

KBC and Social Responsibility in 2011. The Report.

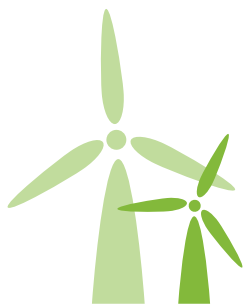




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The KBC Group

I. A word from our chairman

Dear reader,

2011 was once again a very **challenging year**, in which we further implemented our **strategic plan**, but in which the global macro-economic situation and the situation in the eurozone in particular, deteriorated, especially in the second half of the year. Belgium was criticised for the continuing political stalemate, which led to higher long term interest rates and increasing pressure on the financial markets. However, it was **reassuring** that **KBC's fundamentals** remained **solid** and weathered the storm on the **financial markets**.

We remain committed to executing our **strategic plan** with the same diligence and determination to ensure timely repayment of the state aid and are committed to playing an active role in the European financial sector, which will **benefit our customers, employees, shareholders** and other **stakeholders**.

On 2 January 2012, KBC repaid a **first tranche of 500 million euros state aid** to the Belgian Federal Government. We are continuing our efforts to ensure that the 4.7 billion euros in state aid is reimbursed by the end of 2013, as set out in the European plan.

Despite the challenges in 2011, KBC continued to play a **responsible role in society**. KBC continues to focus on its **CSR commitments** and has further embedded CSR in the Group's strategy and policy.

We are well aware that CSR is a long term, ever changing process, but nevertheless we try to take up the challenges and meet society's new requirements. After all, KBC wants to contribute to a social, environment-friendly and responsible world.

This year we implemented a far reaching **group wide climate change policy**, which aims at expressing KBC's commitment to **reduce** its **environmental impact**. We are well aware that KBC has direct as well as indirect impact on the environment, due to our facilities and the amount of commuter and business travel throughout the group, which cause greenhouse gas emissions.

The new **climate change policy** is part of the overall CSR action plan approved by KBC Group's Executive Committee at the beginning of 2011.


Following our colleagues in Central and Eastern Europe, who have had a strong culture of volunteering for many years, we launched the **KBC4Society** project in Belgium this year. This project offers KBC employees the opportunity to use their team-building budget to organise a team-event in co-operation with Time4Society, a non-profit organisation that links companies and organisations around socially responsible projects. With KBC4Society, we want to stimulate KBC employees to become more actively involved in community projects.

It is another welcome supplement to the many valuable initiatives KBC has been supporting for years, such as **Levenslijn** and **Kom op tegen Kanker**. Our colleagues in Central and Eastern Europe have been a shining example of how bank and insurance employees and **volunteering work** can be a **perfect match**.

KBC continues to support and comply with the **UN Global Compact principles** in the areas Human Rights, Labour, environment and anti-corruption.

It is our goal to further embed CSR in our daily strategy and activities, to increase CSR awareness with all of our stakeholders as we realize that a well-embedded CSR policy leads to more transparency, respect, innovation and commitment.

We invite you to read our CSR report and find out more of all CSR projects KBC has launched or improved during 2011.



Jan Vanhevel
CEO KBC Group



II. Who are we?

KBC is an integrated bancassurance group, catering mainly for retail, SME and midcap customers. It concentrates on its home markets of Belgium and certain countries in Central and Eastern Europe. Elsewhere around the globe, the group has established a presence in selected countries and regions.

Find out more about the KBC Group, its staff, its financial results, its presence around the world and its group's strategy.

www.kbc.com/KBCworldwide



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III. About the report

The **KBC CSR Report 2011** deals with KBC's performance in relation to CSR between January 2011 and December 2011 (further details stated below) in its **home markets of Belgium** and **Central** and **Eastern Europe**, and in its operations in **Western Europe** and **around the world**.

To define the report's content, we started from the **triple P concept (People - Planet - Profit)**. For each of these aspects we focused on the issues that really matter to our stakeholders (customers, shareholders, employees, suppliers, NGO's, ...). In the future we want to work towards a stakeholder consultation regarding the content, in order to ensure that our CSR report deals with the issues that are relevant to our stakeholders.

We used a group wide tool to gather all necessary information and also asked individual internal CSR specialists for additional information (e.g. Compliance, about integrity). In the group wide reporting tool we distributed in all the entities of KBC Group 7 different questionnaires, covering different subjects like Credits, Investments, Customers, Community Involvement, Human Resources (qualitative and quantitative questionnaire) and Environment and Supply chain.

For practical reasons the reporting period has been adapted. For the questionnaire on quantitative information regarding Human Resources, we asked for information on the period 01/01/2011 – 30/09/2011 (and this information was extrapolated afterwards) and for a status we referred to cut-off date September 30th 2011.

The reporting period for the questionnaire on Environment and Supply chain is 4Q2010 -3Q2011. For all other questionnaires the reporting period is 01/01/2011 - 30/11/2011.

In principle, the reporting scope is defined as all Group entities with more than 100 full-time equivalents (FTEs). For the purpose of quantitative environmental data, the scope is limited to entities in Belgium. In the future we want to ensure that group wide reporting about environmental performances is available.

The report has been produced in accordance with the **G3 Guidelines** and Financial Service Sector Supplements on Social Performance and on the Environment of the Global Reporting Initiative.

It is the first time that our report has been assessed by the KBC Audit Department in order to verify the data gathering techniques, the correctness of the information gathered and to identify points of improvement in the different techniques.

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Our CSR Report is the result of the perfect co-operation between a huge number of departments and colleagues throughout the KBC group, who are all fully aware that a well embedded CSR policy leads to better performances.

We consider our annual CSR report as an **extension** of our **annual report** and **financial statements**.

By **involving all stakeholders** in our daily activities and decisions, we not only want to **create added value** for all stakeholders, but we also aim to **intensify our commitment** towards the three Ps: People - Planet- and Profit.

We hope that this report gives you a clear picture of KBC's achievements over the last year.

As in previous years, and fully in line with our plan to reduce paper consumption, we are publishing this year's report online only.

www.kbc.be/reporttosociety



IV. Commitment towards PEOPLE



KBC has again intensified its commitments towards people, which implies creating added value for all its stakeholders.

1. Customers

KBC wants to ensure that customers are treated correctly in a transparent and friendly way.

KBC focuses on providing **clear and transparent information** on charges, returns, risks and terms.

KBC also tries to prevent customers from taking on too much debt and insists that all customers fill in a detailed in-depth questionnaire before approving their loan applications.

Examples of KBC's commitments towards customers:

KBC continues to use its **risk profile** for all **investors**.

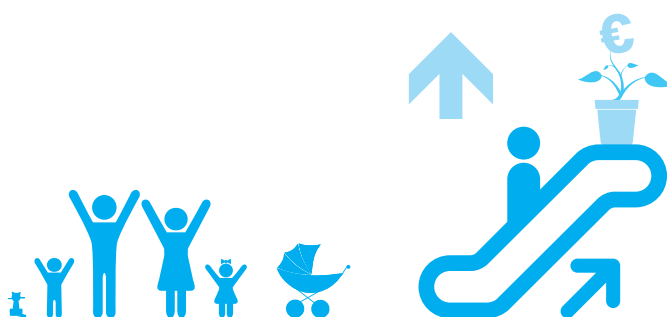
The risk profile is based on the results of a questionnaire in which KBC gathers information on the customer's financial situation, - expertise and experience, investment goals and level of risk aversion.

The risk profile helps KBC investment advisers to give correct, transparent and fair investment advice.

Each year, KBC conducts a survey of customers aimed at evaluating the level of customer satisfaction.

These surveys are then used to evaluate and improve satisfaction levels.

83% of our customers visiting their branch, are satisfied



How did we achieve this?

1.1 K&H



K&H offers a basic package for those customers who do not use their bank accounts very often, have a low number of transactions, and who are looking for package discounts and low monthly fee. The K&H *hozambiztos* savings life insurance is mainly for low-income citizens.

Because of the current loan circumstances the bank has drawn up information booklets, which contain a short description of the different techniques, the terms, advantages and disadvantages and costs. Information booklets are available on the bank's home website and in every branch.

Restructuring offers of K&H Bank help delinquent customers to normalise their debt-to-income (DTI) level, which could become extremely high due to lower salary (unemployment) and/or movements in exchange rates and/or changes in interest rate.

Movements in exchange rates together with the frozen real estate market could lead to a too high loan-to-value (LTV) level. K&H helps customers who try to normalise the LTV level with fee discounts of/or necessary contract modifications in case of collateral changes and/or partial early repayment.

Regarding the basic financial services, K&H's processes ensure that applicants with stable and sufficient incomes will get a loan and the risk level of the deal will determine the interest rate in the new pricing structure valid from 2012. Every customer who applies for a loan gets very detailed information on paper about the risk of over-indebtedness, about the consequences of the potential termination of the loan contract, about the risk of changes in interest rates, etc.

1.2 KBC Belgium



In the summer of 2011, the FSMA (Financial Services and Market Authority) called for a temporary ban on “unnecessarily complex” structured products distributed to the Belgian retail investor, pending new regulation to be introduced probably in 2012. The scope of the initiative not only covered investment funds but also notes, unit-linked life insurances, etc.

The ban only applies to products distributed in Belgium after 1 August 2011.

KBC welcomed the overall purpose of the initiative, which is to increase the clarity of complex products for the retail investor, but noted that the bank had already made many efforts to make its product portfolio more transparent and understandable. It goes without saying that KBC wishes to continue in this direction and will make additional efforts whenever necessary.

1.3 Kredyt Bank

Information regarding the programmes implemented in Kredyt Bank regarding lending with high social benefit (microcredit, social loan programmes, community lending/investment, special conditions for social enterprises/non-governmental organisations/charity operations, etc.)



With the objective of supporting housing affordability in an environment where the housing deficit is estimated at around 1.5 million dwellings, Kredyt Bank has launched a number of significant initiatives in the field of lending with high social benefits:

- Product availability optimisation - the lending period was extended to 40 years for housing loans in Polish zloty and euros, thus allowing for lower monthly instalments and, as a result, a less onerous amount for the family budget. In both currencies, 100% loan-to-value (LTV) loans were made available. Similar changes (longer lending period & higher LTV) were made in home equity and consolidation loan offers.
- Extra support for first-time buyers - implementation of preferential ‘Family at Home’ home loans: to ensure a hassle-free start for first-time buyers and to relieve customers’ budgets, loans were introduced where up to 50% of the interest is subsidised by Bank Gospodarstwa Krajowego (based on the Act on financial support for families planning to purchase their apartment).

Information regarding the steps taken by Kredyt Bank to ensure that retail customers are treated appropriately and that contracts are respected (training for sales staff, information for customers, link between remuneration of employees and customer satisfaction, etc.)

The steps taken to provide for appropriate customer service included:

- Optimisation of process for granting loans - with sales staff released from tasks unrelated to sales they are now free to focus on customer acquisition, to establish and reinforce relations with customers and to develop their sales competences.
- Intense trainings - continuous efforts are made to provide an appropriate level of education and service in all sales channels (both internal and external): in the course of assessing loan advisers (with regard to the level of mortgage knowledge and sales skills), mortgage experts were identified in each branch. The ‘Mortgage Academy’ training programme was then set up for Kredyt Bank mortgage sales staff and respective training courses organised for brokers’ sales staff.
- Remuneration of sales staff (bonus) was made dependent on the completeness of the loan application, which has resulted in a faster process and higher level of customer satisfaction.
- Improvements aimed at convenience and higher level of customer satisfaction. For instance, no costs charged to the customer until they receive a positive loan decision, selected documents required from customers accepted electronically.
- Centralisation of after-sales customer care process: in order to make it easier for customers to correctly repay their debt, the Mortgage Service Office took on post-sales tasks formerly carried out locally. An after-sales service call centre was set up to deal with incoming calls and orders from Customers. The Office also assists customers to meet the provisions of loan contracts with Kredyt Bank (e.g. investment control, notices and payment reminders regarding required documents, collateral, insurance, etc.).

- Intense efforts to help customers repay their debt on time: 100% new production serviced on time as a result of effective risk assessment, ongoing monitoring, early warning procedures and immediate preventive measures taken by the bank (notices/payment reminders/calls).
- Extensive information and customer education in the field of mortgages: clear and transparent product information delivered to customers via BTL(below-the-line advertising) , press articles and manuals, revised and extended Internet mortgage section on Kredyt Bank website and extensive social media activities (Facebook: FAQs, application for customers interested in any mortgage topic with 24 hours response policy).

Information on the outcome of the projects/programmes regarding basic financial services and over-indebtedness

Nearly a year after the implementation of the central loan granting process, 100% of new production is serviced on time as a result of effective risk assessment, ongoing monitoring, early warning procedures and immediate preventive measures taken by the bank (notices/payment reminders /calls).

Measures taken to avoid over-indebtedness of customers and predatory lending (monitoring of weaker customers, training, literacy training, risk assessments and early warning procedures, co-operation with interest groups, etc.)

- Centralisation of loan granting process: with the focus on adequate risk evaluation and safe debt service by debtors throughout the entire lending period, the mortgage lending process was fully centralised (with loan application analysis, underwriting functions and post-sales customer care separated from sales competences and subsequent stages of mortgage process entrusted to professionals in adequate areas). Sales by brokers was reformed accordingly (brokers' applications were submitted centrally to head office instead of branches).
- Thorough risk assessment: in order to avoid customers taking on too much debt, a detailed analysis and scrutiny of borrowers' income as well as of any financial products and liabilities is performed (following all recommendations of the Financial Supervision Authority).

2. Employees

The KBC Group maintains a strong commitment towards its employees as it realises that a positive HR policy contributes to higher level of motivation and to lower numbers of employees leaving.

KBC recognises the importance of its **employees** - its **most valuable asset** - and launches various initiatives to improve labour conditions, guarantee job security, and offer a good balance between work and private life.


In short to **improve** the general level of **satisfaction** among employees.

Up until now, part of the variable wage has been linked to only few implicit CSR targets, but as from 2012, more explicit targets will be imposed.

KBC's efforts to increase overall employee satisfaction is illustrated in the tables and figures on human resources.



**4918 new employees
joined KBC Group
in 2011**



People are our most
valuable asset.



Different initiatives towards employees:

2.1 Belgium business unit

The Belgium Business Unit focuses on different items in its HR policy.

Take, for instance the **'Career possibilities for women'** programme:

Appointments:

- For each new management appointment, the question as to whether there is a female candidate is explicitly asked.
- If equal talents are available, the HR department will appoint the female candidate.

Identification:

On the high-potential list, the proportion of female top performers in a department to the total number of the female senior management is investigated and if necessary the gap is to be closed.

Action and counselling:

- The results of the assessments will be compared to the actual job level of female employees.
- Belgium Business Unit has started a mentoring programme in which senior managers perform as mentors for talented women.
- There is survey regarding this issue: what do female employees think about the programme, what do they expect, what are their concerns, etc.

KBC has worked out a large set of initiatives that help to **improve the balance between work and private life**. Each employee is entitled to flexible working hours; the flex-time system offers employees the possibility to save up credit hours that can lead to 7 days extra holidays.

The PLATO (teleworking) project has been further expanded. There are currently about 450 locally based workstations and the new office building in Ghent will create another 400 locally based workstations. Employees in some departments can work from home under predetermined conditions. About 25% of head office employees make use of these possibilities on a regular base.

KBC does not limit the number of part-timers, and has a higher number of part-time employees than its peers.

KBC has an extensive and flexible holiday system with a minimum of 30 days of paid holiday and an extensive arrangement for leave of absence due to family reasons.

KBC realises that the long summer holidays in schools often create problems relating to child care. So each year, the company - in co-operation with Stekelbees (a childcare organisation) - organises day care for children of KBC employees between 2.5 and 15 years old during July and August.

KBC makes every effort to develop and deploy talented employees and launched the new HR **Go4Talent programme** in 2011.

With Go4Talent, KBC facilitates more than ever the perfect fit between the talents and ambitions of KBC employees and the career and development opportunities within the company. With jobs at different levels and clearly defined expectations and competences, KBC offers perspectives to those employees who want to grow and further exploit their talents. Go4Talent is based on three pillars: identify talent, develop talent and get talent on the move.



The **Young Professionals Programme** is designed for starting managerial staff for the first five years of their career. The programme is based on six pillars:

- Start to career at a correct and realistic job level
- Higher differentiation through different growth paths
- Adapted remuneration (fixed + variable salary linked to performance)
- Follow up on development and growth
- Evaluation and feedback
- An attractive transition to the traditional KBC model after five years.

For the sixth time in a row, KBC was honoured with the title '**Best employer**' in Belgium. The group ranked in the top three of Best Employers in the 'companies with more than 500 employees' category. On top of that, KBC was also presented with the 'Lifelong Learning' award.

The Vlerick Leuven Gent Management School, in collaboration with Great Place to Work, polled 750 randomly chosen employees on an anonymous basis. Consequently, the outcome provides a good indication of employees' satisfaction regarding KBC as employer. The survey covered questions about the openness, respectfulness, credibility, pride and good fellowship within the company and the results were compared with those of other companies.

KBC employees appreciate the respectful way KBC treats its employees, which is shown in the high scores for job flexibility, facilities, courses for training and professional development and other related indicators. The second pillar - credibility - shows that employees appreciate, among other things, the assignment of major responsibility, the confidence they get from senior management staff and the fact that KBC follows an honest and ethical policy.

The study also revealed that KBC employees feel that as an employer, KBC treats its staff properly: KBC does not discriminate and pays a fair fixed salary. Confidence in the profit-sharing bonus scheme was hit quite badly during the crisis years, but increased again in 2011 (from 41 to 48%). However, KBC employees are proud of KBC and the work they do. A large number of the respondents consider the atmosphere in the workplace as pleasant and appreciate the co-operative attitude from other employees.

However the survey also revealed some areas of improvement. Employees would appreciate it if KBC showed even more appreciation of and responses to suggestions. They are also critical about the way pay grade increases are awarded and the preferential treatment shown to certain employees.

KBC continues to take initiatives to improve these results and to tackle the areas of improvement. Some examples of these initiatives include setting up personal development plans, adapting the appraisal system and further extending the cafeteria plan (a plan in which employees can choose, for instance, a car instead of salary).



The annual employees' satisfaction survey (in which 9000 colleagues participated) shows that 94% of the KBC employees are satisfied with KBC as employer.

However, the policies regarding evaluation, career opportunities and promotion prospects still show room for improvement. The HR department will use the survey to further improve and develop the HR policy; the HR in evolution is a first step to this improvement.

Health and safety

Together with Red Cross Belgium, KBC organises an annual blood collection drive in its administrative buildings in Brussels and Leuven. In September and October 2011, 366 donors participated in the blood collection campaign.

Measures against the flu

As in the previous years, KBC conducted a flu vaccination campaign again in 2011, which had an enormous response: 1 800 employees were vaccinated at the medical department. This result can still partly be attributed to the fear of the H1N1 pandemic. Employees are also more aware of the consequences of the flu.

2.2 Central and Eastern Europe and Russia business unit

2.2.1. K&H

As part of the Welcome Back Programme, K&H offers its employees



1. the possibility to work part-time (if possible) if they return to K&H after being on maternity leave.
2. a flexible working system in managerial and expert jobs, where the customer/branch working method is not required.
3. unpaid holiday to employees who apply for this as a result of their social situation.

The K&H Social Committee can offer social aid to employees in need.

