

Sustainability Report

KBC Group

2024 PSI
Sustainable Insurance
Progress Statement



PSI Sustainable Insurance Progress Statement

This report outlines our self-assessment regarding the implementation of the Principles for Sustainable Insurance (PSI). It includes a high-level overview of KBC Insurance's activities, demonstrating our commitment to the PSI as one of the signatories.



In 2018, KBC Insurance became a signatory to the Principles for Sustainable Insurance (PSI). PSI is the global framework for insurance companies to embed environmental, social and governance risks and opportunities in their core business strategies and operations. The following sections provide a high-level overview of KBC Insurance activities, demonstrating its commitment to the PSI as one of the signatories.

Principle 1

We will embed in our decision-making environmental, social, and governance issues relevant to our insurance business.

At KBC Group, sustainability is an integral part of the overall corporate strategy and embedded in the strategic cornerstones of our business. Accordingly, at KBC, we:

- put our clients first, offering them a unique bank-insurance experience
- focus on our long-term development
- pursue sustainable and profitable growth
- take our responsibility for society and local economies seriously.

Our sustainability policies and restrictions fully apply to our insurance activities and are complementary to our sustainability governance, which covers our insurance underwriting and investment activities. KBC's Internal Sustainability Board, chaired by our Group CEO, decides on all insurance-related sustainability topics. In addition, our Sustainable Finance Programme covers the insurance-related businesses.

As shown throughout this report, climate action is a top priority for KBC Insurance, both from a climate change mitigation and a climate change adaptation perspective. Since 2022, we have been reporting on insurance-associated emissions, based on the Partnership for Carbon Accounting Financials (PCAF) methodology. Starting with an initial pilot related to

KBC Insurance NV's personal motor vehicles, we have gradually extended our reporting to also include KBC Insurance NV's commercial lines. In addition, we are piloting the calculation of insurance-associated emissions in our other core countries. We are following the PCAF methodology for calculation of and reporting on insurance-associated emissions closely and, as and when guidelines are made available for more lines of business than is currently the case, we will initiate additional pilot projects to report on these as well. In the meantime, KBC Insurance continues its efforts to collect the necessary data from its clients to further strengthen its sustainability reporting.

This year we are reporting for the second time on the part of our gross written premium that is considered 'EU Taxonomy-aligned' (i.e. which makes a substantial contribution to the environmental objective of climate change adaptation). Throughout 2024 we have further fine-tuned our methodology and consequently can now report taxonomy-alignment for KBC Insurance NV's 'Corporate fire and other damage to property' portfolio. A gap analysis has been performed, comparing our updated interpretation of technical screening criteria put forward in the EU Taxonomy, and we continue our work to further align our policies with the EU Taxonomy criteria. For instance, to the extent that this is not already the case, all our insurance companies are preparing to use flood maps in insurance underwriting and are analysing ways to further embed forward-looking flood maps in relevant insurance risk management processes.

References and more information

- KBC Group Sustainability Report 2024:
 - ['Our sustainability strategy'](#)
 - ['Our responsibility'](#)
 - ['Sustainable finance: Our sustainability policies'](#)
 - ['Sustainable finance: Our commitment concerning our social impact'](#)
 - ['Sustainable finance: Investment portfolio assessment'](#)
 - ['Sustainable finance: Assessment of the insurance underwriting portfolio'](#)
- KBC Group Annual Report 2024 [Sustainability Statement](#)

Principle 2

We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

KBC's Insurance companies have launched several initiatives to raise awareness of sustainability among our clients, stakeholders and employees. Firstly, we rolled out an exercise on data capture, identifying the required data points more specifically and exploring the market of data suppliers. This allows us to gain a better insight into the market and the needs within the various sectors. In the product development stage, we assessed the sustainability risks and opportunities.

Examples in our Non-life Insurance business include:

- All insurance companies in our group have developed specific insurance solutions/conditions for electric vehicles, in an effort to support the electrification of mobility. This is exemplified by our insurance company in Hungary, K&H Insurance, which in 2024 introduced a specific assistance service for electric vehicles and plug-in hybrids in the event of unexpected battery discharge. K&H Insurance also began providing favourable tariffs for specific micromobility devices subject to third-party liability insurance by local regulation. ČSOB Poistovňa in Slovakia, for instance, offers additional coverage options for electric vehicles,

including insurance of a home wall-box charger and waives deductibles for damage caused by climate-related perils, such as flood, hail and windstorm.

