

BANK DEGROOF PETERCAM NV

REMUNERATION POLICY

1. INTRODUCTION

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

1.1 Scope of application

The principles and terms of the Remuneration Policy are applicable to Bank Degroof Petercam NV and to its Belgian and foreign subsidiaries (together **Bank Degroof Petercam**) as well as to its Employees in Belgium and abroad, regardless of the statute of those Employees.

The Remuneration Policy sets out the remuneration policy for the entire group of Employees, including the Employees who are exercising a Control Function. For the Identified Staff, the Remuneration Policy for Identified Staff supplements the present Remuneration Policy.

1.2 Regulatory and objective context

The Remuneration Policy is established in compliance with and according to the requirements set out in the regulation on remuneration within financial institutions providing investment services, notably due to :

- (i) Initially, annex V of the directive 2010/76/EU (hereinafter referred to as *CRD III*) ;
- (ii) Then directive 2013/36/EU (hereinafter referred to as *CRD IV*) which abrogates CRD III ;
- (iii) Implementation of these directives by Belgian internal regulation in particular by :
 - (A) The law of 25 April 2014 on the legal status and supervision of credit institutions ;
 - (B) The CFBA circular of 14 February 2011 (which introduces in the Belgian regulations the directives of 10 December 2010 of the Committee of European Banking Supervisors – hereinafter referred to as *CEBS Guidelines*) ; and
 - (C) the specific directives of the NBB, the EBA and the FSMA.

The Remuneration Policy is also established in compliance with the European and Belgian provisions on conflict of interest and rules of conduct in the markets for financial instruments (MiFID), including the "Guidelines on Policies and Procedures of remuneration" issued on 11 June 2013 by the European Markets Authority and implemented on 4 December 2013 by the FSMA.

1.3 Purpose of the remuneration policy

The purpose of the Remuneration Policy is to regulate the remuneration mechanisms within Bank Degroof Petercam with a view to promoting sound and effective risk management while not encouraging any risk taking that would exceed the level of risk, tolerated by Bank Degroof Petercam, this while promoting the objectives and long-term interests of Bank Degroof Petercam and the absence of conflicts of interest.

1.4 Specific characteristics for 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 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, more specifically supported by the ownership of shares of the staff, which is encouraged when possible.

Bank Degroof Petercam has always held 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 strategy of risk management of Bank Degroof Petercam :

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

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

1.5 Relation with other rules regarding remuneration and performance monitoring

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

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

1.6 Interpretation

In addition to the terms defined elsewhere in the Remuneration Policy, the definitions in Appendix 1 apply to the entire Remuneration Policy, unless otherwise provided.

2. GENERAL PRINCIPLES OF REMUNERATION

2.1 For the purposes of the Remuneration Policy and all related documents, any remuneration consists of either Fixed Remuneration or Variable Remuneration.

2.2 The following general principles of remuneration are applicable for all Employees :

- (i) All internal or local practices or provisions relating to the remuneration or performance monitoring that coexist with the Remuneration Policy :
 - (A) are in line with the economic strategy, objectives, values and risk level allowed by Bank Degroof Petercam ;
 - (B) support the long-term interests of Bank Degroof Petercam as well as the interests of Bank Degroof Petercam's clients, inter alia by aiming to avoid conflicts of interest ;
 - (C) enable and promote a sound and effective risk management and support the effective risk control and the protection of a sound and healthy financial base ;
 - (D) comply with international and Belgian regulations on remuneration policies ;
 - (E) are properly established in writing to allow appropriate control of their implementation.
- (ii) The total volume of Variable Remuneration granted does not limit the capacity of Bank Degroof Petercam to strengthen its own funds. To this end, Variable Remuneration is only granted if there is sufficient margin to generate a Variable Remuneration envelope. This envelope is set by the Board of Directors on the proposal of the Remuneration Committee ;
- (iii) Guaranteed Variable Remuneration is not compatible with sound risk management or the principle of earnings-based and performance-based compensation and is not part of future-oriented compensation plans. As a result, a guaranteed Variable Remuneration will be granted only exceptionally, and only to newly recruited Employees and for their first year of employment, provided that Bank Degroof Petercam has a sound and solid financial base ;
- (iv) Employees may not use personal hedging strategies or compensation or liability insurance to counteract the impact of risk alignment incorporated into their compensation arrangements. Similarly, Bank Degroof Petercam will not accept any request to pay Variable Remuneration through vehicles or methods designed to facilitate non-compliance with the Remuneration Policy and the Remuneration Policy for Identified Staff ;
- (v) Any pension policy is in line with the economic strategy, objectives, values and long-term interests of Bank Degroof Petercam. In addition, Bank Degroof Petercam does not grant any Discretionary Pension Benefit as part of Variable Remuneration ;
- (vi) Without prejudice to the mandatory legal rules relating to the termination of employment agreements, independent collaboration and mandates, payments related

