

## REMUNERATION POLICY OF ICT GROUP N.V.

After adopting the proposal for amending the remuneration policy of ICT Group NV (hereinafter 'ICT' or 'the Company') by the General Meeting of Shareholders (hereinafter 'General Meeting') on 24<sup>th</sup> June 2020, the new remuneration policy of the Executive Board and Supervisory Board as of this date is as follows:

### 1. Objectives and principles of the remuneration policy

The objective of the Company's remuneration policy is to attract, motivate and retain the qualified individuals that it needs, in order to achieve its strategic and operational objectives, based on conditions in line with the market. The policy is designed in the context of competitive market trends, statutory requirements, corporate governance best practice, the societal context around remuneration and the interests of the Company's shareholders and other stakeholders. The remuneration policy matches the Company's culture and strategy by the choice of remuneration levels and remuneration relationships and by the choice of performance criteria for the short and long-term. The remuneration policies for the employees, Executive Board and Supervisory Board members alike are aligned and based on prevailing market terms.

The remuneration policy should provide for a balanced remuneration package that is focused on achieving sustainable financial results, aligned with the long-term strategy of the Company and shall foster alignment of interests of management with stakeholders including shareholders, clients, employees and wider society. A balanced remuneration package reflects our corporate strategy to deliver sustainable IT solutions and sustainable innovation.

Whilst it is important for the Company, which is in a stage of growth, to reward achievement against growth targets, the remuneration structure has been designed so that Executive Board Directors and Supervisory Board Directors are not encouraged to take or stimulate inappropriate risks.

The remuneration policy and business strategy have been aligned through the creation of specific short-term and long-term targets that link each Executive Board Director's variable pay to the success of the Company. As such both the short-term and long-term plans are linked to the business strategy and accordingly to longer term value creation and sustainability of the Company. Reference is made to the specific paragraphs below on target setting. Variable remuneration is higher when targets are exceeded and no variable remuneration is payable if threshold targets are not met. This helps to ensure the alignment of the Executive Board Directors' interests with that of the Company's stakeholders.

### 2. Benchmarking

To establish alignment with the market, the remuneration of directors is calculated on the basis of a comparison with other functions having a similar level of responsibility (this is benchmarked within a wide reference market of companies quoted on the stock market that are comparable in terms of scope, which operate internationally and have the comparable turnover and whose headquarters are located in the Netherlands). In principle, a benchmark with a peer group is conducted at least every four years.

Although the external market data provides useful context, it is ultimately the responsibility of the Remuneration Committee and the Supervisory Board to determine remuneration packages at an appropriate level that reflect the specific context and requirements of the Company and the skills and capability of the individual Executive Board Directors.

### **3. Adoption, amendment and deviations**

#### **3.1 Adoption**

This remuneration policy as proposed by the Supervisory Board, is adopted by the General Meeting upon proposal of the Supervisory Board on 13 May 2020 and effective per that same date. Adoption of this remuneration policy by the General Meeting upon proposal by the Supervisory Board takes place at every change and in any case at least every four years. The Remuneration Committee is responsible for the development of the remuneration policy and making a proposal to the Supervisory Board. The proposal is in line with 3.1.2. of the Corporate Governance Code.

#### **3.2 Amendments**

This remuneration policy may only be amended by the General Meeting pursuant to a proposal of the Supervisory Board to which the Remuneration Committee has made a proposal.

All revisions of the remuneration policy shall be accompanied by a description and explanation of all significant changes, the decision making process followed for its determination, review and implementation, measures to avoid or manage conflicts of interests and pay ratios within the Company. Further, it is also explained how it takes into account the votes and views of shareholders and other stakeholder on the remuneration policy and reports since the most recent vote on the remuneration policy by the General Meeting. When the General Meeting does not approve the proposed amendments to the remuneration policy, the Company shall continue to remunerate in accordance with the existing approved remuneration policy and shall submit a revised policy for approval at the following General Meeting.

#### **3.3 Operation**

The Supervisory Board, based on a proposal by the Remuneration Committee, will have the authority to determine the remuneration of the individual Executive Board Directors within the scope of this remuneration policy as adopted by the General Meeting. In its annual (remuneration) report, the Supervisory Board will communicate clearly and transparently to the Company's stakeholders how this remuneration policy has been pursued.

