

UNOFFICIAL CO-ORDINATION OF THE AGREEMENT DD. 19/09/96, THE AGREEMENT DD. 30/09/99 AND THE AGREEMENT DD. 17/09/04 IN RESPECT OF THE ESTABLISHMENT OF A EUROPEAN WORKS COUNCIL WITHIN THE KBC BANK & INSURANCE GROUP

Having regard to European Directive 94/45 of 22 September 1994 and Collective Labour Agreement No. 62 of 6 February 1996, in respect of which the undersigned parties have deemed it opportune not to wait until they come into force, but now already, namely before 22 September 1996, to establish a Works Council at European level

and whereas:

- A. the Management and the negotiating group – anticipating the incorporation of the European Union Directive of 22 September 1994 (concerning the establishment of a European Works Council or of a procedure in companies or concerns with a community dimension for the provision of information to and consultation of employees) into the national legislation of Member States, which is required to be in force no later than 22 September 1996 – have conducted discussions with a view to achieving the establishment of a European Works Council for the Kredietbank in such a way
- that a proper link is created with the companies of the Group in the countries concerned, as well as with existing employee representation within the relative companies of the Group
  - and
  - that, in respect of the appointment of the members of the European Works Council, the regulation in the national legislation of the countries in which the relative companies of the Group are established will not be applicable,
- B. the Management and the negotiating group have held a number of meetings at which the matter has been discussed and which have ultimately led to the present agreement,
- C. changes in the organizational structure (cf. the KB-CERA-ABB merger) require the existing agreement to be amended,
- D. the accession to the European Union on 1 May 2004 of a number of Central European countries where KBC is active has made further amendment to the existing agreement impossible,

it has been agreed as follows:

#### Article 1 – Scope

The scope of the present agreement shall encompass the KBC Bank and Insurance Holding Company and its undertakings, including subsidiaries and sub-subsidiaries, within the European Economic Area that have at least fifty employees and over which exclusive control is exercised *de jure* (participation of more than 50%) or *de facto*. Should any problem of interpretation arise, reference shall be made to the criteria set out in European regulation (art. 3.2) in respect of the concept ‘controlling undertaking’.

It is understood that, for application of the present agreement, among employees are the persons that come under the Works Council (or Occupational Health and Safety Committee or trade union delegation) or, in other Member States, under the representative employee organization (cf. local legislation and/or practices) authorized for the undertaking concerned, as summarized for information in Annex 1.

Although, at the time of the present agreement coming into force, NLB in Slovenia has not satisfied the conditions of this scope, a temporary mandate has been granted to it (within the maximum number of mandates as mentioned in Article 2) for as long as KBC holds the largest participation in that undertaking.

#### Article 2 – Composition of the European Works Council

The European Works Council of the KBC Bank and Insurance Holding Company shall consist of employee representatives drawn from the undertakings belonging to the KBC Bank and Insurance Holding Company.

That representation shall comprise the following:

- one mandate per Member State represented
- additional mandates:

2.1 Twenty-five mandates for the undertakings in Belgium. As at 1 / September 2004, this additional number was reduced to twenty-two.

During a second phase of the 2004-2008 term of office, the number will be reduced further insofar as, on the basis of the provisions set out hereinafter, mandates are required to be allotted to Member States other than Belgium within the maximum of thirty-six and there is no further room for such allotment. As long as sufficient room still exists within that maximum, no further reduction shall occur before 1 October 2008.

The number of additional mandates shall be reduced further to seventeen by the end of the term of office in 2008.

2.2 For the entities of Member States other than Belgium, a number of mandates per Member State shall be allotted according to the total number of staff employed per Member State. In the calculation of that total, account shall be taken of entities that have employee representation:

- one additional mandate where there are more than 1 000, but less than 6 000 employees,
- one additional mandate where there are more than 6 000 employees,
- above 12 000 employees, one additional mandate per commenced tranche of 6 000 employees, insofar as there is still room above the reserved number of eighteen effective

mandates for the Member States other than Belgium.

If the composition of the undertakings of the KBC Bank and Insurance Holding Company or the participation of the KBC Bank and Insurance Holding Company changes in such a way that an undertaking is no longer represented in consequence of the KBC Bank and Insurance Holding Company no longer having any significant influence on the policy and/or day-to-day activities (staff, operational activity) of that undertaking, the total number of mandates shall, in principle, remain unaltered. Where, however, the consequence of any change is that the KBC Bank and Insurance Holding Company no longer has a presence in a particular Member State, the number of mandates shall be reduced accordingly.

Should such a change be so important as to result in a sharp rise or fall in the total number of persons employed within the KBC Bank and Insurance Holding Company, the management of the KBC Bank and Insurance Holding Company shall, with all due dispatch, but nevertheless within six months, consult with the members of the European Works Council of the KBC Bank and Insurance Holding Company with a view to achieving an appropriate solution within six months.

