

# Group Remuneration Policy and ASR Remuneration Policy

2017

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In the event of any discrepancy or inconsistency between the Dutch and English version of the Group Remuneration Policy and the ASR Remuneration Policy, the Dutch version shall prevail.

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1 The other appendices are for internal use.

# 1. Introduction

## 1.1 Scope

This policy is applicable to all entities belonging to ASR Group<sup>2</sup> and comprises a mandatory framework and policy lines within which the group companies of ASR Nederland N.V. are required to apply the remuneration policy. This policy sets out the duties and responsibilities arising from the remuneration regulations for ASR Nederland N.V. as group head, as well as the duties and responsibilities of the group companies in relation to the variable remuneration policy at their level. ASR Nederland N.V. ensures that this policy is in accordance with the group's risk management strategies.

The ASR Group consists of various financial undertakings and can be subdivided into two subgroups. The first concerns companies that apply their own pay- and-benefits schemes. These are the companies listed in **Appendix I ('Appendix - I companies')**. The second concerns companies that apply the harmonized pay-and-benefits schemes of ASR Nederland N.V. These are the companies listed in **Appendix II ('Appendix - II companies')**.

ASR Nederland N.V. is entirely free to classify or reclassify companies as an Appendix I - or an Appendix II - company for the purposes of this policy.

### **Group Remuneration Policy and ASR Remuneration Policy**

This policy does not comprise an individual remuneration policy for each group entity, but sets adequate basic conditions at group level, based on legislation and regulations, for the entire ASR Group by means of the **Group Remuneration Policy** to ensure the adequate control of risks.

Appendix - I companies can pursue their own remuneration policy and their own pay-and-benefit schemes within the limits of this **Group Remuneration Policy**.

In the case of Appendix - II companies, the **Group Remuneration Policy** and the additional **ASR Remuneration Policy**, as set out in Chapter 5, jointly make up the full remuneration policy.

Both the **Group Remuneration Policy** and the **ASR Remuneration Policy** are consistently applicable to all natural persons working under the responsibility of ASR Nederland N.V. and falling within the scope of the applicable policy.

The remuneration policy as referred to in Section 135, Book 2 of the Netherlands Civil Code regarding executive and supervisory directors of ASR Nederland N.V. forms part of the **Group Remuneration Policy a.s.r** and the **ASR Remuneration Policy**.

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2 Definition of ASR Group: (i) a legal entity in which ASR Nederland N.V. can directly or indirectly exercise more than half of the voting rights in the AGM or can appoint or dismiss more than half of the executive or supervisory directors (subsidiary as referred to in Section 24a, Book 2 of the Netherlands Civil Code as well as sub-subsidiaries of ASR Nederland N.V.) (ii) all legal entities and companies with which ASR Nederland N.V. is affiliated in a group (group company as referred to in Section 24b, Book 2 of the Netherlands Civil Code) and (iii) all legal entities forming part of the consolidated supervision to which ASR Nederland N.V. is subject.

## 1.2 Outline

The ASR Remuneration policy elaborates on the Group Remuneration Policy. Where this document refers to 'remuneration policy', this refers to both the Group Remuneration Policy and the ASR Remuneration Policy, unless explicitly stated otherwise.

The following abbreviations and acronyms are used in this document:

- AGM: Annual General Meeting of Shareholders (of ASR Nederland N.V., unless explicitly stated otherwise)
- EB: Executive Board (of ASR Nederland N.V., unless explicitly stated otherwise)
- SB: Supervisory Board (of ASR Nederland N.V., unless explicitly stated otherwise)
- Remuneration Committee: the Supervisory Board's remuneration committee
- Selection and Appointment Committee: the Supervisory Board's selection and appointment committee
- ARC Committee: the Supervisory Board's Audit and Risk Committee

## 1.3 Principles

The principles followed for drafting, adopting, applying and enforcing the Group Remuneration Policy are described below.

1. HR policy:
  - a) The remuneration policy strikes a balance between trust in intrinsic motivation on the one hand and agreement on clear targets and assessment of performance on those targets on the other.
  - b) The total pay-and-benefits package allows the company to compete in the labour market and to attract and retain competent people.
2. Sound remuneration policy:
  - a) The remuneration policy, including the pension policy, ties in with the corporate culture and strategy, objectives, values and long-term interests of the company and its stakeholders. Any changes in strategy, objectives, values and long-term interests are taken into account when updating the remuneration policy.
  - b) The remuneration policy is ethical, sound and sustainable, in line with the company's risk appetite, risk management strategy and risk profile, contributes to robust and effective risk management, and does not encourage the taking of more risks than is acceptable to the business.
  - c) The remuneration policy has been designed such that allowance is made for the internal workings of the company, its group companies and the nature, scale and complexity of the risks attaching to the business.
  - d) The remuneration policy does not restrict the company's scope to maintain and strengthen its capital base as well as its robust regulatory capital, solvency margin and/or own funds.
  - e) Variable remuneration is not paid out if this would lead to a situation where the capital base, regulatory capital or solvency margin is no longer sound.
  - f) The remuneration, including the use of penalty and claw-back arrangements, is determined in a manner that is consistent with a conservative policy and is in line with the remuneration policy and in conformity with the ECB Letter to Banks concerning the capital requirements for a prudent dividend and remuneration policy.
3. Protection of customers and safeguarding of integrity and long-term enterprise value:
  - a) The remuneration policy encourages employees to act in accordance with the company's long-term interests.
  - b) The remuneration policy takes account of the rights and interests of consumers and is designed to ensure consumers, clients and members are treated in a careful manner.
  - c) Performances delivered by employees and by the company itself are measured based on both financial and non-financial indicators.
  - d) The remuneration policy does not encourage employees to take excessive risks.
  - e) Failing executive directors, supervisory directors and employees are not rewarded.
  - f) The remuneration policy seeks to prevent conflicts of interest.
  - g) The company does not apply constructions or methods that facilitate the evasion of the remuneration policy or the relevant legislation and regulations.
  - h) Employees are expected not to make use of personal hedging strategies or of any insurance policies linked to remuneration and liability to undermine the risk management effects embedded in their pay-and-benefits packages.

4. Transparency:
  - a) The design, governance and methodology of the remuneration policy are clear, transparent and applicable to all employees.
5. Compliance:
  - a) The remuneration policy is compliant with prevailing national and international legislation and regulations (see also Section 1.4). It is evaluated periodically and modified, if necessary, to ensure compliance with new legislation and regulations or market standards.
  - b) The compliance of the remuneration policy and the related procedures with the relevant rules and regulations is monitored at least once a year by a centralized and independent internal body.

## 1.4 Statutory framework and supervision

The Group Remuneration Policy complies with the relevant legal requirements and self-regulation codes that are applicable to the ASR Group (the 'Remuneration Regulations'). At the time of the publication of this version, these Remuneration Regulations include regulations regarding remuneration policy taken from the following sources:

- **Dutch Restrained Remuneration Regulation 2014 (Rbb 2014):** Dutch Restrained Remuneration Regulation 2014 (Regeling Beheerst Beloningsbeleid 2014)
- **Dutch Financial Undertakings (Remuneration Policy) Act (Dutch acronym: Wbfo):** Dutch Financial Undertakings (Remuneration Policy) Act (Wet beloningsbeleid financiële ondernemingen), as contained in Section 1:111-129 of the Dutch Financial Supervision Act
- **Book 2 of the Netherlands Civil Code**
- **CRD IV and CRR:** The fourth Capital Requirements Directive (Directive 2013/36/EU) and the Capital Requirements Regulation (Regulation (EU) No 575/2013)
- **RTS on Identified Staff and RTS on Instruments:** delegated regulations supplementing CRD IV with regard to regulatory technical standards related to the selection of identified staff (Commission Delegated Regulation (EU) No 604/2014) and the use of instruments for the purpose of variable remuneration (Commission Delegated Regulation (EU) No 527/2014)
- **EBA Guidelines:** European Banking Authority guidelines under CRD IV and the CRR (EBA/GL/2015/22)
- **Solvency II Directive and Regulation:** Solvency II (Directive 2009/138/EC) and Solvency II Delegated Regulation (Commission Delegated Regulation (EU) 2015/35)
- **EIOPA Guidelines:** guidelines on the system of governance under the Solvency II Directive (EIOPA-BoS-14/253 NL) and on reporting and public disclosure (EIOPA-BoS-15/109 NL) issued by the European Insurance and Occupational Pensions Authority
- **AIFM Directive:** Directive on Alternative Investment Fund Managers (Directive 2011/61/EU)
- **ESMA guidelines:** guidelines on sound remuneration policies under the AIFM Directive published by the European Securities and Markets Authority
- **Dutch Insurance Code (Governance Principles for Insurers) and Dutch Banking Code:** Dutch self-regulation codes
- **ECB Dividend Recommendation:** recommendation of the ECB of 13 December 2016 on dividend distribution policies (ECB/2016/44)
- **ECB Letter to Banks:** letter of the ECB of 13 December 2016 on variable remuneration policy

The ASR Group includes a number of authorized entities, and it is subject to various group-wide and other supervisory regimes regarding remuneration policy imposed by the regulators, the Dutch Central Bank (DNB) and the Netherlands Authority for the Financial Markets (AFM). In the context of this group supervision, the relevant regulators monitor the ASR Group's compliance with the Remuneration Regulations.

In addition to the statutory framework referred to above, the Dutch Executives' Pay (Standards) Act (Dutch acronym: WNT) is applicable to the ASR Group's health insurance business (ASR Basis Ziektekostenverzekeringen N.V. and ASR Aanvullende Ziektekostenverzekeringen N.V.).

Finally, ASR Nederland N.V. adheres to the Corporate Governance Code (the Code of 8 December 2016, 'the Code') and, as a listed company, is subject to the International Financial Reporting Standards (IFRS) (consolidated financial statements). IFRS prescribes the disclosure of information on the remuneration (at aggregated level) of 'key management personnel' – including executive directors – in the consolidated financial statements and notes.

The Code requires the disclosure and clarification of the remuneration of the executive directors of ASR Nederland N.V. in the remuneration report.

