

Robeco Luxembourg SA Remuneration Policy

Introduction and scope

This is a reflection of the Remuneration Policy of Robeco Luxembourg SA (hereafter 'RoLux'). The remuneration policy of RoLux applies to all of the Company's employees.

Goals of the Remuneration Policy

The RoLux Remuneration Policy has the following objectives:

- to stimulate employees to act in our clients' best interests and avoid taking undesirable risks
- to promote a healthy corporate culture, focused on achieving sustainable results in accordance with the long-term objectives of RoLux and its stakeholders
- to attract and retain good employees, and to reward talent and performance fairly.

Responsibility for and application of the policy

The RoLux Remuneration Policy is determined and applied by and on behalf of RoLux with the approval of its shareholder, the (Board of) Robeco Holding BV. For each review the (Board of) Robeco Holding BV shall obtain prior advice from the Supervisory Board of Robeco Institutional Asset Management BV, which also acts as its Supervisory Board. Robeco Holding BV and entities under common (managerial) control are defined as 'Robeco'.

Fixed remuneration

Each individual employee's fixed salary is determined on the basis of their role and experience according to the RoLux' salary ranges and with reference to the benchmarks of the investment management industry in the relevant region. The fixed salary is deemed to be adequate remuneration for the employee to properly execute his or her responsibilities, regardless of whether the employee receives any variable remuneration.

Besides the fixed salary, a temporary allowance may be granted for a maximum of three to five years. The purpose of such an allowance is to attract and retain employees, for example, in a scarce labor market (market-driven scarcity allowance), to set up business activities in new countries or markets (new business market allowance) or to secure key staff for a strategic investment capability. The temporary allowance is solely role-based and is not related to the performance of the employee or RoLux.

Variable remuneration

The amount of the variable remuneration pool is determined annually by and on behalf of RoLux and approved by the Supervisory Board of Robeco. With respect to Directors of RoLux, it is noted that the shareholder of RoLux determines their remuneration. The pool is, in principle, determined by taking a certain percentage of the operational profit. To ensure that the amount accurately reflects performance and does not adversely affect RoLux's financial situation, it is determined with due consideration of the following factors:

- the financial result compared to the budgeted result and long-term objectives
- the required risk-minimization measures and the measurable risks.

To the extent that the variable remuneration pool allows, each employee's variable remuneration will be determined at the reasonable discretion of RoLux, taking into account the employee's behavior and individual and team and/or the department's performance, based on pre-determined financial and non-financial performance factors (business objectives). Poor performance or unethical or non-compliant behavior will reduce individual awards or can even result in no variable remuneration being awarded at all.

The business objectives for investment professionals are mainly non-financial and based on the risk-adjusted excess returns over one, three and five years. For sales professionals, the financial business objectives are related to the net run rate revenue, whereas non-financial business objectives are mainly related to client relationship management. The targets for the business objectives should not encourage excessive risk-taking. The business objectives for support professionals are mainly non-financial and role specific. At least 50% of all employees' business objectives are non-financial. The variable remuneration of all Robeco staff is appropriately balanced with the fixed remuneration.

Payment and deferral of variable remuneration and conversion into instruments

Unless stated otherwise in this paragraph, variable remuneration up to EUR 50,000 is paid in cash immediately after being awarded. If an employee's variable remuneration exceeds EUR 50,000, 60% is paid in cash immediately and the remaining 40% is deferred and converted into instruments, as shown in the table below. The value of this non-cash instrument is limited to the EBIT of Robeco and Robeco SAM. These instruments are 'Robeco Cash Appreciation Rights' (R-CARs), the value of which reflects the financial results over a rolling eight-quarter period.

	Year 1	Year 2	Year 3	Year 4
Cash payment	60%			
R-CARs redemption		13.34%	13.33%	13.33%

Until 2017, Robeco occasionally granted 'long-term incentives' ('LTI') to staff who are key to achieving the group's strategic goals. The awarded LTIs were converted in full into (R-)CARs and they were redeemed four years after the date on which they were granted provided the employee was employed with the company without interruption and several other conditions were met.

