Remuneration policy of ASR Bank N.V.

Contents

1. Introduction

ASR Bank N.V. ('a.s.r. Bank') is a division of ASR Nederland N.V. ('a.s.r.'). a.s.r. Bank has its own banking authorization and its own Managing Board in accordance with its Articles of Association. a.s.r. Bank employees are on a.s.r.'s payroll.

The Remuneration Policy of ASR Nederland N.V. is applicable to all its employees, including those of a.s.r. Bank. The Remuneration Policy of a.s.r. Bank is derived in full from the Remuneration Policy of a.s.r. Further clarification is provided on certain aspects of this policy in view of the structure of a.s.r. Bank. This is included below.

The Remuneration Policy of ASR Nederland N.V. was approved by the Supervisory Board on 11 May 2015. The Remuneration Policy of ASR Nederland N.V. and the organizational chart of a.s.r. Bank are appended to this document.

2. Scope

The Remuneration Policy of a.s.r. Bank is applicable to everyone working for a.s.r. Bank under the responsibility of a.s.r. Bank. The Remuneration Policy of a.s.r. identifies the following seven groups:

1. The Supervisory Boards
2. The Executive Board
3. Senior Management (job levels 22 and 23)
4. Higher Management (job levels 13 to 15)
5. Back office (job levels 1 to 12)
6. Front office (job levels 1 to 12)
7. Other designated persons who regularly perform duties for or at a.s.r. other than under an employment contract

What follows is an explanation of how employees working for a.s.r. Bank are classified into groups for the purposes of the Remuneration Policy of a.s.r. and the composition of the remuneration per group.

Supervisory Board of a.s.r. Bank

The Supervisory Board of a.s.r. Bank has four members. Two members are also members of the Supervisory Board of a.s.r. They come under group 1 of the Remuneration Policy of a.s.r. The other two members are members of the Executive Board of a.s.r. They come under group 2 of the Remuneration Policy of a.s.r.

Composition of remuneration of group 1

The fees, expense allowances and other agreed benefits of the members of the Supervisory Board of a.s.r. Bank are adopted by the Annual General Meeting of Shareholders of a.s.r. The fees paid to the members of the Supervisory Board are not dependent on a.s.r. Bank's financial performance.

Composition of remuneration of group 2

- **Salary group and structure**
  New directors joining the Executive Board have an employment contract of definite duration (four years). Incumbent members of the Executive Board (as of 1 October 2014) have an open-ended employment contract.
- **Adoption procedure**
  - After hearing the advice of the Selection, Appointment & Remuneration Committee, the Supervisory Board prepares a proposal for the remuneration policy governing the Executive Board.
  - The Works Council must be given the opportunity to determine its position on the remuneration policy.
  - The Annual General Meeting of Shareholders adopts the remuneration policy. The Board of NFLI informs the Minister of Finance of the intended decision-making process in this regard.
- **Salary/salary growth**
  The fixed remuneration awarded to the members of the Executive Board comprises a fixed amount per month, including holiday allowance and a year-end bonus. The salaries of the members of the Executive Board are subject to indexation in accordance with the CBA increases of the insurance industry.

Managing Board of a.s.r. Bank and other members of Higher Management

The Managing Board of a.s.r. Bank is comprised of the Chairman of the Managing Board, the Chief Operations Officer and the Chief Financial Risk Officer. The Managing Board of a.s.r. Bank comes under group 4 (Higher Management) of the Remuneration Policy of a.s.r.

The Head of ALM and the Head of Risk Management at a.s.r. Bank also belong to the Higher Management group.

Composition of remuneration of group 4

- **Salary groups and salary structure**
  The Higher Management comprises employees whose positions have been classified in job groups 13, 14 or 15 based on the Hay job evaluation system. The salary structure for Higher Management has three salary groups, each with a starting and maximum salary per month, exclusive of holiday allowance and year-end bonus. The three salary groups are linked to the job groups.
- **Adoption procedure**
  The Executive Board is authorized to adopt, implement and evaluate the remuneration policy governing Higher Management.
- **Salary growth**
  The individual salary growth of employees in the salary group is linked to the appraisal of an employee's overall performance of their role, desired behaviour and the competencies and the position of the salary within the salary group. Fixed remuneration is adjusted for structural wage developments in accordance with the CBA for back-office positions in the insurance industry. This increase is applied to the individual fixed salary as well as to the floors and caps of the salary groups.

Other employees

Other employees of a.s.r. Bank come under group 5 of the Remuneration Policy of a.s.r. Some other employees of a.s.r. Bank come under group 7 of the Remuneration Policy of a.s.r.

Composition of remuneration of group 5

The back-office population is governed by the industry-wide CBA for back-office positions in the insurance industry, or by CBAs agreed separately by a.s.r., i.e. job classification and pay structure for back-office positions. These regulate the structure, level and growth of remuneration.

Please note: since 1 January 2013, no variable remuneration has been awarded to Identified Staff (see Section 5) of a.s.r. Bank.

With effect from 1 July 2014, the variable remuneration of staff in group 5 has partially been converted into a salary increase and partially into a fixed allowance. The was agreed in the framework of the CBA negotiations.

3. Statutory and regulatory framework

The remuneration of staff is governed by the following rules and regulations.

1. Rules and regulations involving financial supervision law, including the Dutch Financial Supervision Act and delegated legislation made under this Act, such as the Regulation on Sound Remuneration Policies, the Executives' Pay (Standards) Act, and derived rules such as the Remuneration Code for Executives and Regulators of Health Insurance Companies 2014.
2. Obligations under Book 2 of the Netherlands Civil Code.
3. European law, such as the Solvency II Directive and Regulation, the Capital Requirements IV Directive and Regulation, the Directive and Regulation for Alternative Investment Fund Managers and their elaboration in the Regulatory Technical Standards and Guidelines of the European regulators EBA, EIOPA and ESMA.
4. Self-regulation codes, such as the Governance Principles for Insurers 2013, the Banking Code 2015 and the Dutch Corporate Governance Code[1].

4. Publication

a.s.r. Bank prepares an annual description of its Remuneration Policy in the form of a Remuneration Disclosure.

1 a.s.r. is not listed on a stock market and applies this Code voluntarily.

5. Identified Staff

Under statutory provisions, governance and risk management measures must have been taken in respect of Identified Staff. These are employees whose work could have a material impact on the risk profile of a.s.r. Bank.

The Identified Staff at a.s.r. Bank are the members of the Managing Board, control functions and other risk takers. With regard to other risk takers, it was decided based on the Guidelines of the European Banking Authority (EBA) to qualify the Head of ALM as a potential risk taker due to the fact that this position could have a material impact on the risk profile of a.s.r. Bank.

Managing Board
Chairman of the Managing Board of a.s.r. Bank
Chief Financial Risk Officer of a.s.r. Bank
Chief Operations Officer of a.s.r. Bank

Control functions
Chief Financial Risk Officer of a.s.r. Bank
Head of Risk Management of a.s.r. Bank
Director of Group Risk Management of a.s.r.
Director of Audit of a.s.r.
Director of Integrity of a.s.r.
Director of Human Resources of a.s.r.

Potential other risk takers
Head of ALM

The Managing Board has established committees in order to efficiently exercise its duties and responsibilities. These committees are used by a.s.r. Bank to manage risks and returns based on risk appetite and risk limits. a.s.r. Bank regards the committees as extensions of the Managing Board.

