

Remuneration report 2018

The Ordina N.V. (the 'Company') Supervisory Board drew up this remuneration report, taking into consideration the principles relating to the remuneration of Management Board members processed in the Dutch Corporate Governance Code (the 'Code').

Introduction

The prevailing remuneration policy is based on the premise that the remuneration package should comprise a fixed salary component in line with the prevailing market average plus a performance-driven variable bonus. In addition, the remuneration package takes into account socially relevant developments, such as an appropriate ratio between short-term and long-term variable bonuses and a so-called claw back clause in the contracts with the Management Board members. Members of the Management Board participate in Ordina's standard pension scheme. This is a defined contribution scheme. In addition, the pension accrual of the members of the Management Board has been maximised at the legally maximised pensionable salary less the franchise. The annual pension premiums for the aforementioned scheme are for the account of the Company and will be paid by the Company.

The key points of the remuneration policy for the Management Board are:

- The variable bonus on-target amounts to 100% of the reference salary when targets are met and has a maximum of 155%.
- The short-term and long-term variable bonuses for the members of the Management Board are subject to financial and non-financial targets. These targets include development of turnover and operating result, employee engagement, customer satisfaction, and the targets related to Corporate Social Responsibility (*maatschappelijk verantwoord ondernemen*).
- In the event that a director is dismissed by the company, there is in principle a fixed severance payment of at most one time the fixed annual salary.
- The policy includes a change-of-control provision (in the event that the position or the tasks of a member of the Management Board change substantially as a result of an acquisition of the Company, which results in a change in the control over the company, a member of the Management Board will receive a payment of one time the annual fixed salary).
- The Supervisory Board has the discretionary authority to adjust both the short-term and long-term variable bonus either upwards or downwards, in the event that the Supervisory Board is of the opinion that the unchanged application of the agreed policy would lead to an unreasonable or unintended outcome.

The aims of Ordina's remuneration policy

Ordina aims to create a culture with a strong focus on results. The emphasis in the remuneration policy is therefore on variable bonuses and long-term value creation. Ordina aims to realise the following with its policy:

- Develop, attract and retain the required leadership talent to maintain and extend Ordina's unique competencies and capacities.
- Encourage efforts that generate profitable long-term growth.
- Encourage behaviour that reinforces the company strategy and desired culture.
- Encourage cooperation between company divisions and operational functions.
- The remuneration is intended to promote value creation for shareholders and other stakeholders.
- Meet the best practice provisions in the Code.
- Be in line with the general principles of corporate governance.

Remuneration elements Management Board

The remuneration packages of the Management Board members are competitive when viewed in the context of the general executive market in the Netherlands when assessed at a function level. No specific reference segment has been defined within this market in view of the small number of companies with a profile comparable to Ordina's in terms of services, complexity and geographical spread.

The remuneration packages of the Management Board members are in accordance with the (aims of the) Company's remuneration policy, also taking into account the pay ratios within the Company. Where appropriate, the methodology used for the various components is similar to the methodology used for other relevant employees, whereby the concrete effect is also dependent on the relative weight of the position. For example, members of the Management Board and members of the Executive Committee are eligible for a long-term variable bonus which is based upon a similar methodology. During 2018, there were no amendments with regard to the foregoing.

Fixed salary

The basic salary including holiday bonus of the members of the Management Board remained unchanged in 2018.

The fixed salary including holiday bonus of the CEO and the CFO amounts on a full-year basis to:

CEO	EUR 387,551
CFO	EUR 271,329

Variable bonus

With regard to the variable bonus, the remuneration policy of the Management Board contains short-term and long-term variable components, aiming to support both short-term Company objectives and long-term value creation. This is also taking into account in the annual determination of the performance criteria, and the relative weight thereof. The importance of long-term value creation is furthermore underlined by claw-back and retention mechanisms.

In determining the variable short-term and long term variable bonus, the Supervisory Board analyses the possible outcome of the various performance criteria and the consequences thereof for the aforementioned bonuses. On the basis of said analysis and the performance, the Supervisory Board subsequently determines, in accordance with the remuneration policy, an appropriate reward, thereby taking notice of the views of the individual Management Board members.

Short-term variable bonus

The annual short-term bonus for the Management Board is determined on the basis of a number of performance criteria established by the Supervisory Board. These criteria are both financial and non-financial in nature.

