



**KBC Asset Management
Group
Compensation Report for
2024**

Introduction

KBC Asset Management Group

The KBC Group has a specific management structure, in which KBC Group NV and the various group companies, mainly credit institutions, investment firms, insurance companies and management companies of undertakings for collective investment ('management companies'), are operationally organised in one or more business units, overall management of which lies with the KBC Group NV Executive Committee. The KBC Asset Management management companies are part of the KBC Asset Management product factory (referred to henceforth as 'KBC Asset Management' or 'KBC AM Group') within the KBC Group International Markets Business Unit.

The KBC AM Group management companies meet the requirements of AIFM Directive¹ and/or the UCITS Directive². Both the UCITS Directive and the AIFM Directive foresee in rules relating to remuneration.

The Compensation Report

The Compensation Report provides information on remuneration principles at the level of KBC Group and discloses remuneration figures for financial year 2024 based on European and national legislation.

The KBC Asset Management Group Compensation Report 2024 is in line with the KBC Group principles and the KBC Group Compensation Report 2024. The KBC Asset Management Group Compensation Report 2024 however, focuses additionally on the particularities of remuneration within the KBC AM Group management companies.

The report comprises general remuneration principles, specific principles for Key Identified Staff and information on remuneration disclosures.

General remuneration principles

The setting of remuneration takes account of market practice, competitiveness, risks, the long-term objectives of the company and its stakeholders and continuously changing regulations.

The remuneration schemes applicable within KBC Group (including the award and pay out conditions for remuneration) are gender-neutral in order that equal pay for workers of all genders for equal work or work of equal value is guaranteed.

An employee's total remuneration consists of two components, i.e. fixed remuneration and variable remuneration, for which a maximum ratio is set.

Total fixed annual remuneration	Maximum variable remuneration
below 50.000 EUR	100% of fixed
between 50.000 EUR and 100.000 EUR	50.000 EUR
above 100.000 EUR	50% of fixed

Fixed remuneration is mainly determined on the basis of the employee's professional experience, responsibility and job complexity.

The level of variable remuneration can depend on several factors, such as the KBC group's overall performance, the performance of the employee's business unit or entity, the performance related to

sustainability objectives and the employee's individual performance. Variable remuneration may not encourage risk-taking in excess of the risk appetite of the different entities of the KBC group and should, where relevant, be based on risk- and liquidity-adjusted profit, not on gross revenues. Variable remuneration is capped at 750 000 EUR.

Key Identified Staff

KBC applies specific rules for Key Identified Staff. The performance-based remuneration of Key Identified Staff is awarded in a manner that promotes sound risk management and does not encourage excessive risk-taking. This is ensured by applying specific rules to the variable remuneration of Key Identified Staff:

- depending on the category of Key Identified Staff and the level of its variable remuneration, 40% to 60% of their variable remuneration awarded is not paid straightaway but instead is paid over a period of four to five years;
- half of the total amount of variable remuneration for Key Identified Staff is awarded in the form of non-cash instruments with a one-year retention period;
- no advance payments are made in relation to the variable component and risk adjustment measures are in place;
- for variable remuneration of senior management, 10% is subject to the achievement of sustainable targets that have been agreed beforehand and 10% to 20% is based on the results of the KBC group. The remaining variable component is realised through the achievement of individual objectives, including quantitative and qualitative, financial and non-financial elements, with a focus on preserving current value and creating future value, and without incentivising excessive risk-taking or mis-selling of products;
- retention payments are permitted only in exceptional circumstances (i.e. if the business entity is divested, wound down or undergoing a major reorganisation or in case of a resolution) and for the retention of Key Identified Staff on risk- and/or value-preservation grounds, as decided by the Board of Directors.

Key Identified Staff are considered 'exempt Key Identified Staff' if the variable remuneration is lower than €50.000 and does not exceed 1/3 of the staff member's total annual remuneration. In this case, variable remuneration is not subject to deferral and payment in non-cash instruments. The employees whose variable remuneration is subject to deferral and payment in non-cash instruments are called 'material Key Identified Staff'.

Based on national legislation and/or internal decisions for a certain employee group, deferral schemes are sometimes more severe for both material and exempt Key Identified Staff. Not all principles may apply in every KBC group entity and certain exemptions are granted due to specific local regulations or restrictions laid down by supervisory authorities.

