



  
**K&H**  
dönts okosan

**K&H Group**  
sustainability report  
**2017**



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# » CEO greetings



David Moucheron  
CEO of K&H Group

At K&H, which celebrated its 30 years of operation in 2017, we work towards ensuring that the responsible decisions we adopt today benefit not only the society of the present but also the economic, social and natural environment of future generations, their ability to live a full life. As young people always do, the new generation coming of age today is dynamic and full of energy and ambition; like the light, it is forever finding its way through. K&H Bank is building the future for them through its sustainability activities as well.

Our sustainability report presents the major achievements of 2017. In our four key areas of social responsibility (entrepreneurship, financial education, environment and health), we continued to implement our comprehensive long-term programmes.

We focused even more on creating an attractive workplace environment that meets today's requirements for those whose daily work ensures our clients' satisfaction and our stable financial results. As a consequence, our employee commitment is the highest anywhere within KBC Group and we are especially happy that, year after year, an increasing number of young talents demonstrate that they foresee their professional future with us. In addition to the satisfaction of our employees and clients, we were honoured with numerous professional accolades, a clear sign of recognition of our commitment and endeavours, and the dedicated and dynamic work of our nearly 4100 colleagues.

Thank you for taking the time to learn about all the steps we took in 2017 in supporting

society, responding to its needs and expectations in a balanced, relevant and transparent way. We aim to do more and more every year to help our clients, employees and other stakeholder groups - the members of future generations to achieve their dreams and protect their values.

”As young people always do, the new generation coming of age today is dynamic and full of energy and ambition; like the light, it is forever finding its way through. K&H Bank is building the future for them through its sustainability activities as well.”



# »» I. who are we?

- »» we are one of Hungary's leading financial service institutions
- »» a simple, flexible, fast and easily accessible bank-insurer
- »» embedded in the surrounding economic, social and natural environment through a complex and comprehensive long-term sustainability programme and responsible decisions, which we rely on to help the present and future generations to live a full life

**1 million** retail, SME  
and business banking  
**clients**

**more than 4 000**  
**employees**

the Group relies on  
around **4 000 Hungarian**  
**suppliers** and around  
700 banking and  
insurance agents

Data as at December 31, 2017



## » strategy

Sustainability is embedded in the four pillars of the corporate strategy and our day-to-day business activities.

Sustainability is only possible, however, if we also maintain the trust of the society in which we operate.

bank-insurance

sustainable  
and  
profitable  
growth

client-centricity

corporate  
social  
responsibility









# » financial results

“Our solid financial performance is the result of our focus on fulfilling the changing customer needs every single day”  
*David Moucheron, CEO, K&H Group*

K&H Bank  
recorded  
an all-time high  
profit of  
**HUF 41.8 billion**  
in 2017

K&H Insurance  
realised an after-tax  
profit of  
**HUF 2.9 billion**

K&H Group  
acquired **60  
thousand new  
clients** and  
increased its share  
of the loan market

in 2017, its **total  
assets** increased  
above **HUF 3000  
billion**

more than nearly  
**HUF 2000 billion**  
in credit and credit  
commitments  
granted

data as at December 31, 2017

**HUF 59 million**  
worth of loans  
to homes for the  
elderly

**HUF 373 million**  
worth of loans  
to schools and  
other education  
institutions

**HUF 1.749 million**  
worth of loans to  
hospitals

volume as at December 31, 2017



## » II. sustainability in business



# » responsibility towards our customers

In today's fast-changing world, new trends and technological solutions appear almost every day. These, in turn, result in changing needs as far as customers are concerned. A flexible and easily accessible bank-insurer, K&H Group is intent on reacting to and meeting its clients' needs at all times.

