



## **KBC Group Anti-Corruption and Bribery Policy**

*Approved by KBC group Executive Committee on the 16<sup>th</sup> of 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 such position.

The integrity and ethics values of KBC group are part of the KBC Code of Conduct and have been adopted by all the entities in the group as encapsulated in the acronym of 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 like Group Compliance Rules and Group Standards and other rules expressing the values of the group.

KBC values revolve around the importance to maintain professionalism through good reputation, while abiding to competition rules, in the full respect of the working conditions. The direct or indirect offer, the payment, soliciting and acceptance of bribes in any form are unacceptable practices.

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

All business transactions must reflect the rules and regulation of KBC and, as part of our policy, we forbid facilitation payments and we seek to ensure that our 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, as well as to be watchful for indications of crime, serious infringement of rules or regulations, or suspicion of such conduct, detailed in the policy for 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**

The scope of this policy refers 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. The scope of this policy serves as a statement of 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 to engage 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 presents, gifts, and commissions by its employees, aligned to the group gifts policy. Any such behaviour will be dealt with accordingly by the relevant department in the Group.**

**KBC does not condone nor tolerate any form of donations whatsoever to persons or parties in a political or public capacity that is in contravention of the applicable law and regulations.**

**KBC shall under no circumstances tolerate that any member of its staff is instructed, suggested or condoned to engage in any act of corruption by staff of superior ranking. KBC will not tolerate 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 it should however be 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 presents, gifts 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 labour contract and the local Labour Regulations of the entity involved.**

### **4. Protection of Whistleblowers**

**In accordance with the policy for the protection of whistleblowers, KBC group has created the opportunity for all employees to report potential fraud or other gross malpractice at 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 use the normal reporting lines in first place and only rely on this policy if the normal channels cannot be used.**

**Employees must refrain from abusing the reporting procedure and thereby deliberately harming another. If accusations would be made with malicious or slanderous intent, appropriate sanctions may apply.**

**KBC Whistleblower policy applies to all types of fraud and gross malpractice relating to gross violations or gross infringements of internal rules 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, bribery.**

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

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

### **5. Prevention, Monitoring and Detection**

**It is the responsibility of Group and local Compliance to prevent that the group/the entity incurs in a compliance risk or suffers damage, likely to derive from its non complying with 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, as the case may be via the Audit Committee, annually assesses on the basis of reports, the containment of the Compliance risk. The Executive Committee is responsible for ensuring the setting-up of the function, the development and the implementation of the Integrity Policy, to check the appropriateness of and obedience to relevant Group policies.**

Group Compliance performs testings under the Compliance Monitoring Program (“CMP”) of the application of these policies within the scope of KBC Bank NV, KBC Verzekeringen NV, KBC Global Services NV and KBC Group NV.

Local compliance is equally mandated to perform CMP testing 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 following from existing laws, regulations, policies and an inventory of related controls. Under 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” regards the offering, giving, receiving, soliciting, directly or indirectly of anything of value<sup>1</sup> to improperly finance the actions or the 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.

“Whistle-blower protection” regards a KBC employee or any third party who reveals corruption in a KBC entity, by reporting issues in accordance with the Whistle-blower 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 it can seriously damage a company’s reputation and undermine its license to operate.

Further details regarding to policies within the framework of Anti-corruption and Bribery are contained in the Standards and Codes of reference detailed below:

- The KBC Code of Conduct
- Gift policy
- Policy on the protection of whistleblowers
- Group Compliance Rule on Conflicts of interest
- Group Compliance Rule on Mandates
- Group Policy on Suppliers

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<sup>1</sup> As detailed and defined in the *Gifts Policy*