

KBC and Social Responsibility in 2012. The Report.



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I. A word from our CEO

Dear Reader,

I am presenting you our annual CSR Report, in which we wish to give you an overview of the important role KBC plays in society at large. Our CSR report zooms in on our commitments towards people and planet, on our sustainable partnerships, on our achievements, on the lessons we have learned, and on our future goals.

Last year was another challenging year under difficult market conditions. Despite of that, KBC was able to achieve some remarkable successes in 2012.

Firstly, over the year 2012 KBC has realised a profit of 612 mio €. When you exclude some exceptional items, the underlying result of 1542 mio € shows the strong performance of KBC's Bank-Insurance franchise, which creates sustainable value. Secondly, at the same time we have now virtually completed our restructuring plan approved by the European Commission. Thirdly, in December, we obtained the approval from the National Bank of Belgium to repay in full the aid we had received from the Belgian Federal Government. On 17 December, we repaid 3 billion euros of state aid plus a 15% penalty (450 million euros). This was in addition to the 500 million euros already repaid in January.

As a driving force of the economy, we are well aware that we can and have to play an important role in society and we are fully committed to fulfil this responsibility. We continue to grant credit to retail customers and SMEs, we keep insuring our customers against all kinds of risks, we remain a large employer in all of our core markets and we continue to support our local communities.

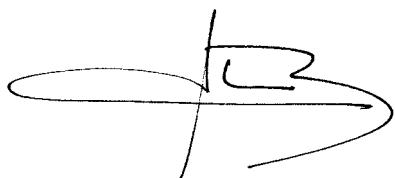
Because we are fully aware of our responsibility towards society at large the executive committee and I have decided to launch a new strategy which focuses even more on building sustainable relationships with our clients as well as our employees. Through a client-centred approach we continuously aim to improve the quality of our products and services so that we can meet our clients' needs and expectations. We aim to always be one step ahead and to be first in line with solutions, we aim to be the reference.

But we also realize more than ever that we have been able to achieve these positive results thanks to our employees' efforts and commitments. We want all our staff to have pride in KBC as bank-insurer, as employer, and for its role in society. Our new strategy implies accountability and responsiveness from every one of us. We have to take up our responsibility, live up to the expectations and commitments we have made. We want our employees to see opportunities, and to not only react to, but also anticipate new signals in the market. That is why our leadership will empower our employees by our actions, behaviour and the standards we set.

We need leadership that stimulates people to deliver high quality results in a responsible way. We have to accept the diversity of our core markets and stimulate local entrepreneurship, so that we can be close to our clients and be locally responsive in all of our core markets.

Sustainable business should be part of our DNA; that is why our new strategy has led to the creation of a CSR team at group level, which reports directly to me. Together with our CSR team, we want to integrate sustainable thinking in the group's strategy and thus in our daily business. As a listed company we have a responsibility towards our shareholders to ensure profitability and sustainability, as this ensures our future, but we want to do this in a sustainable and ethical way.

I hope you enjoy reading our CSR Report 2012.



Johan Thijs
CEO KBC Group



II. About the Report

The **KBC CSR Report 2012** deals with KBC's performance in relation to CSR between January 2012 and December 2012 (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 improve our stakeholder consultation regarding the content, in order to ensure that our CSR report deals with the issues that are relevant to our stakeholders.

As in 2011, we used a group-wide tool to gather all necessary information and also asked individual internal CSR specialists for additional information.

In the group-wide reporting tool we distributed in all the entities of KBC Group 8 different questionnaires, covering different subjects like Credits, Investments, Customers, Community Involvement, Human Resources (qualitative and quantitative questionnaire) and Environment and Supply chain.

Just like the previous year, 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 01/01/2012 – 30/09/2012 (and this information was extrapolated afterwards) and for a status we referred to cut-off date September 30th 2012. The reporting period for the questionnaire on Environment and Supply chain is 4Q2011 – 3Q2012. For all other questionnaires the reporting period is 01/01/2012 – 30/11/2012.

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 on a large-scale level.

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.

> The GRI - G3.1 Content Index on page 53

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.



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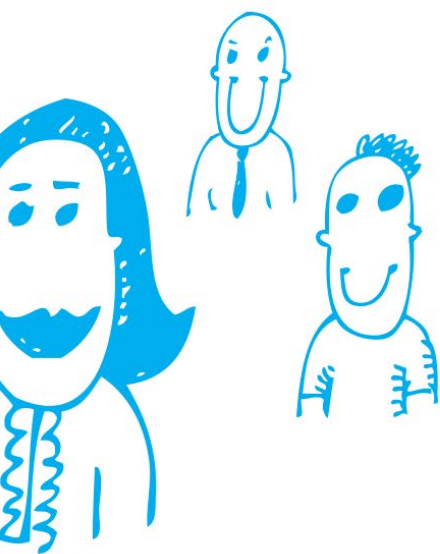


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Human Resources

TEXT Me!



III. Our commitment towards people

1. Clients

At KBC, we want to maintain a sustainable long-term relationship with our clients. We focus on sustainable, ethical banking with the client's interest at heart. We want to be sure that the right product is offered to the right client at the right time.

We consider clients' satisfaction as our main priority and take various measures and launch multiple initiatives both to monitor and increase the level of client satisfaction.

We listen to our clients. Being client focused, we are committed to continuous improvement in the products and services we provide. We aim at full transparency of fees and costs associated with our accounts, investment products, insurance policies, etc.

As one of our concerns is to prevent over-indebtedness, we have introduced several procedures and controls to prevent clients from taking too much credit.

We try to prevent clients from taking on too much debt and insist that all clients fill in a detailed in-depth questionnaire before approving their loan applications.

Loans to private persons are very strictly regulated. In Belgium for instance, both the consumer credit directive and the law on mortgage lending include measures to avoid over-indebtedness of our clients.

For every loan granted, KBC is obliged to consult the Central Individual Credit Register in order to get an overview of the client's outstanding loans.

In addition, every bank has a formal responsibility to only grant credit when evidence is provided of sufficient repayment capacity on the borrower's part.

KBC has recently conducted some analytical research on the available historical data in this regard. As a result, KBC determines the repayment capacity of the borrower by making a detailed assessment of a client's household budget including income, costs and a necessary reserve depending on the client's family composition (single, married, children, etc.). All of these measures are clearly explained in a frame of reference which can be used to support the above statements.

We are well aware that external factors can often lead to repayment difficulties, and we try to offer a range of possible solutions to bridge such periods.

In **Hungary**, for instance, **K&H** offers lower instalment payments or extension of loan payments in certain cases for those clients who suffer a tragedy.

K&H also participated in the Government's debtor rescue programme. Under this, clients could pay the monthly instalment of their FX-based loans at a fixed FX rate (180 HUF/CHF, 250 HUR/EUR, 200 HUF/100 JPY). The difference which exists between the actual and fixed FX rate for the principal repayment is financed by the bank through an HUF loan, meanwhile the interest part of the monthly instalment over the fixed FX rate is waived by the bank and the government together. The fixed FX rate payment period is 5 years and clients have to apply for it until 31 December 2012. After the 5 year period the client has to pay instalments of the original FX-based loan and the HUF loan in parallel.

KBC Bank Ireland continues to support customers facing financial difficulties. Recognising the impact of the severe recession in Ireland and the cumulative effect of the extensive austerity measures, KBCI continues to proactively engage with customers facing financial difficulties.

KBC Ireland has established a state of the art arrears management process in Dublin and has developed a comprehensive customer engagement programme which entails local media communication, direct mailing, brochure ware, website material, video guidance and educational programmes. It also has an extensive field team of specialists who are able to meet with customers in their homes.

KBC Ireland provides forbearance and resolution options aimed at rehabilitating those customers facing financial difficulties. It is also undertaking "proof of concept" of its long term mortgage resolutions such as mortgage to rent (in conjunction with the relevant government bodies) and split mortgages.

KBC Ireland has received commendation from key public stakeholders in relation to its innovative approach to mortgage arrears management and resolution.

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 client's financial situation, expertise, experience, investment goals and level of risk aversion. The risk profile helps KBC investment advisers give correct, transparent and fair investment advice.

These are just a few examples of our efforts to meet the clients' needs. Each year, throughout KBC, we conduct a clients' satisfaction survey. It is our goal to detect the changing needs and concerns of our clients and to develop new products or adapt existing products and services to meet those new needs.

2. Employees

We realise more than ever that the positive results and high performance of the group are thanks to our employees. This is why we try to ensure that our employees have and maintain a strong bond with the group.

Our employee focus encompasses the annual employee satisfaction survey, and we use the findings to develop new measures and campaigns with the specific goal of maintaining the high level of employee satisfaction.

Group HR policy stipulates that for every new senior management appointment, the top talent pipeline will be explicitly scanned for suitable female candidates and that for such appointments, in the event of equal competences, female candidates will be chosen.

The figures show, however, that the goal of an equal number of women and men in senior management positions has not yet been reached.

2.1 Central & Eastern Europe

In Hungary, K&H maintained its Welcome Back Programme (a special programme for women who wish to re-join the company after having been on maternity leave).

The Welcome Back Programme 2012 set aside social aid for newborn babies (HUF 40 000/baby).

K&H organised health check opportunities during the annual Sports event, and attracted 1250 participants.

All our Central and Eastern European companies launched initiatives to further improve the working environment for KBC staff.

There are a whole range of possibilities to help staff achieve a better Work/Life balance: part-time work, tele-working, flexible hours, maternity leave, the opportunity to take unpaid leave for personal matters, to name but a few.

KBC entities take into consideration the changing needs and work rhythms of employees older than 50 and offers the possibility for gradual retirement.

In Slovakia for instance, CSOB rolled out several HR initiatives aimed at improving general labour conditions:

- **Trainee programme:**

a student programme which supports talented young economics graduates. The goal of the programme is to give talented young people the opportunity to join us.

- **Hawks:**

development programme for anyone who wants to qualify as a retail branch manager.

- **Retail academy:**

development programme for every retail branch manager to improve their management skills.

- **Family programme:**

a programme for employees on parental leave who may wish to re-join the work force gradually during their leave. This way, employees can stay in touch with work and colleagues, they can offer their acquired experience, they can take a break from the 'home carousel' and last but not least, they can earn some extra money during their leave.

- **'HR Partnering'** - a development programme for every member of the HR department

- **E-recruitment** - an innovative application for recruitment activities

- **Linked In** - the implementation of which is ongoing

- **New system of recruitment for retail** - phone pre-screening, group assessment, branch manager competencies review, internal AC

2.2 BELGIUM BU

In Belgium Business Unit, several campaigns have been launched to improve labour conditions and health, to meet employees' specific needs, to develop talents and to improve the private/work balance.

2.2.1 PLATO

The PLATO teleworking project, which allows KBC employees to work locally or at home, was extended. More and more departments are participating in this initiative, and indications are that after a start-up period, in which employees have to adapt to this new way of working (preparations have to be made, colleagues need to be informed, arrangements have to be discussed and rolled out) all parties involved are positive about the project. Staff who work from home avoid commuter travel and are able to work with better focus. Those employees who work in headquarters are disturbed less as there are fewer colleagues, and experience has shown that they don't have to 'take over' tasks from colleagues working from home.

The PLATO project now covers:

- 601 local working places, where KBC employees can work in one of the ten headquarter buildings located closer to home
- a number of positively evaluated pilot projects with staff working from home
- an increased number of laptops that allow teleworking
- in 2012, a comprehensive framework was developed to facilitate teleworking. This led to a significant growth in teleworking compared to 2011, but there is still room for further growth in 2013. Those projects evaluated to-date show that employees prefer to work 1 or 2 days a week locally, thus preserving the valued contact with team and colleagues.
- KBC fully supports social cohesion and knowledge-sharing through the use of social media like chat rooms, presence awareness, virtual meeting rooms and web meetings. In 2013, we want to further invest in trainings and developments in this area. Organising web meetings is also a tool to reduce national and international travel and thus reduce our ecological footprint.

2.2.2 SLIM

We launched the SLIM initiative towards the end of 2011. 'Slim' in Dutch means 'smart', and this initiative aims to change the mentality and attitude of headquarters employees by getting them to ask themselves 'Did I improve the effectiveness of the distribution channels today?'. We all work for our clients, even though headquarters employees are physically further away from them.

Several learning projects were rolled out and suggestion boxes installed to help us achieve these ambitious objectives.

2.2.3 Satisfaction survey

- KBC has been carrying out its annual employee satisfaction survey (Finger on the Pulse) since 2000. This covers HR policy, workplace conditions, relationship with managers and colleagues, remuneration, workload, top management, etc. The results of the survey are evaluated per department and, where necessary, remedial actions are taken.
- Based on the results of previous satisfaction surveys, HR has decided to modify KBC's evaluation systems.

2.2.4 Go4Talent

The new career policy, Go4Talent, represents a win-win opportunity for KBC. We want to offer our employees opportunities to further develop their skills, thus ensuring a progressive career within the company. We want to constantly develop present potential by taking into consideration the employee's characteristics, KBC's needs and broader social trends.

We also want transparency in career possibilities and opportunities. We want to involve our employees in their further career planning and offer tools that allow them to get a clear view on their own abilities, to determine their ambitions and interests, to get more information about career opportunities and to present them on the internal labour market.

Examples of tools:

- Talent scan: this helps to direct the career path and make deliberate decisions.
- My Profile: employees bring their own talents into the spotlight, which allows HR to inform them about possible career opportunities. My Profile is automatically connected when an employee applies for an internal vacancy.
- My Personal Development Plan: this is a document with clear information about the agreements between employee and direct manager on further development plans and ambitions.
- Development Guide: offers tricks and tips for personal development.
- Internal Labour market: all vacancies are published internally.
- Internal Training and Open Learning: KBC offers a wide range of internal training courses linked to one's current career or future career opportunities. In addition, Open Learning offers a huge variety of evening classes geared more to one's personal interests.



2.2.5 Career assessments

Every year, managers can identify those employees they consider ready for advancement. If those employees agree, they can participate in a career assessment procedure, which should give them the opportunity to progress to a higher function level.

2.2.6 Reward4Work

The new project Reward4Work executive level, which fits in with the HRinEvolution initiative, was launched in April 2012 as a result of criticisms on the former evaluation system. Most remuneration components will now be linked to the function classification level instead of the personal career level. The function classification level reflects the expected competence as well as the required knowledge, experience and maturity associated with that classification level. Each function classification level also has performance expectations linked to it.

This new evaluation and classification system is designed to reward effort and added value for the group and focuses on more transparency and fairness.

The new remuneration system is designed to be fair and reasonable. Built on an objective classification and evaluation system, it offers career prospects. It will, of course, be continuously evaluated and, where necessary, adapted.

2.2.7 Health and safety

Business today can involve stress to varying degrees. At KBC, we aim to help our employees identify and deal with stress. We are doing this through literature and counselling.

As in previous years, various initiatives were taken to help improve the general health of our employees.

These include:

- a care team to support bereaved colleagues;
- continued focus on ergonomics: information about correct working posture, screen position, etc.;
- a prevention advisor who supervises compliance with KBC's strict regulations on bullying or sexual intimidation, and who provides help and support to colleagues who have suffered traumas like violence, hold-up, verbal aggression, etc.;
- free influenza vaccine for vulnerable employees (50+, diabetics, asthmatics, etc.);
- 2 extra half-days off for preventative cancer checks;
- annual blood donation days in the Brussels and Leuven headquarters.

2.3 KBC Ireland

KBC Ireland pursued its Wellbeing Programme again in 2012. This is based on four pillars:

- Achieving a Work/Life balance
- Managing stress
- Promoting a healthy lifestyle based on nutrition and exercise
- Managing ones personal finances

The KBC Ireland employee Wellbeing Programme was shortlisted by the country's Chambers of Commerce Excellence in Workplace CSR award in 2012. The Wellbeing Programme is well-known to the general public and being a distinguishing factor in the recruitment and retention of talent, has also had a positive impact on KBC's reputation as employer.

Some key features of the programme are:

- **Peer Support System:**

A core initiative of the KBCI employee Wellbeing Programme in 2012 was to facilitate the introduction of a Peer Support System. This is an innovative and additional support service for any staff member who is exposed to distressing and upsetting experiences in the course of his/her duties. This new support service provides a speedy, specialised, confidential, and readily accessible response to the needs of staff. This service is fundamentally 'For Staff, by Staff.'

