KBC Group Anti-Bribery and Corruption Statement - Joined statement by Johan Thijs – CEO KBC Group & Koenraad Debackere – Chairman of the Board of Directors of KBC Group

To make sure that we remain among the trusted financial institutions in Europe, we continue to take our responsibility towards society and local economies seriously and reflect that in our everyday activities. Trust of all involved stakeholders is our license to operate. In order to maintain and increase the level of trust, it is of utmost importance that we behave responsibly in everything we do, at all layers of the organisation, each and every day. KBC therefore considers **responsible behaviour as vital** to successfully implement its strategy and fulfil its role in the society.

Responsible behaviour means for all KBC-staff to go beyond regulations and conformity. The foundation of responsible behaviour is **integrity**, which entails honesty, fairness, transparency, best interest of the client and confidentiality, combined with a sound risk awareness.

Corruption is unacceptable at any time. It is not only linked to potential money laundering with reputation consequences we cannot even assess, but it also undermines the economy and does not serve the interests of a fair and transparent society. Offering or receiving bribes or other benefits of any kind to obtain intentionally an advantage, or not to do something which is required, is not only a criminal offense, it is a behaviour which distorts the market in an unfair way.

It should be very clear that KBC **has a zero-tolerance towards all forms of bribery**, including facilitation payments, and requires compliance with anti-corruption laws and ethical principles in all markets and jurisdictions where we operate. These laws include the UK Bribery Act, the US Foreign Corrupt Practices Act as well as equivalent provisions in other countries where the Group is present. The principles are embedded in our Group Compliance Rule.

KBC requires all employees, including the Board of Directors, associated persons and third-party providers to comply with the principles of its Anti-Bribery and Corruption Policy in all their actions whether or not they act on behalf of an entity of KBC-group. And we also strictly monitor whether staff complies with this zero-tolerance policy and will take appropriate actions if that should not be the case.

We are confident that it is only by behaving in a correct manner that we, at KBC, can achieve our objectives in a sustainable way.

Kind regards,

K. Debackere

Johan Thijs

Koenraad Debackere

Group Compliance Rule No. 19

Group Compliance Rule: KBC Group Anti-Bribery and Corruption Program

If you have any questions, please contact cpl.financialcrime.policy@kbc.be

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Contents

1. Introduction & Background

1.1 KBC Group Anti-Bribery and Corruption Program

KBC is committed to conducting its business in a fair, honest, and transparent manner, in full compliance with all applicable laws and regulations. As part of this commitment, we apply a zero-tolerance policy towards all forms of corruption and bribery, whether direct or indirect. We acknowledge that such practices fundamentally undermine integrity and trust and contradict our core values.

We recognize that corruption causes more than financial harm. It can redirect resources from critical services, weaken democratic systems, and lead to human rights violations, particularly affecting those in vulnerable situations[1]. As a financial group, we take our responsibility seriously by thoroughly assessing clients, business partners, and initiatives to prevent any involvement in corruption or related misconduct.

By its decision of 10 May 2011, the KBC Group Executive Committee approved the KBC Anti-Bribery and Corruption Program. The ultimate goal of this Program is twofold:

- Bring clarity about KBC Group's **zero tolerance** with regard to all forms of corruption and bribery provide the KBC Group Staff members and associated persons with criteria and principles in order to avoid conflicts of interest.
- Create a groupwide approach for the implementation of all legal requirements stemming from anti-bribery and corruption legislation at local level as well as those with an extra-territorial scope such as the UK Bribery Act.

This Group Compliance Rule ('GCR') is the concrete elaboration of deliverables and principles of the Group Exco decision mentioned. It sets out the minimum requirements expected within the KBC Group and provides guidance to put in place adequate procedures to prevent corruption.

This new updated 2025 version replaces the previous version of the Rule, which is hereby cancelled.

