



20
23

Taking the next steps
on our sustainability journey

Sustainability Report
KBC Group

More information: www.kbc.com

KBC Global Services – Group Corporate Sustainability – Email: csr.feedback@kbc.be

KBC Global Services – Investor Relations Office – Email: IR4U@kbc.be

About this report

- Prepared in accordance with the **GRI Universal Standards** and the **GRI Topic Standards**
- Includes relevant disclosure topics and associated metrics under the **SASB Commercial Banks** industry standard
- Includes reporting on our environmental impact structured according to the four pillars of the **TCFD** and **TNFD** frameworks
- Important parts of the report have been **assured by an external party:**
 - Target progress report of KBC Group's lending portfolio
 - The calculations of KBC Group's direct footprint
 - PRB self-assessment



GRI/SASB
Content Index



2023 in a nutshell



We have come a long way since we first started working on sustainability. In 2023, we again took important steps in our sustainability journey. Our excellent scores on prominent ESG ratings, the sustainability awards we received and our progress towards the targets we have set for ourselves are testimony to this.

Sustainability highlights 2023

Commitment to the environment



Second progress report on the climate targets for our lending portfolio

Shows that, overall, we are well on track in meeting our portfolio climate targets, with eight out of twelve of our targets being in line with our climate alignment benchmarks.



Climate targets for our own investments

Set a climate-related target for the portfolio of own corporate investments of KBC Insurance for the first time.



Climate impact of our insurance portfolio

Calculated for the first time the GHG emissions of part of KBC's insurance underwriting portfolio.



Other environmental objectives

Continued to expand our focus to include the themes of biodiversity, circularity, pollution and water, and report on them. By extension, we also became an adopter of the TNFD recommendations.

Sustainable business



40.7 billion euros Responsible Investing funds

41% of total assets under distribution (direct client money)



7.4 billion euros

Business contributing to social objectives



19.3 billion euros

Business contributing to environmental objectives



EU Taxonomy reporting

We are reporting our contribution to environmental objectives according to the EU Taxonomy for the first time, including but not limited to voluntary EU taxonomy reporting and our mandatory reporting.

Social responsibility



Social bond

Issued a second 750-million-euro social bond for investments in schools and hospitals.



75%

Of employees who took part in the new webinar on responsible behaviour between September and December 2023.



Gender diversity in senior management

Focus on improving the gender balance within our leadership



Housing

Set an ambition to develop the skill sets and attitudes of young adults with regard to mortgage loans and are continuing to act as a responsible lender.

Recognised as an ESG leader by independent rating providers*

KBC aims to be the reference



A

Leader in addressing climate change



Negligible risk rating (8.8)

- 1st percentile of 294 diversified banks assessed
- 1st of 294 diversified banks
[Full annual review ongoing]

S&P Dow Jones Indices

A Division of S&P Global

64

Top 7% of 722 banks assessed (93rd percentile) Included in the Sustainability Yearbook for the 5th consecutive year



AAA

Leader among 204 banks assessed



C+ prime

1st decile rank of 300 commercial banks and capital markets assessed



FTSE4Good

5

100th percentile of banks assessed

*ESG ratings 3rd of July 2024



Euronext included KBC in its new BEL ESG stock market index

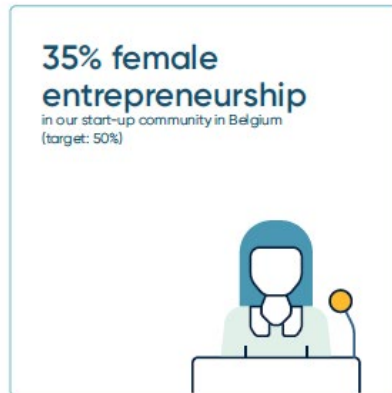
This new index identifies and tracks BEL[®]20 and BEL[®]Mid companies whose concrete operations and policies earn them an excellent ESG score through a respected external assessment. With this new index, Euronext aims to respond to the growing demand for sustainable investment instruments.



KBC is one of 19 companies worldwide to have been awarded the 2022 Terra Carta Seal.

Making progress on our sustainability targets

- Energy
 - Electricity
 - Commercial real estate and mortgages
 - Mortgages and commercial residential real estate
 - Vehicle loans and financial lease passenger cars
 - Vehicle loans and financial lease light commercial vehicles
 - Operational lease passenger cars
 - Operational lease light commercial vehicles
 - Agriculture
 - Cement producers
 - Steel producers
 - Aluminium producers
-
- KBC portfolio value is currently at or below the scenario-based benchmark
 - KBC portfolio value is currently maximum 5% higher than the scenario-based benchmark
 - KBC portfolio value is currently more than 5% above the scenario-based benchmark



Our sustainability strategy

A photograph of two women hikers on a mountain peak. One woman is standing and leaning forward, while the other is kneeling and holding her hand. Both are wearing backpacks and outdoor gear. The background is a vast, hazy mountain landscape under a bright sky.

Our sustainability strategy can only be integrated throughout our group through a firm sustainability governance. Sustainability at KBC is a top-level responsibility and partly determines the collective variable remuneration of our top-level management. We use our Sustainability Dashboard to measure this progress.

The cornerstones of our sustainability strategy



Good health and well-being

Focus on improving healthcare, quality of life and road safety.



Affordable and clean energy

Contribute to increasing the share of local renewable energy production and its efficient use. Gradually exiting from the financing and insurance of non-sustainable energy



Decent work and economic growth

Supporting entrepreneurs and investing in innovative new businesses. Especially stimulating female entrepreneurship. Providing microfinance and microinsurance in the Global South.



Responsible consumption and production

Developing banking and insurance products which support low-carbon or circular businesses. Promoting responsible investing as our first offer and preferred investment solutions



Climate action

Strict sustainability policies in place for our portfolios. Setting climate targets for the most carbon intensive sectors and product lines in our lending portfolios. Setting targets for reducing our direct climate impact

Business solutions with a positive societal impact

Four focus domains, within our realm of influence and through which we can address current societal needs.