- **The Pedometer Challenge 2012:**

In Association with Smarter Travel Workplaces and the Irish Heart Foundation the Pedometer Challenge took place in September/October 2012. Over 100 eager 'steppers' signed up for the Challenge with just the promise of a free healthy breakfast as incentive. KBCI was one of some 50 organisations across the country who accepted the challenge.

- **The Sports & Social Team:**

The Sports & Social Team is responsible for organising sporting and social activities for employees with the aim being to encourage diversity, inclusion and participation in events and activities that can be accessed and enjoyed by a broad cross section of employees. The focus for 2012 was to reach out to more staff and increase participation. Numbers of attendees have increased at every event, with many being oversubscribed.

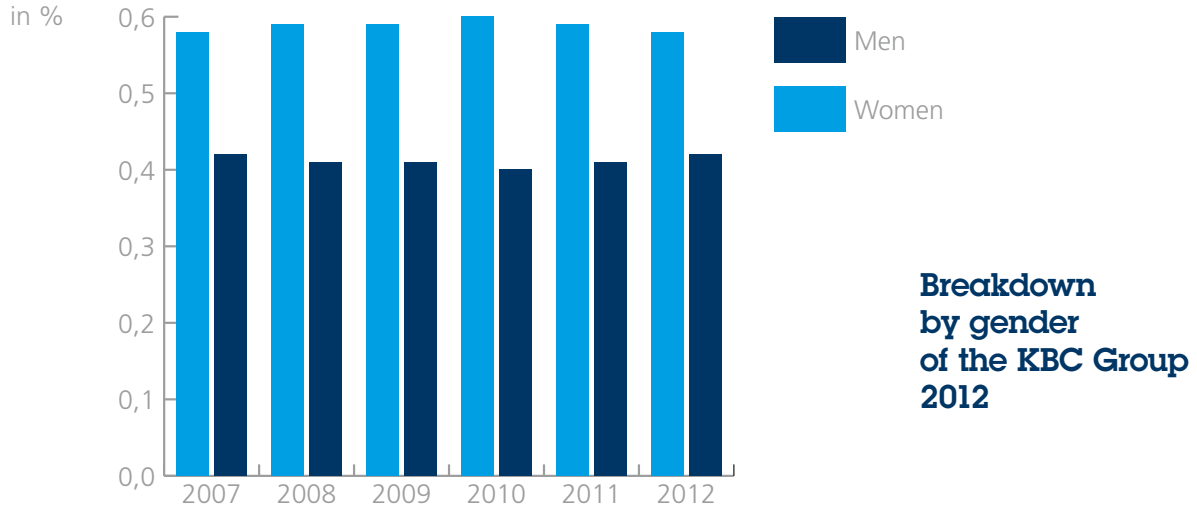
In 2013, the Team wants to create (together with the Marketing department) a CSR calendar so employees can be kept updated on all current and future events.



2.4 Human resources – quantitative data on the group

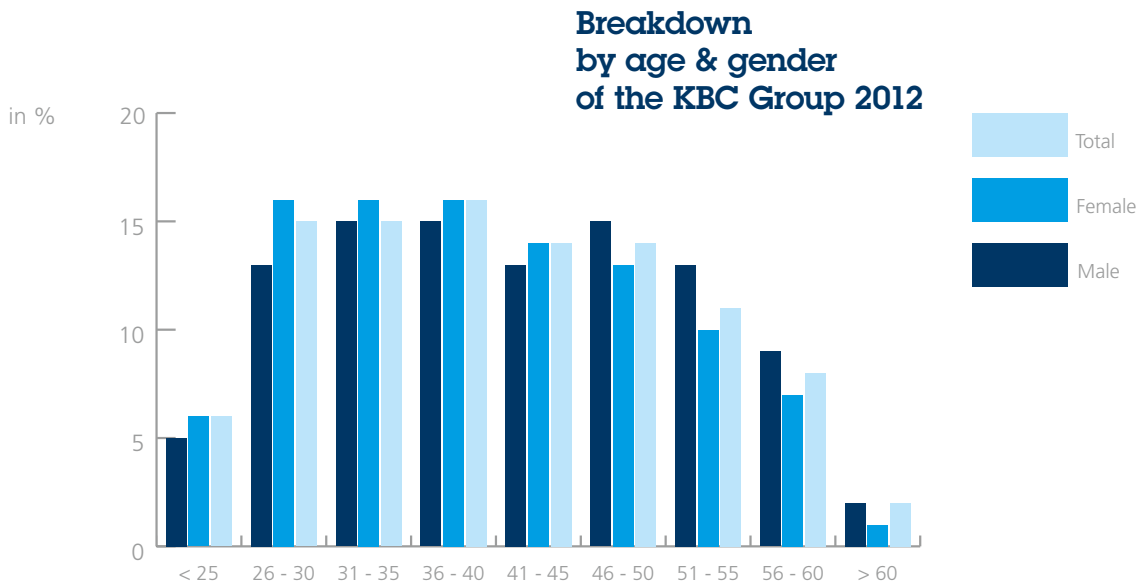
Please note that the annual 2012 data provided below, has been extrapolated from data for the period 1 January through 30 September.

In spite of the changes across the group, KBC has tried to ensure job stability for its employees. The breakdown by gender within KBC has, as the following table shows, remained very stable over the past six years.



The composition of KBC's workforce in terms of age in 2012 was broadly in line with previous years. The number of men in the 56-60 age range stabilised somewhat having increased from 6% to 9% over the period 2009 to 2011. And the number of women in the same 56-60 age range, having increased in 2011 (influenced mainly by Central and Eastern Europe) also stabilised. The average age of the whole workforce is rising very gradually, from 38.9 in 2009 to 41 in 2012.

The average duration of employment is now 14.1 years (rising from 10.4 in 2009 to around, 11.6 in 2010/2011).



The table below shows the breakdown by pay grade. As a new definition of senior management was introduced for 2011, no prior comparative data is available.

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

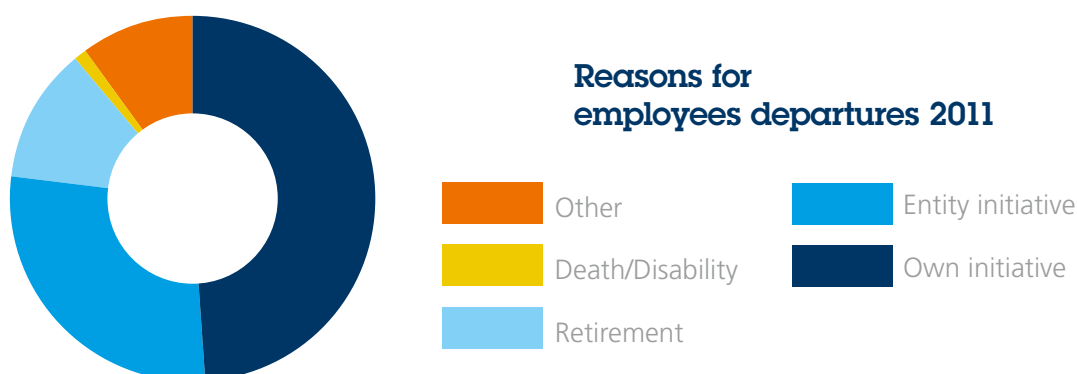
The table below shows only minor shifts between 2011 and 2012, with women representing a slightly smaller share of an overall decreasing percentage of senior management jobs, but a larger share of a slightly increasing percentage of white and blue-collar jobs.

The low percentage of women at senior management level thus remains a concern. Despite the measures the company is taking (see Commitment towards people above (Employees section)) to enhance the presence of women at top level, there's a long way to go.

	2011	2012
Senior management	2.1%	1.7%
- of which women	22%	20%
Junior and middle management	57%	57%
- of which women	56%	56%
White and blue-collar staff	41%	42%
- of which women	66%	80%

Employees leaving the company.

The percentage of employee departures has fluctuated over the years but was quite stable in 2012, falling slightly compared to a year earlier (10.1% from 10.8%). The following table shows the reasons for departures. The percentage of retirements has levelled off (at or below 12% for the last three years). So too has the percentage of employees leaving at the company's instigation (at around 27% in each of the past three years). And the number of employees leaving on their own initiative has again dropped below 50%.



The percentage of new recruits decreased in 2012, having risen for 2 years (9.3% in 2010 and 10.6% in 2011).

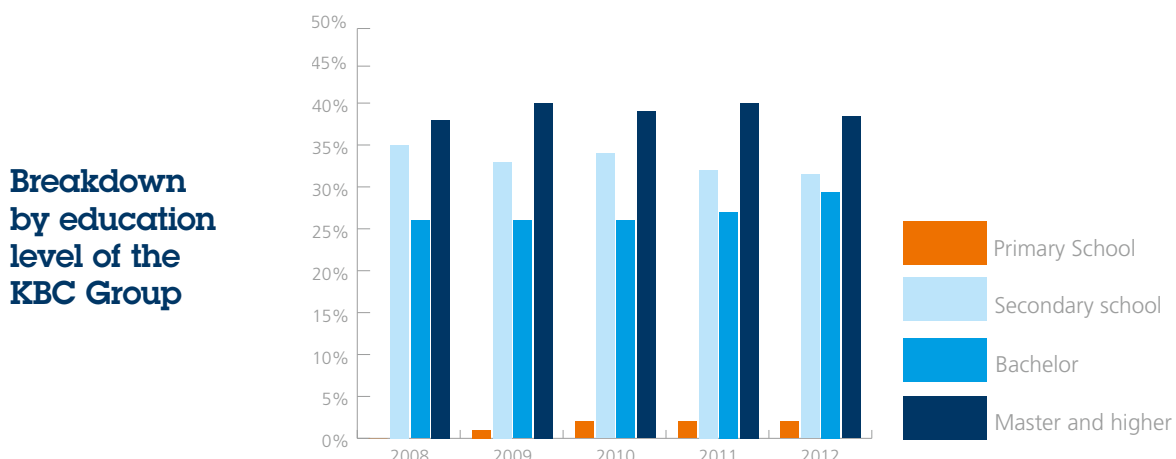
The ratio of new recruits to employee departures has dropped by 17% compared to 2011, due both to the large drop in new recruits and small rise in departures.

	2007	2008	2009	2010	2011	2012
New recruits	17.7%	15.6%	6.3%	9.3%	10.6%	8.2%
Employee departures	13.1%	10.4%	12.1%	10.5%	10.8%	10.1%

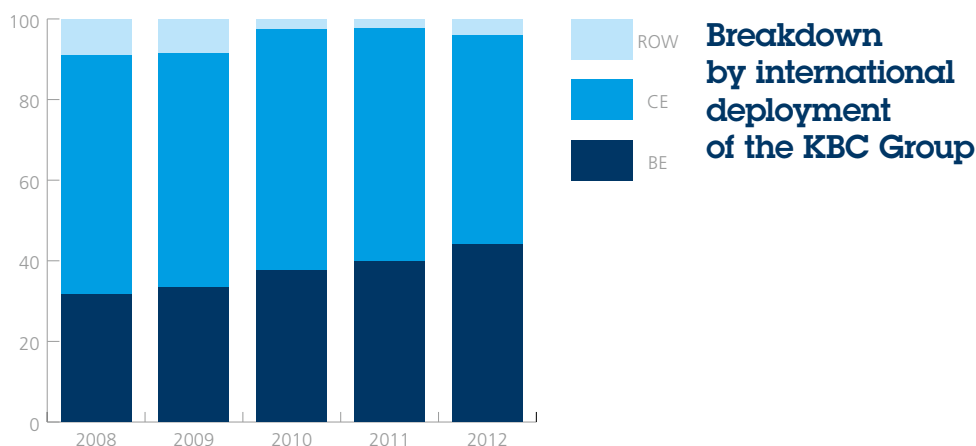
The following table gives some information about the changes in the number of course participation days, but these do not cover all KBC Group entities. Both the total number of course participation days and the average number of training days per full-time equivalent (FTE) dropped significantly, having hit an all-time high in 2011. This was due to a dramatic drop in participation of both in-house and external courses.

	2006	2007	2008	2009	2010	2011	2012
Number of course participation days (total)	282 316	290 656	401 747	292 183	388 129	426 426	228 220
In-house courses	207 709	193 844	289 084	233 034	287 100	366 174	190 489
External courses	74 607	96 812	112 752	59 149	101 029	60 253	37 731
Average number of training days per FTE	6.88	7.44	6.52	5.19	7.09	9.33	6

The educational level of KBC's workforce has changed little over the past five years.



The table below shows that the breakdown of international deployment has remained stable since 2010, following a drop in Rest Of the World deployment.



The overall figure on employee absenteeism is down slightly compared to a year earlier, largely thanks to the 1% drop due to sickness.

Geographically, there were slight increases in Belgium and ROW with a decrease in Central and Eastern Europe which was largely attributable to a drop in absenteeism due to sickness.

Employee absenteeism, KBC Group (in %)	2008	2009	2010	2011	2012
Due to					
Sickness	8.5	8.4	7.5	7.7	6.7
Maternity leave	5.6	5.5	7.6	11.5	11.2
Accidents	0.2	0.2	0.2	0.1	0.3
Other	0.2	2.2	2.3	0.9	0.7
Total	14.5	16.3	17.6	19.3	18.8
In Belgium	8.5	8.4	8.2	8.7	8.9
In CEE	18.8	21.8	23.6	28.4	25.9
In ROW	9.3	9.5	16.2	10.3	11.3

3. Community involvement

Although not our core business, we consider social involvement as a tool to achieve a better society at large.

Every year, throughout the group, entities launch recurring as well as new initiatives to help the weaker in society, to improve living conditions, to increase financial literacy, etc.

In this chapter we want to give you an overview of the huge number of voluntary initiatives, including sponsorship of social, healthcare and educational projects, as well as collaborations with non-governmental organisations.

3.1 Belgium BU

KBC4Society

The KBC4Society project, launched in 2011 (see CSR Report 2011), has been rolled out further and has gained in popularity. In 2012, 122 KBC employees participated in a KBC4Society volunteer project. The aim this year is to create more awareness for the KBC4Society projects and thereby increase the number of volunteers.

Kom op tegen Kanker

As longstanding partner of Kom op tegen Kanker (an organisation that works towards combating cancer), KBC supported the third '1000 km' Kom op tegen Kanker challenge, 8 teams (each of 4 dedicated KBC employees) accepted the challenge to cycle 1000 km in 5 days. Each team has to collect sponsorship amounting to 3 500 euros and KBC sponsors 1 500 to bring the total to 5 000 euros.

Azaleas were sold in KBC's head offices for the benefit of Kom op tegen Kanker, whilst in Brussels the plant sale was dedicated to the community project for vulnerable, disadvantaged young people ('Foyer'), which gave us the opportunity to link together different community projects.



FOYER, YES, Bonnevie

In Molenbeek, where the Brussels head office is located, KBC continues to support various initiatives including Foyer, Yes, Bonnevie, Circus School, Atelier Groot Eiland, Vaartkapoen, etc.

'Foyer' for example, is an integration centre that focuses on problems associated with integrating foreigners.

'Foyer' has shifted its focus from the Moroccan to the Roma community as it represents the largest group of residents in Molenbeek. By launching different initiatives, 'Foyer' aims to provide young people with extra guidance for their homework and at the same time try to stimulate them to perform better at school. Thanks to 'Foyer', the number of school drop-outs has fallen significantly over recent years.

It is not only in Molenbeek that KBC seeks small-scale projects to help young people get on in society. In Ghent and Antwerp, where KBC's presence also contributes to the global image of the city through its two towers, we support organisations such as KunstZacademie, Jes, Zappa (Antwerp), Habbekrats, De Sleutel, and Uilenspiegel (Ghent).

Uilenspiegel in Ghent for example supports volunteers dedicated to helping young people from underprivileged neighbourhoods with their homework or learning difficulties. The youngsters' problems are tackled communally in a spirit of real co-operation between schools, parents, students and volunteers. This initiative has been successful in generating positive school results and has created greater community solidarity. To consolidate this success, Uilenspiegel is now focusing on extra training and education for the volunteers.

