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# Remuneration Policy 2020

ACTIAM N.V.

# Remuneration Policy

This paragraph describes Athora Netherlands' group remuneration policy and more specifically ACTIAM's remuneration policy and explains how the policy is implemented in practice.

ACTIAM pursues a prudent, restrained and sustainable remuneration policy that is in line with ACTIAM's strategy, its risk appetite and its values. The policy complies with the relevant statutory and regulatory requirements. A guiding principle of the remuneration policy is that it does not encourage employees of ACTIAM to take more risks than considered responsible within the context of ensuring that the highest regard is provided to the interests of clients and investors in the funds that are managed by ACTIAM.

## GOVERNANCE

The remuneration policy of ACTIAM is designed within the framework of Athora Netherlands' group remuneration policy whilst making allowance for rules and regulations governing ACTIAM in its capacity as fund manager under the AIFM Directive. ACTIAM's remuneration policy is in that respect based on the Alternative Investment Fund Managers Directive 2011/61/EU ("AIFMD") and the Guidelines on sound remuneration policies under the AIFMD ("ESMA Guidelines").

The remuneration policy is in line with the Dutch Financial Undertakings Remuneration Policy Act (Wet Beloningsbeleid Financiële Ondernemingen or "Wbfo") which is incorporated in the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht or "Wft / FMSA"), the Commission Delegated Regulation (EU) 2015/35 ("Solvency II") and the Guidelines on System of Governance of the European Insurance and Occupational Pensions Authority ("EIOPA Guidelines"). Taking into consideration Athora Netherlands' capacity as shareholder of ACTIAM, ACTIAM's remuneration policy has been approved by Athora Netherlands' Supervisory Board, taking into account, insofar as applicable, the rights of the Works Council.

All employees working for ACTIAM are expected to work in accordance with the Code of Conduct, the oath and any applicable regulations. ACTIAM encourages all relevant employees to have a DSI's Basic Integrity Registry and requires VBA, CFA certification and/ or additional DSI registrations for specific functions. ACTIAM periodically participates in market surveys, which maps out the remuneration policies of similar fund and asset managers. ACTIAM uses the outcome of the survey to gain an understanding of the competitiveness of its remuneration policy and to benchmark its remuneration policy against best practices in the market.

## IDENTIFIED STAFF

According to Article 20 of the ESMA Guidelines, unless it is demonstrated that they have no material impact on the AIFM's risk profile or on an AIF it manages, the following categories of staff should be defined as 'Identified Staff':

- Executive and non-executive members of the governing body of the AIFM, depending on the local legal structure of the AIFM, such as: directors, the chief executive officer and/ or executive and non-executive partners;
- Senior management;
- Control functions;
- Staff responsible for heading the portfolio management, administration, marketing, human resources;
- Other risk takers such as: staff members, whose professional activities - either individually or collectively, as members of a group (e.g. a unit or part of a department) - can exert material influence on the AIFM's risk profile or on an AIF it manages, including persons capable of entering into contracts/positions and taking decisions that materially affect the risk positions of the AIFM or of an AIF it manages. Such staff can include, for instance, sales persons, individual traders and specific trading desks.

Athora Netherlands has established a Working Group Identified Staff comprising the directors of Human Resources, Legal, Financial Risk, Non-Financial Risk and Audit ("Working Group Identified Staff", "WGIS"). The Working Group Identified Staff provides input to Athora Netherlands' Supervisory Board with regard to decision making on the Identified Staff list as well as Identified Staff remuneration. A list of Identified Staff is centrally registered and updated at least once a year. The criteria for qualifying as and identifying Identified Staff are reviewed on an annual basis in accordance with the applicable laws, regulations and ESMA Guidelines.

The Board of ACTIAM decides on the hiring of candidates and the remuneration of the ACTIAM employees. As part of the selection process of new candidates for the Board of ACTIAM and senior management or control functions (identified staff), they are firstly presented to the WGIS and thereafter presented to the Executive Board and the

Remuneration and Nomination Committee of the Supervisory Board of Athora Netherlands ("ReNomCo"). The ReNomCo approves the remuneration of Identified Staff.

## EMOLUMENTS

The remuneration of ACTIAM employees consists of a fixed annual salary, a variable remuneration, a pension scheme and other fringe benefits. ACTIAM has separate variable remuneration schemes for Identified Staff and non-identified staff. As of 2018, Athora Netherlands abolished performance-related variable remuneration for the ACTIAM Statutory Board.

