

# Remuneration Report VIVAT NV 2015

Zwitserleven



actiam

VIVAT



# Remuneration

## 1. Remuneration policy VIVAT in general

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#### Introduction

VIVAT NV was part of SNS REAAL NV until 26 July 2015. From 26 July 2015 onwards VIVAT NV became wholly owned by Anbang Group Holdings Co. Ltd, a 100% subsidiary of Anbang Insurance Group Co. Ltd. The remuneration policy has been applicable in full throughout 2015 to all of the employees of VIVAT NV and its subsidiaries, including their executive directors. Because 2015 was a transitional year for VIVAT NV the SNS REAAL NV's group policy will be replaced by the 'VIVAT Remuneration Policy' in 2016. The main elements of the 2015 remuneration policy are summarised in this chapter.

#### Principles

The 2015 remuneration policy:

- Is compliant with the prevailing laws, rules and regulations;
- Reflects the interests of all the company's stakeholders: customers, employees, shareholder and society at large;
- Is in line with, and contributes to, robust and effective risk management and, concurrently, does not encourage the taking of more risks than is acceptable for the businesses of the company;
- Supports the ability to attract and retain good people, taking into account the specific position occupied by the company in the Netherlands.

#### Governance

The Supervisory Board is responsible for the implementation and evaluation of the remuneration policy that has been adopted by the members of the Executive Board. The Supervisory Board is also responsible for approving the remuneration policy for the senior management and, in principle, the remuneration policy for other employees. Lastly, the Supervisory Board is responsible for monitoring how this policy is implemented by the Executive Board.

The Supervisory Board's Remuneration and Nomination Committee (ReNomCo) prepares proposals for decision-making by the Supervisory Board in respect of the remuneration policy. Where necessary, the ReNomCo is assisted by independent remuneration experts. The control departments (Financial Risk and Non-Financial Risk) and various other corporate support departments (Finance, Legal, Human Resources and Audit) are also involved, each in their own capacity. As a result of this combined vetting, a governance framework has been prepared.

## **Identified staff**

VIVAT designates Identified Staff (employees who could have a material impact on the institution's risk profile) on the basis of applicable laws, rules and regulations.

The list of Identified Staff is kept up-to-date by Human Resources, is checked for its accuracy at least once a year by the control departments and, thereafter is presented to the Supervisory Board. There are specific rules on setting performance targets, determining the extent to which performance targets have been achieved, and setting and paying variable remuneration in the case of employees who qualify as Identified Staff (for further information see section Performance targets and variable remuneration for Identified Staff).

## **Composition of primary remuneration**

Primary remuneration is made up of fixed and variable pay. Fixed income is generally made up of 12 times an employee's fixed monthly salary, plus holiday allowance and a 13th-month payment.

## **Level of fixed remuneration**

The level of the fixed monthly salary depends on the importance of the role and the employee's performance. A decision as to whether to increase the fixed monthly salary is made once a year, on the basis of a competency assessment. The fixed monthly salary cannot be increased further once the maximum salary in the pay scale has been reached.

## **Level of variable remuneration**

Performance targets for each employee are set in the first quarter of a performance period (a calendar year). As 2015 was a transitional year, some performance targets were set after the first quarter.

After the performance period has ended, the extent to which the performance targets have been achieved are used as a basis for determining whether an employee is eligible for variable remuneration. For employees governed by the Collective Labour Agreement, the maximum amount of assessment fee (performance-related remuneration) is 6.75% of employee's fixed income (2.25% of fixed income for an at target performance). For senior management (i.e. employees not governed by the Collective Labour Agreement), the maximum amount of variable remuneration is 20% of fixed income.

For a number of specific positions at ACTIAM a different percentage of variable remuneration may apply (depending on the employee's position, the maximum is up to 30% for on-target performance and up to 50% in the event of stretched performance).

VIVAT has set "Guiding Principles" for variable remuneration. Based on the guiding principles, tests are performed to ensure that the total variable remuneration does not constrain the ability of VIVAT to strengthen its required capital, solvency margin or equity. The variable remuneration can be adjusted downwards or may not be granted at all if there is cause.

## **Performance targets and variable remuneration for Identified Staff**

Specific rules on setting performance targets, determining the extent to which performance targets have been achieved, and setting and paying variable remuneration apply in the case of employees who qualify as Identified Staff.

Performance targets are divided into financial and non-financial targets and into collective and individual targets. The performance targets are subjected to an ex-ante risk assessment.

