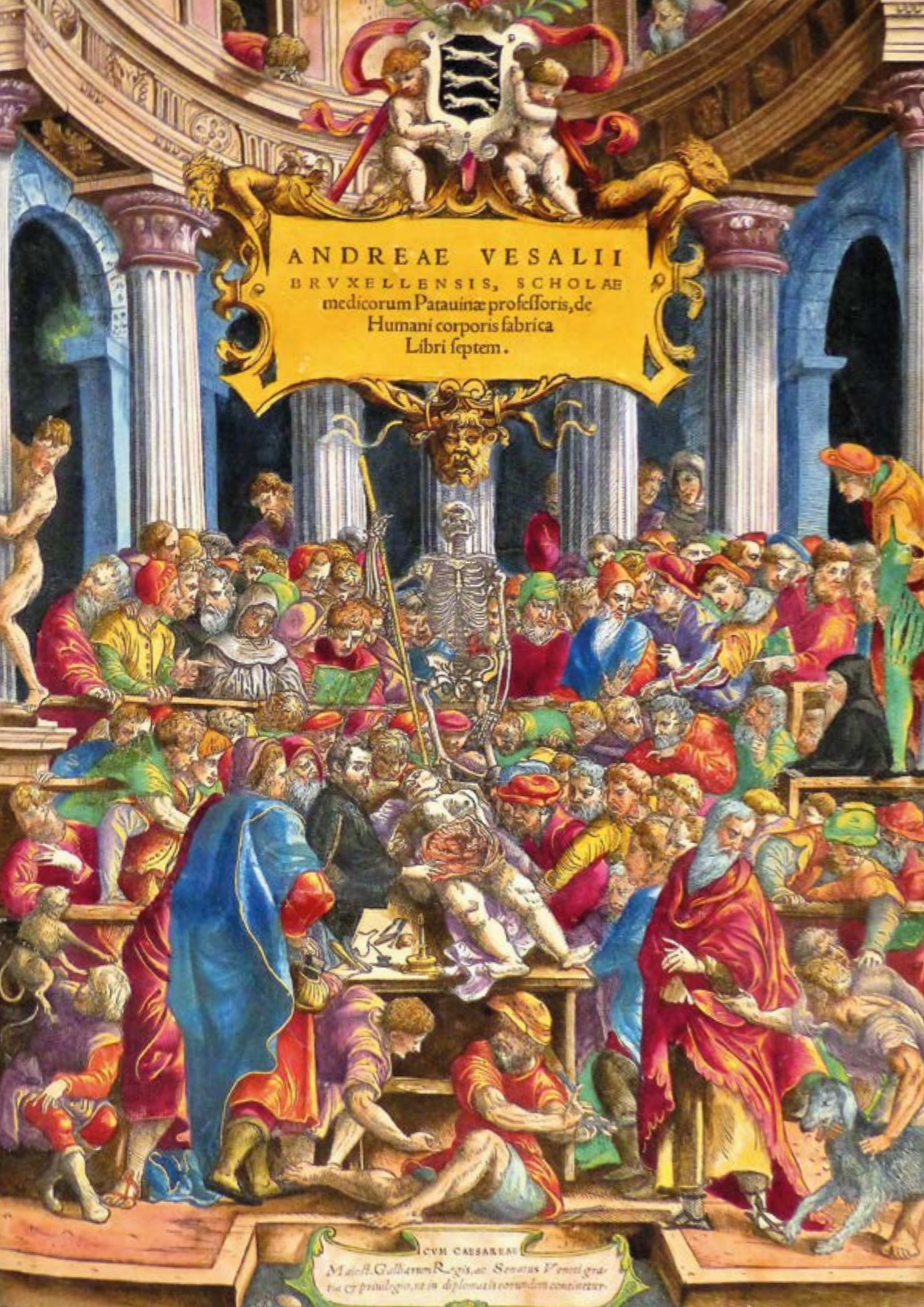
When Brill took over Ferdinand Schöningh and Wilhelm Fink both imprints were strong brands with rich histories, distinct profiles and very active author and editor networks. However, due to a lack of investment to internationalize and digitize the portfolios, the publishing houses were not sustainable in the long-term. Since the acquisitions, the team in Paderborn has achieved a remarkable turnaround of the business with a new strategy, resulting in a significant improvement of profit margins. The publishing lists were pruned, international peer review standards introduced, and new product formats acquired. The *Lexikon für Kirchen- und Religionsrecht*, which will be published in early 2019, is the first major reference work to come out of Paderborn since the takeover. Several new book series and journals with international editorial boards are under contract, allowing for publication in German as well as English. The open access portfolio of Ferdinand Schöningh and Wilhelm Fink is developing above expectation thanks to partnerships with major German and Swiss funding bodies. At the beginning of 2018,

we added the publishing list of mentis Verlag (Münster, Germany). The integration of this vibrant book list went smoothly, and the publishing activities quickly expanded to journals and other formats. With mentis on board, the German program is one of the strongest players in the area of Philosophy.

More than 60 editorial staff develop and maintain Brill's publishing program in cooperation with researchers, institutions, societies and funding bodies. In 2018 acquisition editors performed in-depth analyses of their portfolios which will be part of our strategy going forward. In our key growth areas – International Law, Social Sciences, Area Studies, Philosophy and Linguistics – we increased our acquisition power by appointing senior editors and additional support staff. For our open access program, a dedicated and experienced program manager was hired, who will develop strategies, coordinate policies, and devise new business opportunities.

Image of Alexander the Great by Andy Warhol featured on the cover of *Brill's Companion to Alexander the Great* published in 2018.  
© the Andy Warhol Foundation for the Visual Arts Inc., c/o Pictoright Amsterdam 2017.  
Photo © Christie's Images / Bridgeman Images.





**General**

Our financial statements were impacted by the implementation of IFRS15, the new accounting rule for revenue recognition. Under the new accounting policy, we were required to form a so-called return asset of 0.3 million, which is reported under inventory, and a return liability of 1.3 million reported under short-term liabilities. These changes are presented as corrections to the opening balance of 2018, with the net effect reported under equity (0.7 million) and tax receivable (0.3 million).

Under IFRS15, postage and handling fees within Brill can no longer be reported as revenues but should be reported as a reduction of fulfillment expenses.

The effect on our revenues versus 2017 is -0.1 million, or -0.4%.

Included in the stand-alone company statement of financial position is the correction of the 2017 financial statements, related to the prior year's reclassification of content from inventory to intangible assets. We concluded that based on Dutch requirements a legal reserve should be formed in the company financial statements, equal to the amount of the capitalized content costs. This legal reserve was not formed via the retained earnings in 2017. We did form this legal reserve in the 2018 company financial statements and have restated the comparable 2017 numbers as if the legal reserve was formed by the end of December, 2017. This has no effect on the consolidated financial statements as this legal reserve is not required under IFRS.

**Revenue**

In 2018, Brill's revenue decreased by -1.2% to 36.0 million (2017: 36.4 million). Organically, excluding the effect of acquisitions, currency and accounting changes, revenue was stable.

Hand-colored frontispiece of *De Humani Corporis Fabrica* featured in *The Fabrica of Andreas Vesalius* published by Brill in 2018. Original from Koblenz: Bibliothek des Staatlichen Görres-Gymnasiums.

(in EUR million)	Revenue	% of total Growth	Year on Year Growth
<b>Revenue 2017</b>	36.4	100.0%	
Print books	(1.0)	-2.7%	-6.3%
eBooks	0.3	0.8%	3.1%
Journals	0.5	1.5%	5.8%
Primary Sources	(0.0)	-0.1%	-2.2%
Other	0.2	0.4%	37.8%
<b>Organic Revenue 2018</b>	<b>36.4</b>	<b>-0.1%</b>	<b>-0.1%</b>
Acquisitions	0.4	1.2%	n.a.
Currency	-0.7	-2.0%	n.a.
IFRS15 effect	-0.1	-0.4%	n.a.
<b>Revenue 2018</b>	<b>36.0</b>	<b>98.8%</b>	<b>98.8%</b>

Revenue generated through digital products was 19.0 million or 53% of total, versus 18.3 million or 50% in 2017. Revenue generated through subscriptions was 14.5 million or 40% of total revenue, up from 13.8 or 38% in 2017.

Despite our hedging activities, the change in the US dollar rate had a negative impact on our revenues. Around 42% of our revenues are in US dollars which averaged €/\$ 1.18 in 2018 (2017: €/\$ 1.12). Total effect was -0.7 million or -2% versus our total 2017 revenues. Total book sales declined by 3%, mainly due to declining print and eBook sales in the US and parts of Asia (Japan and South Korea), whereas Europe showed an encouraging growth in print book sales.

Total journal sales grew by 6%, reflecting successful sales efforts but also growth in subscription value, improved renewal management, journal acquisitions, and new journal title development.

Growth in the Americas was negatively impacted by very low one-off sales with our core customers of eBooks and eMRW's (Major Reference Works) in Q2 2018 which is the end of the budget year in the US.

Disappointing sales of our law backlist had a significant negative impact on US sales. A marketing program to acquire new customers was successfully implemented and the marketing strategy for backlist titles reviewed.

The number of major sales deals (i.e. over 100 thousand per order) versus last year was slightly positive. Among others, we successfully closed large deals with new and existing clients in China, Singapore, Canada, and Greece. As expected, some of these deals included both renewals from deals closed with these customers in previous years, as well as new business.

#### Cost of goods sold, personnel costs, and other operating costs

The total cost of goods sold improved by 1.0 million or 8%. This positive development results from the lower print book sales volume and the high level of one-off items in last year's number. Also we continue to see lower expenses from stock depreciation as our stock value dwindles further due to our POD policy. Finally, we see our lower typesetting cost translating into lower cost of content amortization. All this resulted in a gross margin of 67.8% versus 65.5% in 2017.

Personnel costs increased by 0.8 million or 6% in 2018 (2017: 15%) excluding restructuring costs (severance).

The increase was mostly caused by organic increases in salary costs (a total of changes in FTE, Collective Labor Agreement adjustments and mix). Growth in FTE originated from staff hired in the course of 2017 who were on the payroll for FY 2018 and two staff members from our purchase of mentis Verlag in Germany. Higher underlying salary expenses were compensated partly by higher capitalized expenses due to high project activity.

In 2018, we also recorded 0.2 million in restructuring costs related to our profit improvement plan. These exceptional costs are reported outside our EBITDA but are part of personnel costs.

Other operating costs increased by 0.5 million or 5%. The increase is partly caused by operational expansion

(office costs, IT, support cost) but also by the situation in our finance department. Finance costs increased by 0.2 million which includes temporary staff to mitigate the heavy turnover in finance and the quality improvement efforts in finance started this year.

#### Depreciation and amortization, and financing revenues and costs

At 1.0 million, depreciation and amortization, other than recognized in cost of goods sold, were 25% higher than 2017. This increase was expected due to our recent capital investment activities. Financing results amounted to -0.2 million (2017: -0.2 million) with lower foreign exchange results balancing out the increased interest expense related to our new financing structure.

#### Profit and profit per share

Despite the higher gross result, EBITDA was lower than last year due to higher personnel and operating expenses. The lower EBITDA, higher depreciation and amortization and restructuring expenses resulted in lower net profit.

The number of outstanding shares remained the same relative to 2017. Consequently, earnings per share amounted to 0.85, down by 29.4% from 2017 (EPS 2017: 1.21).

#### Tax

Included in our tax result is an exceptional non cash income tax benefit of 695 thousand, due to remeasurement of deferred tax positions following a nominal tax rate change in the Netherlands (from 25% in 2018 to 20.5% in 2021). As these deferred tax positions are long term they are remeasured against the new tax rate applicable in 2021.

#### Operating Working capital and Cash flow

Book inventories declined further because of our POD policy (-0.6 million). However, due to the implementation of IFRS15 we have to report a Return Assets of 0.3 million that is part of inventories (see above under gen-

eral), so total inventories remained around the 2017 level of 3.3 million.

Despite the decline in operating profit free cashflow improved versus 2017 as a result of lower acquisition expenditure.

#### Return on Invested Capital

Return on Invested Capital (ROIC) declined to 8.8% versus 11.1% in 2017, due to lower operating profit.

#### Solvency and Liquidity

Total assets (48.9 million) remained in line with 2017 (48.9 million). Equity amounted to 20.8 million at the end of 2018 versus 27.4 million at the end of 2017, mainly due to the extraordinary dividend of € 3.00 share. Solvency (Shareholders' equity divided by total assets) declined to 42.5% in 2018 (2017: 56.0%; target range of 40-60%).

Because of the high investment level, acquisitions and the lower results, mitigated somewhat by improved working capital, our liquidity at year end declined from 3.8 million in 2017 to 2.4 million in 2018.

#### Dividend

In 2018 Brill changed its capital structure to finance an extraordinary dividend pay-out of € 3.00 per (certificate of) ordinary share. We wish to adhere to our corporate solvency policy of 40-60% and to the covenants agreed with our new corporate bank. At the end of 2018, the solvency rate was 42.5%.

We will propose to the General Meeting of Shareholders that will be held on 16 May 2019, an all-cash ordinary dividend of € 0.85 per (certificate of) ordinary share. Based on our net profit attributable to our shareholders, this is a 70% pay-out ratio.

#### Brexit

Depending on the outcome of the Brexit negotiations between the EU and the UK, our business may suffer in 2019 from distribution delays of our backlist book titles, as our warehouse with stocked titles is located in the

UK. Various plans to reduce the risks of loss of business have been developed together with our distribution partner and our POD provider in the Netherlands and will be implemented according to the actual Brexit situation.

#### Outlook

Brill's annual reports do not include numerical statements about future developments in terms of revenue and results. Our focus is on further development of the publishing program and getting the value out of our recent investments, whereas longer term we seek to expand and enhance the portfolio in terms of faster growing, recurring revenue streams, which includes the development of our open access journals and books publishing program. Another focus point for 2019 will be further execution of the profit improvement plan which was launched in 2018 and will lead to structural cost savings in the areas of personnel costs and operating expenses. Together with the fact that most of the extra costs for the development of our new platform will not re-occur in 2019 and increased sales efforts in the Americas and Asia, we are cautiously optimistic about 2019.

**Organization**

Brill is a centrally managed company with several corporate and delegated functions. The two statutory directors together form the Management Board, responsible for Corporate and Governance affairs. Day-to-day management of Brill is entrusted to an Executive Committee consisting of the two statutory directors in their roles of CEO and CFO/COO and the CPO. The Executive Committee meets every two weeks. The primary business activities rest with the publishing units, which focus on the key subject areas in which Brill operates. The acquisition editors within the publishing units are responsible for publication development and contact with editors and authors. They are supported by four departments: Sales, Marketing, Finance & Operations and HR. The Heads of these departments together with the members of the Executive Committee form the extended Management Team which meets once a month. Our local legal entities in Boston, Singapore and Paderborn are managed by local statutory directors, who meet monthly with the Executive Committee in a video conference. The key internal factor determining the success of the company is its personnel. It is therefore important to recruit and retain skilled and motivated professionals. Brill's policy, which is aimed at controlling the costs of personnel, optimizing work processes, providing clear job definition and offering professional development, is closely monitored by the Executive Committee and the Supervisory Board, and measures are taken when necessary.

**Key Figures Human Resources**

The workforce amounted to 167.0 FTEs (2017: 164.9 FTEs) at year end. Average FTE was 166.7 versus 160.5 in 2017.

