



**SUSTAIN-  
ABILITY  
REPORT  
KBC GROUP  
2018**





Looks more closely at how KBC accepts its role in society. Primarily intended for clients, employees and society in general.

Provides information (including mandatory statements) on the business model, strategy, sustainability, governance, financial performance, risks and capital. Intended for investors, clients, employees and society in general. We apply the principles of integrated reporting wherever possible.

Focuses on our sustainability strategy. Contains detailed non-financial data and is aimed at sustainability experts, investors, employees, business partners, clients and non-profit organisations. Prepared according to GRI Standards (Core option) and includes the GRI content index.

This sustainability report describes how we address corporate sustainability, how we implement our sustainability strategy, the policies and guidelines we observe, the targets we have set ourselves and our main achievements.



Sections marked with the Sustainable Development Goals symbol provide more information on how we implement the SDGs.

To define the contents of this report, we have referred to the GRI Standards for sustainability reporting and to the results of the materiality assessment and the material topics identified in this process (see the 'Stakeholder engagement' section). We have also taken account of stakeholder feedback on previous reporting and best practices in sustainability reporting.

KBC Group has published a Sustainability Report annually since 2005<sup>1</sup>. The previous report appeared in April 2018 and can be consulted on our corporate website. There are no substantive differences in scope and boundary compared to the previous report.

The present report covers the entire organisation of the KBC Group and matches the scope of consolidation used for financial information in the consolidated annual report. The aggregate balance sheets of entities excluded from the consolidation do not exceed 1% of the consolidated balance sheet total. For HR data, however, some additional entities have been included that do not feature in the scope of financial consolidation.

Our non-financial data have been collected through a group-wide process (web-tool) that includes strict hierarchical validation. All KBC entities with over 100 FTEs report on the various non-financial areas, with the exception of environmental and HR data, where full reporting is applied. However, entities in countries with fewer than 100 FTEs are out of scope of the environmental data-gathering. The reporting period is 1 October 2017–30 September 2018, unless otherwise stated in the report.

This Sustainability Report has been prepared in accordance with the GRI Standards: Core option<sup>2</sup> and has not been externally audited. The GRI Content Index can be found at the end of the report.

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You can verify the authenticity of this KBC document on [www.kbc.com/en/authenticity](http://www.kbc.com/en/authenticity)

<sup>1</sup> Separate Sustainability Reports have not been published for 2014 and 2015. All non-financial information (as specified in the GRI Content Index for 2014 and 2015) was made available on our corporate website, in our Annual Report and in our Report to Society.

<sup>2</sup> The criteria for asserting that a report has been prepared in accordance with the GRI Standards (either Core or Comprehensive option) can be found on pages 22–23 of GRI 101: Foundation.



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## 1. CEO STATEMENT

Dear Reader,

KBC continued to develop its sustainability approach in 2018, supporting the transition to a sustainable future for our economy and society. We are convinced that we have a crucial role to play in this regard through our financing and investment activities and our activities as an insurer. And we are equally convinced that this is a precondition for KBC's financial resilience and sustainable growth going forward. We are therefore working hard to develop our business in a way that will enable us to contribute meaningfully to this transition, focusing on both the risks and the opportunities it presents for our clients, for society and for KBC.

To guide us in our sustainability approach, we have adopted the Sustainable Development Goals as our compass, with a focus on those goals on which we, as a bank-insurer, can have the biggest impact. Every two years, materiality assessments give us a clear view on sustainability trends and on those ESG-topics that have the greatest impact on KBC and are considered the most important by our stakeholders. They then guide us in further adjusting and refining our sustainability approach. The 2018 assessment did not reveal any major shifts in terms of these topics. It showed that KBC is performing strongly on the most material topics – business ethics and financial resilience – that climate change is becoming more important for our stakeholders, and that we need to focus even more on our employees as the driving force behind our business and strategy.

Our sustainability approach and its concrete translation into policies and business solutions is further inspired by our different internal and external stakeholders. We develop innovative business solutions for specific sustainability challenges in close consultation or in co-creation with our clients and external partners. In June 2018, KBC was the first Belgian financial institution to issue a Green Bond, responding to the demand of institutional investors for green products.

In terms of our general sustainability approach and specific sustainability topics, we also aim to capture shifts in societal sensitivities and discuss the way forward in an open and transparent dialogue with all our stakeholders, including sustainability NGOs. Although our progress will never be perceived as fully sufficient by some of these stakeholders, by working together, we can steadily shift towards a more sustainable direction. This was evidenced in 2018 by the adjustment of our sustainability policies, which included the sharp tightening of our coal policy. We have decided, for instance, to cease all financing of coal-related activities by 2023 (with a very limited exception in the Czech Republic).

KBC engages in a range of initiatives intended to support sustainable finance and insurance. Integrating climate-related risks and addressing climate change are considered as a major challenge for the financial sector in this regard.

KBC became a member of the United Nations Environment Programme Finance Initiative (UNEP FI) in 2018. We also signed the Principles for Sustainable Insurance and were the first Belgian financial institution to express its commitment to the UNEP FI Principles for Responsible Banking. KBC likewise supports the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD). Implementing its recommendations is the challenge facing the KBC 'Sustainable Finance Programme', established in 2018 to identify shortcomings and develop a concrete action plan. We also decided very recently to join PACTA (Paris Agreement Capital Transition Assessment) – an initiative launched in October 2018 by the 2° Investing Initiative and five piloting financial institutions – and the UNEP FI TCFD Banking Pilot. These two initiatives aim to inspire and to develop industry-wide approaches and methodologies for climate-related metrics and targets.

Sustainability is an important challenge and an essential precondition for our business. I believe that our Sustainability Report testifies to our progress, our plans and the challenges ahead, and I hope you will find it an interesting read.

Johan Thijs  
Chief Executive Officer  
KBC Group

## 2. SUSTAINABILITY HIGHLIGHTS 2018

- We are responding to the constantly evolving expectations of our stakeholders and the wider community by implementing stricter policies for sustainable banking and insurance. **In 2018, a number of new policy guidelines were introduced, while others have been tightened up and updated.** A complete overview of new and updated policies can be found in the section ‘Sustainability policies’.
- In our efforts to reduce the impact of climate change and facilitate the transition towards a low-carbon economy, **we have tightened our Energy Credit and Insurance Policy, which now specifies that KBC will also cease to finance the coal sector in the Czech Republic and will reduce its exposure to coal-fired electricity production to zero by 2023.** Coal-fired district heating plants are the only exception (until 2035), with the key exposures to be phased out and new financing only permitted for ecological improvements. In the same policy, KBC has indicated that it will also cease to finance

companies that specialise solely in the extraction of oil and gas. **KBC has already substantially reduced its coal financing from 252 million euros at the end of 2016 to 34.5 million at the end of 2018.** We are also maintaining our ambition for over 50% of our energy credit portfolio to be made up of renewable energy by 2030. At year-end 2018, the proportion had already risen to 43.8% compared to 41.2% a year previously.

- In 2018, KBC launched Pricos SRI, **the first sustainable pension saving** on the Belgian market. We were able to increase the volume of SRI funds under management to **9 billion euros at year-end 2018**, which is well on track to achieving our 2020 target of 10 billion euros.

### OUR NON-FINANCIAL (ESG) RATINGS:

Rating agency	Rating/score 2018	Rating/score 2017	Inclusion in related indices
RobecoSAM	69/100*	74/100	
Carbon Disclosure Project (Climate Change)	A- Leadership	A- Leadership	
FTSE4Good	4.4/5	3.6/5	FTSE4Good Index Series
Oekom Research	C Prime	C Prime	Prime (Best in class status)
Sustainalytics	85/100	84/100	STOXX® Global ESG Leaders indices
Vigeo Eiris	Not publicly available	Not publicly available	Euronext Vigeo index: Benelux 20, and Ethibel Sustainability Index Excellence Europe

\* Please note that the reduced score in 2018 predominantly reflects recent changes in methodology. RobecoSAM has updated the MSA scoring methodology by removing the positive score for companies free of controversies and ensuring that severe controversies are better reflected in the final scores. This differentiates company performance more clearly for investors and other users of the CSA results. For comparison purposes: 2017 scoring based on 2018 scoring methodology is 70/100.

- KBC is the **first Belgian financial institution to issue its own green bond.** The bond, reserved for institutional and professional investors, was launched in June 2018 with a term of five years and a value of 500 million euros. There was considerable interest in the issue, which was more than three times oversubscribed and placed with 131 different investors.

- We continued to build our **‘Team Blue’ initiative, which symbolises the way we cooperate across borders and our group’s different business units.** Together, we’re committed to job satisfaction, sharing knowledge and creative solutions. To further intensify this group-wide co-creation and collective commitment, we have been setting creative challenges for our 42 000+ Team Blue members. The first three of these were intended to strengthen internal group dynamics, while the fourth challenge enabled Team Blue to contribute actively to a better society. Together, our employees walked, ran and swam the distance ‘to the moon and back’, **raising 500 000 euros in the process for charities in Belgium, Hungary, the Czech Republic, Slovakia, Bulgaria and Ireland.** Alongside these Team Blue initiatives, employees in all core countries are encouraged to do voluntary work during or outside working hours.

- Within our own operations, **we reduced greenhouse gas emissions by 9.13% in 2018 compared to the previous year,** and we raised the target for cutting our GHG emissions, excluding commuter travel, to a total reduction of 25% for the period 2015–20. We also set ourselves an additional long-term target of reducing emissions by 50% between 2015 and 2030. KBC is well on track to achieve its 2020 goal with an absolute reduction of 37.6% for the period 2015-2018.

- As part of our commitment to the environment and responsibility to society, **KBC became the first in the Belgian financial market to endorse the new UNEP FI Principles for Responsible Banking.** We also signed the Principles for Sustainable Insurance. Inspired and driven by its clients’ growing demand for sustainability in a fast-changing society, KBC has adopted far-reaching group-wide corporate sustainability policies and guidelines which reflect this major behavioural

and ethical shift. Endorsing the UNEP FI’s Principles is a logical consequence of KBC’s well-established sustainability strategy.

- We keep close track of the development of the TCFD (Task Force on Climate-related Financial Disclosures) recommendations and the EU Action Plan on Sustainable Finance, and continue to work on a more structural approach to the management and reporting of climate-related risks and opportunities. **Since January 2018, an internal working group with members drawn from all the relevant departments has been defining the short-term actions to be taken and preparing a long-term action plan** to steadily align our climate strategy and reporting with the TCFD recommendations and the EU Action Plan on Sustainable Finance.

### Commitments

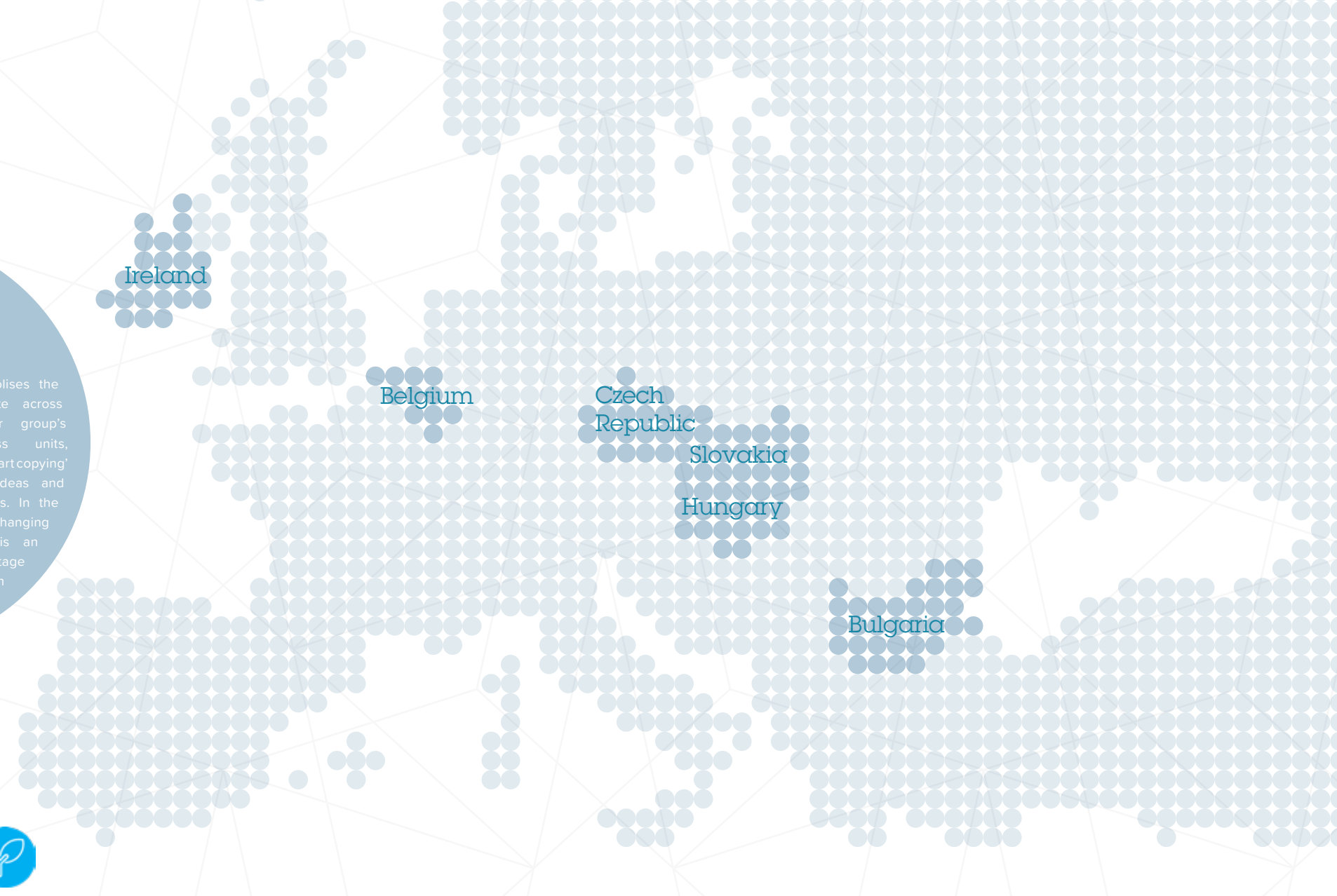
- UN Global Compact
- UN Guiding Principles on Business and Human Rights
- UN Environment Programme Finance Initiative (UNEP FI)
- UNEP FI Principles for Responsible Banking
- UNEP FI Principles for Responsible Insurance
- Principles for Responsible Investment (PRI)
- Task Force on Climate-related Financial Disclosures
- OECD Guidelines for Multinational Enterprises
- Equator Principles
- COP 21
- Belgian SDG Charter

# 3. KBC AT A GLANCE

## Who we are

KBC is an **integrated bank-insurance group**, catering mainly for retail, private banking, SME and mid-cap clients. Through our activities, we want to help our clients to both realise and protect their dreams and projects. We are active in our core markets of Belgium, Bulgaria, the Czech Republic, Hungary, Ireland and Slovakia. We are also present to a limited extent in several other countries to support corporate clients from our core markets.

'Team Blue' symbolises the way we cooperate across borders and our group's different business units, encouraging the 'smart copying' of each other's ideas and pooling experiences. In the present, deeply changing digital world, it is an exceptional advantage to be able to work in this group-wide manner.



