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# Remuneration Policy 2019

ACTIAM N.V.

# Remuneration Policy

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This paragraph describes VIVAT's group remuneration policy and more specific ACTIAM's remuneration policies and explains how the policies are 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 policies of ACTIAM are composed within the framework of VIVAT's 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 policies are 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 policies are 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"), 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 VIVAT's capacity as shareholder of ACTIAM, ACTIAM's remuneration policies are approved by VIVAT's Supervisory Board, after, insofar as applicable, fulfilment of any 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 into 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 included as the '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.

VIVAT 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 VIVAT's 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.

As part of the selection process of new employees, a candidate for an Identified Staff position is presented to the WGIS. Candidates for Board and senior control functions are, in addition, presented to the Remuneration and

Nomination Committee of the Supervisory Board of VIVAT ("ReNomCo"). The ReNomCo approves the employment conditions, including the remuneration of Identified Staff.

Before presenting the candidate to the WGIS in the hiring process, the ACTIAM Statutory Board and subsequently the VIVAT Executive Board should approve the hiring of the candidate.

## EMOLUMENTS

The remuneration of ACTIAM employees consists of a fixed annual salary, 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 VIVAT 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 13th-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 competency 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 VIVAT ("knock-out").

### Pension

Nearly all ACTIAM employees participate in VIVAT's 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 scheme qualifies as a defined contribution scheme for IAS 19 (International Accounting Standards 19) purposes. The contributions are paid by VIVAT 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 € 107,593 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 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 and non-financial targets. The most important KPI's relate to customer satisfaction (this KPI is valid for all employees), the quality of the operating processes, risk management, investment performance, ESG targets and ACTIAM's commercial and financial results. The Statutory Board ACTIAM had for the year 2019 also a collective KPI related to maintaining a sound controlled environment.

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;
- VIVAT 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, no financial KPI's were set. The maximum level of variable remuneration as defined by the Wbfo is applicable to all employees of VIVAT. 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 maximized at 50% of the annual fixed salary for senior portfolio managers in the event of stretched performance, 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 the process of deriving KPIs, employees also make agreements with respect to their own competence focus points, enabling and encouraging personal development. These personal development focus points have been set for each individual employee and chosen from VIVAT's broad set of values with a focus on behavioural aspects including ownership, client focus and collaboration.

#### **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 the ex post risk assessment. For this process, the results and incentives are recorded in a centralized database. The final decision with respect to the awarding of variable remuneration, as proposed by the ACTIAM Statutory Board, is taken by VIVAT's Executive Board and VIVAT's Supervisory Board. For Identified Staff Control functions the ReNomCo should also approve. 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 N.V. 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 one year lock-up. 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.

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

Following a proposal made by ACTIAM, VIVAT 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 VIVAT and/or ACTIAM.

#### **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 VIVAT's and ACTIAM's governance.

Due to the announced strategic review by the shareholder, at the end of 2018 VIVAT 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. VIVAT 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 lease policy limits the cars to be leased to 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 this policy, however exceptions are made for 100% electric models.

#### **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 VIVAT's Executive Board or, where it relates to the ACTIAM's Management Board, or ACTIAM Identified Staff, the ReNomCo and approved by VIVAT's Supervisory Board. VIVAT, including ACTIAM, has agreed upon an extension of one year of VIVAT's Social Plan 2018-2019 with the unions which is applicable in case of reorganization(s).

## REMUNERATION DURING THE REPORTING PERIOD

In 2019, ACTIAM awarded € 16.9 million in remuneration to its employees (in 2018: € 14.0 million). Of this amount, € 15.0 million qualified as fixed remuneration (in 2018: € 13.4 million), while variable remuneration accounted for € 1.9 million (in 2018: € 0.7 million).

### Fixed remuneration

According to the CLA VIVAT employees have received a periodic salary increase on 1 February 2019. There was no collective salary adjustment (CLA) in 2019.

The trade unions have asked VIVAT to start negotiations for the collective labour agreement in 2020. Given the strategic reorientation, a new CLA can only be discussed once the sale has been completed and the buyer's strategy is clear. As a result, the trade unions have asked the employer to offer a one-off payment to compensate the employees for the delay in negotiations on a new collective labour agreement as of 1 January 2020 and for the uncertain situation the company is currently in.

The employees employed on 31 December 2019 will receive that month a one-off payment of a monthly salary based on their gross December salary excluding any allowances and / or compensations. Employees that started working during 2019 received this one-off payment on a pro rata basis in December 2019.

### Variable remuneration

The increase of the amount over 2018 versus 2017 has to be seen in the light of a haircut in 2017, more employees in scope and 40% of the KPI's set for 2018 (the general KPI's, NPS and AuM) showed an out performance. The variable remuneration awarded in 2019 relates to the 2018 financial year and also includes the deferred part from the year 2015.

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 unconditional, dividend will be paid (if applicable). In the year 2019 the paid dividend was € 0.10 dividend per share.

In 2019, VIVAT, including ACTIAM did not exercise the power to apply an holdback and clawback.

Awarding variable remuneration over 2019 occurs after the date of publishing the annual report. The variable remuneration for the year 2019 and for the deferred part of the year 2016 has been approved on March 3, 2020 by the ReNomCo and VIVAT's Supervisory Board. In 2019, ACTIAM had an average FTE of 103 (in 2018: 102 FTE). The table below shows the remuneration awarded in 2019.

	NUMBER OF RECIPIENTS <sup>1,2</sup>		FIXED REMUNERATION IN € <sup>3</sup>		VARIABLE REMUNERATION IN €	
	2019	2018	2019	2018	2019	2018
Members of the Management Board <sup>4</sup>	4	4	€ 1,126,032	€ 945,793	€ 0	€ 0
Identified Staff <sup>5</sup>	38	42	€ 6,936,407	€ 6,477,946	€ 1,095,920	€ 392,640
Other Employees	70	72	€ 6,963,917	€ 5,944,365	€ 803,599	€ 277,995
<b>Total</b>	<b>112</b>	<b>118</b>	<b>€ 15,026,357</b>	<b>€ 13,368,105</b>	<b>€ 1,899,519</b>	<b>€ 670,635</b>

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

2 Number of employees receiving variable remuneration in 2019: 88 (in 2018: 70).

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

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

5 Identified Staff includes employees in control functions. Employees in control functions were separately specified in the annual report 2018.

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

In 2019, 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.

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