In Antwerp, KunstZacademie is very good example of how migrants and newcomers can be involved in the professional theatre circuit. The organisation aims to create more interculturality in stage arts. In September 2011,

KunstZademie organised evening and weekend courses on theatre for adult non-native speakers. Thanks to these courses, non-native speaking adults have easier access to jobs in the live arts sector, as actors, technicians, production team (scenery/costumes/make-up) or as stagehands.

KBC encourages neighbourliness by offering its employees the opportunity to get acquainted with the neighbourhood. In 2012, KBC not only organised the (already traditional) lunches in Bonnevie, Het Anker and Heksenketel, but also walks through Molenbeek, a visit to the theatre, debates with people from Molenbeek, a lecture by Professor Leman on Islam, and others.

We also encourage young catering students (Jes) to come and visit KBC's industrial kitchen.

3.2 CSOB CZ



CSOB Group has a long history of philanthropic commitment and initiatives.

Each year several initiatives are launched to help the community at large.

- Through the CSOB Education Fund Program, CSOB aims to improve the financial literacy of the Czech population. CSOB also supports the Debt advisory centre initiative provided free of charge by the Association of Civic Advisory Centres since 2008. CSOB has also supported the Advisory Centre for those in 'Financial Straits'. Over 75 thousand clients have used the services of these advisory centres since they were founded.
- In 1995, CSOB and the Committee of Good Will – the Olga Havlová Foundation established the Education Fund, which grants scholarships to gifted children with medical or social handicaps. During this fund's existence, we have supported 389 students by granting them a multi-year scholarship, and 335 students with a lump-sum contribution. Since 2008 we have supported the Muses to Children organisation and its Dry Run of Life programme which helps orphanage children prepare for life after leaving institutional care.
- CSOB has long-term links with major partners in the non-profit sector – Konto Bariéry (the Barriers Account), the Centrum Paraple benevolent society, the Mathilda foundation and the Ergotep co-operative for the disabled. Together with these partners, it supports activities leading to the rehabilitation of people with medical disabilities and wherever possible to their employment.
- CSOB was again - for the eleventh time - the partner of the Sunny Day fund-raising campaign for abandoned children and foster families, organised by the Reason and Feeling Endowment Fund. CSOB's role in this partnership consists of providing free services to administer the money collected.
- Under the Postal Saving Bank/Era brand CSOB has been the general partner of the Safety Line for three years now. This telephone line helps children and young people with complicated situations in their lives and also with their everyday cares and problems. For the second year we have participated in the Forget-me-not Week fund-raising campaign, the proceeds of which are used to fund the association's activities.
- Since 2007, CSOB has supported community projects in the regions of the Czech Republic, focusing on caring for our natural and cultural heritage on a local level, developing community life through the association's activities and local culture, renewing the cultural landscape and caring for the environment within the terms of the 'CSOB and Era Support Regions' grant program.

3.3 CIBANK

The various charitable initiatives of CIBANK traditionally support children with health problems and foundations that also help people with a variety of problems.



'Association Solidarnost', for example, develops several rehabilitation and social re-integration programmes for drug dependent persons.

CIBANK supports the foundation 'Kids with developmental problems' that was established in 2006 as a legal not-for-profit entity working for the public good.

The founders are parents of kids with developmental problems, so they know the difficulties associated with their upbringing, education and medical treatment and we are willing to help other families with children suffering from cerebral palsy with the attendant sensory problems, epileptic syndrome, intellectual and behavioural troubles, etc.

CIBANK also supports the work and initiatives of various small municipalities in the country. This year Cibank supported the celebrations in cities across the country on the occasion of the 100th anniversary of the Balkan War.

3.4 CSOB Slovakia

During 2012, **CSOB Foundation** launched several programs, including the following:

- 1) **Solidarity Fund for CSOB FG employees** - aimed at providing help to employees and their relatives who are suffering from a serious disease or handicap. The fund is open throughout the year. Solidarity fund directly affects the lives of CSOB employees and their direct family and hence also impacts the whole community.
- 2) **CSOB Circle for Health** - 3 charity sports events organised from June to September 2012. Altogether more than **1 660 runners** joined in the charity sports events and ran **14 138 circuits of the tracks** and so helped to raise money for 3 hospitals for sick and disabled children. Events took place at Bratislava city (June 2012), Banska Bystrica city (June 2012), Presov city (September 2013). The money raised will be used to buy medical equipment for every children's hospital. CSOB Circle for Health has also brought some significant benefits to the community, such as the creation of schemes whereby volunteers help to raise money for the local hospital. The event also included voluntary blood donation for the local hospital. This initiative is a good example of the connection of individual commitment and corporate philanthropy.
- 3) **CSOB Foundation Employee Grant programme** – aimed at encouraging personal generosity of CSOB FG employees and linking it to corporate social responsibility. This was the 6th year we ran this programme. During the 5 weeks, 143 applications were received. Employees of CSOB FG were involved in the evaluation process. The **Employee Grant Programme** gives a lot back to the community. The aim of the programme is to support the NGOs that actively co-operate with employees of CSOB FG. Employees have the opportunity to recommend the application for a grant for an NGO they actively support. The NGO then applies for a financial grant from the CSOB Foundation. Through this programme CSOB directly supports the active and initiative-taking employees who participate in the life of the community. Successful applicants were from all regions of Slovakia and support an active and healthy lifestyle, education, and child health protection.
- 4) **Support of innovative start-ups** - CSOB Foundation started the co-operation with an NGO 'The Spot' which promotes innovation and supports the education of young people starting their own businesses (support of innovative start-ups). Helping young people to start up their own businesses has a very positive impact on the community of young people and consequently on the community as a whole: improving the employability skills of, and encouraging new employment opportunities for young people.
- 5) **CSOB FG** continued for the 2nd year its successful **CSOB Head & Heel programme**, a competition for university students whereby they solve real banking tasks with the assistance of a specialist from CSOB and then present their proposed solutions to a jury (consisting of top managers from CSOB). It also provides a great opportunity to identify talented students with the aim of their future employment in CSOB group in mind.
- 6) **2 CSOB Head & Heel** competitions were held during 2012. One competition was organised in April at the University of Economics in Bratislava, and a second competition was organised at the Technical University in Kosice. Together, more than **100 students** took part in these competitions, their task concerning modern communication technologies. **31 specialists and managers** from CSOB FG participated in the two competitions and spent more than **300 working hours** working with students. This program contributes to the improvement of presentation skills, creativity and team work of participating students. Those students greatly valued the possibility of working on real, practical tasks aided by specialists.
- 7) **CSOB Bratislava Marathon** Sponsorship is central to CSOB's community involvement and CSOB FG's largest sponsorship project is the CSOB Bratislava Marathon. Thanks to this, Bratislava becomes **the** national focus for 3 days with what has become the biggest public participation sporting event in Slovakia. CSOB clients and employees can benefit from discounts on the registration fees to the event which is the opportunity for serious runners, joggers and walkers, inline skaters, families with children and young people to come and join several run and fun disciplines. This project is highly prestigious, **and** competitive yet with strong community involvement. It provides a unique opportunity in Slovakia for the mass amateur sports fans and for families. It has become a vital charity event at different levels - money collection to help fight children's cancer in Bratislava, free of charge participation for children from children's homes and orphanages (with free transport for the children), and the possibility to make a financial contribution to UNICEF when registering.

3.5 KBC IRELAND

Volunteering and charity is deep rooted in the Irish community. Each year, KBC Ireland launches and supports various initiatives.

In 2012, KBC Ireland focused on 2 main charity projects: Barretstown and Barnardo's.

Barretstown rebuilds the lives both of children affected by serious illness, and their families, through a Therapeutic Recreation programme in a safe, fun and supportive environment. Hospitals work to cure the physical illness while Barretstown treats the psychological effects of the illness.

Barnardo's is Ireland's leading children's charity, working with over 6°000 children in Ireland in 2010. Barnardo's works to improve the lives of all children in Ireland, and in particular children who face barriers in reaching their potential – barriers like poverty, abuse, neglect or bereavement.

The objectives for the Community Team this year is to raise awareness of the Corporate Social Responsibility programme within KBC Ireland and the two charities of choice which were chosen by our employees through our engagement process – Barretstown and Barnardo's. The team also

wish to introduce more KBC Ireland staff to volunteering through the provision of opportunities thus allowing them to donate their time to help well-deserved causes. By partnering with both Barnardo's and Barretstown, we hope to raise awareness of these charities and the issues they address both internally with staff and externally with key audiences.

Finally, the Community Team have set themselves an ambitious fundraising target to deliver on for our charity partners of choice.

3.6 K&H



K&H has been a loyal supporter of children's healthcare for 9 years.

K&H MediMagic, a comprehensive child healthcare programme, was launched in 2004. As a major part of the programme, K&H launched a grant scheme for pediatric hospitals and units of general hospitals, clinics and national institutions providing inpatient care and financed by the National Health Insurance Fund for the procurement of medical equipment. During the grant period, institutions may apply for gross HUF 5 million each to be spent on medical equipment, based on justified need. The entire grant sponsorship is worth HUF 25 million, and beneficiaries are selected by an independent professional panel.

In 2012, thanks to the grant scheme, 12 pediatric institutions have been able to purchase specialist pediatric and life-saving medical equipment worth around 25 million forints.

K&H MediMagic also focuses on children's mental health. In 2012, more than a hundred secondary school pupils volunteered to read stories for children in the local hospitals to make their stay more pleasurable.

K&H also asked its clients to donate toys and books. Five thousand toys and books were collected by 59 branches, and sent to 33 hospitals.

3.7 ABSOLUT BANK

'Clothes for homeless' project:

Absolut Bank and the charity 'Miloserdiye' organised a joint campaign called 'Clothes for homeless', during which, Absolut Bank employees donated clothes for the needy. Miloserdiye volunteers then distributed the clothes among the homeless of Moscow.

Support of Krasnodar residents caught in a catastrophic flood:

Absolut Bank's employees collected clothes, blankets, medicine and other emergency rations for residents of Krasnodar in southern Russia hit by catastrophic floods last summer. They also gave money to a special Red Cross account.

'Financial Literacy' project

Absolut Bank volunteers organised financial literacy lessons in Moscow and regional schools, in order to bring financial literacy to a higher level.

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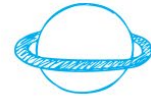
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GREEN BUILDINGS



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IV. Our commitments towards the planet

1. KBC's Belgium Business Unit

1.1 Introduction

It is the end of an era, namely that of the unbridled use of natural resources ranging from oil and ores to clean water. Fortunately, at KBC, sustainability is not a vague philosophy, but a way of running our company with respect for human beings and for the environment. We admit that we didn't quite reach the stage of being able to deliberately refuse to buy certain products that contain harmful or scarce resources.

The Environmental Policy of KBC aims to ensure that natural resources are used with care, and it is integrated into our daily operations. Projects and pilot experiments are carried out on a continuous basis. In addition, we monitor our energy and water consumption, choose our materials carefully and limit our travelling. In this way, KBC's Environmental Policy provides measures that reduce the company's direct and indirect impact on the environment.

This chapter first summarises the **Key Environmental Indicators (KPI) of 2012** and compares our achievements with our environmental **targets**. Furthermore we explain the main programmes and projects that have contributed to these results.

1.2 Key Performance Indicators (KPI)

We monitor our own ecological footprint with the utmost care and constantly monitor any new trends. The methodology that we use to monitor our KPI, is documented and revised on an annual basis.

The major key indicators for environmental sustainability are listed below. They cover the energy consumption of the buildings located in Belgium and the transportation of the KBC employees working in that area.

In the majority of cases, energy consumption has either dropped or remained the same.

The following sections focus on each of these indicators in more detail.

Over a period of five years, KBC Belgium has made considerable progress; continuously **decreasing energy consumption and paper use**.

The tables¹ below show the **KPI** in absolute and relative (use per FTE) numbers. Referring to 2011, our ecological footprint has decreased, except for water use per FTE.

Key KPI's Environment Belgium Business Unit

	2006	2007	2008	2009	2010	2011	2012
Climate change							
Total energy (GJ)	732 424	669 440	662 609	642 791	638 729	583 223	536 600
Total transport (km)	231 572	266 607 083	303 332 722	284 623 895	241 287 349	251 121 272	232 260 084
Total GHG (ton CO ₂)	56 800	80 827	70 188	54 750	53 453	51 291	40 838
Material usage							
Total paper (tons)	2 938	3 013	3 136	2 827	2 817	2 423	2 058
Total waste (tons)	1 347	4 254	3 961	3 601	3 885	5 144	4 714

1) Reference year for energy and water: 2006. Reference year for transport, waste, paper and GHG: 2007.

Key KPI / FTE Environment Belgium Business Unit

	2006	2007	2008	2009	2010	2011	2012
FTE	17 265	19 000	17 218	16 370	16 264	17 244	16 085
Climate change							
Total energy (GJ)	42.42	35.23	38.48	39.27	39.27	33.82	33.36
Total transport (km)	13.41	14 031.95	17 617.19	17 386.92	14 835.67	14 562.82	14 439.55
Total GHG (ton CO ₂)	3.29	4.25	4.08	3.34	3.29	2.97	2.54
Material usage							
Total paper (tons)	0.17	0.16	0.18	0.17	0.17	0.14	0.13
Total waste (tons)	0.08	0.22	0.23	0.22	0.24	0.30	0.29
Total water (m ³)	13.88	11.82	11.60	12.61	9.26	8.22	8.53

1.3 Targets and achievements

Setting concrete and verifiable targets is part of a mature environmental management system. Some of the targets were in the long term (e.g. achieving 20-20-20² target) or medium-term contracts (e.g. 1 000 tons less paper use by 2015), some of them had to be met within the year (e.g. replace 4 products by alternatives with lower environmental impact).

In the previous CSR report, we announced following targets:

- Extend the ISO14001 and comply with EMAS certification for our support services in Belgium;
- Achieve in 2012 the energy targets that were set in 2006: decrease of 12% electricity and 16% fossil fuels compared to 2006; prepare for achieving 20-20-20 target;
- 5% decrease of paper consumption on a yearly base – also in comparison with 2006 - with the aim of 1 000 tons less paper use by 2015;
- Reduce the Greenhouse Gases (GHG) from own fleet by 20% between 2012 and 2015 and investigate CO₂ emissions from suppliers in 2012;
- Replace 4 products by alternatives with lower environmental impact.

These targets have been repeated in the framework of the non-recurrent results-based bonus (NRRV) for the personnel. See further under 'employee involvement'.

We have reached all these self-set targets!

1.3.1 Extend ISO14001 and comply with EMAS certification

Since 2009, an **environmental management system** has been in place in Belgium in accordance with the ISO 14001 standard of excellence, for the environmental performance of businesses. In 2012, we also strove for EMAS compliance. The consistency of the management system was assessed by an external firm, with positive results: we comply with EMAS requirements and could extend the existing ISO14001 certification.

Frame 1: Elaboration of the Environmental policy by meaning of EMAS

In 2012, we also strove for EMAS compliance. EMAS is the excellence model of the European Commission for the environmental performance of businesses, and stands for European Eco-Management and Audit Scheme. It is European Regulation N° 1221/2009 concerning the voluntary participation of organisations in a Community environmental management system.

EMAS sets the bar higher for sound legal conformity and publication of the environmental performance via a public environmental statement. The system requires a higher level of commitment from all staff. In Belgium, the achievement of EMAS by a financial company is unique.

The approved EMAS public environmental statement, describing our daily operation and organisation, can be consulted at <https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZJ147C/~BZIZTPN/BZJ152K>. (Only available in Dutch.)

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

1.3.2 Achieve energy reduction targets

Energy consumption: in 2012, compared to 2006 (reference year), we realised a decrease of 22% in electricity consumption, compared to the planned 12%. We achieved double the fossil fuel savings compared to the target: 33% instead of 16%. **We have already achieved the goal of 20% energy saving that we had targeted for 2020.**

KPI Energy							
	2006	2007	2008	2009	2010	2011	2012
Electricity (GJ)	430 033	415 430	421 537	405 355	395 378	366 398	333 919
compared to previous year		-3.40%	1.47%	-3.84%	-2.46%	-7.33%	-8.86%
Target	by 2012, 12% less electricity than in 2006 (⇒ 378 429 GJ)						
⇒ achievements		-3,40%	-1,98%	-5,74%	-8,06%	-14,80%	-22,35%
Fossil fuels (GJ)	302 391	254 010	241 072	237 436	243 351	216 825	202 681
compared to previous year		-16%	-5%	-2%	2%	-11%	-7%
Target	by 2012, 16% less fossils fuels than in 2006 (⇒ 254 008 GJ)						
⇒ achievements		-16.00%	-20.28%	-21.48%	-19.52%	-28.30%	-32.97%

1.3.3 Achieve paper reduction targets

Paper consumption. A yearly decrease of 5% paper use compared to 2007 (reference year) with the concrete target of 1 000 tons less paper consumption within 8 years.

