

BANK DEGROOF PETERCAM NV
REMUNERATION POLICY FOR IDENTIFIED STAFF

1. INTRODUCTION

This document constitutes the general remuneration policy for Identified Staff of Bank Degroof Petercam NV (**Remuneration Policy for Identified Staff**).

1.1 Scope

The principles and terms of the Remuneration Policy for Identified Staff apply to Bank Degroof Petercam NV and on its Belgian and foreign subsidiaries (together **Bank Degroof Petercam**), as well as to its employees qualified as Identified Staff in Belgium and abroad, regardless of the status of the Identified Staff.

The Remuneration Policy for Identified Staff supplements the Remuneration Policy that applies to all Employees, including Employees exercising Control Functions.

In case of a conflict between a provision of the Remuneration Policy for all Employees and a provision of the Remuneration Policy for Identified Staff, the latter shall prevail, unless the Remuneration Policy for Identified Staff explicitly mentions the contrary.

1.2 Regulatory framework and purpose

The Remuneration Policy for Identified Staff is drafted in compliance with and according to the requirements of the regulation on the remuneration in the financial institutions providing investment services, notably due to :

- (a) Initially, *annex V of the directive 2010/76/EU* (hereinafter referred to as *CRD III*) ;
- (b) Than directive 2013/36/EU (hereinafter referred to as *CRD IV*) which revokes CRD III ;
- (c) And the guidelines of the European Bank Authority (EBA) of 21 December 2015 on sound remuneration (*EBA guidelines on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013*) ;
- (d) Implementation of these directives by the national internal regulation. In Belgium these are in particular:
 - (i) The Law of 25 April 2014 on the legal status and supervision of credit institutions and mutatis mutandis, the applicable national legislation in the relevant Member States ;
 - (ii) The specific directives of the Control Authority(ies).

1.3 Purpose of the Remuneration Policy for Identified Staff

The purpose of the Remuneration Policy for Identified Staff is to frame the compensation mechanisms for Identified Staff within Bank Degroof Petercam by supplementing the Remuneration Policy for them in order to promote a sound and efficient risk management, without encouraging taking risks that would go beyond the acceptable level of risk of Bank Degroof Petercam, and thereby contribute to the goals and long term interests of Bank Degroof Petercam.

1.4 Specific characteristics of Bank Degroof Petercam

Bank Degroof Petercam is a private Bank of which the shares are not listed. She has always given priority to the advising business over taking risks on her own-account and she relies her development on the interaction between different businesses, these are the asset management for private and institutional clients, the administration of funds, market transactions that focus on the selling and advising and not on 'proprietary trading', activities of Corporate Finance and patrimonial and structured loans.

Bank Degroof Petercam is managed from a long-term perspective, in which she ensures to match the interests of her clients, her staff and her shareholders. She has a strong corporate culture and ensures to surround herself with Employees who share this culture and her long-term vision, supported more specifically by the ownership of shares of the staff, which is encouraged when possible.

Bank Degroof Petercam has always hold a cautious management and a strong risk control to preserve the sustainability of her trade fund and to prevent a too high volatility of the annual results, by which she enables the long-term growth of Bank Degroof Petercam.

This can be translated as follows in the risk management strategy of Bank Degroof Petercam :

- (a) Application of an appropriate remuneration policy which does not encourage taking great risks, or even discourages this ;
- (b) Optimal and active prevention of conflict of interests ;
- (c) Limitation of market risks ;
- (d) Limitation of credit risks ;
- (e) Cautious management with respect to liquidity ;
- (f) Asset management on the long-term ;
- (g) Cautious strategic policy.

As a consequence Bank Degroof Petercam has a low to medium risk profile, taking into account its activities and its risk management policy.

1.5 Relation with other rules regarding the Remuneration and the observance of the performance

The provisions of the Remuneration Policy for Identified Staff apply to and replace all intern and local provisions regarding the remuneration or the observance of the performance which would be less restrictive than the first provisions.

On the contrary, the intern and local provisions regarding the remuneration or observance of the performance remain applicable if they are more strict than the provisions of the Remuneration Policy for Identified Staff or if they cover situations which are not covered by the Remuneration Policy for Identified Staff, insofar the first provisions are not in conflict with the provisions of the Remuneration Policy for Identified Staff.

1.6 For the application of the Remuneration Policy for Identified Staff Variable Remuneration must be taken into consideration at its value at the moment of granting.

1.7 Interpretation

Besides the specific definitions defined elsewhere in the Remuneration Policy for Identified Staff, the definitions of Annex 1 are applicable to the whole Remuneration Policy for Identified Staff, unless mentioned otherwise.

