

REMUNERATION REPORT

REMUNERATION REPORT 2017: MANAGEMENT BOARD

REMUNERATION POLICY

This section provides an overview of the Remuneration Policy for TomTom's Management Board, and the application thereof in 2017. The Remuneration Policy has been adopted by the General Meeting, most recently in 2014.

Objectives and principles

TomTom's remuneration strategy is designed to attract and retain talent and aims at providing fair, competitive and responsible compensation for all employees, including Management Board members. Our Remuneration Policy reflects the company's remuneration strategy and vision: success for the business means success for the individual employee. The policy provides a responsible and sustainable remuneration framework for the Management Board members

in line with the result-driven remuneration principles and practices throughout the company aimed at motivating for achieving our strategic objectives.

The policy 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 with the company's strategic priorities.

TomTom's strategic focus is to grow its automotive navigation and automated driving business and its enterprise online location-based API business. The remuneration of the Management Board members is intended to encourage behaviours that focus on a mix of short-term results generation to ensure ongoing progress and financial stability, as well as long-term value creation by pursuing growth opportunities through TomTom's navigation technologies.

Summarised view of our remuneration policy and application in 2017

	Policy summary	Application in 2017 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 €462,150 - Alain De Taeye €385,125 - Taco Titulaer €330,000 No change to the salary of any Management Board member 						
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: 85% (of base salary) - Management Board members: 68% (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 Annual grant and 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 165,000 options - Alain De Taeye 100,000 options - Taco Titulaer 85,000 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 	<table> <tr> <td>Harold Goddijn</td> <td>Waived his pension rights</td> </tr> <tr> <td>Alain De Taeye</td> <td>€77,025</td> </tr> <tr> <td>Taco Titulaer</td> <td>€66,000</td> </tr> </table>	Harold Goddijn	Waived his pension rights	Alain De Taeye	€77,025	Taco Titulaer	€66,000
Harold Goddijn	Waived his pension rights							
Alain De Taeye	€77,025							
Taco Titulaer	€66,000							

* For a two year remuneration detail reference is made to Note 33 in the consolidated financial statements.

Our Remuneration Policy reflects the remuneration principles, as listed below, 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
- Attractiveness and competitiveness
- Compliance with relevant laws and regulations and the Dutch Corporate Governance Code

Peer group

The peer group serves as an essential yardstick 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. The peer group consists of the following 22 companies which are relevant technology organisations in the Netherlands, the European Union, and the United States.

US Technology	EU Technology	Dutch Technology
Garmin	Temenos Group	ASM International
Telenav	CompuGroup Medical	ASML
Verizon Telematics	SimCorp	Philips
MiX Telematics	Imaginations Technologies Group	NXP Semiconductors
GoPro	Kudelski	Wolters Kluwer
Trimble	Bittium	
Fitbit	HERE	
Samsung Electronics	Arris Group	
CalAmp		

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 our employees. The peer group is being reviewed and updated, if necessary, simultaneously with the performance of the benchmark. The last time a benchmark was performed was in 2015 and the next one is planned for 2018.

APPLICATION OF REMUNERATION POLICY IN 2017

Base salary

The level of the base salary is separately benchmarked as described above; most recently in 2015.

The base salary for the CEO remains under median market level. However, it was decided not to bring the CEO's base salary closer to the median in 2017. The base salaries of the other two members of the Management Board are in line with the median market level in accordance with the benchmark results performed in 2015. Additionally, the salaries were assessed against the market environment and the adjustments for other employees, and for 2017, it was concluded that none of the salaries of the members of the Management Board needed adjustment.

Short-term incentive

TomTom's short-term incentive plan is the annual incentive plan in which Management Board members participate. 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.

2017 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%

2017 performance criteria and outcomes

On an annual basis, the Supervisory Board determines the most relevant KPIs for the Management Board short-term incentive plan. Additionally, the Supervisory Board sets challenging, but realistic target levels for each of those performance criteria. The emphasis for 2017 was on financial metrics reflecting a focus on profitable growth. The Supervisory Board deemed these criteria to be appropriate to measure the company's strategy balancing the growth while maintaining expected levels of profitability for TomTom as a whole. These KPIs 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. There is a range within which a payout under the plan may occur, as detailed in the structure above. A minimum level of performance must be achieved before any payment under the plan will be made. Payout is capped at the excellence level of performance, known as the maximum.

