



CODE OF CONDUCT FOR EMPLOYEES OF CSOB
GROUP, MEMBER OF KBC GROUP

Contents

Introduction.....	3
1. Code of Conduct	3
1.1 The Background.....	3
1.2 Scope and binding nature of the Code of Conduct.....	4
2. P – Performance	4
2.1 Working Hours	4
2.2 Addictive Substances affecting performance.....	4
3. E – Empowerment.....	4
3.1 Acting as an Entrepreneur	4
3.2 Initiative	5
3.3 Observance of delegated powers and mandates	5
4. A – Accountability	5
4.1 Compliance with Rules	5
4.2 Conflicts of Interest	5
4.3 Protection of the Group’s Property.....	6
4.4 Equal Treatment.....	6
4.5 Gifts and Bribes.....	6
4.6 Dress Code	6
4.7 Private Business Activities outside Working Hours.....	6
4.8 Management of Personal Finances	7
4.9 Prevention of Money Laundering and Financing of Terrorism	7
4.10 Tax Laws and Regulations	7
4.11 Ethics and Fraud	7
4.12 Competition Rules.....	8
4.13 Data Protection and Confidential Information	8
4.14 Protection of Investors and Capital Markets	9
5. R – Responsiveness	9
5.1 PEARL Values and Ethical Behaviour	9
5.2 The Group’s Good Reputation	10
5.3 Customer Focus.....	10
5.4 Team Spirit and Cooperation.....	10
5.5 Individual Needs and Professional Development	10
6. L – Local Embeddedness.....	10
6.1 Corporate Social Responsibility	10
6.2 The Group’s Public Image	11
6.3 Engaging in Activities outside the Group	11
Conclusion.....	11

Introduction

The Code of Conduct reflects the fundamental values and expectations regarding the manner in which CSOB Group employees, (hereinafter “the Group”) should conduct themselves. The Group includes all companies, associations and other entities which are members thereof in the broadest sense.

Our main principles:

- The customer’s interest is put up front,
- We are honest in our dealings and correct in our relationships,
- We exhibit responsibility and discretion in our actions,
- We respect the law and the dignity of our colleagues,
- We exhibit PEARL values and ethical behaviour.

These values apply equally to all staff in our group. Senior staff have a particular responsibility to give leadership by way of setting an example and maintaining the environment in which honesty and integrity are presented as fundamental values.

The desired behaviour model is described in more detail in the **Leadership model for employees and managers**.

At no time should any employee be asked to do anything which would contravene this Code.

The Code of Conduct is embedded right in the general definition of the Group mission and forms it’s first and foremost standard to which other regulations are linked.

1. Code of Conduct

1.1 The Background

The Group aims to be the organisation that:

- listens to its Customers and anticipates their needs through providing excellent products and services;
- fulfils the potential of its staff;
- contributes to the local community

An organisation that places people at its centre based itself on a number of specific principles which form the basis for everyday thinking and acting of its employees. These principles consist of PEARL:

P – Performance

E – Empowerment

A – Accountability

R – Responsiveness

L – Local embeddedness

Intrinsic to these principles is the way how we behave: we are **Respectful, Responsive and Result driven**. And we expect that this behaviour will not only help us to reconfirm the company’s trust, but also to be the reference for existing and new clients.

Therefore, all principles outlined in this Code are linked to these values and behaviour.

Respectful: we show respect for our internal and external clients. Showing respect means treating people as being equal, being transparent, appreciating people for what they do and who they are, trusting people but, particularly, it is based on individual dignity.

Respect is always mutual. It is not only requested, it needs to be given.

Responsive: We listen to our clients, staff and our organisational counterparty, understand their needs and do our best to fulfil them.

Responsive means anticipating and acting readily and sympathetically on suggestions, influences, appeals or efforts. Responsive also means interest, acceptance, broad-

mindedness, impartiality, observation, open mind, tolerance and understanding. It implies a feeling of “we are in this together”, and cooperative behaviour.