**Our corporate strategy** is founded on four mutually reinforcing principles:

- **We put our clients' interests at the heart of everything we do** and always offer them a high-quality service and relevant solutions.
- We look to offer our clients a **unique bank-insurance experience**.
- We focus on our group's long-term development and aim in that way to achieve **sustainable and profitable growth**.
- **We take our responsibility towards society and local economies** very seriously, as reflected in our everyday activities.



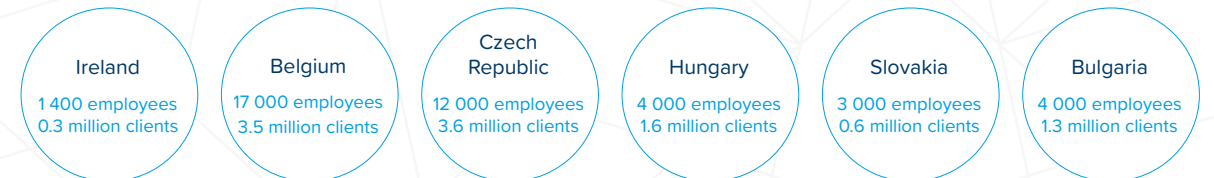
The cohesion between the various entities of our group is not only achieved via our PEARL-culture, but also via our 'Team Blue'. KBC can count on a group of 42 000 talented employees from different countries who work hard every day to gain, retain and increase our clients' trust.

42 000 employees



11 million clients

2.57bn euros net result



We sum up our business culture in the acronym '**PEARL**': **P**erformance: we strive for excellent results and do what we promise to do. **E**mpowerment: we allow the creativity and talent of the individual employee to blossom. **A**ccountability: we meet our personal responsibility. **R**esponsiveness: we anticipate and respond readily to questions and suggestions. **L**ocal Embeddedness: we view the diversity of our teams and clients in our core markets as a strength.

Our values challenge us day in, day out to behave critically and responsibly. **R**espectful of our clients, colleagues, society and KBC itself, **R**esponsive and **R**esults-driven

**That's what will make us the reference in all our core markets.**



## RESOURCES

### FINANCIAL CAPITAL

EUR 19.6 BILLION total equity

### EMPLOYEES AND BRAND

42 000 EMPLOYEES  
57% WOMEN 43% MEN

Strong brands in all countries

### INFRASTRUCTURE

1 389 BANK BRANCHES

Different distribution channels for insurance  
Various electronic distribution platforms, apps and underlying ICT systems

### CLIENTS AND OTHER STAKEHOLDERS

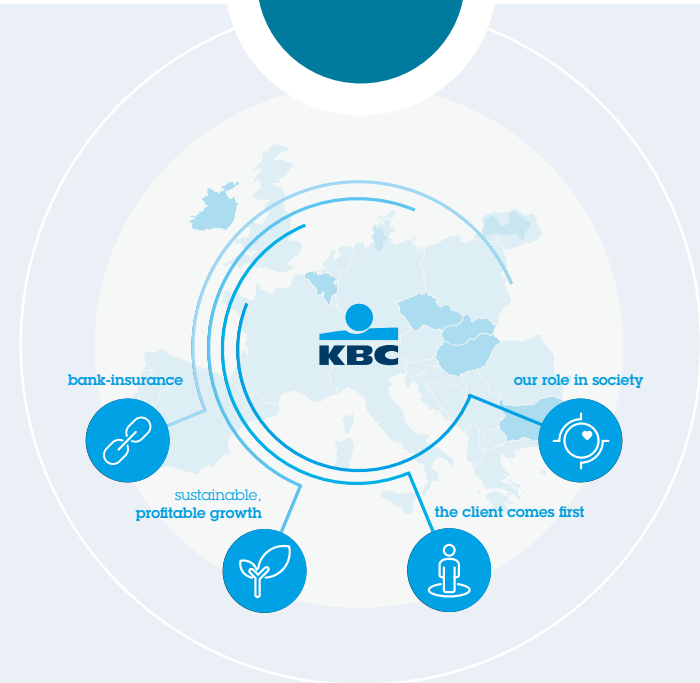
11 MILLION CLIENTS

Suppliers, Investors, NGOs, government, regulators

### ENVIRONMENT AND SOCIETY

Energy, paper and water

## BUSINESS



## OUTPUT

### FINANCIAL CAPITAL

**TOTAL VALUE CONTRIBUTION 14.96 BILLION EUROS**

We create wealth for our stakeholders by generating and distributing economic value:

- Total income 7.5bn euros
- Interest paid to customers (on all forms of debt and borrowings) 1.3bn euros
- Salaries, pensions and benefits to employees 2.34bn euros
- Employee profit-sharing 10m euros
- Dividend to shareholders 1.46bn euros
- Payment to suppliers 1.15bn euros
- Taxes paid 1.2bn euros

### EMPLOYEES AND BRAND

We want to stimulate our employees through training and development in a creative and innovative environment

- External hires 4 693
- Internal mobility 9 081
- **166 361 TRAINING DAYS** complemented with on-the-job training

### CLIENTS AND OTHER STAKEHOLDERS

We are committed to fulfilling our role in society and responding to societal needs and the expectations of our stakeholders.

- We take account of environmental, social and governance factors in our investment, financing and insurance solutions and decisions.
- **9bn EUROS IN KBC ASSET MANAGEMENT SRI FUNDS**
- 1.24bn-euro loan portfolio in renewable energy and biofuel sector
- 6.6bn-euro loan portfolio in the education- and healthcare sector
- Stakeholder interaction process in each core country
- More than 25 000 employees engaged in community activities
- 9.2m euros spent on community involvement

### ENVIRONMENT AND SOCIETY

Total GHG emissions 85 588 tonnes CO<sub>2</sub>e

**-37.6%** reduction in GHG emissions in the period 2015–18 (target scope)

## OUTCOME

KBC provides financial services that contribute to economic growth and well-being.

Our lending, insurance and asset management activities enable us to meet our responsibility for directing the social outcome of our operations. We also take account of social, environmental and governance issues in our activities.

We make an important contribution to employment in all our core markets, both directly and indirectly. This likewise contributes to the welfare of the countries in which we operate.

**186 552 TONNES AVOIDED CO<sub>2</sub>e EMISSIONS THROUGH WIND AND SOLAR ENERGY PROJECTS** and 42 232 tonnes avoided CO<sub>2</sub>e emissions through the KBC Green Bond issue

More than 7bn MWh of green electricity production financed, **EQUAL TO THE POWER CONSUMPTION OF AROUND TWO MILLION HOUSEHOLDS IN EUROPE**

### JOB CREATION:

financing and coaching 637 start-ups via crowdlending and Start it@KBC

Providing 238 victims with **PSYCHOLOGICAL SUPPORT** following road accidents

# Value creation

# 4. OUR SUSTAINABILITY STRATEGY



## Commitment to the UN Sustainable Development Goals

In September 2015, the UN member states agreed the Sustainable Development Goals (SDGs), a universal set of goals, targets and indicators, which define global sustainable development priorities and aspirations for 2030. The SDGs call for worldwide action by government, business and civil society to end poverty, protect the planet and ensure prosperity for all.

Business has an important role to play in addressing the sustainable development challenges, alongside action and cooperation by all the other actors in society. The SDGs encourage companies to reduce their negative impact while enhancing their positive contribution to the sustainable development agenda.

As a financial institution, we are an important driving force for the real economy and therefore have an important impact on the SDGs. By contributing to the economic well-being of companies, private individuals and governments, we can increase their ability to achieve better social outcomes. Moreover, through our lending, insurance and asset management activities, we can direct the social and environmental influence of our operations.

Although the 17 SDGs are all interconnected and relevant, we have selected a number of high-impact areas where we believe KBC can contribute most positively as a bank-insurer to the implementation of the SDGs and minimise any negative impact we might have on them.



Throughout this report you will find the SDG symbols where relevant. We provide more information in these sections on how we are implementing the SDGs.



### Good health and well-being

We develop banking and insurance products that focus on health, healthcare and improving quality of life. Our social projects also focus on themes like health and road safety, and so we contribute to reducing the number of road fatalities and injuries. We promote a good work-life balance among our employees.



### Affordable and clean energy

We actively contribute to raising the share of renewables in the energy mix. We invest in initiatives in the field of renewable energy and energy efficiency through our banking and insurance activities and have drawn up an exit programme for the financing of non-sustainable energy solutions.



### Decent work and economic growth

Our banking and insurance business supports entrepreneurship and job creation and contributes to sustainable economic growth. We support new businesses and invest in innovation and technology through alliances with start-ups and fintechs. We play an important role in protecting basic labour rights, fair pay, equal opportunities and training and development opportunities for all our employees.



### Responsible consumption and production

We support the transition to a low-carbon and circular economy. We develop sustainable banking and insurance products and services that meet a range of social and environmental challenges. Sustainable investments are offered as a fully-fledged alternative to conventional funds. We endeavour to mitigate our own negative impact on the environment by dealing sustainably with energy, paper, water, mobility and waste and by reducing our greenhouse gas emissions.



### Climate action

We apply strict environmental policies to our loan, investment and insurance portfolios. We develop business solutions that help clients reduce their greenhouse gas emissions and make the transition to a low-carbon economy. We limit our own environmental impact and communicate on that. We seek to address climate-related risks and focus on related opportunities in that area.

# The cornerstones of our Sustainability Strategy

We have aligned our sustainability strategy with the UN Sustainable Development Goals. Based on the SDGs, we have translated our strategy into three cornerstones. The figure below shows the relationship between our sustainability strategy and the relevant SDGs, and how our strategic objectives support the SDGs.

## GHG EMISSIONS

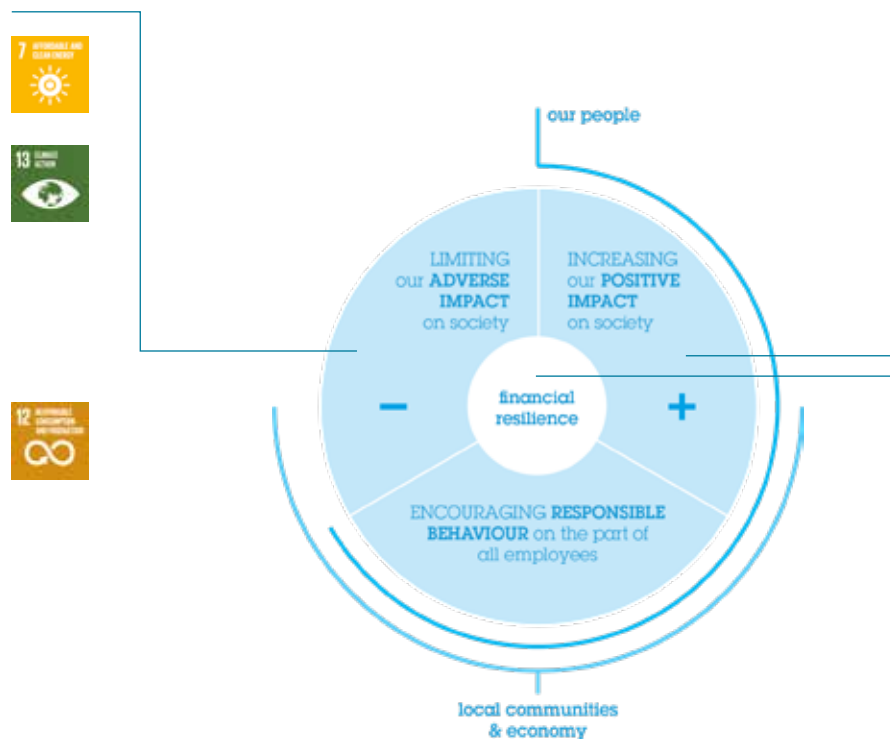
- 25% reduction in carbon footprint for 2015–20
- 50% reduction in carbon footprint for 2015–30

**EXIT PROGRAMME** for the financing of coal-related activities (with the exception of existing coal-fired district heating plants in Czech Republic until 2035)

- zero by 2023

## SUSTAINABLE INVESTMENTS

- 10 billion euros by 2020



- 3** **SUSTAINABLE BANKING AND INSURANCE PRODUCTS**
  - Demographic ageing and health
- 8** **SUSTAINABLE BANKING AND INSURANCE PRODUCTS**
  - Entrepreneurship
- 7** **RENEWABLE ENERGY**
  - > 50% renewables in the total energy credit portfolio by 2030
- 12** **SUSTAINABLE BANKING AND INSURANCE PRODUCTS**
  - Environmental responsibility
  - Financial literacy
  - Entrepreneurship
  - Demographic ageing and health
- 13** **SUSTAINABLE BANKING AND INSURANCE PRODUCTS**
  - Demographic ageing and health
- SUSTAINABLE INVESTMENTS**
  - 10 billion euros by 2020
- 8** **KEY FINANCIAL TARGETS**
  - See Annual Report 2018 p. 1

Sustainability to us means that we are able to respond to the expectations of all our stakeholders, not only today but also going forward. Sustainability is a precondition for **financial resilience** and vice-versa. Only by focusing on long-term, sustained financial performance and strict risk management will we be able to honour all our commitments without external support.

**We have translated our sustainability strategy in three cornerstones:**

**Limiting our negative impact on society** by implementing strict policies and sustainability guidelines, by reducing our own environmental footprint and by our approach towards Socially Responsible Investments.

**Increasing our positive impact on society** in those areas where we can make a difference through our everyday activities.

**Encouraging responsible behaviour among all our employees**

Our focus as we implement our sustainability strategy is firmly on the **local community and economy**. We are conscious of the impact our operations have on society and we respond to societal needs and expectations in a balanced, relevant and transparent way. In doing so, we acknowledge the special character of the local economy in each of the core markets in which we operate.

**Our people** represent our 'human capital' and are one of the main drivers for creating sustainable value as a bank-insurer. We encourage all our employees to behave in a way that is responsive, respectful and results-driven.