- » we help make our customers' dreams come true and protect their valuables
- » we think like our clients and never cease to work on developing fresh digital solutions
- » client needs in our focus:



**fast and easy  
access**



**digitalisation**



**simplification**



# » our innovative products and services

**SME remote  
banking services**

**online cash-loan  
application**

**K&H Trade Club  
(a meeting  
platform for new  
business partners)  
for business  
banking**

**K&H  
retail e-bank**

**K&H  
mobile bank**

**tellerless  
branches**

**electronic  
document  
handling for large  
corporate clients**

**K&H  
e-portfolio**

**K&H  
mobile info**

**K&H biometric  
signature at our  
bank branches**

**claim submission  
through our mobile  
application**

**cash-in ATMs**

**K&H mobile  
wallet**

**K&H pop-up  
branches**

**online claims  
submission**



# » the equally way – K&H Bank's equally strategy

**2006:** the UN adopted the Convention on the Rights of Persons with Disabilities, which entered into effect in Hungary in 2008.

**2015:** Hungarian Parliament passed a resolution on the country's programme for persons with disabilities

By 2020, we will have completed the accessibility project that we have embarked on with respect to our physical as well as our online channels. We are committed to exploring and being aware of the needs of persons with disabilities in order to guarantee that every one of our clients has access to, and can take advantage of, our products and services whilst preserving their dignity.

2017

- » K&H opened two new bank branches with disabled access (i.e. at WestEnd and at DunaPlaza shopping centres)
- » 74% of our branches are fully or partially accessible to the disabled
- » in servicing our customers, we focus on offering personal assistance to our clients with disabilities
- » our website and our e-bank services are also accessible to the visually impaired



# » responsibility towards our suppliers





# » responsibility towards our employees

highlights – employee engagement survey 2017:

		2017	Δ 2016
senior management	senior management values employees as the Company's most important asset	42%	+8%
career opportunities	the Company has attractive career opportunities to offer me	45%	+6%
work-life balance	I enjoy a good balance between my professional and my private life	62%	+8%



# » career planning and development

**130 000**

career-page  
visitors

**21 000**

applicants

**580**

new  
employees

**353**

from  
generation Y

**26**

from  
generation Z

## K&H career start programme

**250**

applicants

**11**

participants



## internships

**126**

interns



# » remuneration

pay-rise above  
the banking-sector  
average  
**6%**

» HUF 45 million for welfare benefits  
programme for young mothers

**HUF 40 000**  
welfare benefit  
for **65** persons

K&H  
welcome back  
**86% returned**  
27% in part-time





# » training

training-related  
spending:  
**HUF 450  
million**

**976**  
training courses

**529**  
different types of  
classroom courses

**non-job-  
specific  
informal  
presentations**

**information-  
sharing  
platforms**

**co-operation  
development  
programmes**

**free e-learning  
materials**

**professional  
training &  
development**

**target-group-  
specific  
courses**

**skills-  
development  
courses**

**support for  
students  
working on  
their thesis**

**job-specific  
training  
packages**

**development  
of leaders &  
managers**

**IT courses**

**personalised  
support**

**353**  
e-learning courses

**158**  
video tutorials



# » work security, bank security



local training courses nationwide



e-learning materials on fire and labour protection and bank-security topics



compulsory fire and labour protection courses for new entrants; courses repeated and made available to existing staff periodically



local bank-security audits nationwide, local training courses



fire and labour protection courses



labour protection  
641



fire protection  
641



number of accidents at the workplace

12



number of accidents on the way to the office (tripping and slipping)

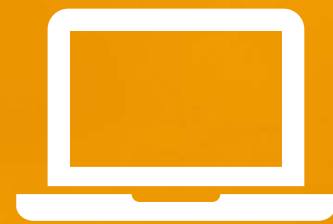
18



we investigated all the cases without any exception in order to prevent future recurrences