### Fixed remuneration

The fixed annual gross salary consists of a fixed annual gross salary, which includes a holiday allowance of 8% and a 13<sup>th</sup> month payment of 8.33% and, to the extent applicable, other fixed allowances. The annual gross salary is based on the applicable salary scales. Employees are entitled, according to the CLA, to an annual increase. This periodic increase in salary is linked to the extent to which the employee is judged to have grown in his or her role (achievement on competences) and depends on the relative salary position. The precise link between the competence assessment and the pay rise, is as follows: Insufficient : 0.0%; Almost sufficient : 0.0%; Good : 2.6%; Very good : 3.3%; Excellent : 4.0%. Awarding this increase is also subject to financial criteria at the level of Athora Netherlands ("knock-out").

### Pension

Nearly all ACTIAM employees participate in Athora Netherlands' pension scheme. The current scheme is a Collective Defined Contribution ("CDC") pension scheme, which is based on a pension accrual including an employee contribution of 4,5%. The contributions are paid by Athora Netherlands and the employees, qualifying as employer and employee contributions respectively. For employees who were employed by ACTIAM by 31 December 2017 and who have a salary exceeding the maximum pensionable salary for pension accrual, compensation of 16.35% on the pensionable salary in excess of € 110,111 is applied. The permanent supplement payment is not pensionable and is not taken into account for the calculation of severance payments, including transition fees pursuant to Dutch employment law ("transitievergoeding") or any other wage components or benefits.

### Variable remuneration and performance targets

Variable remuneration is based on achievements of pre-set performance targets for employees in scope. The performance cycle starts with setting the performance targets ("KPI's") for the financial year. The performance targets set are in line with the company targets and ACTIAM's mission and vision. Under the variable remuneration schemes, clear and measurable KPI's are defined for the performance period. The award of variable remuneration is contingent upon these KPI's being achieved. The KPI's pertain to both financial (financial targets are maximised up to 50%) and non-financial targets. The most important KPI's relate to the quality of ACTIAM's commercial, financial results, ESG targets, investment performance, operating processes and risk management. The ACTIAM ESG targets incentivise portfolio managers to select investments in entities that better manage their sustainability risks and/or take advantage of sustainability related opportunities.

For the year 2020 there was one general KPI (non-financial) applicable for everyone within ACTIAM, relating to a successful completion and incorporation of strategic projects. Subsequently, for each department either one or two departmental KPI's were designed that were applicable to everyone within such department. In addition, all employees were asked to construct either one or two personal KPI's for themselves. Therefore, in total, a maximum of 5 KPI's were designed per employee.

The Statutory Board ACTIAM in this respect had collective KPI's for the year 2020 related to maintaining a sound controlled environment and customer advocacy.

### General premises KPI's

Where relevant and possible, in setting KPI's allowance is made for the following ACTIAM stakeholders:

- clients and/or investors in funds managed by ACTIAM;
- employees;
- Athora Netherlands and its shareholder(s);
- society at large.

A maximum of 50% of the KPI's may relate to financial targets. For employees in control and monitoring functions, such as the Risk Management department, non-financial KPI's are set. The maximum level of variable remuneration as defined by the Wbfo is applicable to all employees of Athora Netherlands. Pursuant to the Wbfo, the variable remuneration of an employee of a financial enterprise may not exceed 20% of the fixed

remuneration. However, this maximum does not apply to employees of alternative investment fund managers with a license under the AIFM Directive such as ACTIAM. The level of variable remuneration within ACTIAM is maximised at 50% of the annual fixed salary for senior portfolio managers and only in the event of stretched performances, where a lower maximum applies for other functions.

For Identified Staff, specific rules apply for setting performance targets and KPI's, for determining the extent to which performance targets have been achieved, and for setting and paying variable remuneration. The performance targets and KPI's are subject to an ex ante and ex post risk assessment.

In addition to being assigned KPI's, employees are expected to determine their own competence focus points, enabling and encouraging personal development. These personal development focus points are set for each individual employee and chosen from Athora Netherlands' broad set of values with two key competences designed: being result driven and having customer focus.