to the termination of an agreement must correspond to effective performance over time and will not reward the failure or fault.

2.3 For Employees belonging to the Identified Staff, the Remuneration Policy provides for an appropriate balance between the fixed and variable components of the Total Remuneration.

The Fixed Remuneration represents a sufficiently large portion of the total Remuneration to guarantee the exercise of a fully flexible Variable Remuneration policy, and in particular the possibility of not paying any Variable Remuneration. Variable Remuneration is, in any case, limited to the higher of the following two amounts :

- (i) 50% of the Fixed Remuneration ;
- (ii) EUR 50,000, without this amount exceeding the amount of the Fixed Remuneration.

2.4 If the Control Authority(ies) on which Bank Degroof Petercam would depend decide(s) that this modality is applicable and mandatory, at least 50% of the Variable Remuneration, including its part carried forward in application of the relevant rules described in the Remuneration Policy and in the Remuneration Policy for Identified Staff, is composed of other capital instruments as referred to by the law of 25 April 2014, referred to above.

As such, Bank Degroof Petercam may grant 50% of Variable Remuneration, including its deferred share, in the form of conditional cash, in accordance with Article 6 of Annex 2 of the law of 25 April 2014 and Commission Delegated Regulation (EU) No 527/2014 of 12 March 2014, supplementing Directive (EU) No 2013/36 / EU of the European Parliament and of the Council 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 Degroof Petercam depends.

Bank Degroof Petercam determines each year the terms and conditions of Variable Remuneration in the form of conditional cash and complies with the provisions and principles set out in the Remuneration Policy and the Remuneration Policy for Identified Staff and in the applicable regulations.

2.5 For Employees belonging to the Identified Staff, and insofar as this is legally possible and neutralization measures are not taken, the necessary measures will be taken to recover, within 3 years of payment or acquisition of Variable Remuneration, or not to make any payment of Remuneration that would have been made on the basis of data that subsequently would prove to be manifestly erroneous or misleading or risk-taking, not disclosed at the time of the awarding of Remuneration, which would be a posteriori damaging to the Bank, especially if the Bank produces a reduced or negative financial return. This recovery will occur, in particular, in situations in which the concerned person :

- (i) Participated in practices that resulted in significant losses to or for the Bank ;
- (ii) Failed to comply with applicable standards of professional expertise and good reputation ;

- (iii) Has participated in a particular mechanism whose purpose or effect is to promote tax evasion by third parties.

It will also intervene, in case of multi-year objectives, when it proves, a posteriori, that a Remuneration was granted annually for the realization of a step which was not effective for the realization of the end goal.

2.6 The following general remuneration principles also apply to the Control Functions :

- (i) The level of Fixed Remuneration is sufficiently high to ensure that qualified and experienced Employees can be hired and retained ;
- (ii) In the ratio between Fixed Remuneration and Variable Remuneration, a fixed part is provided for Fixed Remuneration ;
- (iii) Variable Remuneration is primarily based on specific objectives related to the performance of the duties, which include qualitative criteria, but which are not based on the financial performance of the business areas and levels of business they directly control.