2. ADDITIONAL PRINCIPLES REGARDING THE OBSERVANCE OF THE PERFORMANCE OF THE IDENTIFIED STAFF

2.1 For the evaluation of the performance of the Identified Staff, the performance of the Identified Staff and the business unit shall be combined with the results of Bank Degroof Petercam, whereby the evaluation of the individual performance will take into account the financial and non-financial (minimum 20%) standards. The evaluation takes into account all sorts of existing and future risks of Bank Degroof Petercam.

The Risk Management assists the departments with determining the financial standards.

2.2 The performance of Identified Staff will be evaluated over several years in order to guarantee that the evaluation process concerns the performance on the long term. The effective payment of the Variable Remuneration ranges over a period which takes into account the duration of the underlying economic cycle which is inherent to Bank Degroof Petercam and the economic risks.

2.3 The above paragraph 2.1 does not apply to the Control Functions which also qualify as Identified Staff. The principles determined in article 3.2 of the Remuneration Policy regarding the observance of the performance of the Control Functions prevail and remain applicable for the Control Functions which also qualify as Identified Staff.

3. REMUNERATION PRINCIPLES FOR IDENTIFIED STAFF

The following principles are applicable to the Identified Staff, without prejudice to the principles mentioned in the Remuneration Policy :

3.1 Relation of Fixed Remuneration and Variable Remuneration

- (a) The basic amount of the Fixed Remuneration shall reflect the relevant professional experience and the organizational responsibilities linked to the function ;

The Fixed Remuneration represents a sufficiently high share of the Remuneration in order to guarantee a maximal flexibility relating to the Variable Remuneration, such as in particular the possibility not to grant any.

- (b) Without prejudice to the following, for each Identified Staff, being ;
- (i) The Employees who are qualified as Identified Staff on the level of Bank Degroof Petercam NV in Belgium and its branches and whatever the status of the Identified Staff is and ;
- (ii) The Employees qualified as Identified Staff on the consolidated level, even if they are not directly linked to Bank Degroof Petercam.

The Variable Remuneration for each member of the Identified Staff is limited to the highest of the two following amounts : 50% of the Fixed Remuneration or EUR 50,000 (or every other maximum established by law at the moment the Remuneration is granted), subject to the limitation that this amount shall never be higher than the amount of the Fixed Remuneration. When applying the law, the evaluation of the compliance with the maximum amounts is verified at the moment the Variable Remuneration is granted. That restriction of the relation between the Fixed Remuneration and Variable Remuneration also applies to the granting of a Variable Remuneration in case of results above target or in case of extraordinary achievements.

- (c) To avoid all discussions, for each Identified Staff of a subsidiary who is not an Identified Staff on the consolidated group level, the applicable national legislation has to be applied regarding the fixed and variable remuneration. This means e.g.:
- (i) The Employees of the foreign subsidiaries of Bank Degroof Petercam NV are subject to their respective national legislation regarding the applicable remuneration policy, unless they are Identified Staff on the consolidated group level to which Bank Degroof Petercam NV appertains, in which case they are also subject to the provisions under (b) of this article ;
- (ii) The Employees of the Belgian subsidiaries of Bank Degroof Petercam NV are subject to their respective national legislation regarding the applicable remuneration policy, unless they are Identified Staff on the consolidated group level to which Bank Degroof Petercam NV appertains, in which case they are also subject to the provisions under (b) of this article.

3.2 Granting the Variable Remuneration

- (a) In the framework of a possible application of the proportionality principle, which takes into account the specific characteristics of the economic cycle, the nature of the enterprise, her risk level, the activities and the effective presence of the Identified Staff concerned within Bank Degroof Petercam, and more specifically the limited to medium risk profile of Bank Degroof Petercam, a system of deferral of Variable Remuneration in cash and possibly in financial instruments is applied to the Identified Staff.
- (b) The persistent low to medium risk profile of Bank Degroof Petercam is indeed a consequence of the following optimal risk management strategy :
 - (i) Sound Remuneration Policy : Bank Degroof Petercam carries out an appropriate Remuneration Policy that does not aim at encouraging considerable risks taking or even aims at discouraging it ;
 - (ii) Limitation of market risks : Bank Degroof Petercam aims at not taking considerable risks when acting for its own account. Those activities are mainly to be understood as support for the asset management. The biggest market risk is undertaken via the activity of long term investments in stock (holding portfolio) ;
 - (iii) Limitation of credit risks : the credit portfolio of Bank Degroof Petercam is predominantly composed of asset-based credits with strong guarantees to limit the risks and recourse to its own assets ;
 - (iv) Cautious management regarding liquidities : Bank Degroof Petercam wishes to ensure its liquidity, and thus its continuity. It finances itself predominantly by deposits of its clients and its reinvestments are for a large part collateral with the National Bank of Belgium ;
 - (v) Long term Asset Management : Bank Degroof Petercam privileges sustainable relations with private clients who place their trust with Banque Degroof Petercam and is very concerned about its reputation in general, in particular relating to management ;
 - (vi) Cautious strategic policy : Bank Degroof Petercam does not seek to invest itself in new activities, it rather wishes to expand the current business model to the markets where it has already established its presence.
- (c) The policy of deferral of Variable Remuneration implies that the acquisition and payment of 40% of said remuneration is postponed during a period of at least three years, for the part in cash as well as for the part that is possibly granted in financial instruments according to the provisions of the below article 3.3.

