

# KBC GROUP NV CORPORATE GOVERNANCE CHARTER<sup>1</sup>

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<sup>1</sup> Approved by the Board of Directors of KBC Group NV on 15 December 2022.

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**INTRODUCTION**

This version of KBC Group NV's Corporate Governance Charter has been drawn up in accordance with the provisions of the Companies and Associations Code, the Belgian Corporate Governance Code and the relevant Financial Supervisory Laws. This Charter qualifies as the 'internal regulation' in the meaning of Article 2:59 of the Companies and Associations Code.

In this Charter, KBC Group NV sets out the main aspects of its Corporate Governance policy.

The Board of Directors regularly checks whether the content of the Charter is in line with prevailing legislation and regulations and whether it is up to date.

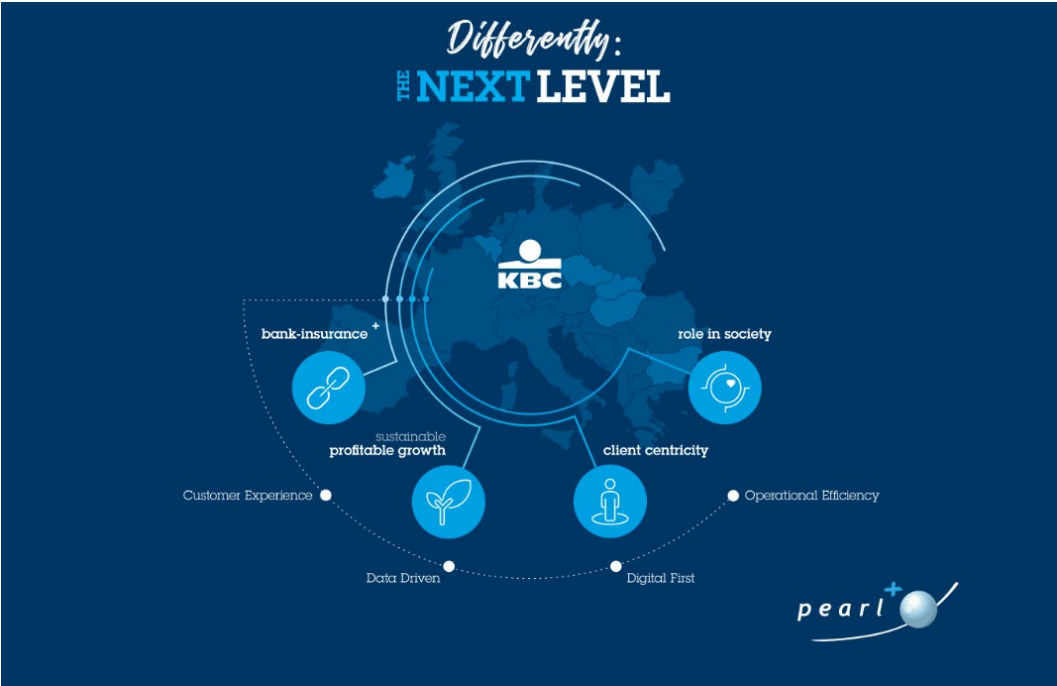
More factual information relating to Corporate Governance policy, including reasons for any non-compliance with the Belgian Corporate Governance Code, the remuneration report, a description of the key features of the internal control and risk management systems and a description of the composition of the Board of Directors and how it functions, is included every year in a separate Corporate Governance statement appearing in a specific section of the Annual Report.

The latest version of the Charter (complete with appendices and indication of the last amendment date) can be consulted on the KBC group website ([www.kbc.com](http://www.kbc.com)). The latest Annual Report and Articles of Association are also available on that website.

**1. KBC GROUP MISSION AND VISION**

The KBC group is a bank-insurance group, which focuses on retail, small and medium-sized enterprises (SMEs) and midcap clients in its core markets of Belgium, the Czech Republic, Slovakia, Hungary and Bulgaria.

To remain – as a stand-alone group – among the **best performing** and trusted financial institutions in Europe, KBC Group developed its 'Differently, the next level'-strategy.



We still consider our [Corporate Storyline](#) as a valid way forward. The KBC Group's strategic answers 2020 - 2023 add strategic priorities to address the changing environment.

KBC does not change how business is being monitored: business remains being evaluated based on their contribution to the KBC Group targets. Hence, best performing is still judged on the basis of Capital, Liquidity and Performance (both financial and non-financial) parameters and monitored via the 4-dimensional performance diamond (i.e. 4 dimensions are capital, liquidity, profitability and people (i.e. clients, staff, shareholders and society)) within a well-defined risk playing field.

KBC does change the current operating model (i.e. the **What**) to anticipate the changing customer environment:

- We move beyond traditional bank-insurance towards '[bank-insurance +](#)' (BI+). In Retail as well as Corporate we do not see our business as only providing traditional bank-insurance solutions but also as providing less traditional non-financial (adjacent) solutions that impact the financial wellness of retail customers or that ensure the future of corporate customers' business.
- We position [Customer Experience and Operational Efficiency](#) as key metrics of our strategy (success = customer experience x operational efficiency). Our business model remains guided by our client-centric vision, but in today's and especially tomorrow's environment we need to re-position ourselves in a proactive manner at the center of the customer's daily live to maximize customer experience.

Moreover, KBC changes how (i.e. the **How**) it does its business:

- The imperative to steer the mindset in the group is finetuned from PEARL into [PEARL+](#). The '+' refers to group-wide collaboration. KBC is working in various countries and respecting local embeddedness. Today, group-wide collaboration is not always used optimally: we experience missed opportunities, good solutions worked out in every detail in one of our core countries that are not replicated in other markets. But instead of killing initiative, creativity and motivation by opting for centralization, we work with the concept of [smartcopy](#) to obtain group-wide collaboration.
- We become a [data-driven organization](#), evolving over time into a [solution-driven organisation](#). The operating model is lead-driven and steered by data, data-driven insights and AI (via the AI-engine Kate). All our products and processes, the way we steer our (commercial) organization, how we interact with our customers, how we manage data, .... are impacted and driven by data.
  - The way we interact with our customers changes into 'intelligent' (via Kate as digital assistant for customers as well as employees), pro-active and personalized. It also means that humans support the digital/data generated service. Therefore, the role of non-digital and the 'service through humans' will change resulting in a new target distribution model: '[digital first](#)' driven by [lead management](#) (>< digital only).
  - The distribution network will be given a double role. On the one hand, monitor and drive the pick-up rate of the digital AI-enhanced solution engine (Kate) by our customers, whilst on the other hand the fulfilment (proactive or reactive) of financial needs of our customers in a non-digital manner.
  - The operating model will evolve incrementally into a solution-driven organization, i.e. data analytics and artificial intelligence will be used to proactively provide solutions (even non-financial solutions) to our customers directly via mobile applications.
- Products have to be [simple](#) and [top-notch](#). Services/processes have to be simple with [zero hassle](#). This implies that products as well as services/processes are designed digital first (as if they were solely to be sold in a digital way).

To make sure that we remain among the trusted financial institutions in Europe, we continue to take our [responsibility towards society and local economies](#) seriously and reflect that in our everyday activities. Trust of all involved stakeholders is our license to operate.

Our [geographical playing field](#) with respect to core countries (i.e. the **Where**) remains in essence the same. In core countries (Belgium, the Czech Republic, Slovakia, Hungary, Bulgaria) we own a bank and an insurer. However, we consider the opportunity to extend this range:

- via a **digital only entry strategy** whereby profitability rather than market share is the priority. A limited number of traditional financial services can be offered selectively – via a digital only approach – to a limited number of customers (a.o. determined by risk profile) in wealthy KBC non-core countries.
- via developing a **FinTech patchwork**: FinTechs can be acquired in support of implementing our strategy via addressing our current white spots.

## **2. STRUCTURE AND ORGANISATION OF KBC GROUP NV**

### **2.1. Legal structure**

Incorporated under Belgian law, KBC Group NV is a company with limited liability (*naamloze vennootschap*). The life of the company is indefinite.

The Main Subsidiaries of KBC Group NV are KBC Bank NV, KBC Insurance NV and KBC Global Services NV. In order to become a 'clean HoldCo' for resolution purposes, KBC Group NV only retained its capital and MREL issuing activities as well as the groupwide steering and control functions. The shared services and the other part of the group functions have been transferred by KBC Group NV to KBC Global Services NV (a non-regulated entity).

KBC Group NV holds all shares of KBC Bank NV and KBC Global Services NV. KBC Group NV holds all shares of KBC Insurance NV apart from 48 889 shares held by KBC Insurance NV itself.

### **2.2. Management structure**

KBC Group NV applies a dual structure at both group level and at the level of its Main Subsidiaries. According to the Companies and Associations Code and the Financial Supervisory Laws, KBC Group NV and its Main Subsidiaries are administered by a Board of Directors (for KBC Group NV, KBC Bank NV and KBC Insurance NV) or Supervisory Board (for KBC Global Services NV) and an Executive Committee (for KBC Group NV, KBC Bank NV and KBC Insurance NV) or Management Committee (for KBC Global Services NV):

- The *Board of Directors/Supervisory Board* defines the strategy and general policy of the company. It decides on risk policy, including risk appetite. It supervises management and decides on the governance of the company with respect to such matters as fall within its remit.
- The *Executive Committee/Management Committee* is responsible for the operational management of the company within the confines of the strategy, general policy and risk policy approved by the Board of Directors/Supervisory Board. This operational management encompasses all management powers except those which, by law, are expressly reserved for the Board of Directors/Supervisory Board.

### **2.3. Internal governance of the KBC group**

The KBC group has a specific group structure within which the various Group Companies – primarily credit institutions, investment companies, insurance companies, and management companies of undertakings for collective investment – are brought together operationally in one or more Business Units managed by KBC Group NV.

KBC Group NV sets the strategy for the whole group and seeks, within the operational framework of the Business Units, to create synergy among the various Group Companies, to use the full potential of the KBC group as financial conglomerate, to achieve unity and continuity of management, and to monitor and manage the risks of the KBC group as financial conglomerate efficiently and effectively. This is done in compliance with the laws and regulations governing the individual core activities of its subsidiaries.

The Business Units are managed as a whole by the Executive Committee of KBC Group NV. The Executive Committee is composed of a Group Chief Executive Officer (Group CEO), a

Group Chief Financial Officer (Group CFO), a Group Chief Risk Officer (Group CRO), a Group Chief Innovation Officer (Group CIO), a Chief Executive Officer for the Belgium Business Unit, a Chief Executive Officer for the Czech Republic Business Unit and a Chief Executive Officer for the International Markets Business Unit. The Group CEO, Group CFO and Group CRO are members of the Board of Directors. The other members of the Executive Committee also attend Board of Directors' meetings.

## **2.4. Operational organisation**

Operationally, the KBC group is made up of Business Units and general operational support units at group level. Management Committees are set up to run these units.

The KBC group's commercial operations are divided up into three Business Units, namely Belgium, the Czech Republic and International Markets. These Business Units comprise several Group Companies (primarily credit institutions, investment companies, insurance companies, and management companies of undertakings for collective investment). Certain activities of some Group Companies (such as KBC Bank NV) are managed from different Business Units. Each Business Unit is led by a CEO, who is a member of the Executive Committee of KBC Group NV.

In addition, there are four general operational support units that operate on behalf of the KBC group. These are 'Corporate Staff', which comes under the Group CEO, 'CRO Services' under the Group CRO, 'CFO-Services' under the Group CFO and 'Innovation and Digital Transformation', which comes under the Group CIO.

## **3. SHARES, CAPITAL AND SHAREHOLDER STRUCTURE**

### **3.1. Shares**

#### **3.1.1. Types of shares**

The KBC Group NV shares exist in book-entry or registered form.

#### **3.1.2. Book-entry shares**

Book-entry shares are held and traded in electronic form on a custody account.

#### **3.1.3. Registered shares**

The name, address, identification number (in case of legal persons) and number of shares of the owners of registered shares, or of the holders of a right of usufruct or of a lien in respect of such shares, are entered in the shareholder register. By way of confirmation of this entry, the holder or beneficiary of registered shares receives a registration certificate.

The shareholder register is kept electronically at the registered office of KBC Group NV by its secretariat. The shareholders or other beneficiaries are required to notify the secretariat of any changes to their details (e-mail address: [aandelenregister.groep@kbc.be](mailto:aandelenregister.groep@kbc.be)).

Holders of shares have a right of access to the full shareholder register on written request addressed to the Group Secretary of KBC Group NV (e-mail address: [aandelenregister.groep@kbc.be](mailto:aandelenregister.groep@kbc.be)). They have to present a proof of their identity. The request for access, the identity of the relevant shareholder, the date of access, the purpose of the access and the data which were viewed, will be registered and retained in compliance with the law and regulations.



#### **3.1.4. Conversion of shares**

At the request and expense of the shareholder, book-entry shares may be converted into registered shares, and registered shares into book-entry shares.

In practice, book-entry shares are converted into registered shares by transferring them from KBC Group NV's issuers account at Euroclear Belgium to its registered issuers account. Other financial institutions or financial intermediaries will enter book-entry shares in KBC Group NV's custody account at Euroclear Belgium. Following their entry, the shares will be registered in the name of the shareholder in KBC Group NV's shareholder register, and a registration certificate issued and sent to the shareholder.

Registered shares may be converted into book-entry shares only by deleting the entry in the shareholders register and transferring the shares to the shareholder's custody account.