1.2 Regulatory Framework

There is an increasing dual approach to fighting identified white-collar offences like corruption, money laundering or market abuse with the power to impose both administrative and/or criminal sanctions:

- A preventive approach regarding unlawful conduct and focus on compliancy (= regulatory laws) with clear obligations relating to internal systems and controls to prevent and detect unlawful conduct.
- An enforcement approach with increased criminalization and prosecution of unlawful conduct (criminal law).

KBC entities are required to comply with applicable national laws concerning the prevention, detection and sanctioning of corruption.

At the European Union level, efforts to harmonize anti-bribery and corruption legislation are ongoing. The proposed Directive on combatting corruption by criminal law has not yet been formally adopted.

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[1] More information can be found on: https://www.oecd.org/en/topics/anti-corruption-and-integrity.html

In the meantime, other instruments address corruption indirectly such as the anti-money laundering regulation[2] and the whistleblowing directive[3] and must be taken into account.

Given KBC's presence in multiple jurisdiction and its cross-border operations, the extra-territorial reach of foreign anti-bribery and corruption laws need also to be considered. These laws impose obligations to implement effective frameworks for preventing and detecting corruption and impose significant fines and criminal charges in case of violations.

Therefore, this GCR integrates the principles set out in the UK Bribery Act, the U.S. Foreign Corrupt Practices Act (FCPA) and the French Sapin II law[4].

Furthermore, KBC adheres to:

- the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct[5]; and
- the UN Global Compact principles, including principle 10 whereby KBC commits itself to 'work against corruption in all its forms, including extortion and bribery'[6].

More information on the global regulatory framework can be found on the Compliance Portal.

1.3 Definitions

Bribery
As different (local and international) definitions of bribery exist, in this Policy the term 'bribery' is not used in a legal sense but in its common meaning.
Active bribery: Paying or offering a benefit of any kind with the intention to influence the recipient improperly by encouraging that person to take certain actions or refrain from doing certain actions.
Passive bribery: Receiving or accepting a benefit of any kind for doing something which would not have been done otherwise or to refrain from doing something which would have been done otherwise.
Bribery of public officials: Promising or giving advantages to public officials to influence their action with the intention to obtain an advantage or to obtain business .

Facilitation Payment or grease payment
A small payment to facilitate routine government action or private company services. These payments are made to speed up services to which the payer is already legally or otherwise entitled. Examples are issuing of passports, obtaining permits or licences, gain access to facilities.

Kickbacks
Form of corruption consisting of illegal payments or transfers of value in exchange for preferential treatment of obtain business. It typically involves collusion between two parties, where one party receives a benefit (e.g. a contract, deal or approval), and then secretly gives part of that benefit back to the person who enable it.

Conflicts of Interests
When the individual objective judgment of a staff member can be influenced, or more generally, when gifts or entertainment can, in the eyes of a normal prudent person, create the impression of (trying to) influencing a decision.

[2] Regulation (EU) 2024/1624 on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing
[3] Regulation (EU) 2019/1937 on the protection of persons who report breaches of Union law.
[4] French law of 9 December 2016 on transparency, the fight against corruption and the modernization of the economy
[5] OECD Guidelines for Multinational Enterprises on Responsible Business Conduct
[6] The Ten Principles | UN Global Compact

Anti-bribery and corruption program
The KBC Anti-Bribery and Corruption program is the clustering of all Group Compliance Rules, (internal) policies, procedures, controls, due diligences, training, monitoring, record keeping and monitoring linked to anti-bribery and corruption, as described in this GCR 19.

2. Zero-tolerance Commitment

KBC has a zero-tolerance towards all forms of corruption and bribery (including Facilitation Payments) and this is reflected in the top-level commitments, the anti-bribery and corruption program, the KBC codes of conduct and the different related policies.

2.1 Top-level Commitment

(Senior) Management is committed to prevent all forms of corruption and bribery. They foster a culture across the organization in which corruption and bribery are never acceptable and are responsible for ensuring that there is effective design and implementation of the Anti-Bribery and Corruption Program.