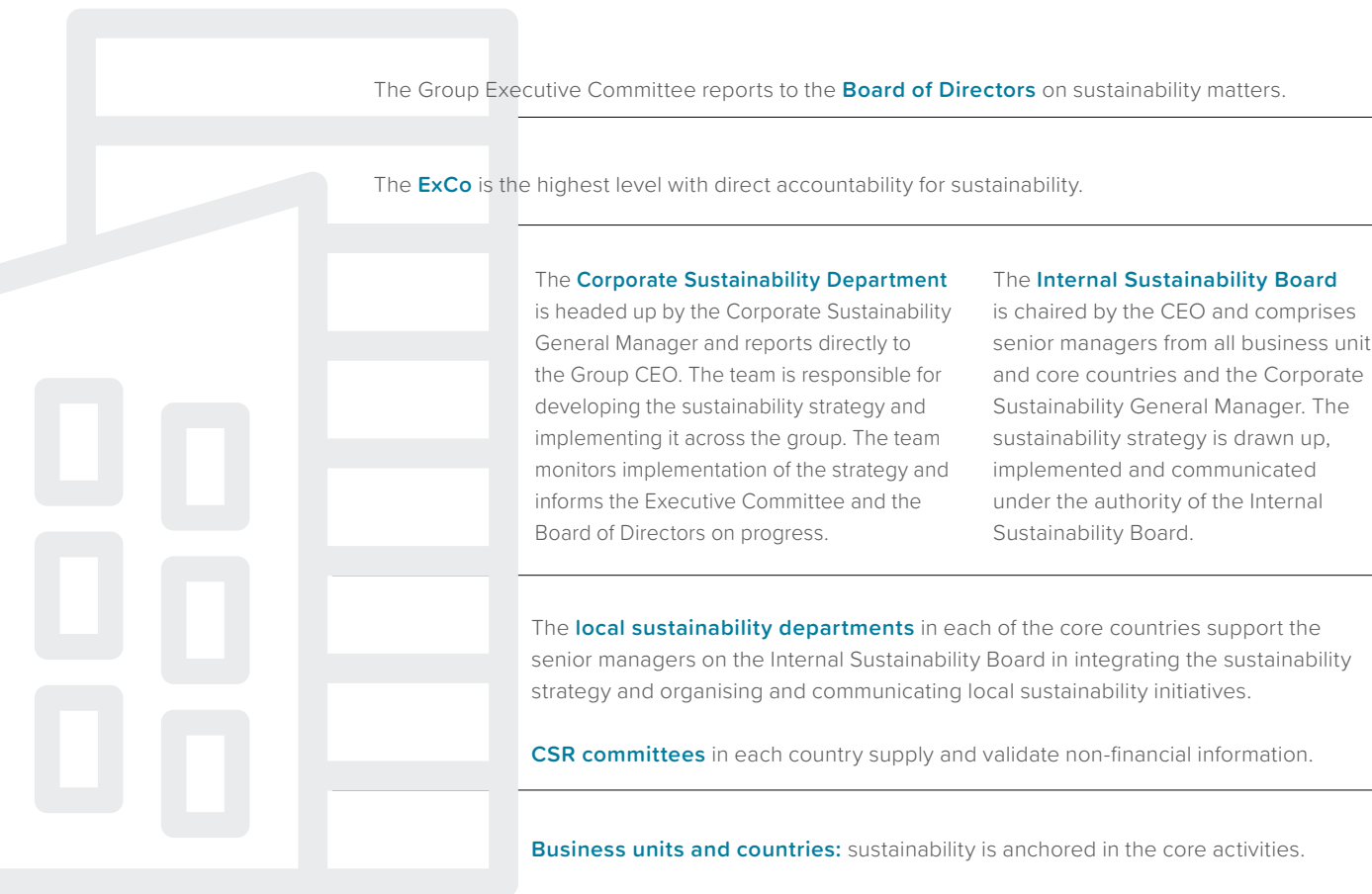
**Our sustainability strategy is integrated into our overall corporate strategy.** It is embedded in the four pillars of that strategy and our day-to-day business activities. Senior-management responsibility for sustainability and its governance ensures the integration of our sustainability strategy and goals at every layer of the organisation and in all our core activities. This responsibility is also reflected in the inclusion of sustainability objectives in the criteria for executive remuneration. More details can be found under 'Sustainability Governance' and 'Sustainability Dashboard'.





# Sustainability Governance

We have anchored sustainability at each level within our group, guaranteeing that it receives attention from the highest decision-making bodies while also being broadly integrated into our operations.



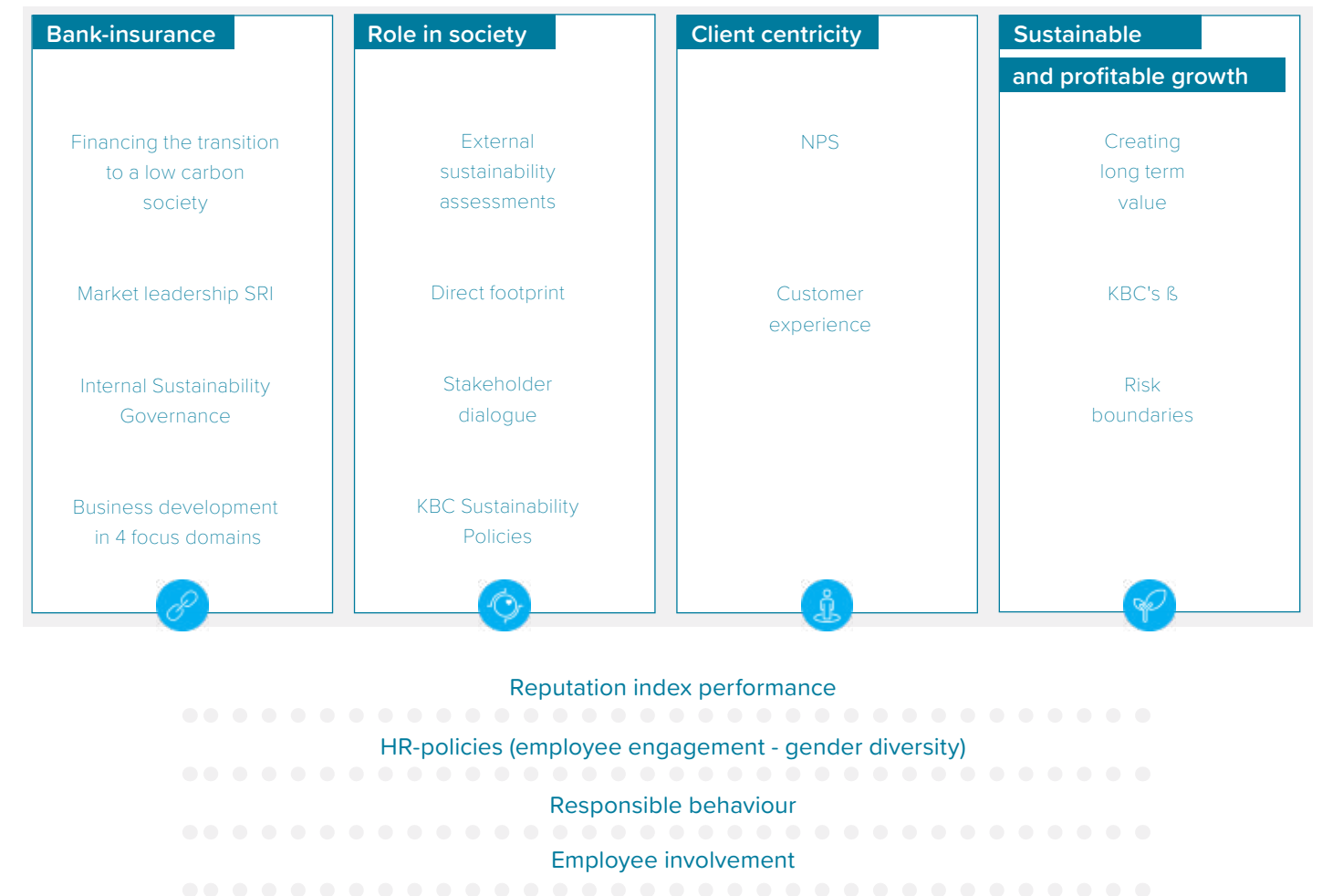
In addition to our internal organisation, we have set up external advisory boards to advise KBC on various aspects of sustainability. They consist of experts from the academic world:

- An **External Sustainability Board** advises the Corporate Sustainability Division on KBC sustainability policies.
- An **SRI Advisory Board** acts as an independent body for the SRI funds and oversees screening of the socially responsible character of the SRI funds offered by KBC Asset Management.

# Sustainability Dashboard

The implementation of our sustainability strategy is evaluated twice a year by the Executive Committee and the Board of Directors through our 'Corporate Sustainability Dashboard'. This assessment also impacts the variable remuneration\* granted to both the Executive Committee and senior executives across the group.

Measurable and verifiable parameters have been drawn up to ensure an objective assessment. We track our progress in the area of sustainability using four general parameters and thirteen parameters, which are linked to the four pillars of the KBC company strategy. The elements of the Sustainability Dashboard are shown below.



\* The remuneration policy for the Board of Directors and the Executive Committee takes account of prevailing legislation, the Corporate Governance Code and market data. The many statutory and regulatory provisions imposed on financial institutions create a highly restrictive framework that offers little scope for KBC to pursue its own policy in this regard. All detailed information is published in the annual report under 'Corporate Governance Charter'.

# 5. EMPOWERING OUR PEOPLE

Our people represent our 'human capital' and are one of the main drivers for creating sustainable value as a bank-insurer. Where we stand today is thanks to our employees. We can only become the reference if we continue to invest in the talents and needs of our staff, while keeping pace with a rapidly changing society.

Our HR policy is based on our PEARL business culture, and it is our employees who give it tangible shape each day in all our group's core countries. The 'E' in PEARL stands for 'Empowerment', referring to our commitment to give every employee the space they need to develop their talent and creativity. It is on this basis that we can achieve success and develop innovative concepts.

## TALENT ATTRACTION AND RETENTION

We create a motivating working environment where our employees are given the opportunity to develop their talents and skills – and to put them to work in implementing our business strategy – not only by learning, but also by communicating their ideas and taking responsibility. We view self-development as key to professional growth, along with KBC. Our staff can choose among a wide range of training methods, including e-learning, workplace coaching and traditional courses.

Our staff increasingly collaborate in multidisciplinary teams on both long-term projects and short-term assignments, encouraging them to

think creatively and to take on new roles. This opens up the prospect of a richer career path, which is fully aligned with the employee's individual talents and KBC's goals. We understand that it is the flexibility of our staff themselves that enables us as an organisation to respond proactively to our clients' wishes. The increasingly digital character of our work is having a substantial impact on jobs at KBC. We are approaching this transformation in such a way that our employees can evolve with it. To achieve this, we have opted to continue investing in lifelong learning, internal redeployment and retraining.

We also encourage our employees to develop ideas as a team. 'Team Blue' is KBC's way of uniting employees from different countries and departments, to make them proud of their team and their company, so that they can draw on each other's experience and engage in 'smart copying'. This collective awareness is also promoted in a light-hearted way, including our 'Team Blue Challenges', in which the group CEO sets the company a task to complete.

We realise that good managers are key when it comes to enabling employees to bring out the best in themselves. That's why we are committed to intensive leadership tracks. Senior managers from across the group take part in the 'KBC University' to enable them to pursue a common vision. This ambitious development programme offers different speakers and modules focusing on bank-insurance,

leadership and client-centricity. At the same time, KBC is actively working on a separate policy for top talent management, in which we identify future senior managers and fast-track them to face tomorrow's challenges.

## HEALTH AND WORKPLACE

At KBC, we care for our people. We understand that work is only one part of life. We take the well-being of our employees very seriously – a vision that has long been embedded in our organisation. 'Healthy' employees feel at ease with themselves and are strong enough to use their own creativity in pursuit of client-focused solutions. To that end, we aim to keep our staff as fit and deployable as possible in the long term, both mentally and physically. We offer innovative benefits, health and safety programmes and sports and exercise facilities in our buildings, and try to detect stress and prevent burn-out. We also encourage flexibility to help people manage unexpected moments at different stages of their lives. KBC offers flexible working hours, various options for working part-time and from home, benefits for special occasions like marriage or the birth of a child, health insurance for all employees and re-insertion programmes after periods of absence.

## WORKFORCE DIVERSITY AND INCLUSION

We live in a society in which the population varies widely. The same differences are visible in the workplace, at all levels and in every type of job within a business. This is true of KBC too, where we aim to

value people for who they are, for their qualities and their talents. Employees must feel at home, regardless of their gender, age, nationality, religion, ethnic background or sexual orientation. We do not make any distinction in our HR, recruitment and promotion policies or remuneration systems. Equal treatment of employees is also enshrined in the KBC Code of Conduct and in the various manifestos and charters we have endorsed. We promote diversity awareness internally among our employees by organising activities such as lectures by guest speakers, discussion forums, training courses and workshops.

## Gender

Diversity is important to KBC and we work hard to achieve it. By actively pursuing gender diversity, KBC seeks to ensure a good balance between men and women in every type of job. In 2018, the male-female ratio within the KBC group was 43:57 in the workplace and 80:20 for senior management positions (an improvement on the 84:16 ratio in 2017). The ongoing challenge facing KBC is to achieve a good gender balance across the group and in all functions. KBC is a company where sexual orientation is not an issue either: everyone can be themselves in the workplace too.

## Nationality

KBC does business across international borders, which means people of different nationalities have to be able to work together. Colleagues speak different languages and have different cultures.

It's incredibly important for our employees themselves and for KBC as an organisation that we can all collaborate with colleagues of different nationalities.

## FAIR REMUNERATION AND LABOUR RIGHTS

The rewards we provide are in line with the demands of today's society, reflecting real differences and supporting new organisational needs. KBC invests in good social dialogue with employee representatives. This consultation covers a very wide range of themes, such as pay and employment conditions, reorganisation and well-being. It is organised primarily on an individual country and company basis to take account of the local legal and business-specific situations. The process also resulted in collective agreements being concluded in the different countries in 2018. Meanwhile, an annual meeting of the European Works Council has been held at group level for over 20 years now. It brings together employee representatives from the various countries, senior

KBC management and a broad, international HR delegation to deal with topics of cross-border importance, so ensuring that there is a forum for discussing the impact of decision-making at group level too.

## EMPLOYEE ENGAGEMENT

We closely monitor employee satisfaction and engagement and consult our staff every two years by means of the Group Employee Survey. The most recent survey was held in 2017, with a response rate of over 87%. The survey revealed an engagement level for the group as a whole that was up on the previous year, putting it a percentage point ahead of the European financial sector average.

## Employee Involvement

Employees in all core countries are encouraged to do voluntary work during or outside working hours. One of the challenges that Team Blue took on was a large-scale, sports-based charity campaign. Together with colleagues, friends and relatives, more than 25 000 Team Blue members ran, cycled and rowed a total of no fewer than 770 867 kilometres – the distance to the moon and back. In the process, we raised half a million euros, which was shared amongst 87 projects suggested by colleagues in six countries.



### Relevant SDG goals

We contribute to good health and well-being (SDG 3) and decent work and economic growth (SDG 8) by supporting labour rights, providing a safe, secure and healthy working environment, promoting a good work-life balance among our employees and stimulating creativity and innovation. Detailed employment and workforce indicators can be found in the 'Sustainability facts & figures' section of this report.







# 6. HOW WE DO IT

## Responsible business

### Responsible behaviour

Trust represents the financial industry's 'social licence to operate'. And society will only trust us if all our staff behave in a trustworthy way. This makes responsible behaviour the foundation for sustainability at KBC. It is vitally important that we behave responsibly in everything we do, at every layer of the organisation, each and every day. KBC views responsible behaviour as crucial to an effective and credible sustainability strategy. The mindset of everyone at KBC should go beyond regulation and compliance: compliance in everything we do with all relevant rules and regulations and with corporate policies and guidelines to ensure ethical business is viewed as the very minimum.

The basic principles here are respect for our clients, colleagues, society and KBC itself, together with a responsive and results-driven spirit. These give us our 'social licence to operate', guide our behaviour and ensure our long-term survival. The foundation of responsible behaviour is integrity, which entails honesty, correctness, transparency and confidentiality, combined with a sound risk awareness.

### My Responsible Behaviour Compass

Responsible behaviour is very hard to define in concrete terms and so we have specifically decided not to draw up precise guidelines for it, but to set out the underlying principles instead. These are presented in 'My Responsible Behaviour Compass'. This guide is not an all-embracing document listing every situation with which employees might be confronted in their everyday work, as there needs to be room for common sense and a professional, multidimensional awareness. It does, however, set out the principles to be respected, which have to be translated into every decision and action we take.

