



# Remuneration CA CF NL Governance & Guiding Principles

9 November 2023



## GOVERNANCE REMUNERATION CA CF NL

The Supervisory Board of CA CF NL approves and periodically reviews the general principles of the remuneration policy and is responsible for overseeing its implementation. The implementation of the remuneration policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures adopted by the Supervisory Board. The remuneration of the members of the Management Board of CA CF NL is determined by the shareholders' meeting.

On behalf of the Supervisory Board, a Remuneration Committee is in place, which purpose it is to advise and assist the Supervisory Board in fulfilling its responsibilities regarding remuneration related matters. In its role as advisor of the Supervisory Board, the Remuneration Committee is guided by the relevant regulatory and legal framework, most notably the Dutch Banking Code, DNB Principles for Sound Remuneration Policies 2021 (Rbb), Dutch legislation on remuneration policy financial undertakings 2021, as implemented in the Act of Financial Supervision (Wft), EBA Guidelines on Remuneration Policies & Practices, the Volcker rules and the remuneration policy rules of the shareholder of CA CF NL, CA CF SA.

## GUIDING PRINCIPLES REMUNERATION POLICY

- Against the backdrop of the 2021 decision by CA CF SA to commence an orderly run-off of the CA CF NL activities in the Dutch market, the remuneration policy is aligned with the business and risk strategy, the company goals and objectives, values, risk appetite and long-term interests of CA CF NL and CA CF SA and is in compliance with applicable law and regulations, but also contributes to reliable and effective risk management of the long-term targets of CA CF SA as a whole;
- In the perspective of the run-off the variable remuneration based on performance is stopped, per 2023. The principles governing the proper application remain in place for the period that the deferred components of this remuneration will be paid out. The remuneration based on one-off discretionary bonuses might still occur.
- The total amount of variable remuneration should not limit the ability of CA CF NL to strengthen its capital base or its solvency ratio by considering also the cost of capital and the liquidity of CA CF NL.
- Variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the statutory requirements and CA CF NL's remuneration policy;
- The ratio between fixed and variable remuneration is balanced, the total remuneration is at sufficient level, enabling CA CF NL to pursue an entirely flexible policy. The variable remuneration shall not exceed 20% of the annual fixed income and shall not provide incentives for taking unacceptable risks;
- Variable remuneration is not guaranteed and is subject to ex-ante risk and compliance assessments, resulting in possible downward adjustments;
- Variable remuneration for Identified Staff Members as well as variable remuneration the amount of which is the higher of EUR 50,000 or 10% of total annual fixed compensation, will comprise of an upfront (60%) and a deferred (40%) component and shall vest and be paid out no faster than on a pro-rated basis and is subject to ex-post risk- and performance adjustments, in addition to the ex-ante adjustments. The deferral period will be four years;
- CA CF NL's ability to claw back any paid out variable remuneration, will be made possible by occurrence of certain situations, such as in case of failure of the staff member to meet appropriate standards of fitness and trustworthiness and/or participating in or responsible for conduct which results in significant losses for CA CF NL;
- Performance assessments will be based on performance criteria which will consist of at least 50% non-financial criteria;

- Sign-on and retention bonuses are only possible under certain conditions;
- Severance payments are not allowed in case (i) the employment agreement is terminated at the initiative of the staff member, except in case of gross negligence or failure of CA CF NL, or (ii) failure or gross negligence by the staff member or (iii) in case CA CF NL is in financial default. The Dutch labour law will be observed;
- Staff members in control functions that are independent of the business units they control, have sufficient authority and are remunerated on the basis of fulfilment of their functional goals, regardless the financial results of the business units which they control;
- The remuneration of Identified Staff Members and staff members in control functions are directly overseen by the Supervisory Board.

### According to legislation, CA CF NL will publish the following

- Information regarding the decision-making process for adopting the remuneration policy, including details on the mandate of the Remuneration Committee, the external adviser that was engaged, and the role of relevant stakeholders;
- Information regarding the relationship between performance and pay;
- The key features of the remuneration system, including details on performance appraisal and risk adjustment criteria, the policy for conditional awarding of variable remuneration, and the criteria for unconditional vesting of variable remuneration;
- Information regarding performance criteria based on which variable pay components are awarded;
- The key parameters and underlying principles of the variable remuneration system;
- Aggregated quantitative information on remuneration, specified by business unit;
- Aggregated quantitative information on remuneration, specified by senior managers and Identified Staff Members, providing the following details:
  - wage bill for the financial year, specified by basic and variable pay, and the number of recipients;
  - amounts and types of variable pay, specified by cash, shares and share-linked instruments, and other options;
  - amounts of outstanding conditional variable remuneration, specified by:
    - amounts of variable remuneration in relation to the financial year, split in fixed and variable remuneration and the number of recipients;
    - amounts and form of variable remuneration (cash/non-cash/financial instruments/other);
    - amounts of outstanding conditional awarded variable remuneration, split in vested and non-vested part
    - amounts of conditional awarded variable remuneration which are awarded, paid and reduced for performance adjustments during the financial year
    - new sign-on and exit bonuses awarded during the financial year, the number of recipients; and
    - amounts of severance payments awarded during the financial year, the number of recipients and the highest payment awarded to an individual.
- In addition, for the Annual report (and website) where a description of the remuneration policy applied by CA CF NL is to be given, this description should also entail:
  - number of Management Board members that receive a total annual remuneration of EUR 1 million or more and the business unit they are mainly working for;
  - total amount of variable remuneration paid on annual basis to employees working under its responsibility.