2.2.2. CSOB Slovakia

CSOB Financial Group (CSOB FG) carried out the following initiatives relating to the development of employees:



1. A management development programme for branch managers in the RETAIL ACADEMY was launched.
2. The 'Top Leadership' management development programme for head office managers was continued.
3. 360 degree feedback throughout CSOB FG was implemented, involving the analysis of managerial potential, and which helped the company to better target the development of managers.
4. More than 500 different types of trainings and seminars targeted at the development of professional skills were held.
5. 150 e-learning courses and e-tests were conducted for all CSOB FG.
6. Trainee programmes were implemented in which chosen university students completed the internship and rotation across the different departments in CSOB FG. Seven students completed the internship and four of them started to work for CSOB FG in different positions.

The following activities concerning **care of and benefits for employees** were launched:



1. Health days for employees.
2. The possibility of blood donation.
3. Discounts for employees in a variety of shops.
4. Reduced prices for various medical devices.
5. Programme to mitigate the effects of employment termination for organisational reasons.
6. Launch of the Human Resources contact e-mail address, where employees can send their comments concerning personnel issues.
7. Creation of the Human Resources intranet portal.
8. Benefits survey.

2.2.3. DZI

DZI continues to fulfil all the requirements for health and safety at work.

- Orders and programmes for carrying out different instructions (initial instructions, regular and special instructions).

The following are performed:

- A risk assessment of the health and safety of employees.
- Measurements of the components of the working environment (microclimate, noise and light) and electrical safety.
- Prophylactic medical examinations of employees.

2.2.4. Kredyt Bank

Initiatives for employees in 2011



In 2011, numerous initiatives worked out during workshops with Kredyt Bank employees held at the end of 2010 and at the beginning of 2011 were implemented. The workshops were organised as a follow-up to the employee engagement survey conducted in June 2010. During the workshops, employees drew Management Board's attention to many aspects and areas of the activity which required improvement:

'Employee appreciation'

Initiatives implemented:

- New standards of employee appraisal and development aimed at keeping and promoting valuable employees in the organisation.
- New procedure of granting money from the company's Social Fund – employees could vote in an intranet survey on the rules governing the allocation of funds.
- New recreational sport programme called Multisport offering benefit cards to employees.
- New entertainment programme called Multiticket Plus for employees.

'Career and development'

Initiatives implemented:

- Clear criteria for employee appraisals.
- Changes in Talent Management Programme.
- Trainings more accessible to employees of all divisions.
- HR mentoring
- Clear rules for the recruitment process (including improvement in the on-boarding process).

'Remuneration systems'

Initiatives implemented:

- Remuneration system based on the banking sector market.
- Clear criteria for granting pay increases to employees.
- Regular remuneration review.
- Changes in bonus systems (Retail, SME, Business Banking).

Kredyt Bank Employees Opinion Survey 2011

In October 2011, Kredyt Bank conducted its Employees Opinion Survey 2011 called 'Opiniometer'. It was aimed at checking if employees noticed changes that had occurred in the bank during the past 12 months and if these changes were heading in the direction suggested by employees during workshops held at the end of 2010.

The survey was conducted by AON Hewitt, a company that specialises in this type of activity. All survey forms with employees' answers were transferred directly to AON Hewitt servers, which guaranteed absolute anonymity of the data gathered.

This survey attracted a high number of respondents, overall amounting to 81%. Such a good result represents an honest picture of employees' opinions on the situation in the bank for each department and division. In December 2011, the results and conclusions of this survey were presented to all Kredyt Bank employees during meetings with the members of the Management Board in 12 cities in Poland. With 70% of positive answers, these results show an increased positive general employee attitude. This positive attitude relates to (amongst others) the visibility of Kredyt Bank on the market (89% of positive answers), the systematic implementation of its business strategy (80% of positive answers), everyday processes and changes made to these processes (80% of positive answers), HRM-related aspects like the consideration of employee opinions and suggestions in the decisions taking process (61% of positive). The variable wages are still open to improvement (25% of positive answers for retail banking, 45% for midcap and 36% for SME). The lowest score relates to the level of employee motivation; only 42% noticed any improvement.

New HR Policy in Kredyt Bank

In 2011, a new HR Policy was implemented in Kredyt Bank. This policy consists of many detailed chapters, which regulate all significant areas of human resources management. It includes policies on recruitment, training, talent management, disciplinary action, appraisals, on-boarding and remuneration.

Employee appraisal initiatives

1. Dream Team contest - first edition

This project was invented and implemented by the Public Relations Office of Kredyt Bank to appraise employees of the Support Division, whose everyday work, engagement and efforts translated into tangible success and actions at the Sales Divisions. In June 2011, 17 employees were awarded and became members of the Dream Team.

2. Mateusze contest - second edition

In February 2011, Kredyt Bank handed out awards to the best employees in retail sales.

3. Magellans contest - second edition

In April 2011, Kredyt Bank handed out awards to the best employees in SME sales.

Employee integration

In July, September and October employees participated in integration picnics, organised by the Public Relations Office in the nine biggest towns in Poland. These turned out to be special meetings, which helped to integrate work teams, and where staff could talk and get to know each other.

2.2.5. KBC Banka

KBC Banka launched several initiatives in accordance with the Act on health and safety:

- 1. Rulebook on the rights, obligations and responsibilities in the areas of health and safety at work was adopted
- 2. Person appointed for health and safety at work
- 3. Measurement of working environment conditions and testing of electrical installations in the branches and sub-branches was implemented
- 4. First aid training for employees responsible for health and safety was organised
- 5. Employees designated to control the smoking ban
- 6. Proper records of health and safety at work are now being kept

2.3 BU Merchant Banking

2.3.1. KBC Ireland

KBC Bank Ireland's Wellbeing Programme 2011 focused on following areas:



The following are a few examples of the different initiatives launched by KBC Ireland.

- Deskdrops (all staff)

At the beginning of February, KBC Ireland had a Crunchie deskdrop to signify the end of January which has always been a difficult month for people historically, both financially and psychologically. Then on 14 February staff there celebrated Valentine’s Day with sweet treats for all staff in the form of cakes and donuts at the tea stations.

- Junior Achievement (12 staff volunteers)

In 2011, KCB Ireland continued its successful relationship with Junior Achievement. Junior Achievement held an information session for staff in February and 12 staff members volunteered their time to teach programmes which reached over 300 pupils in the greater Dublin area.

- Weight Watchers at Work (16 staff members)

Weight Watchers at Worked kicked off another 8-week weight management programme at lunchtimes during February. There was a drop off in the numbers who signed up for the programme which had rolled over a number of times throughout 2010. The programme was giving a break following the completion of the 8-week programme in March. There are a number of alternatives to Weight Watchers emerging in the market and in the last quarter of this year staff may trial an alternative weight management provider.

- Optimum Nutrition - Performance Nutrition Seminar (40 staff members):

On 10 March 2011, KBC Bank Ireland hosted Barry Murray for a second time when he held a seminar on Performance Nutrition. This seminar was well received with Mr Murry building up quite a following particularly with the 20-35 year age group who can be difficult to attract to these seminars.

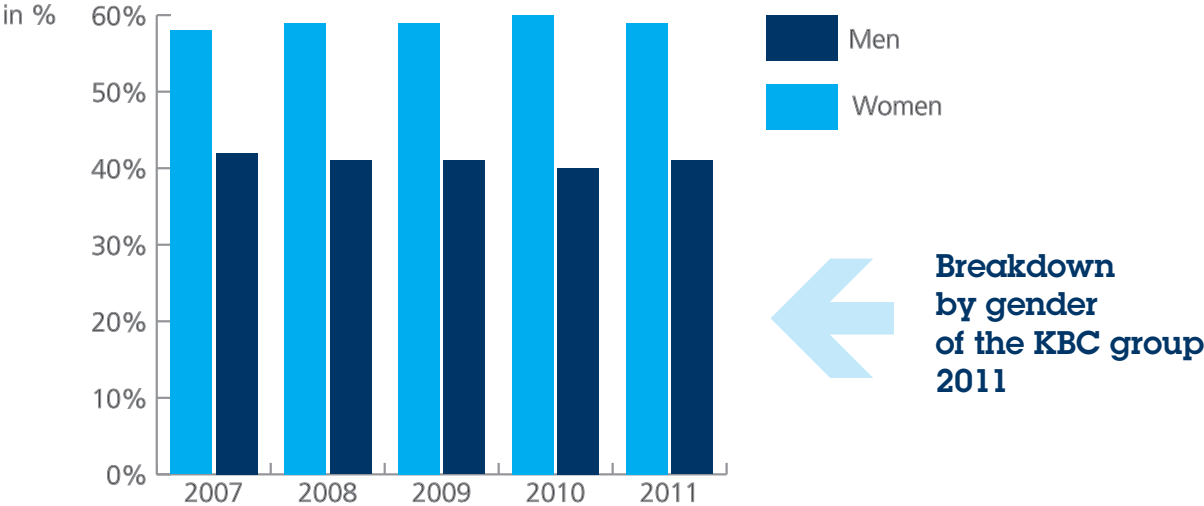
- Irish Heart Foundation - Healthchecks (432 staff members):

KBC Ireland’s largest investment financially in the area of employee wellbeing in 2011 also proved to be the greatest success with the staff. A staggering 432 staff members attended the health checks during the year validating them as a worthy investment of the Employee Wellbeing budget. The response rate and feedback was very positive from staff and the initiative was one which will continue to form the foundations of future Employee Wellbeing programmes.

2.4 Human resources – quantitative data of the group

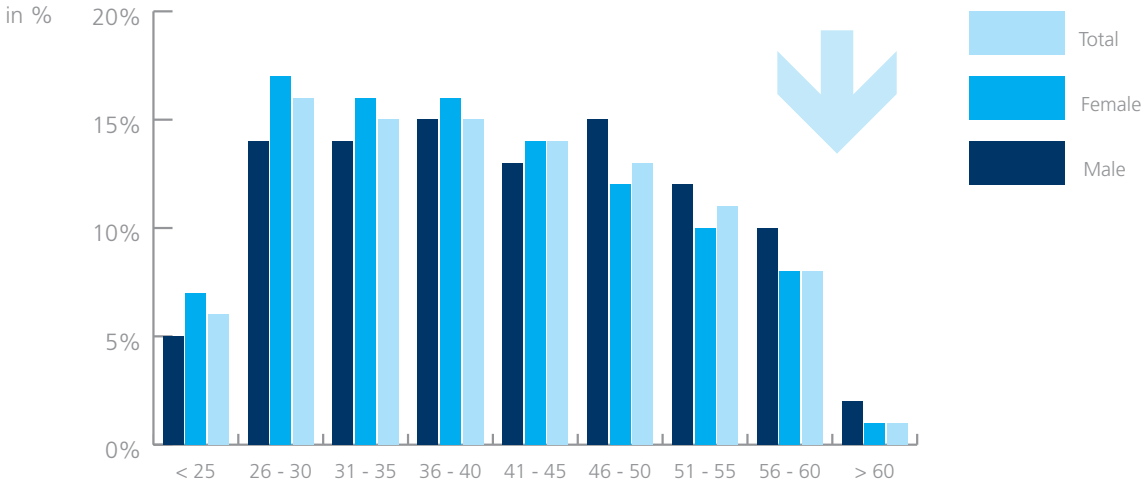
For the following information, data for the period from 1 January 2011 to 30 September 2011 was used and extrapolated on an annual basis. When information is provided regarding a status, the cut-off date is 30 September 2011.

In spite of the turbulent times on the financial markets, KBC continued to ensure job stability for its staff and to create good opportunities for career development. As the table shows, the percentage of women in KBC has remained very stable over the past five years. This ratio reflects the balanced situation in all entities of the group.



The composition of KBC's workforce in terms of age shows that the results are in line with previous years. The number of men in the 56-60 age range went up again, from 6% in 2009, to 8% in 2010 and 9% in 2011. This was offset by a decrease (from 16% in 2009 and 2010 to 15% in 2011) in the number of men in the 31-35 age range. In contrast with last year, where the biggest difference was in the category of women aged 60+, the biggest shift in 2011 is in the category of women in the 56-60 age range. This number stayed stable in the previous two years (4%) but increased to 7% in 2011. This increase is due entirely to the increase in women in this category in Central and Eastern Europe. The average age is 40.1 (compared to 39.6 in 2010 and 38.9 in 2009) and the average duration of employment is 11.6 years (11.5 in 2010 and 10.4 in 2009).

Breakdown by age & gender of the KBC Group 2011

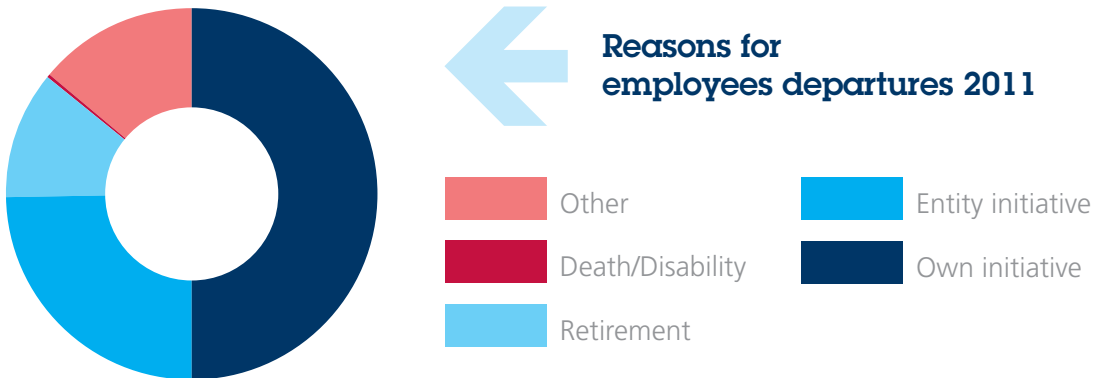


The table below shows the breakdown by pay grade. As a new definition of senior management is now used, no comparative data can be provided for the previous years.

The following definitions were used. Senior management is Hay level 19 and higher (for KBC entities in Belgium) or those employees who are formally listed in KBC Group's top 400. Middle management is Hay level 17 and 18 (following categories used by KBC in Belgium) or job levels D and E. Junior management is Hay level 11 to 16 or job level A, B and C. White and blue-collar employees are Hay level 0 to 10 or job level 1 to 6.

Senior management	2.1%
- of which women	22%
Junior and middle management	57%
- of which women	56%
White and blue-collar staff	41%
- of which women	66%

The percentage of employee departures had fluctuated over the past years but stayed quite stable in 2011 (10.8%) in comparison with 2010 (10.5%). The following table shows the reasons for departures. The percentage of retirements has levelled off (4% in 2008, 8% in 2009, 12% in 2010 and 11% in 2011), as has the percentage of employees who left on the initiative of KBC (38.5% in 2009, 26.5% in 2010 and 27.5% in 2011). After a sharp fall in 2009, the number of employees who left on their own initiative increased from 43.7% in 2010 to 51.1% in 2011.



The percentage of new recruits also went up over the past two years (9.3% in 2010 and 10.6% in 2011) after it had reached a very low level in 2009 (6.3%).

The ratio of new recruits to employee departures has risen slightly by 8.2% compared to 2010, due to both the increase in new recruits and small decrease in departures.

	2007	2008	2009	2010	2011
New recruits	17.7%	15.6%	6.3%	9.3%	10.6%
Employee departures	13.1%	10.4%	12.1%	10.5%	10.8%

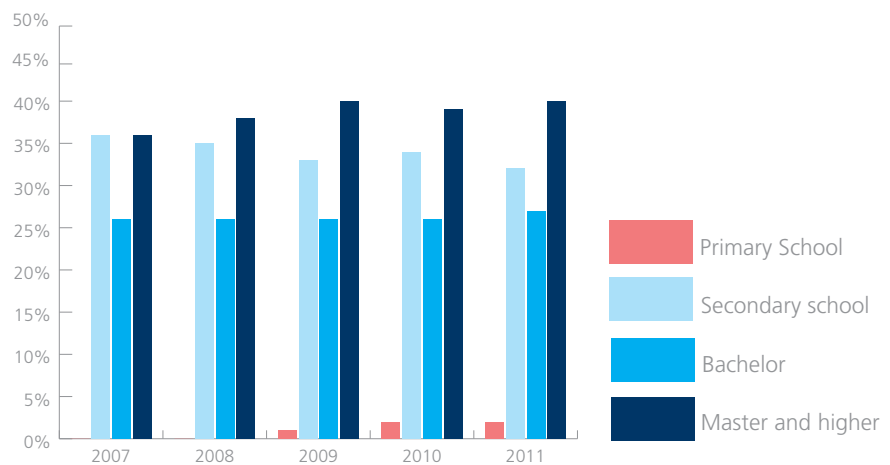
The following table gives some information about the changes in the number of course participants days, but not all entities of KBC Group are covered. Both the total number of course participants days and the average number of training days per full-time equivalent (FTE) increased significantly to a record number. This is due to the major increase in participants in in-house courses.

	2005	2006	2007	2008	2009	2010	2011
Number of course participants days (total)	277 956	282 316	290 656	401 747	292 183	388 129	426 426
In-house courses	187 045	207 709	193 844	289 084	233 034	287 100	366 174
External courses	90 911	74 607	96 812	112 752	59 149	101 029	60 253
Average number of training days per FTE	7.44	6.88	7.44	6.52	5.19	7.09	9.33

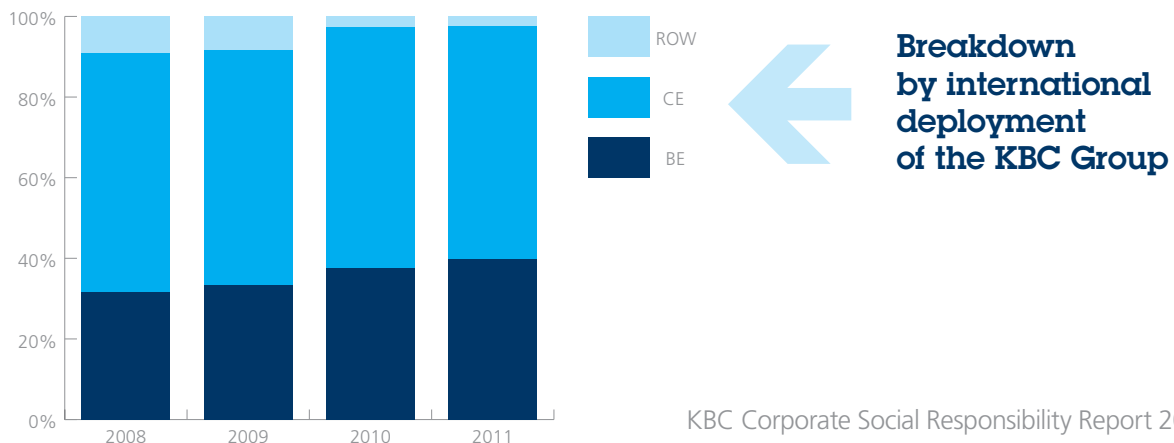
The composition of KBC's workforce has been stable for the past five years. Compared to 2010, there are no significant changes in 2011.

➔

Breakdown by education level of the KBC Group



The table below shows that the breakdown of international deployment has shifted slightly over the past four years. The percentage of employees deployed in Belgium increased, while the percentage deployed in Central and Eastern Europe clearly fell.



The figures regarding absenteeism reveal that the percentage of absenteeism due to illness remained stable in 2011. The percentage of absenteeism for maternity leave increased, while absenteeism due to other reasons dropped significantly.

The decrease in the percentage of absenteeism in the ROW countries is attributable to a drop in absenteeism due to sickness, maternity leave and other reasons. The logical reason behind the increase in absenteeism in Central and Eastern Europe is the rise in the percentage of absenteeism for maternity leave.

