



KBC Group Anti-Corruption and Bribery Policy

Approved by the KBC Group Executive Committee on 16 February 2010

1. Objectives

The objectives of this paper are to affirm KBC's position in the fight against and the resolution to prevent corruption in its activities and operations and outline the actions taken and foreseen to implement this position.

The integrity and ethical values of KBC group are part of the KBC Code of Conduct and have been adopted by all entities in the group as encapsulated in the acronym, PRO. PRO stands for Professional, Respectful and Open, three interdependent qualities which are exemplified in KBC's mission statement.

This Code of Conduct is the basis for issuing specific instructions such as Group Compliance Rules and Group Standards and other rules expressing the values of the group.

KBC values revolve around the importance of maintaining professionalism through a good reputation, while complying with competition rules, with full respect for the working conditions. The direct or indirect offer, payment, solicitation or acceptance of bribes in any form is unacceptable practice.

Employees must avoid conflicts of interest that might arise in the course of providing investment or ancillary services to a client where there is a material risk of damage to the interests of one or more clients.

All business transactions must reflect the rules and regulations of KBC. Moreover, as part of its policy, KBC forbids facilitation payments and seeks to ensure that its employees and suppliers do not make them either.

KBC expects its staff in their work to observe established rules and defend the group's interests, and to be watchful for indications of crime, serious infringement of rules or regulations, or suspicion of such conduct, detailed in the policy on the Protection of Whistleblowers and elsewhere.

The group's policy on anti-corruption and bribery is supported by a range of structures and procedures developed at different levels throughout the group to ensure that the objectives of the policy can be met.

2. Scope

This policy applies to all KBC employees, entities, activities, operations and suppliers. Consequently, it covers the actions of KBC staff and all individuals or entities implementing such activities or representing KBC in any capacity. This policy serves as a statement by KBC against corruption, collusive or coercive practices in its activities and operations. Such practices may include bribery used to influence the award of contracts, theft and misuse of public assets, falsification of accounts to cover diversion of public funds to personal accounts, abuse of official discretion or disclosure of privileged information to help friends and relatives.

3. Anti-corruption, bribery and gift acceptance

KBC shall apply a zero-tolerance policy where it has determined through an investigative process that its staff, consultants or individuals acting as representatives have engaged in corrupt, collusive or coercive practices. KBC will under no circumstances tolerate any member of its staff engaging in an act of corruption as defined under this policy.

Every KBC entity is obliged to have a policy in place on the acceptance of gifts, financial or otherwise, and commissions by its employees, aligned to the group policy on gifts. Any such behaviour will be dealt with accordingly by the relevant department in the group.

KBC does not condone or tolerate any form of donations whatsoever to persons or parties in a political or public capacity that contravenes the applicable law and regulations.

KBC shall under no circumstances tolerate any member of its staff being instructed or suggested to engage in or condoned for engaging in any act of corruption by staff of superior ranking. KBC will not accept that any refusal to engage in an act of corruption would be detrimental for a member of its staff. Facilitation payments are in principle forbidden. If, however, it is impossible to eliminate such payments, this should be reported immediately to Group Compliance. The Executive Committee has decided on a policy concerning the acceptance of gifts, financial or otherwise, and commissions by KBC group employees.

Any case of corruption or non-compliance with the letter or the spirit of the law or this policy will be sanctioned according to the applicable employment contract and the local work rules of the entity involved.

4. Protection of whistleblowers

In accordance with the policy on the protection of whistleblowers, KBC group has created the opportunity for all employees to report potential fraud or other gross malpractice in the earliest possible stages without fear for any reprisal and where whistleblowers are assured that they will receive fair treatment and that their concerns will be investigated properly.

Employees are encouraged to initially go through the normal reporting lines and only to resort to this policy if the normal channels cannot be used.

Employees must refrain from abusing the reporting procedure and thereby deliberately harming another. Any accusations made with malicious or slanderous intent will be sanctioned appropriately.

The KBC whistleblower policy applies to all types of fraud and gross malpractice relating to gross violations or gross infringements of internal as well as external rules, or rules on market abuse, insider dealing, breaches of bank secrecy or discretion with regard to insurance matters, money laundering, theft, fraud, corruption and bribery.

KBC guarantees that whistleblowers who report fraud or gross malpractice concerns in good faith will suffer no adverse or negative consequences whatsoever on account of disclosing those concerns, in keeping with the policy.

Group Compliance is responsible for monitoring the functioning of this policy in all entities of KBC group and for ensuring that reporting lines and guidelines are elaborated.

5. Prevention, monitoring and detection

Both Group Compliance and the local Compliance departments are responsible for preventing the group/entity from incurring a compliance risk or suffering damage likely to derive from its non-compliance with the applicable laws, regulations and internal rules falling under the scope of the compliance function or under the domains assigned to it by the Executive Committee. The Board of Directors, where applicable through the Audit Committee, uses reports to annually assess the containment of compliance risk. The Executive Committee is responsible for ensuring the setting-up of the function, the development and implementation of the Integrity Policy and checking the appropriateness of and compliance with relevant group policies.

Under the Compliance Monitoring Program ('CMP') Group Compliance tests the application of these policies within the scope of KBC Bank NV, KBC Insurance NV, KBC Global Services NV and KBC Group NV.

Local compliance is equally mandated to perform CMP tests in the local entities under the functional steering of Group Compliance.

The development of the CMP was decided in order to better mitigate compliance risks by verifying the existence and soundness of internal controls (first line of defence) and to verify the reliability of assessments in its domains.

The set-up of the CMP consists of an overview of compliance requirements that stem from existing laws, regulations, policies and an inventory of related controls. Using a risk-based approach, tests on the functioning of these controls are performed. The program then results in structural recommendations or concrete action plans. Follow-up and final reporting are also included.

6. Definitions

'Corrupt practice' refers to the offering, giving, receiving, soliciting, directly or indirectly of anything of value¹ to improperly finance the actions or non-actions of another party.

'Facilitation payments' are typically payments of a small amount to a government official to secure or expedite a routine governmental action, often to avoid bureaucratic delays or inaction if payment is not made.

'Whistleblower protection' refers to a KBC employee or any third party who reveals corruption in a KBC entity, by reporting issues in accordance with the whistleblower procedure.

'Bribery' involves paying money or giving a benefit to someone in business or government in order to obtain commercial advantage. An obvious example is a supplier who offers money to a company employee to get business from that company. Bribery is a betrayal of trust in which the damage inflicted generally goes well beyond the material value of the bribe. Bribery has an insidious effect on society and can seriously damage a company's reputation and undermine its licence to operate.

Further details on policies within the framework of anti-corruption and bribery are contained in the standards and codes of conduct listed below:

- The KBC Code of Conduct
- The Gift Policy
- The Policy on the Protection of Whistleblowers
- The Group Compliance Rule on Conflicts of interest
- The Group Compliance Rule on Mandates
- The Group Policy on Suppliers

As detailed and defined in the *Gifts Policy*