



# KBC Group

## Sustainability Statement (CSRD) & Sustainability Report FY 2024

More information: [www.kbc.com](http://www.kbc.com)

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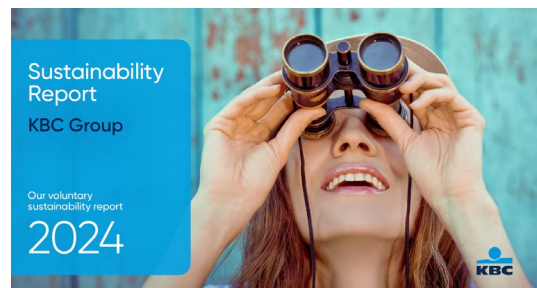


## Annual report incl. CSRD 2024



- **Sustainability Statement** is part of the annual report:
  - CSRD is **Mandatory EU legislation** designed to enhance the transparency and consistency of sustainability reporting on environmental, social and governance (ESG) topics among companies. It expands upon the earlier Non-Financial Reporting Directive (NFRD)
  - Requirement to follow detailed reporting standards, **the ESRS (European Sustainability Reporting Standards)**, focusing on both quantitative and qualitative disclosures
  - Companies are required to perform a **Double Materiality Assessment (DMA)** in order to define which topics are material. This defines the mandatory datapoints to report upon
  - Sustainability Statements produced under the CSRD **must be audited (limited assurance)** to verify their accuracy, increasing the credibility of the disclosures

## Sustainability report 2024



- The objective of the **voluntary Sustainability Report** is twofold:
  - To provide more **in-depth reporting and background information** on material topics covered in the Sustainability Statement, consistent with prior Sustainability Reports
  - To report on topics that were not identified as material from a double materiality perspective, but are nonetheless of **interest to our stakeholders**
- The Sustainability Report has been discussed and approved by **the Internal Sustainability Board, the Executive Committee and the Board of Directors**
- A book icon is used in the report to indicate information also found in the sustainability statement within the annual report. 

Note: This report will no longer include a separate **GRI** content index (the Sustainability Statement will replace former GRI reporting of KBC Group) and a separate **SASB disclosure (mapping table)** is available on our [KBC.COM](https://www.kbc.com) website

# The cornerstones of our sustainability strategy

Continue to focus on our sustainability strategy, our role in society and create value for our stakeholders



## Good health and well-being

We prioritise work-life balance for our employees and design our products to enhance healthcare, quality of life and safety



## Affordable and clean energy

We promote local renewable energy production and its efficient use. KBC has phased out financing, insuring and investing in direct thermal coal. We also have clear restrictions in our Energy Policy on other non-sustainable energy solutions, like oil and gas.



## Decent work and economic growth

We support entrepreneurs and invest in innovative businesses. We especially support start-ups and scale-ups with a focus on female entrepreneurship through our 'Start it' community. Our microfinance and microinsurance activities provide rural entrepreneurs in the Global South with access to financial services, driving sustainable local development and financial inclusion.



## Responsible consumption and production

We offer banking and insurance products tailored to low-carbon and circular businesses, while promoting Responsible Investing (RI) as our first and preferred investment solution.



## Climate action

We implement strict sustainability policies across our core activities and have set climate targets in our lending and investment portfolio to align it with the Paris Agreement. We engage with clients as well as our investees to reduce their climate impact while also working to minimise our own footprint.



### Environmental responsibility

Climate change and other environmental challenges relating to biodiversity, pollution, water and circular economy are global challenges that require appropriate action.



### Financial literacy

We believe it is our responsibility to contribute to improving the general public's understanding of financial concepts and products.



### Entrepreneurship

We want to support entrepreneurship, stimulate job creation and to contribute to sustainable economic growth through our core activities and partnerships.



### Longevity and health

In Belgium and the Czech Republic, our focus is on longevity. In our other core markets, the focus is on improving quality of life, healthcare and health in general.



# Firm sustainability governance since several years

*No substantial changes versus previous year*

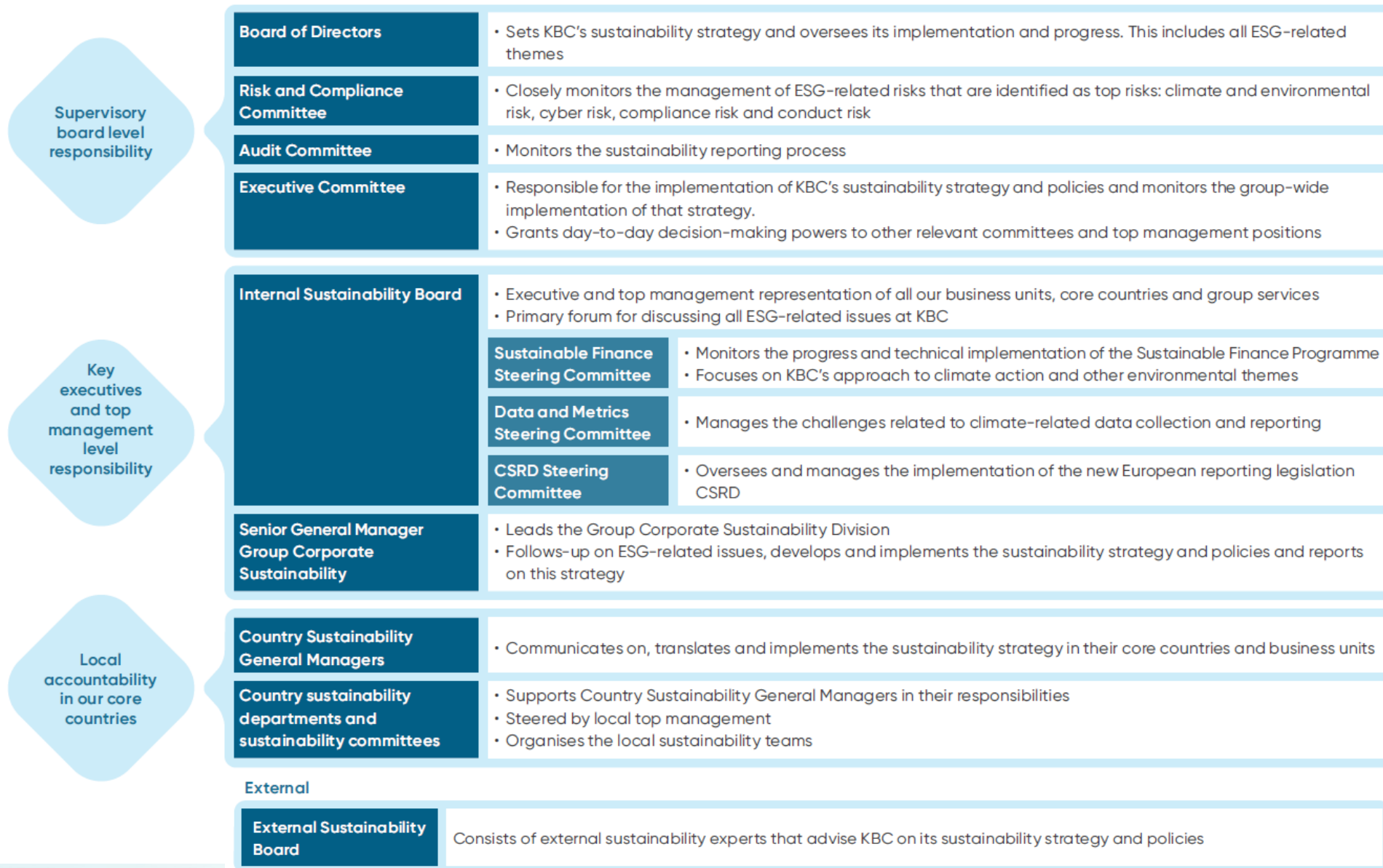
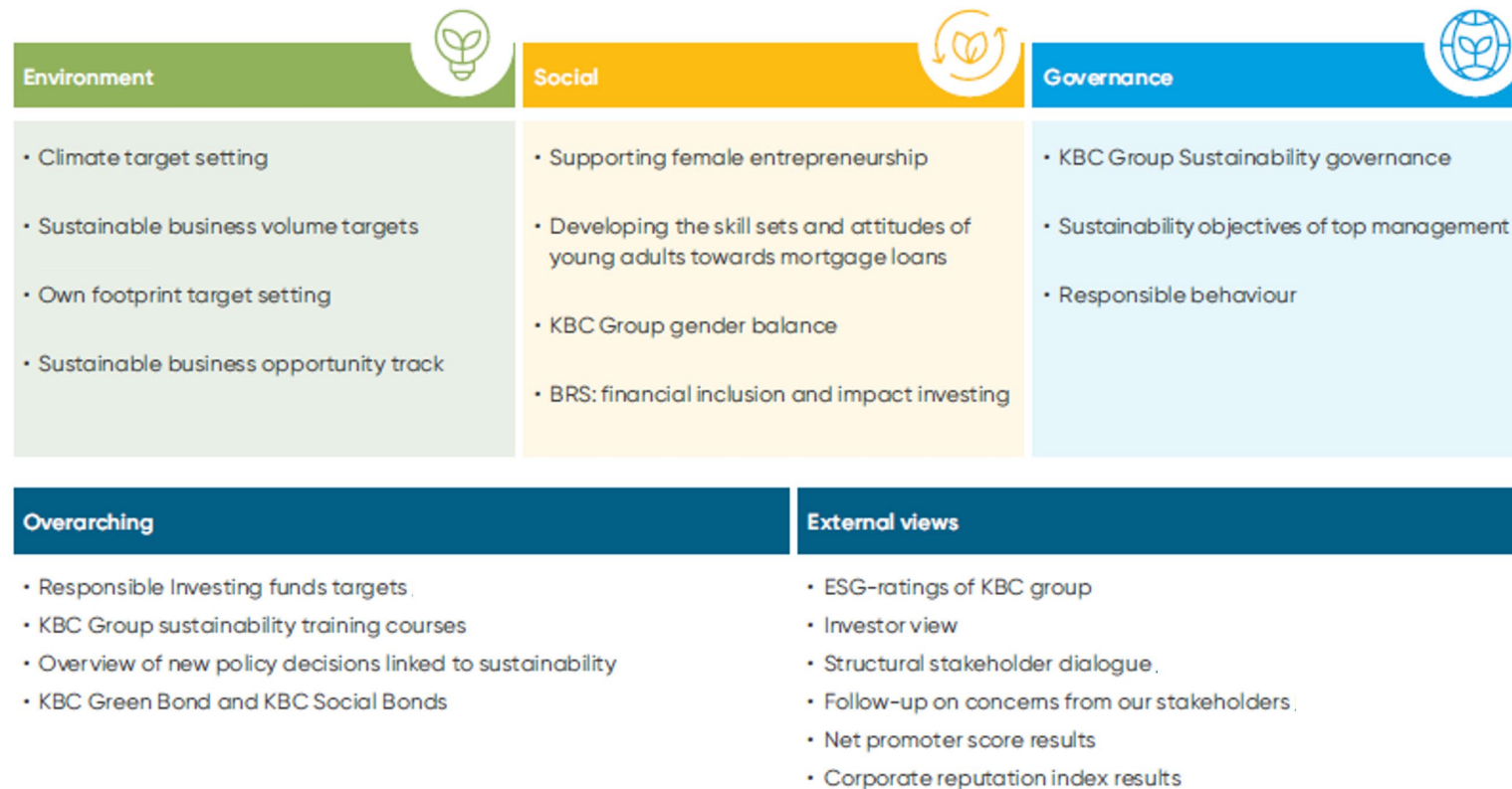