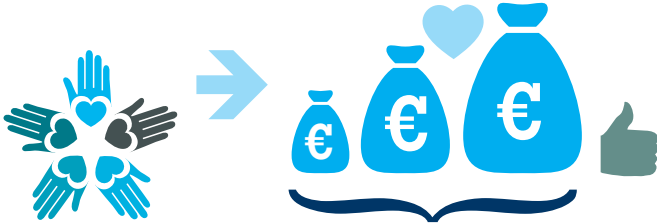
Employee absenteeism, KBC Group (in %)	2007	2008	2009	2010	2011
Due to					
Sickness	7.1	8.5	8.4	7.5	7.7
Maternity leave	4.1	5.6	5.5	7.6	11.5
Accidents	0.2	0.2	0.2	0.2	0.1
Other	0.2	0.2	2.2	2.3	0.9
Total	11.6	14.5	16.3	17.6	19.3
In Belgium	7.9	8.5	8.4	8.2	8.7
In CEE	14.3	18.8	21.8	23.6	28.4
In ROW	8.3	9.3	9.5	16.2	10.3

3. Society

KBC attaches great importance to its role as a **responsible player in society**.

Every year, throughout the entire group, entities launch recurring as well as new initiatives to help the weaker in **society**, to **improve living conditions**, to **increase financial literacy**... and so on. Read more about the huge number of volunteering initiatives, sponsoring of social projects, healthcare projects, educational programmes and collaborations with non-governmental organizations (NGOs).

More than 4 million euros was donated group wide to charitable projects



New and ongoing campaigns in:

3.1 Belgium

KBC4Society



Each year, KBC Belgium offers all teams and departments a budget for human relations designed to organise an team building event.

In 2011, KBC gave employees the opportunity to organise a team event in co-operation with Time4Society, a non-profit organisation that offers a link between companies and organisations around socially responsible projects.

30 KBC teams can apply for volunteer projects, suggested by Time4Society. By participating in one of these socially responsible projects, the KBC teams can show their engagement in community involvement.

Kom op tegen Kanker

KBC Belgium continued its long term co-operation and partnership with **Kom op Tegen Kanker** (an organisation that works towards combating cancer). As every year, KBC not only donated money to the **Kom op tegen Kanker** project, it also provided a temporary call centre desk staffed by KBC employees who process all calls for donations.

KBC also participated in the '1000 km for **Kom op tegen Kanker**', in which 150 teams cycled for four days through the Flemish region. KBC and Fidea had their own cycling team, but also provided the tents where participants registered and made the showers at the KBC head office in Leuven accessible to the cyclists.

De Vaartkapoen

Community centre **De Vaartkapoen** responds to the specific needs of the neighbourhood by organising language and sewing classes, and by providing childcare and a social restaurant, launderette, shopping delivery service, etc.

Levenslijn

KBC has a long-term agreement with **Levenslijn**, a project launched by **Koning Boudewijnstichting** (the King Boudewijn Foundation) that focuses on traffic safety for children and on better support services for traffic victims.

Bonnevie

Community centre **Bonnevie** works hard to improve accommodation, to create a pleasant environment for people from different origins and backgrounds and to provide a welcome community centre.

30% of Belgium Business Unit's sponsoring budget is allocated to social projects and the business unit has three employees who work full time on supporting social projects.

Each year, under KBC's solidarity plan, 50 colleagues receive 1 250 euros to support their chosen social project.

Like the 2 previous years, KBC continued to provide educational packs on the subject of financial education. In 2011, three educational packs named "Een klare kijk op je geld", "Een klare kijk op je geld en verzekeringen" and "Leren beleggen" and one additional lexicon were presented. These packs are intended for primary schools and secondary schools. Since the launch, ± 3.700 copies of the pack for primary schools and ± 3.100 copies of the pack for secondary schools have been distributed.

For the seventh time KBC organised an interactive stock market game for youngsters aged 12 to 25. Through this game, they learn all about the stock exchange and the aspects that might have an influence on the share price. In the virtual setting they can put into practice what they learned in the "Leren beleggen" pack. Each year ± 1.300 copies of this pack are being distributed to teachers.

In February 2011, KBC and the University of Antwerp launched a chair in financial risk management, which will fund a doctoral study to thoroughly examine the management of financial risks.

For more information see www.kbc.com/pressandmedia/pressreleases

3.2 Hungary

K&H MediMagic:

Under the nationwide equipment tender announced for the eighth time in 2011 another 25 million Hungarian forint was granted (to 12 institutions), while 8 million forint from the budget earmarked for buying Christmas gifts was allocated to child healthcare institutions (5 institutions) to buy medical equipment.

In 2010 K&H customers again used the bank card programme to contribute to the results of the programme. For a period of nearly one year, K&H set aside one forint from its commission for each purchase transaction conducted with a K&H MasterCard credit card, for child healthcare. The collection period 2010-2011 (closed in May 2011) ended with a record donation of 18.1 million forint, allocated to ten different institutions.

In addition to financial help, gifts, toys and other donations also significantly contribute to the healing of little patients and the successes of doctors looking after them. In 2011; the 50 branches involved collected approximately 7 000 toys and books nationwide, which were sent to 35 institutions.

K&H is especially proud that it also managed to involve young people in the programme: students at secondary schools read stories to children staying in hospitals (15 occasions in 2011), at the request of the K&H MediMagic Programme.

Sports

Under its social responsibility programme, K&H Group also offers help in the area of sports. One key component of this is the fact that in 2011 K&H Group was elected Bank of the Hungarian Olympic Team for the tenth year running, and Bank of the Hungarian Paralympic Team for the fifth year.

In 2010, K&H also actively supported the individual preparation of athletes by donating 1 Hungarian forint from its revenues for every 1 000 forint of each purchase made using a K&H Visa Classic Card. From the pool collected this way the group granted funds to Olympic and Paralympic athletes.

A healthy lifestyle entails regular exercises, which helps people lead a full life. Continuing the tradition, K&H again held K&H Olympic Runs. What's more, for the second time last year, the group also organised the K&H Olympic bicycle day.

Education of young people

In the academic year of 2010/2011, primary school students were given the opportunity to reveal their financial expertise in a national competition called Ready, Steady, Money! Not only does K&H Group recognise students taking part in the competition, it also awards schools and teachers. The questions featuring in the three-round competition are based on the training material on finances incorporated in the 'C(r)ash Course' cartoon series, and the teams selected for the final competed in Budapest in May 2011.

In September 2011, the contest was announced for the academic year of 2011/2012 too. A financial knowledge contest built on the content and the specific chapters of the DVD titled C(r)ash Course, similar to the contest staged the previous year. The contest was open for primary school students in teams of 3-5 in two categories of the lower grade (forms 1-2 and 3-4), and two categories of the upper grade (forms 5-6 and 7-8).

3.3 Slovakia

CSOB Bratislava Marathon

This CSOB Financial Group project is the largest and most popular sporting event in Bratislava. It gives the active runners, inline skaters, families with children and young people the opportunity to come and join several running and fun disciplines. During the event there is a charity moment on different levels: money is gathered for the Association that helps the children's oncology department in Bratislava, there is free participation for children from children's homes and orphanages, there is also a possibility to make a financial contribution for UNICEF during the registration for the different disciplines.

CSOB HEAD and HEEL Programme

On 18 October 2011, CSOB SK organised the third round of its 'Head and Heel' Programme for university students. 60 students from different universities worked out solutions for a task set by CSOB. The task was connected to mortgage loans: students had to find new mortgage products and propose innovative communication campaigns. Three students of the winning team won a two week internship within CSOB.

CSOB's main aim is:

- to support and motivate the natural creative and innovative skills of young people;
- to develop the communication and presentation skills of students;
- to support team co-operation in the process of finding a solution to the given problem;
- to offer students the opportunity to learn how the business and banking sector functions, to learn and understand how companies function and what tasks they face;
- to provide the experience for students to meet specialists in practice, from different departments of the bank;
- to create synergies between the needs of CSOB as a financial group and the needs of university students;
- to motivate students to use the opportunities, succeed and be successful on the labour market.

Employee Grant Programme

This programme supports non-governmental organisations (NGOs) that actively co-operate with employees of CSOB Financial Group. NGOs can apply for a grant from the Foundation Fund (Pontis Foundation) thanks to the recommendation of the CSOB employees they work with. In 2011, 150 applications for grants were received and 17 successful applicants were given 28 275 euros. Through this project, CSOB directly supported active employees who participate in community life.

3.4 CZECH Republic

CSOB and Postovní sporitelna for support of regions

For the third time, CSOB supported projects that focus on care for the environment. SOB banka, in co-operation with VIA Foundation, announced the third year of a grant programme called 'CSOB and Postovní sporitelna for support of regions - major community grants'.

The aim of the major community grants is to support projects that address problems concerning landscape reclamation and care for the environment. The main criterion, in this respect, is the impact of the submitted projects on the community. This means that local inhabitants must be involved in implementing the project. CSOB doesn't want the wide public to be merely a recipient of the outcomes of the project, but to actively participate in it and have a strong relationship to it. CSOB's and PSB's support will reach the total of 2.1 million Czech koruna.

Helping Together

More than 1 500 volunteers from among the employees of CSOB and Postovní sporitelna have been involved in the Helping Together (*Pomáháme společně*) programme since 2008. The employees have helped a total of 84 non-profit organisations, working there as volunteers for more than 11 500 hours.

Some 500 employees of CSOB banka participated in volunteer days and helped non-profit organisations. For example, they built barriers around young trees to prevent damage from wild animals in a forest in the Liberec district or cut meadows in the protected landscape areas, Bohemian Paradise and White Carpathians.

Financial Literacy

CSOB supported the first edition of the Schoolbook Financial Literacy by Miroslav Skvara and also supported the theatre performance 'Last Coin', which was visited by 1 700 students from Czech elementary schools.

CSOB Education Fund Programme supported 11 different philanthropic one-year projects that focused on increasing financial literacy. In addition, CSOB is the main partner for selected projects to improve financial literacy for low-

income groups and prevention projects for children: Association of Citizen Advisory Offices, Advisory in Financial Straits, COFET and Finanční gramotnost o.p.s. and Múzy detem.

CSOB continues to support the Education Fund, a joint project between CSOB and Committee of Good Will - The Olga Havel Foundation. This fund grants scholarships for disabled and disadvantaged students.

PSB breaks down barriers

The unique and long-term cooperation with the Ergotep cooperative for disabled persons has been expanded. Ergotep, inter alia, carries out web projects for PSB, such as the PaySecCUP competition, part of the www.bezpecne-online.cz project.

PSB became the general partner of Safety Line; Konto Bariery, the Artevide foundation, the Paraple Centre, Paraplegic union and the Kontakt bB organization have enjoyed its long term support and cooperation.

3.5 Poland

Educational Project 'Give an advice'

Kredyt Bank and Warta organised the first edition of the social en educational programme 'Kabecjanie give advice' in 116 primary schools in three Polish provinces. The project aims to improve the safety of children in the neighbourhood (at school, at home, at play, etc.) Besides teachers and special guests (policemen and firemen), the Polish Red Cross volunteered to teach children basic first aid rules.

Facts and figures of the project:

- 3 provinces
- 116 primary schools
- 831 classes
- 20 353 pupils
- 1 020 teachers
- 320 policemen
- 230 firemen
- 234 parents and teachers who took part in the first aid courses.



The corporate volunteering programme 'Yes from the Heart'

The volunteering programme 'Yes from the Heart' is becoming increasingly popular among employees from Kredyt Bank and Warta. Kredyt Bank even offers employees the opportunity to spend one day a year in voluntary activities. About 800 Kredyt Bank employees are involved in helping others.

In 2011, the Warta and Kredyt Bank Foundation supported 58 initiatives and donated a total of 51 339.29 euros for their implementation.

Santa Claus Courier is part of the volunteering programme: children in need from poor rural families send a letter to Santa Claus in which they express their Christmas wishes. The Kredyt Bank Public Relations Office collects those letters and invites employees to contribute to making these dreams come true. During Christmas meetings, the gifts were distributed to the children.

The Smiling Bookshelf

A new programme launched by the Warta and Kredyt Bank Foundation that aims at providing all children's haematology and oncology clinics in Poland with reliable sets of literature books and audio books for children and teenagers, carefully selected in co-operation with literature experts from the University of Warsaw. A single 'smiling bookshelf' consists of 177 titles, divided into eight age categories. The project's main objective is to create a source of valuable entertainment for children who are in hospital for a long time.

The Green Architect Academy

Kredyt Bank launched a new social and educational project 'The Green Architect Academy' with ecological workshops for pupils in primary schools. The workshops focused on the tradition of building with natural materials and modern solutions in organic architecture. First this project was implemented in 25 schools in one Polish province, Łódzkie voivodeship. 2 600 children from 119 classes attended the workshops. Afterwards, 2 200 pupils from 12 schools in Podlaskie voivodeship participated in the project.

3.6 Ireland

KBC Ireland is committed to giving back to organisations in the community and to supporting its employees' involvement with these organisations.

Focus Ireland

In 2011, KBC Ireland continued its relationship and co-operation with Focus Ireland, a charity project that aims to help the homeless in Ireland.

KBC Ireland raised €15 000 for Focus Ireland in 2011.

The Lambert Puppet Theatre

In November 2011, KBC organised a puppet show in the Central Remedial Clinic for primary school children. The Central Remedial Clinic provides a range of specialised services for children and adults with physical disabilities. On the day of the event, KBC Ireland volunteers transformed the gym into a real theatre (they hung up self made posters with pig decorations, and balloons across the ceiling). Each child received a goody bag with a pig mask, finger puppet and a balloon. The puppet show was fantastic with the puppeteers getting the children to interact, with the children waving, shouting, clapping and singing along with the show.



We want a better
and greener world.

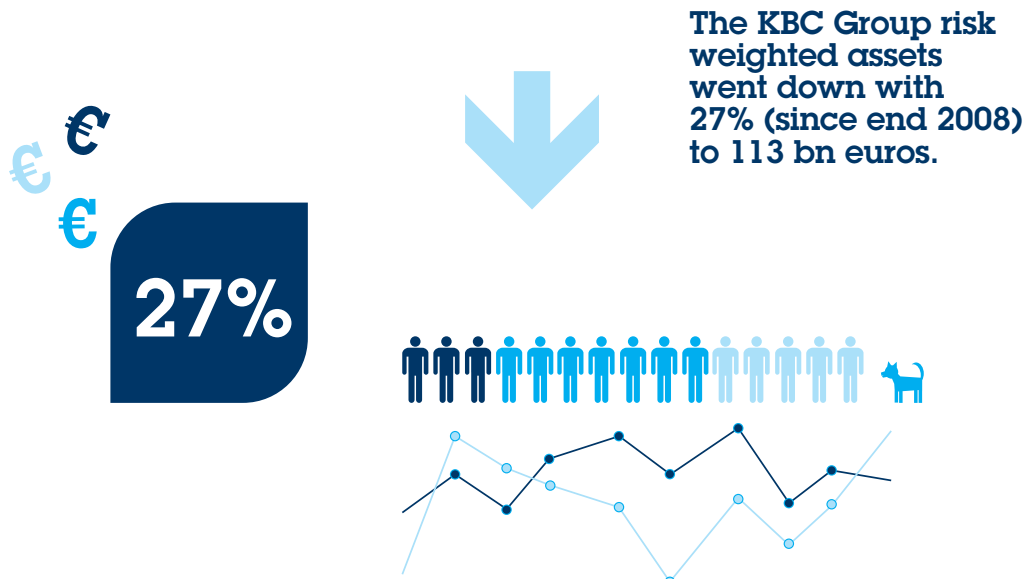




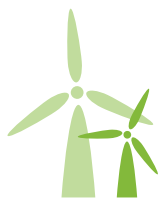
4. Shareholders

KBC is in the process of implementing its updated strategy, approved by the European Commission in 2009 and aimed at turning KBC into a more focused group with **strong fundamentals** and a **reduced risk profile**. KBC has committed to the European Commission and the Belgian Federal and Flemish Regional governments to repay the state aid in a timely manner and is working hard and with determination to honour that commitment.

KBC's key shareholders have also reiterated their **long-term commitment to KBC** to the benefit of all stakeholders.



V. Commitment towards the PLANET



KBC wants to make use of nature's resources in a sustainable way. Here you can find out what initiatives we are taking to reduce our impact in Belgium and around the world.

KBC is well aware that it has a direct as well as indirect impact on the **environment**. The group wants to contribute to a better and greener world and has taken various initiatives to reduce its impact and to stimulate employees, customers and suppliers to follow its example.

1. Environmental commitments at KBC Belgium

This chapter focuses on the **achievements** and **targets** concerning environmental issues. Following an environmental based risk analysis performed by the group, the focus is now on climate change and resource source.

Climate change and resource use are two of the themes that are managed in accordance with **KBC's environmental management system**, which led to ISO 14001 certification in 2009.

KBC's Belgium Business Unit further implemented the environmental policy and policy in respect of suppliers.

KBC Belgium made considerable strides on the environment between 2006 and 2011: continuously **decreasing energy consumption** (mainly due to more efficient building-practices and energy efficiency in exploitation and monitoring programs), and paper use (chiefly due to a structural approach to printing, archiving and scanning processes).

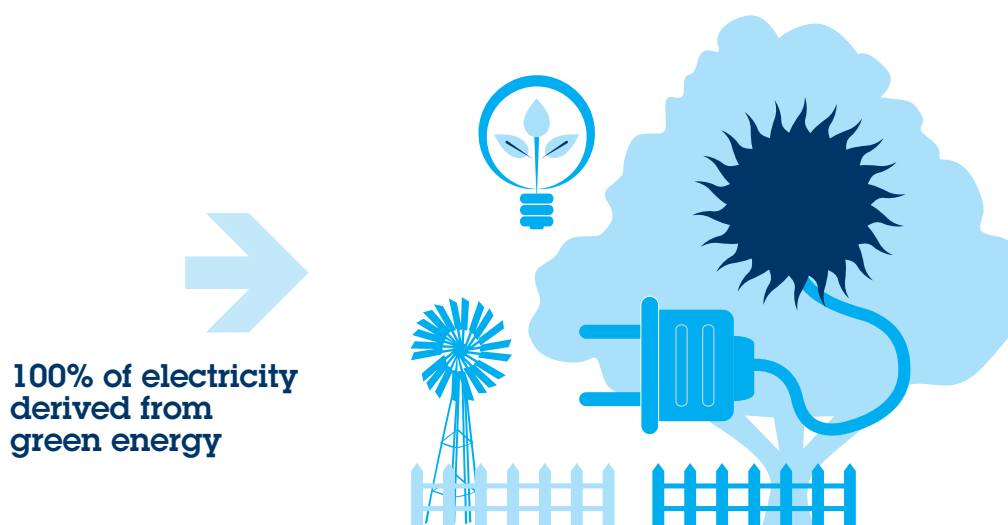
Cradle to Cradle

The Cradle to Cradle programme (C2C) seeks to create systems that are not just efficient but most of all essentially waste free.

Materials should circulate continuously in a biological or technical life cycle. Raw materials are precious and are becoming expensive. They are meant to be recycled.

Climate change policy

In 2011, KBC decided on and started to implement a far-reaching group-wide climate change policy, which aims at expressing KBC's commitment to reduce its environmental impact.



Read more about the targets, actions, programmes and results, as well as green loans, Team Renewable Energy, procurement and mobility.

More about the Belgian environmental commitments:

1.1 Goals and achievements

KBC wants to contribute to a more sustainable use of nature's resources and increase the energy efficiency of its daily operations. Year after year, the group endeavours to decrease its consumption of paper, water, energy and fossil fuels.

