

KBC Group Controversial weapon Policy

Since 2004, as part of its Corporate Social Responsibility commitments, KBC group has been applying stringent ethical restrictions related to companies involved in controversial weapon systems. No KBC group entity may initiate or conduct any business with any company listed on the KBC Blacklist on Controversial weapons.

Controversial weapon systems cover both weapon systems which are prohibited by international (and national) law and those for which there is a broad consensus that they should be banned. These weapon systems include: cluster bombs and sub-munitions, chemical or biological weapons, anti-personnel mines (including Claymore mines), weapons containing depleted uranium and white phosphorus (used in incendiary munitions and weapons).

The policy does not refer to countries.

When a company is assessed to be involved within the scope of the blacklist, also its majority shareholders will automatically be banned from our business activities according to the procedures of the specific Zero Tolerance framework. So the parent company - towards the level of the ultimate parent - will be excluded and added to the blacklist. If involved parties (Group CSR Department, business, Sustainability Advisory Board) agree, a majority shareholder can be excluded from the blacklist (exception). If there's no agreement, the file will be brought to the ExCo.

The KBC Blacklist strictly applies to all business activities which require / involve a direct relationship with a (potential) counterparty / customer on this KBC Blacklist, for instance:

- all forms of lending, including trade finance and bank guarantees;
- all deposits, including opening of accounts on behalf of new customers;
- all forms of leasing, including real estate;
- all investments, including in insurance, proprietary investments;
- all market activities;
- all insurance activities;
- all procurement activities.

Only the following 2 exceptions are excluded from the above principles:

- Execution only: Transactions in financial instruments of blacklisted companies made on the initiative of the client. Transactions in this sense means „execution only“ client buy and sell orders in financial instruments issued by blacklisted companies or the keeping of such positions in client securities accounts.
- The index-linked investments funds: To investment funds whose investment policy in accordance with their statutes or administrative regulations, aims to follow the composition of a particular stock or bond

index. Only KBC Asset Management can define which index-linked investments funds are allowed.

KBC continues processing payments from and to black-listed companies.

The KBC blacklist is published on website www.kbc.com.

Approval

Approved by GM CSR

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