Variable remuneration is awarded in two portions: an immediate/unconditional portion (60%) and a deferred / conditional portion (40%). Both the immediate/unconditional portion and the deferred / conditional portion are awarded 50% in cash and 50% in phantom shares. The final award of the deferred / conditional portion depends on the outcome of an ex-post risk assessment, among other things.

### **Reasonableness test and claw back**

The level of the deferred portion of variable remuneration may be adjusted downwards on the basis of the outcome of an ex-post risk assessment. A downward adjustment will be made in any event if the employee concerned has not met relevant standards in respect of competence and appropriate conduct, or was responsible for behaviours that led to a material deterioration in VIVAT NV's financial position (Dutch Financial Undertakings (Remuneration Policy) Act (Wft), Section 1:127, Subsection 2).

VIVAT NV has the power to claw back all or part of any variable pay awarded on the basis of incorrect information about the achievement of targets or the occurrence of circumstances that were a precondition for the variable pay to be awarded (Section 135(8), Book 2 of the Dutch Civil Code). Whole or partial claw back will take place in any event if the employee concerned has not met relevant standards in respect of competence and appropriate conduct, or was responsible for behaviours that led to a material deterioration in the financial position of VIVAT NV (Wft, Section 1:127, Subsection 3). This claw back may relate to both the immediately payable portion and the deferred portion of the variable remuneration. Any tax consequences of the claw back on variable remuneration will be borne by the employee concerned.

### **Performance targets for employees in control functions**

Specific rules on setting performance targets apply for employees in control functions. Employees in control functions, regardless of the business units over which they exercise supervision, have sufficient authority and are remunerated on the basis of the achievement of the targets for their post, regardless of the result of the business operations. Employees in control functions are defined as all employees working within the Financial Risk, Non-Financial Risk and Audit departments.

### **Pension**

All employees of VIVAT are members of the same pension scheme. The scheme is a group defined contribution scheme. The contributions are paid by VIVAT NV. Employees contribute towards the contributions in the form of a members' contribution that is deducted from the monthly salary. VIVAT NV does not award any discretionary pension.

Until 1 January 2015, pension was accrued (with the SNS REAAL pension fund) on an employee's full pensionable salary. The tax law was amended on 1 January 2015 to disallow tax-facilitated pension accrual on an employee's salary in excess of € 100,000. In dialogue with the trade unions, the premium rate paid by the employer on salaries in excess of € 100,000 (20.85% less a personal contribution of 4.5%, i.e. 16.35%) in 2014 was converted into a salary supplement of 16.35% (on an employee's pensionable salary in excess of € 100,000). This agreement will be in effect until 1 January 2018, after which it will be subject to review.

### **Special arrangements on employee benefits**

At VIVAT NV, special arrangements on employee benefits refer to guaranteed variable remuneration, retention and/or welcome bonuses and material redundancy packages. VIVAT NV exercises great restraint when agreeing such arrangements. Such arrangements may be agreed only if they are in accordance with legislation and regulations, and after consent has been obtained from the Supervisory Board.

### **Number of employees with total remuneration in 2015 exceeding € 1 million**

In 2015, there was one VIVAT employee that received a total remuneration exceeding € 1 million.

### **Paid variable remuneration in 2015**

The annual performance-related bonus for 2015 was paid to employees governed by the Collective Labour Agreement in January 2016. In total an amount of € 4.1 million was paid to 2,843 employees.

In 2015, an amount of € 0.7 million was provided in the form of immediate/unconditional variable remuneration for 40 senior managers. The extent to which this amount will actually be paid out depends on both the performance of the individual employee and the financial health of VIVAT NV. Any payment of the variable remuneration will be held according to the rules applicable for Identified Staff (see section Performance targets and variable remuneration for Identified Staff).

In 2015, an amount of € 1.0 million was provided in the form of variable remuneration for 62 ACTIAM NV employees. The extent to which this amount will actually be paid out depends on both the performance of the individual employee and the financial health of VIVAT NV and ACTIAM NV. For some of these employees payment of the variable remuneration will be held according to the rules that apply to Identified Staff (see section Performance targets and variable remuneration for Identified Staff).

## **2. Actual remuneration (former) members of the Executive Board**

### **Actual remuneration (former) members of the Executive Board**

#### **Composition and role**

The Executive Board of VIVAT was appointed on 26 July 2015. The Executive Board is the day-to-day governing body of VIVAT NV and its business operations, and is responsible for achieving the commercial, operational and financial objectives of VIVAT in the short and long term. In performing its role, it carefully weighs the interests of all its stakeholders and acts within the established risk frameworks.

