



## SRD II Employee councils advice

Date: 13 February 2024

Written by the Employee Council  
to the Chairman of the  
Remuneration Committee Arjen  
Dorland

### Advice of the RvM on the remuneration policy

#### Introduction

Based on Article 2:135a paragraph 3 DCC the Employee Council is given the right to render advice on the proposed remuneration policies for the Executive Board and Supervisory Board.

This is the advice by the Employee Council on the proposed remuneration policies for the Executive Board (ExBo) and Supervisory Board (SB) of ABN AMRO in accordance with the amended Shareholder Rights Directive (SRD II) as entered into force on 1 December 2019.

The Employee Council will be allowed to explain the advice in the AGM 2024. In case the advice of the Employee Council is not followed and adopted in the remuneration policy(-ies) the SB is required to elaborate upon the background of this deviation.

#### Findings and conclusions

##### General

- SRDII regulation allows the Employee Council to provide advice upon the remuneration policy of the ExBo and the SB, thereby increasing transparency towards employees as well as other stakeholders.
- In addition, art. 23 lid 2 WOR steers at a yearly conversation between the Employee Council, ExBo and SB on the compare between remuneration of the ExBo and the employees of the Company (addressing a.o. the banks' pay ratio). In addition to our advice on the remuneration policy as required under regulations following SRDII, we appreciate the initiative and active participation of the SB in these conversations and deem these important for employee engagement.
- The Employee Council notes that at present the annual increase of the fixed remuneration for members of the ExBo and the SB is linked to the general Banking Collective Labour Agreement (CLA) as opposed to the ABN AMRO CLA. It is relevant to highlight that the background of this is to avoid that the ExBo has a direct influence on salary increase percentage that would then also apply to their own remuneration, and as such, it is considered more appropriate to avoid that the salary increases percentages also apply to the ExBo and SB.. Pension and other conditions are in accordance with the ABN AMRO CLA.
- The objective of this Remuneration Policy is equal to the objective of ABN AMRO's Global Reward Policy applicable to all employees of ABN AMRO, which is to attract, motivate, develop and maintain the right

talent in a sustainable manner to realise our business strategy. The Employee Council notes that ABN AMRO has adopted its ExBo and SB remuneration policies on the following principles:

- Compliant & responsible: compliant with the boundaries of Remuneration Restrictions and the bank's risk policies and respectful of our societal role and impact, our client's interest and other stakeholders;
  - Fair & transparent: clear remuneration policies and processes, principle of equal pay for equal work and work of equal value and having a balanced total remuneration package line with the relevant market;
  - Alignment with ABN AMRO's interest: clarity of how (individual) performance and remuneration are connected, balanced risk taking in line with our moderate risk appetite and encouragement of personal development and values-led behaviour as an integral part of performance measurement.
- With the implementation of SRDII, reporting restrictions have been put on the remuneration policy where these restrictions were limited before. We understand the SB in seeking flexibility where this is allowed under revised laws. In terms of transparency as well as creating understanding within the organization and its employees, we advise to inform the Employee Council in case of deviations from the policy (as allowed under SRDII restrictions) preferably before implementing these.

#### **Benchmark**

- For comparisons of remunerations for both ExBo and SB a benchmark exercise was performed, including financial and non-financial companies both in the Netherlands and Europe, which are comparable either in market, size or profile to ABN AMRO. In addition, remuneration is benchmarked against a cross-industry market analysis performed against companies listed on the Dutch AEX. The Employee Council noticed that none of the companies in this benchmark are (partially) state owned.
- The benchmark exercise indicates that the fixed pay of the CEO is below the peer group, which difference increases if a comparison is made including variable pay. The fixed pay of the other ExBo members is in line with the peer group, but if a comparison is made including variable remuneration, the total remuneration is below the peer group.
- The benchmark for the SB remuneration indicates that both the fixed fee and the committee fees of the Supervisory Board are somewhat below the peer group. However, after due consideration of input from stakeholders, the fixed fee (with increases based on the *CAO Banken*) is maintained.

#### **Executive Board**

- Although a variable remuneration framework is included in the subsequent versions of the Remuneration Policy, the ExBo will not be awarded a variable remuneration as long as the Bonus prohibition is applicable. The Employee Council would like to emphasize that this prohibition is valid as long as the Dutch state holds shares in ABN AMRO via NLF. Although included in the proposed policy, this fact is not explicitly mentioned in the request for advice. The remuneration of the SB consists only of fixed fee and committee fee.
- The internal framework of KPI's for the ExBo, should be the main driver for any award of performance related variable remuneration. The Employee Council states that these KPI's should be explained and applied in a fair way, also to prevent greenwashing results.

- The Employee Council noticed minor adjustments to the proposed remuneration policy and the KPI framework for the ExBo. This to reflect the changed composition of the ExBo, better alignment with the strategy, more flexibility to apply KPI's for ESG and revised regulatory requirements. Based on stakeholder feedback the bottom range for financial KPI's has slightly increased. Overall, the Employee Council understands the reason for change and considers the proposed remuneration policy and framework as balanced and reasonable.

### **Supervisory Board**

- Although the Employee Council was informed in an early stage on the renewal of the remuneration policies, we were only informed rather late in the process on one significant change that is proposed to the SB remuneration.

The original self-imposed cap on the reimbursement to a maximum of two committee memberships is adjusted into a maximum of three committee memberships. Reasons for this change are that a cap on the reimbursement of two committee memberships are not considered to be market practice anymore and the establishment of the additional ESG committee. Although the Employee council understands and supports this proposal, there is concern that the resulting increase in remuneration could lead to controversy and criticism among the employees, especially as the CLA negotiations are ongoing in the same period.

### **Advice**

The Employee Council thanks Mr Dorland and his team for supplying the requested information, to have meetings and answering questions to support the council. The council hereby renders a positive advice on the proposed remuneration policies for the Executive Board and Supervisory Board.