Structure for 2024 variable compensation

Material
Key Identified
Staff



Individual variable remuneration awarded for performance year 2024

Material Key Identified Staff - Group ExCo members and KBC Senior General Managers

If variable awarded < 200.000 EUR: 50% deferral for 5 years, 50% in non-cash instrument

Year of payout	2025	2026	2027	2028	2029	2030	2031
Cash	25%	5%	5%	5%	5%	5%	
Non-cash instrument	→	25%	5%	5%	5%	5%	5%

If variable awarded ≥ 200.000 EUR: 60% deferral for 5 years, 50% in non-cash instrument

Year of payout	2025	2026	2027	2028	2029	2030	2031
Cash	20%	6%	6%	6%	6%	6%	
Non-cash instrument	→	20%	6%	6%	6%	6%	6%

Material Key Identified Staff – other

If variable awarded < 200.000 EUR: 40% deferral for 4 years, 50% non-cash instrument

Year of payout	2025	2026	2027	2028	2029	2030
Cash	30%	5%	5%	5%	5%	
Non-cash instrument	→	30%	5%	5%	5%	5%

If variable awarded ≥ 200.000 EUR: 60% deferral for 5 years, 50% in non-cash instrument

Year of payout	2025	2026	2027	2028	2029	2030	2031
Cash	20%	6%	6%	6%	6%	6%	
Non-cash instrument	→	20%	6%	6%	6%	6%	6%

Cash is payable following vesting

Non-cash instrument is payable following a one-year retention period

Exempt
Key Identified
Staff



100% of cash is paid upfront

Based on local legislation and/or an internal decision a more severe deferral scheme might be applied for a certain group of employees

All other employees



100% of cash is paid upfront

Variable remuneration is subject to *ex-ante* and *ex-post* risk adjustments.

Ex-ante risk adjustment is achieved through qualitative and quantitative risk-adjusted performance measurements. A Risk Gateway has been installed as a quantitative risk adjustment measure. It comprises a number of internal and legislative capital and liquidity parameters that have to be met before the variable remuneration component may be awarded. The parameters are set each year by the Board of Directors. If one or more of these parameters are not met, this variable remuneration component will not be awarded for the respective performance year and the deferred amounts relating to previous years will not vest and will be lost for that year.



A) the deferred part of previous years' awarded variable due to vest in April 2025

Performance Year	Deferred Cash			Deferred Non-cash Instrument		
	apr/23	apr/24	apr/25	apr/24	apr/25	apr/26
Performance Year 2021						
Performance Year 2022						
Performance Year 2023						

If the Risk Gateway is passed, the variable remuneration component becomes subject to quantitative risk adjustment measures, such as risk-adjusted profit and other indicators (including RAROC, costs and direct income), to impact the size of the bonus pools and the individual awards, and to a performance appraisal procedure at individual level, including risk-related objectives, which can be both qualitative and quantitative and are designed to prohibit excessive risk-taking.

Variable compensation is also subject to *ex-post* risk adjustment measures. *Ex-post* risk adjustments operate either by reducing deferred but unvested amounts (*malus*) or by recouping deferred amounts already vested (claw back).

Action can be taken regarding the payment of deferred amounts that still have to be vested (*malus* arrangement), when:

- there is evidence of misconduct or serious error on the part of the employee, for example, a violation of the code of conduct or other internal rules, including those leading to regulatory sanctions, particularly in relation to risk;
- there is a deterioration of at least 50% of either the net result or the risk-adjusted profit of KBC Group and/or the underlying entity in the year preceding the year of vesting compared to the year of granting;
- there is a negative net result or the risk-adjusted profit of KBC Group in the year preceding the year of vesting.

Variable remuneration already vested will exceptionally be clawed back when there is:

- evidence of fraud or participation in a special mechanism in order to or with the consequence of promoting fiscal fraud by a third party;
- (use of) misleading information.

Corporate governance

At KBC Group Level

The remuneration policy is based on prevailing national and European legislation, the Belgian Corporate Governance Code, the Belgian Banking Act and market data. It is monitored and regularly checked by the Remuneration Committee – with the assistance of specialist members of staff – to see whether it complies with changes in the law, the aforementioned code, and prevailing market practices and trends. The Chairman of the Remuneration Committee informs the Board of Directors on the committee's activities and advises it of any changes to the remuneration policy and its practical implementation. The Board of Directors may also act on its own initiative, or on a proposal from the Executive Committee, and instruct the Remuneration Committee to examine potential changes to the remuneration policy and to advise it accordingly. If required by law, the Board of Directors will submit any policy changes to the General Meeting for approval.

The Remuneration Committee carries out duties for the parent company, subsidiary undertakings and the group as a whole on a consolidated basis. The Remuneration Committee reports to the Board of Directors of KBC Group, submits an annual report on KBC's remuneration policy and practices, and ensures that each year the policy and practices are put to shareholders for approval by the Board of Directors.