#### **Awarding variable remuneration**

Variable remuneration is awarded after assessing to what extent the pre-defined KPI's have been achieved. This assessment includes relevant input from, amongst others, the Risk Management department and the Compliance Officer as part of an ex post risk assessment. For this process, the results and incentives are recorded in a centralised database. The final decision with respect to the awarding of variable remuneration is taken by the ACTIAM Statutory Board, following approval by Athora Netherlands' Executive Board. For Identified Staff the ReNomCo also approves. The Guiding Principles including knockouts are applied before any variable remuneration is granted.

Variable remuneration is awarded, when applicable, immediately in cash for non-identified staff. For Identified Staff variable remuneration is awarded in two parts: an immediate/unconditional part (60%) and a deferred/conditional part (40%). 50% of the variable remuneration of Identified Staff is paid out in cash and 50% is based on the return of shares of ACTIAM Duurzaam Mixfonds Neutraal, a sub-fund of ACTIAM Beleggingsfondsen II. The deferred part of the variable remuneration is paid out three years following the year of the award. The share return based component of the deferred part of the variable remuneration vests three years after the year of the award followed by a one year lockup. For portfolio managers a three-year return target is set which has to be achieved before they become entitled to the deferred part. The deferred part of the variable remuneration may be adjusted downwards based on an ex post risk assessment.

#### **Sign-on bonus & retention bonus**

ACTIAM exercises great restraint in offering such arrangements as a sign-on bonus or a retention bonus. Such arrangements may be agreed to only if they are in accordance with the legislation and regulations and in accordance with Athora Netherlands' and ACTIAM's governance.

In the period up to 2018 which led to the transfer of control of Athora Netherlands NV to Athora Netherlands Holding Limited and the on-sale of VIVAT Schadeverzekeringen NV to Nationale Nederlanden Schadeverzekering Maatschappij N.V., Athora Netherlands offered a retention scheme to a few employees within ACTIAM. In 2019 the retention scheme was offered to a wider group of employees within ACTIAM. The vesting of these schemes is subject to certain conditions. Athora Netherlands has received the approval of the regulatory authorities before offering these retention schemes.

#### **Other benefits**

Depending on the position on the salary scale, a number of senior managers within ACTIAM are eligible for a lease car or a lease car allowance. The cars to be leased should in this respect be 100% electric. As part of ACTIAM's commitment to sustainable investment principles, certain types of cars and certain brands are no longer included in the policy, where however exceptions are made for 100% electric models.

#### **Hold back & claw back**

Athora Netherlands has the power to hold back or claw back all or part of any variable pay awarded in accordance with Article 2:135(6) & (8) of the Dutch Civil Code in conjunction with Section 1:127(2) & (3) Wft. Whole or partial hold back or claw back will take place in any case if the employee has not met relevant competence standards and standards of appropriate conduct, or was responsible for conduct that has led to a considerable deterioration of the financial position of Athora Netherlands and/or ACTIAM.

### Severance payment

If and in so far as severance pay is due to an employee, such payment will be equal to the transition fee (“transitievergoeding”) within the meaning of Article 7:673 of the Dutch Civil Code unless (i) the relevant employee is able to benefit from a different arrangement explicitly agreed upon in an applicable social plan or (ii) otherwise determined at the discretion of ACTIAM’s Management Board and Athora Netherlands’ Executive Board or, where it relates to the ACTIAM’s Management Board or ACTIAM Identified Staff, the ReNomCo and approved by Athora Netherlands’ Supervisory Board. No severance payment is due and payable when a contract is terminated at the employees own initiative, by serious culpable conduct or neglect by the employee or failure of Athora Netherlands if the employee is considered day-to-day policy maker.

A severance payment to day-to-day policy makers, which includes ACTIAM’s Management Board, may not be in excess of 100% of the fixed annual gross salary.

Athora Netherlands has agreed upon an extension of Athora Netherlands’ Social Plan until 2023 with the unions which is applicable in case of reorganisation(s).

### REMUNERATION DURING THE REPORTING PERIOD

In 2020, ACTIAM awarded € 15.2 million in remuneration to its employees (in 2019: € 16.9 million). Of this amount, € 13.4 million qualified as fixed remuneration (in 2019: € 15.0 million), while variable remuneration accounted for € 1.8 million (in 2019: € 1.9 million).

#### Fixed remuneration

According to the CLA Athora Netherlands (in 2020 CLA VIVAT) employees have received a periodic salary increase on 1 February 2020. There was no collective salary adjustment in 2020. In the summer of 2020, the trade unions and Athora Netherlands started their negotiations for a new collective labour agreement. At the end of 2020 a negotiation result was accomplished for a new CLA 2021-2023.