Topic		Goals and achievements			New Goals set in 2012
		Goals	Achievements		
			2011 vs. 2010 (%)	Total since reference year (%)	
Environmental management		Install management system according to international standards	ISO14001 certified environmental management system since 2009		ISO14001+ EMAS** certification
Climate change and resource use					
Climate change	Electricity (GJ)	Down 12% between 2006 and 2012	Down 7,33%	Down 14,80%	Achieve European 2020 goals ***
	Natural Gas (GJ)	Down 16% between 2006 and 2012	Down 9,66%	Down 7,95%	
	Heating oil (GJ)	Down 16% between 2006 and 2012	Down 31,03%	Down 70,79%	
	Commuter Travel (km)	No goal	Up 1,95%	Up 8,64%	
	Business Travel (km)	No goal	Up 7,90%	Up 0,56%	
	Greenhouse gases (ton CO ₂)	Offset greenhouse gases of own fleet	Down 6,29%	Down 44,12%	Greenhouse gases from own fleet down 20% between 2012 and 2015
Resource use	Paper (ton)	Down 5% on a yearly basis, ongoing	Down 14,16%	Down 18,55%	-
	Water (m ³)	No goal set	Down 5,90%	Down 40,88%	-
	Materials and goods	No goal set	-	-	Replacing 4 products a year by alternative with lower environmental impact
	Suppliers	No goal set	-	-	Investigate environmental impact of suppliers

* Reference years: energy (2006), travel (2007), greenhouse gases (2007), paper (2007), water (2006)

** EMAS is the voluntary European model for Environmental Management and Audit Scheme

*** 2020 According to EC Climate Change Plan: energy savings of 20% by 2020 and based on 20% renewable energy

1.2 Climate change

KBC recognises the importance of the climate change issue. As a financial institution, the group has a role to play in tackling climate change. Taking the right initiatives can help secure a low carbon emission economy that is more resilient, more efficient and less vulnerable to global shocks.

As a natural consequence, the KBC's management team recently ratified the company's climate change policy.

The group's approach requires it to cut the impact of energy use and stimulate its suppliers and customers to cut theirs. After setting (and mainly achieving) goals up to 2012, KBC will work out a roadmap to further reduce its carbon equivalent emissions (CO₂) by 20% by 2020. The group intends to make the difference mainly through the management of buildings and transport.

1.2.1. Energy consumption

The building guidelines, the Energy Savings in Buildings (ESIB) project, investment in good-performance installation techniques together with intensive awareness campaigns, all contributed to optimising the group's energy use. Total energy consumption fell by 8.7% in 2011. Since 2006, KBC has reduced its energy consumption in Belgian business entities by 20%.

The KBC Group has set itself a specific goal for 2012, i.e. reducing its oil and gas consumption for heating purposes by 16%. Based on past performance, it should achieve this goal:

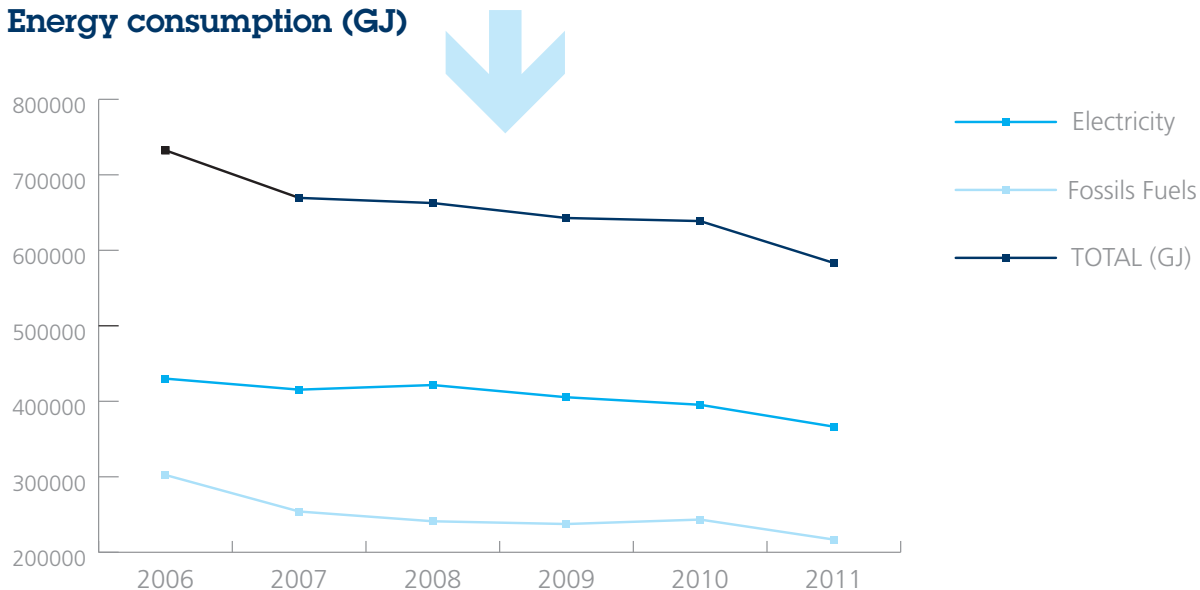
- Over a six-year period, the group has already managed to lower its natural gas consumption by almost 8%;
- The most spectacular results were obtained in the context of heating oil, consumption of which has been cut by as much as 71%. KBC has replaced oil by gas in almost every KBC branch.

The group aims to reduce electricity consumption by 12% in 2012 as compared to 2006. This goal has already been achieved for all the Belgian buildings. Electricity consumption has decreased by almost 15% since 2006. For the buildings under the ESIB project that are managed by the Facility Department, the goals seem likely to be achieved.

KBC's new goal is total energy savings of 20% by 2020 and with an overall presence of renewable energy facilities being responsible for 20% of the total energy supply. It will be a challenge to reach this goal and to profile in renewable energy. A roadmap to achieve this goal will be developed in 2012.

	KPI ENERGY					
	2011	2010	2009	2008	2007	2006
Energy (GJ)						
Electricity consumed	366 398	395 378	405 355	421 537	415 430	430 033
% of electricity derived from green energy	100%	100%	100%	75%	39%	35%
Fossil Fuels (GJ)	216 825	243 351	237 436	241 072	254 010	302 391
Natural gas	207 096	229 245	221 044	217 060	227 389	269 087
Heating oil	9 729	14 106	16 392	24 012	26 621	33 304
TOTAL(GJ)	583 223	638 729	642 791	662 609	669 440	732 424

Energy consumption (GJ)



The goal is for all KBC buildings to be sustainable. As regards construction and refurbishment projects, the group puts this idea into practice by drawing up its own building specifications for new buildings and the total renovation of administrative buildings. These specifications are based on international models for sustainable building (LEED, BREEAM). **The KBC 'Green Building Guidelines'** have been incorporated into the design of the impressive "Artevelde Tower" (Ghent).

Some examples of sustainable building principles applied in the Artevelde Tower:

- The building is located near a train and bus station
- A skyscraper provides a sizeable working space (1 200 work stations) in a relatively small surface area (20 800 m²)
- Primary energy use = E70 instead of E100 (legal maximum)
- Global insulation level is K32 instead of K45 (legal maximum)

In September 2012, the building will bring together the support services scattered throughout the Ghent region under a single roof.



KBC continued to focus on **renewable energy**:

- After installing a solar water heater at its head office in Brussels at the beginning of the year, KBC repeated the initiative in one of its administrative buildings in Antwerp.
- 10% of the electricity used at the logistics centre in Mechelen is now generated by solar panels.

The group has increased its knowledge in wind energy but hasn't implemented any specific projects yet.

The construction as well as operation of buildings has an extensive direct and indirect impact on the environment. That is why the group continued to maximise its efforts to achieve greater energy efficiency.

Under Energy Saving in Buildings(ESIB) project, buildings managed by the Belgium Facility Department need to take into account 50 measures ensuring that attention to energy conservation does not weaken.

Some of the group's most successful ESIB measures in Belgium :

- Adapting start and stop times of technical installations to the actual use of the building
- Setting the heating in winter time to 21°C instead of 22°C
- Setting the cooling in summer time at 24° C instead of 22°C
- Replacing older equipment by more energy efficient equipment
- Installing or improving insulation
- Replacing standard bulbs with energy saving bulbs

Over and above the standard measures under ESIB, the group invested in energy saving techniques :

- Presence detection in the archives of the logistics centre in Mechelen and in the training rooms in Antwerp
- Re-lighting in buildings in Leuven

1.2.2. Mobility

KBC wishes to reduce its environmental impact and safeguard the health of its staff through effectively managing staff transport. The group invests in and opts for sustainable mobility. Its primary aim is to limit movement of staff as much as possible. The group recognises this as one of its social responsibilities because improving mobility also means reducing the loss of precious time in traffic. The second reason is the environment: the fewer cars, the lower the emissions of soot particles and CO₂. Thirdly, it makes economic sense as it lowers costs for the vehicle fleet.

KBC's achievements so far came about after extensive consultation with several interest groups and stakeholders. At **internal** level, the group dealt with the HR Department as regards payments and reimbursement, the Facility Department for the infrastructure and comfort of staff, KBC Autolease for fleet cars, the Communication Department and ARGUS for campaigns. Mobility was also on the agenda in meetings with the various unions. There are also many **external** stakeholders involved, such as the public transport companies, interest groups representing train, tram and bus users, interest groups representing cyclists and local authorities.

KBC works simultaneously on different fronts: cutting out superfluous commuting (by allowing staff to work locally or at home and within flexible working hours), providing financial rewards, and making it easier for staff to achieve sustainable mobility.

In addition, the group supports events that stimulate sustainable mobility (Cycle to Work, free guarded bicycle stands at festivals and backs the 'safe cycling to school' campaigns).

Examples of earlier achievements to promote sustainable mobility by mode of transport

- **Bicycle:** allowances for employees who come to work by bicycle, a supervisor for each building, large bicycle shelter facilities in the KBC head offices (bicycle repair kits, showers, lockers, covered bike stands)
- **Train:** reimbursement of train season tickets
- **Bus:** free shuttle service between train station in Brussels and Leuven and head office buildings
- **Carpool:** KBC employees who share cars are allocated a parking place at the KBC head office car parks
- **KBC Autolease fleet:** registration for cleaner car contract programme, with restrictions in CO₂ emissions
- **Other:** reimbursement of business travel and allowing staff to work locally or at home (teleworking or PLATO as it is known within the company)

New in 2011

The PLATO teleworking project, allowing staff to work locally or at home, was extended: 455 locally based work stations were established. Following awareness campaigns, more staff began to use the work stations more often.

Locally based work stations (PLATO)

Year	Number of users	Number of applications	Applications per person
2009	2 555	51 213	20.04
2010	3 005	59 026	19.64
2011	3 232	68 458	21.18

KBC concretises its PLATO concept in a flexible way: contrary to its intention of the previous year - i.e. to further expand within existing and new buildings, with 400 intended locally based work stations in the Artevelde tower in Ghent for example - the group will move the Asset Management Department from the head office building in Brussels to this new building because most of its staff lives closer to Ghent than to Brussels. That means in practice that one level of the Artevelde tower will be given over to these staff and 120 locally based work stations will be used for PLATO instead of the 400 originally planned.

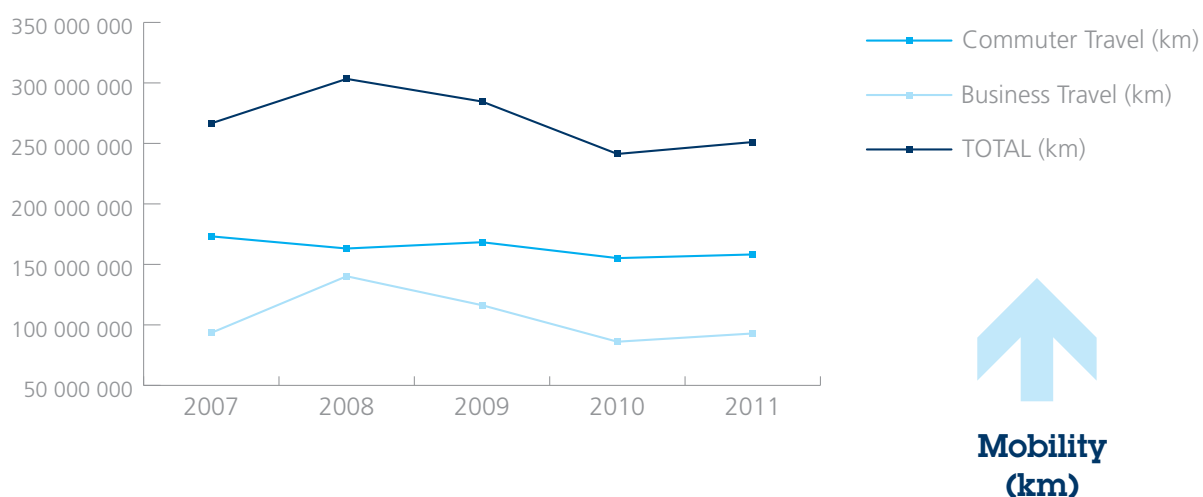
To streamline and prioritise the mobility initiatives of recent years, a sustainable **mobility policy** was put in place at the end of 2011. This policy is in accordance with the Dutch STOP principle of hierarchy in environmental impact due to mobility: walking, cycling, using public transport, carpooling private transport and solo driver private transport; the policy provides for the development of the group's knowledge and facilitates experiments with pilots on electrical and hybrid cars. KBC will also focus on specified user groups, for example, on the staff that will move to the Artevelde tower. The group will further develop this policy in 2012.

In spite of all different measures and facilities, the mobility results are rather volatile. Means of transport used and the transport behaviour of employees seems more difficult to steer in the right direction.

KPI TRANSPORT

	2011	2010	2009	2008	2007	2006
Commuter Travel (km)	158 217 620	155 191 723	168 342 523	163 127 503	173 178 121	155 572
Rail	49 735 344	47 530 427	50 231 491	64 721 994	81 393 717	77 786
Road	96 477 192	97 476 206	107 347 141	85 461 110	79 661 936	66 201
Bus	5 145 036	6 790 060	7 175 927	9 245 999	8 658 906	8 275
Bicycle	6 860 048	3 395 030	3 587 964	3 698 400	3 463 562	3 310
Business Travel (km)	92 903 652	86 095 626	116 281 372	140 205 219	93 428 962	76 000
Rail	3 947 173	3 440 553	3 139 587	3 160 808	2 670 000	1 827
Road	67 652 947	61 901 695	67 543 329	70 961 033	60 731 286	62 163
Plane						
• Short-haul Flights (km)	496 801	729 541	1 002 652	1 821 798	817 552	0
• Long-haul Flights (km)	20 806 731	20 023 837	44 595 804	64 261 580	29 210 124	12 010
• Short-haul Flights (number tickets)	1 424	2 024	1 400	2 622	1 166	
• Long-haul Flights (number tickets)	15 453	13 896	16 406	24 648	11 332	
TOTAL(km)	251 121 272	241 287 349	284 623 895	303 332 722	266 607 083	231 572

Note: figures for 2006 are not complete and do not take into account the calculation of greenhouse gases.

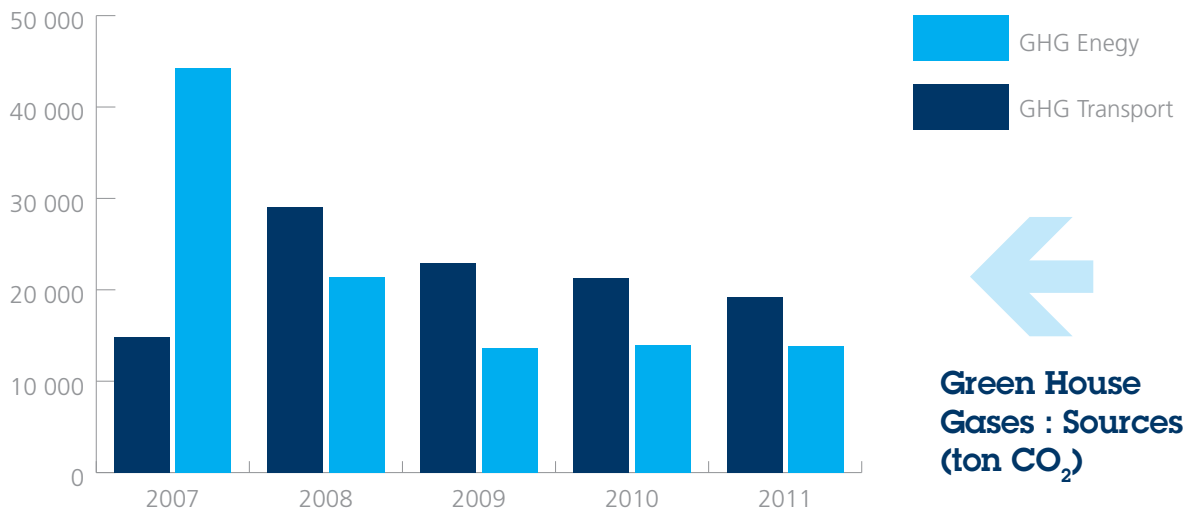
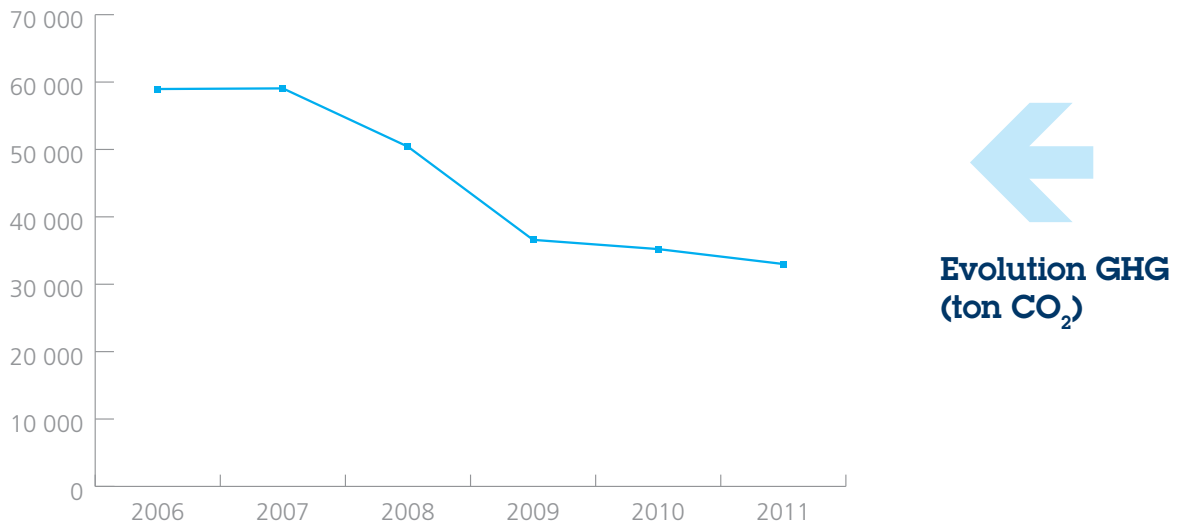


1.2.3. Green House gases

KBC's facilities and the amount of commuter and business travel generate greenhouse gas emissions. It is the group's commitment to reduce its carbon emissions. Supported by a decision of the Executive Committee in 2007 and re-enforced in the climate change policy of 2011, KBC will draw up a roadmap in Belgium to reach the 2020 goals on climate change. As evidence of this constructive approach, the group has achieved a significant difference in the last five years: greenhouse gas emissions have decreased by a total of 44%, mainly due to energy results. Note the positive results from of electricity from green sources, from 35% in 2007 to 100% at present.

