



KBC MODERN SLAVERY ACT STATEMENT 2023

This statement applies to KBC Group and its subsidiaries located in the United Kingdom.

Introduction

This statement is published in accordance with section 54 of the UK Modern Slavery Act 2015 which addresses the issues of modern slavery and human trafficking and describes the steps KBC has taken to prevent modern slavery and human trafficking in their business and their supply chain for the financial year ended 31 December 2023.

About KBC

KBC is an integrated bank-insurance group, catering mainly for retail, private banking, small and medium-sized enterprises and mid-cap clients. Through our activities, we want to help our clients to both realise and protect their projects. We operate in our core markets of Belgium, Bulgaria, the Czech Republic, Hungary and Slovakia. We are also present to a limited extent in several other countries (e.g. the United Kingdom) to support corporate clients from our core markets.

Commitments, policies and due diligence KBC is committed to respect human rights throughout the group in all our operations and adheres to the following global initiatives:

- United Nations Universal Declaration of Human Rights
- OECD Guidelines for Multinational Enterprises
- Principles concerning fundamental rights in the eight International Labour Organisation core conventions as set out in the Declaration of Fundamental Principles and Rights at Work
- Equator Principles
- UN Declaration on the Rights of Indigenous Peoples
- UN Global Compact Principles
- UN Principles for Responsible Banking
- UN Principles for Sustainable Insurance
- UN Principles for Responsible Investment

The above commitments are backed by policies implemented within the Group, with the goal of preventing the risk of modern slavery in its business, within its internal operations, or within its supply chains. These policies include, but are not limited to:

- [KBC Group Code of Conduct](#)
- [KBC Group Code of Conduct for Suppliers](#)
- [KBC Group Anti-Money Laundering policy](#)
- [KBC Group policy for the protection of Whistleblowers](#)
- [KBC Group Human Rights Policy](#)
- [KBC Group policy on Blacklisted companies](#)
- [KBC Group Investment Policy](#)
- [KBC Group Sustainability Policy Framework](#)

As a financial institution, our highest risks in terms of potential breaches of modern slavery, human trafficking and other human rights controversial developments arise through our client relationships. KBC has developed a specific due diligence process for lending, insurance activities, advisory services and investment activities.

KBC actively monitors compliance of its corporate clients with its sustainability policies by e.g. a general ESG assessment of the sustainability performance of the relevant companies by external parties with the emphasis on sustainability strategy, the companies' public sustainability policies and any recent controversies in which they may have been involved.

Both our conventional and Responsible Investing funds are subjected to the zero tolerance policies related to blacklisted companies (UN Global Compact Offenders and companies related to controversial weapons) and companies on the KBC Human Rights Offenders List, and to controversial regimes. Our KBC Group Investment Policy provides an overview of the excluded/restricted activities applicable to our conventional and Responsible Investing funds and to investments for our own account. For the Responsible Investing Funds, KBC goes one step further and applies additional exclusion policies which are publicly available on our commercial website.

The prevention of money laundering (including when linked to human trafficking and modern slavery) and terrorism financing is a top priority for KBC. It is an area where knowledge of the client (Know Your Customer, KYC) and updating their profiles and monitoring transactions (Know Your Transaction) are essential. Increased efforts are continuously made to adapt our organization to the constantly changing regulatory environment, particularly with regard to clients who present an increased risk and for whom additional information is required. In 2022, we launched DISCAI, our proprietary AI fintech solution. DISCAI is an innovative AI-based Know Your Transaction (KYT) Anti-Money Laundering solution. This solution has been tested extensively inhouse in recent years and was commercialized in 2022. At the close of 2023, four non-KBC financial institutions had started projects using our KYT AML solution. By expanding this tool to other financial institutions worldwide, Discai can play an important role in the fight against financial crime.

KBC encourages its employees to speak up and report actual or potential misconduct by using our dedicated reporting@kbc.be mailbox or our user-friendly new [tool](#) in observance of the requirements of new Belgian legislation on the protection of whistleblowers. To mitigate the potential risks of misconduct, our employees are also encouraged to report products and processes that appear unethical, unfair or contradictory to our values. In 2023, 28 significant cases of whistleblowing were reported to our group management.

The Code of Conduct for Suppliers outlines the minimum expectations our suppliers should adhere to and is aligned with the KBC Group Code of Conduct and the UN Global Compact Principles. We have translated our Code of Conduct for Suppliers into an internal procedure in the shape of a step-by-step plan that is used by our procurement department. Suppliers we work with are screened against the KBC list of blacklisted companies, the KBC Human Rights Offenders list and the KBC Controversial Regimes list. We also refer to WorldCheck and apply a standard questionnaire when screening potential suppliers. If any infringements are detected within the contract period that cannot be put right fundamentally within a reasonable time frame, we terminate the contract with the supplier.

Training

Because KBC does not want to be involved in activities such as money laundering and terrorism financing, we train our employees to increase awareness on this topic. All our employees, including senior managers, receive training that details their duties regarding anti-money laundering. These training courses take place online or face-to-face. During the training sessions, real case-studies are explored. In 2023, 96% of the selected target audience completed a training in anti-money laundering. Furthermore, employees, tied agents and their staff are expected to strictly follow established procedures and guidelines and to exercise due diligence when identifying customers and checking transactions.

We have also put several initiatives in place to keep awareness on responsible behavior. Late 2023 a new mandatory webinar on responsible behaviour was launched. This webinar deals with the importance of business ethics and responsible behaviour within financial institutions. 75% of employees had already viewed it by the end of 2023.


More information can be found in the [KBC Group Sustainability Report 2023](#) and the [KBC Group Annual Report 2023](#).

KBC updates this statement on an annual basis.

Johan Thijs
Chief Executive Officer



Koenraad Debackere
Chairman of the Board of Directors



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