

Brussels, 25 April 2018

## **KBC Group took cognisance of complaint from two South African NGOs**

KBC group has taken cognisance of the complaint filed by the South African NGOs *Open Secrets* and the *Centre for Applied Legal Studies* with the OECD for alleged violations of the OECD Guidelines for Multinational Enterprises.

In the complaint both NGOs refer to the alleged support to the apartheid regime and the purported involvement in setting up controversial financial structures to fund illegal arms trade with that regime in the period between 1977-1994. The alleged support would have been given by the Luxembourg bank KBL and its sister company, the former Kredietbank at the time.

Both Kredietbank and KBL were subsidiaries of the same holding company Almanij. Kredietbank has never been a mother company of KBL, as is erroneously mentioned in the complaint.

Kredietbank became a member of the KBC Bank and Insurance Holding Company in 1998. Almanij merged with the KBC Bank and Insurance Holding Company in 2005 to become KBC group. KBL was sold in 2011 to Precision Capital, an investment vehicle owned by members of Qatar's royal family.

KBC group notes the complaint of both NGOs and will submit the complaint and the attached documents to a thorough examination, insofar as still possible. The facts mentioned took place a long time ago and are very hard, if not impossible, to verify.

Moreover, it is important to note in this regard that KBL has no longer formed part of KBC group since 2011. KBC group no longer has access to any documents or archives of KBL and therefore cannot comment on its behalf.

Today, KBC group's extremely comprehensive and openly communicated sustainability framework forms the touchstone for its policies. It has implemented groupwide policies and procedures to guarantee sustainable, ethical, responsible behaviour. KBC group has signed the UN Global Compact and fully respects the founding principles of the Universal Declaration of Human Rights. It shuns financial activities involving the most controversial of regimes (governments, public authorities, central and state-owned banks, and state-owned companies).

However, should the allegations that KBL or Kredietbank provided support or were allegedly involved in this matter in the past prove to be true, it would be deeply regretted by KBC today.

### **Background information**

In their complaint, both NGOs refer to legal proceedings (that were instituted) in 2008 by the British company Beverly Securities Limited against KBC and KBL. This claim was dismissed by the court of first instance in 2010 and in appeal in 2014. In addition, Beverly Securities Limited was ordered to pay all legal costs and moral damages. At the time, KBC communicated very openly about this.

In the second half of the 1980s, **Kredietbank** (part of KBC since 1998) already responded to questions about purported involvement in the apartheid regime. Kredietbank stated very clearly at the time that it adhered closely to national and European resolutions and rules, including those on trading in krugerrands, financing weapons exports and lending to South Africa. It also stated that personal convictions and offices held by Mr André Vlerick, then Chairman of the Board of Directors, in no way related to or influenced Kredietbank's corporate policy. The bank's commercial policy regarding South Africa was also no different from that of other Belgian and European financial institutions. A rigorous stance on South Africa was made formal policy in 1989.

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