Results driven: We are driven to achieve results for our clients, our staff and our organisation. We deliver what we promise!

A results-driven person or organisation concentrates on meeting objectives and delivering in line with the required assignment, deadline, cost and quality. Procedures have to be respected, but are not an excuse for poor performance. Cooperation strengthens the ability to perform. A results-driven person or organisation concentrates on setting specific, measurable goals and consistent improvements.

1.2 Scope and binding nature of the Code of Conduct

This Code of Conduct is applicable to all Group employees. It consists of the minimum set of guidelines of the Group to which all staff are required to adhere. It also reflects the general business principles of the local Financial Industry.

The Group has a right to monitor compliance with the Code of Conduct and regularly evaluates the individual conduct of staff against the group values. Failure to comply with any of the standards as set out in this Code of Conduct may lead, after an unbiased assessment, to disciplinary action, in accordance with the applicable local employment regulations.

The Code of Conduct may be supported by other more specialised codes for specific target groups (e.g. dealing).

2. P – Performance

Staff will be dedicated to deliver outstanding results on all our assignments and thus extinguishing mediocrity. We will be client focused. We will continuously improve the quality of our products and services to exceed the expectations of our clients through impeccable execution.

2.1 Working Hours

The Group’s long-term success is determined chiefly by staff demonstrating a high level of efficiency in their work. The Group creates appropriate conditions for its staff to function in due fashion during company time.

Company time must be used effectively and only activities that are of benefit to KBC may be conducted. Those activities are defined by the place of employment and internal regulations, particularly the [“ČSOB Working Rules”](#).

2.2 Addictive Substances affecting performance

The use of alcohol, narcotics and other addictive substances during working hours can lead to damage to life or health, significant loss of reputation or financial damage.

The employees may not work under the influence of intoxicating, psychotropic or other addictive substances and alcohol – see [“ČSOB Working Rules”](#).

3. E – Empowerment

Our Leadership will be defined by embracing and unlocking the creativity of each individual employee, encouraging people to cooperate. Our professional staff will be given sufficient flexibility in implementing policy to convince our clients of the highest degree of excellence of our services.

3.1 Acting as an Entrepreneur

In order to be successful in its business activities, the Group looks to create and support a strong entrepreneurial spirit. Moreover, the Group promotes and appreciates creativity and initiative.

In this respect, staff must base all their actions on a sound business sense, and act as if they themselves were the owner of the company. Acting in this way will maximise the long-term financial effect for the Group and its shareholders.

3.2 Initiative

In order for the Group to be successful in a competitive marketplace, highly efficient and effective processes need to be in place. Accordingly, we implement a proactive approach towards suggestions for improvements to existing work processes. New ideas promote change.

All staff may express their opinions openly, and the opinions of others are to be taken into account.

3.3 Observance of delegated powers and mandates

In business relationships, the Group is always represented by a particular member of staff who communicates directly with the customer and participates in building long-term business relationships.

Consequently, all signature, decision-making or approval powers and trading limits must be observed and the necessary authorisation must be obtained. An employee may only enter into, decide about or approve only such obligations on behalf of the Group for which the employee has been granted approval powers.

When a mandate in another company or legal entity is taken up at the request of ČSOB, all relevant regulations and guidelines, including those regarding remuneration for the mandate (as a rule, this is unpaid) must be complied with. The relevant guidelines are specified particularly in the internal instruction, [“Principles of work and functional involvement of CSOB staff”](#).

4. A – Accountability

Staff will accept the individual responsibility of our assignment.. We serve the interest of our customers and earn their trust by working in an ethical and financially reasonable manner. We will disclose our results in a transparent manner.

4.1 Compliance with Rules

The Group can only comply with the rules governing its activities if its staff observe the rules governing their work.

The Group therefore expects all generally binding legal and internal regulations relating to work to be observed; such observance is being continuously checked.

The Employer informs its employees with applicable internal regulations and allows viewing these as well as other regulations, for example on the Intranet.

