



# Press release

Brussels, 4 April 2022 – 9 a.m. CEST

## **KBC publishes transparent report on its progress and ambitions on the sustainability front.**

### **KBC is sharing data for the first time on greenhouse gas emissions for its entire loan and lease portfolios and on climate analyses by sector.**

Today, KBC unveiled its [sustainability report](#) for 2021, a publication that provides a comprehensive and transparent overview of KBC's ESG achievements and progress over the past year, as well as its sustainability ambitions (ESG: Environment Social Governance).

KBC is, for the first time, also providing figures for its [direct and indirect environmental footprint](#). When calculating this footprint, it included the investment funds of KBC Asset Management, as well as its own investment portfolio, loan portfolio and corporate pension fund, thus laying the foundation for consistent measurement, reporting and portfolio adjustments in the years to come. KBC's aim is to continue fundamentally reducing its own footprint (-71% in 2021). In addition – and as announced at an earlier date – it has offset its remaining emissions by means of three qualitative climate projects to ensure it achieved net climate neutrality.

For the first time in this report, KBC is including [information on its white papers for eight sectors](#): energy, commercial real estate, building and construction, transportation, agriculture, food production, metals and chemicals. These 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 its [SME](#) client portfolio.

By properly assessing its own risks, KBC can be a reliable partner to these companies in their own transition to a more sustainable society.

The 250-page digital sustainability report – which is only available in English – is an easily accessible reference document due to its extensive click-through capabilities. It also fully satisfies the reporting requirements set by various stakeholders.

The [SDGs](#)<sup>1</sup> serve as the common thread running through the report, which sets out in detail how KBC's sustainability targets contribute to achieving those goals. KBC follows the international [GRI](#) standards<sup>2</sup>, and since 2019 has also applied the criteria drafted by the Sustainability Accounting Standards Board

<sup>1</sup> 'Sustainable Development Goals' developed by the United Nations

<sup>2</sup> Global Reporting Initiative

(SASB). Since 2019, KBC has also anchored the [TCFD](#) recommendations<sup>3</sup> on climate reporting in the sustainability report.

### ***Every day, steadily building a (more) sustainable future.***

In 2021, KBC once again broke important new ground in terms of sustainability (ESG):

#### **Environment**

- All the remaining direct exposure to coal-related activities was reduced to zero.
- KBC adopted an initial preliminary schedule for internal carbon pricing, which it will gradually implement using pilot projects.
- KBC calculated greenhouse gas emissions for its entire loan and lease portfolios for the first time using the PCAF<sup>4</sup> methodology.
- KBC also calculated the climate-related impact of its own investment and asset management portfolios using Trucost data and methodology.
- The socially responsible investment policy of the KBC Group Treasury and the KBC Pension Fund was updated.
- KBC reported transparently on the measurement tools it uses to map out and steer its climate impact and transition (includes the PACTA<sup>5</sup> and PCAF tools).
- KBC achieved net climate neutrality in terms of its own direct environmental footprint.

#### **Social**

- KBC managed some 31.7 billion euros in socially responsible investments at the end of 2021.
- KBC continued its social-impact efforts through business solutions in four focus areas (viz. 'environmental responsibility', 'financial literacy', 'entrepreneurship', and 'longevity and health') and through social projects it has supported through the years. More importantly, however, KBC – as an integrated bank-insurer – is aiming to increase its social impact through its core businesses by providing funding and insurance to projects that contribute to and offer access to social goods and services, such as education, basic infrastructure, essential services, health and employment. It also takes a closer look at how KBC's partner, [BRS](#), provides sustainable social support in the Global South through microfinance and microinsurance and how KBC employees and senior management make a concrete contribution by volunteering their professional skills to this area. Through its participation in the capital of BRS Microfinance Coop, KBC provided 10.2 million euros' worth of microfinance to 1.7 million entrepreneurs and farmers in rural areas of the Global South.
- A new policy was drawn up that clarifies KBC's ambitions for gender equality within its business organisation. KBC was also included in **the Bloomberg Gender Equality index** for the first time.
- KBC also promoted female entrepreneurship in Belgium through Start it @KBC. Belgium's largest accelerator has actively committed to fostering female entrepreneurship in the start-up landscape for the past three years, with the result that when the last in-take was completed in 2021, 46% of the start-ups selected had a woman as co-founder. The aim is to increase this proportion to 50%.

