



Remuneration Policy 2021

ACTIAM N.V.

Remuneration Policy

This paragraph describes Athora Netherlands' Group Remuneration Policy and more specifically ACTIAM's remuneration policy over 2021 and explains how the policy is implemented in practice. Due to the transfer of all shares in ACTIAM N.V. by Athora Netherlands N.V. to Cardano Risk Management B.V. ("Cardano Risk Management") on 1 January 2022, ACTIAM's remuneration policy is subject to the remuneration policy of Cardano Risk Management. This paragraph focuses on the reporting year of 2021 and therefore includes information with respect to Athora Netherlands' group remuneration policy as applicable to ACTIAM throughout 2021.

The objective of the remuneration policy is to recruit and to retain highly qualified staff and to motivate employees to achieve high performance, in order to provide appropriate remuneration that contributes to the sustainability of ACTIAM to all employees. ACTIAM aims to ensure long-term value creation and has therefore chosen to use the Sustainable Development Goals ("SDGs") as a guideline for further development of its Corporate Social Responsibility Policy in business operations. Pursuant to the SDGs, Athora Netherlands' and ACTIAM's human resources principles for remuneration are aimed at ensuring high performance of the employees and focus on their personal growth through development of their talents. This should enable the customers of ACTIAM to benefit from this growth.

ACTIAM operates a careful, controlled and sustainable remuneration policy which is in line with ACTIAM's business and risk management strategy, its risk profile, objectives and risk management practices. The remuneration policy is in accordance with and contributes to solid and effective risk management and does not encourage risk-taking that is in breach of ACTIAM's policies and risk appetite. 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.

The remuneration policy has been drawn up in compliance with existing legislation and regulation and takes into account the long-term interests of ACTIAM and its stakeholders.

ACTIAM is aware of its position within the society, the crucial role of the financial sector in the society, and the importance of trust in this sector. As such, ACTIAM as part of Athora Netherlands has a strong governance framework in place to ensure that employees are remunerated in a manner that is aligned with the interests of all stakeholders involved. Within this context, ACTIAM's key focus is on fixed remuneration rather than variable remuneration. In order to be able to recruit and retain sufficiently qualified staff for trading, investment, treasury, or asset management activities, the relevant corporate bodies within ACTIAM as well as the Workers Council consider it important to offer variable remuneration to certain categories of staff. In order to avoid excessive risk taking and being aware of ACTIAM's position within the financial sector and the society, it is a conscious choice not to award variable remuneration to these categories of staff at the highest possible levels resulting in an overall bonus cap of 50% for ACTIAM staff, even though 100% or more would be permissible under applicable legislation. When adopting the Group Remuneration Policy and underlying remuneration policies, the relevant corporate bodies involved and especially the Supervisory Board of Athora Netherlands liaised with the Workers Council, representatives of staff and the Athora Netherlands shareholder in order to establish a Group Remuneration Policy, including the underlying remuneration policies such as the policy applicable for ACTIAM, that is supported by all mentioned stakeholders and the society in general.

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.

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 ESMA 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”).

CONTROL FUNCTIONS

Control functions are departments that are responsible for the control and supervision of operations as well as the risks arising from those operations, and in doing so operate independently from the organisation. Control functions play an active role in drafting, applying and monitoring the Group Remuneration Policy. For this reason, officers in control functions are subject to additional rules aimed at safeguarding their independence in case they are eligible to receive variable remuneration, as set out in the remuneration policies, as applicable.

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.

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.

Apart from certain specific requirements applicable to variable remuneration within ACTIAM, the provisions of the Group Remuneration Policy, the Collective Labour Agreement (CLA) and the ACTIAM Variable Remuneration Policies apply equally to Identified Staff and staff not qualifying as Identified Staff.

Athora Netherlands has established a Working Group Remuneration (“WGR”) comprising of the directors and/or specialists of the HR, legal, financial risk, non-financial risk, financial control and audit departments. The WGR participants may provide and will at request provide input on any decision of the Executive Board and/or the Supervisory Board on the following subjects: (i) the determination of the Identified Staff (as defined hereabove) list, (ii) the Group Remuneration Policy and the other remuneration policies, (iii) the setting of Key Performance Indicators (“KPIs”), (iv) the processes around variable remuneration and (v) any other material remuneration matters. Athora Netherlands reserves the right to prepare decisions of the Executive Board and Supervisory Board regarding the abovementioned subjects in another way than through the WGR, provided that the input of the HR, legal, financial risk, non-financial risk (compliance), financial control and audit departments is taken into account.

The Management 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 WGR 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 annual award of variable remuneration.

As a result of the acquisition of ACTIAM by Cardano Risk Management, the governance will be adjusted in 2022.

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 Management Board.

ACTIAM periodically participates in market surveys, which maps out the remuneration policies of similar fund and asset managers. ACTIAM uses the outcomes of the surveys to gain an understanding of the competitiveness of its remuneration policy and to benchmark its remuneration policy against best practices in the market.

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 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%. Fixed remuneration should represent a sufficiently high proportion of the total direct compensation, which is in line with the level of expertise, years of experience and required skills. Job functions are independently evaluated per employee, the outcome of this evaluation results in a certain salary scale which will be applied to the employees in scope.

