

REMUNERATION REPORT

We aim for enhanced transparency on our Management Board remuneration

REMUNERATION POLICY

This section provides an overview of the Remuneration Policy for TomTom's Management Board. The Remuneration Policy has been adopted by the General Meeting, most recently in 2014.

Objectives and principles

TomTom's remuneration policy is designed to attract and retain talent and aims to provide fair, competitive and responsible remuneration for all employees, including the Management Board members. Success for the business means success for the individual employee. The policy provides a company-wide framework for the result-driven remuneration, linked to the achievement of strategic objectives.

The Remuneration Policy for the Management Board supports the company's strategy, its operational and financial results, and delivery of long-term value creation to all our stakeholders. The Management Board defines the company's strategy and the Supervisory Board decides how to reward its successful delivery and ensures that the policy and its implementation are linked to the company's strategic priorities.

TomTom's strategic focus is on future growth. The remuneration of the Management Board members is intended to encourage behaviors that focus on both short-term results generation to ensure ongoing progress and financial stability, and long-term value creation by pursuing growth opportunities through TomTom's location-based technologies and innovative services.

Our Remuneration Policy reflects the following remuneration principles, which shape the nature and positioning of pay for Management Board members as well as for senior management within TomTom:

- Company strategy and long-term value creation.
- Consistency within TomTom and comparable practices.
- Attractiveness and competitiveness.
- Simplicity.
- Compliance with relevant laws and regulations and the Dutch Corporate Governance Code.
- Respect for all stakeholders.

Summarised view of our remuneration policy and application in 2018

	Policy summary	Application in 2018 summary*
Base salary	<ul style="list-style-type: none"> ➤ Median market level of peer group benchmark (conducted at least every three years). ➤ Reviewed annually considering market environment and any planned adjustments for other employees. 	<ul style="list-style-type: none"> ➤ Base salary as follows: <ul style="list-style-type: none"> - Harold Goddijn €474,166 - Alain De Taeye €395,138 - Taco Titulaer €338,580 Salaries of Management Board members were adjusted by 2.6% to reflect Dutch salary market movement.
Short-term incentive	<ul style="list-style-type: none"> ➤ On target variable pay CEO: 80% of base salary. ➤ On target variable pay other Management Board members: <ul style="list-style-type: none"> - 64% of base salary. ➤ Maximum level: CEO 120%, other Management Board members 96%. ➤ Aligned with company variable pay structure. ➤ Payout in cash based on annual targets, typically financial in nature. 	<ul style="list-style-type: none"> ➤ Measures: <ul style="list-style-type: none"> - Revenue (excluding Consumer Revenue): 50% - EBITDA minus CAPEX: 50%. ➤ Actual payout: <ul style="list-style-type: none"> - CEO: 120% of base salary - Management Board members: 96% of base salary - The payout incentive zone is linear between minimum and target, and between target and maximum.
Long-term incentive	<ul style="list-style-type: none"> ➤ Stock option plan only incentive. ➤ Annual grant, options vest after three years. ➤ Vesting is conditional upon employment only. ➤ Target level CEO: 140% of base salary. ➤ Target level for other Management Board members: <ul style="list-style-type: none"> - 100% of base salary. ➤ Actual grant levels do not deviate from target. 	<ul style="list-style-type: none"> ➤ Stock option grants as follows: <ul style="list-style-type: none"> - Harold Goddijn 201,500 options - Alain De Taeye 120,000 options - Taco Titulaer 102,800 options ➤ Vest on the 3rd anniversary of grant, expire at the 7th anniversary of grant. ➤ Conditional on continued employment.
Pension benefits	<ul style="list-style-type: none"> ➤ Maximum contribution: 20% of gross annual base salary. ➤ Opportunity to opt out of the pension provisions. 	<ul style="list-style-type: none"> ➤ Harold Goddijn Waived his pension rights ➤ Alain De Taeye €79,028 ➤ Taco Titulaer €67,716

* For a two year remuneration overview reference is made to note 35 in the consolidated financial statements.

