



KBC Group Compliance Rule No. 14

Group Compliance Rule: Policy for the Protection of Whistleblowers in KBC GROUP

If you have any questions, please contact reporting@kbc.be

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Author:	Frans Thierens
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Basic principles

The KBC group expects its employees to observe the terms of their contracts of employment in a loyal, co-operative manner and in good faith. This general duty of care also encompasses the basic moral obligation to report any reasonable suspicion that another employee might be guilty of fraud or gross malpractice.

The implementation of a whistleblowing procedure also refers to the requirements expressed in several regulations, international standards and basic principles of corporate governance.

For this reason, KBC group wants to create and foster a corporate culture marked by honesty and openness, where all employees (the ‘whistleblowers’) have the opportunity to report potential fraud or other gross malpractice in the earliest possible stages without fear for any reprisals and where whistleblowers are assured that they will receive fair treatment and that their concerns will be investigated properly.

In this regard, KBC group formally endorses the following basic principles:

1. Employees who have reasonable grounds to suspect that fraud or gross malpractice has occurred or may occur must be given the opportunity to report their concerns in accordance with this Policy.
2. All reported concerns regarding fraud or gross malpractice must be treated objectively and in strictest confidence.
3. Specially trained personnel must investigate all reported concerns regarding fraud or gross malpractice thoroughly, fairly and objectively within a reasonable period of time.
4. Persons reporting concerns regarding fraud or gross malpractice must not suffer any detrimental or negative consequences as a result of their disclosures, provided such disclosures are made in good faith.
5. The rights of persons about whom concerns are reported must be safeguarded and respected.
6. Reports by an identified individual (yet which remain confidential) are absolutely preferred to anonymous reports, which are strongly discouraged.

Employees must refrain from abusing the reporting procedure and thereby deliberately harming another. Where subsequent investigation reveals that it can be proven that the accusations were made with malicious or slanderous intent, appropriate sanctions may apply (these may extend to dismissal for cause, where justified in accordance with work rules and applicable legislation).

Unless otherwise regulated by law, employees must at all times observe the procedure set out in this Policy.

Purpose and scope

This Policy applies to all types of fraud and gross malpractice relating to gross violations or gross infringements of internal rules (such as the *Work Rules, KBC Code of Conduct, the Code of conduct for the use of means of communication and inhouse instructions*) as well as external rules (legislation, accounting rules, government regulations, or rules on market abuse, insider dealing, breaches of bank secrecy or discretion with regard to insurance matters, money laundering, theft, fraud, corruption, bribery, etc.).

The scope of this Policy extends to all gross malpractice, whether general, operational or financial in nature, including possible gross improprieties in financial reporting and other matters.

Compliance with this Policy is compulsory worldwide and applies with immediate effect to all companies and entities of KBC group.

Principle 1: Reporting: 'multiple contact points'

KBC group encourages every employee to use the usual reporting lines and discuss any specific concerns with line management first before resorting to the possibilities set out in this Policy. All line managers must ensure that all concerns reported are treated with respect for the same principles as set out in this Policy.

If this is not possible, or when discussions with line management do not produce a satisfactory solution, multiple contact points must be available to allow a whistleblower to report his or her concerns.

These multiple contact points must include at least the following departments or persons, as the case may be, locally as well as at KBC group level:

- the compliance department;
- the internal audit department, including the inspection unit;
- the value and risk management department;
- the CEO of the entity concerned;
- the CEO of the parent company;
- the chairman of the audit committee;
- the chairman of the board of directors.

Concerns about fraud or gross malpractice may be reported through all possible channels of communication (by letter, e-mail, phone, personal discussion, etc.). At group level a

dedicated mailbox reporting@kbc.be has been created, with strict access and confidentiality rights.

For the sake of the thoroughness of investigations and with a view to protecting all those concerned and avoiding a culture of anonymous reporting, absolute preference is given to confidential reporting by identified individuals. If circumstances demand, concerns may be reported anonymously, but this is strongly discouraged. Any anonymous reports will be investigated extremely critically on account of their specific nature.

Principle 2: Centralisation point – Local Compliance

As a matter of principle, the local compliance department will serve as the centralising point where all reports and cases will be centralised. All local contact points mentioned above are requested to forward incoming reports to the local compliance department without delay.

Local compliance will distribute the case to the appropriate local independent investigative unit in accordance with the local organisational structure and agreements (as the case may be: compliance itself, audit, inspection, security or any other appropriate independent investigative unit).

Local compliance will keep an insight of each case as it develops, and to this end will be regularly informed by the independent investigative unit, in case this should be different from Compliance.

Local compliance is obliged to report all whistleblowing cases, anonymous or not, to the Group Compliance Ethics&Fraud Unit via the *central mailbox* reporting@kbc.be).

In exceptional cases, Group Compliance may decide that the investigation should be carried out by an independent investigative unit at head office or by external investigators. In the latter case a specific agreement has to be drafted, including all principles of the present Policy and a specific non-disclosure agreement.

Principle 3: Investigation – 'independent investigative unit'

The independent investigative unit is responsible for, *inter alia*:

1. Conducting specific investigations immediately in order to determine as quickly as possible whether the concerns that have been reported are well founded.
2. Reporting to management (local and/or group compliance, executive committee, audit committee, board of directors).
3. Keeping the whistleblower informed or having him kept informed of the progress of the investigation, unless this might harm the whistleblower or

hinder the investigation. The whistleblower has a right of access to personal data relating to himself. This right can however be limited by other people's rights, the interest of the investigation or the legitimate interests of the company. This right does not entitle the whistleblower to make copies of documents or other material related to the investigation, the findings and the measures taken.

