

# Remuneration Policy

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## Inhoudsopgave

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## 1. Introduction

### 1.1 Purpose

Dynamic Credit Group B.V and its group companies (“**Dynamic Credit**”) are convinced that for sustainable success its remuneration policy should promote the integrity and soundness of Dynamic Credit with a focus on the long-term interests of Dynamic Credit. It should not contain no incentives that detract from its obligation to promote the interest of its clients and other stakeholders, or from other duties of care to which it is subject. Also, Dynamic Credit believes that it is essential to give a fair and honest remuneration to its employees and to award remuneration in a manner that promotes behavior that is in line with applicable rules and regulations and with its ethical standards. To this end Dynamic Credit has established this Policy which describes how Dynamic Credit compensates its employees.

### 1.2 Scope

This Policy applies to Dynamic Credit as well as to all Employees (as defined below) of Dynamic Credit and serves - amongst other things - to comply with: Wet financieel toezicht (Wft), Regeling beheerst beloningsbeleid, the Markets in Financial Instruments Directive II (MIFiD II) and Sustainable Finance Disclosure Regulation (SFDR).

Based on applicable regulation Dynamic Credit, due to the size, internal organization, nature, scope, and complexity of its activities, may apply the “proportionality” principle. Applying this principle allows Dynamic Credit to not apply the following elements:

- Payout part of the Variable Remuneration in instruments;
- Retention period;
- Deferral of part of the Variable Remuneration;
- Ex post incorporation of risk;
- Establishment of a remuneration committee;

### 1.3 Roles and Responsibilities

#### Managing Board

- The Managing Board is responsible for the design, approval and oversight of this Policy.
- Where periodic reviews reveal that the remuneration system does not operate as intended or pre-scribed, the Managing Board should ensure that a timely remedial plan is put in place.
- A member of the Managing Board decides which Employees will be awarded a Variable Remuneration based on a proposal from Talent Management and the respective team lead.
- A member of the Managing Board decides on promotions from Employees based on a proposal from Talent Management and the respective team lead.

## **Talent Management (“TM”)**

- TM together with Risk & Compliance is responsible for annually assessing the overall remuneration system of Dynamic Credit operates as intended and related risks are managed.
- TM performs an annual remuneration benchmark on groups of Employees.
- TM together with the input from team leads, prepares a proposal which Employees should be awarded a Variable Remuneration, a salary rise and/or promotion based on their performance.

## **Risk & Compliance**

- Risk & Compliance is responsible for maintaining this Policy and for annually monitoring compliance with this Policy. The periodic review of the implementation of the remuneration policies and practices may be, partially or totally externally commissioned.
- Risk & Compliance is responsible for ensuring this Policy is compliant with national and international regulations, principles and standards.
- Risk & Compliance is closely involved in reviewing the remuneration system of Dynamic Credit.
- Risk & Compliance is responsible for ensuring that the negative effects of variable compensation structures on Dynamic Credit and client's interest are limited and well managed.
- Risk & Compliance is responsible for performing a risk analysis and for ensuring that appropriate controls are in place.

## **Finance**

- Finance is responsible for setting an annual budget for Remuneration in line with the business strategy, objectives, values, and long-term interests of Dynamic Credit.
- Finance is responsible for assessing whether the total amount of Variable Remuneration paid out in a financial year does not limit the ability of Dynamic Credit to strengthen its capital base.
- Finance ensures that the Variable Remuneration amount is compliant with the maximum amount as outlined in this policy.
- Finance ensures that the Variable Remuneration is in accordance with the business plan and (re)forecasts as discussed and agreed with the Managing Board and therefore that the total amount of Variable Remuneration granted to Employees is in line with this.
- Finance ensures that remuneration paid by Dynamic Credit does not endanger the financial stability of Dynamic Credit.
- Finance takes the remuneration paid by Dynamic Credit into account for capital and liquidity planning purposes.

## **General Meeting of Shareholder Dynamic Credit Group B.V.**

- Approve the Remuneration Policy for the Managing Board.

## 1.4 Policy Approval & Review

This Policy is approved by the Managing Board and updated at least annually as part of the annual compliance monitoring agenda or more frequently if needed due to business or regulatory developments.