## 2. Specific groups of employees

### 2.1 Introduction

The statutory and regulatory framework (Section 1.4) requires that additional rules on remuneration apply to specific groups of employees. Moreover, a partially differentiated approach is in keeping with the principles of a prudent, restrained and sustainable remuneration policy that contributes to robust and effective risk management, with due consideration being given to the internal organization and activities. There may be some overlap between groups of employees.

### 2.2 Outline

This chapter describes the specific groups of employees that can be identified in the context of the remuneration policy.

### 2.3 All employees

Unless stated otherwise, the regulations contained in this remuneration policy apply to all employees working under the responsibility of the ASR Group (ASR Nederland N.V. (including the Appendix II -companies) and the Appendix - I companies).

The ASR Group uses other categorization systems in addition to the categorization of groups of employees for the purposes of the remuneration policy. Employees may, for instance, be categorized by position and by salary group for the purposes of pay and benefits. It is also possible to distinguish between employees who come under the scope of a collective bargaining agreement (CBA) and those who do not. These categorizations are not as relevant for the remuneration policy.

### 2.4 Identified staff

Identified staff are employees or categories of employees whose duties can have a material impact on the company's risk profile. These are employees who are senior management, risk takers, staff engaged in control functions and employees who can have a material impact on the company's risk profile and whose total remuneration puts them in the same remuneration bracket as the aforementioned employees. Owing to their potential impact on the risk profile, identified staff are subject to a number of additional requirements and rules on remuneration to enable the impact of their duties on the risk profile to be monitored and controlled.

The ASR Group uses the selection rules set out in Appendix IV in order to select identified staff. These selection rules were drawn up in accordance with the legal and technical requirements that are applicable to the ASR Group's various group companies<sup>3</sup>.

### 2.5 Officers in control functions (key functions)

Control functions (also known as key functions in the case of the insurers within the ASR Group that apply Solvency II) 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 rest of the organization. The control functions play an active role in the drafting, application and monitoring of the remuneration policy. For this reason, officers in control functions are subject to additional rules aimed at safeguarding their independence, including rules governing the composition of their variable remuneration.

Officers in control functions are defined as senior and/or managerial employees and/or holders of key functions (as identified in Solvency II) working in the following:

- Group Risk Management (including the actuarial function)
- Audit
- Compliance
- Departments similar to the above in group companies

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<sup>3</sup> EBA criteria regarding identified staff for banks and investment firms (Commission Delegated Regulation EU No. 604/2014 of 4 March 2014), the DNB guidelines on the selection of identified staff for other institutions, including insurers (Q&A of Open Book on Supervision) and, in the case of alternative investment fund managers, the ESMA guidelines on sound remuneration policies.

## 2.6 Policymakers<sup>4</sup>

Policymakers are officers who decide the day-to-day policy of a financial institution. This group includes in any event the directors under the Articles of Association and individuals who are not executive directors but whose influence is such that they are effectively able to determine the day-to-day policy of the company.

In the case of policymakers, severance pay is subject to a maximum of no more than 100% of the fixed annual remuneration. Appendix V sets out additional provisions concerning policymakers that will continue to apply as long as the State holds shares in ASR Nederland N.V. (either through NLF1 or otherwise).

## 2.7 Senior managers subject to Wbfo

Additional provisions concerning senior managers subject to the Dutch Financial Undertakings (Remuneration Policy) Act (Dutch acronym: Wbfo) that will continue to apply as long as the State holds shares in ASR Nederland N.V. (either through NLF1 or otherwise) are contained in Appendix V.

## 2.8 Senior officials within the meaning of WNT

The Dutch Executives' Pay (Standards) Act (Dutch acronym: WNT) applies to officials working in the public and semi-public sector. Within the ASR Group, the Act imposes additional pay restrictions on senior officials within the meaning of the Act working at the health insurance business (ASR Aanvullende Ziektekostenverzekeringen N.V. and ASR Basis Ziektekostenverzekeringen N.V.). These pay restrictions include a sector-wide maximum on fixed remuneration, a prohibition on variable remuneration and a cap on severance pay.

## 2.9 Executive directors and supervisory directors<sup>5</sup>

Executive directors are members of the Executive Board. Supervisory directors are members of the Supervisory Board. In the context of the Group Remuneration Policy and the ASR Remuneration policy, the terms 'executive directors' and 'supervisory directors' refer to the executive directors and supervisory directors of ASR Nederland N.V. unless explicitly stated otherwise. The regulations that apply specifically to executive and supervisory directors of ASR Nederland N.V. are in principle also applied to executive and supervisory directors of group companies, except in the case of specific departures from these regulations.

## 2.10 High earners

The group of high earners consists of employees who earn more than EUR 1 million per financial year. Additional rules regarding the disclosure of remuneration are applicable to these employees. The ASR Group does not have any high earners. This group will therefore not be discussed further in this remuneration policy.

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4 In the context of this remuneration policy, the term 'employees' also refers to policymakers.

5 In the context of this remuneration policy, the term 'employees' also refers to executive directors.



## 3. Remuneration components in the statutory framework

### 3.1 Introduction

The total remuneration of employees can be broken down into fixed remuneration and variable remuneration. The law does not provide for a third category of remuneration components. The various forms of remuneration contained in pay-and-benefits schemes can always be put into either the fixed category or the variable category. This classification is important partly because the ratio of fixed to variable remuneration and the awarding and payment of variable remuneration are subject to specific restrictions designed to promote the principles underlying this remuneration policy.

### 3.2 Outline

The way in which ASR Nederland N.V. has implemented this policy within the frameworks described in this chapter is contained in Chapter 5. This chapter describes the statutory frameworks as applicable to the ASR Group.

Section 3.3 sets out the policy on fixed remuneration, while Section 3.4 describes the rules regarding the appropriate ratio of fixed to variable remuneration. The allocation of allowances to the categories of fixed and variable remuneration is discussed in Sections 3.5 and 3.6. Section 3.7 describes the policy regarding severance pay and its allocation. Finally, Section 3.8 provides a brief explanation of the frameworks for the pension policy. Additional provisions that will continue to apply as long as the State holds shares in ASR Nederland N.V. (either through NLF1 or otherwise) are contained in Appendix V. The frameworks for variable remuneration applying to the ASR Group are described in further detail in Chapter 4.

### 3.3 Fixed remuneration

Fixed remuneration is first and foremost a reflection of an employee's relevant work experience and organizational responsibility. This work experience and this responsibility are described in the relevant job profile.

Remuneration is fixed if the conditions governing the awarding and level of the remuneration:

- are based on predetermined criteria;
- are non-discretionary, depending on the level of professional experience and seniority van the employees;
- provide the individual employee with transparency regarding the amount to be awarded to that employee;
- are permanent, i.e. are maintained for a period that is tied to the specific role and responsibilities within the organization;
- cannot be revoked (the permanent amount can only be changed by means of collective negotiation or following a renegotiation);
- cannot be reduced, deferred or cancelled by the company;
- do not encourage risk-taking; and
- are not dependent on performance.

All remuneration that cannot be classified as fixed remuneration is, by definition, variable.

#### 3.3.1 Maximum fixed remuneration for senior officials within the meaning of WNT

In the case of senior officials within the meaning of WNT, fixed remuneration (i.e. 'remuneration' as defined in WNT) may not exceed an absolute maximum amount that is fixed by the Dutch Minister of Health, Welfare and Sport. New senior officials within the meaning of the WNT who work at the ASR Group receive remuneration that does not exceed this maximum amount. Senior officials within the meaning of WNT who have been paid higher remuneration for some time may, under the transitional provisions of the Act, continue to be paid higher remuneration for a limited period.

### 3.4 Appropriate ratio of fixed to variable remuneration

No employee may receive total variable remuneration that exceeds 20% of his or her total fixed annual remuneration. This ratio is also referred to below as the 'bonus cap of 20%'. Using this ratio ensures that the fixed and variable components of total remuneration are appropriately balanced. It also ensures that the fixed component represents a sufficiently high proportion of the total remuneration package to allow the operation of a fully flexible policy on variable remuneration. This also includes the possibility of awarding or paying no variable remuneration.

By way of a departure from the bonus cap of 20%, in individual cases a higher amount of variable remuneration may be awarded, subject to a maximum of 100% of the fixed annual remuneration. This is only possible:

- in the case of employees who primarily work in the Netherlands<sup>6</sup> and whose remuneration does not stem exclusively from a CBA; and
- if the average variable remuneration of all employees in the aforementioned group does not exceed 20% of the total fixed annual remuneration of these employees.

Chapter 4 discusses the frameworks for variable remuneration in further detail.

### 3.5 Allocation of allowances

Allowances are additional payments or reimbursements that are paid out on top of the basic salary and (insofar as applicable) variable remuneration that is directly related to performance. Allowances are also categorized as either fixed remuneration or variable remuneration. When allocating allowances to either fixed or variable remuneration, consideration is given to whether the relevant allowances come within the categories of allowances that are classified as fixed remuneration (Section 3.6).

### 3.6 Allowances classified as fixed remuneration

Two categories of allowances may be classified as fixed remuneration. All allowances that do not fall into these categories are classified as variable remuneration.<sup>7</sup>

- **Collective allowances that form part of the usual pay-and-benefits package.**

These allowances are classified as fixed remuneration if they satisfy the criteria for fixed remuneration as set out in Section 3.3.

They also include additional remuneration components for large numbers of employees or employees in specific roles, based on predetermined selection criteria, including allowances for healthcare and/or childcare, proportionate regular pension contributions on top of the mandatory pension contributions, and mobility allowances.

- **Individual allowances linked to the employee's role, position or responsibility within the organization.**

These allowances are classified as fixed remuneration provided they satisfy the criteria referred to in Section 3.3 and:

- the allowance continues to be awarded as long as the responsibilities and powers of that role, function or organizational responsibility do not change to the extent that the employee is effectively assigned a different role, function or responsibility within the organization;
- the amount of the allowance is not dependent on any factors other than the fact the employee has a specific role or position or bears a specific responsibility within the organization; and
- any other employee with the same role, position or responsibility within the organization who is in a similar situation would be entitled to a similar allowance.