### Dilemma training

KBC University provides management with dilemma training, in which the theory is taught and practised using concrete situations. We also publish a monthly dilemma on our Intranet, which employees are invited to discuss collectively and to consider from various angles. In many cases, several solutions are possible – there is no 'right' or 'wrong' answer and the challenge lies in testing your own decision against your colleagues' viewpoints. This approach leads to discussions that heighten awareness of the importance of responsible behaviour.



### Relevant SDG goal

Our focus on responsible behaviour as the foundation for sustainability at KBC is not linked to a specific SDG but to the minimum expectation towards all companies that are committed to achieving the SDGs: recognition of their responsibility to comply with all relevant legislation, to uphold internationally recognised minimum standards and to respect universal rights.

### Policies

- Code of Conduct for KBC Group Employees
- KBC Group Anti-Money Laundering Policy
- KBC Group Ethics & Fraud Policy
- KBC Group Anti-Corruption and Bribery Policy
- US Patriot Act Certification
- KBC Tax Strategy
- Policy for the Protection of Whistleblowers at KBC Group
- KBC Group Corporate Public Affairs Policy
- KBC Dealing Code

## Sustainability policies

Our sustainability framework with its clear guiding principles forms the sustainable backbone of our business activities.

We apply strict sustainability policies to our business activities in respect of human rights, the environment, business ethics and sensitive/controversial societal issues. These sustainability policies are reviewed and updated every two years to make sure that our policies continue to meet the concerns and expectations of society.

Indicator	Goal/ambition level	2018	2016
Sustainability policies	Regular review (every two years) of our sustainability policies	In 2018 KBC's sustainability framework was updated with new and stricter policies	In 2016 we redefined our sustainability strategy and developed a group-wide sustainability framework with updated and new guiding principles

### Updated and new sustainability policies

KBC's sustainability framework was updated in 2018 with new and stricter policies to respond to the constantly evolving expectations of our stakeholders and the wider community.

A number of KBC's sustainability policies are new, while others have been tightened and updated.

- KBC has refined and further aligned its existing Human Rights Policy with the UN Guiding Principles on Business and Human Rights. The policy sets out how KBC ensures that it does not support companies that violate human rights.
- The Policy on Arms-Related Activities now classifies nuclear weapons as controversial too. Companies involved in the production or development of such weapons will therefore be excluded from all KBC group activities. In this way, KBC is aligning itself with the United Nations Treaty on the Prohibition of Nuclear Weapons. KBC remains particularly reluctant to finance companies involved in weapons-related activities. The policy guidelines are set out in the Policy on Arms-Related Activities.
- The Energy Credit & Insurance Policy specifies that KBC will now also cease to finance the coal sector in the Czech Republic and reduce its exposure to coal-fired electricity production to zero by 2023. Coal-fired district heating plants are the only exception (until 2035), with the key exposures to be phased out and new financing only permitted for ecological improvements. KBC will also cease to finance companies that specialise solely in the extraction of oil and gas. Meanwhile, KBC is maintaining its ambition for over 50% of its energy credit portfolio to be made up of renewable energy by 2030.



## Implementation of the sustainability policies throughout our business activities

- The policy for the tobacco industry has been tightened to exclude the wholesale of and trading in tobacco products and raw materials. The guidelines are set out in the KBC Group Sustainability Framework.
- A new Mining Policy stipulates that business clients with activities in this sector must take account of the environmental risks associated with their activities, human rights risks and the rights of the local population. It goes without saying, moreover, that these companies must operate at all times in accordance with the relevant regional, national and international regulations, laws and permits.
- The policy for palm oil production has been extended to include the production of soya. Companies active in this field must comply with international standards for the sustainable exploitation of these raw materials. The guidelines are set out in the KBC Group Sustainability Framework.
- A new Animal Welfare Statement expects clients whose activities may have an adverse impact on animal welfare to act in accordance with applicable national and international legislation and best practices.
- A new Policy on Sustainable and Responsible Advisory Services broadens the scope of KBC's existing restrictions on controversial and socially sensitive sectors and activities, as set out in the Sustainable and Responsible Bank and Insurance Policy, to advisory services. The policy applies to all advisory services provided by KBC Securities and similar services offered by KBC entities in Central Europe, including debt and equity capital market transactions, such as IPOs, SPOs, bond and commercial paper issues, and advisory mandates, including M&A advice.

### Assessment


































































































Compliance with KBC sustainability policies is monitored through:







- Active internal screening of our lending, insurance and investment operations for the correct application of our sustainability policies.
- General ESG assessment of the relevant companies' sustainability performance by experienced external partners, focusing on the companies' sustainability strategy and public sustainability policies, and on any recent controversies in which they have been involved.

### Remedy and mitigation

We have established the following mitigation actions if breaches are identified:

- Zero tolerance for blacklisted companies in all our business activities.
- Exclusion of companies that are not compliant with the UN Global Compact Principles, as assessed by an external ESG assessor, for loans, insurance and proprietary assets.
- After due diligence by KBC and in dialogue with the parties concerned, an exit strategy or specific conditions will be applied to any existing credit or insurance relationships and advisory services provided, and new requests will be rejected (entire relationship or specific business).

	Own activities of all group entities (direct activities)	Indirect activities (value chain)						
		lending	insurance	advisory services	investments (proprietary assets)	asset management		suppliers
						conventional funds	sustainable funds	
Human Rights Policy Commitment	   	 	 	 	 	 	 	  
Due diligence (management process & assessment)	  	         	         	         	         	         	         	         
Mitigation								

-  UN Global Compact COP 2018: KBC's statement of continued support
-  Blacklisted companies and activities
  - KBC Group Policy on Blacklisted Companies
  - KBC Group Soft Commodity Policy
-  KBC Human Rights Policy  
KBC Modern Slavery Policy
-  KBC Group Policy on Controversial Regimes
-  Sustainable & Responsible Bank and Insurance policy
-  KBC Policy on Sustainable and Responsible Advisory Services
-  KBC Group Energy Policy
-  KBC Group Policy on Arms-Related Activities
-  KBC Group Mining Policy
-  KBC Group Animal Welfare Statement
-  The code of conduct for KBC Group Employees
-  The Policy for the Protection of Whistleblowers in KBC Group
-  Assessment, remedy and mitigation
-  KBC Asset Management Exclusions list for Sustainable Investments
-  KBC Sustainability Code of Conduct for Suppliers and supplier assessment and performance monitoring

# Sustainable finance

As a bank, we want to invest our clients' assets in businesses that are worthy of them. And those are exactly the kind of businesses we want to insure as well. We therefore have a clear policy regarding which products we sell to which clients and we apply a restrictive credit insurance approach to applications from controversial sectors. On the other hand, we support sectors or companies that take account of environmental, social and governance considerations in their investment decisions. We also want to offer our customers business solutions from within our core operations that support the transition to a sustainable society. More information in this regard can be found in the 'Sustainable business solutions' section of this report.

## Our indirect environmental impact

As a financial institution, KBC's largest environmental impact is indirect, through its asset management, lending and insurance business. We have strict policies in place to reduce the climate and environmental effects of our portfolio of loans, investments and insurance activities.

See also our Annual Report 2018, p. 50, and the 'Sustainability policies' section of this report.

## KBC's first green bond

In 2018, KBC became the first Belgian financial institution to issue a green bond for institutional and professional investors. The KBC Green Bond, for 500 million euros and with a term of

five years, was more than three times oversubscribed. The proceeds of this first green issue are being used to fund loans in the area of renewable energy and energy-efficient homes.

By the end of 2018 the assets allocated to the KBC Green Bond consisted of 60% green buildings and 40% renewable energy. **A total of 302 119 MWh of renewable electricity was generated and energy saved in 2018. Annual avoided emissions totalled 42 232 tonnes of CO<sub>2</sub>e,** equivalent to the annual emissions of 28 000 average European cars.

For more information, please refer to the KBC Green Bond impact report available on our corporate website.

## Transition to renewable energy

Power generation is responsible for 26% of greenhouse gas emissions in the European Union. Because of its high impact on climate change, we are reducing the financing and insurance of fossil-fuel-based energy production and related activities and are supporting investment in renewable energy. We have translated these ambitions into clear targets:

Indicator	Goal/ambition level	2018	2017
Share of renewables in the total energy credit portfolio	Minimum 50% by 2030	43.8%	41.2%
Financing of coal-related activities	Immediate stop of coal-related activities and gradual exit scenario in the Czech Republic by 2023 at the latest (with the exception of existing coal-fired district heating plants in the Czech Republic until 2035)	34.5m euros	86.5m euros

We exclude the financing and insurance of environmentally harmful energy-related activities, such as unconventional oil and gas, oil and coal-fired power generation, and coal-related activities. In the case of coal, an exception was made in the Czech Republic, where this fuel still accounts for 40% of power generation. We further tightened our energy policy in 2018 to exclude companies specialised in the extraction and development of new oil and gas fields, and we brought forward the complete phasing out of coal financing in the Czech Republic from 2050 to 2023. Ecological upgrades to existing coal-fired district heating plants can still be financed until 2035. KBC has already substantially reduced its coal financing from 252 million euros at the end of 2016 to 34.5 million at the end of 2018.

Meanwhile, KBC is actively expanding its portfolio of renewable power generation. At the end of 2018, the KBC group's portfolio of outstanding loans to finance wind and solar projects stood at around 1 billion euros (project finance only). **The investments in question resulted in over 7 billion MWh of green electricity generation, equal to the power consumption of around two million European households.** Our dedicated financing departments help fund projects in the renewable energy sector based on specialised industry knowledge. Due to differences in geography, regulation and market development, the project finance portfolios in KBC's core countries differ in terms of size, composition, growth and potential. Solar power generation is taking a clear lead in Central Europe, with projects in this field booming in Hungary in particular. In Belgium, by contrast, the funding of on- and offshore wind energy is dominant.

Although it is a renewable energy source, KBC only finances large-scale biomass plants for electricity production under very strict conditions. The supply of sufficient biomass to guarantee the generation of a given amount of electricity often entails too big an impact on the environment. In addition, biomass installations are frequently subject to technological problems. Given the role that biofuels will have to play in making transport more sustainable, KBC is still prepared to finance biofuel production facilities, but only under strict conditions to ensure sustainable production.

- In **Slovakia**, ČSOB finances 51 solar projects and is committed to funding the development of a hydroelectric plant that will generate 10% of the country's electricity consumption.
- KBC Project Finance in **Belgium** funds 44% of the installed onshore wind capacity in Flanders and is involved in 88% of the offshore wind projects.
- The renewable energy portfolio in the **Czech Republic** primarily funds solar projects for corporate and SME clients and has an installed capacity of 225 MWp.
- ČSOB in **Slovakia** and K&H in **Hungary** have joined forces to finance two Hungarian photovoltaic power plants with a combined capacity of 64.5 MWp.
- The financing of a substantial number of new solar power plants with a total capacity of 158.5 MWp is in the pipeline in **Hungary**.
- KBC in **Belgium** is funding a pilot study to explore the potential for capturing and using geothermal energy for district heating.



## 'WIND AAN DE STROOM' – ONSHORE WIND ENERGY PROJECT

Project: 20 turbines operational (Phase 1: 2014 and Phase 2: 2017) and one turbine under construction (Phase 1b: 2018)  
Share of KBC financing: 17 out of 21 turbines (Phases 1 and 1b)

- Capacity: 51.4 MW
- Total output: 127 500 MWh/year
- Forecast avoided emissions: 14 688 tonnes CO<sub>2</sub>e/year
- Number of households: 35 733



### KBC's direct environmental impact

KBC is actively working to reduce its direct environmental impact. In 2018, we raised the target for cutting our own GHG emissions to 25% for the period 2015–20. We also set ourselves an additional long-term target of reducing emissions by 50% between 2015 and 2030.

Indicator	Goal/ambition level	2018	2017
Total GHG emissions excluding commuter travel (absolute and per FTE)	25% reduction for the period 2015–20 50% reduction for the period 2015–30	Absolute: -37.59% Intensity: -36.64%	Absolute: -28.9% Intensity: -28.2%
ISO 14001-certified environmental management system	ISO 14001 certification in all core countries at the end of 2017	Belgium, Slovakia, Hungary, Bulgaria, Czech Republic and Ireland	Belgium, Slovakia, Hungary, Bulgaria, Czech Republic and Ireland

### Transparent reporting

We recognise our responsibility in facilitating the transition towards a low-carbon economy and society and wish to play an active role in this and to support change. We are aware of the financial and other risks that climate change poses. Evaluating and managing those risks is an integral part of our overall risk management framework. We are convinced that communicating transparently on climate-related effects will create a level playing field and stimulate the progress needed to limit global warming. In December 2017, we therefore endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

A more structural approach to managing and reporting climate-related risks and opportunities is being further developed. An internal working group has been active since January 2018, with members drawn from all the relevant departments, to define the actions that need to be taken. It reports to a steering group chaired by the CRO. The business side will be brought in from 2019 onwards. The steering group decides which actions need to be taken in the short term and is preparing a multi-year action plan that aims to steadily align our climate strategy and reporting with the TCFD recommendations and the EU Action Plan on Sustainable Finance.

Read more in the Annual Report 2018, p. 52

### Social-profit sector

KBC advises and guides social-profit institutions and local government in areas like payments, asset management and financing solutions. The relationship manager offers a proactive and solution-oriented approach and acts as an expert in the various fields. Last year, KBC invested 6.6 billion euros in education and the healthcare sector.

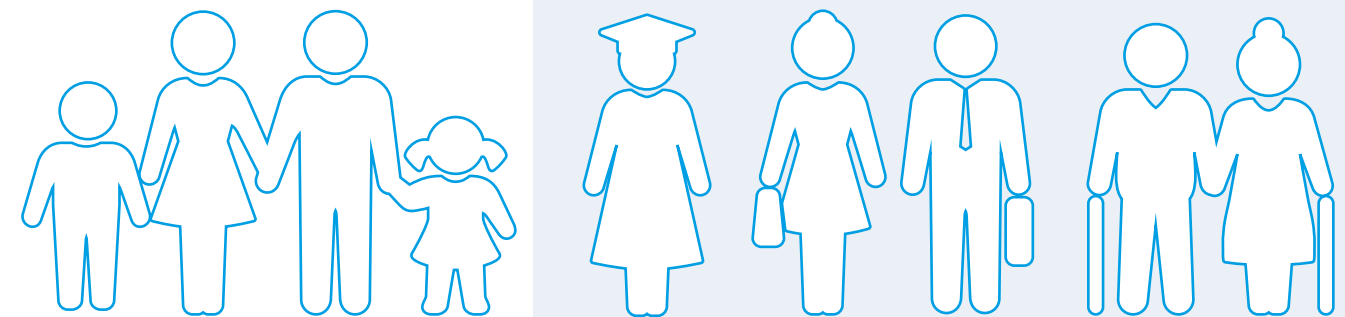
KBC joined a pilot project in collaboration with 3E, Piet Colruyt and our long-term partner PMV to develop a new form of energy investment, known as an 'ESCo' or Energy Service Company.

An ESCo takes over energy-saving investments from other businesses and funds them itself.

**3E span off the Wattson business to focus on the energy-efficient renovation of care properties.** The energy-saving projects in which KBC was involved in 2016–18 generated a saving of 1 000 tonnes of CO<sub>2</sub> a year at twelve retirement homes.