Additional rules for Identified Staff and Monitoring Staff

The rules below apply to Monitoring Staff and Identified Staff. These rules apply in addition to the existing rules as set out above and will prevail in the event of inconsistencies. Monitoring Staff refers to senior employees who perform control functions (HR, Compliance, Risk Management, Business Control, Internal Audit and Legal). Identified Staff is defined as employees who can have a material impact on the risk profile of Robeco and/or the funds it manages. Identified Staff includes:

- members of the governing body, senior management, (senior) portfolio management staff and the heads of the control functions
- other risk-takers as defined in the AIFMD and UCITS V, whose total remuneration places them in the same remuneration bracket as the group described above.

Monitoring Staff

The following rules apply to the fixed and variable remuneration of Monitoring Staff:

- The fixed remuneration is sufficient to guarantee that RoLux can attract qualified and experienced staff.
- The business objectives of Monitoring Staff are predominantly role-specific and non-financial.
- The financial business objectives are not based on the financial results of the part of the business that the employee covers in his or her own monitoring role.
- The appraisal and the related award of remuneration are determined independently of the business they oversee.
- The above rules apply in addition to the rules which apply to the Identified Staff if an employee is considered to be part of both the Monitoring Staff and Identified Staff.

- The remuneration of the Head of Compliance and the Head of Risk falls under the direct supervision of the Nomination & Remuneration Committee.

Identified Staff

The following rules apply to the fixed and variable remuneration of Identified Staff:

- The fixed remuneration is sufficient to guarantee that Robeco can attract qualified and experienced staff.
- Part of the variable remuneration is paid in cash and part of it is deferred and converted into instruments, based on the payment/redemption table below. The threshold of EUR 50,000 does not apply. In the rare event that the amount of variable remuneration is more than twice the amount of fixed remuneration, the percentages between brackets in the table below will apply.
- Individual variable remuneration is approved by the Supervisory Board.

	Year 1	Year 2	Year 3	Year 4	Year 5
Cash payment	30% (20%)	6.67% (10%)	6.66% (10%)	6.66% (10%)	
R-CARs redemption		30% (20%)	6.67% (10%)	6.66% (10%)	6.66% (10%)

Risk control measures

RoLux has identified the following risks that must be taken into account in applying its remuneration policy:

- misconduct or a serious error of judgement on the part of employees (such as taking undue risks, violating compliance guidelines or exhibiting behavior that conflicts with the core values) in order to meet business objectives or other objectives
- a considerable deterioration in RoLux' financial result becomes apparent
- a serious violation of the risk management system is committed
- evidence that fraudulent acts have been committed by employees
- behavior that results in considerable losses.

The following risk control measures apply, all of which require the approval of the Supervisory Board.

Clawback – for all employees

RoLux may reclaim all or part of the variable remuneration paid if (i) this payment was made on the basis of incorrect information, (ii) in the event that fraud has been committed by the employee, (iii) in the event of serious improper behavior on the part of the employee or serious negligence in the performance of his or her tasks, or (iv) in the event of behavior that has resulted in considerable losses for the organization.

Ex-post malus – for Identified Staff

Before paying any part of the deferred remuneration, RoLux may decide, as a form of ex-post risk adjustment, to apply a *malus* on the following grounds:

- misconduct or a serious error of judgement on the part of the employee, such as committing a serious violation of the internal code of conduct, taking undue risks, violating the compliance guidelines or exhibiting behavior that conflicts with the core values
- a considerable deterioration in RoLux' financial results that changes the circumstances as assessed at the time the relevant variable remuneration was awarded

- a serious violation of the risk management system which changes the circumstances as assessed at the time the relevant variable remuneration was awarded
- fraud committed by the relevant employee as a result of which the award of variable remuneration was based on incorrect and misleading information.

Ex-ante test at individual level – for Identified Staff

Individual variable remuneration for Identified Staff requires the approval of the Supervisory Board, taking into account the advice of the heads of the monitoring functions and the Nomination & Remuneration Committee.

Annual audit

Internal Audit audits the RoLux Remuneration Policy annually, as well as verifying the implementation of possible amendments to it and that remuneration has been in compliance with the policy.