

Whistleblower Protection Policy and Procedure KBC AM NV – Branch, Bulgaria

1. Context and legislation

KBC AM NV – Branch, Bulgaria ('KBC AM' or "the Branch") has decided to update its internal whistleblower policy and the corresponding procedures and bring them in line with the most recent European legislation (i.e. EU Directive 2019/1937 on the protection of persons who report breaches of Union law) and its transposition into Bulgarian law (The Whistleblower Protection and Whistleblower Public Disclosure Act (the "Act") in force since May 4, 2023).

This policy and procedure also applies to the Bulgarian Branch on the basis of Art. 118, in conjunction with Art. 104(1), (6) of the Collective Investment Schemes Act and of other collective investment undertakings.

The purpose of this legislation is twofold:

- Encouraging and facilitating reports identifying abuse and misconduct, such as irresponsible behaviour, corruption, fraud, money laundering, etc.;
- Better protection of the person reporting the abuse or misconduct (also known as the 'whistleblower') and their associates against possible negative consequences or disciplinary action that may result from the report.

When processing these reports, KBC AM naturally considers the rights of all those involved in order to ensure that its procedures are in line with existing regulations (on privacy protection, for example).

We expect this revised whistleblower policy, combined with an easily accessible and user-friendly new tool, to further support KBC's speak-up culture and to make it more efficient.

This whistleblower policy takes effect immediately and replaces any and all previous versions of this policy and the corresponding procedures.

2. Who can make a report

The new regulations distinguish between personal scope (i.e. who can make a report) and material scope (i.e. what you can report).

Work-related context as a condition

The law only recognises you as a whistleblower if you make a report based on information acquired in a 'work-related context'. This term is interpreted very widely.

A protected whistleblower within the scope of the law is:

- an employee, public servant or other person who performs work for hire, regardless of the nature of the work, the method of payment or the source of funding;
- a person who performs work without an employment relationship and/or a freelance profession and/or trade;
- volunteer or trainee;
- partner, shareholder, sole proprietor, member of the management or supervisory body of a commercial company, member of the audit committee of an undertaking;
- a person working for a natural or legal person, its subcontractors or suppliers;
- an applicant for employment who has participated in a competition or other form of selection for employment and who has been informed of an infringement in that capacity;

- an employee, where the information was obtained in the course of an employment or service relationship which has terminated at the time of the alert or public disclosure;
- any other whistleblower who reports a breach of which they have knowledge in a work context.

!! IMPORTANT: anyone can report a breach in the areas of financial services, products and markets and the prevention of money laundering and terrorist financing, irrespective of whether the reporting person obtained the information in a work-related context.

This involves the following areas:

- Consumer and investor protection in financial services and capital markets;
- Banking;
- Credit;
- Investment;
- Insurance and reinsurance;
- Occupational or personal pensions products;
- Securities;
- Investment funds;
- Payment services;
- Reporting under the anti-money laundering legislation.

3. What you can report

Statutory scope

The EU Directive limits the statutory recognition of reports to breaches of the ten areas of Union law:

1. breaches relating to public procurement
2. breaches relating to financial services, products and markets (including the prevention of money laundering and terrorist financing)
3. breaches affecting product safety and compliance
4. breaches affecting the safety and security of all means of transport
5. breaches affecting the protection of the environment
6. breaches affecting nuclear safety or protection against harmful radiation
7. breaches affecting food and feed safety and animal health and welfare
8. breaches affecting public health
9. breaches affecting consumer protection
10. breaches affecting the protection of privacy and personal data, and the security of network and information systems
11. breaches affecting the financial interests of the Union as referred to in Article 325 TFEU and as further specified in relevant Union measures;
12. breaches relating to the internal market, as referred to in Article 26(2) TFEU, including breaches of Union competition and State aid rules, as well as breaches relating to the internal market in relation to acts which breach the rules of corporate tax or to arrangements the purpose of which is to obtain a tax advantage that defeats the object or purpose of the applicable corporate tax law.

Bulgarian legislation has added two areas to the areas recognised by the EU:

1. the rules for payment of due public state and municipal receivables;
2. labor legislation;
3. legislation relating to the performance of public service.