We have achieved this in 5 years. We now consume 1 185 tons less paper than in 2007.

KPI Paper							
	2006	2007	2008	2009	2010	2011	2012
Logistics (tons)	2 938	3 013	2 832	2 418	2 415	2 073	1 828
compared to previous year		2.53%	-6.00%	-14.61%	-0.11%	-14.19%	-11.80%
Target	by 2015, 1 000 tons less paper use than in 2007 (⇒ 1 938)						
⇒ achievements			-181	-594	-597	-940	-1 185

1.3.4 Lower Greenhouse Gases (GHG) from own fleet and investigate CO₂ emissions from suppliers

The CO₂ emissions of lease cars have decreased by an average of 8.95%, compared with the same period in 2011.

We discussed with G4S, our main supplier of courier services, the indirect Green House Gases they emitted by delivering transport services to KBC. Based on the revenue they generate at KBC, G4S calculated that this service caused approximately 500 ton CO₂ emissions in 2012. This is just a fraction of our own (direct) GHG emissions.

1.3.5 Replace products by alternatives with lower environmental impact

In the framework of the Cradle-to-Cradle programme (C2C) we introduced C2C® plaster walls and fluo pens. In the framework of one particular building project (121212, see further), we also used C2C® chairs, floor coverings and acoustic insulation material.

As far as the tendering of sanitary equipment is concerned, we chose for products with an Ecolabell®.

These achievements are the result of the sustained efforts of the entire Facilities organisation, from the technicians who ensure the machines work properly, to the staff who monitor and maintain them. The initiatives were both in terms of policy and in organisational and technical interventions.

Meanwhile we are sure that we can attribute the good environmental performance to the permanent awareness of the staff. The enhanced commitment from staff has been stimulated even more in 2012 by means of a non-recurrent results-based bonus (NRRV).

Further in this report you will find a summary of the projects that started or continued in 2012. There were many external stakeholders involved, such as universities, NGOs, public transport companies and interest groups.

KBC's green strategy is formulated in consultation with the environmental centre **ARGUS**, a non-profit organisation that, by means of awareness-raising projects and information, seeks to motivate society at large to opt for the most environmentally friendly solutions. You can read more about ARGUS in the chapter 'Our partners'.

1.4 Initiatives on Climate Change

1.4.1 Climate change policy

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 ratified in 2011 the company's climate change policy.

This policy stipulates our engagement to cut the impact of energy use and stimulate our suppliers and clients to do the same. After setting (and achieving) goals up to 2012, KBC worked 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.

We have already achieved the goal of 20% energy saving that we originally aimed to reach in 2020. With a rigorous monitoring program, it must be possible to keep the installations under control. It will be our challenge to take further steps in the domain of renewable energy.

Frame 2: A roadmap to achieve (or maybe surpass) 20-20-20 targets

It will be a challenge to evolve towards renewable energy generated by own installations. KBC continued to focus on renewable energy: our purchased electricity is 100% of green origin. We do not have own installations that generate electricity from a natural source. We rent the roof of the logistics centre in Mechelen to third parties for the installation of solar panels. With the 890 GJ that the solar panels produced, they could just supply 0.27% of our electricity demand. After installing solar water heaters on the administrative buildings in Brussels and Antwerp, we repeated the initiative at the MecResto building in Mechelen. The boilers deliver hot water for kitchen facilities. A thorough search for a suitable location for windmills has been conducted, so far without result.

In contrast to what was approved in the Climate Change policy, in 2012 the management reversed their earlier decision and will no longer compensate the greenhouse gases of their fleet, through the purchase of carbon credits.

1.4.2 Energy consumption

The investment in performing building methods and materials, the choice for installation techniques that comply with BATNEEC¹ principles, combined with intensive monitoring and awareness campaigns, all contributed to optimise the energy use.

Total energy consumption fell by 8% in 2012. Since 2006, KBC has **reduced** its total energy consumption in its business entities located in Belgium by more than **one fourth** (27%). **This means we have already achieved our target for 2020 regarding energy consumption.**

We aimed to reduce **electricity** consumption by 12% in 2012 compared to 2006. This goal was already achieved last year (minus 15%). The downward trend continued in 2012: for all our buildings in Belgium, electricity consumption dropped again by almost 9%. We managed to lower electricity consumption by more than one fifth (22%) since 2006. Note that in 2012 the number of FTE decreased with 1 159 compared to 2011 (see HR chapter).

We **set** ourselves specific goals regarding **fossil fuels**: 16% reduction by 2012 compared to 2006. We achieved a 33% reduction, double the savings target for fossil fuels (oil and gas consumption for heating purposes).

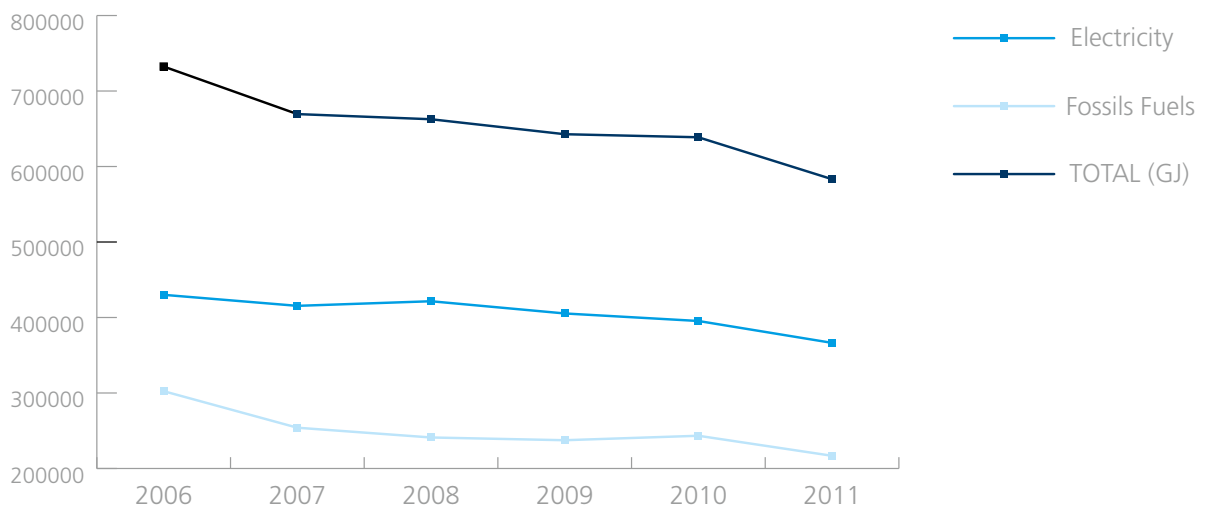
The most spectacular results were obtained in heating oil consumption. Over a seven-year period, we cut almost 70% of heating oil consumed simply by systematically replacing oil-fired heating with gas based alternatives.

However, over the same seven-year period, our Belgian business entities have also already managed to lower their natural gas consumption by almost 30%.

KPI Energy

	2006	2007	2008	2009	2010	2011	2012
Total energy (GJ)	732 424	669 440	662 609	642 791	638 729	583 223	536 600
Electricity (GJ)	430 033	415 430	421 537	405 355	395 378	366 398	333 919
• % of green energy	35%	39%	75%	100%	100%	100%	100%
Fossil fuels (GJ)	302 391	254 010	241 072	237 436	243 351	216 825	202 681
• Natural gas (GJ)	269 087	227 389	217 060	221 044	229 245	207 096	192 304
• Heating oil (GJ)	33 304	26 621	24 012	16 392	14 106	9 729	10 377

Total Energy (GJ)



The **construction** as well as the daily **operation** of buildings has a major direct and indirect impact on the environment. Some examples of both are summarised below.

Frame 3: Construction of 2 environmentally friendly buildings in 2012

Head office in Ghent. In April 2012, the regional headquarters in Ghent were inaugurated. The skyscraper, named 'Arteveldetoren', is 119 metres high and has 27 floors, providing a sizeable working space (1 200 work stations) in a relatively small surface area (20 800 m²). Arteveldetoren is the highest building in Ghent and the highest office building in the Flemish Region. The 'E-peil' [energy level] of 67 is the result of the environmentally friendly facilities, intelligently controlled office lighting and high-efficiency condensing gas central-heating boilers. In addition, a heat exchanger provides for 75% energy recovery from air extracted by the ventilation system. The interior is constructed from recycled materials. This new building offers a wide variety of possibilities for teleworking – an important factor for employees striving to ensure a healthy work-life balance.

Gooik-Leerbeek branch. In December, a small but highly energy-efficient branch opened in Gooik-Leerbeek. The branch was given the **project name 121212**, after the opening date. It was built in a fully environmentally conscious manner, with maximum respect for the environment and a minimum use of materials. And this, all without compromising on comfort and functionality for its six staff members. We used C2C© chairs, floor coverings and acoustic insulation material. The building was constructed from concrete, glass and steel only. It is compact and oblong, ensuring a short circulation. In the building, we use natural energy: solar energy, heat pumps and also energy generated from the soil. Consequently, there is no cooling system or boiler. This yielded the building a certificate with a score of zero, which is unprecedented for a bank branch, making Gooik-Leerbeek the first energy-neutral bank branch in Belgium.

New materials and techniques can be tested when building new projects. The challenge is to make the existing buildings as energy efficient, and we have continued to maximise our efforts to achieve greater energy efficiency.

Some 2012 energy-saving projects, related to lighting include:

Building	Topic	Details
Administrative building in Leuven	Re-lighting (completed)	-Halogen spotlights were replaced with LED spotlights,
Branch in Leuven		-the fluorescent lighting in the car parks was replaced with LED tubes
Head office in Brussels	Re-lighting (tested)	-test is being carried out with LED spotlights, not only in terms of reducing consumption and costs, but also providing the best lighting quality (from an ergonomic point of view)
Head office in Brussels and Ghent Arteveldetoren	Installation of light switches to enable staff to switch the lights on and off themselves	-the first employee to arrive switches the lights on, which then switch off automatically, when everyone has left the floor.



1.4.3 Transport

Frame 4: Mobility Policy Belgium BU

To streamline and prioritise the mobility initiatives of recent years, a sustainable mobility policy was approved 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 and solo driving private transport.

The policy stimulates further development of the group's knowledge and facilitates experiments with pilot projects on electrical and hybrid cars. The group will further develop this policy in 2013.

KBC wishes to reduce its environmental impact and safeguard the health of its staff through effectively managing the staff's commuter and business travel. 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 related to the car fleet**.

KBC's achievements so far are also the result of extensive consultation of several interest groups and stakeholders. Internally, the HR Department was involved regarding payments and reimbursement and the Mobility issue was also on the agenda in meetings with the various trade 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.

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

The results: **the total number of transport kms generally has decreased in 2012 by almost 8%**, commuter travel has decreased by 10% and business travel decreased by 4%. Another factor that had an influence in this matter, was the decrease in FTE.

Commuter travel by car decreased by 11 372.716 kms or 12%. Business travel by car has decreased by 3%.

We noticed a decrease of 11% in (environmentally friendly) kms commuter travel by bike. Business travel by plane has decreased by 22%.

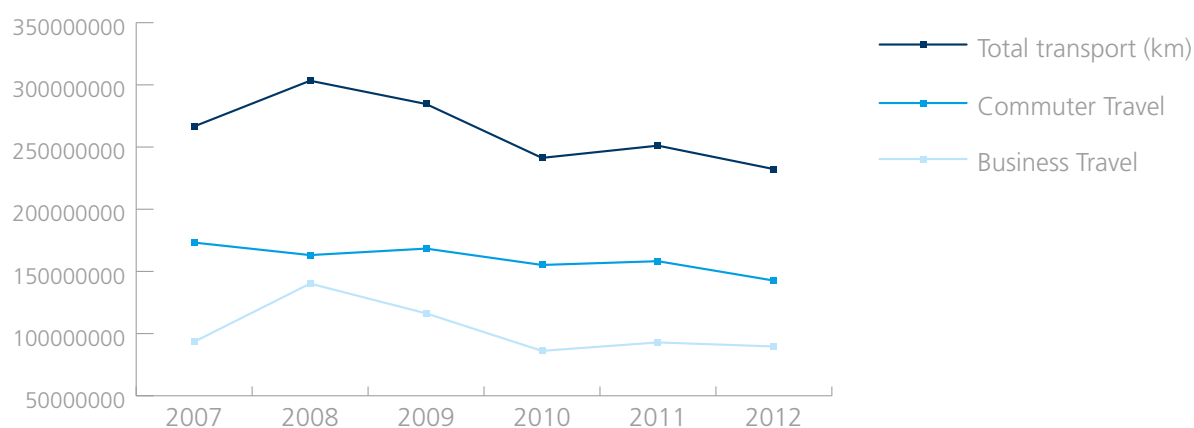
KPI Transport

	2006	2007	2008	2009	2010	2011	2012
Total transport (km)	231 572	266 607 083	303 332 722	284 623 895	241 287 349	251 121 272	232 260 084
Commuter travel	155 572	173 178 121	163 127 503	168 342 523	155 191 723	158 217 620	142 622 380
• rail	77 786	81 393 717	64 721 994	50 231 491	47 530 427	49 735 344	47 084 674
• road	66 201	79 661 936	85 461 110	107 347 141	97 476 206	96 477 192	85 104 476
• bus	8 275	8 658 906	9 245 999	7 175 927	6 790 060	5 145 036	4 333 534
• bicycle	3 310	3 463 562	3 698 400	3 587 964	3 395 030	6 860 048	6 099 696
Business travel	76 000	93 428 962	140 205 219	116 281 372	86 095 626	92 903 652	89 637 704
• rail	1 827	2 670 000	3 160 808	3 139 587	3 440 553	3 947 173	3 369 487
• road	62 163	60 731 286	70 961 033	67 543 329	61 901 695	67 652 947	69 665 082
• plane	12 010	30 027 676	66 083 378	45 598 456	20 753 378	21 303 532	16 603 135

KPI Transport

	2006	2007	2008	2009	2010	2011	2012
Total transport (km)	231 572	266 607 083	303 332 722	284 623 895	241 287 349	251 121 272	232 260 084
compared to previous year			13.78%	-6.17%	-15.23%	4.08%	-7.51%
Target				no target			
➔ achievements			13.78%	6.76%	-9.50%	-5.81%	-12.88%

Total Transport (km)



PLATO and the New Way of Working programme form the core of KBC's mobility project. PLATO has 3 pillars:

Desk sharing, locally based workstations and Telework

Results of PILLAR 1: Desk sharing

Desk sharing is in place in most of our headquarter buildings: space saved = 17 622 m² (target for 31.12.2013: 32 000 m²)

Results of PILLAR 2: Locally based workstations:

We have 601 locally based workstation at 10 locations. The possibility to work locally has proved very popular among staff. 2012 saw the range of possibilities expanded in Ghent, Hasselt and Leuven.

In this regard, KBC continues to promote cycling and the use of public transport, but the car remains the most popular means of transport for staff working locally.

Locally based workstations

	Workstations	Users	Applications
2009	350	2 555	51 213
2010	453	3 005	59 026
2011	455	3 232	68 459
2012	301	(07/2012) 3 300	(07/2012) 34 484

Results of PILLAR 3: Telework

Telework

	Users	Frequency
2011	1 241	13 458
2012	2 375	21 453

Telework has started to gain momentum. In the case of teleworking, there's no commuting involved. In 2012, a fully-fledged change process was developed for staff to ensure the success of teleworking. This resulted in significant growth compared to 2011, and there are certainly further opportunities for growth in 2013.