FTEs	Year end 2018	Year end 2017
Publishing Activities	66.2 [39.6%]	65.9 [40.0%]
Operations *	47.7 [28.6%]	48.8 [29.6%]
Sales & Marketing	38.0 [22.7%]	35.8 [21.7%]
Other **	15.1 [9.1%]	14.4 [8.7%]
<b>Total</b>	<b>167.0 [100%]</b>	<b>164.9 [100%]</b>

\* Departments for desk editing, bibliographic support, electronic publishing technology, data management, production management, distribution and IT.  
 \*\* General Management and the departments of Finance & Control, Legal, and Human Resources.

The split of FTE by country was as follows:

FTEs	Year end 2018	Year end 2017
The Netherlands	112.3	112.4
United States	21.3	19.8
Germany	24.7	23.9
Asia	5.8	5.8
Other	3.0	3.0
<b>Total</b>	<b>167.0 [100%]</b>	<b>164.9 [100%]</b>

In terms of the ratio of men to women, the share of women slightly increased in 2018 from 59.8% to 60.0%. The share of part-time workers decreased to 32.8% (2017: 34.6%) of the workforce. Sick leave showed a change from 3.3% in 2017 to 3.1%.

The age structure of the workforce changed relative to 2017 and was as follows:

AGE	2018	2017
20 - 29 years	9.4%	9.5%
30 - 39 years	25.6%	27.9%
40 - 49 years	29.4%	26.8%
50 - 59 years	25.6%	24.0%
Older than 60 years	10.0%	11.7%

The average age remained unchanged in the year under review at 45.1 years at the end of 2018 (2017: 45.1).

The outflow of FTE in 2018 was 12.8%, whereas the inflow was 14.1%:

FTEs outflow	2018	2017
<b>Retirement</b>	<b>2.5</b>	<b>1.0</b>
<b>Brill initiative</b>		
Temporary contracts	7.8	6.6
Other	3.0	2.6
<b>Own initiative</b>		
Employment 0-2 years	3.9	2.0
Employment 2-5 years	2.7	0.9
Employment 5-10 years		2.9
Employment 10-15 years	0.8	
Employment 15-20 years	0.7	
<b>Total FTE outflow</b>	<b>21.3</b>	<b>16.0</b>
<b>Total outflow in %</b>	<b>12.8%</b>	<b>12.0%</b>

FTEs inflow	2018	2017
<b>Acquisitions / divestment</b>	<b>1.8</b>	<b>20.7</b>
Temporary position		3.0
Permanent contracts	1.8	17.7
<b>Other</b>		
Temporary contracts	15.3	12.2
Permanent contracts	6.3	12.0
<b>Total FTE inflow</b>	<b>23.4</b>	<b>44.9</b>
<b>Total inflow in %</b>	<b>14.1%</b>	<b>27.9%</b>

In 2018, Brill's pension plan continued to be operated by Pensioenfond PGB. The pension plan is what is referred to as a collective defined contribution (CDC) plan including a conditional indexation scheme. In the reporting year, the Brill pension plan was in close cooperation with the Works Council's Pension Committee - slightly adjusted as a result of the increased pension contributions costs due to which the available pension contribution was no longer sufficient. The pension plan is considered a defined contribution pension plan for accounting and reporting purposes.

No additional arrangements have been set up for senior management.

**Report by the Works Council**

In 2018 no changes in the constitution of the Works Council occurred. The Works Council was in touch with their German counterpart, the Betriebsrat, a few times, through Skype and in person. The council also had some meetings with its Boston liaison. Although officially the council does not represent the colleagues abroad, it values regularly speaking to them, as business in the other offices and in Leiden have a mutual impact. The Works Council's Open Office was re-established, offering Brill employees the opportunity to meet with members of the Works Council to express any concerns they may have regarding a secure and safe work place.

*Internal cooperation*

We said goodbye to departing CEO, Herman Pabbruwe, after many years of good cooperation. For his goodbye present, we managed to take a picture with nearly all Works Council members of the past 14 years: 29 people in all, of which 23 are still working for Brill.

Since June, our regular monthly meetings have been with the new CEO, Peter Coebergh. As before, these meetings have been pleasant and constructive. The Council met the Supervisory Board in two regular meetings, in February and October, all in a spirit of confidence. In addition, informative meetings with members of the Executive Committee (EC) and the newly-established extended Management Team (MT) took place to discuss ongoing projects and concerns.

Although the year 2018 was one of transition for Brill, there were no requests for advice or concurrence. Our focus and emphasis has been on monitoring the execution and implementation of ongoing projects and topics that were often already initialized in the previous year. Among the themes we discussed with

management during the year were the project to launch our new online platform brill.com, the new regulations regarding privacy (GDPR), the new management structure, the intended realignment of the operations departments to take effect early 2019 and, from September onwards, the profit improvement plan. As last year, we were also occupied with many HR themes, such as the implementation of a policy on Structural Working from Home, the new Employee Handbook that was released on BrillNet, the adjustment of Brill's pension plan for year 2018, the adjustment of the sick leave protocol, Brill's (internal) application policy, and upcoming changes regarding the job-grading system. The Works Council met with Brill's Prevention Workers once during the reporting year.

The Works Council looks forward to performing its important role in a positive and constructive way.

## CORPORATE STRATEGY

### Mission

*"We operate from a strong belief that the Humanities, Social Sciences and International Law are areas of scholarship vital for addressing today's global challenges. This belief motivates us to offer our authors the best possible service and infrastructure to disseminate their research. In order to advance discovery and learning we are keen to support scholars by providing them with access to the finest research tools and reference works in their fields. The relevance and high quality of the works we publish is key to the sustainability of our business."*

This new mission statement will be actively promoted as part of our marketing activities and, together with our updated strategy, will be the basis of future strategic and business decisions.

### Strategy

The corporate strategy was updated during 2018 and centers around four goals:

- *Expand market position*  
We build on our leading position as the publisher of choice for many academic researchers in the humanities, social sciences and international law. Additionally, we aim to enter adjacent segments where Brill's key assets (reputation, service, distribution, infrastructure) can be leveraged. These goals could be achieved organically or through acquisition. Adjacent areas which seem likely for development would include those areas where social sciences as well as natural and life sciences have touching points with subjects in which we are traditionally strong, such as language, philosophy and ethics, religion and history. Brill actively explores acquisition opportunities based on clear priority setting. Furthermore, we will expand the formats in which we publish and more actively manage and develop our traditional subscription-based business models as well as new open access and evidence-based models.

- *Develop market presence*  
We are investing in our marketing and sales execution capability to be closer to our client and achieve improved market coverage. This entails expanding the sales force, notably in the Asian and US markets but also enhancing our communications to raise awareness of the depth and breadth of our portfolio. Communication and sales efforts will be more concentrated around the signature titles that define Brill's reputation and the themes they cover. Digital marketing and social media are increasingly employed to improve the efficiency and effectiveness of our marketing operation. Author services and our new brill.com platform will be actively marketed as well.

- *Invest in Finance & Operations*  
We continue to invest Brill's digital business capabilities to facilitate value creation. Strategy-driven roadmaps for investment are in place for key business applications, for our content management process and for our online publishing platforms. We aim to be able to produce our content in such a way that it can be published and used in any format, unit or on any device. Product and data distribution will be further improved to shorten our time to market. Findability and (mobile) usability will continue to be improved by our new brill.com platform and through our collaboration with third party platforms. We support our operations with standard software applications that are widely used in the business and which are provided by reputable partners, such as Klopotek, RSuite, Pubfactory, and Highwire. IT operations are structured to minimize risk and optimize efficiency through a combination of on-premise and cloud models, the balance of which is continuously reassessed.

In 2018, Brill started to reorganize and improve the quality of its finance department in order to comply with increased IFRS rules and other regulations and to improve management information. This process will continue, and various tools have and will be implemented.

- **Publishing Excellence**

A reputation for publishing excellence is key to the sustainability of our business. Brill's publishing strategy is to continually seek differentiation and competitive advantage by building on key strengths:

- **Highly relevant content:** We aim to publish relevant research in the humanities, social sciences and international law. The focus is on high-quality studies at a faculty level from both upcoming as well as established authors. We communicate the relevance of our books and journals by highlighting not only the quality but also the societal impact of the research we publish.

- **Strict quality control:** To remain relevant we must maintain and improve the quality of our peer review. This includes guidelines for the selection of editorial board members, training and recognition of peer reviewers and investment in peer review systems (e.g. submission systems, anti-plagiarism software).

- **Community building:** We work closely and collaboratively with the entire research community: authors, readers, editors, peer reviewers, librarians, institutional partners, funding bodies, societies, and new players like research collaboration platforms.

- **Top author service:** Brill's editorial department is offering the best possible service to book authors, series and journal editors. Having a stable editorial team with a mix of experienced and new in-house editors is key to offering such a service. Editors must be well-trained and supported through efficient workflows to focus on relationship management and publishing services.

- **Improved access:** The research we publish only has an impact if it is accessible. Apart from selling our content to specialized libraries around the globe, we believe gold and diamond open access models are the most sustainable way to improve access to the research of our authors.

- **Profit Improvement**

Brill's Executive Committee believes that in order to be able to execute its strategy and to achieve its strategic objectives we need to structurally reduce our costs and improve our profit. Therefore, a profit improvement plan was launched in Q3 2018, which already started to deliver some savings in Q4, 2018. This plan entails various actions to improve efficiency and financial control, leading to a recurring reduction in costs of 0.7 million as of 2019. We believe that following through on these strategic tenets during the timeline of the plan (2019-2021) will enable us to reach our objective EBITDA margin range of more than 15% and return to a long-term average organic growth of around 2%, with a return on invested capital showing material headroom to our weighted average cost of capital.

Brill's Corporate Sustainability policy plays a vital role in the value creation process. Brill focuses on two areas:

- A leading or participating role in areas where Brill's core capabilities can be leveraged to further the development of the *global scholarly community*.
- Permanent improvement in those areas that promote general *corporate responsibility*.

*Develop global scholarly community*

As an independent publisher, Brill strives to make a constructive contribution to the creation of an (equally) accessible free and open information society. The demand for reliable information that is scrutinized in terms of quality and objectivity is very high. Because the company operates at its own risk and expense, it does not have to answer to any government or organization for its decision to publish or refrain from publishing a given work. Publishing practices and products are assessed by actively seeking the opinions of globally highly-esteemed researchers (peer review) and internationally active librarians (library advisory committees).

Brill's sustainability policy also manifests itself in the company's Developing Countries Program. Brill not only actively participates in existing programs, but also takes initiatives that are developed in cooperation with professional publishers and international organizations. Examples in this regard are: Research4Life, INASP, Association of Commonwealth Universities, and Publishers for Development. As part of Research4Life Brill co-founded and launched in 2018 a new program focusing on International Law called: 'Global Online Access to Legal Information' (GOALI). This has been done in close cooperation with academic libraries, such as Yale and Cornell Law School Libraries, the Library of the International Labor Organization (ILO) in Geneva as the lead UN entity, and other academic publishers and key stakeholders.

As part of its research capacity building strategy, Brill has an Adopt-a-Library program in place through which it annually donates collections of books to libraries and universities in developing countries. These donations are supported by workshops for academics and librarians that focus on how faculty can increase the impact of their research by publishing nationally and internationally and how to make the best use of limited resources. Such workshops are given throughout the year by Brill publishers as part of research capacity building. Brill's endeavors in this context tie in with existing initiatives, such as Research4Life and INASP's Author Aid, an online mentoring system of international academics and researchers that promotes coaching and the exchange of knowledge between developed and developing countries in a very practical and effective manner. To advance accessibility and distribution, Brill offers discounts on its open access fees to academics and scientists in developing countries as part of its Brill Open Program.

As a well-established international company with a longstanding history, Brill attaches great importance to its historic reputation in the Netherlands and beyond. The city of Leiden and its University deserve a special mention in this regard. The Brill Fellowship available at the Scaliger Institute makes it possible for researchers to study the special collections of Leiden University's library and is just one example of the ways in which the company manifests its loyalty to the city and its University. Brill also contributes to Leiden's annual VeerStichting symposium and fosters and maintains good relations with Dutch heritage institutes. The company has granted corporate sponsorship to the Siebold Museum (Japan Studies) and the newly re-opened Rijksmuseum Boerhaave (History of Science), both in Leiden.

Actively contributing to these initiatives supports the future development of the global scholarly community and Brill's network within that community. Therefore, we strongly believe that an active policy in this regard is in the interest of all stakeholders.

### Corporate responsibility

As a reputable company with a long history, Brill takes its responsibilities as a corporation to heart. The company strives to be reliable, honest, predictable, and cooperative. Creating value and long-term relationships with authors and users are key policy objectives. Authors can be sure that their books and articles will be easy to find and always remain available. Brill uses the services of internationally preferred suppliers selected based on price and quality. In addition, our print suppliers have Forest Stewardship Council (FSC) certification. The universal 'Brill' typeface, the use of which saves time and money, was developed as an efficient and therefore paper-friendly font family. Brill's vendor policy contains unequivocal provisions pertaining to social conditions (the exclusion of child labor, for example) and the substances and materials to be used. Brill's General Business Principles are clear about our values and their impact on the conduct of our business. Brill aims to be a reliable, responsible and attractive employer (refer to the chapter Value Creation at Brill).

To formalize its commitment to sustainability, Brill joined the UN Global Compact in 2016, subscribing to its Ten Principles of doing Sustainable Business in an increasingly changing global world. It is the world's largest Corporate Sustainability initiative, calling on companies to align their strategies and operations with universal principles of human rights, labor, environment, and anti-corruption.

Brill's tax policy is aimed at achieving an efficient tax structure while paying fair amounts due in the constituencies where it does business. The transfer pricing arrangements put in place within the group are aimed at being sustainable within the context of the current OECD initiatives and concerns which have emerged in the global community, also regarding the digital economy.

## RESPONSIBILITY STATEMENT

The Management Board consisting of the CEO and CFO/COO of Koninklijke Brill NV is responsible for the preparation of the financial statements in accordance with IFRS as adopted by the European Union and the provisions of Part 9 Book 2 of the Dutch civil Code. In addition, the Management Board is responsible for the preparation of the Director's Report which is included in the Annual Report 2018.

In the Annual Report, the Management Board endeavors to present a true and fair view of the financial position of the Group at the consolidated statement of financial position date and the development of the Group in the year under review. In the section Risk Management, the Management Board and the Executive Committee identified the main risks that are currently known to management which could affect the achievement of Brill's strategic objectives or which could lead to misstatements in the financial statements, as well as the measures implemented to manage these risks. These measures can provide reasonable but not absolute assurance against material losses or material errors.

As required by the provisions of 1.4.3 of the Corporate Governance Code and section 5.25c par 2c of the Dutch Act on financial supervision, the Management Board confirms that to its knowledge:

(Statement according Corporate Governance Code)

- the Annual Report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- although internal controls are not fully formalized and documented, management feels the aforementioned systems provide sufficient 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 an going concern basis; and

- the report states those 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 the report.

(Statement according 5.25c par 2c)

- the 2018 financial statements give a true and fair view of the assets and liabilities, the financial position, and the result of Brill and the companies jointly included in the consolidation; and
- the 2018 Annual Report likewise gives a true and fair view of Brill's position and the position of its affiliated companies on the consolidated statement of financial position date, as well as of the course of events during the financial year under review;
- furthermore, the Annual Report describes the principal risks that Brill faces.

