

# REMUNERATION REPORT – 2022

## GOLDMAN SACHS ASSET MANAGEMENT BELGIUM N.V. (MANAGEMENT COMPANY)

### INTRODUCTION

This remuneration report of Goldman Sachs Asset Management Belgium N.V. formerly NN Investment Partners Belgium N.V. (referred to as GSAM or the company) focuses on staff who perform activities for the Management Company GSAM and/or the relevant investment funds. The report is divided into the following subsections:

- I. Remuneration in general;
- II. Remuneration governance;
- III. Remuneration of Identified Staff<sup>1</sup>; and
- IV. Quantitative information.

#### I. Remuneration in general

In relation to the remuneration governance, GSAM made use of the existing remuneration governance for the first part of 2022 and transitioned to the Goldman Sachs (GS) governance 2022-2023.

Until April 10, 2022 GSAM was part of NN Group and therefore followed the NN Group Remuneration Framework (the “Framework”). This Framework, was also applicable for the rest of 2022 as GSAM continues to follow the Framework until full integration into GS as part of the ongoing Transitional Services Agreement. The Framework is an overarching remuneration policy applicable to all staff working in all countries and business units, which incorporates relevant remuneration and performance management legislation and regulations, as applicable, throughout the company. The aim is to apply a clear and transparent remuneration policy that is adequate to attract and retain expert leaders, senior staff and other highly qualified employees. The remuneration policy is also designed to support employees to act with integrity and to carefully balance the interests of our stakeholders, including the future of our customers and of the company.

Remuneration may consist of both fixed and variable remuneration. Most employees who qualify for variable remuneration, will be eligible for variable remuneration by achieving a number of qualitative and quantitative objectives. These objectives are set at the beginning of the performance year. The qualitative objectives may include objectives related to environment, society, governance and personnel. For certain employees, the quantitative objectives include achieving the investment objectives of the funds of GSAM. In addition, a comparison is made with the return achieved versus comparable funds of competitors, the so-called “peer ranking”. For other employees who qualify for variable remuneration, there is no direct dependency on the returns achieved by the fund. In that case an assessment is made of the result of a representative portfolio of the shares of GSAM funds, bonds and multi-asset funds.

The remuneration policy for executives and senior staff is based on a total compensation approach and is benchmarked on a regular basis with relevant national and international peers, both within and outside of the financial sector. Clear financial and non-financial performance objectives are set which are aligned with the overall strategy of the company, both in the short term and the long term, to ensure that remuneration is properly linked to individual, team and company performance. Specifically for portfolio

<sup>1</sup> References to Identified Staff (IDS) contained within this document are equivalent to Material Risk Takers (MRTs) contained both within this documents and also to external references

managers for GSAM the performance is directly linked to the 1-, 3- and 5- year relative performance of the funds managed by GSAM which creates alignment with our clients' interests. Furthermore, the remuneration policy supports a focus on the company's long term interests and the interests of its customers and various stakeholders by ensuring that there is careful management of risk and that staff are not encouraged, via remuneration, to take excessive risk. In addition, the remuneration policy is compliant with all the relevant (inter)national regulations on remuneration as relevant to our business.

In addition to variable remuneration payable in cash, GSAM awards deferred compensation in the form of Funds managed by GSAM to create further alignment of the employees interests with those of our clients. As part of the purchase/ take over by GS, shares or Goldman Sachs Restricted Stock Units (GS RSUs) will now be awarded under the Goldman Sachs Amended and Restated Stock Incentive Plan.<sup>2</sup> GSAM has a deferral policy which is in place for all staff. The general practice for staff employed by GSAM exceeding the deferral thresholds, not being Identified Staff, is to deliver 50% of the deferred variable remuneration in Funds managed by GSAM, and the remaining 50% of the deferred variable remuneration in RSUs.

The deferral scheme parameters take into account external market practice. These parameters include: (a) the proportion of the variable remuneration that is deferred (the proportion ensures that a significant part of the variable remuneration of high earners is deferred); (b) the time horizon of the deferral (vesting schedule) and (c) the deferral instruments that are used (e.g. equity-linked instruments that align the value of the deferral with the performance of GSAM and GS).

The Phantom Investment Plan for employees of GSAM B.V., adopted on December 21, 2022 and Award Agreement<sup>2</sup> include both holdback and claw back clauses which can be invoked in the event that performance, risk, compliance or other issues are discovered after awards have been made.

In addition to the general remuneration principles for all staff as described in the above, the following three principles apply to remuneration of control function staff (i.e. those in Risk, Compliance, Legal, Finance, HR and Audit) in particular:

- the level of fixed remuneration is sufficiently high to ensure qualified and experienced staff can be employed;
- the ratio of fixed to variable remuneration is weighted in favor of fixed remuneration; and
- the variable remuneration is predominantly based on function-specific objectives that include qualitative criteria which are not determined by the financial performance of the business unit directly monitored by the control functions.