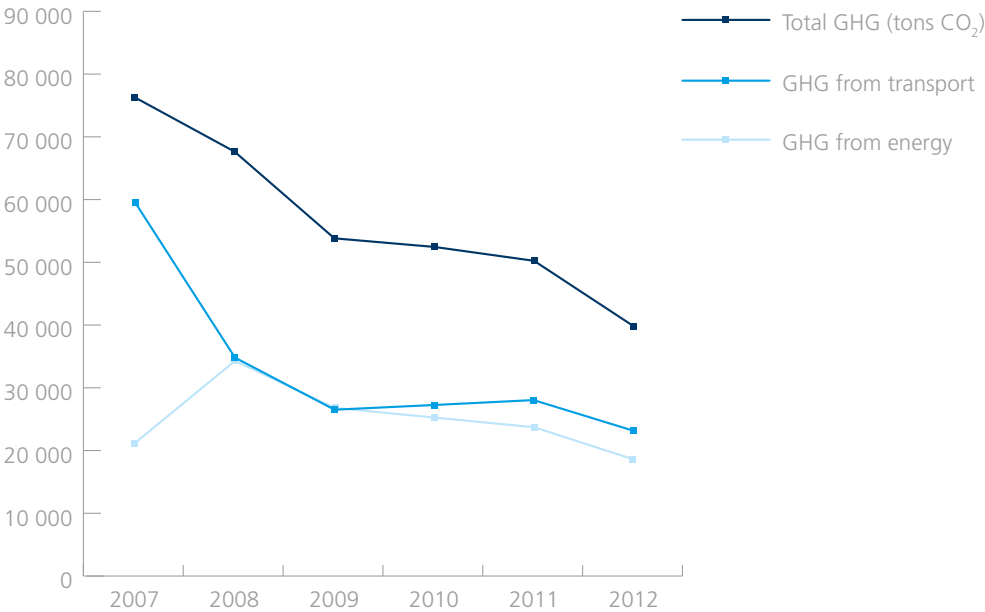
1.4.4 Green House gases (GHG)

Greenhouse gases are created by the combustion of fossil fuels. 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 by the climate change policy of 2011, KBC will draw up a roadmap in Belgium to reach the 20-20-20 goals (cfr supra) on climate change. As evidence of this constructive approach, Belgian entities have achieved a significant change in the last six years¹: greenhouse gas emissions have decreased by half (a total of 50%!) Note the positive results from electricity generated from green sources.

Total GHG

	2006	2007	2008	2009	2010	2011	2012
Total GHG (tons CO₂)	56 800	80 827	70 188	54 750	53 453	51 291	40 838
GHG from transport	7 848	21 849	34 877	27 521	25 642	23 553	17 724
GHG from energy	48 952	58 978	35 311	27 229	27 811	27 738	23 114

Total GHG (tons CO₂)



GHG Transport

	2006	2007	2008	2009	2010	2011	2012
Total GHG from transport (tons CO₂)	7 848	21 849	34 877	27 521	25 642	23 553	17 724
GHG by car	22	13 536	26 240	21 058	19 582	17 246	12 145
GHG by plane	1 158	1 278	2 811	1 913	1 728	1 886	1 495
GHG by train	6 138	6 481	5 234	4 091	3 897	4 092	3 807
GHG by bus	530	554	592	459	435	329	277

GHG Energy

	2006	2007	2008	2009	2010	2011	2012
Total GHG from energy (tons CO₂)	48 952	58 978	35 311	27 229	27 811	27 738	23 114
GHG Electricity	13 824	29 518	7 399	0	0	0	0
GHG Fossil fuels	17 564	14 730	13 956	13 615	13 905	13 869	11 557
• Natural gas	15 096	12 757	12 177	12 401	12 861	12 906	10 788
• Heating oil	2 468	1 973	1 779	1 214	1 045	963	769

Frame 5: commitment to a green fleet

Early in 2012 we stepped things up a gear when we decided to set a target for the non-recurrent results-based bonus (NRRV, see above) regarding the reduction of the average carbon emissions of our lease cars by at least 2.5%. We set a maximum carbon limit for each lease car class. That's made possible because cars are becoming increasingly efficient and **low carbon**. This year, we also started offering low-priced **hybrid vehicles** as part of our leasing package. We've already supplied 15 vehicles. We're also exploring other options, for example providing folding bikes as an alternative. The hybrid car offered by KBC runs on petrol and charges its battery during driving (and braking), allowing you to drive on electric power for much of your journey. Besides hybrid vehicles, Toyota also provides **fully electric** models that you 'plug-in' to charge using an electrical outlet. Although we do not offer this type of vehicle at present, the company is currently reviewing the pros and cons of the car, including capacity, charging time, types of chargers, etc.

Frame 6: commitment to climate neutral cities

For the purpose of knowledge acquisition and/or sharing, we are closely involved in research and the civil society. We participated in the Leuven Klimaatneutraal [Climate-Neutral Leuven] initiative, involving workshops on Energy, Mobility, Materials Transition and Biodiversity.

1.5 Resource usage

1.5.1 Paper

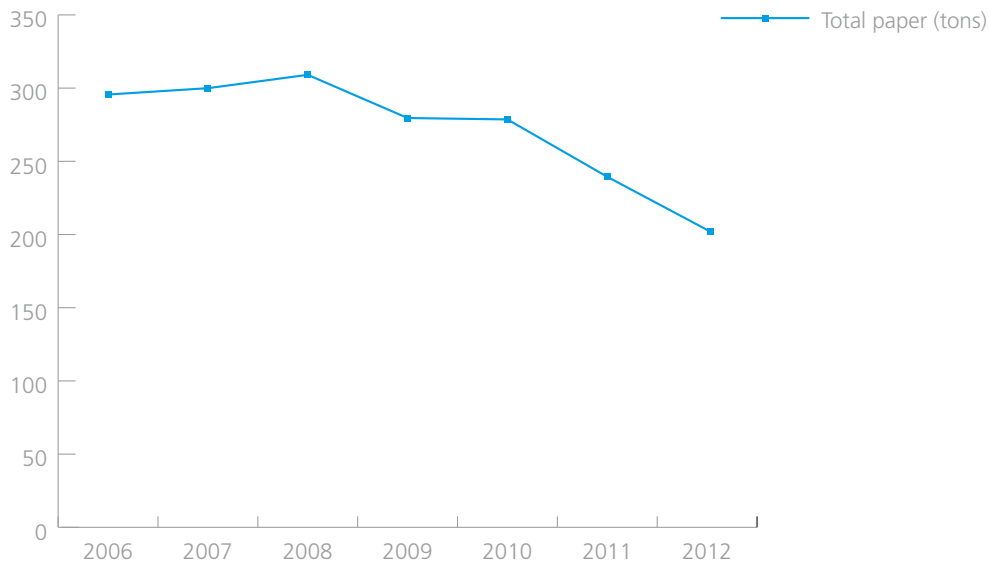
In line with its goal of reducing paper usage by 5% each year, KBC continued its initiatives: over the last 5 years, we consumed 1 185 tons less logistic paper than in 2007.

We further steered on a structural approach, the process of printing, archiving and scanning.

KPI Paper

	2006	2007	2008	2009	2010	2011	2012
Total paper (tons)	2 938	3 013	3 136	2 827	2 817	2 423	2 058
% FSC/PEFC	0%	9%	84%	95%	94%	96%	96%
Logistics	2 938	3 013	2 832	2 418	2 415	2 073	1 828
• New fibres	2 938	2 735	474	131	182	104	88
• Recycled	0	8	16	3	0	1	0
• FSC/PEFC	0	270	2 342	2 284	2 233	1 967	1 740
External communication							
• FSC	0	0	304	409	402	350	230
Logistics (tons)	2 938	3 013	2 832	2 418	2 415	2 073	1 828
• compared to previous year		2.53%	-6.00%	-14.61%	-0.11%	-14.19%	-11.80%
• Target		by 2015, 1 000 tons less paper use than in 2007 (→ 1 938)					
• → achievements			-181	-594	-597	-940	-1 185

Total paper (tons)



There are various on-going projects in connection with 'full digitisation' aiming to reduce paper consumption. Some examples are:

- Last year, KBC-Online subscribers received more than 1 500 000 digital documents via Zoomit, and this number is likely to grow.
- The Wettelijk Bewijs [Legal Proof] is the legally required summary of revenue and expenses from and for bank products. From this year, it will be sent as a separate attachment with the account statements, instead of by post, along with the schedule of rates and charges.
- -There are also further digitisation projects in the pipeline: credit card billing statements, direct debit notifications for insurance, dividend options, notification of securities reaching maturity, and periodic statements of custody accounts and investment plans with KBC Securities Services.

We continued raising awareness among and involvement of staff, by considering paper use as one of the 5 NRRV topics.

Frame 7: Paper saving initiatives within the framework of SLIM projects

In 2012, HR Management launched the conspicuous out-of-the-box SLIM [smart] projects. A handful of these projects – particularly 'the smartest team' and an innovation competition named 'the Pitch' – provided us with a virtual experience of a paperless office. They have enhanced our philosophy on sustainability.

1.5.2 Material use

KBC aims for maximum re-use of its materials and equipment and is glad to see that some of its stakeholders are following its example.

When it comes to surplus furniture for example, KBC is very environment-minded. The majority is recycled and re-used within the organisation, for instance at the new Artevelde tower in Ghent.

The Cradle-to-Cradle programme (C2C) continued in 2012. It 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 have to be recycled.

We believe in the philosophy of the concept even if we do not always opt for C2C officially registered ©materials.

Within the framework of the C2C programme we introduced C2C® plaster walls and fluo pens. In one particular building project (121212, see above), we also used C2C® chairs, floor coverings and acoustic insulation material.

When tendering for sanitary equipment, we chose products with an Ecolabell®.

Frame 8: building up and sharing knowledge on material use with stakeholders - some examples

For the purpose of knowledge acquisition and/or sharing, we are closely involved in research and civil society:

- We incorporated the availability of C2C products in tenders, gradually preparing KBC for drafting a C2C purchase catalogue.
- We embraced initiatives carried out as part of the future project for Flanders, Flanders in Action (ViA), in which the government and social partners have joined forces to make **Flanders one of the most sustainable regions** in Europe by 2020.
- In connection with the project, we jointly organised an internal **materials transition workshop** with ARGUS, researchers and consultants.
- For 'Blue Gate', a C2C comprehensive urban renewal project in the Antwerp harbour area, our logistics centre in Mechelen entered the selection process for this pilot.
- We participated in the big **C2C network** event in Brussels.

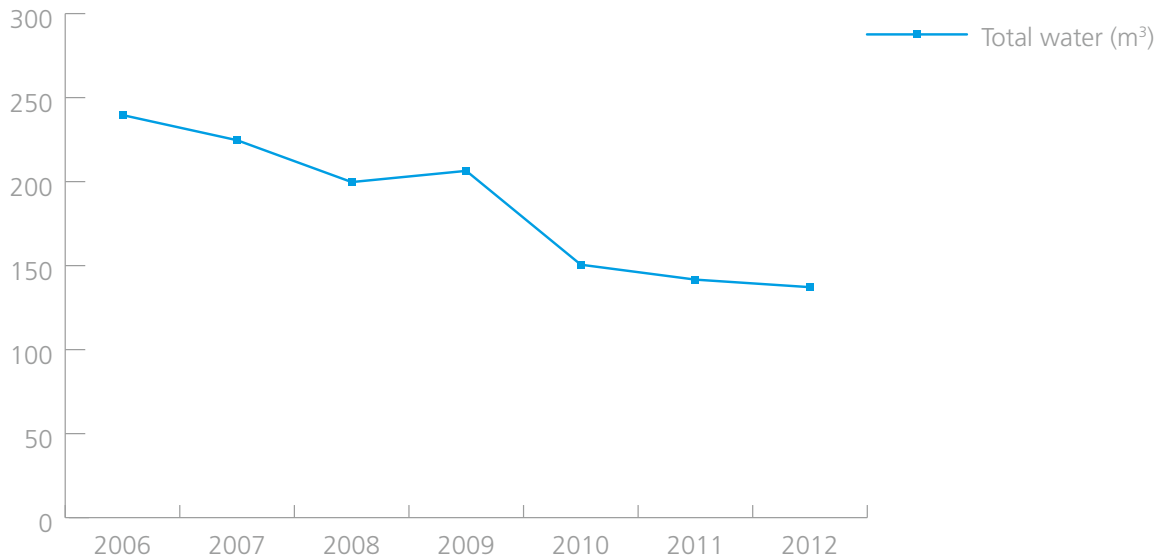
1.5.3 Water use

Despite water use in its direct operations being relatively low, KBC takes care of this fragile resource and can report a total drop of almost 43% over the past seven years.

As well as the decrease of ca 1 000 VTEs compared to 2011, the results are due to intensive monitoring programs that quickly traced water leaks.

KPI Water

	2006	2007	2008	2009	2010	2011	2012
Total water (m³)	239 616	224 638	199 723	206 400	150 547	141 663	137 174
compared to previous year		-6.25%	-11.09%	3.34%	-27.06%	-5.90%	-3.17%
Target				no target			
➔ achievements		-6.25%	-16.65%	-13.86%	-37.17%	-40.88%	-42.75%



1.6 Initiatives in 2012 on Employee involvement

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

Raising awareness among and providing information to staff on the topics that 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 travel to and from these buildings have a major impact on the group's environmental performance.

When employees become aware of the importance of these environmental-friendly actions and behaviour at work, they will certainly copy these things at home and vice versa. Several external international campaigns (e.g. WWF Earth Hour, and European Mobility Week) and national campaigns (e.g. Biofood, and Fairtrade@work) increase the visibility of the campaigns KBC implements internally.

The way we raised employees awareness in 2012 was very special: we launched the non-recurring performance-related (NRRV) bonus.

Frame 9: variable remuneration of staff (via the NRRV)

In 2012, in consultation with the social partners (set out in a collective labour agreement), variable remuneration of staff (via the NRRV) was, for the first time, made subject to the achievement of environmental sustainability targets.

In terms of consumption, we had aimed - as a minimum - to maintain the current levels for energy (electricity derived from fossil fuels) and to achieve at least a 2.5% reduction for paper. On the purchase side, we succeeded in replacing two types of materials used in the company (plasterboard partitioning and fluorescent markers) with an explicitly environmentally friendly alternative bearing the C2C quality label. Meanwhile, lease car drivers were asked, when choosing a new vehicle, to always opt for a model with lower CO₂ emissions.

This management decision significantly increased the level of commitment among staff. By means of information provided on a regular basis via the internal channels, everyone was able to closely follow our progress in meeting our targets.

KBC's intranet site 'Sustainable KBC' had a makeover, with the specific aim of providing information for staff in a simple and timely way. Whether serious or playful, the underlying message remains the same: informing and raising awareness among staff. Provisional results of the NRRV were also communicated using this site.

2. KBC's environmental performance in the rest of the world

In this chapter, we want to give an insight into the environmental performance of KBC's entities outside Belgium.

In **KBC Singapore's** procurement policies, it is stated that KBC believes in corporate social responsibility within the supply chain, including factors such as ethical and labour considerations, security of supply and its environmental footprint. These policies are set out to secure services and products in line with the CSR policy of KBC. They also stipulate that KBC Singapore has to co-operate with key suppliers in order to create services and products that help KBC Singapore in its progress towards sustainable development, whilst meeting its economic targets.

In the new headquarters of **K&H Bank**, the number of printers has dropped by more than 53% compared to the previous premises, thanks to the use of copy islands and cloud computing. By moving all the K&H headquarter entities into one central building, the quantity of travelling between the central buildings was reduced to zero. In these new headquarters, selective waste management has been implemented.

In the Czech Republic, we have set some targets. **CSOB CZ** plans to replace traditional light bulbs with LED bulbs. CSOB will make efforts to produce less common waste and to focus on better separation of waste. Besides that, we will also undertake actions to reduce km business travel and paper consumption.

In 2011, CSOB CZ retired 151276 EKO SILVER labelled certificates associated with low carbon electricity.

CSOB CZ, in co-operation with VIA Foundation, supported - within the framework of the fourth year of the grant programme 'CSOB and Era In Support For Regions - Major Community Grants' - projects focused on reclamation of the cultural landscape and care for the environment. An amount of CZK 900 000 was divided equally among the three winning projects.

In Ireland, an environmental building audit has been carried out on **KBC Ireland's** (KBCI) main Sandwith Street offices in Dublin. The results are being analysed and recommendations will be made. We are also evaluating the installation of a CHP (Combined Heat and Power) plant and hopefully we will be able to export the excess heat to the wider community.