Extension to other undertakings (supplementary to Annex 1) shall remain possible in the future, albeit that the total number of mandates shall not exceed thirty-six upon any extension.

#### Article 3 – Term of the mandate

The members of the European Works Council of the KBC Bank and Insurance Holding Company shall be appointed for a term of four years. The first term of the mandate shall begin on 20 September 1996. The term of the mandate of an employee representative shall end:

- when it normally lapses after the term of four years;
- when the representative is no longer a member of the representative employee organization that he or she belonged to at the time of appointment;
- through resignation from the European Works Council of the KBC Bank and Insurance Holding Company;
- when the representative is no longer a member of the KBC Bank and Insurance Holding Company, i.e. when he or she is no longer an employee of any of the undertakings of the KBC Bank and Insurance Holding Company or when the undertaking of which he or she is an employee is no longer a member of the KBC Bank and Insurance holding Company.

#### Article 4 – Appointment of the members of the European Works Council of the KBC Bank and Insurance Holding Company

- a. The European Works Council of the KBC Bank and Insurance Holding Company shall consist of employee representatives of the undertakings referred to in Article 1.
- b. Appointment of members employed in Belgium  
The mandataries shall be appointed by the representative employee organizations prior to the works council elections. One mandate shall be reserved for the

representation of supervisory and management staff, one mandate shall be allotted to each of the recognized trade unions and the remaining mandates shall be distributed as agreed among the representative trade unions.

- c. Appointment of members employed in Member States other than Belgium
- Mandataries may be appointed only insofar as there is a representative employee organization in an entity.
  - If more than one mandate per Member State is to be conferred, at least one mandate each shall be allotted to the banking entity and the insurance entity in that State.
  - If more than two mandates per Member State are to be conferred, the additional mandates – save other arrangements between the entities in a Member State – shall in principle be allotted proportionally between the banking and insurance entities, according to staff numbers.
  - Allotment itself shall be conducted through local consultation with the representative employee organization in the undertaking concerned. Should this give rise to problems, a solution shall be sought after consultation with the other parties concerned, such as UNI Europe France, the local management, etc.
  - Where major changes have occurred in the interim (for example, the setting up of a representative employee organization in an entity previously lacking one), a redistribution of the existing number of mandates may take place: if necessary by amendment to the present agreement. Any redistribution during the term of office of the European Works Council shall come into force only at the commencement of the following annual meeting.

d. Deputy members

A list of deputy members shall be drawn up, in order to ensure continuity within the European Works Council in the event of decease, long-term disability, pregnancy leave, departure from the undertaking of the establishment, or resignation of the member.

The number of deputy-member mandates shall be one per actual mandate, but in total may not exceed four per Member State. For the Belgian undertakings, the number may not exceed fourteen. Should the number of actual Belgian mandates fall below twenty, one or two (in the case of respectively nineteen or eighteen actual Belgian mandates) deputy-member mandates shall be added.

The persons whose names appear on this reserve list shall be appointed in accordance with the same terms and conditions and procedure as the actual members of the European Works Council.

Should an actual member leave the European Works Council definitively, he or she shall be succeeded by a deputy mandatary who shall become the actual member. The list of deputy mandataries may thereupon be added to.

Article 5. - Competence

In accordance with its role, purpose and competences as set out in European Directive 94/45, the European Works Council of the KBC Bank and Insurance Holding Company shall be competent in matters of the provision of information

and advice concerning questions of cross-border importance for employment in the KBC Bank and Insurance Holding Company or for employment in at least two establishments or undertakings of the KBC Bank and Insurance Holding Company in various Member States.

In writing or verbally, the European Works Council shall be informed by KBC about measures having a substantial impact on employment (the closure of entities and/or collective redundancies in the way that this terminology is to be understood in accordance with Belgian law) in entities in at least two Member States. The provision of such information shall take place at a time when the information and consultation are still of consequence. Where necessary, the management of the undertaking(s) concerned may be involved.

Additionally, the employee representatives appointed in accordance with Article 4 shall each year receive information regarding the following subjects:

- the structure of the KBC Bank and Insurance Holding Company and any changes to it;
- the development of results and the general outlook for the undertakings concerned;
- employment within the KBC Bank and Insurance Holding Company;
- the trend of the banking and insurance activities and possible synergy.

Furthermore, where available, details of the following shall be given in summary form:

- the balance sheet and the profit and loss account, and any dividends paid out;
- participating interests of undertakings belonging to the KBC Bank & Insurance Group;
- the presentation of the component parts of the undertaking (extended organization chart giving details of the head office, the commercial network, remote banking, IT, etc.);
- summary presentation of the major activities (corporate banking, private banking, retail banking, wholesale banking, insurance, dealing-room activities, etc.);
- short description of the plan of action for the subsequent financial year.