Figure 2.3: KBC Sustainability Dashboard



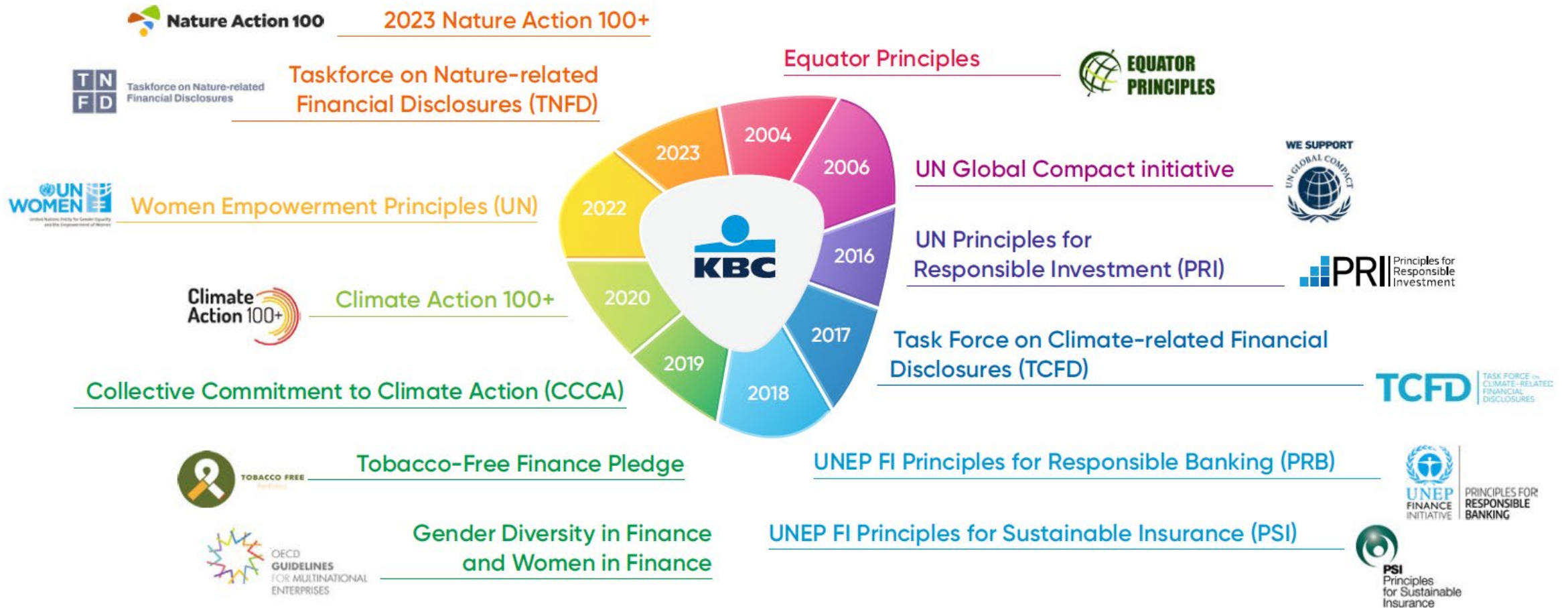
### Variable remuneration:

- 30% of collective, variable, results-related remuneration component that is awarded to the **members of the Executive Committee**
  - Of which, directly related to **climate-related considerations** is about 8-10%
- 10% of variable remuneration of **top management members** tied to achievement of individual targets related to our sustainability strategy



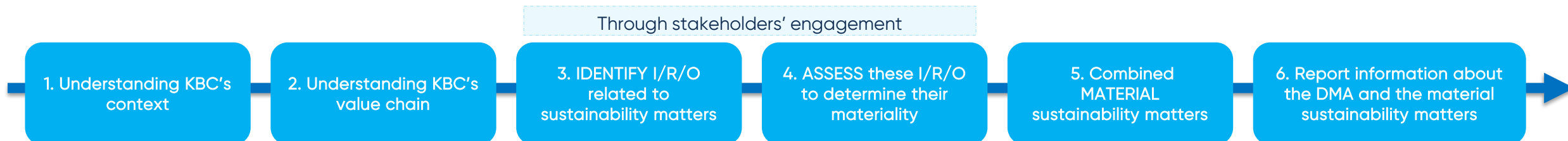
# Voluntary commitments

Overview of main commitments made in preceding years





### KBC's DMA process consists of 6 steps:



- The [Double Materiality Assessment \(DMA\)](#) requires companies to assess how they impact people and planet (= impact materiality) and which risks and opportunities people and planet bring to the company (= financial materiality), through their [own operations and value chain](#) (both upstream (suppliers) and downstream (clients))
- In designing and performing the DMA, KBC has taken up a [structured and well documented approach, based on the legislation \(ESRS\) and guidance \(non-authoritative guidance by EFRAG\\*\)](#), in a tailor-made way, depending on the sustainability matter and its relevant (internal and external) stakeholders. This exercise was done centrally, and local input and involvement was organized where relevant
- [Material Impacts, Risks and Opportunities \(I/R/O\)](#) related to all sustainability matters (ESG) have been defined through a materiality assessment process. If there is a [material I/R/O](#) related to a sustainability matter, this matter has been considered as [material sustainability matter](#)

