



K&H GROUP
Sustainability Report
2015



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I. introduction

→ CEO's welcome



Hendrik Scheerlinck
K&H Group CEO

We at K&H, as a leading financial institution see it as our duty to play an active role in society, besides assisting our clients in making smart financial decisions. We want to build trust at K&H – not only through our financial results but also by living up to the expectations of our clients, employees, shareholders, and society in general. Our sustainability report presents to you what we at K&H did for that last year.

We wish to strengthen our role in society particularly through stimulating entrepreneurship, improving financial literacy, environmental responsibility, and the health of the population. We announced the “K&H for sustainable agriculture” scholarship scheme

to support research by students focusing on the long-term sustainable development of agriculture. We place special emphasis on serving family businesses.

As in previous years, we took significant measures to reduce our ecological footprint. Using cutting-edge and environmentally friendly technologies, we managed to reduce our annual energy consumption as well as our carbon monoxide emission by 5%.

Regarding the financial education of young people, we announced the K&H Ready, Steady, Money! financial competition for primary schools for the sixth year. In order to facilitate

a healthy lifestyle and health protection, we launched the K&H MediMagic child healthcare program for the 12th consecutive time. We provided several medical screening opportunities to our colleagues. We are proud to be the “bank of the Hungarian Paralympic team”. Over 21 thousand people attended the K&H Go! mass sport events.

As before, we aim to consolidate our market position and role in Hungary with the environment and the local community in mind. We strive to act as an accountable company and to behave in an ethical and transparent way.



K&H Group Corporate Sustainability and Responsibility 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 towards such activities implemented across Hungary.

topics in focus last year:

- analysing KBC Group's reputational results
- evaluating the 'K&H for the Underprivileged' programme
- reviewing the main areas of employee volunteering and social responsibility





membership in key professional organisations

click on the names!

- Hungarian Banking Association
- American Chamber of Commerce in Hungary
- Hungarian Forex Club
- International Swaps and Derivatives Association (ISDA)
- International Chamber of Commerce (ICC)
- Institute of Internal Auditors (IIA)
- Information Systems Audit and Control Association (ISACA)
- Komárom-Esztergom County Chamber of Commerce and Industry
- The Trilateral Commission (Europe)
- Academic Club Association
- Association of Hungarian Insurance Companies (MABISZ)
- Hungarian SEPA Association
- Project Finance Club K&K pro Partnership
- 'Hírös Kulcs' Chamber Economic Development and Organisations Ltd.
- SOL MO Learning Organisations for Sustainability Foundation
- The Association of Chartered Certified Accountants (ACCA)
- Hungarian Business Leaders Forum (HBLF)
- Federation of Hungarian Hotels
- Federation of Hungarian Grain Processors, Feed Producers and Merchants
- Federation of Hungarian Livestock Farmers
- Federation of Hungarian Poultry and Egg Producers
- MILK Trade Organisation and Product Council



II. sustainability in business



responsibility to clients

→ key projects at K&H Bank in 2015

1

debt relief settlements

2

cooperation with the National Asset Management Agency

3

use of advantageous debt management techniques

4

continued digitalisation, a simplification of processes

5

employee training for the sales of most optimal products

→ key projects at K&H Insurance

1

improving the quality of claim settlement

2

further enhancement of the online claim reporting platform

3

payment by card on the Client Portal

4

Client Experience team – managing client feedback



responsibility in our products





responsibility to suppliers



2668
active
suppliers



Code
of Conduct
in every new
contract



high-value tenders:
corporate social
responsibility
questionnaire



1
integrating criteria that
represent social,
ethical and environmental
aspects



2
procuring products
and services that
burden the environment
as little as possible



4
working with suppliers
who accept the principles
set out in the UN Global
Compact as binding



3
working with suppliers
who help KBC in its
progress towards
sustainable
development



relations with financial analysts

- banking research companies
- credit rating agencies

kozzetetelek.hu



press releases



press conferences



semi-annual
financial
results

kozzetetelek.hu



press releases



press conferences



annual
financial
results

2015

quarterly
financial
results



press conferences



press releases



kozzetetelek.hu

third-quarter
financial
results



press conferences



press releases



kozzetetelek.hu

2016



responsibility towards our employees

One of the pillars of our sustainability strategy is the creation of attractive workplaces because K&H Group considers its employees as its most important assets.

- We offer various training programmes to improve their knowledge and facilitate their professional advancement.
- We help them create an optimal work/life balance.
- In 2015 K&H signed the [Diversity Charter](#) and adopted the [‘Code on Organisational Diversity and Inclusion’](#), created within the framework of the Diversity Programme series.