Such information shall be discussed at the annual meeting, in order to permit the employee delegation (all or part of it) to formulate standpoints regarding it.

Where exceptional circumstances occur (i.e. measures or external factors that have a substantial, cross-border effect on employment within the KBC Bank and Insurance Holding Company), the members of the European Works Council shall be informed and consulted about them.

Any press release distributed in respect of interim acquisitions of domestic or foreign undertakings in Europe over which one of the undertakings belonging to the KBC Bank and Insurance Holding Company acquires exclusive control shall also be sent to the secretary of the European Works Council, who shall ensure its further distribution among the other council members.

In addition, the European Works Council and/or the Select Committee shall be informed in due time about important acquisitions, mergers or the shedding of

entities. Meaningful consultation about those matters shall take place where there is a European impact.

#### Article 6 – Operation

a. The chairmanship, the secretariat, meetings and experts

The chairmanship of meetings with the European Works Council shall be held by a member of the Executive Committee of the KBC Bank and Insurance Holding Company.

The largest grouping shall nominate an employee representative to be responsible for the secretariat.

The European Works Council shall hold its normal, annual plenary meeting in Belgium. The chairman, in consultation with the secretary, shall convene the members and determine venue and date. As soon as there is a balanced ratio regarding the number of mandates as between the first and second home markets, the normal, annual plenary session may be held in a Member State other than Belgium. The initiative in organizing this shall be taken by the chairman of the joint meeting with the European Works Council and the secretary of the European Works Council.

Solely actual members shall attend the plenary meeting, save where an actual member is replaced by a deputy member.

An extraordinary meeting of the European Works Council may be convened in cases where exceptional circumstances have occurred as referred to in Article 5. Convening shall be at the initiative of the chairman, the employee representatives of the Member States (for Belgium, at least two representatives from the various groupings) or of one third of the employee representatives. Provided the signatories to the present agreement approve, an internal or external expert may be requested to attend the meeting of the European Works Council. The request for such an expert to attend may be made at a prior or subsequent meeting of the employee representatives.

The reference language shall be Dutch. Although it is the intention for English (in time) to become the sole language of communication for the European Works Council, translation into Dutch, English and French will be provided at the meetings of that council during an initial phase. A review shall take place by the end of 2008 to determine how the switch to English as the sole language can be effected. From the moment that the choice is made for English to be the sole language of communication within the European Works Council, an appropriate grammar sheet will be provided and funded by KBC for all council members whose English is insufficient. With a view to enabling council members with an insufficient grasp of the above-mentioned languages (Dutch, English and French) to perfect their English, an appropriate grammar sheet shall be provided and funded by KBC already during the period preceding the 2005 annual meeting. The report of the annual meeting of the European Works Council shall be provided to the staff of the entities of each Member State in their own language.

Within the European Works Council, a committee shall be set up, drawn from the members of the Belgian undertakings, that may be convened should exceptional circumstances (measures or external factors) occur that (directly or indirectly) could have an effect on employment within the Belgian undertakings of the KBC Bank and Insurance Holding Company.

The day-to-day operations of the European Works Council shall be directed by the European Works Council Secretariat (which, until revision of the present agreement, shall comprise the secretary and the deputy-secretary).

In order to guarantee continuity in the operations of the board of the European Works Council and to meet the training requirements of members,

1) the Belgian committee shall be convened once a year, over and above any convening as previewed in the case of exceptional circumstances. The agenda for the meeting shall be drawn up by the secretary, in consultation with the chairman of the European Works Council.

2) the European Works Council Secretariat shall be supported by a Standing Group, Training and Consultation' consisting of four council members (two from the first home market and two from the second). That group shall meet twice a year (during the spring and during the autumn) for one day, with a view to monitoring the continuity of the operation of the European Works Council. Half of that day will be devoted to meeting together in a Select Committee on which an employer's delegation is also represented. Within that committee, financial-economic information shall be disseminated concerning, on the one hand, the KBC Group and the entities from the various Member States and, on the other, measures with a significant impact on employment, as well as any other substantial measures having a cross-border impact. The Standing Group may also organize residential gatherings on two days of the year.

The necessary costs for the operation of this group (i.e. for translation, travel and infrastructure) shall be borne by the employer (up to an absolute annual maximum of 20 000 euros, an amount to which any unused portion of the previous operational year's budget may be added). To this end, the secretary shall submit invoices and expense sheets to the employer.

