

Questions of Mr. Gert-Jan Vanaken

Question 1:

Head of the Board of KBC, Thomas Leysen has publicly declared he personally would no longer invest in coal. Nonetheless, the official KBC policy keeps open the possibility to invest in coal. Even if limited to the Czech republic this compares unfavorably to its peers: Both ING and BNP exclude investment in new coal mining or power generation capacity. KBC has said it will reduce its exposure to coal to 0 by 2050, again lagging far behind compared to e.g. ING who will reduce their exposure to close to 0 by 2025. What are the financial reasons for KBC to keep open the option of investment in new coal power and mining capacity until 2050?

[Question withdrawn \(cf. explanation of Johan Thijs, CEO KBC Group NV, during the Shareholders' Meeting\).](#)

Question 2:

How does KBC assess the financial risks for new potential investments in the coal sector in the Czech republic? Are these assessments based on a Business As Usual scenario, or are they based on a scenario compliant with the Paris Agreement (a 2 degree scenario)? If the second is the case: what is this 2 degree scenario based on? According to an analysis by Carbon tracker the Czech coal sector risks losing €2 billion in a BAU scenario compared to a scenario which phases out coal power by 2030.

Answer:

[KBC is well aware of the climate-related physical risks and transitional risks as they are described in the 2017-recommendations of the Taskforce on Climate-related Financial Disclosures.](#)

[These \(financial\) risks were one of the drivers for the decisions taken in 2016, but newly published assessments also motivated our stricter 2018-policy.](#)

[We also remind you that KBC has the ambition to grow its portfolio in renewable energy to more than 50% of its total portfolio in the energy sector.](#)

Question 3:

To what extent do investments decisions in the Czech coal sector take into account reputational risks for KBC's sustainable brand?

Answer:

[KBC's Sustainability Policies are in first instance policies that reflect the vision and values of KBC Group regarding its role in society and meeting stakeholders' expectations in a balanced manner. KBC's reputation is indeed also influenced by the opinion of the different stakeholder groups with respect to several societal issues..](#)

[As an international financial company with a local embeddedness-approach in our different core-countries, KBC also has to balance the reputational impact of decisions taken on a KBC Group level but also taking into account the different local societies.](#)

[Regarding the amended coal-policy, we assume that the amended 2018 KBC Energy Credit Policy, will have a positive reputational impact.](#)