

Re: additional notes to the remuneration policy for the Management Board

Dear shareholder,

In the run-up to our Annual General Meeting (AGM) on 2 April, we received a number of requests for further clarification of, firstly, the performance targets we set for the performance-based remuneration of the members of Management Board as included in the 2019 Remuneration Report and, secondly, the remuneration policy for the Management Board as it appears on the agenda for the next Annual General Meeting. I am happy to provide this explanation and would like to share it with you.

First of all, the performance criteria (KPIs) we have chosen. These are divided into financial and non-financial KPIs. The financial KPIs revenue and EBITDA margin are aimed at maintaining and continuing to improve profitable growth on the basis of Ordina's strategic course from a secondment model to a sustainable and more distinctive profile by offering business propositions and solutions. In the non-financial KPIs, we have also linked targets to essential elements for achieving sustainable and profitable growth, such as engaged employees, satisfied clients and sustainability. Achieving these objectives is crucial at both operational and strategic level, which is why we use them for the performance-based remuneration in both the short and long term. The chosen KPIs each have their own dynamics, and thus their own impact on the performance of the Management Board over these different time horizons.

I would also like to explain the interpretation of these criteria and how we measure and account for the relevant performance. The new remuneration policy instructs the Supervisory Board to formulate performance targets each year, based on the formulated long-term strategic ambitions, taking into account the circumstances prevailing at the time. For 2020, the Supervisory Board has set the targets as follows:

- Financial KPIs: revenue with a weighting of 30% and EBITDA margin with a weighting of 40%. As stated above, these KPIs are essential in the context of Ordina's Management Agenda 2022 and apply to both short-term and long-term performance-based remuneration. The targets for the short-term performance-based remuneration are considered to be competition-sensitive, but will be accounted for in the 2020 Annual Report, together with the performance realised. The revenue target for the long-term performance-based remuneration is the average expected revenue growth in the IT services market in the period 2020-2022, plus a mark-up as part of Ordina's Management Agenda 2022. The target for the EBITDA margin for the period 2020-2022 is 10%-12%. In comparison, Ordina realised a margin of 10% in 2019, which resulted in a score above target and led to a pay-out on this KPI of 120% (see p. 61 and p. 87 respectively of the 2019 Annual Report).
- Non-financial KPIs: for both the short and long term, we opted for employee engagement, client satisfaction, high-quality services, resilience (such as 'increased order book', 'turnover of direct employees' and 'operational excellence') and corporate social responsibility. These KPIs are clustered and merged into a basket, with a total weighting of 30%. Since Ordina's business model is changing in the context of Ordina's Management Agenda 2022, the Supervisory Board considers it appropriate to assess these KPIs on an aggregated basis during this period. The assessment of the actual performance against these criteria will be evaluated and accounted for in the 2020 and 2022 Remuneration Reports respectively.
 - Specifically with regard to the corporate social responsibility KPI, the underlying targets are linked to the sustainability aspects and targets as explained on pages 55-63 of Ordina's 2019 Annual Report. The extent to which the targets have been achieved is measured at the end of the year under review. The sustainability targets set for the year 2020 are available on the [Ordina-website](#). These are largely in line with the targets as they applied for the year 2019 (see p. 61 of the 2019 Annual Report), and the sum of the achieved sustainability targets leads to a score on this KPI of between 1 and 5 in the measurement of the performance achieved.

- With regard to the KPIs employee engagement and client satisfaction, the quantitative target has been determined. The target for employee engagement is met if an engagement satisfaction survey results in a score of more than seven and the target for client satisfaction is met if the Net Promoter Score is at least 70%.

In the Remuneration Reports for 2020 and subsequent years, in addition to accounting for the assessment of performance in the past financial year, we will also include a forward-looking section specifying the details of the performance criteria according to the remuneration policy.

Kind regards,

Caroline Princen,
Chair Remuneration, Nomination and HR committee