



REMUNERATION REPORT ICT GROUP N.V. 2017

Remuneration policy Executive Board

General

The basic precept of the remuneration policy is that qualified members of the Executive Boards must be recruited and retained based on conditions in line with the market. The remuneration policy matches ICT's culture and strategy by the choice of remuneration levels, remuneration ratio's (fixed and variable remuneration) and by the choice of performance criteria for the short and long-term variable remuneration.

Furthermore, the policy is oriented towards preventing these members from acting in their own interests at the expense of ICT and its shareholders' interests and is directed towards preventing members of the Executive Board from being challenged to take risks that do not fit with the strategy. To this matter, the variable part of the remuneration is moderate in relation to the fixed part of the remuneration.

When determining the total remuneration, the internal pay ratio is considered as well. To establish alignment with the market, the remuneration of the members of the Executive Board is determined on the basis of a comparison against a wide reference group consisting of companies quoted on the stock market that are comparable in terms of size, operate internationally, have a comparable revenue and with headquarters located in the Netherlands.

The remuneration policy for the members of the Executive Board is determined by the General Meeting, based on a proposal of the Supervisory Board. The Supervisory Board determines the remuneration of the individual directors, based on a proposal of the Remuneration and Appointment Committee, in line with the established remuneration policy.

Before drafting the remuneration policy and before determining the remuneration of the individual members of the Executive Board, the Supervisory Board analyses the potential outcomes of the variable remuneration components, the impact of the outcomes on the remuneration of the Member of the Executive Board and the pay ratio within the company.

The remuneration policy was reviewed and amended in 2017. Amendments related to the long-term variable incentive were as described in the explanatory notes to the agenda of the General Meeting on 10 May 2017. After adoption of the proposal for amending the remuneration policy by the General Meeting, the new remuneration policy is applicable effective 1 January 2017 and includes the following elements.

Remuneration package

In order to safeguard ICT's long-term and short-term interests as far as possible, the remuneration package for the members of the Executive Board consists of the following components:

- fixed remuneration consisting of a fixed management fee and a fixed amount for the reimbursement of costs for insurances for healthcare and occupational disability as well as the costs for accruing a pension;
- variable remuneration related to short-term results (short-term incentive) in the form of a cash bonus for achieving the annual performance criteria;
- variable remuneration related to long-term achievements (long-term incentive) in the form of a cash bonus depending on the increase in earnings per share and the amount of the own investment in ICT shares of the member of the Executive Board.

By dividing the remuneration into various components, the Supervisory Board strives towards a healthy balance between short-term and long-term orientation in the remuneration. The Supervisory Board is of the opinion that the variable components are appropriate given the role of the members of the Executive Board, the company profile and the risk profile of the company.

Fixed remuneration

Members of the Executive Board receive a fixed management fee plus a fixed amount as reimbursement for the costs for insurances for healthcare and occupational disability as well as the costs for accruing a pension. Depending on the specific agreement with the member of the Executive Board, the fixed remuneration level remains unchanged for a number of years (except for indexation). Amendment of the fixed remuneration as a result of indexation will be determined in December and take effect per 1st January of the following year.

Variable remuneration - Short-term incentive

The short-term incentive of a member of the Executive Board – in case the performance criteria are met – amounts to 50% of the fixed management fee that was paid during the year to which the short-term incentive relates. In case of over-performing, the short-term incentive can be increased up to a maximum of 100% of the fixed management fee. If the performance criteria are not fully achieved, but performance is still above the previously determined threshold level, then the short-term incentive can amount to 25 to 50% of the fixed management fee. Below the threshold level, no short-term incentive will be granted.

Each year in advance, the Supervisory Board determines the performance criteria and establishes the relationship between performance levels and payment level in a graduated performance scale. The performance criteria are laid down in balanced scorecards.

Seventy percent (70%) of the short-term incentive is related to financial performance criteria and thirty percent (30%) to other, sometimes more qualitative, performance criteria which are linked to the strategy of the company.

For the financial targets, the Supervisory Board will use those key figures that are most relevant for assessing the performance of the company in relation to its strategic objectives. These are revenue, EBITDA and operational cash flow. The extent to which the financial performance criteria are achieved is determined based on ICT's annual accounts (as submitted for adoption to the General Meeting), drafted by the Board of Directors and audited by an external auditor.

The other performance criteria vary per year and are related to the strategy and continuity of the company.

The extent to which the other, sometimes more qualitative, performance criteria are achieved is either determined on basis of the measured figures or discretionally by the Supervisory Board. Under special circumstances, the Supervisory Board can discretionally decide to pay a higher or lower short-term incentive than the one that would result from using the previously determined criteria.

The determined short-term incentive is paid after the General Meeting has adopted the annual accounts of the performance year in question. The member of the Executive Board is obliged to invest 33% of the variable remuneration in ICT shares (see below).

Variable remuneration - Long-term incentive

The long-term incentive is linked to the increase in earnings per share and depends on the amount of the own investment in ICT shares by the relevant member of the Executive Board. Depending on the increase in earnings per share achieved over a performance period of three years, the members of the Executive Board will be awarded a long-term cash bonus.

Based on the short-term incentive regulation, the members of the Executive Board must invest 33% of the amount of the short-term incentive in ICT shares. The investment must be made within a period of two months after the date on which the members become entitled to the amount of the short-term incentive. Purchased shares must be kept for at least three years or until the end of employment if this period is shorter. As such, the lock up period is never longer than the employment period.