What to do with reports falling outside this scope

Certain internal reports that are not subject to the whistleblower regulations and the ensuing protection mechanisms will nevertheless be treated in strict confidence by KBC AM, and the reporting persons do not have to fear any disadvantageous treatment by KBC AM as a result of their reports.

This obviously only applies to the extent that reports are made in good faith.

These are mainly reports on:

- immoral or unethical behaviour; and/or
- conduct that compromises the credibility and reputation of the KBC AM Group and its entities.

Conditions

You should report not only violations/breaches in the traditional sense, but also:

- omissions;
- breaches for which you have specific reasons to suspect that they will take place;
- attempts to conceal breaches.

In addition, at the time of reporting, the reporting person must have reasonable grounds to believe that the information on which they base the report is true.

4. How to make a report

The whistleblower regulations distinguish between three types of reporting channels:

1. Internal reporting through KBC AM sites of the relevant legal entities of the KBC AM group (i.e. internal SharePoint site, external website, KBC e-mails, meetings with compliance colleagues, etc.)
2. External reporting: to the Commission for Personal Data Protection or the external regulators (FSC, BNB, etc.)
3. Public disclosure (through the press, social media, etc.)

The reporting person is free to select the reporting channel they consider the most appropriate. Whistleblowers, or those who publicly disclose information about violations, may choose to report through one channel, a combination of channels, or all three permissible reporting channels simultaneously.

4.1 Internal reporting

KBC AM, the legislature and regulator have all identified this method as the most appropriate reporting channel.

A whistleblower may make a report internally within each KBC group entity through all possible channels of communication (i.e. by letter, by e-mail, by telephone, in a personal meeting, etc.); the two main channels are stated below:

- Reporting through our external websites: <https://integrityline.kbc.com>
- Reporting through the Branch mailbox: whistleblowingUBBAM@ubb.bg

Next to these two main channels, a whistleblower can make a report internally:

- By letter:

KBC Asset Management NV – Branch, Bulgaria
To the attention of the Compliance Officer
Vitosha Bul. 89B, floor 6
UBB Millennium Center
1463 Sofia

In the case of written report sent via email or post, the whistleblower may use the form approved by the CPDP. The form is not compulsory for whistleblowers - however, they may use it if they wish or if they consider that it facilitates their whistleblowing.

By telephone: [+359 2 811 2683]

Reporting through the KBC websites (the preferred channel)

Links on the external website will take you to a secure page (known as the 'reporting system for unethical acts') where you can register your report in a few simple steps.

- A combination of questions will help you to structure your report.
- The anonymous reports are not considered under Bulgarian law, the option to submit an anonymous report is not active for the Branch and the KBC Group's subsidiaries in Bulgaria.
- In the background, the information is temporarily stored in a secure tool. Information based on a specific report is only accessible to the persons who need the information for their further investigation and follow-up on the report.
- Any and all communication with the investigator also takes place through this secure tool. The reporting person may create a secure inbox that can be used to upload data (including photographs, files, etc.) and to exchange information with the investigator. This secure inbox guarantees that the information remains in a closed, secure and protected system at all times.

Reporting through the mailbox: whistleblowingUBBAM@ubb.bg

Reports received in this mailbox will be registered in the secure tool by Compliance to ensure that we can communicate with the reporting person/whistleblower through the closed, secure and protected system for these reports, too, if necessary.

Compliance as the central point of contact

Given its independence protected by law, the Compliance department acts as the reporting manager (i.e. the point of contact) that receives, checks and saves all whistleblower records and reports. Other entities and persons are required to forward all incoming reports of breaches they receive to the Compliance department without delay.

The Compliance Officer carry out an investigation into the allegations of misconduct made in the report- if necessary, communicate internally with other staff or units functionally competent to carry out this investigation. In the case of specific infringements (e.g. in the area of anti-money laundering, anti-fraud measures), may refer the alert to a specific investigative unit, subject to confidentiality requirements

Confirmation of receipt to the reporting person

The reporting person will receive a confirmation of the report within seven calendar days, containing a brief explanation of the next steps, instruction to the whistleblower to remedy deficiencies in the report, if any, and a statement of whether the report 'qualifies for protection' according to the scope

of the law. If the deficiencies are not rectified within a specified time limit, the report together with its annexes shall be returned to the sender.

