



Press Release

Brussels, 29 March 2019

KBC publishes eighth 'Report to Society' and states its position on 'Move Your Money' campaign

KBC has published its Report to Society every year since 2012. The [2018 report](#) is released today. In this report, KBC sets out a clear overview of its achievements and evolution in the areas of social responsibility and sustainability. The report also looks in more detail at KBC's approach towards themes like socially responsible investments, financial literacy, employment, digitalisation, diversity and mobility, and also the important subject of climate change.

Reflecting its ongoing concern for transparency and social responsibility, KBC pursues an open dialogue with all its stakeholders regarding socially relevant issues and how it can contribute to them positively. In this context, KBC exchanged views with the organisers of the 'Move Your Money' campaign, and informed them today on its position regarding their proposed [Climate Resolution](#)¹. KBC emphasises in this regard that the goals of the Paris Climate Agreement are the benchmark for its contribution to the transition to a low-carbon economy and society.

KBC commits to align its policy guidelines and business approach with the goals of the Paris Climate Agreement. It will therefore contribute actively, in collaboration with third parties, to the development of scientifically underpinned methods for identifying the indirect carbon impact of its core activities as a bank, insurer and asset manager. Only when such methods are in place will KBC be able to measure its indirect impact, draw up targets and report on its plans for and progress in realising those targets, as called for in the Climate Resolution. Pending that, KBC has already taken firm action and implemented specific policies that are contributing significantly to the achievement of the Paris climate goals:

- KBC's energy-sector policy was significantly tightened once again in 2018.
- All socially responsible investments at KBC are fossil-free and are promoted more firmly.
- KBC has set concrete targets for renewable energy credits.
- KBC has adopted ambitious goals for reducing its direct ecological footprint.
- KBC supports customers with sustainable business solutions during their energy transition.

Through these commitments, policies and specific actions, KBC is contributing in a relevant, realistic and credible way to the transition to a low-carbon economy.

¹ The Climate Resolution calls on businesses and financial institutions to draw up science based targets by 2020 at the latest to reduce greenhouse gas emissions, including those related to their own loan and investment portfolios, in line with the Paris Agreement. To this end, the resolution asks for the immediate exclusion of coal-fired power plants and new extractions of fossil fuels, and of energy-sector firms that do not demonstrably subscribe to the Paris goals or will not achieve those goals by 2050.

Johan Thijs, KBC Group CEO, acknowledges the real challenge that climate change poses to the financial sector as well, but calls at the same time for a realistic approach: *‘Climate change is indisputably a material element in the risk management of a financial company. And firm action to address climate change is necessary to safeguard the future of our society and to bring about sustainable economic development. Our responsibility as a financial institution is to support both our customers and society at large in that transition. But an appropriate and fair switch towards a sustainable, low-carbon economy and lifestyle also requires us to take account of the social and economic reality. Calls for concrete targets on reducing the indirect carbon impact of our loan and investment portfolios are undoubtedly legitimate, but they can only be responded to credibly and with integrity if they are underpinned by scientifically sound methods. For that reason, KBC continues to support a constructive dialogue with all stakeholders, so we can work together in an atmosphere of openness to achieve a sustainable society in the spirit of the Paris Climate Agreement’.*

Supplement

Overview of KBC’s most important policies and concrete initiatives in the area of climate change

- **KBC policies**

KBC tightened its policy guidelines in 2018 for loans and insurance for the energy sector, while also extending the policy to all the capital-market advice it provides to its customers:

- ***Coal and unconventional oil and gas:***

A specific policy towards energy sources with the greatest negative impact on the environment:

- Exclusion of unconventional oil and gas, including shale oil, shale gas and tar sand.
- Exclusion of all new coal-related activities, including mining and coal-fired power generation.
- Phasing out of all existing coal exposure to zero by 2023. This exposure has already been reduced from 252 million euros in 2016 to 34 million euros in 2018.
- In consultation with local environmental organisations, the funding of coal-fired central district-heating systems in the Czech Republic will be limited solely to ecological improvements and phased out entirely by 2035.
- Reduction in the coal-fired power-generating capacity of integrated energy companies to a maximum of 25% of the total capacity by 2023.

- ***Oil and gas:***

- Exclusion of new oil-fired power generation, including upgrades.
- Exclusion of specialist companies active in the extraction and development of new oil and gas fields.

- **Stronger focus on sustainable investment, enabling customers to choose fossil-free investment and savings products:**

- All KBC’s SRI funds have been fossil-free since the end of 2017.
- Development of new, sustainable investment solutions for different customer profiles, including the launch of an innovative, socially responsible pension savings product.
- Sustainable investments rose from 2.5 billion euros in 2015 to 9 billion euros in 2018, with approximately 40% of new production in SRI funds.
- Since energy companies do not currently report science based targets to reduce the impact of fossil fuels, KBC is not yet able to exclude all these businesses from the conventional investments.

- **Renewable energy loans:**

- By 2030 at least 50% of KBC’s total energy loan portfolio should go to renewable energy.
- By 2018, 44% of KBC’s overall energy loan portfolio was already granted to renewable energy projects.

- **KBC’s direct ecological footprint:**

- KBC has tightened its targets for reducing its direct ecological footprint and now aims to achieve a reduction of 25% by 2020 and 50% by 2030.
- Its direct greenhouse gas impact had already been reduced by 38% between 2015 and 2018.

- Sustainable business solutions to support customers in the energy transition:
 - KBC wants to facilitate and finance energy-saving investments by its customers via:
 - Funding of ESCOs (energy service companies) and alliances in the area of energy-saving for corporate customers.
 - Online modules for measuring the carbon impact of renovation investments for retail customers.
 - A first KBC Green Bond issue for 500 million euros to fund low-energy home loans and renewable energy projects.

KBC Group NV

Havenlaan 2 – 1080 Brussels

Viviane Huybrecht

General Manager

Corporate Communication /Spokesperson

Tel. +32 2 429 85 45

Press Office

Tel. +32 2 429 65 01 Stef Leunens

Tel. +32 2 429 29 15 Ilse De Muyer

Tel. +32 2 429 32 88 Pieter Kussé

E-mail: pressofficekbc@kbc.be

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