



ING Solutions Investment Management

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("The Company")

Remuneration policy

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1 Introduction

1.1 Policy objective and principles

The Remuneration Policy of the Company (“the Remuneration Policy”) integrates the provisions of the European and Luxemburgish regulations related to remuneration and corporate governance defined in:

- the Law dated 10 December 2010 as amended by the law dated 10 May 2016 (“UCITS Law”);
- the Directive 2014/91/EU amending the Directive 2009/65/EC on the coordination of the laws, regulations and administrative provisions relating to Undertakings for Collective Investment in Transferable Securities (“UCITS Directive”)
- the Law dated 12 July 2013 on Alternative Fund Managers (“AIFM Law”);
- the Alternative Investment Fund Managers Directive 2011/61/EU (“AIFMD”);
- the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, also known as Sustainable Finance Disclosure Regulation (“SFDR Directive”);
- the CSSF Circular 10/437 related to the remuneration policies in the financial sector;
- the CSSF Circular 18/698 related to the authorisation and organisation of investment fund managers;
- the ESMA Guidelines on sound remuneration policies under the UCITS Directive and AIFMD (“ESMA Guidelines”).

The Remuneration Policy is consistent with and promotes sound, effective and sustainable risk management and does not encourage risk-taking which might be inconsistent with the risk profile, rules or instruments of incorporation of the UCITS/AIF managed. The Remuneration Policy does not encourage excessive risk-taking with respect to sustainability risks either. It reflects the Company’s objectives for good corporate governance as well as sustained and long term value creation for the funds it manages and their shareholders.

The Remuneration Policy has been designed and implemented to achieve the following:

- support actively the achievement of the Company’s strategy and objectives;
- support the competitiveness of the Company in the markets it operates;
- be able to attract, develop and retain high-performing and motivated employees.

The Remuneration Policy is in line with the interests of the Company and the UCITS and AIF it manages and the interest of investors of such UCITS and AIF in order to avoid conflicts of interest.

The Remuneration Policy and its appendices might be modified in the future to take into account evolutions in regulatory framework.

The Remuneration Policy is in line with the remuneration policy of ING Belgium and ING Luxembourg.

1.2 *Delegation of activities*

The Company ensures that the entities to which **investment management activities** have been delegated are subject to regulatory requirements on remuneration that are:

- Equally as effective as those under the UCITS Law and the AIFM Law, **or**
- That appropriate contractual arrangements are entered into to ensure there is no circumvention of the remuneration rules with respect to payments to identified staff within the delegate.

1.3 *Proportionality*

The Remuneration Policy has been drafted in line with the remuneration requirements in a way and to an extent deemed appropriate to its **size, internal organisation and the nature, scope and complexity of its activities** as a management company.

Taking into consideration the risk profile, appetite and risk strategy of the Company and each of the UCITS and AIF it manages, together with a non-exhaustive combination of its size, internal organisation, and the nature, scope and complexity of its activities, together with any other relevant criteria and within the limits of the ESMA Guidelines, **the Company has dis-applied the requirements of the ESMA Guidelines in relation to the following:**

- Pay-out process for Identified Staff including:
 - a. The payment of variable remuneration in instruments;
 - b. Deferral requirements;
 - c. Retention periods;
 - d. Ex-post incorporation of risk (Malus).
- Setting up a remuneration committee.

2 *Designation of Identified Staff*

Within the meaning of the UCITS Law and AIFM Law, identified staff covers:

- the categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls into the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on the Company's risk profile or the risk profiles of the UCITS/AIF it manages; **and**
- categories of staff of the entity(ies) to which investment management activities have been delegated by the Company, whose professional activities have a material impact on the risk profiles of the UCITS/AIF that the Company manages.