The role of the Remuneration Committee of KBC Group is to:

- propose to the Board of Directors a KBC Remuneration Policy that is aligned with KBC Group's long-term business strategy, its business objectives, risk appetite and values, and that recognises the interests of relevant stakeholders;

- propose to the Board of Directors the remuneration, including the terms and other commitments to be made on the retirement, resignation or dismissal of the members of the Board of Directors and the members of the Executive Committee of KBC Group, with the aim of ensuring fairness and avoiding reward for failure;
- oversee the remuneration of senior managers responsible for the Group Control functions and propose to the Board of Directors the remuneration systems and individual remuneration packages of those persons;
- advise the Board of Directors on compensation systems and individual compensation and severance packages for material Key Identified Staff;
- advise the Board of Directors on retention/incentive bonuses in exceptional circumstances, i.e. if the business entity is divested, wound down or undergoing a major restructuring and a case can be made for the retention of key staff on risk- and/or value-preservation grounds;
- advise the Board of Directors on any material exemptions or changes to the principles of the KBC Remuneration Policy;
- monitor the application of the authority delegated to the Executive Committee and the Divisional Compensation Committee to ensure that policies and principles are being consistently and effectively applied, in particular to Key Identified Staff, seek support and input from Corporate HR and Risk, as appropriate, and ensure appropriate sign-off from the business entities;
- approve the annual Remuneration Policy Statement for the NBB.

Besides the Remuneration Committee, the Risk & Compliance Committee is another committee of the Board of Directors of KBC Group. It acts as an independent reviewer of the KBC Remuneration Policy and practices, and oversees whether risk tolerance and the strategy framework are integrated into the remuneration policy and whether incentives provided by the remuneration system take account of risk appetite, capital, liquidity and the likelihood and timing of earnings.

The remuneration governance bodies at group level are responsible for ensuring that the requirements of the Remuneration Policy are coherently observed at subsidiary level. If required by national regulations, these governance bodies are also established at subsidiary level.

Decisions regarding remuneration systems and individual remuneration packages for Key Identified Staff are ratified by the respective governance body of the subsidiary.

Implementation within KBC AM Group

The Executive Committee of KBC AM Group acts on a cross-border level as Divisional Compensation Committee for the KBC AM Group management companies.

In its role of Compensation Committee for the KBC AM Group management companies, the Executive Committee:

- takes decisions regarding proposals for compensation systems and individual compensation packages for exempt Key Identified Staff non- KBC Senior Managers within KBC Asset Management;
- advises the KBC Group NV Executive Committee and KBC Group NV Remuneration Committee on compensation systems and individual compensation packages for material Key Identified Staff within KBC AM Group and on any material exemptions or changes to the principles of the Remuneration Policy;

- submits the decisions taken by the Board of Directors of KBC Group NV regarding compensation systems and individual compensation packages for material Key Identified Staff to the Board of Directors of KBC AM Group management companies (Supervisory Board if applicable) for ratification;
- reviews annually the report on the operation of the Remuneration Policy and its effectiveness within KBC AM Group.

Disclosing information on remuneration

Current reporting of remuneration details is aligned with reporting required by the National Bank of Belgium and the European Banking Authority. Based on the 'Guidelines on the remuneration benchmarking exercise' (EBA/GL/2014/08), the 'Guidelines on the data collection exercise regarding high earners' (EBA/GL/2014/07) and NBB Circular 2016_31, the requested information is collected by 30 June of each year.

Information on the remuneration of all staff		
	FTE	Amount (in millions of EUR)
Total remuneration in 2024	422,2	-48,7

Information on the remuneration of Key Identified Staff		
	Number of beneficiaries	Amount (in millions of EUR)
Total remuneration for the 2024 financial year broken down by fixed and variable remuneration	17	
Fixed remuneration		2,612
Variable remuneration		0,874
Breakdown of variable remuneration for the 2024 financial year		
Cash		0,592725
Shares		0
Share-linked instruments		0,281
Other		
Breakdown by disbursement form:		
Disbursed*		0,631466
Deferred		0,242534
Breakdown of deferred variable remuneration concerning 2024 financial year		
Granted		0,242534
Disbursed*		0,121267
Reduced		
Sign-on and severance payments disbursed in the 2024 financial year		
Sign-on payments	0	0
Severance payments	0	0
Highest individual severance payment		0
Previously awarded remuneration		
Outstanding deferred variable remuneration related to previous years**		0,501
Amount reduced due to ex-post performance risk adjustment		0
No. of beneficiaries whose total remuneration is equal to or exceeds 1 million EUR concerning 2023 financial year, broken down into bands of 500.000 EUR		
Total remuneration: 1.000.000 EUR - 1.499.999 EUR	0	
Total remuneration: 1.500.000 EUR - 1.999.999 EUR	0	
Total remuneration: 2.000.000 EUR - 2.499.999 EUR	0	
Total remuneration: 2.500.000 EUR or above	0	

* Disbursed variable remuneration is disbursed during 2024

** Value of 31.12.2024