Diversity Charter
2015



training

In order to support their professional advancement and development, K&H Group employees were able to choose from a variety of knowledge enhancement opportunities.



529

types of classroom courses
(976 courses in total)

52

types of e-learning courses
(353 courses in total)

158

training videos



career planning and development

Our company considers it very important to find talented colleagues with management potential, and to offer them suitable career development programmes.





child-friendly office





remuneration

In 2015 the Bank increased the salary of employees it promoted and/or wished to retain in its workforce.





2230

occupational health examinations in Budapest



1614

specialist examinations



1518

medical examinations outside Budapest



186

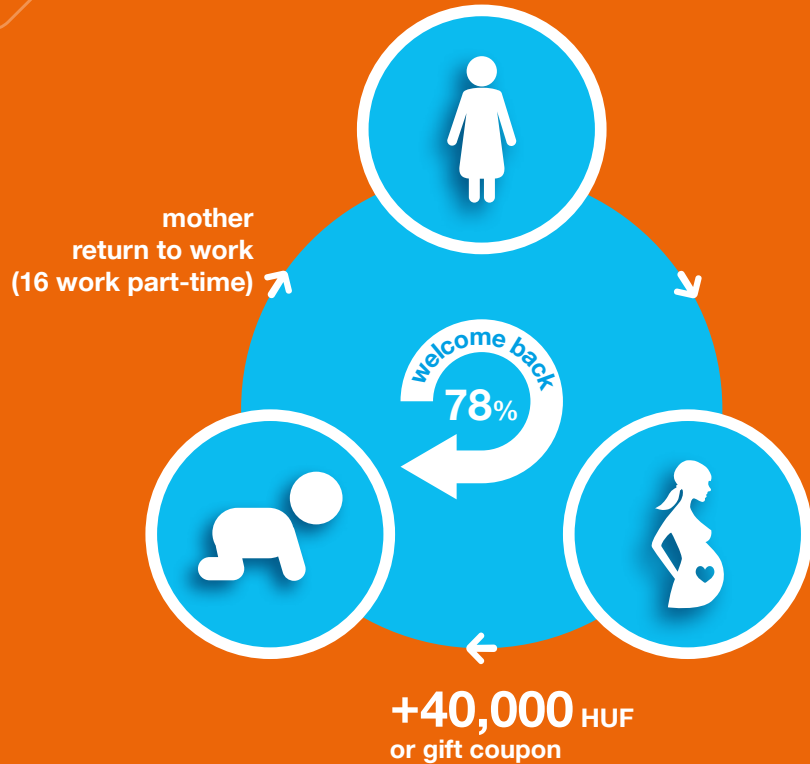
health checks on the sports day



healthier employees

K&H holds it a key priority to promoting the concept that the present and future members of society should live their lives to full potential. This is the reason why we devote special attention to helping our employees stay healthy. To this end, our employees participated in the regular medical aptitude tests in 2015 too, and we also provided ophthalmological, dermatological and rheumatological care to people working at head office.

→ welcome back programme for mothers



→ occupational safety, bank security



K&H Group lays special emphasis on ensuring that its employees understand fire and occupational safety, as well as bank security matters. Our employees can access the relevant training materials electronically, on the Company's intranet site.

After joining us, new employees must attend a fire and occupational safety course, while our existing colleagues are offered refresher courses every year to update their knowledge on these issues.



III. K&H Group's key responsibility activities



our key areas of social responsibility



**financial
education**



**environmental
protection**



**promotion
of entrepreneurship**



health



financial education

'The children improved a lot in a single year as they prepared for the competition. For instance, the parents of one team member opened a bank account for him because they felt he now knew enough to keep his pocket money on a current account. Another team member told us that she was able to manage her pocket money well on this year's class outing: besides buying some souvenirs, she was able to save some of her money, which had never happened before. The competition and the task ideas and materials we were given to help us prepare have supplied me with a wide range of new teaching tools that allow me to deliver more varied and playful lessons, which the students enjoy so much more. The children have seen another side of me and now tell me that they have a very 'cool' teacher they can be proud of.'

Mrs Zoltán Bálint, teacher in Békéscsaba





education of the young

The 'K&H Ready, Steady, Money!' financial competition has been announced for the sixth time in the 2015/16 school year. The competition's aim is to encourage primary-school pupils to build and expand their financial knowledge and improve their awareness so they can live a full life and make smart decisions.

