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KBC and trade unions in step towards shaping their future with agreement on new wage policy

A single forward-looking salary model for all staff starting 2018.

In the past few months, management and unions (the LBC-NVK, ACLVB and BBTK), backed by KBC's managerial staff association, have been in negotiations on a new wage policy at KBC* in Belgium.

Johan Thijs, KBC Group's CEO, puts it like this: *'The pace of change in client wants and digital transformation hold many challenges in store for the financial sector over the next couple of years. KBC is preparing by investing in innovation and in fashioning an agile, client-oriented organisation based on the notion of sustainable, profitable growth. To face these challenges, a new wage policy was needed.'*

'We take pride in how constructive the discussion in this regard has been: an unencumbered vista of the future led unflinchingly to balanced accord on the new Collective Labour Agreement on pay for both white-collar and senior management workers. It comes into force on 1 January 2018. The outcome is a fine example of how, here at KBC, constructive social dialogue with all stakeholders gives us the means to shape our futures.'

KBC's new pay model builds further on the basic principle of 'pay for work' and lays down a number of new accents to lend the pay offering a greater degree of incentive and flexibility. It furthermore forms a response to trends within society such as growing staff demand for customised salary packages under a cafeteria scheme, the rising retirement age and the attendant need for flexible career paths, plus the switch towards pay linked more to input and less to age.

It has been possible to achieve the new forward-looking pay system within the present HR budget by redistributing expenditure across the various wage components.

Workers' organisations responded by saying, *'The new pay arrangements pay maximum heed to the challenges posed today and in the future, but still salvage something of what we owe the past. Security rooted in the group's constitution and opportunities for personal growth combine with a balanced view of the needs and situations of each age bracket on KBC's payroll. Not forgetting the steadfast solidarity that those in work manifest with those who, for any number of reasons, are temporarily or definitively unable to continue in active employment.'*

Towards the autumn, staff will get more detail on the changes made to the pay model and how they affect them in particular.

The main principles underlying the new pay model

KBC's present pay arrangements consist of three components: fixed salary, variable pay (linked to the individual or the group) and non-statutory benefits. These categories will remain under the new arrangements. KBC is leaving the overall staff wage structure intact but will reassign the weighting of each of the individual components.

Under the new wage policy, it will be easier to align employees' fixed salary component with their work input whilst still remunerating them in line with market standards according to the weight of their workload or responsibilities.

The individual variable portion of pay mainly consists of non-statutory, tax-advantageous benefits and pension schemes. Just as now, exceptional performance will also in future qualify for an extra bonus.

What does the new wage policy look like?

- **KBC wants a single pay system for both administrative and managerial staff.**
- **KBC wants the market standard for fixed salary, with more room for individual differentiation**

KBC is not making any change to existing scales and job descriptions or to current monthly salaries or the way they are indexed but will in future base its remuneration on 'salary *brackets*'. A salary bracket is a salary range that accords with market standards and reflect the degree of responsibility an employee has taken on. Pay increases will no longer be determined by seniority but instead by individual performance. Managers will be able to incorporate greater flexibility in order to react with flexibility to individual performance and growth in experience.

- **KBC's staff are presented with a balanced, competitive, comprehensive pay package**

The non-statutory benefit package will expand. KBC greatly advocates team work and cooperation and is therefore putting up the funds needed to better bolster team work. KBC is also maintaining its very extensive offering as a caring employer.

- **KBC further expands cafeteria scheme**

KBC is further aligning to social trends by converting a portion of fixed salary into benefits that deliver the greatest personal added value to staff.

- **KBC's supplementary pensions made more attractive**

In response to the need to work longer and the rising requirement for flexible career paths, KBC is investing in an improved formula of the employer's supplementary pension scheme. The changes to the pension rules will only come into effect in 2019.

- **KBC abolishes time-honoured system of annual appraisals and opts instead for continual assessment dialogue process**

In April 2018, KBC will abolish its old annual appraisal rounds. The intention is that continual progression dialogue between manager and employee will produce a more accurate evaluation record and give improved insight into functional growth and staff performance in a changing context.

'This CLA applies to all staff of KBC Bank & Insurance; it does not apply to CBC, which is a separate legal entity and conducts its own pay policy in consultation with its social partners.'

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