\* EFRAG= European Financial Reporting Advisory Group – advising the European Commission





### OUTSIDE- IN or FINANCIAL MATERIALITY

Committed to manage the impact of sustainability on our company



- **Impact on our business** as a financial institution, in the shape of both **transition and physical risks and opportunities** arising from sustainability-related changes

### INSIDE- OUT or ENVIRONMENTAL & SOCIAL MATERIALITY

Committed to manage the direct and indirect impact of our company on sustainability



- **Direct environmental & social impact** through our own operations:
  - Human resources
  - Facilities
  - Sales & Marketing
- **Indirect environmental & social impact** through:
  - Lending, insurance, asset management and investments
  - Other financial services like deposits, payment services, factoring and operational leasing
  - Other non-financial services as real estate, roadside assistance and support for start-ups

We finally identified [six sustainability topics](#) as material for us, considering both their financial and impact relevance. The reporting on these material topics can be found in the [Sustainability Statement](#) of the KBC Group Annual Report:

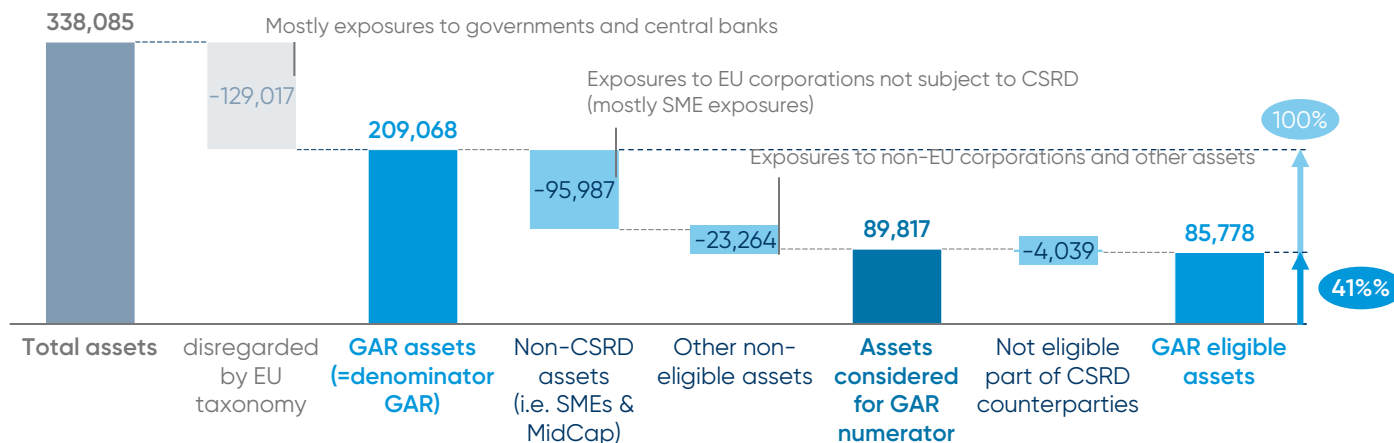
ESRS - Sector agnostic standards as defined material for KBC		
Environment	Social	Governance
<ul style="list-style-type: none"> <li>• <b>ESRS E1 : Climate change</b> ✓</li> <li>• ESRS E2: Pollution</li> <li>• <b>ESRS E3: Water and marine resources</b> ✓</li> <li>• <b>ESRS E4: Biodiversity and ecosystems</b> ✓</li> <li>• ESRS E5: Circular economy</li> </ul>	<ul style="list-style-type: none"> <li>• <b>ESRS S1 : Own workforce</b> ✓</li> <li>• ESRS S2: Workers in the value chain</li> <li>• ESRS S3: Affected communities</li> <li>• <b>ESRS S4: Consumers and end-users</b> ✓</li> </ul>	<ul style="list-style-type: none"> <li>• <b>ESRS G1 : Business conduct</b> ✓</li> </ul>



Our [Sustainability Report](#) elaborates further on the material topics and on topics that were not identified as material from a DMA perspective but are nonetheless of interest to some of our stakeholders, consistent with topics addressed in previous Sustainability Reports

ASSETS AND THEIR (NON-) ELIGIBILITY FOR THE GREEN ASSET RATIO | FY24

in bn EUR



For 2024, the **EUT eligibility ratio is 41% based on the turnover of our counterparties**. The 86bn EUR GAR eligible assets represents mortgage loans and car loans to households, as well as the eligible exposure to financial and non-financial counterparties (subject to CSRD)

Within these GAR eligible assets, 1 028m EUR fully comply with the EUT, implying a **Green Asset Ratio of 0.5%** (vs 0.2% in FY23). The y-o-y increase is driven mainly by:

- More qualitative information available from our counterparties
- Subsidiaries and SPVs of CSRD companies which are now considered as CSRD company

The GAR remains low due to:

- An asymmetric definition of the percentages in the legislation **excluding a substantial part of the GAR denominator from the numerator – specifically 96bn EUR exposures to mostly SMEs and MidCap**
- Very restrictive requirements for mortgages in combination with limited public and private data availability on energy labels constrain us to labelling **zero of the Belgian mortgage portfolio** as EUT aligned

Within the EUT mandatory reporting, the use of proxies is not allowed. We do disclose also a voluntary GAR that allows for such proxies, attaining a ratio of 2.4% (vs 2.1% in FY23)

GREEN ASSET RATIO

in m EUR and %

		EUT aligned assets	GAR%	
Mandatory EUT reporting	FY24	1 028	0.5%	CSRD counterparties fully complying with EUT regulation
	FY23	406	0.2%	
Voluntary EUT reporting	FY24	5 057	2.4%	Mandatory EUT reporting in addition to Belgian mortgage loans and EUT aligned loans to non-CSRD counterparties
	FY23	4 156	2.1%	











Overview EUT alignment percentages (expressed in turnover):










KPI (mandatory)	2024	2023	Comment
GAR bank	0,5%	0,2%	Increase thanks to inclusion of subsidiaries of large companies + increased data availability
Insurance Underwriting	1,7%	6,6%	Decrease driven from methodological improvements.  <i>Based on the experience gained through last year's reporting and after a thorough assessment of our initial interpretation of the EU Taxonomy in the course of 2024, we further fine-tuned our approach with regards to both taxonomy-eligibility and -alignment. As a result of the latter, whereas we reported taxonomy-alignment related to all segments of KBC Insurance's 'Fire and other damage to property' insurance portfolio, we now limit this specifically, to the corporate segment.</i>
Insurance investments	1,4%	0,5%	Increase thanks to increased data availability
AuM (DCM)	1,8%	0,9%	Increase thanks to increased data availability

Table 5.8: Climate- and other environmental objective-related opportunities for KBC

White Paper sector	Opportunity	Selection of products and services
 Energy	<ul style="list-style-type: none"> <li>Energy transition to alternative and affordable energy sources</li> <li>Green hydrogen production</li> <li>Increased electricity storage capacity</li> </ul>	<ul style="list-style-type: none"> <li>Expert advice for corporate, SME and retail banking clients through our own network, through partnerships or through our mobile channels</li> </ul>
 Real estate	<ul style="list-style-type: none"> <li>Retrofitting buildings and energy-efficiency advisory services</li> <li>Integration of renewable energy such as energy-efficient heat pumps and photovoltaics</li> </ul>	<ul style="list-style-type: none"> <li>Energy services</li> </ul>
 Transport	<ul style="list-style-type: none"> <li>Transition to electric vehicles and bicycles</li> <li>Green hydrogen and electrification for long-haul transport</li> <li>Use of recycled plastics and batteries for the remanufacturing of vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Financing cleaner energy supply</li> </ul>
 Agriculture	<ul style="list-style-type: none"> <li>Bioenergy from agri-food waste resources</li> <li>Energy efficiency and renewables</li> <li>Precision farming</li> </ul>	<ul style="list-style-type: none"> <li>Stimulating clean and efficient energy consumption</li> </ul>
 Food and beverages	<ul style="list-style-type: none"> <li>Energy-efficient production</li> <li>Bio-based water remediation techniques</li> <li>Optimising the resource use with circularity</li> <li>Higher recycled content of plastic packaging</li> </ul>	<ul style="list-style-type: none"> <li>Financing and insuring sustainable buildings and home renovations</li> </ul>
 Building and construction	<ul style="list-style-type: none"> <li>Bio-based and carbon-negative building materials</li> <li>Modular constructions</li> <li>Electrification of machinery</li> <li>Upcycling of demolition waste</li> </ul>	<ul style="list-style-type: none"> <li>Financing and insuring low-emission cars and bicycles</li> </ul>
 Metals	<ul style="list-style-type: none"> <li>Electric arc furnaces for steel production</li> <li>Green hydrogen as an energy source</li> <li>Upcycling of steel and aluminium in scrap waste</li> <li>Recollection of electric vehicles batteries for recycling of precious metals (e.g. rare earths, lithium)</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability-linked loans</li> <li>Issuance of Green Bonds</li> </ul>
 Chemicals	<ul style="list-style-type: none"> <li>Green hydrogen as a feedstock and as an energy source</li> <li>Higher share of recycled plastics through effective recollection systems and the application of chemical recycling</li> <li>Utilise circular molecules in the product portfolios</li> <li>Safer alternative chemicals to PFAS</li> </ul>	