### 3.7 Severance pay

Severance pay is also fixed or variable. Severance pay is fixed if the calculation of the severance pay involves the use of a fixed formula or calculation basis that is in keeping with the fixed formulas or calculation bases used in actual practice. This includes the transition payment, the subdistrict formula and any other formulas laid down in social plans. In addition, the ASR Group shall in principle honour previous individual arrangements based on other formulas or calculation bases that were customary at the time.

Other forms of severance pay are variable. Variable severance pay must comply with the bonus cap (20%) and the other requirements for the awarding and payment of variable remuneration (Chapter 4).

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6 The possibilities for awarding variable remuneration are more extensive in the case of employees who primarily work outside the Netherlands.

7 In connection with the current pay-and-benefits schemes at the ASR Group, the following are not discussed: allowances that are compulsory under national law, and expat allowances. Such allowances, insofar as they are applicable at the ASR Group in the future, will be classified as either fixed or variable remuneration on the basis of the applicable guidelines. [NB: see Sections 118-119 of the EBA Guidelines]

Severance pay is only paid out if this relates to past performance and is designed to ensure that failure and inappropriate behaviour are not rewarded. No severance pay, either fixed or variable, may be awarded to an employee in the following cases:

- In the event that the employment relationship is terminated early at the employee's own initiative, unless this is due to serious culpable conduct or neglect on the part of the company.
- In the event of serious culpable conduct or neglect in the performance of his or her role by the employee and/or any compelling reason for dismissal with immediate effect.
- The employee hands in his or her notice and goes to work elsewhere within the ASR Group.

Additionally, the following conditions apply in respect of severance pay for policymakers:

- The maximum severance pay is 100% of the fixed annual remuneration.
- No severance pay is awarded in the event of the company's failure.
- Additional provisions that will continue to apply as long as the State holds shares in ASR Nederland N.V. (either through NLF1 or otherwise) are contained in Appendix V.

In the case of senior officials within the meaning of WNT, the maximum amount of severance pay, including remuneration relating to any period that the relevant senior official is exempt from work, is equal to the senior official's annual salary, but may not exceed a gross amount of € 75,000.

### **3.8 Pension policy and discretionary pension contributions**

The pension policy is aligned with the strategy, objectives, values and long-term interests of the company and the relevant subsidiary or group company. The pension policy is laid down in the relevant remuneration policy, which may refer to applicable pension schemes.

Discretionary pension contributions are increased pension benefits that are granted to an employee on top of the pension contributions under the applicable pension scheme. Discretionary pension contributions are classified as variable remuneration and as such must comply with the bonus cap of 20% and the other requirements for the awarding and payment of variable remuneration (Chapter 4).

# 4. Group Remuneration Policy: frameworks for variable remuneration

## 4.1 Introduction

This chapter deals with the frameworks for the variable remuneration of the Group Remuneration Policy.

### Group Remuneration Policy

Appendix - I companies may pursue their own remuneration policy and have their own pay-and-benefits schemes. The remuneration policies of these subsidiaries must be in keeping with the frameworks described in this chapter.

### ASR Remuneration policy

Chapter 5 explains the specific policy of ASR Nederland N.V., This applies to ASR Nederland N.V. and Appendix - II companies. This policy is in keeping with the frameworks described in this chapter.

## 4.2 Outline

Section 4.3 describes the frameworks for variable remuneration and discusses several specific forms of variable remuneration, including retention bonuses and welcome bonuses. The remainder of this chapter (Sections 4.4 to 4.6 inclusive) describes the group policy regarding the minimum requirements applying to variable remuneration (to the extent that variable remuneration is awarded at the ASR Group).

Some of these requirements apply only to specific groups of employees. This is stated separately for each item. No variable remuneration is awarded to policymakers and senior managers subject to Wbfo at ASR Nederland N.V. and at banks and insurers that are part of the ASR Group (see Appendix V) and to senior officials within the meaning of WNT.

## 4.3 Variable remuneration

Variable remuneration is a reflection of a sustainable, risk-adjusted return and of a level of performance that goes beyond that specified in the job description.

No variable remuneration is awarded to the following groups of officers. Their remuneration therefore consists solely of remuneration that can be classified as fixed:

- Policymakers at ASR Nederland N.V. and banks and insurers that are part of the ASR Group (including members of the Executive Board and Supervisory Board) (see Appendix V);
- Senior managers subject to Wbfo at ASR Nederland N.V. and at banks and insurers that are part of the ASR Group (see Appendix V);
- Senior officials within the meaning of WNT (apart from under transitional provisions).

### 4.3.1 Retention bonus

A retention bonus is a payment that may be awarded to an employee in order to retain that employee for a specific period of time. The award of a retention bonus must be based on a legitimate reason, such as a permanent organizational change, a restructuring or a significant change in the control structure.

Retention bonuses are, by definition, variable remuneration and must satisfy the requirements for the awarding and payment of variable remuneration (see Section 4.4 et seq.). In principle, no retention bonus may be awarded if this would exceed the bonus cap of 20%. If awarding a retention bonus would result in the bonus cap of 20% being exceeded, the retention bonus may be awarded only if additional (statutory) conditions apply and with the prior written permission of DNB or the AFM.

This concerns the following conditions:

- the variable remuneration is necessary in connection with a permanent organizational change of the business;
- the variable remuneration exclusively serves to retain the services of the person mentioned in the first sentence for the company; and
- the variable remuneration does not result in the sum of variable remunerations exceeding the percentages (of 100% and 200% respectively) as referred to in Article 94 (1), (g), (i), first sentence and ii of the Capital Requirements Directive.

#### **4.3.2 Guaranteed variable remuneration, welcome bonuses and buy-outs**

Guaranteed variable remuneration is variable remuneration in respect of which few, if any, performance criteria apply. Since guaranteed variable remuneration is not consistent with sound risk management and the principle of performance-related pay, no guaranteed variable remuneration is awarded at the ASR Group. Examples of prohibited guaranteed variable remuneration include guaranteed bonuses and guaranteed minimum levels of variable remuneration.

By way of an exception, guaranteed variable remuneration may be provided when new employees commence employment. This takes the form of either a welcome bonus (also known as a sign-on bonus) designed to attract new employees or remuneration to provide compensation for or to buy out employment contracts related to previous employers (also known as: 'buy-out'). A welcome bonus or buy-out is not awarded unless:

- it is related to commencing work under the responsibility of the company;
- the employee has not worked under the responsibility of the company for more than one year at the time of award; and
- the company has robust regulatory capital, solvency margin or own funds at the time of award.

The welcome bonus is not included in the calculation of the bonus cap of 20% if it is awarded before the first performance period begins. The other requirements for awarding and payment do not apply to the welcome bonus either. The bonus cap of 20% and the other requirements for the awarding and payment of variable remuneration, except for the performance criteria, apply in the case of buy-outs. These are minimum requirements relating to:

- Performance criteria (Section 4.4)
- Arrangements governing payment (Section 4.5)
- Risk adjustment (Section 4.6)

### **4.4 Performance criteria**

#### **All employees**

The performance criteria on which the variable remuneration is based consist of achievable goals and measures over which the employee has some direct influence. They do not encourage excessive risk-taking or misselling, take account of the rights and interests of consumers and are in keeping with the corporate strategy, objectives, values and long-term interests of the company and the relevant group company or subsidiary, including the risk management strategy, risk appetite and risk profile.

The performance criteria consist of a combination of:

- financial criteria and non-financial criteria (the latter making up at least 50%);
- absolute criteria (based on corporate strategy) and relative criteria (in comparison with peers); and
- performance and risks in relation to (i) the individual employee, (ii) the division or department where the employee works, and (iii) the group company or subsidiary and the ASR Group as a whole.

The relative importance of the different elements and levels of performance criteria are weighed up and determined in advance. As part of this, attention is paid to the groups of employees to whom the performance criteria apply and the risks that they may take in the performance of their duties.

The period for which variable remuneration is awarded is at least one year. In addition, a distinction will be made regarding the variable remuneration and the performance assessment between the various roles at the operational and corporate divisions and control functions. The aim here is to ensure that the performance is linked to the specific job content.

#### **Identified staff**

In the above, the performance criteria for identified staff fit within a multi-year framework, which is tailored to the time horizon of the business cycle and the business risks of the company or the group company or subsidiary where the employee works.

### Officers in control functions (key functions)

The pay structure of officers in control functions focuses on the ability of those employees to carry on the control function independently. Conflicts of interest must be avoided. For this reason, the performance criteria for variable remuneration for officers with control duties are based primarily on job-specific control objectives. They are based only partially on market-related business objectives, such as premium income, returns on equities, loans or growth in total assets.

### Arrangements for paying variable remuneration to identified staff

Specific requirements concerning the way in which variable remuneration is paid apply to identified staff. These requirements relate to the form in which payment is made (in cash or financial instruments: Section 4.5.1) and to the time of payment (Section 4.5.2).

#### 4.5.1 Financial instruments

At least 50% of both the deferred portion of variable remuneration and the portion that is paid immediately consists of an appropriate balance of financial instruments<sup>8</sup>. In the case of employees working for alternative investment funds (at the time of publication of this version: ASR Nederland Beleggingsbeheer N.V. and ASR Vastgoed Vermogensbeheer B.V.), such financial instruments must be linked to the alternative investment funds themselves. No dividend or interest is payable on the financial instruments during the deferral period.

#### 4.5.2 Deferral arrangements and retention policy

Some variable remuneration is awarded on a deferred basis. The length of the deferral period is related to the business cycle, the nature of the activities and the associated risk, the responsibilities, powers and activities he relevant employee or employees or group of employees, and expected fluctuations in the economic activity, performance and risks of the company and the division as well as the influence employees exercise over such fluctuations.

During the deferral period, the company holds on to the relevant portion of variable remuneration, enabling a penalty to be applied (see Section 4.6.2). Following the deferral period ends and the application of any penalty, no more adjustments are made to the amount of the initial cash award. A retention period applies to the portion of variable remuneration paid in financial instruments following payment (maximum of 60%) or following the end of the deferral period (minimum of 40%), as applicable. These financial instruments must not be sold during this retention period. The retention policy that is in place is designed to ensure that financial incentives created by variable remuneration are aligned with the company's long-term interests.