European and national legal requirements among others, including the Alternative Investment Funds Management Directive (AIFMD) and/or the Undertakings for Collective Investments in Transferable Securities Directive (UCITS) have been incorporated when drafting the remuneration policy for staff who perform activities for the funds as required under any such regulations and/or GSAM Belgium N.V. (the Management Company) .

## II. Remuneration governance

The remuneration of all staff included Identified Staff of GSAM is overseen by Goldman Sachs Asset Management B.V. (GSAM B.V.) that operates a Compensation Committee responsible for (among others) setting, monitoring and reviewing the remuneration policies, plans and overall remuneration spend globally for GSAM B.V. The GSAM B.V. Compensation Committee (formerly NN IP Compensation Committee) comprises of the CEO GSAM B.V., the Head of Human Resources GSAM B.V., the Chief Risk Officer GSAM B.V., the Head of Compliance GSAM B.V. and the Head of Reward GSAM B.V..

The GSAM B.V. Compensation Committee is authorized to engage external remuneration advisors. In 2022 they made use of the services of McLagan and PwC (with regards to data prior to the transaction with GS) with regards to remuneration related policies and practices (including benchmarking).

The Remuneration Governance of GSAM B.V. follows the current Governance Framework which addresses the governance concerning individual remuneration proposals and change of remuneration policies. Where the threshold requires, further approval is requested from GS. This includes requirements for approvals by the GSAM B.V. Supervisory Compensation Committee (formerly NN IP B.V. Supervisory Compensation Committee) to ensure an objective and independent view.

In general terms, the supervisory function is responsible for approving and maintaining the remuneration policy of GSAM and GSAM B.V. Now as part of the wider Goldman Sachs business, the GSAM B.V. Supervisory Compensation Committee acts as the supervisory function for GSAM B.V. and GSAM and in this role approves all the specific items as per regulatory requirements.

Examples of events for GSAM that require further approval include:

<sup>2</sup> Documents referenced within this report are subject to their own individual ownership and approval by the GS Board Compensation Committee and approval of this document does not give authority to change the documents referenced

- the Identified Staff (staff with material impact on the AIF's, UCITS's and/or the management company GSAM) selection methodology, criteria and the annual selection of Identified Staff roles, and remuneration proposals;
- remuneration decisions for GSAM Compensation Committee members.
- the annual compensation review for selected Identified Staff members, senior management and high earners, including the potential cases for holdback of deferred compensation by way of malus and or holdback;
- the total variable remuneration spent for any performance year;
- job offers for joiners and proposals for leavers exceeding certain thresholds; and
- any deviation from the minimum standards as set in the Framework.

### III. Remuneration of Identified Staff

#### Introduction

GSAM selects Identified Staff (staff whose professional activities have material impact on the risk profile of GSAM) on the basis of both AIFMD and UCITS (being staff whose professional activities have a material impact on the Belgian licensed AIF(s), and/or the UCITS and/or GSAM based in Brussel).

AIFMD and UCITS Identified Staff are selected in accordance with ESMA guidelines 2013/232 and 2016/575. The applied selection methodology and selection criteria were approved by the GSAM B.V. Compensation Committee.

More specifically, the assessment for material influence was done on the following basis:

- examining the potential impact on the financial, operational and reputational risks of the organisational units in scope in a way that exceeds the companies risk appetite, and/or the Performance of the AIF and/or UCITS;
- by means of the formal organisational position, including applicable governance, role and responsibilities either alone or in committees, organisational unit or as part of a department;
- in combination with the factual situation (testing actual versus theoretical), where the actual situation has been considered leading;
- taking into account controls in place, and focusing on the residual level of influence one can have, taken normal functioning of the controls into account; and
- back testing with past incidents and outcome from monitoring (ISAE3402, financial reporting risk) to establish if the controls have been working effectively or if any material influence could be exercised outside of the existing controls.

The table below shows the categories of Identified Staff that have been assessed :

AIFMD / UCITS
executive and non-executive members of the governing body of the AIFM and UCITS
senior management
staff in control function
staff responsible for heading the portfolio management, administration, marketing and human resources
other risk takers
staff whose remuneration in the previous year is as high as or higher than senior management and other risk takers

#### Performance management for Identified Staff

The performance management process for Identified Staff is coordinated by GSAM Human Resources, and resulting rules and requirements are applied to AIFMD and UCITS selected Identified Staff.

