

KBC Group SA/NV ANNUAL MEETING OF SHAREHOLDERS  
[MAY 5, 2022](#)  
QUESTIONS FROM DWS INVESTMENT GMBH

Dear Mr Debackere,  
Dear Mr Thijs,  
Dear Members of the Board,

As one of the largest asset managers in Europe, ahead of your 2022 Annual Shareholders' Meeting, we would like to share our questions with you. As a responsible investor in KBC Group SA/NV, it is part of our fiduciary duty at DWS to express our expectations on sustainability in the best interest of our clients. Our commitment to responsible environmental and social practices and sound governance and (ESG) is not only a crucial element of our responsibilities but also forms an integral part of our investment process.

We appreciate the constructive dialogue we had to date and would like to ask you a couple of questions ahead of your annual meeting of shareholders this year. Thank you for your consideration and answers in advance. We would highly appreciate if we could receive your answers in written form. Please note that we will be also sharing our questions on our [www.dws.com](http://www.dws.com) website on the day your AGM.

### **Independence**

Qualified, experienced and independent directors are essential for competent and efficient decision-making processes at board level. Having a majority of independent members serving on boards and committees, as well as respective independent Chairs, is important for us to ensure objective-driven decision making and challenging discussions within the Board. In the case where one person assumes a combined CEO and Chair role or the Chair is considered not independent due to our Policy (for example, due to a tenure of more than ten years), a qualified and strong lead independent director must be in place in order to counterbalance the presence of a non-independent Chair and to ensure the proper work of the Board.

DWS appreciates that KBC Group SA/NV proposes to elect Ms Alicia Reyes Revuelta as a new independent member of the Board. However, the overall level of the Board's independence is still less than 50% because out of 16 Board members, three members are executive directors and ten members are shareholder representatives. Additionally, Ms Vladimira Papirnik serves already the Board for ten years and will therefore be considered dependent as of next year according to our Proxy Voting and Corporate Governance Policy. This will decrease the independence of the Board even further.

### **QUESTION 1: When will you increase the independence of the Board and when can we expect the independence of the Board to exceed 50%?**

The nomination committee is according to the information provided by the company not majority independent as well.

**QUESTION 2: When will you restructure the nominating committee so that the majority of its members are independent?**

DWS expects audit committees to be led by an independent chair and staffed with independent financial experts. However, the chair of the audit committee, Mr Marc Wittemans, is not independent because he is a shareholder representative.

**QUESTION 3: When will you appoint an independent chair of the audit committee?**

**Overboarding**

Directors should not hold an excessive amount of mandates to ensure that they have sufficient time and capacities to fulfill their board commitments. DWS considers directors overboarded in case they hold more than two external non-executive mandates and the candidate assumes any executive role (three overall maximum) or more than five mandates (including the nominated position) in total, in case the candidate assumes non-executive roles only. Due to their extended responsibilities, DWS attributes an additional mandate to all members assuming an executive position of CEO or any position as chair of the Board or chair of an audit committee. In principle, internal board seats are counted as one as long as they are clearly indicated as such.

In this context, we noticed that Mr Frank Donck has more than five mandates as he is also the Board Chair of Barco NV as well as of ATENOR SA, a non-executive director of Elia Group SA/NV and a non-executive director of Luxempart SA.

**QUESTION 4: Are there any plans that Mr Frank Donck reduces his mandates in the near future and if so, which mandates?**

**CVs**

In order to assess not only the qualification of directors but also a potential overboarding, DWS expects that the resume/CV of each executive and non-executive director is permanently published on the Investee Company's website and states the year the individual was first appointed, information about the qualification, the year of birth and any mandates (including external listed companies, internal mandates, mandates also related to other than commercially oriented organizations).

In this regard, DWS observed that the CVs of the Board members on the company's homepage are incomplete. Some CVs do not indicate the appointment date and that the respective director also serves on other boards.

**QUESTION 5: When can we expect you to update the CVs of the Board members so that investors can fully assess the qualifications and mandate situation of the directors?**

## **Executive remuneration**

Executive pay is one of the most important aspects of good corporate governance as it is one of the signals for a well-operated and supervised business. Our expectation is that the Board ensures full transparency, clear and plausible key performance indicators for investors, the structure of the incentives encourages the achievement of corporate financial, social and environmental objectives, and the amount ultimately granted is in line with performance.

A rigorous remuneration system should achieve the alignment of the interests of shareholders and management. However, DWS discovered that there are no Share Ownership Guidelines in place at the moment.

**QUESTION 6: Why does the company have no Share Ownership Guidelines in place?**

**QUESTION 7: Do you plan to implement Share Ownership Guidelines and if so, when?**

To conclude, we would like to thank all members of the Board and all the KBC Group SA/NV employees cordially on their commitment and dedication over the past year but also in these difficult times.

A special thank you in advance for your answers.