The table below shows the frameworks that apply when determining the deferral and retention policy. The initial amount of variable remuneration awarded, following the application of any penalty, may be vested in full at the end of the deferral period (cliff vesting) or be vested on a proportional basis during the deferral period (beginning no earlier than one year following the start of the deferral period). The deferral period starts when the portion of variable remuneration to be paid immediately is paid.

Composition of payment	Deferral percentage	Deferral period	Retention period
Maximum of 50% in cash	Immediate payment of maximum of 60%		
	Deferred payment of minimum of 40%	Minimum of 3-5 years	
Minimum of 50 % in financial instruments	Immediate payment of maximum of 60%		Minimum of 1 year
	Deferred payment of minimum of 40%	Minimum of 3-5 years	Minimum of 1 year (total: minimum of 4 years)

<sup>8</sup> The financial instruments satisfy the relevant requirements laid down in Commission Delegated Regulation (EU) No. 527/2014 of 12 March 2014 supplementing Directive (EU) No. 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the classes of instruments that adequately reflect the credit quality of an institution as a going concern and are appropriate to be used for the purposes of variable remuneration, Official Journal of the European Union L 148/21.

## 4.6 Risk adjustment (all employees)

The adjustment of variable remuneration for risk is of crucial importance for managing risks relating to remuneration. Besides using performance criteria that are tailored to risks, an ex ante risk adjustment is also applied when variable remuneration is initially awarded (Section 4.6.1). At the end of deferral period (or, in the case of proportional payment, at the end of the relevant shortened deferral period) a check is performed to determine whether the penalty needs to be applied (Section 4.6.2). Following payment, variable remuneration may still be recovered if there are grounds to do so (Section 4.6.3).

### 4.6.1 Ex ante risk adjustment

Ex ante risk adjustment refers to the correction of variable remuneration for risk prior to the initial award. The total amount of variable remuneration (the bonus pool) and the individual variable remuneration are adjusted downwards if current and future risks give grounds to do so.

#### Bonus pool

Bonuses are assessed prior to their award to ensure that the total variable remuneration to be paid out in that year by the company will not limit its ability to maintain and strengthen its capital base, regulatory capital, solvency margin or own funds. This analysis also takes account of the costs of capital employed and the costs of the required liquidity, regulatory capital or own funds. ASR Bank pursues a conservative policy in this respect in keeping with the ECB Dividend Recommendation and ECB Letter to Banks concerning a prudent dividend and remuneration policy.

#### Adjustment of individual variable remuneration

Variable remuneration is paid on the basis of the attainment of performance-related targets that are set in advance. These targets are also checked in advance.

When assessing performance, the basis used to calculate the amount of variable remuneration to be awarded is adjusted downwards where this is necessary in view of a current or future risk.

### 4.6.2 Ex post risk adjustment: penalty

Prior to the payment of the variable remuneration, the size of the variable remuneration can be wholly or partly reduced if appropriate on the grounds of a reassessment of the performance based on significant new information in the light of the original risk-adjusted performance criteria. In addition, the variable remuneration shall in all events be reduced if it is established that:

- a) the employee has not met relevant standards in respect of competence and appropriate conduct;
- b) the employee was responsible for behaviours that led to a material deterioration in the company's financial position; or
- c) payment would lead to a situation where the capital base, regulatory capital, solvency margin or own funds of ASR Nederland N.V. or a relevant subsidiary or group company would no longer be robust; and the payment in relation to ASR Bank would not be in keeping with a conservative policy as intended in the ECB Dividend Recommendation and ECB Letter to Banks concerning a prudent dividend and remuneration policy;
- d) payment of such remuneration would be unfair and unreasonable.

This penalty can be applied until the deferred part of the variable remuneration has been paid out.

### 4.6.3 Ex post risk adjustment: claw-back clause

Variable remuneration that has been paid will in any event be reclaimed in full or in part in the event that:

- a) the employee has not met relevant standards in respect of competence and appropriate conduct;
- b) the employee was responsible for behaviours that led to a material deterioration in the company's financial position; or
- c) payment was made on the basis of incorrect information concerning the attainment of targets underlying the payment or concerning the circumstances on which the bonus was contingent.

The claw-back can be applied at all times, with due regard to the statutory time limits.

# 5. ASR Remuneration Policy

## 5.1 Introduction

The ASR Remuneration Policy is explained in further detail in this chapter. The principle is that a company-wide variable remuneration scheme is not in keeping with the ASR Remuneration Policy. This is also why such remuneration is longer awarded (with effect from 1 July 2014).

## 5.2 Outline

This chapter starts with a discussion of specific groups of employees (Section 5.3), which is followed by a brief consideration of fair market remuneration (Section 5.4). Section 5.5 contains a short discussion of the fixed monthly allowance and the termination of the company-wide variable remuneration scheme that was in place until 2014. Variable remuneration applicable to specific groups of employees is covered in greater depth in Section 5.6, while Section 5.7 briefly looks at retention bonuses. Guaranteed variable remuneration, welcome bonuses and buy-outs are discussed in Section 5.8, and the pension policy in Section 5.9.

## 5.3 Specific groups of employees

Chapter 2 identifies the specific groups of employees in respect of which additional rules are described in the statutory and regulatory framework (Section 1.4.). There is also another specific group of employees at ASR Nederland N.V., which is identified on the basis of internal rules: senior and higher management. Senior management consists of employees in salary groups 22 and 23, while higher management consists of employees in salary groups 13 to 15 inclusive.

A number of employees in the senior management category, and certain employees in the higher management category, are also categorized in groups of identified staff (Section 2.4), and some are classified as senior management subject to Wbfo (Section 2.7 and Appendix V).

## 5.4 Fair market remuneration

A comparison with the peer group is made to determine the competitiveness of the total remuneration of all employees who come within the scope of the ASR Remuneration Policy. The Remuneration Committee periodically checks whether the choice of the peer groups is still adequate or should be revised. Once every three years, an independent consultancy is hired to perform a market comparison (remuneration benchmark).

The ASR Remuneration Policy starts from the principle that the average level of total remuneration should actually be below the median of the peer group. The relevant peer group for the Executive Board of ASR Nederland N.V. consists of a mix of Dutch financial institutions and medium sized, listed Dutch businesses outside the financial sector. Asset Management is the relevant peer group for Group Asset Management. The relevant peer group for other employees consists of the general market. These peer groups are in keeping with the company's core values and vision and with the principles underlying the remuneration policy.

## 5.5 Termination of structural/company-wide variable remuneration and fixed monthly allowance

Company-wide variable remuneration ceased to apply on 1 July 2014. Employees who were awarded variable remuneration prior to 1 July 2014 but who have not yet been paid this remuneration in full are still eligible for payment of the remainder of the variable remuneration awarded at that time. Under this rule, no new variable remuneration has been awarded since 1 July 2014. The termination arrangements concerning variable remuneration regulations prior to 1 July 2014 is included as Appendix VI.

Variable remuneration ceased to be awarded to members of the Executive Board of ASR Nederland N.V. in financial year 2011. No variable remuneration has been or is currently awarded to members of the Supervisory Board of ASR Nederland N.V.



All employees who were employed by ASR Nederland N.V. on 1 July 2014 have received a fixed monthly allowance since that date. This allowance is calculated on the basis of either Article 6 of the CBA job classification and pay structure for back-office Positions at ASR Nederland N.V., or Article 9 of the CBA job classification and pay structure for front-office positions at ASR Nederland N.V., as applicable, and is awarded to employees who come within the scope of these CBAs. In keeping with agreements reached with the trade unions, a fixed monthly allowance is also awarded to all other employees. This allowance is specified in the employment contracts of the individual employees<sup>9</sup>.

The fixed allowance is calculated as a percentage of the individual gross fixed monthly salary that is actually paid. This percentage is calculated separately in advance for each group of employees:

- CBA population: 4.4%
- Higher management (salary groups 13-15): 10.9%
- Senior management (salary groups 22-23): 16.2%

The fixed monthly allowance is classified as a collective allowance that forms part of the usual pay-and benefits package for a large portion of the employees. The conditions governing the award and level of the fixed monthly allowance:

- are based on predetermined criteria as summarized above;
- are non-discretionary, and depend instead on the date the employee commenced work (before or after 1 July 2014) and/or the salary group;
- are transparent to the individual employees;
- are permanently in place so long as the employee remains in the relevant salary group and the company is obliged to continue to pay the employee's salary;
- can only be amended by means of CBA negotiations or renegotiation on an individual basis;
- cannot be reduced, deferred or scrapped by the company acting unilaterally;
- do not encourage risk-taking; and
- are not dependent on the performance of the company or the employee.

Consequently, the fixed monthly allowance is classified as fixed remuneration.

## 5.6 Occasional / specific variable remuneration

At ASR Nederland N.V., the following specific variable remuneration schemes may apply to groups of employees:

- Target-related remuneration for front-office positions: employees may be entitled to variable remuneration under the CBA job classification and pay structure for front-office positions at ASR Nederland N.V.
- Variable remuneration at ASR Vastgoed Vermogensbeheer B.V. and ASR Projecten (formerly Vastgoed Ontwikkeling): As a transitional measure, a variable remuneration scheme applies to a small group of employees working at ASR Vastgoed Vermogensbeheer B.V. and ASR Projecten who are not identified staff.
- Incidental bonuses: A variable remuneration scheme in which a small amount of remuneration is linked to specific performance that goes beyond their job description applies to employees who come within in the scope of the ASR Remuneration Policy but are not identified staff.

These specific arrangements are explained in further detail below.

### 5.6.1 Target-related pay for front-office positions

#### Eligible employees

Target-related remuneration only applies to employees who come within the scope of the CBA job classification and pay structure for front-office positions at ASR Nederland N.V., as agreed between ASR Nederland N.V. and the employee organizations De Unie, CNV Vakmensen and FNV Finance, covering the period from 1 July 2014 up to and including 30 June 2016 ('ASR CBA for front-office positions'). This form of remuneration does not apply to identified staff, senior officials within the meaning of WNT or officers in control functions.