The final assessment of performance under the short-term incentive plan is done by the Remuneration 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.

2017 measures and outcomes - Short-term incentive

Measures ¹	Measure Weight	Variable pay Outcome
Revenue	50%	49%
EBITDA - CAPEX	50%	57%
Total	100%	106%

¹ These measures are non-GAAP metrics (refer to page 122). 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 optimise cash flow generation and encompasses TomTom as a whole.

2017 Variable pay outcome calculation

Harold Goddijn				
Target variable pay: €462,150 (base salary) x 80% = €369,720	X	Outcome: 106%	=	€392,273 (85% of base salary)
Alain De Taeye				
Target variable pay: €385,125 (base salary) x 64% = €246,480	X	Outcome: 106%	=	€261,515 (68% of base salary)
Taco Titulaer				
Target variable pay: €330,000 (base salary) x 64% = €211,200	X	Outcome: 106%	=	€224,083 (68% 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 to 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 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 for the Management Board to attain, in order to obtain any potential value. The Supervisory Board continues to believe that under a stock option plan without performance conditions, the Management Board remains continuously focused on creating long-term value for all its stakeholders. In addition, the option plan enables TomTom to be competitive for international senior (technology) leadership talents.

The Supervisory Board confirmed that the option-based incentive plan reflects the company's long-term focus on growth where value only materialises upon the successful execution of the company's strategy by the Management Board.

2017 Long-term incentives

The annual stock option grants are set as a percentage of the fixed salary of the Management Board members. The scheme below provides an overview of the number of stock options granted to each of the members of the Management Board in 2017.

Management Board member	% of gross annual salary	Number of stock options
Harold Goddijn	140%	165,000
Alain De Taeye	100%	100,000
Taco Titulaer	100%	85,000

See note 33 - consolidated financial statements

Pension benefit

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 provided by TomTom to each of the members of the Management Board in 2017.

Management Board member	Pension contribution according to the following agreement	Pension contribution 2017
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.	€77,025
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 pension plan and a gross pension allowance. The company pension plan is a Defined Contribution plan with age defined contribution percentages and a salary cap at EUR 103,217 in 2017. Employee contribution is 6.1% of pension base.	€66,000 (consisting of €8,369 into the company pension plan and €57,631 as gross pension allowance)

Other benefits

In addition to the pension benefits, the Management Board members also 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.

however, TomTom has also included the ratio for the 2016 financial year for comparison purposes. 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
2017	€1,388,686	€55,648	25.0
2016	€1,001,065	€51,882	19.3

¹ Total personnel expenses (note 6 - consolidated financial statements) excluding social security costs, Management Board total remuneration and capitalised employee expenses.

OTHER REMUNERATION INFORMATION

Pay ratio

The new Corporate Governance Code requires TomTom to report on the pay ratio within the company. 2017 was the first financial year that TomTom reported on such pay ratio,

The Supervisory Board deems the pay ratio for TomTom of 25.0 to be at an acceptable level. TomTom also reviews on an annual basis the livable wage of each location in which we operate as well as the competitive dynamics and ensures that, if needed, adjustments are made to ensure team members are above those levels as part of TomTom's efforts at being a good employer. This contributes in a positive manner to our conservative pay ratio.

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. The effect of different performance scenarios on the level and composition of the remuneration have been analysed 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 expected outcomes reflective of 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 2017 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 2017)
Harold Goddijn	26,319,332	470.4x
Alain De Taeye	278,643	6.0x

* Taco Titulaer does not own any shares.

OTHER POLICY INFORMATION

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.

LOOKING AHEAD 2018

The base salary for the CEO remains under median market level, but will not be brought closer to the median in 2018. The base salaries of the other two members of the Management Board are in line with the median market level. However, an indexation of 2.6% of the salaries of all members of the Management Board shall take place in 2018.

For the short-term incentive scheme for 2018, no changes are anticipated. Given the continued focus on growing the business and on optimising profitability, the Supervisory Board feels that the current KPIs, equally weighted, are still appropriate.

For the long-term incentive scheme for 2018, no changes are anticipated. The Supervisory Board is of the opinion that the unconditional stock option plan is appropriate and corresponds with the company's long-term focus on growth.