The Supervisory Board has the option to adjust the balance between the targets within a certain bandwidth. The ratio between financial and non-financial targets has been set as follows. Of the short-term bonus, minimally 70% is related to the development of Ordina N.V.'s operating result in the reference year. The KPIs are turnover, the EBITDA, net profit and the positive free cash flow. The remaining (max.) 30% of the short-term bonus is based on clearly measurable, non-financial targets. These targets include employee engagement, customer satisfaction, the targets related to Corporate Social Responsibility (*maatschappelijk verantwoord ondernemen*) and the further improvement of added value. The targets have been selected so they do not encourage executives to put their own interests above those of the company or to take risks that are not in line with the agreed strategy.

In the event that the Supervisory Board believes all of the above-mentioned performance criteria have been met in a reference year (i.e. on target), a short-term bonus of 50% of the reference salary will be paid to the Management Board members over said reference year. Exceptional performances may result in a maximum short-term bonus of 70% of the reference salary. In the event that the board members have failed to realise at least 80% of a set target, no short-term bonus will be paid for that target. The Supervisory Board is authorised to differentiate between the Management Board members in allocating the short-term bonus, to reflect their individual contribution to the realisation of the agreed performance criteria.

Long-term variable bonus

In line with market practices, the members of the Management Board are each year provisionally granted a number of long-term performance-related shares in Ordina N.V. The realisation of the Management Board's long-term bonus is determined on the basis of a number of performance criteria established by the Supervisory Board, including both financial and non-financial criteria.

The Supervisory Board has the option to adjust the ratio between targets within a certain bandwidth. The Supervisory Board has decided to establish the ratio between financial and non-financial standards as follows. For the period 2018 to 2020, 70% of the long-term bonus is related to the development of Ordina's results. The KPIs for this are turnover, the EBITDA, net profit and the positive free cash flow. The remaining 30% of the long-term variable bonus depends on the non-financial targets customer satisfaction, employee engagement, the targets related to Corporate Social Responsibility (*maatschappelijk verantwoord ondernemen*) and the further improvement of added value.

The number of shares that can be obtained following the completion of a reference period in the event of an on-target performance amounts to 50% of the reference salary to be paid to the executive in question in the first year of the reference period, divided by the closing price on the last trading day of the previous financial year. In the event of exceptionally good performances, the board members may be granted shares unconditionally, after the end of the reference period, to the tune of 170% (equivalent to 85% of the reference salary in the first year of the reference period) of the on-target conditionally granted performance-related shares. If the board members realise 80% of the performance criteria established for the relevant reference period, this results in the unconditional granting of 50% of the on-target number of conditionally granted performance-related shares. If a board member fails to realise at least 80% of a set target, no long-term variable bonus will be paid for that target.

Pension commitments

Members of the Management Board participate in Ordina's standard pension scheme. The pension accrual is the legally maximised pensionable salary less the franchise. The annual pension premiums for the aforementioned scheme are for the account of the Company and will be paid by the Company.

Other elements

The members of the Management Board will have a car and a mobile phone at their disposal. They also receive a monthly expenses allowance to cover any expenses incurred.

Severance payment

The members of the Management Board may under certain circumstances be entitled to a severance payment. This payment will in principle be at most one time the annual fixed salary. If a member of the Management Board is dismissed during their first appointment term and if a remuneration of one time the fixed annual salary turns out to be unreasonable in the circumstances, this Management Board member is in principle eligible for a severance payment of at most two times the fixed annual salary.

Application remuneration policy

Salary development

The basic salary including holiday bonus of the members of the Management Board remained unchanged in 2018.

The fixed salary including holiday bonus of the CEO and the CFO amounts on a full-year basis to:

CEO	EUR 387,551
CFO	EUR 271,329

Pension

Both members of the Management Board participate in the Company's standard pension scheme.

Other elements

The members of the Management Board have a car and a mobile phone at their disposal. They also receive a monthly expenses allowance to cover any expenses incurred. The herewith related costs amount in 2018 for both members of the Management Board to approx. EUR 0.1 mln. The costs are not included in the overview on page 6.

Short-term bonus

In accordance with the Ordina N.V. remuneration policy, the short-term bonus is determined by financial and non-financial targets, with the financial targets carrying more weight than the non-financial targets. The members of the Management Board have identical targets.

A number of targets for 2018 were exceeded and a number of targets were not realised. In the year under review, revenues were higher and the company recorded a net profit. The target related to a further improvement in the company's net cash position was also realised. However, the development of the EBITDA lagged the defined target. In terms of the non-financial targets, we concluded that client satisfaction improved when compared to 2017, in line with the defined ambition, as did the employee engagement. On the sustainability front, Ordina once again sharpened the focus of its sustainability strategy in 2018. This was accompanied by concrete targets, virtually all of which were achieved.