**5.6 BILLION-EURO LOAN PORTFOLIO IN HEALTHCARE SECTOR** including retirement and care homes

**1 BILLION-EURO LOAN PORTFOLIO IN EDUCATION SECTOR**



### Relevant SDG goals

We contribute to climate action (SDG 13) and affordable and clean energy (SDG 7) by reducing our indirect environmental impact. This is done through strict environmental policies for our loan, investment and insurance portfolios, by discouraging the finance of unsustainable energy solutions and by promoting renewable energy and energy-efficiency initiatives. Our focus on reducing our own environmental footprint also contributes to responsible consumption and production (SDG 12) and climate action (SDG 13). We contribute to good health and well-being (SDG 3) through our specific focus on social-profit institutions and local governments.

# Sustainable investments

Socially responsible investment (SRI) has developed in recent years from a niche market to a mainstream segment. KBC has been a pioneer in the field of sustainable investment for almost 30 years. We view it as another powerful tool with which to help achieve a more sustainable society. We want to give our clients the opportunity to invest in sustainable companies and countries that recognise their social and environmental responsibility. This allows us to jointly contribute to a more sustainable society and to help limit the adverse impact businesses can have on society. In 2018, we were able to increase the volume of SRI funds to 9 billion euros, putting us firmly on track to achieve our 2020 target.

## Screening

Thorough screening, based on strict and clear rules, is carried out to determine which companies and countries qualify for the investment universe for sustainable and responsible investment solutions.

We exclude investments in certain companies due to their controversial activities. We also review our sustainability criteria on an ongoing basis. KBC Asset Management places a great deal of emphasis on transparency, which is why it makes all its research results and the full list of exclusions available on its website. The sustainability policy and criteria are monitored by the SRI Advisory Board, which is fully independent of KBC. The body consists of leading academics from several universities, who are experts in fields like human rights, business ethics, biology and ecology.

## Proxy voting

KBC Asset Management pursues an active policy of proxy voting and engagement. By exercising the rights attached to shares held by the investment funds and by making our voice heard at the annual general meetings of these companies, KBC aims to defend the interests of our clients and investors. We do so by proxy voting, when deemed

appropriate and necessary. KBC Asset Management applies this active voting policy to several different themes, recognising that business, corporate governance and sustainability issues all determine the value of a company in the medium and long term. All these factors can have a significant impact on value creation or the return enjoyed by clients and investors.

## KBC Pricos SRI

KBC was the first to launch an SRI pension savings fund in the Belgian market. Pricos SRI invests exclusively in companies and issuers that come through KBC Asset Management's sustainability screening. This requires the firms in question to achieve a high score in terms of environment, social policy and corporate governance. By opting for a sustainable pension savings fund, the investor can actively contribute to a more sustainable society and also have the possibility of earning an attractive long-term return. At the end of 2018, the assets under management in Pricos SRI amounted to 39.96 million euros.



Indicator	Goal/ambition level	2018	2017
Volume of SRI funds at KBC Asset Management	10 billion euros by end of 2020	9 billion euros	7.1 billion euros
Awareness of sustainable investments among both our staff and clients	Increase awareness and knowledge of SRI funds	100% awareness of Belgian salesforce through e-learning courses with tests	100% awareness of Belgian salesforce through e-learning courses with tests





**Relevant SDG goals**  
 KBC's focus on sustainable investment funds is linked to good health and well-being (SDG 3), affordable and clean energy (SDG 7) and responsible consumption and production (SDG 12).

**Best-in-class investment funds** invest in businesses or countries that excel at socially responsible enterprise compared to their sector peers and offer the best performance in terms of corporate governance, the environment and social issues.

**Ecofunds** invest in companies that make a sustainable contribution to solving a societal problem like climate change, the threat of water shortages and the quest for alternative energy.

**Impact Investing funds** invest in companies whose goods and/or services have a direct positive impact on society. We look for businesses whose core activity is not only to pursue financial returns but which also contribute positively to society or the environment.

**KBC Pricos SRI (sustainable pension saving)** invests in issuers and companies that score highly in terms of environment, social policy and good corporate governance. Sustainable pension saving embraces the long-term idea of investing with concern for the well-being of future

# Sustainable business solutions

We are also keen to offer our clients business solutions from within our core operations that support the transition to a sustainable society. We want to increase our positive impact in those areas where we, as a bank-insurer, can make a difference: financial literacy, environmental responsibility, entrepreneurship and longevity and health.

## Financial literacy

Financial literacy has three dimensions for KBC: financial education, financial behaviour, and financial advice and clear communication.

### Financial education

A financially literate society is necessary, not only to understand banking and insurance products, but also for households to manage their budget and spending in a judicious and healthy manner. To this end, KBC has developed several financial education initiatives, including lessons given by KBC employees, learning packages, internship programmes and master's programmes.

### Teaching financial topic

In Belgium, the 'Get-a-Teacher' programme gives schools the possibility 'to order' a teacher from KBC. The teacher in question is a KBC employee who has been selected and trained for the role. In 2018, the 'Get-A-Teacher' programme reached 13 075 pupils and 758 lessons were given by 75 KBC-teachers.

ČSOB employees provide lessons for primary and secondary schools across the Czech Republic. The ČSOB Financial Education programme benefited 165 schools in 2018, involving around 14 000 pupils and 348 employee-ambassadors.

### Learning packages

ČSOB Slovakia's 'Digital Intelligence Project' helps youngsters get the most out of digital technology in a safe and protected way. The project includes online videos with tips, tricks and suggestions, as well as an online test. The project started in 2017 and has proved a huge success. In 2018, more than 10 000 tests were completed and

1 132 500 video views recorded, with 63 schools taking part.

In Bulgaria, CIBANK launched a new series of five educational videos on basic financial topics via social media and on its website.

### Financial advice and clear communication

We view clear and appropriate advice as the foundation stone of our profession. By offering responsible advice, we want our clients to know precisely what the details and consequences are of the financial solution they choose. We also aim to communicate transparently on our products and services, which is not as straightforward as it sounds, since financial regulations can be quite complex at times.

In 2017, we launched a large-scale project in Belgium to simplify and improve our client communication. We continued that work in 2018 and focused on reducing, simplifying and digitalising our communication on

Indicator	Goal/ambition level	2018	2017
Business solution in each of the focus domains	Develop sustainable banking and insurance products and services to meet a range of social and environmental challenges	Please refer to the sections below and to the Annual Report 2018 for concrete examples for each of the focus areas	Please refer to the Sustainability Report 2017 and the Annual Report 2017



### Relevant SDG goals

We support responsible consumption and production (SDG 12) by helping our clients address several environmental and social challenges on which we have chosen to focus, including the development of business solutions for our focus area 'financial literacy'.

## Community Involvement

We also support societal projects, campaigns and activities linked to our strategy, principles and four focus domains. These community involvement projects can be found throughout this report.

transactions. We also provide our commercial staff with constant training to ensure that they pay sufficient attention to evaluating the risks associated with the different products and services.

### Financial behaviour

Digitalisation provides us with a multiplicity of data, which means we know our clients better and can advise them more effectively. But it goes without saying that clients only accept us analysing their data once

they already trust us, which is why we have drawn up a carefully thought-out privacy policy.

KBC attaches a great deal of importance to our clients' trust. Protecting their information and using it only in the way they expect of us is crucially important and will remain so in the future. We want to enhance our clients' awareness of privacy. They're kept actively informed about the use of their data and we communicate with them openly and honestly, so they can take control over their privacy. The customised information concept means clients themselves get to decide whether we can continue to inform them about offers and solutions tailored to their circumstances.

### Environmental responsibility

Environmental responsibility to us means developing business solutions that have a positive impact on the environment.

We aim to contribute actively to the transition towards a low-carbon and circular economy and to offer business solutions from within our core operations that encourage that economy, promote renewable energy and support sustainable, safe mobility.



### Relevant SDG goals

There is a clear link between KBC's business solutions for our focus area 'environmental responsibility' and several of the SDGs: climate action (SDG13), affordable and clean energy (SDG 7) and responsible consumption and production (SDG 12).

### Mobility

KBC is convinced that we can make a positive contribution to mobility issues, by pooling our internal strengths and being open to partnerships (both within and outside our sector). This will enable us to go on innovating together in the future and to develop new, client-oriented solutions.

### Cycle Lease

KBC Autolease began to offer cycle as well as car leases in 2017. The initiative has been a success, with the lease fleet now approaching 7 000 cycles. The number has been rising at a rate of 600 to as many as 1 000 cycles a month recently. Cycle leasing is not only a solution to the mobility issue, it also takes account of social and economic aspects. KBC Autolease has agreed a contract, for instance, with the customising firm Atejee for the repair and resale of the bikes when the cycle lease comes to an end. We're also collaborating closely with local cycle dealers where you can choose your model. Over 200 bike shops are already affiliated and cooperating enthusiastically.

### Sustainable Fleet Connect

The Flemish breakdown assistance organisation VAB aims to promote safety and environmentally friendly driving through the KBC Mobility initiative. 'VAB Telematic' is a fleet



management tool that collects vehicle data and displays it in an app. Data analysis and targeted communication guarantee businesses a more cost-efficient management of their fleet. The VAB's driving school, meanwhile, offers the option of the Sustainable Fleet Connect program, which analyses driving behaviour. Companies can provide their drivers with specific advanced training with a view to reducing fuel consumption and the risk of accidents.

#### Electric car insurance

DZI cooperates with SPARK, the first fully electric car-sharing company in Bulgaria, which provides affordable eco-friendly mobility solutions in Sofia. DZI supports the project as the insurer of the electric car network.

#### Energy efficiency

##### Private clients

Since 2018, we have been able to offer our private clients in Belgium energy-saving renovation advice. We firmly believe in the social importance of this: over 2.7 million private homes still need to be renovated for Belgium to meet its climate targets. The Energy and Renovation Check informs our clients precisely which energy-saving measures would be useful for their homes, what each measure will cost, and how much it can save them per year. We have partnered with EnergyVille/VITO to provide this advice.

Since 2017, UBB has offered consumer loans, in partnership with EBRD, aimed at households and associations of apartment owners for energy efficient

investments. At year-end 2018, this portfolio comprised 966 loans worth a total of 2.3m euros.

#### Business clients

Business clients also consider sustainable and energy-saving measures to be important, but they often lack the time, knowledge and financial means to achieve them. To that end, KBC launched the 'E2PRO' tool – a program for identifying potential energy-saving measures for energy-intensive businesses that have their own premises. The tool ensures effective audit, study, implementation and follow-up. Our partner Tractebel provides the technical advice, while KBC supplies the financial know-how.

In 2018, KBC launched a 'Light-as-a-Service' pilot. In a 'LaaS' scheme, the supplier installs, maintains and owns the LED lighting system, with the client paying a subscription to use it. The model enables clients to switch to energy-efficient lighting without a high upfront cost, while the supplier benefits from having the material last as long as possible and being reusable or recyclable.

ČSOB in the Czech Republic launched the ČSOB EU Smart Energy Credit in January 2018 – a new credit scheme for financing investments in energy efficiency. The initiative offers the client subsidised funding with a margin discount. ČSOB is the first bank in the Czech Republic to be granted this credit facility by the European Investment Bank. A total of 23 million euros had already been drawn by the end of 2018.

#### Circular procurement

In mid-2017, KBC signed the 'Green Deal for Circular Procurement', committing ourselves to set up two circular procurement processes in 2018. KBC Belgium submitted two selected projects to this end. The first is an ICT project focusing on mobile phones, in which our employees get to lease a smartphone for 24 months,

### Community Involvement

In 2018, the second edition of the 'Wednesday Bicycle Day' campaign took place. KBC, Cera and Mobiel 21 joined forces under the motto 'Go With The Velo' to get more Flemish and Brussels residents on their bikes for short trips, especially for the journey on the way to or from work.

ČSOB continued its cooperation with Slovak towns in 2018 in a successful programme to revamp pedestrian crossings near schools and kindergartens. The road safety project, known as 'Attention Zebra', is supported by the ČSOB Foundation.

The 'K&H for Sustainable Agriculture' scholarship supports young agricultural scientists as they design new procedures with the potential to change the future of farming as well as its public image. The scheme offers financial support to research students committed to the long-term, healthy and sustainable development of the agricultural sector.

following which KBC guarantees that the devices enjoy a further life within Europe. The second is a facility project with BioOrg, which means our buildings in Belgium are cleaned based on the BioOrg concept. Surfaces of all types are sprayed with 100% natural organisms, to ensure faster, better and entirely organic cleaning.

#### Entrepreneurship

Entrepreneurship, innovative thinking and economic growth go hand in hand at KBC. Entrepreneurship is in our genes, and by supporting innovative ideas and projects, we can contribute to economic growth, which is one of our fundamental objectives. We provide loans to retailers and SMEs in all our local markets, to enable them to build and to extend their businesses. We also fund specific sectors and target groups, such as the social profit sector (education, hospitals, and retirement and nursing homes). We support innovative start-up ideas too.

#### Supporting start-ups

KBC launched Start it @KBC in Belgium in 2013 – an accelerator that provides start-ups with accommodation and above all with support and advice, so they can allow their idea to grow sustainably into a successful business model. Our focus in 2018 was on women entrepreneurs, corporate ventures and internationalisation. The

Start-it programme has also been rolled out successfully in Hungary and the Czech Republic as Start it @K&H and Start-it @ČSOB. In the meantime, we've already supported 637 start-ups.

#### Intrapreneurship

The positive start-up mentality generated by Start it @KBC has combined with our group's PEARL corporate culture to stimulate 'intrapreneurship' at KBC. Our Corporate Incubation Programme gives employees with a good business idea the opportunity to develop it further. The initiative provides them with the right environment to test whether their idea is scalable.

#### Supporting established businesses

It's not just starting a business that can be a headache, the same goes for its eventual transfer. This is another aspect where we want to help our entrepreneur clients. KBC Match'it is a digital matching platform, where buyers and sellers can exchange information and begin negotiations totally discreetly. So far, the programme is available for business clients in Belgium and Slovakia.

The KBC Trade Club is a matchmaking community and market library for our Belgian entrepreneurs, offering access to over a thousand companies. The platform provides genuine added value for our business clients, as

well as an extensive community. KBC Trade Club offers another important benefit too: the platform's library contains 23 000 pages of useful trade information on the participating markets, ranging from customs rules, VAT rates and import duties to market statistics and logistical information.

Bolero crowdlending is available to existing SMEs and growth companies with a sufficiently large turnover, where we are confident about the project's feasibility and repayment capacity. If a company is growing so quickly that we can't keep up, we advise them to look at alternative sources of finance alongside bank financing. Alternatively, if our client has a project they wish to implement but cannot provide the necessary contribution or guarantees to secure bank financing, we recommend that they opt for an additional subordinated loan. Twelve Bolero crowdlending projects were

### Community Involvement

KBC Bank Ireland supports talented young Irish entrepreneurs by sponsoring the 'Irish Early Career Awards' and launching the 'KBC Early Career Bursary'.

K&H Bank's 'Family Business Excellence Award' recognises firms of this kind for their family values, long-term approach and social responsibility. The award reflects the desire of K&H Bank to further strengthen family businesses in both society and the economy.



