Remuneration policies in relation to the integration of sustainability risks

We take sustainability risks into account in our remuneration policy for investment professionals and other senior staff by aligning their financial incentives with the long-term interests of our clients and the long-term success of our own organisation. Therefore, the scorecards we use for the allocation of variable remuneration to employees working for our various client segments therefore include KPIs linked to sustainability aspects. The specific KPIs that are considered depend on the client segment and specific area of expertise of the investment professional/senior staff, an illustrative example is the reduction of the carbon intensity of a portfolio.

Our remuneration policy also promotes a sound and effective risk management culture that protects the value of the investment portfolios. Sustainability risks are defined as environmental, social or governance events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of the investment. These risks are part of the risk management policy and culture, in the same way as all other forms of risk (i.e. strategic, operational, compliance, interest rate and liquidity risk). To promote the adequate consideration of sustainability risks, since these might materialise in the long-term future, we have included the possibility for the Risk Management department to make corrections in the determination of variable remuneration (pools) for such risks.

Specifically, the remuneration of the Management Board consists of fixed remuneration only, and includes a relatively large proportion in shares (with a five-year lock-up period). By abolishing variable remuneration and paying a relatively large proportion in shares, we aim to design a balanced and sustainable remuneration structure that is focused on the long term. More information on the remuneration of our Management Board can be found in our Remuneration policy.