Green house gases Belgium					
	2011	2010	2009	2008	2007
GHG Energy	13 869	13 905	13 615	21 355	44 247
GHG Transport	19 209	21 310	22 971	29 051	14 814
GHG by car	17 323	19 582	21 058	26 240	13 536
GHG by plane	1 886	1 728	1 913	2 811	1 278
GHG Total (ton)	33 078	35 215	36 586	50 406	59 061

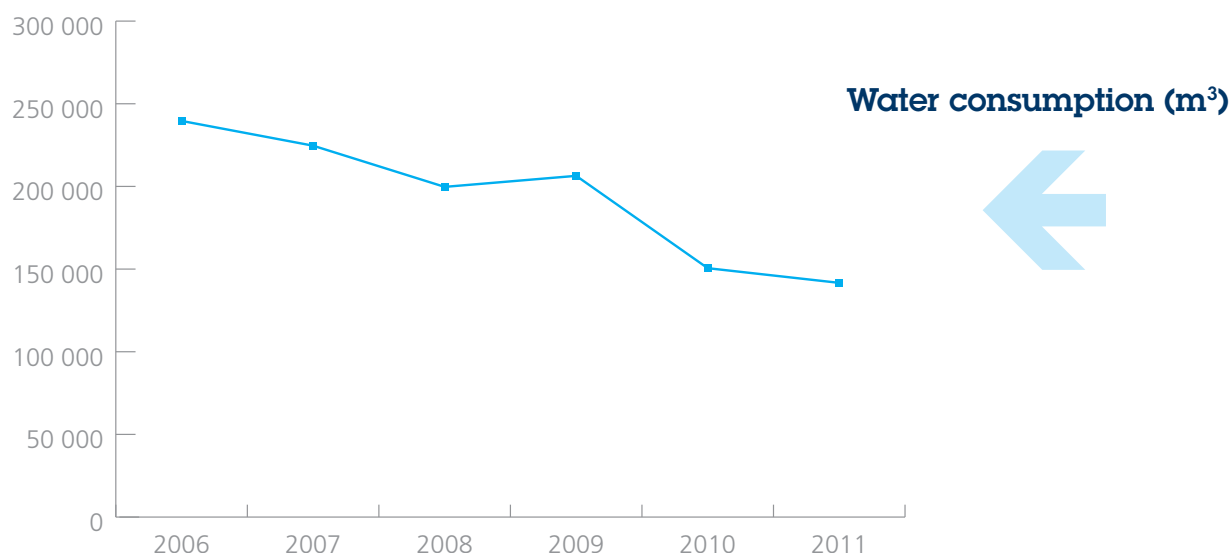
Despite water use in its direct operations being relatively low, KBC takes care of this fragile resource and can report a total drop of 41% over the past six years.



1.3 Resource use

1.3.1. Water

	KPI Water					
	2011	2010	2009	2008	2007	2006
Water (m ³)	141 663	150 547	206 400	199 723	224 638	239 616
Evolution year by year	-5,90%	-27,06%	3,34%	-11,09%	-6,25%	



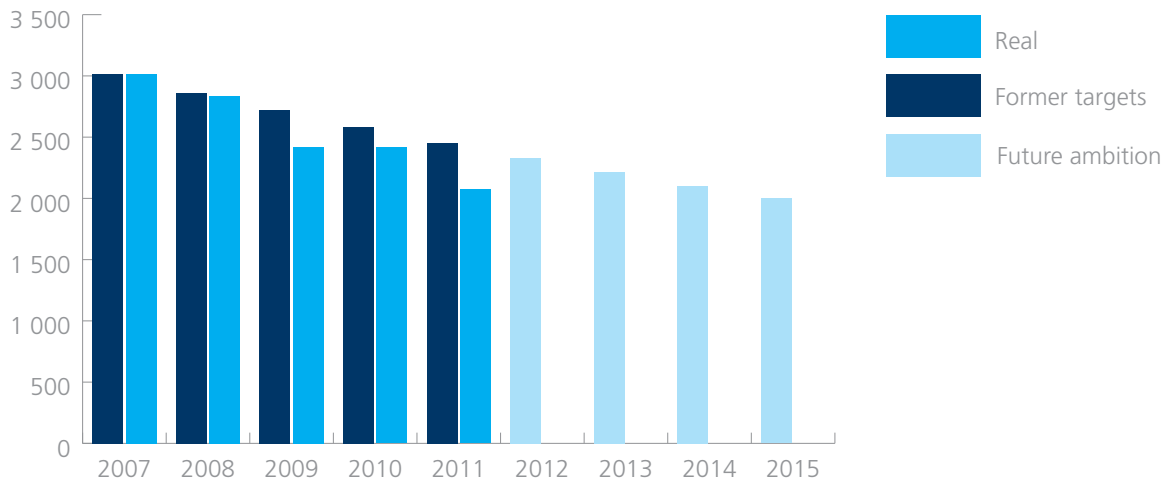
1.3.2. Paper

In line with its goal of reducing paper usage by 5% each year, KBC continued its initiatives. The quick wins initiatives are all in place. The group is now focusing on steering the process of archiving and scanning. However, it continues raising awareness among and involvement of staff.

	KPI Paper					
	2011	2010	2009	2008	2007	2006
Recycled (ton)	1	0	3	16	8	0
FSC (ton)	2 317	2 635	2 693	2 646	270	0
FSC (% from total)	95,66%	93,52%	95,26%	84,38%	8,95%	

KBC won one of the 'FSC Global Awards' for sustainable paper use in 2011.

FSC is the label for wood and paper from responsibly managed forests. For the first time Bpost, Casa shops and KBC received an award in recognition of their commitment towards and choice of wood and paper. A few years ago, KBC was the first bulk user to sign a covenant with FSC Belgium. In doing so, KBC sent a signal to other companies, and to its customers and employees.



1.3.3. Materials

KBC aims for maximum reuse of its materials and equipment and is glad to see that some of its stakeholders follow its ideas.

When it comes to surplus **furniture** for example, KBC is very environmentally conscious. The majority is recycled and reused within the organisation, while furniture that meets its standards, but for which there is no immediate use, is stored for later use, for instance at the new Artevelde tower in Ghent.

The group prefers to put in place rather modest initiatives but ones that have an important symbolic value. KBC's stock manager joined forces with Your Mover and the BRS Foundation to offer furniture to KBC employees. Together, they organised five successful stock sales in 2011.

Successful stock sales in 2011 of Your Mover and the BRS Foundation

Within the KBC Group, furniture regularly becomes surplus to requirements as a result of reorganisations or, as was the case recently, the rollout of the PLATO (teleworking) concept. KBC's stock manager joined forces with Your Mover and the BRS Foundation to offer these items to KBC employees at favourable terms. The proceeds were donated to BRS.

There are always some items left over for which there is no immediate use, or which no longer meet KBC's standards. Storing these items is costly. However, throwing them away would be in conflict with KBC's policy of environmental awareness and sustainability. When they are given a second lease of life, everyone wins!

From now on, any leftover, unsold furniture will be donated to schools, non-profit organisations and organisations with a social and/or charitable objective.

Extending its knowledge of the potential of cradle-to-cradle (C2C) products and services, sharing this knowledge with suppliers and incorporating it in future tenders, will gradually prepare KBC for drafting a C2C purchase catalogue. For 2012, the group aims to replace four products by a C2C alternative.

Research on 'Cradle to Cradle' products

Cradle to Cradle (abbreviated to C2C) goes further: it is a holistic economic, industrial and social framework that seeks to create systems that are not only efficient but most of all waste free: materials should circulate continuously in a biological or technical life cycle. The choice is simple: either you can eat them (biological nutrient) or you can return them to your supplier (technical nutrient). Raw materials are precious and are becoming expensive. They are meant to be recycled (economical aspect). C2C also seeks to remove dangerous technical nutrients (synthetic materials such as mutagenic materials, heavy metals and other dangerous chemicals) from current life cycles (health aspect).

As it builds up its knowledge, KBC participates in a working group set up by the Belgian Federal Government to develop environmental preference methods for the selection of materials for use in construction and refurbishment.

1.4 Role of procurement

Applying the principles of KBC's supplier policy, procurement officers ensure that environmentally unfriendly goods or services do not enter the organisation. Working this way, procurement made a considerable contribution to achieving the group's goals on climate change and resource use. KBC's operations have an indirect impact on climate change through the goods and services it acquires from its suppliers. It is not yet clear how to assess the performance of suppliers. However, the group considers their performance to be important in relation to climate change. During the tendering processes, environmental criteria are among those factors taken into account and candidate suppliers are invited to propose sustainable alternatives.

KBC immersed itself in the principles of cradle to cradle aiming to fulfil its 2012 goal to replace once in a quarter a product by a cradle to cradle alternative. The group sees possibilities in building and decoration materials.

In 2011, the number of suppliers signing up to the suppliers policy went up again: 786 in 2009, 814 in 2010 and 850 in 2011.

Catering was retendered in 2011. Several fair trade measures were included in the list of requirements for the new caterer. For example, the caterer has to prepare a fair trade meal twice a month and when rice and bananas are on the menu, they have to be fair trade products.

Environmentally friendly and fair trade catering

The fair trade story within KBC fits the group's sustainability policy. The environment and fair trade are areas in which the company can take initiative and it's with great pleasure that it makes contributions by putting these things into practice

KBC's preference for fair trade products (rice, bananas and coffee) resulted in the group winning 'the Havelaar', an award for engagement and efforts in purchasing and consuming fair trade products at work.

1.5 Role of raising awareness

As mentioned before, environmental sustainability is centrally managed according to the principles of a formal environmental management system. Three pillars of KBC's environmental management system enforce each other: policy, processes and people.

Raising awareness among and providing information for staff on the topics the group focuses on (i.e. climate change and resource use) are important contributors in the achievement of its goals. The way employees use the buildings and the way they move towards these buildings largely influence the group's environmental performance. If employees become aware at work, they will certainly copy what they do there at home and vice versa. Following days or weeks of external international campaigns (e.g. WWF Earth Hour, European Mobility Week) or national campaigns (e.g. Biofood, Fairtrade@work) increases the visibility of the campaigns KBC carries out internally.

The way employees obtained information was very different in 2011. Employee events were organised in which sustainability was the key topic, introductory sessions were organised for new staff, a quiz was held, posters and intranet messages were distributed, and staff could attend dedicated and voluntary learning sessions in the evening. Whether serious or playful, the underlying message remains the same: informing and raising awareness among staff as regards behaving in a more environmentally responsible way, both at work and at home.

Everything could be better. What does KBC want to communicate to its staff in 2012? It aims to re-launch its intranet site 'Sustainable KBC' through a wider readership (e.g. via a mailing list).

Employees will easily be able to find their way in the field of corporate social responsibility at KBC. The 'Sustainable KBC' site will get a makeover, with the aim of providing information in an easy way, and to keep staff informed about KBC's activities and projects in the field of corporate social responsibility in 2012. KBC's employees will be inspired by useful sustainability tips, smart ideas for a sustainable future and facts on tasty and healthy food.

In 2011, KBC had an environmental campaign almost every month.

Find out more:

2011 calendar of campaigns:

- **February:** inauguration of the bicycle parking areas
- **March:** participation in Earth Hour
- **April:** Fairtrade breakfast
- **May:** second life for filing systems
- **June:** learning sessions on and tasting of organic food
- **July:** inauguration of solar panels in Mechelen
- **August:** signing of Fairtrade charter
- **September:** incentives for cyclists and car-poolers during European Mobility Week
- **October:** participation in fair trade at work was rewarded with the 'Havelaar for Fairtrade@work'
- **November:** poster campaign on account of KBC's ranking in the top 100 Green Businesses

Three of the group's campaigns are dealt with here: Bioweek, Fairtrade at work and the mobility week. The role of Argus in raising awareness needs to be emphasised here once again.

Bioweek

During Bioweek, organic meal alternatives were offered to staff . KBC worked together with the **Vereniging voor Ecologisch Leven en Tuinieren (VELT, or the Association for Ecological Living and Gardening)**, a non-profit



organisation. During the campaign, VELT taught staff about and had them taste organic foods.

Mobility week

2011 was the first time that KBC participated in this initiative. The group offered an incentive (apple, flowers) to staff who came to work by bicycle or in a car pool.





Fairtrade week

A fair trade breakfast was organised in April and a fair trade meal offered in the company's restaurants in October. During Fairtrade week, KBC Belgium received the 'the Havelaar' award from Max Havelaar for its commitment towards fair trade catering. See also the chapter on awards and indices.

ARGUS

Here, reference is made to the fine collaboration with ARGUS. In view of the co-operation and support that marks the relationship between KBC and ARGUS, a wide range of initiatives and programmes, which focused on sustainable development and biodiversity, were organised in 2011. Various symposia, seminars and lectures on those topics were supported or organised for both KBC employees and external stakeholders.

According to a survey of 30 participants of a UNEP course for Financial Sustainability, KBC Group discovered that a structure involving a financial organisation with members of a non-profit organisation (ARGUS) on its payroll was apparently unique in the world.

See Chapter on KBC and Partners to find out more about Argus.

Green loans

Green loans continued to be very successful for KBC in 2011. The group granted 30 397 green loans, both home and instalment loans, an increase of 118% on 2010. In the last months of the year in particular, there was a large rise in the number of green loans granted by the company. In the period between September and December 2011, the amount granted as well as the number of green loans doubled in comparison with the same period in the previous year, from 7 000 green loans in 2010 to more than 14 000 in the same period in 2011. In November and December in particular, many customers sought to take advantage of the interest subsidy, before this government measure was ended.

Read the KBC press release on green loans (https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVG_pdf_Groene_kredieten_het_einde_van_een_succesverhaal_EN.pdf)

Team Renewable Energy

The KBC Team Renewable Energy, created in 2007, developed more projects and initiatives relating to renewable energy.

The team gave various presentations at energy efficiency conferences. (The Belgian Financial Sector Federation - Febelfin - conference on energy efficiency, the 360° seminar on financing wind projects, ...etc.)

It also participated - as Febelfin representative - in the Stakeholders' dialogue organised by the Flemish government in view of new or adapted support measures.

2. Environmental commitments of KBC around the world

The KBC Bank New York Branch continued to do its part to be environmentally friendly. Its office complies with the New York City's Local Law 87, which requires all office buildings to source separate recyclable paper from all non-recyclable waste. To accomplish this, the branch implemented a recycling policy with concrete guidelines regarding the sorting of waste.

Kredyt Bank in Poland

Kredyt Bank concluded a joint venture agreement with RWE Poland, thanks to which Kredyt Bank's **entities in Warsaw**, including its headquarters, are powered by green energy produced exclusively in wind parks owned by RWE. The joint venture is a testimony of Kredyt Bank's socially responsible approach to environmental protection at the bank and a means to optimise the company's electricity needs.

Kredyt Bank continued its environmentally-friendly programme "We invest in green", which is **targeted at employees** and aims to promote environmentally-friendly attitudes and behaviour at work and in private life.

Through this programme **Kredyt Bank** encourages actions taken to make better use of natural resources.

Kredyt Bank also participated once again in the world's **largest global climate change** campaign "Earth Hour".

On March 27, the lights in the headquarters of Kredyt Bank in Warsaw and in some branches in other Polish towns were switched off for one hour.

KBC Bank Ireland

KBC Bank Ireland established the **Green Team** in 2008 whose focus is to identify, implement and support initiatives across a broad range of areas, which have a positive effect on the environment. At the beginning of 2011 the focus was on three key areas: measurement of energy usage, travel and paper consumption.

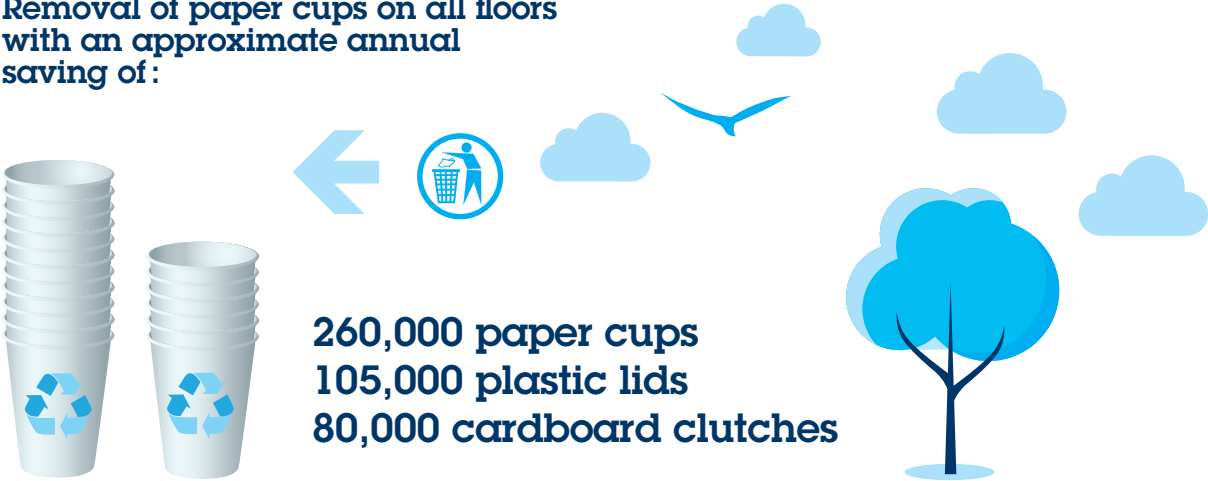
Regarding travel, a **Travel Policy was drawn up**, which promotes the use of public transport. Another initiative related to travel is the promotion of the Cycle-to-Work scheme, in which 14% of the staff participated, and associated bicycle maintenance workshops.

To save energy, motion sensors and time switches were installed in stairwells, toilets etc. Via the ICE system, knowledge regarding energy consumption was gathered up to September 2011. This knowledge will be used by external consultants to review energy consumption and to set up a project **focusing on the reduction** of energy consumption.

Double-sided printing was set as default on all printers and paper cups were replaced with ceramic cups.

For more information, see the KBC Bank Ireland plc CSR Report.

Removal of paper cups on all floors with an approximate annual saving of:



VI. Partners in social responsibility

1. KBC & BRS, solidarity-driven banking and insurance in the southern hemisphere



KBC continued to support **BRS** (Belgische Raiffeisenstichting), the in 1992 created non-profit organisation that offers the necessary support for start-up savings, credit and insurance establishments in the southern hemisphere.

The long-term cooperation between **KBC, Cera and BRS** allows BRS to further spread its bancassurance know-how to the **microfinance and microinsurance sector**.

As mentioned in previous CSR reports, BRS campaigns involve so much more than just financial support; financial expertise and consultancy also add value to the projects supported.

The following are a few examples of the different **projects** BRS supported during 2011.

KBC4BRS, 15 KBC employees of the group spent 90 days consulting on BRS projects, half of whom did this during working hours and half during their free time.

Cameroon:

BRS continued its co-operation with the Cameroon Cooperative Credit Union Leagues Limited (CAMCCUL). In 2010 BRS organised a training for the cooperative IT managers.

In 2011, BRS signed an agreement that covers the installation of and training in 55 branches. Two KBC employees worked together with their colleagues in Cameroon to accomplish this step towards increased efficiency.

Honduras:

The Pilarh Project in Honduras focused once again on the development and marketing of four new savings products for youngsters (a baby-savings account, a school savings accounts, a study savings account and a savings account for young entrepreneurs) .

BRS also provided consultancy regarding the (re)organization of the Audit department and strategic planning and budgeting.