Leiden, 4 April, 2019

Peter Coebergh  
Chief Executive Officer

The Aztec deities Quetzalcoatl and Tezcatlipoca as depicted in the *Codex Borbonicus/Cihuacoatl*. This image is featured on the cover of *Aztec Religion and Art of Writing* published by Brill in 2019. 1899 Hamy facsimile edition; digital reproduction by the author. >



### Annual Financial Statements

Based on the ongoing appointment by the AGM of PricewaterhouseCoopers Accountants NV (PwC) as the company's independent auditor, the Supervisory Board instructed PwC to audit the financial statements of Koninklijke Brill NV for the 2018 financial year. For the 2018 financial statements an unqualified independent auditor's report was issued. We therefore recommend that shareholders approve these annual financial statements. We propose distributing an ordinary all cash dividend of € 0.85 per share certificate for 2018.

### Activities

Seven meetings of our Board were held in Leiden and four telephone conferences took place. At all meetings except for one conference call (Chairman absent), the entire Board was present. Until May, the Supervisory Board met with the former Managing Director, Herman Pabbruwe. Members of his Management Team joined parts of those meetings. In the February 2018 meeting it was decided, after careful analysis and taking into account external advice, to pay out an extraordinary dividend of € 3.00/share and to finance this extraordinary dividend with a loan. The Supervisory Board overviewed the negotiations between the CFO/COO and financial institutions regarding the conditions of the bank loan.

Since the June 2018 Supervisory Board meeting, the Board has met with the newly formed Executive Committee, consisting of the two statutory directors in their capacity of CEO and CFO/COO and the Chief Publishing Officer, Jasmin Lange, who was appointed as per 1 January 2018. The Supervisory Board oversaw the formation of this new Executive Team and offered coaching and guidance to the newly-appointed team. It also challenged the Executive Committee on adjustments that were made to the Brill organization.

In addition to the usual detailed quarterly reports, the Supervisory Board received interim reports of certain business areas in preparation for meetings. During the

year under review, the Supervisory Board met with the Managing Director and/or the Executive Committee during all seven Supervisory Board meetings to discuss or approve issues including: risk management, staffing developments, management development, long-term company strategy, cost development and management, the progress and development of publishing platforms, liquidity planning, credit facilities, investor relations, corporate governance issues and various investments. Special attention during the meetings with the Executive Committee was given to the three-year strategic plan, which is updated annually and presented by the Executive Committee. An outline of the new strategic plan 2019-2021 was discussed and approved in the Supervisory Board meeting of 18 October 2018. The building blocks of this newly updated strategic plan have been on the agenda of most of the regular meetings, with special attention to the publishing strategy and priorities and the recent developments in open access publishing. The Supervisory Board was also extremely attentive to the integration of the recent acquisitions. We were pleased to note that Schöningh & Fink is now fully integrated within the Brill's financial, publishing and commercial systems and is performing well.

At the beginning of summer 2018 it became clear that sales were not achieving expectations and some costs were higher than expected. The Supervisory Board followed the impact of the specific measures swiftly taken on the sales side and requested that management develop a profit improvement plan, also designed to regain productivity which had been diluted by acquisitions. The first version of this plan was announced in the August press release. It will start bearing fruit in terms of financial results in 2019 and 2020. The subject of business development opportunities and acquisitions is on the agenda for every meeting and progress reports are discussed as well as thoroughly prepared lists of possible partnerships in various countries. Reports from the external independent auditor are

received and discussed on a regular basis. Progress on issues from the management letter issued by the external independent auditor receive special attention. Risk assessment and measures to mitigate risks are always discussed in the context of the annually updated management letter. In the bi-annual meetings with the Works Council, issues such as corporate culture and the tone in the company have been discussed without the presence of the Executive Committee.

During all 2018 Supervisory Board meetings extensive attention was given to the functioning of the finance department. Various measures and changes to the finance organization were proposed by and discussed with the Management board and/or the Executive Committee. The first visible steps were taken to enhance both the level of the finance department as well as the internal control in the company, especially through an upgrade in staffing and by completion of some major IT programs. In the fall, just when a significant change in Brill's Finance staff was being implemented, Brill's CFO/COO was diagnosed with a serious illness and was required to temporarily leave the company. The Supervisory Board mobilized to offer assistance and helped put in place a temporary organization. These circumstances led to a postponement of the implementation of the formalization of internal controls, delay in documentation of the performance of these internal controls and delay in the resolution of significant internal control matters. They also resulted in delays in the financial reporting and the closing of the accounts. However, it is a tribute to the solidity of the company's business, systems and staff that management consistently maintained control of the business, despite this very difficult situation.

In 2018, the Supervisory Board concluded that, at this moment, there is no need to appoint an internal auditor. However, this issue will be reviewed annually.

There were informal consultations between members of the Supervisory Board and the members of the Executive Committee during this year. The Supervisory Board also continued to begin each meeting without the presence of the Executive Committee, with the aim of discussing the functioning of the Supervisory Board, its individual members, and of the Executive Committee and their teams. The Supervisory Board met with a broad selection of staff as they are invited to its meetings to present their strategic plans, major programs or investments. This enables the Board to observe internal relationships as well as the tone in the company and the corporate culture in practice.

A recurring item on our annual corporate calendar is the remuneration of the statutory director(s). Of particular interest was the preparation of a suitable remuneration package for the two new statutory directors. The remuneration package for the two newly appointed statutory directors was approved in the Supervisory Board meeting of 17 May 2018. The objectives in the context of the variable remuneration scheme of the directors were determined and evaluated as well. Where possible, Brill's corporate strategy was anchored in targets, both in the short-term as well as in the long-term variable remuneration (refer to the chapter on Remuneration).

The annual meetings with the external independent auditor to discuss the management letter resulting from the interim audit and the final reports took place in the presence of the Executive Committee. When discussing the management letter, this was followed by the customary annual discussion between the Supervisory Board and the independent auditor, without the presence of the Executive Committee.

The evaluation of the Supervisory Board itself took place in 2018, without help from external consultancy, but based on a structured list of questions and assessment which each member had filled out and which was jointly discussed afterwards. The outcome of the evaluation was that the Supervisory Board functions properly.

Finally, the Supervisory Board was pleased to witness that the new brill.com platform, one of its key points of attention for the last three years, went live at the end of 2018. Brill's ability to successfully deliver this ambitious project of strategic importance is remarkable.

#### Profile of Board members

The Supervisory Board should be composed in such a way that each member of the Supervisory Board – and the Supervisory Board as a whole – can fulfill their role, which includes overseeing management policies and the general business of the company and its affiliates, as well as adequately advising the Executive Committee. Given the global nature of the company's activities and those of its affiliates, it is imperative for all members of the Supervisory Board to possess international experience. Moreover, there must be at least one member who is especially familiar with the operations of a publishing house and has experience as a publisher.

Additionally, one member of the Supervisory Board must have financial expertise, meaning that he or she will have acquired relevant knowledge and experience of finance management within listed companies and other larger legal entities.

The Supervisory Board, collectively, serves as audit committee. Also, in 2018 the Supervisory Board decided that separate commissions are not called for. The members of the Supervisory Board need to have sufficient time to perform their duties; in particular this applies to the Chairman of the Supervisory Board, and the Supervisory Board and its chairman met this requirement. The Supervisory Board consists of three persons. The members of the Supervisory Board are independent within the context of the Dutch Corporate Governance Code. We consider the composition of the Supervisory Board balanced, with two male members and one female member.

#### Corporate Governance

The Annual Report describes how the company dealt with the implementation of the Dutch Corporate Governance Code that was in force during 2018. The Supervisory Board annually evaluates its instruments and processes in relation to the Code, and in 2018 maintained the policy to depart from the Code regarding use of certification as a possible method of protection. There were no transactions with conflicting interests relating to the Supervisory Board and the two statutory directors.

#### Annual General Meeting of shareholders

On 17 May, 2018, the Annual General Meeting of shareholders took place at the company's office in Leiden. All resolutions presented were approved, including the proposed ordinary dividend of € 1.32 per share certificate and the additional extraordinary dividend of € 3.00 per share certificate.

#### Conclusions

In 2018, Brill welcomed a new Executive Committee to build upon the legacy that Herman Pabbruwe left upon his retirement in May 2018. The Supervisory Board is grateful for his many years of service and is happy with the new management structure. Although the financial results in 2018 were not what we hoped for, the Board is confident that the steps taken will lead to improved results in 2019.

The Supervisory Board would like to thank all staff for their contribution in 2018.

Leiden, 4 April, 2019

Supervisory Board

Steven Perrick

Catherine Lucet

Robin Hoytema van Konijnenburg

## SUPERVISORY BOARD

#### Steven Perrick, 1949, Dutch (male)

Chairman of the Supervisory Board of Koninklijke Brill NV since August 24, 2016, term runs to 2020

Attorney at Wakkie+Perrick, Amsterdam

Professor emeritus in Civil Law at Amsterdam University

Chairman Stichting Ammodo

Vice-chairman Stichting Preferred Shares Mylan

Board member Stichting Continuïteit NN Group

Board member of Stichting Preferente Aandelen ASML

Board member of Stichting tot het houden van Preferente Aandelen Wereldhave N.V.

Editor and advisor of law publications

#### Catherine Lucet, 1959, French (female)

Member of the Supervisory Board of Koninklijke Brill NV since 2013, current term runs to the AGM in May 2021

(appointed with special support from Works Council Brill)

Managing Director of the Education & Reference Division of Editis

Independent Board member and Chairman of the ESG Committee of Casino (retail)

#### Robin Hoytema van Konijnenburg, 1957, Dutch (male)

Member of the Supervisory Board of Koninklijke Brill NV since 2015, term runs to 2019

Senior Director Pensions Governance of Heineken International B.V.

Board member Vereniging Effectenuitgevende Ondernemingen (VEUO)

Board member American Chamber of Commerce in the Netherlands

Chairman of Stichting Heineken Pensioenfondsen

Chairman of the Scottish & Newcastle Pension Scheme

Board member of the Heineken Afrika Foundation

Chairman of the Supervisory Board, Roeminck Insurance NV

**Remuneration Policy, Supervisory Board**

The remuneration of the chairman and the members of the Supervisory Board is set at a fixed annual amount and does not include variable elements. The members do not receive any performance-related remuneration or shares and do not accrue pension rights with the company. They receive no severance pay when they exit the Board. The remuneration of the Supervisory Board is regularly evaluated, using the advice of a third party if necessary. Remuneration was not adjusted in 2018. Brill established guidelines governing the holding of and transactions in securities, other than those issued by Brill, by Supervisory Board members.

**Remuneration Policy, Management Board**

The remuneration of the Management Board is determined by the Supervisory Board based on the remuneration policy, in line with the best practice provisions of the Dutch Corporate Governance Code. The policy with respect to the remuneration of the Management Board is designed to enable qualified and expert persons to be attracted and retained. The Supervisory Board, if necessary with the aid of an external expert, conducts regular reviews to establish whether the Management Board's remuneration is in line with market development. The remuneration for 2018 has a fixed portion and two performance-related variable components of which one is for the current year and the second for a three-year horizon. The company does not grant loans, advances, or guarantees to the Management Board.

As part of its remuneration policy, Brill monitors and reports on the company's pay ratio. This indicator compares the average salary of the Management Board (fixed + variable components) against the average salary of all employees (minus the Management Board). In 2018, the pay ratio was 4.6 (2017: 5.6). Brill deems the height of the pay-out ratio to be appropriate given the size and profile of the company.

**A** The Supervisory Board sees variable remuneration as a meaningful part of the remuneration package of the Management Board. The targets and performance conditions reflect the drivers for growth and value creation in the short- and long-term. Variable compensation, determined by performance metrics, therefore, is a significant part of total remuneration. The variable component of remuneration related to short-term targets is a maximum of 40%, for the CEO and 35% for the CFO/COO and for the three-year, long-term objective, again a maximum of 40% or 35% respectively, of the base salary in the year that the objective was agreed.

**B** The policy of the company relating to the contract of employment is in line with best practice provision of the Code. The applicable notice period is four months and is in line with standard practice.

**C** As usual, in 2018 the variable remuneration of the Management Board was dependent on a combination of short-term and long-term performance criteria. Details on the performance criteria and performance assessment regarding 2018 are included in the financial statements.

**D** No rights are allocated to the Management Board for the acquisition of options or shares.

**E** The Supervisory Board has made an agreement with the Management Board about ownership of and transactions in securities other than those issued by Brill.

Because of the applicable performance criteria and the fact that the long-term compensation is based on the performance over a three-year period, the remuneration policy contributes to the long-term objectives of the company. The short-term targets are annually determined by the Supervisory Board and largely reflect the key figures that the company reports about in its annual results. These key figures are important measures of the success of the execution of the company's strategy aimed at long-term value creation. As such, the remuneration is directly linked to performance and the company's long-term growth, value creation, and profitability.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	31-12-2018	31-12-2017
<b>Assets</b>		
<b>Non - current assets</b>		
Tangible fixed assets	389	488
Intangible fixed assets	32,785	31,574
Financial assets	12	12
	<u>33,186</u>	<u>32,074</u>
<b>Current assets</b>		
Inventories	3,465	3,236
Trade and other receivables	9,046	9,154
Income tax to be received	752	334
Cash and cash equivalents	2,383	3,787
Derivative financial instruments	75	346
	<u>15,721</u>	<u>16,857</u>
<b>Total assets</b>	<u>48,906</u>	<u>48,931</u>
<b>Equity and liabilities</b>		
<b>Equity attributable to owners of Koninklijke Brill nv</b>		
Share capital	1,125	1,125
Share premium	343	343
Retained earnings	19,520	26,160
Other reserves	-203	-226
	<u>20,785</u>	<u>27,402</u>
<b>Non-current liabilities</b>		
Interest bearing loans	4,843	0
Provisions	45	45
Deferred tax liabilities	3,093	3,775
	<u>7,981</u>	<u>3,820</u>
<b>Current liabilities</b>		
Interest bearing loans	1,083	0
Trade and other payables	10,245	8,791
Deferred income	8,402	8,713
Provisions	100	100
Derivative financial instruments	310	105
Income tax to be paid	20,141	17,709
<b>Total liabilities</b>	<u>48,906</u>	<u>48,931</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

In thousands of euros

	2018	2017
<b>Gross profit</b>		
Revenue	35,951	36,394
Cost of goods sold	-11,568	-12,551
	<u>24,383</u>	<u>23,843</u>
<b>Expenses</b>		
Selling and distribution expenses	-6,930	-6,476
General and administrative expenses	-15,094	-14,052
<b>Operating profit</b>	<u>2,360</u>	<u>3,315</u>
Finance income	14	19
Finance expenses	-193	-269
<b>Profit before income tax</b>	<u>2,180</u>	<u>3,066</u>
Income tax expense	124	-806
<b>Profit attributable to shareholders of Koninklijke Brill nv</b>	<u>2,304</u>	<u>2,260</u>
<b>Other comprehensive (expense) income – items that might be reclassified to future profit or loss statements</b>		
Exchange rate differences in translation of foreign operations	-56	-116
Cash flow hedges	106	263
	<u>50</u>	<u>147</u>
Income tax relating to these items	-26	-66
	<u>23</u>	<u>81</u>
<b>Total comprehensive income for the period attributable to shareholders of Koninklijke Brill nv</b>	<u>2,328</u>	<u>2,341</u>
<b>Earnings per share (EPS)</b>		
Basic and diluted earnings per share attributable to shareholders of Koninklijke Brill nv	1.23	1.21