Environmental responsibility



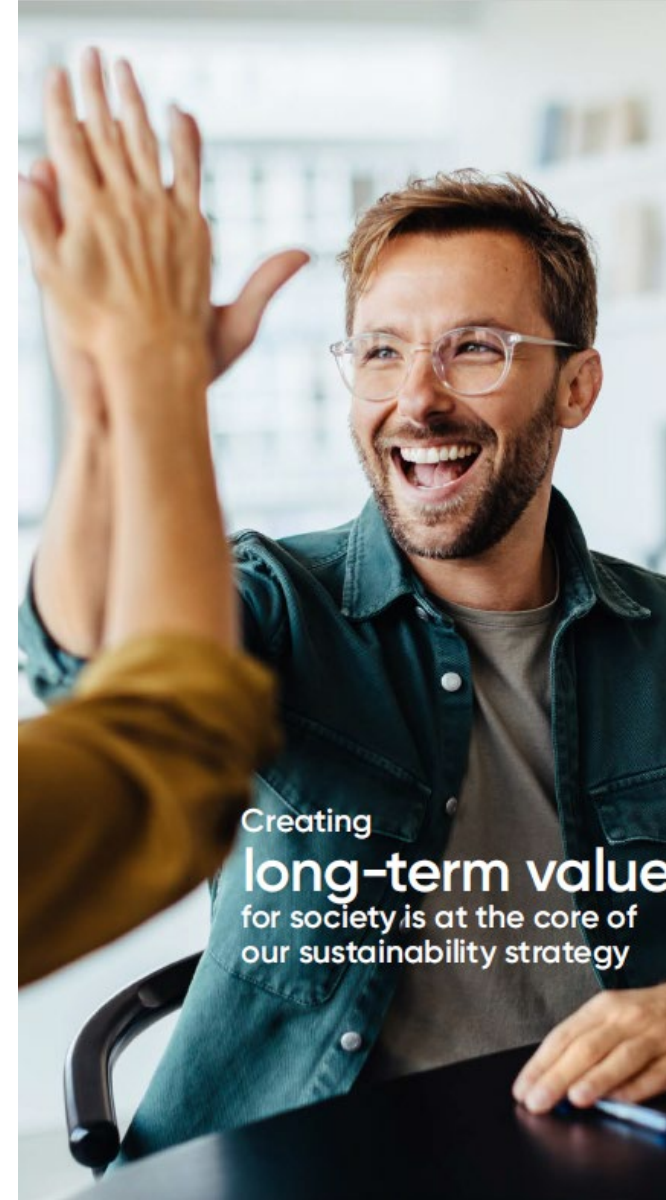
Financial literacy



Entrepreneurship



Longevity and health



Creating
long-term value
for society is at the core of
our sustainability strategy

Firm sustainability governance



Board of Directors	<ul style="list-style-type: none"> Oversees the implementation and progress of KBC's sustainability strategy This includes all ESG-related themes
Risk and Compliance Committee	<ul style="list-style-type: none"> Closely monitors the management of ESG-related risks that are identified as top risks: climate and environmental risk, cyber risk, compliance risk and conduct risk
Executive Committee	<ul style="list-style-type: none"> Highest-level decision-making body for sustainability Decides on KBC's sustainability strategy and policies and monitors the groupwide implementation of that strategy Granted day-to-day decision-making powers to other relevant committees and senior positions



Internal Sustainability Board			Senior General Manager Group Corporate Sustainability
<ul style="list-style-type: none"> Chaired by the Group CEO Executive and senior representation of all our business units, core countries and group services Primary forum to discuss ESG-related issues at KBC 			<ul style="list-style-type: none"> Leads the Group Corporate Sustainability Division Follows-up on ESG-related issues, develops and implements the sustainability strategy and policies, and reports on this strategy
Sustainable Finance Steering Committee	Data and Metrics Steering Committee	CSRD Steering Committee	
<ul style="list-style-type: none"> Monitors the progress and technical implementation of the Sustainable Finance Programme Focuses on KBC's approach to climate action and other environmental themes 	<ul style="list-style-type: none"> Manages the challenges related to climate-related data collection and reporting 	<ul style="list-style-type: none"> Oversees and manages the implementation of the new European reporting legislation CSRD 	



Country Sustainability General Managers	<ul style="list-style-type: none"> Communicate on, translate and implement the sustainability strategy in their core countries and business units
Country sustainability departments and sustainability committees	<ul style="list-style-type: none"> Support the Country General Managers Sustainability in their responsibilities Steered by local senior management Organise the local sustainability teams

External

External Sustainability Board	<ul style="list-style-type: none"> Consists of external sustainability experts that advise KBC on its sustainability strategy and policies.
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KBC Sustainability Dashboard

Follow-up of implementation of sustainability strategy



Environment

- Climate target setting
- Sustainable business volume targets
- Own footprint target setting
- Sustainable business opportunity track



Social

- Supporting female entrepreneurship
- Developing the skill sets and attitudes of young adults towards mortgage loans
- KBC Group gender balance
- BRS: financial inclusion and impact investing



Governance

- KBC Group Sustainability governance
- Sustainability objectives of senior management
- Responsible behaviour

Overarching

- Responsible Investing funds targets
- KBC Group sustainability training courses
- Overview of new policy decisions linked to sustainability
- KBC Green and KBC Social bonds

External views

- ESG-ratings of KBC group
- Investor view
- Structural stakeholder dialogue
- Follow-up on concerns from our stakeholders
- Net promoter score results
- Corporate reputation index results

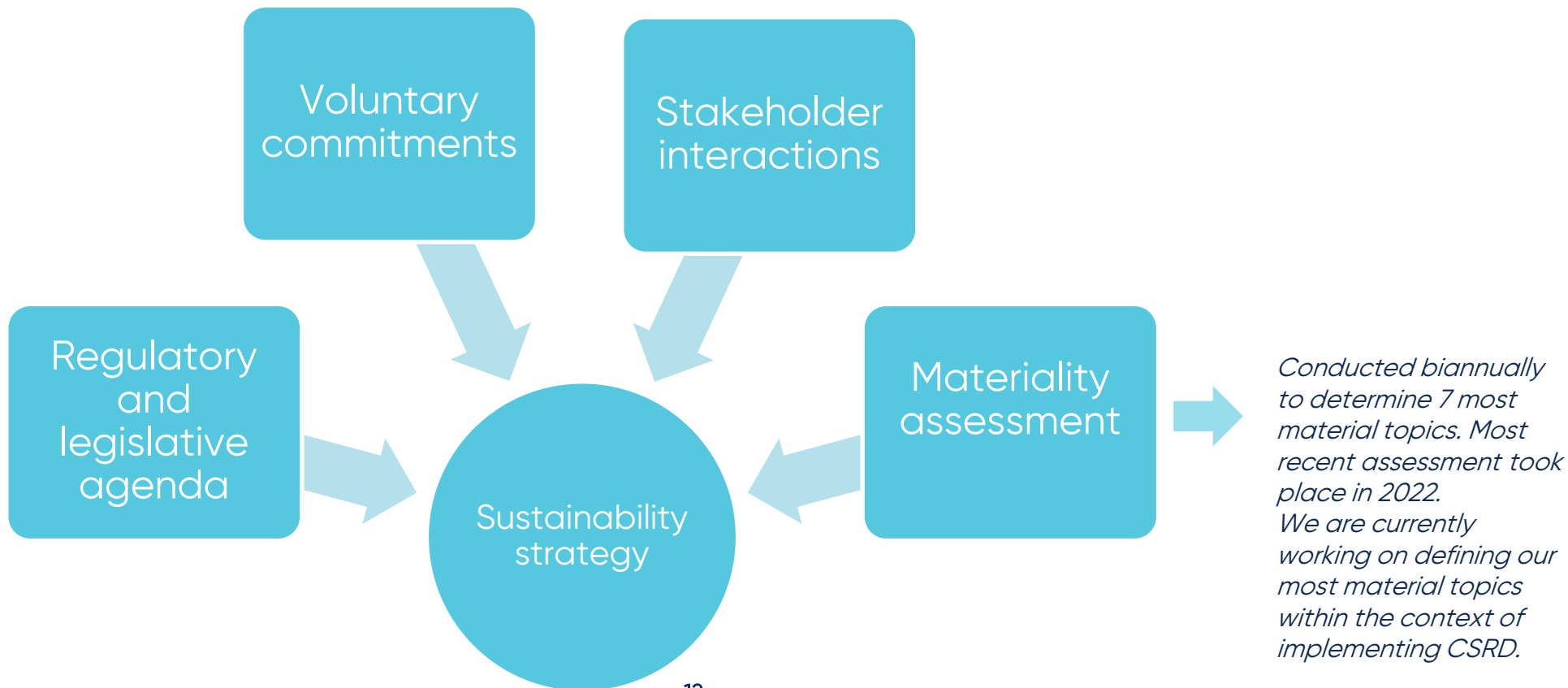
Variable remuneration of top and senior management partly linked to sustainability performance:

30% of collective, variable, results-related remuneration component that is awarded to the members of the Executive committee

10% of variable remuneration of senior management members tied to achievement of individual targets related to our sustainability strategy.

