

## • **MANAGEMENT COMPANY COMPENSATION POLICY**

This note is directly related to the Neuflyze OBC Group Compensation Policy. It details the identification, performance and payment criteria applicable to identified employees of ABN AMRO Investment Solutions (AAIS) under regulations applicable at group level and specific to management companies.

Neuflyze OBC may have to update this Note in light of regulatory changes, market practices and decisions taken by ABN AMRO.

Any reference to the asset management subsidiary of the Neuflyze OBC Group also applies to its subsidiaries and is therefore applicable to all of its employees.

The Human Resources Department of the Neuflyze OBC Group is responsible for the human resources management of the asset management subsidiary of Neuflyze OBC.

### **I. COMPENSATION POLICY GOVERNANCE**

The Compensation Policy, to which this document is attached, is approved by the Supervisory Board of the asset management subsidiary of the Neuflyze OBC Group based on a proposal made by its Compensation Committee. The Compensation Policy is reviewed annually by the Supervisory Board.

In accordance with the regulations in force, the list of employees regulated by local or global provisions must be reviewed every year. In Chapter II of this document, there is an overview of the criteria concerning identification, performance and payment applicable to all employees regulated by global provisions. In Chapter III, there is an overview for employees regulated by local provisions.

#### **I.1. Neuflyze OBC asset management subsidiary Compensation Committee**

The Neuflyze OBC asset management subsidiary Compensation Committee meets at least once a year and as many times as necessary. It is tasked with:

- studying the company's compensation policy and the categories of employees as defined by the regulations in force,
- issuing proposals for the compensation components of senior executives, heads of control functions and the most highly compensated employees,
- reporting on its work and submitting its proposals regarding compensation policy to the Supervisory Board of the asset management subsidiary.

This committee consists of:

- Two members of the Neuflyze OBC Managing Board.
- The global manager of the Products & Solutions business line.

#### **I.2. The Neuflyze OBC Group Technical Compensation Committee**

The composition and missions of the Neuflyze OBC Group Technical Compensation Committee are detailed in the Neuflyze OBC Group Compensation Policy.

The scope of intervention of the Neuflyze OBC Group Technical Compensation Committee covers the asset management company of the Neuflyze OBC Group.

#### **I.3. The role of "Control" functions**

In accordance with the regulations in force, the "Control" functions are involved in the implementation, review and application of the compensation policy.

"Control" functions include those belonging to:

- The Risk Department of the asset management subsidiary of Neuflyze OBC.
- The Compliance Department of the asset management subsidiary of Neuflyze OBC.
- The Neuflyze OBC Group Audit Department, which operates on behalf of the asset management subsidiary of Neuflyze OBC.

## **II. PERSONS REGULATED BY GLOBAL PROVISIONS**

### **2.1. Identification**

The European Banking Authority (EBA) published Regulatory Technical Standards (March 2014 C (2014) 1332 final) that define the criteria for identifying the categories of employees whose professional activity may have a material impact on the risk profile of the institution. These employees are classified as "Identified Employees". An employee may become an Identified Employee based on qualitative (position, role), and/or quantitative (income) criteria.

At the ABN AMRO Group level, the list of people belonging to the regulated category of employees (Global Identified Employees) based on the RTS of the EBA is reviewed every year. The application of the ABN AMRO Group methodology is described in Chapter 9 of the Neuflyze OBC Group Compensation Policy.

To date, the identification of Global Identified Employees has resulted in the identification of the role of the Chairman of the asset management subsidiary of the Neuflyze OBC Group, based on qualitative criteria. In the future, other roles may be classified as Global Identified Employees.

All compensation decisions regarding employees of the Neuflyze OBC Group belonging to the category regulated according to the criteria of the ABN AMRO Group must be submitted for formal approval to the Managing Board and Supervisory Board of the ABN AMRO Group.

Furthermore, employees who are regulated pursuant to the global provisions of AAIS also belong to the category of employees regulated pursuant to local provisions (local identified employees). For these persons, only the global provisions apply.

## 2.2. Performance management

The criteria for setting objectives and evaluating the performance of employees identified by the provisions of the ABN AMRO Group are detailed in the Compensation Policy of the Neuflyze OBC Group (Section 9.1.3, "criteria for setting objectives and performance evaluation").

