

## KBC Group – UN Global Compact Communication on Progress 2021

### Statement of continued support

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KBC Group joined the United Nations Global Compact in 2006 and since then has been continuously committed to the Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption.

Climate change hits the world hard and in 2021 our core countries have not been spared. Excessive rainfall led to extreme floods in Belgium with fatal consequences. All-time temperature highs and extreme heat fuelled massive wildfires in Bulgaria and several hailstorms caused a great deal of damage and human distress in Hungary. In the Czech Republic a tornado swept through several villages damaging buildings and causing human suffering.

These events have showed that climate change is real and we urgently need to take climate action. In 2019 we launched a separate Sustainable Finance Programme for the management and reporting of climate-related risks and opportunities. As a signatory of the Collective Commitment to Climate Action (CCCA), we are gradually adjusting our portfolios to bring them in line with the Paris Agreement. In 2021 KBC shifted its fight against climate change up a gear by further tightening our energy policy towards the fossil fuel industry. In terms of our direct footprint, KBC has substantially reduced its emissions in recent years and is a net climate-neutral company as of 2021. As clearly stated in the CCCA, an active collaboration with all stakeholders is necessary to make a significant impact in addressing the climate change. KBC therefore develops specific products and solutions and sets up partnerships to assist our clients in their sustainability transitions. The strategic assessment of the most carbon-intensive sectors in our businesses and product lines (White Papers analyses) were finalised in 2021. We transparently communicate on the CCCA-progress we have made in the [KBC Group Sustainability Report 2021](#).

KBC continues to apply strict sustainability policies to our business activities in respect of human rights, environment and climate, business ethics and sensitive/controversial societal issues. The policies are reviewed at least every 2 years and the next exercise is scheduled for 2022. In 2021 the [KBC Group Policy on Human Rights](#) was reviewed and updated. We expanded the scope of the policy and added privacy and data protection as a salient human rights topic.

KBC is committed to meeting its responsibility to respect labour rights throughout the group and complies with the principles concerning fundamental rights in the eight International Labour Organisation core conventions. Our [Code of Conduct for employees](#) – which was reviewed and updated in 2020 – supplemented with HR-related policies address human rights in the workplace. The Code of Conduct for Employees sets out the guidelines on how we do things at KBC and guides our employees through the key behaviours we expect from them. We actively promote [diversity and an inclusive culture](#) as well as a healthy and safe working environment with the aim of eliminating discriminatory treatment and protecting our employees' rights to freedom of association and collective bargaining in accordance with the local laws and practices and the right to voice concerns about malicious activities without fear and prejudice. In 2022, we will introduce a new tool that will facilitate and optimise the group-wide reporting of cases involving potential irresponsible behaviour.

KBC does not want to be involved in any activity that could be considered as money laundering or funding of terrorism. The purpose of our [Anti-Money Laundering policy](#) is to establish a general framework for the fight against money laundering and terrorism financing throughout the group. We have developed several training courses for our employees and raised awareness to report anything

suspicious to our Compliance department. In 2021 we reviewed and updated our [KBC Tax strategy](#). The need to act and behave responsibly in all circumstances is a cornerstone of this policy.

Finally, KBC is a signatory of the UNEP FI Principles for Responsible Banking and acknowledges the central role of banks in achieving the Sustainable Development Goals. We publicly communicate on our progress on the implementation of the Principles in the [KBC Group Sustainability Report 2021](#) and more specific on the impact areas in which we have the most significant positive and negative impact: climate change and inclusive and healthy economies.



Johan Thijs,  
CEO KBC Group

April 2022



Koenraad Debackere  
Chairman of the Board of Directors

April 2022

KBC applies strict restrictions on companies and activities that are controversial and/or do not comply with the UN Global Compact principles. Our [KBC Group Blacklist](#) excludes the worst offenders of the UN Global Compact principles and companies involved in controversial weapons.

### Human Rights

We meet our responsibility to respect human rights throughout the group in all our operations. We use the UN Guiding Principles Reporting Framework to monitor our human rights policy as described in the [KBC Group Policy on Human Rights](#). Our human rights policy applies to our business activities (clients and suppliers) and also to our own internal operations (employees). As a financial institution, our highest risks in terms of potential breaches of human rights and other controversial developments arises through our client relationships. KBC has developed a specific due diligence process for lending, insurance activities and advice. Our investment activities are also subjected to internal screening and our responsible investment funds have to meet additional controls. KBC undertakes to respect the letter and the spirit of the UK Modern Slavery Act 2015 to which end KBC has published [a Modern Slavery Statement](#) since 2017.

### Labour Rights

KBC views its employees' rights to freedom of association, collective bargaining, a healthy and safe workplace, and freedom from discrimination as fundamental. We are thus fully committed to respecting and upholding our employees' human rights. We likewise expect our employees to apply and respect human rights in the course of their work. These principles are dealt with in more detail in the [Code of Conduct for Employees](#).

Our commitment to respect and uphold labour rights is included in our [KBC Group Policy on Human Rights](#) and in our [Diversity and Inclusion Policy](#).

### Anti-Corruption

Our stakeholders' trust depends entirely on responsible behaviour on the part of every employee of KBC. We therefore expect all our employees to behave responsibly. The basis of responsible behaviour is integrity. Integrity and ethical values are also reflected in our [Code of Conduct for Employees](#).

KBC pursues a policy of zero-tolerance towards all forms of corruption. The [KBC Anti-Corruption & Bribery Policy](#) affirms KBC's position in the fight against and its resolve to prevent corruption in its activities and operations, while setting out the measures that have been or will be taken to achieve this. It applies to all employees, entities, business activities and transactions, as well as to KBC's counterparties and suppliers.

The policy on the prevention of fiscal irregularities ([KBC Tax Strategy](#)) was been updated in 2021 and brought into line with NBB's instructions on special mechanisms.

### Environment

KBC has committed itself to managing the direct and indirect environmental impact of our activities in a responsible manner. In doing so, we wish – where possible and in line with our sustainability strategy – to enhance our positive impact and mitigate our negative impact on the environment in order to support the transition towards a sustainable and carbon-neutral economy.

In 2020 we substantially raised our ambitions related to the GHG emissions from our own operations and our own green electricity consumption by 2030. In addition, we have committed to achieving net climate neutrality related to the GHG emissions from our own operations by offsetting our remaining emissions from 2021 onwards. In 2021 we reached 100% renewable electricity consumption.

Our largest environmental impact is indirect, through the financing and insurance of and the investing in other parties. Our activities may have a clear environmental impact (both direct and indirect). Besides that climate change and other environmental threats also clearly impact our

business in the form of both transition and physical risks. We believe we have an important role to play in the transition to a greener, more sustainable economy. To support this transition and to help achieve the goals of the Paris Agreement, we finalised the strategic assessment of the most carbon-intensive sectors in our businesses and product lines (White Papers analyses), calculated the climate-related impact of our own investments and asset management portfolio and the GHG emissions for the entire KBC Group's loan portfolio. In 2021 we also succeeded to face out all remaining direct coal exposure. Lastly, we continue to engage and collaborate with companies in their transition to become low-carbon businesses.

We refer to our [KBC Group Sustainability Report 2021](#) for more details on our commitment to the UN Global Compact principles.