## 2. Definitions

Capitalized terms used in this Policy have the meaning as set out below:

Term	Definition
Clawback	The authority of the Managing Board to reclaim or adjust variable remuneration paid to any Employee in certain circumstances.
Dynamic Credit	Means Dynamic Credit Group B.V. and/or any of its group companies.
Employees	All Dynamic Credit managing board members, employees or any other person who is employed by Dynamic Credit, or otherwise works for Dynamic Credit regardless of the duration of the employment contract or other relationship.
Fixed Remuneration	Any payment which is predetermined, permanent, non-discretionary and irrevocable. This includes monthly salary, pension LTI, and holiday pay.
Identified Staff	Employees whose professional activities have a material impact on Dynamic Credit's risk profile.
Managing Board	The Managing Board of Dynamic Credit Group B.V.
Remuneration	All forms of fixed and variable remuneration and includes payments and benefits, monetary or non-monetary, awarded directly to an Employee on behalf of Dynamic Credit in exchange for professional services rendered by an Employee. .
This Policy	Means this Remuneration Policy.
<b>Variable Remuneration</b>	Means any remuneration that is not fixed.

## 3. Policy Statement

### 3.1 General

1. Any Remuneration paid by Dynamic Credit and this Policy is consistent with and promotes sound and effective risk management and does not encourage unacceptable risk taking by Employees.
2. In the event Dynamic Credit falls short of its regulatory capital targets, the total amount of (Variable) Remuneration paid out in a financial year does not limit the ability of Dynamic Credit to strengthen its capital base.
3. To ensure that Remuneration paid by Dynamic Credit does not endanger the financial stability of Dynamic Credit, Remuneration will also be taken into account for capital and liquidity planning purposes.
4. The severance payment of a member of the Managing Board may not exceed one year's salary.
5. Dynamic Credit does not pay severance payments: (1) if a person leaves voluntarily, (2) if a person has not performed their duties adequately, to a Managing Board member when Dynamic Credit fails.
6. Severance payment for Employees is in line with applicable regulation.
7. Payments related to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure in performance. This does not preclude termination payments in situations such as early termination of the contract due to changes in the strategy of the company, or in merger and/or takeover situations or when the termination payment is set in a legal (court) proceeding.
8. The Remuneration of Employees within Risk & Compliance support their role of independent countervailing power in relation to the commercial jobs and any Variable Remuneration awarded to them is not or only on a limited basis dependent on the commercial results from Dynamic Credit.
9. To ensure that the fixed and variable components of the total Remuneration are appropriately balanced, the variable component in relation to the fixed component has a maximum ratio of 20% for all Employees.

10. Dynamic Credit has set 8 levels of career progression (see appendix B) and criteria how an Employee can move from one level to the next. Criteria for promotion that will be taken into account for all Employees are:

- demonstrating our DNA
- challenge and be challenged
- always choose the highest ethical path
- entrepreneurial mindset
- commons respect for all
- think in solutions.

Next to that specific criteria are set for specific roles (see appendix C).

11. A summary of this Policy shall be disclosed in the annual report and on the website of Dynamic Credit.

## Fixed Remuneration

Dynamic Credit wishes to attract and retain well qualified Employees by paying market competitive pay for the role, skills and experience required for the business. To this end Dynamic Credit annually performs a salary benchmark for groups of Employees.

## 3.2 Long Term Incentive Plan

Employees are entitled to an annual fixed pay component (“**the LTI award**”). With this reward system every Employee will have direct exposure to the financial performance of Dynamic Credit Group. The LTI award consists of a number of Depositary Receipts (“**the DR award**”) and a cash amount (“**the Cash award**”):

1. The Cash award is granted to settle the Employee’s tax incurred from the DR award – in effect, this is a ‘gross up’ of the award rather than an award in itself.
2. The DR award is granted to the Employee corresponding with the net equivalent of a fixed percentage of the Employee’s base salary. The fair value of the DR awards is measured at each reporting date using the Group’s LTI Valuation Method taking into account the terms and conditions on which the instruments were granted.
3. The sole condition for the LTI award is that the Employee should be employed with Dynamic Credit for at least one year. The LTI Award will start to accrue for the Employee after one year of employment.
4. The DR award may be kept by the Employee for up to a maximum of seven years upon which it is automatically liquidated and paid out to the Employee. Additional details of the LTI plan are set out in -The Rules for the Long Term Incentive Plan-.