#### **3.1.5. Voting rights**

Each share gives entitlement to one vote.

The company recognises only one owner per share for the exercise of voting rights. Persons who, for one reason or another, have a joint right in rem to a share, sub-share or other security, shall arrange to be represented by one and the same person. This representative must either be one of the persons co-entitled or must meet the requirements of Article 28 of the Articles of Association. Until such time as this provision has been met, the company shall be entitled to suspend the exercise of the rights attaching to these shares, sub-shares or other securities. In the event of usufruct, the usufructuary shall exercise all the rights attaching to the shares, sub-shares or other securities, unless stipulated otherwise in a will or an agreement of which the company has been notified in writing.

### **3.2. Capital**

#### **3.2.1. Statement of capital**

On 1 December 2022, the issued share capital of KBC Group NV amounted to 1 459 535 533,42 euros, divided into 416 883 592 shares of no nominal value. The share capital is fully paid up.

#### **3.2.2. Capital increase and issue of shares**

The decision to increase share capital via the issue of new shares is taken by shareholders at the General Meeting in compliance with specific quorum and majority voting requirements.

The General Meeting also decides on whether to issue subordinated or unsubordinated convertible bonds or subscription rights, whether or not linked to subordinated or unsubordinated bonds, that could lead to increases in capital.

##### Authorised capital

On 4 October 2018, the General Meeting authorised the Board of Directors to increase, in one or more steps, the share capital, including by issuing subordinated or unsubordinated convertible bonds or subscription rights, whether or not linked to subordinated or unsubordinated bonds, that could lead to increases in capital. This authorisation is valid until 23 October 2023, and may be renewed.

This authorisation is granted for an amount of 291 000 000 euros, where the Board is entitled – in the company's interest – to restrict or suspend the preferential subscription rights of existing shareholders, and for an amount of 409 000 000 euros, without the Board having the power to restrict or suspend the preferential subscription rights.

On 14 November 2018, the Board of Directors decided to use its authorisation to increase capital by issuing shares to employees with suspension of the preferential subscription rights. On 21 December 2018, the issued share capital was increased by 905 962,59 euros, represented by 258 109 new shares.

On 13 November 2019, the Board of Directors decided to use its authorisation to increase capital by issuing shares to employees with suspension of the preferential subscription rights. On 20 December 2019, the issued share capital was increased by 838 770,66 euros, represented by 238 966 new shares.

On 10 November 2020, the Board of Directors decided to use its authorisation to increase capital by issuing shares to employees with suspension of the preferential subscription rights. On 18 December 2020, the issued share capital was increased by 1 052 705,16 euros, represented by 299 916 new shares.

On 10 November 2021, the Board of Directors decided to use its authorisation to increase capital by issuing shares to employees with suspension of the preferential subscription rights. On 17 December 2021, the issued share capital was increased by 663 509,34 euros, represented by 189 034 new shares.

As a result, the remaining authorized capital amounts to 696 539 052,25 euros, with possibility to suspend or restrict the preferential subscription rights of the existing shareholders to a maximum of 287 539 052,25 euros.

Taking account of the current par value of the KBC Group NV share, a maximum of 198 444 174 shares can consequently still be issued under the limit by which capital may be increased by the Board of Directors, with the existing shareholders' preferential subscription rights for 81 919 957 of these shares being suspended or restricted.

### **3.2.3. *Preferential subscription rights***

On each capital increase carried out by means of a contribution in cash, the new shares must be offered first to the existing shareholders in proportion to the amount of capital that their shares represent at the time of issue.

However, the General Meeting may decide, within the confines of the law and the Articles of Association, that all new shares, or a portion thereof, will not be offered first to the existing shareholders. In that case, the General Meeting will itself establish the conditions and, in particular, the price of the share issue without preferential subscription rights. In the event of the suspension or restriction of the preferential subscription rights, a right of precedence may be granted to shareholders on allotment of the new shares.

The Board of Directors may also suspend or restrict the preferential subscription rights under its authority to increase capital and within the confines of the law and the Articles of Association.

### **3.2.4. *Capital reduction***

The General Meeting may approve a reduction in capital, provided that specific quorum and majority voting requirements and other legal requirements are met. The purpose of the reduction, and the procedure to be followed, must be published in the notice convening the General Meeting.

### **3.2.5 *Acquisition and disposal of KBC Group NV shares***

Under the conditions laid down by law, the company and its direct and indirect subsidiaries may acquire and dispose of the shares of the company.

### **3.3. Shareholders**

#### **3.3.1. Core Shareholders**

The shareholder structure – as appears from notifications based on the Act of 1 April 2007 on public takeover bids, the Transparency Act and voluntary notifications – is included each year in the Annual Report.

These disclosures show that the Core Shareholders of KBC Group are KBC Ancora NV, its parent company Cera CV, MRBB BV and a group of legal entities and individuals, referred to as the Other Core Shareholders.

#### **3.3.2. Shareholder Agreement**

A Shareholder Agreement was concluded between these Core Shareholders with a view to ensuring the shareholder stability and continuity of KBC Group and supporting and coordinating its general policy. To this end the Core Shareholders act in concert in the shareholders meeting of KBC Group NV and are represented in the Board of Directors of KBC Group NV.

The Shareholder Agreement provides for a contractual shareholder syndicate. It sets out the rules for the syndicated shares, management of the syndicate, syndicate meetings, voting rights within the syndicate, pre-emptive rights in the event of the transfer of certain syndicated shares, withdrawal from the agreement, and duration of the agreement. Except for a limited number of decisions, the syndicate's meeting decides, in the absence of a consensus, by a majority of two thirds, it being understood that no shareholder group can block a decision. The agreement was extended for a new ten-year period, with effect from 1 December 2014.

#### **3.3.3. Equal treatment and information**

The Board of Directors ensures that all shareholders are treated equally.

KBC Group NV attaches great importance to giving its shareholders, bondholders and other stakeholders equal access to information. It accordingly seeks to ensure that information it provides periodically or potential inside information it disseminates via various channels is disclosed simultaneously.

Periodic information (including quarterly, half-yearly and yearly earnings statements) is published on the KBC Group NV website ([www.kbc.com](http://www.kbc.com)) at pre-announced times. This information is e-mailed simultaneously to press agencies, European Information Service Providers, financial websites (such as that of Euronext), financial analysts, institutional and private investors and other individuals who have requested it.

Inside information, as defined in the Dealing Code, must be disclosed without delay. In this case, the same distribution method is used as for periodic information.

However, KBC Group NV may, under its own responsibility, delay the publication of inside information on the following provisos:

- (i) if immediate disclosure is likely to prejudice the legitimate interests of the KBC group;
- (ii) if the delay is not likely to mislead the market; and
- (iii) if the confidentiality of the information concerned is assured by KBC Group NV.

In strictly exceptional circumstances KBC Group NV may also delay the disclosure of inside information under its own responsibility in order to maintain stability in the financial system, on the following provisos:

- (i) the disclosure risks undermining the stability of the issuer or the financial system;
- (ii) it is in the public interest to delay disclosure;
- (iii) confidentiality is assured;
- (iv) the FSMA consents to the delayed disclosure.

#### **3.3.4. Dialogue with shareholders and investors**

In addition to the provisions in 3.3.3, KBC Group NV strives to maintain a permanent dialogue with shareholders and investors. It does so primarily via its Investor Relations Office, which regularly organises information meetings for financial analysts and investors (whose presentations in this regard are, in many cases, made available on the website). The General Meetings offer good occasions at which to conduct a direct dialogue with the shareholders present at them.

Shareholder and investor information such as the Articles of Association of KBC Group NV, the agendas, participation formalities, proxy forms and other relevant information in respect of General Meetings, information with respect to the company's strategy and development, etc., can be found on the KBC group website ([www.kbc.com](http://www.kbc.com)) or is available from the company's registered office.

An e-mail-address of the company is made available on the KBC group website for the communication of the shareholders and holders of other securities issued by KBC with the company. The company will make available additional e-mail addresses for specific purposes, i.a. for the shareholders' meetings.

## **4. GENERAL MEETING**

### **4.1. General**

Each year, the Board of Directors convenes an ordinary General Meeting to be held at its registered office at Havenlaan 2, 1080 Brussels, at 10 a.m. on the first Thursday in May. The General Meeting may also be held elsewhere, as indicated in the convening notice. If this day falls on a statutory public holiday or bank holiday, then the General Meeting will be brought forward to 10 a.m. on the banking day immediately preceding that day.

Furthermore, the Board of Directors and statutory auditor may convene extraordinary and special General Meetings. They are required to do so if one or more shareholders, representing at least one-tenth of the share capital, request the Board of Directors to do so by registered letter. This letter must list and substantiate the case for the proposed agenda items and draft resolutions. In this case, the General Meeting must be convened within three weeks of the date postmarked on the registered letter.

The General Meeting represents all shareholders. Its decisions are also binding on the shareholders who abstain or vote against a decision.

Each share gives entitlement to one vote.

Holders of convertible bonds are entitled to attend the General Meeting, but they only have advisory voting capacity.

### **4.2. Agenda items**

The following agenda items, among others, will be submitted to the General Meeting:

- A. Ordinary General Meeting
  - Presentation of the combined Annual Report of the Board of Directors on the company and consolidated financial statements;
  - Presentation of the statutory auditor's reports on the company and consolidated financial statements;
  - Presentation of the consolidated financial statements;

- Approval of the company annual accounts and the allocation of profit (including the payment of a dividend);
  - Approval of the remuneration report (and, if applicable, of the remuneration policy);
  - Granting of discharge to the members of the Board of Directors and the statutory auditor;
  - Appointment and removal of directors and of the statutory auditor;
  - Renewal of the term of office of directors and of the mandate of the statutory auditor;
  - Establishment of the remuneration for directors and the statutory auditor.
- B. Extraordinary General Meeting  
All amendments to the Articles of Association due to, among other things:
- the issue of KBC Group NV shares (unless decided under the authorisation of the Board of Directors to increase capital);
  - a capital reduction;
  - decisions which concern the existence, object and form of the company.
- C. Special General Meeting  
All items not dealt with at an annual or extraordinary General Meeting and which fall under the authority of the General Meeting.

### **4.3. Convening notice and agenda**

As stipulated by law, the General Meeting is convened by way of a notice. This convening notice contains, among other things, details of the place, date and time of the General Meeting, the agenda containing those items proposed for inclusion and draft resolutions, a clear description of how the shareholders can attend the General Meeting and exercise their voting rights and of the formalities they have to comply with, the record date, the place where and the way in which the documents required by law and the draft resolutions can be obtained, and the full address of the KBC group website where this and other legally required information on the General Meeting can be found.

The agenda is drawn up by the Board of Directors. The various agenda items are communicated as clearly as possible.

The notice convening the General Meeting is given at least thirty days prior to the General Meeting through publication of the convening notice in the Belgian Official Gazette and in one or more Belgian newspapers with national coverage and in other media as may reasonably be assumed that they can ensure the effective dissemination of information to the public throughout the European Economic Area and which are quickly accessible in a non-discriminatory way.

Furthermore, for General Meetings, the holders of registered shares and/or registered convertible bonds, together with the directors and the statutory auditor, will be sent a convening notice at least thirty days prior to the General Meeting, either by ordinary post or by another means of communication to which they have expressly agreed. The holders of registered shares, the directors and the statutory auditor will also be sent the documents required by law.

Holders of book-entry shares and/or book-entry convertible bonds and/or bearer convertible bonds issued exclusively outside Belgium or governed by foreign law may – on presentation of a certificate drawn up by a recognised account holder or clearing house and attesting to the fact that the number of book-entry securities have been registered in the name of the holder or the intermediary on the date required for exercising this right, or upon presentation of the bearer convertible bonds – collect other documents required by law from the registered office of KBC Group NV as soon as the notice convening the General Meeting has been published.

Specific procedures exist for convening extraordinary and special General Meetings, depending on the agenda to be discussed.

One or more shareholders, who collectively own at least 3% of the share capital of KBC Group NV, may propose that one or more items be added to the agenda, and table draft resolutions on items already proposed or that will be proposed for inclusion on the agenda. KBC Group NV

must receive such a proposal by letter addressed to the Board of Directors, or as an e-mail sent to [secretariat.bod@kbc.be](mailto:secretariat.bod@kbc.be), by no later than the twenty-second day prior to the General Meeting. On the day they submit the proposal, the shareholders must demonstrate that they own 3% of the share capital, based on either the record of their name in the shareholder register, or a certificate drawn up by the recognised account holder or clearing house attesting to the fact that the relevant number of book-entry securities have been registered in their name on the accounts there. KBC Group NV will confirm receipt of the proposal within 48 hours. By no later than the fifteenth day prior to the date of the General Meeting, KBC Group NV must publish an agenda containing the proposed items and/or draft resolutions that have been added to the agenda by virtue of the shareholders' right to make such proposals. As of the same date, KBC Group NV will also provide a duly modified proxy form on its website. KBC Group NV will only deal with these newly proposed items and draft resolutions at the General Meeting, if – at midnight (Belgian time) on the record date – at least 3% of the share capital has been registered in the name of the shareholders that have drawn up the proposal.

Lastly, the convening notice and agenda, together with the other information and forms (proxy and other) required by law, will be made available on the KBC group website ([www.kbc.com](http://www.kbc.com)) from the date on which the notice and agenda is published until five years after the General Meeting.