In accordance with the applicable legislation, when the amount of the Variable Remuneration is particularly high, i.e. above EUR 200,000, the acquisition and payment of 60% of the latter is deferred for a minimum period of five years, both for the cash part

as for the part possibly granted in financial instruments according to the provisions of the below article 3.3. This is applicable for all staff members are considered as Identified Staff within Bank Degroof Petercam, whether at local branch level or at consolidated level.

The acquisition and payment of 60% of Variable Compensation granted to the Chief Executive Officer (CEO) of Bank Degroof Petercam is deferred for a minimum period of 5 years, both for the cash part as for the part possible granted in financial instruments, according to the provisions of below article 3.3.

The acquisition and the payment of the deferred part of the Variable Remuneration are only realised providing that, at the anticipated moment of the deferred payment, the relevant Identified Staff has not previously been lawfully dismissed for misconduct. In the latter two hypotheses, the Identified Staff loses its rights relating to the deferred part of the Variable Remuneration.

- (d) In applying the deferral regimes of the granting of a part of the Variable Remuneration and possibly of the use of financial instruments for the granting of part of the Variable Remuneration according to below article 3.3, the Board of Directors shall be able to exempt the Identified Staff that complies with the criteria established by the National Bank of Belgium in this matter, from the application of those systems for any given performance year.
- (e) Sign on bonus. For specific recruitment needs, bonuses paid in cash charged to the bonus pool for the fiscal year can be granted to new hires. These bonuses must include a claw-back clause in case the new hire leaves the Group the first year following the hire date.

3.3 Partial payment in shares and/or other capital instruments

If the Supervisory Authority(-ies) with supervisory power over Bank Degroof Petercam decide(s) that this modality is applicable and mandatory, at least 50% of the Variable Remuneration, including its deferred part in application of the above article 3.2 (c), shall be composed of other capital instruments, as foreseen by the law.

As such, Bank Degroof Petercam may grant 50% of the Variable Remuneration, including the deferred part, in the form of conditional cash, in line with article 6 of annex 2 of the above mentioned Belgian financial institutions act and the Delegated Regulation of the Commission (EU) No 527/2014 of 12 March 2014 supplementing Directive (EU) No 2013/36/EU of the European Parliament and the Council with regard to relevant regulatory technical standards specifying the categories of instruments that adequately reflect the credit quality of the institution in going concern and which are intended to be used for purposes of variable remuneration. This grant is subject to the authorization of the Control Authority(-ies) on which Bank Degroof Petercam depends.

Bank Degroof Petercam annually determines the terms and conditions for granting Variable Remuneration in the form of conditional cash and, to that end, complies with the provisions and principles set out in the Remuneration Policy for Identified Staff and the applicable regulations.

3.4 Malus system and recovery of Variable Remuneration

The performances of the Identified Staff are evaluated in a multiannual framework. This framework is thus much broader than solely the date on which the Variable Remuneration is granted.

For instance, it should be possible to modify the Variable Remuneration, even if it was already granted or paid, under the influence of reasons that were not known yet or expected at the moment of payment or acquisition of the Variable Remuneration, but that would have influenced the granting itself or the amount of the Variable Remuneration.

The Variable Remuneration, including the possibly deferred part, is therefore only paid or only acquired if the amount is acceptable vis-à-vis the financial situation of Bank Degroof Petercam and if it is justified based on the performances of Bank Degroof Petercam, of the business unit to which the Identified Staff belongs and of the Identified Staff him/herself.