3) a project may, after prior submission to the employer, be submitted to the European institutions by the representative employee organization, with a view to intensifying that organization's operation and instruction. To the extent that it can support that project, the employer shall, in respect of the foreign undertakings, take the necessary steps to bear for the term of the project the cost of the working hours of the foreign council members concerned.

b. Agenda

The convening notices for the plenary meeting are required to be sent in writing at least six weeks in advance to the members of the European Works Council.

During the two weeks subsequent to the convening notices being sent out, employee representatives may submit suggestions to the board in respect of the drawing-up of the agenda.

No later than two weeks before the agreed date of the plenary meeting, the chairman and the secretary shall fix the agenda and submit it in writing to the members.

Motions proposed by at least one third of the employee representatives shall be added to the agenda.

A dossier may be added to the convening notice, for the purpose of preparing discussions.

The procedures for approving the minutes of the meeting and communicating them to the staff are set out in detail in the in-house regulations.

#### Article 7 – Costs and facilities

The KBC Bank and Insurance Holding Company shall bear the costs necessarily attendant on the meeting and any meeting prior or subsequent to it. This entails the KBC Bank and Insurance Holding Company being responsible for the organization of the annual meeting.

The KBC Bank and Insurance Holding Company shall also bear the travelling expenses of the participants, to and from the meeting.

In order to be able to participate at the annual meeting, the members of the European Works Council are authorized to stop overnight locally. Members of the European Works Council who do not live in Belgium and who would find it impossible in reasonable terms to participate at the meeting without stopping overnight are authorized to pass a maximum of three nights locally. Those responsible for the secretariat (maximum four persons) of any prior meeting of the employee delegation are authorized to pass a maximum of two nights locally.

The expenses of stopping overnight shall be borne by the KBC Bank and Insurance Holding Company, which shall also bear the costs of any necessary translation, interpretation and instruction facilities, as well as the expense for the presence of no more than one external expert.

The KBC Bank and Insurance Holding Company reserves the full right of decision in respect of all expenses attendant on the operation of the European Works Council. Reimbursement of expenses shall be made only on condition that they are submitted beforehand to and approved by the KBC Bank and Insurance Holding Company, which expressly reserves the right to request the necessary justificatory documents to be submitted.

The members of the European Works Council are entitled, without loss of wages or salary, to be absent from their work in order to attend both the actual meeting and any meeting prior or subsequent to it.

The members of the European Works Council are authorized to make use of facilities existing in respect of local consultative bodies (day credit or comparable

systems existing in Member States other than Belgium) also in respect of the operation of the European Works Council.

#### Article 8 – Confidentiality

The undersigned parties declare that information provided to them will be treated with discretion. Where any information provided is of such a nature that its further dissemination could seriously harm the interests of the KBC Bank and Insurance Holding Company or any of its undertakings, express mention of that shall be made.

The employee representatives undertake not to disseminate any information of that kind further.

#### Article 9 – Protection

Actual and deputy members of the European Works Council who are employed in Belgium enjoy the same, albeit not cumulative, protection against dismissal as the members of the Belgian Works Council.

Members of the European Works Council employed abroad enjoy protection against dismissal in accordance with the national legislation and/or practice of the countries where they are employed.

#### Article 10 – Disputes

The undersigned parties agree that, in the case of dispute, only the Industrial Tribunal at Brussels shall be competent.

#### Article 11 – Term

The present agreement is concluded for an indefinite term and shall come into force with effect from 19/9/96. Each of the parties may terminate the present agreement, the period of notice being six months.

The undersigned parties undertake to attempt within that period of notice to find a solution to difficulties that have arisen.

The undersigned parties undertake not to take or support any initiative aimed at the establishment of another European Works Council within the Almanij Group of which the undertakings concerned in the present agreement might be part.

Should they nevertheless do so, the present agreement may not be suspended, though it is accepted that it will be terminated.

Done between the Kredietbank NV (limited company) and the below-mentioned representative employee organizations at Brussels on 19 September 1996 and amended as between the KBC Bank and Insurance Holding company and the below-mentioned representative organizations on 30 September 1999 and on 17 September 2004.

For the KBC Bank and Insurance Holding Company

Jan Lindemans, General Manager

For the Representative Employee Organizations

## Annex 1

As at the date of amendment of the European Works Council Agreement, the major undertakings and establishments referred to in 'Article 1 – Scope' were:

The KBC Bank and Insurance Holding Company NV  
KBC Bank NV  
KBC Insurance NV  
KBC Asset Management NV  
KBC Bank Deutschland AG

KBC Bank France  
C3C Banque SA  
CENTEA NV

KBC Lease NV  
KNC Securities NV

Fidea NV  
ADD NV

Antwerp Diamond Bank NV

Fin-Force NV

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Warta