As part of the design of the remuneration policy, the Supervisory Board has performed scenario analysis to determine both the amount and composition of the remuneration of Executive Board Directors, with due regard of both the market positioning and internal pay practices.

#### **3.4 Deviations**

Insofar it relates to the remuneration of the Executive Board Directors, the Supervisory Board may, in exceptional circumstances only, decide to temporarily derogate from the provisions 4.1 through 4.6 of the remuneration policy. A derogation for exceptional circumstances only covers situations in which the derogation from this remuneration policy is necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability. Such exceptional circumstances include, but are not limited to, situations such as the urgently required appointment of a board member or the buy-out of remuneration forfeited on joining the Company to facilitate recruitment of new board members, comprising cash or equity incentives.

### **4. Remuneration elements**

#### **4.1 Overview of elements**

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

- the base fee;
- fixed amount covering costs for accruing a pension and reimbursement of costs for insurances for healthcare and occupational disability;
- the variable remuneration for short-term results (short-term incentive, or 'STI'), a reward for achieving the annual objectives which consists of an annual cash bonus;
- the variable remuneration for long-term results (long-term incentive, or 'LTI'); and
- severance arrangements.

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 will consider the total volume of variable components in line with the role, the Company profile and the risk profile.

The ratio between fixed and variable pay for the Executive Board Directors is influenced by the extent to which targets are met.

In accordance with the Corporate Governance Code, the Company takes into account the internal pay ratios and employment conditions of the employees within the organization when formulating the remuneration policy. The Company's internal pay ratio is calculated as the CEO's compensation divided by the average fixed employee remuneration including, employer costs of the fixed remuneration plus the cost of a company car and general expenses. The pay ratio will be calculated i) on the basis of the CEO's base fee, the fixed amount to compensate for pension and insurances and a car allowance as well as ii) a variant including the CEO's variable remuneration. The Remuneration Committee tracks how this changes on an annual basis and takes this into consideration when reviewing remuneration levels.

#### 4.2 Base fee

The base fee represents a fixed cash compensation that is set based on the level of responsibility, experience and performance of each Executive Board Director. Depending on the specific agreement with the Executive Board Director in question, the base fee level remains unchanged for a number of years (albeit linked to the index). The base fee is paid monthly. Modifications in the base fee are determined in December and take effect per 1<sup>st</sup> January of the following year.

The Executive Board Director will also receive a lease car allowance and reimbursement for costs incurred.

#### 4.3 Pension and insurance contribution

Executive Board Directors will in addition to the base fee receive a contribution as compensation for the cost of pension accrual as well as the cost of insurances for healthcare and occupational disability.

**4.4 Short-term incentive ('STI')** The variable remuneration of an Executive Board Director for the short-term amounts to 50% of the base fee when the predefined performance targets are fully met. In line with the Company's entrepreneurial culture and growth strategy, overperformance can be awarded up until 100% of the base fee, i.e. double the target pay-out level.

When performance does not fully meet the targets, but is above a predefined threshold level, pay out can range from 25% to 50% of the base fee. For performance below threshold there will be no pay out.

Each year, the Supervisory Board determines the performance criteria in advance, which is recorded in *balanced scorecards*, and establishes the relationship between performance levels and payment level on a graduated performance scale.

Seventy percent (70%) of the level of the variable remuneration is related to financial performance criteria (such as revenue, EBITDA and cash) derived from the multi-annual plan of the Company. Financial criteria are most relevant for assessing the performance of the company in relationship to its strategic objectives. Thirty percent (30%) is linked to qualitative performance criteria, that relate to the strategy and to the continuity of the Company. The qualitative criteria are concrete and measurable and can change every year depending on the priorities at that specific moment.

The extent to which the qualitative performance criteria are achieved is determined at the Supervisory Board's discretion. 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) audited by an external accountant. The Supervisory Board may apply judgment where necessary to ensure approved pay-out levels are representative of actual company performance.

The determined variable remuneration is paid within 2 weeks after the General Meeting has adopted the financial statements of the performance year in question.

The director must invest 33% of the variable remuneration in ICT shares (see below).

#### 4.5 Long-term incentive ('LTI')

The variable remuneration for the long term is linked to the growth of the earnings per share in three years' time and is related to the stake in the company that the Executive Board Director holds.

Based on the aforementioned regulation for the short-term variable remuneration, the Executive Board Directors must invest 33% of the short-term variable remuneration in ICT shares. The purchase must occur within a period of two months after the date upon which the Director is entitled to a bonus.