3. PROPORTIONALITY AND NEUTRALIZATION PRINCIPLES

3.1 In the event of a possible application of the principle of proportionality, which takes into account the specific characteristics of the business cycle, the nature of the business, its level of risk, the skills and the effective presence of the Identified Staff concerned within Bank Degroof Petercam, and more precisely taking into account the low-medium risk profile of Bank Degroof Petercam and the height of the variable remuneration, Bank Degroof Petercam reserves the right to lodge a request to neutralize some of the rules mentioned in the Remuneration Policy and the Remuneration Policy for Identified Staff (Annex 2).

3.2 The low to medium risk profile of Bank Degroof Petercam results from the following optimal risk management strategy :

- (i) Sound remuneration policy : Bank Degroof Petercam applies an adequate remuneration policy designed not to encourage or even discourage significant risk-taking ;
- (ii) Limitation of market risks : Bank Degroof Petercam's objective is not to take significant risks in its activities for its own account. The main market risk is taken through long-term equity investment activity (holding portfolio ;
- (iii) Credit risk limitation : Bank Degroof Petercam's credit portfolio consists mainly of highly collateralized assets with a view to limiting risks and the consumption of own funds ;
- (iv) Cautious liquidity management : Bank Degroof Petercam is keen to ensure its liquidity, and therefore its sustainability. It is financed mainly by its customer deposits and its replacements are largely mobile with the NBB ;
- (v) Long-term management : Bank Degroof Petercam favors long-term relationships with private clients who trust the Bank and is very concerned about its reputation in general, particularly in terms of management ;

- (vi) Cautious strategic management : Bank Degroof Petercam does not seek to embark on new activities.

3.3 The application of the principle of proportionality may, by means of a decision taken after the reasoned request provided for by the Supervisory Authorities and on the proposal of the Remuneration Committee, lead to a modification or neutralization of some of the above mentioned rules for a part or the whole of the Identified Staff, taking into account in particular the following aspects :

- (i) The specific nature of their activities or the specific conditions (in particular the regulatory conditions) governing the exercise of those activities ;
- (ii) The aforementioned criteria relating to the activities of Bank Degroof Petercam ;
- (iii) The lower level of responsibility of these Employees, or a lower level of effective individual impact on the company's risk profile or compensation structure ;
- (iv) Local regulations.

3.4 This neutralization does not, however, affect the limits of variable remuneration, which are fully applicable. If the total variable remuneration is less than EUR 75,000 gross for the Belgian employees or any other amount provided in the applicable national legislations, in accordance with the application of the principle of proportionality and for administrative reasons, the deferred portion of the bonus is paid on the date of granting. This principle applies only insofar as the Control Authority(ies) maintain this use.

4. PRINCIPLES RELATING TO THE PERFORMANCE MONITORING

4.1 The following performance monitoring principles apply to all Employees :

- (i) At the beginning of the performance period, the Employee and one of his line managers agree on a set of performance objectives in line with Bank Degroof Petercam's strategy ;
- (ii) In line with Bank Degroof Petercam's internal policies for the prevention and management of conflicts of interest, the performance objectives avoid creating conflicts of interest, in particular through incentives that may encourage Employees to promote their own interests or the interests of Bank Degroof Petercam at the potential expense of clients. To this end, all performance objectives will include an appreciable share of qualitative criteria and will not establish a direct link between the sale (of categories) of specific financial instruments and the Variable Remuneration ;
- (iii) A performance evaluation is performed at the end of the performance period by one of the line managers. It is carried out on the basis of financial and non-financial criteria, individual or collective ;
- (iv) All performance goals and performance evaluations are properly documented.