Rwanda:

At the request of two local microfinance institutions, BRS supported their plan to launch new finance products aimed at meeting the funding requirements of local customers/farmers.

A KBC employee, specialised in agricultural loans, visited these microfinance organisations and advised them about the possibilities, opportunities and pitfalls.

Malawi:

In February, two KBC senior insurance specialists visited the Malawi Union of Savings and Credit Cooperatives (MUSCCO). They advised the organisation on how to improve its reporting on its microinsurance activities. The advice provided helped MUSCCO's management to get a better insight into their microinsurance operations and make more informed decisions. The KBC team also facilitated a strategy workshop that led to a recommendation for the MUSCCO Board of Directors on the strategic priorities for the further development of its insurance activities.





**Close cooperation =
to create a better
world**



Microfinance Lunch Break

In 2011, BRS organised another two sessions of the **Microfinance Lunch Break**, an initiative in co-operation with Febelfin (The Belgian banking federation) and Assuralia (the Belgian association of insurers).

At the Microfinance Lunch Break in February 2011, keynote speaker, Professor Jonathan Morduch provided more information about his book **“Portfolios of the Poor: How the World’s Poor live on \$2 a Day”**. Jonathan Morduch and his co-workers examined the cash flow of 300 households among the poorest of the world, which resulted in a humanising insight into the economic lives of the global poor, and a valuable resource for attempting to improve those lives, especially through microfinance institutions.

On 7 October 2011, BRS organised the fourth session of the Microfinance Lunch Break, where Emeritus Professor Malcolm Harper accepted the challenge to react to the critical remarks about microfinance, which have been made over the last two years.

Professor Harper advises investors to withdraw from microfinance institutions as soon as they are performing well, to hand over management to local people.

Geert Van Lerberghe of Febelfin, who made the closing remarks at the Lunch Break on 7 October, focused on parallels between the crisis in microfinance and the traditional financial sector. He is convinced that the microfinance sector should go back to the basics, to the fundamentals of the microfinance system, in order to fight the crisis.

Find out more about the microfinance lunch breaks on www.microfinancelunchbreak.be

Fairtrade products at KBC

BRS deepened its relationship with Oxfam by organising the yearly Fairtrade-lunches at KBC head offices during Fairtrade Week.

In addition, KBC Facility Management decided to offer **Fairtrade rice, coffee and sweets** in the KBC vending machines and KBC restaurants.

KBC, Cera, BRS and Oxfam clearly have the same goal: a world that puts dignity before profit and long-term before short term.

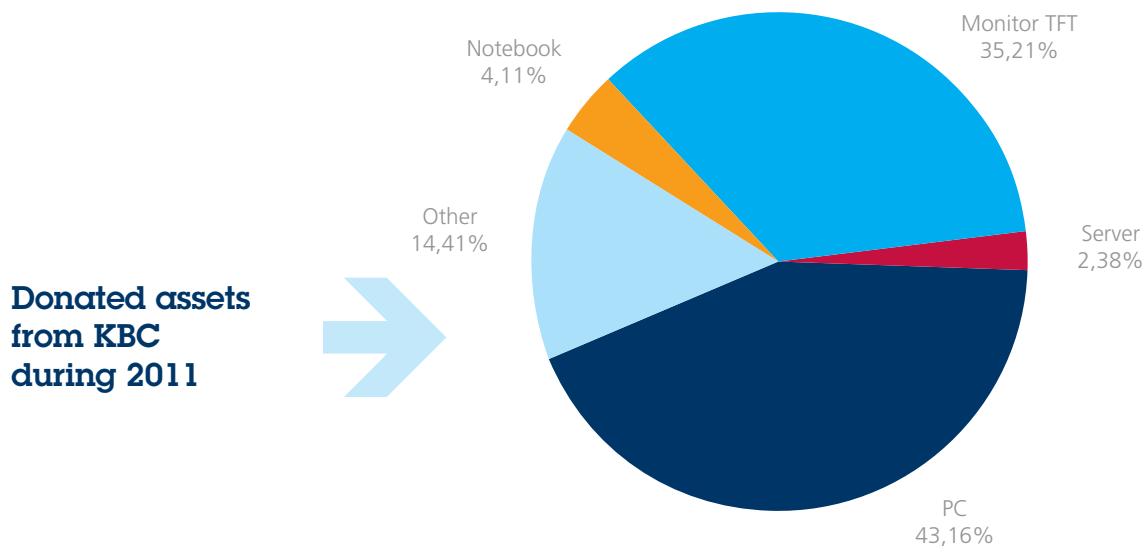
These three partners realise that this can only be achieved by co-operating and showing solidarity with the poor, despite the growing pressure of the markets.

Close the GAP



KBC and BRS continued their work with Close the Gap, an international non-profit organization that helps to bridge the digital divide by donating used computers.

Whereas KBC donated 3015 assets to Close the gap, in 2011, KBC was able to donate 12 990 different assets. See information below.



2. ARGUS, the environmental centre for KBC and Cera



Argus is an independent non-profit organisation that was created in 1970 with the support of KBC and later on endorsed by Cera.

Argus aims to inform about and to stimulate the use of environmentally friendly solutions in both life and work.

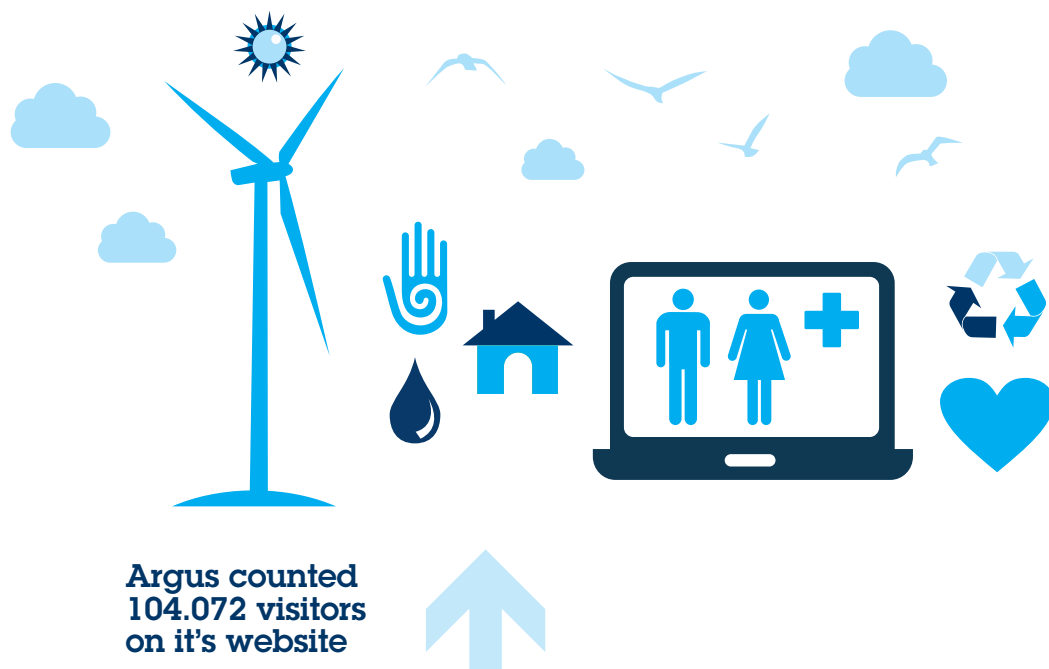
In view of the co-operation and support that characterises the relationship between KBC and ARGUS, a wide range of initiatives and programmes, which focused on sustainable development and biodiversity, were organised during 2011. Various symposia, seminars and lectures on those topics were supported or organised for both KBC employees and external stakeholders.

Some of the initiatives ARGUS (co)organised:

- the fourth edition of the Burning Ice festival, an initiative of the "Kaaithheater" in Brussels. This edition focused on the economic dimension of sustainable development.
- A series of four lectures about the pressure on water (together with Institute of Environment and Sustainable Development, IMDO), the University of Antwerp and the Flemish Environmental Agency (VMM).

- The Mobimix conference on the future of sustainable mobility (together with Mobimix, Vito and SDWorx).
- As part of the UN International Year of the Forests, a symposium on the status of forests in Flanders (together with Natuurpunt and VBV) and a scientific symposium on forests and climate change (together with Groenhart, VBV, Vito and the WWF).
- The first edition of Het groene boek (the green book), a yearly festival with lectures, music, literature, documentaries, a book fair, ...etc. focusing on transition and sustainable development (with a series of partners)
- The debate “Havensteden en mobiliteit – (Port towns and mobility)” (together with the Dutch Embassy).

In 2010 7 460 tons of CO₂ were emitted by the Greenlease labelled KBC fleet in Belgium. ARGUS bought and retired 7 502 VER¹ to offset these emissions, including 42 VER related to 2010 emissions. These VER originate in the Improved Household Charcoal Stoves Project in Ghana. It will reduce greenhouse gas emissions by distributing fuel-efficient charcoal stoves. The project is verified according to the Gold Standard for VER's. Ownership and retirement are registered in the Gold Standard Registry.



1 Voluntary emission reductions

VII. Policies and governance



A well structured framework, as well as embedded policies and an elaborated strategy will help us to fulfill our commitments.



Climate Change Policy

ClimatE Change Policy

1. Corporate Social Responsibility action plan

The KBC Group Executive Committee approved a CSR action plan, which allows the KBC Group CSR officers to further develop a number of initiatives and actions to gradually take CSR to the next level.

The CSR officers launched an internal CSR platform that will lead to a better and closer co-operation between all departments and entities involved in CSR topics.

Thanks to the platform, employees throughout the entire group are able to share know-how, launch new initiatives and increase internal communication.



2. Climate change policy

KBC implemented a **group-wide climate change policy**, which emphasises its commitment to **reducing** its impact on the **environment**.

In its daily activities, KBC wants to **focus on energy efficiency**, offset greenhouse gases emitted by its commuter travel lease fleet and monitor and, wherever possible, support new trends in science and technology.

Furthermore, KBC wants to stimulate **awareness** and **education** for its **employees** and the upcoming generation. After all, climate change is not just a bad dream; it is real, it is happening and it will have a major environmental, economic and social impact on everyone's life.



3. Anti-corruption programme

Following the UK Bribery Act, which came into force in July 2011, KBC Group launched its **group-wide Anti-Corruption Programme**, co-ordinated by Group Compliance, to review the existing anti-corruption policies and to **develop** and **implement** new **policies** throughout the group.

The programme covers:

- Review of existing policies
- Support from the top
- Risk assessment
- Communication and training
- Monitoring, review and evaluation
- Reporting

3.1 Compliance – integrity in practice

KBC considers integrity of paramount importance and is well aware that employees are a crucial element in complying with integrity principles.

KBC wants to stimulate its employees to become drivers of corporate integrity and attaches great importance to the internal framework of its risk-prevention regulations.

The group is very much aware of the vital importance of detecting corruption in various forms and provides systems to detect and report any form of corruption. KBC makes sure that all policies regarding integrity are well communicated, comprehensively rolled out and successfully implemented.

The KBC Group Compliance function co-ordinates at group level, while the local compliance functions are responsible locally for the co-ordination, implementation, organisation and safeguarding of the integrity and reputation of the KBC-group entities in the areas Compliance is responsible for, i.e. anti-money laundering and financial markets and investor protection (MiFID), data protection, ethics and fraud risk management.

Within the context of CSR, KBC Group Compliance is responsible for:

1. the Group Code of Conduct
2. the Anti-Corruption Programme
3. the Whistleblower Policy
4. Anti-money laundering
5. the Human Rights Policy Statement

Group Code of Conduct

The code was rolled out in 2009. In 2011, several awareness campaigns were conducted and possible breaches were investigated by an independent investigative unit, and reported at the appropriate management level.

Anti-corruption

KBC Groupwide Anti-Corruption Programme. 2011 saw a vigorous anti-corruption drive in the KBC Group. The ultimate trigger was the entry into force of the UK Bribery Act in July 2011. The act has an important extra-territorial impact and defines the corporate crime of failing to have adequate procedures to prevent bribery on behalf of companies. The only defence consists of proving that the company actually developed adequate procedures to prevent bribery. As a result, the KBC Group Executive Committee set up a groupwide Anti-Corruption Programme, co-ordinated by Group Compliance, in order to review the existing anti-corruption policies and to develop and implement new policies throughout the group.

As the programme is both a **comprehensive** - covering risks throughout all entities and business activities - and an **ongoing** effort, the following results represent only the first stage of a process that will be further developed over the years to come.

Approval of the Programme by Group Executive Committee. Anticipating the entry into force of the UK Bribery Act in July, on 10 May 2011, the KBC Group Executive Committee approved the Groupwide Anti-Corruption Programme as proposed by Group Compliance.

The Programme calls for:

- A review of existing policies
- Support from the top
- Risk assessment
- Communication and training
- Monitoring, review and evaluation
- Reporting

Gift Policy. The first concrete result of the Programme was the updating of the existing Gift Policy, approved by the Group Executive Committee on 31 May 2011. The policy confirms a general permission to engage in the exchange of gifts and entertainment with the group's counterparties. However, a number of specific prohibitions, including bribery and facilitation payments, are explicitly defined. Within the limits where gifts are allowed, the policy contains an awareness threshold (i.e. as a reference 250 euros). For the purpose of transparency, the written permission of line management is required whenever this awareness threshold is exceeded on a yearly cumulative basis. Another aspect mentioned in this policy is the statement that KBC Group does not make any contributions to political parties, organizations or events, nor governmental organizations. The Policy was rolled out in July 2011.

Communication. As part of the early set-up of the Anti-Corruption Programme and for the purpose of use throughout the group, presentations on the programme in general, and on the new Gift Policy in particular were given or planned. Elements from the programme were also included in trainings for new members of staff. The programme was communicated through intranet, e-mails and local corporate magazines.

Next steps. To further develop more elements of the Anti-Corruption Programme, bribery-related rules for specific departments (such as Human Resources, Procurement and Accounting) and relations with third party agents are currently being prepared. The translation of these parts of the programme into a group-wide KBC Compliance Rule was rolled out by the end of December 2011.

Once the first stages of implementation are over, an important step will be the 'monitoring and control' stage. Concrete cases will be investigated by an independent investigation unit and reported to the appropriate management level.

Elements from the programme will be translated into the Compliance Monitoring Programme, and be made compulsory throughout the group. Lessons learned may then be fed back into the processes, up to review and modification of the policies and procedures.

Whistleblower Policy

The update of the procedures for whistle blowing in 2010 included a more explicit provision for corruption. With this aspect of the 'monitoring and control' part of the Anti-Corruption Programme (above) specifically covered by the Whistleblowers Policy, this results in a better fit for both policies.

During 2011, there was further campaigning for raising awareness and use of the policy. However, the number of cases continues to decline slightly. On the other hand, of the cases reported a considerable proportion (currently about 50% of closed cases) appears to be meaningful in that they have led to specific findings. Cases where the signal was confirmed included fraud and theft, serious conflicts of interests where the independence of the staff member was jeopardised and one serious infraction of the rules on bank secrecy.

Group Compliance intends to continue its efforts to further increase the awareness and use of the policy.

Anti-Money Laundering

2011 was again a year of many changes and initiatives in the area of anti-money laundering and prevention of terrorist financing.

The focus was mainly on continuing efforts to implement the 3rd AML Directive and related EU regulations. In the KBC Group, this resulted primarily in two new Group Rules regarding transaction monitoring ('Know Your Transaction' or KYT) and embargos which were rolled out in December 2011.

The embargo rule focuses in particular on the prevention of accepting clients and/or execution of transactions related to certain countries or sanctioned persons or entities and certain activities (e.g. weapons of mass destruction).

The KYT rule encompasses the requirements related to first and second-line monitoring of transactions as well as the requirements deriving from EU Regulation No. 1781/2006 on information on the payer.

Data protection

Group Compliance has issued a Group Compliance Rule on Data Protection which KBC Group entities are implementing in a risk-based way.

Awareness about data protection has further been raised throughout the organisation. This is not only an effort of the Group Data Protection Officer, but also of a number of departments with a similar interest.

More detailed policies are being drafted and implemented to clearly control data protection and steer the business. One of them is the Social Media Policy, which has been drafted in the course of 2011 and will be communicated and implemented throughout the entire KBC Group in 2012.

In major projects and sourcing cases involving data processing, an assessment of the impact on privacy is carried out so that privacy compliant data processing operations can be set up.

Trainings

The number of compliance related trainings rose from a total of 46 in 2009 and 69 in 2010 to 88 in 2011. On top of this, within KBC Belgium 27 presentations on the new KBC Anti-Corruption Programme were given to senior management committees throughout the bank.

4. Socially responsible investments (SRI)

4.1 Investing responsibly

KBC Asset Management continued to execute its “**Active Proxy Voting and Engagement Policy**”, which was launched in 2008 and is aimed at defending fund shareholders’ interests through exercising the rights of shares held by the investment funds.

Proxy voting

An active ‘proxy voting and engagement’ policy was introduced at KBC Asset Management in 2008 with the aim of defending the interest of the shareholders of funds through exercising the rights of shares held by the investment funds. The policy is centred on the Proxy **Voting and Engagement Committee (PVEC)**, which co-ordinates the various steps of the policy pursued and which consists of seven members, including an external adviser. Where appropriate, KBC Asset Management will enter into dialogue with the management of the companies concerned and if necessary before voting takes place.

Among the issues that may prompt a dialogue are :

- lack of transparency regarding elements of economic, strategic or corporate governance or elements of corporate social responsibility;
- falling short of peer performance as regards one or more ‘sustainable business’ criteria;
- economic measures that threaten to destroy shareholder value.

The table below presents key voting and engagement facts for 2011. Since the start of the ‘proxy voting and engagement’ policy in 2008, KBC Asset Management has examined 260 companies.

Table 1 : Proxy voting and engagement: overview of action taken

	2009	2010	2011
Number of companies involved in voting and/or engagement	107	114	33
Number of companies engaged with	91	79	4
Number of companies analysed for voting	16	35	29
Number of meetings voted at	11	28	20

During 2011, KBC Asset Management, in its role of investment manager of the funds involved, took part in 20 annual general meetings, focusing mainly on agenda items related to its voting policy. KBC Asset Management’s voting policy encompasses:

- ✓ actively supporting proposals made at general meetings to create shareholder value in the medium and long term;
- ✓ encouraging companies to draft corporate governance policies that make them sustainable and socially responsible players in their field; and
- ✓ opposing proposals that conflict with shareholder interests and the widely accepted principles of corporate governance and corporate social responsibility.

KBC Asset Management works actively to support proposals made at the general meetings that help create shareholder value in the medium and long term and that focus on implementing sustainable policy measures, by remaining true to generally accepted CSR principles.

Stable market leader in SRI

Despite the turmoil on the financial markets, KBC Asset Management remains market-leader of SRI investments in Belgium and a dominant player in Europe. According to the Belgian Asset Managers Association (BEAMA), KBC Asset Management funds represent 63% of all Belgian SRI funds, although their assets have fallen by 10% to 5.595 euros. In 2011, KBC Asset Management launched nine new SRI investment funds, compared to 31 in 2010.

