



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

corporate social responsibility

sustainable and profitable growth

client-centricity



responsible
behaviour
of all staff

we increase our
positive impact
on society

limit our adverse
impact on society

» 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	2278
medical examinations by specialists	1586
check-ups at our premises in the country	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



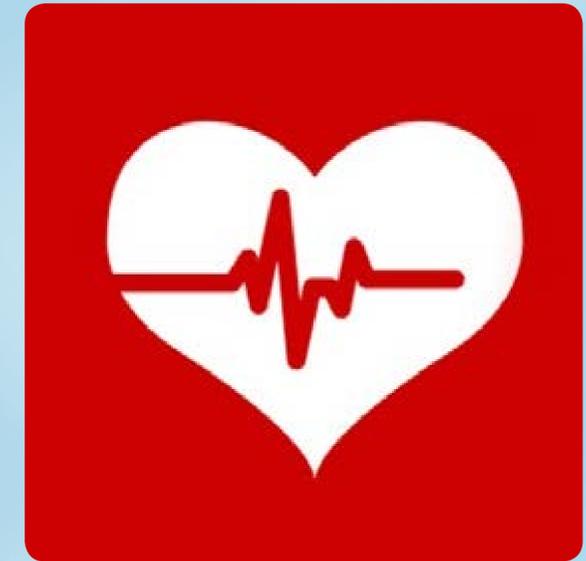
financial education



**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%
✓

CO₂ 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

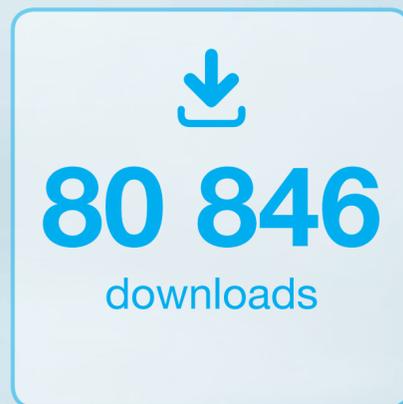
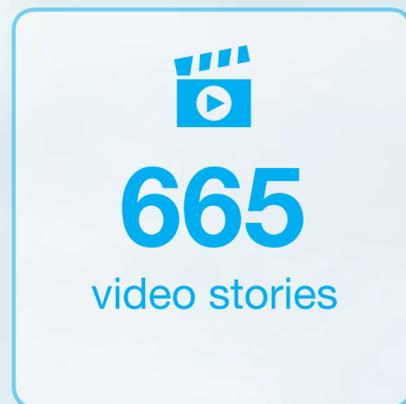
23 winning
healthcare
institutions

almost
220 000
votes



» story-telling doctors

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



» 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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