



Press Release

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KBC Group's Sustainability Report for 2022 transparently details its sustainability journey, achievements, progress and ambitions.

KBC has reached yet another milestone in its sustainability journey. Based on the externally recognised progress it has made in important sustainability domains, KBC intends more than ever to partner its customers on a journey to a more sustainable future. KBC saw its leadership status and sustainability efforts in its daily bank-insurance business activities confirmed by independent assurance providers:

- PwC independently verified the progress KBC made on its CCCA (Collective Commitment to Climate Action) targets in 2022 (limited assurance).
- Vinçotte again verified the calculations of KBC Group's direct footprint and the underlying activity data in accordance with ISO 14064-3 (reasonable assurance).
- PwC independently verified the accuracy of the data and the traceability of the process of the 2022 PRB (Principles for Responsible Banking) Reporting and Self-Assessment Template (limited assurance).

Johan Thijs, KBC Group CEO outlines KBC's commitment: "As a financial institution, we are one of the main drivers of our current economic system. We have an important impact on society and the environment, and as such we can play an important role in the transition to a more sustainable future. We take this responsibility seriously and look to work closely with our customers and other stakeholders to achieve this goal. We therefore invest heavily in building up sustainability skills and creating a sustainability vision that's shared by all employees. We organise sustainability close to our business through clear local accountabilities, anchoring it throughout the group in all of our core countries and activities. By doing so, we ensure that sustainability at KBC is not about empty words and promises, but rather an actual management objective and a strategic element of our organisation. After all, the socially, environmentally, and economically challenging times we live in today require a thoughtful and appropriate response from the financial sector. Receiving the Terra Carta Seal from His Majesty King Charles III at the end of 2022 in recognition of our dedication to create a truly sustainable future, strengthens our determination to act accordingly. We remain committed to assisting our customers in the much-needed transition and remain vigilant that this transition is socially inclusive and fully respects human rights. Another recipient of external recognition was our asset manager, KBC Asset Management, which recently received the 'Most Sustainable Company in the Investment Industry' award from World Finance for its efforts in relation to ESG themes."

Filip Ferrante, Senior General Manager of KBC Group Corporate Sustainability, continues: *“KBC took sustainability to the next level once again in 2022, when we became the first Belgian financial institution to issue a 750-million-euro social bond, when we published our first Climate Report in September and when we decided to further bolster our intentions regarding climate action by committing our banking activities to the Science-Based Targets Initiative (SBTi). We continue to support our customers in the transition towards a greener and more sustainable world. We also work with our corporate customers to make their business processes more sustainable. We are proud that independent assurance providers have affirmed our strong ESG leadership status. It is a welcome recognition of the efforts we make to incorporate sustainability into our daily business as a bank-insurer and asset manager.”*

Since 2005, KBC Group has reported on its sustainability performance on an annual basis through its Sustainability Report. This digital report (only available in English) details how KBC addresses corporate sustainability and how it implements its sustainability strategy and Sustainable Finance Programme. It also describes the policies and guidelines KBC observes, the targets KBC sets and the main achievements. It further shows the governance structure around sustainability which reflects top-management's strong involvement and commitment.

The 151-page digital [Sustainability Report](#) contains detailed sustainability and sustainable finance data and is aimed at sustainability experts, investors, employees, business partners, customers and non-profit organisations.

KBC consistently and transparently reports on its sustainability journey

In its 2021 report, KBC included detailed information for the first time on its white papers for eight sectors (energy, real estate, building and construction, transport, agriculture, food and beverage producers, metals and chemicals) and three product lines. These are the most-carbon intensive sectors in our portfolio and the sectors where KBC can exert most financial leverage to help achieve transition. The white papers contain a sector-by-sector analysis of sustainability achievements and challenges and KBC's exposure to climate-related risks in each of those sectors. KBC has not just limited itself to listed companies, it has also extended the analysis to include its SME customer portfolio. In these white papers, KBC also takes a progressive approach towards environmental objectives other than climate change.

On 30 September 2022, KBC presented its first Climate Report in which it set out specific targets for reducing CO₂ emissions and also outlined its vision and ambitions for climate policy in the area of lending and asset management throughout the group in the years ahead.

Extended external assurance scope for KBC's reporting

In the Sustainability Report for 2022, KBC calculates the 2022 emission intensities and reduction rates for the sectors and products in scope of its CCCA targets and compares them with the values for the KBC portfolio-specific and scenario-based sectoral decarbonisation pathways for that same year. **The target progress report for KBC Group's lending portfolio and its PRB self-assessment has now received external assurance, while the calculations for its direct footprint have been externally verified since 2016.** The rest of the sustainability report has not been assured.

These climate targets are directed towards convergence with 2030 and 2050 goals. Given the long lead time until these target dates and the many uncertainties that surround climate transition, intermediate and short-term fluctuations in these progress measurements cannot be excluded. Furthermore, a perfect linear reduction between now and 2030 or 2050 would not be commensurate with the underlying economic and financial realities.

Continued strong performance in environment, social and governance (ESG) issues in 2022

- **Commitment to climate action**
 - **2030 and 2050 climate targets:** committed to a first set of climate targets for the most material carbon-intensive industrial sectors and product lines in KBC Group's lending business and asset management activities
 - **On track:** despite the short lead time since KBC Group established its baseline, this first progress report shows that, overall, KBC is well on track to meeting its portfolio climate targets
 - **Partner in the transition:** since starting its initiative, KBC has now held more than 3 000 customer engagement dialogues to support its customers' transition
 - **-70%:** reduction in KBC Group's direct environmental footprint compared to 2015
- **Sustainable business**
 - **7.4 billion euros** in financing contributing to social objectives
 - **14.3 billion euros** in financing contributing to environmental objectives
 - **600 000 tonnes CO₂e** in avoided GHG (Greenhouse Gas) emissions through renewable energy project finance
 - **32.3 billion euros** in Responsible Investing funds, equal to 37% of total assets under distribution (direct customer money)
- **Social responsibility**
 - **Social bond:** KBC issued a 750-million-euro social bond for investments in the [health care](#) sector.
 - **34% female entrepreneurship** among Start it @KBC start-up community in Belgium
 - **10 million euros** in outstanding loans to microfinance institutions and investments in microfinance funds via KBC's partnership with BRS
 - **Diversity in senior management:** women occupy 24% of senior management positions

Each of KBC's core countries also produces a **local report** focusing on the group's role in society. These reports are primarily intended for customers, employees and society at large and are written in plain language for anyone wanting a concise overview of KBC's approach, vision, achievements and challenges in relation to sustainability. The [Belgian Report to Society](#) can be consulted on KBC's [corporate website](#) as of today. The reports of our other core countries will be published on the website in the coming months.

In addition, the [2022 Annual Report](#) – which is drawn up primarily with the financial community and investors in mind – contains extensive sections dealing with sustainability.

The [Risk Report](#) provides greater detail on the group's risk and capital management, including environmental, social and governance (ESG)-related risks, and is intended for investors, analysts, experts and the general public.

By adopting this approach, KBC is giving as many people and stakeholders as possible ready access to its sustainability reporting, while at the same time meeting the growing demand for information to be provided in a transparent, consistent and clear manner.

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