- Every year, we produce several sustainability-related analyses that we refer to as 'White Papers'. Initially, our White Papers focused on the most material and carbon-intensive sectors
- We write White Papers in response to relevant developments affecting the sector. Such developments may lead to a decision to update an existing White Paper or initiate a new one, for example, upon the development of new or amended sustainability-related legislation or technological advancements. Other reasons may relate to changing market dynamics, new opportunities, an increase in physical and transitional risks or changes in relevant disclosure requirements. The Internal Sustainability Board chooses which White Papers will be drawn up
- **NEW! In 2024**, we also produced White Papers on cross-sectoral environmental themes: [deforestation and plastic packaging](#). These were chosen because of their significant impact on multiple sectors

### Application of KBC's sustainability framework

		Fundamental exclusions			Additional exclusions and restrictions									
		KBC Blacklist (5.1)	KBC List of human rights offenders (5.2)	KBC List of most controversial regimes (5.3)	Energy (6.1.1)	Steel, cement and aluminium (6.1.2)	Mining (6.1.3)	Defence sector (6.1.4)	Biodiversity (6.1.5)	Gambling (6.1.6)	Tobacco and other addictive and intoxicating crops (6.1.7)	Animal-related activities (6.1.8)	Prostitution (6.1.9)	Project finance (6.1.10)
Core business activities	 Lending	●	●	●	●	●	●	●	●	●	●	●	●	●
	 Insurance	●	●	●	●	●	●	●	●	●	●	●	●	●
	 Advisory services	●	●	●	●	●	●	●	●	●	●	●	●	●
	 Investment advice – All (6.2.1)	●	●	●	●	●	●	●	●	●	●	●	●	●
	 Investment advice – RI <sup>1</sup> funds only (6.2.2)	●	●	●	●	●	●	●	●	●	●	●	●	●
Supporting activities	 Own investments (7.1)	●	●	●	●	●	●	●	●	●	●	●	●	●
	 Procurement (7.2)	●	●	●	●	●	●	●	●	●	●	●	●	●




- Applicable
- Partly applicable (more details can be found in the relevant section of the framework, as indicated)
- Not applicable

<sup>1</sup> RI: Responsible investing

- All sustainable-related policies are bundled in our Sustainability Policy Framework available on KBC.COM website <Setting rules and policies>
- This framework offers a condensed but comprehensive overview of our policies and is applicable worldwide to all our core business activities
- A strict due-diligence process is in place to monitor compliance with these policies, including the possibility of requesting advice from sustainability experts
- Review of our sustainability policies at least once every two years

In 2024	Updated and new sustainability policies
<p><b>Defence sector</b> policy</p>	<p>The goal of this update was to adapt to the changing geopolitical environment and enable more adequate support of Western defence capacity. However, strict criteria remain applicable. We do not support, for example, companies involved in controversial weapons, as this remains a fundamental exclusion implemented via the KBC Blacklist. We also only support companies having at least 80% of their arms-related sales to armies or police forces belonging to NATO countries or Ukraine. As of March 2025, Austria, Switzerland and Ireland have been added to NATO and Ukraine.</p>
<p><b>Energy</b> policy</p>	<p>The aim of this update was to facilitate even broader financing of the much-needed energy transition. To this end, we provide financing for renewable energy projects, even to companies still involved in coal-related activities. In such cases strict conditions nevertheless apply, including full ring-fencing of the renewable energy project from the company's other activities.</p>
<p><b>Biodiversity</b> policy</p>	<p>We have updated our biodiversity policy to align with Europe's latest legislative developments on forest commodities. We have specific rules in place to ensure that we only finance producers and traders of certain forest commodities with activities outside the EU (i.e. those not covered by EU regulations), if their supply chain complies with internationally recognised certification schemes.</p>

Since 2021, our goal has been to reach net climate neutrality in our own operations:

Own environmental footprint					
Indicator <sup>1</sup>	Targets	2015 Baseline <sup>2</sup>	2024	2023	2022 <sup>2</sup>
Total CO <sub>2</sub> e emissions from own operations in tonnes CO <sub>2</sub> e (% change)	-80% by 2030	170 735	 53 934 (-68%) ●	55 377 (-68%)	55 417 (-68%)
Renewable electricity in % of purchased electricity	100% by 2030	-	 100% ●	100%	100%
Carbon credits purchased (in % of remaining GHG emissions)	Net climate neutrality as of 2021	-	 100% ●	100%	100%

<sup>1</sup> These indicators refer to our own environmental footprint target scope, which is different from our total calculated GHG Inventory (see 'Mapping our environmental footprint')

<sup>2</sup> The 2015 base year and 2022 data were both recalculated in 2023, in line with our internal restatement policy. This recalculation was prompted by two important changes, as compared to previous years:

- Private use of KBC's own company fleet by our employees is included from 2023 onwards.
- Structural changes in the reporting organisation (i.e. the disinvestment of KBC Bank Ireland).

The targets (expressed in percentages) were unchanged in relation to the restated baseline.

- Our own carbon footprint includes:
  - **Scope 1:** direct emissions from fuel combustion and refrigerant gases in our office buildings and from our company-owned car fleet (including private use)
  - **Scope 2:** indirect emissions from purchased energy (electricity, heat, cooling and steam consumption)
  - **Scope 3:** indirect emissions from business and commuter travel, as well as emissions from sources of which we have direct operational control (such as paper and water consumption and waste generation)
- 80% reduction in our own footprint by 2030 (versus 2015 baseline). **In 2024, we reduced our own carbon footprint by 68%**
- **Since 2021 all our electricity consumption** has been sourced entirely from renewable energy
- The last step in our direct footprint approach has been **the offsetting of our direct footprint emissions that cannot yet be eliminated** since 2021



White Paper sectors	(Sub-)sector within scope of target setting
Energy	● Energy (whole sector)
	● Electricity
Real estate	● Commercial real estate and mortgages <sup>1</sup>
	● Mortgages and commercial residential real estate <sup>2</sup>
Transport	● Vehicle loans and financial lease – Passenger cars
	● Vehicle loans and financial lease – Light commercial vehicles
	● Vehicle operational lease – Passenger cars
	● Vehicle operational lease – Light commercial vehicles
Agriculture	● Agriculture (whole sector)
Building and construction	● Cement producers
Metals	● Steel producers
	● Aluminium producers

<sup>1</sup> This target includes mortgages (incl. mandates), income-producing commercial real estate (for third parties), social housing (classified as commercial real estate), REITs and corporate-based lending for general purposes in the income-producing commercial real estate sector. Owner-occupied real estate by companies in sectors outside of the income-producing commercial real estate sector, financing of land, pure development and construction of buildings and real estate services are not covered by this target. Reported emissions and targets are linked to the operational emissions of financed buildings.

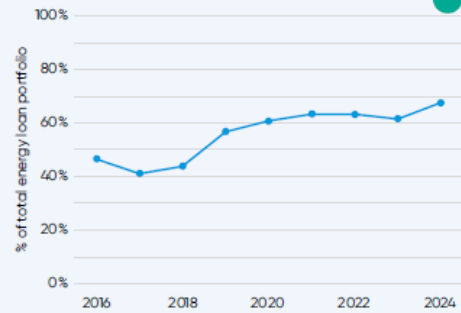
<sup>2</sup> This target includes mortgages (incl. mandates), income-producing commercial residential real estate for third parties and social housing. Reported emissions and targets are linked to the operational emissions of financed buildings.