The holders of the posts listed above all sit on one or more of the committees. A further explanation is given below for each committee.

5.1 Risk Management Committee

The Risk Management Committee (RMC) oversees the management of all risks. The RMC is the process owner of risk assessments and is responsible for decisions relating to the acceptance of identified risks and the measures taken to mitigate them. The RMC also takes decisions on recommendations made in the audit reports and on the actions to be taken. All members of the RMC qualify as Identified Staff:

Risk Management Committee
Chairman of the Managing Board of a.s.r. Bank
Chief Financial Risk Officer of a.s.r. Director of Audit of ASR
Head of Risk Management of a.s.r. Bank

5.2 Non-Financial Risk Committee

The Non-Financial Risk Committee (NFRC) of a.s.r. Bank supervises the management of operational, integrity, IT, outsourcing and legal risks, and reports to the RMC.

Subject to proportionality, holders of the following posts qualify as Identified Staff:

Non-Financial Risk Committee
Chief Operations Officer of a.s.r. Bank
Head of Risk Management of a.s.r. Bank

5.3 Asset and Liability Committee

The Asset and Liability Committee (ALCO) focuses on balance sheet management and credit risk, market risk, interest rate risk and liquidity risk. To perform its work, the ALCO has prepared a limit framework setting out the limits for the various risk types. The ALCO approves the details of the investment policy and is responsible for monitoring the equilibrium between the adopted risk profile and the return on the portfolio.

Subject to proportionality, holders of the following posts qualify as Identified Staff:

Asset and Liability Committee
Chief Financial Risk Officer of a.s.r. Bank
Head of Risk Management of a.s.r. Bank
Head of ALM

5.4 Pricing Committee

The Pricing Committee reports to the ALCO and focuses on setting interest rates. The Pricing Committee is responsible for the interest rate decision model.

Subject to proportionality, holders of the following posts qualify as Identified Staff:

Pricing Committee
Chief Financial Risk Officer of a.s.r. Bank

5.5 Model Validation Committee

The Model Validation Committee (MVC) is responsible for the periodic validation of the capital models that are subject to supervision by the Dutch Central Bank (DNB). To do so, use is made of the services of the Model Validation department (a division of Group Risk Management of a.s.r.).

Subject to proportionality, holders of the following posts qualify as Identified Staff:

Model Validation Committee
Chief Financial Risk Officer of a.s.r. Bank
Head of Risk Management of a.s.r. Bank
Head of ALM

5.6 Credit Committee

The Credit Committee (CC) takes decisions on credit risks and any imminent transgression of the limits. This is largely achieved based on the risk mitigation reports of the Credit Management, Default Management and Active Management departments.

Subject to proportionality, holders of the following posts qualify as Identified Staff:

Credit Committee
Chief Financial Risk Officer of a.s.r. Bank
Head of Risk Management of a.s.r. Bank

Appendix 1:

Remuneration Policy of ASR Nederland N.V.

Appendices:

1. Introduction

This policy document sets out the remuneration policy of ASR Nederland N.V. (a.s.r.) as it applies to the entire group and to all persons working under the responsibility of a.s.r.

The remuneration policy is part of the personnel policy, which includes an intake policy, a mobility policy and an end-of-service policy. The remuneration policy of a.s.r. is determined in part by legislation and regulations, government policy and developments in society concerning remuneration in the financial sector. Remuneration is an instrument specifically designed to help achieve the strategy, business targets and the ambitions the company has formulated.

2. General aspects of the remuneration policy

2.1 Objectives

Improving and maintaining the integrity and robustness of a.s.r. is key to the remuneration policy, and the focus is squarely on the long-term interests of all our stakeholders. The aim of the remuneration policy is to motivate employees to work for the interests of customers and other stakeholders within the parameters of the (statutory) duty of care. In addition, this policy allows a.s.r. to attract and retain qualified people.

In this connection, it is worth knowing that, on 3 October 2008, the Dutch State became the sole shareholder of ASR Nederland N.V. On 29 September 2011, the State of the Netherlands transferred all shares in the capital of ASR Nederland N.V. to Stichting Administratiekantoor Beheer Financiële Instellingen (acting under the name NLFI) in exchange for the issue of depositary receipts for those shares.

2.2 Scope

The remuneration policy applies to all a.s.r. business lines. This means that all business lines are directed by the same guidelines and decision-making structure.[2]

This policy also applies to all persons who perform duties at or for a.s.r. under its responsibility. In this context, there are seven distinct groups:

1. The Supervisory Boards
2. The Executive Board
3. Senior Management (job levels 22 and 23)
4. Higher Management (job levels 13 to 15)
5. Back office (job levels 1 to 12)
6. Front office (job levels 1 to 12)
7. Other designated persons who regularly perform duties for or at a.s.r. other than under an employment contract

2.3 Principles

a.s.r.'s remuneration policy is based on the following principles:

1. The remuneration policy is designed to help achieve a.s.r.'s strategy and targets;
2. The remuneration policy cannot restrict a.s.r.'s scope to strengthen its regulatory capital, solvency margin or equity;
3. The remuneration policy is compliant with prevailing national and international legislation and regulations;
4. It is transparent and applicable in terms of structure and method to all layers of a.s.r.'s management and to all employees covered by the collective bargaining agreement (CBA);
5. The remuneration policy reflects a balance between trust in intrinsic motivation on the one hand and agreement on clear objectives and assessment of the performance and remuneration based on these objectives on the other;
6. The level of remuneration is just below the median for the peer group;
7. The target-related remuneration will not exceed 20% of the fixed annual remuneration, and at least 50% of any award will be based on non-financial criteria;
8. Guaranteed variable remuneration will not be awarded in principle, unless in accordance with Section 1:124 of the Dutch Financial Supervision Act (WFT);
9. No occasional variable remuneration will be awarded except with the consent of the Supervisory Board and with due observance of the legal requirements (Section 1:122 WFT);

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2 Some a.s.r. subsidiaries have their own pay-and-benefits package, including a separate remuneration policy. These include Van Kampen Groep, Solid Mortgages BV, SOS International, Brand New Day and Poliservice BV. The policy of these businesses is in line with legislation and regulations.

10. Variable remuneration is determined by indicators relating to both customer satisfaction and to financial and risk indicators used to assess the performance of the business;
11. Severance pay awarded by a.s.r. to policy-makers will not exceed 100% of the fixed annual remuneration;[3]
12. The claw-back provisions of Sections 1:126 and 1:127 WFT apply to all a.s.r. employees insofar as they are eligible for any form of variable remuneration;
13. The total pay-and-benefits package is appealing enough to allow a.s.r. to compete in the relevant segments of the labour market and attract and retain competent people;
14. The Annual General Meeting of Shareholders (AGM), the Supervisory Board, the Selection, Appointment & Remuneration Committee (SAR Committee), the Executive Board and the control functions play an important role in adopting, implementing and evaluating the remuneration policy. For details, see Section 4.1;
15. a.s.r. does not make use of any constructions that make it possible to evade the remuneration policy;
16. The remuneration is evaluated periodically and is modified, if necessary, to ensure compliance with new legislation and regulations or market circumstances.