In view of the above, the Supervisory Board decided to grant Jo Maes (CEO) and Annemieke den Otter (CFO) a short-term bonus payment of EUR 208,237 and EUR 145,766 respectively. This equals a pay-out percentage of 108% of the on-target bonus.

The weighted payment percentage divided into financial and non-financial targets amounted to:

Short-term variable bonus 2018	Weighting	Weighted payment percentage
Financial targets	70%	87%
Non-financial targets	30%	21%
Total of all targets	100%	108%
Bandwidth score per KPI 0%-100%		

Long-term bonus

Like the short-term bonus, the long-term bonus is determined by financial and non-financial targets, with the financial targets carrying more weight than non-financial targets. These targets are once again the same for both members of the Management Board. If the targets as defined on-target are realised, the long-term

variable bonus amounts to 50% of the gross annual fixed salary (including holiday pay).

Each member of the Management Board has been granted three variable bonus schemes on the basis of which performance-related shares may be granted. This pertains to a scheme which ran from January 2016 to the end of December 2018, a scheme which runs from January 2017 to the end of December 2019 and a scheme which runs from January 2018 to the end of December 2020.

In view of the scheme that ran from January 2016 to the end of December 2018 it was determined that With respect to the scheme that ran from January 2016 through December 2018, it was determined that the development of the revenue was in line with the defined ambition. The targets with respect to the EBITDA margin and net profit were not realised. In terms of the non-financial targets, including image and client satisfaction, the company achieved solid results, in line with defined targets.

In view of the above, Jo Maes was granted 30,701 performance-related shares. Annemieke den Otter was unconditionally granted 24,731 performance-related shares. This is equivalent to a pay-out percentage of 50% of the Management Board's on-target bonus. The shares were allocated on a *pro rata* basis and on the basis of the closing price of Ordina N.V. shares prior to the date of appointment to the Management Board.

With respect to the scheme that runs from January 2017 to the end of December 2019, Jo Maes was conditionally granted 91,646 Ordina N.V. shares and Annemieke den Otter 63,859 Ordina N.V. shares. With respect to the scheme that runs from January 2018 to the end of December 2020, Jo Maes was granted 123,686 Ordina N.V. shares and Annemieke den Otter 86,580 Ordina N.V. shares.

Members of the Management Board are not allowed to sell their shares within two years after these have been granted unconditionally, unless any (partial) sale of said shares is for the sole purpose of paying any levies or premiums related to the shares granted.

The weighted payment percentage divided into financial and non-financial targets amounted to:

Long-term variable bonus 2018 (LTI 2016-2018)	Weighting	Weighted payment percentage
Financial targets	70%	15%
Non-financial targets	30%	35%
Total of all targets	100%	50%
Bandwidth score per KPI 0%-100%		

Severance pay

In 2018, no severance pay was paid to the members of the Management Board.

Options

The members of the Management Board do not own any options on shares.

Pay ratio

Following best practice provision 3.4.1 sub iv of the Dutch Corporate Governance Code, the pay ratio was drawn up. The pay ratio for the Management Board over 2018 is 10.34 (2017: 9.14). This pay ratio is calculated (with reference to notes 23 and 32.2.2 of the Annual Report 2018) by comparing the average salary costs for the Management Board in 2018 with the average salary costs/employee of the Ordina Group, excl. Management Board. The pay ratio is slightly higher in 2018 compared to 2017, a.o. due to a decrease in the number of employees.

Total remuneration 2018 (rounded on thousands of Euros and exclusive other elements)

Remuneration Management Board (EUR)	J. Maes	J.W. den Otter	Total
Fixed salary	387,551	271,329	658,880
Variable component/ Short-term, cash based	208,237	145,766	354,003
Pension contribution	5,779	6,007	11,786
Variable component/ long term, share based	111,074	72,505	183,579
Total	712,641	495,607	1,208,248

Performance-related shares held by members of the Management Board

Conditionally granted shares Management Board members

Performance-related shares	Shares conditionally granted on target	Moment of vesting	On-target bonus determined on the basis of the remuneration policy (in EUR)
J. Maes			
2017-2019	123,686	Q1 2021	192,456
2017-2019	91,646	Q1 2020	192,456
J.W. den Otter			
2017-2019	86,580	Q1 2021	134,719
2016-2018	63,859	Q1 2020	133,013