The performance management principles applied to Identified Staff ensure that there is focus on financial and non-financial performance and on leadership behavior. In addition, the company's strategy (both long and short term objectives), client interests, as well as the companies values are reinforced. The principles also create alignment with the AIF and UCITS risk profile. In addition to general performance management principles that apply to all staff, the following performance management principles apply specifically to Identified Staff in 2022:

- i. the performance objectives include both financial and non-financial performance objectives according to the following balance: (a) for non-control functions Identified Staff a maximum of 50% financial and a minimum of 50% non-financial performance objectives and (b) for control functions: a maximum of 15% financial (e.g. departmental budget responsibility) and a minimum of 85% non-financial performance objectives linked to their control function specific role;
- ii. control functions will only have financial performance objectives that are not linked to the performance of the business unit they control; and
- iii. all performance objectives are reviewed by the Risk and Compliance functions.

For each Identified Staff member a set of objectives is defined, including details on what the individual is expected to contribute to the company's business success and how this contribution is to be achieved. The individual performance objectives must meet certain minimum standards such as to promote an open culture, clear and focused objectives and customer suitability. The individual performance objectives score is used as one of several factors that determine individual variable remuneration. The final amount of variable remuneration is also dependent on other factors such as: the overall financial affordability, the assessment of undesired risk-taking, as well as non-compliant behavior, and the outcome of an assessment of leadership behavior which may cause adjustments of the level of variable remuneration. The hierarchical manager is expected to consider risk and compliance events into the level of variable remuneration. The GSAM Compensation Committee verifies the application of this consideration from the hierarchical manager. Risk and compliance breaches could for example entail operational incidents risks, employee conduct risk, market abuse risks, customer suitability risks, etc.

GSAM promotes robust and effective risk management. This includes risk management of sustainability risks (such as environment, society, governance and personnel related matters). It supports balanced risk-taking and long-term value creation. This will be supported, among others, by the processes related to determining performance targets that can be linked to variable remuneration. It differs per department and position which performance targets have been or can be agreed. There are no specific criteria related to sustainability objectives that are applicable to the entire GSAM population, on the basis of which (variable) remuneration is paid. However, during the performance objectives setting process, guidelines are provided with examples of different qualitative objectives related to sustainability that can be used. Specific objectives apply for investment professionals, aimed at responsible investing. The performance objectives are subject to minimum standards formulated within the company, such as limitations on financial targets.

The performance assessment of Identified Staff and the consequent awarding of variable remuneration is effected as part of a multiple-year framework. As deferral periods apply to variable remuneration of Identified Staff, it is ensured that variable remuneration is "at risk" during the entire deferral period. Variable remuneration is linked to risk and non-financial performance and takes into account the company performance at group level, business line performance and individual performance. Any undesired risk taking or breaches of compliance that were not apparent at the time the variable remuneration was awarded, will be taken into account at every (deferred) vesting of variable remuneration.

### **Remuneration principles and policy for Identified Staff**

Variable remuneration for Identified Staff is performance-based and risk-adjusted and is partly paid upfront and partly deferred. Deferred variable remuneration is subject to the assessment of undesired risk-taking, as well as non-compliant behavior in view of past performance. If deemed necessary by the GSAM B.V. Supervisory Compensation Committee, (deferred) compensation is adjusted downwards via hold back or claw back.

### **Different elements of remuneration for Identified Staff**

The remuneration of Identified Staff has been structured in accordance with the applicable laws and regulations. The total reward of Identified Staff consists of the following elements:

- fixed remuneration;
- variable remuneration; and
- general employee benefits, such as employer pension contributions, employee discounts on financial services, disability insurance coverage (applicable to all GSAM staff).

## **Variable Remuneration awarded to Identified Staff**

Based on the information of our proportionality analysis of the GSAM Belgium Remuneration Policy for “Identified Staff” GSAM Belgium invokes the proportionality principle according to the ESMA guidelines published in February 2013.

By application of the AIFMD/UCITS Directive and in line with additional applicable ESMA guidelines, proportionality principle exemption is enforced with regard to the requirements on pay-out processes for Local Identified Staff.

### **(a) Threshold limits**

The portion of total variable remuneration in excess of EUR 60.000 is always subject to deferral.

### **(b) Proportion of the variable remuneration deferred**

The portion of total variable remuneration in excess of EUR 60.000 is always subject to deferral, being a deferred portion of at least of 40%.

### **(c) Time horizon of the deferral (vesting schedule)**

The deferred variable remuneration is subject to a deferral period of three years on average, applying a tiered vesting schedule. The vesting of deferred variable remuneration occurs annually, with an equal portion of variable remuneration vesting each year.

### **(d) The deferral instruments that are used**

In application of the proportionality principle a minimum of 50% of the deferred Variable Remuneration for all Identified Staff must be awarded in GS Phantom Unit Awards, with the remainder being awarded in equity-linked instruments.

### **(e) Pay Out of upfront portion of the variable remuneration and the retention period**

The upfront proportion (i.e. non-deferred) of the variable remuneration is paid out 100% in cash, without application of a retention period.