- All insurance companies in our group – and in most cases within the standard home insurance policies – cover renewable energy sources for private use (i.e. solar panels, home batteries and charging points).
- In the event of severe damage, all insurance companies within the KBC Group cover the additional costs (up to a certain limit) of reconstructing residential buildings, in accordance with the latest building regulations and/or using more environmentally friendly materials. Note that KBC Insurance NV's corporate Property Insurance policy in Belgium now also offers policyholders the option of receiving insights and advice from an energy consultant on opportunities for rebuilding in a more sustainable and/or resilient manner after a substantial loss event. In the Czech Republic, ČSOB Pojišťovna won in the Visa Best Insurance Company competition's category recognising the ESG (environmental, social and governance) achievements of financial institutions for its apartment building insurance product. Amongst other features, it offers a discount for low-energy consuming buildings. Inspired by the technical screening criteria in the EU Taxonomy for Non-life insurance, we will also begin investigating opportunities for promoting climate change adaptation measures in a similar manner.

- K&H Insurance in Hungary offers an environmental impairment liability cover for small- and medium-sized enterprises, which facilitates relevant policyholders' access to the statutorily required insurance for the costs of site clean-up or biodiversity restoration.

With respect to life insurance, KBC Insurance fully complies with the [KBC Group Investment Policy](#), which includes clear ESG-related investment criteria. In this year's [Sustainability Report](#), we also report on the progress made on our climate target for reducing the carbon intensity of the combined equity and corporate bond portfolio of KBC Insurance consolidated, which we reported for the first time last year. Over the course of 2024, K&H Insurance in Hungary launched a digital pension insurance product (DigiPension), as a unique solution on the Hungarian market with a specific 'Do it for me' investment strategy that offers only Responsible Investing funds. In terms of health insurance, DZI in Bulgaria has a long-term partnership with The First Aid Academy, the only academy offering Ministry of Education-recognised first aid training. In addition, it ensures high-quality healthcare for its policyholders through a collaboration with an external party to host an all-digital online healthcare consulting platform. KBC Insurance NV in Belgium has also partnered with a third party to begin offering services to help customers adopt a healthy lifestyle. By doing so, it also demonstrates its commitment to prevention next to providing life and health insurance solutions.

References and more information

- KBC Group Sustainability Report 2024:
['Sustainable finance'](#)
['Our people'](#)

Principle 3

We will work together with governments, regulators, and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

KBC Insurance works with the local insurance associations to – amongst other things – receive and give feedback in the field of ESG and collaborate with a view to expanding the role of insurance companies. For instance, ČSOB Pojišťovna supports the 'Digital academy for secondary schools' project, aimed at educating young people about navigating the online world in a secure and healthy way and to support their path towards digital wellbeing. These efforts were recognised when ČSOB Pojišťovna won third place in the Mastercard Bank of the Year competition's Responsible Insurance Company of the Year category. In Bulgaria, our insurance company DZI collaborates with key stakeholders such as the Gabrovo Municipality, major European insurers and other expert organisations in a Horizon Europe-funded project aimed at fostering region resilience and protection in the face of climate hazards. This project, called 'Soteria' (*Solutions Testing for Regions through Insurance for Climate Adaptation*), embodies a comprehensive and co-creative approach aimed at addressing the pressing challenges (e.g. reducing the

insurance protection gap) posed by climate change through innovative insurance strategies. In Hungary, we have been working intensively on a self-assessment of 'green recommendations for insurers,' issued by the Hungarian National Bank (MNB). MNB reviewed our self-assessment and – based on their assessment – ranked K&H Insurance as one of the top insurers on the Hungarian market in terms of overall sustainability readiness and performance. Going forward, we will continue to provide input to MNB about potential steps that could help us in continuing to promote sustainability in society at large (e.g. through increased availability of relevant data). Such collaborations also provide us with a platform to reach out to policy makers, regulators and government bodies, at EU, national and regional levels.

We also engage in dialogue with internal and external stakeholders through our materiality assessment and define the most material topics that are relevant to our insurance business. This facilitates our collaboration with all parties. For further information on how we engage with our stakeholders, our materiality assessment process and how we define the topics that are most material to our business, we refer to the ['Our sustainability strategy' section of the Sustainability Report](#).

Principle 4

We will demonstrate accountability and transparency in publicly disclosing our progress in implementing the principles at regular intervals.

This report is KBC Insurance's seventh progress report. We will continue to disclose our progress publicly and to be fully transparent regarding our implementation of the PSIs. This report is fully aligned with KBC Group 2024 Sustainability Report.

References and more information

- KBC Group Sustainability Report 2024:
['Our sustainability strategy: The world in which we operate'](#)