

Sustainability Report

KBC Group

2024

PRB

Responsible Banking
Progress Statement



PRB Responsible Banking Progress Statement

In this report, we report on our commitment and our progress regarding the implementation of the UNEP FI (United Nations Environment Programme Finance Initiative) Principles for Responsible Banking ('PRB') according to the Principles for Responsible Banking Report.



In 2019, KBC participated in the launch of the UNEP FI (United Nations Environment Programme Finance Initiative) Principles for Responsible Banking (hereinafter referred to as 'Principles' or 'PRB') and became a Founding Signatory. The Principles clearly represent the key elements of our vision on sustainability and reinforce our commitment to the Paris Agreement and the United Nations Sustainable Development Goals (SDGs). We report on our commitment and our progress regarding the implementation of the Principles in this Responsible Banking Progress Statement.

Principle 1

Alignment

KBC is an integrated bank-insurance group active in its core markets of Belgium, Bulgaria, Czech Republic, Hungary and Slovakia. We offer a wide range of loan, insurance and asset management products and services to private individuals, SMEs and corporates. For more details on our business model, please refer to the [KBC Group Sustainability Report 2024: 'Our sustainability strategy'](#) section. Our approach to sustainability is integrated into our corporate strategy and aligned with the UN SDGs.

In 2019 we launched the KBC Sustainable Finance Programme. The focus of this programme has been expanded in recent years from climate to include biodiversity, circularity, pollution and water. Our reporting is in alignment with Task Force on Climate-related Disclosures (TCFD) and Task Force on Nature-related Disclosures (TNFD) which analyse nature- and climate-related risks, opportunities, dependencies and impacts. For more details on our strategy alignment, please refer to the [KBC Group Sustainability Report 2024: 'Sustainable finance'](#) section.

Principle 2

Impact & target setting

In 2024 we performed an updated impact analysis of our corporate banking portfolio in all our core markets. The results of this analysis was used as input for our Double Materiality Assessment (DMA). The impact areas prioritised for the PRBs were also identified as material topics for our Corporate Sustainability Reporting Directive (CSRD) disclosures: climate change and biodiversity. The challenges and priorities of our retail portfolio were identified in 2023: housing, mobility and finance. For more information on our retail impact analysis, please refer to the [KBC Sustainability Report 2023: 'Appendices: Principles for Responsible Banking'](#). For more information on our DMA, please refer to the [KBC Group Annual Report 2024: 'Sustainability Statement'](#).

We have set group-wide climate targets and a social target for housing in Belgium. Various actions have been undertaken in pursuit of our targets. For more information on our targets, target implementation and monitoring, please refer to the [KBC Group Sustainability Report 2024: 'Sustainable finance'](#) section.

Principle 3

Clients & Customers

Customer engagement is a central part of our sustainability strategy, focusing on climate change and other environmental issues such as deforestation. Thousands of conversations with clients have been conducted to raise awareness and to support their sustainable transition. More information on our customer engagement track, we refer to the [KBC Group Sustainability Report 2024: 'Sustainable finance'](#) section.

We have issued social and green bonds to finance our clients' sustainable projects and we continue to grant Sustainability-Linked Loans to our clients. In addition, our work to improve the alignment of these financial products to EU Taxonomy criteria is ongoing. Other climate and environmental objectives as well as related opportunities are described in the [KBC Group Sustainability Report 2024: 'Sustainable finance'](#) section, as are our products and services focusing on financial health, financial inclusion and affordable housing, among other themes.

Principle 4

Stakeholders

As part of our process in undertaking our DMA, we have consulted different internal and external stakeholders to identify and assess the most relevant impacts related to sustainable development in all our core countries. Stakeholders were identified through a robust stakeholder identification and mapping exercise.

We regularly consult with experts from the academic world to understand their views and the challenges that we face. In 2024 we hosted a roundtable discussion for the second consecutive year. This year's focus was the accessibility of our products and services.

In addition to consulting and engaging with stakeholders, we also set up partnerships to steer the economy towards a low-carbon future. For more details on our stakeholder engagement process and initiatives, please refer to the [KBC Group Sustainability Report 2024: 'Our sustainability strategy'](#) section.

Principle 5

Governance & Culture

KBC has implemented a hybrid organisational structure and governance to ensure the group-wide implementation of our sustainability strategy. The implementation of our principles is overseen by our highest decision-making bodies. For more information on our governance, please refer to the [KBC Group Sustainability Report 2024: 'Our sustainability strategy'](#) section.

We prioritise responsible behaviour among our employees, guided by our [KBC Group Code of Conduct for Employees](#) and the 'Compass for Responsible Behaviour.' To ensure this, we have implemented a mandatory e-learning course that is part of our onboarding program, and which includes training and awareness on ethical decision-making. For more information on responsible behaviour, please refer to the [KBC Group Sustainability Report 2024: 'Our responsibility'](#) section.

Our Sustainability Framework helps us to identify and mitigate potentially adverse impacts while managing impacts on the environment, climate and human rights. In the event of an infringement of our policies, we have set up a specific due diligence process. For more information on our policies and due diligence process, please refer to the ['KBC Group Sustainability Policy Framework'](#).

Principle 6

Transparency & Accountability

Limited independent assurance has been undertaken on our DMA, our climate targets and their implementation and monitoring, as well as on our governance structure. For more information on assurance, we refer to the [KBC Group Annual Report 2024](#).

KBC also discloses sustainability information in line with other standards and frameworks, for example, the CDP, TCFD and TNFD. For more information on other standards and frameworks, we refer to the [KBC Group Annual Report 2024: 'Sustainability Statement'](#).