Principle 1 Approval by local Executive Committee (or highest executive body) of a local Anti-Bribery and Corruption Program, containing all relevant principles from the KBC Group Anti- Bribery and Corruption Program.

The local Exco (for Entities without Exco: the highest executive body) should approve an Anti-Bribery and Corruption Program at local level, containing all relevant provisions and principles from this Group Compliance Rule, including the strategy for implementation. This document should be prepared by local Compliance.

This document should include also at least the following:
- The commitment to carry out business fairly, honestly and openly, as stated in KBC's principles on responsible behavior.
- Commitment to a zero-tolerance towards all forms of bribes and corruption.

Principle 2 The local CEO (or SGM) issues a clear statement about the anti-bribery and corruption culture , in line with this KBC Group anti-bribery and corruption program, and about consequences in case of breaches

The CEO (for Entities without CEO, the Senior General Manager in charge) should make a clear statement about the anti-bribery and corruption culture, in line with this KBC Group anti-bribery and corruption program, and the consequences of breaching these ideals.

The 'tone at the top' should also be reinforced by the following actions, some of them being part of other principles below, while others are optional best practices:

- Training for senior managers (see further under "Training").
- Endorsement of publication of corruption and bribery prevention measures (see further under "Communication").
- Senior management communications (speeches, presentations…) to employees and business partners (see further under "Communication").
- Engagement with sector organizations/media/relevant NGO's; reference to the Entity's involvement in any collective action against corruption and bribery in, for example, the same business sector.
- Oversight of breaches and feedback to the senior management bodies, including clear disciplinary procedures (see further under "Reporting").

- Making the result of the constant monitoring a regular item on the agenda of the Management Committees and on a regular basis of the Executive Committee and Audit, Risk and Compliance Committees. (see further under “Reporting”).

Those Entities acting on a subgroup level should ensure that all affiliates maintain and comply with the KBC Anti-Bribery and Corruption Program.

3. Governance

3.1 General

The overall Program is led and coordinated by KBC Group Compliance. The local coordination of the Program is the responsibility of the local Compliance Function of every KBC Entity, while execution and implementation are a joint responsibility of all involved parties at local level.

3.2 Policies and procedures

Principle 3: Management should design **detailed policies and procedures** based on the results of the risk assessment to provide reasonable assurance that its no-corruption and bribes policy and specific objectives for countering corruption and bribery are achieved.

This implies that every Entity must issue procedures to prevent corruption and bribery by people associated with it. These procedures have to be proportionate to the corruption and bribery risks the Entity faces and to the nature, scale and complexity of the Entity’s activities. They also must be clear, practical and accessible, effectively implemented and enforced.

3.2.1 KBC Group Policies, Rules and Codes

Within KBC Group several policies, directly or indirectly related to prevention of corruption and bribery, already exist. The existing policies hereafter are mentioned for the sake of completeness. Some are applicable to all Group Entities and all businesses while others are specific for a certain activity or business.

- KBC Group Code of Conduct;
- GCR n° 17 regarding Gifts, Entertainment, Donations & Sponsoring: this GCR is an integral part and constitutes one of the backbones of the KBC Group Anti-Bribery and Corruption Program;
- GCR n° 14 regarding the Protection of Whistleblowers;
- Group Compliance Rules with regard to anti-money laundering, as corruption is a primary underlying infringement of money laundering crimes: GCR n° 12 on Know Your Customer; GCR n° 13 on Know Your Transaction and GCR n° 20 on Embargo);

3.2.2 Anti-bribery and corruption procedures in Human Resources

Principle 4 HR Policies should reflect the Anti-Bribery and Corruption commitment of KBC and the Entity

In this order Entities should include in their HR policies:

- Written policies regarding recruitment, performance evaluation, promotion, training and remuneration, reflecting the Group’s Anti-Bribery and Corruption commitment.
- Performance of due diligence with respect to new staff members, including board members, especially senior managers and employees likely to be placed in positions at risk of bribery, in line with the Risk & Control Inventories (R&CIs) for Human Resources Management :
  “The HR Manager has defined and implemented a selection procedure including the following principles, subject to local mandatory law and/or regulations:

a) **Four eyes principle.** When screening applicants, the four-eye principle applies throughout the recruitment process. The HR Manager (Group HR where applicable) is one of the two parties involved.
b) **Use all relevant and acceptable means to evaluate an applicant's reliability**. The HR manager develops a framework with risk-mitigating measures to evaluate the applicant's reliability upon recruitment. The HR Manager obtains (i) reliable proof of good moral conduct (e.g. through a „Certificate of good moral conduct‟ or a comparable document available[7] and (ii) reliable proof of the highest educational qualifications"

- Employees will not suffer demotion, penalty or other adverse consequences when refusing to engage in bribery or when reporting suspected violations of the Group's Anti-Bribery and Corruption commitment.
- Sanctions related to bribery are clearly communicated, emphasizing zero tolerance applies.
- Records of individual cases of bribery, including sanctions and other measures taken, are being kept.

3.3 Independent Investigation Unit

Principle 6 Every Entity defines who is responsible for investigating an (alleged) corruption and/or bribery case. As a minimum the lead should be given to an Independent Investigation Unit.

Every Entity should have a response plan which clearly details who will be responsible for investigation in the case of an incident or alleged or discovered act of corruption and/or bribery. The investigation should at least be led by an Independent Investigation Unit, i.e. a unit not being part of the business and having experience with similar types of investigations or at least having such investigations in its scope of responsibilities.

3.4 Review

Principle 7 Every Entity should periodically and at least annually review, evaluate and, if necessary, update its Anti-Bribery and Corruption Program.

The corruption and bribery risks that an Entity faces may change over time due to changes in business operations, geographic expansion and shifts in the regulatory landscape and enforcement priorities, so the procedures required to mitigate those risks are likely to change as well.

To maintain relevance and effectiveness, a periodic (minimum annually) review and evaluation of the Anti-Bribery and Corruption Program has to be performed, and if necessary the Program must be updated.

This review should include:

- *Evaluation of the Program's suitability, adequacy and effectiveness*, with implementation of improvements where gaps are identified.
- *Integration of findings from corruption risk assessments*, including newly identified risks in procurement, third-party relationships, or high-risk jurisdictions.
- *Tracking developments in the local and international regulatory environment*, including enforcement trends and new compliance expectations.
- *Consideration of reputational risks*, including negative media coverage, publicized enforcement actions, and guidance from trade bodies or regulators on best and poor practices.

[7] Applicable to all countries where such document is issued by a governmental body and available to employers

4. Risk assessment

4.1 General

The risk assessment must:

- identify and assess the inherent risk to which an entity is exposed in the conduct of its business,
- assess the mitigating measures (procedures, controls, reporting, training) in place that lower the inherent risk (self-assessment exercise), and
- determine the residual risk

The risk assessment must be annually reviewed and updated if new inherent risk or risk factors are detected (new products/activities that represent a significant risk, identification of new factors by competent authorities or the regulator).

Principle 8 Every Entity should perform at least annually a risk assessment to evaluate the nature and the extent of its exposure to potential internal and external risks of bribery, based on predefined criteria.

Each Entity must evaluate how and to what extent it is exposed to the risk of corruption and bribery by people associated with it, based on the specific nature of its particular business. The assessment must be performed periodically (at least annual) and properly documented. To ensure an integrated approach and given that corruption is an underlying infringement for AML, the risk assessment on corruption should be included in the annual Enterprise Wide Risk Assessment ('EWRA').

The goal of the assessment is:

- to obtain an overview of the key areas of corruption risks; and
- to establish a **risk-based approach** focusing on those business activities, departments, countries that are more exposed to corruption and bribery risk.

The risk assessment should minimally take the following risk criteria into consideration, which have to be supplemented with those criteria as the Entity considers necessary to add in consequence of its own activities and business environment or identified by its local authorities.