- The sustainability report includes our [third annual progress report](#) with respect to our emission reduction targets for our lending portfolio
- Currently, our [climate targets](#) are limited to our clients' Scope 1 and 2 GHG emissions. Many concerns remain with respect to the quality and reliability of our clients' Scope 3 emissions data making these unsuitable for target setting purposes
- The White Paper sectors and product lines represent around 78% of the total financed Scope 1 and 2 GHG emissions associated with our loan and lease portfolio. Moreover, [the scope of our existing climate targets currently covers about 62% of our total financed Scope 1 and 2 emissions](#)

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

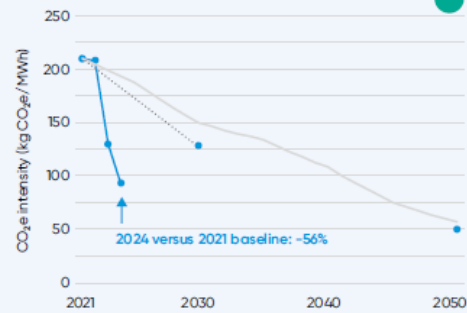
### Energy

#### Renewable energy financing



— Share of renewables in total energy loan portfolio (excluding transmission and distribution) (target: 75% by 2030)

#### Electricity sector portfolio



— Progress measurement and KBC targets  
— Climate alignment scenario benchmark  
..... Linear 2030 target progress line

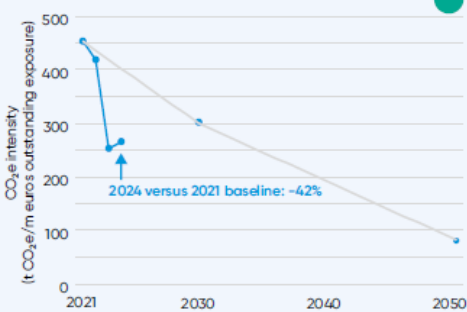
#### Direct coal exposure



— Granted exposure in € mln  
— Absolute emissions in Mt CO<sub>2</sub>e (Scope 1)

The GHG emissions outlined on the graph are estimations of the absolute emissions associated with the underlying companies financed. They are not a representation of KBC's share in those emissions through financing these companies. Please refer to the [2023 Sustainability Report](#) for more information on calculation of the 2016 GHG emissions associated with direct financing.

#### Energy sector portfolio



— Progress measurement and KBC targets  
— Climate alignment scenario benchmark



- The share of renewable financing increased significantly to 67% of our total energy portfolio, driven by proportionally larger increase in renewable energy loans
- The GHG-emission intensity of our electricity portfolio decreased by 56% since the base-year of 2021, driven by:
  - we financed new renewable energy assets
  - existing renewable energy assets became operational as of this year, which means that the attribution of their zero emissions has been included in the calculation
  - we decreased our exposure to fossil fuel-based power production, including through the accelerated wind-down of two of our international legacy files
- The financed emission intensity of our overall energy portfolio decreased by 42% compared to our 2021 baseline, due to:
  - the before-mentioned reduction in financed emissions within our electricity portfolio.
  - additionally, most countries are decreasing their exposure to the upstream oil and gas sub-sector
  - most countries are also shifting their exposure in this sector to lower-emission activities such as the storage, transmission and distribution of oil, gas and electricity

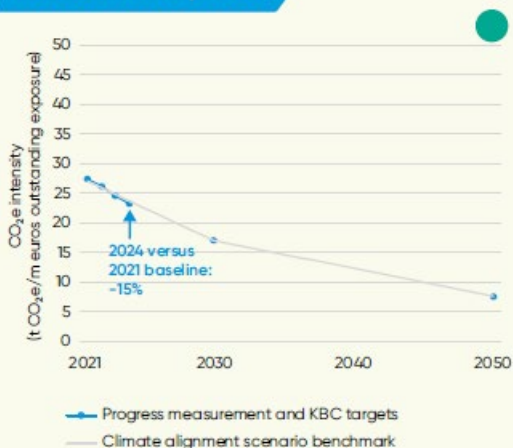


### Real Estate

#### Residential real estate sector portfolio

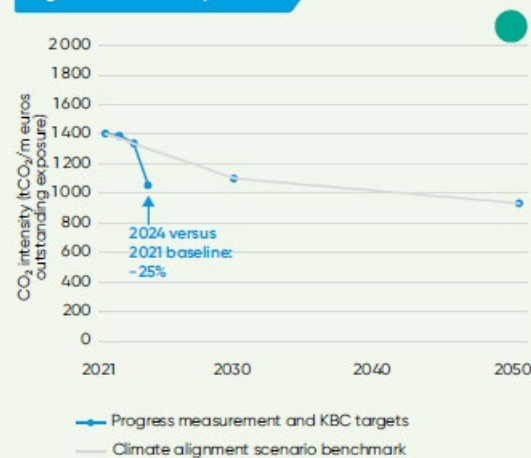


#### Real estate sector portfolio



### Agriculture

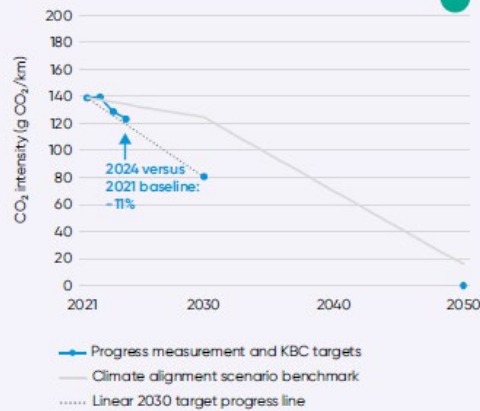
#### Agriculture sector portfolio



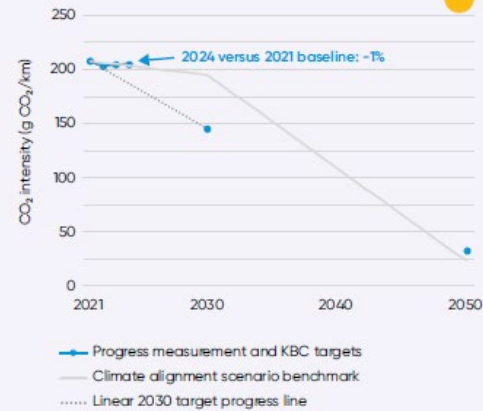
- The financed emission intensity of the real estate portfolio dropped by 15% from the 2021 baseline, mainly due to a 10% decrease in residential emissions. This improvement was driven by new mortgage loans with better EPC labels and smaller habitable areas per million euros financed
- **Portfolio actions & steering!**
  - we provide our clients with information and support on sustainable construction and renovation
  - we incentivise clients, for example, by adjusting mortgage pricing based on the EPC label of the real estate
- The financed emission intensity of the agriculture sector has dropped significantly. Each year's progress measurement is based on measurements performed using the PCAF Global Standard. There are several factors that contributed to the overall portfolio evolution:
  - the implementation effects of the PCAF Global Standard itself, such as the updating and inflation-adjustment of emission factors
  - portfolio evolutions
  - improvements in emissions data quality

### Transport

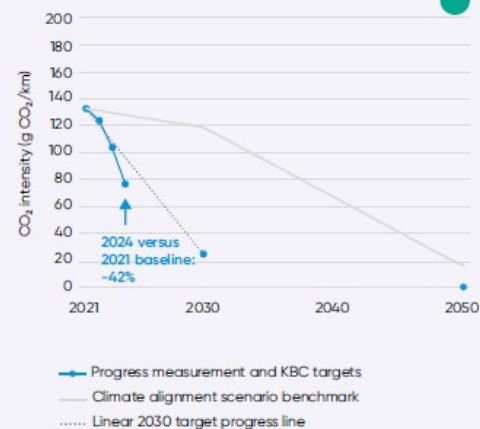
#### Passenger cars financial lease and loan portfolio



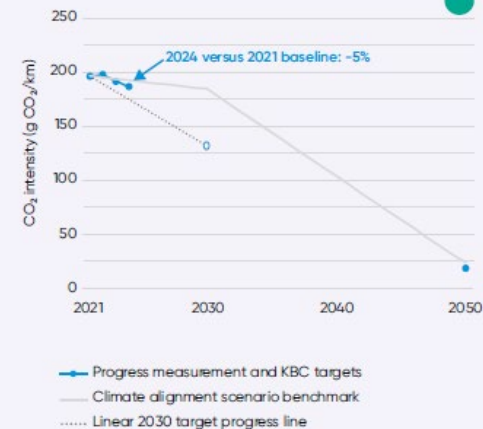
#### Light commercial vehicles financial lease and loan portfolio