#### Variable remuneration

The variable remuneration awarded in 2020 consists of performance-related variable remuneration related to the financial year 2019 (€ 1.4 million) and the deferred part from the year 2016 (€ 134 thousand) and the retention bonuses (€ 288 thousand).

In 2020, a total amount of € 1.4 million was unconditionally awarded to 88 employees as a performance-related variable remuneration over the year 2019 (in 2019: € 1.7 million to 88 employees over 2018) and, as deferred and final part of the performance-related variable remuneration over the year 2016, a total amount of € 134 thousand was unconditionally awarded to 17 (former) employees (2019: € 188 thousand to 20 (former) employees over the year 2015). Due to the financial results of 2019 of ACTIAM the total amount of variable remuneration is capped at the amount for performance realisation at-target for those with a stretched performance. The total average performance score was below 100%.

The Identified Staff receive their variable remuneration for 50% based on the return of shares in ACTIAM Duurzaam Mixfonds Neutraal. At the moment this part is awarded unconditionally, after the lock-up of one year, dividends will be paid (if applicable). In the year 2020 the paid dividend was € 0.10 per share.

In 2020, as the conditions were met, the retention scheme was paid for a total amount of € 288 thousand to 12 employees. The payment of the retention scheme to the Identified Staff will occur in deferred payments up to 2023.

In 2020, Athora Netherlands, including ACTIAM, did not use the right to apply an holdback and clawback.

Awarding variable remuneration over 2020 will occur after the date of publishing the annual report. In 2020, ACTIAM had an average FTE of 92 (in 2019: 103 FTE).

The table below shows statistics on the remunerations awarded in 2019 and 2020.

## Breakdown of Remuneration

	NUMBER OF RECIPIENTS <sup>1</sup>		FIXED REMUNERATION <sup>2</sup>		VARIABLE REMUNERATION	
	2020	2019	2020	2019	2020	2019
Members of the Management Board <sup>3</sup>	4	4	€ 1,044,289	€ 1,126,032	€ 34,763	€ 0
Identified Staff	46	38	€ 6,453,452	€ 6,936,407	€ 1,077,232	€ 1,095,920
Other Employees	55	70	€ 5,880,358	€ 6,963,917	€ 732,212	€ 803,599
<b>Total</b>	<b>105</b>	<b>112</b>	<b>€ 13,378,099</b>	<b>€ 15,026,356</b>	<b>€ 1,844,207</b>	<b>€ 1,899,519</b>

1 Owing to the inflow and outflow of employees, the total number of recipients was higher than the average headcount.

2 Including social security contributions, pension premiums and other remuneration paid.

3 The members of the Management Board are a category of Identified Staff and are represented separately in this table.

### Number of employees with remuneration exceeding € 1 million

In 2020, no ACTIAM employees received total remuneration exceeding € 1 million.

### REMUNERATION POLICY OF OUTSOURCING PARTNERS

Prior to engaging an external asset manager ACTIAM performs due diligence on that asset manager. An assessment of the external manager's remuneration policy is part of the due diligence. The remuneration policy has to be consistent with the interests of fund participants, hence appropriate incentives should be used. These incentives must be aligned with the objective of the investment fund for which the external asset manager is selected, making a distinction between actively and passively managed funds. For actively managed funds, for instance, ACTIAM assesses whether the external asset manager's investment horizon is in line with the investment fund's performance horizon, which is 3 to 5 years. For actively managed funds which seek to outperform the benchmark, ACTIAM assesses whether the remuneration policy ensures that the remuneration is linked to risk-adjusted measures, using for example the 'information ratio'. For passively managed investment funds an active performance-linked remuneration is less desirable. In such cases, ACTIAM assesses whether the performance incentives are properly linked to the way the investment fund's performance tracks the index, using for example tracking errors.

Information is also requested with respect to the remuneration policy of both 'identified staff' and 'non-identified staff' to ensure, for instance, that the remuneration policy contains no performance-related incentives for risk management and compliance officers. ACTIAM requests information on an annual basis from the delegated external asset managers with respect to the remuneration policy applied. The asset managers appointed by ACTIAM are entities that have an AIFM Directive- or an UCITS Directive (UCITS) license. These entities are therefore subject to remuneration policy rules that apply under these directives and are therefore subject to the same regulations that are applicable for the remuneration policy of ACTIAM.