2.4 Statutory and regulatory framework
The a.s.r. group has a number of authorized entities that are subject to various statutory regimes. In addition, insurance companies and banks in the Netherlands are subject to a system of self-regulation and various market standards. This remuneration policy covers all these requirements and standards. In brief, these relate to:
1. Rules and regulations involving financial supervision law, including the Dutch Financial Supervision Act and delegated legislation made under this Act, such as the Regulation on Sound Remuneration Policies, the Executives' Pay (Standards) Act, and derived rules such as the Remuneration Code for Executives and Regulators of Health Insurance Companies 2014;
2. Obligations under Book 2 of the Netherlands Civil Code;
3. European law, such as the Solvency II Directive and Regulation, the Capital Requirements IV Directive and Regulation, the Directive and Regulation for Alternative Investment Fund Managers and their elaboration in the Regulatory Technical Standards and Guidelines of the European regulators EBA, EIOPA and ESMA;
4. Self-regulation codes, such as the Governance Principles for Insurers 2013, the Banking Code 2015 and the Dutch Corporate Governance Code[4].

3. Specific aspects of the remuneration policy

3.1 Fair market remuneration
A comparison with the relevant peer group is made to determine the competitiveness of total pay and benefits. The SAR Committee periodically checks whether the composition of the peer group remains adequate or should be revised. The remuneration system starts from the principle that the average level of total remuneration should actually be below the median of that of the peer group. Once every three years, an independent consultancy is hired to perform a market comparison (remuneration benchmark).

For the total remuneration of the Executive Board, the assessment of competitiveness is based on a peer group consisting of Dutch financial institutions and medium-sized, listed Dutch businesses outside the financial sector. For the other roles, the assessment of total remuneration and competitiveness is based on a reference group consisting of the General Market.

3.2 Variable remuneration

Executive Board
The Executive Board has received no variable remuneration since financial year 2011 based on Sections 1:128 and 1:129 WFT [5] and the corresponding transitional provisions.

Other groups
Until 1 July 2014, the income of Senior Management, Higher Management and the CBA population (back office and front office) was comprised of a fixed and a variable component. Following the CBA negotiations with the trade unions, the variable remuneration for the CBA population was converted as of 1 July 2014 into a salary increase and a fixed supplement. Exceptions to this are employees covered by the a.s.r. CBA job classification and pay structure for front-office positions. The conversion was

3 Based on legislation and regulations, a lower maximum may apply.
4 a.s.r. is not listed on a stock market and applies this Code voluntarily.
5 Previously pursuant to the Dutch Act on the limitation of liability for DNB and AFM and the bonus prohibition for state-aided enterprises.

also implemented pro rata for a.s.r. as a whole, including Higher and Senior Management. From 1 July 2014 onwards, the income of all salary groups has been comprised only of a fixed salary with the exception of the aforementioned employees. This group has a fixed pay component and a target-related pay award of up to 20%.

The following arrangements apply to employees who worked for a.s.r. before 1 July 2014 and who are entitled to variable remuneration that has not yet been paid:
1. Members of Senior and Higher Management: Variable Remuneration Regulations until 1 July 2014 (Appendix 2);
2. Employees governed by the CBA: a.s.r. CBA job classification and pay structure for front-office and back-office positions.

3.3 Formalization of remuneration

Remuneration arrangements for persons in group 1 (see Section 2.2) are agreed on an individual basis in writing. Remuneration arrangements for employees in groups 2, 3 and 4 have been formalized in their individual employment contracts. The a.s.r. Works Council is given the opportunity to determine its position on the remuneration policy of employees in group 2. The Works Council is not involved in the formulation or the implementation of the pay-and-benefits package for employees in groups 3 or 4.

Groups 5 and 6 are governed by the industry-wide CBA for back-office positions in the insurance industry, by the CBA for front-office positions in the insurance industry, and by CBAs agreed separately by a.s.r. These regulate the structure and the level of the remuneration package. The relevant CBAs are:
- CBA job classification and pay structure for back-office positions;
- CBA job classification and pay structure for front-office positions;
- CBA selection system for contract hours and pay-and-benefits package.

Under statutory provisions, governance and risk management measures must have been taken in respect of employees who qualify as Identified Staff. These are employees whose work could have a material impact on the risk profile of a.s.r. Appendix 1 includes a list of people in this group. Risk Management reviews the financial targets of a.s.r. and the individual targets of Identified Staff for their compatibility with a.s.r.'s risk profile on an annual basis (financial risk management). This department forms an opinion as to whether the agreed targets meet the organizational risk profile[6].

3.4 Remuneration components

The remuneration per group is elaborated below, with further explanation of the salary group and structure, the adoption procedure and the salary growth.

Supervisory Board

The fees, expense allowances and other agreed benefits of the members of the Supervisory Board are adopted by the Annual General Meeting of Shareholders. The fees paid to the members of the Supervisory Board are not dependent on a.s.r.'s financial performance.

No separate remuneration will be paid for participation in the Supervisory Boards of the various business lines of a.s.r. ASR Bank N.V. is an exception, but again the fees, expense allowances and other agreed benefits are adopted by the Annual General Meeting of Shareholders. The fees paid to the members of the Supervisory Board are not dependent on the financial performance of ASR Bank N.V.

Executive Board

- **Salary group and structure**
  New directors joining the Executive Board have an employment contract of definite duration (four years). Incumbent members of the Executive Board (as of 1 October 2014) have an open-ended employment contract.
- **Adoption procedure**
  - After hearing the advice of the Selection, Appointment & Remuneration Committee, the Supervisory Board makes a remuneration policy proposal to the Executive Board.
  - The Works Council must be given the opportunity to determine its position on the remuneration policy.
  - The Annual General Meeting of Shareholders adopts the remuneration policy. The Board of NFLI informs the Minister of Finance of the intended decision-making process in this regard.

6 On the basis of the AIFM guideline and guidance from ESMA, ASR Nederland Beleggingsbeheer N.V. and ASR Vastgoed Vermogensbeheer B.V. have prepared their own lists of identified staff. These lists form part of this policy as do the methods used to identify these people.

- **Salary (growth)**
  The fixed remuneration awarded to the members of the Executive Board comprises a fixed amount per month, including holiday allowance and 13th month's pay. The salaries of the members of the Executive Board are subject to indexation in accordance with the CBA increases of the insurance industry.

Senior Management

- **Salary groups and salary structure**
  The Senior Management comprises employees whose positions have been classified in groups 22 or 23 based on the Hay job evaluation system. The salary structure for Senior Management has two salary groups, each with a starting and maximum salary per month, exclusive of holiday allowance and 13th month's pay. The two salary groups are linked to the job groups.
- **Adoption procedure**
  - The Executive Board adopts the remuneration policy for Senior Management.
  - The Executive Board prepares the individual appraisals for Senior Management. These appraisals are checked by the Selection, Appointment & Remuneration Committee and are presented to the Supervisory Board for approval before they can be adopted and implemented by the Executive Board.
  - The Supervisory Board grants its prior approval to their adoption.
- **Salary growth**
  The individual growth in salary group (subject to floors and caps) is linked to the appraisal of an employee's overall performance of their role, desired behaviour and the competencies and the position of the salary within the salary group. Fixed remuneration is adjusted for structural wage developments in accordance with the CBA for back-office positions in the insurance industry. This increase is applied to the individual fixed salary as well as to the floors and caps of the salary groups.

