

cardano

Remuneration Policy 2022

ACTIAM N.V.

Remuneration Policy

This section describes ACTIAM's remuneration policy 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. ("Athora Netherlands") to Cardano Risk Management B.V. ("Cardano Risk Management") on 1 January 2022, ACTIAM's remuneration policy is now subject to Cardano Risk Management's remuneration policy.

The objective of the remuneration policy is to recruit and retain highly qualified staff and to motivate employees to perform at a high level, and, in this context, to provide appropriate remuneration that contributes to ACTIAM's sustainable business and human resources policies for all employees. ACTIAM aims to achieve long-term value creation and has therefore chosen to formulate Sustainable Development Goals ("SDGs") as a guideline for the further development of its Corporate Social Responsibility Policy. Based on the SDGs, ACTIAM's human resources policy principles 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 Cardano Risk Management 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. In order to be able to recruit and retain sufficiently qualified staff to carry out fund and asset management activities, both the relevant bodies within ACTIAM and the Workers Council consider it important to offer variable remuneration.

In establishing the remuneration policy and the underlying remuneration policies, ACTIAM consulted with the Workers Council in order to establish a remuneration policy that finds support among all stakeholders and society at large.

GOVERNANCE

The remuneration policy of ACTIAM is designed within the framework of Cardano Group Remuneration Policy, of which Cardano Risk Management is a part, whilst making allowance for rules and regulations governing ACTIAM in its capacity as a 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 ACTIAM's 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.

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 ACTIAM remuneration policy, the Personnel Manual of Cardano Risk Management B.V. and the ACTIAM Variable Remuneration Policies apply equally to Identified Staff and staff not qualifying as Identified Staff.

During 2022, the Remuneration Committee of the Cardano Group ("Remuneration Committee"), comprising of the Management Board members and/or specialists from HR, Legal and Finance, was involved in administering the remuneration policy. The members of the Remuneration Committee are able and expected to provide input upon request concerning decisions taken by the Management Board of ACTIAM on the following subjects: (i) the determination of the Identified Staff (as defined hereabove); (ii) the remuneration policy and other remuneration policies; (iii) the setting of Key Performance Indicators ("KPIs"), (iv) the processes concerning variable pay, and (v) any other material remuneration matters.

The Management Board of ACTIAM takes decisions regarding the hiring of applicants and the remuneration of ACTIAM's employees. As a result of Cardano Risk Management's acquisition of ACTIAM, governance was changed 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 employees and non-Identified Staff employees.

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. As of 1 January 2023, changes to remuneration policies and (individual and group) performance and results will play a greater role in appraisals and related increases.

Pension

All ACTIAM employees participated in the same pension scheme of Athora Netherlands in 2022. This 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 Cardano Risk Management B.V. and employees respectively as employer and employee contributions. For employees who were employed before 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; 2022: € 114,866). 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. From 1 January 2023, all employees of ACTIAM will participate in a pension scheme through Zwitserleven PPI N.V.

Variable remuneration and performance targets

Variable remuneration in 2022 was 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 2022 KPIs were set on a company, department and individual level. Among other things, these KPIs relate to cost control, growth, ESG targets, customer satisfaction, leadership demonstrated, risk & control, solvency ratios, compliance, meeting licensing requirements 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 existing range of corporate 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;
- the employee;
- Cardano Risk Management B.V.;
- 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 ACTIAM. 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 capped at 100% of the annual fixed salary for senior portfolio managers and is allowed only in the event of extraordinary performance, while a lower cap applies for other functions.

For Identified Staff, specific rules apply for setting performance targets and KPIs, determining the extent to which performance targets have been achieved, and 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 for ACTIAM, with the two most important competencies being result driven and having customer focus.

Awarding variable remuneration

Variable remuneration is awarded after assessing the extent to which 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 regarding the awarding of variable remuneration is made by the Management Board of ACTIAM, following approval by the Remuneration Committee. 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%).

The deferred portion of the variable remuneration is granted three years later, provided specific conditions are met. 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 100% 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.