## 2.3. Terms of payment and variable compensation structure

A Variable Compensation Plan has been put in place by the ABN AMRO Group for the benefit of employees regulated due to the global provisions.

### 2.3.1. Initial and deferred portions

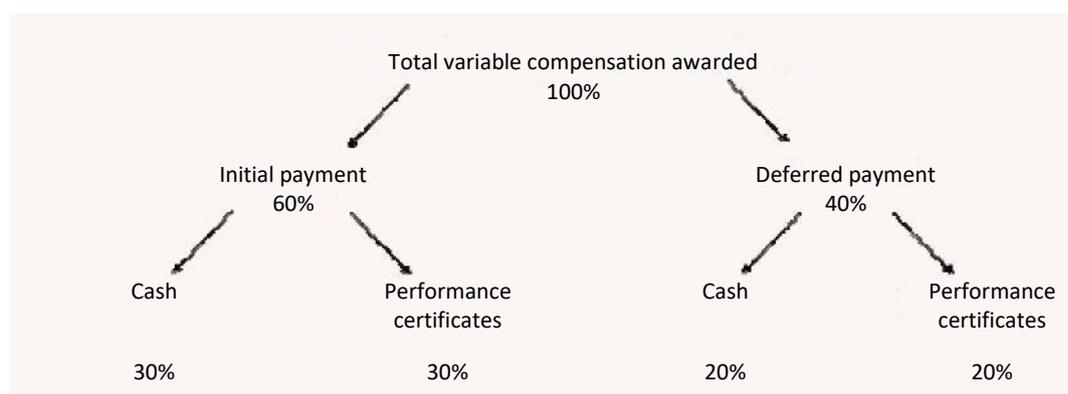
The variable compensation awarded to the employees mentioned above is divided into two portions, one initial and one deferred, according to the following percentages:

- Initial portion: 60% of total amount awarded.
- Deferred portion: 40% of total amount awarded.

These two portions are in turn subdivided into two equal parts, one cash and the other non-cash, according to the following percentages:

- Initial cash portion: 50% of the initial portion (30% of the total amount awarded).
- Initial non-cash portion: 50% of the initial portion (30% of the total amount awarded).
- Deferred cash portion: 50% of the deferred portion (20% of the total amount awarded).
- Deferred non-cash portion: 50% of the deferred portion (20% of the total amount awarded).

Until the 2016 performance year, the non-cash portion took the form of performance certificates, whose value fluctuated with (i) changes in the ABN AMRO Group's Net Asset Value and (ii) the under-performance of the Net Asset Value of the units of the multi-asset compartment (profile 2) of the SICAV AA MMF. This compartment is invested in pools representative of the various management styles implemented by the management company. Following the ABN AMRO Group's initial public offering, a new non-cash instrument will be applicable starting with performance year 2016.



### 2.3.2. Acquisition and payment

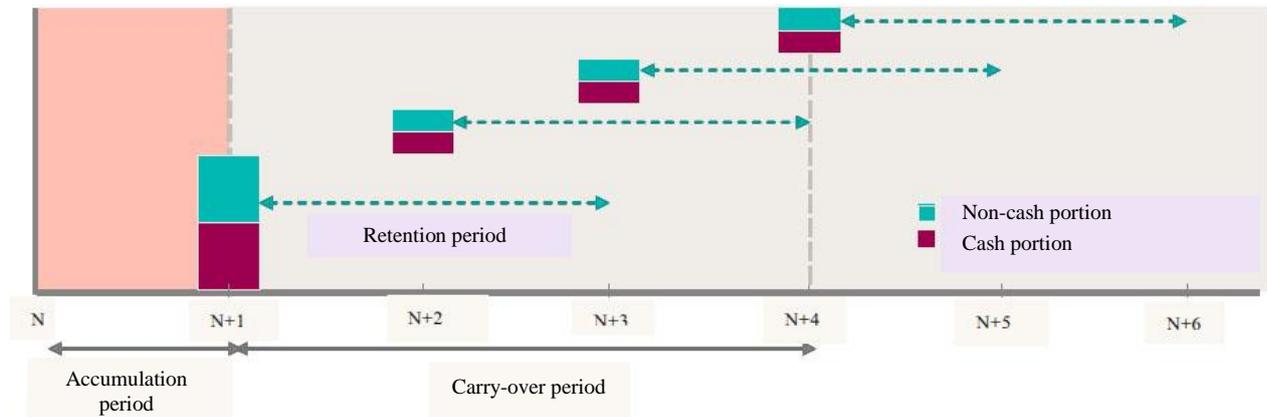
The initial portion of the variable compensation awarded for year N is vested in March N+1. According to regulations, the deferred portion of the variable compensation awarded in March N+1 for year N is acquired gradually by thirds during the three years following the year of award, i.e. March N+2, March N+3 and March N+4.