4.2 Key external risks

1. ***Country Risk:*** gives an indication about the level of perception of the risk of a certain country: evidenced by high levels of corruption, low quality of legislation, lack of transparency. To qualify country risk, the perception index of Transparency International is used.
2. ***Sector Risk***: (some departments of a financial institution or cross-border activities are more exposed; risks are different for a bank as compared to other activities as leasing, investments services, procurement, factoring companies, etc.).
3. ***Transaction Risk***: certain type of transaction give rise to higher risk because of their high value or critical significance such as charitable contributions, licenses and permits, public procurement).
4. ***Business Opportunity Risk***: complex projects including many intermediaries, not at market prices, no clear legitimate objective, poor regulated markets.
5. ***Third Party Risk***: transactions with foreign public officials, joint ventures, PEP's, agents, intermediaries, partnerships in ECO-systems.
6. ***Legal risk***: local legislation may differ and require additional mitigating measures on the other hand lack of clear legislation and enforcement may impact the corruption risk.

4.3 Process risks

1. ***Human Resources***: lack of or deficiencies in employee training, skills and knowledge, bonus culture that rewards excessive risk taking.
2. ***Monitoring and Control***: lack of monitoring (see Principles 15), lack of reporting (see Principle 16 and 17), lack of clear financial/accounting controls (see principle 8).
3. ***Other:*** lack of clarity in procedures for hospitality, promotional expenses charitable contributions, etc., lack of anti-bribery and corruption message from the top management (see Principle 1 & 2), specific divestment risks).

4.4 Key mitigating measures

The mitigating measures are those arising out of the policies mentioned in this Rule, adapted for the specific needs and risks of each specific Entity, and translated in more detailed procedures as well as in general principles such as four eyes principle and dual control, proper delegation process, segregation of duties, etc.

4.5 Key controls

Controls and testing must be put in place, as further detailed under the Chapter Monitoring.

4.6 Departments most exposed to internal corruption

Certain departments are more exposed to corruption risk due to the nature of their activities and their interactions with external parties. Based on risk assessments and insights of regulatory authorities the following departments within KBC are most vulnerable to corruption. The measures to mitigate these risks are set-out in different policies and procedures and some of them are explicitly referred to in this GCR.

- Relationship Management / Sales & Business Development
  These roles often involve direct contact with clients, intermediaries, and third parties. The pressure to meet sales targets or secure deals can incentivize unethical behavior such as bribery or kickbacks.
  Risk factors: Gifts, entertainment, facilitation payments, and commission structures.
- Procurement
  Responsible for selecting and managing third-party vendors. Manage outsourcing agreements for IT and other departments.
  Risk factors: Lack of transparency in vendor selection, weak due diligence, poor contract oversight, kickbacks and procurement fraud.
- Government & Regulatory Affairs / Lobbying
  Engages with public officials and regulators, which can involve undue influence or bribery.
  Risk factors: Political donations, lobbying practices, and informal relationships.
- Marketing & Sponsoring
  They often work with external agencies and control large budgets for advertising, sponsorships, events, and promotional campaigns.
  Risk factors: kickbacks, favoritism, or conflicts of interest and non-transparent contracts.
- Real estate
  Real estate deals often involve large sums of money and external parties (brokers, lawyers, contractors). Valuation of real estate is often subjective and projects often require permits, zoning approvals.
  Risk factors: bribery of public officials, AML risk (real estate deals are used by criminals to launder money).

5. Due diligence on third parties

5.1 General due diligence principles

Doing business with third parties comes with risks, including corruption risks. Due diligence procedures are means of mitigating the risk that persons associated with KBC Entities are linked with corruption and ensuring that they will behave in a manner consistent with KBC Group's Anti-Bribery and Corruption Program.