KBCI has also conducted a 'Travel to work' survey, and as an outcome of this, the shower rooms have been improved, in order to promote and encourage a change from carbon intensive travel to a healthier option.

Another KBCI initiative is the 'Switch it off' campaign which promotes energy efficiency. The results are now being analysed and these results will be communicated to staff and management. We intend to use the new intranet to communicate the findings and our plans to reduce our environmental impact.

In Ireland we drafted the 'KBCI Corporate Social Responsibility Procedure for Suppliers and Contractors'.

The objective of this document is to give an overview of the procedures and principles upon which purchasing activities in KBCI should be based, to ensure that purchasing activities in KBCI are aligned with CSR best practice. All of KBCI's procurement and outsourced activities are covered by this procedure, including IT-related matters, logistics, facility services and marketing support services.

In Belgium, the **Renewable Energy** Team continued its activities. This internal team assembles experts in renewable energy from all KBC entities. In 2012, the Team continued to play its role: providing information from the renewable

energy sector and various consultative bodies through ad hoc internal reporting. Another task is to represent KBC within the sector: taking part in several seminars.

The Flemish government made many changes this year in the support system for renewable energy. The KBC Team made a major contribution to these discussions and were considered as experts in this subject for the exchange of knowledge in the Febelfin working group.

Hereunder you will find an overview of the environmental efficiency data for some of our entities outside Belgium. As you can see, there is still room for improvement regarding the data gathering and measurement of our environmental performance. We hope to be able to provide you more information next year and in the coming years.

We are also well aware of the fact that we can further improve our environmental performance. At group level, we will continue to develop actions and projects that raise as many entities as possible to a higher level.

2012	CSOB Czech republic	CSOB Slovakia	K&H Hungary
Number of FTEs covered by the data provided	9 426	2 062.73	4 182
Energy consumption (GJ)			
• Electricity	159 679	31 627	69 717.6
• % of green energy	12	16.7	8
• Fossil fuels (natural gas and heating oil)	57 039	6 229	76 551
Total transport (km)			
Commuter travel			
• Train	0	/	/
• Road	684 035	/	5 978 270
• Bus	/	/	/
• Bicycle	/	/	437 314
Business travel			
• Train	148 507	290 000	2 756
• Road	19 429 481	4 655 008	78 430
• Short-haul flights	773 081	13 000	92 614
• Long-haul flights	/	515 080	68 364
Paper consumption¹ (tons)			
• Recycled paper	25	270	0
• FSC	1 282.2	0	100.7
Recycled waste (tons)	1 048.1	85	188.3
Water consumption (m³)			
• Rain water	4 821	0	100
• Natural water	228	525	0
• Drinking water	132 116	22 731	22 584

Use of '/' in the table means there are no data available.



part

Professor at Lunch ↓

Gove



financial

The South

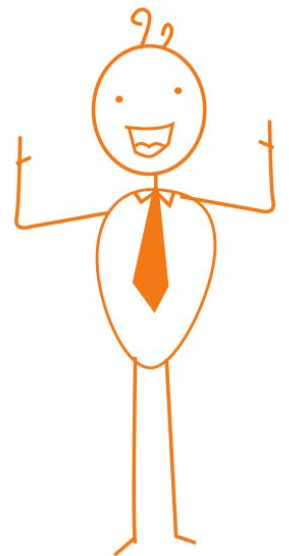


Digital Divide *

Expertise

network

INTERNET



ners

Performance
Gifts

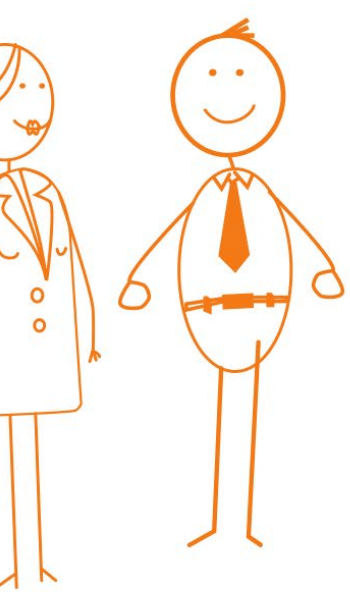
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Butterflies

The Movie

Close the Gap

TEAM



V. KBC and partners

1. ARGUS



KBC continued its long-term partnership with Argus, the independent non-profit organisation that was created in 1970 with the support of KBC and endorsed from 2006 onwards by Cera.

ARGUS informs and inspires in its campaigns for a more environmentally friendly and more sustainable world.

In view of this mission, ARGUS organised a wide range of initiatives, for KBC employees and external stakeholders, focused on sustainable development, biodiversity and the environment.

Some of the initiatives in 2012 were:

- A series of lectures and workshops by Dr. Brian Fagan on the history of water and humankind and on adaptation of society to climate change; organised by ARGUS and hosted by 'Het groene boek', the University of Antwerp, i-Sup 2012 congress (Innovation for sustainable production), KBC and the US Embassy.
- Support of Burning Ice #5, a festival organised by Kaaitheater in Brussels. The focus of this edition was the strained relationship between nature and culture.
- Two debates on 'Nuclear energy, one year after Fukushima' in co-operation with the University of Antwerp.
- Waterwoensdagen (Water Wednesdays), a series of talks on water-related themes; organised by ARGUS and Het Paleis.
- Agrocycle event; showcase of inspiring C2C practices in the agro-food-industry.
- Lecture 'What is a sustainable, creative city' by Dr. Annick Schramme on the occasion of Rebirth Day 2012; organised by ARGUS and MUHKA (Museum of Contemporary Art Antwerp).
- More than 10 000 people explored the city of Lier, guided by the ARGUS booklet 'Speuren naar een leefbare stad' (in co-operation with the newspaper GvA and the city of Lier).
- The ARGUS photography competition (different themes on nature and the environment) attracted more than 8 000 entries.
- In 2011, ARGUS launched the ARGUS butterfly bush initiative in co-operation with ILVO and Best-select. The ARGUS buddleias attract butterflies, but – in contrast to the commonly used butterfly bushes - are also a non-invasive hybrid, and thus not harmful for ecosystems. In 2012 ARGUS together with Cera and AVEVE, did a special effort to introduce this plant to the Belgian market. At this moment 21 400 plants have been sold. In 2013, Buddleia ARGUS White and Velvet will be introduced in the USA.

Mutual co-operation and support characterise the relationship between KBC and ARGUS.

- In 2011, 7 852 tons of CO₂ were emitted by the Greenlease labelled KBC fleet in Belgium. To offset these emissions, ARGUS bought and retired 7 852 VERs (Voluntary Emission Reductions) in 2012. These VERs originate in the Millennium Ceramic Switching Non Renewable Biomass Project, located in Paraíso do Tocantins, Brazil. This reduces greenhouse gas emissions by a fuel switch from non-renewable native wood to renewable biomasses (rice husk, forest residues and elephant grass). The project is verified according to the VCS and Social Carbon standards. Ownership and retirement are registered in the Market Environmental Registry.
- On 17 October 2012 KBC decided to stop offsetting emissions as from 2013.
- Since 1 January 2012 KBC saves 1 euro for each bank account opened by or for people under 25. By the end of November 2012 there are 78 692 euros in the account. ARGUS is spending the money on afforestation projects in Belgium and DR Congo. In April 2012, 6.9 hectares were planted in Knesselare (in collaboration with BOS+) and in 2012 the project in the Lac Thumba region of the Congo was prepared (in collaboration with WWF).
- ARGUS advised KBC on the selection of a suitable location for, and on the organisation of a tree planting campaign linked to the 'hopper ride'. With this campaign, KBC was present at several music festivals. '1 euro per ride' produced 6 700 euros, enough to pay for 2.68 hectares of new forest. This 'Hopperbos' was planted on 18 November 2012.
- ARGUS is also involved in various initiatives to enhance KBC's environmental performance.

2. BRS



KBC and BRS continue co-operating in the domain of microfinance and micro-insurances.

The non-profit organisation Belgian Raiffeisen Foundation (BRS), founded in 1992, offers the necessary support for start-up savings, credit, and insurance activities in the southern hemisphere.

BRS continues to offer much more than money alone. The financial expertise and consultancy skills it brings create added value to the projects.

In 2012, BRS, in cooperation with ADA and KBC, organised 2 Microfinance Lunchbreak sessions.

The first, in February, focused on corporate governance, an area highlighted both as a major risk and an area requiring significant improvements. In practice, however, these "calls for action" are rarely developed and, like many other sectors, microfinance lacks clear frameworks for analysing how corporate governance is implemented and how it could be improved. The presentation aimed at clarifying these questions, contrasting the case of savings and credit co-operatives with other types of microfinance institutions. This generated an interesting debate at the start of the UN International Year of Co-operatives.

This topic was presented by Marc Labie, Associate Professor at the University of Mons (UMONS). He is also one of the co-founders and co-directors of the Centre for European Research in Microfinance (CERMI) based at the ULB and the UMONS. In 2011, he co-edited together with Beatriz Armendariz, 'The Handbook of Microfinance' published by World Scientific Publishing, which focused on why there are still mismatches between supply and demand in microfinance.

The second took place in October. This, the 7th ever Microfinance Lunchbreak, focused on the importance of a well organised distribution network.

Brandon Mathews, Board Member of the Micro-insurance Network and Board Member of the ILO's Microinsurance Innovation Facility, and an expert on the field of micro-insurance, shared his insights on innovative micro-insurance distribution models and pointed out that there is no sense in developing high quality insurance products for the poor, if these products cannot reach the population.

Franky Depickere, CEO of CERA, stressed that most poor people have a real need for insurance products, as they would allow them to manage and limit their risks. "It will be our greatest challenge to guarantee access to insurance products so that a larger number of families will be able to contract an insurance and thus limit a possible future income loss", Franky Depickere pointed out.

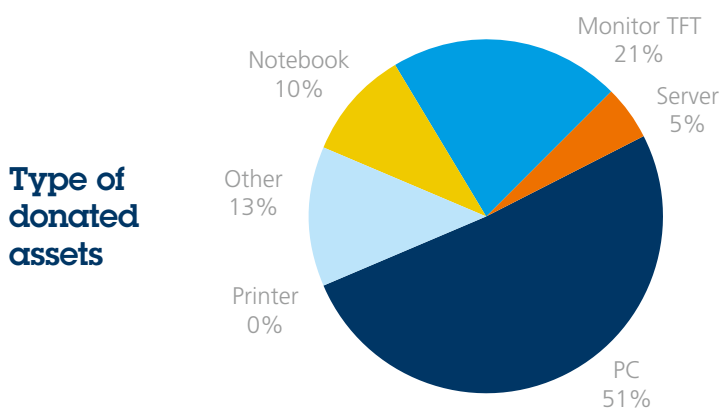
For more information about the 2012 editions: www.microfinancelunchbreak.be

3. Close the Gap



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

In 2012, KBC donated 5176 assets to Close the Gap, of which monitors, Notebooks, PC, printers and servers.



STRAT

Friendly * LOVE
sustainable investments



New
Rep
inte

* inspiring **CSR Team**

Bravo!



* HUMAN RIGHTS

Sc



STRATEGY

The Movie



Strategy

Time



Number 13

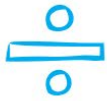


Equator



Day + Gangmakers

rest



LIFE



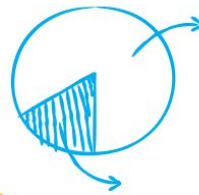
Schools

PEARL

Next generation



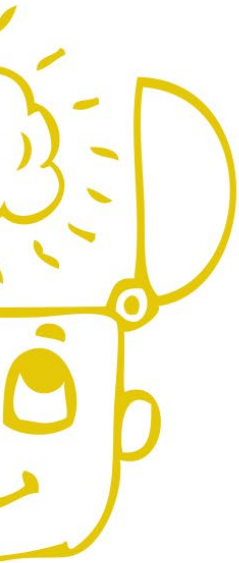
grateful



App

Coming UP

← STRATEGY



VI. Strategy and governance

In October 2012, KBC announced its new strategy, which is to be rolled out in the first quarter of 2013.

The 'KBC, 2013 and beyond' strategy puts the client first and comprises both an optimisation of the group's organisational structure and a commitment to a clearly defined corporate culture. The new organisational structure will support effective decision making and accountability.

We repeat our long-standing and long-term commitment to the banking-insurance model, a model which has proved successful, even during the recent years of crisis.

We will not only focus on financial elements, we will include clear 'stakeholder objectives' in our targets. As we are well aware of our responsibility towards society, the new strategy includes the 'transfer' of the CSR department from the group communications department to an independent department, which will report directly to the Group's CEO. It will be the CSR department's task to further implement a CSR vision and strategy throughout the group.

One of our first decisions was to transfer the 'External Advisory Board' from KBC Asset Management to KBC Group. In the past, the Board advised KBC Asset Management on SRI (Social Responsible Investments), the future role of the board however, is to 'challenge, inspire and advise' on CSR topics.

1. KBC and Compliance

1.1 Our integrity in practice

In 2012, the KBC values were updated under the new so-called 'PEARL' strategy, emphasising increased empowerment and accountability of the employees. To support this, the word 'PEARL' stands for 'Performance', 'Empowerment', 'Accountability', 'Responsiveness' and 'Local embeddedness'. PEARL embodies integrity and values.

Taking into account this new strategy, the lessons learned from past experiences and the new circular on the compliance function issued by the NBB/FSMA at the end of 2012, KBC will update its integrity policy and all related policies, codes and other documents during 2013.

Besides the focus on ethical behaviour, KBC is aware of the vital importance of detecting corruption in its various forms. So we have further refined our systems to investigate, detect and report any form of corruption. As a result, KBC takes care that all policies linked to the integrity, anti-corruption, and fraud prevention are well communicated, comprehensively rolled out, successfully implemented and systematically monitored.

At group level, the basic principles are set, and the roll-out is co-ordinated by the Group Compliance function. While at a local level, the local compliance function assists the top management who is responsible for the implementation, organisation and safeguarding of the integrity and reputation of the specific KBC Group entity. As a consequence, the KBC Group has set up strong communication and reporting lines between the local and group compliance functions.

Within the KBC group, the following domains are specifically attributed to the compliance functions:

- anti-money laundering;
- financial markets and investor protection (MiFID);
- data protection and professional secrecy;
- ethics and fraud risk management.

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

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

Below, we give the status on these domains.

1.1.1 KBC Group Code of Conduct

The code was rolled out in 2009. In 2012, as in previous years, we took various initiatives on awareness of the several aspects of this Code of Conduct. Possible breaches have been investigated by independent investigative units and reported to the appropriate management levels. Appropriate measures were taken in case of substantiation of findings.

The update of the Code of Conduct to bring in line with the new 'PEARL' strategy and its newly defined values is in planning.

1.1.2 Anti-corruption Programme

KBC Groupwide Anti-Corruption Programme.

This programme, developed by Group Compliance, has already been approved by the KBC Group Exco in 2011, and reconfirms the vigorous anti-corruption drive in the KBC Group. It stands for:

- systematic review of existing policies;
- support from the top;
- continuous risk assessment;
- communication and training;
- monitoring, review and evaluation;
- reporting.

Actions in 2012:

- The basic principles of our anti-corruption programme have been translated into a group-wide KBC Compliance Rule, rolled out at the end of 2011. In 2012, we specifically concentrated on targeted departments (e.g. human resources, accounting, procurement and credit departments). Its communication has been enhanced by road shows and specific awareness sessions and via other channels (intranet, e-mail, local compliance, magazines and/or e-learning for all employees) in these domains, including insurance agents.
- At group level, Group Compliance co-ordinated the review of the local (anti-corruption) policies. These policies and their implementation assessments were systematically challenged and, where necessary, adjusted.
- Part of this programme deals with gifts, entertainment and sponsoring. In the previous year, KBC Group updated its gift policy, incorporating it into a separate group-wide KBC Compliance Rule. It consists of a permission (though within limits/thresholds and, as the case may be, by specific agreements) to accept or offer normal gifts and entertainment with the group's counterparties. Bribery, facilitation payments and contributions to political parties are explicitly prohibited. In 2012, we challenged whether this policy had been implemented properly and we issued additional group-wide communications to raise awareness.
- This year, we have also set up several tests in line with our 'Compliance Monitoring Programme'. These contain specific targeted elements from our anti-corruption programme such as the relationship with suppliers, the declaration of expenses, the client identification and verification processes, the authenticity check of received documents and several self risk assessments.
- Group Compliance continues to study these findings and as necessary implements the lessons learned in a review or adaptation of the policies and procedures concerned.
- In its report 'Transparency in corporate reporting: assessing 10 listed Belgian companies', Transparency International confirms that KBC is 'best in class' regarding the provision of information on its anti-corruption programme.