Pension

All employees participate in the same pension scheme of Athora Netherlands. 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 purposes. The contributions are paid by Athora Netherlands and employees respectively as employer and employee contributions. For employees who were employed as per December 31, 2017 and with a salary exceeding the maximum pensionable salary for pension accrual, a compensation for the loss of pension accrual is applied. The compensation will consist of a permanent supplement payment as long as a maximum pensionable salary applies. The annual compensation is 16.35% of the fixed annual gross pensionable salary (according to the CLA 2017) minus the maximum amount for pension accrual referred to in article 18ga of the Wage Tax Act 1964 (2015: € 100,000 gross; € 112,189 gross (2021)). The permanent supplement payment is not pensionable and is not taken into account for the calculation of severance payments, including the transition fee (“*transitievergoeding*”) or any other wage components or benefits. ACTIAM does not award discretionary pensions.

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 (“KPIs”) 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 KPIs are defined for the performance period. The award of variable remuneration is contingent upon these KPIs being achieved. The KPIs pertain to both financial (financial targets are maximised to up to 50%) and non-financial targets. The most important KPIs relate to the quality of ACTIAM’s commercial results, 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.

In the first quarter of 2021 KPIs were set on a company, department and individual level. Examples of set KPIs are: capital generation, customer engagement, leadership (employee engagement, strategy alignment and employer’s attractiveness), risk & control, solvency ratio, compliance, license to operate and personal targets. More than 50% of the KPIs were set as non-financial KPIs. In addition to the KPIs, competencies for personal development were established to which staff should adhere. These personal development skills (with a maximum of three) were chosen from the company’s broad set of values with two general skills, which are excellence and focus and a personal skill, that refers to development of one’s own talent.

General premises KPIs

Where relevant and possible, in setting KPIs 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 KPIs may relate to financial targets. For employees in control and monitoring functions, such as the Risk Management department, non-financial KPIs 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.

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

In addition to being assigned KPIs, 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 KPIs 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 Management Board, following approval by Athora Netherlands' Executive Board and Supervisory Board. 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 will be awarded after 3 years if the conditions are met. 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 senior 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.

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.

Hold back & claw back

ACTIAM 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 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 ACTIAM's governance.

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.

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.

REMUNERATION DURING THE REPORTING PERIOD

In 2021, ACTIAM awarded € 13.3 million in remuneration to its employees (in 2020: € 15.2 million). Of this amount, € 11.7 million qualified as fixed remuneration (in 2020: € 13.4 million), while variable remuneration accounted for € 1.6 million (in 2020: € 1.8 million for the year 2019).

Fixed remuneration

According to the CLA (CLA Athora Netherlands 2021-2023) employees have received a periodic salary increase on 1 February 2021 and a collective salary adjustment of 2.25% per January 2021. For the Management Board ACTIAM (senior management) the previously mentioned was applied as well insofar the maximum of the scale is not reached.

Variable remuneration

The variable remuneration awarded in 2021 consists of performance-related variable remuneration related to the financial year 2020 (€ 1.4 million) and the deferred part from the year 2017 (€ 161 thousand) and the second deferred part of the retention bonuses (€ 40 thousand).

In 2021, a total amount of € 1.4 million was unconditionally awarded to 82 employees as a performance-related variable remuneration for the year 2020 (in 2020: € 1.4 million to 88 employees over the year 2019) and, as deferred and final part of the performance-related variable remuneration over the year 2017, a total amount of € 161 thousand was unconditionally awarded to 21 employees (2020: € 134 thousand to 17 employees over the year 2016).

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, the equivalent of the as of then applicable value of the assigned shares including paid dividends on the shares will be paid (if applicable). In the year 2021 the paid dividend was € 0.10 per share.

The retention scheme offered in 2018 and 2019, due to the strategic review/change of ownership of Athora Netherlands, was awarded at the end of 2020 as the conditions were met. The Identified Staff in this scheme were partly paid in 2020 (60%) and will be partly paid in three deferred payments up to 2023 (in total 40%). In 2021, the second tranche of the deferred payments was paid (€ 40 thousand to 7 employees).

As of 2020 Athora Netherlands assessed the strategic options for ACTIAM. This assessment came in 2021 in a new phase whereby Athora Netherlands offered a retention scheme to some employees of ACTIAM. Vesting of this scheme is subject to certain conditions.

In 2021, Athora Netherlands, including ACTIAM, did not use the right to apply a holdback and clawback.

The decision with regard to variable remuneration over 2021 will occur after the date of publishing the annual report. In 2021, ACTIAM had an average FTE of 77 (in 2020: 92 FTE).

The table below shows statistics on the remunerations awarded in 2020 and 2021.

Breakdown of Remuneration

	NUMBER OF RECIPIENTS ¹		FIXED REMUNERATION ²		VARIABLE REMUNERATION	
	2021	2020	2021	2020	2021	2020
Members of the Management Board ³	3	4	€ 1,102,151	€ 1,044,289	€ 41,028	€ 34,763
Identified Staff ⁴	35	46	€ 5,422,618	€ 6,453,452	€ 836,909	€ 1,077,232
Other Employees	63	55	€ 5,154,690	€ 5,880,358	€ 707,705	€ 732,212
Total	101	105	€ 11,679,459	€ 13,378,099	€ 1,585,642	€ 1,844,207

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.

4 Identified Staff includes employees who fall under the Collective Labour Agreement (CLA) of Athora Netherlands.

Number of employees with remuneration exceeding € 1 million

In 2021, 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 and investment mandates, hence appropriate incentives should be used. These incentives must be aligned with the objective of the investment portfolio 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.