### 3.3 Variable Remuneration

1. Dynamic Credit only pays Variable Remuneration if it is sustainable for Dynamic Credit as a whole and justified on the basis of the performance of Dynamic Credit Group, the business unit and the Employee concerned.
2. Dynamic Credit's Variable Remuneration is linked to predefined, assessable and influenceable performance criteria for Employees that reflect the interest of all stakeholders in Dynamic Credit and takes account for performance across a multi-year framework (See Annex A).
3. The performance criteria of Employees exist for 50% or more out of qualitative (non-financial) goals (see Annex A for relevant criteria).
4. The award of Variable Remuneration to an Employee is dependent on its being in due proportion to the performance of the Employee and/or team and/or Dynamic Credit as a whole.
5. Financial results which are used in appraising performance will be corrected to take account of current and future risks and costs of capital and liquidity required.
6. The award of Variable Remuneration will not be dependent on "all or nothing" commercial objectives.
7. When assessing commercial performance as a basis for Variable Remuneration, Dynamic Credit will observe an appropriate time horizon, so that the effect of the performance on the long term are taken into account.
8. Dynamic Credit is entitled to adjust or reclaim an appropriate amount of Variable Remuneration in the event that an Employee has breached the Code of Conduct and/or was responsible for actions which have led to a substantial deterioration in the financial position of Dynamic Credit.
9. The Managing Board has the possibility of exercising some degree of discretion when awarding Variable Remuneration to counter undesirable effects, such as Remuneration that is not commensurate with actual performance. This is equally applicable in exceptional situations such as an acquisition or dismissal.
10. Dynamic Credit does not pay guaranteed Variable Remuneration.



### 3.4 Pension Scheme

Dynamic Credit has put in place a pension plan and pays 50% of the contribution for Employees (which is based on the regulatory bracket per age group).

### 3.5 Car Lease

It is at the discretion of the Managing Board to determine whether an Employee is entitled to a company leased car.

### 3.6 Travel Expenses

Dynamic Credit reimburses the cost of travel for those Employees whose commute amounts to more than 10 kilometers when Employees travel by public transport. Such Employees are entitled to an NS Business Travel Card.

### 3.7 Disability Insurance

Dynamic Credit has put in place a disability insurance that will pay out up to 70% of the Fixed Remuneration of an Employee in case of (partial) permanent disability to work.

### Sustainable Finance Disclosure Regulation (SFDR)

Dynamic Credit has put into place a roadmap for compliance to the SFDR, whereby ESG is incorporated in its mission to create a better match between savings and credit for a more prosperous and sustainable society. Dynamic Credit has a 'ESG Squad' to increase ownership of the Environmental Social Governance (ESG) amongst Employees. Any Remuneration paid by Dynamic Credit and this Policy are consistent with and promotes sound and effective risk management and does not encourage excessive risk taking by Employees. When applicable, the level of ownership and contribution to Dynamic Credit's ESG objectives will be linked to the Variable Remuneration of Employees (see Annex A).

## 4. Monitoring

Compliance to this Policy is monitored by Risk & Compliance annually. Findings of the monitoring are reported to the Managing Board.

## 5. Record Keeping

All records relating to the Remuneration of Employees shall be recorded by Talent Management in compliance with applicable laws and regulations.

## 6. ANNEX A: Performance Criteria

Dynamic Credit assesses the performance of each Employee on the basis of the following criteria:

Financial goals (only on company level):

- Performance of Dynamic Credit Group B.V.

Non-financial goals:

- Positive impact on colleagues;
- Personal development;
- Excellent quality of work;
- Excellent customer/partner service;
- Development of customer/partner base;
- Employee productivity;
- Robust, compliant and safe environment;
- Environmental and Social responsibility (SFDR).

## 7. ANNEX B: Career Progressions Levels

The 8 levels of career progression within Dynamic Credit are:

1. Junior Analyst
2. Analyst
3. Associate
4. Senior Associate
5. Vice President
6. Director
7. Managing Director
8. Board member

## 9. ANNEX C: Criteria for Progression

### **Specialist/Professionalism**

- Expert in your area
- Specialist mentor sharing your skills

### **Management**

- Strategic vision & leadership
- Ability to manage P&L, costs and capacity etc.

### **Business development**

- Effective negotiation & business development along-side sales
- Professional networking and resource building