#### Passenger cars operational lease portfolio



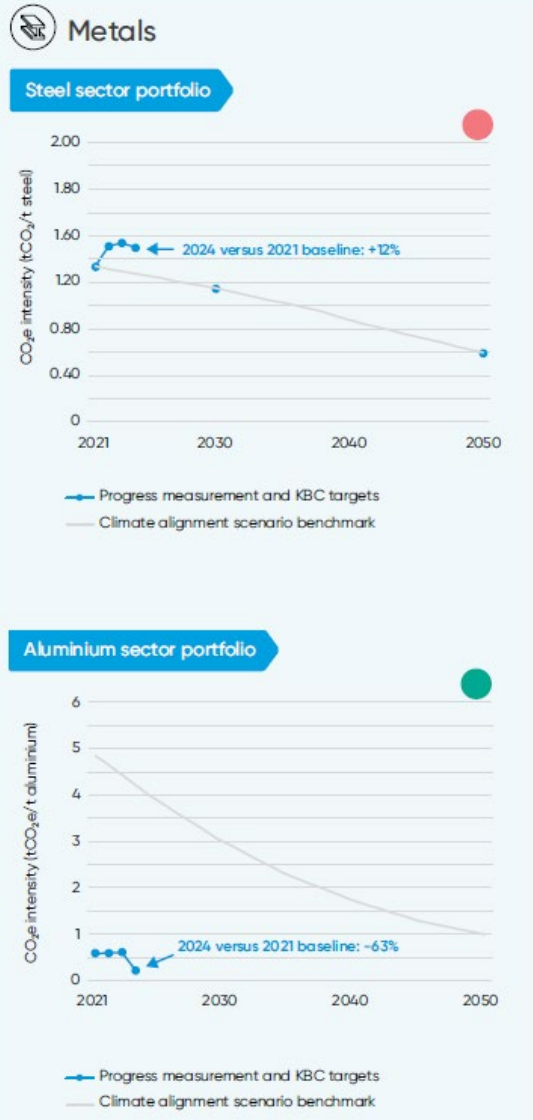
#### Light commercial vehicles operational lease portfolio



- The emission intensity of our passenger car portfolio is structurally decreasing compared to our base year 2021. The biggest decrease is in our operational lease portfolio, where we record a reduction of 42% compared to our 2021 base year. We observe different rates of electric vehicle (EV) adoption across the countries in KBC Group
- In the light commercial vehicle portfolio this decrease is more gradual (-5% compared to base year 2021) and mainly due to slow increase in the availability of electrified vans

#### Portfolio actions & steering:

- offering advantageous financing schemes
- including beneficial insurance coverage terms for electrical vehicles
- support our clients in making informed choices about switching from a combustion engine to electric vehicle



- Given their climate impact, we have set targets for the **steel and aluminium sub-sectors**, despite KBC's relatively small and very concentrated lending exposure (targets based on the granted exposure considering the small and particularly concentrated nature of the portfolios):
  - For the **steel sector**, we set a **physical GHG intensity-reduction target**. This year, we observe a **small decrease** as some individual company emission intensities indicated **better emission** performance compared to last year
  - For the **aluminium sector**, we currently have a **qualitative target in place**. Our calculated carbon-emission intensity of our aluminium portfolio is far lower than that of the global market and **decreased even further in 2024**. While this evolution was entirely due to an improvement in the **quality of the underlying client data used**, it still solidifies the limited, indirect climate impact of this portfolio and dedication to stay well below the global emission-intensity level of the sector
- Portfolio steering**
  - KBC uses its climate targets to steer customer engagement discussions and to benchmark existing clients' GHG-reduction progress. Since 2022, new clients are only onboarded if their transition plans are in line with our climate target
- KBC has a relatively **small and concentrated lending exposure to the cement sector**. Yet, we have set a **physical GHG-intensity reduction target** for this sector given its unequivocal climate impact. The cement sector is one of the hard-to-abate industries, but despite this we note a **first decrease in our portfolio emission intensity, driven by**:
  - our investments in better data quality
  - one of the largest clients in our cement portfolio showed an improved emission intensity compared to last year. This improvement is an embodiment of this company's public commitment to decarbonize its cement-producing activities and has set out a decarbonization strategy to support its target implementation

## Responsible Investing (RI) funds (end-of-year data)

Indicator	Baseline 2021	2023	2024	2025 Target	2030 Target
RI funds in % of total AUD (direct client money)	33%	41%	44%	45%	55%
RI funds in % of total annual fund production (gross sales)	55%	35%	51%	-	65%

- Currently on track to achieve our targets related to the share of RI funds: 
  - We see RI funds as our first offer to our clients and the preferred investment solution. We actively promote them among our clients across all sales channels
  - Our RI funds all qualify as Article 8 or Article 9 funds under the Sustainable Finance Disclosure Regulation (SFDR)
  - All our RI funds comply with the criteria imposed by the quality standards of the 'Towards Sustainability' label. This label was developed at the initiative of Febelfin, the sector association for the Belgian financial services industry. KBC Group is a signatory to this label

## Responsible funds climate targets and progress

Indicator	2019 Benchmark	2023 <sup>1</sup>	2024 <sup>2</sup>	2030 Target
GHG intensity (Scope 1 + 2) of corporate investees in Responsible funds (t CO <sub>2</sub> e/million USD revenue)	196	48 (-75%) <sup>3</sup>	55 (-72%) <sup>3</sup>	98 (-50% versus 2019 benchmark) <sup>3</sup>

<sup>1</sup> End-of-year data

<sup>2</sup> Data as of 30 September 2024

<sup>3</sup> The responsible investing methodology introduced in 2022 assigns a 50% GHG intensity reduction target to Responsible funds versus their specific reference portfolio value at year-end 2019 (target being 98 t CO<sub>2</sub>e/million USD revenue). The aggregated reduction target for Asset Management combines the specific targets of these funds under the assumption of a neutral asset allocation. At year-end 2024, as in 2023, the Responsible funds' combined score on GHG intensity was already below its target of a 50% reduction by 2030 versus 2019. However, potential changes in asset allocation, such as regional and sectoral views, may lead to changes in the aggregated reduction achieved at that point. Changes in this allocation may also occur due to a significant change in the product mix offered to our clients and may lead to a restatement of the target by 2030.

- The carbon intensity of the corporate investees in RI funds 72% and already below the 2030 target (-50% by 2030) 
- **NEW! ADDITIONAL** relative GHG-intensity target for corporate investees! The GHG intensity of an individual Responsible fund must always be 15% lower than the current GHG intensity of its market benchmark

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

Indicator	2019 Baseline	2022	2023	2024	2025 Target	2030 Target
GHG intensity (Scope 1 + 2) of equity and corporate bonds portfolio (t CO <sub>2</sub> e/million USD revenue) <sup>1</sup>	112	49	38	27	84	67
% Change versus baseline		-56%	-66%	-75%	-25%	-40%

<sup>1</sup>As part of our standard review process, 2019 baseline, 2022 and 2023 GHG intensities have undergone minor adjustments compared to previously reported figures. Due to the new 2019 baseline GHG intensity, nominal target levels were also slightly altered as targeted percentage changes versus baseline did not change.



- The GHG intensity reduction of the listed equity and corporate bond portfolio of KBC Insurance remained firmly on track after a further decrease in 2024 and is already well below the 2030 target

Product lines and sectors	Data quality level score	Insurance-associated GHG emissions (tonnes CO <sub>2</sub> e)
Personal motor lines	3.5	283 382
Commercial lines <sup>1</sup>	5	173 847
Agriculture, farming and fishing		35.2%
Oil, Gas & Other fuels <sup>2</sup>		14.1%
Distribution		7.1%
Services		5.8%
Automotive		5.3%
Other sectors and unknown		32.5%

<sup>1</sup> Commercial lines are all types of insurance purchased by companies.

<sup>2</sup> The emissions from the Oil, Gas and Other fuels sector account for 14.1% of the total, yet this sector represents only 0.1% of our Gross Written Premium (GWP). Bio-gas production is included in this sector.