Cash payment for performance certificates can only be made after a two-year retention period, meaning that performance certificates are not formally acquired before the end of that retention period, provided that the

employee is still on the job<sup>(1)</sup> and within the limit of maximum variable compensation of 50% for employees belonging to the ABN AMRO Management Group.

(1) If a participant in the Variable Compensation Plan leaves the company for reasons that allow him or her to enjoy Good Leaver status, all of the normal terms and the initial acquisition schedule will apply.

If an employee leaves the company before payment in full of all deferred portions, and if he or she meets the conditions for payment of variable compensation on the date of departure and on the date of payment in cash of each of the deferred portions remaining to be paid, all of the normal terms and the initial acquisition schedule will apply.



### 2.3.3. Adjustment

Just before the acquisition of the deferred portions of variable compensation, the scores for the performance objectives for the period in question are reassessed. This reassessment will take place after one, two and three years respectively after the end of the year in which the award took place.

The amount of variable compensation awarded to an employee is subject to review for a potential downward adjustment in accordance with the conditions set out in the Neufize OBC Group Compensation Policy (6.4 "Revisions to the amount of variable compensation"). The conclusions will then be made available to the Compensation Committee of the management company and to the Managing Board and Supervisory Board of the ABN AMRO Group.

Following the recommendations of those bodies, the Neufize OBC Group may adjust the variable compensation downwards and even decide not to pay all or part of the variable compensation that remains unpaid. Under no circumstances may subsequent risk adjustments result in an increase in variable compensation.

The amount of variable compensation awarded to the identified employee may be reassessed for a potential downward adjustment (penalty) in the following cases:

- in the event of non-compliance with standards of good conduct or a serious error on the part of the employee (such as non-compliance with rules of procedure or other internal rules, in particular those relating to risk management) and/or
- substantial losses suffered subsequently by the ABN AMRO Group (on a consolidated basis) and/or the legal entity in which the employee works and/or
- substantial losses suffered by the relevant business lines of the ABN AMRO Group (on a consolidated basis) and/or of the legal entity in which the employee works and/or
- significant changes in the level of equity (economic or regulatory) of the ABN AMRO Group.

The conclusions of this reassessment will be made available to the AAIS Compensation Committee and to the Managing Board and Supervisory Board of the ABN AMRO Group.

Following the recommendations of those bodies, the Neufize OBC Group may adjust the variable compensation downwards and even decide not to pay all or part of the variable compensation that remains unpaid. Under no circumstances may subsequent risk adjustments result in an increase in variable compensation.

### 2.3.4. Clawback

The principle of clawback, as detailed in the Compensation Policy of the Neufize OBC Group, applies under the same conditions to employees within AAIS.

### **III. PERSONS REGULATED BY LOCAL PROVISIONS**

The materiality threshold applied by the ABN AMRO Group when identifying employees who may have an impact on its risk profile is different from the one used locally by the Neuflyze OBC Group. In accordance with the principles of good management and with regard to the directives applicable to asset management (UCITS and AIFMD), this results in the existence of a category of regulated employees that includes employees of the Neuflyze OBC Group. This category of employees is considered to be regulated by local provisions and comprises employees identified by ABN AMRO Investment Solutions.

#### **3.1. Identification of employees**

To date, the employees identified as falling under these provisions belong to the asset management company of the Neuflyze OBC Group and work in the following functions:

- The members of the Supervisory Board of the asset management subsidiary of Neuflyze OBC,
- The members of the Managing Board,
- The managers of the management division,
- Portfolio managers,
- The head of compliance and internal control,
- The Risk Manager,
- The head of the sales teams,
- Any other employee having an impact similar to those in the functions mentioned above on the risk profile of the asset management subsidiary of the Neuflyze OBC Group.

It should be noted that, for AAIS employees who belong to both the regulated population under the global provisions and under the local provisions, only the procedures relating to the status of employee identified under the global provisions apply.