Therefore, and apart from the more in-depth due diligence mentioned in the chapters below, a **basic due diligence** should always be carried out before entering into a business relationship, taken into account the following general principles:

- ***Risk-based approach***: the scope and depth of the due diligence must be tailored to the risk level of the third party based on geography, industry, type of service and relationship.
- ***Define the way the due diligence will be performed***: Research and investigation can be done by using public sources (e.g. internet searches, media reports), by using more specialized tools containing corruption information (e.g. Worldcheck) or by requesting documentation/attestations from the counterparty on its anti-bribery and corruption policies and measures.
- ***Documentation and audit trail***: a **clear record** must be kept of all due diligence steps, findings, decisions, and approvals.
- ***Ongoing monitoring***: due diligence is not a one-time event but must be repeated periodically in function of the risk (i.e. at least once every year for counterparties considered as high risk).

Principle 9: Each entity should at least perform the following due diligence checks before establishing a contractual relationship with a third party

1. **Identification of the third party and its business:** the first step in the due diligence is to identify the company (legal name and form, registered address, jurisdiction of incorporation…) and its ownership structure: who are the legal representatives and the ultimate beneficial owners (UBO's), are any Political Exposed Person's (PEP's) linked to the company. We also need to have a good understanding of the business, why we are engaging with this third party and if it operates in high risk jurisdictions or sectors.

2. **Perform ethical due diligence**: integrity and reputation checks should be carried out on the company, its legal representatives and UBO's with regard to AML, corruption/bribery, fraud, and embargo/sanctions and industry reputation. Such checks can be done via internet searches, using dedicated tools (e.g. World Check), media and public records screening, consultation of social media and analysis of online presence. See annex 1 for more specific guidance.

3. **Anti-corruption and integrity standards**: Corruption is a breaking point for starting or continuing a relationship with a third party. Therefore, before entering into a business relationship we need to understand how the third party deals with corruption and integrity in general:
    - Check the principles of the KBC Group Sustainability Policy Framework and apply accordingly.
    - Checks should be done if a code of conduct is publicly available. If it addresses corruption, bribery, conflict of interest and fair treatment? If the company encourages employees to speak up about misconduct?

- Third party has to **agree with KBC's principles on anti-bribery and corruption** (see principle 10) or provide proof of a similar anti-bribery and corruption program.

Principle 10 Each Entity should include written commitments and clauses in the contractual agreements with third parties.

With respect to third parties and to the extent that this is within their power, Entities should make it clear that they expect them to be compliant with the KBC Anti- Bribery and Corruption commitment and enter into written agreements with them:

- Informing them of the KBC Anti-Bribery and Corruption Policy and committing the third party as well as its subcontractors not to engage in any act of corruption.
- Permitting the Entity to request at its discretion an audit by an independent auditor to verify compliance with the regulations.
- Allowing the KBC Entity to terminate the relationship if it has a unilateral good faith concern that there has been a violation of an applicable anti-bribery and corruption law or of other regulations by the third party.

5.2 Due diligence on specific third parties

On top of the general due diligence aspects as mentioned in principle 9 and 10, additional attention to the corruption risk must be observed and/or specific requirements apply when dealing with certain counterparties of when engaging in particular activities.

5.2.1 Suppliers – Procurement

KBC Group aims to conduct business in a fair and transparent way and based on our ethical principles of Responsible Behavior. Therefore, suppliers have to comply with the principles outlined in the Sustainability Code of Conduct for Suppliers This code is published on the KBC.com website and is in line with the UN Global Compact Principles and contains some criteria and principles on anti-bribery and corruption.

All KBC's procurement and outsourced activities are covered by this Policy, including IT-related matters, logistics (transportation, office equipment, printing services, etc.), facility services (cleaning, utilities, catering services, technical installations, etc.) and marketing support services (translation services, product merchandising, etc.).