- In 2024, we calculated the emissions of an important part of our insurance portfolio for the second time
- We used the PCAF Standard Part C for insurance-associated emissions of our 'personal motor lines insurance' and 'corporate insurance' portfolios of KBC Group
- The results should, however, be interpreted with caution as there was limited data available for the calculations

- At this point of time, we don't have water and marine resources-related targets in place nor have we defined any ambition level indicators to evaluate progress
- However, we do track the effectiveness of our policies (in our biodiversity and mining policy) and actions via a strict due diligence process to monitor compliance of our lending, insurance and advisory service operations with our sustainability framework
- **FOR 2025!** We plan to dedicate [a thematic White Paper to water](#)

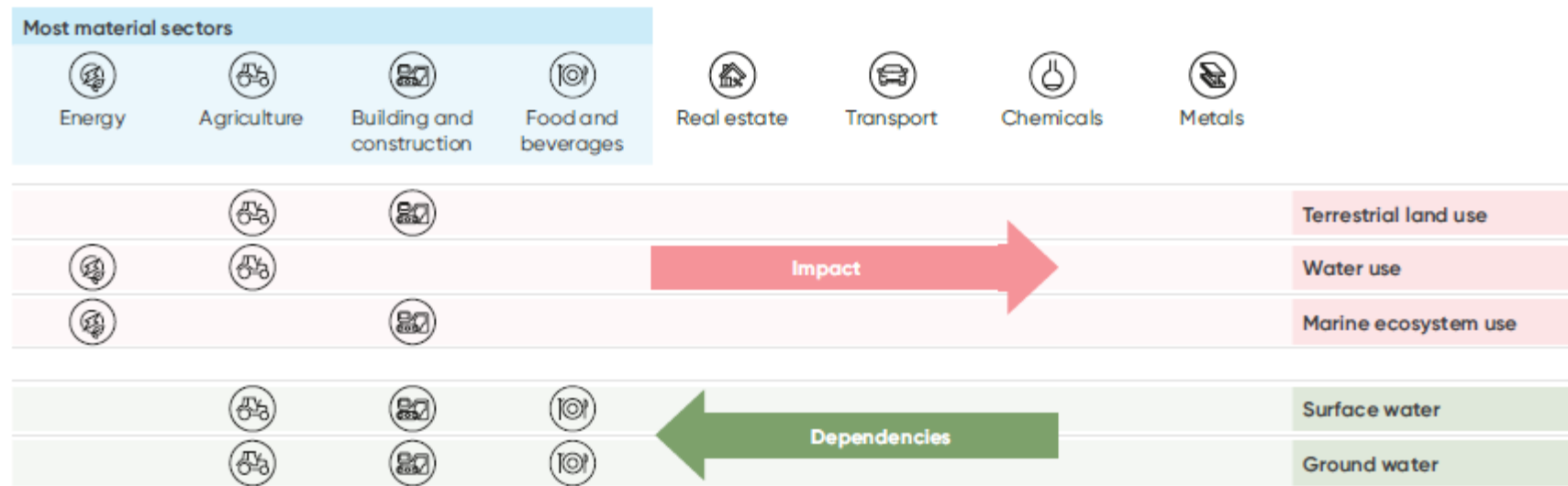






- At this point of time, we don't have biodiversity and ecosystem-related targets in place, nor have we defined any ambition level indicators to evaluate progress
- However, we track the effectiveness of our policies (in our biodiversity, mining and exclusion policy RI Funds) and actions via e.g. our dedicated White Paper
- **NEW!** We initially included biodiversity-related topics for agriculture, food and beverages and construction. In 2024, we dedicated a White Paper entirely to deforestation

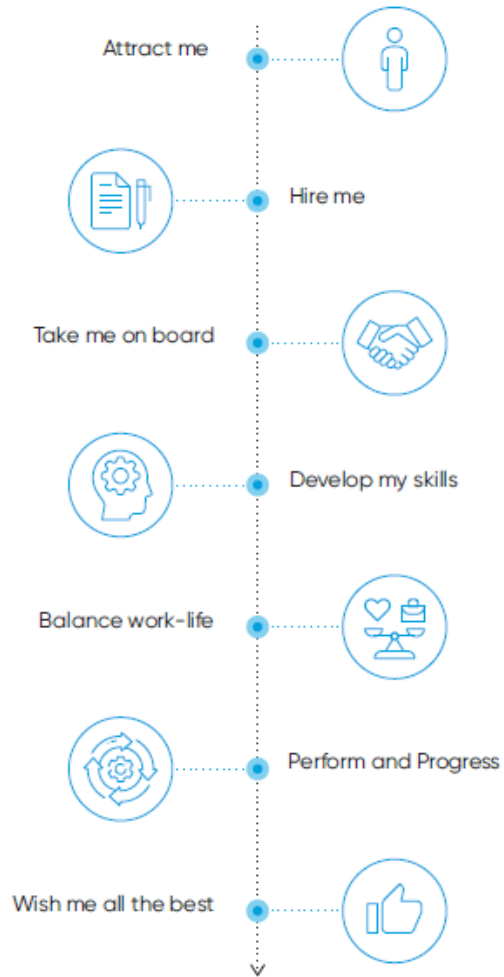
Figure 5.4: Nature impact and dependency: most material sectors in our lending portfolio



## Nature impact assessment

- **NEW!** In preparation of our TNFD reporting, we have performed a first high-level biodiversity impact and dependency assessment of our corporate lending portfolio using the ENCORE methodology (Exploring Natural Capital Opportunities, Risks and Exposure) in 2024
- ENCORE is considered an industry standard. It sets out how the economy – sectors, subsectors and production processes – depends on and impacts nature
- For each production process, this methodology classifies the identified nature impact drivers and ecosystem services from low to very high materiality in terms of respectively impact and dependency
- **The top three sectors with very high impact are building and construction, agriculture and energy.** The most material impact drivers are terrestrial land use, water use and marine ecosystem use
- **The top three sectors with very high dependency are agriculture, building and construction, and food and beverages.** The most material ecosystem services are surface and ground water

Figure 3.1: The Employee Experience Lifecycle at KBC



- **NEW!** The **employee life cycle** has been added in our Sustainability Report to bring attention to each step of our people's journey
- The **following policies we have in place to manage our material impacts and risks related to own workforce:** 
  - Code of conduct for employees
  - Whistleblower protection policy and procedure
  - Remuneration policy for the Board of Directors and the Executive Committee
  - Remuneration policy for all our staff
  - Diversity and inclusion policy
  - Policy on Human Rights

## Gender diversity:

Employees – facts & figures 2024	Male	Female	Total
Headcount	17 241/43%	22 688/57%	39 929
Turnover (rate) <sup>1</sup>			5 394/13.5%
Employees at top management level	197/73.8%	70/26.2%	267/100%

*(1) Employee turnover is the total number of leavers (excluding internal mobility within a specific legal entity but including the staff moving between different legal entities within the group) divided by total headcount at the end of the reporting period.*

## Gender pay-gap:

Compensation metrics	2024
Gender pay gap	31.2%
Adjusted gender pay gap	3.2%
Annual total remuneration ratio	93

We aim to further improve the gender distribution within our leadership in three ways:

- Develop the skills of our female colleagues and attract and encourage women with the right skills and ambition levels
- Encourage top management to formulate ambition levels and action plans regarding women in managerial positions
- Adapt and support HR processes and practices, for example, by publishing gender-neutral job vacancies

Additionally, with a view to supporting gender diversity in the higher echelons of our organisation, we have set a **goal of having one female and one male candidate for every new top management nomination**, provided they have equivalent qualifications

We prioritise equal pay for equal work, ensuring that there is fairness in compensation across all roles and career levels

The **adjusted gender pay gap is 3.2%**. This basic calculation highlights the gender pay gap to some extent. However, it does not account for factors like salary differences across countries, different salary packages, local economic context, job roles or experience

## In the spotlight



### KBC Inspiration Nights for sustainable businesses

Five KBC Inspiration Nights took place for small entrepreneurs at various locations in Flanders. The ambition was to inspire the participants about the relevance of doing business sustainably. The speakers offered a recognisable and inspiring perspective on the relevance of this topic for small or middle-sized entrepreneurs.