K&H Group devotes special attention to underprivileged small regions and disadvantaged pupils in its 'K&H Ready, Steady, Money!' financial competition too. In 2015 we launched our programme called Financial Awareness Days focusing specifically on the 47 most disadvantaged small regions. At these events, trainers and banking experts delivered financial knowledge lessons and teacher training sessions. The programme enjoyed the support of the Consumer Protection Centre of the National Bank of Hungary.



292

towns and
villages



443

schools



1416

teams



5900

students



protection of the environment

K&H Group continues to strive for gradually decreasing its ecological footprint. It achieved this goal in 2015 as well, thanks in part to the technical solutions employed at its head office and across the branch network, and in part to the ecological awareness and attitude of our employees.



paper
consumption:

2014



2015



-14%



drinking water
consumption:

2014



2015



-6%



waste sent to incinerator

2014 

2015 

-47%



annual energy consumption

2014 

2015 

-5%



CO₂ emission

2014 

2015 

-5%





→ K&H Scholarship for Sustainable Agriculture

In 2015 we introduced the K&H Scholarship for Sustainable Agriculture aimed at the MSc and PhD students of agricultural universities and colleges in Hungary. In 2015 K&H Group granted a total of HUF 1 million to help the research projects of six students, selected as a result of a competition, who focus on the sustainable development of agriculture and the food industry in their research into the future opportunities of the sector.



promotion of entrepreneurship

It is difficult for businesses to identify commercial opportunities that meet with genuine consumer need. It is even harder for them to find the particular locations where the planned business can indeed match the demand, ensuring long-term successful operations for the company. In order to facilitate this, we are working on bringing together and coordinating consumer needs and business capacities.



→ sme support

Besides having a corporate clientele where all industries are represented, we lay special emphasis on serving Hungarian family businesses, assisting them with their long-term sustainable operations and a preservation of family values.



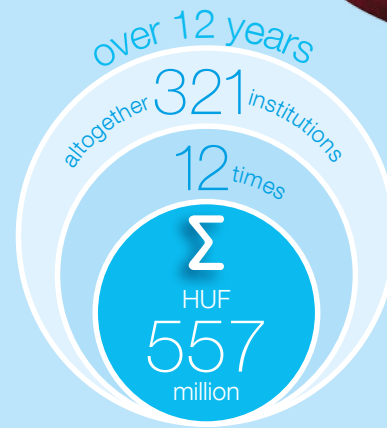
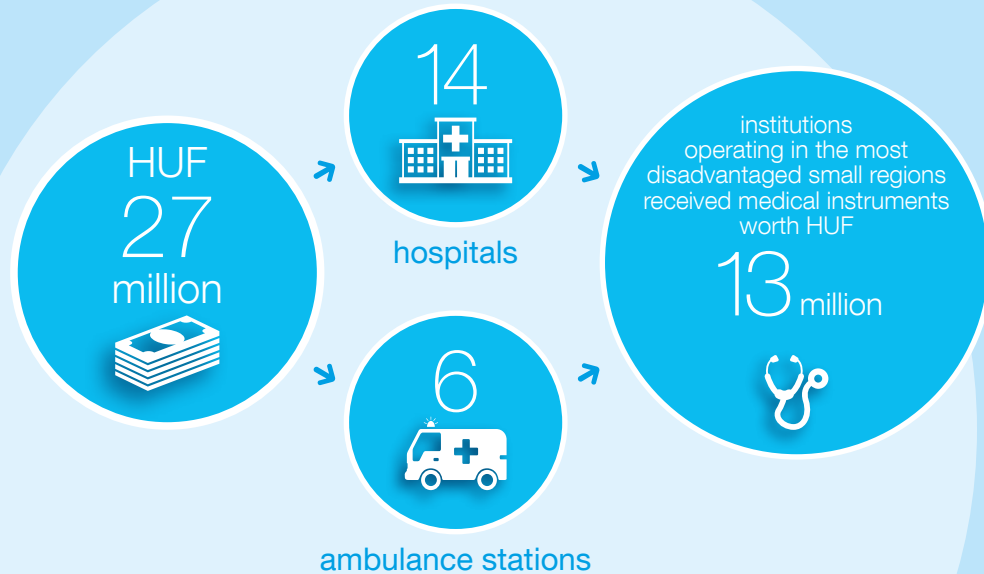


health

Health is one of K&H's four key responsibility areas. K&H MediMagic, our child health care program has been committed to supporting child health care, which is in critical condition in Hungary, for 13 years now. We also believe in the importance of the physical and mental health of our more immediate and wider environment, and therefore support events and activities that foster vitality and fitness among our employees, clients, children and our society as a whole, in the hope of a fuller life.