#### **3.2. Performance management**

The objectives of employees belonging to ABN AMRO Investment Solutions (AAIS) and regulated under the regulations applicable to management companies by local provisions correspond to the same structure as the one applicable to other employees of the Neuflyze OBC Group.

The accumulation period, during which performance is evaluated and measured to determine the compensation of the employee in question, is fixed at one year.

#### **3.3. Terms of payment and variable compensation structure**

##### **3.3.1. Initial and deferred portions**

The employees mentioned above are subject to specific terms of payment of variable compensation because of the implementation of the regulations applicable to AAIS, for the portion of variable compensation paid for activity within the asset management company, as defined below, for year N:

- Variable compensation whose gross amount is less than or equal to €100,000 is paid in cash in a single payment with the salary for March N+1,
- Variable compensation whose gross amount exceeds €100,000 is paid according to the terms defined below. These terms apply from the first euro of variable compensation.

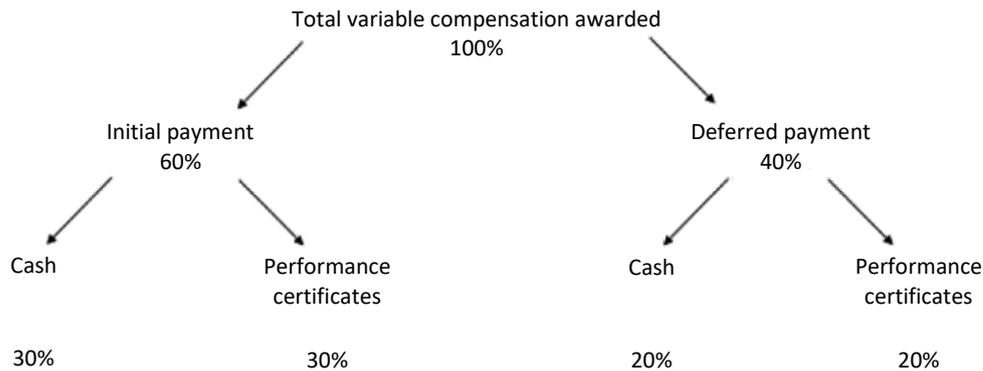
Beyond €100,000, the variable compensation awarded to the employees mentioned above is divided into two portions, one called "initial" and the other "deferred", according to the following percentages:

- Initial portion: 60% of total amount awarded,
- Deferred portion: 40% of total amount awarded.

These two portions are in turn subdivided into two equal portions, one cash and the other non-cash, according to the following percentages:

- Initial cash portion: 50% of the initial portion (30% of the total amount awarded),
- Initial non-cash portion: 50% of the initial portion (30% of the total amount awarded),
- Deferred cash portion: 50% of the deferred portion (20% of the total amount awarded),
- Deferred non-cash portion: 50% of the deferred portion (20% of the total amount awarded).

Non-cash portions take the form of performance certificates whose value fluctuates annually with changes in the Net Asset Value of the units of the multi-asset compartment (profile 2) of the SICAV AA MMF. This compartment is invested in pools representative of the various management styles implemented by the management company.



### 3.3.2. Acquisition and payment

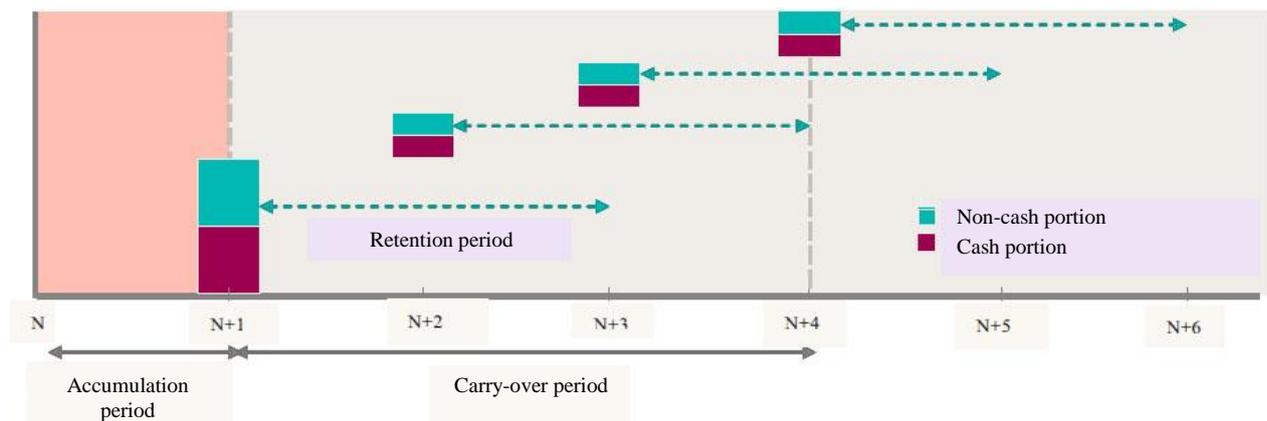
The initial portion of the variable compensation awarded for year N is vested in March N+1.