Higher Management

- **Salary groups and salary structure**
  The Higher Management comprises employees whose positions have been classified in groups 13, 14 or 15 based on the Hay job evaluation system. The salary structure for Higher Management has three salary groups, each with a starting and maximum salary per month, exclusive of holiday allowance and 13th month's pay. The three salary groups are linked to the job groups.
- **Adoption procedure**
  The Executive Board is authorized to adopt, implement and evaluate the remuneration policy governing Higher Management.
- **Salary growth**
  The individual salary growth of employees in the salary group is linked to the appraisal of an employee's overall performance of their role, desired behaviour and the competencies and the position of the salary within the salary group. Fixed remuneration is adjusted for structural wage developments in accordance with the CBA for back-office positions in the insurance industry. This increase is applied to the individual fixed salary as well as to the floors and caps of the salary groups.

CBA population

- **Salary groups, salary structure, adoption and salary growth**
  The CBA population is governed by the industry-wide CBA for back-office positions in the insurance industry, by the CBA for front-office positions in the insurance industry, or by CBAs agreed separately by a.s.r., i.e. job classification and pay structure for front-office and back-office positions. These regulate the structure, the level and the growth of remuneration.

3.5 End of employment contract or duties and severance pay

- When severance pay is awarded, account will be taken of all relevant statutory provisions, as set out in Section 2.4. This means that there may be differences in the levels of such pay for certain business lines of a.s.r.

- The maximum severance pay for new and incumbent Executive Board members is one year's fixed salary.

- For newly appointed members of Senior and Higher Management, the employment contract includes a clause capping their maximum severance pay at one year's fixed salary.

- a.s.r. will not award any severance pay to anyone covered by this remuneration policy:
  - If the employment relationship is terminated early at the employee's own initiative, except where it is the result of serious culpable conduct or neglect on the part of a.s.r.;
  - In the event of serious culpable conduct or neglect in the performance of his or her role by the person in question; or

- In the event of a failure by a.s.r. where it concerns day-to-day policy-makers at a.s.r. (including the members of the Executive Board).

3.6 Pension accruals

The pension plan has the following key characteristics:

- Average-pay pension plan;
- Retirement age: 67;
- Accrual rate for old-age pension: 1.875% for all salary groups;
- Partner's pension: 70% of projected old-age pension;
- Orphan's pension: 14% of projected old-age pension;
- Pensionable salary: the fixed annual income on 1 January in a given year (capped at €100,000 gross);
- Employee contribution: 6% of pensionable earnings;
- Indexation:
  - In the accrual phase: conditionally in line with the CBA increase of the preceding year insofar as the interest income and/or the funds of the indexation reserve are sufficient. In the event of additional funding from the indexation reserve, the maximum is set at 3%;
  - In the deferred or retirement phase: conditionally in line with the consumer price index (CPI) insofar as the interest income and/or the funds of the indexation reserve are sufficient. In all cases, the maximum is set at 3%;
- Flexible elements: early retirement, deferred retirement, exchange, high//low, part-time;
- a.s.r. does not allow for the award of discretionary pension.

3.7 Other employee benefits

Besides the fixed salary, a.s.r. employees may be eligible for the following benefits:

Pre-pension allowance

As a result of statutory pre-pension regulations, a.s.r. removed all pre-pension elements from its pension plans in 2006. Employees who joined a.s.r. before 1 January 2006 were initially compensated for this removal through optimization of their accrual rate and the state pension offset. Where such compensation was inadequate, these employees were awarded a pre-pension allowance, the extent of which varied based on their age and the original pension commitment. The pre-pension allowance for employees who joined a.s.r. after 1 January 2006 was 1% of their pensionable earnings. This pre-pension allowance is set out in the a.s.r. Personnel Manual.

As a result of the change to the pension plan agreed with the Works Council, an additional pre-pension allowance was introduced with effect from 1 January 2015 for employees who had a pension accrual rate of 2.25% at year-end 2013. The supplementary pre-pension allowance has been set at 2.25%. The allowance is paid until the end date of the (regular) pre-pension allowance, subject to a maximum of five years.

Expense allowance

All a.s.r. employees can claim for business expenses that they need to incur in the performance of their role. These costs are reimbursed subject to the condition of explicit prior consent from the line manager. The applicable rules are set out in the a.s.r. Personnel Manual. The members of the Executive Board also receive a taxable fixed monthly expense allowance of € 253.75.

Travel

a.s.r. has rules providing for a contribution towards the daily commute and rules for the reimbursement of business travel costs. The applicable rules are set out in the a.s.r. Personnel Manual. Alternative rules apply to a number of groups of employees. The applicable rules are set out in the a.s.r. Personnel Manual. This concerns the following groups.

- Executive Board: the members of the Executive Board may opt to use a chauffeur-driven company car or a leased vehicle;
- Senior Management, Higher Management and front office CBA population: these employees can choose whether or not to take part in a.s.r.'s company lease car scheme. It is possible to choose to a mobility budget instead of a lease car. This choice can be made at the time an employee first becomes eligible for a lease car and again on expiry of a lease agreement. The mobility budget is 75% of the standard lease amount and is paid out gross. If this option is chosen, there will be no entitlement to any reimbursement of business travel costs or daily commuting costs;
- Back-office CBA population: employees who need to travel 15,000 kilometres or more on an annual basis for the performance of their duties are eligible for a lease car.

Staff benefits

All a.s.r. employees can take advantage of existing arrangements for staff discounts and group insurance schemes. The applicable rules are set out in the a.s.r. Personnel Manual.

4. Anatomy of the remuneration policy

What follows is a summary of the roles and responsibilities of the relevant committees and functions at a.s.r. in relation to remuneration policy. These roles and responsibilities are also shown in a RACI matrix (Appendix 3).

4.1 Annual General Meeting of Shareholders

The remuneration of the members of the Executive Board is adopted by the Annual General Meeting of Shareholders.

4.2 Supervisory Board

The independence and expertise of the Supervisory Board in relation to remuneration policy has been formalized in writing[7] and is periodically reviewed. The Supervisory Board:

- Is responsible for implementing and evaluating the remuneration policy governing the members of the Executive Board, as adopted by the AGM;
- Provides NLFI with timely information on the level of any change in the remuneration of the members of the Executive Board;
- Approves the remuneration policy for Senior Management (including senior managers in control positions) and monitors its implementation by the Executive Board;
- Approves the principles of the remuneration policy for other employees.

4.3 SAR Committee

The SAR Committee advises the Supervisory Board on the duties described above and prepares the corresponding decision-making of the Supervisory Board. In fulfilling this role, the SAR Committee seeks the advice of the control functions (Group Risk Management, Compliance, Audit and HR). Where needed, it calls in the expertise of independent legal and pay-and-benefits experts.

4.4 Executive Board

Expertise in relation to risk management and remuneration policy has been formalized in the Rules of Procedure of the Executive Board[8]. The Executive Board bears responsibility for the following:

- Adopting, implementing and evaluating the remuneration policy for the entire business, consisting of the Senior Management, Higher Management and the CBA population (back-office and front-office employees);
- General remuneration structure within the business.

4.5 HR

- Apart from the Executive Board, HR also reports directly to the Supervisory Board in relation to remuneration policy;
- HR bears primary responsibility for the coordination and consistent application of the remuneration policy;
- HR coordinates the consulting process of the control functions in relation to the remuneration policy and is responsible for the implementation of the ex ante and ex post risk adjustments;
- Furthermore, HR provides input on any application of the penalty and claw-back clauses.