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR  
ENDED 31 DECEMBER 2018

In thousands of euros

	2018	2017
<b>Cash flow from operating activities</b>		
Profit before income tax	2,180	3,066
Adjustments for		
Amortization and Depreciation fixed assets	1,074	962
Amortization Content	3,153	3,461
Finance income - net	68	222
Change in operating assets and liabilities		
Change due to implementation of IFRS9 and IFRS15	774	
Change in working capital	-310	554
Change in provisions	0	0
<b>Cash generated from operations</b>	<b>6,939</b>	<b>8,293</b>
Interest paid/received	-112	
Income tax paid	-682	-1,222
<b>Net cash flow from operating activities</b>	<b>6,145</b>	<b>7,043</b>
<b>Cash flows from investing activities</b>		
Investment in tangible fixed assets	-75	-359
Investment in intangible fixed assets (non-content)	-1,575	-1,671
Investment in Content	-3,618	-3,090
Payments for acquisitions, net of cash acquired	-100	-1,866
Payments for acquisitions relating to other periods	-11	-100
<b>Net cash flow from investing activities</b>	<b>-5,379</b>	<b>-7,086</b>
<b>Cash flow from financing activities</b>		
Dividend paid to company shareholders	-8,097	-2,474
Interest bearing loans	6,468	0
Redemption Interest bearing loans	-542	0
<b>Net cash flow from financing activities</b>	<b>-2,171</b>	<b>-2,474</b>
<b>Net cash flow</b>	<b>-1,404</b>	<b>-2,517</b>
<b>Cash and cash equivalents as per 1 January</b>	<b>3,787</b>	<b>6,304</b>
Net cash flow	-1,404	-2,517
<b>Cash and cash equivalents as per 31 December</b>	<b>2,383</b>	<b>3,787</b>

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

In thousands of euros for the year ended 31 December 2018

	Share capital	Share premium	Retained earnings	Currency Translation reserve	Currency Hedge reserve	Total equity
<b>Balance as per 1 January, 2017</b>	1,125	343	26,374	-247	-161	27,534
<b>Total comprehensive income for the period</b>						
Profit for the year	0	0	2,260	0	0	2,260
Other comprehensive income	0	0	0	-116	197	81
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>2,260</b>	<b>-116</b>	<b>197</b>	<b>2,341</b>
<b>Total contributions by and distribution to owners</b>						
Dividends paid over prior year	0	0	-2,474	0	0	-2,474
<b>Total contributions by and distribution to owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,474</b>
<b>Balance as per 31 December, 2017</b>	<b>1,125</b>	<b>343</b>	<b>26,160</b>	<b>-263</b>	<b>36</b>	<b>27,402</b>
<b>Changes in accounting policies</b>	<b>0</b>	<b>0</b>	<b>-765</b>	<b>0</b>	<b>0</b>	<b>-765</b>
<b>Balance as per 1 January, 2018</b>	<b>1,125</b>	<b>343</b>	<b>25,395</b>	<b>-263</b>	<b>36</b>	<b>26,636</b>
<b>Total comprehensive income for the period</b>						
Profit for the year	0	0	2,304	0	0	2,304
Other comprehensive income	0	0	0	-138	79	-59
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>2,304</b>	<b>-138</b>	<b>79</b>	<b>2,245</b>
<b>Total contributions by and distribution to owners</b>						
Dividends paid over prior year	0	0	-8,097	0	0	-8,097
<b>Total contributions by and distribution to owners</b>	<b>0</b>	<b>0</b>	<b>-8,097</b>	<b>0</b>	<b>0</b>	<b>-2,474</b>
<b>Balance as per 31 December, 2018</b>	<b>1,125</b>	<b>343</b>	<b>19,602</b>	<b>-401</b>	<b>116</b>	<b>20,785</b>

## OTHER INFORMATION

### Earnings per share

Earnings per share was calculated by dividing net income attributable to shareholders by the weighted average number of outstanding ordinary shares. At balance date, no stock options, redeemable

preferred shares or other convertible instruments were outstanding that might lead to future dilution of earnings per share. After balance date, no share transactions took place.

#### Earnings per share

	2018	2017
Net income	2,304	2,260
Weighted average number of shares issued	1,874,444	1,874,444
Earnings per share attributable to shareholders of Koninklijke Brill NV (in euros)	1,23	1.21

### Dividend paid and proposed

#### Dividend

	2018	2017
Dividend paid		
Dividend paid for 2016: 1.32		2,474
Dividend paid for 2017: 1.32	2,474	
Exceptional Dividend paid for 2017: 3.00	5,623	
	8,097	

#### Proposed dividend for 2018

(not included as a liability per 31 December, 2018)

Ordinary Dividend to be paid for 2018: 0.85

#### Profit distribution proposal 2018

Ordinary dividend on ordinary shares	1,602
Added to retained earnings	702
<b>Net profit</b>	<b>2,304</b>

### Remuneration of the statutory directors and Supervisory Board

Brill has two statutory directors, supervised by the Supervisory Board. The members of the Supervisory Board receive a fixed annual remuneration. They do not receive cash or other deferred incentive payments, such as stock options or shares, nor do they accumulate pension entitlements with Brill.

The remuneration of the statutory directors, as detailed in the remuneration policy, consists of a fixed and a

variable component. The variable component entails a short-term variable incentive, maximized at 40% of the fixed component and a three-year long-term variable component maximized at 40% of the fixed component. There is no remuneration in stock options or shares.

In addition, Brill paid 70% of the pension premium in the employee pension plan for the former Managing Director. The pension plan for the two new statutory directors is maximized as per the regular Brill pension plan.

Remuneration pay-out to the Supervisory Board and statutory directors were as follows:

#### Remuneration of the Supervisory Board (in thousands of euros)

	2018	2017
Steven Perrick	36	34
Robin Hoytema van Konijnenburg	29	29
Catherine Lucet	28	28
	93	91

#### (in thousands of euros)

##### 2018

	Short-term employee benefits	Post-employment benefits	Total
Herman Pabbruwe	113	31	145
Peter Coebergh*	226	9	235
Olivier de Vlam*	182	9	190
<b>Total</b>	<b>521</b>	<b>48</b>	<b>569</b>

##### 2017

Herman Pabbruwe	324	75	399
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\*For the period May-December 2018.

#### Total Executive Remuneration (in thousands of euros)

	2018	2017
Supervisory Board	93	91
Statutory directors	569	399
	662	490

Herman Pabbruwe's employment terminated 30 May, 2018. His variable pay-out in 2018 only regards 2017 and prior periods. With these amounts, all remaining entitlements relating to long-term incentives of the former Managing Director have been settled.

The revised contracts for Peter Coebergh and Olivier de Vlam commenced as of May 2018 and no pay-outs were made to them in 2018 with regards to variable compensation that relate to their new functions.

#### Appropriation of profit for the year

Bylaws regarding profit appropriation

Profit appropriation takes place pursuant to article 30 of the Articles of Association which stipulates that profit shall be distributed as follows:

- A. Payment of a dividend on the amount paid up in respect of the cumulative preference shares in accordance with Article 25.2 of the Articles of association.
- B. The Combined Meeting determines the amount, after deduction of the pay-out as established under A. that is to be added to Retained earnings to satisfy the Group's solvability objectives.
- C. The Supervisory Board determines the variable remuneration of the Management Board.
- D. The Supervisory Board, consulting with the Management Board, establishes the variable remuneration of the other staff.
- E. The amount remaining after pay-out of the cumulative preference shares, retained earnings, and variable remuneration is at the disposal of the Annual General Meeting of shareholders for pay-out to holders of (certificates of) ordinary shares.

#### The Brill share

Koninklijke Brill nv has been listed on Euronext Amsterdam since July 1997, The register of shareholders of Koninklijke Brill nv is managed by:

SGG Management (Netherlands) BV  
 Claude Debussylaan 24  
 1082 MD Amsterdam  
 T +31 20 52 22 555

SGG also acts as administrator of the Stichting Administratiekantoor Koninklijke Brill. Registered shareholders can send changes of address notifications and questions on shareholding or dividend payments to the above-mentioned trust office.

In the context of the Financial Supervision Act, the following holders of share certificates, on 31 December, 2018, have reported an interest of 3% or more to the Dutch Authority Financial Markets:

Filings	Size	Declaration date
Mont Cervin Sàrl	22%	22 June, 2012
Axxion S.A.	6%	20 July, 2016
Teslin Participaties Coöperatief U.A.	6%	6 July, 2017
J.P. van Slooten	5%	11 April, 2017
Brokat Media Support BV	5%	18 December, 2012
Stichting Administratiekantoor Arkelhave Capital	5%	16 December, 2016
Stichting John en Marine Van Vlissingen Foundation	5%	11 August, 2015
Add Value Fund N.V.	3%	18 July, 2014

### Number of Shares

The number of shares outstanding with a nominal value of 0.60 was 1,874,444 on 31 December, 2018 (on December 31, 2017 1,874,444). Of the total number of shares outstanding as of 31 December, 2018, 1,834,463 certificates were issued and 39,981 registered shares were recorded in the share register.

Holdings of the former Managing Director, Members of the Supervisory Board, Management Board and Executive Committee

Herman A. Pabbruwe	8,311 certificates of shares
Peter Coebergh	600 certificates of shares
Olivier de Vlam	400 certificates of shares
Jasmin Lange	500 certificates of shares

The former Managing Director, before his appointment and for his own account and risk, acquired share (certificates) in Brill via his bank with the consent of the Supervisory Board. It has been agreed with the Supervisory Board that the CEO will not dispose of or encumber these certificates, possibly increased by stock dividend for which a standard instruction has been given, during his active employment. Also the members of the Executive Committee acquired share (certificates) in Brill via their own banks with the consent of the Supervisory Board.

### Profit appropriation

The Management Board proposes an ordinary cash dividend of € 0.85 per (certificate of) ordinary share of € 0.60 nominally. Refer to separate chapter 'Shareholder information'. If the Annual General Meeting accepts the dividend proposal, the 2018 profit of 2,304 thousand will be appropriated as follows:

<i>Profit appropriation proposal</i>	<b>2018</b>
Ordinary dividend on ordinary shares	1,602
Retained Earnings	702
Net profit	2,304

Leiden, April 4, 2019

### Supervisory Board

Steven Perrick  
Catherine Lucet  
Robin Hoytema van Konijnenburg

### Management Board

Peter Coebergh

### Activities

Of the total number of outstanding shares as at 31 December, 2018 (nominal value of 0.60), 1,834,463 bearer depositary receipts were issued and 39,981 registered shares were included in the shareholders' register. The bearer depositary receipts are represented by a single depositary receipt certificate. The work associated with the administration of the shares is performed by SGG Management (Netherlands) NV (Claude Debussylaan 24, 1082 MD in Amsterdam), the trust office's administrator. The costs of administration amounted to 47.0 thousand in 2018 (64.7 thousand in 2017). The trust office's chairman receives a remuneration of 9 thousand on an annual basis and the other two board members each receive a remuneration of 7.5 thousand on an annual basis.

During the Board meeting held on 12 April, 2018, the 2017 Annual Report and financial statements, the company's strategy and its implementation and the general course of events within the company were discussed. In addition, the agenda for the General Meeting of Shareholders was discussed. The decision was made to refrain from voting in relation to all motions tabled.

In the company's General Meeting of Shareholders which took place on 17 May, 2018, 98% of the company's issued capital was represented. The trust office granted authorization to holders of 61.7% of all depositary receipts to vote independently on the shares for which they held the depositary receipts. The trust office refrained from exercising the right to vote on the shares for which no voting instruction was issued. For the depositary receipts of shares for which the trust office received a voting instruction, the trust office casted a vote in the meeting.

### Board composition

At 31 December, 2018, the composition of the trust office's board was as follows:

Name	Appointed	Current term until	Position
Marco P. Nieuwe Weme, Prof. LL.M.	2016	2020	Chairman
Joost C. Kuiper, LL.M.	2018	2022	Member
Yvonne C.M.T. van Rooy, LL.M	2016	2020	Member

The Board has reappointed Mr. Joost Kuiper in 2018 for a term of four years.

### Corporate Governance

The trust office's Board does not adhere to the principle of the current Dutch Corporate Governance Code regarding the protective nature of the depositary receipts. The trust office's Board adopts this stance, because it believes proper protection against any hostility is of vital importance to a company like Brill in terms of size and special position.

The trust office will always issue voting proxies to depositary receipt holders or accept binding voting

instructions from them for meetings of shareholders, except in the situations referred to in Section 118a, subsection 2, of Book 2 of the Dutch Civil Code. The same procedure will apply to any revocation of a proxy that has already been issued. In accordance with its voting policy, the trust office refrains from voting, unless explicitly mandated to do so by holders of depositary receipts of shares. This policy applies to ordinary voting situations and may be adapted in the case of special situations.

The Board is prepared to give depositary receipt holders the opportunity to make recommendations in the event of board vacancies. The Board will take such recommendations into account when making decisions, unless, if, in the opinion of the Board, a nominated candidate does not believe in the importance of the protective function of the depositary receipts as described above. Further, the Board will use the most practical working procedure possible with respect to any recommendations. This means that, each year, the trust office's report will give notice of any vacancy that will arise in the subsequent year so that depositary receipt holders can make any recommendations known outside meetings.

The Board observes the current Dutch Corporate Governance Code with the exception however, of the way in which it exercises its right to vote. Contrary to the Dutch Corporate Governance Code, the following provision is observed: 'The trust office shall exercise the rights attached to the shares in such a manner as to ensure that the interests of the company and its business and all parties involved are safeguarded to the greatest extent possible.' The Board believes that its position with respect to maintaining the protective nature of the depositary receipts for shares means that the interest of depositary receipt holders cannot be the sole or dominant interest when votes are cast. In normal circumstances, the Board is of course always prepared to listen to depositary receipt holders and take the opinions that they have expressed into account. This also means that the Board will attend the company's shareholders' meetings and, if required and applicable, make a statement regarding intended voting behavior. Except in the event of special circumstances, the Board does not intend to convene meetings of depositary receipt holders.

**Declaration of Independence**

The Board of Stichting Administratiekantoor Koninklijke Brill, the trust office, hereby declares that, in its opinion, the requirements that apply to the independence of the trust office as referred to in Section 5:71, subsection 1 under d, of the Financial Supervision Act have been met.

Leiden, 4 April, 2019

Stichting Administratiekantoor Koninklijke Brill  
The Board

The purpose of Stichting Luchtmans, a foundation named after the founder of the Company, is to serve the interests of the company and those of companies affiliated with it in a group, as well as those of businesses maintained by the company and/or by companies affiliated with it in a group, in such a way as to ensure that the interests of the company and the group companies and businesses referred to, as well as the interests of all parties involved, are safeguarded to the greatest extent possible and factors that could adversely affect the independence and/or the continuity and/or the identity of the company and the group companies and businesses referred to are resisted to the greatest extent possible. Stichting Luchtmans endeavors to achieve its objectives by acquiring and managing cumulative preference shares in the capital of the company and by exercising the rights attached to those shares, particularly the right to vote conferred by those shares.

Stichting Luchtmans has been granted a call option that gives it the right, in the event of hostile action or imminent hostile action against the company, to take a number of cumulative preference shares equal to, at most, 100% of the shares and depositary receipts issued at the time at which the option is exercised less one share. When the option is exercised, only 25% of the total nominal amount must be paid. The exercise price is equal to the nominal value. Stichting Luchtmans and the company have agreed that the option may be exercised up to 100% of the issued capital if and as long as shares and depositary receipts are listed on the Euronext Amsterdam NV exchange.