The world in which we operate

Our sustainability strategy and policies are influenced by developments in our working environment.



Our people



We want to create a working environment that attracts high-quality employees. We hence heavily invest in creating a pleasant, healthy and inclusive working environment. We also support our employees to grow their talents, from their onboarding, all the way to their retirement.

Working environment

We want to create a working environment where our **41 000 employees** feel safe, are free to speak up and able to grow

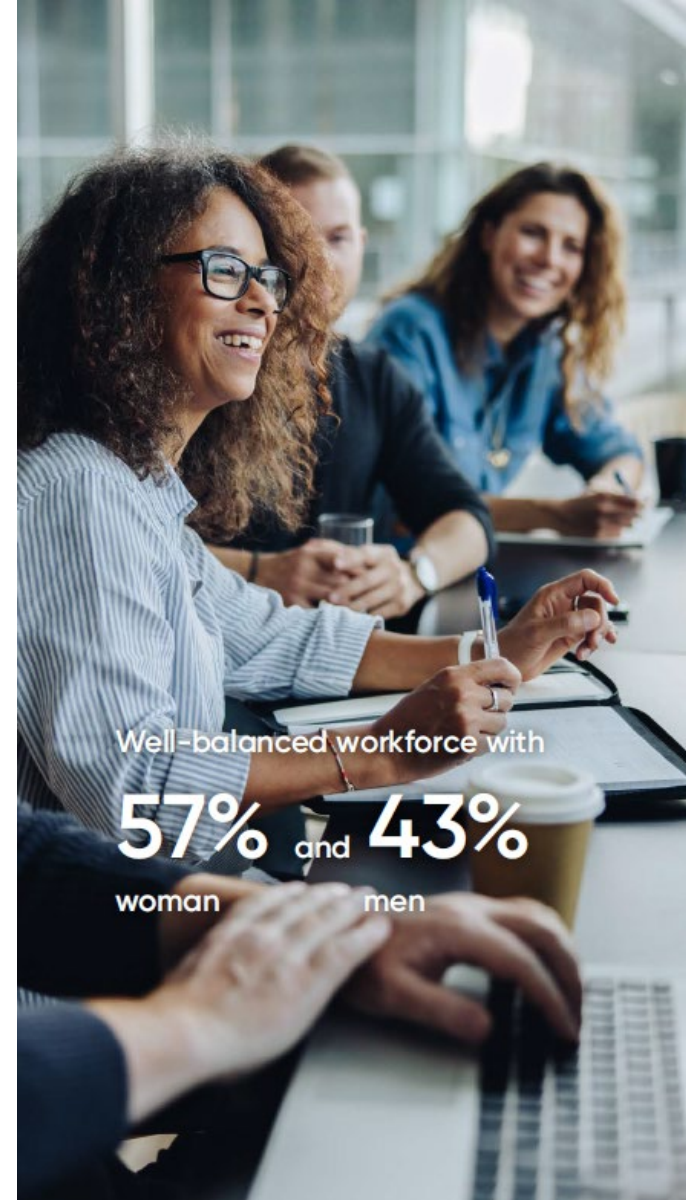
- **Psychosocial well-being:** preventing excessive stress which can cause burnout
- **Occupational health and safety:** creating healthy and safe working environments
- **Working the next level:**
 - More flexible working conditions
 - Increased opportunity to work from home
 - Increased digital collaboration among colleagues and with clients
- **Fair rewards and competitive salaries**



Diversity and inclusion

Treating all our people equally, in all circumstances

- **Diversity policy** specifies how we approach the topics of diversity and inclusion at KBC
- Main focus of the policy lies on **gender**
- Further actions:
 - Yearly tracking of pay gap and gender bias in reward and compensation in Belgium and Czech Republic
 - **Negligible adjusted pay gap** in both countries
 - Several local networks on diversity and inclusion
 - Strive to maintain age diversity
 - Focus on inclusion of colleagues with a disability
 - Advanced local family care and parental leave options
 - Training for managers on unconscious bias
 - Focus on inclusive panels





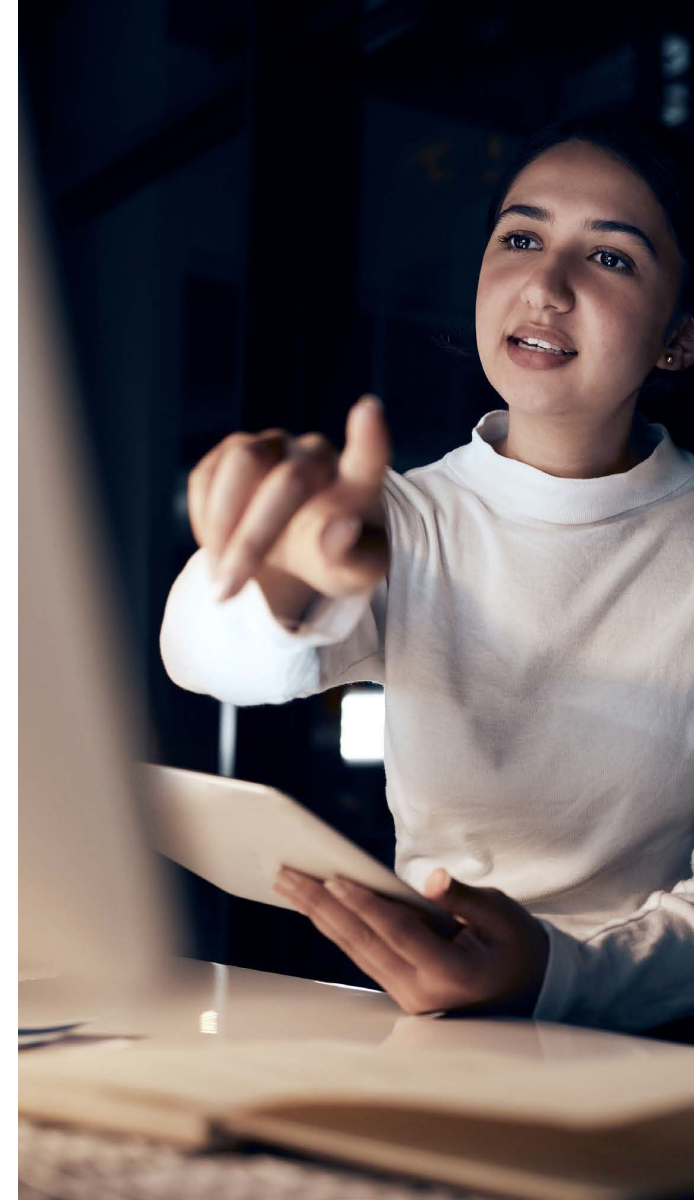
Our responsibility

We want to act in a responsible and ethical way. Only in this way can we gain and keep the trust of our stakeholders. Responsible behaviour is therefore the foundation of an effective and credible sustainability strategy. We thus consider the responsible behaviour of all our employees as the foundation of everything we do.