#### **Governance**

- Responsibility for sustainability and climate change is borne by the company's top management and is embedded in sustainability governance and their remuneration package.
- KBC rolled out a training course on sustainability to all employees, and all senior managers participated in an interactive climate game to learn how to make lending, insurance and investment decisions that can lead to a sustainable future.

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<sup>3</sup> Task Force on Climate-Related Financial Disclosures

<sup>4</sup> Partnership for Carbon Accounting Financials

<sup>5</sup> Paris Agreement Capital Transition Assessment

**Johan Thijs, KBC Group CEO**, stresses the relevance of the sustainability policy and the report: *‘Events over the past year have taught us the very harsh lesson that humankind is part of an integral ecosystem and not above it. While Covid-19 continued to keep the international community in a stranglehold, some European countries were also plagued by extreme weather conditions – a reminder that climate change is very much a reality. Given our role in society, we are committed to making a clear and lasting contribution in the search for an answer to the challenges posed by these disruptive times.*

*The sustainability report provides an insight into the progress we have made in this area. We are focusing on topics that are important for us and our stakeholders in the context of sustainability and examining where we could have a concrete impact through our activities as a bank-insurer and asset manager. That helps us to decide where our future focus will be directed.*

*The report also provides an overview of our business model, outlines how we create value for our stakeholders and how we manage our short and long-term impact in the value chain. We are therefore restating in our sustainability report our specific targets and commitments, something we will update again in the autumn of 2022. In this way, we do our bit every day towards building a more sustainable world for our children and grandchildren.’*

**Filip Ferrante, Corporate Sustainability Manager at KBC Group**, runs through the key aspects of the report: *‘2021 was the year in which we highlighted the need to focus on sustainability and effectively got this message across to our entire organisation and in all the countries we operate. We are fully supported in this matter by our CEO and the Executive Committee, top management and our Board of Directors, which has the management of climate risks as one of its top priorities. By taking a ‘serious’ approach to this matter, we can also better guide our customers in their transition and suggest adequate solutions not only in terms of lending, insurance and investment products, but also by providing additional advice on sustainability themes.’*

### ***Open and transparent communication tailored to all stakeholders***

Due to its technical content, **the sustainability report** is aimed primarily at sustainability experts, although it is of course available to anyone interested in this subject matter. The report (which is only available in digital format) is highly interactive and dynamic in its structure. Built-in links make it quick and easy to navigate through the report. Visuals and graphics improve the readability and make it easier to interpret the statistics.

In order to reach the widest possible audience, KBC also reports extensively on its progress on sustainability in certain other publications. The **Report to Society**, which will be published on 19 April 2022, is written in plain language and is aimed at anyone wanting a concise overview of KBC's approach, vision, achievements and challenges in relation to sustainability. In addition, the [2021 Annual Report](#) – which is drawn up primarily with the financial community and investors in mind – contains extensive sections dealing with this particular topic. By adopting this approach, KBC is giving as many people 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.

# Our sustainability roadmap

Strong ESG performance in 2021

2021

 <b>ESG</b> Environment	 <b>ESG</b> Social	 <b>ESG</b> Governance
 All remaining direct coal exposure has been phased out in line with our commitment	 31.7 billion euros in socially responsible investment (SRI) funds	 Top level responsibility for sustainability and climate change – anchored in our sustainability governance and remuneration
 We calculated the GHG emissions for the entire KBC Group's loan and lease portfolio for the first time based on the PCAF methodology	 10.2 million euros of outstanding loans to microfinance institutions and investments in microfinance funds, reaching 1.7 million rural entrepreneurs and farmers in the South	 Our people as one of the main drivers in our sustainable transition
 We calculated the climate-related impact of our own investments and asset management portfolio through <u>Trucost</u> data and methodology	 Promoting female entrepreneurship among our start-up community	 Our climate business game was further enrolled to our senior management as part of our leadership development <u>programme</u>
 Net climate-neutral regarding our direct environmental footprint	 Promoting diversity and an inclusive culture and inclusion in the Bloomberg Gender-Equality Index	 Completion of responsible <u>behaviour awareness training</u> by <u>the vast majority of staff</u> in all core countries

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