



# KBC GROUP CORPORATE SOCIAL RESPONSIBILITY POLICY TOWARDS SUPPLIERS/CONTRACTORS

## Introduction

- KBC believes that its business management must reflect the growing awareness in corporate social responsibility (CSR) issues within the supply chain, including factors such as ethical and labour considerations, security of supply and its environmental footprint.
- The objectives of KBC's procurement departments in respect of the supply chain and the environment are:
  - to secure services and products generating as low an environmental impact as is reasonably achievable
  - to work with suppliers to create services and products that further KBC's progress towards sustainable development, whilst meeting KBC's economic targets.
- The CSR policy towards suppliers/contractors applies to all business units and entities within KBC.
- All of KBC's procurement and outsourced activities are covered by this policy, including IT-related matters, logistics (transportation, office equipment, printing services, etc.), facility services (cleaning, utilities, catering services, technical installations, etc.) and marketing support services (translation services, product merchandising, etc.).

- This policy applies to all suppliers/contractors, and, in particular:
  - to key suppliers/contractors in the main cost areas of each KBC group entity (i.e. representing up to 80% of the total amount spent by an entity) and
  - to suppliers/contractors operating in cost areas that are highly impacted by CSR matters (e.g., toxic waste disposal, off-shore IT services and call-centre activities).

Suppliers/contractors shall be actively monitored in accordance with this policy.

- Individual KBC business units and/or entities may take additional initiatives at their own discretion to further enhance social and environmental sustainability performance in their supply chain and, if need be, also apply such initiatives to the supply chain of their core activities.

## **Principles**

- KBC's procurement officers endorse the implementation of the Universal Principles of the UN Global Compact concerning human rights, labour, environment and anti-corruption in respect of all matters of procurement (cf. Appendix below and [www.unglobalcompact.org](http://www.unglobalcompact.org)).
- These Universal Principles are reflected within the internal outsourcing and procurement guidelines, as follows:
  - In all major calls for bids and in specific contracts, suppliers/contractors are asked to provide information by completing (standardised) questionnaires on environmental management and business ethics matters. Some of these matters are identified as 'minimum requirements': prevention of child labour and forced labour, compliance with collective bargaining, rejection of race discrimination, prohibition of the use of manifestly non-sustainable products or production methods and endorsement of a

stringent anti-corruption code. In principle, this declaration on the part of suppliers shall become an integral part of a contract.

- KBC actively specifies its requirements so as to contribute to the reduction of material and energy consumption, transportation and waste.
- KBC's long-term key suppliers/contractors shall be assessed not only on their compliance with the 'minimum sustainability requirements' as part of their contractual obligations, but also on their active contribution to an enhanced economic and ecological solution for KBC's sourcing needs. The rate of sustainability is one of the key performance indicators in KBC's evaluation procedures on suppliers/contractors.
- KBC obliges its key suppliers/contractors to induce their subcontractors to comply with the same CSR principles.
- As a rule, all KBC entities are required to integrate criteria that enforce KBC's social, ethical and environmental commitments within their documented procurement and outsourcing procedures.
- Each business unit is required to draft guidance notes with the aim of enhancing the group's procurement strategies in key spending areas and in areas with high environmental impact and in high-risk areas.

*Policy date: June 2007*

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## **Appendix to the CSR Policy towards suppliers/contractors**

### **THE TEN UNIVERSAL PRINCIPLES OF THE UN GLOBAL COMPACT**

#### **Human Rights**

**Principle 1:** Business should support and respect the protection of internationally proclaimed human rights; and

**Principle 2:** Make sure that they are not complicit in human rights abuses.

#### **Labour**

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**Principle 4:** The elimination of all forms of forced and compulsory labour;

**Principle 5:** The effective abolition of child labour; and

**Principle 6:** The elimination of discrimination in respect of employment and occupation.

#### **Environment**

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;

**Principle 8:** Undertake initiatives to promote greater environmental responsibility; and

**Principle 9:** Encourage the development and diffusion of environmentally friendly technologies.

#### **Anti-Corruption**

**Principle 10:** Business should work against all forms of corruption, including extortion and bribery.

(cf. [www.unglobalcompact.org](http://www.unglobalcompact.org))