4.6 Group Risk Management

- Apart from the Executive Board, Group Risk Management also reports directly to the Supervisory Board in relation to the remuneration policy;
- Group Risk Management assesses whether the targets of Identified Staff do not include incentives to take irresponsible risks and are in line with the a.s.r. risk profile;
- Furthermore, Group Risk Management checks whether the targets are compliant with the requirements of Article 7 of the Dutch Regulation on Sound Remuneration Policies, which stipulates that the control functions must be independent of the business units that they supervise, that they are rewarded and that the assessment take place independently of the performance of the business activities which they supervise;
- The financial targets of a.s.r. are reviewed annually by Group Risk Management for compliance with the a.s.r. risk profile;
- Group Risk Management provides input for the review of the ex ante performance targets and the ex post reassessment;
- In relation to the penalty, Group Risk Management carries out a specific review to provide assurance as to compliance with the established risk parameters.

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7 Rules of procedure of the Supervisory Board of May 2013 and corresponding profile.
8 For the Rules of procedure of the Supervisory Board see www.asrnl.com.

4.7 Audit
- Apart from the Executive Board, Audit also reports directly to the Supervisory Board in relation to the remuneration policy;
- Audit provides input for the ex ante review of the performance targets and the ex post reassessment;
- The Audit function performs an annual audit (at its own initiative or on request) of the design, introduction and effects of the remuneration policy.

4.8 Compliance
- Apart from the Executive Board, Compliance also reports directly to the Supervisory Board in relation to the remuneration policy;
- Compliance provides input for the ex ante review of the performance targets and the ex post reassessment;
- In relation to the penalty, Compliance carries out a specific review to provide assurance as to compliance with the established codes of conduct;
- Compliance will indicate whether there are grounds for invoking the claw-back clause.

5. Publication of the remuneration policy

a.s.r. includes a description of its remuneration policy (the 'remuneration disclosure') in its annual report with due observance of all statutory disclosure requirements in relation to remuneration.[9] It also posts this description on its website. The description addresses at least the following elements:

1. Information on the decision-making process for the adoption of the remuneration policy, as well as on the number of meetings of the remuneration committee throughout the financial year, including – where appropriate – information on the composition and the mandate of a remuneration committee, the independent consultancy hired to help formulate the remuneration policy, and the role of relevant stakeholders;
2. Information on the link between remuneration and performance;
3. The most important characteristics of the remuneration system, including information on the criteria used to assess performance and correct risks, the policy for conditional awards and the criteria for final granting;
4. Information on the performance criteria on the basis of which shares, options or variable remuneration are awarded;
5. The key parameters and the motivation for each variable remuneration component and for any other non-cash benefits.
6. Aggregated quantitative information on remuneration, itemized for each business line;
7. Aggregated quantitative information on remuneration, itemized by managers and members of staff whose duties have a material impact on the a.s.r. risk profile, including disclosure of the following details:
    - Remuneration amounts for the reporting period, itemized by fixed and variable remuneration, and the number of recipients;
    - Amounts and types of variable pay, specified by cash, shares and share-linked instruments, and other options;
    - Amounts of outstanding conditionally awarded remuneration, itemized by granted and non-granted components;
    - Amounts of conditionally awarded remuneration that have been granted, paid or reduced because of performance adjustments in the course of the reporting period;
    - New payments on entry into service or on end of service awarded in the course of the reporting period, and the number of recipients;
    - Payments on end of service awarded in the course of the reporting period, the number of recipients and the highest amount awarded to a single individual.

9 See Section 2.4.

Appendix 1: Selection process of Identified Staff

Under the provisions of the Dutch Regulation on Sound Remuneration Policies (derived from the Capital Requirements Directive IV), governance and risk management measures must be in place concerning persons qualifying as Identified Staff. This concerns employees whose duties could have a material impact on the a.s.r. risk profile.

1. Introduction

There are four categories in terms of position and role of the employee that are relevant to a.s.r. in determining the group of employees who have a material impact on the a.s.r. risk profile.

a) Involvement in the risk management structure, whose primary objective is to control and monitor the risk and return, ensuring that the right balance is struck;
b) Participation in the Proposition Board, which bears responsibility for the Approval & Review Process. The Proposition Approval & Review Process is part of the risk appetite framework and supports the risk guarantees. This guarantees that only products that are compliant with the a.s.r. risk profile (and that put customer interests first) make it to market;
c) Fulfilment of the ‘control functions’ that offer a counterweight to unacceptable risks from an independent position. This includes all employees with management responsibility within Risk Management, Audit and Compliance, or employees who bear overall responsibility for risk management within a material business unit and report directly to its head;
d) Other potential risk takers who have a material impact and who do not belong to any of the other aforementioned categories.
   - Persons with a comparable salary level;
   - Other employees whose activities otherwise have a material impact on the risk profile, or employees whose activities could have an impact on at least 1% of the solvency capital requirement for the underwriting risk, market risk and interest rate risk;
   - Employees with management responsibility within a material business unit who report directly to the person heading up the unit.

2. Category I: Involvement in the a.s.r. risk management structure

The risk committees monitor the management of the risks and returns that have an impact on the achievement of a.s.r.’s strategic objectives. The risk committees are the instrument for a.s.r. to monitor continuously whether the risk profile remains within the risk appetite.

2.1 a.s.r. Risk Committee

The a.s.r. Risk Committee (a.s.r. RC) monitors the general a.s.r. risk profile. Every year, the a.s.r. RC decides on the risk appetite and risk limits of a.s.r. This relates to the overall a.s.r. risk appetite and the subdivision of risk appetite by financial and non-financial risks. The risk appetite is then submitted to the a.s.r. Audit & Risk Committee, which advises the Supervisory Board on the approval of the risk appetite. The a.s.r. RC also monitors the progress achieved in managing risks included in the Risk Priorities of the Executive Board. The members of the Risk Committee are:

Risk Committee

CEO
Member of the Executive Board (CFO)
Member of the Executive Board
Member of the Executive Board
Director of Integrity
Director of Group Risk Management
Director of Audit
Director of Financial Markets/Investments

2.2 Financial Risk Committee

Decisions on the policy with regard to financial risks are taken within the Financial Risk Committee (FRC) on behalf of the Executive Board. The FRC sets the limits for financial risks at group level. The FRC monitors whether the risk profile remains within the limits. If the risk profile exceeds those limits, the FRC takes remedial action. The FRC reports to the a.s.r. RC. The members of the Financial Risk Committee are:

Financial Risk Committee
Member of the Executive Board (CFO)
Director of Group Risk Management
Director of Financial Markets/Investments
Head of Financial Risk Management
Director of Finance

2.3 Non-Financial Risk Committee
The Non-Financial Risk Committee (NFRC) has a mandate from the Executive Board to take decisions on non-financial risk policies (strategic, environmental, operational, outsourcing, IT, integrity and legal risk). The NFRC defines non-financial risk limits at group level and monitors whether the risk profile remains within the agreed risk limits. If the risk profile exceeds the limits, the NFRC takes remedial action. The NFRC reports to the a.s.r. RC. The members of the Non-Financial Risk Committee are:

Non-Financial Risk Committee
Member of the Executive Board
Director of Integrity
Director of IT&C
Director of Audit
Head of Enterprise Risk Management
Director of Life
Director of Pensions
Director of Income Protection
Director of Non-life
Director of Health

2.4 Capital, Liquidity & Funding Committee
The Capital, Liquidity & Funding Committee (CLFC) is a sub-committee of the FRC that discusses technical and other analyses in preparation for handling by the FRC. The CLFC reports to the FRC on the current capital, liquidity and funding positions, rating policy and rating model reports, and treasury activities. The CLFC monitors these aspects at a.s.r. group level, taking an integrated approach, and hence serves as a preparatory committee for the FRC.