#### **4.4. Registration of securities and proxies**

##### **4.4.1. Securities**

The right of a shareholder or convertible bond holder to attend and vote at the General Meeting is conferred solely on the basis of the accounting record of the shares or convertible bonds in the name of the shareholder or convertible bond holder on the record date, regardless of the number of shares or convertible bonds that the shareholder or convertible bond holder possesses on the day of the General Meeting. The record date is the 14th day prior to the General Meeting, at midnight Belgian time.

Every shareholder and convertible bond holder who wishes to attend the General Meeting must give notice thereof at the latest six days before the Annual General Meeting.

The formalities are further described in the convening notice mentioned in 4.3.

##### **4.4.2. Proxies**

Holders of shares and/or convertible bonds may arrange to be represented at the General Meeting by a proxy. To do this, they must sign an original proxy form and remit it to the registered office of KBC Group NV, or submit it electronically as an attachment to an e-mail to '[secretariat.bod@kbc.be](mailto:secretariat.bod@kbc.be)', at least six days prior to the General Meeting. If sent by e-mail, the original proxy form must reach the company before the General Meeting starts.

Proxies representing two or more shareholders and/or convertible bond holders must also likewise submit the proxies signed by those shareholders and/or convertible bond holders. In the case of sub-delegation, each link in the chain of signatures must connect perfectly with the next and, for each link in the chain, KBC Group NV must be given a signed proxy in the manner stipulated above.

Blank copies of this form can be downloaded from the KBC group website ([www.kbc.com](http://www.kbc.com)). Alternatively, the company will send a blank copy to the relevant persons concerned, at their request.

Every shareholder and convertible bond holder who wishes to be represented must meet the admission requirements set out under 4.4.1.

## **4.5 Meeting proceedings**

### **4.5.1. Participants**

Holders of shares and/or convertible bonds, or their proxies, will be admitted to the General Meeting on presentation of proof of their identity.

They must sign the attendance register. In case of remote participation in the General Meeting, the login to the electronic system set up by or on behalf of KBC Group NV will count as a signature on the attendance roster.

### **4.5.2. Chair and officers**

The Chair or, in the Chair's absence, a deputy Chair or a director designated by his/her colleagues, will preside over the General Meeting in accordance with the practices that apply in Belgium to general meetings of shareholders. The Chair will be assisted by a secretary, in principle the secretary to the Board of Directors, and two tellers. Together, they constitute the officers of the General Meeting.

### **4.5.3. Agenda**

The shareholders receive comprehensive information on the resolutions to be passed and are given adequate opportunity to ask questions about the agenda items covered or to give their opinion. Answers may be refused in case of manifest misuse of the right to ask questions or, in the interest of the company, when the disclosure of certain information is likely to harm the company or is in breach of confidentiality commitments entered into.

### **4.5.4. Voting**

Each share gives entitlement to one vote.

Except for resolutions for which the law requires a stricter quorum and/or voting majority, resolutions will be passed by a simple majority (50% + 1) of the votes validly cast by those present or represented by proxy, regardless of the number of shares participating in the voting. Invalid and blank votes will not be included in either the numerator or denominator.

Except for resolutions for which the law requires a larger or smaller majority, for amendments to the Articles of Association a quorum of 50% of the issued share capital and a majority of at least 75% of the votes validly cast by those present or represented by proxy is required. If this quorum is not reached, another General Meeting must be convened and held, which may then, regardless of the capital represented, adopt resolutions by a majority of at least 75% of the votes validly cast by those present or represented by proxy. Invalid and blank votes will not be included in either the numerator or denominator.

### **4.5.5. Reporting**

The secretary to the General Meeting will take the minutes of the General Meeting, which will include the results of any votes. The minutes will be signed by the officers of the General Meeting and by the shareholders who so request and kept at the registered office.

The shareholders may, on request, obtain a copy of or an extract from the minutes signed by two directors, one of whom is required to be a member of the Executive Committee.

The minutes will be posted on the KBC group website ([www.kbc.com](http://www.kbc.com)) within fifteen days of the General Meeting being held.

## **5. CHARTER OF THE BOARD OF DIRECTORS**

### **5.1. Powers**

The Board of Directors is a collegiate body which is empowered to determine the company's general policy and strategy and to perform all acts which, by law, are reserved specifically for it. The Board of Directors is responsible for supervising the Executive Committee.

The Board of Directors pursues sustainable value creation by the company, by putting in place effective, responsible and ethical leadership (A), setting the company's strategy (B) and monitoring the company's performance (C). It develops an inclusive approach that balances the legitimate interests and expectations of the shareholders and other stakeholders.

The main tasks of the Board of Directors are:

#### **A. Governance of KBC Group NV**

- The Board of Directors executes the responsibilities laid down in the Companies and Associations Code, such as preparing the consolidated and company financial statements and the Annual Reports, setting the agenda for the General Meeting and proposing how profit should be allocated.
- To assist it in particular areas, it sets up specialised committees, whose members are drawn from the ranks of the Board of Directors. It appoints their members and their chairmen (except the chair of the Audit Committee).
- It proposes the nomination of directors to the General Meeting and has power to co-opt new directors in cases of vacancy, once the Nomination Committee's advice has been sought and subject, where required by statute, to the prior approval of the Competent Regulator.
- It decides on the appointment or removal of the chair and members of the Executive Committee after the Nomination Committee's advice has been sought and subject, where required by statute, to the prior approval of the Competent Regulator. It puts in place effective, responsible and ethical leadership.
- It decides on the removal from office of persons in charge of compliance, risk management and internal audit.
- It approves the Corporate Governance Charter, containing the charters of the Board of Directors and its advisory committees and of the Executive Committee, taking into account the advice of the advisory committees and the Executive Committee, respectively.

#### **B. Determining and monitoring of the strategy, the main policies and the risk appetite of the KBC group**

The Board's remit includes:

- the overall strategy of the KBC group and of its various main activities: it approves and regularly reviews the medium and long-term strategy;
- monitoring the operational plans and main policies developed to give effect to the approved strategy;
- strategic investments and divestments, the conclusion and dissolution of alliances and co-operation agreements deemed of significant importance by the Executive Committee and Chair;



- ensuring that the corporate culture is supportive to the realisation of the strategy and that it promotes responsible and ethical behaviour;
- capital allocation, key performance indicators and published performance targets;
- the risk appetite, also defining the risk strategy;
- corporate sustainability policy;
- remuneration policy;
- the organisational structure of the KBC group;
- the governance memorandum of the KBC group.

The Executive Committee submits its proposals on all these matters to the Board of Directors, which, where applicable, takes into account the advice of the relevant advisory committees of the Board.

#### C. Supervision of management

The Board of Directors supervises:

- the performance of the Executive Committee and its management culture.
- the development of the KBC group, directly and via its advisory committees. To this end, at regular intervals, it discusses
  - the development of the business, in particular of the Business Units and business lines, and of the significant subsidiaries of the KBC group. The Board of Directors is informed whenever major developments occur within the KBC group or in the industries in which it operates;
  - the projects of a strategic nature;
  - the financial reports of KBC Group NV, in particular the quarterly, half-yearly and annual financial statements of KBC Group NV (company and consolidated). It monitors performance against pre-set budgets and targets;
  - the digital strategy of the KBC group;
  - the integrated risk reports, the management of all significant risks and the use of external ratings and internal models.
- the integrity of the accounting and financial reporting systems and, at least once a year, the internal control procedures.
- the independent control functions.

The Board ensures that there are processes in place for monitoring the company's compliance with laws and other regulations, as well as for the application of internal guidelines relating thereto. In this respect, the Board approves the Code of Conduct of KBC Group, the Compliance Charter & Integrity Policy, the Compliance Risk Appetite and content wise Strategy as well as a set of other compliance policies and it ensures that there are processes in place to monitor compliance with these policies.

The Board of Directors can request specific reports from the Executive Committee or the statutory auditor on all matters that it deems relevant.

Within the limits of its authority, the Board of Directors may confer special powers on agents of its choice.

With regard to the powers of the Board of Directors and without prejudice to the representation of the company as specified in 7.1.2, the company may also be represented by two directors, one of whom is required to be a member of the Executive Committee.

Interaction between Non-Executive Directors and members of the Executive Committee should take place in a transparent way. The Chair should always be informed.

Directors may, at the company's expense, seek the advice of an independent expert, having gained prior authorisation to do so from the Chair.

## **5.2. Composition**

### **5.2.1. Scope**

KBC Group NV is administered by a Board of Directors of at least seven and not more than 16 members appointed by the General Meeting.

The Board of Directors is composed of a number of directors proposed by the Core Shareholders, three independent directors and, in compliance with the Financial Supervisory Laws, three Executive Directors (CEO, CFO and CRO) who are members of the Executive Committee.

In no case may Executive Directors constitute the majority on the Board of Directors.

### **5.2.2. Independent directors**

As KBC Group NV is a listed company, which must follow – where necessary – the procedure described in Article 7:116 of the Companies and Associations Code, its Board of Directors must include at least three independent directors, who meet the applicable statutory criteria.

Any independent director who no longer satisfies the criteria to qualify as independent, must immediately notify the Board of Directors accordingly.

### **5.2.3. Nominations**

Candidates for vacant or additional Non-Executive Director seats are nominated by the Board of Directors at the General Meeting, after obtaining the advice of the Nomination Committee.

### **5.2.4. Conditions of appointment**

The Board of Directors shall have a balanced composition, ensuring that the board members have adequate banking and insurance expertise, general corporate management experience and broader societal experience. The composition of the Board of Directors will also reflect diversity in terms of nationality, age and gender.

All directors, whether Executive Directors or Non-Executive Directors, and with respect to the latter, regardless of whether or not they are independent, must have the necessary independence of mind.

When a position on the Board of Directors becomes vacant, the Chair will, together with the Nomination Committee that he/she chairs, define the specific profile to be met by candidate directors. The Nomination Committee ensures that it has all the information required to make an objective assessment of whether the candidates' competences, knowledge and experience meet the stated profile. Candidate directors must also undertake to make the necessary time available to fulfil their obligations as a director of

KBC Group NV. With that aim in mind, the number of offices that the candidate directors hold in other companies, together with any other major commitments, will be checked.

Having assessed the suitability of the candidate director or directors for the vacant seat on the Board of Directors, the Nomination Committee will advise the Board of Directors in this regard on the basis of the information provided.

#### **5.2.5. *Appointments***

Proposals to appoint nominated directors (after first being approved by the Competent Regulator), or to re-appoint directors are submitted by the Board of Directors to the General Meeting for approval. Each proposal is accompanied by a recommendation (including the proposed term of office, relevant information on the candidate's professional qualifications and a list of the positions the candidate already holds) of the Board of Directors, based on the advice of the Nomination Committee.

It is a legal requirement that nominations are communicated as a separate agenda item for the General Meeting at least 30 days before it is held.

A candidate director who meets the independence criteria of the applicable statutory provisions is presumed, until proven otherwise, to be independent. Where the Board of Directors submits to the General Meeting the nomination of an independent director who does not meet these criteria, it shall explain the reasons why it considers that the candidate is genuinely independent .

The General Meeting appoints the directors by a simple majority of votes validly cast by those present or represented by proxy.

The Chair and deputy chair of the Board of Directors are selected by the Board of Directors from among the Non-Executive Directors.

If, during the course of a financial year, a directorship becomes vacant, the remaining directors may arrange for a replacement and appoint a new director. In that case, the next General Meeting will make a definitive appointment. In the absence of such appointment, the office of the new director shall end following the General Meeting.

A director appointed to replace a director whose term of office had not yet come to an end will complete this term of office unless, at the time of the definitive appointment, the General Meeting indicates a different term of office.

#### **5.2.6. *Training***

Newly appointed directors receive appropriate training that provides them with adequate information and documentation on the business activity, strategy, management, principal policy guidelines, risk-management and internal control systems, the various challenges facing the KBC group, and an update of the legal and regulatory environment.

Based on their individual needs, directors joining the Board of Directors' committees receive initial training that is focused on the specific role, responsibilities and functioning of these committees.

Directors are expected to keep their skills and knowledge of KBC Group NV up to date. At the Chair's initiative, separate training sessions may be organised to examine specific topics in more depth.

#### **5.2.7. *Term of office***

Directors may be appointed for a renewable term of up to four years.

The General Meeting may at any time remove a director from office.

### **5.2.8. Policy regarding offices held**

#### **5.2.8.1. Offices held on nomination by KBC Group NV**

Offices which are accepted on the nomination of KBC Group NV, may be assigned solely to members of the Executive Committee or to persons appointed on an *ad hoc* basis by the Executive Committee. The latter category may include Non-Executive Directors. Unless such an office is taken up by a Non-Executive Director, it may not be paid by the company or organisation where it has been taken up, except in strictly exceptional cases.

#### **5.2.8.2. Offices held within the KBC group**

- Non-Executive Directors of KBC Group NV may not hold executive directorships in other KBC group companies.
- The members of the Executive Committee of KBC Group NV may fill executive directorships in a number of clearly defined categories of other financial companies that are also members of the KBC group.

#### **5.2.8.3. Offices held outside the KBC group**

- Non-Executive Directors of KBC Group NV may hold no more than five directorships in listed companies. Taking up such a position must not give rise to any actual or potential significant conflict of interest.