The following categories of staff are designated as **Identified Staff of the Company** (hereafter "Identified Staff") according to the principles set by the UCITS Law and AIFM Law, as well as the ESMA guidelines:

- Executive and non-executive members of the governing body of the Company (i.e. the "Authorised Management")
- The control functions (staff responsible for Risk Management, Compliance, Internal Audit)
- Staff responsible for heading up investment management, administration, marketing
- Other risk takers whose professional activities have a material impact on the risk profile of the Company or any UCITS/AIF it manages and who receive total remuneration that takes them into the same remuneration bracket as senior management and risk takers (including persons capable of entering into contracts / positions and taking decision that have a risk impact on profile of the Company or any UCITS/AIF it manages). Such staff can include for instance sales persons, individual traders, and specific trading desk.

3 *Remuneration principles*

The remuneration principles as stated below are compliant with those of the remuneration policy of ING Belgium and ING Luxembourg.

The Remuneration Policy is aimed at aligning remuneration with prudent risk-taking. The design of the remuneration system is consistent with the objectives set out in the Company's strategy and lies in:

- A proper balance of variable to fixed remuneration;
- The measurement of performance.

The remuneration consists in all forms of awards, payments or benefits made directly by, or indirectly, but on behalf of, the Company, in exchange for professional services rendered by staff of the Company. Remuneration can be divided into either **Fixed Remuneration** or **Variable Remuneration**. If it is not possible for a remuneration component to be clearly allocated to Fixed Remuneration based on the criteria below, it should be considered as Variable Remuneration.

Fixed Remuneration is in principle non-performance related. Types of Fixed Remuneration are base salary, fixed allowances, fixed shares and benefits.

Variable Remuneration consists in all performance-related remuneration that is not Fixed Remuneration. Variable Remuneration consists of annual performance bonus payments, collective variable remuneration and other specific variable remuneration instruments.

Variable Remuneration (including any deferred part) shall only be awarded or paid if this is justified on the basis of the performance of the Company and the relevant employee.

The **ratio** (Variable Remuneration to Fixed Remuneration) does not exceed **100% for all staff** and does not exceed **50% for Identified Staff**.

The Company has a performance-based culture and as such rewards its employees through variable pay. This is designed to attract, retain and motivate its staff without encouraging the taking of inappropriate risk.

Variable Remuneration is not paid through vehicle or methods that are employed at artificially evading the remuneration provisions of the UCITS Law and the AIFM Law including the delegation of professional services to firms that fall outside of the scope of UCITS Law / AIFM Law and the setting up of structures or methods through which the remuneration is paid in the form of dividends or similar pay outs.

The Company is complying with the remuneration provisions of the UCITS Law / AIFM Law and no employee of the Company is receiving a Variable Remuneration:

- Which is based on the performance of the UCITS/AIF that the Company manages;
- Consisting of units of the UCITS/AIF that the Company manages, equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments with equally effective incentives as any of the instruments referred to in this point.

3.1 Short-term incentives: discretionary bonus – annual cash bonus

The purpose of the discretionary bonus is to annually reward and incentive excellent performance and to align the success of the Company with that of the employee. Discretionary bonuses are intended to reflect contribution to the overall success of the Company and are designed to take a long term view of the Company's development.

All Identified Staff are eligible to receive a discretionary bonus.

3.2 Long-term incentives awards

These are supplements based on objective criteria defined for targeted populations, such as senior management. These awards are fully deferred, with payment over several years, settled after various risk adjustment factors have been applied.

3.3 Remuneration of control functions

Performance measures for staff responsible for control functions are based on the achievements and objectives of the functions, and their remuneration is determined **independently from the performance of the specific business areas they support**, therefore helping to prevent any potential conflicts of interest.

The remuneration of the senior officers in the risk management and compliance functions is directly overseen by the Supervisory Board. The Supervisory Board is ultimately reviewing and validating the remuneration of the staff of the Company, including Identified Staff.

3.4 Actual benefits

In addition to the fixed and variable pay, the Company offers a range of benefits that may include:

- Company car (or car allowance)
- Smartphone & laptop
- Supplementary Pension
- Complementary health insurance
- Lunch vouchers
- Various banking services at discounted rates (provided by ING Luxembourg).