→ K&H MediMagic child health care programme



⇒ **nationwide medical equipment funding competition**

The 12th nationwide medical equipment funding competition focused on institutions providing paediatric gastroenterological and paediatric neurological care.

69
applications by
paediatric
health care
institutions



13
institutions
received
funding



**HUF
20
million**
to fund equipment
and instrument
purchases



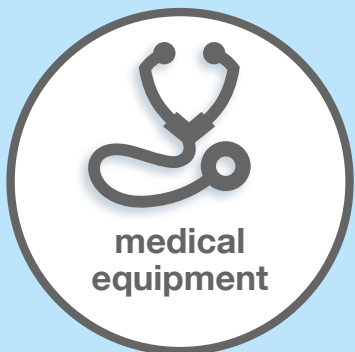
→ donations by our partners and employees



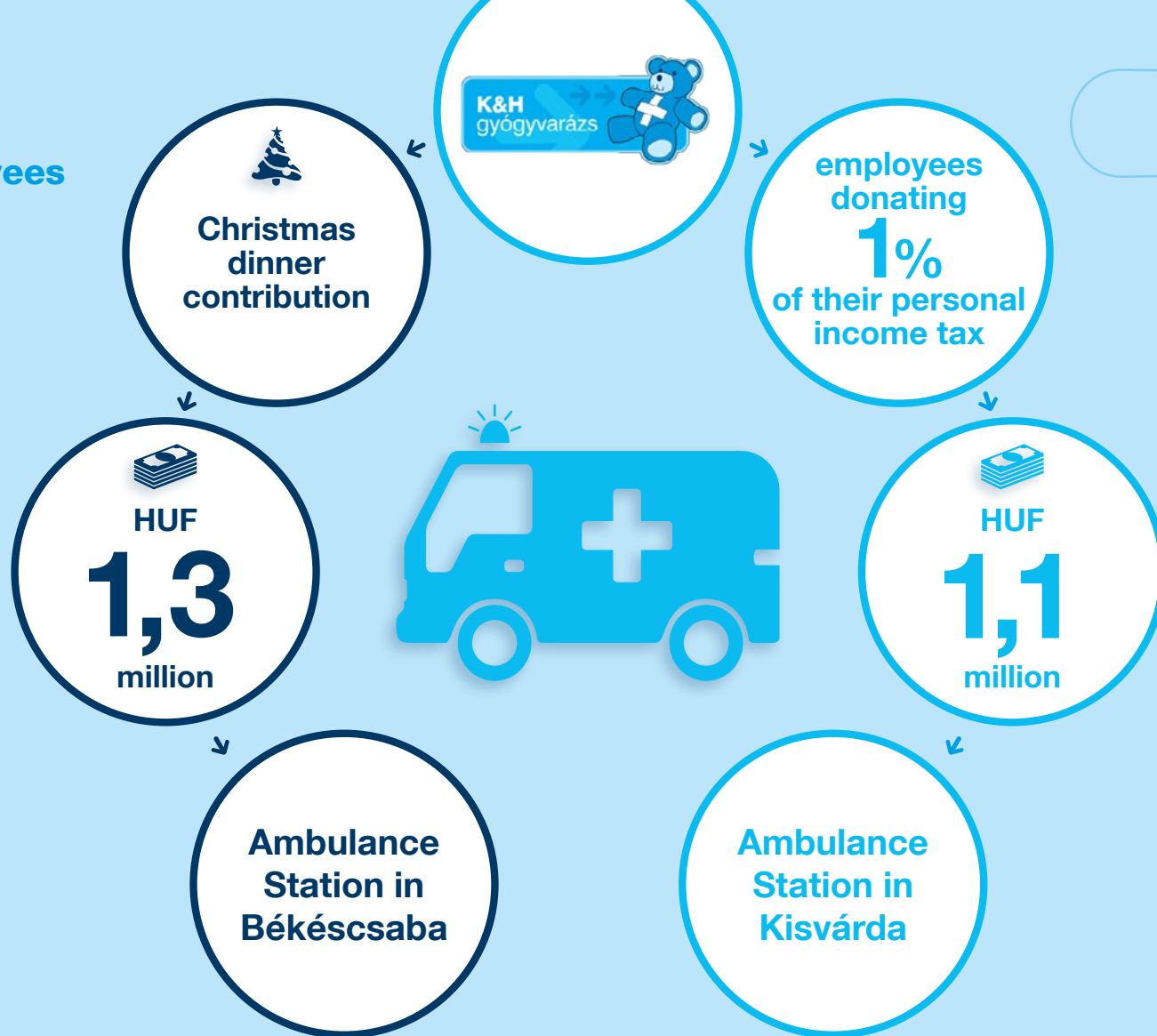
HUF
687,000



HUF
500,000



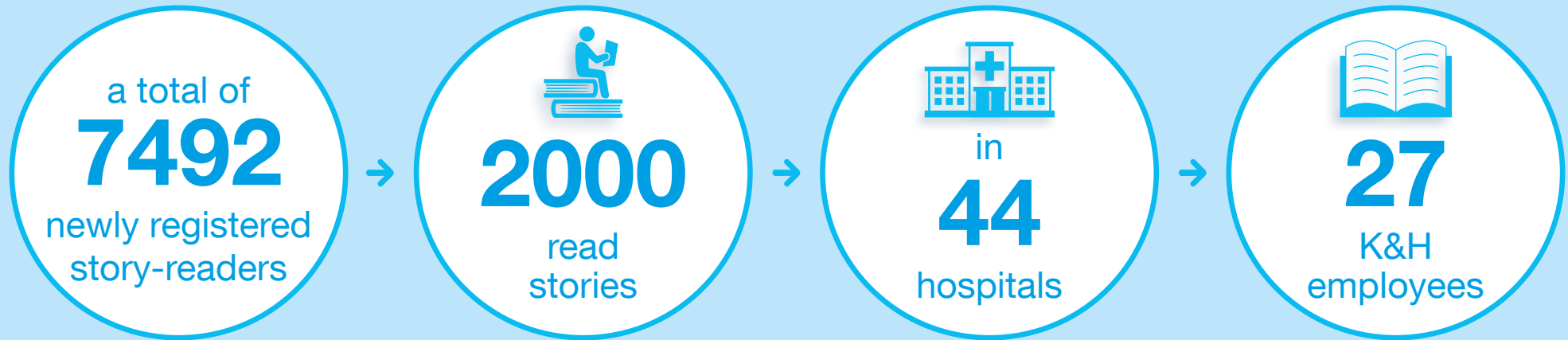
→ **donations
by our employees**



'The K&H MediMagic story-telling doctors programme gives wider society an insight into the daily life of a hospital and offers the joyful and uplifting experience of volunteering. The children are brimming with happy anticipation on these days and forget a little about their illness; the story-telling creates a more convivial atmosphere!'