The deferred portion of the variable compensation awarded in March N+1 for year N is acquired gradually by thirds over the three years following the year of award, i.e. March N+2, March N+3 and March N+4.

Payment of the cash portions is made on the date of acquisition, in March N+1 for the initial portion and then in March N+2, N+3 and N+4 for the various deferred portions.

Cash payment for performance certificates can only be made after compliance with a retention period of two years, meaning that it will not be formally acquired until the end of the retention period.

If an employee leaves the company before payment in full of all deferred portions, and if he or she meets the conditions for payment of variable compensation on the date of departure and on the date of payment in cash of each of the deferred portions remaining to be paid, all of the normal terms and the initial acquisition schedule will apply.



Just before the acquisition of portions of deferred variable compensation, the scores relating to the performance objectives for the period in question will be reassessed.

This reassessment will take place after one, two and three financial years respectively after the end of the year in which the award took place.

The amount of variable compensation awarded ("penalty") may be reassessed under the circumstances defined in the Compensation Policy of the Neuflyze OBC Group (6.4. "Revisions to the amount of variable compensation"). The conclusions will then be made available to the Compensation Committee of the management company.

Following the recommendations of that body, the Neuflyze OBC Group may adjust variable compensation downwards, by such means as deciding not to pay all or part of the variable compensation as yet unpaid. Under no circumstances may subsequent risk adjustments result in an increase in variable compensation.

### 3.3.3. Adjustment

The amount of variable compensation awarded to the identified employee may be reassessed for a potential downward adjustment (penalty) in the following cases:

- in the event of non-compliance with standards of good conduct or a serious error on the part of the employee (such as non-compliance with rules of procedure or other internal rules, in particular those relating to risk management) and/or

- substantial losses suffered subsequently by the ABN AMRO Group (on a consolidated basis) and/or the legal entity in which the employee works and/or
- substantial losses suffered by the relevant business lines of the ABN AMRO Group (on a consolidated basis) and/or of the legal entity in which the employee works and/or
- significant changes in the level of equity (economic or regulatory) of the ABN AMRO Group.

The conclusions of this reassessment will be made available to the Neufize OBC Compensation Committee and to the Managing Board and Supervisory Board of the ABN AMRO Group.

Following the recommendations of those bodies, the Neufize OBC Group may adjust the variable compensation downwards and even decide not to pay all or part of the variable compensation that remains unpaid. Under no circumstances may subsequent risk adjustments result in an increase in variable compensation.

#### 3.3.4. Clawback

The principle of clawback, as detailed in the Compensation Policy of the Neufize OBC Group, applies under the same conditions to employees within AAIS.

**Quantitative information**

<b>Performance year</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Number of employees (as at 31/12)	120	101	100	84	83
Fixed salaries	€9,898,402	€7,913,971.23	€8,353,844	€6,945,014	6,911,239
Total variable compensation for the performance year (deferred + non-deferred)	€3,175,576	€1,834,000	€1,595,472	€1,875,500	€1,515,000
<i>Of which non-deferred variable compensation</i>	€2,930,576	€1,659,000	€1,455,472	€1,718,500	€1,307,500
<i>Of which deferred variable compensation</i>	€245,000	€175,000	€140,000	€157,000	€207,500
<b>Total</b>	<b>€13,073,978</b>	<b>€11,518,971.23</b>	<b>€9,949,316</b>	<b>€8,820,514</b>	<b>€7,062,739*</b>

\* The 2019 data was verified by the supervisory bodies.