REMUNERATION REPORT CONTINUED

APPLICATION IN 2018

This section provides an overview of i) the application in 2018 of the Remuneration Policy, ii) other information to ensure transparent Remuneration Reporting and, iii) important contract terms of the Management Board members with the company.

Peer group and 2018 benchmark

The peer group serves as an essential yard stick to determine the overall competitiveness of the company's Management Board remuneration and gives an appropriate reflection of the competitive markets in which TomTom is operating. In principle, a benchmark with a peer group is conducted at least every three years. In the years where no benchmark is performed, the Supervisory Board considers the appropriateness of any changes to the base salary based on the market environment as well as on the salary adjustments for TomTom employees.

The peer group is reviewed and updated, if necessary, simultaneously with the performance of the benchmark. For 2018, a new benchmark was performed, and this review resulted in the changes of the peer group as detailed on this page. The changes to the peer group are due to significant consolidation in the industry, changes in the scope of peer companies, or changes to TomTom's strategic focus rendering peer companies no longer relevant. The peer group consists of the following 23 companies which are relevant technology organizations in the Netherlands, the European Union and the United States.

2018 Peer group

- US Technology
- Blackberry LTD (Canada)*
- CalAmp Corp.
- Fortive Group*
- Garmin LTD
- Inseego Corp*
- MiX Telematics LTD
- Nuance Communications*
- Telenav Inc.
- Trimble Inc.

- EU Technology
- CompuGroup Medical SE
- Continental – Chassis & Safety*
- HERE Technologies
- Igenico Group SA*
- Kudelski SA
- Micro Focus International PLC*
- SimCorp A/S
- Software AG*
- Temenos AG

- Dutch Technology
- Adyen NV*
- ASM International NV
- Signify NV*
- Takeaway.com NV*
- Wolters Kluwer NV

* Represent new additions to the peer group for 2018

Base salary

The salaries of the Management Board members were assessed against the market environment and the adjustments for other employees. For 2018, the salaries were adjusted by 2.6% in line with the salary market movement for employees in the Netherlands.

Additionally, the level of the base salary was separately benchmarked in 2018, for consideration for 2019. The result of the benchmark indicated that the base salary for the CEO remains under median market level. The base salary of the Management Board Member is in line with the median market level. The base salary of the CFO however, was below market median of the benchmark results.

Short-term incentive

TomTom's short-term incentive plan is the annual incentive plan in which Management Board members participate. This plan is aligned with incentive schemes throughout the company.

The 'on-target' variable pay percentages for the Management Board members are assessed relative to those of our peer group of companies. The 'on-target' variable pay percentage is 80% of base salary for the CEO, and 64% of base salary for the other Management Board members.

In case of excellent performance, the maximum variable pay opportunity is 120% of the base salary for the CEO and 96% of the base salary for the other Management Board members, which represents 150% of the target variable pay levels. The minimum variable pay opportunity is 0% of base salary. The short-term incentive structure is detailed in the following table.

2018 Management Board variable pay structure

	Target Performance Variable pay Award Level (% of salary)	Minimum Performance Variable pay Award Level (% of salary)	Maximum Performance Variable pay Award Level (% of salary)
CEO	80%	0%	120%
Management Board members	64%	0%	96%

The benchmark conducted in 2018 indicated the target short-term incentive levels as a percentage of base salary provided to Management Board members were in line with market median of the peer group.

REMUNERATION REPORT CONTINUED

2018 performance criteria and outcomes

On an annual basis, the Supervisory Board determines the most relevant performance criteria for the Management Board short-term incentive plan. These KPIs provide the framework for incentive schemes throughout the company. Additionally, the Supervisory Board sets challenging, but realistic target levels for each of those performance criteria. The emphasis for 2018 was on financial metrics reflecting a focus on profitable growth in line with the company's strategy of achieving growth while maintaining expected levels of profitability for TomTom as a whole. These performance criteria are an important measure of the success of the execution of the company's strategy and, as such, the remuneration is directly linked to long-term value creation by the company.

The target levels are set at the beginning of the year and do not change during the year. The performance against these targets is reviewed every quarter. The final assessment is determined at the end of the fiscal year, based on the audited financial results. Any potential payout under the short-term incentive plan occurs annually during the first quarter of the next financial year. A minimum level of performance must be achieved before any payment under the plan will be made. Payout is capped at an outstanding level of performance, known as the maximum.