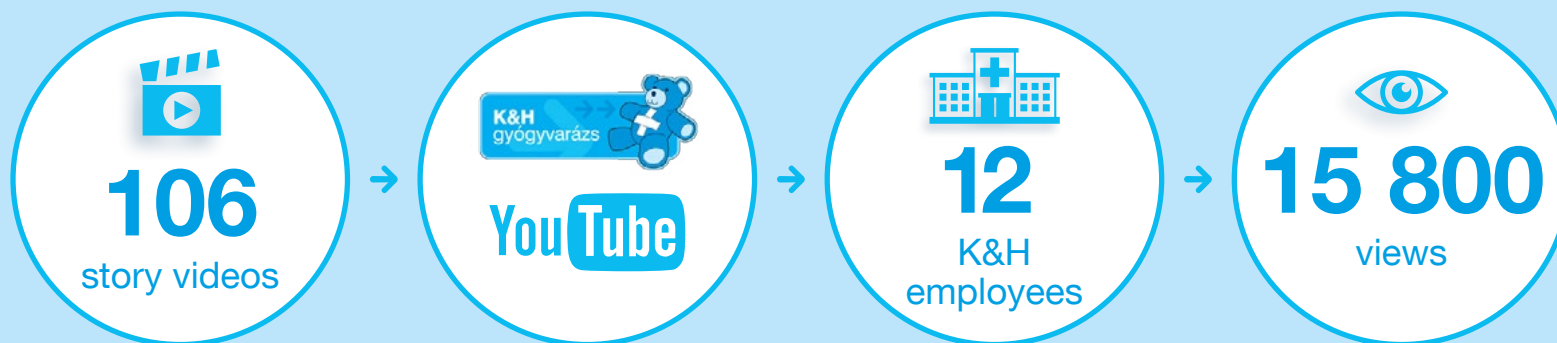
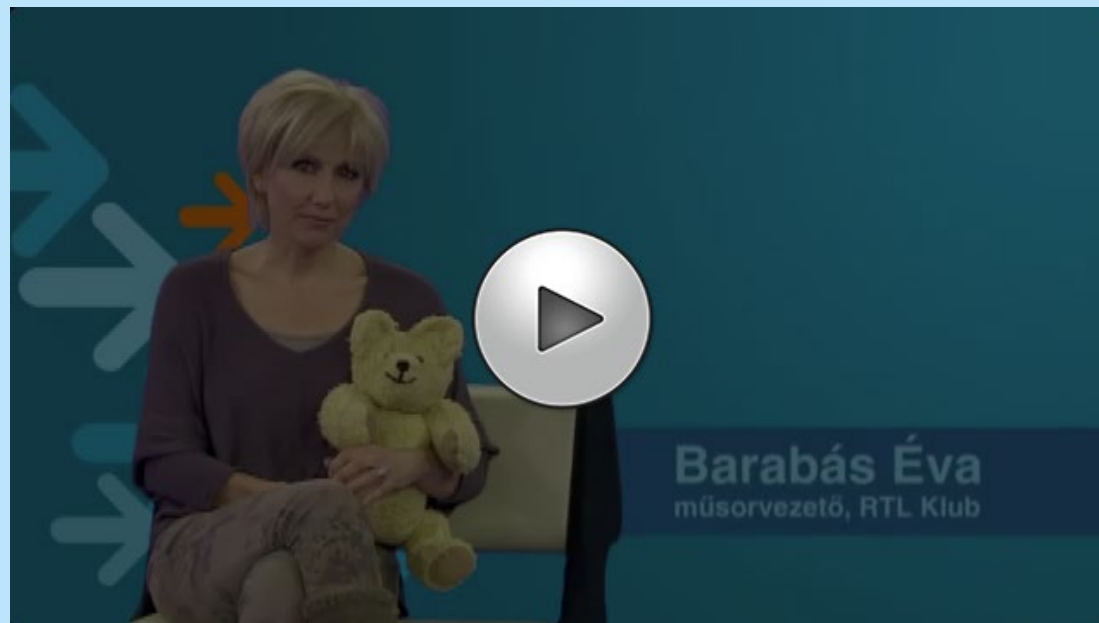
Krisztina Fischer,
Paediatric Unit, Bács-Kiskun County Hospital in Kecskemét

⇒ **K&H MediMagic story-telling doctors**



⇒ K&H MediMagic story-telling doctors on the web

People as well as businesses continued to join the 'K&H MediMagic story-telling doctors on the web' programme in great numbers in 2015 too, recording many charming stories on video, and sending their stories to the little inpatients via the internet.





→ sport

⇒ K&H as the Bank of the Hungarian Paralympic Team

Pursuant to an agreement signed in 2013, K&H continues to be the Silver Sponsor of the Hungarian Paralympic Committee and the 'Financial Institution of the Hungarian Paralympic Team' until 2016. We provide full-scale financial services to the organisation and the Paralympians, and assist their preparations for various international competitions and the Paralympic Games in Rio in 2016.



a KBC csoport tagja

→ K&H Go! Paralympic card programme

In 2015 our K&H Go! Paralympic card programme allowed us to give two Paralympians and a Paralympic guide individual grants. The amount was raised by K&H donating HUF 1 of its own revenue for every HUF 1,000 spent by its clients using a K&H Visa Classic embossed debit card. We use the amounts raised this way to help Paralympians in their preparations so they can achieve outstanding results. The winners were selected by the general public, through on-line ballot.



Bianka Marina Pap, swimmer



Enikő Gergác, judoist



Anita Váczi, kayak-kenu athlete

⇒ K&H Go! mass sports events



K&H Go! running days

In 2015, K&H Go! running days were organised in three locations: running enthusiasts could take up the challenge in Kaposvár and Siófok and at the Budapest marathon and half marathon relay events. A total of 18,640 runners participated in the three events.



K&H Go! cycling days

K&H's cycling events have been very popular for years. In 2015, therefore, we invited bikers to cycle with us once more. At the event in May, the 1,300 participants cycled around Lake Velencei in a single day.



K&H Go! Lake Velencei crossing

The K&H Go! Lake Velencei Crossing and Hiking Triathlon offered swimming and hiking enthusiasts three different distances to compete at. 1,700 people entered the event.



→ cultural programmes for disadvantaged students

K&H allows disadvantaged students to visit theatre and musical performances they would otherwise be unlikely to be able to attend. Besides the tickets, K&H covers the cost of travel and supply the students with a cold meal too. K&H employees welcomed to the performance venues and escorted the children, witnessing their joy and gaining an insight into their lives. Altogether 16 employees took part in the programme.