4.2 Conflicts of Interest

The Group expects its staff to differentiate clearly between their professional and private life. Under all circumstances, staff have to maintain their independence and avoid any conflict of interest.

Consequently, staff may not carry out any deals or transactions that they are personally – directly or indirectly – involved in and that might thus result in a conflict of interest.

Any intervention, pressure, influence, wish or request that could jeopardise impartiality in deciding on issues involving customers or business partners, is to be avoided.

Customers may not be given preferential rates or any other benefits in contradiction to the applicable arrangements, terms and conditions and internal rules, and independence may not be jeopardised by accepting a loan from or providing, as a private individual, a loan to clients, suppliers or business partners.

Apart from exceptions stipulated in the employer's internal regulations, employees may not hold a power of attorney for accounts or safety boxes of the Group's clients.

Any other than purely business relationship amongst the staff may not disturb the employee's or team's standard work performance.

4.3 Protection of the Group's Property

The Group provides multiple means of communication to its staff to operate efficiently (like PC, telephone, internet and data access, etc.). These means must be used within the professional context for which they are intended and in compliance with the document "[Rules for the Use of Means of Communication](#)".

Save where the internal regulations grant exceptions, Group property may be used only for work purposes; the resources provided may only be used in compliance with the law. Every member of staff is also required to keep his/her workplace and its surroundings in proper order.

4.4 Equal Treatment

The Group prohibits any form of direct or indirect approach to either employees or customers based on race, sex, marital status, sexual orientation, age, family status, disability, religion, etc. Employees and clients may not be discriminated in relation to the products and services offered, access to employment, employment terms and conditions, training, career promotion or classification in positions.

4.5 Gifts and Bribes

The Group attaches great importance to the avoidance of conflicts of interest; to the transparency of relationships between staff, clients and third parties and, in particular, to the integrity of its staff.

In relation to work performance, the staff may neither accept nor give presents and similar considerations with the exception of circumstances stipulated in the Group's internal regulations in compliance with the document, "[ČSOB policy for gifts and similar considerations](#)".

Acceptance, offering or arranging bribes for third parties is unacceptable. The Group rejects all forms of bribery and corruption to which the Group applies a zero-tolerance policy – see documents "[KBC Group policy against corruption and bribery](#)", "[KBC Anti-Corruption Program](#)", "[ČSOB Anti-Corruption Program](#)".

4.6 Dress Code

A professional attitude is one of the pillars of customer trust and satisfaction and thus also of the Group's business success. It also embraces a dress code.

The Group requires that its staff on duty is dressed neatly according to the Business Casual standard. At meetings with external parties or where a situation requires, more formal clothing is desired (Business). In their image, too, the staff take a neutral stance and refrain from expressing their political, philosophical or religious beliefs.

A guideline for a choice of suitable clothing is available on the Intranet, in the CSOB Style brochure.

4.7 Private Business Activities outside Working Hours

The Group respects its staff's private activities outside working hours. However, some entities in which the staff might be involved could be in such business relations to the Group that could result in a conflict of interest.

Consequently, any business activities (including mandates) conducted outside the employment relationship must be in accordance with generally binding legal regulations, the employment contract and the Employer's internal rules. Furthermore, business activities must be avoided that could or would lead to conflicts of interest between personal interests and the Group's interest.

4.8 Management of Personal Finances

Working for a financial services organisation places additional responsibilities on people when managing their personal finances. Good management of personal finances is one of the best ways to guarantee independence and integrity. Staff are required to ensure that their personal finances are managed with the requisite prudence and in accordance with any agreed terms and conditions. On no account may financial independence be compromised by taking out loans with customers, suppliers or other business relations.

Should an employee's financial situation become untenable for whatever reason, he/she is advised to contact the HR Department. The Group has the experience and it will endeavour to support staff in the most appropriate manner.