The Non-Executive Directors must inform the Chair of any relevant commitments outside the KBC group, and any changes to those commitments. Non-Executive Directors require the approval of the Board of Directors before taking up directorships in other companies or undertakings with industrial, commercial or financial activities.

- The members of the Executive Committee of KBC Group NV may hold executive or non-executive directorships in listed or unlisted companies outside the KBC group, albeit under certain conditions. The Board of Directors decides in the case of directorships held in listed companies, the Executive Committee in all other cases.

### **5.2.9. Age limit**

Save in exceptional circumstances, Non-Executive Directors will relinquish their seats at the Annual General Meeting following their 70th birthday. The reasons for allowing any exceptions will be provided at the General Meeting.

Save in exceptional circumstances, the term of office of Executive Directors will end at the Annual General Meeting following the date on which they turn the Belgian statutory retirement age.

### **5.2.10. Remuneration**

The remuneration awarded to Non-Executive Directors consists solely of an annual fixed component and a fee for each Board of Directors' meeting attended. An additional remuneration can be awarded to the chairmen and the members of the advisory committees of the Board of Directors in accordance with the remuneration policy. The level of remuneration is set by the General Meeting on the basis of legal requirements and of the KBC group remuneration policy set by the Board of Directors, on the advice of the Remuneration Committee.

The Chairperson receives a different remuneration package. The Chairperson is paid a fixed emolument, which is set separately by the Remuneration Committee and approved by the Board of Directors.

*[More information on the remuneration of Executive Directors can be found under '7.2.7. of the Charter of the Executive Committee']*

### **5.3. Chair**

The Chairperson is elected by the Board of Directors from among the Non-Executive Directors and removed from office on the recommendation of the Nomination Committee, where appropriate on the prior approval of the Competent Regulator.

The office of chair of the Board of Directors cannot be held simultaneously with that of the office of chair of the Executive Committee.

The Chair presides over the Board of Directors and is responsible for ensuring that it functions effectively and efficiently in compliance with the charter of the Board of Directors. The Chair will endeavour to develop and preserve a climate of trust among the members of the Board of Directors, with a view to contributing to open and fair dialogue, and facilitating constructive criticism and responsible decision-making.

More specifically, the Chair assumes the following tasks:

- A. The Chair ensures that KBC Group NV's management structure is appropriate and, where necessary, makes proposals in this regard to the Board of Directors. In light of this, the Chair, with the assistance of the Nomination Committee, takes the necessary initiatives regarding the appointment and removal of members of the Executive Committee.
- B. The Chair ensures a balanced composition of the Board of Directors and is assisted in this task by the Nomination Committee, which he/she chairs. To achieve this, the Chair takes the necessary initiatives and directs activities with regard to:
  - (a) determining what competences and qualifications are required for the appointment of members of the Board of Directors;
  - (b) gathering information in advance on candidate directors;
  - (c) the appointment or re-appointment procedure for members of the Board of Directors and its committees;
  - (d) the self-appraisal procedure of the Board of Directors as a whole and its committees.
- C. The Chair is responsible for ensuring the effective and efficient functioning of the Board of Directors by:
  - (a) drawing up the annual calendar of Board of Directors' meetings in consultation with the chair of the Executive Committee, and taking account of the fixed, annually recurring agenda items;
  - (b) supervising the correct observance of the procedures regarding the preparation, deliberation and approval of resolutions, and the implementation of the resolutions passed. More specifically, the Chair ensures that the directors receive accurate, timely and clear information prior to and, if necessary, between Board of Directors' meetings;
  - (c) presiding over deliberations by the Board of Directors, and ensuring sufficient time is allocated for them;
  - (d) ensuring that the Board of Directors appoints members and a chair for each Board of Directors' committee (except: the members of the Audit Committee appoint the chair of that committee);
  - (e) as chair of the Nomination Committee, to make provision for suitable initial training for new directors, bearing in mind the individual needs of each director;

- (f) organising separate training sessions for the Board of Directors, based on specific requirements.
- D. The Chair holds regular discussions with the chair of the Executive Committee on subjects and projects that could be of strategic importance, such as possible mergers, investments and divestments and other important operations.
- E. The Chair ensures effective communication with the shareholders and that the directors develop and maintain an understanding of the views of the shareholders and other significant stakeholders. The Chair and the chair of the Executive Committee make arrangements in this respect.
- E. The Chair chairs the General Meeting and, if required, answers shareholders' questions on the meeting's agenda.
- F. In consultation with the chair of the Executive Committee, the Chair personally represents the KBC group and promotes its interests at important meetings, events and forums.

The deputy chair of the Board of Directors is also selected by the Board of Directors from among the Non-Executive Directors. The deputy chair's primary task is to replace the Chair in that person's absence or in case matters will be discussed where the Chair has a conflict of interest. In that case, the deputy chair temporarily assumes the aforementioned tasks. The deputy chair is also consulted by the Chair whenever the latter deems it necessary in order to execute his/her tasks effectively and efficiently.

#### **5.4. Secretariat**

The Board of Directors appoints a secretary who does not have to be a director.

The secretary assists the Board of Directors, its Nomination Committee and the Chair as well as the individual members of the Board of Directors.

Under the supervision of the Chair of the Board of Directors, the secretary is responsible for implementing the initial training and the professional development of directors, ensuring a proper flow of information, organising the Board of Directors' meetings and compiling the minutes. The minutes summarise the deliberations, detail the resolutions passed and report any reservations that the directors have.

Together with the Chair of the Board of Directors, the secretary ensures that the Board of Directors and its committees comply with the law, the Articles of Association, and their charters and procedures. The secretary keeps up-to-date on practices and developments in the financial and legal worlds and introduces them as necessary, commensurate with the needs that arise with respect to the governance of KBC Group. The secretary prepares the update of the Charter and procedures and the Corporate Governance Statement.

Under the supervision of the Chair of the Board of Directors, the secretary is also responsible for the practical organisation of the General Meetings.

The secretary to the Executive Committee acts as deputy secretary.

#### **5.5. Procedures**

On the basis of an agenda approved by the Board of Directors at the end of the previous financial year, the Board of Directors meets at least ten times each calendar year at the invitation of its Chair, its deputy chair or two of its directors. Additional meetings may be held whenever this is in the company's interest.

Between meetings, members of the Board of Directors are kept informed of any major events that might influence the course of business in the KBC group.

Meetings can be held via all technical means of communication, such as video, phone and internet-based means, provided that the security and confidentiality guidelines are respected.

No later than one and a half weeks before a Board of Directors' meeting, a director may ask the Chair to add an item to the agenda.

Generally one week before the meeting, the meeting agenda together with all documents explaining the various agenda items is sent under the supervision of the Chair by post, courier, fax, e-mail or other electronic means to the members of the Board of Directors. Directors who wish to do so can request clarification from the Chair before the meeting. Urgent additional agenda items and documents may be sent electronically to the directors up to one day prior to the meeting taking place.

In cases of extreme urgency, the invitation and agenda may be communicated by phone.

A director who is unable to attend a meeting may – by means of a signed proxy sent by post or by other means of communication which contains the signed proxy in documentary form – authorise another member of the Board of Directors to represent him/her.

The Board of Directors' meeting is chaired by the Chair and, in the Chair's absence or in case matters will be discussed where the Chair has a conflict of interest, by the deputy chair or a director appointed by those directors present.

A Board of Directors' meeting is valid if at least half of the directors are present or represented by proxy. Directors who, in accordance with the law or this Charter, may not participate in deliberations and the vote, are included when determining whether the attendance quorum has been reached, but shall not be counted (either in the numerator or in the denominator) when determining the voting majority.

At the Board of Directors' meeting, explanations regarding certain agenda items may be given by the Chair or other members of the Executive Committee or the Board of Directors' committees. If they should consider it necessary, they may be assisted by a member of management or by internal or external specialists, or both.

When passing resolutions, the Board of Directors strives for consensus. Where consensus cannot be reached, resolutions are passed by a simple majority of the votes cast. In the case of a tied vote, the Chair of the Board of Director's meeting has the casting vote.

The resolutions of the Board of Directors may also be passed by unanimous written agreement of the directors, without the need to hold a meeting. The directors will then each sign a single document, or several copies of that document, whose date will be the date on which the last signature is appended.

The Board of Directors should act in such a manner that a conflict of interests, or the appearance of such a conflict, is avoided. In the possible case of a conflict of interests, the Board of Directors should, under the lead of the Chair, decide which procedure it will follow to protect the interests of the company and all its shareholders. In the next Annual Report, the Board of Directors explains why it chose this procedure. However, where there is a substantial conflict of interests, the Board of Directors should carefully consider communicating as soon as possible on the procedure followed, the most important considerations and the conclusions.

The Non-Executive Directors will at least once a year hold (at least part of) a meeting in the absence of the Group CEO and the other members of the Executive Committee.

The minutes of Board of Directors' meetings are approved by the Board and submitted for signature to the directors.

To be valid, copies of and extracts from the minutes must be signed by the Chair, by two directors, by the secretary to the Board of Directors, by the secretary to the Executive Committee or by the Group Secretary.

## **5.6. Rules of conduct**

Members of the Board of Directors are expected to attend Board of Directors' meetings regularly and to stay for the duration of the meeting.

Exceptionally, a director may, with the consent of the Chair, take part in all or part of the meeting by phone, video or internet-based means.

The directors should engage actively in their duties and should be able to make their own sound, objective and independent judgements when discharging their responsibilities.

The directors should spend sufficient time studying the information so as to acquire a clear understanding of the key issues relevant to the business of the company and of the KBC group. The directors should seek clarification whenever they deem it necessary.

When the Board of Directors takes a decision, the directors should disregard their personal interests. They should not use business opportunities intended for the company for their own benefit.

Each director should place the company's interests above their own. The directors have the duty to look after the interests of all shareholders on an equivalent basis. Each director should act according to the principles of reasonableness and fairness.

Each director should, in particular, be attentive to conflicts of interests that may arise between the company, its directors, its significant shareholders and other shareholders. The directors who are proposed by significant shareholder(s) ensure that the interests and intentions of these shareholder(s) are sufficiently clear and communicated to the Board of Directors in a timely manner. In this respect it is referred to the role of the Core Shareholders as specified in Section 3.3.2 of this Charter.

Directors should not use the information obtained in their capacity as director for purposes other than for the exercise of their mandate. They must handle the confidential information received in their capacity as director with utmost care.

## **5.7. Evaluation**

At least every three years the Board of Directors assesses, under the leadership of its Chair and assisted by the Nomination Committee, its performance and its interaction with the Executive Committee, as well its size, composition and functioning and that of its advisory committees.

Directors who are nominated for re-appointment are subject to an individual evaluation that focuses on their presence at the Board or committee meetings, their commitment and their constructive involvement in discussions and decision-making. This evaluation is performed by the Nomination Committee.

On the basis of the result of these assessments, the Board of Directors will, if necessary, take any measure deemed appropriate for the effective operation of the Board of Directors.

## **5.8. Transactions in financial instruments carried out by directors**

Directors of KBC Group NV can, whether regularly or occasionally, have access to information deemed by law to be inside information. The Board of Directors wishes to avoid situations in which directors might misuse any inside information, or consciously or otherwise deal in such a way as could be regarded as market abuse.



Therefore any dealing by directors on their own account needs to adhere to the Dealing Code.

The Dealing Code applies to all dealing concerning listed financial instruments issued by KBC Group NV, KBC Bank NV, another group company or KBC Ancora NV that is done by directors on their own account.

The Dealing Code restates the regulatory prohibitions against insider dealing and market manipulation. It also sets out the precautions to be taken in order to avoid unlawful disclosure of inside information. Furthermore it provides for the following preventive measures:

- 'Blocking periods': during 30 calendar days immediately preceding the announcement of interim or annual results and ending one hour after such announcement, dealings in financial instruments by directors on their own account are in principle prohibited. Dealings under discretionary asset management are exempted.
- 'Reporting duty': directors (and their Persons Closely Associated) are under a duty to report their dealings in Financial Instruments to the FSMA, which in turn makes these dealings public.
- The Dealing Code contains specific prohibitions and requirements aimed at precluding speculative behaviour.

The compliance officer performs the necessary controls of compliance with the Dealing Code. The main tool for controls are the insider lists. These lists can be requested by the FSMA for investigatory purposes.

## **6. ADVISORY COMMITTEES OF THE BOARD OF DIRECTORS**

### **6.1. INTRODUCTION**

The following advisory committees have been established: the Audit Committee, the Risk & Compliance Committee, the Nomination Committee and the Remuneration Committee. The Nomination Committee and the Remuneration Committee also function as such for the Main Subsidiaries of KBC Group NV. The Audit Committee and the Risk & Compliance Committee also function as such for KBC Global Services NV.

These committees comprise exclusively non-executive members of the Board of Directors of KBC Group NV, and at least one of their members must be independent within the meaning of the applicable statutory provisions. No member may sit on more than three of the aforementioned committees.

The Board of Directors may set up other committees, whose remit, composition and functioning it will determine.

Only the Board of Directors has the authority to pass resolutions. Unless specific decision authority has been granted, the committees have an advisory role.

All committees have the power to employ, in reasonable measure, the means necessary to ensure they function effectively and efficiently. They may, for instance, seek the advice of external specialists at the company's expense, after having presented their intended course of action to the Chair. They are accountable to the Board of Directors for the proper performance of their duties.