**Relevant SDG goal**  
Our focus on 'entrepreneurship' as one of the focus areas is specifically linked to decent work and economic growth (SDG 8) and responsible consumption and production (SDG 12).

successfully funded in 2018 and 2.8 million euros was raised.

Professionals and entrepreneurs in Ireland are supported via specific business partners, who provide personalised, simplified and innovative professional advice.

#### Supporting entrepreneurs in the Global South

Our partnership with BRS helps improve the quality of life of poor people in the Global South. BRS supports microfinance and microinsurance institutions in developing countries, not only financially, but also – and particularly – with advice, coaching and practical banking and insurance know-how. BRS's partnership with Cera and KBC enables it to combine Cera's cooperative vision with KBC's bank-insurance expertise and experience. Employee engagement by KBC employees (partially during working hours) brings Cera and KBC expertise within direct reach of the local management of microfinance and microinsurance institutions.

BRS Microfinance Coop is a joint initiative of KBC, Cera and the non-profit organisation BRS. The three partners provide start-up capital to microfinance and microinsurance initiatives in Africa, Latin America

and Asia. BRS Microfinance Coop issues cooperative shares, so that private individuals too can invest in microfinance and insurance.

#### Longevity and health

Increasing longevity requires us to adapt our policy and our range of products and services to the fact that people are living longer. We want to make a positive contribution to the issues surrounding an ageing population by offering specific solutions through our core activities. Several of our core countries (Bulgaria, Slovakia, Hungary and Ireland) have identified 'Health' as their fourth focus area. These countries will develop products, services and projects geared towards improving general health, healthcare and quality of life.

#### Living at home

Happy@Home was our response once again in 2018 to the need to help elderly people keep living at home as long as possible and busy families to achieve a healthy work-life balance. Happy@Home made it easy to call in professional assistance for a range of tasks like cleaning, help in the home and the garden, and odd jobs. The project has been thoroughly reviewed in the meantime and adapted to the digital and other requirements of our clients. Since March 2019, KBC has

offered the ability to order and pay for Sodexo service cheques directly via the KBC Mobile app.

ČSOB in the Czech Republic launched the online portal 'Don't get lost in old age' in collaboration with the Sue Ryder Home advisory centre (nursing home services), which provides elderly people and their families with lots of practical information and professional advice.

#### Community Involvement

K&H has supported the 'K&H MediMagic Programme' for 15 years, providing financial and material help. In that period, a total of 646 million Hungarian forints has been spent on equipment used to treat more than 400 000 patients. There is also a particular focus on the treatment of children. 'K&H MediMagic Storytelling' provides psychological support for young patients as they convalesce in hospital or at home.

KBC Bank Ireland, meanwhile, collaborates with WellFest, the country's largest health and wellness festival, to inspire people and provide information on food, fitness and mental well-being. In 2018, the two-day festival drew almost 5 000 visitors a day.

UBB and DZI Insurance also support social projects geared towards general health and sport. In September and October 2018, the 'DZI Velo' event was held in three Bulgarian cities. Over 700 professional and amateur cyclists took part in the race.

#### Digital Tuesdays

Although digitalisation has become firmly embedded in our society, it's still not a part of everyone's life. Digital literacy is therefore a societal challenge to which KBC certainly wants to contribute. Belgian clients who aren't yet at home in the digital world can get free lessons on how to use smartphones and tablets. KBC also organises 'Digital Tuesdays' once a month at each cluster on the use of KBC Touch and KBC Mobile. The challenge is not only to help clients get to grips with digitalisation, but also for them to learn to trust the technology. In the meantime, over 15 000 clients have already taken advantage of our free info sessions.

#### Digital devices

Fitbit Pay – a payment solution for health-conscious clients that integrates with their existing fitness device – has been launched as part of KBCI Digital Wallet solutions. KBCI was one of the first brands globally to partner with Fitbit.

#### Life cover

OnePlan Flex is a new insurance product offered by KBC Ireland, which provides the client with life cover, bill cover and specified illness cover (a new feature). The product differs from other life cover plans in that it protects the holder in the event of an unexpected event that impacts their well-being. In 2018, 47% of all protection policies sold by KBC Ireland were OnePlan policies.



#### Relevant SDG goals

We contribute to good health and well-being (SDG 3) and responsible consumption and production (SDG 12) by developing banking and insurance products that focus on health, healthcare and improving quality of life.



# 7. STAKEHOLDER ENGAGEMENT

## Identifying our stakeholders

KBC is committed to meeting the needs and expectations of all our stakeholders, both now and in the future. We can only fully live up to KBC's importance in society if we maintain a dialogue with them. We maintain regular contact at various levels with a diverse group of stakeholders: our clients, our employees, our investors and our suppliers, but

also governments, NGOs and representatives of society. In this way, we broaden our view of the world while keeping abreast of what's important to these different groups and informing our stakeholders of what's going on at KBC. It's a process that richly benefits our strategy and business operations.

Stakeholder groups	Engagement and dialogue
Clients	Annual client satisfaction, NPS and reputation surveys, regular client panels, client consultations and continuous suggestions and complaints management
Employees	Bi-annual Group Employee Survey, regular consultation with the Health & Safety Committees, prevention advisors and union representatives, annual meeting of the European Works Council and regular evaluation of all staff
Shareholders, investors and financial analysts, sustainability analysts	Annual General Meeting, investor days, regular investor roadshows, sustainability assessments such as DJSI, CDP, Sustainalytics, FTSE4Good, Bankwijzer Belgium and Ethibel.
Local and federal government and regulators	Membership of the banking and insurance sector federations in the different core countries and of other national and international representative bodies to establish and maintain external relationships with political actors, achieve closer follow-up of regulatory initiatives impacting the financial sector (e.g. public consultations), active participation at networking events.
NGOs, communities, social organisations	Annual stakeholder dialogue, regular meetings with NGOs regarding KBC's general sustainability strategy and specific sustainability topics, membership of the local business councils for sustainable development in several core countries, membership of sustainability networking organisations, research papers and media analysis
Suppliers	CSR questionnaire as integral part of the supplier assessment

## Materiality assessment

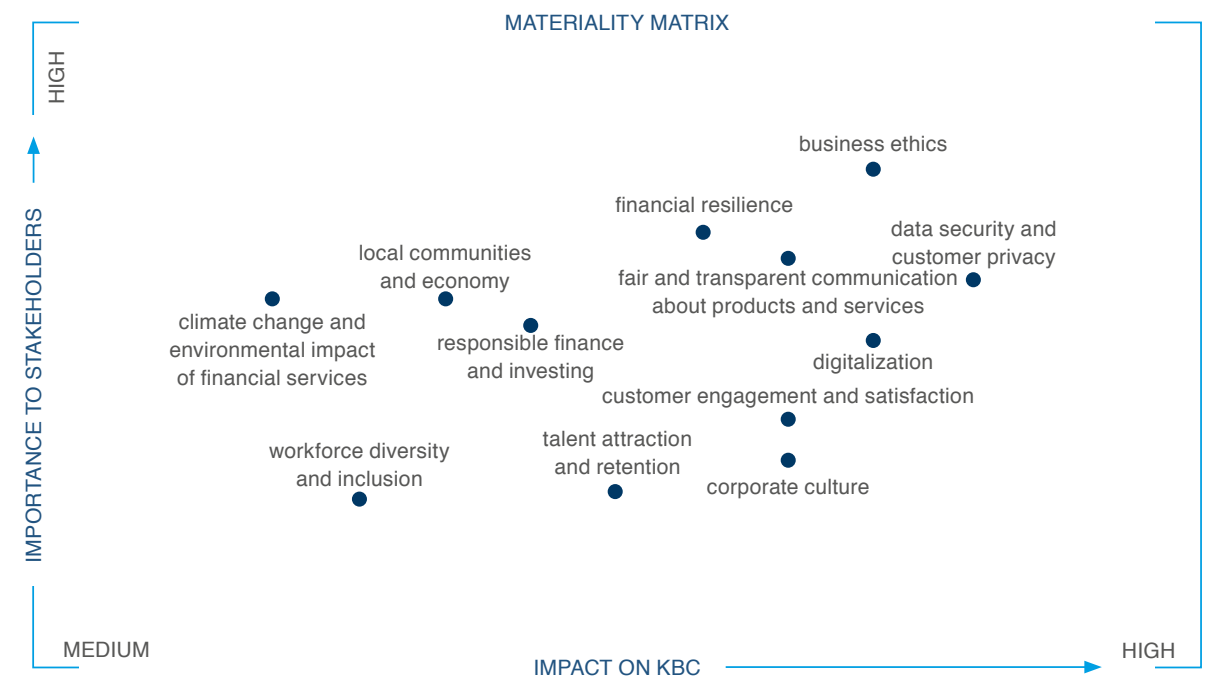
Following the example of the materiality analysis in 2016, we conducted it again in 2018 – in cooperation with a third party – to identify which themes our stakeholders consider the most important, what priority they place on them and how much the themes can impact KBC's performance and reputation.

The materiality analysis was based on 30 topics selected using 'big data research' and ESG frameworks. The 12 themes that have the greatest impact on KBC and are most important to our stakeholders are set out in the graph below (an enlargement of the upper right corner of the complete materiality matrix). The importance of these themes was established using a variety of research techniques (surveys, interviews and desk research) among our key stakeholders (clients, employees, NGOs, policy-makers, investors and business organisations). The impact of the themes was determined through internal workshops with management. The materiality analysis showed that the most relevant themes for KBC were business ethics, financial resilience,

fair and transparent communication about products and services, data security and client privacy, and digitalisation. We found that the climate change and environment theme have increased in importance since the previous materiality exercise and that we need to focus even more on our employees as the driving force behind our business and strategy. We have finetuned our sustainability strategy to emphasise that our people are one of the main drivers to creating sustainable value as a bank-insurer, and our focus is on empowering our people. Climate change and the environment are covered throughout our sustainability strategy and in our day-to-day business via our focus on limiting the adverse impact of our operations and increasing our positive impact on society.

*Please refer to 'The cornerstones of our Sustainability Strategy' section in this report.*

For a schematic overview of our materiality analysis and a complete overview of the material topics, we refer to the section 'Material topics' of this report.







## 8. MATERIAL TOPICS
















































### Determining material topics

The materiality analysis helps us to identify the topics that have the greatest impact on KBC and are considered the most important by our stakeholders. It guides us in further adjusting and refining our sustainability approach and makes sure we focus on the most material topics. The 2018 materiality assessment did not reveal any major shifts in terms of these topics. It showed that KBC performs strongly on the most material topics –business ethics and financial resilience –that climate change is becoming more important for our stakeholders, and that we need to focus even more on our employees as the driving force behind our business and strategy. A flowchart of our materiality analysis process is shown below.

Identification	Assessment of impact and importance		Prioritisation and validation
<ul style="list-style-type: none"><li>• Compose long list based on 'big data research' and ESG frameworks such as GRI (Global Reporting Initiative), DJSI (Dow Jones Sustainability Index) and the SASB (Sustainability Accounting Standards Board)</li><li>• Confirm long list through peer analysis, Executive Committee and Board members, Sustainability and Internal Sustainability Board (ISB) members</li><li>• Draw up short list of topics</li></ul>	<b>Business impact</b> <ul style="list-style-type: none"><li>• Workshops with management and representatives of certain stakeholder groups</li><li>• Consider related risk and opportunities</li></ul>	<b>Importance</b> <ul style="list-style-type: none"><li>• Workshops with management and representatives of certain stakeholder groups</li><li>• Survey 156 senior managers</li><li>• Desk research</li><li>• Interview representatives of stakeholder groups</li></ul>	<ul style="list-style-type: none"><li>• Draw materiality matrix (x-axis: business impact and y-axis: importance for stakeholders)</li><li>• Identify 12 material issues that have the greatest impact on KBC and are most important for our stakeholders</li><li>• Analyse key differences versus previous materiality assessments</li><li>• Validation of materiality assessment by the Internal Sustainability Board (ISB)</li></ul>

## Material topics

The table below gives an overview of the material topics. We give a description of each material topic and to which stakeholder group the topic matters most (boundary).

Material topic	Description	Stakeholders	GRI	SDG relevance (high impact areas)	Reference
BUSINESS ETHICS	Ethical business is the precondition for our 'licence to operate'. Only by doing business responsible can we maintain and reinforce the trust of our stakeholders. Fair, transparent and moral conduct: compliance with laws and regulations, fiduciary duty, code of conduct, responsible behaviour at all layers of the organisation.	   	GRI 205 Anti-Corruption		See Annual Report 2018 p. 14-15, p. 46, p. 150-152 See Sustainability Report 2018 p. 22-23
FINANCIAL RESILIENCE	Striving for sustainable and profitable growth is the foundation of our strategy. Only by focusing on long-term sustained financial performance and strict risk management, are we able to resist economic shocks and honour our commitments towards all stakeholders without external support.	   	GRI 205 Anti-Corruption		See Annual Report 2018 p. 41-43, p. 56-59, P. 72-85 See Sustainability Report 2018 p. 12-15
DATA SECURITY AND CUSTOMER PRIVACY	We protect our clients' from outside attacks through stable and secure IT systems and we apply strict privacy rules for the use of customer data.	 	GRI 418: Customer Privacy		See Annual Report 2018 p. 19-23, 35-37, 150-152 See Sustainability Report 2018 p. 32-37 See Report to Society 2018 p. 29
FAIR AND TRANSPARENT COMMUNICATION ABOUT PRODUCTS AND SERVICES	We provide our clients with clear and transparent information on products and services and, based on their preferences, we help them choose the product or service that best meets their personal situation. We also make use of this end of client-driven communication, if and only when the customer consents. As a responsible bank-insurer, it is important for KBC that clients can make informed financial decisions. We therefore focus in particular on financial education.		GRI 417 Marketing and Labelling	 	See Annual Report 2018 p. 35-37 See Sustainability Report 2018 p. 32-33 See Report to Society 2018 p. 29
DIGITALISATION	We respond to changing needs, behaviour and requirements of our clients and society as a whole by transforming our business activities, processes and models through the use of digital technology. Innovation, research and technological development of products and services are crucial to this transformation.	  	KBC 1: Innovation		See Annual Report 2018 p. 21, p. 35-37 See Sustainability Report 2018 p. 32-37 See Report to Society 2018 p. 25-27
CUSTOMER ENGAGEMENT AND SATISFACTION	Creating a relationship with our client base to foster brand loyalty and awareness, and meeting or surpassing customer expectations.		KBC 2: Client Satisfaction		See Annual Report 2018 p. 14-15, p. 21-22, 35-37 See Report to Society 2018 p. 38
CORPORATE CULTURE	We believe that our business culture and our shared values are a core driver in ensuring sustainable long-term growth. Our people represent our 'human capital' and are one of the main drivers to create sustainable value as a bank-insurer.		KBC 3: Corporate Culture		See Annual Report 2018 p. 14-15, p. 26-29 See Sustainability Report 2018 p. 8-11, p. 18-19
LOCAL COMMUNITIES AND ECONOMY	Financing and insuring the local economy in our core countries and stimulating entrepreneurship is at the heart of our business model.	   	GRI 203: Indirect Economic Impact	 	See Annual Report 2018 p. 11-15, p. 41-55 See Sustainability Report 2018 p. 10-11, p. 12-15, p. 26-29, p. 32-37
RESPONSIBLE FINANCE AND INVESTING	We leverage our position to direct the social and environmental outcome of our operations. We take environmental, social and governance elements into account in our investment, financing and insurance solutions and decisions.	   	G4: Product Portfolio GRI 412: Human Rights Assessment	    	See Annual Report 2018 p. 22, p. 41-55, p. 108, p. 128 See Sustainability Report 2018 p. 10-11, p. 12-15, p. 23-25, p. 26-29, p. 30-31, p. 22-23
TALENT ATTRACTION AND RETENTION	We offer fair remuneration and we invest in training and development programmes to attract and retain a competent and engaged workforce.		GRI 401: Employment GRI 404: Training and Education		See Annual Report 2018 p. 11-13, p. 26-29 See Sustainability Report 2018 p. 12-15, p. 18-19 See Report to Society 2018 p. 25
CLIMATE CHANGE AND ENVIRONMENTAL IMPACT OF FINANCIAL SERVICES	We are aware of the financial and other risks of climate change, and of the direct and indirect impact our operations have on the environment.	   	GRI 302: Energy GRI 305: Emissions	 	See Annual Report 2018 p. 41-55, p. 108, p. 128 See Sustainability Report 2018 p. 12-15, p. 23-25, p. 26-29, p. 30-31
WORKFORCE DIVERSITY AND INCLUSION	We believe in equal opportunities for all employees and workforce diversity to help us respond to our rapidly changing society.		GRI 405: Diversity and Equal opportunity		See Annual Report 2018 p. 11-13, p. 26-29, p. 142-143 See Sustainability Report 2018 p. 18-19 See Report to Society 2018 p. 34