Our responsibility

Responsible behaviour as the foundation of everything we do

- **Responsible behaviour of all our employees** is crucial to have an effective and credible sustainability strategy
 - Act according to KBC values (Respectful, Responsive, Results-driven)
 - Accountability of each employee to behave responsibly
 - 'My responsible behaviour compass' available for all our employees
 - Training (e.g. awareness and dilemma training)
- **Business ethics:** Compliance with relevant rules and regulations and corporate policies
 - Anti-Money Laundering
 - Anti-corruption and bribery
 - Whistleblowing and speaking up
 - Responsible artificial intelligence
 - ...
- **Human rights:** we strictly refrain from any human rights violations
- **Information security and cyber risk**
- **Privacy and data protection**



A young woman with blonde hair, wearing a white lab coat, is leaning over and smiling warmly at an elderly woman with grey hair. The elderly woman is sitting in a wooden chair and looking back at the younger woman. The scene is brightly lit, suggesting a window in the background. The overall mood is caring and positive.

Sustainable finance

 We want to contribute to sustainable societies through our main activities: financing, insuring and investing. That is why we have strict sustainability policies in place for all our business activities. We measure the impact of our activities. We have formulated distinct targets and closely monitor our progress.

Our approach to sustainable finance

- Applicable to business activities
- Strict exclusion criteria
- Updated regularly
- Externally challenged

- Own investments and investments for our clients
- Strict sustainability criteria
- Focus on positive impact
- Independent assessment of our methodology

- Financing with social impact
- Social bond
- Accessibility of our goods and services
- Microfinance and microinsurance

- Main focus on climate adaptation and mitigation
- Direct and indirect impact
- Measuring climate impact of our portfolios
- Climate targets



Our sustainability policies



Sustainable investing



Social impact



Environmental impact

Our approach to sustainable finance

- We use our core operations as tools to **stimulate the most sustainable activities of our clients** and supporting them in their sustainability transition
- We are gradually **restricting the most harmful activities**
- Steadily aligning offered solutions with EU sustainability legislation
- **Expanding the scope beyond climate change**, towards other environmental themes
- For a further breakdown on what is included in 'Financing contributing to environmental objectives', please refer to [Table 5.3](#)

Table 5.1: Sustainable business in our core activities (KBC Group, millions of euros)

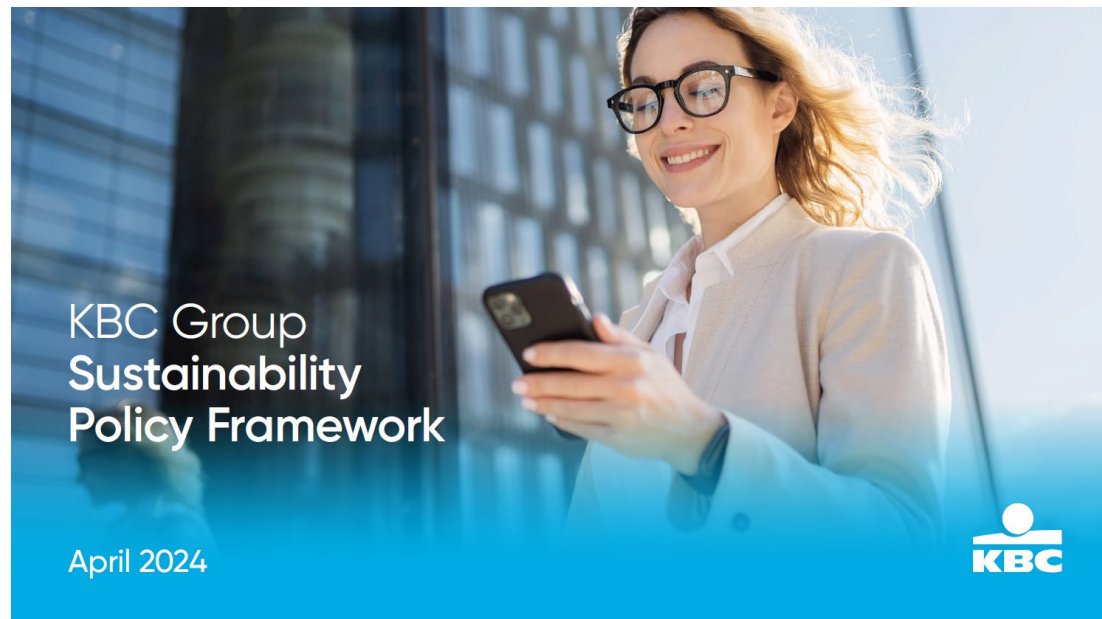
		2023	2022	2021
Sustainable investing¹				
Responsible investing (RI) on behalf of our clients	RI funds under distribution ²	40 700	32 300	31 700
Our social impact¹				
Financing contributing to social objectives	granted amount	7 401	7 356	7 152
BRS Microfinance Coop	loans to microfinance institutions and investments in microfinance funds (cooperative share capital)	11 (22)	10 (22)	10 (22)
Our environmental impact				
Financing contributing to environmental objectives ³	total volumes	19 281	14 285	11 752

* The table including its footnotes can be found in the 2023 Sustainability Report p. 47

Updated KBC Sustainability Policy Framework

A solid sustainability framework with strict sustainability policies is the backbone of our business activities

- Applied to all our business activities
- Focus on human rights, environment, climate, biodiversity and sensitive and controversial societal issues.
- **Strict due diligence** to monitor compliance with framework
- The policies are **regularly reviewed** with the support of **two external boards** consisting of independent experts.
- **2023 policy updates:**
 - **Energy policy** to facilitate the financing of renewable energy projects for integrated energy players
 - **Biodiversity policy**
 - expanded to include more forest commodities and their traders
 - No longer finance cattle farming in Latin-America
 - Both policies will enter into force in May 2024
- In 2024 we also updated our **defence policy**. More information on this is provided in our [sustainability policy framework](#).