# » excellent working conditions



laptops  
**2197**



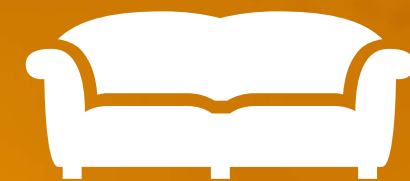
new parking  
places  
for bikes



employees  
introduced to  
inspiring and  
innovative  
solutions



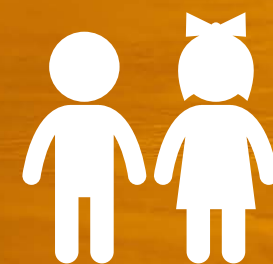
remote access  
(cases)  
**1939**



rest & relax  
facilities



use your  
own device  
**1130**



child-friendly  
office with  
**5** work  
stations

children  
supervised by  
their working  
parents





# » healthier employees



occupational health check-ups in Budapest  
medical examinations by specialists  
check-ups at our premises in the country

2278  
1586  
1559

spending:  
HUF  
**43.3**  
million



specialist medical examinations (gynaecology, dermatology, rheumatology and otolaryngology) are made available by our occupational health-service provider



spectacles contributions to 905 employees

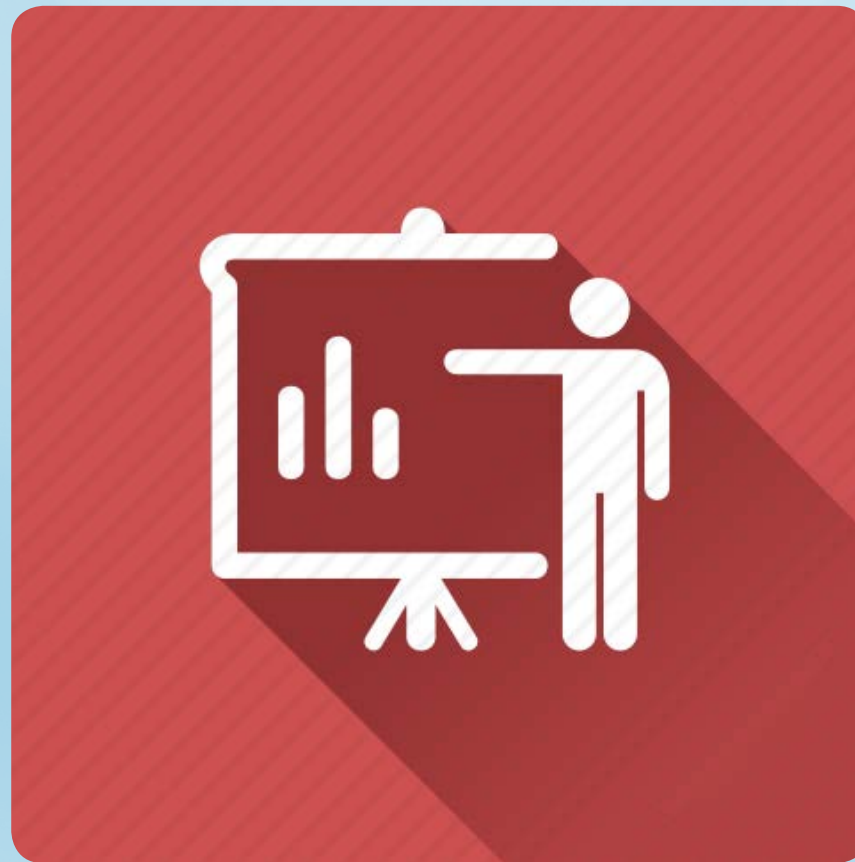


supporting employees' health and fitness



## » III. key CSR activities





**financial education**



**environment  
protection**



**stimulating  
entrepreneurship**



**health**





## » financial education

### » K&H trend monitor

we help you see behind the business headlines: analyses of and opinions on current market trends, investment opportunities and personal finances

### » K&H investor club

we explore the in-depth economic and financial market information that retail investors can rely on and that can help them make investment decisions

### » K&H e-portfolio

we provide up-to-date information to give a 360-degree overview of your personal savings and investment portfolio