4.2 By way of derogation from 4.1, the following performance monitoring principles apply to the Control Functions :

- (i) At the beginning of the performance period, the Employee and the manager of the department to which the Control Function reports shall jointly establish a set of performance objectives ;

The objectives of the Control Functions are established taking into account the following constraints :

- (A) The objectives are primarily objectives related to the exercise of functions, including for the most part qualitative criteria ;
 - (B) If financial objectives are set among the objectives not related to the exercise of the functions, these cannot be linked to the financial performance of the business areas and levels of business that the Control Function directly controls, but only to the financial results of Bank Degroof Petercam as a whole ;
 - (C) At no time may the performance objectives of a Control Function compromise its independence or create a conflict of interest or, more specifically, result in any of its decisions or actions having a direct effect on the achievement of its financial objectives and the level of its Variable Remuneration.
- (ii) A performance evaluation is performed at the end of the performance period by one of the line managers. This evaluation will be validated by the head of the department responsible for the Control Function ;
 - (iii) Any performance objectives and performance evaluations are properly recorded in writing.

4.3 The Compliance Control and Risk Management Functions will verify by random sampling, set by Compliance and Risk Management, the individual or group performance objectives of Employees set for a given year, as well as the link between the level of achievement and the Variable Remuneration. granted on the basis of the performance evaluation.

4.4 Permanent control: the operating procedures implementing this memorandum are documented, as are decisions made in the context of the remuneration process, so as to ensure the system can be audited; supervision points as well as second-level control responsibilities are identified.

Periodic control: the internal control function carries out an annual ex facto review of the process, to ensure it is effectively compliant with the principles and procedures laid down in this document. A summary of the report from the internal control function will be brought to the attention of the Remuneration Committee.

Final decision is taken by Board of Directors, after recommendation of the remuneration committee.

5. GOVERNANCE OF THE REMUNERATION

5.1 The following bodies and functions are involved in matter of Remuneration within Bank Degroof Petercam :

- (i) Management Committee ;

- (ii) Remuneration Committee ;
- (iii) Board of Directors ;
- (iv) Control Functions.

5.2 Management Committee

The implementation of the remuneration policy is executed by the Management Committee.

The remuneration policy is an integral part of the governance memorandum prepared under the responsibility of the Management Committee and approved by the Board of Directors.

5.3 Remuneration Committee

The Remuneration Committee is composed of non-executive members of the Board of Directors.

The Remuneration Committee provides opinions and proposals for decisions to the Board of Directors relating to :

- (i) The Remuneration Policy within Bank Degroof Petercam and any amendments thereto ;
- (ii) The global Variable Remuneration package of Bank Degroof Petercam ;
- (iii) The allocation of the envelope between the entities of Bank Degroof Petercam and the share of the envelope reserved for Identified Staff ;
- (iv) Remuneration of Identified Staff and Control Functions ;
- (v) Remuneration of the non-executive members of the Board of Directors ;
- (vi) The possible implementation of stock option plans or capital increases reserved for Employees.

The Remuneration Committee directly supervises the Remuneration of the heads of the Control Functions.

In its opinions and decision-making, the Remuneration Committee takes into account the long-term interests of shareholders, investors and other stakeholders of Bank Degroof Petercam as well as the public interest.

5.4 Board of Directors

The Board of Directors has the central role in determining any remuneration policy within Bank Degroof Petercam. It is the ultimate organ of decision and supervision in this matter.

The Board of Directors makes the individual decisions regarding the remuneration of the members of the Identified Staff. Similarly, it can only agree to derogations from the remuneration policy.

It delegates the preparation of the decisions to the Remuneration Committee and their implementation to the Management Committee.

5.5 Control Functions

- (i) Employees who exercise independent operational control functions are independent of the operational units of Bank Degroof Petercam and have the prerogatives necessary for the proper performance of their duties ;
- (ii) The Control Functions, and more specifically Internal Audit and Compliance, cooperate closely with the Board of Directors, the Management Committee and the Remuneration Committee in the establishment, the monitoring of the application and the evaluation of the Remuneration Policy and the Remuneration Policy for Identified Staff ;
- (iii) As part of this cooperation, the Control Functions may at any time, on their own initiative or at the request of the bodies concerned, formulate opinions ;
- (iv) The Control Functions also cooperate in determining the overall remuneration strategy of Bank Degroof Petercam, taking into account the promotion of effective risk management.

