

Remuneration Report VIVAT NV 2019

Zwitserleven



actiam

VIVAT



Remuneration

Introduction

The remuneration report describes the principles, governance and elements of the remuneration policies within VIVAT (§1). It also gives an overview of the payment of (variable) remuneration in 2019 (§2), as well as the actual remuneration of the members of the Executive Board and Supervisory Board (§3).

1. Remuneration Policies VIVAT

Remuneration Policies VIVAT

It is VIVAT's ambition to be a good and inspiring employer. The primary objective of VIVAT's remuneration policy is to enable VIVAT to recruit, retain and motivate employees and to stimulate high performance. The policy aligns with and strengthens VIVAT's strategy and core values. It is prudent, moderate and sustainable and meets the requirements of VIVAT's risk policy and applicable legislation and regulations. VIVAT ensures long-term value creation and has chosen to use four Sustainable Development Goals (SDG) as a guideline for further development of the Corporate Social Responsibility policy in business operations. One of these SDGs is linked to our HR principles for remuneration.

The Group Remuneration Policy VIVAT applies to all employees working under the responsibility of VIVAT NV. Besides the Group Remuneration Policy, specific remuneration policies are applicable to Above-CLA employees, Executive Board VIVAT, Statutory Board of ACTIAM and Identified Staff and non-Identified Staff employees within ACTIAM. For information regarding the remuneration policies of ACTIAM we refer to the annual report of ACTIAM NV.

At the end of 2019, for 1,863 of 1,904 of the employees the VIVAT CLA (Collective Labour Agreement) 2018-2019 is applicable.

Principles

Every remuneration policy is based on the following principles:

- It supports VIVAT's corporate strategy, and is aligned with the mission and values of VIVAT;
- It is compliant with the applicable legal rules and regulations;
- It may not threaten VIVAT's ability to maintain an adequate capital base;
- It takes into account the interests of all stakeholders of VIVAT: customers, employees, shareholders and society;
- It is transparent, easy to understand and simple to execute;
- It fits in with VIVAT's ambition to be a socially responsible and innovative insurance company;
- It fits the risk profile of VIVAT and of the relevant employee;
- It supports the attraction and retention of qualified employees that fit the job;
- It encourages high team and company performance; and
- It is gender and age neutral.

Governance

The Group Remuneration Policy was established by the Executive Board and approved by the Supervisory Board after, insofar as applicable, fulfilment of any rights of the Works Council. The general meeting adopted the Group Remuneration Policy and the remuneration policy for the members of the Executive Board after consultation with the Supervisory Board. The Supervisory Board's Remuneration and Nomination Committee (ReNomCo) prepares decisions on Remuneration policies as well as remuneration regarding Identified Staff and employees in control functions. The Executive Board is responsible for the implementation of the remuneration policies. The Group Remuneration Policy is externally published on our website: www.vivat.nl.

The Remuneration Policies are based on and in line with the Financial Undertakings Remuneration Policy Act (*Wet Beloningsbeleid Financiële Ondernemingen*) which is incorporated in the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht* or **FMSA**), the Commission Delegated Regulation (EU) 2015/35 (**Solvency II**), the Guidelines on System of Governance of the European Insurance and Occupational Pensions Authority (**EIOPA Guidelines**) and the Regulation on Sound Remuneration Policies 2017 (*Regeling Beheerst Beloningsbeleid 2017*, **RBB 2017**) with respect to staff working under the responsibility of Zwitserleven PPI NV.

With respect to staff working under the responsibility of ACTIAM NV the remuneration policies of ACTIAM NV are also based on the Alternative Investment Fund Managers Directive 2011/61/EU (**AIFMD**) and the Guidelines on sound remuneration policies under the AIFMD (**ESMA**).

Identified Staff

Every year, VIVAT designates members of staff as 'Identified Staff' on the basis of applicable laws, rules and regulations. In order to establish the list of identified employees of VIVAT, we use Solvency II regulation as of 2018. For staff of ACTIAM NV, we follow the ESMA Guidelines and for the statutory board of Zwitserleven PPI NV, we follow RBB 2017.

VIVAT has established a Working Group Identified Staff comprising of the directors of HR, Legal, Financial Risk, Non-Financial Risk and Audit (**Working Group Identified Staff**). The Working Group Identified Staff may provide and will at request provide input on any decision of the Executive Board and the Supervisory Board on the list of any Identified Staff as well as any decisions on remuneration in relation to Identified Staff.