### **6.2. CHARTER OF THE AUDIT COMMITTEE**

#### **6.2.1. Introduction**

This Charter defines the role, the responsibilities and the functioning of the Audit Committee of KBC Group NV.

The Charter is compliant with the applicable legal and regulatory requirements as well as with best corporate governance practices.

## **6.2.2. Purpose and Authority**

### *6.2.2.1. Purpose*

The Audit Committee is a committee of the Board of Directors. The Audit Committee advises the Board of Directors on the integrity of the financial reporting and the effectiveness of the internal control and risk management processes. It assists the Board of Directors by ensuring that necessary remedial actions are taken.

The Audit Committee steers the internal audit function and oversees the external audit function.

### *6.2.2.2 Authority*

The Audit Committee has no other powers and responsibilities than those delegated by the Board. Only the Board has the authority to decide and keeps full responsibility. The Audit Committee has an advisory role unless specific decision authority has been delegated by the Board or given by law.

The Audit Committee has unrestricted access to all information. It is entitled to meet with all members of management and members of staff as well as with external parties without any executive manager present. In the case that an individual Audit Committee member wants to meet separately with the people mentioned above, he/she is allowed to do so after prior consultation with the chair of the Audit Committee.

The Audit Committee can initiate special investigations in all areas for which it is responsible. The chair of the Executive Committee must be apprised of such investigations, which may be performed by either internal or external parties. KBC Group NV will provide the necessary resources for these investigations.

The Audit Committee is responsible for oversight of the financial reporting and the internal control and risk management processes of all entities within the KBC group. In order to give effect to this oversight role, and without impacting the responsibilities of the supervisory bodies and committees of the various subsidiaries within the group, the Audit Committee has authority to define governance rules for the organisation and functioning of the various audit committees within the KBC group entities. This entails – but is not limited to – drawing up rules for communication between those audit committees and the Audit Committee. In this regard, the chair of the Audit Committee is always invited to attend the meetings of local audit committees.

## **6.2.3. Organisation**

### *6.2.3.1. Composition*

The Audit Committee is composed of at least three Non-Executive directors. The majority of the members are independent directors within the meaning of the applicable statutory provisions.

The members of the Audit Committee are appointed by the Board of Directors.

The chair of the Audit Committee is appointed by the members of the Audit Committee and cannot simultaneously hold the office of chair of the Board of Directors.

The members of the Audit Committee shall collectively have the skills and experience to understand and monitor KBC's lines of business, as well as competence in accounting, risk management and audit. At least one member must have relevant expertise in the areas of accounting and audit.

The members of the Audit Committee are entitled to all training necessary for them to perform their responsibilities. KBC Group NV will provide the necessary resources for this purpose.

#### 6.2.3.2 Meetings

The Audit Committee meets at least four times a year.

The Audit Committee's meeting schedule (frequency and dates) as well as the principal items on the agenda are established on a yearly basis and approved by the Audit Committee. Additional meetings can be held at the request of any member or participant of the Audit Committee, subject to prior consultation with and the approval of the chair. Each member or participant is entitled to put additional items on the agenda.

For efficiency reasons, the following persons, or their representatives, participate as permanent guests at all meetings:

- The Chief Executive Officer (CEO) of KBC Group NV;
- The Chief Risk Officer (CRO) of KBC Group NV;
- The Chief Financial Officer (CFO) of KBC Group NV;
- The KBC Group Internal Auditor;
- The KBC Group Compliance Officer.

Additionally, any person who can provide the Audit Committee with relevant information can be invited to attend the meeting. Their participation is limited to the relevant agenda topics. In particular, the following persons will regularly be invited to give explanations and presentations on specific topics:

- The senior general manager of Group Finance;
- The senior general manager of Group Risk;
- Other (senior) general managers at the discretion of the Audit Committee.

The external auditors are invited to each meeting and will attend at least two meetings a year.

Both the external and the internal auditors have at all times direct and unrestricted access to the chairmen of the Audit Committee and of the Board of Directors as well as to all members of the Audit Committee. Furthermore, the Audit Committee may hold private meetings with those persons invited to attend its meetings. At least once a year, the Audit Committee will hold (at least part of) a meeting without the presence of the Executive Committee members of KBC Group NV.

Members of the Audit Committee should endeavour to attend all meetings. Valid meetings require the presence of at least half of the members.

Meetings can be held via all technical means of communication, such as video, phone and internet-based means, provided that the security and confidentiality guidelines are respected.

The meetings are chaired by the chair. If the chair is not present, the Audit Committee meeting will be chaired by the member with the most seniority as an Audit Committee member.

The Audit Committee has a permanent secretary appointed by the chair.

The meeting agenda and supporting papers are distributed sufficiently in advance for the members to prepare for the meeting. Meeting minutes must be in writing and distributed in a timely fashion to the Audit Committee members and the other participants (each for matters pertaining to them).

The chair of the Audit Committee and the chair of the Risk & Compliance Committee should interact with each other as appropriate in order to ensure consistency and avoid any gaps.

#### **6.2.4. Responsibilities**

The Audit Committee has the following responsibilities:

##### *6.2.4.1. Internal Control*

The Audit Committee ensures that the Executive Committee establishes and maintains an adequate and effective internal control system and adequate and effective internal control processes. The system and processes should be designed to provide assurance in areas including reporting (financial, operational, risk), monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.

To this end, the Audit Committee *inter alia*:

- annually reviews the quality of internal control based on the statement provided by the executive management including the opinion of internal audit;
- is regularly informed of the reports issued by internal and external auditors, so that it is aware of the main risks reported and the actions taken by management to mitigate those risks;
- reviews the statements on internal control and risk management included in the Annual Report.

##### *6.2.4.2 Financial Reporting*

The Audit Committee monitors the financial reporting process and submits recommendations or proposals to ensure its integrity.

The Audit Committee informs the Board of Directors of the outcome of the statutory audit and explains how the statutory audit contributed to the integrity of financial reporting and what the role of the Audit Committee was in that process.

To this end, the Audit Committee *inter alia*:

- discusses the Annual Report and the quarterly financial statements prior to approval by the Board;
- discusses the review of the financial statements by the external auditors and management's response;
- discusses the findings and recommendations by the External and Internal Audit functions and management's response;
- reviews significant accounting and reporting issues, including the valuation and the consolidation rules applied;
- reviews significant financial reporting judgments contained in the financial statements;
- reviews any public announcement on the financial statements prior to their release. In this respect the Audit Committee is authorised by the Board of Directors to approve the press releases;
- is informed of all significant and unusual transactions and how they are accounted for.

#### 6.2.4.3 Internal Audit function

The Audit Committee monitors and reviews the effectiveness of the Internal Audit function within KBC Group NV, overseeing its independence, professionalism and expertise.

To this end, the Audit Committee *inter alia*:

- monitors compliance with the principles of the Internal Audit Charter, as approved by the Board of Directors;
- approves the activities and the structure of the Internal Audit function, including the audit plan, resources, scope and budget;
- approves the appointment, the replacement and the dismissal of the KBC Group Internal Auditor and the members of the Corporate Audit Management Team on a proposal of the Executive Committee;
- assesses the performance of the KBC Group Internal Auditor;
- reviews the adequacy of the remuneration of the Internal Audit function, including performance awards;
- approves the annual internal audit plan and is informed at least twice a year of the progress made in order to ascertain that audit coverage is adequate;
- reviews and discusses the audit reports and the way management deals with the internal audit recommendations resulting from these reports;
- reviews instances of fraud that are discovered and breaches of laws and regulations raised by the Internal Audit function;
- ensures that the Internal Audit function maintains open communication with senior management, external auditors, the supervisory authority, and the Audit Committee;
- ensures that deficiencies identified by supervisory authorities related to the Internal Audit function are remedied within an appropriate time frame and that progress on necessary corrective actions is reported to the Board of Directors.

#### 6.2.4.4 Statutory auditor – External audit function

The Audit Committee monitors the statutory audit of the annual and consolidated financial statements. It reviews and monitors the independence of the statutory auditor, and in particular the appropriateness of the provision of non-audit services. It recommends the statutory auditor to be appointed, where applicable following a selection procedure organized in accordance with applicable legislation.

To this end, the Audit Committee *inter alia*:

- advises the Board on the (re-)appointment and the dismissal of the external auditor including remuneration and terms of engagement;
- investigates the reasons for the external auditor's resignation and recommends any necessary action;
- discusses the review reports presented by the external auditor and the way management deals with the external audit recommendations resulting from these reports;
- reviews the external auditor's programme of work and evaluates its effectiveness;
- monitors the independence of the external auditor, and in particular approves the nature and extent of the non-audit services provided by the external auditor in accordance with KBC's policy on engagement of the external auditor in non-audit services. The Audit Committee advises the Board of Directors on the development of such policy.

The statutory auditor:

- informs the Audit Committee yearly of additional services provided to KBC Group NV or any of its related entities;
- discusses with the Audit Committee identified threats to the auditor's independence including the related safeguards that have been applied to eliminate or reduce them to an acceptable level, based on the information provided, in particular when the total fees received from KBC Group NV in each of the last three consecutive financial years represent more than 15% of the total fees received in each of those financial years;
- annually presents its declaration of independence to the Audit Committee;
- annually submits the legally required additional report, in compliance with article 11 of the EU Regulation N° 537/20104, to the Audit Committee and to the Board of Directors.

#### **6.2.5. Reporting**

After each Audit Committee meeting, the chair will report to the Board of Directors on its activities, its findings and recommendations for improvement. The minutes of Audit Committee meetings are distributed to the members of the Board.

To facilitate its supervisory responsibility, the minutes of audit committee meetings of the direct subsidiaries of KBC Group will be distributed to the members of the Audit Committee and discussed at its next meeting.

#### **6.2.6. Review and performance evaluation**

At least every three years, the Audit Committee reviews its Charter and evaluates its effectiveness. The Board of Directors is informed of the results and of any proposal for improvement resulting from the review and evaluation exercises.

#### **6.2.7 Conflicts of interest**

Every member will inform the Audit Committee of:

- any personal interest of a financial nature in one or more matters dealt with by the committee;
- any conflict of interest that might arise as a consequence of holding one or more other offices.

The member concerned will not take part in the deliberations and the vote on the matters in question.

#### ***Statutory auditor***

An external audit is carried out of the financial situation and accounts of KBC Group NV and its Main Subsidiaries. Only a limited audit is carried out on the consolidated six-monthly and quarterly accounts. The external audit is carried out by a statutory auditor who appears in the list of auditors and audit companies recognised by the Competent Regulator.

The statutory auditor is appointed for a renewable term of three years. The appointment, remuneration, re-appointment or removal of the statutory auditor is carried out in accordance with specific legal provisions.

In addition to its normal external audit responsibilities, the statutory auditor also fulfils a complementary role for the purposes of the Competent Regulator's prudential supervision of KBC Group NV.

Being officially recognised by the Competent Regulator, the statutory auditor is subject to its supervision and submits reports to it at regular intervals.

Within the company, the statutory auditor reports to the Audit Committee and the Risk & Compliance Committee, and, in principle, attends at least two of their meetings. In principle, the

statutory auditor also attends the Board of Directors' meeting at which the annual accounts are discussed and approved, as well as the Annual General Meeting. Lastly, it has direct and unrestricted access to the chairmen of the Audit Committee, the Risk & Compliance Committee and the Board of Directors.

The Audit Committee monitors the independence, expertise and quality of the services provided by the statutory auditor. This is assessed annually.

The statutory auditor's independence is guaranteed by specific legal provisions implemented within the KBC group. Key points are the requirement for mandatory audit firm rotation, a list of prohibited non-audit services and a 70% cap on fees for non-prohibited non-audit services. Non-audit services are those not entrusted by law to the statutory auditor.

## **6.3. CHARTER OF THE RISK & COMPLIANCE COMMITTEE**

### **6.3.1. Introduction**

This Charter defines the role, the responsibilities and the functioning of the Risk & Compliance Committee of KBC Group NV (hereinafter 'RCC').

### **6.3.2. Purpose and authority**

#### *6.3.2.1 Purpose*

The RCC is a committee of the Board of Directors. The RCC advises the Board of Directors on the risk appetite, also defining the risk strategy, as well as on the current and future compliance risk appetite and strategy. It assists the Board of Directors in monitoring and overseeing the implementation of these elements and rules by senior management. The RCC monitors whether the prices of the liabilities and assets and the categories of off-balance sheet products offered to clients take full account of KBC's business model and risk appetite and, in particular, the possible reputation risks linked to these products.

The RCC oversees the risk management and compliance functions.

#### *6.3.2.2 Authority*

The RCC has no other powers or responsibilities than those delegated by the Board of Directors. In principle, only the Board of Directors has authority to decide and the RCC has an advisory role, unless specific decision authority has been delegated by the Board or given by law. The Board of Directors shall retain full responsibility for risks.

The RCC determines the nature, format, content and frequency of the reported information. The RCC has unrestricted access to all information. It is entitled to meet with all members of management and members of staff, as well as with external parties without any executive manager present. In the case that an individual RCC member wants to meet separately with the people mentioned above, he/she is allowed to do so after prior consultation with the chair of the RCC.

The RCC can initiate special investigations in all areas for which it is responsible. The chair of the Executive Committee must be apprised of such investigations, which may be performed by either internal or external entities. KBC Group NV will provide the necessary resources for these investigations.

