

1st March 2021

Reporting Remuneration – Frequently asked questions

No.	Subject	Question	Answer
1	Composition of remuneration	What amounts should be mentioned under fixed remuneration?	All amounts comprising the gross annual salary, independent of performance. This also includes the amounts of benefits in kind and fringe benefits.
2	Composition of remuneration	What amounts should be mentioned under variable remuneration awarded in cash?	<p>All additional (gross) cash amounts awarded on the basis of performance or, in certain cases, other contractual criteria.</p> <p>Clarification: this includes in particular the bonus (individual bonus, for the cash portion) and the remuneration (bonus) dependent on the achievement of collective performance objectives. As these amounts are linked to performance, they should be included in the variable remuneration. For the non-cash portion, please see the following question (No. 3).</p> <p>The granting of group insurance is generally not dependent on performance (except in cases where a variable component is deliberately included in group insurance of an individual employee).</p>
3	Composition of remuneration	What amounts should be reported under variable remuneration awarded in instruments?	<p>The value of the shares or options awarded and/or, if the company awards other instruments as variable (non-cash) remuneration, the value of these instruments. This category includes performance-related bonuses that are not paid in cash.</p> <p>The value of the instruments in the reporting should be based on their market price or fair value as determined at the time they are awarded (granted) by the company as variable remuneration. These valuations should also be carried out prior to the vesting of the rights. As the instruments are awarded prior to any vesting period, the value of the instruments included in the reporting cannot take into account any revaluation taking place after the award. Unlisted small and non-complex institutions can base the value of the participations and instruments on their latest annual accounts.</p>

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4	Composition of remuneration	Under what category should severance payments be reported?	Severance payments should be included under variable remuneration (for more details regarding the scope of severance payments awarded as variable remuneration and its exceptions, please refer to point 8.4.5 of the overarching circular on governance NBB_2016_31).
5	Scope of the reporting	What period should be covered by the variable remuneration to be reported?	<p>The amounts of variable remuneration to be reported are those relating to the variable remuneration awarded in year N, with regard to the achievement of the objectives defined the previous year. (In this context, the term “awarded” should be understood as prior to payment).</p> <p><i>For example, if the decision to award variable remuneration (on the basis of the allocation of the eligible envelope) is taken in Q1 of year N, based on the performance in year N-1, the amounts of this remuneration should be included in the reporting starting in year N.</i></p> <p>These amounts include, where applicable, the portion of the remuneration (at least 40 %) to be deferred over the following years (at least 3 years). They do not include the deferred portion (still to be paid) of variable remuneration that was awarded in previous years (in the above example i.e. based on performance in the years prior to N-1).</p>
6	Deferred share of the significant variable remuneration	When the variable remuneration is qualified as “significant”, how should the percentages be reported in the two columns “ <i>Deferred variable remuneration in % of variable remuneration</i> ” [cash and instruments]?	<p>Each percentage is calculated towards the associated amount of the variable remuneration (based on the distinction <i>cash</i> and <i>instruments</i>):</p> <ul style="list-style-type: none"> - deferred variable remuneration <u>in cash</u> / total variable remuneration <u>in cash</u> - deferred variable remuneration <u>in instruments</u> / total variable remuneration <u>in instruments</u>

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7	“Other [x] remuneration within the group”	Why does the company have to report the amounts received within the group (for the part that does not relate to the Belgian (re)insurance company)?	<p>These are the amounts that an identified staff member potentially receives from another entity of the group for functions/activities other than those performed for the Belgian (re)insurance company. This information makes it possible to weigh up the different objectives that a single identified staff member is expected to achieve for different entities of the group, and to detect possible conflicts of interest. The Belgian (re)insurance company is required to properly manage the potential risks of conflicts of interest.</p> <p><i>An example would be if other companies of the group imposed performance objectives on an identified staff member that are contrary to the interests of the individual Belgian company for which the staff member (inter alia) carries out activities/mandates. Conflicts of interest may also arise from the division of time of an identified staff member between several mandates/functions in different companies of the group, the combination of which could lead to availability issues.</i></p> <p>It should also be noted that, when variable remuneration is awarded on the basis of objectives to be achieved for different companies of the group, the allocation key for variable remuneration among these companies would provide a view of the proportion of risk-taking per company.</p>
8	Composition of total remuneration	What amount should be reported under total remuneration?	The sum of the amounts of fixed and variable remunerations received for the functions/activities performed for the (re)insurance company and for the other entities of the group.

These *Frequently asked questions* (FAQ) intend to provide a high-level answer to the most recurring questions of insurance undertakings relative to the NBB remuneration-reporting. It also takes into account the outcome of a transversal analysis, performed in 2020 by the supervisory teams of the National bank of Belgium (the “Bank”), which identified a series of data quality issues. As such, the FAQ intends both to clarify some concepts used in the reporting and to raise awareness amongst insurers on the importance of the quality of the data used to complete this reporting. Although this FAQ brings high-level clarifications to certain reporting concepts, it is not to be considered as giving an exhaustive overview of all remuneration-reporting related issues. Therefore, insurers are still encouraged to contact the Bank in case they require further clarification on certain reporting concepts or in case they need confirmation on specific interpretation issues. Finally, this FAQ is to be considered as dynamic and will be updated as necessary, for example in case of potential future European evolutions and guidance in this reporting area.