At the end of 2018, the composition of the foundation's Board was as follows:

Name	Appointed	Current term until	Position
Piet van Sterkenburg	2006	1 July 2018	Chair
Hélène Vletter-van Dort	1 July 2018	2021	Chair
Herman P. Spruijt	2014	2022*	Vice chair
Joris P. Backer, LL.M.	2008	2020	Secretary/treasurer
Tanja Bender	2017	2020	Member

\* In the Annual Report 2017 a typo was discovered in the overview of the composition of the foundation's board concerning the term of Mr. Spruijt. Mr. Spruijt was appointed on his own behalf for a two-year term in 2014 and subsequently for a three-year term (which term is in accordance with the articles of association) in 2016. Mr. Spruijt has been reappointed for another three-year term following the meeting of the Board on 30 January, 2019.

The Board of the foundation aims to meet at least once a year. One meeting in person took place in 2018 (17 April). In this meeting, the company's 2017 results, the implementation of the strategy, financing, acquisitions, market developments, and the general course of events within the company were discussed. Procedures for the succession of Mr. van Sterkenburg were discussed as was the reappointment of Mr. Spruijt in 2019. Mr. Spruijt has ample expertise in the field of (international) publishing and is of great value to the Board. Therefore the Board would like to reappoint him.

Piet van Sterkenburg retired as Chair from the Board at the expiration of his last term. The Board and the company have expressed their debt of gratitude to Mr. van Sterkenburg for his support and excellent chairmanship during twelve years of service.

Hélène Vletter-van Dort was appointed the new Chair as per 1 July 2018. Mrs. Vletter-van Dort is Professor at Law of Erasmus School of Law at Erasmus University in Rotterdam and holds various positions as a non-executive and supervisory board director. An additional meeting with the full Board was held on 30 January 2019. During this meeting the mutual acquaintance

with the new Chair took place. Other items discussed were: how to secure the Foundation's (financial) independence, compensation of the Board in the event of a crisis, potential appointment of independent legal counsel, the switch of the standby facility arrangement from ABN AMRO to Rabobank.

#### **Declaration of Independence**

The Board of Stichting Luchtman hereby declares that, in its opinion, the requirements applicable to the independence of the directors of Stichting Luchtman as referred to in Section 5:71, subsection 1 under c, of the Financial Supervision Act, have been met.

Leiden, 4 April, 2019

Stichting Luchtman  
The Board

#### **Annual General Meeting of Shareholders**

16 May, 2019 (2.00 PM at Brill premises)

#### **Publication of Results First Half Year 2019**

29 August, 2019 after stock market close

#### **Trading Update Third Quarter 2019**

22 October, 2019 after stock market close

#### **Announcements of Results 2019**

26 March, 2020 after stock market close

#### **Publication Annual Report 2019 on corporate website (brill.com)**

7 April, 2020

#### **Trading Update First Quarter 2020**

21 April, 2020 after stock market close

#### **Annual General Meeting of Shareholders**

19 May, 2020 (2.00 PM at Brill premises)

#### **Investor Relations**

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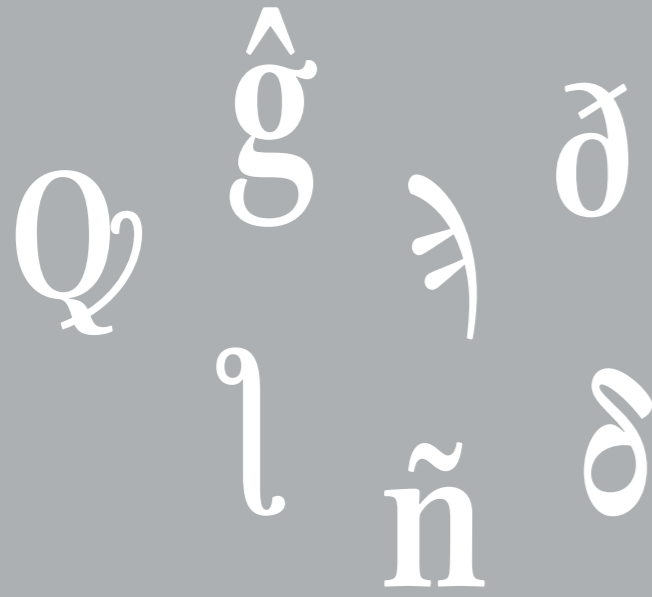
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# HUMANITIES MATTER

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#HumanitiesMatter



# On the Relevance of the Humanities

*Views from our Authors and Editors*

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‘The humanities—including the study of languages, literature, history, jurisprudence, philosophy, comparative religion, ethics, and the arts—are disciplines of memory and imagination, telling us where we have been and helping us envision where we are going.’  
*American Academy of Arts & Science*

Since its foundation in 1683, Brill has at its core been a humanities publishing house. We are proud of this long tradition of serving the research communities in fields such as Ancient Christianity, History, International Law, Philosophy, Linguistics, International Relations, Biblical Studies, and Asian and Middle Eastern Studies. Our renewed mission statement is an expression of this commitment to provide scholars with the best infrastructure to disseminate and access high quality research.

With the challenges the world is facing today, the humanities and social sciences are needed and more relevant than ever to help us understand what it means to ‘lead a good life’. The authors and editors with whom we work dedicate their academic life to asking critical questions on globalization, the rise and fall of societies, migration, the functioning of our democracies, the history of conflicts and international relations, inequality, water security or climate change, to name just a few. In this year’s article we let our authors and editors explain – from their personal perspectives – why it is crucial for society to continue investing in research in the humanities and social sciences. They give us a glance into their field of research, individual work, methodologies and motivation, and they demonstrate why the humanities have been and will remain a vital pillar of academia and society.



**Jasmin Lange**  
CPO



# Ancient Near East & Egyptology

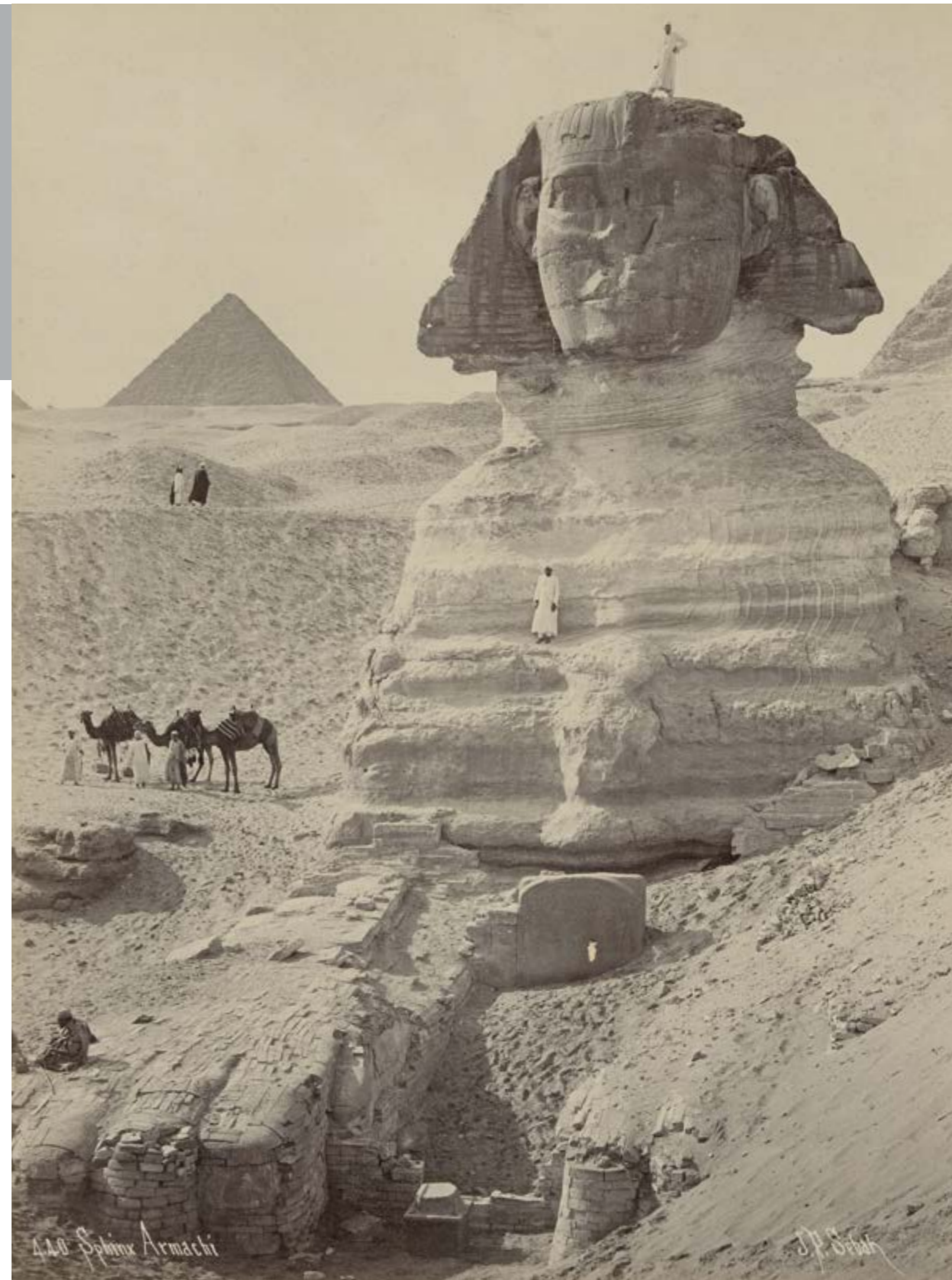
*The rise of complex societies, concepts of government, settlement patterns, and a well-conceived religion and artistic tradition... all hold important lessons for us today.*



**Peter Der Manuelian,  
Philip J. King**

*Professor of Egyptology,  
Director, Harvard Semitic  
Museum, Harvard University*

Egyptology is a fascinating discipline. I like to think of it as perhaps an umbrella over, or a window onto so many different avenues of inquiry. As we study the land of the pharaohs, we make use of archaeology, art history, philology and linguistics, anthropology and sociology, history, gender studies, the digital humanities, and the archaeological sciences, just to name a few. The rise of complex societies, concepts of government, settlement patterns, and a well-conceived religion and artistic tradition, as well as, of course, the monumental structures – pyramids, tombs, and temples – left by the ancient Egyptians all hold important lessons for us today. Cultural heritage is a precious thing and it comes alive thanks in part to meticulous scholarship. This is why publishing with Brill provides such an important outlet for Egyptologists to reach audiences both inside and outside of the field.





# History of Globalization



*Americans throwing the Cargoes of the Tea Ships into the River, at Boston*

*Tea, in particular, affects not only our daily lives as a commodity of consumption but is also directly tied to the vying economic models, fiscal regimes and political philosophies which compete with each other across the planet today.*



**George van Driem**  
Chair for Historical Linguistics, University of Bern

The history of international trade is vital to our understanding of our past and of our present. At the same time, an in-depth understanding of the intimate relationship which mankind maintains with cultigens, including tea, will play a crucial role in ensuring a bright future for humanity. Tea, in particular, affects not only our daily lives as a commodity of consumption but is also directly tied to the vying economic models, fiscal regimes and political philosophies which compete with each other across the planet today. The dissemination of such highly important but hitherto recondite knowledge will help to equip our species to survive, and perhaps even to thrive, in an age in which demographic, environmental, economic, and cultural challenges threaten to overwhelm us. Ultimately, how we act on this knowledge will prove to be decisive, but informed action is essential to enable us to plot a wise course in a globalized era, just as the highly finite boundaries of our planetary existence have come so starkly into view.





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# Historical Linguistics

*Historical linguists, together with archaeologists and geneticists, can uncover the migrations which have shaped the modern world.*



**Alexander (Sasha) Lubotsky**

*Professor of Comparative Indo-European Linguistics, Leiden University*

By studying the lexicon of ancient languages we get a unique insight into the life of our ancestors: we can determine where and how they lived, what they ate, what they drank, which plants and animals they knew, what their family looked like, how they dressed themselves, and many other aspects of their daily life, but also what they believed, which rituals they performed and how they buried their dead. In this way, historical linguists, together with archaeologists and geneticists, can uncover the migrations which have shaped the modern world. They can explain how it happened that more than half of the world speaks an Indo-European language, how the New World was inhabited, and how Polynesia and Australia became populated.



# Book History

*Whilst technology allows us to gather and share information ever more swiftly, it's also taken production away from organisations that had name recognition and in which people could trust.*



**Sara Barker**  
Lecturer in Early Modern History, University of Leeds

Fake news is all around us, or at least we think it is. A recent UK parliamentary select committee on 'Disinformation and Fake News' saw nearly one hundred different pieces of evidence submitted, from academics, media groups, prominent individuals, and local activists. Who decides what news is fake? Some news is categorised as 'fake' because it upsets readers – often it's not that the information being shared is itself wrong or inaccurate, but rather that commentators argue that it isn't really news at all. In other instances, news is called out for being 'fake' because producers are understood to have purposefully misled their audiences by emphasising or leaving out key information. There are innumerable examples of people sharing stories via social media channels only to discover that they've been duped. In the West, this has gone hand in hand with concerns about how the sharing of such information has impacted democratic processes, hence the UK government's interest.



Whilst technology allows us to gather and share information ever more swiftly, it's also taken production away from organisations that had name recognition and in which people could trust. Early modern book producers creating the first news prints faced a similar challenge – in a world where news was mainly exchanged orally, or by manuscript letters sent from people or organisations that recipients trusted, what were people to make of pamphlets that came with no such obvious markers of confidence? Book producers used a range of methods to give their readers confidence in the contents of their works, from highlighting of the names of key subjects and places, paratexts explaining how and why news pamphlets had been produced and lists of potential witnesses who could confirm the events described. Then, as now, however, sensation sold, and getting the balance between truth, opinion and commercially viable stories was extremely challenging.





# International Law



*As we move ever closer to the point of no return for managing climate change... the current lack or inadequacy of international agreements on shared water resources will incite further conflict.*



**Salman M.A. Salman**  
*International Water Resources Association*

Water is critical to life on Earth. It is a scarce resource, without an alternative, and on which there is total dependence for survival. We rely on it for drinking, agriculture, sanitation, and more. Water covers nearly three-quarters of the surface of the planet; however, over 99 percent of all of Earth's water is unusable by humans due to inaccessibility or saline concentration. Around 1.2 billion people across the globe live in water-scarce areas where the need outweighs the availability of fresh water. Population growth, extensive economic activities worldwide, environmental degradation, and climate change have intensified the effect of water scarcity worldwide, and it is predicted that by 2025, two-thirds of the world's population will live in regions with water shortages. Consequently, major disputes have erupted over the sharing, management, and protection of shared freshwater resources – particularly transboundary waters that are contained within the physical boundaries of two or more states.

The entry into force of the United Nations Watercourses Convention in 2014 has refocused the attention of the world community on our shared

water resources and underscored the pressing need for their equitable and sustainable sharing, joint management, and protection. It was in this period of rising expectations and hopes for more cooperative approaches to shared watercourses that *Brill Research Perspectives in International Water Law* was launched. The journal explores legal aspects related to shared watercourses, and addresses international, regional, and bilateral agreements and arrangements, as well as thematic matters related to international water law. As we move ever closer to the point of no return for managing climate change – which recent studies have projected as early as 2030 – the current lack or inadequacy of international agreements on shared water resources will incite further conflict, thereby compounding the damaging effects of climate change on human health and economic stability, as well as environmental protection and sustainable development. *Brill Research Perspectives in International Water Law* aims to foster cooperation in water resource sharing and management by highlighting key issues, developments, and challenges to international water law for students, researchers, policy makers, and concerned members of the public.