The RCC is responsible for the oversight in terms of risk and compliance of all entities within the KBC group. In order to give effect to this oversight role, and without impacting the responsibilities of the board of directors of the different subsidiaries within the group, the RCC has the authority to define governance

rules for the organisation and functioning of the different risk & compliance committees within the KBC group entities. This entails – but is not limited to – drawing up rules for communication between those risk & compliance committees and the RCC. In this regard, the chair of the RCC is always invited to attend the meetings of local risk & compliance committees.

### **6.3.3. Organisation**

#### *6.3.3.1 Composition*

The RCC is composed of at least three Non-Executive directors, of whom at least one must be independent within the meaning of the applicable statutory provisions.

The members of the RCC are appointed by the Board of Directors.

The chair of the RCC is appointed by the Board of Directors and cannot simultaneously hold the office of chair of the Board of Directors.

The members of the RCC shall collectively have the skills and experience to understand and monitor KBC's lines of business and in the areas of risk management and compliance. The members of the RCC shall individually have the necessary knowledge, expertise and skills to understand and monitor the (risk) strategy and risk appetite of KBC Group NV.

The members of the RCC are entitled to all training necessary to perform their responsibilities. KBC Group NV will provide the necessary resources for this purpose.

#### *6.3.3.2 Meetings*

The RCC meets at least four times a year. The RCC meeting schedule (frequency and dates) and the principal items on the agenda are established on a yearly basis and approved by the RCC. Additional meetings can be held at the request of any member or participant of the RCC, subject to prior consultation with and the approval of the chair. Each member or participant is entitled to put additional items on the agenda.

For efficiency reasons, the following persons, or their representatives, participate as permanent guests at all meetings:

- The Chief Executive Officer (CEO) of KBC Group NV;
- The Chief Risk Officer (CRO) of KBC Group NV;
- The Chief Financial Officer (CFO) of KBC Group NV;
- The KBC Group Internal Auditor;
- The KBC Group Compliance Officer.

Additionally, any person who can provide the RCC with relevant information can be invited to attend the meeting. Their participation is limited to the relevant agenda topics. In particular, the following persons will regularly be invited to give explanations and presentations on specific topics:

- The senior general manager of the Group Credit Risk directorate (GCRD);
- The senior general manager of the Group Risk directorate (GRIS);
- Other (senior) general managers at the discretion of the RCC.

The external auditors are invited to each meeting and will attend at least two meetings a year.



The RCC may hold private meetings with the persons invited to attend its meetings.

At least once a year the RCC will hold (at least part of) a meeting without the presence of the Executive Committee members of KBC Group NV.

Members of the RCC should endeavour to attend all meetings. Valid meetings require the presence of at least half of the members.

Meetings can be held via all technical means of communication, such as video, phone and internet-based means, provided that the security and confidentiality guidelines are respected.

The meetings are chaired by the chair. If the chair is not present, the RCC meeting will be chaired by the member with the most seniority as an RCC member.

The RCC has a permanent secretary appointed by the chair.

The meeting agenda and supporting papers are distributed sufficiently in advance for the members to prepare for the meeting. Meeting minutes must be in writing and distributed in a timely fashion to the RCC members and the other participants (each for matters pertaining to them).

The chair of the RCC and the chair of the Audit Committee should interact with each other as appropriate in order to ensure consistency and avoid any gaps.

#### **6.3.4. Responsibilities**

##### *6.3.4.1 Risk appetite, risk strategy and risk profile*

The RCC advises on the institution's overall risk appetite, also defining the risk strategy, the structure and the level of the limits and the risk exposure compared to the risk appetite.

The RCC monitors implementation of the risk appetite by senior management and monitors the evolution of the risk exposure compared to the risk appetite.

The RCC monitors the effectiveness of the structures, the processes and the controls set up to identify, to measure, to monitor and to manage the risks that KBC is exposed to. In particular, the RCC reviews the monitoring of all major risk types.

##### *6.3.4.2 Prices of liabilities and assets and categories of off-balance sheet products offered to clients*

The RCC reviews whether prices of liabilities and assets and categories of off-balance sheet products offered to clients take full account of the institution's business model and risk strategy.

Where prices do not properly reflect risks in accordance with the business model and risk appetite, the RCC shall present a remedy plan to the Board of Directors.

##### *6.3.4.3 Risk management function*

The RCC supervises and formulates an opinion on the organisation of the risk management function within KBC, overseeing its activities and structure, independence, quality, capacity and skills, with a view to ensuring that KBC possesses an adequate risk management function. To this end, the RCC

monitors whether the Executive Committee has taken the necessary measures to ensure that the institution has a permanent, appropriate, independent risk management function.

The RCC is informed of the ambitions of the risk function and the achievement thereof, the human and material resources, the tasks and the reports.

The RCC advises on the appointment, the replacement and the dismissal of the KBC Group Chief Risk Officer.

#### *6.3.4.4 Compliance with laws and regulations*

The RCC supervises compliance with procedures, statutory provisions, laws and regulations, as well as with the provisions of the KBC Group Code of Conduct.

The RCC discusses the findings and recommendations of the supervisory authorities and management's responses to those findings and recommendations.

The RCC is kept informed on a regular basis of ongoing litigation and tax issues.

#### *6.3.4.5 Compliance risks*

The RCC monitors compliance with the principles of the Compliance Charter approved by the Board and application by management of the Integrity Policy.

The RCC assesses compliance risks and discusses them (on the basis of reports from management, the head of compliance, the supervisory authorities and discussions), in particular to establish whether they are properly identified, recognised, managed and mitigated.

To do so, the RCC:

- is informed of material changes in the statutory/regulatory context with an indication of how these changes could influence the Integrity Policy and the organisation/functioning of the compliance function;
- receives an overview of the most significant findings, related recommendations and the way management responds to them;
- receives a yearly assessment by Management of the internal control;
- approves the activity planning and the Compliance Monitoring Programme;
- takes note of the quarterly Compliance reports and projects status.

The RCC reviews KBC's policy on whistle-blowers and is kept informed of its implementation and adherence. The RCC is also informed of all significant issues that are reported under this policy.

Approval of the Integrity Policy (and its annual assessment), the Compliance Charter, the Code of Conduct and the measures to manage conflicts of interest as well as the revision thereof are exclusively the competence of the Board of Directors. The RCC advises on all Compliance documents submitted to the Board for approval.

#### *6.3.4.6 Compliance function*

The RCC supervises the organisation of the compliance function within KBC, overseeing its independence, professionalism and expertise.

The RCC reviews the activities and the structure – including the resources – of the compliance function with a view to ensuring that KBC possesses an adequate compliance function and, to this end monitors whether the Executive Committee has taken the necessary measures to ensure that the institution has an appropriate independent compliance function.

The RCC confirms the action plan drawn up by the compliance function.

The RCC is informed of the achievement of the objectives, the human and material resources, the tasks and the reports.

The RCC advises on the appointment, the replacement and the dismissal of the Compliance Officer.

#### *6.3.4.7 Remuneration policy and practice*

To assist in the establishment of remuneration policies and practices that promote sound and effective risk management and facilitate a proper risk culture within the institution, the RCC examines, without prejudice to the tasks of the remuneration committee, whether incentives provided by the remuneration system take into consideration risk, capital, liquidity and the likelihood and timing of earnings. In this context, the RCC ensures that the risk tolerance and strategy framework is integrated into the KBC Remuneration Policy.

The RCC is involved, without prejudice to the tasks of the remuneration committee, in the identification process of the members of staff whose professional activities have a material impact on the institution's risk profile ("KIS").

To ensure an effective and efficient cooperation between the remuneration committee and the RCC, the chair of the RCC participates in the meetings of the remuneration committee.

#### **6.3.5. Reporting**

After each RCC meeting, the chair will report to the Board of Directors on its activities, its findings and its recommendations. The minutes of RCC meetings are distributed to the members of the Board.

To facilitate its supervisory responsibility, the minutes of the meetings of the risk & compliance committees of the direct subsidiaries of KBC Group NV will be distributed to the members of the RCC of KBC Group NV and will be discussed at its next meeting.

#### **6.3.6. Review and performance evaluation**

At least every three years, the RCC reviews its Charter and evaluates its effectiveness. The Board of Directors is informed of the results and of any proposal for improvement resulting from the review and evaluation exercises.

#### **6.3.7. Conflicts of interest**

Every member will inform the RCC of:

- any personal interest of a financial nature in one or more matters dealt with by the committee;
- any conflict of interest that might arise as a consequence of holding one or more other offices.

The member concerned will not take part in the deliberations and the vote on the matters in question.

## **6.4. CHARTER OF THE NOMINATION COMMITTEE**

### **6.4.1. Powers**

#### *6.4.1.1. Role*

The Nomination Committee advises the Board of Directors by way of recommendations regarding the selection of suitable candidate members for the Board of Directors, its advisory committees, the Executive Committee of KBC Group NV and the boards of directors, advisory committees and executive committees of the Main Subsidiaries, and regarding any change in their composition.

#### *6.4.1.2. Remit*

The Nomination Committee has the following tasks:

- Identifying and recommending for approval by the general meeting or, as the case may be, by the board of directors of KBC Group or its Main Subsidiaries, candidates to fill vacancies on the boards of directors of KBC Group or its Main Subsidiaries;
- Examining how knowledge, skills, diversity and experience are distributed in the aforementioned boards of directors;
- Preparing a description of the tasks, skills, knowledge and experience required for a certain appointment and assessment of how much time requires to be devoted to that position;
- Stipulating a target figure for representation of the under-represented sex on the aforementioned boards of directors and outlining a policy to increase the number of representatives of that sex on said boards of directors;
- Assessing periodically, and at least once a year, the structure, scope, composition and performance of the aforementioned boards of directors and formulating recommendations to the said boards of directors with regard to possible changes;
- Assessing periodically, and at least once a year, the knowledge, skills, experience and degree of involvement (viz. regular attendance) of the individual members of the aforementioned boards of directors, and reporting thereon to those boards of directors;
- Proposing the composition of the advisory committees of the aforementioned boards of directors, viz. the audit committees, the risk & compliance committees, the Nomination Committee and the Remuneration Committee;
- Proposing the composition of, and the profiles of the members of, the Executive Committee after first consulting with the chair of the Executive Committee;
- Preparing plans for the orderly succession of directors;
- Ensuring that sufficient attention is paid to the succession of the members of the Executive Committee;
- Ensuring that appropriate talent development programs and programs to promote diversity in leadership are in place.

In exercising its duties concerning the composition of the boards of directors, the Nomination Committee observes the criteria laid down in the Rules for the Board of Directors.

### **6.4.2. Composition**

The Nomination Committee is composed such that it can give a proper, independent judgement on the composition and procedures of the boards of directors, the advisory committees and the Executive Committees of KBC Group and its Main Subsidiaries,

particularly the individual and collective expertise of their members and their integrity, reputation, independence of spirit and availability.

The Nomination Committee consists of at least three members, at least one of whom must be independent within the meaning of the applicable statutory provisions.

#### **6.4.3. Chair**

The Board of Directors appoints one of the members of the Nomination Committee as chair of that committee.

In case the Chair is appointed as chair of the Nomination Committee, one of the members of the Nomination Committee is chosen by the other members of the Nomination Committee to act as chair when the Nomination Committee is dealing with the designation of the successor of the Chair or with matters where the Chair has a conflict of interest.

The chair ensures that meetings run effectively and efficiently. He/she makes sure that the committee has all the information and internal and external support that it needs in good time to be able to properly perform its tasks and that it fulfils its responsibilities in accordance with all statutory and regulatory provisions and the terms of this Charter.

#### **6.4.4. Secretariat**

The secretary to the Board of Directors acts as secretary to the Nomination Committee. The secretary to the Executive Committee acts as deputy secretary.

The secretary calls committee meetings in consultation with the chair of the committee or on a request from any member of the committee.

The secretary draws up a report of each meeting summarising the discussions that take place and the recommendations that are made.

#### **6.4.5. Procedures**

The Nomination Committee will meet as often as necessary, but at least twice a year.

The meetings are held according to the rules applying to meetings of the Board of Directors.

Meetings can be held via all technical means of communication, such as video, phone and internet-based means, provided that the security and confidentiality guidelines are respected.

If it wishes, the committee can invite non-members, such as the chair of the Executive Committee, to attend its meetings.

A director may not attend that part of the meeting of the Nomination Committee at which his/her appointment, re-appointment or removal is to be discussed, or be involved in any advice on those matters.

The members must treat all information and reports that they receive in the framework of their responsibilities with the necessary confidentiality.

#### **6.4.6. Reporting**

The chair reports verbally to the Board of Directors on discussions that have taken place at the most recent meetings.

The reports drawn up by the secretary are approved by the committee.

A copy of the latest report approved by the committee is sent to the members of the Board of Directors and included on the agenda of the next following meeting of the Board of Directors.

Members of the Board of Directors may at any time request copies of the documents appended as enclosures to the original reports.

#### **6.4.7. Evaluation**

At least every three years, the committee assesses its composition and procedures and reports on them to the Board of Directors, and in doing so it makes proposals to the Board if necessary. On such occasions, the requisite skills and experience of the committee are analysed as a whole, among other matters.

#### **6.4.8. Conflicts of interest**

Each member of a committee must inform that committee of:

- any personal financial interest in any one or more matters that the committee is dealing with;
- any conflict of interest that might arise owing to the fact that he or she occupies one or more other offices.

The member concerned does not take part in the discussions and votes on the matters in question.