clients



employees



investors



society

# 9. SUSTAINABILITY FACTS & FIGURES

## RESPONSIBLE BUSINESS

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED <sup>1</sup>	Note	Unit	Target	2018	2017	2016
<b>Suppliers</b>						
Operating costs	2	m EUR		1 150	1 066	1 011
<b>Employees</b>						
Staff expenses	3	m EUR		2 343	2 303	2 252
Employee profit-sharing	4	m EUR		10	11	11
<b>Shareholders</b>						
Net result	5	m EUR		2 570	2 575	2 427
Dividend pay-out	4	m EUR		1 456	1 255	1 171
<b>Clients</b>						
Interest paid to clients (on all forms of debt and borrowings)		m EUR		1 263	1 044	1 182
<b>Governments</b>						
Total taxes paid (income tax, non-recoverable VAT and other taxes, bank levy and deposit protection fund)	6	m EUR		1 247	1 177	1 066
<b>Community</b>						
Total corporate community investment	7	m EUR		9.2	8.8	7.8
<b>POLICY INFLUENCE</b>						
Annual total monetary contributions to trade associations, industry associations and business associations	1	m EUR		4.25	4.23	4.24
<b>INVESTMENTS</b>						
Total assets under management in sustainable funds (at year end)	8	bn EUR	10	9	7.1	2.8
Of which sustainable pension saving (SRI Pricos)		m EUR		39.96		
Share of sustainable funds in total assets under management (at year end)		%		11.26	8.37	3.51
<b>FINANCING</b>						
Loan portfolio in renewable energy and biofuel sector (granted amount at year-end)		bn EUR		1.24	1.25	1.17
Loan portfolio in renewable energy and biofuel sector, share in total energy portfolio		%	50	43.8	41.2	42.1
Loan portfolio in education and healthcare sector (granted amount at year-end)		bn EUR		6.6	6.5	5.9
Exposure to coal-related activities in Czech Republic		m EUR	0	34.5	86.5	252
<b>Green bond</b>						
Total amount green bond issued in current year		m EUR		500	-	-
Total annual avoided emissions		Tonnes CO <sub>2</sub> e		42 232	-	-
Total renewable electricity produced and energy saved		MWh		302 119	-	-
<b>Equator Principles</b>						
Project finance, number of transactions		Number		11	12	13
of which Category A transactions		Number		0	0	0
of which Category B transactions		Number		8	8	7
of which Category C transaction		Number		3	4	6
Number of project-related corporate loans		Number		0	0	0
Project finance advisory		Number		0	0	0

<b>Project finance, by sector</b>						
Infrastructure		Number		4	5	6
Power		Number		6	7	7
Other		Number		1	0	0
<b>Project finance, by region</b>						
Europe, Middle East and Africa		Number		11	12	13
<b>Project finance, designated country</b>						
Yes		Number		10	10	13
No		Number		1	2	0
<b>Project finance, independent review</b>						
Yes		Number		11	8	13
No		Number		0	4	0
<b>BRS MICROFINANCE</b>						
	<b>Note</b>	<b>Unit</b>	<b>Target</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Number of projects in the Global South		Number		12	11	11
Number of countries		Number		10	9	9
Financial support for projects		EUR		208 616	192 500	203 601
Number of days of coaching and training (mainly by KBC staff volunteering for BRS)		Number		842	779	702
Number of days of training via Microfact, a training platform jointly created by BRS and partner organisation ADA, specialised in performance management for microfinance and microinsurance		Number		190	213	
Budget spent on coaching and training		EUR		171 339	115 155	104 550
<b>BRS MICROFINANCE COOP<sup>9</sup></b>						
	<b>Note</b>	<b>Unit</b>	<b>Target</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Cooperative share capital		m EUR		21.46	15.28	13.79
Outstanding balance (loans to microfinance institutions)		m EUR		11.5	11	3 (in USD)
Number of microfinance institutions financed		Number		11	9	2
<b>PROCUREMENT</b>						
	<b>Note</b>	<b>Unit</b>	<b>Target</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Number of suppliers that signed the Code of Conduct for suppliers		Number		2 932	-	-

## Notes

1 FY data

2 See note 3.8 of the KBC Group Annual Report 2018. Includes: general administrative expenses such as repair and maintenance expenses, advertising costs, rent, professional fees, utilities and other such expenses.

3 See note 3.8 of the KBC Group Annual Report 2018.

4 See 'Company balance sheet, income statement and profit appropriation' in the KBC Group Annual Report 2018.

5 See 'Consolidated income statement' in the KBC Group Annual Report 2018.

6 See Report to Society 2018, p. 13, Report to Society 2017, p. 7 and Report to Society 2016, p. 11.

7 Based on the LBG measurement framework.

8 Excluding 0.8 billion euros in KBC pension funds.

9 BRS Microfinance Coop, a joint initiative of BRS, KBC and Cera, invests in specialised microfinance institutions in Africa, Latin America and Asia in the shape of loans and capital.



## ENVIRONMENT

COVERAGE	Note	Unit	Target	2018	2017	2016
Full-time equivalents (FTE) covered	1	Number		37 750	37 963	38 221
		%		100	100	100
ENERGY CONSUMPTION	Note	Unit	Target	2018	2017	2016
Total energy consumption	2	GJ		1 020 654	1 114 701	1 155 113
Total electricity consumption		GJ		595 197	632 036	682 822
of which purchased electricity		GJ		589 934	627 061	678 797
of which renewable electricity		GJ		461 180	467 623	365 601
% of total electricity consumption		%		78	74	54
of which low-carbon electricity		GJ		478 070	500 202	444 659
% of total electricity consumption		%		80	79	65
Fuel consumption (natural gas and heating oil)		GJ		314 231	346 751	339 729
District heating, cooling and steam consumption		GJ		99 685	124 902	121 098
Other types of energy consumption		GJ		13 045	12 825	12 658
Total energy consumption per FTE	2	GJ/FTE		27	29	30
BUSINESS TRAVEL	Note	Unit	Target	2018	2017	2016
Total business travel		Million km		139.82	142.15	141.50
Business travel by road		Million km		113.16	115.39	118.08
Business travel by public transport		Million km		6.35	8.48	7.73
Business travel by air		Million km		20.31	18.28	15.69
Total business travel per FTE		km/FTE		3704	3 744	3 702
COMMUTER TRAVEL	Note	Unit	Target	2018	2017	2016
Total commuter travel		Million km		249.90	242.35	249.86
Commuter travel by foot/bicycle		Million km		12.42	12.39	11.23
Commuter travel by road		Million km		153.33	148.14	151.18
Commuter travel by public transport		Million km		84.15	81.82	87.45
Total commuter travel per FTE		km/FTE		6291	6 057	6 244
PAPER	Note	Unit	Target	2018	2017	2016
Total paper consumption		Tonnes		3391	3 644	3 922
Recycled paper consumption		Tonnes		165	154	140
Other paper consumption		Tonnes		3226	3 490	3 782
Total paper consumption per FTE		Tonnes/ FTE		0.09	0.10	0.10
WASTE	Note	Unit	Target	2018	2017	2016
Total waste generation		Tonnes		6009	5 332	5 755
Recycled waste generation		Tonnes		3539	2 917	3 208
Residual waste generation		Tonnes		2470	2 415	2 547
Total waste generation per FTE		Tonnes/ FTE		0.16	0.14	0.15
WATER	Note	Unit	Target	2018	2017	2016
Total water consumption		M <sup>3</sup>		373 047	346 913	399 714
Total water consumption per FTE		M <sup>3</sup>		9.88	9.14	10.46

GREENHOUSE GAS EMISSIONS	Note	Unit	Target	2018	2017	2016
Total GHG emissions	3, 4, 5, 6	Tonnes CO <sub>2</sub> e		85 588.29	94 183.48	110 385.27
Total scope 1 GHG emissions	7	Tonnes CO <sub>2</sub> e		37 629.05	41 730.14	42 554.49
Total scope 2 GHG emissions	8	Tonnes CO <sub>2</sub> e		22 955.06	27 550.82	41 866.80
Total scope 3 GHG emissions	9	Tonnes CO <sub>2</sub> e		25 004.19	24 902.52	25 963.98
Total GHG emissions/FTE		Tonnes CO <sub>2</sub> e/FTE		2.27	2.48	2.89
Total GHG emissions excluding commuter travel		Tonnes CO <sub>2</sub> e		64 101.35	73 028.85	88 019.34
% change compared to base year (2015)	10	%	-25% (2020) -50% (2030)	-37.59	-28.89	-14.30
Total GHG emissions excluding commuter travel/FTE		Tonnes CO <sub>2</sub> e/FTE		1.70	1.92	2.30
% change compared to base year (2015)	10	%	-25% (2020) -50% (2030)	-36.64	-28.22	-14.07

## Notes

- 1 FTE covered differ from the FTE figures reported under people indicators as the system boundaries for greenhouse gas emissions were determined by operational control and aligned with the financial consolidation scope of the KBC Group. Some entities are therefore not included in the environmental data while included in employee information. In addition, FTE figures are excluding flexible DPP and DPC contracts (temporary contracts primarily for students) in the Czech Republic and Slovakia.
- 2 Total energy consumption differs from the sum of the different energy sources, as the consumption of self-generated electricity from non-renewable fuel has been excluded to avoid double counting and counted under fuel consumption.
- 3 The greenhouse gas inventory was prepared according to the requirements of the WRI/WBCSD Greenhouse Gas protocol. The system boundaries for greenhouse gas emissions were determined by operational control and aligned with the financial consolidation scope of the KBC Group. The greenhouse gases included were: CO<sub>2</sub>e, N<sub>2</sub>O, CH<sub>4</sub> and refrigerant gases.
- 4 The total GHG emissions figure reported here has been calculated using the market-based calculation method described in the GHG Protocol, Scope 2 Guidance. This calculation method takes account of low-carbon electricity use (from renewable and nuclear sources) at a low-carbon emission factor (0g CO<sub>2</sub>e/GJ). Using the location-based calculation method described in the GHG Protocol, our Scope 2 GHG emissions amounted to 52 878.56 tonnes CO<sub>2</sub>e in 2018, 59 765.53 tonnes CO<sub>2</sub>e in 2017, 65 705.11 tonnes CO<sub>2</sub>e in 2016.
- 5 The data and information for the greenhouse gas inventory were mainly historical in nature. Extrapolations were performed for missing data. Because not all entities can deliver all required emission source data and entities in countries that have less than 100 FTEs are out of scope of the non-financial environmental data-gathering, we have extrapolated based on historical per-FTE activity data and per-FTE CO<sub>2</sub>e emissions respectively, so as to reflect our total GHG emissions. The greenhouse gas emissions calculated by extrapolation account for 15.18% of total GHG emissions in 2018. Hypothetical approaches were only used for limited activities.
- 6 KBC Group's greenhouse gas emissions have been externally verified in accordance with ISO 14064-3. Vinçotte has verified KBC Group's greenhouse gas assertion of 85 588.29 tonnes of CO<sub>2</sub>e to a level of reasonable assurance and concluded that KBC Group's reported greenhouse gas emissions for 2018 are reliable and fairly stated.
- 7 Scope 1 emissions comprise emissions from fuel combustion, emissions from refrigerant gases and emissions from business travel and commuter travel by our company car fleet.
- 8 Scope 2 emissions comprise emissions from our use of electricity and district heating, cooling and steam consumption.
- 9 Scope 3 emissions comprise emissions from business travel and commuter travel (except emissions from our company car fleet which are included in Scope 1 emissions), emissions from paper and water consumption and emissions from waste generation.
- 10 We have set 2015 as our base year, as reliable data has been available since that year for the whole group.