Sustainable investing

On behalf of our clients and in our own investments

Responsible Investing (RI) on behalf of our clients

- **Pioneer** in RI solutions for our clients for over 30 years
- RI **preferred investment solution** in all our core countries
- Making progress on our target
- Supported by external expertise of RI advisory board

Sustainability in own investments

- **Strict ethical restrictions** for our own investments.
- 2023: **set a target** for the emission intensity of the combined equity and corporate bond portfolio of KBC Insurance's own investments
- Assessing the carbon intensity of our most significant investment portfolios since 2019

Target

Responsible funds climate targets and progress

Indicator	2019 benchmark	Baseline 2021	2023 ¹	2025 target	2030 target
Carbon-intensity (Scope 1 + 2) of corporate investees in Responsible funds (t CO ₂ e/million USD revenue)	196	-	48 (-75%) ²	-	98 (-50% versus 2019 benchmark) ³

* The table including its footnotes can be found in the 2023 Sustainability Report p. 92

Target | Responsible investing funds

Indicator	Baseline 2021	2023	1H2024	2025 target	2030 target
RI funds in % of total annual fund production (gross sales)	55%	35%	48.9%	-	65%
RI funds in % of total AUD (direct client money)	33%	41%	42.3%	45%	55%

Target

Climate targets for the equity and corporate bond portfolio of KBC Insurance consolidated and progress

Indicator	Baseline 2019	2022	2023	2025 target	2030 target
Carbon-intensity (Scope 1 + 2) of equity and corporate bonds portfolio (tCO ₂ e/million USD revenue)	113	48	39	85	68
% change versus baseline		-58%	-66%	-25%	-40%

Social impact financing

- Financing and insuring **projects that contribute to and provide access to important social services** such as education, basic infrastructure, essential services, healthcare and employment.
- Focusing on **accessibility and affordability of products and services**
- 2023: Launched a **second social bond** worth 750 million euros used for investments in schools and healthcare.
- Facilitating sustainable local development and contribute to financial inclusion through our **unique partnership with BRS**

Table 5.2: Social impact financing (KBC Group, millions of euros granted amount, end-of-year data)

	2023	2022	2021
Healthcare and senior living sectors	6 233	6 202	6 059
Education sector	1 167	1 154	1 093
Total	7 400	7 356	7 152



Our commitment to the environment and climate action

- KBC is working on **reducing its environmental impact** within the framework of its Sustainable Finance Programme.
- **Climate change mitigation and adaptation** was its primary focus
- The programme core has been expanded to also include the themes of **biodiversity, circularity, pollution and water** since 2022.
- We are an **early adopter of the TNFD** and intend to publish our first report on KBC 2025 financial year.
- This part of the report also contains **reporting on our progress on the decarbonisation targets** for
 - The sectors that cover the majority of our lending portfolio and related GHG emissions
 - KBC Asset Management's Responsible Investing funds
 - The equity and corporate bond portfolio of KBC Insurance consolidated.

This section of the report includes our TCFD report, which is marked by the blue bar in the left margin

Governance

- Sustainability and environment-related governance
p. 18

Strategy

- Our direct environmental footprint reduce
p. 58
- Our indirect environmental impact strategy
p. 63

Risk Management

- Our indirect environmental impact risk management
p. 66

Metrics and Targets

- Our direct environmental footprint measure
p. 58
- Our indirect environmental impact metrics and targets
p. 68

Our direct footprint

Measure

- Calculations include Scope 1, Scope 2 and part of our Scope 3 emissions
- In 2023 for the first time also assessed our **direct biodiversity impact** → none of our buildings are located in strictly protected areas

Reduce

- Reducing our impact is the **most important part of our direct footprint approach**.
- We have **group-wide reduction targets**:
 - -80% reduction in our direct emissions by 2030
 - 100% renewable energy by 2030

Offset

- Achieved **net climate neutrality for our direct footprint** by investing in 4 high-quality climate projects in a range of ecosystems

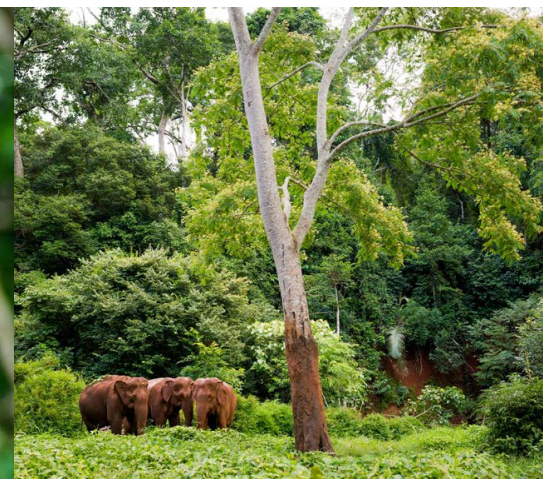


Targets

Direct environmental footprint

Indicator	Targets	2015 baseline ¹	2023	2022 ¹
Total CO ₂ e emissions from own operations (direct footprint scope) in tonnes CO ₂ e		170 735	55 377	55 417
% change	-80% by 2030		-68%	-68%
Renewable electricity consumption in %	100% by 2030		100%	100%
Carbon credits purchased (in % of remaining GHG emissions from own operations)	Net climate neutrality as of 2021		100%	100%

* The table including its footnotes can be found in the 2023 Sustainability Report p. 59



Our indirect impact

Contribution to environmental objectives

Lending

Our 2023 Sustainability Report includes **more elaborate reporting on lending** contributing to environmental objectives than previous years. We provide:

1. A breakdown **per type of financed activity** (table 5.3)
2. An overview of **Sustainability Linked Loans** volumes (table 5.4)
3. An overview of **loans aligned to the EU Taxonomy criteria and other external frameworks** (table 5.5). This includes:
 - **Mandatory reporting**
 - Complies fully with the EU Taxonomy legislation
 - Based on NFRD counterparties turnover KPI
 - **Voluntary reporting**
 - Stays close to Taxonomy legislation
 - EU Taxonomy-aligned loans to non-NFRD companies (incl. SPVs and subsidiaries of NFRD companies)
 - Estimated EU Taxonomy alignment of Belgian and Bulgarian mortgage portfolios.
 - **Free reporting (others):**
 - No direct Taxonomy link
 - But clearly contributes to environmental objectives

Table 5.3: overview of KBC Group's lending portfolio contributing to environmental objectives per type of financed activity or asset (KBC Group, millions of euros)

	2023	2022	2021
Renewable energy and biofuel sector (granted amount)	2 565 ¹	2 255	2 115
Mortgages for energy-efficient housing (outstanding amount) ²	15 210	11 711	9 517
Financing for low carbon vehicles (gross carrying amount) ³	1 506	319 ⁴	120 ⁴

Table 5.4: Sustainability-linked loans (KBC Group, millions of euros gross carrying amount)

	2023 ¹
Sustainability-linked loans	927

Table 5.5: Loans aligned to the EU Taxonomy criteria and to criteria of other external frameworks (KBC Group, millions of euros gross carrying amount)

	2023 ¹
Mandatory EU Taxonomy reporting²	406³
Voluntary EU Taxonomy reporting²	3 750
EU Taxonomy-aligned loans to non-NFRD companies and Special Purpose Vehicles (SPVs) and subsidiaries of NFRD companies	1 371
Estimated EU Taxonomy-alignment of our Belgian and Bulgarian mortgage portfolio	2 379
Others	3 055
Loans only complying with the Substantial Contribution criteria of the EU Taxonomy	2 597
Loans that comply with other third-party sustainability frameworks	458

* All three tables, including their footnotes, can be found in the 2023 Sustainability Report on p. 61

Our indirect impact

Contribution to environmental objectives

Green Asset Ratio

- In the 2023 Sustainability Report, we report for the first time on our Green Asset Ratio (GAR) i.e. the Taxonomy alignment percentages for the assets of our credit institutions.
- We distinguish
 - **Mandatory GAR** (see definition '[Mandatory Reporting](#)'): 0.2%, based on the counterparties' turnover KPIs.
 - **Mandatory + Voluntary GAR** (see definitions [here](#)): 2.07%

Green Bond and Sustainability Bond investments of KBC Bank

Insurance

2023: for the first time, we calculated the alignment of our non-life insurance portfolio with the EU Taxonomy criteria for climate change adaptation.