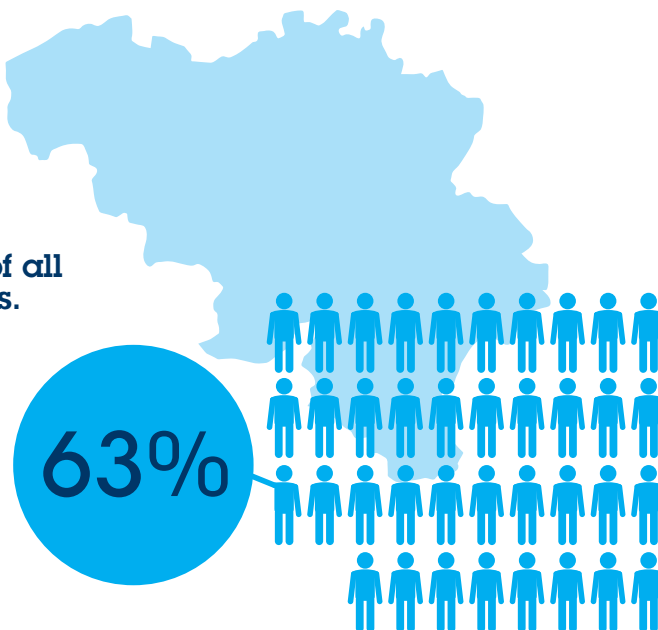




Protect our future
generation.



KBC Asset management represents 63% of all Belgian SRI funds.



KBC Asset Management increased its market share of the SRI market in Belgium from 13% in 2002 to stable levels of around 60% in 2011.

The KBC Blacklist

Since 2004, KBC Group has been pursuing a restrictive policy with regard to companies manufacturing controversial weapons. The current KBC Group blacklist contains 49 companies and is available on the website of KBC Asset Management (www.kbcam.be).

The list consists of companies involved in the development, testing, storage or manufacturing of (essential components of) controversial weapons systems. The list is permanently updated on the basis of in-house research and external research conducted by Ethix SRI Advisors, and is reviewed by an External Advisory Board for Sustainability Analysis. The companies on the blacklist are excluded from investment funds managed by KBC Group companies. Only for certain index-linked investment funds for institutional investors an exception may be made. By publishing this exclusion list, the group seeks to be transparent towards its customers and to society at large. Implicitly, this is also an appeal to the companies in question to stop these activities.

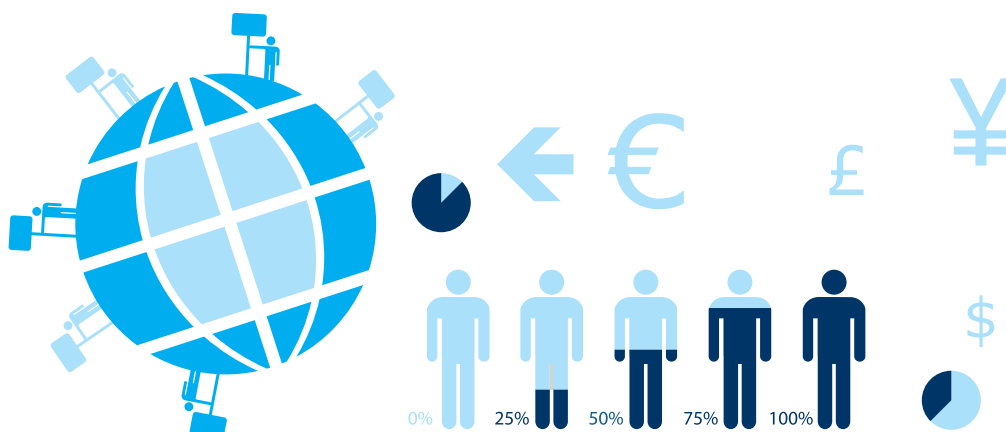
5. The Equator Principles (EP)



2011 was especially characterised by the preparation of the **Equator Principles (EP) III Update Process**, which to a large extent amounted to the implementation of the recommendations resulting from the EP Strategic Review Process that was conducted in 2010.

The EP III Update Process was associated with the creation of a number of task forces and working groups, which focused on **implementing the recommendations that led to the EP III Update Process**.

KBC was a member of the Climate Change Working Group and participated in other consultative bodies.



5.1 Strategic Review Process and the EP III Update Process

2011 was characterised by the preparation of the EP III Update Process, which to a large extent amounted to the execution of the recommendations resulting from the EP Strategic Review Process that was conducted in 2010. The main findings and recommendations of this review can be summarised as follows:

- Need for more transparency in reporting and improvement in governance with respect to arbitrage and consistency in the application of the EP across member banks.
- Need for training and capacity building i.e. organisation of training sessions on different matters, including governance rules for EP financial institutions, in particular the new members, and improving communication within the EP Association.
- Expanding the scope of the EP to other products beyond project finance to address the broader financing trends in the banking sector.
- Need for convergence in the international finance community on human rights, climate change and environmental issues.
- Future engagement of different stakeholders, including industry, NGOs and Export Credit Agencies (ECAs), emphasising that the EP can make a difference in addressing the various environmental and social problems.
- Need to reach out to financial institutions in non-OECD countries, in particular India and China.

The EP III Update Process was associated with the creation of a number of task forces and working groups which were tasked to focus on the abovementioned recommendations. KBC was a member of the Climate Change Working Group.

The Strategic Review Process of the EP coincided with the finalisation of the update of International Finance Corporation's Policy and Performance Standards (PS) on Social and Environmental Sustainability and Policy Information Disclosure Standards (Sustainability Framework).

KBC participated in the 2011 PS Community of Learning, during which participants were given the opportunity to learn more about the revised PS, which became effective on 1 January 2012. In updating the PS, IFC mainly focused on providing clarity to the existing PS and their practical implementation. The following are the key changes of the updated PS:

- Sustainability Policy: (I) strengthened IFC commitments towards climate change (i.e. focus on the development of new products and support of private sector activities, including energy efficiency, cleaner production technologies, renewable energy), business and human rights, corporate governance and gender, (II) strengthened requirements for extractive industry project disclosure, (III) strengthened due diligence for financial institutions and clarification of due diligence for advisory services.
- PS 1 Assessment & Management of Social and Environmental Risks & Impacts: increased focus on (I) private sector responsibility to respect, protect and fulfil human rights, (II) application of the PS to investments other than project finance. In addition, PS 1 requires the development of a formal environmental and social policy reflecting principles of the PS.
- PS 3 Resource Efficiency & Pollution Prevention: (I) introduction of resource efficiency concept for water, energy and core materials input, (II) strengthened focus on energy efficiency and the measurement of greenhouse gases (GHG), (III) GHG emission reporting thresholds by clients to the IFC lowered from 100 000 to 25 000 tons CO₂ equivalent/year. Furthermore, PS 3 requires determination of accountability with regards to historical pollution and introduces a new concept of 'duty care' for hazardous waste disposal.

Read more about the IFC PS and Sustainability Framework (www.ifc.org.sustainability).

The EP III, which are expected to become effective by 1 January 2013, will fully reflect changes to the revised IFC PS. However, the EP Steering Committee has agreed that the revised IFC PS will also take effect for EP Association members on 1 January 2012. Consequently, from 1 January 2012 the existing EP II will refer to the revised IFC PS, and these revised IFC PS should be applied to all new and current project finance transactions if the borrower has commissioned an Environmental and Social Impact Assessment (ESIA) on or after 1 January 2012. However, in situations where legal constraints prevent the strict application of these new guidelines, EP Association members should endeavour to make all necessary efforts to make sure that these guidelines are incorporated in their review of the transactions according to their own risk management frameworks and credit policies.

Risk managers, EP co-ordinators and credit advisers within the different KBC branches will be formally informed about the revised IFC PS and how these new guidelines should be incorporated within KBC's project finance and related lending activities.

5.2 Project finance assessment in 2011

In 2011, KBC's project finance activities were negatively impacted by the change in the government support policies for the renewable energy sector, in particular solar. In addition, KBC's involvement in other project finance transactions declined further, on account of the absence of KBC on the international project finance platform following the change in the business strategy in 2009.

However, project finance departments expect transactions in the renewable energy sector, in particular wind energy, to increase again in 2012. Reference is made to the Kyoto targets as well as the European Union 2020 directives, i.e. achieving a 20% reduction in CO₂ emissions and 20% share of renewable energy by 2020. Given that the majority of EU member states are still far from meeting these targets, substantial investments in renewable energy are needed. Apparently, the focus is to switch from solar to wind energy, both on and offshore, as it is considered to be a more reliable source of alternative energy.

The table below provides the number and share of the transactions which were concluded by KBC in 2011. In line with the June 2006 revision of the Equator Principles, KBC has committed to apply the Equator Principles to all projects with total investment costs above 10 million US dollars.

Equator Principles assessed by project category

2011	Total number of transactions	
	Number	As % of total investment cost of projects financed in 2011
Category A	0	0%
Category B	2	26.17%
Category C	7	73.83%

In 2011, KBC financed only nine project finance transactions compared to 29 in 2010. This substantial decline in the number of transactions signed and closed in 2011 to a large extent coincides with the revision in the government supporting mechanisms for renewable solar energy in KBC's home markets of Belgium, the Czech Republic, the Slovak Republic, Hungary and Poland. Indeed in 2011, KBC financed only three solar energy transactions compared to 17 in 2010.

In line with the lower number of transactions, the total investment cost of projects financed was more than halved. Even including transactions with a total investment cost below the threshold of 10 million US dollars, the overall investment cost in 2011 was significantly lower than in 2010.

The following tables illustrate the sector concentration and geographical distribution.

Equator Principles assessed by category and sector

2011	Energy	Infrastructure	Total
Category A	-	-	-
Category B	0	2	2
Category C	4	3	7
Total	4	5	9

Category 'B' entails projects in the infrastructure sectors. Whereas Category 'C' projects - the impact of which on the natural and social environment is considered rather limited or minimal – refer to financing of renewable energy projects (wind farms and solar energy), as well as to financing real estate infrastructure projects.

It is worth mentioning that KBC participated in the financing of the construction of three prisons under the Belgian Public Private Partnership (PPP) programme.

In contrast to previous years, KBC did not participate in the financing of projects in the oil and gas sector. In 2010, by comparison, KBC financed four projects in this sector.

Equator Principles assessed by category and region

	Western Europe			Central & Eastern Europe			Rest of the world		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Category A	-	-	-	-	-	-	-	1	-
Category B	1	2	4	1	-	2	-	4	2
Category C	3	10	3	4	11	9	-	1	2
Total	4	12	7	5	11	11	-	6	4

The reduction in the number of project finance transactions can be seen in all KBC's home markets. Also in contrast with 2010, the number of smaller scale transactions in particular in Central and Eastern Europe declined substantially, again reflecting the change in the government supportive mechanisms for renewable energy, in particular solar energy.

Unlike in previous years, KBC did not participate in the financing of project finance transactions outside its home markets, which is in line with the change in its overall business strategy. In 2010, KBC participated in six projects in the Middle East and the Asia Pacific region.

Just like in previous reporting years, a number of project finance transactions were rejected, but none of these were primarily on account of environmental and/or social concerns.

VIII. AWARDS AND INDICES



As KBC focuses more on the entire CSR process, its achievements and efforts are sometimes rewarded with awards, listing on indices and positive evaluations.



The following is an overview of the main awards:

K&H came **third** in the **Hungarian CSR 24/7 rating**, which evaluates the CSR activities of the largest domestic companies in Hungary.

The survey analysed the performance of the companies in seven categories: transparency, stakeholders relations, corporate governance, environmental and economic corporate responsibility, society and human resources.

In July 2011, **Global Banking and Finance Review**, an international business portal awarded K&H the **“Best in CSR Programmes Hungary 2011”** prize.

K&H was awarded this international recognition for its achievements in corporate social responsibility with a special focus on children’s healthcare, protection of the environment, sport and creating an attractive workplace.

In June 2011, CSOB Slovakia was chosen as **Best Sub Custodian Bank in 2011”** by **Global Finance Business Magazine**.

The winners of this award were chosen by experts who reviewed several institutions offering custody services in regional markets across the world. Criteria for choosing the winners included for example customer relations, quality of service, business continuity plans, competitive pricing, and knowledge of local regulations and practices.

CSOB Insurance was named for the first time by the prestigious British financial magazine World Finance “Insurance company of the year” in Slovakia.

The winner of this award was selected by a jury from among those Slovak insurance companies that received the highest number of votes in the first stage of the selection process.

The evaluation criteria used in the second stage (three finalists) included, for example, selected financial indicators, customer relationship, quality of provided services as well as possibilities for employee training or participation in CSR activities.

The Golden Crown contest in Czech Republic awarded prizes to the **best financial products** in fifteen categories. CSOB ranked second in the Credit category for its loan for Green Housing; CSOB Leasing won first prize in the “Leasing” category.



KBC received confirmation of its membership of the **FTSE4GOOD Index**, the **responsible investment index** calculated by global index provider FTSE Group. This index has been designed to measure the performance of and facilitate investment in companies that meet globally recognised environmental, social and governance (ESG) standards.

KBC Belgium amongst the happy few at the FSC Global Awards

On 27 April 2011, FSC - the label for wood and paper products from responsibly managed forests - held the first **FSC Global Awards**. Bpost, Casa Shops and KBC received the award in recognition of their commitment to and conscious decision to opt for sustainable wood and paper. A few years ago, KBC was the first large-scale consumer to sign the FSC covenant with FSC Belgium. In doing so, KBC committed itself to responsible wood and paper consumption and sent a signal to other companies, customers and employees.

KBC Belgium receives **award at Fairtrade Max Havelaar Conference**, as a reward for its commitment towards fair trade. On 6 October 2011, the 10th Fair Trade Week (5 to 15 October) Max Havelaar organised a colloquium. The theme and was the pressing questions if fair trade adds value for the coffee farmers and if it offers a solution for the search for a sustainable alternative for our food system. KBC Belgium was one of the eight companies, which received a Havelaar, as a sign of recognition for its commitment to fair trade. This three-star Havelaar is an award for KBC Belgium's fair trade policy, which is continuously being developed.

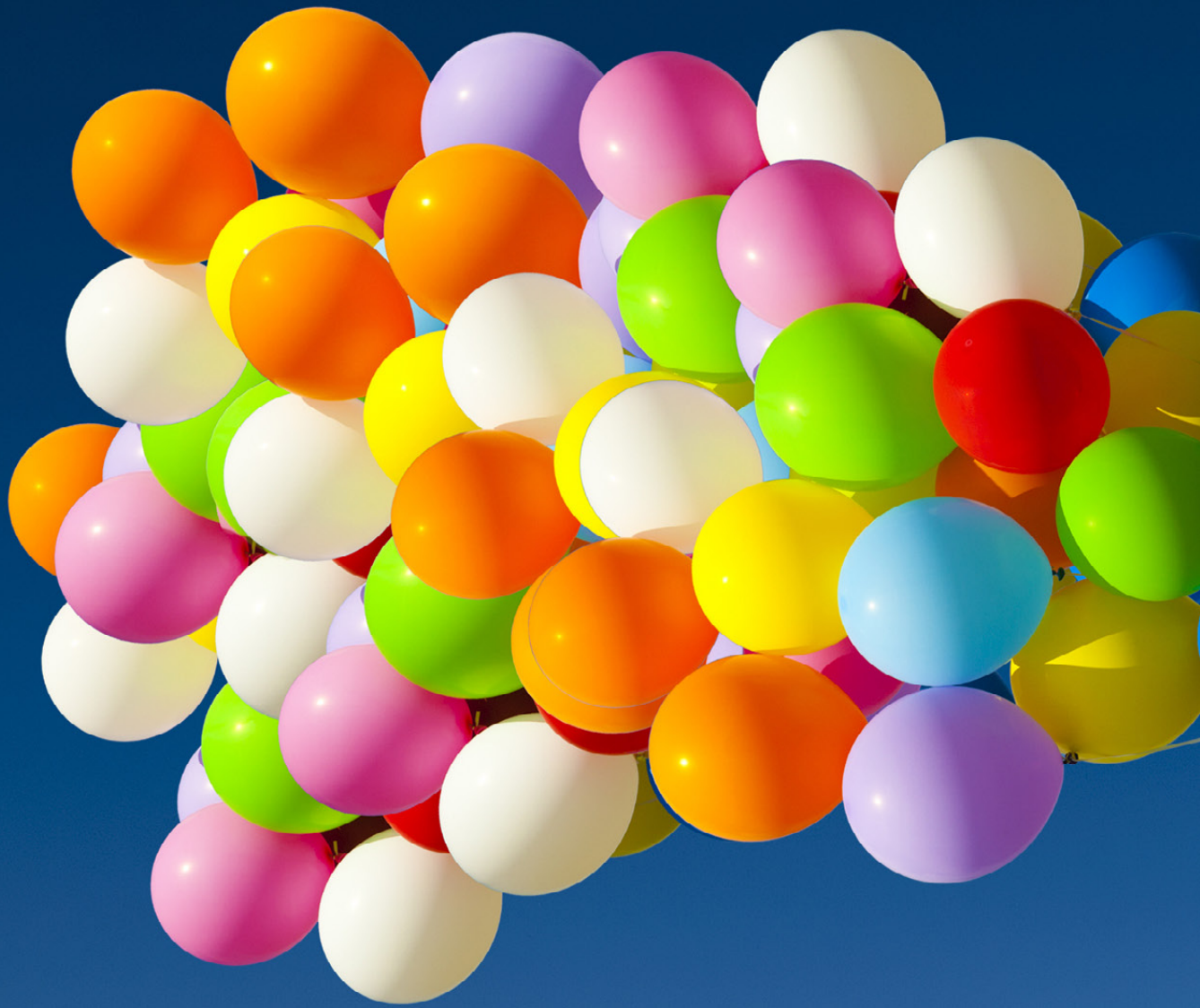
KBC Belgium 98th in Newsweek's 2011 Green Rankings

KBC Belgium was placed 98th in the worldwide ranking, making it the **best scoring Belgian company** in the 2011 **Green Rankings**.

For the first time, Kredyt Bank was included in the new composition of the **RESPECT Index**, announced by the Warsaw Stock Exchange.

The RESPECT Index (**R**esponsibility, **E**cology, **S**ustainability, **P**articipation, **E**nvironment, **C**ommunity and **T**ransparency) aims at identifying and awarding those companies from the main market of the Warsaw Stock Exchange, which are managed in a responsible and sustainable way, according to the highest standards regarding corporate governance, investor relations, environmental management, community involvement and relationship with employees.







IX. TARGETS



We want to further embed CSR into our daily activities and we will set new targets for 2012 to bring CSR to a higher level.

First it wants to implement its **Climate change policy** throughout **all departments** and entities of the group. The CSR action plan aims to have at least one female member of Executive Committee by 2016.

KBC plans to further activate the group-wide **CSR platform** to ensure regular and more structured dialogue with all departments involved. The CSR platform can be considered as **a tool for setting targets, implementing group-wide policies, exchanging experience** and know-how, and **improving global CSR reporting**. The group also wishes to establish a more proactive and broader stakeholder platform with more regular discussions, exchange of ideas and more active involvement of external stakeholders in setting up specific CSR policies and actions.

To view the group's environmental targets, see the chapter on the environment (Commitment towards the Planet) where the environmental department in Belgium has set new goals.

KBC in Belgium is aiming for a **reduction** of 20% in **greenhouse gases** from its own fleet between 2012 and 2015. KBC Belgium wants to replace four products a year with alternative products with a lower environmental impact and **investigate** the **environmental impact** of **suppliers**.

KBC wishes to play a serious role in informing and raising awareness among its **stakeholders** regarding more environmentally responsible behaviour, at work as well as at home.



X. GRI – G3.1 Content Index



Statement GRI Application Level Check

GRI hereby states that KBC Group has presented its report "KBC Corporate Social Responsibility Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 12 April 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint circular watermark of the GRI logo.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 27 March 2012. GRI explicitly excludes the statement being applied to any later changes to such material.