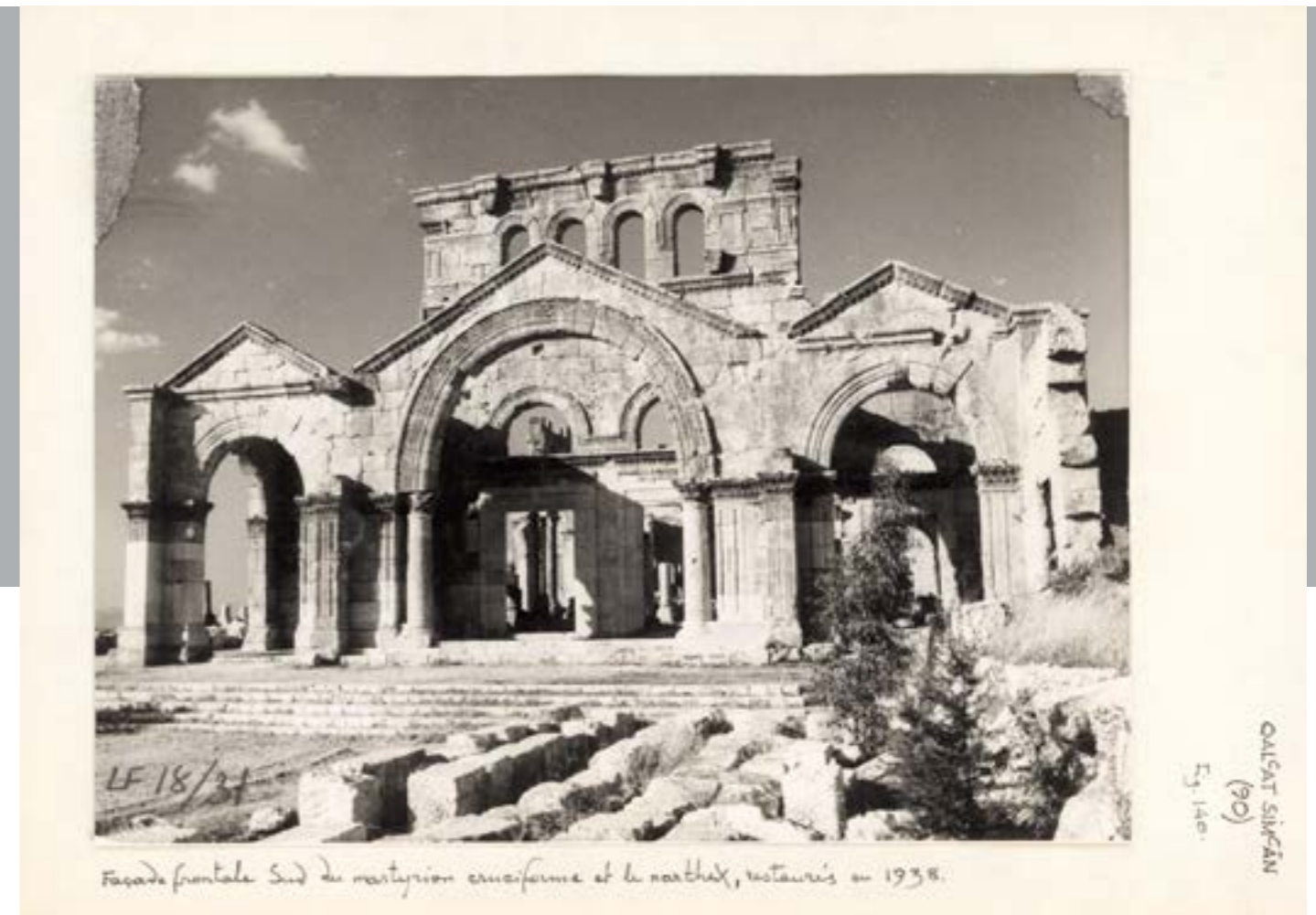


# Biblical Studies & Early Christianity



**Bart D. Ehrman**  
James A. Gray  
Distinguished Professor,  
University of North Carolina  
at Chapel Hill

The study of the New Testament continues to be a thriving academic field and a booming publishing industry, for reasons both old and new. As one of the oldest fields of humanistic inquiry arising in the Enlightenment, New Testament and Christian origins have always been recognized as central to any assessment of late ancient, medieval, early modern, and modern history. The Christian church, without a close rival, is the most important religious movement in all Western Civilization – socially, culturally, politically, and economically. The New Testament and the historical Jesus who stands behind it are the foundation of that movement. And so, the long-standard methods of textual, historical, and literary analysis of the early Christian texts continue to thrive, as interest in these documents is fuelled by new discoveries and new questions asked of old data. Moreover, the field continues to be revitalized through newer approaches consistent with the broader interests of the academy at large, from post-colonial theory to feminist analysis to environmental studies. New Testament studies is a large, variegated, and unusually vibrant field, evidenced not only by this burgeoning scholarship but also by its massive broad appeal to the reading public at large.



*As one of the oldest fields of humanistic inquiry arising in the Enlightenment, New Testament and Christian origins have always been recognized as central to any assessment of late ancient, medieval, early modern, and modern history.*





# Islamic Studies



**Gudrun Krämer**

*Professor of Islamic Studies  
and Director of the Berlin  
Graduate School Muslim  
Cultures and Societies, Free  
University Berlin*

At a time of mounting pressure on free debate and critical enquiry, and of rising contestation over the status of truth and facts and conflicting claims to scientific validity, society must rely on critical minds that are able to reflect on the conditions of what today is called 'knowledge production' and to 'produce' what is recognized as knowledge. Science is faced with the challenge of providing information, orientation, and indeed inspiration that address the great concerns of our time. But it is the humanities in particular that must continuously re-evaluate the belief in scientific facts on the one hand and the social construction of all ideas and practices on the other to make it possible to identify certain claims as false and specific news as fake. Islam in its many manifestations is certainly one of the most contested fields today, and the need for critical assessment and for scientifically valid, reliable, and verifiable information has become all the greater. Despite profound changes in communication technology and knowledge transfer, reference works based on meticulous research which allow for a variety of perspectives without abandoning their commitment to a non-partisan approach, still serve a vital function. The *Encyclopaedia of Islam* has been able to establish itself as a major work of reference, not just for the global community of scholars studying Muslims and Islam, but for a much wider public in what are still commonly called the Islamic world, the West, and the East.



*It is the humanities in particular that must continuously re-evaluate the belief in scientific facts on the one hand and the social construction of all ideas and practices on the other to make it possible to identify certain claims as false and specific news as fake.*





# History

*Serious engagement in Medieval studies has come to mean researching a world so very unlike our own that we are encouraged to understand, perhaps to empathise with, those who are different to ourselves and, on reflection, to rethink who we ourselves are in new and more diverse ways.*



**Frances Andrews**  
*Professor of Medieval History, University of St Andrews*

Medieval studies are flourishing. In the past few years the internationalisation of modern humanities scholarship, with teams of researchers collaborating across the globe, has given new impetus to interdisciplinary work of the sort pioneered by medievalists. The opportunity to study communities across the boundaries of the Medieval Mediterranean has proven particularly creative and fruitful, as scholars document the experience of the many peoples who inhabited these shores in centuries when western, Latin-based dominance was neither established, nor predictable. But Medieval studies have also been attracting attention for other reasons, bad as well as good. The word medieval has acquired some notoriety outside the Academy. At the extreme this is a reflection of its political misuse in nationalist agendas (think of the Viking symbols widely adopted by racist, white supremacists). Notoriety also stems from a more general appropriation

of the word 'medieval' to indicate something or someone somehow crude and uncivilised. Both reflect fundamental misunderstandings of the period, which we can hope will drive frustrated medievalists to promote more convincing accounts. And indeed, serious engagement in Medieval studies has come to mean researching a world so very unlike our own that we are encouraged to understand, perhaps to empathise with, those who are different to ourselves and, on reflection, to rethink who we ourselves are in new and more diverse ways. What that requires is not bite-sized, easily digestible nuggets or simple, over-arching explanations, but careful, detailed research into the medieval experience of being human. Long may Medieval studies thrive.







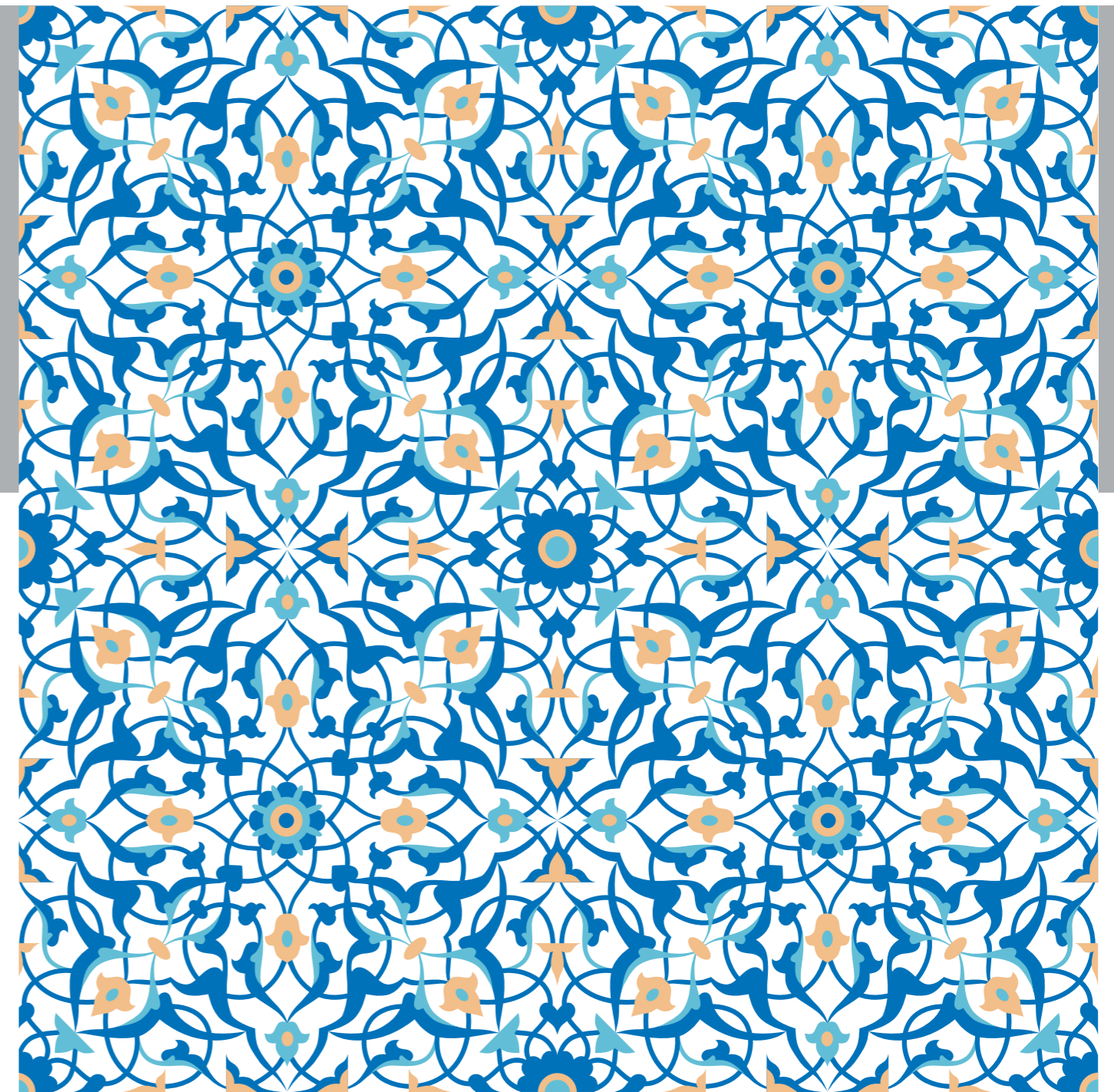
# International Law



**Haider Ala Hamoudi**  
Vice Dean and Professor  
of Law, The University of  
Pittsburgh School of Law

This past decade has seen tumultuous political change reverberate throughout the Arab world, with profound consequences for every state in the region, including those whose political systems remain largely intact. These political upheavals have brought about renewed demands for social change as well, from women's movements, religious minorities, and others, seeking a reordering of sorts within Arab societies. The power of Islam as both a political and social force has reasserted itself within the Arab legal order, yet in a manner that does not so much restore the historic legal primacy of a transnational juristically defined *shari'a* so much as it domesticates the idea of *shari'a* into disparate national legal systems. Finally, of course, in connection with the foregoing, the opportunities for political, social, and legal cross-fertilization of ideas have grown exponentially in recent times through the facilitation of technology, from satellite television to social media platforms.

All of these have led to important legal consequences and developments, including the rise of Islamic constitutionalism, the explosion of a transnational practice of Islamic finance centred largely in the states that comprise the Gulf Cooperation Council, and renewed (if often rebuffed) calls for family and criminal law reform aimed squarely at upending traditional tribal and patriarchal hierarchies. There is no scholarly publication better placed than Brill's journal *Arab Law Quarterly* to provide a forum for the dissemination of knowledge related to these and other developments in the Arab world.



*This past decade has seen tumultuous political change reverberate throughout the Arab world, with profound consequences for every state in the region, including those whose political systems remain largely intact.*



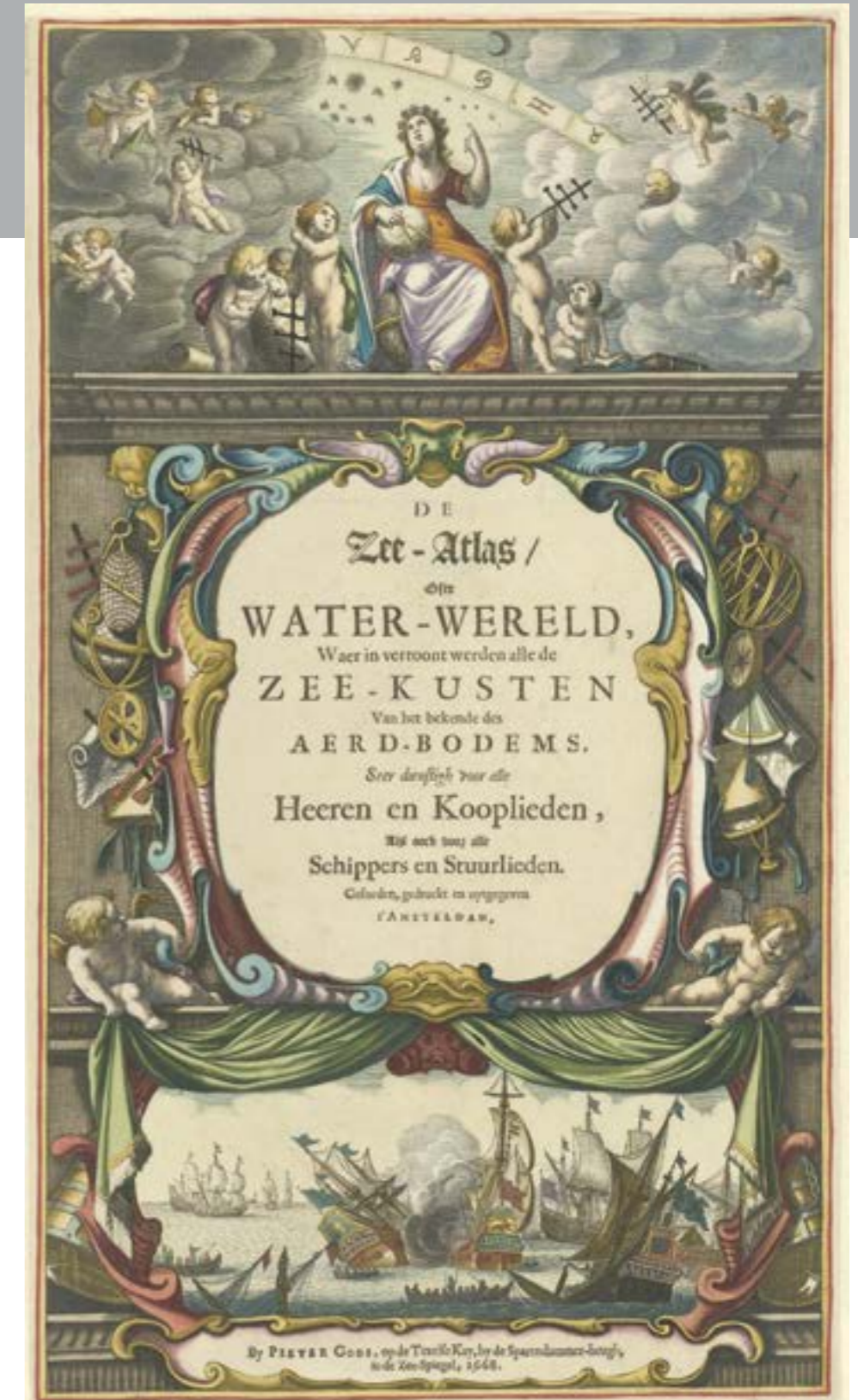
# Cartography

*As a scholar of the global dimensions of European culture and intellectual thought, studying maps has enabled me to better understand the impact of oceanic exploration.*