- This specifically relates to KBC Insurance's 'fire and other damage to property insurance' portfolio in Belgium.

Table 5.6: Green Bond and Sustainability Bond investments (KBC Bank NV, all subsidiaries, millions of euros)

Financed activity or asset	2023 ¹
Own investments in Green ² Bonds and sustainability ³ Bonds issued by governments, other financial institutions and corporates (nominal value)	1 476

Table 5.7: Gross written premium (GWP) aligned to the EU Taxonomy criteria for climate adaptation (KBC Insurance NV, millions of euros)

	2023 ¹
Non-life insurance (gross written premium (GWP)) ²	156

* Both tables, including their footnotes, can be found in the 2023 Sustainability Report p. 62

Our indirect impact

Risk management

- ESG risks are identified and defined in our **risk taxonomy**.
- **Climate-related and other ESG risks confirmed as a top risk for KBC.**
- **Solid risk management:**
 - Embedded in existing risk management processes.
 - Top level representation of Group risk and Group Credit Risk in the Sustainable Finance governance bodies
- **Continuous risk identification process**, supplemented with a strategic 'risk scan' exercise
- **Clear risk appetite objectives** to define and realise our strategic sustainability goals
- Incorporation of **climate-related risks into stress testing and sensitivity analysis**
- Our **risk report** provides a detailed overview of our approach to ESG risks

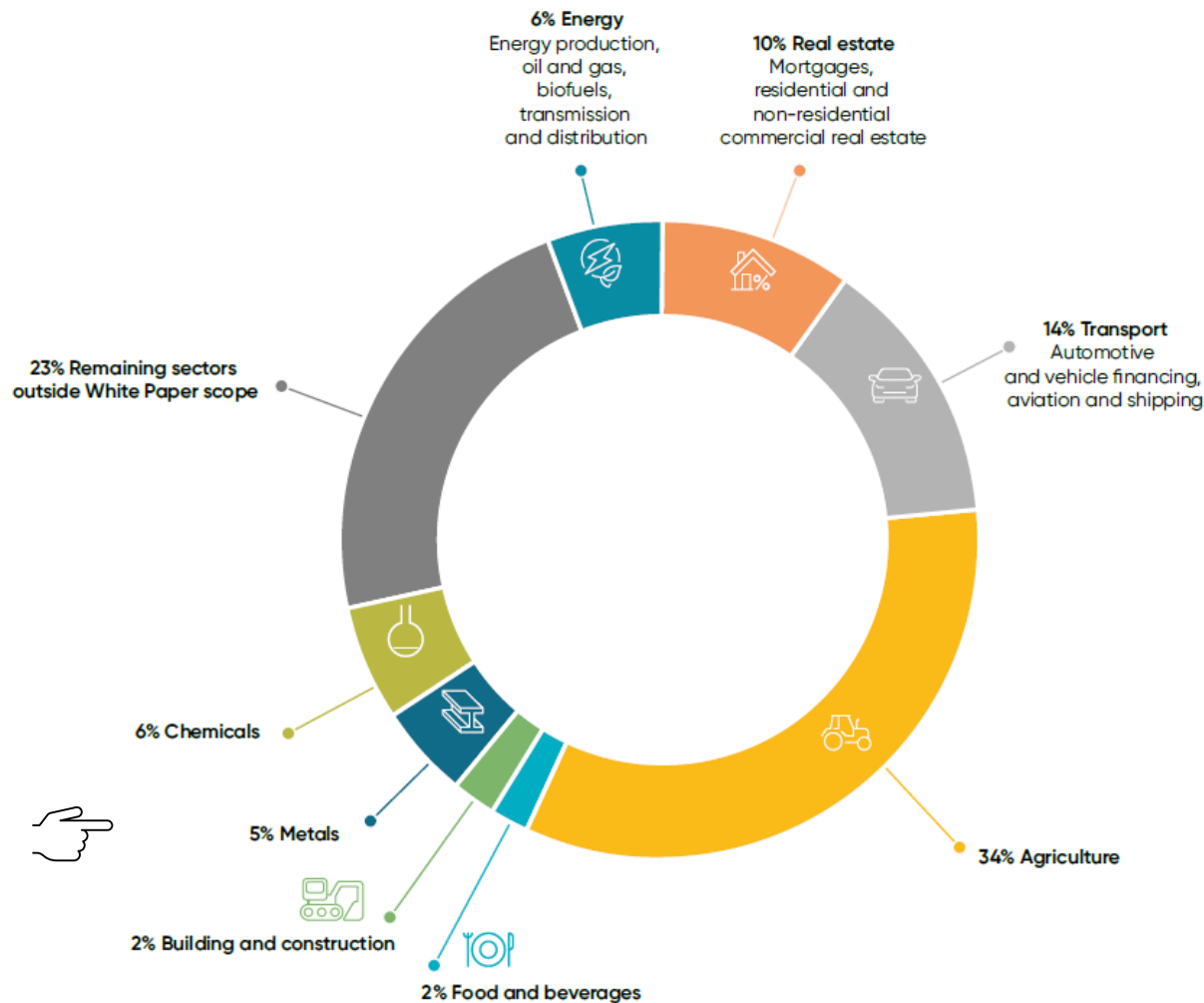


Our indirect environmental impact

Lending portfolio

- We calculate or estimate the scope 3 emissions related to our **entire lending portfolio**.
- Focusing in particular on the sectors and product lines that are the most carbon intensive → our **'White Paper sectors'**
- The White Paper sectors cover:
 - **77% of the total financed Scope 1 and 2 GHG emissions** of KBC Group associated with our loan and lease portfolios
 - Approximately two thirds of KBC Group's total outstanding loan portfolio

This overview shows Scope 1 and 2 financed emissions. Full financed emissions (Scope 1, 2, and 3) are reported in the facts and figures section of the report.



Loan portfolio assessment

Second yearly target progress report



About 55% of total financed scope 1 and 2 emissions within scope of climate targets

Table 5.9: Overview of our climate targets, methodologies and progress

Data independently verified by PwC (limited assurance) as part of this progress report are expressly earmarked with the adjoining symbol.