#### Performance criteria and maximum ratio to fixed remuneration

The conditions governing the award of such variable remuneration are laid down in the ASR CBA for front-office positions and are specified in further detail in individual target agreements once a year in February. Every year, the line manager, acting in consultation with the employee, decides on the deliverables, their weighting and the targets for each deliverable for the current calendar year. The targets to be attained are SMART, i.e. they are Specific, Measurable, Achievable, Realistic and Time-bound.

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<sup>9</sup> No variable remuneration has been awarded to members of the Executive Board of ASR Nederland N.V. since the financial year 2011.

At least 50% of the performance criteria are non-financial criteria. They are in keeping with the company's long-term objectives, strategy and risk management policy and do not encourage excessive risk-taking or misselling.

The target-related remuneration may not exceed 20% of the gross fixed annual salary, including holiday allowance and year-end bonus and excluding other fixed components of remuneration. The value of the target-related remuneration plus any other variable remuneration may not exceed 20% of the total fixed annual remuneration.

### **5.6.2 Variable remuneration at ASR Vastgoed Vermogensbeheer B.V. and ASR Projecten**

In the case of employees who were working for ASR Vastgoed Vermogensbeheer B.V. and ASR Projecten on 1 January 2012, a transitional measure applies that is connected with the abolition of the variable remuneration scheme in force at that time. This variable remuneration consists of a personal allowance on top of the employee's gross fixed monthly salary that is actually paid, and which is only paid if the employee achieves an appraisal score of 4 or higher. The personal allowance is based on the average amount of variable remuneration in the three years prior to the date on which the scheme was abolished.

At least 50% of the performance criteria are non-financial criteria. They are in keeping with the long-term objectives, strategy and risk management policy of ASR Vastgoed Vermogensbeheer and ASR Projecten and the AFIs under their management and do not encourage excessive risk-taking or misselling.

The personal allowance may not exceed 20% of the gross fixed annual salary, including holiday allowance and year-end bonus and excluding other fixed components of remuneration. The value of the personal allowance plus any other variable remuneration may not exceed 20% of the total fixed annual remuneration.

### **5.6.3 Incidental bonuses**

#### **Eligible employees**

Incidental bonuses are small amounts of remuneration for specific performance on the part of an employee that goes beyond his or her job description. Such remuneration may be in the form of money or take another form (e.g. a gift card). Identified staff, senior officials within the meaning of WNT and officers in control functions are not eligible for incidental bonuses.

#### **Performance criteria and maximum ratio to fixed remuneration**

An incidental bonus is awarded in the event of specific performance on the part of the employee that goes beyond his or her duties and responsibilities under his or her job description. Incidental bonuses are paid only on the instruction of the line manager after obtaining prior permission from the human resources function (HR Director). When assessing the request for an award, the human resources function uses performance criteria that:

- are in keeping with the company's long-term objectives, strategy and risk management policy;
- are based on a combination of the assessment of the performance of the relevant employee and that of the relevant division, as well as the results of the company as a whole;
- involve both financial and non-financial criteria (the latter making up at least 50%); and
- do not encourage excessive risk-taking or misselling.

The value of the incidental bonus plus any other variable remuneration may not exceed 20% of the total fixed annual remuneration.

## **5.7 Ex ante risk adjustment, penalty and claw-back**

### **5.7.1 General**

In accordance with the Group Remuneration Policy, ASR Nederland N.V. applies the ex ante and ex post risk adjustment to variable remuneration.

### **5.7.2 Ex ante risk adjustment**

The human resources function (HR Director) applies the ex ante risk adjustment, based on input received from the control functions, in accordance with Section 4.6.1.

### **5.7.3 Penalty**

Following a proposal from the Remuneration Committee, and using input from the human resources function and the control functions, the Supervisory Board decides whether the penalty is to be applied, in accordance with Section 4.6.2.

### **5.7.4 Claw-back**

Following a proposal from the Remuneration Committee, and using input from the human resources function and the control functions, the Supervisory Board decides whether the claw-back clause is to be applied, in accordance with Section 4.6.3.

## **5.8 Special forms of remuneration**

Retention bonuses, guaranteed variable remuneration, welcome bonuses and buy-outs are discussed below.

### **5.8.1 Retention bonuses**

Prior written permission from DNB for retention bonuses exceeding the bonus cap of 20% may only be requested by the HR department of ASR Nederland N.V., after obtaining the prior permission of the Remuneration Committee.

### **5.8.2 Guaranteed variable remuneration, welcome bonuses and buy-outs**

ASR Nederland N.V. does not award guaranteed variable remuneration except within the bounds described in Chapter 4, Section 4.3.2, of this remuneration policy and only if prior permission has been obtained from the HR Director.

## **5.9 Pension policy**

The pension policy for all employees who come within the scope of the ASR Remuneration Policy is described in the ASR Nederland N.V. Pension Schemes and is implemented by ASR Levensverzekering N.V. Employees in salary group 13 and higher may join a net pension scheme administered by De Amersfoortse (N.V. Amersfoortse Algemene Verzekeringmaatschappij) to compensate for the cap on pensionable income. No discretionary pension contributions are awarded.

# Publication

Every year, ASR Nederland N.V. includes a description of its remuneration policy in its Executive Board Report (also referred to as the remuneration disclosure or the remuneration report) [in its annual report], with due observance of all disclosure requirements arising from legislation and regulations relating to remuneration. It also posts this description on its website. The description includes the following as a minimum:

- Information on how the legal and regulatory requirements concerning the remuneration policy and variable remuneration have been applied to identified staff, including information on how the requirements for selecting identified staff have been applied and which additional criteria have been used in this selection process.
- The number of identified staff, broken down by division, senior management and other identified staff, with a note on any significant changes.
- Information on the decision-making process for the adoption of the remuneration policy, as well as on the number of meetings of the Remuneration Committee during the financial year, including information on the composition and mandate of the Remuneration Committee, the independent consultant engaged to help formulate the remuneration policy (if applicable) and the role of relevant stakeholders.
- Information on the link between pay and performance, including the main targets, and the groups of employees eligible for variable remuneration under the remuneration policy.
- The most important characteristics of the remuneration system, including information on the criteria used to assess performance and correct risks, the deferral policy and the criteria for final granting.
- The calculated ratio (or ratios) between fixed and variable remuneration.
- Information on the performance criteria on the basis of which shares, options or variable remuneration are awarded.
- The key parameters and the motivation for each component of variable remuneration and for any other non-cash benefits.
- Aggregated quantitative information on remuneration, broken down by business line, control functions and corporate functions.
- Aggregated quantitative information on remuneration, broken down by managers and identified staff, including disclosure of the following details:
  - Remuneration amounts for the reporting period, broken down by fixed and variable remuneration, and the number of recipients.
  - Amounts and types of variable remuneration, broken down by cash, shares and share-linked instruments, and other options.
  - Amounts of outstanding deferred remuneration, itemized by granted and non-granted components.
  - Amounts of deferred remuneration that have been granted, paid or reduced because of performance adjustments in the course of the reporting period.
  - New payments on entry into service or on end of service awarded in the course of the reporting period, and the number of recipients.
  - Payments on end of service awarded in the course of the reporting period, the number of recipients and the highest amount awarded to a single individual.
- The number of high earners. Pursuant to Section 1:120 of the Dutch Financial Supervision Act (Dutch acronym: Wft), these include: (i) those with a remuneration > EUR 1 million.
- The report that ASR Nederland is required to post on its website under Solvency II with effect from financial year 2016 (i.e. in 2017) also contains information on the remuneration policy and the remuneration practices in relation to the administrative, policy-setting or supervisory body'. This information contains:
  - i. the principles of the remuneration policy, with an explanation of the relative weight of the fixed and variable remuneration components;
  - ii. information on the individual and collective performance criteria on the basis of which rights to share options, shares or variable remuneration components are awarded; and
  - iii. a description of the principal characteristics of additional pension and early retirement schemes for the members of the administrative, policy-setting or supervisory body and for other holders of key functions. ASR Nederland N.V. discloses this information either by making reference to the information contained in the above-mentioned remuneration report or by presenting this information from the remuneration report in a specific section that can be read separately.

- In the case of the members of the Executive Board and Supervisory Board, the disclosure requirements under legislation and regulations and other applicable rules are followed:
  - The stipulations of Section 383c ff., Book 2 of the Netherlands Civil Code requiring a breakdown of the remuneration of each individual member of the Executive and Supervisory Board in the notes to the financial statements;
  - The provisions from the Code prescribing that the Executive Board report discloses how the remuneration policy was implemented in the past financial year and contributes to long-term value creation as well as the pay differentials and any changes in these pay differentials within ASR Nederland N.V.; and
  - The IFRS which prescribe that the remuneration of 'key management personnel' is included at aggregated level in the consolidated financial statements and notes.

Insofar as possible, all disclosures relating to the remuneration policy and remuneration practices at ASR Nederland N.V. are published in a single medium or at a single location, i.e. in the remuneration report (remuneration disclosure).

# 7. Governance

## 7.1 Introduction

Various bodies, committees and functions, including control functions, of ASR Nederland N.V. are involved in the formulation, adoption, implementation and monitoring of the Group Remuneration Policy and the ASR Remuneration Policy. These also play an active role in the implementation of this policy within the entire ASR Group. This chapter describes how the duties and responsibilities relating to the remuneration policy are divided between these bodies, committees, control functions and other functions. A central aspect is the fact that ensuring a sound remuneration policy is a joint effort and involves close collaboration. The persons bearing final responsibility take account of the input from the relevant committees, control functions and other functions that support them and supply them with information, both from ASR Nederland N.V. and the various divisions and group companies forming part of the ASR Group.

## 7.2 Outline

The duties and responsibilities that follow from the previous chapters for each body, committee and function (including control functions) are shown in outline in the diagrams in Sections 7.4 to 7.9. The topics, such as the remuneration policy, individual remuneration and the selection of identified staff, broken down where necessary by relevant groups of employees, are included along the horizontal axis. The vertical axis indicates the nature of the duties and responsibilities relating to the above topics (e.g. preparing, setting, checking or proposing).