4. Ensuring that the identity of the whistleblower is kept secret (the source may not be disclosed), unless the whistleblower expressly consents to having his or her identity revealed or unless this is required by law (for instance, in case of a judicial inquiry). This does not exclude that the whistleblower, like all other people involved, can be interviewed with regard to the issues reported.
5. Reporting facts that must be reported to official bodies. Where appropriate, a complaint may be lodged with the competent government authorities.
6. Safeguarding the rights of the person about whom concerns are reported.

Investigators are subject to strict ethical rules, particularly with regard to observing due discretion and displaying the necessary reserve.

Every employee is required to co-operate in good faith with these investigations.

Where appropriate (for instance when there is a possible conflict of interests, or the independence of an internal or local investigator might be compromised), recourse may be had to an external party to conduct the investigation.

Principle 4: Guarantee of confidentiality and objectiveness

Management is accountable for ensuring that all concerns are treated fairly, objectively and in strictest confidence and that they are thoroughly and fairly investigated by specially trained personnel within a reasonable period of time.

Those responsible for fraud or malpractice, as an offender or as an accomplice will be subject to appropriate penalties commensurate with the gravity of the facts, as set out in the work rules.

Principle 5: Protection of the whistleblower

KBC group guarantees that whistleblowers who report fraud or gross malpractice concerns in good faith will suffer no adverse or negative consequences whatsoever of disclosing those concerns in accordance with this policy.

If they do, the whistleblowers may have recourse to the person they have reported to, or if they want to escalate the matter, directly to the president or chairman of the executive committee, the audit committee or the board of directors, supervisory committee or others.

It goes without saying that any directive prohibiting an employee from disclosing concerns in keeping with this Policy is wholly inadmissible.

Reprisals for reporting concerns are to be considered a serious violation of this Policy. If this happens, appropriate action will be taken to safeguard the position of the whistleblower.

An employee reporting in bad faith will not be entitled to the protection afforded under this Policy.

Principle 6: Protection of the person about whom concerns are reported

KBC group guarantees that the person about whom concerns are reported will be protected in the sense that it will seek to strike a balance between the interests and rights of the various parties concerned, including the right of KBC group to investigate the facts.

The person about whom concerns are reported is entitled to information (the name of the data processing entity, what he or she is being accused of, who the recipients of this information are) and is also entitled to access, correct and remove information related to himself that is incomplete or incorrect, in accordance with the data protection rules. These rights do not entitle the person concerned to make copies of documents or other material related to the investigation, the findings and the measures taken.

The exercise of these rights may be postponed to avoid hampering the investigation or restricted in order to safeguard the rights of others concerned. The decision on whether or not these rights should be restricted will be made on a case-by-case basis. In any event, confidentiality must be maintained and the whistleblower's anonymity guaranteed in good faith, unless a legal obligation would exist.

Principle 7: Specific procedure for reporting fraud and malpractice concerns

In order to make it possible to conduct a thorough investigation, whistleblowers should, insofar as possible, provide the following information in their reports:

- the identity and contact details of the whistleblower;
- a description of the case, with all known relevant facts (what happened, where, what specific behaviour gave rise to the concerns being reported, who is involved, etc.);
- an indication of why the matter is being reported;

- an indication of whether the matter has already happened or may happen in the future;
- an indication of how the whistleblower obtained his or her knowledge of the incident or situation;
- whether there are other persons involved or witnesses;
- whether the whistleblower has any supporting information;
- whether the whistleblower has discussed the matter with anyone else, and if so with whom;
- an estimate of the amounts that might be involved;
- the name of the entity where the matter occurred.

The above does not mean that fraud or gross malpractice cannot be reported even if the concrete facts are not known in detail.

When obtaining the information, the whistleblower is required to respect all legal and regulatory rules and internal guidelines.

Principle 8: Communication – Implementation

Guidelines for the practical implementation of the procedure (addresses, phone numbers, etc.) will, for each entity, be set out in a separate document that will be attached to this Policy and must be included in the communication put out by each entity.

The executive committees of the KBC group subsidiaries and entities must launch an information campaign for the dissemination of this Policy. The Policy must be published inhouse (on the intranet, for instance) and included in training courses.

The Policy applies to all persons employed by the entity under an employment contract, as well as to agents and outsiders the entity works with.

The Policy will also be published on the public website of KBC group and the local websites of each entity.

The local compliance department in each entity is responsible for introducing and implementing this Policy and for drawing up reliable, simple and transparent procedures to guarantee observance of this Policy.

As such this Group Compliance Rule replaces the existing *Group Standard for the Protection of Whistleblowers*, which is annulled.

Principle 9: Monitoring and reporting

The results of investigations will be reported in accordance with the standard reporting lines for investigations of fraud or malpractice (Group Compliance, local compliance, line management, human resources department, legal department, etc.).

The Group Compliance division is responsible for monitoring the functioning of this Policy in all entities of KBC group.

In this regard, the compliance officer of each entity of KBC group will report on the status of the implementation and functioning of the Policy for the protection of whistleblowers in his or her periodic and annual reports to Group Compliance.

The latter will submit an annual status report on the implementation of this Policy to the Executive Committee and the Audit Committee of KBC group.

Amendments

The principles set out in this Policy are minimum standards, applicable to all entities of KBC group. Where these principles are incompatible with local laws or regulations, the latter will take precedence over the former.

Any questions regarding the Policy and its principles can be directed to Group Compliance Ethics&Fraud Unit, KBC Group (e-mail: reporting@kbc.be).