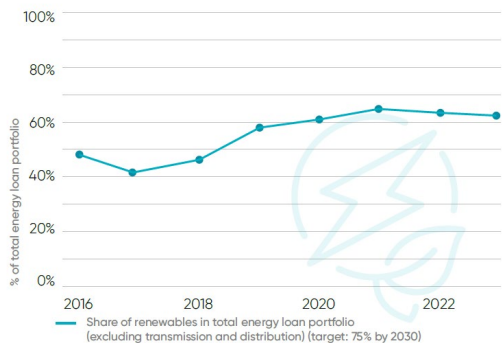
Data independently verified by PwC (limited assurance) as part of this progress report are expressly labelled with the adjoining symbol. White Paper sectors	(Sub)sector within scope of target setting	Scope1	Scenario/Pathway (if applicable)	Data measurement methodology	Financial exposure in scope in m euros ²	Metric	Baseline 2021 portfolio value	2023 KBC portfolio value	2023 versus baseline	2030 target	2050 target
<u>Energy</u>	Energy ³ (whole sector)	1 + 2	Not applicable	PCAF	4 694	t CO ₂ e/m euros outstanding	453	253	-44%	-34%	-82%
	Electricity ³	1	Below 2°C (NGFS Phase 2)	PCAF	2 520	kg CO ₂ e/MWh	210	130	-38%	-39%	-77%
<u>Real Estate</u>	Commercial real estate and mortgages (whole sector excl. pure commercial development)	1 + 2	Not applicable	PCAF inspired ⁴	83 625	t CO ₂ e/m euros outstanding	27	25	-10% ⁵	-38%	-72%
	Mortgages and commercial residential real estate	1 + 2	Below 2°C (NGFS Phase 2)	PCAF inspired ⁴	74 884	kg CO ₂ e/m ² /year	50	46	-8% ⁵	-4.3%	-85%
<u>Transport</u>	Vehicle loans and financial lease	Passenger cars	1	Net Zero 2050 (European Commission MIX)	PCAF inspired ⁴	3 533	139	129	-7%	-42%	-100%
		Light commercial vehicles	1		PCAF inspired ⁴	851	208	205	-1%	-30%	-84%
	Vehicle operational lease	Passenger cars	1		PCAF inspired ⁴	1 365	133	104	-22%	-81%	-100%
		Light commercial vehicles	1		PCAF inspired ⁴	71	196	191	-3%	-33%	-90%
<u>Agriculture</u>	Agriculture (whole sector)	1 + 2	Below 2°C (NGFS Phase 2)	PCAF	5 367	t CO ₂ e/m euros outstanding	1 405	1 340	-5%	-21%	-34%
<u>Building and construction</u>	Cement producers	1 + 2	Below 2°C (IEA ETP 2020 SDS)	PACTA	134	t CO ₂ /t cement	0.69	0.69	+1%	-16%	-68%
<u>Metals</u>	Steel producers	1 + 2	Below 2°C (IEA ETP 2020 SDS)	PACTA	795	t CO ₂ /t steel	1.34	1.53	+15%	-14%	-56%
	Aluminium producers	1 + 2	Below 2°C (TPI)	Client information	22	t CO ₂ e /t aluminium	0.59	0.60	+2%		Stay well below the global sectoral intensity climate benchmark

* The table including its footnotes can be found in the 2023 Sustainability Report p. 72

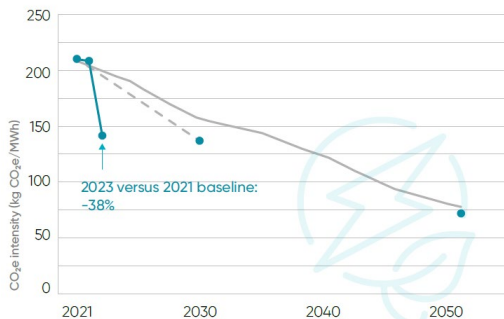
Loan portfolio assessment: Climate progress dashboard (1/2)

ENERGY

Renewable energy financing

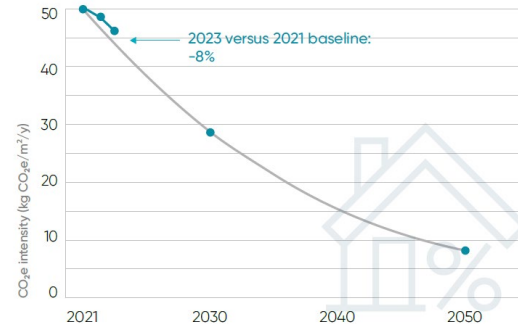


Electricity sector portfolio

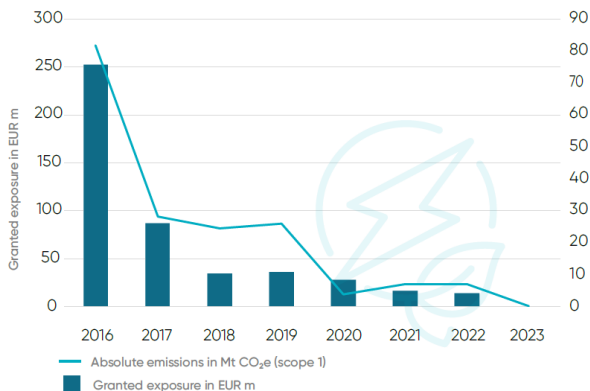


REAL ESTATE

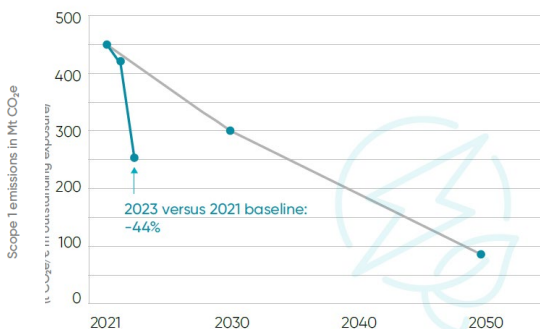
Residential Real Estate sector portfolio



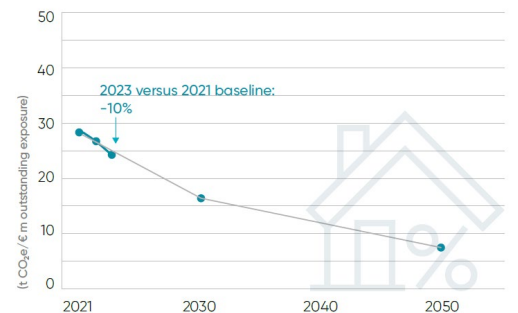
Direct coal exposure



Energy sector portfolio CO₂e intensity



Real estate sector portfolio CO₂e intensity



Progress measurement and KBC Targets
Linear 2030 target progress line

Climate alignment scenario benchmark

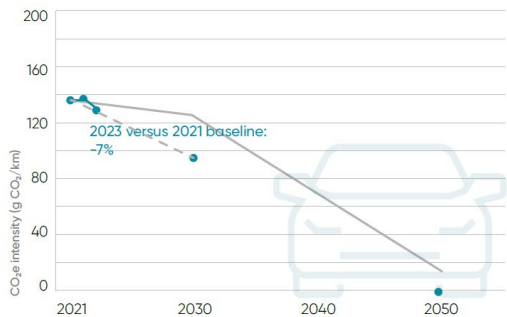
- KBC portfolio value is currently at or below the scenario-based benchmark
- KBC portfolio value is currently maximum 5% higher than the scenario-based benchmark
- KBC portfolio value is currently more than 5% above the scenario-based benchmark

Emissions reflect the absolute emissions of the underlying companies financed in scope of the exposure target. For more information see the 'White Paper sectors: Energy' section.