### **6.5. CHARTER OF THE REMUNERATION COMMITTEE**

#### **6.5.1. Powers**

##### *6.5.1.1. Role*

The Remuneration Committee provides advice on the remuneration policy that the Board of Directors has to draw up and on any amendment to that policy.

It is charged with preparing resolutions on remuneration, more specifically:

- resolutions that affect the risks and risk management of the KBC group and that have to be passed by the Board of Directors. When preparing such resolutions, the Remuneration Committee takes account of the long-term interests of shareholders, investors and other stakeholders of the KBC group, as well as of general interests;
- resolutions on the remuneration of the persons responsible for the independent control functions. Moreover, the Remuneration committee directly oversees the remuneration of the persons responsible for the independent control functions.

##### *6.5.1.2. Remit*

- (a) To put forward proposals to the Board of Directors on the remuneration policy for Non-Executive Directors, and proposals in this respect that are required to be submitted to the General Meeting.
- (b) To put forward proposals to the Board of Directors on the remuneration policy for members of the Executive Committee, such as:
  - the main contractual terms, including those regarding pension and survivors' pension schemes and arrangements for the termination of employment.
  - the principal components of the remuneration package, including:
    - the relative size of each component;
    - the criteria applying to the variable components;
    - the benefits in kind.

- (c) To put forward proposals to the Board of Directors on the individual remuneration of the members of the Executive Committee.
- (d) To prepare the remuneration report that the Board of Directors incorporates into the Corporate Governance statement in the Annual Report and to present the remuneration report at the company's annual general meeting.
- (e) To meet annually with the chair of the Executive Committee to discuss the functioning and performance of the Executive Committee, with a view to setting the variable remuneration.
- (f) To provide advice to the Board of Directors with regard to the KBC group remuneration policy and to receive information on all exceptions thereto granted by the Executive Committee.
- (g) To provide advice to the Board of Directors on the remuneration systems for senior managers and employees whose professional activities (could) have a material impact on the risk profile of the financial institution (so-called 'risk-taking positions').
- (h) To provide advice to the Board of Directors on the remuneration of the heads of the control functions, in particular risk, compliance and audit and of the actuarial function holders of KBC Insurance NV.
- (i) To review the list of key identified staff, including the 50 KBC group employees with the highest income over the past year and to provide advice to the Board of Directors on this.
- (j) To advise the Board of Directors about Group HR's annual assessment of the existing remuneration systems against the KBC group remuneration policy.

#### 6.5.1.3. Remuneration policy

- (a) When drafting proposals on the remuneration of Non-Executive Directors, the Remuneration Committee observes the following principles:
  - The remuneration policy must be sufficiently attractive to attract, keep and motivate people with the required expertise and experience, taking into account the nature and scope of their individual responsibilities.
  - Remuneration must be based on the allocated role and responsibilities, and the time spent on fulfilling them. It takes into account the additional effort spent as member or chair of an advisory committee of the Board of Directors.
  - Non-Executive Directors may only receive a fixed emolument to the exclusion of performance-related remuneration, benefits in kind or benefits linked to pension plans. The Chair receives a different remuneration package.
  - All reasonable expenses incurred with the approval of the Chair will be reimbursed.
- (b) When formulating proposals on the remuneration of members of the Executive Committee, the Remuneration Committee observes the following principles:
  - The remuneration policy must be sufficiently attractive to attract, keep and motivate people with the required expertise and

- experience, taking into account the nature and scope of their individual responsibilities.
- Part of the remuneration of Executive Committee members must be variable and related to targets and performance criteria, so that their interests are geared to those of the company and its shareholders.
- No advance payments will be made in relation to the variable emolument. In accordance with the prevailing provisions in this regard, half of the variable emolument will be awarded in the form of equity-related instruments that are to be retained for a period of one year. If the variable remuneration amounts to  $\geq 200\,000$  euros, 40% of that emolument (both cash and equity-related instruments) in respect of a particular financial year will be paid out during the following financial year and, in principle, the award and payment of the remainder will be spread equally over the next five financial years.
- In specified circumstances, it may be decided not to pay out the deferred portion of the variable emolument and, in exceptional circumstances, it may even be decided to claw back this emolument.
- Rights allocated under the remuneration systems approved by the General Meeting and in the form of shares, stock options or any other right to acquire shares may not be considered to be vested before the third anniversary of these rights being allocated.

#### **6.5.2. Composition**

The Remuneration Committee is composed in such a way that it can provide a thorough and independent assessment of the remuneration policy and remuneration practices and the impact they have on risk management, capital requirements and liquidity.

The Remuneration Committee consists of at least three Non-Executive Directors. The majority of the members are independent directors within the meaning of the applicable statutory provisions.

The Remuneration Committee must possess the requisite expertise in the area of remuneration policy.

The chairmen of the Nomination Committee and Risk & Compliance Committee are entitled to attend Remuneration Committee meetings, but do not have any voting rights.

#### **6.5.3. Chair**

The Board of Directors appoints one of the members of the Remuneration Committee as chair of that committee.

The chair is responsible for the effective and efficient running of the meetings. He/she must ensure that the committee receives in good time all necessary information and internal as well as external support to carry out its remit properly and that it carries out its tasks in compliance with all legal and regulatory rules and with the provisions of this Charter.

#### **6.5.4. Secretariat**

The secretary to the Executive Committee acts as secretary to the Remuneration Committee. The secretary to the Board of Directors acts as deputy secretary. The secretary takes minutes at every meeting of the committee, and provides a summary of its deliberations and recommendations.



#### **6.5.5. Procedures**

The Remuneration Committee meets as often as necessary, but at least twice a year.

The meetings are held in accordance with the rules applying to Board of Directors' meetings.

Meetings can be held via all technical means of communication, such as video, phone and internet-based means, provided that the security and confidentiality guidelines are respected.

The committee may, if it wishes, invite non-members, such as the chair of the Executive Committee, to attend its meetings. The chair of the Executive Committee is invited when the remuneration of the other members of the Executive Committee is being dealt with.

No director may attend the Remuneration Committee meeting at which his/her remuneration is being discussed, and will not be involved in any deliberations on his/her individual remuneration.

Members of the committee must handle all information and reports they receive for the purposes of performing their duties with the necessary confidentiality.

#### **6.5.6. Reporting**

The chair of the committee provides a verbal report to the Board of Directors on deliberations at the most recent meetings.

The minutes drawn up by the secretary must be approved by the committee.

A copy of the most recent minutes approved by the committee are provided to the members of the Board of Directors and included on the agenda of the next Board of Directors' meeting.

Members of the Board of Directors may, at any time, request a copy of the documents that are attached to the original minutes as appendices.

#### **6.5.7. Evaluation**

At least every three years, the committee assesses its composition and functioning, and reports on this to the Board of Directors, and, where it deems necessary, makes proposals. At the same time, factors such as the required competences and experience of the committee as a whole are analysed.

#### **6.5.8. Conflicts of interest**

Every member of the committee will inform the committee of:

- any personal interest of a financial nature in one or more matters dealt with by the committee;
- any conflict of interest that might arise as a consequence of holding one or more other offices.

The member concerned will not take part in the deliberations and the vote on the matters in question.

## **7. CHARTER OF THE EXECUTIVE COMMITTEE**

### **7.1. Powers**

#### **7.1.1. Role**

The Executive Committee is empowered to perform all acts that are necessary or useful in achieving the company's object, apart from those powers vested in the Board of Directors. It is competent to act autonomously in these matters, yet always within the scope of the strategy defined by the Board of Directors.

#### **7.1.2. Remit**

The main tasks of the Executive Committee are:

- a. to conduct the operational management of KBC Group NV by:
  - developing, implementing and pursuing the strategy set by the Board of Directors, taking into account the values of the KBC group, its appetite for risk and main policies;
  - conducting day-to-day management;
  - supervising line management and compliance with the delegated powers and responsibilities, and reporting.
- b. to report to the Board of Directors on the implementation of the main policies and to provide a balanced and comprehensive assessment of the financial situation of KBC Group NV in particular, and to provide the Board of Directors with the information it needs to carry out its responsibilities.
- c. to research, formulate and draft policy proposals and strategic or structural projects to be submitted to the Board of Directors.
- d. to draw up comprehensive, timely, reliable and accurate financial reports for the KBC group, in accordance with prevailing accounting standards and company policy, and to bear responsibility for that.
- e. to prepare the compulsory release of the financial statements and other material information.
- f. to establish, manage and follow up internal control measures to make it possible to identify, evaluate, manage and control financial and other risks.
- g. to carry out other tasks entrusted to it in specific cases by the Board of Directors.
- h. to report as required on a periodic basis to the Competent Regulator, the statutory auditor and the Board of Directors, on the financial position and state of the management structure, the organisation, the internal control system and the independent control functions.

The Executive Committee reports to the Board of Directors on the exercise of its responsibilities.

The Executive Committee has the general representation power. As such, KBC Group NV shall always be validly represented by (i) two members of the Executive Committee, or (ii) by one member of the Executive Committee acting together with either a senior general manager, or with the secretary to the Board of Directors, the secretary to the Executive Committee or the Group Secretary, or (iii) by persons especially empowered for that purpose.

The Executive Committee is entitled to seek external professional advice, at the company's expense, on matters that fall within its competence.

### **7.1.3. Risk management**

The Executive Committee is responsible for implementing the risk appetite, including the risk strategy, outlining the structure and making the necessary resources available to effectively fulfil its risk management responsibilities.

At KBC Group NV level, there is strong and centralised risk management under the leadership of the Group CRO. In his/her capacity as Executive Director, the Group CRO reports at every meeting of the Board of Directors on the integrated risk profile and risk management of the KBC group and seeks approval for the overall risk appetite.

Furthermore, the Group CRO is authorised to put items that fall within the scope of his/her responsibilities on the meeting agendas of the relevant decision-making bodies within the KBC group (including the Board of Directors and the Executive Committee). In addition, the Group CRO is authorised to demand the implementation in all relevant subsidiaries of decisions taken within the Group CRO's area of responsibility at KBC Group NV level. Lastly, the Group CRO is a guest participant at every meeting of the Audit Committee and the Risk & Compliance Committee.

### **7.1.4. Financial policy**

From its ranks, the Executive Committee has appointed a Group CFO to be responsible for the financial policy of the KBC group. The Group CFO's responsibilities are wide and, besides financial planning and forecasts, include capital management, budget preparation and management, analysis of financial data, and internal and external financial reporting, as well as a number of KBC group functions. In the contacts the KBC group has with the supervisory authorities, the Group CFO is responsible for providing complete financial transparency. Lastly, the Group CFO is a guest participant at every meeting of the Audit Committee and the Risk & Compliance Committee.

## **7.2. Composition**

### **7.2.1. Scope**

In accordance with the Articles of Association, the Executive Committee comprises no more than ten members, who together form a collegiate body.

### **7.2.2. Competence requirements - Diversity**

Candidates put forward for membership of the Executive Committee must have the necessary financial expertise, professional integrity, management talent and broad experience to take on the effective leadership of the group. In addition, they must have the competences specific to the relevant profile and the necessary independence of mind.

The composition of the Executive Committee will reflect sufficient diversity of skills, background and age. At least one member of the Executive Committee should be of a different gender than the other members, with the aim to achieve a more balanced gender composition.

Moreover, Executive Directors must also meet the conditions of appointment for the position of director of KBC Group NV [see '5.2.4 of the Charter of the Board of Directors'].

### **7.2.3. Appointments**

The chair and other members of the Executive Committee are nominated, appointed and removed by the Board of Directors, after receiving advice from the Nomination Committee [see '6.4.1 of the Charter of the Nomination Committee'].

The appointment and removal of the chair and other members of the Executive Committee is subject, where required by statute, to the prior approval of the Competent Regulator.

### **7.2.4. Training**

Newly appointed members of the Executive Committee will receive appropriate training, based on their individual needs.

Moreover, the provisions of the Rules for the Board of Directors [see '5.2.6 of the Charter of the Board of Directors'] apply to the new Executive Directors.

In addition, the members of the Executive Committee are expected to keep their competences and knowledge concerning the company and the markets in which it operates up to date on an ongoing and in-depth basis. This can be done e.g. by means of independent study, specific internal sessions and specialised external workshops and conferences.

### **7.2.5. Term of office**

Members of the Executive Committee who are Executive Directors are appointed as directors by the General Meeting for a renewable term of up to four years. The other members of the Executive Committee are appointed by the Board of Directors for an indefinite period.

The term of office of a member of the Executive Committee ends:

- 1) for both Executive Directors and the other members:
  - upon the relevant age limit being attained (see point 7.2.6. below);
  - upon the member resigning;
  - upon revocation of their office at any time by the Board of Directors, after obtaining the advice of the Nomination Committee and after notifying the Competent Regulator.
- 2) for Executive Directors:
  - upon the General Meeting deciding to revoke or not to renew the director's term of office and after the Competent Regulator has been notified.

### **7.2.6. Policy regarding offices held**

Reference is made to 5.2.8. of the Charter of the Board of Directors.

### **7.2.7. Age limit**

Save in exceptional circumstances, the term of office of a member of the Executive Committee will expire at the Annual General Meeting following the date on which the member turns the Belgian statutory retirement age.

### **7.2.8. Remuneration**

The members of the Executive Committee also form the executive committees of KBC Bank NV and KBC Insurance NV and the Management Board of KBC Global Services NV. In this capacity, they receive a total remuneration package that covers the performance of these offices.

