

DYNAM/C  
CREDIT

# Remuneration Policy

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## 1. Introduction

### Purpose

Dynamic Credit Group B.V and its group companies (“**Dynamic Credit**”) are convinced that for sustainable success and contribution to its conviction that a better matching of savings and credit lead to a more prosperous and sustainable society, its remuneration policy should promote the integrity and soundness of Dynamic Credit with a focus on the long-term interests of Dynamic Credit and its stakeholders (the “**Policy**”).

Dynamic Credit is aware of its position within society, its crucial role of the financial sector in the Netherlands and the importance of creating trust in this sector within society. As such Employees are remunerated in a way that is aligned with the interests of all stakeholders involved.

This Policy is designed to attract, retain and motivate Employees regardless of gender, ethnicity, age, disability, or any other factor not linked to performance or experience with Dynamic Credit. It should not contain 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, is aligned with relevant regulatory and legislative expectations and with its own ethical standards as laid down in its Code of Conduct (BNPP Code of Conduct) and justifies the size, internal organization, nature, scope and complexity of the activities of Dynamic Credit.

Key principles of the Policy are set out below and further defined on in the Policy:

- 1) Deliver market-competitive remuneration policies and practices to attract, motivate and retain best performing Employees;
- 2) Avoid conflicts of interest;
- 3) Achieve sound and effective remuneration policy & practice, avoiding excessive risk-taking;
- 4) Ensure long-term risk alignment, and rewarding long-term goals;
- 5) Design and implement a sustainable and responsible remuneration strategy, with pay levels and structure which make economic sense for the business

To this end Dynamic Credit has established this Policy which describes how Dynamic Credit compensates its Employees. The Policy is a gender-neutral remuneration policy.

### 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: de Wet op het financieel toezicht (Wft), de Regeling beheerst beloningsbeleid Wft 2021, the Markets in Financial Instruments Directive II (MiFID II), the Sustainable Finance Disclosure Regulation (SFDR), the Investment Firm Directive (IFD) and the Investment Firm Regulation (IFR) (the Applicable Legislation). Where appropriate, Dynamic Credit will apply the most stringent legal requirements of the Applicable Legislation.

## Roles and Responsibilities in the creation, implementation and execution of the Policy

### 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 prescribed, 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 whether the overall remuneration process 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 process 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.

### **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
<b>Dynamic Credit</b>	Means Dynamic Credit Group B.V. and/or any of its group companies.
<b>Employees</b>	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.
<b>Fixed Remuneration</b>	Any payment which is predetermined, permanent, non-discretionary and irrevocable. This includes monthly salary, pension and holiday pay.
<b>Managing Board</b>	The Managing Board of Dynamic Credit Group B.V.
<b>Remuneration</b>	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 to Dynamic Credit
<b>Risk &amp; Compliance</b>	Means the Risk & Compliance department of Dynamic Credit
<b>Severance payment</b>	A contractual arrangement with an Employee in the event of full termination of employment by Dynamic Credit.
<b>Talent Management</b>	Means the talent management team of Dynamic Credit
<b>Policy</b>	Means this Remuneration Policy.
<b>Variable Remuneration</b>	Means any remuneration that is not Fixed Remuneration.

## 3. Policy Statement

### General

1. Any Remuneration paid by Dynamic Credit 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 unless in case of negligence or seriously culpable acts of Dynamic Credit (2) if a person has acted seriously culpable or neglected their duties, (3) to a Managing Board member when Dynamic Credit has failed.

6. Severance payments are in line with Applicable Legislation.
7. Severance payments reflect performance achieved over time and are designed in a way not to 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 supports 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 Remuneration are appropriately balanced, the Variable Remuneration in relation to the Fixed Remuneration has a maximum average ratio of 20% for all Employees.
10. Dynamic Credit has set eight (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:
  - o demonstrating our DNA
  - o challenge and be challenged
  - o always choose the highest ethical path
  - o entrepreneurial mindset
  - o common respect for all
  - o think in solutions.

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

11. The annual formal review controls in particular the gender neutrality of the Policy and practice of Dynamic Credit.
12. A summary of this Policy shall be disclosed in the annual report and on the website of Dynamic Credit.

## Link between pay and performance

All of our Employees, whose Remuneration is decided upon during the annual compensation review process, are appraised through continuous feedback and annual review against a set of objectives that are specific to the nature of their role and position. As such, these objectives are set in joint consultation with the Employee, their respective line manager and with the support of Talent Management where necessary. The results of the annual appraisal process feed into the annual compensation review process.

A six (6) point rating scale is applied with regard to an Employee's performance, with a direct impact on Remuneration, as follows;

Score	Performance definition
1. Outstanding performance	Performance was outstanding, i.e. systematically excellent and far superior to the objectives set. Performance significantly and consistently exceeded expected level.
2. Significantly above expectations	Performance was clearly above target, i.e. consistently exceeded expected level.
3. Above expectations	Performance was above target, i.e. clearly met the targeted level and in some respects even exceeded it.
4. Meets expectations	Good overall year performance successfully met expectations on objective(s) set.
5. Almost meets expectations	Performance almost met the targeted level. Some improvement is needed to bring the performance up to the expected level.
6. Significantly below expectations	Performance was clearly below target and did not meet the minimum requirements or significantly failed to achieve what was expected. Immediate improvement is required.