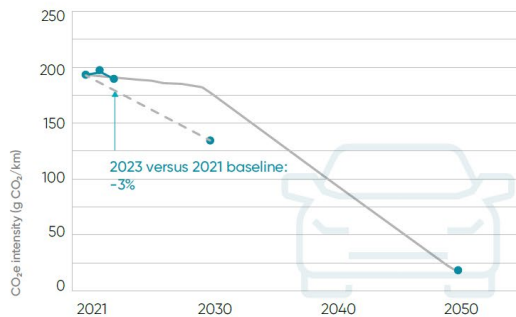
Loan portfolio assessment: Climate progress dashboard (2/2)

TRANSPORT

Passenger cars financial lease and loan portfolio

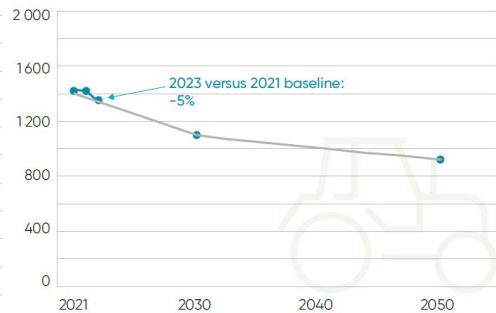


Light commercial vehicles operational lease portfolio



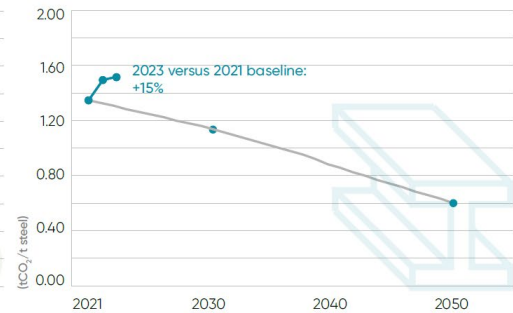
AGRICULTURE

Agriculture sector portfolio CO₂e intensity

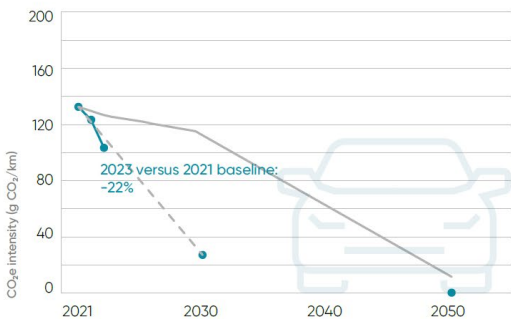


METALS

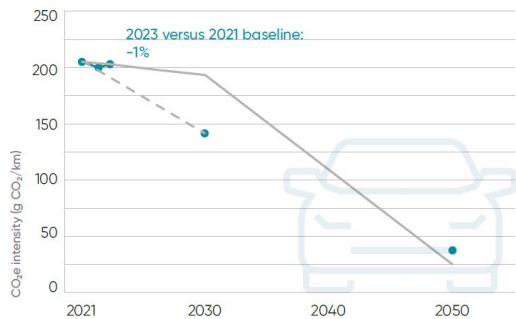
Steel sector portfolio CO₂e intensity



Passenger cars operational lease portfolio

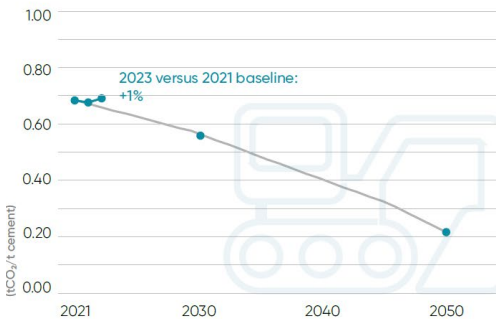


Light commercial vehicles financial lease and loan portfolio

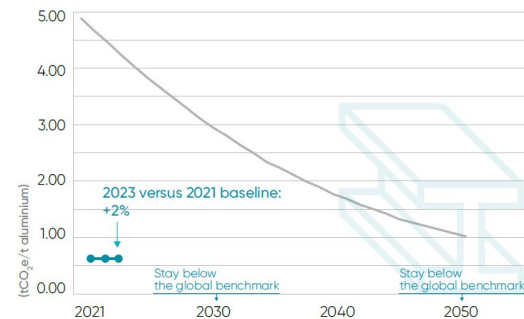


BUILDING AND CONSTRUCTION

Cement sector portfolio CO₂e intensity



Aluminium sector portfolio CO₂e intensity



Progress measurement and KBC Targets
 Linear 2030 target progress line

Climate alignment scenario benchmark

- KBC portfolio value is currently at or below the scenario-based benchmark
- KBC portfolio value is currently maximum 5% higher than the scenario-based benchmark
- KBC portfolio value is currently more than 5% above the scenario-based benchmark

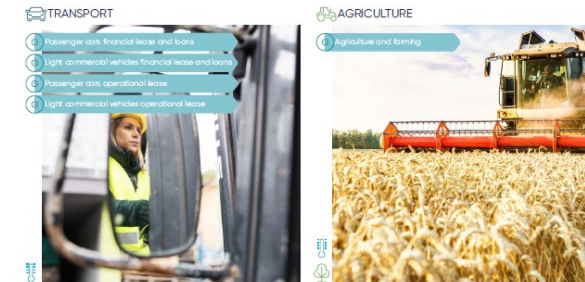
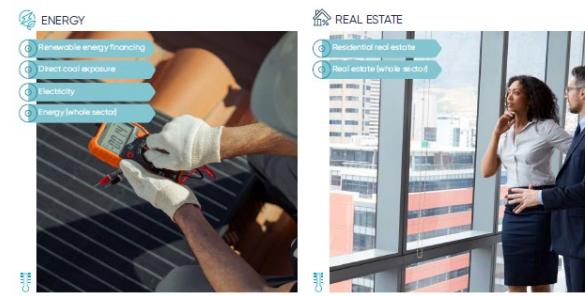
Loan portfolio assessment

White Paper sectors



White Paper updates focused on:

- Portfolio overview (target scope):**
 Including exposure (outstanding and/or granted) and financed GHG emissions
- Portfolio climate targets:**
 2021 baseline, 2023 progress and 2023 KBC pathway value
- Portfolio actions and portfolio steering:**
 Including brief analysis of progress versus baseline, actions to steer portfolio and some concrete examples of products and services in the respective sector.
 Also discusses focus going forward and future actions



White Paper sectors

Energy



Table 5.10: Exposure and financed emissions (scope of existing climate targets) per 30 September 2023¹

Sector	Sub-sector	Outstanding loan exposure (in m euros)	Financed emissions (Scope 1 + 2) in t CO ₂ e
Energy		4 694	1 185 920
	Electricity generation	2 520	635 030 ²
	Oil and gas	380	166 510
	Transmission and distribution	1 722	362 887
	Biofuels	72	21 492

Energy sector climate targets and progress

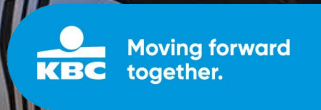
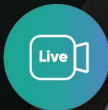
Renewable energy	Baseline 2021	2023 progress	2030 target		
Share of renewables in total energy loan portfolio (excluding transmission and distribution)	63%	62%	Minimum 75%		
Electricity	Baseline 2021 (kg CO ₂ e/MWh)	2023 progress (kg CO ₂ e/MWh)	2023 KBC pathway value (EU NGFS Phase 2 – Below 2°C)	2030 target	2050 target
Aggregated KBC Group target	210	130	199	127	49
% change		-38%		-39%	-77%
Energy whole sector	Baseline 2021 (t CO ₂ e/m euros)	2023 progress (t CO ₂ e/m euros)	2023 KBC pathway value ¹	2030 target	2050 target
Aggregated KBC Group target	453	253	419	300	82
% change		-44%		-34%	-82%

¹ The white papers can be found in the 2023 Sustainability Report pp. 75–91

Q&A



Thank you!



Our other reports