All bodies, committees and functions (including control functions) referred to below are bodies, committees and functions (including control functions) of ASR Nederland N.V. which are also active within the entire ASR Group, unless explicitly stated otherwise.

The members of the various bodies, committees and functions (including control functions) of ASR Nederland N.V. at the level of Appendix I - and Appendix - II companies meet all integrity and suitability requirements. This is specified for ASR Nederland N.V. and the Appendix - II companies in the Policy on Integrity and Suitability and in the rules of procedure of the Executive Board and the Supervisory Board.

## 7.3 Governance principles for remuneration policy cycle

The following general principles govern the fulfilment of the duties and responsibilities of the various bodies, committees and functions (including control functions) that are involved in the formulation, implementation and monitoring of the policy as indicated below in Sections 7.4 to 7.9 and in the rules of procedure of the Executive Board and Supervisory Board.

### At group level

ASR Nederland N.V., as group head, is responsible for the introduction of and compliance with this policy in respect of all employees in all group companies falling within the prudential consolidation of the ASR Group. ASR Nederland N.V. is also responsible for the consistency of the Group Remuneration Policy and its proper implementation. ASR Nederland N.V. applies the following principles in its governance to assure the proper fulfilment of this responsibility:

- The Human Resource function directs the implementation of this policy and coordinates its formulation and evaluation within the entire ASR Group;
- Acting on behalf of the ASR Group, the Executive Board adopts the policy insofar as relating to the senior management after it has been approved by the Supervisory Board; The Executive Board adopts the policy for the other employees after the Supervisory Board has approved the principles of this policy;
- The Remuneration Committee prepares the decision-making on the policy;
- The AGM decides on the remuneration policy for the Executive Board and can opt to award a remuneration to the members of the Supervisory Board;
- Based on a proposal of the Remuneration Committee, the Supervisory Board decides on the adoption of the individual remuneration of the members of the Executive Board; when drafting its remuneration proposal for the members of the Executive Board, the Remuneration Committee takes note of the views of the individual executive directors on the size and structure of their own remuneration.
- The control functions advise and support the Executive Board and Supervisory Board, and report to them on compliance with applicable legislation and regulations and internal codes.

- The above bodies, committees and control functions support the equivalent bodies, committees and control functions at individual subsidiary and group level with the introduction and implementation of this policy in the entire ASR Group.
- ASR Nederland N.V., as parent and consolidating institution, ensures that a separate Remuneration Committee, Selection and Appointment Committee or ARC Committee or any other committee or function is set up at Appendix - I or Appendix - II company level insofar as legally required.

#### At individual level

The authorized Appendix I - and Appendix - II companies are independently obliged to pursue a remuneration policy in accordance with applicable legislation and regulations. These companies must meet this requirement through compliance with this group policy. The following governance principles assure the fulfilment of the responsibility of both the group head and the group companies:

- It is the responsibility of the boards and supervisory bodies of the Appendix I - and Appendix - II companies to ensure the timely and correct implementation of this policy at the individual level of these companies;
- The duties and responsibilities as shown diagrammatically in Sections 7.4 to 7.9 for the bodies, committees and control functions at the level of ASR Nederland N.V. must, insofar as possible, be fulfilled in the same manner at the equivalent levels of the Appendix I - and Appendix - II companies. This must be done with due regard to the following:
  - The boards and where relevant the supervisory bodies or the AGM of the Appendix I - and Appendix - II companies can adopt this policy (or parts thereof) by ratifying the related decision-making at the level of ASR Nederland N.V.;
  - The Executive Boards and Supervisory Boards of the Appendix I - and Appendix - II companies must explicitly and independently (i.e. at solo level) go through the selection process of identified staff and must provide ASR Nederland N.V. with input to meet its obligations in respect of this selection;
  - Appendix I - and Appendix - II companies perform the independent central assessment on an individual basis. The supervisory bodies at these levels are responsible for this. The supervisory bodies of the subsidiary and group companies report the outcomes of this assessment to the Supervisory Board of ASR Nederland N.V.
  - The various authorized Appendix I - and Appendix - II companies are subject to diverse disclosure obligations. These disclosure obligations can – and should by preference – be complied with through the disclosure of the mandatory information on remuneration and remuneration policy in a single medium or at a single location, with cross references to other documents where necessary.
- The boards, supervisory bodies, committees and control functions at individual subsidiary and group level provide the equivalent bodies, committees and control functions at the level of ASR Nederland N.V. in good time with all input that is necessary for the timely and correct implementation of this policy at the level of ASR Nederland N.V., with the Human Resource function of ASR Nederland N.V. fulfilling a coordinating role.
- Any divergences or changes in relation to the implementation of this policy or the application of a divergent governance cycle require the express and prior permission of the Executive Board and the Supervisory Board.

### 7.4 Annual General Meeting of Shareholders (AGM)

The AGM has decision-making powers relating to the remuneration policy of the Executive Board and the remuneration of the individual members of the Supervisory Board. In addition, the AGM is kept informed by means of the Executive Board report of ASR Nederland N.V. about the remuneration of individual executive directors as adopted by the Supervisory Board.

AGM	Remuneration policy for:	Individual remuneration of:	
	EB	SB members	-
Adopt	Adopt	Adopt	

### 7.5 Supervisory Board

The Supervisory Board has decision-making powers relating to setting the individual remuneration of the members of the Executive Board. In addition, the Supervisory Board has responsibilities relating to, and monitors, the remuneration policy for all groups of employees. The Supervisory Board also approves the remuneration policy and its underlying principles and the selection of identified staff before they are adopted.

Supervisory Board	Remuneration policy for:			Individual remuneration	Selection of identified staff
	EB	Senior management (22-23)	All employees		
Adopt/propose	Propose (after Works Council has decided its position)	-		<ul style="list-style-type: none"> <li>Executive directors: set performance criteria and remuneration</li> <li>Executive directors and supervisory directors of group companies who are also members of the Executive Board or Supervisory Board of ASR Nederland N.V.: adopt</li> <li>Identified staff: and propose remuneration</li> <li>All employees: decide on application of penalty and claw-back clause</li> </ul>	Vaststellen
	<ul style="list-style-type: none"> <li>Adopt remuneration report</li> <li>Appoint independent remuneration consultant for benchmarking</li> </ul>				
Approve	-	Approve	Underlying principles only		<ul style="list-style-type: none"> <li>Policy</li> <li>Carefully study material exemptions from or changes to adopted policy and monitor their effects, both at group level and at individual group company level;</li> </ul>
Responsible for:	<ul style="list-style-type: none"> <li>Implementation</li> <li>Evaluation</li> </ul>	-		-	<ul style="list-style-type: none"> <li>* Involved in the design of the self-assessment;</li> <li>* Assure selection process</li> <li>* Assess adopted policy and make changes where necessary</li> </ul>
	<ul style="list-style-type: none"> <li>Update</li> <li>Periodic testing of general principles</li> </ul>				
	<ul style="list-style-type: none"> <li>Limit and identify conflicts of interest, partly through the adoption of objective assessment criteria based on the internal reporting system, suitable controls and the four-eyes principle;</li> <li>Prevent conflicts of interest for officers in control functions;</li> <li>Document remuneration policy. Maintain documentation on the decision-making process (e.g. minutes of relevant meetings, relevant reports and other relevant documents) and on the reasoning behind the remuneration policy.</li> </ul>				
Supervision:	Supervision of: <ul style="list-style-type: none"> <li>Implementation</li> <li>Compliance of remuneration policy and remuneration practices with governance structure, corporate culture, risk appetite and applicable legislation and regulations</li> <li>Implementation of monitoring compliance with prohibition on personal hedging strategies.</li> <li>Centralized and independent internal assessment of implementation (audit) at least once a year</li> </ul>			Identified staff and control functions: supervision of setting of performance criteria	Supervision (ongoing and periodic)
Information to be supplied to?	-			AGM (to be informed promptly of every decision on adopting or changing remuneration policy for executive directors)	-



### 7.5.1 Committees of the Supervisory Board

The Supervisory Board has an Audit and Risk Committee ('ARC Committee') and a Selection and Appointment Committee and a Remuneration Committee. These committees are set up by and composed of members of the Supervisory Board. The full Supervisory Board remains responsible for all decisions taken, including those prepared by a committee. The duties, composition, expertise, independence and organization of the committees of the Supervisory Board are described in further detail in their rules of procedure, which are included in two appendices to the Rules of Procedure of the Supervisory Board.

### 7.5.2 Remuneration Committee

The Remuneration Committee provides the Supervisory Board with support and advice in relation to its duties and responsibilities regarding remuneration policy and remuneration practices. Decisions taken by the Supervisory Board in this area are prepared by the Remuneration Committee.

All members of the Supervisory Board and the Remuneration Committee, with the exception of no more than one person, are independent within the meaning of the Code. Neither the chair of the Supervisory Board, nor any member or former member of the Executive Board, may serve as chair of the Remuneration Committee. The members of the Remuneration Committee have sufficient knowledge, experience and skill to be able to decide on matters concerning the remuneration policy and the impact of the remuneration policy on the risks, capital and liquidity of the company as a whole, ASR Nederland N.V. and the divisions and subsidiaries that are part of the ASR Group.