Elements of the Remuneration Policies

Fixed Annual Salary

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

The process regarding the annual salary increase for the Above-CLA employees follows the process as described above, applicable for the employees in the CLA. Increase of the salaries of the members of the Executive Board is only possible after adopting a proposal of the Supervisory Board in the general meeting of the shareholder.

Job functions at VIVAT are independently evaluated. The outcome of this evaluation results in a certain salary scale for such function.

Total direct compensation is the total of fixed and variable remuneration (for VIVAT only the total of fixed remuneration as we abolished variable remuneration within VIVAT), excluding benefits such as pension and allowances. We aim to provide total direct compensation levels for expected business and individual performance which, on average, are at the median of the markets in which we operate, benchmarked against relevant peer groups. To ensure we adhere to this policy, we monitor and benchmark salary levels. Fixed remuneration represents a sufficiently high proportion of the total direct compensation, which is in line with the level of expertise, years of experience and required skills.

Pension

Nearly all employees participate in the same pension scheme of VIVAT. The current scheme is a Collective Defined Contribution (CDC) pension scheme, which is based on a pension accrual including an employee contribution of 4.5%. The scheme qualifies as a defined contribution scheme for IAS 19 purposes. The contributions are paid by VIVAT and employees respectively as employer and employee contributions. For employees who were employed by VIVAT as per 31 December 2017 and with a salary exceeding the maximum pensionable salary for pension accrual, a compensation of 16.35% on an employee's pensionable salary in excess of € 107,593 is applied. The permanent supplement payment is not pensionable and is not taken into account for the calculation of severance payments, including the transition fee (*transitievergoeding*) or any other wage components or benefits.

Variable Remuneration

As of 2018 VIVAT abolished the performance related bonus in the CLA and abolished the variable remuneration for the Executive Board of VIVAT NV, Above-CLA employees (our Senior Management) and for the Statutory Board of ACTIAM NV.

For VIVAT's asset management activities, employees are still entitled to variable remuneration based on performance (with the exception for the Statutory Board of ACTIAM). The level of variable remuneration within ACTIAM is maximised at 50% of the annual fixed salary for senior portfolio management in the event of stretched performance (a lower maximum applies for other functions in the event of stretched performance). Awarding is subject to a financial condition (knockout).

Sign-on Bonus & Retention Bonus

VIVAT exercises great restraint when agreeing such arrangements as sign-on bonus or retention bonus. Such arrangements may be agreed only if they are approved in accordance with legislation and regulations and approved in accordance with VIVAT's governance.

Other Benefits

Depending on the position on the salary scale, Above-CLA employees and some (senior) managers are eligible for a lease car or a lease car allowance. As part of VIVAT's commitment to sustainable investment principles, certain types of cars and certain brands are no longer included in this policy, however exceptions are made for 100% electric models.

Hold Back & Claw Back

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

Severance Payment

If and insofar a severance payment is due to an employee, such payment will be equal to the transitional fee within the meaning of article 7:673 of the Dutch Civil Code unless (i) the relevant employee can benefit from a different arrangement as explicitly agreed upon in an applicable social plan or (ii) otherwise determined at the discretion of the Executive Board or, where it relates to Above-CLA employees, VIVAT Identified Staff or ACTIAM Identified Staff, the Remuneration and Nomination Committee and approved by the Supervisory Board. VIVAT has agreed upon an extension of one year of VIVAT's Social Plan 2018-2019 with the unions which is applicable in case of reorganisation(s).

2. Overview Remuneration 2019

Overview Remuneration 2019

Fixed Remuneration

According to the CLA VIVAT employees have received a periodic salary increase on 1 February 2019. The periodic salary increase for Above-CLA employees was also based on the CLA. There was no collective salary adjustment (CLA) in 2019. Salaries of the members of the Executive Board were not increased. This has not been proposed since 2015.

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

The employees employed on 31 December 2019 received a one-off payment of a monthly salary based on their gross December salary excluding any allowances and/or compensations. When an employee started working after 1 January 2019, a proportional part of this one-off payment was paid to the employee in December 2019. The Executive Board did not receive this one-off payment.

Target Setting

The performance management cycle started with setting the performance targets in the first quarter of 2019 for the Executive Board and Above-CLA employees. These targets are in line with the company targets and the company's mission. More than 50% of the KPIs set were non-financial related KPIs. For employees in control functions such as Risk, Audit and Compliance departments, no financial KPIs were set. The KPIs were related to maintaining customer advocacy, sound and controlled organisation, a financial KPI and one or more individual KPIs. Besides KPIs also competences were set: result driven, change attitude and collaboration. Following the target setting for Executive Board and Above-CLA employees, employees set their KPIs and competences. These personal development skills (max three) are chosen from the company's broad set of values with one general: result driven.