In addition to this obligatory investment in ICT's shares, the Executive Board Directors are free to annually invest further up to the sum of 33% of the base fee that was paid in the base year to which the bonus relates. This additional investment falls under this remuneration policy if it is also carried out within the period of two months that applies to the mandatory shares investment.

Purchased shares are kept for at least three years or until the end of employment if this period is shorter. Therefore, the *lock up* period is never longer than the employment period.

The Supervisory Board sets three year performance targets and the threshold and maximum levels at the beginning of each year. If, during the three years under review after the base year, the profit per share has achieved predetermined performance targets, ICT shall pay a bonus equal to the investment in the company that the Executive Board Director has made. If the predetermined performance target level is exceeded, then the investment by the director may be matched to a maximum of 150%, payable in cash. If the predetermined performance target level is not achieved, but the performance is still above or at the threshold level, then the investment of the director is increased by 50% - 100% as a bonus, payable in cash. Below the threshold level, there is no bonus paid by the Company.

#### 4.6 Severance arrangement

The contracts between the Company and the Executive Board Directors are for a definite term and contain severance provisions which provide for a compensation for the loss of income resulting from a termination of the service contract by the Company with an Executive Board Director other than due to an urgent cause or serious culpability. The Executive Board Directors are then entitled to a

severance payment of an amount equal to six months base fee in addition to payment for the notice period, which is six months for both the Company and the Executive Board Director.

## **5. Miscellaneous provisions regarding the Executive Board Directors**

### **5.1 Agreements and appointment term**

Agreements with the members of the Board of Directors are management agreements and, as a rule, they are concluded for a period of four years with the possibility of an extension.

### **5.2 Shareholding guidelines**

Executive Board Directors are expected to build up a minimum number of (certificates of) shares in the Company to promote alignment with shareholders' interests and with the corporate strategy of delivering long-term sustainable value to our stakeholders. Executive Board Directors are expected to build up their share ownership equivalent in value to 1 x their fixed remuneration.

### **5.3 Value adjustments and claw back of variable remuneration**

The Supervisory Board may apply judgment where necessary to ensure approved pay-out levels of both STI and LTI are reasonable and fair under the prevailing circumstances and are representative of actual company performance. The Supervisory Board can reclaim in whole or in part any variable remuneration that has vested or has been paid out on the basis of incorrect information about the achievement of the objectives that were the justification for the variable remuneration or about the circumstances which the variable remuneration depended on.

Any value adjustment or claw back is at the discretion of the Supervisory Board. It will be accounted for in the Remuneration Report that will be submitted to the General Meeting.

### **5.4 Loans**

The Company does not grant any personal loan to or guarantees on behalf of the members of the Executive Board.

## **6. Supervisory Board Directors**

### **6.1 Approach to setting the fee level**

The remuneration of the Supervisory Board Directors is determined by the General Meeting. The remuneration for Supervisory Directors is set at a level which is considered appropriate to attract individuals with the necessary experience and ability to make an important contribution to the Company's group's affairs. The remuneration is set taking into account the level of responsibility and time commitment required of each Supervisory Director and fees paid by other companies of a similar size and complexity. These are reviewed on a periodic basis.

### **6.2 Basis of fee**

All Supervisory Board Directors are paid a fixed annual base fee to compensate them for their services. The Chairman of the Supervisory Board receives a higher annual base fee for his services. Additional fees are also payable for committee membership (Audit Committee, Remuneration Committee and Selection and Appointment Committee) as well as a fixed yearly allowance for general expenses.

Fees paid to Supervisory Board Directors are not linked to the financial results of the Company. Supervisory Board Directors do not receive any performance or equity-related compensation and do not accrue any pension rights with the Company. Supervisory Directors benefit from liability insurance coverage, and the reimbursement of foreign travel and lodging expenses. They are not entitled to any benefits upon the termination of their appointment. Supervisory Board Directors are not eligible for personal loans or guarantees.

### **6.3 Loans**

The Company does not grant any personal loan to or guarantees on behalf of the members of the Supervisory Board.

#### 6.4 Term

Members of the Supervisory Board are appointed for a period of four years with the possibility of reappointment. The Supervisory Board submits proposals for (re)appointment to the General Meeting. A notice period for termination and severance arrangements do not apply.