14

towns



655

children



→ volunteering activities

In 2015 we continued to hold CSR-focused team building sessions, where we sought to find helpful answers, to the extent we could, for the problems and needs arising in our closer and wider environments.

- ⇒ we donated sports equipment and educational toys to institutions caring for disadvantaged children
- ⇒ we renovated the playground and the garden of the Elek Benedek Kindergarten and Crèche in Zirc
- ⇒ we had furniture, accessories and bird feeders manufactured from recycled materials
- ⇒ we sent Santa Claus packages to the little patients in SOTE University's 2nd Department of Paediatrics



'The road took us to the capital of the Bakony Hills, Zirc: the Elek Benedek Kindergarten stands there in a fabulous setting but is rather dishevelled. They were truly in need of some helping hands. Some worked on restoring the playground, others excelled in planting flowers and hedges, while a third team painted everything requested inside and outside the building. We left somewhat tired but with a wonderfully uplifting feeling.'

Zsuzsa Zobor
CEO, K&H Fund Management

IV. awards



Best Trade Finance Bank in Hungary

K&H Bank received this award from the international financial journal Global Banking and Finance Review in recognition of the Bank's trade finance, factoring and export finance operations.



Ozone Green Award

The 'K&H for Sustainable Agriculture' scholarship scheme, which puts the education of young people into focus, received a first prize in the large corporate category of the Ozone Green Award. The jury praised the novelty of the programmes and the extent to which individual projects can motivate large numbers of people and generate positive changes in their environment.



European Business Awards – National Champion

K&H Group was one of the Hungarian winners of the European Business Awards in the 'Customer Focus' category. K&H earned this recognition with its customer-focused strategy, as well as its financial products and professional services provided to its clients.



Bike-Friendly Workplace

The Ministry for National Development and the Cycling Hungary Alliance awarded K&H its Cycle-Friendly Workplace prize in recognition of the wide range of services and programmes K&H Group offers to cyclists in order to promote healthy lifestyle.



Award for Most Popular Workplace to Welcome You Back

The JÓL-LÉT Foundation and the NORA NETWORK announced its 'My Job Awaits Me' award, inviting women who have successfully returned to work to nominate their employers. Of all the nominees, the panel selected K&H Group for its Award for the Most Popular Reintegrating Workplace.



Gold Prism Award

The K&H Ready, Steady, Money! financial competition received a Gold Prism award in the Projects/CSR Solutions category at the Prism Creative PR Awards 2015. The jury recognised the creativity, novelty, efficiency and quality of K&H's CSR programme when it awarded it the first prize.



Family Friendly Company 2015

K&H Bank won the large corporate category of the Family Friendly Company 2015 Award of the Three Princes, Three Princesses Movement. It is for the second consecutive year now that this organisation recognises the Bank's family friendly ethos and corporate culture, and the way it implements these in practice.



Hungarian Donors Forum – Social Investment Award

The K&H Ready, Steady, Money! financial competition earned K&H Group a third prize in the 'Most Effective Sponsorship Programme' category in the Forum's Social Investment Award 2015.



CSR Best Practice 2015 Award

The Hungarian PR Association gave K&H Group the 'CSR Best Practice 2015' award in recognition of the 'K&H for the Underprivileged' programme. K&H Group received this award for its work predicated on the principle of responsible operations and ethical behaviour in its day-to-day activities, and its socially sensitive attitudes striving for sustainability.



European Excellence Awards shortlist

The K&H MediMagic story-telling doctors programme was shortlisted as one of the top five campaigns in the regional category of the most important European communications award. 1600 outstanding European PR and communications campaigns entered the competition.



Bronze Blade

K&H Group won two Bronze Blade awards at Golden Blade 2015. The K&H Ready, Steady, Money! financial competition for primary school pupils was recognised in the CSR Solutions category and the iShadow solution, which popularises cash loans, was rewarded in the Indoor category. The Golden Blade jury recognises novel ideas and communication solutions.



Imre Sándor PR award shortlist

The K&H MediMagic story-telling doctors programme was shortlisted for this award by the Hungarian Public Relations Association recognising the best agency-led and corporate reputation management projects and campaigns.

