



KBC GROUP GENERAL INVESTMENT POLICY

Introduction

- This general investment policy is in line with the overall group mission statement and KBC's Principles for Socially Responsible Business.
- The general investment policy is based entirely on the UN Principles for Responsible Investment. (cf. www.unpri.org)
- The general investment policy applies to all business units and entities within KBC Group.
- The general investment policy covers all investments carried out by KBC. These entail proprietary investments, investments conducted on behalf of its customers and for the investment funds that it manages.
- Individual Group business units and/or entities may take additional initiatives at their own discretion to further enhance or specify the principles underlying the general investment policy.

Principles

- 1. KBC incorporates environmental, social and governance issues into its investment analyses and decision-making processes.**
 - As an internal guideline, KBC does not invest in companies which are involved in the development and manufacture of or trade in controversial weapons. (Only for a limited number of well-defined index-linked investment funds for institutional investors and for 'advisory' customers in private banking operations may a well-considered exception be made.)
 - KBC offers socially responsible investment products based on its in-house environmental, social and governance screening methodology.

- As a rule, the KBC Asset Management tool for screening the environmental, social and governance performance of companies and countries is employed group-wide as a basis for creating tailor-made SRI products for various types of customers. (An exception is made for private banking customers, where products from external asset managers may also be used under the 'open architecture' approach.)
- KBC encourages academic and other research on this theme and advocates environmental, social and governance training for investment professionals.

2. KBC aims to be an active 'owner' and incorporates environmental, social and governance issues into its ownership policies and practices.

- KBC shall make use of the rights that are associated with the shares in its investment portfolio, if necessary and relevant. This means that KBC exercises its influence - where necessary and relevant – to enter into dialogue with the companies in which it invests.
- A 'proxy voting and engagement policy', to be applied by KBC Asset Management, shall be drawn up by KBC Asset Management and communicated group-wide for information purposes.
- KBC shall consider taking part - where relevant - in class-action suits for its own investment portfolio.

3. KBC seeks appropriate disclosure on environmental, social and governance issues by the entities in which it invests.

- KBC encourages standardised reporting on environmental, social and governance issues, based on the Global Reporting Initiative (cf. www.globalreporting.org).
- KBC organises and promotes information and training sessions on environmental, social and governance communication.
- KBC supports shareholder initiatives and resolutions promoting environmental, social and governance disclosure.

4. KBC promotes the acceptance and implementation of the UN Principles for Responsible Investment within the investment industry.

- As a rule, KBC shall include, where relevant, environmental, social and governance-related requirements in its requests for proposals.
- As a rule, KBC shall revisit its relationship with investment service providers that fail to meet environmental, social and governance expectations

5. KBC shall work to enhance its effectiveness by implementing the principles of this general investment policy.

- KBC actively participates in external networks and information platforms.
- KBC develops or supports appropriate collaborative initiatives.

6. KBC reports on its activities and progress towards implementing this policy.

- On a yearly basis, KBC shall disclose:
 - how environmental, social and governance issues are integrated into its investment practices
 - which actions have been taken in respect of the rights that are associated with important shareholdings (voting, engagement, and/or policy dialogue) with respect to the various investments it undertakes for its main investment portfolios.

Policy date: June 2007