4.9 Prevention of Money Laundering and Financing of Terrorism

Money laundering and terrorist financing are crimes, and the Group has a statutory duty to combat these practices. The preventive measures put in place by the Group are designed to protect its good reputation in this respect. Detailed guidance is given in the document "[ČSOB measures against money laundering and financing of terrorism](#)".

Customer data is therefore required to be handled consistently and evaluated properly, in order to protect the group or its staff from being targeted regarding the aforementioned crimes.

In case of doubt, members of staff are required to contact the Compliance function.

4.10 Tax Laws and Regulations

Observance of tax laws and regulations is of vital importance to the Group's reputation. The Group is a responsible taxpayer, basing itself on professionally executed compliance with tax laws and legitimate tax planning. Consequently, customers may never be given advice of a nature that might prompt them to violate tax laws or regulations. Mechanisms may not be set up that are contrary to standard practice and that clearly aim to promote or result in tax fraud by customers. Additionally, no assistance may be provided in any operations whose purpose is to procure an unlawful tax benefit for the customer.

When launching new products on the market or penetrating new markets, account is to be taken of the relevant tax requirements.

In case of doubt, members of staff are required to contact the Tax function.

4.11 Ethics and Fraud

In a constantly changing environment and due to internal and external pressure, it may happen that mistakes are made or rules and guidelines are breached, whether intentionally or due to negligence. It is important to communicate openly about such errors to avoid deterioration of the situation and enable other colleagues to learn from it.

In accordance with its ethics and fraud policy "[Policy for whistleblowing, investigation and documenting unethical, fraudulent and criminal actions in ČSOB](#)", the Group applies zero tolerance regarding fraud.

All staff are required to:

- act honestly and with integrity at all times
- be conversant, and comply, with all applicable laws, regulations, internal policies and good business practices applicable to their business and work
- safeguard the resources for which they are responsible
- co-operate with, and assist, to the fullest extent possible, investigating authorities

Employees who suspect fraudulent activity should inform their line manager immediately, or follow the procedure as set out in the documents "[Policy for whistleblowing, investigation and documenting unethical, fraudulent and criminal actions in ČSOB](#)" or "[ČSOB Policy – Whistle Blowing](#)". For notification can also be used the Group e-mail: reporting@kbc.be.

Under no circumstances should a member of staff attempt to personally conduct any investigations, interview/interrogations or contact 'suspected' individuals.

The senior management of the business units are responsible to ensure that all activities are conducted in a manner:

- that is compliant with the Group policy [“Ethics and Fraud Prevention”](#) and [“Policy for whistleblowing, investigation and documenting unethical, fraudulent and criminal actions in ČSOB”](#),
- that is compliant with operational risk requirements and the established control environment (e.g. by applying the zero-tolerance policies),
- that conforms to all applicable legal, tax, accounting, and regulatory provisions, as well as to the internal policies, procedural limits and guidelines,
- that allows a proper review to be carried out by local and other appropriate legal, tax, accounting and regulatory authorities.

Specific with regard to fraud, the senior management are responsible for:

- Knowing and being familiar with the fraud types that might occur in their relevant business units,
- remaining alert and vigilant for any indicators of fraudulent activity,
- putting in place efficient controls and procedures to mitigate the risk of fraud and ensure that the control structure is effective and operational at all times,
- setting up a process to facilitate immediate notification of any suspected or detected fraud to the direct supervisor, Compliance or through the contacts listed in the [“ČSOB Policy – Whistle Blowing”](#).

The Group expects its staff to understand the need for internal and external checks and to try not to circumvent them. In this order, a minimum number of 14 consecutive days of annual leave is required each year. During this annual leave period, staff must not log onto the transaction systems or perform other prohibited activities, as further detailed in the internal guidelines.

4.12 Competition Rules

All of the Group entities are bound by strict rules designed to ensure free competition on the market (for example, prohibition of unfair competition, price agreements and unfair trading practices such as misleading or destructive advertising). As a result, the competition rules must be observed in all areas of work, and conduct must be such that the Group, as a group, is not involved in any breach of them, in conformity with the [“Anti-trust Policy Rules in ČSOB”](#).