All Variable Remunerations are reduced (malus) up to possibly 100% by the relevant unit of Bank Degroof Petercam or reclaimed according to the following provisions and conditions :

- (a) The relevant unit of Bank Degroof Petercam shall reduce the parts of the Variable Remuneration that are not yet paid or acquired of all (possibly former) Identified Staff (malus system) if Bank Degroof Petercam has a decreased or negative financial on investment or if one of the following circumstances is discovered :
 - (i) The Identified Staff does not comply with the applicable standards of expertise and professional integrity ;
 - (ii) The Identified Staff is involved with practices that have led to considerable losses for Bank Degroof Petercam or is responsible for such practices ;
 - (iii) The Identified Staff is involved with a special mechanism that has as its purpose or effect the promotion of fiscal fraud by third parties ;
 - (iv) Any circumstance that implies that the payment of the Variable Remuneration constitutes an infringement to the sound Remuneration Policy of Bank Degroof Petercam or of the risk management strategy as provided by the above article 1.4 or to its low to medium risk profile.
- (b) The relevant unit of Bank Degroof Petercam shall reclaim the Variable Remuneration that is already paid or acquired of all (possibly former) Identified Staff if Bank Degroof Petercam has a decreased or negative financial return or if one of the following circumstances is discovered within three years following the payment or, when appropriate, the acquisition of the Variable Remuneration :
 - (i) The Identified Staff does not comply with the applicable standards of expertise and professional integrity ;
 - (ii) The Identified Staff is involved with practices that have led to considerable losses for Bank Degroof Petercam or is responsible for such practices ;
 - (iii) The Identified Staff is involved with a special mechanism that has as its

purpose or effect the promotion of fiscal fraud by third parties.

3.5 Remuneration of the non-executive members

The remuneration of the non-executive members of the Board of Directors, of the Nomination and Remuneration Committee and of other committees is solely composed of a Fixed Remuneration that is established based on the market references.

Those members do not receive any form of Variable Remuneration.

4. SIGN ON BONUS

For specific recruitment needs, a bonus can be granted (outside the bonuspool for the fiscal year) to newly hired employees according to the Law of 25 April 2014 on the legal status and supervision of credit institutions and based on a decision of the competent and relevant governance body.

5. SEVERANCE ENTITLEMENTS

5.1 Severance payment in lieu of notice

5.1.1 For self employed

For self-employed managers, the severance entitlement will in principle not exceed 12, respectively 18 months subject to the motivated recommendation of the remuneration committee, and are defined in the management agreement.

5.1.2 For employees

In case of the early termination of an employment contract, any amount paid in the transactional context (beyond the existing legal minimums and collective agreements) should reflect the actual past performance of the employee and cannot reward a failure. The evaluation of this performance must be documented.

If under Belgian legislation additional legal requirements and procedures should be respected to exceed severance packages of 12, respectively 18 months, the required approval procedure will be fully respected.

5.1.3 Procedure

Any agreement/settlement on severance will be approved and/or confirmed by the Board of Directors and as far as legally required, the remuneration committee may be involved.

The approval of any deviating clauses will be given by the general shareholders meeting of the relevant legal entity and/or Bank Degroof Petercam.

5.2 Buyout awards

Buyout awards to newly hired experienced executives will be paid according to a schedule and under conditions as equivalent as possible to the initial vesting dates and conditions of the repurchased

instruments and in accordance with the payment and behavioural conditions stipulated in the framework of the Bank's deferred remuneration plan in effect at the time of the buy-out awards to these employees, including deferral, retention, pay out in instruments and clawback arrangements.

Buyout awards are – for the avoidance of doubt - however not considered as variable remuneration in the sense of CRD IV since they do not reward a professional activity performed for Bank Degroef Petercam.

6 PREVALENCE OVER OTHER REGULATIONS, POLICY OR INTERNAL GUIDELINES

In view of, on the one hand, the mandatory character of the regulation on which the Remuneration Policy for Identified Staff is based and, on the other hand, the objectives of the Remuneration Policy for Identified Staff, the latter will prevail if a provision of other possible regulations, of a policy or of internal guidelines (besides the Remuneration Policy) deviates from the Remuneration Policy for Identified Staff.

7 VARIA

7.1 The Remuneration Policy for Identified Staff is regularly, and at least once a year, subject to review in order to ensure that internal control systems and mechanisms and other settlements are effective, and that its principles fit and correspond with, respectively, the situation of Bank Degroef Petercam and the applicable regulations.

Along with this assessment, it is verified whether the decisions taken on the level of Variable Remunerations correspond with the Remuneration Policy for Identified Staff.

The assessment will be done under the supervision of the Board of Directors, with participation of the Remuneration Committee, Human Resources and Control Functions.

Where necessary, appropriate measures will be taken quickly in order to remedy possible shortcomings.

7.2 All employees have access to the general principles which organise the Remuneration Policy, as it will be published. The Identified Staff receives a copy of the Remuneration Policy for Identified Staff.