3.5 Guaranteed variable remuneration

Guaranteed payments (e.g. welcome bonus) can only be used in exceptional circumstances (i.e. only when hiring new staff) and is limited to the first year of employment.

The payments related to the early termination of a contract, which are awarded on a contractual basis, are designed in a way that corresponds to the employee effective performances during the employment period and that does not reward failure (e.g. Golden parachute).

3.6 Pension policy

There is no discretionary pension benefit paid to employees. Pension contributions are not deductible from variable remuneration.

3.7 Hedging strategy

The Company monitors that employees do not use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

The Company guarantees that variable remuneration paid is not paid through vehicles or methods that facilitate the avoidance of the requirements of the AIFM Law and the UCITS Law.

3.8 Holdback (ex post risk adjustments)

As long as this is allowed by the applicable rules and regulations, the Company reserves **the rights to withhold variable remunerations** in the following conditions:

- Evidence of misbehaviour or serious error by the staff member (e.g. breach of code of conduct, if any, and other internal rules especially concerning risks);
- Whether the UCITS and/or the AIF and/or the Company and/or the business unit subsequently suffers a significant downturn in its financial performance;
- Whether the UCITS and/or the AIF and/or the Company and/or the business unit in which the staff member works suffers from a significant failure of risk management.

3.9 Claw Back (ex post risk adjustments)

As long as this is allowed by the applicable rules and regulations, the Company reserves **the right to demand full or partial repayment from the individual** who has been awarded variable remunerations in the following conditions:

- Fraudulent conduct of staff member;
- Misleading information by a staff member;
- Breach of UCITS Law/AIFM Law or ESMA guidelines.

4 Performance Management principles

Where remuneration is performance related, the total amount of remuneration is based on a **combination of the assessment of the performance of the individual and of the business unit or UCITS and AIF concerned and of the overall results of the Company.**

The assessment of the performance-based components of remuneration shall be based on **longer-term performance** and take into account the **outstanding risks associated with the performance.**

The measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes necessary **adjustments to integrate all relevant types of current and future risks.**

ING has defined two performance dimensions: **Job** and **Orange Behaviours**. Job refers to what you do in your job (your job expectations / description). Orange Behaviours reflects the desired behaviours we expect from all employees (which captured in our Orange code).

The core process consists of three sub-processes:

- **Business planning and individual target setting:** during this process, the financial and strategic plan for ING is determined and translated into relevant business objectives.
- **Mid-year review:** the mid-year review stage allows the staff member and their manager to jointly discuss progress against the individual performance targets. In addition to the formal mid-year review discussion, staff members and managers are encouraged to have regular performance dialogue as part of their day-to-day work.
- **Year-end evaluation and rating review:** the year-end evaluation is the last stage of the performance cycle where assessment of the individual's performance over the past year takes place.

Individual performance targets:

- Can have both **non-financial elements** (e.g. customer satisfaction, process improvements, leadership, engagement, innovation, environment, social and governance) as well as **financial elements** (e.g. underlying net profit, cost/income ratio).
- Shall not encourage excessive risk-taking with respect to **sustainability risks**. In this respect sustainability risk means an Environmental, Social or Governance (ESG) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

The financial elements should cover a period which is long enough to properly capture the risk taken by the staff and the Company. The non-financial targets including ESG should be consistent with the business and risk strategy and considered as part of each relevant individual's performance review. The individual performance targets (for Job and Orange Behaviours together) shall consist of at least 50% non-financial targets.

Variable Remuneration is dependent on the performance of the Company and the individual.

5 Remuneration governance

5.1 Supervisory Board of the Company

The Supervisory Board of the Company, in its supervisory function is required to approve and annually review the Remuneration Policy and is responsible for overseeing its implementation.

The Supervisory Board ensures that the Company's remuneration policy and practices are appropriately implemented and aligned with ING's overall corporate governance framework, corporate culture, risk appetite and related governance processes. The Supervisory Board receives advice from the control functions and where relevant external advisers.