4.13 Data Protection and Confidential Information

The relationship with customers is based on trust and confidentiality. The conduct of the Group's business is in part determined by the protection of confidential customer information, and decisions are to be taken on the basis of complete and correct data.

All information relating to KBC's customers or business partners that is obtained within the course of work falls under the professional duty of discretion. Therefore, it must be treated as confidential information. All internal information concerning customers and business partners must be protected from unauthorised usage, disclosure, alteration or destruction. That information may be used only for the (professional) purpose for which it has been collected. The protection of confidential information applies to all data carriers, regardless of their form.

At no time may any false or biased data be entered into the information systems of the Group or information be withheld that is required for decision-making purposes.

Unauthorised persons may never be enabled to use the authorisations or technical means given to staff to access the Group's company premises or information systems.

The legal and internal regulations relating to the confidentiality, handling and processing of personal data must be observed.

The Group – as employer – protects all staff data in compliance with the applicable legal and regulatory provisions.

Detailed information concerning data protection is given particularly in documents: [“Information Classification”](#), [“Data Loss Prevention”](#) and [“CSOB Information Security Policy”](#).

4.14 Protection of Investors and Capital Markets

In all financial markets, market abuse – i.e. the abuse of insider information and market manipulation (price manipulation, spreading of false information) – is seen as one of the most serious offences against trading ethics. For this reason, trading while in possession of material non-public or “inside” information or disclosing such information to others so that they may act on it (“tipping”) is strictly prohibited.

Inside information is information:

- of a precise nature,
- relating directly or indirectly to one or more issuer of financial instruments or to one or more financial instruments,
- which has not been made public; and
- which, if it were made public, would likely to have a significant effect on the price of those financial instruments or on the price of related derivative financial instruments.

For the same reason, no activities are to be carried out that distort the market price of negotiable financial instruments, or that increase their trading volume artificially with the intention of misleading market participants.

All confidential internal information relating to the Group, its customers or business partners that staff have become privy to in the course of their work must be protected. It may not be used for personal benefit or the benefit of others. All applicable rules in this regard must be respected, particularly the [“Conflict of Interest in Investment Service Provision Policy”](#) and [“Incentive in Investment Service Provision Policy”](#).

Examples of such internal information include but are not limited to changes in protected earnings, write offs or upward adjustments in previously reported earnings, dividend changes, changes to key managerial personnel, tender offer plans (whether acquirer or target), significant acquisitions or sales, significant unreported changes of stock ownership, or significant information relating to asset or corporate liquidation, re-financing or the issuance of securities (debt or equity).

Persons who violate the securities laws by trading or tipping on inside information face both civil and criminal liability.

5. R – Responsiveness

Staff will anticipate and act readily and sympathetically on suggestions, influences, appeals and efforts of our management, employees and clients.

5.1 PEARL Values and Ethical Behaviour

The proper and ethical behaviour of each member of staff has an impact on the reputation of the Group. It contributes towards the corporate culture and influences the personal motivation and performance of all staff. PEARL values and their corresponding behaviour are expected of all staff at all times.

The Group attaches great importance to courteous behaviour. Behaviour in the workplace may not inconvenience other staff or jeopardise their health and safety.

In accordance with the law and the internal regulations regarding prevention and intervention, all staff is strictly prohibited from:

- exerting any inappropriate pressure or influence,
- making hurtful remarks,
- acting in a way that undermines the integrity or dignity at work of other colleagues,
- conspiring against other colleagues,
- bullying, harassing or sexually harassing colleagues,
- abuse their position in dealings with colleagues.

5.2 The Group's Good Reputation

The public's perception of the Group is partly determined by the behaviour of its staff. By behaving professionally on all occasions, respect is demonstrated for the Group's good reputation.

Staff may not abuse either the Group's good name or their position within the entity to advance their private interests or opinions or the interests of third parties.