7.3 Every amendment to the law or to any other regulation which could have an impact on the validity, the applicability or the interpretation of the Remuneration Policy is immediately and automatically incorporated in this Remuneration Policy insofar as such modification does not in itself make the commitments and obligations of Bank Degroef Petercam more stringent and insofar as it does not breach the proper Remuneration Policy of Bank Degroef Petercam or the strategy of risk management of Bank Degroef Petercam as intended in Article 1.4 above, or its minimal to medium risk profile.

8 IMPLEMENTATION

The Remuneration Policy for Identified Staff will be applicable to all Variable Remunerations relating to performances delivered as of 2017.

ANNEX 1
INTERPRETATION

1. GENERAL

1.1 The singular includes the plural and vice versa, and references to words illustrating gender imply both male and female.

1.2 Unless the context requires a different interpretation, “embed/comprise/include” means “embed, comprise, include”, without being limited thereto.

2. DEFINITIONS

2.1 The following terms used in the Remuneration Policy for Identified Staff and annexes have the following meaning :

Bank Degroof Petercam means Bank Degroof Petercam NV and its Belgian and foreign subsidiaries.

Benefits pursuant to Discretionary Pension Benefits are enhanced pension benefits granted on a discretionary basis to an Employee as part of the Variable remuneration of that Employee. These benefits do not include the acquired rights which are granted to an Employee on the basis of the normal pension benefits plan which is financed within Bank Degroof Petercam in a recurrent manner.

Board of Directors means the board of directors of Bank Degroof Petercam NV.

CBFA means the Banking, Finance and Insurance Commission.

Control Functions means every Employee who works in one of the following departments, who guarantees the performance of the operational independent Control Functions : Compliance, Risk Management and Internal Audit.

Delegated Regulation 604/2014 means the delegated regulation (EU) No. 604/2014 of the European Commission of 4 March 2014 complementing directive 2013/36/EU of the European Parliament and the Council relating to technical standards on qualitative and appropriate quantitative criteria establishing employee categories whose professional services may materially alter the risk profile of the institution.

Employee means every salaried employee and independent employee, including every executive director and member of an executive committee who performs professional services for Bank Degroof Petercam as their main activity.

Fixed Remuneration means every contractually set forth Remuneration which is allowed independently of the Employee’s performances. Guaranteed Variable Remuneration, Severance Pay

and Global Remuneration linked to termination or buyback of previous labour contracts are not deemed as being part of the Fixed Remuneration.

FSMA means the Financial Services and Markets Authority.

Identified Staff means the Employees of Bank Degroof Petercam and its subsidiaries which have been identified by the Management Committee in accordance with the selection methods and criteria set forth by the Board of Directors (see Annex 2 of the Remuneration Policy for Identified Staff).

Inspection authority(-ies) means the inspection authority as set forth in Article 3 of the law.

Law means the law of 25 April 2014 relating to the statute for and supervision of credit institutions.

Management Committee means the management committee of Bank Degroof Petercam NV.

NBB means the National Bank of Belgium.

Remuneration means all types of awards, payments and advantages, including non-financial ones, directly or indirectly authorised, but on behalf of Bank Degroof Petercam, in return for professional services performed by an Employee of Bank Degroof Petercam.

Severance Pay means every payment related to early termination of a contract which cannot be qualified as Variable Remuneration.

Variable Remuneration means every Remuneration, whether discretionary or not, consisting of awards, payments or additional benefits dependent on the performance level of the Employee or of other contractual criteria, including all other performance rewards set forth by the collective labour agreement or other encouragement payments, with the exception of payments or benefits allowed as non-recurrent result driven benefits on the basis of a collective labour agreement implementing collective labour agreement no. 90, and payments or benefits allowed in the framework of employee participation in the share capital and the profit of the companies in accordance with the law of 22 May 2001.

ANNEX 2
IDENTIFIED
STAFF

Taking into account Article 67 of the law of 25 April 2014 relating to the statute for and supervision of credit institutions and the Delegated Regulation, the Board of Directors **within Bank Degroof Petercam** has decided that the Identified Staff covers :

- (a) the members of the Board of Directors ;
- (b) the following categories of Employees when their professional activities have a significant effect on their risk profile :
 - 8.1.2.1 all members of the Management Committee ;
 - 8.1.2.2 all executive members of the Management Committee ;
 - 8.1.2.3 the Employees with a position which includes taking risks as determined in accordance with the Delegated Regulation ;
 - 8.1.2.4 the Control Functions which are responsible for the operational independent control functions ;
- (v) the Employees whose total Remuneration places them on the same Remuneration level as senior management and persons with a position which includes taking risks, as determined in accordance with the Delegated Regulation.