The Board of Directors determines the remuneration of the members of the Executive Committee on the basis of the advice of the Remuneration Committee and after obtaining the advice of the chair of the Executive Committee. To this end, regular comparisons are made with remuneration levels prevailing in the market.

The remuneration of individual Executive Committee members is made up of the following components:

- a fixed monthly emolument;
- an annual, performance-related variable emolument.

No advance payments will be made in relation to the variable emolument. In accordance with the prevailing provisions in this regard, half of the variable emolument will be awarded in the form of equity-related instruments that are to be retained for a period of one year. If the variable remuneration amounts to  $\geq 200\,000$  euros, 40% of that emolument (both cash and equity-related instruments) in respect of a particular financial year will be paid out during the following financial year and, in principle, the awarding and payment of the remainder spread equally over the next five financial years.

In specified circumstances, it may be decided not to pay out the deferred portion of the variable emolument and in exceptional circumstances it may even be decided to claw back this emolument.

Any remuneration paid exceptionally for offices held at the behest of KBC Group NV or a KBC group company in a company of the KBC group or external companies will be offset against the above-mentioned remuneration components.

Members also benefit from a retirement and survivor's pension scheme which comprises a supplementary retirement pension or – if the insured person dies and leaves a spouse – a survivor's pension and, as the case may be, an orphan's pension. It also provides cover in the event of disability.

### **7.3. Chair**

The chair of the Executive Committee is appointed by the Board of Directors, after having received the advice of the Nomination Committee, and subject to the prior approval of the Competent Regulator.

The office of chair of the Executive Committee cannot be held simultaneously with the office of Chair of the Board of Directors.

The chair heads the Executive Committee and is responsible for ensuring it functions effectively and efficiently in compliance with the charter of the Executive Committee. This entails:

- organising, chairing and leading the meetings of the Executive Committee;
- guiding and supporting the members of the Executive Committee in the performance of their individual responsibilities;
- determining the objectives of the Executive Committee and assessing its performance in conjunction with the other Executive Committee members.

Where the Board of Directors is concerned, the chair of the Executive Committee is responsible for:

- maintaining a continual dialogue with the Chair in a climate of mutual trust and openness;
- accounting to the Board of Directors for the functioning of the Executive Committee.

The chair ensures effective communication with the shareholders and that the members of the Executive Committee develop and maintain an understanding of the views of the shareholders and other significant stakeholders. The Chair and the chair of the Executive Committee make arrangements in this respect.

The chair of the Executive Committee, together with the other members of the Executive Committee, is the flag-bearer of the KBC group values.

To the outside world, the chair of the Executive Committee is the main spokesman for the KBC group.

#### **7.4. Secretariat**

The Executive Committee will appoint a secretary who does not have to be a member of that committee. The secretary will assist the Executive Committee and its chair, as well as the individual members of the Executive Committee. The secretary to the Board of Directors acts as deputy secretary.

Under the supervision of the chair of the Executive Committee, the secretary will be responsible for organising the Executive Committee meetings and compiling the minutes.

#### **7.5. Procedures**

##### **7.5.1. *Division of responsibilities***

The Executive Committee divides its duties up among its members, without detracting from their collective responsibility.

##### **7.5.2. *Meetings***

The Executive Committee meets regularly at the invitation of its chair. Additional meetings may be held – also at the request of an Executive Committee member – whenever it is in the company's interest to do so.

Meetings can be held via all technical means of communication, such as video, phone and internet-based means, provided that the security and confidentiality guidelines are respected.

At least four days before each meeting, save in cases of extreme urgency, the meeting agenda, together with all documents explaining the various agenda items will, under the supervision of the chair of the Executive Committee, be handed over or sent by post, courier, fax, e-mail or other electronic means to the members of the Executive Committee.

In cases of extreme urgency, the invitation and agenda may, exceptionally, be communicated by phone.

Executive Committee meetings will be chaired by the chair and, in the his/her absence or in case matters will be discussed where the chair has a conflict of interest, by another member appointed by the members of the Executive Committee present.

An Executive Committee meeting will be valid if at least half of the members are present or represented. Executive Committee members who, pursuant to the law and this Charter may not participate in the deliberations and the vote, are included when determining whether the attendance quorum has been reached, but shall not be counted (either in the numerator or in the denominator) when determining the voting majority.

At the meeting, explanations regarding certain agenda items may be given by members of management or by internal or external specialists.

When passing resolutions, the Executive Committee aims for consensus. If no consensus can be reached, the resolutions will be passed by a simple majority of the votes cast. In the case of a tied vote, the chair of the meeting will have the casting vote.

The resolutions of the Executive Committee may be passed by unanimous written agreement of its members, without the need to hold a meeting.

The Executive Committee should act in such a manner that a conflict of interests, or the appearance of such a conflict, is avoided. In the possible case of a conflict of interests, the Executive Committee should, under the lead of the chair, decide which procedure it will follow to protect the interests of the company and all its shareholders. In the next Annual Report, it is explained why the Executive Committee chose this procedure. However, where there is a substantial conflict of interests, it should be considered carefully communicating as soon as possible on the procedure followed, the most important considerations and the conclusions. The chair of the Executive Committee will consult with the Chair in this respect.

If all or all but one of the members of the Executive Committee have a direct or indirect interest of a financial nature that is incompatible with a decision or transaction that falls within the competence of the Executive Committee, the members of the Executive Committee shall inform the Board of Directors which shall pass the resolution according to the procedure prescribed by law.

#### **7.5.3. Reporting to the Board of Directors**

The chair of the Executive Committee reports to the Board of Directors on the activities and resolutions of the Executive Committee, and submits those of its proposals that require a Board of Directors' decision to the Board of Directors.

#### **7.5.4. Delegation**

The Executive Committee may, within the limits of its authority, delegate special powers to agents of its choice. In this way, the Executive Committee delegates some of its powers to committees such as the group risk committees, Asset/Liability Management Committee (ALCO), the Management Committees of the Business Units, the management committees covering two or more companies or directorates and that are important for steering a Business Unit or the KBC group. Other committees are set up at the level of one or more subsidiaries of KBC Group NV or to manage the Business Units and ensure they function properly.

### **7.6. Rules of Conduct**

The members of the Executive Committee should engage actively in their duties and should be able to make their own sound, objective and independent judgements when discharging their responsibilities.

When the Executive Committee takes a decision, the members of the Executive Committee should disregard their personal interests. They should not use business opportunities intended for the company for their own benefit.

Each member of the Executive Committee should place the company's interests above their own. The members of the Executive Committee have the duty to look after the interests of all shareholders on an equivalent basis. Each director should act according to the principles of reasonableness and fairness.

Each member of the Executive Committee should, in particular, be attentive to conflicts of interests that may arise between the company, its directors, its members of the Executive Committee and its significant shareholders and other shareholders.

The members of the Executive Committee should not use the information obtained in their capacity as a member of the Executive Committee for purposes other than for the exercise of their mandate. They must handle the confidential information received in their capacity as member of the Executive Committee with utmost care.

## **7.7 Evaluation**

On the initiative of its chair, the full Executive Committee will discuss the Executive Committee's objectives and assess its performance once a year.

Each year, the chair of the Executive Committee will evaluate each member of the Executive Committee. The individual evaluation of the chair of the Executive Committee must be performed by the Chair of the Board of Directors.

The Remuneration Committee meets annually with the chair of the Executive Committee to discuss the functioning and performance of the Executive Committee *[see 6.5.1.2 (e) of the Charter of the Remuneration Committee]*.

## **7.8 Transactions in financial instruments carried out by members of the Executive Committee**

Members of the Executive Committee can, whether regularly or occasionally, have access to information deemed by law to be inside information. The Board of Directors wishes to avoid situations in which members of the Executive Committee might misuse any inside information, or consciously or otherwise deal in such a way that could be regarded as market abuse.

Therefore any dealing by Members of the Executive Committee on their own account needs to adhere to the Dealing Code.

Members of the Executive Committee need to adhere to the Dealing Code in exactly the same terms as directors (see section 5.8).

## APPENDIX 1 DEFINITIONS



## **Appendix 1 to the KBC Group NV Corporate Governance Charter**

### **DEFINITIONS**

#### ***Annual Report***

The annual report of KBC Group NV.

#### ***Articles of Association***

The articles of association of KBC Group NV.

#### ***Audit Committee***

The audit committee of KBC Group NV.

#### ***Belgian Corporate Governance Code***

The body of principles, provisions and guidelines designed to ensure the sound management of listed companies under Belgian law, laid down in the 2020 Belgian Code on Corporate Governance. This 2020 Code has been recognized by Royal Decree of 12 May 2019 as the Belgian reference code for corporate governance within the meaning of art. 3:6§2 of the Companies and Associations Code (see: [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be)).

#### ***Board of Directors***

The board of directors of KBC Group NV.

#### ***Business Unit***

One of the activity segments into which KBC group operations have been divided up.

#### ***Cera CV***

Cera CV, a co-operative company (*coöperatieve vennootschap*), with registered office at Muntstraat 1, 3000 Leuven (Belgium), with company number 0403.581.960.

#### ***Chair***

The chair of the Board of Directors of KBC Group NV.

#### ***Charter***

This KBC Group NV's Corporate Governance charter, a document which Belgian listed companies are required to publish in accordance with the Belgian Corporate Governance Code and in which they set out their Corporate Governance structure and policy.

#### ***Companies and Associations Code***

The Belgian Companies and Associations Code as set out in the Act of 23 March 2019, as amended from time to time.

#### ***Competent Regulator***

The ECB or the NBB, as the case may be.

#### ***Compliance***

Verification of the observation of the laws and regulations governing the integrity of banking and insurance.

#### ***Core Shareholders***

The core shareholders of KBC Group NV, namely KBC Ancora NV, Cera CV, MRBB BV and the Other Core Shareholders which have entered into the Shareholder Agreement.

**Dealing Code**

The Code which has been established in accordance with the Market Abuse Regulation, 596/2014, of 16 April 2014, as approved by the Board of Directors and amended from time to time.

**ECB**

The European Central Bank.

**Executive Committee**

The executive committee of KBC Group NV.

**Executive Director**

A member of the Board of Directors who is also a member of the Executive Committee of KBC Group NV and, as such, is involved in the operational management of the company.

**Financial Supervisory Laws**

The Act of 25 April 2014 on the status and supervision of credit institutions and the Act of 13 March 2016 on the status and supervision of insurance and reinsurance companies, as amended from time to time.

**FSMA**

The Financial Services and Markets Authority (formerly known as the Belgian Banking, Finance and Insurance Commission).

**General Meeting**

The general meeting of Shareholders of KBC Group NV.

**Group Company**

Any company affiliated with KBC Group NV within the meaning of Article 1:20,1° of the Companies and Associations Code.

**Internal Governance**

Aspects of Corporate Governance which are subject to prudential supervision by the Competent Regulator.

**Investor Relations Office**

KBC Group NV's Investor Relations Office, an office that is responsible for communicating with the financial markets on KBC strategy, business developments and financial results.

**KBC Ancora NV**

KBC Ancora NV, a listed company in the form of a company with limited liability (*naamloze vennootschap*), with registered office at Muntstraat 1, 3000 Leuven (Belgium), with company number 0464.965.639.

**KBC Bank NV**

KBC Bank NV, a company with limited liability (*naamloze vennootschap*), with registered office at Havenlaan 2, 1080 Brussels (Belgium), with company number 0462.920.226.

**KBC Global Services NV**

KBC Global Services, a company with limited liability (*naamloze vennootschap*), with registered office at Havenlaan 2, 1080 Brussels (Belgium), with company number 0772.332.707.

**KBC group or the group**

KBC Group NV, together with its direct and indirect subsidiaries.

**KBC Group NV**

KBC Group NV, a listed company with limited liability (*naamloze vennootschap*), with registered office at Havenlaan 2, 1080 Brussels (Belgium), with company number 0403.227.515.

**KBC Insurance NV**

KBC Insurance NV, a company with limited liability (*naamloze vennootschap*), with registered office at Professor Roger Van Overstraetenplein 2, 3000 Leuven (Belgium), with company number 0403.552.563.

**Main Subsidiaries**

KBC Bank NV, KBC Insurance NV and KBC Global Services NV.

**Management Committee**

A committee established to run and manage a Business Unit or a general support unit and which is led by a member of the Executive Committee of KBC Group NV.

**MRBB BV**

The Maatschappij voor Roerend Bezit van de Belgische Boerenbond, a limited liability company (*besloten vennootschap*), with registered office at Diestsevest 32 (box 5b), 3000 Leuven (Belgium), with company number 0403 552 959.

**NBB**

The National Bank of Belgium.

**Nomination Committee**

The nomination committee of KBC Group NV.

**Non-Executive Director**

A member of the Board of Directors, who is not a member of the Executive Committee and, as such, is not involved in the operational management of the company.

**Other Core Shareholders**

The various shareholders which, together with KBC Ancora NV, Cera CV and MRBB BV, constitute the Core Shareholders, and concluded the Shareholder Agreement.

**Person Closely Associated**

The spouse, partner, children, other family members and certain legal persons as they are defined in the Dealing Code.

**Remuneration Committee**

The remuneration committee of KBC Group NV.

**Risk & Compliance Committee**

The risk and compliance committee of KBC Group NV.

**Shareholder Agreement**

The shareholder agreement reached among the Core Shareholders of KBC Group NV.