Severance payment

If and to the extent that an employee is entitled to severance pay, 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 during an advisory process with the Works Council or (ii) otherwise determined at the discretion of ACTIAM's Management Board and/or, as regards compensation for ACTIAM's Management Board or Identified Staff employees, the Management Board of ACTIAM has determined otherwise, and the payment has been approved by Cardano Risk Management B.V. No severance payment is due and payable if a contract is terminated at the employees own initiative, in case of severe misconduct or negligence on the part of the employee. 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 2022, ACTIAM awarded € 13.6 million in remuneration to its employees (in 2021: € 13.3 million). This breaks down into € 11.7 million as fixed remuneration (in 2021: € 11.7 million), while variable remuneration accounted for € 1.8 million (in 2021: € 1,6 million relating to the year 2021).

Fixed remuneration

According to the Collective Labour Agreement (Athora Netherlands 2021-2023 collective agreement), employees received a periodic salary increase on 1 February 2022, and a collective salary adjustment of 2.25% effective July 2022. For the Management Board ACTIAM (senior management) the previously mentioned was applied as well insofar the maximum of the scale was not reached.

Variable remuneration

The variable remuneration awarded in 2022 consisted of performance-based variable remuneration related to the fiscal year 2021 as well as deferred portions of variable pay from previous years.

	IN CASH	IN SHARES	NET SHARES ¹	DEFERRED CASH PART ²	DEFERRED SHARES PART ³	DEFERRED SHARES NET ⁴
	2021	2021	2020	2018	2018	2017
Management	-	-	-	-	-	-
Identified Staff	€ 290,700	€ 290,700	€ 128,961	€ 165,332	€ 194,953	€ 67,687
Other employees	€ 684,000	-	-	-	-	-

1 Cash distribution: net distribution of the value of the shares on which income tax was paid the previous year.
2 Cash distribution (deferred portion)
3 Share distribution (deferred portion), where the recipient pays income tax on the value of the shares.
4 Cash distribution (deferred portion): net distribution of the value of the shares on which income tax was paid the previous year.

ACTIAM has previously applied two retention schemes, the distribution on which may or may not be made in part during 2022.

Group 1: a deferred portion of a retention scheme offered in 2019 to specific employees of ACTIAM was implemented at the end of 2022, as the relevant conditions were met. The Identified Staff covered by this scheme were still entitled to a deferred portion of this retention scheme (3rd tranche), which was to be paid, in part, directly in cash and otherwise in the form of shares. In December 2022, this third tranche was distributed to five employees.

2022/group 1	ACTIAM RETAINED AMOUNT 2019 - IN SHARES	ACTIAM RETAINED AMOUNT 2019 - DIRECTLY IN CASH	TOTAL	NUMBER OF EMPLOYEES
Identified Staff	€ 6,208	€ 12,279	€ 18,487	5

Group 2: a retention scheme offered in May 2021 to specific employees in view of the intended sale of ACTIAM during 2021 was partially paid out at the end of 2022, as the relevant conditions were met. Employees qualifying as Non-Identified Staff received this retention bonus directly in cash at the end of December 2022. Employees qualifying as Identified Staff therefore received their retention bonus in part in 2022 and will receive three more instalment payments up to 2025.

In December 2022, the following distributions were paid to 16 employees under this retention scheme.

2022/group 2 (Cardano)	ACTIAM RETAINED AMOUNT 2021 - DIRECTLY IN CASH	ACTIAM RETAINED AMOUNT 2021 - IN SHARES	TOTAL	NUMBER OF EMPLOYEES
Identified Staff	€ 127,521	€ 127,521	€ 255,042	12
Non-Identified Staff	€ 56,532	-	€ 56,532	4
Total	€ 184,053	€ 127,521	€ 311,574	16

The table below shows statistics on the remuneration awarded in 2021 and 2022.

	NUMBER OF RECIPIENTS ¹		FIXED REMUNERATION IN EURO ²		VARIABLE REMUNERATION IN EURO	
	2022	2021	2022	2021	2022	2021
Members of the Management Board ³	5	3	€ 1,454,030	€ 1,102,151	-	€ 41,028
Identified Staff ⁴	31	35	€ 5,443,782	€ 5,422,618	€ 1,138,334	€ 836,909
Other employees	59	63	€ 4,833,929	€ 5,154,690	€ 684,000	€ 707,705
Total	95	101	€ 11,731,741	€ 11,679,459	€ 1,822,334	€ 1,585,642

1 Due to the in and outflow of employees, the number of recipients is higher than the average staffing level.

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

3 Members of management are Identified Staff and are shown separately in this table.

4 Identified Staff includes employees subject to by Athora Netherlands' collective agreement.

Number of employees with remuneration exceeding € 1 million

In 2022, 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.

