

# Remuneration Report VIVAT NV 2018

# Remuneration

## Introduction

The remuneration paragraph 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 2018 (§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

VIVAT's ambition is to be the most innovative 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.

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. In 2018, the Remuneration Committee has evaluated the expense policy as part of the overall board remuneration policy. Based on this evaluation, the policy has been updated as from 1 January 2019.

For the majority 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, vision 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 is aligned 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 Supervisory Board approved the Group Remuneration Policy VIVAT as well as the other remuneration policies. The general meeting adopted 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 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 who are 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, including holiday allowance of 8% and a 13th-month payment of 8.33% and insofar as applicable other fixed allowances. The annual gross salary is based on applicable salary scales. The annual salary increase depends on the achievements on competences, space in the salary scale and is also subject to a financial condition (knockout).

### Pension

Nearly all employees participate in the same pension scheme of VIVAT. 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 € 105,075 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 N.V., Above-CLA employees (Senior Management) and for the Statutory Board of ACTIAM N.V.

For the abolition of variable remuneration the employees in the CLA received per July 2018 a salary increase. The Executive Board of VIVAT NV, the Above-CLA employees (Senior Management) and the Statutory Board of ACTIAM NV who were employed by VIVAT as per 31 December 2017 received for the abolition of their variable remuneration a compensation as of July 2018. This compensation 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. The percentage of the compensation for the Executive Board is 5% of their fixed annual salary.

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).

## Severance Payment

If and insofar a severance payment is due to an employee, such payment will be equal to the transitional fee (transitievergoeding) 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 a new Social Plan 2018-2019 with the unions which is applicable in case of reorganisation(s).

## Sign-on bonus & Retention bonus

At VIVAT, special arrangements for employee benefits refer to retention and/or welcome bonuses. VIVAT exercises great restraint when agreeing such arrangements. 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

The majority of above-CLA employees and a few CLA employees are eligible for a lease car or a lease car allowance. In 2017, VIVAT NV changed its lease policy which limited leasing of cars to those with less than 106 gram CO2 emissions. In addition, the group eligible for a lease car has diminished. As part of VIVAT's commitment to impact investment principles, certain types of cars and certain brands are no longer included in this policy.

## 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.

## 2. Overview remuneration 2018

### Overview remuneration 2018

#### Target setting

For all employees, the performance management cycle started with setting the performance targets in the first quarter of 2018. These targets are in line with the company targets and the company's mission.

At least 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. For all employees two performance targets were set: One regarding customer satisfaction (the Net Promoter Score) and one regarding digitalisation and/or innovation. In addition, all senior management had also general targets: sound and controlled organisation and a financial target.

Besides the performance targets, competence targets were also set. For all employees two mandatory and one personal competences were set. The annual score on competences can result in a salary increase. The annual salary increase is subject to a knockout financial condition as determined in the CLA.

For Identified Staff, specific rules applied for setting performance targets, determining the extent to which performance targets have been achieved, and for setting and paying variable remuneration, if applicable. The performance targets and variable remuneration were subjected to an ex ante risk & ex post assessment.

#### Variable Remuneration ACTIAM

Due to the financial results of VIVAT over the year 2017 the Executive Board of VIVAT and the Statutory Board of ACTIAM decided to apply a haircut the total amount of variable remuneration. In 2018, a total amount of € 0.67 million was unconditional awarded to (former) ACTIAM employees as a variable remuneration over the year 2017 and, as deferred variable remuneration over the year 2014, a total amount of € 0.01 million was unconditional awarded.

The decision about awarding variable remuneration for the year 2018 will be made after the date of publication.

#### Retention scheme

Due to the announced strategic review by the shareholder, VIVAT has offered at the end of 2018 a retention scheme to a few employees of VIVAT and ACTIAM with the approval of regulatory authorities. The vesting of this scheme is subject to certain conditions. For the Executive Board members we refer to the disclosure of the remuneration of the Executive Board in §3 of this report.

#### Number of employees with a remuneration exceeding € 1 million

In 2018, 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. The Executive Board as of 31 December 2018 consists of the following:

#### Composition, Appointment and Role

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

#### Actual Remuneration (former) Members of the Executive Board

The following table provides a breakdown of the total remuneration of the Executive Board for the year 2017 and 2018, including former and existing key management.

#### Breakdown of Remuneration (former) Members of the Executive Board

In € thousands	2018	2017
Short-term employee benefits	4,372	4,691
Post-employment benefits	138	150
Other long-term benefits	3	-
<b>Total</b>	<b>4,513</b>	<b>4,841</b>

The other long-term benefits relate to a retention scheme; 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 2018 (and 2017) and/or granted to members of the Executive Board during 2018.

#### The Supervisory Board

#### Composition, Appointment and Role

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 in 2017 and 2018 (excluding 21% VAT).

### Breakdown of Remuneration Members of the Supervisory Board

In € thousands	2018	2017
Total fixed actual remuneration for Supervisory Board members	610	610
Total remuneration for the members of the Supervisory Board's Committees	25	25
<b>Total</b>	<b>635</b>	<b>635</b>

### Loans, Advances and Guarantees

There are no loans, advances or guarantees outstanding on 31 December 2018 (and 2017) and/or granted to members of the Supervisory Board during 2018.