Reports which cannot be the subject of an investigation:

1. reports that have been submitted anonymously;
2. reports relating to offences committed more than two years ago.

Within three months, the reporting person will also receive feedback on the results of the investigation conducted in response to their report, on condition that the report falls within the statutory scope of whistleblower regulations.

4.2 External reporting

A whistleblower may also decide to report directly to an external reporting channel directly to the national public external reporting body - CPDP (or the relevant regulator such as FSC and, where appropriate, to the institutions, bodies, offices and agencies of the European Union), in particular where:

- the internal reporting channels are not available or do not function properly;
- there is no appropriate follow-up after internal reports; or
- the reporting person has reasonable grounds to believe that they will suffer retaliation or that the authority is in a better position to take effective measures.

4.3 Public disclosure

Protection of a person who publicly discloses information about an infringement applies when the following conditions are met:

- the internal and external reports are not dealt with and no appropriate action is taken;
- the reporting person has reasonable grounds to believe that the breach constitutes an imminent and manifest danger to the public interest; or
- in the case of an external whistleblowing, there is a risk of reprisal or that the offence is not likely to be dealt with effectively because of the risk of concealment or destruction of evidence, suspicion of collusion between the competent authority and the offender, or complicity by the authority in the offence, or other specific circumstances of the case.

5. How the reporting person/whistleblower is protected

5.1 Reporting in good faith

It goes without saying that any guideline or action is absolutely impermissible if it obstructs, hinders or prohibits persons in or from making a report or public disclosure in accordance with the principles outlined herein. This may also be grounds for criminal proceedings for the offence of making false accusations.

The identity of any person who reports in good faith will remain strictly confidential. Their identity, as well as the information from which their identity can be inferred, may not be disclosed to anyone beyond the parties competent to receive, investigate and follow up on the report, except in a very limited number of cases provided for by law:

- if the reporting person gives their free and explicit consent; or
- based on an obligation ensuing from special legislation in the context of investigations by national authorities or judicial proceedings (including with a view to safeguarding the rights of defence of the person concerned).

KBC AM guarantees that it will not subject whistleblowers to any form of disadvantageous treatment or adverse actions as a result of reports made in good faith.

Any person reporting in good faith cannot be prosecuted under civil law, criminal law or disciplinary law because they reported or publicly disclosed actual or potential breaches. In this situation, no professional disciplinary action whatsoever can be imposed as a result of such a report, either. Furthermore, whistleblowers do not incur liability in respect of the acquisition of or access to the information that is reported or publicly disclosed, provided that such acquisition or access did not constitute a self-standing criminal offence.

Retribution, suspension, dismissal, demotion (or withholding promotion), failure to renew contracts, withholding training, actual retaliation, threats, discrimination and/or other forms of unfair treatment of the whistleblower as a result of this type of reports or public disclosure will always be considered a serious breach of these principles.

Where whistleblower protection is breached, appropriate action will be taken to protect the whistleblower's position, while the protection measures the law provides to the whistleblower will also continue to apply in full.

5.2 Malicious reporting

Whistleblowers cannot abuse the reporting procedure by making malicious, frivolous or abusive reports, for example by deliberately and knowingly giving inaccurate or misleading information.

When the investigation conducted indicates that inaccurate or misleading information was reported deliberately and knowingly, the reporting person is **not entitled** to protection and appropriate disciplinary action may be imposed (including those provided for in work rules or in other applicable legislation). Moreover, anyone suffering damage because of such reports or public disclosures is entitled to seek a compensation order.

5.3 Personal Data Protection

Any processing of personal data carried out pursuant to this Policy, including the exchange or transmission of personal data, will be carried out in accordance with EU and national law. Personal data which are manifestly not relevant for the handling of a specific report will not be collected or, if accidentally collected, shall be deleted without undue delay.