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

Variable Remuneration

In 2019, a total amount of € 1.7 million was unconditionally awarded to 88 ACTIAM employees as a variable remuneration over the year 2018 and, as deferred and final part of the variable remuneration over the year 2015, a total amount of € 0.2 million was unconditional awarded to 23 (former) employees.

The decision about awarding variable remuneration within ACTIAM for the year 2019 will be made after the date of publication of the Annual Report VIVAT NV 2019.

In the year 2019, VIVAT did not use the power to apply a holdback and clawback.

Retention Bonus

Due to the announced strategic review by the shareholder, at the end of 2018 VIVAT offered a retention scheme to a group of employees. In 2019, a second retention scheme was offered to another group of employees. The vesting and payment of these schemes are subject to certain conditions and law and regulations, which contains deferred payment for Identified Staff. VIVAT received the approval of the regulatory authorities before offering these retention schemes. For the Executive Board members we refer to the disclosure of the remuneration of the Executive Board in §3 of this report.

In 2019, the deferred payment and final part of the retention scheme 2015 was paid to eight employees for a total amount of € 0.2 million.

Number of Employees with a Remuneration Exceeding € 1 Million

In 2019, one employee received a total remuneration exceeding € 1 million.

3. Actual Remuneration (former) Members of the Executive Board and the Supervisory Board

The Executive Board

The Executive Board is responsible for the strategy and management of the company. Mr. J.J.T van Oijen resigned as CEO as of 31 January 2020. Mr. M.W. Dijkshoorn was appointed as delegated Supervisory Board member as of 1 February 2020. The position of a Supervisory Board member delegate includes extended supervision of the Executive Board and advising the Executive Board on behalf of the Supervisory Board. He is not a member of the Executive Board.

Composition, Appointment and Role

The Executive Board as of 31 December 2019 consists of the following:

Name	Nationality	Position	Date of appointment	
J.J.T. (Ron) van Oijen	Dutch	Chief Executive Officer	14 March 2016	*
Y. (Yinhua) Cao	Chinese	Chief Financial Officer	23 October 2015	
L. (Lan) Tang	British	Chief Risk Officer	26 July 2015	
W.M.A. (Wendy) de Ruiter-Lörx	Dutch	Chief Commercial Officer	24 May 2016	
X.W. (Xiao Wei) Wu	Chinese	Chief Transformation Officer	26 July 2015	
J.C.A. (Jeroen) Potjes	Dutch	Chief Operating Officer	24 May 2016	

* Ron van Oijen has resigned from his position effective 31 January 2020.

Actual Remuneration (former) Members of the Executive Board

The following table provides a breakdown of the total remuneration of the Executive Board, including former and existing key management.

Breakdown of Remuneration (former) Members of the Executive Board

In € thousands	2019	2018
Short-term employee benefits	4,677	4,372
Post-employment benefits	124	138
Other long-term benefits	308	3
Total	5,109	4,513

The other long-term benefits and a part of the short-term employee benefits relate to a retention scheme as recognised in the statement of profit or loss; the vesting of this scheme is subject to certain conditions and any payment will be made in instalments based on current remuneration regulations.

Loans, Advances and Guarantees

There are no loans, advances or guarantees outstanding on 31 December 2019 (and 2018) and/or granted to members of the Executive Board during 2019.

The Supervisory Board

The Supervisory Board is responsible for overseeing the Executive Board's conduct and general business management. It has an important role in the company's governance, by approving or dismissing significant business-related decisions.

Composition, Appointment and Role

The Supervisory Board as of 31 December 2019 consists of the following:

Name	Nationality	Position	Date of appointment
M.W. (Maarten) Dijkshoorn	Dutch	Chairman	23 December 2016
M.R. (Miriam) van Dongen	Dutch	Member	26 July 2015
M. (Ming) He	American	Member	26 July 2015
K. (Kevin) Shum	British	Member	26 July 2015
P.P.J.L.M.G. (Pierre) Lefèvre	Belgian	Member	26 July 2015

Actual Remuneration Members of the Supervisory Board

The following table provides an overview of the total remuneration of the Supervisory Board members (excluding 21% VAT).

Breakdown of Remuneration Members of the Supervisory Board

In € thousands	2019	2018
Total fixed actual remuneration for Supervisory Board members	610	610
Total remuneration for the members of the Supervisory Board's Committees	25	25
Total	635	635

Loans, Advances and Guarantees

There are no loans, advances or guarantees outstanding on 31 December 2019 (and 2018) and/or granted to members of the Supervisory Board during 2019.