The final assessment of performance under the short-term incentive plan is done by the Remuneration Committee, after consultation with the Audit Committee and proposed to the Supervisory Board for decision making purposes. In preparation for that final assessment, the Chairs of the Remuneration Committee and the Audit Committee review the final outcomes, inclusive of any quality of earnings elements, to ensure complete alignment on performance by both committees.

Both revenue and EBITDA – CAPEX targets were overachieved in 2018 resulting in a maximum performance variable pay.

The Supervisory Board considered the overall performance of the Management Board and concluded there was no reason not to award the maximum variable pay for 2018.

2018 criteria and outcomes – Short-term incentive

Measures ¹	Measure Weight	Achievement	Variable pay Outcome
Revenue	50%	150% of target	75%
EBITDA – CAPEX	50%	150% of target	75%
Total	100%		150%

¹ These measures are non-GAAP metrics (refer to page 116). The revenue reflects group revenue minus Consumer revenue, to address the business transformation of TomTom. The EBITDA minus CAPEX measure was introduced in 2017 in order to optimize cash flow generation and encompasses TomTom as a whole.

2018 Variable pay outcome calculations

Harold Goddijn			
Target variable pay:			€ 568,999
€ 474,166 (base salary) x 80% = € 379,333	×	Outcome: 150%	= (120% of base salary)
Alain De Taeye			
Target variable pay:			€ 379,333
€ 395,138 (base salary) x 64% = € 252,888	×	Outcome: 150%	= (96% of base salary)
Taco Titulaer			
Target variable pay:			€ 325,037
€ 338,580 (base salary) x 64% = € 216,691	×	Outcome: 150%	= (96% of base salary)

Long-term incentive

TomTom's long-term incentive refers to an option-based incentive plan. All options shall be granted on an annual basis and vesting is conditional on the continued employment of the Management Board members. The options will vest three years after the grant date. The vesting of the options is not subject to the achievement of pre-determined performance criteria. The options and the right to exercise the same will expire on the seventh anniversary date of the grant date.

As explained in the Corporate Governance report, our long-term incentive plan does not comply with best practice provision 3.1.2 v) of the Dutch Corporate Governance Code (Code) to the extent that there are no performance conditions set prior to the grant. Stock options carry an 'innate de facto' performance condition that focuses on achieving stock price growth, and therefore increasing shareholder value, before any monetary value can be derived from the stock option grants. The inclusion of vesting conditions, in addition to the increase of TomTom's share price, results in multiple hurdles which reduce the effectiveness of the plan.

REMUNERATION REPORT CONTINUED

2018 Long-term incentives

The annual stock option grants are set as a percentage of the fixed salary of the Management Board members. The following overview shows the number of stock options granted to each of the members of the Management Board in 2018.

Management Board member	% of gross annual salary	Number of stock options
Harold Goddijn	140%	201,500
Alain De Taeye	100%	120,000
Taco Titulaer	100%	102,800

See note 35 – consolidated financial statements.

The benchmark conducted in 2018 indicated the target long-term incentive levels as a percentage of base salary provided to Management Board members were in line with the market median of the peer group. However, the benchmark also indicated that stock options are much less prevalent than in prior benchmark assessments.

Management Board member	Pension contribution according to the following agreement	Pension contribution 2018
Harold Goddijn	Opted to waive his rights to participate in the company pension plan as well as his rights to receive a gross pension allowance instead.	No pension contribution
Alain De Taeye	Pension contribution is capped at 20% of gross annual base salary, to be paid as a gross pension allowance.	€ 79,028
Taco Titulaer	Total pension contribution is capped at 20% of gross annual base salary; this pension contribution is split into a contribution into the company's pension plan and a gross pension allowance. The company's pension plan is a Defined Contribution plan with age defined contribution percentages and a salary cap at EUR 105,075 in 2018. Employee contribution is 6.1% of pension base.	€ 67,716 (consisting of € 7,071 into the company pension plan and € 60,645 as gross pension allowance).