5.2.2 Relationships with Financial Institutions

Additionally, to the general KYC principles already in place and to the general due diligence aspects as mentioned in principle 10, the following approach is applicable when accepting a financial institution:

Since KBC Group Central Acceptance Unit (CAU) is responsible for the acceptance and proper identification of financial institutions/ counterparties on behalf of KBC Group, the starting point is that if such counterparty is accepted by CAU, no further formalities are required for individual Entities.

In some cases the acceptance of a financial counterparty is not the responsibility of CAU, but must be performed by the local Entity. In such cases the local Entity must apply, in addition to the general rules of principle 9, the Guidelines followed by CAU.

5.2.3 Investments by KBC Entities

Investments carried out by a KBC Entity Can consist of: proprietary investments (investments for own account), investments conducted on behalf of its customers and investment in funds that it manages.

As part of its overall investment policies, KBC is screening companies on their potential involvement in corruption and bribery. A summary of our investment policies can be found in the KBC Group Sustainability Policy Framework.

5.2.4 Due diligence in case a KBC Entity acquires, participates in or partners with a third party

In case a KBC Entity engages in a merger or an acquisition or wants to participate in a joint ventures, consortia or partnership with an external partner in a broader ECO-system, it must perform a due diligence on the third party. This is important because the acquiring company may incur liability for the prior conduct of the acquired company and the counterparty's handling of corruption may reflect negatively on the KBC Entity.

This is also the case for KBC Entities engaged in private equity as the companies owned, controlled, or invested in, can be defined as an "associated" company, even if the KBC Entity holds less than a controlling interest in the company or only serves on the board of directors of the company.

Principle 11 Entities engaged in acquisitions, participations, partnerships should pay close attention to anti-bribery and corruption issues before undertaking acquisitions and investments or entering into a partnership and should also ensure proper anti-bribery and corruption measures afterwards.

KBC Entities need to pay close attention to anti-bribery and corruption issues when undertaking acquisitions, investments or entering into partnerships, especially when the KBC Entity takes a controlling interest in a company.

KBC Entities should also create a corporate culture of compliance and ensure proper controls are put in place and efforts are made to an anti-bribery and corruption approach in the new company, joint venture or partnership.

> As these activity are also a form of an investment, the principles under "Investments by KBC Entities" should also be applied!

5.2.5 Due diligence on Agents and Intermediaries

Intermediaries cover a large variety of "***persons associated to an entity***" performing services for or on behalf of the Entity. This qualification is based on the concrete actions performed by the associated person in scope rather than by their legal status, capacity or relationship. Therefore, it is not possible to define or make an exhaustive list of all "associated persons". Common examples are agents, consultants, lawyers, acting on the enterprise's behalf in connection with marketing or sales, in the negotiation of contracts, the obtaining of licenses, permits or other authorizations.

As 'agents' and especially 'tied or exclusive agents' in an insurance context working exclusively with one entity in most cases have a specific legal status according to local law, additional attention is necessary , compared to 'other' intermediaries (see principle 12) .

Intermediaries in general

Entities should:

- Not instruct intermediaries to engage nor tolerate that they engage in any act of corruption.
- Not use them as a conduit for any act of corruption.
- Hire them only to the extent needed for the regular conduct of the Entity's business.

- Not pay them more than an appropriate and justifiable remuneration for legitimate services rendered. Not pay their remuneration in cash nor on an offshore account.

In addition to the general due diligence principles, the procedure for due diligence on intermediaries should include the following:

- Assignment of the owner: for every type of intermediary a responsible party for the acceptation process has to be appointed.
- Inventory of intermediaries: identify and make an inventory of all associated third parties who perform services for or on behalf of an Entity.
- Scoring in terms of corruption/bribery Risk: the business is best placed to assess which counterparties present the highest risks of bribery and they should apply a risk-based scoring mechanism. The following should always be considered high risk:
  - Third parties providing access to government contacts.
  - Third parties proposed ("suggested") by others.
  - External sales agents.
  - External marketing firms.
  - Any case of red flags related to bribery and corruption.
- Involvement of management: there must be a clear business case for making use of an intermediary and the procedure must foresee in prior management approval.