**Surekha Davies**  
*InterAmericas Fellow,  
John Carter Brown Library*

New directions in history of cartography are revealing how ideas about space, geography, and mapping shape how cultures imagine their place in the world. History of cartography scholarship on the period from the European Middle Ages to the Enlightenment (c.800-1800) is revealing how European science, art, and political thought were undergirded by spatial thinking. As a scholar of the global dimensions of European culture and intellectual thought, studying maps has enabled me to better understand the impact of oceanic exploration on the changing nature of European ideas about race. Geographical theories from ancient Greece and Rome had described how extremes of climate or of latitude made it difficult to live in a civil fashion. In the fifteenth century, when illustrated world maps using a coordinate system began to circulate, maps gave these theories memorable visual forms. These maps made arguments about the relationship between climate, geography, and human variety. In the seventeenth century Netherlands, for example, large illustrated maps were visual encyclopaedias that synthesized information about the world's peoples in one place: they invited the viewer to think comparatively about human civilizations. More broadly, to better understand medieval and early modern cultural encounters, colonialism, and empire – all of which continue to shape the modern world – maps are essential.





# Islamic Studies



# International Law



**Emilie Savage-Smith**  
*Professor of the History of Islamic Science, University of Oxford*

*Studying the humanities disciplines provides society with the skills and competencies that allow us to understand each other and build the values of Aristotle's great idea of 'the good life'.*

As a leading champion of publishing in the humanities, Brill – with its commitment to informing and educating its publics – was a natural choice for our project. Ibn Abī Uṣaybi‘ah, whose history of physicians we edit, translate, and discuss, is a profoundly human writer in his values and interests. His book is about living and learning, a rich cassoulet of transmitters of knowledge, models of behaviour, models of bad behaviour, laughter, drinking, love, books and more books, generous amounts of verse, and the endless travelling that typifies the medieval experience. Its vast geography and timespan give readers a panoramic acquaintance with cultures, languages, societies, and ethnicities alongside real details of health and disease, existence and death.

Studying the humanities disciplines provides society with the skills and competencies that allow us to understand each other and build the values of Aristotle's great idea of 'the good life'. These intrinsic features of how humans live are visible in every chapter of *A Literary History of Medicine*. The lessons its first readers in the thirteenth-century discovered about what makes good and bad science and hale and hearty people are equally recognizable today (almost 800 years later) and, like all the best lessons, Ibn Abī Uṣaybi‘ah's are very often fun. They open our eyes, challenge our prejudices, and explore our own hopes and fears of medicine through the doings and writings of exponents whose consciousness of their 'exceptionally noble profession' has not changed one jot.



**Cyrille Fijnaut**  
*Professor Emeritus, Tilburg Law School*

*A deeper historical and sociological understanding... is a fundamental prerequisite for the development of more adequate strategies in the future.*

It is almost self-evident that our world has become quite a dangerous place. Apart from the violent political and/or religious conflicts in several (sub)continents, terrorism as well as organized crime constitute a serious security threat in many metropolitan areas all over the globe. Against this background, the importance of research not only on the causes, the manifestations and the impact of these problems, but also the nature, the results and the consequences of the policies that have been put in place to contain them only increases. A deeper historical and sociological understanding of the way in which national governments and international institutions have tried to deal with these challenging questions is a fundamental prerequisite for the development of more adequate strategies in the future. It is for this reason that I have, in the last 40 years, devoted such a large part of my research to issues that relate to the containment of organized crime and terrorism in the Netherlands, Europe and the West in general.





# African Studies



**Mirjam de Bruijn**  
*Professor of Contemporary History and Anthropology of Africa, Leiden University*

*There is a need for a humanities approach to medicine and the environment that is complementary to technical solutions.*

Academic work in the humanities is a creative process. With the turn of post-modernism, it is difficult to deny subjectivity in academic work. The humanities accept this point of departure for their research and teaching. In addition to remaining critical of the production of knowledge, the basic aim of the approach taken by the humanities is to depict a (hi)story and analysis that is close to one of the many social and political realities in our world. Academic work needs to convince. The narrative form, which is central to the humanities, can indeed be powerful: it combines visual, digital, and text-based languages to convince. In our digital age the methods used in the humanities are rapidly changing, offering more and increasingly diverse possibilities to analyse and present our research. Digital humanities are becoming a dynamic academic field in which new experiments and digital instruments can help to analyse and substantiate a critical approach. This new area also opens up interesting 'adventures' in the form of co-creation, online publication, and interactive research. This exploration will bring about new insights that might also help to solve some of the so-called hard-science problems. For instance, there is a need for a humanities approach to medicine and the environment that is complementary to technical solutions.

An example of this humanities approach is Africa. Instead of following the main discourse that we are confronted with in Africa, with its failing states, ethnic conflict, and under-development, a humanities approach takes a step back. Scholars search for other and alternative narratives, for example for those who are labelled rebels, jihadists or terrorists. A humanities approach also relates the present to historical developments: it leads to a critical analysis of what is really at stake and will also give new incentives to possible solutions.



# International Relations



**Alistair Edgar**  
*Associate Professor, Wilfrid Laurier University*

*Scholarly research and study of global affairs is more than a mere luxury; it is in fact a critical dimension of building our understanding of states', societies', and individuals' interests, values, and behaviour.*

When policy makers (and others) believe that a particular question is not important or relevant, they often say, 'It's an academic issue now'. How do we go from that sort of dismissive observation, to argue instead that scholarly research and study of global affairs is more than a mere luxury; that it is in fact a critical dimension of building our understanding of states', societies', and individuals' interests, values, and behaviour? Knowledge built through rigorous and systematic, evidence-based research and analysis is becoming more rather than less necessary, despite (or because of) the easy spread and abuse of misinformation, disinformation, and demagogues' and populists' claims of 'fake news'. There are no easy answers to the increasing array of 'wicked problems' of war and peace, sustainable development, human rights and humanitarianism that we face today. But ignorance is not bliss, blanket denial is not useful, and simplistic misrepresentations and outright lies are not avenues to resolution. An inability or unwillingness to identify and explore potential cooperative solutions when personal or national ambitions, interests and policies clash, can lead to wider crises and conflicts – social, economic, political, environmental, and military – or other policy failures, that can have destructive costs for humanity in the short, medium, and long terms. Conflicts in Europe, Africa, the Middle East; mass human displacements caused by violence and deprivation; efforts to prevent, or mitigate, the effects of man-made climate change; demands to address economic, social and political inequality and inequity; increasingly rapid technological changes and social dislocation; all of these – and more – stresses and strains exist and need to be understood to be addressed.





# Biblical Studies & Early Christianity



**Christoph  
Marksches**

*Professor of Ancient  
Christianity, Humboldt  
University of Berlin*

Why is the history of ancient Christianity so important? I'd like to start with some simple impressions, which could explain why this academic field is so important for many researchers. There are a lot of fascinating texts (not only works of the so called 'Great Theologians' like Athanasius, Gregory of Nyssa or Origen, but also small Syriac tractates and Christian-Palestinian inscriptions) and objects that have never really been edited, translated, discussed and analysed. So, it's possible to add new colour to the traditional scholarly image of Ancient Christianity quite easily – and also to change classical views established by the traditional history of ideas approach of the last two centuries or certain denominational driven perspectives. Compared to other fields of history (especially contemporary history) a more manageable number of texts and objects survive for careful study and it brings real pleasure to study certain undiscovered landscapes of the Roman Empire and other parts of the Ancient World. Another reason why ancient Christianity matters is the simple fact that Late Antiquity in particular was characterized by certain specifics which also are important today: large migration movements, a lack of social cohesion in society, unclear mechanisms of government's constitution, hyperinflation and a crisis of traditional economy. How religions suffer, structure, hinder, accelerate and dominate such processes, can be studied in Antiquity and (despite all categorical differences between Antiquity and Modernity) used to orient ourselves in the future.



*Late Antiquity in particular was characterized by certain specifics which also are important today: large migration movements, a lack of social cohesion in society, unclear mechanisms of government's constitution, hyperinflation and a crisis of traditional economy.*



# International Law



*These coastal areas are also being impacted by the rise in sea levels brought about by climate change.*



**David Freestone**  
*Executive Secretary,  
Sargasso Sea Commission  
and Visiting Scholar and  
Professorial Lecturer,  
George Washington  
University Law School*

Why are we interested in the Law of the Sea? The ocean covers 70% of the planet – it would more accurately be named ‘Ocean’ than ‘Earth’ – a fact brought home when we first saw photographs of our planet from outer space. The legal regime that covers these vast areas is of obvious importance and, unsurprisingly, it is not without controversies that require considerable study. Coastal States squabble about the delimitation of the areas close to their shores. These areas are important for exploitation of resources – oil and gas for example but also increasingly wind and other ocean renewable energy resources such as tidal energy. These coastal areas are also being impacted by the rise in sea levels brought about by climate change.

As humankind’s voracious appetite for fish continues to grow, fishing vessels are being sent to further and more inhospitable parts of the oceans – competing with more expensive and sophisticated gear for the declining available stocks. All these resource demands require an increasingly sophisticated regulatory framework and are subject to more and more disputes.

More recently, the discovery of new resources on the deep ocean floor – mineral resources including precious metals associated with hydrothermal vents – but also genetic resources based on sulphur rather than oxygen, extremophile life forms that live in association with high temperature deep ocean volcanic vents, from which perhaps life first evolved. The United Nations is currently re-thinking the global legal regime of the high seas with a view to ensuring that the magnificent diversity of life forms the ocean hosts are conserved and exploited in a sustainable fashion. The issues at stake include ownership of, and access to, marine genetic resources harvested from these open ocean areas, the need to establish marine protected areas in ocean ecosystems beyond the control of coastal states and the requirement to assess more accurately the impacts on the areas of commons we now appreciate are increasingly vulnerable to human activities.







# History

*All globalization is about is global connections, and as the sea covers three-quarters of the earth's surface, these are mainly maritime connections.*



**Gelina Harlaftis**  
*Professor of Maritime History, University of Crete and Director of the Institute for Mediterranean Studies-FORTH*

What is maritime history? How do we approach the history of the sea? How does one trace continuity and change in the history of the sea? Maritime history is the relation of man with the sea. It brings maritime activities to the centre of the analysis and studies their effects on land providing an alternative narrative of continuity and change in the history of mankind. It is what man did on the sea (ships, seamen, navigation, sea trade, war, piracy); around the sea (port cities, islands, maritime communities, shipping businesses), in the sea (fishing, maritime resources); because of the sea (maritime empires, international maritime institutions and policy); and about the sea (the myths and poems of a sea, impact of the sea on art, maritime culture). Maritime history and/or the history of the sea has come to the centre of current academic discourse. The 'new thalassology' ('thalassa' in Greek means 'sea') that marked the beginning of the twenty-first century,

provided highly interesting new accounts of the history of the various seas, like the Mediterranean, the Atlantic, the Indian ocean etc, covering periods from ancient to the modern times. The history of the seas and oceans did not only attract the interest of historians, but also of geographers, anthropologists, culturalists and others. Within this framework, the history of the seas and oceans has been put in the forefront of current research programmes. Maritime history and/or the history of the sea can be seen as a global history. All globalization is about is global connections, and as the sea covers three-quarters of the earth's surface, these are mainly maritime connections. Maritime history is international by nature and global by coverage; it can hardly be written without crossing borders and seas, without dealing constantly with maritime links between different countries, economies and cultures.





# Social Sciences

*In a world flooded with information and big data, good social science – i.e., theoretically robust and evidence-based social science of the type published by Brill – is needed now more than ever.*



**Alberto Martinelli**  
Professor Emeritus of  
Political Science and  
Sociology, University  
of Milan

The development of the social sciences is historically linked to the great transformations and key institutions of the modern world (e.g. scientific and technological progress, market capitalism, representative democracy, research universities) and is rooted in the culture of modernity. The development of science as an autonomous sphere in modern society went along with its internal differentiation into distinct disciplines which distinguished themselves from each other both in terms of different objects of investigation and in terms of different theoretical paradigms, research methods and specialized lexicons. But differentiation and specialization in turn needed integration through interdisciplinarity. As both specialized and interdisciplinary knowledge, the social sciences have made fundamental contributions to our understanding of a deeply changing world and to policy making. Today, when the world is facing unprecedented challenges – from war to climate change, from rising inequality to human rights violations – and the digital revolution has created unprecedented opportunities to connect with each other for the purposes of building shared understanding, the social sciences will continue to play a key role in interpreting social human



## SUSTAINABLE DEVELOPMENT GOALS



relations and in providing solutions to global problems. The ambitious 2030 Agenda of the United Nations on Sustainable Development Goals demonstrates that complex global problems require the active involvement of social scientists as well as greater cooperation among themselves and with natural scientists. Key obstacles on the road of full exploitation of the social sciences' potential for a better world are, on the one hand, the insufficient attention paid by decision makers who are not open enough to theoretically robust and evidence-based social science as well as the new digital media and its challenge to the legitimacy of scientific knowledge and experience. In a world flooded with information and big data, good social science – i.e., theoretically robust and evidence-based social science of the type published by Brill – is needed now more than ever; that's to say, not only economics, but all of the social sciences, from sociology to political science, from psychology to anthropology.