Capital, Liquidity & Funding Committee are:
Director of Group Risk Management
Director of Finance
Director of Financial Markets/Investments
Head of Financial Risk Management
Manager of Treasury
Head of Investor Relations and Rating

2.5 Model Validation Committee
The Model Validation Committee (MVC) is responsible for the implementation and management of the validation policy, acting on the instructions of the FRC. The MVC is responsible for granting or denying approval for submitted validation results for use by the organization (origination). The MVC receives all information necessary (model documentation, validation reports, etc.) from the Validation Board, which is responsible for monitoring the quality of the validation process. The MVC is chaired by the CRO, who therefore acts as an independent party.

Model Validation Committee are:
Director of Group Risk Management
Director of Finance
Director of Financial Markets/Investments
Head of Financial Risk Management
Head of Fixed Income and Treasury
Head of Investor Relations and Rating
Representative of the Actuarial Function

2.6 Group Investment Committee
In addition to the structure of the risk committees, a Group Investment Committee (GIC) is in place to monitor the execution of the investment policy of a.s.r. and takes tactical investment decisions. The investment decisions are taken within the limits of the strategic asset allocation, as agreed by the FRC. The Group Investment Committee takes investment decisions for amounts

exceeding the limits set for the investment departments. The Committee reports directly to the Executive Board. The members of the Group Investment Committee are:

Group Investment Committee

Member of the Executive Board
Director of Group Risk Management
Director of Financial Markets/Investments
Director of Finance
Director of Real Estate

3. Category II: Participation in the Product Approval and Proposition Board

The Proposition Approval & Review Process is part of the risk appetite framework and supports the risk guarantees. As a result, products are guaranteed, structured, priced and approved. The customer and customer interests demonstrably come first in the Proposition Approval & Review Process by explicitly involving the customer and broader internal expertise in the proposition's development and by critically monitoring the existing portfolio. The process is applied when changes are necessitated by changing rules and regulations and business practices, when a new aspect or option is added to an existing product or product portfolio, and when an entirely new product is introduced. The members of the Proposition Board are:

Proposition Board

Member of the Executive Board
Marketing Director
Director of Intermediary Distribution
Director of Life
Director of Pensions
Director of Income Protection
Director of Non-life
Director of Banking
Director of Integrity
Director of Group Risk Management

4. Category III: Fulfilment of the control functions

The control functions, as stated in national and international regulations, are:

Control functions

Member of the Executive Board (CFO)
Director of Integrity
Director of Group Risk Management[10]
Director of Audit
Director of HR
Head of Enterprise Risk Management
Head of Financial Risk Management
Audit Manager II
Audit Manager I
Compliance Manager
Head of Security
CFRO II, Finance & Risk (Banking)
CFRO II, Finance & Risk (Health)

10 The Director of Group Risk Management bears responsibility for the risk management and actuarial functions.

5. Category IV: Other potential risk takers

In category IV, the following officers are classified as Identified Staff:

a) Senior managers who have not been qualified as Identified Staff based on the previous groups;
b) The chairs of the corporate boards of subsidiaries of a.s.r.;
c) Employees whose awarded remuneration is at the level of the Executive Board or Senior Management;
d) Employees with management responsibility within a material business unit who report directly to the person heading up the unit.

The other potential risk takers specified above are (in line with the above numbering):

I

Director of Communications
Director of Europeesche Verzekeringen
Director of Group Purchasing & Contract Management
Director of Business Support
Director of Ardanta
Director of Customer Service
Head of Legal Affairs
Director of Accounting, Reporting & Control

II

Managing Director of ASR Nederland Beleggingsbeheer N.V.
Managing Director of ASR Aanvullende Ziektekostenverzekeringen N.V.
Managing Director of ASR Basis Ziektekostenverzekering N.V.

IV

Deputy Director of Health Customer Chain
Deputy Director of Health Customer Chain
Deputy Director of Health
Deputy Director of Banking

Appendix 2: Variable Remuneration Regulations (until 1 July 2014)

Introduction
As stated in Section 3.2, the income of the CBA population and of the Higher and Senior Management consisted of a fixed and a variable component until 1 July 2014. From 1 July 2014, the variable component has been converted into a salary increase and a fixed supplement. From 1 July 2014 onwards, the income of all salary groups has been comprised only of these two elements, with the exception of a limited group of front-office employees.

The entitlements of Identified Staff to variable remuneration, agreed and committed before 1 July 2014, will be set and paid in accordance with the provisions of this Appendix.

1. Principles of the variable remuneration component

Aside from the general principles of remuneration policy, as formulated in Section 2, it is specifically stipulated for variable remuneration that it is not to encourage risk-taking in excess of acceptable risk for a.s.r. This is achieved by the following measures:
- Variable remuneration is subject to upper limits;
- Some variable remuneration is awarded on a conditional basis. The duration of the conditional award is dependent on the potential influence of the employee on the risk profile;
- The performance-related targets provide no incentives for irresponsible risk-taking;
- No guaranteed variable remuneration. In accordance with Section 1:124 of the Dutch Financial Undertakings (Remuneration Policy) Act (WBFO), no variable remuneration will be awarded by a.s.r. other than on entry of new employees and for a period not exceeding the first year. If there is an intention to award a guaranteed emolument, this will be submitted by the Executive Board to the Supervisory Board for approval based on input from HR.

2. Remuneration percentage

Remuneration policy is based on an on-target variable remuneration if the targets are fully achieved. If the actual performance is poorer or better than the target, a lower or higher percentage of variable remuneration will be awarded. In the event of an excellent performance (i.e. the targets are amply exceeded), the percentage is capped at a percentage of the maximum gross fixed salary ('maximum'). The following table sets out the on-target and maximum levels (as a percentage of the gross fixed annual income) for the various target groups:

Target group	On-target level	Maximum
Executive Board	60%	80%
Senior Management	45%	60%
Higher Management	20%	40%

Please note that under Sections 1:128 and 1:129 of the Dutch Financial Supervision Act, the Executive Board does not receive any variable remuneration.

3. Identified Staff

3.1 Elements, performance period and payment[11]
The variable remuneration is in line with the requirements of CRD IV and their transposition into national Dutch law (Restrained Remuneration Regulation 2014). The key thrusts of the variable remuneration programme for the Executive Board, Senior Management and Higher Management qualifying as Identified Staff are as follows:
- Variable remuneration is made up of an unconditional and a conditional component. Annual targets form the basis of the initial award of the variable remuneration;
- The unconditional component, whose payment is based on the achievement of the annual targets (ex-ante risk adjustment) amounts to 50% of total variable remuneration:

11 In accordance with the WFT, the members of the Executive Board of a.s.r. are not awarded any variable remuneration as long as a.s.r. falls under the scope of the Act.