Other benefits

In addition to the pension benefits, the Management Board members receive remuneration for items such as medical insurance, death and disability insurance, and car allowances. They also benefit from directors' and officers' liability insurance coverage. These benefits are in line with market practice. The company does not provide loans to members of the Management Board.

Pension benefits

Pension contributions are an element of the overall total remuneration of Management Board members, and vary by individual. However, members may elect to waive their rights for personal reasons. The scheme below provides an overview of the pension contributions.

OTHER INFORMATION

Pay ratio

The Code requires TomTom to report on the pay ratio within the company. The pay ratio used by TomTom reflects the average total compensation of the total global employee workforce of TomTom relative to the total remuneration package of the CEO of the company. This has resulted in the following outcome:

Fiscal year	CEO Total Remuneration (Excluding social security costs)	Average Total Compensation (All global employees) ¹	Resulting Pay Ratio
2018	€ 1,579,052	€ 54,621	28.9
2017	€ 1,388,686	€ 55,648	25.0
2016	€ 1,001,065	€ 51,882	19.3

¹ Total personnel expenses (note 7 – consolidated financial statements) excluding social security costs, Management Board total remuneration and capitalized employee expenses.

The pay ratio increased for 2018 as a result of the successful achievement of the short-term variable pay plan. The Supervisory Board deems the pay ratio for TomTom of 28.9 to be at an acceptable level, since it's within the market range (based on 2017 intelligence related to AMX companies).

TomTom also reviews on an annual basis the livable wage of each location in which we operate as well as the local competitive dynamics. If needed, adjustments are made to ensure team members are above those levels as part of TomTom's efforts to be a good employer. This contributes in a positive manner to our conservative pay ratio.

CEO Target Compensation Mix

The Remuneration Committee believes that the CEO's target compensation mix aligns with long-term interests of shareholders. As illustrated in the chart, the target pay that is at risk for the CEO represents 69% of the total compensation package and is designed to reward for the performance of the company.



Base	31%
Target Variable	25%
Target LTI	44%
Pension	–

► Target pay at Risk

REMUNERATION REPORT CONTINUED

Scenario analysis

A scenario analysis of the possible outcomes of the variable components and the impact on the remuneration of the Management Board members is conducted annually to minimise the risk that the performance criteria lead to inappropriate outcomes. The effect of different performance scenarios on the level and composition of the remuneration has been analyzed and the outcome hereof has been taken into consideration by the Supervisory Board when reviewing the Management Board remuneration. These scenarios include minimum (0%), target (100%) and maximum (150%) variable pay achievement and share price appreciation of 0%, 8% and 20% per annum. Under all scenarios, minimum, target, and maximum levels of performance, the Supervisory Board has assessed that the range of potential remuneration is within outcomes appropriate for that level of performance.

Own views of Management Board members

Each individual Management Board member shares his view of his own remuneration package with the Chairman of the Remuneration Committee at least once per year. The feedback is shared with the other Remuneration Committee members. The Remuneration Committee considers all feedback when discussing and evaluating the Remuneration Policy including its components and outlook.

Exceptional individual performance

The Supervisory Board did not choose to use its discretion in 2018 to provide an additional variable pay for each member of the Management Board for exceptional individual performance, although this is possible under the Remuneration Policy article 5.7.

Share ownership

TomTom does not have share ownership guidelines for its Management Board members. Harold Goddijn is one of the founders of TomTom, and Alain De Taeye founded Tele Atlas, which was acquired by TomTom in 2008.

Management Board members	Current shares	Value of shares (as a multiple of base salary at 31 December 2018)
Harold Goddijn	26,319,332	438.5
Alain De Taeye	278,643	5.6

* Taco Titulaer does not own any shares.

OTHER POLICY INFORMATION AND CONTRACT TERMS

Revision and claw back of variable pay

The claw back provision as reflected in the Remuneration Policy is in accordance with Dutch law and forms an integral part of the employment contracts of the members of the Management Board. This means that if the variable pay, in the opinion of the Supervisory Board, produces an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been achieved, the Supervisory Board has the power to adjust the value downwards or upwards. In addition, the Supervisory Board is entitled at its discretion to recover on behalf of the company any variable pay awarded on the basis of incorrect financial data or other data, provided that such recovery decision shall be made in good faith.