As per 1 April 2016, the date of the annual report of VIVAT NV, the members of the Executive Board of VIVAT NV were:

Name	Nationality	Position	Date of appointment
J.J.T. (Ron) van Oijen	Dutch	Chief Executive Officer	14 March 2016
A.F.J. (Albert) Bakker	Dutch	Chief Operating Officer / Chief Executive Officer (Acting until 14 March 2016)	26 July 2015 / 14 September 2015
F. (Feng) Zhang	Chinese	Chief of Staff	26 July 2015
L. (Lan) Tang	British	Chief Risk Officer	26 July 2015
X.W. (Xiao) Wu	Chinese	Chief Transformation Officer	26 July 2015
Y. (Yinhua) Cao	Chinese	Chief Financial Officer	23 October 2015

The following table provides an overview of the total remuneration of the Executive Board members and former Executive Board members in 2015.

### Breakdown actual remuneration (former) members of the Executive Board 2015

In € thousands	2015 <sup>1</sup>
Fixed employee benefits <sup>2</sup>	2,985
Variable benefits <sup>3</sup>	183
Pension benefits <sup>4</sup>	115
Termination benefits <sup>5</sup>	2,787
Other employee benefits <sup>6</sup>	176
<b>Total</b>	<b>6,246</b>

- <sup>1</sup> For the comparative figures of 2014 a reference is made to the 2014 annual report of SNS REAAL NV. The year 2015 is the first year VIVAT NV is required to disclose this information, as a result no comparative figures are presented.
- <sup>2</sup> Fixed employee benefits includes salary (30% facility), holiday allowance, 13th-month payment, allowance for pension accrual for employee with an income above € 100,000 and social security contributions.
- <sup>3</sup> Variable benefits includes the provision for the unconditional portion.
- <sup>4</sup> Pension benefits includes the pension contribution paid by VIVAT less the employee's contribution.
- <sup>5</sup> Termination benefits includes all benefits related to the termination of the employment contract.
- <sup>6</sup> Other employee benefits includes occupational disability insurance premium and term-life insurance premium, the benefit of the private use of a company lease car and any allowance for housing expenses.

In 2015, VIVAT NV experienced a number of organisational changes. On 26 July 2015, VIVAT NV became wholly owned by Anbang Group Holdings Co. Ltd. The organisational changes led to changes in the composition of the Executive Board, resulting in a relatively increased ratio between fixed employee benefits and termination benefits.

### Loans

There are no loans outstanding on 31 December 2015 granted to members of the Executive Board.

### 3. Actual remuneration (former) members of the Supervisory Board

#### Actual remuneration (former) members of the Supervisory Board

##### Composition, appointment and role

As per 1 April 2016, the date of the annual report of VIVAT NV, the members of the Supervisory Board of VIVAT NV were:

Name	Nationality	Position	Date of appointment
J.J. (Jan) Nooitgedagt	Dutch	Chairman / Delegated member of the Supervisory Board	1 November 2013
M.R. (Miriam) van Dongen	Dutch	Member / Delegated member of the Supervisory Board	26 July 2015
M. (Ming) He	American	Member	26 July 2015
K.C.K. (Kevin) Shum	British	Member	26 July 2015
P.P.J.L.M.G. (Pierre) Lefèvre	Belgian	Member	26 July 2015

The following table provides an overview of the total remuneration of the Supervisory Board members in 2015 (excluding 21% VAT).

#### Breakdown actual remuneration (former) members of the Supervisory Board 2015

In € thousands <sup>1</sup>	2015
Total fixed actual remuneration of Supervisory Board members	240
Total remuneration for the members of the Supervisory Board's Committees	11
Total fixed actual expense allowance	-
<b>Total</b>	<b>251</b>

<sup>1</sup> On 26 July 2015 (date of transfer of shares) VIVAT NV has established their own Supervisory Board. Before this date the Supervisory Board of SNS REAAL NV formed the Supervisory Board of SNS REAAL NV, SNS Bank NV and VIVAT NV. For the comparative figures of 2014 and the remuneration of 2015 up to 25 July 2015 reference is made to the 2014 and 2015 annual report of SNS REAAL NV. The remuneration disclosed above concerns the remuneration of the Supervisory Board of VIVAT NV from 26 July 2015 until 31 December 2015.

#### Loans

There are no loans outstanding on 31 December 2015 granted to members of the Supervisory Board.