  - Of the unconditional component, 50% is paid in cash and 50% in non-cash instruments immediately following the performance period.
  - After payment, the non-cash instruments are subject to a two-year retention period, in which developments in the value of the non-cash instruments are linked proportionally to developments in the value of a.s.r. No dividends (and hence no interest) are paid on the non-cash instruments. Payment is in cash.
- The conditional component, payment of which (based on cliff vesting[12]) is based on developments during the deferral period[13] – which is followed by a reassessment in the form of an ex post risk adjustment – is 50% of overall variable remuneration:
  - Of the conditional component, 50% is awarded in cash and 50% in non-cash instruments immediately following the performance period. The payment of both components is deferred to take place three years after the end of the performance period; no interest is paid as compensation. During this time, developments in the value of the non-cash component will continue to be linked proportionally to developments in the value of a.s.r.
  - After payment, the non-cash instruments are subject to an additional two-year retention period, in which developments in the value of the instruments continue to be linked proportionally to developments in the value of a.s.r. No dividends (and hence no interest) are paid on the non-cash instruments. Payment is in cash.

From a risk perspective, the total duration of the payment process of variable remuneration (including claw-back) is in proportion to the period in which financial and non-financial risks can manifest themselves.

3.2 Calculation of developments in the value of a.s.r.

Non-cash variable remuneration will vary in line with the delta in the value development of a.s.r. between the allocation date and the payment date. Developments in the value of a.s.r. will be determined based on a valuation analysis.

This valuation analysis is based on four subsidiary analyses.
1. Sum of the parts (SOTP);
2. Net asset value;
3. Price/earnings ratio;
4. Embedded value.

The valuation analysis includes a number of steps:
1. The analysis is prepared annually by a.s.r. based on information from the certified financial statements;
2. A recognized investment bank will give an expert opinion;
3. An audit of the process by the independent external auditor.

The final valuation is the average of the aforementioned four scores for the subsidiary analyses.

3.3 Additional controls

Besides the deferral period and the retention period, additional ex-ante and ex-post controls are also in effect for the group of Identified Staff.

3.3.1 Ex ante risk adjustment

No profit, no variable remuneration

If a.s.r. fails to achieve a profit, any variable remuneration will not be paid for that year.

Role of control functions

The ex ante risk adjustment actually comprises two parts:
- An analysis will be performed to check whether the total variable remuneration (in other words, the scale of the 'company-wide reserve') and the sum of variable remuneration payable in that year do not restrict a.s.r. in its ability to strengthen its regulatory capital, solvency margin or own funds. The company-wide reserve is accrued bottom-up (i.e. it is the sum of each individual entitlement to variable remuneration);
- Variable remuneration is paid on the basis of attainment of performance-related targets set in advance;
  - These targets are assessed by the control functions (Risk Management, Compliance, Audit and HR);
  - The Audit function performs an annual audit of the design, implementation and effects of the remuneration policy.

12 Vesting schedule in which the entire conditional component is paid out as a lump sum, rather than in instalments.
13 Some variable remuneration is awarded on a conditional basis. After a period of at least three years, the conditional component becomes unconditional after a reassessment. The period in which variable remuneration is conditional is referred to as the deferral period or the vesting period.

Objectives

Variable remuneration is set each year on the basis of the scores on three components [14]:

1. Individual targets (one-third);
2. Business line level (one-third);
   a. Customer satisfaction (50%)
   b. Financial performance (50%)
   The targets set as part of this element are derived directly from the multi-year budget. A central part of the budgeting process is the own risk solvency assessment (ORSA). The ORSA takes stock of the effects of the financial parameters (and plans) on the solvency position of a.s.r. Furthermore, the targets are adjusted for inherent risks;
3. a.s.r. level (one-third);
   a. Customer satisfaction (50%)
   b. Financial performance (50%)
   Customer satisfaction is measured based on validated metrics, such as the Net Promotor Score.

This means that 40% to 60% of variable remuneration depends on non-financial criteria. The performance-related targets provide no incentives for irresponsible risk-taking.

For the CFO and the directors of Audit, Compliance, Risk Management and HR, and Higher Management of Audit, Compliance and Risk Management, the overall variable remuneration is based exclusively on the defined individual targets that are focused on:

- The development of engagement in the delegated focus area;
- The development of customer satisfaction;
- The cost development of the delegated focus area;

The targets are complemented by a number of specific targets for the people in question.

Performance benchmarks

Target-setting

Target setting for the three components of the variable remuneration of the Identified Staff and the individual targets for overall performance of the members of the Executive Board tie in with the risk appetite, as approved by the a.s.r. Risk Committee.

Performance curve

The various performance benchmarks are added together. This means that the performance and payment are determined for each benchmark. The total variable remuneration is based on the weighting assigned to each of the benchmarks and the performance level and payment attained for each benchmark.

A performance curve is used to measure performance:

- If less than 75% of the target (threshold) is attained for each individual target, the remuneration linked to that target will be zero;
- For performance between the threshold value and the target, the variable remuneration will be adjusted downwards so that the remuneration for that component will be between zero and on-target;
- For performance qualifying as on-target, the on-target variable remuneration will be awarded;
- For performance qualifying as between on-target and the stretch value, the variable remuneration will be adjusted upwards so that the remuneration for that component will be between on-target and the stretch value;
- The stretch value for each target will be established based on the nature and type of the target (see Appendix 2b for an illustration);
- A stepped award from the threshold value and a linear award from the threshold value for the quantitative targets ensures that there is no excessive incentive to take risks around the threshold values.

By way of illustration, a specific interpretation of the aforementioned performance curve for each target is given in Appendix 2b. This shows what scores are considered on-target, and what counts as a stretch value.

3.3.2 Ex post risk adjustment

After expiry of the deferral period, the achievement of the performance criteria linked to the conditional part of the variable remuneration will be reassessed against the backdrop of developments that have taken place in this period. Based on this

14 Up until the financial year 2014, the components were: 1) individual targets, 2) customer satisfaction, and 3) financial performance.

reassessment, the SAR Committee advises the Supervisory Board on whether the conditionally awarded component will be unconditionally awarded or paid out, or whether a downward adjustment (penalty) is warranted. In its recommendation to the Supervisory Board, the Committee will also take account of the financial position of a.s.r. as a whole. The conditional component of the variable remuneration cannot be upwardly adjusted following reassessment.

The penalty can be applied in the following situations:

- If it is proven that the employee is guilty of serious errors (such as breaches of the code of conduct or other internal rules, especially those relating to taking or managing risks);
  - If, as a consequence, a.s.r. suffers a significant deterioration in its financial performance;
  - If, as a consequence, a.s.r. suffers a serious failing in its risk management system;
  - If, as a consequence, a.s.r. suffers significant harm to its reputation.
- If there are significant changes in the economic or regulated capital of a.s.r.

Role of control functions

The involvement of the control functions in the ex post risk adjustment is organized as follows:

- After expiry of the deferral period, the achievement of the performance criteria linked to the conditional part of the variable remuneration will be reassessed by HR against the backdrop of developments that have taken place in this period;
- HR coordinates the recommendation process and the input relating to the reassessment by the other control functions (Risk Management, Compliance and Audit);
- Risk Management and Compliance will each perform a specific check to examine the extent to which the risk parameters and internal code of conduct have been complied with.

Reasonableness test

So long as variable pay components have not been awarded unconditionally, and if unadjusted variable pay would be unfair and unreasonable, the Supervisory Board has the power to adjust the amount of the variable pay to a suitable level.

4. Higher Management Elements, performance period & payment

For the other members of Higher Management (i.e. those not qualifying as Identified Staff and not working in Audit, Compliance or Risk Management), the percentage of variable remuneration will be set based on the score for three components:

1. Attainment of the individual targets[15];
2. Performance achieved at business line level;
3. Performance achieved at a.s.r. level.