Next steps.

We will shift our main focus to group-wide monitoring of the implementation of the Group programme.

We continue to follow up the specific cases treated by independent investigation units. The results will be reported to the appropriate management levels and required actions and measures will be taken.

A part of our future focus will be on the due diligence of this anti-corruption programme with third parties, joint ventures and counterparties and with the principles of our Group Compliance Rule on anti-corruption.

1.1.3 Whistleblower Policy

We have had a whistleblowing policy since 2006, and in 2010 it was translated into a Group Compliance Rule. In 2012, as in previous years, we campaigned further to increase awareness on the use and context of this policy since the number of reported cases had decreased slightly. About 50% of the reported cases led to specific findings. Cases where a signal was confirmed included fraud and serious conflicts of interest, where the independence of the staff member was jeopardised. Group Compliance continues its efforts to further increase the awareness and use of this policy.

1.1.4 Anti-Money Laundering (AML)

Group Compliance Rules on 'Know Your Transactions' (KYT) and on 'Embargoes'. In 2012, our focus continued to be on efforts to implement the 3rd EU AML Directive and related EU Regulations and more particularly on the correct implementation of the abovementioned rules. The embargo rule focuses on the prevention of accepting clients and/or executing transactions related to certain countries or sanctioned persons or entities and certain activities (e.g. relating to 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 1781/2006 on information on the payer. For both rules, all group entities were requested to make an assessment and these self-assessments have been challenged by Group Compliance.

New KBC Cash Policy (KBC Bank Belgium). Depositing/withdrawing cash is one of the commonly used methods to launder illicit money. Therefore, from an anti-money laundering perspective, it is of vital importance to determine whether cash deposits as well as cash withdrawals fit within a client's profile. To this end, a policy has been drafted focusing specifically on cash transactions. All employees of KBC Bank were informed about this policy and are required to read and apply this 'cash policy' rigorously. In order to help employees to apply this policy, step-by-step plans and flow charts have been provided.

FATCA. This is the US Foreign Account Tax Compliance Act aimed at combating tax evasion by US tax payers by obliging Foreign Financial Institutions (FFIs) to provide extensive information on specified US persons to the US Internal Revenue Service (IRS) either directly or through their national tax authority. Within KBC Group, a group-wide programme has been introduced headed by Group Organisation, Group Tax and Group Compliance to properly implement this new legislation. In 2012, the FATCA project focused on the implementation of the Know Your Client (KYC) requirements. Group Compliance provided the guidelines on KYC aspects and will fine tune them upon publication of the final provisions. To support group entities to correctly implement these requirements, a large number of on-site visits and video- and teleconferences were organised. FATCA is scheduled to enter into force on 1 January 2014.

1.1.5 Data protection

Group Compliance issued a Group Compliance Rule on Data Protection which the KBC group entities have assessed and are further implementing in a risk-based way.

More detailed policies have been drafted and implemented to clearly control data protection and steer the business on handling staff data, handling client data, complaints handling, marketing, etc.

In product and service evaluation, project management and sourcing privacy impact assessments are made so privacy compliant data processing operations are championed.

Awareness raising on Data Protection remains a continuous effort through advices, campaigns and controls, which leads to a fair awareness level throughout the organisation.

1.1.6 Training

In 2012, we continued to offer compliance-related class room training courses, but KBC Group also makes use of this new technology to set up individual web-based training courses. We have also included these compliance-related aspects into other global training programmes. In this way, we are able to reach each new employee with our anti-corruption training. One aspect of next year's training focus will be on creating a renewed awareness for the more senior staff.

2. KBC and Social Profit

“Social profit and Local Authorities” is a KBC division that represents a large contribution to society at large. KBC is market leader on the Belgian market in financing schools and has a 40% market share in financing hospitals. As we realise that hospitals and schools benefit the entire society, we set modified terms for loans to this sector in order to support the social profit sector.

This sector represents huge challenges for banks: there is an urgent need for credit due to the sharp rise in an aging population, the credit volumes are high and contract terms long.

Banks have to take several aspects into consideration in order to cover the risks:

- Liquidity: long term financing, Basel III requirements, hedging against fixed interest rate.
- Changing rules and standards during the contract
- Rights of ownership

KBC is developing different formulas for alternative financing like securitisation of loans, financing through co-operative funds, leasing formulas, subordinated loans, bonds linked to residence permit, ...

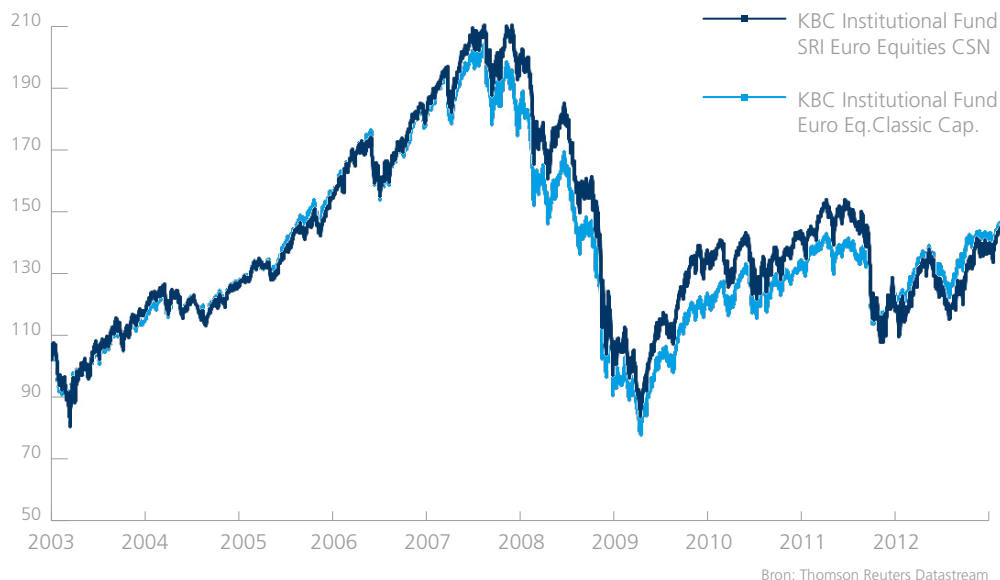
However, there is not yet a univocal solution for all projects, a combination of different forms of alternative financing will be the key to success.

We recognise the importance of this segment and the role KBC can play in helping communities to meet the continuously growing needs of its population.

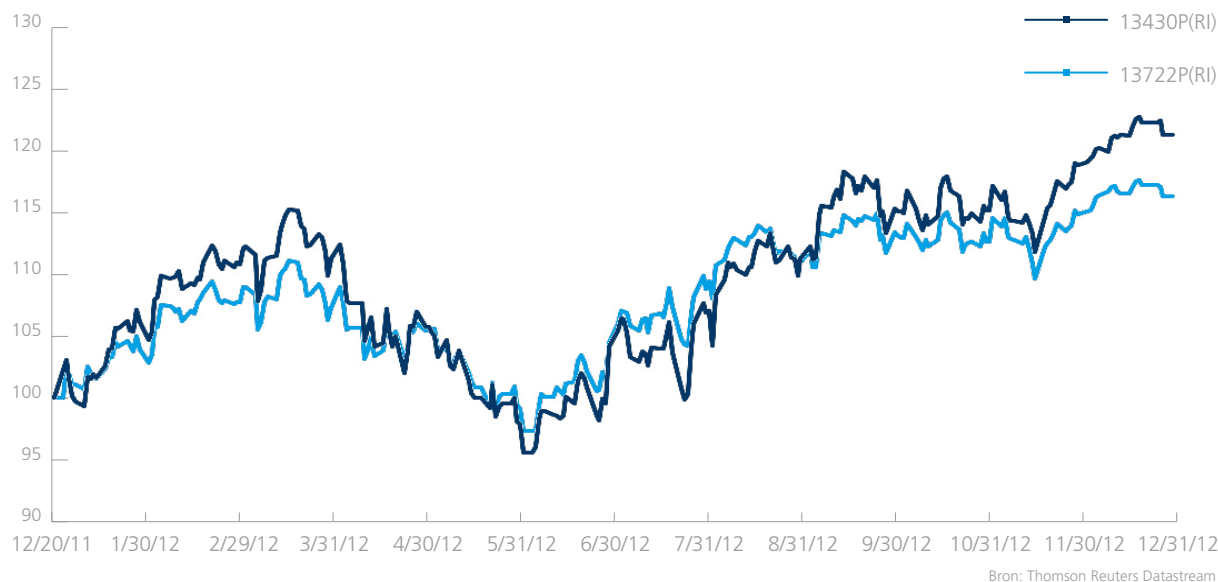
3. KBC and sustainable investments

How does KBC approach socially responsible investment (SRI)?

A company's social responsibility is judged not only on its conduct in the community, but also on the products and services it offers its clients. In addition to encouraging lending for sustainable projects, KBC also focuses on Socially Responsible Investment (SRI). Indeed, since 2002, it has developed an extensive range of SRI products to cater for investors with the most diverse profiles.



The range of products offered by KBC Asset Management (KBC group's asset manager) includes equity funds, bond funds and balanced funds. SRI equity funds encompass specific sustainable themes (e.g., Eco Funds) and general, best-in-class funds. We see SRI as a long-term strategy that can provide a reliable combination of return and sustainability. This is illustrated in the graph below, which shows that the returns generated by an SRI fund over time are comparable to those of a similar conventional fund.



This graph plots the performances of a European SRI fund (KBC Institutional SRI Euro Equities) and a conventional European fund (KBC Institutional Fund Euro Classic) over the past year (left) and the past 10 years (right).

In 2012, the decision was taken to incorporate the External Advisory Board for Sustainability Analysis (EAB) into the KBC group. This ensures that the role of the EAB is not restricted to just the SRI process, but is also extended to include advice on SRI issues relating to lending, HR policy, insurance and so on. However, the Environmental Advisory Committee (EAC) will continue to supervise the theme-based Eco funds.

What are the External Advisory Board for Sustainability Analysis (EAB) and the Environmental Advisory Committee (EAC)?

The External Advisory Board for Sustainability Analysis oversees the screening of the socially responsible nature of the SRI funds offered by KBC Asset Management. It is made up of a number of academics, all of whom are experts in their field, which may be human rights, the environment or business ethics. The EAB:

- approves the methodology and approach adopted by KBC Asset Management for assessing and selecting issuers;
- approves the themes, criteria and sub-indicators used for screening countries and companies for SRI purposes;
- identifies and issues advice on the aspects and themes that are socially questionable;
- verifies the completeness, reliability and accuracy of the screening results;
- monitors the transparency policy for the approach to, and results of, the screening;
- issues advice on whether the SRI funds comply with KBC's policy on corporate social responsibility.

The Environmental Advisory Committee (EAC) monitors the SRI quality of the Eco funds. Like the EAB, it is made up of academics and experts who specialise in various environmental disciplines. This Committee:

- monitors the SRI quality of the Eco Alternative Energy, Eco Water, Eco Climate Change and Eco Agri funds;
- approves the methodology and screening criteria used by KBC Asset Management;
- outlines the themes in which the ECO funds will invest;
- undertakes research into, and provides advices on, technological developments in the areas of alternative energy, water, climate change and agriculture.

The precise composition of the EAB and EAC is provided at www.kbcam.be.

Since the crisis began in 2008, investors have become much more aware – certainly when judging companies – of themes that fall within the scope of Corporate Social Responsibility (CSR). Companies that embrace CSR are often less vulnerable to a whole range of business risks. Consequently, investors increasingly demand that companies focus on CSR in their day-to-day operations in order to limit the investment risk as much as possible. In 2012, we continued integrating the SRI research unit into the business analysis department. As a result, conducting research into a company's CSR indicators is now one of the key elements in every business analysis carried out by KBC Asset Management.

There are various projects in the pipeline for 2013, one of which is the further refinement of the best-in-class model. After developing a separate screening model for financial sectors in 2012, we will be setting up more models with sector-specific indicators in the year ahead. We also intend to become even more transparent in 2013. KBC Asset Management differs from other providers through its transparent approach in terms of definitions, screening criteria and results. For example, the sustainability scores of more than 2 000 listed companies are permanently available on the KBC Asset Management website (www.kbcam.be). We wish to supplement this with our SRI research reports in the course of this year.

4. KBC and the government

KBC is well aware that we owe a large part of our further independent existence to the support we received from the Belgian federal and Flemish governments.

Thanks to the 7 billion support (3.5 from each government), KBC has been able to survive the crisis and to maintain a stable capital position.

We are very grateful to both governments and thus indirectly to the Belgian tax payers; that is why we take all necessary steps and measures in order to be able to repay all of the support within the agreed deadlines.

On 10 December 2012, we announced the approval from the National Bank of Belgium to repay in full the aid we had received from the Belgian Federal Government. 17 December, we effected the repayment of 3 billion euros of state aid plus the payment of a 15% penalty (450 million euros) to the Belgian Federal Government, bringing the total amount in repayments, coupon payments, and premiums for the CDO guarantee to 6.4 billion euros.

We maintain the ambition to start repaying the Flemish government in 2013. Whilst the exact number of instalments has not yet been determined because it will depend on the market conditions and the approval of the Belgian supervisor, we do plan on repaying 1.17 billion euros in capital + 583 million euros in premiums before 30 June.

We pay a considerable amount of interest on the loans granted. In 2012, as in 2011, KBC made a 595 million euros interest payment to the Flemish and federal governments. Besides the interest, KBC also pays a 50% premium to the Flemish government which is meant to compensate the risk that the government, and thus the Belgian tax payers, have had to deal with.

In 2012, KBC also paid 134 million euros of bank levies in its different core markets.

For more information please go www.kbc.com/annualreport

5. KBC and project finance

5.1 KBC and the Equator Principles (EP)



EP III: an update

The finalisation of the Review Process, that had started in October 2010, was central in 2012. The process had been characterised by numerous webinars, teleconferences and meetings, in which both internal and external stakeholders were actively engaged. KBC participated in the Working Group on Climate Change, and also took part in the discussions of the High Income OECD Task Force.

The EP III, which are to reflect the results of this Review Process, will not only include necessary adjustments to the existing EP II, but will also capture several new issues, including but not limited to the following:

- **Enlargement of the scope of the Equator Principles**

Besides Project Finance and Project Finance Advisory Services, the Equator Principles are also to be applied to Bridge Loans and Project Finance Related Corporate Loans, including Export Finance in the form of Buyer Credit.

- **Adjustment and Extension of Social Risks**

Social Risk Assessment is also to include relevant Due Diligence with respect to **Human Rights**, as referenced in the Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework.

- Furthermore, **Climate Change** is to receive specific attention in the Due Diligence. An Alternative Analysis for high-emitting projects should be carried out, while disclosure both to Equator Principle Financial Institutions and the public will be required.

- **Strengthening of Reporting and Transparency requirements**

Equator Principles Financial Institutions will be required to provide more information to the Equator Principles Secretariat on **closed Category A and B projects** in line with the IFC disclosure policy, i.e. minimum requirements such as Environmental and Social Impact Assessment and Environmental and Social Action Plan (ESIA and ESAP) as well as documentation on technical aspects, affected communities, and an executive summary. Subject to client consent, the information will be published on the EP website.

Following the official approval of the EP III, expected in June 2013, Credit Risk and Corporate and Social Responsible (CSR) Managers, as well as Equator Principles Co-ordinators and Credit Risk Advisors within the different KBC branches will be formally informed about the EP III and how these new guidelines should be incorporated within KBC's project finance and related lending activities.

We already informed the relevant business units about the upcoming changes within the EP III proposals.

5.2 Project Finance assessment in 2012

In 2012, for the third consecutive year, KBC witnessed a decline in its project finance activities, which can be attributed to:

- Change in the EU government support policies for the renewable energy sector, in particular solar, and the continuing euro and economic crisis. Indeed, as a result of these developments, several projects have been either cancelled or postponed, which in turn caused a decline in investments.
- Revised strategy of the KBC Group whereby only project finance activities on KBC's home markets will be accommodated.