## In the spotlight

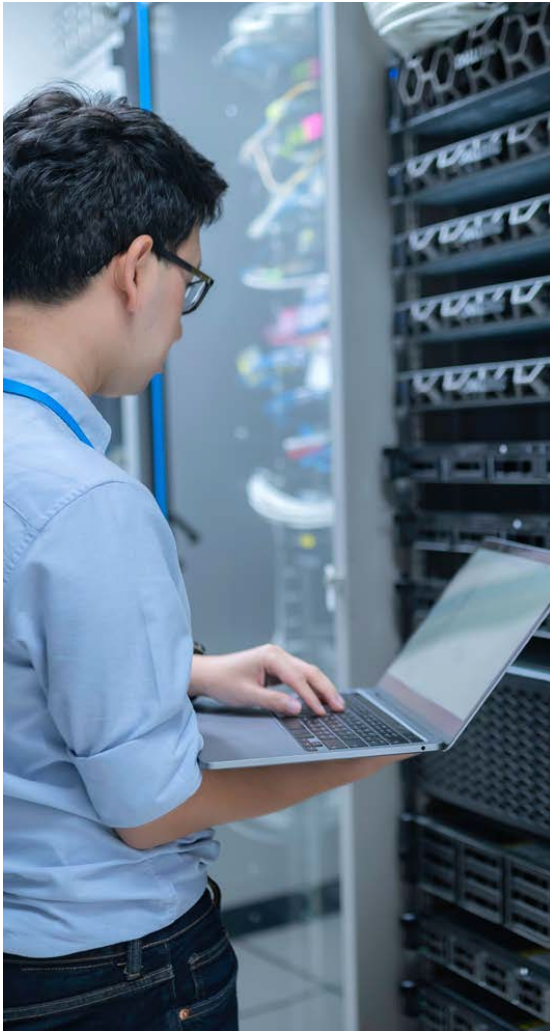


### Sustainability Academy Platform and Transformator Programme for SMEs

UBB partnered with SIS (Social Innovation Solutions, an international networking platform), the Coca-Cola Foundation and Cleantech Bulgaria to develop sustainability programs for SMEs. In 2024, the partnership launched two initiatives:

- **Sustainability Academy Platform:** The Academy is the first self-paced e-learning platform in Bulgaria and the Balkan region dedicated to sustainability for SMEs. It offers courses on topics such as sustainability, sustainable finance, circular economy and sustainable strategies.
- **TRANSFORMATOR programme:** The programme is a free two-month intensive programme for SMEs and NGOs that want to integrate sustainability into their business models. It offers tailored workshops, bootcamps, assignments and mentorship. The first round included eleven participants and featured UBB sustainability managers as mentors.

- The primary goal of our **customer engagement strategy** is to be a partner in our clients' sustainability transition and to encourage them to take necessary steps to make their businesses more sustainable. The main way in which we do this is through conversations with our clients. Besides, we engage with and inspire our clients on sustainability topics through webinars, testimonials on our website, our award-winning mobile app, training and events
- The **following policies we have in place to manage our material impacts and risks related to customers:** 
  - Integrity policy
  - Code of conduct for employees
  - Information security policy
  - Whistleblower protection policy and procedure
  - Policy on Human Rights
- **Finally**, we have several **systems and mechanisms** in place that ensure that "data" are handled correctly and responsibly throughout the group, for example:
  - **New and Active Products Process (NAPP):** Any new service, product or change we launch needs to go through this process. The goal is to evaluate risks and provide advice for improvement before the launch of the product or service. NAPP explicitly considers GDPR and other privacy rules 



- KBC has installed a **Competence Centre for Information Risk Management (IRM)**.  Its main goal is to protect KBC against threats to data and information. This includes cybercrimes, information security risks, information technology risks and disruptions to business continuity.
- Additionally, we apply a **robust information security programme** consisting of strict information security governance and solid prevention and control mechanisms. This programme's security standards are based on the **ISO 27001** and comply with regulations including those of the European Banking Authority (EBA).
- We **continuously monitor the efficiency of our information security controls**.  In this regard, we also perform deep analyses, especially hard testing such as ethical hacking, incident readiness drills and vulnerability scans. We take immediate risk mitigation measures if we detect any defect or shortcoming in the system. Additionally, internal and external auditors regularly control and assess the implementation of these surveillance mechanisms.

### Financial literacy of young adults on mortgages in Belgium

Indicator	Target (by 2030)	2024
Number of young adults reached (increasing our positive impact)	35 000	823
Performance of KBC in the relative share of young adults in a situation of over-indebtedness compared to our peers (limiting our negative impact)	Minimum 50% better than our peers	68.5%

- KBC wants to play a key role in helping young adults pursue their dream of homeownership. However, we conducted a study in Belgium that indicated that young people consider mortgages to be complex and difficult to understand. That is why we want to primarily play an important **educative role in developing the skills and attitudes of young adults with respect to mortgage loans**. Through education, we aim to demystify the topic and give them the tools to make the right financial decisions for their specific situations.
- In line with the requirements of the UNEP FI Principles for Responsible Banking, **KBC has set two interlinked targets to drive positive outcomes for young adults while avoiding negative impacts (scope KBC Belgium)**. This year, we are reporting for the first time on the progress made toward these two targets.
- **NEW! To increase our positive impact**, we have set a target of improving the financial skills and attitudes to mortgages. Our primary focus this year has been on content creation and planning for the years ahead. As we move into 2025, we are keen to publish a variety of content to further enhance our reach and impact.
- **NEW! To limit our potential negative impact**, we want to support young adults in making informed choices and as such prevent them from getting into a situation of over-indebtedness. Our aim in this is to perform at least 50% better than our peers in the relative share of young adults who are unable to repay their mortgage loans.



- The following business conduct policies we have in place:



- Integrity policy
- Code of conduct for employees
- Anti-corruption and Bribery policy
- Whistleblower protection policy
- Anti-money laundering policy
- Dealing code
- Ethics and fraud policy
- Tax strategy
- Sustainable code of conduct for suppliers

- Our corporate culture:

The way in which we expect our **employees to behave responsibly** is outlined in our **Code of Conduct for employees**. Our employees regularly receive mandatory training on the KBC Group Code of Conduct.



Moreover, we have drafted a **'My Responsible Behaviour Compass,'** which outlines basic principles of common sense regarding responsible behaviour. It addresses the risks, standards, policies, processes and structures to maintain KBC's high standards on responsible behaviour. The compass is easily accessible to KBC staff in all local languages.

Both documents also address how to act responsibly in response to the dilemmas that we face every day in our different business lines.

### Commitment to the environment



#### Two new thematic White Papers

This year, we developed two new internal thematic White Papers: one on [plastics](#) and one on [deforestation](#).



#### 12 climate targets for our lending portfolio

[KBC's Climate Progress Dashboard](#) shows that, overall, we are on track to meet our climate targets, with nine out of twelve targets being in line with our climate alignment benchmarks.



#### 25 billion euros to loans with environmental objectives

In 2024, KBC [financed](#) 3.2 billion euros in the renewable energy and biofuel sector, 21 billion euros in mortgages for energy-efficient housing and 1.3 billion euros for low carbon vehicles.



#### 750-million-euro Green Bond issue

KBC Group successfully issued a new eight-year [Green Bond](#) under the recently updated Green Bond Framework, through which we support energy efficient buildings, renewable energy transactions and clean transportation.

### Sustainable business



#### CSRD Reporting

We published our first Sustainability Statement in our [2024 Annual Report](#). These new disclosures align with CSRD requirements and detail how we integrate sustainability into our business.



#### 50.8 billion euros in Responsible Investing funds

[Responsible Investing funds](#) account for 44% of total direct client money. These include Responsible funds, ECO-thematic funds and Impact Investing funds.



#### Thousands of conversations with our customers

[We engage](#) on a variety of sustainability topics with a wide range of clients with respect to their sustainability transition.



#### 80% of start-ups integrate sustainability

We support start-ups and scale-ups through the [Start it @KBC communities](#). In Belgium, 80% of them integrate sustainability into their mission and operations.

### Social responsibility



#### 7.4 billion euros in social sectors

In 2024, we [financed](#) 6.17 billion euros in the healthcare and senior living sectors and 1.23 billion euros in the education sector.



#### Over 400 dreams realised

Launched in late 2024, the [Team Blue Challenge](#) supports our mission to safeguard the dreams of our community by inviting all colleagues to volunteer for non-profits.



#### Two social targets for housing in Belgium

This year, we are reporting for the first time on our progress towards [two social targets on housing](#): the number of young adults reached with housing-related information, and the relative share of young adults in a situation of overindebtedness.



#### Up to 500 days spent by KBC staff for BRS

KBC colleagues, along with other volunteers, dedicated 500 days to [voluntary coaching and training](#) for BRS. In total, BRS vzw supported 15 projects in the Global South.



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