# Philosophy

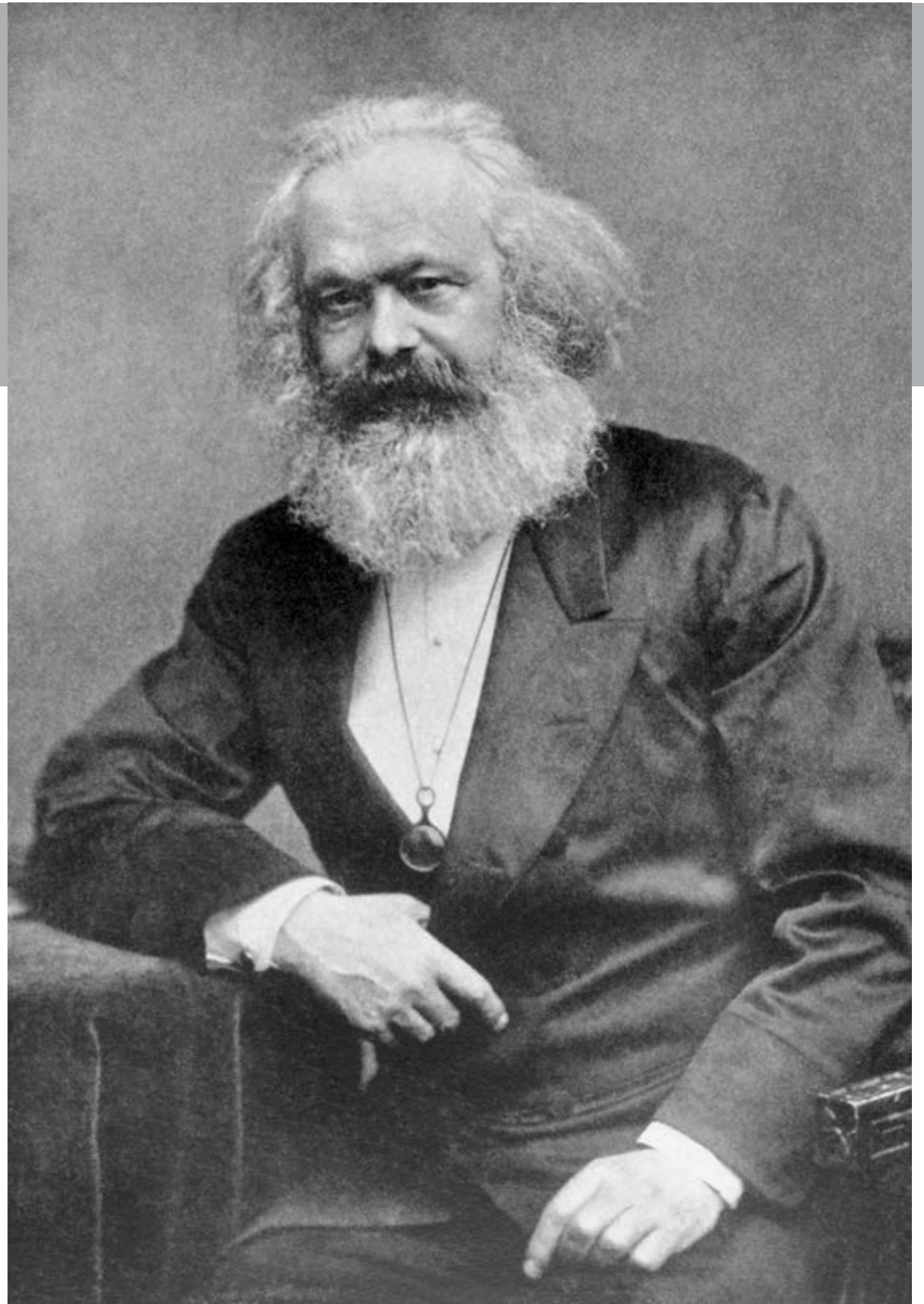


**Michael Quante**  
*Professor of Philosophy,  
University of Münster*

*There are currently many signs of a comprehensive and profound crisis of capitalism; that's why there are also many reasons to return to the work of Karl Marx more intensively.*

Globalization continues to advance, producing backward-looking nationalisms and authoritarian figures in many parts of the world. Digitization is revolutionizing the world of work and social conditions in many societies. The gap between rich and poor continues to diverge not only in international comparison, but also within societies. And migration and financial crises have brought the European Union close to losing its cohesion. There are currently many signs of a comprehensive and profound crisis of capitalism; that's why there are also many reasons to return to the work of Karl Marx more intensively.

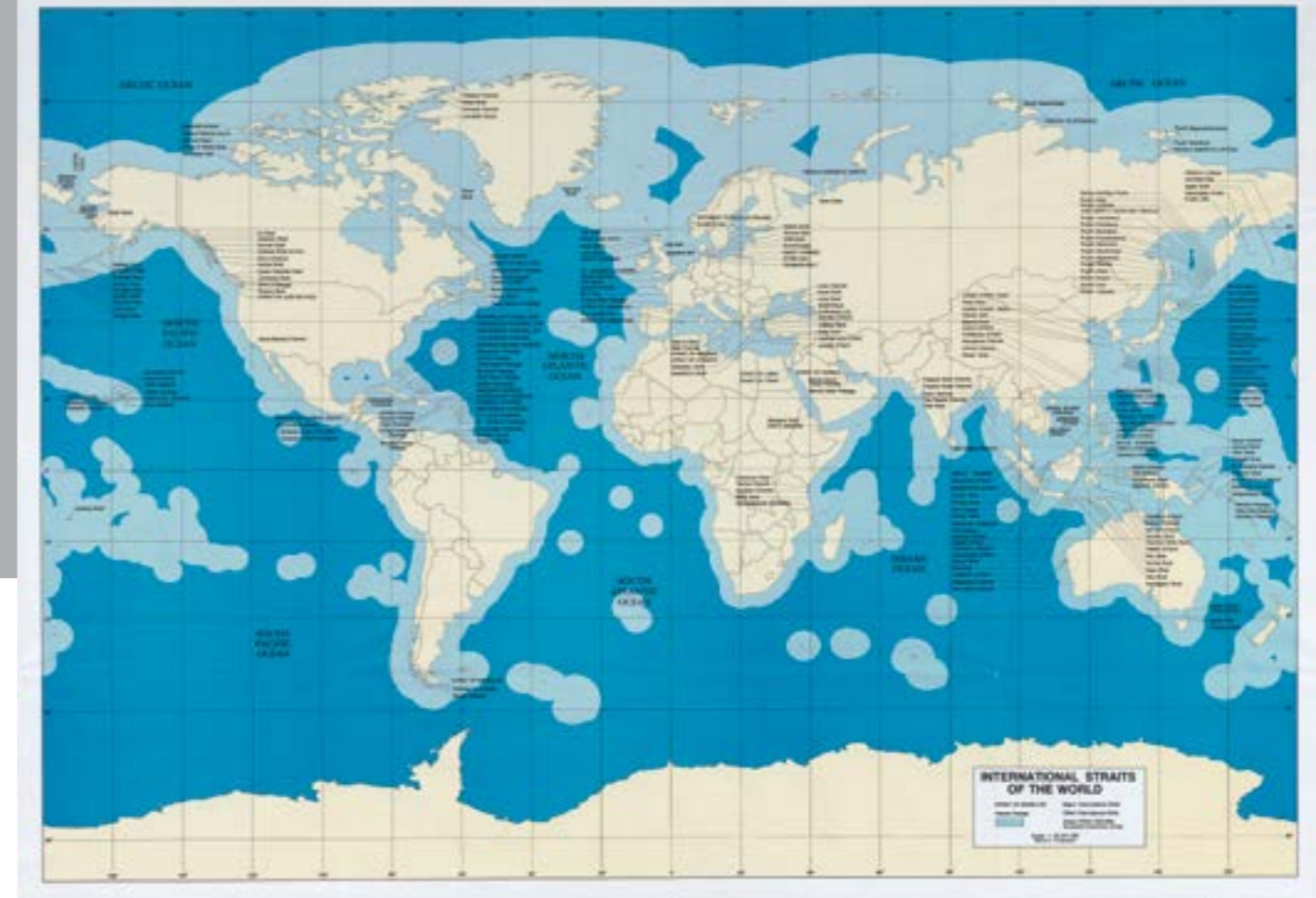
Within philosophy, there is the opportunity to absorb this development and focus more strongly on the thinking of Karl Marx. The new critical edition MEGA<sup>2</sup>, which will be completed within the next fifteen years, offers, for the first time in the history of Marx reception, the opportunity to study his work in its entirety based on reliable editions and without the distorting influence of ideological block formations. With the new mentis series *Philosophical Marx Studies*, an internationally oriented forum will be created in which the central concepts and theorems of the philosophy of Karl Marx will be systematically analysed and discussed. This opens the double opportunity of liberating Marx's thought from the rubble of Marxism and (re)discovering him as a central author of classical German philosophy.





# International Law

*The strategic importance of straits has shaped history and legal questions of rights and obligations of States in straits used for international navigation have taken their place in the great discourse that has shaped modern international law.*



**Nilufer Oral**

*Member UN International Law Commission and Law Faculty, Istanbul Bilgi University*

Straits used for international navigation have provided critical connections between seas and the world ocean since the earliest days of sea-faring. The strategic importance of straits has shaped history and legal questions of rights and obligations of States in straits used for international navigation have taken their place in the great discourse that has shaped modern international law. The first case brought before the International Court of Justice was the landmark 1949 Corfu Channel (a strait providing passage from the Adriatic to the Ionian Sea) case. The competing demands of States bordering straits and those of user States played a central role in the historic negotiation leading to the adoption of the 1982 United Nations Convention on the Law of the Sea, widely considered the 'Constitution of the Oceans'.

Lewis M. Alexander, in his seminal work on straits *Navigational Restrictions Within the New LOS Context* identified 90 major straits. The importance of straits and the legal issues concerning safety of navigation, protection of the marine environment and security have not

diminished over the years but remain as relevant now as ever and are examined within the book series *International Straits of the World*. There remain many straits to be studied, and those that have been previously studied under the Series are worthy of revisiting given the changes that have taken place in the world. These include security issues since the post-9/11 security environment and the resurgence of piracy incidents have elevated the defence demands of maritime powers and coastal States. Technological changes, such as autonomous shipping raise new issues. Environmental concerns have created an added dimension of complexity to these narrow shipping lanes where coastal States increasingly demand additional regulatory measures such as mandatory pilotage and designation of particularly sensitive sea areas. Climate change, the melting of glaciers and sea-ice may open frozen areas of the Arctic for year-round navigation reviving legal questions concerning the status of the Northwest Passage.





# History

*Historical perspectives on these developments – understanding how the world came to be the way it is – are essential for helping global citizens today.*



**Jesse Spohnholz**  
Associate Professor of  
History, Washington  
State University

In the past several years, the world has witnessed a refugee crisis of over twelve million displaced people from Syria, the most destructive hurricanes in world history, the death of the world's last male northern white rhinoceros, a dramatic spike in hate crimes against LGBTQ+ people in Russia, the outbreak of a trade war between the globe's two largest economies, and many more critical global developments. These challenges – and you could come up with a long list of challenges like them – are pressing problems facing the world today. What's more, we don't even know what the next set of challenges might be. But we do know that our world is intensely complex and interconnected, and that the planet's diverse peoples often struggle to understand the world around them, to make choices for their future. Historical perspectives on these developments – understanding how the world came to be the way it is –

are essential for helping global citizens today. The issues facing the world today are not simply the outcomes of decisions yesterday. They are shaped and defined by years, decades and centuries of historical developments. Making this claim does not absolve present-day actors of the responsibility of their actions. Rather, it demands that we appreciate the economic, political, ideological, cultural, and social inheritances from the global past that have defined the world as it exists today and shape the range of options we must steer its future. Brill's role in publishing history helps its readers make sense of the past, and thus is critical to helping tomorrow's global citizens shape the future.



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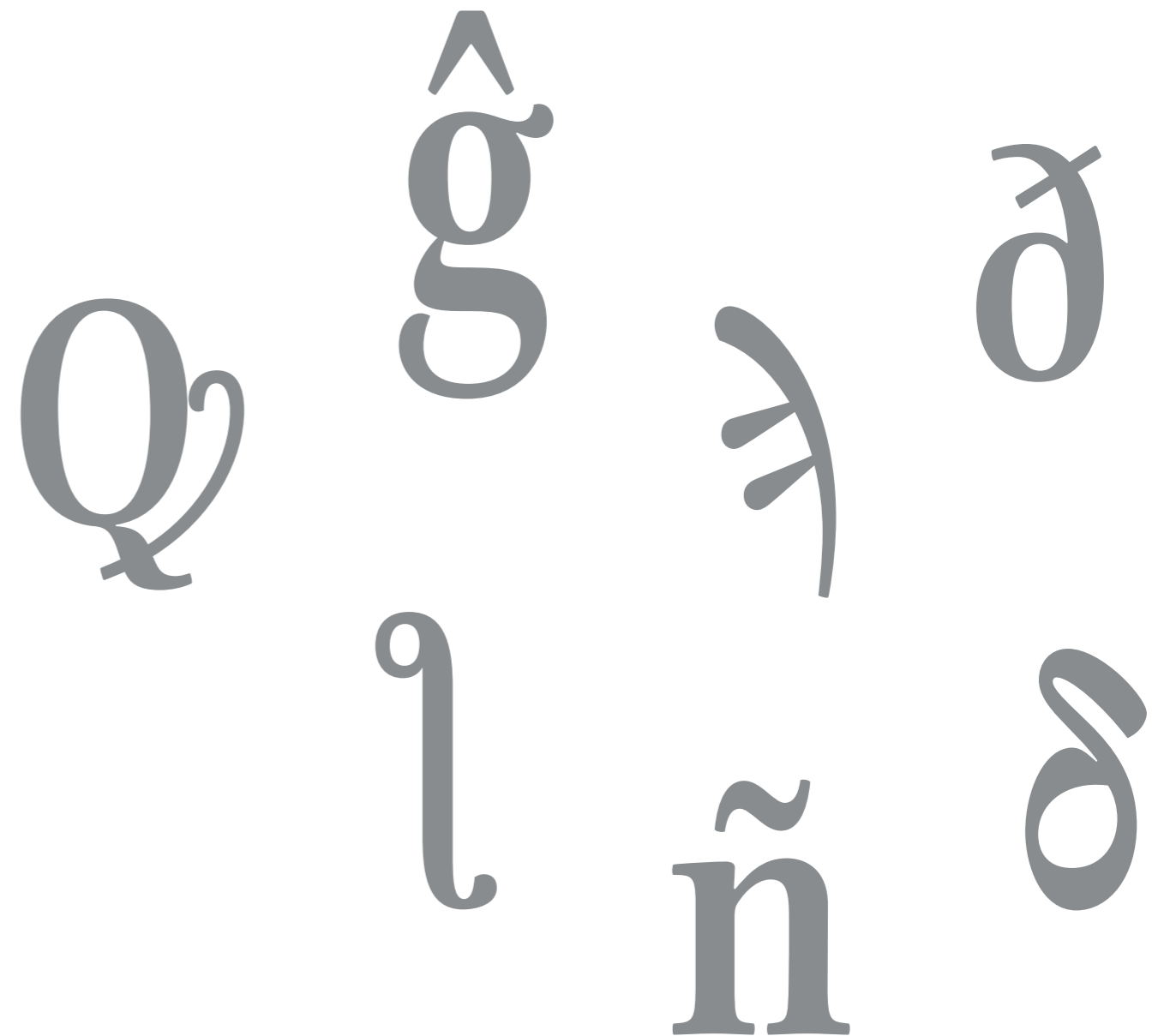
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## Colophon

Design and layout

Remco Mulckhuysen

Coördesign, Leiden

### Cover illustration

The cover image offers a visualization of the twitter hashtag #HumanitiesMatter. Our new mission statement emphasizes our strong belief that the Humanities, Social Sciences and International Law are areas of scholarship vital for addressing today's global challenges. This belief is captured by the hashtag #HumanitiesMatter that is shared and used by many in our academic communities. We want to be a part of this debate and share how humanities research is impacting our world today.

### Printing and binding

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