On the other hand, we have seen a continuation of Public Private Partnership (PPP) investments in the infrastructure in Flanders, Belgium. To date, this type of project finance is being used to finance the construction of schools, prisons, and infrastructure (i.e. roads, tunnels, tramlines).

Worth mentioning is that the expected upsurge in the renewable energy sector in Belgium did not materialise, apparently due to the announced change in the Renewable Energy Policy of the Flemish government, in particular the introduction of a 'grid injection' tariff for renewable energy and the further reduction in the value of the Green Energy Certificates.

While the lowered government support is expected to further inhibit investments in the renewable energy sector, there are still sufficient reasons to believe that investments in this sector should not be abolished completely. Indeed, the majority of EU countries is still far away from achieving the Kyoto targets, as well as the European Union 20-20-20 directives, i.e. reaching 20% reduction in CO₂ emissions and 20% share of renewable energy by 2020. Furthermore, in Belgium, the Flemish government has set out rather ambitious targets for renewable energy, by raising the quota from 13% to 20.5% by 2020. Presently, the share is still below 10%.

The table below provides the number and share of the transactions which were closed by KBC in 2012. 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 USD 10 million.

Equator Principles assessed by project category

2012	Total number of transactions	
	Number	As % of total investment costs of projects financed in 2012
Category A	0	0%
Category B	2	18.2%
Category C	9	81.8%

In 2012, KBC closed 11 project finance transactions, that is 2 more than in 2011. 7 out of the 11 projects were financed on a bilateral basis between KBC and the client, while in 3 KBC acted as Mandate Lead Arranger (MLA). Remarkable is the significant increase in the total investment costs of projects financed, albeit owing to one project in the infrastructure sector that accounted for the majority of the total investment costs. On the other hand, though, the overall stake of KBC in the total investment costs was substantially lower than in 2011.

Worth mentioning is that the reported statistics do not take into account the high number of small projects in the renewable energy sector, with total investment costs below the USD 10 million threshold both in Belgium and Central Europe.

The following tables illustrate the sector concentration and geographical distribution.

Equator Principles assessed by category and sector

2012	Energy	Infrastructure	Total
Category A	-	-	-
Category B	0	2	2
Category C	9	0	9
Total	9	2	11

For the second consecutive year, KBC was not involved in the financing of Category A projects, of which the adverse environmental and social risks and/or impacts are deemed diverse, irreversible or unprecedented. Category B entails projects in the infrastructure sector, in particular the construction of one road and one tramway under the PPP investment program in the Flemish community of Belgium. Whereas the Category C projects, their impact on the natural and social environment is considered rather limited or minimal, refer to the financing of renewable energy projects (wind farms and solar energy). Despite the reduction in the government supportive policies, renewable energy transactions continue to dominate, with a total of 6 projects.

Equator Principles assessed by category and region

	Western Europe				Central & Eastern Europe			
	2012	2011	2010	2009	2012	2011	2010	2009
Category A	-	-	-	-	-	-	-	-
Category B	1	1	2	4	1	1	-	2
Category C	4	3	10	3	5	4	11	9
Total	5	4	12	7	6	5	11	11

As in 2011, KBC did not participate in the financing of project finance transactions outside its home markets, which is in line with the 2009 change in the overall business strategy to focus on the home markets.

Similar to previous reporting years, a number of project finance transactions have been rejected, but none of these were primarily on account of environmental and/or social concerns.

6. Awards in 2012

- February 2012: the KBC obile Banking application has won the public award “Accenture Innovation Award” in the category Financial Services. On the Accenture website voters elected the KBC Mobile banking app as the most innovative project of 2011.
- 3 May 2012: K&H Insurance won the Consumer-Friendly Insurer of the Year title, the prize was awarded by an independent professional judging panel. The prize was established in 2011 by the Hungarian Financial Supervisory Authority (HFSA), the Association of Hungarian Insurers (MABISZ), the Hungarian Consumer Protection Association (FOME) and Tetszett Magyar Fogyasztóvédelmi Elégedettség Monitor Kft. (‘Liked It Hungarian Consumer Protection Satisfaction Monitor Ltd’, or Tetszett). It is awarded to recognise the efforts of consumer-friendly financial organisations, and to promote developments serving clients’ interests. The intention of the founders was to help consumers become more and more conscious and to help them navigate the insurance market.
- 4 May 2012: KBC received the TimeAward for its commitment to Time4Society, a non-profit organisation that offers a link between companies and organisations around socially responsible projects. See CSR Report 2011.
- 21 May 2012: DZI won the ‘Insurer of the Year Award’ in General Insurance for 2011, a prize awarded by the University of Insurance and Finance, the Association of Bulgarian Insurers, the Bulgarian Association of Supplementary Pension Security Companies and the Prof. Dr. Veleslav Gavriyski Foundation.
- 29 May: KBC ranks second on the Best of Activation Awards 2012 with the ‘Gangmakers’
- 18 December 2012: KBC ranks 13th among the world’s 105 leading companies. The Transparency International assessment on corporate reporting says that KBC group publishes excellent information on its anti-corruption programmes and subsidiaries, but does not disclose information on taxes paid and income generated in the countries where the group is active. We would like to add the fact that in its quarterly reports KBC does publish the UNDERLYING consolidated profit or loss (including an item for tax) for the group and each business unit separately (Belgium, Central & Eastern Europe, Merchant Banking, other income, which is reported under ‘Group’). In addition, it even provides details per country for the Central & Eastern Europe Business Unit.

VII. 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 2012” 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. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

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

Amsterdam, 19 February 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint, large watermark of the GRI globe 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 19 February 2013. 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 2012 p.4		
1.2	Description of key impacts, risks, and opportunities.	Fully	CSR report 2012 p.4-5		
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 2012 to be published April 2nd		

2.8	Scale of the reporting organization.	Fully	Annual Report 2012 to be published April 2nd
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	Annual Report 2012 to be published April 2nd
2.10	Awards received in the reporting period.	Fully	CSR report 2012 p.52

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 2012 p.5		
3.2	Date of most recent previous report (if any).	Fully	https://www.kbc.com/MISC/D9e01/~E/~KBC-COM/~BZJ152N-BZIZTPN/BZJ152K/BZL2HT0		
3.3	Reporting cycle (annual, biennial, etc.)	Fully	annual, CSR report 2012 p.5		
3.4	Contact point for questions regarding the report or its contents.	Fully	CSR report 2012 p.76		
3.5	Process for defining report content.	Fully	CSR report 2012 p.5		
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 2012 p.5		
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	CSR report 2012 p.5		

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 2012
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 2012 p.5
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	GRI G3.1 CSR report 2012 p.53
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	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 2012		
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Annual Report 2012		
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 2012		
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	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 2012		
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Annual Report 2012		

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	Corporate Governance Charter
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	CSR report 2012 p.44-46
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	Corporate Governance Charter
4.10	<p>Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.</p>	Fully	Corporate Governance Charter
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_pdf_20130128_charter_kbc_group_en.pdf 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	UN Global Compact, Equator Principles, Proxy Voting, FSC, 2°Degree Challenge Communiqué

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/MISC/D9e01/~E/~KBCCOM/~BZL-2HAF/-BZIZTPN/BZJ152K
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~B-ZLCYPV/-BZIZTPN/BZJ152K/BZKCUOG
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	CSR report p.8, 10, 47, 49 https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZL-WVAY/-BZIZTPN/BZJ152K/BZLX5U7
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://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVK_pdf_notulen_AV_groep_2012_ENG.pdf

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/~BZIZTPX-BZIZTPN/BZJ152K	
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://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZIZTPN/BZJ152K/~BZK2X50	
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 2012 p.45-46	
FS5	Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities.	Not		Not applicable
	Audits	Fully	CSR report 2012 p.44-46	
	Active Ownership	Fully	CSR report 2012 p.47	

DMA EC		Disclosure on Management Approach EC	
Aspects	Economic Performance _{COMM}	Fully	Annual Report 2012
	Market presence	Fully	Annual Report 2012
	Indirect economic impacts	Fully	Annual Report 2011 front inside cover
DMA EN		Disclosure on Management Approach EN	
Aspects	Materials	Fully	CSR report 2012 p.22-23, 24, 25, 32-35
	Energy	Fully	CSR report 2012 p.22-26, 35
	Water	Fully	CSR report 2012 p.22, 34-35
	Biodiversity	Not	
	Emissions, effluents and waste	Fully	CSR report 2012 p.21, 23, 24, 30-31 https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZJ152N/-BZIZTPN/BZJ152K/BZLYITS
	Products and services	Fully	CSR report 2012 p.24, 32
	Compliance	Not	
	Transport	Fully	CSR report 2012 p.24, 28-30, 31, 35
Overall	Fully	CSR report 2012 p.22-35	
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	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZL1WYA/-BZIZTPN/BZJ152K/BZLCYQ9
	Non-discrimination	Fully	http://kbc-pdf.kbc.be/ng/PUBLISHED/PDF/KBCCOM/CSR/com_mar_human_rights_statement_26-10-2005_0900dfde80158ec8.pdf
	Freedom of association and collective bargaining	Fully	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZLYIT8/-BZIZTPN/BZJ152K/BZL1XNS
	Child labor	Fully	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZLYIT8/-BZIZTPN/BZJ152K/BZL1XNS
	Prevention of forced and compulsory labor	Fully	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZLYIT8/-BZIZTPN/BZJ152K/BZL1XNS
	Security practices	Fully	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZLYIT8/-BZIZTPN/BZJ152K/BZL1XNS
	Indigenous rights	Fully	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZLYIT8/-BZIZTPN/BZJ152K/BZL1XNS
	Assessment	Not	
Remediation	Not		

DMA SO	Disclosure on Management Approach SO		
Aspects	Local communities	Fully	https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_RVG_pdf_COMMUNITY_INVOLVEMENT_POLICY_FOR_THE_GROUP.pdf
	Corruption	Fully	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZLCYPV/-BZIZTPN/BZJ152K/BZKCUOG
	Public policy	Fully	https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_MAR_KBC_Mission_Statement_E_23-07_0900dfde802e422a.pdf
	Anti-competitive behavior	Fully	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZK2X50/-BZIZTPN/BZJ152K/BZJ24S2
	Compliance	Fully	CSR report 2012 p.42 https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZLCYPV/-BZIZTPN/BZJ152K/BZKCUOG https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZK2X50/-BZIZTPN/BZJ152K/BZJ24S2

DMA PR	Disclosure on Management Approach PR		
Aspects	Customer health and safety	Not	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZLCYPV/~BZIZTPN/BZJ152K/BZKCUOG https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZIZTPN/~BZL2HAF CSR report 2010 p.37 CSR report 2011 p.10
	Product and service labelling	Not	
FS15	Policies for the fair design and sale of financial products and services.	Fully	
	Marketing communications	Not	
	Customer privacy	Not	
	Compliance	Not	

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			
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	Not	
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	Not	
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

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
Active ownership			
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	Fully	0.8% - 59 companies
FS11	Percentage of assets subject to positive and negative environmental or social screening.	Not	
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	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZLWVAY/-BZIZTPN/BZJ152K/BZLX5U7 www.kbcam.be

Economic			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
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.	Partially	Annual Report 2012
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	CSR report 2012 p.25-31, 49-50

EC3	Coverage of the organization's defined benefit plan obligations.	Not	
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	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Partially	https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZL1WYA-BZIZTPN/BZJ152K/BZLCYQ9 No data on breakdown of spending to individual suppliers
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Not	

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 2012 p.16-21
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Not	

Environmental

Performance Indicator	Description	Reported	Cross-reference/Direct answer
Materials			
EN1	Materials used by weight or volume.	Fully	CSR report 2012 p.22, 24, 25-34, 35
EN2	Percentage of materials used that are recycled input materials.	Fully	CSR report 2012 p.32-34

Energy			
EN3	Direct energy consumption by primary energy source.	Fully	CSR report 2012 p.24, 25-27
EN4	Indirect energy consumption by primary source.	Fully	CSR report 2012 p.25
EN5	Energy saved due to conservation and efficiency improvements.	Fully	CSR report 2012 p.22-34
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 2012 p.22-25
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Not	
Water			
EN8	Total water withdrawal by source.	Partially	CSR report 2012 p.34
EN9	Water sources significantly affected by withdrawal of water.	Not	
EN10	Percentage and total volume of water recycled and reused.	Not	
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	
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	
EN13	Habitats protected or restored.	Not	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Not	

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

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 2012 p.30-31

EN17

Other relevant indirect greenhouse gas emissions by weight.

Partially

Information only available for Business Unit Belgium: CSR report 2012 p.30-31

EN18

Initiatives to reduce greenhouse gas emissions and reductions achieved.

Partially

Information only available for Business Unit Belgium: CSR report 2012 p.30-31

EN19

Emissions of ozone-depleting substances by weight.

Not

EN20

NOx, SOx, and other significant air emissions by type and weight.

Not

EN21

Total water discharge by quality and destination.

Not

EN22_{COMM}

Total weight of waste by type and disposal method.

Not

EN23

Total number and volume of significant spills.

Not

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

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

Products and services

EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	CSR report 2012 p.22-23, 24, 25-26, 33, 34, 40, 49-50
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not	

Compliance

EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	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	CSR report 2012 p.24, 28-29, 35
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Overall

EN30	Total environmental protection expenditures and investments by type.	Not	
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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.	Partially	Annual Report 2012
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Not	

LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	Non applicable - equal for all employees
LA15	Return to work and retention rates after parental leave, by gender.	Not	
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	
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.	Fully	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 2012 p.15
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Not	
LA9	Health and safety topics covered in formal agreements with trade unions.	Not	
Training and education			
LA10	Average hours of training per year per employee by gender, and by employee category.	Not	

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 2012 p.9-12
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.	Partially	CSR report 2012 p.13-14
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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	https://www.kbcam.be/site/~E/~KBCAM/-BZL3T9B/BZL1W9X/~BZME1EA?ngeOrigin=BZL1WA2 https://www.kbcam.be/site/~E/~KBCAM/-BZL3T9B/BZL1W9X/BZL1WKJ/BZMKO10/~BZMKAXF?ngeOrigin=BZME1EA We fully comply with the UN Global Compact Principles and thus covers Human Rights 100%; 2200 companies were screened by KBC Asset Management. Criteria for exclusion are mentioned on the website (see link above)
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Fully	52.2%

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.	Not	
Non-discrimination			
HR4	Total number of incidents of discrimination and corrective actions taken.	Not	
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	
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	https://www.kbcam.be/site/~E/~KBCAM/-BZL3T9B/BZL1W9X/~BZME1EA?ngeOrigin=BZL1WA2 https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZLCYPV/-BZIZTPN/BZJ152K/BZKCUOG
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	https://www.kbcam.be/site/~E/~KBCAM/-BZL3T9B/BZL1W9X/~BZME1EA?ngeOrigin=BZL1WA2 https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZLCYPV/-BZIZTPN/BZJ152K/BZKCUOG
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	

Indigenous rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not	
Assessment			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Not	
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

Social: Society

Performance Indicator	Description	Reported	Cross-reference/Direct answer
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	
SO1 (G3.1)	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Fully	www.kbc.be www.kbc.com/worldwide
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 2012 p.8, 16-20
SO9	Operations with significant potential or actual negative impacts on local communities.	Not	

SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	When a new product, service or activity is to be launched, we evaluate the potential and actual impacts on the local communities, through NAPP-committees (New and active product process)
Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	CSR report 2012 p.44-46 https://www.kbc.com/MISC/D9e01/~E/~KBCCOM/~BZLCYPV/-BZIZTPN/BZJ152K/BZKCUOG
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	CSR report 2012 p.46
SO4	Actions taken in response to incidents of corruption.	Fully	CSR report 2012 p.44-46
Public policy			
SO5	Public policy positions and participation in public policy development and lobbying.	Not	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	None - CSR report 2012 p.45
Anti-competitive behavior			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Not	
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	
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, www.kbc.be/mifid
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 2012 p.8, 16-20

Marketing communications

PR6

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

Fully

Code of Conduct

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.

Not

KBC and Social Responsibility in 2012. **The Report**

Questions about Corporate Social Responsibility at KBC?

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