Tied Agents

Principle 12 Entities working with tied agents should include anti-bribery and corruption guidelines in their procedures and foresee training on this subject.

In addition to the principles mentioned above for third parties and intermediaries in general and within the boundaries of the local applicable regulation, all Entities working with agents who perform activities exclusively for the Entity ('tied agents') have to include appropriate clauses in the cooperation agreements with the agents (aligned with principle 10), that reflect the basic principles of the KBC Anti-Bribery and Corruption commitment.

In the same sense internal guidelines and procedures should be drafted and communicated for the agents, comparable to the principles applicable to bank and insurance employees. Specific trainings should be set up to make agents acquainted with the Program.

However, as agents are usually independent, the Entity has to make sure that by doing this, they could not be considered as employees according to local law.

6. Communication & Training

6.1 Communication

Anti-bribery and corruption policies and procedures should be clearly communicated and consistently applied throughout the whole Group and within each individual Entity. This includes both internal and external communication, including training, which should be proportionate to the risks each Entity faces.

Principle 13 Every Entity foresees as part of their Anti-Bribery and Corruption Program an annual communication plan for issuing communications on anti-bribery and corruption through available channels, proportionate to the corruption risk it faces.

Policies and procedures must be clearly communicated using both internal and external channels. These may include the intranet, the corporate website, and other platforms, to ensure that all stakeholders are informed and engaged.

Examples of *of communication methods and channels* are:

- **Internal communication:** used to reinforce the organization's commitment to anti-bribery and corruption and ensure employees understand their responsibilities: Message from leadership to set the tone from the top with focus on implementation and impact for employees.
- Coverage of all aspects of the Anti-Bribery and Corruption Program.
- Posting of procedures and updates on local intranet.
- Training and forums.
- Frequently Asked Questions (FAQ).
- Internal magazines and newsletters.
- Reminder of major risk mitigating policies like the Whistle Blowing Policy, including emphasis on the existence of a secure, confidential and accessible means to raise concerns about bribery.

External communication: used to publicly demonstrate the organization's stance and actions against corruption and bribery: statements on corruption and bribery (e.g. zero-tolerance, prevention, mitigation, monitoring, sanctions) included in:

- Corporate Sustainable Responsibility (CSR) reports,
- Report to Society,
- Press releases,
- Annual Report,
- local corporate website.

6.2 Training

Principle 14 Every Entity foresees a training program on anti-bribery and corruption or embeds this topic into existing training programs, proportionate to the corruption risk it faces.

Training provides the knowledge and skills needed to apply the Entity's procedures and deal with any corruption or bribery-related problems or issues that may arise.

Training has to be given to staff members and associated people, proportionate to the risk. Records have to be kept of all the training given and of people that have undertaken the training.

All Entities need to consider how they can demonstrate that their training and awareness programs have been effective.

Group Compliance provides generic presentations and video/e-learnings.

7. Monitoring & Controls on compliancy of procedures and internal rules

A key element of effective corporate governance is the ability to evidence that procedures and controls are not only in place but are effectively working.

Principle 15 Every Entity should establish and maintain an effective system of internal controls to counter corruption and bribery, comprising financial and organizational checks and balances over the Entity's accounting and recordkeeping practices as well as on other business processes related to the Program.

- ***First line***: install controls at the business level, a.o. appropriate segregation of duties & delegations.
- ***Second line***: Compliance is to perform monitoring on first line controls as well as to create operational monitoring to detect breaches.

8. Record keeping & Reporting

Principle 16 Every Entity should keep a record of breaches against anti-bribery and corruption procedures

A general oversight of breaches of the procedures has to be kept and reported.

Principle 17 Reporting on issues regarding implementation of the Anti-Bribery and Corruption Program as well as on specific breaches should be included in the regular compliance reporting to the highest management of every Entity.

Regular reporting implies reporting to Management Committees, Exco and ARCC (including at the local level) and includes also include incident reporting.