The Supervisory Board is composed in such a way that the members collectively have sufficient knowledge, skills and experience in the field of remuneration. This includes knowledge about mechanisms to align the remuneration structure of the company with ING Group risk profiles and capital structure.

The prior approval of the Supervisory Board is required for:

- Approving any change of the Remuneration Policy;
- Adopting the remuneration of the Conducting Officers / members of the Management Board of the Company;
- Approving the Variable Remuneration of the senior officers in the risk management and compliance functions;
- The determination and release of the Variable Remuneration pool;
- Approving the overall remuneration of the whole staff of the Company.

Where periodic review of the remuneration system of the Company reveals that it does not operate as intended or prescribed, the Supervisory Board should ensure that a timely remedial plan is put in place.

The Supervisory Board is responsible for the review of the Remuneration Policy and practices and for ensuring that the results of the review are followed up.

5.2 The Conducting Officers / Management Board of the Company

The Remuneration Policy is implemented by the Management Board with the prior approval of the Supervisory Board.

The Management Board works closely with the Supervisory Board and ensures that the Remuneration Policy is consistent with and promotes sound and effective risk management and is properly implemented and executed.

The Management Board provides advice to the Supervisory Board with respect to remuneration topics, it prepares the discussion and decision making within the Supervisory Board and reviews, assesses and recommends actions to the Supervisory Board.

5.3 Control functions

In order to safeguard their independency, the control functions operate separately from the business unit they oversee.

Working closely with the Supervisory Board and the Management Board, the control functions (other than Audit) assist in determining the overall Remuneration Policy applicable to the Company having regard to the promotion of effective risk management.

The control functions are independent of the business. The control functions are responsible for controlling and monitoring the risks arising from the Company's operations, ensuring compliance with the remuneration policy.

The staff members in control functions advise the Management Board within their area of expertise and cooperate actively and regularly with the Management Board as well as with other relevant stakeholders. The staff members of control functions, if necessary, liaise directly with the Supervisory Board.

The Risk Management function is assessing how the variable remuneration structure affects the risk profile of the Company.

The Compliance function analyses how the Remuneration Policy is applied and how it affects the Company's compliance with legislation, regulations and internal policies.

The implementation of the Remuneration Policy will be subject, at least on an annual basis, to a central and independent internal review by control functions for compliance with policies and procedures defined by the Supervisory Board and the Management Board. The control functions shall report on the outcome of this review to the Supervisory Board and the Management Board.

5.4 Support functions

The Company has several support functions (e.g. HR, Legal, Finance). Staff in support functions can also be designated as Identified Staff.

Out of the support functions, HR participates in and informs on the drawing up and the evaluation of the Remuneration Policy, including the remuneration structure, remuneration levels and incentive schemes, in a way that not only attracts and retains the staff that the Company needs but also assures that the Remuneration Policy is aligned with the risk profile of the Company.

5.5 Remuneration Committee

Due to its size, internal organisation and the nature, scope and complexity of its activities as a management company, the Company has not set up a remuneration committee (see also 1.3).

6 Remuneration disclosure

6.1 External disclosure

The Company shall provide on its website the relevant details of the Remuneration Policy, as well as how the Remuneration Policy is consistent with the **integration of sustainability risks**.

The Company shall issue an UCITS/AIF Report covering:

- The **total amount of remuneration** for the financial year, split into fixed and variable remuneration, paid by the Company to its staff, and number of beneficiaries, and, where relevant, carried interest paid by the UCITS or the AIF.
- The **aggregate amount of remuneration** broken down by senior management and members of staff of the Company whose actions have a material impact on the risk profile of the UCITS or the AIF.
- Details of remuneration practices for Identified Staff (i.e. financial and non-financial performance measures used to determine variable remuneration).

External disclosure is required to be included in the UCITS and AIF annual report **which is made available to UCITS/AIF investors upon request**.

6.2 Internal disclosure

The Remuneration Policy is part of the Company's policies and procedures and as such the main principles are available to all staff.

The employees are regularly informed about their remuneration, criteria used to measure performance and the link between performance and pay through the intranet (for example).