### » K&H analyst club

we help you understand the domestic and international economic trends and their relationships in an easy-to-follow form  
LinkedIn – 487 followers, Facebook – 335 members

### » youth education

in order to broaden the financial knowledge of young people, we asked 8 Youtube vloggers to talk about some basic financial issues in their own language and in an easy-to-understand manner  
8 videos, 325.000 views



# »» ‘K&H Ready, steady, money!’ financial competition

- »» in the 2017/2018 academic year, we organized for the 8th time our ‘K&H Ready, steady, money!’ financial education program and quiz for elementary-school students, which encourages children to become familiar with the basics of finance
- »» with our branch managers’ participation, we have also compiled a bank-branch mentoring program for schools: more than 3 780 teams, 220 bank branches

**2017/2018  
quiz**



467  
schools



288  
communities



2035  
teams



8113  
students

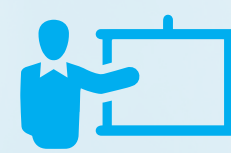
**in 8 years:**



1106  
schools



608  
communities



2200  
teachers



38 ezer  
students

*“First of all, I would like to thank you for the opportunity provided by the contest, as we believe it is a great idea to introduce children to the world of finance this way. We, the parents, took the preparations seriously, and the children loved them, had fun watching the cartoon and practising the exercises with us. Then, the semi-finals were a great experience for them: not only the victory, but the way everything was organized, the atmosphere, the nice attitude and the event as a whole!”*

**Dr. Júlia Halász, Associate Professor  
Department of Genetics and Plant  
Breeding Faculty of Horticultural  
Science Szent István University, Buda  
Campus**




# » environment protection

as part of its sustainable operations, K&H Group places particular emphasis on efficient energy use

installation of a solar panel system at the K&H head office



  
170  
solar  
panels

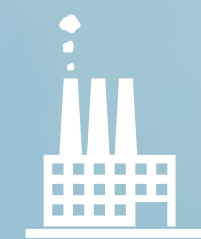


  
20  
green branches

no  
direct fossil  
energy use

## paper use

2017



-12%  
✓

## waste for incineration

2017



-2%  
✓

## CO<sub>2</sub> emission

2017



-23%  
✓



# » 'K&H for a sustainable agriculture' scholarship application scheme

the grant is intended to support the studies and research of students who also focus on the long-term, healthy and sustainable growth of agriculture and use this assistance to develop new processes, changing the future as well as the general image of their profession

64  
applications

8  
young  
agriculture  
professionals

1.2  
million HUF





# » stimulating entrepreneurship

we work on connecting and harmonizing household needs  
with business opportunities

## » K&H gap in the market

391 000  
page views

19 000  
business ideas

55 000  
votes

8 000  
SME leads

## » K&H family-owned business excellence award

35  
applications

## » Next Generation roundtable discussions



# » Start it @K&H

we provide assistance for Hungarian startups that can give them the biggest boost at the outset

incubator  
program

community  
office at the  
heart of the  
city

experienced  
professional  
mentors

gaining  
international  
experience

18 applicants,  
4 winning  
businesses







## » health

Health has two important aspects: prevention, healthy lifestyle, sports on one hand, and healing and recovery on the other hand. We need both to live a full life so we are active in respect of both aspects.



# » K&H MediMagic child healthcare program

## » national equipment grant application scheme

the K&H MediMagic program is committed to supporting child healthcare  
the funds provided by K&H are used to buy child healthcare equipment for hospitals

**14**  
years

416  
occasions

HUF  
626  
million

**2017**

HUF  
20 million

23  
institutions

K&H  
MediMagic  
**regional  
application  
scheme**

**23 winning**  
healthcare  
institutions

almost  
**220 000**  
votes





## » story-telling doctors

since 2013, this program has evolved into one of the biggest voluntary initiatives in Hungary