Remuneration Committee	Remuneration policy	Individual remuneration of:		Selection of identified staff
		Identified staff	All employees	
<b>Prepare, support and advise EB/SB</b>	Prepare proposals and decisions of SB and EB regarding remuneration policy and individual remuneration Prepare adoption of remuneration report			
<b>Verantwoordelijk voor:</b>	Performing an independent central internal assessment at least once annually of the remuneration policy and remuneration practices			
<b>monitoring (in particular)</b>	Inclusion of ex ante and ex post risk adjustment mechanisms Conformity with and encouragement of sound and effective risk management Operation of mechanisms and systems introduced to ensure that the remuneration system takes proper account of all sorts of risks, liquidity and capital levels Conformity with strategy, objectives, corporate culture, values and long-term interests Reaction of remuneration policy and remuneration practices to external and internal events and performance of back-tests of criteria that are used for the ex ante determination of the award and risk adjustment on the basis of actual risk results (scenario testing) Appointment of independent remuneration consultants by Supervisory Board	Attainment of performance criteria	Necessity of applying penalty and claw-back clause	-
<b>Supervision of and recommendations to:</b>	-	Supervision of individual remuneration of senior managers in control functions and recommendations to Supervisory Board about the design of the remuneration package and the set remuneration amounts payable to senior personnel in control functions	-	-

### 7.5.3 Selection and Appointment Committee

The Selection and Appointment Committee supports and advises the Supervisory Board in the performance of its duties and responsibilities in relation to (i) selection and appointment (or reappointment) of members of the Supervisory Board and Executive Board, (ii) periodic assessment of the size and composition of the Supervisory Board and Executive Board, (iii) functioning of the individual members of the Supervisory Board and Executive Board and (iv) assessing Executive Board proposals in relation to assessments of individual senior managers. Decisions taken by the Supervisory Board in this area are prepared by the Selection and Appointment Committee.

All members of the Selection and Appointment Committee, with the exception of no more than one person, are independent within the meaning of the Dutch Corporate Governance Code. Neither the chair of the Supervisory Board, nor any member or former member of the Executive Board, may serve as chair of the Selection and Appointment Committee. The members of the Selection and Appointment Committee have sufficient knowledge, experience and skill to make competent decisions on matters concerning the selection, appointment and assessment of members of the Supervisory Board and Executive Board as well as senior management.

### 7.5.4 ARC Committee

Without prejudice to the duties of the Remuneration Committee and the Selection and Appointment Committee, the ARC Committee examines whether the incentives created by the remuneration system take account of risk, capital, liquidity and the probability and staggering of profit forecasts, for the purpose of supporting the introduction of sound remuneration policy and practices. The ARC Committee also provides input for the selection of identified staff.

ARC Committee	Remuneration policy	Selection of identified staff
Provide input	Input regarding incentives created by the remuneration system	Input
Assess	Incentives created by the remuneration system (is sufficient account taken of risks, capital and liquidity?)	

### 7.6 Executive Board (EB)

The Executive Board has decision-making powers and responsibilities relating to the remuneration policy in respect of all employees, with the exception of the Executive Board itself and the Supervisory Board. The Executive Board also decides on the individual remuneration of senior managers (SMs, job levels 22-23).

Executive Board	Remuneration policy for:	Individual remuneration of:	Selection of identified staff
	All employees	Identified staff (with exception of EB and SB) and other SMs (22,23)	
Adopt	Adopt	Set performance criteria and remuneration	
Approve			<ul style="list-style-type: none"> <li>Selection process/criteria, including design of Self-Assessment framework</li> </ul>
Responsible for:	<ul style="list-style-type: none"> <li>Implementation</li> <li>Evaluation</li> <li>General remuneration ratios</li> <li>Compliance by ASR Nederland N.V. and all group</li> </ul>		

## 7.7 Control functions (key functions)

Control functions (also known as key 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 rest of the organization. They advise and support the Executive Board and Supervisory Board, and report directly to the Executive Board and Supervisory Board on compliance with applicable legislation and regulations and internal codes. Officers in control functions are defined as senior and/or managerial employees working in the compliance, audit, risk management and actuarial functions. The compliance, audit and risk management functions also play an active role in the context of the remuneration policies and practices relating to other groups of employees.

Officers in control functions have sufficient means, knowledge and experience to perform their duties relating to the remuneration policy. They are independent of the business units that they supervise.

The control functions can escalate individual cases of a possible conflict to the Supervisory Board if the customary route within the organization fails to produce a solution. The control functions will escalate any conflict with the Supervisory Board to the Executive Board.

### 7.7.1 Risk management function

Risk management function	Remuneration policy regarding:		Individual remuneration of:	Selection of identified staff
	Control functions and identified staff	All employees	All employees	
Provide input	<ul style="list-style-type: none"> <li>Independence of other control functions</li> <li>Performance criteria and targets (appropriate to risk profile; incentives for irresponsible risk-taking)</li> </ul>	Input when determining criteria for application of ex ante risk adjustment and ex post reassessment	<ul style="list-style-type: none"> <li>Determine bonus pools and performance criteria;</li> <li>Ex ante risk adjustment and ex post reassessment of variable remuneration</li> </ul>	Input
	<ul style="list-style-type: none"> <li>Input for adoption of that policy in accordance with the risk management strategies of the group.</li> </ul>			
Assess/monitor	-		<ul style="list-style-type: none"> <li>Data concerning risk adjustment (and attending meetings of the Remuneration and Selection and Appointment Committees about this)</li> <li>Compliance with defined risk parameters for application of penalty</li> </ul>	Checking of list

## 7.7.2 Compliance function

Compliance function	Remuneration policy regarding:		Individual remuneration	Selection of identified staff
	Control functions	All employees		
Provide input	Identification of changes required (proposed text) based on legislation and regulations, internal codes, risk appetite and independence of risk management function		<ul style="list-style-type: none"> <li>Set Risk Function action in relation to bonus pools and performance criteria</li> <li>Ex ante risk adjustment and ex post reassessment of variable remuneration</li> </ul>	Prepare/adjust list
Assess/monitor	Compliance with legislation and regulations, internal codes and risk appetite		<ul style="list-style-type: none"> <li>Compliance with internal codes of conduct for application of penalty</li> <li>Existence of grounds for recovering variable remuneration (claw-back clause)</li> <li>Compliance with prohibition on personal hedging strategies (samples)</li> </ul>	-
	Independence of risk management function	-		-

## 7.7.3 Audit function

Audit function	Remuneration policy	Individual remuneration
Provide input	During consultations between control functions	Ex ante risk adjustment and ex post reassessment of variable remuneration
Assess/monitor/validate	<ul style="list-style-type: none"> <li>Group company level: periodic independent review of design and implementation of remuneration policy and impact on risk profile (including monitoring of impact)</li> <li>Group level: group review of compliance with legislation and regulations, group policy, procedures and internal rules at least once a year</li> </ul>	-

## 7.8 Human resources function

The human resources function is very closely involved with the implementation of the remuneration policy. It also coordinates the preparation and evaluation of the remuneration policy and suggests the content of the policy. In keeping with the control functions, the human resources function provides input for the ex ante and ex post risk adjustments of variable remuneration.

Human resources function	Remuneration policy	Individual remuneration	Selection of identified staff
Provide input	Preparation, adjustment and evaluation	Ex ante risk adjustment and ex post reassessment of variable remuneration	Input regarding selection
Implement	Collection of data for disclosure; arranging for disclosure	<ul style="list-style-type: none"> <li>Consistent application of adopted remuneration policy</li> <li>Application of established penalty and claw-back clause</li> <li>Ensure employees undertake to comply with hedging ban</li> </ul>	-
Coordinate and define	Recommendation process for remuneration report of control functions (proposed text) (including publication)	<ul style="list-style-type: none"> <li>Recommendation process for control functions</li> <li>Setting of performance criteria</li> </ul>	-

## 7.9 Consultations between control functions

The control functions and the human resources function collaborate actively on a regular basis. They share information and provide input for each other's activities in the area of the remuneration policy.

Consultations between control functions	Remuneration policy	Individual remuneration of:		Selection of identified staff
		Identified staff	All employees	
Provide input	Input regarding structure of remuneration policy, conformity with legislation and regulations, risk management and risk profile	Input regarding ex ante and ex post risk adjustments regarding variable remuneration (insofar as applicable)		-
Monitor/ supplement	Remuneration report	Performance criteria	-	Selection

# Appendix IV: Process for selecting identified staff

## 1. Introduction

Identified staff are employees or categories of employees whose duties can have a material impact on the company's risk profile. Owing to their potential impact on the risk profile, identified staff are subject to a number of additional requirements and rules on remuneration to enable the impact of their duties on the risk profile to be monitored.

ASR Group makes use of qualitative and quantitative selection criteria for the selection of identified staff in line with the statutory framework. Periodic evaluations take place in order to identify all employees who in view of their professional duties can have a material impact on a company's risk profile (identified staff).

## 2. Statutory framework

For banks and investment firms, the European Commission has published regulatory technical standards (RTS) regarding identified staff (Commission Delegated Regulation (EU) No. 604/2014 of 4 March 2014 and EU No. 2016/861 of 18 February 2016). These RTS set qualitative and quantitative selection criteria for identifying the group of employees who qualify as identified staff. In addition, the guidelines under the CRD IV Directive and the CRR Regulation (EBA/GL/2015/22) of the European Banking Authority must be applied as published on 21 December 2015, as must the guidelines under the AIFM Directive for a good remuneration policy of the European Securities and Markets Authority as published on 3 June 2013.

In the case of institutions covered by the Dutch Restrained Remuneration Regulation but which are not directly bound by the RTS, the methodology included in the Dutch Restrained Remuneration Regulation 2014 is applied<sup>10</sup>. In this context, these are employees who are senior management, risk takers, staff engaged in control functions and employees who can have a material impact on the company's risk profile and whose total remuneration puts them in the same remuneration bracket as the employees in senior management or risk-taking roles.

The ESMA guidelines on sound remuneration policies apply to managers of alternative investment funds.

## 3. Selection criteria for identified staff

The groups of people who could have a material impact on the risk profile of a.s.r. are:

- Category 1: Members of the Executive Board and directors under Articles of Association ('day-to-day policymakers').
- Category 2: Members of the Supervisory Board.
- Category 3: Officers in control functions ('key functions'). Control functions are second and third-line departments which, by virtue of their independent position, act as a counterweight to unacceptable risks. These include senior management staff in the compliance function, the risk management function, the actuarial function and the audit function. This category also includes employees<sup>11</sup> who have overall responsibility for risk management at a material business unit.
- Category 4: Members of ASR Group's risk committees. The primary aim of these committee members is to monitor the management of the risks and the realization of returns that have an impact on the achievement of the ASR Group's strategic objectives.
- Category 5: Members of the PARP Board. The Product Approval & Review Process Board (PARP Board) is responsible for the approval of new product initiatives and product changes.
- Category 6: Other potential risk-takers. The group of other potential risk-takers consists of:
  - a) Senior managers who have not been classified as identified staff based on the previous groups and can influence the risk profile of ASR Group;
  - b) The corporate boards of subsidiaries of ASR Group;

<sup>10</sup> DNB guidelines on the selection of identified staff for other institutions, including insurers (Q&A of Open Book on Supervision).