A score is established for each component on a seven-point scale.

The individual performance targets to be agreed between the manager and the employee for component 1 (see above) of the variable remuneration will be set at the start of the year, at the same time as the targets to be achieved in terms of all-round performance on the job, conduct and competencies. The score for component 1 at the end of the performance period will be determined by the Supervisory Board based on the nomination of the individual employee's manager. Payment of the variable remuneration will be made in cash in full immediately following the end of the performance period.

5. Variations on the remuneration policy

In a situation in which the Executive Board wishes to make a remuneration award to Identified Staff that is not compliant with the set remuneration policy, the Supervisory Board will be responsible for checking whether this intention is in line with the remuneration principles. The check will be prepared by HR based on an evaluation by all relevant control functions:

- Risk Management will perform a risk assessment and check whether the variation is in line with the a.s.r. risk profile;
- Compliance and Audit will also provide input for this evaluation.

The Supervisory Board is authorized to decide that all income will be fixed in nature.

15 If the score for component 1 is 0, the score for the other components will also be 0. If the score for component 1 is 2, the score for the other two components will not be higher than 4. The scores all account for one-third when determining the final percentage.

6. Ban on hedging

Employees of a.s.r. are not to use any personal hedging strategies or take out any insurance linked to remuneration and liability that undermine the risk management effects embedded in the remuneration scheme. Furthermore, a.s.r. will not use any vehicles or apply methods to evade the provisions of these provisions.

Appendix 2a: Valuation of a.s.r.

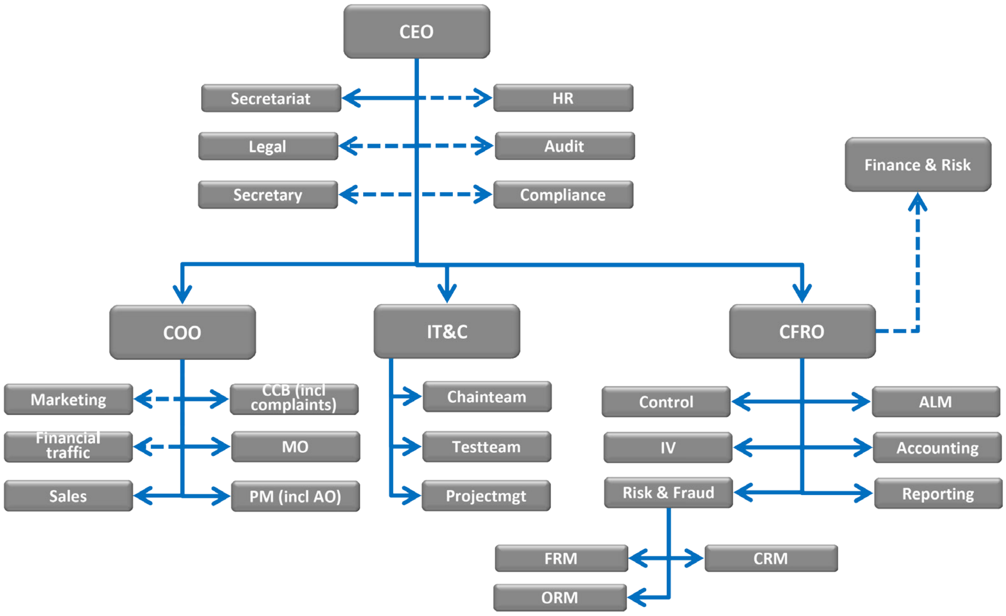
Method	Description	Acronym	Valuation date
1. P/E ratio	• a.s.r.'s profit for the year under IFRS is multiplied by the average market cap/profit for the year ratio achieved in the market; • This procedure is followed for the years 2010R, 2011E and 2012E; • The calculations of the average ratio in the market are based on the peer group of European insurers listed below; • Source: Bloomberg data at 11 April 2011.	• P/E 2010R • P/E 2011E • P/E 2012E • P/NAV 2010	• 11-04-2011 • 11-04-2011 • 11-04-2011 • 11-04-2011
2. Net Asset Value	• a.s.r.'s net asset value (NAV) for 2010 is multiplied by the market cap/tangible book value ratio of Delta Lloyd Group (DLG) at 11 April 2011; • a.s.r.'s NAV is based on DNB solvency at 31 December 2010; • Given that the P/NAV ratio of Dutch insurers is lower than that of their European peers, DLG was chosen as the benchmark.	• P/EV 2010 • SOTP	• 11-04-2011 • Based on recent transactions
3. Embedded Value	• a.s.r.'s embedded value (EV) for FY2010 is multiplied by the average market cap/EV ratio achieved in the market; • The calculations of the average ratio in the market are based on the peer group of European life insurers listed below.		
4. Sum of the Parts (SOTP)	• The Sum of the Parts (SOTP) method starts from disposal of the different entities within a.s.r.; • The sale value of each entity is determined based on comparable and recent sales transactions in the market.		

European group of listed peers*	Life in particular, e.g.:	Full-line, e.g.:	Non-Life in particular, e.g.:
	• Aegon • Aviva • CNP • Delta Lloyd • Legal & General • Old Mutual • Prudential • Standard Life • Storebrand • Swiss Life	• Allianz • Generali • Axa • Baloise • Gjensidige • Mapfre • RSA • Zurich • Trygvesta	• Amlin • Fondiaria • Sampo • Topdanmark • Hiscox

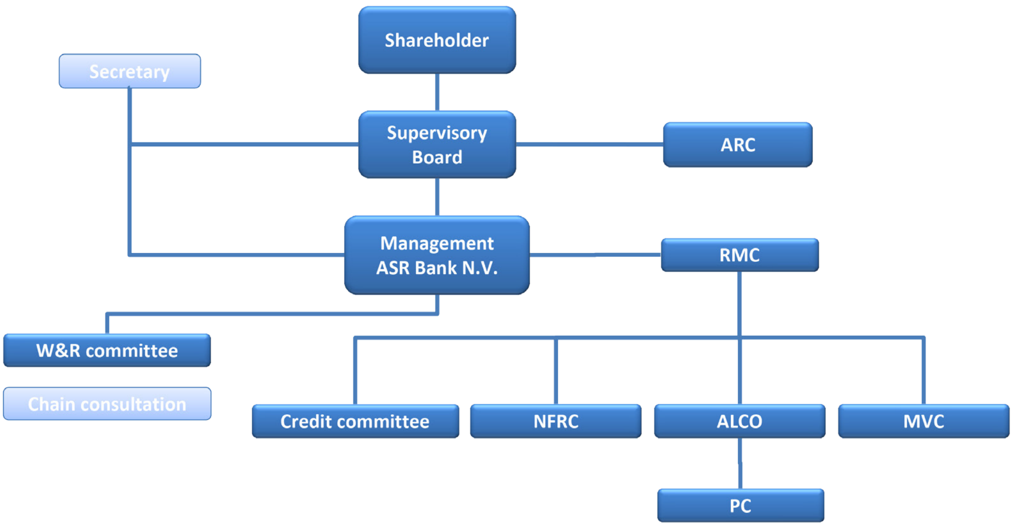
Appendix 2:

Organizational charts of ASR Bank N.V.

Organogram ASR Bank N.V.



Organogram ASR Bank N.V.



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