In addition to this obligatory investment in ICT's shares, the members of the Executive Board may annually invest a further sum of up to 33% of the fixed management fee that was paid in the base year to which the short-term incentive relates. This additional investment falls under the long-term incentive regulation if the investment is made within the period of two months that applies to the mandatory investment.

If, during the three years under review after the base year, the earnings per share has achieved the set target, ICT shall pay a cash bonus equal to 100% of the amount invested in the base year. If the set target is exceeded, the cash bonus can amount up to a maximum of 150% of the invested amount. If the target is not achieved, but the earnings per share is still above or at the threshold level, then the cash bonus equals 50% - 100% of the invested amount. Below the threshold level, there is no cash bonus. The performance criteria and the threshold and maximum levels of the long-term incentive plan are determined each year by the Supervisory Board.

Although no minimum level is formally agreed upon, the members of the Executive Board are expected to hold or to build a net shareholding in ICT shares in the amount equal to one annual fixed management fee.

Right to reclaim the variable remuneration ('claw back')

The company is authorized to reclaim – in part or entirely – the variable remuneration as far as the payment occurred on the basis of incorrect information regarding the achievement of the performance criteria or regarding the circumstances on which the variable remuneration depended.

Miscellaneous

Agreements and appointment term

Members of the Executive Board are appointed for a period of four years and may be reappointed for consecutive periods of four years.

Executive Board members have a management agreement with ICT rather than a contract of employment. As a rule, these agreements are concluded for a period of four years with the possibility of an extension. In view of specific wage tax regulations (doorbetaalloonregeling), the fixed management remuneration has been reviewed with and approved by the Dutch tax authorities.

A mutual period of notice of six months shall apply. In case ICT serves a notice to terminate, ICT will pay, in addition to the notice period, a severance amount equal to 50% of the annual fixed management fee. No specific agreement has been entered into between the company and the members of the Executive Board providing for compensation in the event of termination of the management contract following a public bid for ICT.

Loans

The corporation does not grant any personal loan to the members of the Executive Board.

Remuneration policy Supervisory Board

The remuneration for the members of the Supervisory Board is determined in the General Meeting of Shareholders on 13 May 2015. The remuneration has been set for the period 2015 to 2018/2019. Based on the policy the Supervisory Board members receive the following remuneration:

- Standard remuneration for a member of the Supervisory Board - € 30,000 per annum;
- Standard remuneration for the Chairman of the Supervisory Board - € 42,000 per annum;
- Additional remuneration for the Chairman of the Audit Committee - € 6,000 per annum;
- Additional remuneration for the Chairman of the Remuneration and Appointments Committee - € 5,000 per annum
- Additional remuneration for a member of the Audit Committee - € 4,000 per annum;
- Additional remuneration for a member of the Remuneration and Appointments Committee - € 3,000 per annum;
- Allowance for general expenses € 2,500 per annum.

Remuneration in 2017

Fixed remuneration in 2017

For an overview of the fixed remuneration paid in 2017 please see note 24 on page 116 of the annual report of ICT GROUP N.V. 2017.

The management agreement for the members of the Executive Board ended as per 1 December 2017 for the CEO and will end per 1 April 2018 for the CFO. The company entered into new management contracts with the members of the Executive Board under the dissolving condition of their re-appointment by the Supervisory Board following the General meeting in May 2018. As part of the renewed management contracts, the fixed management fee has been increased for the first time since the initial appointment. The new fee is based on a benchmark study carried out by an independent consultant and reflects the growth of the company and performance of both Executive Board members. Other than the increase of the fixed management fee and some amendments to bring the agreement in line with the revised remuneration policy as adopted by the General Meeting in May 2017, the new agreements do not materially deviate from the previous agreement.

Variable remuneration in 2017

For an overview of the variable remuneration paid in 2017 please see note 24 on page 116 of the annual report of ICT GROUP N.V. 2017. The overall score for both members of the Executive Board on the variable short-term is 101% leading to a bonus equal to 50,5 % of the fixed management fee. Under the long-term incentive plan, a cash bonus has been accrued for in 2017. This bonus equals 75% of the amount invested by the members of the Executive Board in 2015.

Pay ratio

Further to best practice 3.4.1 sub (iv) of the Dutch corporate governance code the remuneration of the CEO in 2017 has been compared with the average remuneration in 2017 of all direct FTE's with an employment contract based in the Netherlands. Remuneration of the CEO includes the fixed management fee, the fixed amount as reimbursement for the costs for insurances for healthcare and occupational disability as well as the costs for accruing a pension and the costs of a lease car. Remuneration of the FTE's includes the fixed remuneration including employer costs of the fixed remuneration plus costs of a lease car and general expenses.

Based on this calculation the pay ratio is 5.1

Remuneration policy 2018 and beyond

It is ICT's policy to review the remuneration policy every year. No changes are expected to the policy in 2018.

The members of the Supervisory Board would like to express their gratitude to all employees of ICT Group and the Executive Board for their hard work and their much-valued contribution to the company.

Barendrecht, 1 March 2018

The Supervisory Board

Th. J. van der Raadt (Chairman)

J.A. Sinoo (Vice Chairman)

F.J. Fröschl

D. Luthra