<sup>11</sup> CFRO.

- c) Employees whose total awarded remuneration is at the same level as that of the Executive Board or senior management;
- d) Other employees whose activities otherwise have a material impact on the risk profile or employees whose activities could have an impact on at least 1% of the Solvency Capital Requirement<sup>12</sup>.

This applies only to the extent that they are able to have a material influence on a.s.r.'s risk profile and are not in Categories 1 through 5.

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12 This includes underwriting risk, market risk and interest rate risk as a minimum.

# Appendix V: Provisions related to the fact that the State holds shares in ASR Nederland N.V.

## 1.1 Introduction

Additional rules on remuneration apply to certain groups of employees at ASR Nederland N.V. and banks and insurers that form part of the ASR Group and have their registered office in the Netherlands for as long as the State holds shares in ASR Nederland N.V. (either through NLF1 or otherwise)

## 1.2 Outline

In this appendix, the text printed in italics matches the text contained in the remuneration policy. Text not printed in italics relates specifically to the fact that the State holds shares in ASR Nederland N.V.

## 1.3 Policymakers

Policymakers are employees who decide the day-to-day policy of a financial institution. This group includes in any event the directors under the Articles of Association and individuals who are not executive directors but whose influence is such that they are effectively able to determine the day-to-day policy of the company.

In the ASR Remuneration Policy, the directors under the Articles of Association qualify as policymakers.

In the case of policymakers, severance pay is subject to a maximum of no more than 100% of the fixed annual remuneration. Moreover, additional rules on remuneration apply to policymakers at ASR Nederland N.V. and banks and insurers that form part of the ASR Group and have their registered office in the Netherlands for as long as the State holds shares in ASR Nederland N.V. (either through NLF1 or otherwise). These rules on remuneration can be summed up as a prohibition on the award and payment of variable remuneration (also known as the bonus prohibition) and the freezing of fixed remuneration.

## 1.4 Senior managers subject to Wbfo (second tier)

In keeping with the rules for day-to-day policymakers, a bonus prohibition and a freeze on fixed remuneration applies to senior managers subject to Wbfo (also known as the second tier) for as long as the State holds shares in ASR Nederland N.V. (either through NLF1 or otherwise).

Senior managers subject to Wbfo comprise individuals who work at ASR Nederland N.V. and banks and insurers that are part of the ASR Group and have their office in the Netherlands and who also:

- fulfil a management role directly under the tier of policymakers; and
- are responsible for identified staff.

## 1.5 Increase in fixed remuneration of policymakers and senior managers subject to Wbfo

Fixed remuneration may be increased in a number of ways. Within this function, increases may, for instance, take the form of:

- increases based on performance appraisals; and
- percentage adjustment in accordance with, or in line with, the structural pay increases under the collective bargaining agreements of the insurance business.

In the case of policymakers and senior managers subject to Wbfo working at ASR Nederland N.V. and at banks and insurers that are part of the ASR Group and have their registered office in the Netherlands, fixed remuneration may only be increased in line with the percentage increases that also apply to all employees of the relevant financial institution (ASR Nederland N.V., bank or insurer).



## 1.6 Severance pay

Severance pay is either fixed or variable. Severance pay is fixed if the calculation of the severance pay involves the use of a fixed formula or calculation basis that is in keeping with the fixed formulas or calculation basis used in actual practice.

Other forms of severance pay are variable. Variable severance pay must comply with the bonus cap (20%) and the other requirements for the awarding and payment of variable remuneration (Chapter 4).

No severance pay, either fixed or variable, may be awarded to an employee in the following cases:

- In the event that the employment relationship is terminated early at the employee's own initiative, except where this is due to serious culpable conduct or neglect on the part of the company.
- In the event of serious culpable conduct or neglect in the performance of his or her role by the employee.

Additionally, the following conditions apply in respect of severance pay for policymakers:

- The maximum severance pay is 100% of the fixed annual remuneration.
- No severance pay is awarded in the event of the company's failure.
- No severance pay that can be classified as variable is awarded to policymakers and senior managers subject to Wbfo of ASR Nederland N.V. or banks and insurers that are part of the ASR Group.
- No fixed severance pay may be awarded to this group of employees unless this severance pay was agreed before 7 February 2015 (or before 20 June 2012 in the case of members of the Executive Board of ASR Nederland N.V., where the total fixed remuneration including agreed fixed severance pay may not exceed 120% of the value on 26 October 2011) or was/is agreed when the employee in question commenced/commences his or her activities as a policymaker after 7 February 2015.

## 1.7 Variable pay

No variable remuneration is awarded to policymakers and senior managers subject to Wbfo at ASR Nederland N.V. and at banks and insurers that are part of the ASR Group.

# Appendix VI: Termination arrangements concerning Variable Remuneration Regulations prior to 1 July 2014 at ASR Nederland N.V.

## 1.1 Eligible employees

These arrangements apply to identified staff in salary groups 13, 14, 15, 22 and 23 who were already employed under the responsibility of ASR Nederland N.V. prior to 1 July 2014 and who were awarded variable remuneration at that time.

To the extent that these groups of employees comprise policymakers and senior managers subject to Wbfo of ASR Nederland N.V. and banks and insurers within the ASR Group and senior officials within the meaning of WNT, the variable remuneration that has already been awarded is paid in accordance with the applicable transitional provisions.

With effect from the 2011 financial year, no variable remuneration is awarded or paid to members of the Executive Board and Supervisory Board of ASR Nederland N.V., including under these arrangements.

## 1.2 Performance criteria and maximum ratio to fixed remuneration

Prior to 1 July 2014, the following performance criteria were used for conditional and unconditional awards of variable remuneration.

The level of variable remuneration of identified staff depends on the scores for three components that are given equal weight (1/3). If less than 75% of a target is attained, the remuneration linked to that target is zero.

1. **Individual targets:** the targets are agreed between the line manager and the employee at the beginning of every year. These individual targets consist of both financial and non-financial targets.
2. **Business line level:** division or subsidiary:
  - a. Customer satisfaction (50%)  
Customer satisfaction is measured using on validated metrics, such as the Net Promoter Score.
  - b. Financial performance (50%)  
The financial targets are derived directly from the multi-year budget of the company and its business lines. A central part of the budgeting process is the own risk solvency assessment (ORSA). The ORSA takes stock of the effects of the financial parameters (and plans) on the solvency position of the company. As a consequence, the targets are also adjusted for risks.
3. **ASR Nederland N.V. level:**
  - a. Customer satisfaction (50%)
  - b. Financial performance (50%)

For officers in control functions, total variable remuneration is based solely on individual targets (item 1 above), with due observance of the following principles:

- The individual targets are based primarily on the objectives of the relevant control function and are primarily derived from control objectives, such as the Tier 1 ratio, non-performing loan ratio, non-performing loan recovery rate or audit results.
- Furthermore, individual targets are also related to the trend in engagement in the delegated focus area, the trend in customer satisfaction and the trend in costs in the delegated focus area.

Between 40% and 60% of the performance criteria as applied and described above consist of non-financial criteria and are in keeping with the company's long-term objectives, strategy and risk management policy and do not encourage excessive risk taking or misselling.

The following table shows the maximum variable remuneration awarded for performance at on-target or maximum level for the relevant salary groups as a percentage of fixed remuneration.

Target group	On-target level	Maximum
Senior management (22-23)	45%	60%
Senior management (13-15)	20%	40%

### 1.3 Ex ante risk adjustment

At the time of the (initial) award of the variable remuneration, it was assessed whether a downward adjustment of the total sum and the individual variable remuneration was necessary in view of current and future risks. This included an analysis whether the company would not be limited in its ability to maintain and strengthen its regulatory capital, solvency margin or own funds. The analysis also took account of the costs of capital employed and the costs of the required liquidity, regulatory capital or own funds.

### 1.4 Composition of payment, deferral and retention schedule

The payment of variable remuneration to identified staff under the Variable Remuneration Regulations prior to 1 July 2014 is covered by a deferral and retention schedule that is designed to ensure financial incentives are aligned with the company's long-term interests. Portions of previously awarded variable remuneration have continued to be paid after 1 July 2014 owing to the application of the schedule to identified staff, in accordance with legislation and regulations.

No interest or dividend is calculated in respect of the deferral period. During the retention period, ASR Nederland N.V. holds on to the relevant portion of variable remuneration. In the event of payment at the end of the retention period, the relevant portion of variable remuneration that consists of financial instruments is adjusted to reflect the value of the company at the time the retention period ends. In this way, variable remuneration is paid in four tranches. The last payment under this schema will be made no later than 2020.

Composition of payment	Deferral percentage	Deferral period	Retention period	Tranche
50% in cash	Immediate payment of 50% (prior to 1 July 2014)			1
	Deferred payment of 50%	3 years		3
50% in financial instruments <sup>13</sup>	Immediate payment of 50% (prior to 1 July 2014)		2 years	2
	Deferred payment of 50%	3 years	2 years (total: 5 years)	4

### 1.5 Penalty

Following a proposal from the Remuneration Committee, and using input from the human resources function and the control functions, the Supervisory Board decides whether the penalty is to be applied, in accordance with the criteria laid down in Section 4.6.2.

### 1.6 Claw-back

Following a proposal from the Remuneration Committee, and using input from the human resources function and the control functions, the Supervisory Board decides whether the claw-back clause is to be applied, in accordance with the criteria laid down in Section 4.6.3.

<sup>13</sup> The financial instruments satisfy the relevant requirements laid down in Commission Delegated Regulation (EU) No. 527/2014 of 12 March 2014 supplementing Directive (EU) No. 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the classes of instruments that adequately reflect the credit quality of an institution as a going concern and are appropriate to be used for the purposes of variable remuneration, Official Journal of the European Union L 148/21.

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a.s.r.  
de nederlandse  
verzekerings  
maatschappij  
voor alle  
verzekeringen