This right of recovery exists irrespective of whether the Management Board member has been responsible for the incorrect financial data or other data or was aware or should have been aware of this incorrectness.

Change of control

In case of a change of control, the Supervisory Board may determine that any options, granted to the Management Board member, shall be (deemed to be) exercisable immediately prior to and conditional upon such change of control, or during such period after the change of control as the Supervisory Board may specify. Failing exercise in such change of control event, the options will lapse.

Term of appointment

The term of appointment for all members of the Management Board is four years, while the term of employment is indefinite. Management Board members may be re-appointed for another term of four years at a time.

Notice period

All members of the Management Board have a notice period of 6 months. For the company this notice period is 12 months for termination without cause under the applicable employment agreements with the respective Management Board members.

Severance compensation

In the event that the employment of a member of the Management Board is terminated by, or on the initiative of, the company, the Management Board member is entitled to a severance payment limited to 50% of one year's base salary, unless a higher statutory severance compensation applies.

These terms will not apply if the employment of a member of the Management Board is terminated for any reason as set out in articles 7:677 (1) and 7:678 of the Dutch Civil Code. In such situations, the Management Board member will not be entitled to any severance compensation. A member of the Management Board will not be entitled to severance compensation if the employment is terminated by himself, or on his own initiative.

OUTLOOK 2019

The Supervisory Board of TomTom has conducted a periodic review of the Remuneration Policy that has been adopted by the General Meeting, most recently in 2014. The benchmark performed in 2018 has shown that the Management Board has a well-balanced remuneration package with an appropriate emphasis on the long-term. However, it indicated the need for limited change to competitive remuneration levels. The table below summarises the results for the key elements of remuneration:

	Base Salary Levels	Short-Term Incentive Target	Long-Term Incentive Target
Harold Goddijn	No change	No change	No change
Taco Titulaer	Increase of 15.2% to €390,000	No change	No change
Alain De Taeye	No change	No change	No change

REMUNERATION REPORT CONTINUED

For the 2019 short-term incentive scheme, no changes are anticipated. Given the continued operational focus on growing the business and optimising profitability, the Supervisory Board feels that the current KPIs (Revenue and EBITDA – CAPEX), equally weighted, are still appropriate.

Regarding the long-term incentive scheme, within an otherwise unchanged policy, the Supervisory Board proposes to change the current long-term incentive from stock options to restricted stock units (RSUs) and to introduce shareholding guidelines.

TomTom will become an even more focused and agile company, shaping the future of driving with highly accurate maps, navigation software and real-time traffic information and services. The introduction of RSUs will facilitate the promotion of share ownership and therefore align management better with shareholder interests and long-term value creation.

RSUs are a simpler and more transparent instrument compared to stock options. Outcomes of the grant are more predictable, both for the recipients and for shareholders, as downward risk and upward potential are more balanced. Improved predictability makes RSUs more attractive to the top managers that TomTom wants to attract and retain.

RSUs will vest after 3 years, conditional to continued employment, supported by an extended 2-year holding period. Share ownership is encouraged by shareholding requirements of at least 3 times base salary for the CEO and 2 times base salary for other Management Board members.

As with stock options, vesting is not dependent on performance conditions as it has proven difficult for a company like TomTom in a rapidly changing market niche to set performance targets over a longer period of time. The Supervisory Board will have the discretion, as a performance underpin, not to award RSUs in case of exceptional market or business circumstances. Further internal consistency is maintained as the long-term incentive plan for the senior leadership will also shift to RSUs in 2019 as it is a superior retention instrument.

The target value of the RSU grant will be equal to the target value of stock options, at 140% of base salary for the CEO and 100% for the other Management Board members, whereby the number of RSUs granted will be between 40% to 60% lower than the number of stock options granted, based on a commonly accepted calculation methodology.

Changes to the Remuneration Policy will be submitted for approval to the Annual General Meeting to be held on 17 April 2019.