6. PREVALENCE OVER OTHER INTERNAL REGULATIONS, POLICIES OR GUIDELINES

Given, on the one hand, the binding nature of the regulations on which the Remuneration Policy is based and, on the other hand, the objectives of the Remuneration Policy, if a provision of any other internal regulation, policy or applicable directive derogates from the Remuneration Policy, the latter will prevail.

7. MISCELLANEOUS

7.1 The Remuneration Policy shall be reviewed regularly and at least once a year to ensure the effectiveness of the internal control systems and mechanisms and other arrangements put in place and the adequacy and conformity of its principles with, respectively, the situation of Bank Degroof Petercam and the applicable regulations.

This assessment will also include checking the compliance of the decisions taken on Variable Remuneration with the Remuneration Policy.

This evaluation will be carried out under the supervision of the Board of Directors, with the participation of the Remuneration Committee and the Control Functions.

Where appropriate, appropriate measures will be taken promptly to remedy any deficiencies.

7.2 All staff members have access to the general principles governing the Remuneration Policy, which are being published.

8. COMMUNICATION TOWARDS THE PUBLIC

Without prejudice to the proportionality principle, and only insofar as it is justified taking into account the size of Bank Degroof Petercam, its internal organisation, the scope of its activities and their complexity, Bank Degroof Petercam will provide in its management report all necessary information relating to Employees whose professional activities have a significant impact on the bank's risk profile in accordance with all relevant legislation as amended from time to time. This information is enumerated in article 450 of Regulation 575/2013 (EU) of 26 June 2013 :

- (i) information concerning the decision-making process used for determining the Remuneration policy, as well as the number of meetings held by the main body overseeing Remuneration during the financial year, including, if applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the Remuneration policy and the role of the relevant stakeholders;
- (ii) information on link between pay and performance;
- (iii) the most important design characteristics of the Remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria;
- (iv) the ratios between fixed and variable Remuneration set in accordance with Article 94(1)(g) of Directive 2013/36/EU;
- (v) information on the performance criteria on which the entitlement to shares, options or variable components of Remuneration is based;
- (vi) the main parameters and rationale for any variable component scheme and any other non-cash benefits;
- (vii) aggregate quantitative information on Remuneration, broken down by business area;
- (viii) aggregate quantitative information on Remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the institution, indicating the following :
 - a. the amounts of Remuneration for the financial year, split into fixed and variable Remuneration, and the number of beneficiaries;
 - b. the amounts and forms of variable Remuneration, split into cash, shares, share-linked instruments and other types;
 - c. the amounts of outstanding deferred Remuneration, split into vested and unvested portions;
 - d. the amounts of deferred Remuneration awarded during the financial year, paid out and reduced through performance adjustments;
 - e. new sign-on and severance payments made during the financial year, and the number of beneficiaries of such payments;
 - f. the amounts of severance payments awarded during the financial year, number of beneficiaries and highest such award to a single person;
 - g. the number of individuals being remunerated EUR 1 million or more per financial year, for Remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500,000 and for Remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million;

- h. upon demand from the Member State or competent authority, the total Remuneration for each member of the management body or senior management.

9. IMPLEMENTATION

The Remuneration Policy will enter into force with immediate effect as of 1 March 2018.

ANNEX 1

INTERPRETATION

1. GENERAL

- 1.1 The singular includes the plural and vice versa and references to words reflecting a gender include both masculine and feminine.
- 1.2 Unless the context requires a different interpretation, "including / include / include" means "including / include / include but not limited to".

2. DEFINITIONS

- 2.1 The following terms used in the Remuneration Policy and its 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.

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).

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.