G3.1 Content Index - Financial Services Sector Supplement - Application Level B

Application Level B

Assured
by

Standard disclosures part I: profile disclosures

Report fully on the below selection of profile disclosures or provide a reason for omission

1. Strategy and Analysis

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
1.1	Statement from the most senior decision-maker of the organization.	Fully	CSR Report 2011 - p.4		
1.2	Description of key impacts, risks, and opportunities.	Fully	CSR Report 2011 - p.8, p.66, p.31 - 44		

2. Organizational Profile

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
2.1	Name of the organization.	Fully	https://www.kbc.com/group/profile		
2.2	Primary brands, products, and/or services.	Fully	https://www.kbc.com/group/profile		
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	https://www.kbc.com/group/profile		
2.4	Location of organization's headquarters.	Fully	https://www.kbc.com/group/profile		
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	https://www.kbc.com/group/profile		
2.6	Nature of ownership and legal form.	Fully	https://www.kbc.com/group/profile		
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	Annual Report 2011, https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVK_pdf_jaarverslag_2011_EN.pdf		

2.8	Scale of the reporting organization.	Fully	Annual Report 2011, front inside cover https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVK_pdf_jaarverslag_2011_EN.pdf
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	Annual Report 2011, p. 5 https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVK_pdf_jaarverslag_2011_EN.pdf
2.10	Awards received in the reporting period.	Fully	CSR Report 2011 - p.62 - 63

3. Report Parameters

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	CSR Report 2011 - p.8		
3.2	Date of most recent previous report (if any).	Fully	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZJ152N/BZIZTPN/BZJ152K/BZL2HT0 CSR reports		
3.3	Reporting cycle (annual, biennial, etc.)	Fully	Annual, CSR Report 2011 - p.8		
3.4	Contact point for questions regarding the report or its contents.	Fully	CSR Report 2011 - p.5		
3.5	Process for defining report content.	Fully	CSR Report 2011 - p.8		
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	CSR Report 2011 - p.8		
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	CSR Report 2011 - p.8		

3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	Annual Report 2011, p. 5 https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVK_pdf_jaarverslag_2011_EN.pdf	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	CSR Report 2011 - p.8	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully		There are no restatements of information provided in earlier reports
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully		There are no significant changes from previous reporting periods
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	CSR Report 2011 - p.70 - 89	
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	CSR Report 2011 - p.8	The report has not undergone an external assurance

4. Governance, Commitments, and Engagement

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	Annual Report 2011 p.82, https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVG_pdf_Corp_Gov_Charter_2010_EN.pdf		
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Annual Report 2011, p. 84 https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVK_pdf_jaarverslag_2011_EN.pdf		
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	Annual Report 2011, p. 84 https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVK_pdf_jaarverslag_2011_EN.pdf		
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVG_pdf_Corp_Gov_Charter_2010_EN.pdf Corporate Governance Charter, p.14		
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Partially	Annual Report 2011, p.90-94 https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVK_pdf_jaarverslag_2011_EN.pdf	Proprietary information	Privacy reasons
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZIZTPX/-BZIZTPN/BZJ1473 https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVK_pdf_jaarverslag_2011_EN.pdf		

4.7	<p>Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.</p>	Fully	<p>https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVG_pdf_Corp_Gov_Charter_2010_EN.pdf</p>
4.8	<p>Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.</p>	Fully	<p>CSR Report 2011 - p.52 - 54</p>
4.9	<p>Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.</p>	Fully	<p>https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVG_pdf_Corp_Gov_Charter_2010_EN.pdf</p>
4.10	<p>Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.</p>	Fully	<p>https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVG_pdf_Corp_Gov_Charter_2010_EN.pdf</p>
4.11	<p>Explanation of whether and how the precautionary approach or principle is addressed by the organization.</p>	Fully	<p>https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVG_pdf_Code_of_conduct_employees_2009_EN.pdf</p>
4.12	<p>Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.</p>	Fully	<p>UN Global Compact, Equator Principles, Proxy Voting, FSC, 2°Degree Challenge Communiqué</p>

4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	membership: UNGlobalCompactBelgium, Business&Society
4.14	List of stakeholder groups engaged by the organization.	Fully	https://www.kbc.com/CSR/our-ethics-and-principles/our-stakeholders https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZJ152N/BZIZTPN/BZJ152K/BZKCUOG
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZJ152N/BZIZTPN/BZJ152K/BZKCUOG CSR report 2009, p.28 https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVG_pdf_CSR_REPORT_2009.pdf
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	CSR Report 2011 - p.15 - 17, p.55 - 58
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	https://www.kbc.com/Corporate-Governance/General-Meeting CSR Report 2011 - p.15 https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZIZTPN/BZJ152K/BZKCUOG/~BZJ1470

Standard disclosures part II : disclosures on management approach (DMAs)

Report on the disclosures on management approach for each category. you should be able to disclose this information on the aspect level for each performance indicator that you have reported fully on.

G3.1 FSSS DMAs	Description	Reported	Cross-reference/Direct answer	Further Comments
DMA PS	Disclosure on Management Approach PS			
Aspects	Product Portfolio	Fully	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~/-BZIZTPN/BZJ152K/~BZK2X50	
FS1	Policies with specific environmental and social components applied to business lines.	Fully	Climate Change Policy: https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVK_pdf_KBC_group_CLIMATE_CHANGE_POLICY.pdf Group Environmental Policy: https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_MAR_Group_Environmental_Policy_EN_0900dfde802dfa45.pdf	
FS2	Procedures for assessing and screening environmental and social risks in business lines.	Fully	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~/-BZIZTPN/BZJ152K/~BZK2X50	
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	Fully	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~/-BZIZTPN/BZJ152K/~BZK2X50	
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	Fully	CSR Report 2011 - p.54	
FS5	Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities.	Not	Not applicable	
	Audits	Fully	CSR Report 2011 - p.49 - 54	
	Active Ownership	Fully	CSR Report 2011 - p.55 - 58	

DMA EC		Disclosure on Management Approach EC		
Aspects	Economic Performance COMM	Fully	Annual Report 2011 p.1 https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVK_pdf_jaarverslag_2011_EN.pdf	
	Market presence	Fully	Annual Report 2011 p.20, 24, 28, 30, 33, 36, 39, 41, 42 https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVK_pdf_jaarverslag_2011_EN.pdf	
	Indirect economic impacts	Fully	Annual Report 2011 front inside cover https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVK_pdf_jaarverslag_2011_EN.pdf	
DMA EN		Disclosure on Management Approach EN		
Aspects	Materials	Fully	CSR Report 2011 - p.33, p.40	
	Energy	Fully	CSR Report 2011 - p.33 - 35	
	Water	Fully	CSR Report 2011 - p.32, p.39	
	Biodiversity	Not		Not applicable
	Emissions, effluents and waste	Fully	CSR Report 2011 - p.31 - 32, p.38 https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZJ152N/-BZIZTPN/BZJ152K/BZLYITS	
	Products and services	Fully	CSR Report 2011 - p.40 - 41, p.43, p.62	
	Compliance	Not		No fines
	Transport	Fully	CSR Report 2011 - p.35 - 37, p.41 - 43, p. 49 - 50	
	Overall	Fully	CSR Report 2011 - p.31 - 44	
DMA LA		Disclosure on Management Approach LA		
Aspects	Employment	Fully	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZLYIT8/-BZIZTPN/BZJ152K/BZL1XNS	
	Labor/management relations	Fully	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZLYIT8/-BZIZTPN/BZJ152K/BZL1XNS	
	Occupational health and safety _{COMM}	Fully	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZLYIT8/-BZIZTPN/BZJ152K/BZL1XNS	
	Training and education	Fully	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZLYIT8/-BZIZTPN/BZJ152K/BZL1XNS	
	Diversity and equal opportunity	Fully	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZLYIT8/-BZIZTPN/BZJ152K/BZL1XNS	
	Equal remuneration for women and men	Fully	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZLYIT8/-BZIZTPN/BZJ152K/BZL1XNS	

DMA HR		Disclosure on Management Approach HR		
Aspects	Investment and procurement practices	Fully	<p>CSR Report 2011 - p.41, p.55 - 58</p> <p>https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZL1WYA/-BZIZTPN/BZJ152K/BZLCYQ9</p>	
	Non-discrimination	Fully	<p>http://kbc-pdf.kbc.be/ng/PUBLISHED/PDF/KBCCOM/CSR/com_mar_human_rights_statement_26-10-2005_0900dfde80158ec8.pdf</p>	
	Freedom of association and collective bargaining	Fully	<p>https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_MAR_Group_Employee_Policy_EN.pdf</p>	
	Child labor	Fully	<p>https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_MAR_Group_Employee_Policy_EN.pdf</p>	
	Prevention of forced and compulsory labor	Fully	<p>https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_MAR_Group_Employee_Policy_EN.pdf</p>	
	Security practices	Fully	<p>https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_MAR_Group_Employee_Policy_EN.pdf</p>	
	Indigenous rights	Fully	<p>https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_MAR_Group_Employee_Policy_EN.pdf</p>	
	Assessment	Not		Data not available
Remediation	Not		Data not available	
DMA SO		Disclosure on Management Approach SO		
Aspects	Local communities	Not	<p>https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVG_pdf_COMMUNITY_INVOLVEMENT_POLICY_FOR_THE_GROUP.pdf</p>	
	Corruption	Fully	<p>https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVG_pdf_Anticorruption_policy.pdf</p>	
	Public policy	Fully	<p>https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_MAR_KBC_Mission_Statement_E_23-07_0900dfde802e422a.pdf</p>	
	Anti-competitive behavior	Fully	<p>https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZK2X50/-BZIZTPN/BZJ152K/BZJ24S2</p>	
	Compliance	Fully	<p>CSR Report 2011 - p.52</p> <p>https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZK2X50/-BZIZTPN/BZJ152K/BZJ24S2</p> <p>https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZJ24S9/-BZIZTPN/BZJ152K/BZKCUOG</p>	

DMA PR	Disclosure on Management Approach PR		
Aspects	Customer health and safety	Not	Not applicable
	Product and service labelling	Not	Not applicable
FS15	Policies for the fair design and sale of financial products and services.	Fully	https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVG_pdf_Code_of_conduct_employees_2009_EN.pdf CSR Report 2010, https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVG_pdf_08042010_CSR_report_2010_EN.pdf CSR Report 2011 - p.10, p.25 - 26
	Marketing communications	Not	Not applicable
	Customer privacy	Not	Not applicable
	Compliance	Not	Not applicable

Standard disclosures part III: performance indicators

Report fully on at least 20 core or additional performance indicators - at least 1 from each category (economic, environment, labor practices & decent work, human rights, society, product responsibility)

Of those 20: report on at least 14 "original g3.1" performance indicators

Product and Service Impact

Performance Indicator	Description	Reported	Cross-reference/Direct answer
Product portfolio			
	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	Not	We do not wish to disclose
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	Not	We do not wish to disclose
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	Partially	Press release green loans, p.1&2 https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVK_pdf_pb_woningkrediet_NL.pdf

Audit

	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	Fully	https://www.kbc.com/CSR/Environment
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Active ownership

	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	Fully	0.5% - 22 companies
FS11	Percentage of assets subject to positive and negative environmental or social screening.	Fully	6,59%
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	Fully	CSR Report 2011 - p.55 www.kbcam.be

Economic

Performance Indicator	Description	Reported	Cross-reference/Direct answer
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Economic performance

EC1_{COMM}	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	Annual Report 2011, https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVK_pdf_jaarverslag_2011_EN.pdf
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	CSR Report 2011 - p.33 - 38, p.43, p.58 - 59 CSR Report 2011 - p.4, p.31, p.51 - 52 Carbon Disclosure Project 2011
EC3	Coverage of the organization's defined benefit plan obligations.	Not	Not reported
EC4	Significant financial assistance received from government.	Fully	Not applicable: KBC did not receive any governmental support

Market presence

EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Not	Not reported
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Partially	https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_MAR_Group_Supplier_Policy_EN_0900dfde802dface.pdf
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Not	Not reported

Indirect economic impacts

EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	CSR Report 2011 - p.22 - 27
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Not	Not reported

Environmental

Performance Indicator	Description	Reported	Cross-reference/Direct answer
Materials			
EN1	Materials used by weight or volume.	Fully	CSR Report 2011 - p.32, p.39 - 40
EN2	Percentage of materials used that are recycled input materials.	Fully	CSR Report 2011 - p.39 - 40

Energy			
EN3	Direct energy consumption by primary energy source.	Fully	CSR Report 2011 - p.32 - 34
EN4	Indirect energy consumption by primary source.	Fully	CSR Report 2011 - p.33
EN5	Energy saved due to conservation and efficiency improvements.	Fully	CSR Report 2011 - p.32 - 35
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	CSR Report 2011 - p.32 - 35
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Not	Not reported
Water			
EN8	Total water withdrawal by source.	Partially	CSR Report 2011 - p.39
EN9	Water sources significantly affected by withdrawal of water.	Not	Not reported
EN10	Percentage and total volume of water recycled and reused.	Not	Not reported
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not	Not reported - KBC does not own land in protected areas
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not	Not reported - KBC does not own land in protected areas
EN13	Habitats protected or restored.	Not	Not reported - KBC does not own land in protected areas
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Not	Not reported - KBC does not own land in protected areas

EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not	Not reported - KBC does not own land in protected areas
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Emissions, effluents and waste

EN16_{COMM}	Total direct and indirect greenhouse gas emissions by weight.	Partially	Information only available for Business Unit Belgium: CSR Report 2011 - p.37 - 38
EN17	Other relevant indirect greenhouse gas emissions by weight.	Partially	Information only available for Business Unit Belgium: CSR Report 2011 - p.37 - 38
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Partially	Information only available for Business Unit Belgium: CSR Report 2011 - p.37 - 38
EN19	Emissions of ozone-depleting substances by weight.	Not	Not reported
EN20	NOx, SOx, and other significant air emissions by type and weight.	Not	Not reported
EN21	Total water discharge by quality and destination.	Not	Not reported
EN22_{COMM}	Total weight of waste by type and disposal method.	Not	Not reported
EN23	Total number and volume of significant spills.	Not	Not reported
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not	Not reported
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not	Not reported

Products and services

EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	CSR Report 2011 - p.33 - 34, p.43, p.58 - 59
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not	Not reported

Compliance

EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Not	Not applicable - no fines
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Transport

EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Partially	Information only available for Business Unit Belgium: CSR Report 2011 - p.35 - 37
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Overall

EN30	Total environmental protection expenditures and investments by type.	Not	Not reported
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Social: Labor Practices and Decent Work

Performance Indicator	Description	Reported	Cross-reference/Direct answer
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Employment

LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully	Annual Report 2011, https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVK_pdf_jaarverslag_2011_EN.pdf
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Fully	CSR Report 2011 - p.20

LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Not	Non applicable - equal for all employees
LA15	Return to work and retention rates after parental leave, by gender.	Not	No such information available
Labor/management relations			
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	100%
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Not	Not reported
Occupational health and safety			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Not	Business should uphold the freedom of association and the effective recognition of the right of collective bargaining. Due to privacy issues trade unions are not willing to disclose the number of members. Therefore it is not possible to either present or monitor this indicator.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Partially	Data of absenteeism only by reason for absenteeism: CSR Report 2011 - p.22
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Not	Not reported
LA9	Health and safety topics covered in formal agreements with trade unions.	Not	Not reported
Training and education			
LA10	Average hours of training per year per employee by gender, and by employee category.	Fully	CSR Report 2011 - p.21

LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	CSR Report 2011 - p.14, p.16, p.17
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	100% - annual evaluation

Diversity and equal opportunity

LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	CSR Report 2011 - p.20
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Equal remuneration for women and men

LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Fully	Non applicable - cfr. non-discrimination policy. Salary is linked to function and career and is fully disclosed/published on KBC's intranet sites.
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Social: Human Rights

Performance Indicator	Description	Reported	Cross-reference/Direct answer
Investment and procurement practices			
HR1 _{COMM}	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Fully	www.kbcam.be/Responsibleinvestments/publicationsanddownloads/companies/screeningresults www.kbcam.be/Responsibleinvestments/publicationsanddownloads/methodology Human rights policy statement http://kbc-pdf.kbc.be/ng/PUBLISHED/PDF/KBCCOM/CSR/com_mar_human_rights_statement_26-10-2005_0900dfde80158ec8.pdf
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Fully	CSR Report 2011 - p.41

HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.		
Non-discrimination			
HR4	Total number of incidents of discrimination and corrective actions taken.	Not	Not reported
Freedom of association and collective bargaining			
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Not	Not reported
Child labor			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Fully	www.kbcam.be/Responsibleinvestments/publicationsanddownloads/companies'screeningresults www.kbcam.be/Responsibleinvestments/publicationsanddownloads/methodology Human rights policy statement http://kbc-pdf.kbc.be/ng/PUBLISHED/PDF/KBCCOM/CSR/com_mar_human_rights_statement_26-10-2005_0900dfde80158ec8.pdf
Prevention of forced and compulsory labor			
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Fully	www.kbcam.be/Responsibleinvestments/publicationsanddownloads/companies'screeningresults www.kbcam.be/Responsibleinvestments/publicationsanddownloads/methodology Human rights policy statement http://kbc-pdf.kbc.be/ng/PUBLISHED/PDF/KBCCOM/CSR/com_mar_human_rights_statement_26-10-2005_0900dfde80158ec8.pdf
Security practices			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Not	Not reported

Indigenous rights

HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not	Not reported
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Assessment

HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Not	Not reported
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Remediation

HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Fully	No grievances related to human rights filed
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Social: Society

Performance Indicator	Description	Reported	Cross-reference/Direct answer
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Local communities			
SO1 (FSSS)	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Not	Not reported
SO1 (G3.1)	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Fully	www.kbcam.be/Responsibleinvestments/publicationsanddownloads/companies/screeningresults www.kbcam.be/Responsibleinvestments/publicationsanddownloads/methodology Human rights policy statement http://kbc-pdf.kbc.be/ng/PUBLISHED/PDF/KBCCOM/CSR/com_mar_human_rights_statement_26-10-2005_0900dfde80158ec8.pdf
FS13	Access points in low-populated or economically disadvantaged areas by type.	Fully	www.kbc.com and local internet sites like www.kbc.be
FS14	Initiatives to improve access to financial services for disadvantaged people.	Fully	CSR Report 2011 - p.9 - 11, p.25 - 26
SO9	Operations with significant potential or actual negative impacts on local communities.	Not	Not reported

SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Not	Not reported
Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	CSR Report 2011 - p.53 - 54 www.kbc.com/CSR/Our principles and policies/Anti-corruption policy statement
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	CSR Report 2011 - p.54
SO4	Actions taken in response to incidents of corruption.	Fully	CSR Report 2011 - p.53
Public policy			
SO5	Public policy positions and participation in public policy development and lobbying.	Not	Not reported
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	None - CSR Report 2011 - p.53
Anti-competitive behavior			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Not	Not reported
Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	None

Social: Product Responsibility

Performance Indicator	Description	Reported	Cross-reference/Direct answer
Customer health and safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Not	Not reported
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully	None
Product and service labelling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	www.kbc.be and local internet sites, product fiches in branches
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	None
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	
FS16	Initiatives to enhance financial literacy by type of beneficiary.	Fully	CSR Report 2011 - p.23, p.24 - 26

Marketing communications

PR6

Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.

Not

Not applicable

PR7

Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.

Fully

None

Customer privacy

PR8

Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

Fully

None

Compliance

PR9

Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

Fully

Annual Report 2011,
https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVK_pdf_jaarverslag_2011_EN.pdf

KBC and Social Responsibility in 2011. **The Report**

Questions about Corporate Social Responsibility at KBC?

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