5.3 Customer Focus

Because the Group consciously seeks to build long-term relationships with its customers, its approach is professional, with adequate know-how and skills and characterised by openness and respect. Every member of staff is expected to display these values. The Group aims to treat its customers fairly in all aspects of its relationships with them. For that reason, customers are provided with comprehensible and accurate information based on facts: appropriate information about the conditions and risks associated with commitments being entered into.

The Group always ensures that the conditions and actions applying to the customer relationship are at all times transparent and comprehensible for the customer. At the same time, account is taken of the level of the customer's knowledge and his/her ability to understand what is being referred to, and only those services and products are offered that correspond to his/her situation and requirements, and that simultaneously comply with the Group's interests.

Under no circumstances will services, advice, products or co-operation be offered that might lead to a breach or circumvention of any regulatory, tax or other obligations resulting from the relevant laws and regulations.

5.4 Team Spirit and Cooperation

The success of the Group as a whole is determined to a significant extent by the quality and level of communication and co-operation among staff.

The Group therefore expects staff to adopt a friendly and open attitude towards each other, have respect for each other and promote team spirit. In addition, all information that could be important for others must be shared, always with respect to observance of other rules, e.g. maintaining confidentiality of the information.

5.5 Individual Needs and Professional Development

The Group understands that the motivation of its staff is partly determined by the extent to which it meets their individual needs and requirements. Through its managers, the Group therefore takes note of those needs and requirements, offers its staff the possibility of professional development and looks to meet its staff's reasonable desires with regard to the nature of work and to technical and operating conditions, so that staff are enabled to perform well.

The Group promotes individual initiative in the direction of further development of the individual and offers staff members an opportunity to acquire all knowledge needed for their work performance.

Besides, the Group supports initiatives that enhance staff motivation, like e.g. home office, extensive personal development opportunity, specific programs for parents etc.

6. L – Local Embeddedness

As employees, we have a social responsibility. We observe the local rules and regulations, behave with environmental responsibility. We welcome the diversity of our clients, cooperate and build long-term client relationships.

6.1 Corporate Social Responsibility

The Group promotes the principles of corporate social responsibility. The principles and statements of the group regarding corruption and the protection of human rights, as well as the safeguarding of the environment, must always be applied.

In accordance with the Group's Human Rights *Policy*, the Group respects, supports and has implemented the principles underlying universal human rights throughout the group.

6.2 The Group's Public Image

How the Group is perceived by the public is strongly influenced by the media.

When offering opinions in public and communicating with the media, the Group's principles and values must be respected. The media are understood to mean the traditional media (radio, television, press etc.) as well as new and social media (e.g. text messages, Internet, chatting, blogging, discussion forums, virtual world– Second Life – and social networks like Facebook, Netlog and others).

Press releases in the name of KBC and communications with the media relating to KBC may be issued only by authorised departments or persons, and contact with the press is reserved to the authorised persons. Other persons may be authorised to communicate with the press solely under expressly stated, exceptional circumstances.

6.3 Engaging in Activities outside the Group

The Group welcomes its staff engaging in leisure activities in the fields of sport, culture, scientific research, special interest organisations, etc. In doing so, however, staff must at all costs avoid acting in the capacity of the Group's employees. This also applies to their potential political or religious activities.

The Group is not a champion of political, religious or other ideological agitation in the workplace or towards the customer.

Conclusion

Behaviour in compliance with this Code is the foundation of our company's successful operation. In case of any dispute or doubt, employees may contact their supervisors and/or Compliance.

If anyone breaches the aforementioned ethical standards, s/he damages both the Group and its staff.

Any suspicion of a grave breach of the law, regulation or ethical standard must be reported to the supervising manager. In case of need, you can use the so-called "Whistle Blowing" – see document ["ČSOB Policy – Whistle Blowing"](#).

Specialised departments (e.g. Compliance, Inspection, Audit, Security) are authorised to conduct investigations, inspections and checks including interviews with the staff. The staff are obliged to provide full cooperation during such checks and inspections.