\*The above scores are linked to a bonus mechanism where every score has a fixed % range. The ranges are determined by the Dynamic Credit management board based on the provided scores and the accrued bonus pool. The final bonus amount within the range is at the discretion of the management board.

\*\* For recent promotions of Employees can be deviated from the above mechanism and is at the discretion of the management board.

#### Control functions

The objectives for control staff (notably risk, compliance, permanent control) are set independently of the business that they control and are based on relevant objectives, rather than business objectives. For control functions, specific attention is paid to the level of fixed salary, so that relevant regulatory requirements on the qualification and level of experience of these professionals are met. Specific attention is also paid to the balance of their compensation structure, so as to avoid the risk of conflicts and to protect their independence.

#### Fixed Remuneration

Dynamic Credit wishes to attract and retain well qualified Employees by paying market competitive Fixed Remuneration for the role, professional skills, competence, responsibilities and experience required for the business. Local market rates as well as the principle of internal consistency within Dynamic Credit are factors used in setting fixed pay amounts. Furthermore Dynamic Credit annually performs a salary benchmark for groups of Employees.

Based on the performance of the business, the business plan, the available budget and market conditions, Employees may be given annual raises on their Fixed Remuneration.

#### Variable Remuneration

1. Dynamic Credit only pays Variable Remuneration to its Employees after taking in consideration, notably, its ability to maintain a sound capital base in the long term, the results of the internal capital adequacy assessment process, its multi-year capital planning and recommendations on distributions by competent authorities and is thus sustainable for Dynamic Credit as a whole and justified on the basis of the performance of Dynamic Credit, 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 of Dynamic Credit and takes account for performance across a multi-year framework (see Appendix A).
3. The performance criteria of Employees consist for 50% or more out of qualitative (non-financial) goals (see Appendix A).
4. Variable Remuneration is discretionary and is awarded on individual, collective and organizational performance. The award of Variable Remuneration to an Employee is dependent on being in due proportion to the performance of the Employee and/or team and/or Dynamic Credit as a whole and is used to drive and reward short- and long-term performance in a sustainable manner.
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. Risk adjustment and performance conditions allowing the use of malus, and claw-back clauses are part of the documentation sent to award beneficiaries at the time of award.
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 (BNPP 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.
11. The Variable Remuneration will not exceed an amount corresponding with 20% of the Fixed Remuneration notwithstanding that Dynamic Credit is entitled to award and pay, in exceptional cases, a higher Variable Remuneration to an Employee provided that: (i) the Variable Remuneration relative to the Fixed Remuneration does not exceed 20% for all Employees together; and (ii) a single Variable Remuneration does not exceed 100% of the amount of the Fixed Remuneration; and (iii) such higher Variable Remuneration cannot be awarded to Employees who fulfill a control function or directly provide financial services to consumers, so as to avoid the risk of conflicts of interests and protect their independence.
12. If Dynamic Credit uses the exception as mentioned under 11. this shall be reported to the relevant supervisory authorities on an annual basis.
13. The Variable Remuneration is (if rewarded) paid annually in the year after the performance period for which the award is made, after the adoption of the annual accounts relating to the performance period.

## **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).



### **Car Lease**

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

### **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 (second class). Those who travel to work by car will be compensated for their kilometers at a rate set by Dynamic Credit.

### **WIA Excedent Insurance**

Dynamic Credit has put in place a disability insurance (WIA Excedent) that will pay out up to 70% of the Fixed Remuneration of an Employee (up to an annual salary of EUR 200.000) in case of (partial) permanent disability to work if the Employee meets all the conditions to be eligible for this WIA-insurance.

### **Collective Accident Insurance**

Dynamic Credit has put in place an insurance that will pay out in case of death or disability of an Employee if all conditions to be eligible for this insurance are met. The details of this insurance are available upon request.

### **Sustainable Finance Disclosure Regulation (SFDR)**

Dynamic Credit has put into place a roadmap for compliance with 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 an 'ESG Team' 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 Appendix A).

### **Investment Firms Directive (Directive (EU) 2019/2034 "IFD")**

Dynamic Credit ensures that it complies with the regulatory framework as far as applicable to its entities which qualify as investment firms under the regulatory remuneration regime under IFD.

There where the Policy is more stringent than applicable local IFD requirements, the Policy supersedes.

It is noted that Dynamic Credit applies the adjustments in connection with IFD as of 1 July 2022, on the performance year starting on 1 January 2022 (i.e. with retroactivity).

## **4. Monitoring**

Compliance with 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. Appendices

### Appendix A: Performance Criteria

Dynamic Credit appraises its Employees through continuous feedback and a bi-annual review against the below mentioned goals and a set of objectives that are specific to the nature of their role. These objectives are defined by the line managers with the support of Talent Management where necessary and set in joint consultation with the Employee. The results of the annual appraisal process feed into the annual compensation review process.

Dynamic Credit assesses the individual and collective performance of each Employee on the basis of the following individual, collective and organisational performance criteria:

1. Financial goals (only on company level):
  - Performance of Dynamic Credit Group B.V.
2. Non-financial individual 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).

### Appendix 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

## Appendix 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