For all selected Identified Staff, ex-post performance assessment is carried out. The performance assessment extends beyond the date of the award of variable remuneration and continues as part of a multi-year framework of at least three to five years.

In this way a longer-term horizon is established that ensures that variable remuneration continues to remain ‘at risk’ due to any issues or staff behaviours that were not apparent (or foreseen) at the time variable remuneration was awarded.

In order to achieve the above, GSAM/GS applies hold back (by way of malus) and clawback as detailed below as per the Forfeiture and Recapture Provisions.

## **Forfeiture and Recapture Provisions**

The RSUs and shares delivered thereunder in relation to variable remuneration are subject to forfeiture or recapture if the GS Board Compensation Committee or its delegate(s) determine(s) that during 2022 the employee participated (or otherwise oversaw or was responsible for, depending on the circumstances, another individual’s participation) in the structuring or marketing of any product or service, or participated on behalf of the firm or any of its clients in the purchase or sale of any security or other property, in any case without appropriate consideration of the risk to the firm or the broader financial system as a whole (for example, if the employee were to improperly analyse risk or fail sufficiently to raise concerns about such risk) and, as a result of such action or omission, the GS Board Compensation Committee or its delegate(s) determine(s) there has been, or reasonably could be expected to be, a material adverse impact on the firm, the employee’s business unit or the broader financial system.

This provision is not limited to financial risks and is designed to encourage the consideration of the full range of risks associated with the activities (for example, legal, compliance or reputational). The provision also does not require that a material adverse impact actually occur, but rather may be triggered if the firm determines that there is a reasonable expectation of such an impact.

The GS Board Compensation Committee previously adopted guidelines that set forth a formal process regarding determinations to forfeit or recapture awards for failure to consider risk appropriately upon the occurrence of certain pre-determined events (for example, in the event of annual firmwide, divisional, business unit or individual losses). The review of whether forfeiture or recapture is appropriate includes input from the CRO, as well as representatives from Legal and Compliance, as appropriate. Determinations are made by the GS Board Compensation Committee or its delegates, with any determinations made by delegates reported to the GS Board Compensation Committee.

RSUs granted to all Material Risk Takers in relation to variable remuneration are generally subject to forfeiture until delivery of the underlying shares if GS Group is determined by US bank regulators to be “in default” or “in danger of default” as defined under the US Dodd-Frank Wall Street Reform and Consumer Protection Act 2010, or fails to maintain for 90 consecutive business days, the required “minimum tier 1 capital ratio” (as defined under Federal Reserve Board regulations). RSUs awarded in relation to variable remuneration are also subject to forfeiture if the firm or the relevant business unit suffers a “material downturn in financial performance”.

All variable remuneration granted to Material Risk Takers is generally subject to forfeiture or recapture in the event of a “material failure of risk management”, or in the event that the employee engages in “serious misconduct”, at any time during the seven year period after grant (share-based awards) or payment (cash).

Additionally, RSUs and shares delivered thereunder in relation to variable remuneration are generally subject to forfeiture or recapture if it is appropriate to hold a Material Risk Taker accountable in whole or in part for “serious misconduct” related to compliance, control or risk that occurred during 2022 by an individual for whom the Material Risk Taker had supervisory responsibility as a result of direct or indirect reporting lines or management responsibility for an office, division or business.

An employee’s RSUs may also be forfeited, and shares delivered thereunder recaptured if the employee engages in conduct constituting “cause” at any time before the RSUs are delivered and any applicable transfer restrictions lapse. Cause includes, among other things, any material violation of any firm policy, any act or statement that negatively reflects on the firm’s name, reputation or business interests and any conduct detrimental to the firm.

## Quantitative information

The table below provides aggregated information on the remuneration of all active staff members employed on 31 December 2022 and performing activities for Goldman Sachs Asset Management Belgium N.V. during the year 2022, and includes all Identified Staff selected on the basis of AIFMD and/or UCITS.

### Aggregated fixed and variable remuneration for the performance year 2022

Fixed and variable remuneration awarded in relation to performance year 2022	
Amounts in €1.000 and gross	All Staff
Number of employees	22.00
Fixed remuneration	2,483.92
Variable remuneration	822.49
Aggregate of fixed and variable remuneration	3,306.41

Note 1) Fixed remuneration per ultimo 2022 for contractual working hours. The Fixed remuneration includes fixed salary base on 13.92th month basis.

Note 2) Variable remuneration includes all conditional and unconditional awards in relation to the performance year 2022 as approved by the relevant committees and authorized per 28 October 2022. This includes all payments to be processed through payroll per January 2023, and phantom unit awards (Fund-of-Fund with a one year holding period) as awarded to Identified Staff as well as all conditional deferred GS RSUs and phantom unit awards. A reference to the allocated Funds is not available.