V. GRI – G3 index

GRI Indicator	Brief description	
1.	Strategy and analysis	
1.1	Statement about the relevance of sustainability to the organization and its strategy	FJ 3, FI 3
1.2	Description of key impacts, risks, and opportunities	FI 3
2.	Organizational Profile	
2.1	Name of the organization	FJ 43, FI 12, FI 4
2.2	Primary brands, products, and/or services	FJ 7-8
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	FI 12
2.4	Location of the organization's headquarters	FJ 43, FI 12

FI – Reported in the publication entitled “Sustainability guidelines”

FJ- Reported in the publication entitled “K&H Group sustainability report for 2015”

2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	
2.6	Nature of ownership and legal form	FI 12
2.8	Scale of the reporting organization: the number of employees, net sales; total capitalization broken down in terms of debt and equity; and quantity of products or services provided	
2.9	Significant changes during the reporting period regarding size, structure, or ownership	
2.10	Awards received in the reporting period	FJ 40-42

FI – Reported in the publication entitled “Sustainability guidelines”

FJ- Reported in the publication entitled “K&H Group sustainability report for 2015”

3.	Report Parameters	
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	FJ 3
3.2	Date of most recent previous report (if any)	
3.3	Reporting cycle (annual, biennial, etc.)	FJ 3
3.4	Contact point for questions regarding the report or its contents.	FJ 43, FI 12
3.5	Process for defining report content	FJ 4
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	
3.12	GRI content index	

FI – Reported in the publication entitled “Sustainability guidelines”

FJ- Reported in the publication entitled “K&H Group sustainability report for 2015”

4.	Governance, Commitments, and Engagement	
4.1	Governance structure of the organization	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	FI 7
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	FJ 3, FI 6

FI – Reported in the publication entitled “Sustainability guidelines”

FJ- Reported in the publication entitled “K&H Group sustainability report for 2015”

4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	FJ 4, FI 7
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	FJ 4, FI 6
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	FI 9

FI – Reported in the publication entitled “Sustainability guidelines”

FJ- Reported in the publication entitled “K&H Group sustainability report for 2015”

4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	FJ 5, FI 11
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	FJ 5
4.14	List of stakeholder groups engaged by the organization	FJ 7, FJ 9-11
4.15	Basis for identification and selection of stakeholders with whom to engage	FJ 7, FJ 9-11, FI 4
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	FJ 7, FJ 9-11, FI 4
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	FJ 7, FJ 9-11, FI 4

FI – Reported in the publication entitled “Sustainability guidelines”

FJ- Reported in the publication entitled “K&H Group sustainability report for 2015”

5.	Management Approach and Performance Indicators	
EC	Economic Performance Indicators	
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	FJ 12-17, FJ 19-39
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement	FJ 19-39
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	

FI – Reported in the publication entitled “Sustainability guidelines”

FJ- Reported in the publication entitled “K&H Group sustainability report for 2015”

EN	Environmental Performance Indicators	
EN3	Direct energy consumption by primary energy source	FJ 22-24
EN5	Energy saved due to conservation and efficiency improvements	FJ 22-24
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	FJ 22-24
EN16	Total direct and indirect greenhouse gas emissions by weight	FJ 22-24
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	FJ 22-24

FI – Reported in the publication entitled “Sustainability guidelines”

FJ- Reported in the publication entitled “K&H Group sustainability report for 2015”

EN22	Total weight of waste by type and disposal method	FJ 24
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	FJ 22-24, FI 7
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	FJ 22-24, FI 7
LA	Labour Practices and Decent Work Performance Indicators	
LA1	Total workforce by employment type, employment contract, and region	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	FJ 15

FI – Reported in the publication entitled “Sustainability guidelines”

FJ- Reported in the publication entitled “K&H Group sustainability report for 2015”

LA6	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	FJ 16-17

FI – Reported in the publication entitled “Sustainability guidelines”

FJ- Reported in the publication entitled “K&H Group sustainability report for 2015”

LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	FJ 11-13, FJ 19-20
LA12	Percentage of employees receiving regular performance and career development reviews	FJ 12-13
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	

FI – Reported in the publication entitled “Sustainability guidelines”

FJ- Reported in the publication entitled “K&H Group sustainability report for 2015”

HR	Human Rights	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	In adherence to the Fundamental Law of Hungary
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	In adherence to the Fundamental Law of Hungary

FI – Reported in the publication entitled “Sustainability guidelines”

FJ- Reported in the publication entitled “K&H Group sustainability report for 2015”

SO	Community	
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	FJ 19-39
SO4	Actions taken in response to incidents of corruption	FI 8
PR	Product Responsibility	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	

FI – Reported in the publication entitled “Sustainability guidelines”

FJ- Reported in the publication entitled “K&H Group sustainability report for 2015”

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published by: K&H Group
Communications Directorate
Budapest, June 2016

responsible editor:
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