**48 876**

registered  
storytellers



**16 690**

stories told



**46**

hospitals



**665**

video stories



**80 846**

downloads



**40**

hospitals

our colleagues  
read stories on

**173**

occasions



# » K&H go!

» paralympic card program

9

candidates

11 000

votes

3

winners

11

years

19

athletes

3

helpers



**adult athlete category**

**Éva Hajmási**

*Paralympic silver medalist fencer*

*“This time, victory was not up to me but to those who helped me with their votes, and I want to thank them. In addition to helping me cover the costs of my special artificial limb, the grant will also bring me closer to my goal, taking part in the Paralympics in Tokyo, and allow me to do every day what I love with all my heart: fencing.”*



**young talent category**

**Zsófia Konkoly**

*Paralympic bronze medalist swimmer*



**helper category**

**Mrs Edgár Kálmán**

*helper to athlete Krisztina Kálmán*



## » mass sport events

261 000 participants in total in the last 15 years  
19 000 participants at the 2017 events, including 500 employees



### **K&H go! running day**

number of participants:  
14 300



### **K&H go! cycling day**

number of participants:  
2200



### **K&H go! swim across Lake Velence**

number of participants:  
2 400



# » Steering committee

The Corporate Sustainability and Responsibility Steering Committee is responsible for the corporate social responsibility activities of K&H Group in Hungary, and it represents the Company's commitment to such activities implemented across the country.





# » related K&H policies

## business ethics

- » K&H Bank's code of conduct
- » code of ethics

## socially sensitive issues

- » equal opportunities in client relationships
- » retail credit risk policy – Appendices 12-13, Collection techniques and processes
- » personal bankruptcy
- » corporate credit policy (part of the Corporate decision-making policy)

## human rights

- » collective agreement (Articles 6A and 6B)

## environmental protection

- » environmental policy of the K&H Brand Group and the Hungarian affiliates of KBC Group
- » energy policy of the K&H Brand Group and the Hungarian affiliates of KBC Group



## » IV. awards



# » 2017

 The Banker “Bank of the Year in Hungary” (for the 6th time)	 Global Finance “Best Trade Finance Bank in Hungary”	 Superbrands (for the 5th time)	 Insurer of the Year Service category (for the 2nd time)
 Family-friendly Company Mentor Organization	 Zynternship Awards – silver	 EFFIE platinum most effective campaign	 EFFIE gold Image and Business Communications (b2b) category
 Effie silver Introductory campaign category	 Socially Responsible Bank of the Year MasterCard	 Prizma Kreatív PR – gold Financial Services category	 Prizma Kreatív PR – bronze PR-driven integrated communications campaign category
 Sándor Imre PR award	 Lollipop silver B2B promotions		





## » V. GRI-G4 index



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G4-EN19	mitigation of greenhouse-gas emission		24
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G4-DMA	general data reporting about leadership (management) style		24
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## category: Society

sub-category: Employment practices and the proper discharge of duties

### employment

G4-DMA	general data reporting about leadership (management) style	13
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G4-LA3	proportion of employees retained by, and returning to, the Company after parental leave (women, men)	15
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### labour safety

G4-DMA	general data reporting about leadership (management) style	17
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G4-LA9	annual average number of training hours	17
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### training and education

G4-DMA	general data reporting about leadership (management) style	16
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G4-LA10	skills-development and lifelong-learning programmes designed to help employees stay continuously employed and/or conclude their career	14
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### diversity and equal opportunities

G4-DMA	general data reporting about leadership (management) style	11
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#### sub-category: Human Rights

G4-HR3	number of cases where negative discrimination occurred, and the measures taken to eliminate their future recurrence	11, 15
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#### sub-category: Society

##### local communities

G4-SO1	proportion (extent) and effects of activities having an impact on the local communities; development schemes	23, 25-33
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##### assessment of suppliers from the aspect of social impacts

G4-DMA	general data reporting about leadership (management) style	12
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#### sub-category: Product Liability

##### customers' health and safety

G4-DMA	general data reporting about leadership (management) style	9
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