The Privacy Statement of KBC AM NV - Branch in this regard can be found on the website www.ubbam.bg, Section About Us/Documents.

6. Protection of the person concerned

KBC AM also guarantees protection of the person who is the subject of the report. The reporting manager within Compliance will ensure the balance between the interests and rights of all parties involved. The internal investigation in connection with the report will be conducted independently and impartially and will cover both incriminating and exculpatory aspects.

In addition to the statutory obligation to maintain confidentiality, the person concerned is entitled to information about the breaches attributed to them. This person is also entitled to communicate their own position and to exercise their right of defence. Where necessary, this person may also have corrections made if certain information in the file is incomplete or incorrect. However, the person concerned may not make copies of information concerning the report or of any material related to the investigation, of findings and/or of measures taken, irrespective of the format or the carriers on which this information is stored.

The right to information may be temporarily suspended or even restricted to avoid obstruction of the investigation. We stress that, in this regard too, the person concerned is never informed of the whistleblower's identity or of any information from which their identity can be inferred either directly or indirectly. We may only depart from this duty of confidentiality on strict conditions prescribed by law (see above).

7. How an independent investigation is conducted

7.1 Compliance

The Compliance function investigates reports.

This function:

- may perform specific investigative duties (or have them performed) to find out as soon as possible whether the suspicions reported are well-founded;
- may keep the whistleblower informed of the progress made with the investigation. The whistleblower has the right to access any personal data relating to them. This right may be restricted by the rights of third parties, in the interest of the investigation or by the entity's legitimate interests. This right does not allow the whistleblower to take photographs or make copies of documents or other materials that are the subject of the investigation;
- ensures that the identity of the reporting person/whistleblower remains secret (the source cannot be disclosed), unless this reporting person/whistleblower explicitly consents to their identity being disclosed or unless this is required by law (e.g., in the event of a judicial inquiry). However, this does not prevent the reporting person from being heard in connection with the matters reported, just like all other persons involved;
- guarantees protection of the rights of the person who is the subject of the report;
- registers reports, reports and keeps records of the results of the investigation;
- annually provide statistical information to the national competent authority by 31 January of the following year on the number of whistleblowing reports received during the previous year, their UIN(unique identification number generated by the CPDP system), subject, number of inspections carried out and their results.

7.2 Guaranteed confidentiality and objectivity

The establishment of an internal whistleblowing channel is a system of appropriate technical and organisational measures. KBC AM shall put in place measures to ensure the confidentiality of information and to prevent unauthorised disclosure of the identity of the whistleblower and any other person named in the whistleblowing report and the performance of duties by employees assigned to investigate the report.

The obligation to protect the identity of the whistleblower and any other person named in the report applies to any KBC AM employee who has had access to the report, regardless of the basis or reason for such access.

8. Monitoring and reporting

The Compliance Officer will report the results of the investigations to the Executive Committee of KBC AM NV in accordance with the customary reporting lines, without disclosing the whistleblower's identity. They will see to it that the information submitted by the whistleblower is also effectively examined and that, where relevant, the necessary measures are taken to terminate the abuse.

The Compliance Officer is also responsible for documenting the report and ensures compliance with the principles stated in this policy. The Compliance Officer of the Branch involved report on the status, implementation and functioning of this Whistleblower Protection Policy in their periodic and annual

reports to KBC AM Group Compliance, the KBC AM NV Executive Committee and the Audit, Risk & Compliance Committee.

In order to prove the effectiveness of the whistleblower policy, the Compliance Officer keeps records of the reports of breaches, in compliance with the confidentiality requirements. The records do not include data on the identities of the persons concerned, but they do state the follow-up on the reports and the reasons for this follow-up. Reports will be stored for no longer than it is necessary and proportionate in order to comply with the requirements imposed by this Policy or by national law.

9. Exceptions to this policy

The principles set out in this policy are minimum rules that apply to all KBC group entities and reflect the deviations arising from the applicable local legislation.

Questions about this policy and the corresponding procedures may be addressed to whistleblowingUBBAM@ubb.bg.