## PEOPLE<sup>1</sup>

EMPLOYEE INFORMATION	Note	Unit	Target	2018	2017	2016
Full-time equivalents (FTE)	2,3	Number		38 546	38 863	36 324
Headcount	2,3	Number		41 896	41 695	38 462
<b>Employees by gender</b>						
Male		%		43	43	44
Female		%		57	57	56
<b>Employees by country</b>						
Belgium		%		41.5	41.8	43.7
Bulgaria		%		10.1	11.0	5.4
Czech Republic		%		26.4	25.4	27.3
Hungary		%		10.0	10.3	11.2
Ireland		%		3.5	3.0	3.0
Slovakia		%		7.4	7.2	7.9
Rest of the world		%		11	1.3	1.5
<b>Employees by age group</b>						
Total employees						
< 30 years		%		16	16	15
30-50 years		%		58	59	60
> 50 years		%		26	25	25
Board of Directors (at year end)						
< 30 years		%		0	0	0
30-50 years		%		13	13	13
> 50 years		%		87	87	87
Executive Committee (at year end)						
< 30 years		%		0	0	0
30-50 years		%		0	0	0
> 50 years		%		100	100	100
<b>Gender, by management type (male/female)</b>						
Board of Directors		%		69/31	69/31	69/31
Group Executive Committee		%		86/14	86/14	83/17
Senior management		%		80/20	84/16	85/15
Middle and junior management		%		58/42	57/43	59/41
White and blue collar		%		31/69	30/70	31/69
<b>Employees by employment type</b>						
Permanent		%		93	93	94
Temporary		%		7	7	6
Full-time		%		83	83	82
Part-time		%		17	17	18
<b>Employees by employment type, by gender (male/female)</b>						
Full-time		%		47/53	47/53	-
Part-time		%		23/77	25/75	-
<b>Employees by employment type, by country</b>						
Belgium						
Permanent		%		97.8	98.6	99.6
Temporary		%		2.2	1.4	0.4

Bulgaria						
Permanent		%		96.4	84.1	84.6
Temporary		%		3.6	15.9	15.4
Czech Republic						
Permanent		%		86.0	85.3	83.4
Temporary		%		14.0	14.7	16.6
Hungary						
Permanent		%		99.1	98.7	98.7
Temporary		%		0.9	1.3	1.3
Ireland						
Permanent		%		87.8	95.1	95.7
Temporary		%		12.2	4.9	4.3
Slovakia						
Permanent		%		83.2	88.6	90.6
Temporary		%		16.8	11.4	9.4
Rest of the world						
Permanent		%		93.0	94.4	93.6
Temporary		%		7.0	5.6	6.4
<b>Employees by function classification</b>						
Senior management (Top 300)		%		0.7	0.7	0.7
Middle and junior management		%		44.2	44.8	44.1
White and blue collar		%		55.1	54.5	55.2
<b>NEW EMPLOYEES AND EMPLOYEE TURNOVER</b>						
	Note	Unit	Target	2018	2017	2016
<b>New employee hires, total headcount</b>						
		Number		4 693	4 709	3 911
<b>New employee hires, by country</b>						
Belgium		Number		835	694	578
Bulgaria		Number		767	597	314
Czech Republic		Number		1711	1 906	1 635
Hungary		Number		578	862	636
Ireland		Number		343	259	182
Slovakia		Number		428	344	528
Rest of the world		Number		31	47	38
<b>New employee hires, by gender</b>						
Male		%		42.4	40.1	-
Female		%		57.6	59.9	-
<b>New employee hires, by age</b>						
< 30 years		%		43.1	43.9	-
30-50 years		%		49.3	46.7	-
> 50 years		%		7.6	9.4	-

Employee turnover, total headcount	4	%		13.2	12.1	9.8
<b>Employee turnover, by country</b>						
Belgium		%		7.5	7.5	4.6
Bulgaria		%		29.1	21.2	14.4
Czech Republic		%		14.6	15.6	14.6
Hungary		%		16.6	12.6	12.5
Ireland		%		16.8	15.1	17.7
Slovakia		%		13.5	11.3	13.5
Rest of the world		%		8.4	10.4	11.1
Proportion of voluntary leavers		%		82.4	82.5	80.9
Internal mobility	5	%		22.5	17.9	18.3
Average seniority		Years		13	13	13
<b>HEALTH AND WORKPLACE</b>						
Sick leave (days)		Number		8.6	8.3	8.2
Sick-leave rate (share of working days)		%		3.7	3.6	3.6
<b>LABOUR RELATIONS</b>						
Employees covered by collective bargaining agreements		%		90	92	89
<b>COMPETENCE, LEARNING AND DEVELOPMENT</b>						
<b>Highest educational level achieved</b>						
Master's degree and higher		%		34.7	34.9	33.3
Bachelor's degree		%		35.9	35.5	36.1
Secondary education certificate		%		29.2	29.4	30.4
Primary education certificate		%		0.2	0.2	0.2
Total time spent on learning and development per employee	6	Days		4.2	4.71	3.42
Money invested in learning and development		m EUR		30.1	28.8	29.9
<b>Group Employee Survey (every 2 years)</b>						
Response rate		%		-	87	-
Engagement score		%		-	56	-
<b>COMMUNITY INVOLVEMENT</b>						
Total corporate community investment	7	m EUR		9.2	8.8	7.8
<b>By country:</b>						
Belgium		m EUR		4.7	3.8	3.7
Bulgaria		m EUR		0.4	0.7	0.5
Czech Republic		m EUR		2.4	2.7	2.2
Hungary		m EUR		0.5	0.5	0.6
Ireland		m EUR		0.8	0.7	0.4
Slovakia		m EUR		0.4	0.4	0.4
<b>By motivation for contribution:</b>						
Charitable donations		m EUR		1.8	1.8	1.6
Community Investments		m EUR		5.2	5	1.2
Commercial activities		m EUR		2.2	2	5
Employee volunteering hours (estimated number)		Number		19 762	15 940	13 747



#### Notes

- 1 FTE and headcount figures include flexible DPP and DPC contracts (temporary contracts primarily for students) in the Czech Republic and Slovakia while all other people indicators do not take account for the flexible DPP and DPC contracts.
- 2 FTE and headcount differ from the figures reported in the 2018 Annual report of KBC Group and on p. 9 of this report.
- 3 The increase in 2017 largely reflects the acquisition of United Bulgarian Bank and Interlease in Bulgaria in mid-2017. Flexible DPP and DPC contracts (temporary contracts primarily for students) in the Czech Republic and Slovakia have also been included in the totals as from 2017.
- 4 Employee turnover: total leavers (excluding internal mobility) divided by total population at the end of the reporting period (headcount)
- 5 Internal mobility: internal mobility divided by the total population at the end of the reporting period (headcount)
- 6 Figures exclude training at CSOB Bank CR (training figures could not be reported due to the change to a new HR system).
- 7 Based on the LBG measurement framework.



# 10. GRI CONTENT INDEX

This Sustainability Report has been prepared in accordance with the GRI Standards: 'Core' option and has not been externally audited. The GRI Content Index is set out below. Reference is made to the Annual Report 2018 (AR 2018), the Sustainability Report 2018 (SR 2018), the Report to Society 2018 (R2S 2018), KBC Group Sustainability Framework and our corporate website.

<b>GRI 101: Foundation 2016</b>		
GRI 101 does not include any disclosures		
<b>GRI 102: General Disclosures 2016</b>		
ORGANISATIONAL PROFILE:		
102-1	Report the name of the organisation	AR 2018 p. 3
102-2	Activities, brands, products, and services	AR 2018 p. 6-7
102-3	Location of headquarters	AR 2018 p. 251
102-4	Location of operations	AR 2018 p. 72-73
102-5	Ownership and legal form	AR 2018 p. 251
102-6	Markets served	AR 2018 p. 72-73
102-7	Scale of the organisation	AR 2018 Inside cover, p. 1, p. 24-25, p. 26-30
102-8	Information on employees and other workers	SR 2018 p. 5, p. 48-50
102-9	Supply chain	SR 2018 p. 44-45
102-10	Significant changes to the organisation and its supply chain	No significant changes were made to the organisation and its supply chain.
102-11	Precautionary Principle or approach	AR 2018 p. 49-50, p. 52, p. 56-58, p. 106-107, p. 108, p. 128 SR 2018 p. 23-25 KBC Group Sustainability Framework p. 7-14
102-12	External initiatives	SR 2018 p. 7
102-13	Members of associations	SR 2018 p. 7, p. 38-39
STRATEGY:		
102-14	Statement from senior decision maker	AR 2018 p. 8-9 SR 2018 p. 5 R2S p. 3
ETHICS AND INTEGRITY:		
102-16	Values, principles, standards, and norms of behaviour	AR 2018 p. 14-15, p. 46, p. 150-152 SR 2018 p. 8-11, p. 22-23
GOVERNANCE:		
102-18	Governance structure	AR 2018 p. 17, p. 139-144 SR 2018 p. 16
STAKEHOLDER ENGAGEMENT:		
102-40	List of stakeholder groups	SR 2018 p. 38-39
102-41	Collective bargaining agreements	AR 2018 p. 27-29 SR 2018 p. 48-50
102-42	Identifying and selecting stakeholders	SR 2018 p. 38-39
102-43	Approach to stakeholder engagement	SR 2018 p. 38-39
102-44	Key topics and concerns raised	AR 2018 p. 19-23 SR 2018 p. 38-39, p. 41-43

REPORTING PRACTICE:		
102-45	Entities included in the consolidated financial statements	AR 2018 p. 245-247 See our corporate website for a complete list of companies belonging to the group SR 2018 p. 3
102-46	Defining report content and topic boundaries	SR 2018 p. 3, p. 38-39, p. 41-43
102-47	List of Material topics	SR 2018 p. 41-43
102-48	Restatements of information	No restatements of information given in previous years Sustainability Report 2017
102-49	Changes in reporting	SR 2018 p. 3
102-50	Reporting period	SR 2018 p. 3
102-51	Date of most recent report	SR 2018 p. 3
102-52	Reporting cycle	SR 2018 p. 3
102-53	Contact point for questions regarding the report	SR 2018 p. 3
102-54	Claims of reporting in accordance with the GRI standards	SR 2018 p. 3
102-55	GRI content index	SR 2018 p. 52-57
102-56	External assurance	SR 2018 p. 3

## Material topics

### BUSINESS ETHICS

#### GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	SR 2018 p. 41-43
103-2	The management approach and its components	AR 2018 p. 46, p. 150-152 SR 2018 p. 22-23 KBC Group Code of Conduct
103-3	Evaluation of the management approach	AR 2018 p. 46, p. 150-152 SR 2018 p. 22-23, p. 17 KBC Group Code of Conduct

#### GRI 205: ANTI-CORRUPTION 2016

205-1	Operations assessed for risks related to corruption	AR 2018 p. 151-152 SR 2018 p. 22-23
205-2	Communication and training about anti-corruption policies and procedures	AR 2018 p. 151-152 SR 2018 p. 22-23 KBC Group Code of Conduct

### FINANCIAL RESILIENCE

#### GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	SR 2018 p. 41-43
103-2	The management approach and its components	AR 2018 p. 41-43, p. 56-59, p. 150-152
103-3	Evaluation of the management approach	AR 2018 p. 41-43, p. 56-59, p. 150-152

#### GRI 201: ECONOMIC PERFORMANCE 2016

201-1	Direct economic value generated and distributed	AR 2018 Inside cover, p. 11-13 SR 2018 p. 10-11; p. 44
201-2	Financial implications and other risks and opportunities due to climate change	AR 2018 p. 50, p. 52, p. 56-58, p. 108, p. 128 SR 2018 p. 26-29 KBC Group CDP Report 2018 KBC Group environmental Policy
201-4	Financial assistance received from government	KBC did not receive financial assistance from any government during 2018. The state aid received in 2008 and 2009 was fully repaid in December 2015.

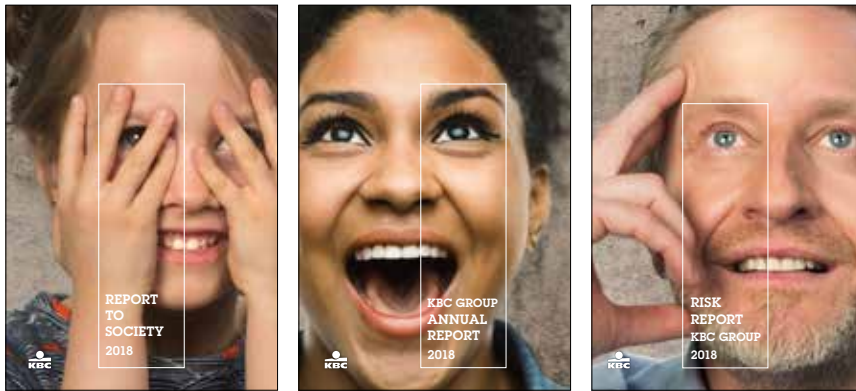
<b>DATA SECURITY AND CUSTOMER PRIVACY</b>		
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its boundary	SR 2018 p. 41-43
103-2	The management approach and its components	AR 2018 p. 23, p. 35-37, p. 106-107, p. 150-152
103-3	Evaluation of the management approach	AR 2018 p. 23, p. 35-37, p. 106-107, p. 150-152
GRI 418: CUSTOMER PRIVACY 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	We have not received any substantiated complaints from the Belgian Data Protection Authority regarding data breaches impacting the privacy of customers, nor for losses of customer data. We received approximately three complaints from customers regarding a potential data breach. There are no cases with loss of customer data.
<b>FAIR AND TRANSPARENT COMMUNICATION ABOUT PRODUCTS AND SERVICES</b>		
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its boundary	SR 2018 p. 41-43
103-2	The management approach and its components	AR 2018 p. 35-37, p. 48, p. 150-152
103-3	Evaluation of the management approach	AR 2018 p. 35-37, p. 48, p. 150-152 SR 2018 p. 17
GRI 417-1: MARKETING AND LABELING 2016		
417-1	Requirements for product and service information and labelling	We want clients to be able to make smart and well-informed financial decisions. We therefore focus on financial advice and clear communication on our products and services and their impact. We have a New and Active Products Process (NAPP) in place for the creation of all new products and the modification or review of all existing products. Through this process, the business side has to consider the main risks related to all new, modified or reviewed products and services. The advice of the support functions (Risk, Compliance, Legal, Tax, Finance, Credit, Business Architecture) also has to be sought. If the risks related to a product or service are deemed too great, the business proposal will be rejected or subjected to conditions. The intention is that we should not sell any unsuitable products or services to clients. AR 2018 p. 35-37, p. 38-40 SR 2018 p. 22-23, p. 32-33 R2S 2018 p. 31
<b>DIGITALISATION</b>		
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its boundary	SR 2018 p. 41-43
103-2	The management approach and its components	AR 2018 p. 21, p. 35-37, p. 150-152 SR 2018 p. 12-15, p. 35-36
103-3	Evaluation of the management approach	AR2018 p. 21, p. 35-37, p. 150-152 SR 2018 p. 17
KBC1: INNOVATION		
KBC1	Development of innovative products and services to meet changing requirements of society	AR 2018 p. 8, p. 48 SR 2018 p. 22-23
<b>CUSTOMER ENGAGEMENT AND SATISFACTION</b>		
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its boundary	SR 2018 p. 41-43
103-2	The management approach and its components	AR 2018 p. 14-15, p. 21-22, 35-37, p. 150-152

103-3	Evaluation of the management approach	AR 2018 p. 14-15, p. 21-22, 35-37, p. 150-152 SR 2018 p. 17
<b>KBC2: CUSTOMER SATISFACTION</b>		
KBC2	Measurement of customer satisfaction	AR 2018 p. 37 R2S 2018 p. 38
<b>CORPORATE CULTURE</b>		
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its boundary	SR 2018 p. 41-43
103-2	The management approach and its components	AR 2018 p. 14-15, p. 26-29, p. 150-152 SR 2018 p. 8-11, p. 18-19
103-3	Evaluation of the management approach	AR 2018 p. 14-15, p. 26-29, p. 150-152 SR 2018 p. 8-11, p. 18-19
KBC 3: CORPORATE CULTURE		
KBC 3	'Team Blue' spirit	AR 2018 p. 26-29 SR 2018 p. 6-7, p. 8-9, p. 12-15, p. 18-19 R2S 2018 p. 33
<b>LOCAL COMMUNITIES AND ECONOMY</b>		
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its boundary	SR 2018 p. 41-43
103-2	The management approach and its components	See AR 2018 p. 11-15, p. 41-55, p. 150-152 See SR 2018 p. 10-11, p. 12-15, p. 26-29, p. 22-23
103-3	Evaluation of the management approach	See AR 2018 p. 11-15, p. 41-55, p. 150-152 See SR 2018 p. 10-11, p. 12-15, p. 26-29, p. 22-23
GRI 203: INDIRECT ECONOMIC ASPECTS 2016		
203-2	Significant indirect economic impacts	Asan integrated bank-insurance group, catering mainly for retail, private banking, SME and mid-cap clients, we have an indirect impact on the economy and society at large through all our products and services. Due to the significant scale and wide variety of our indirect impact, we cannot report on it in full. When we grant a loan to an entrepreneur, for instance, we have an impact not only on that entrepreneur, but also on the community in which they operate. See AR 2018 p. 11-13, p. 41-43 See SR 2018 p. 10-11, p. 11-15, p. 18-19, p. 26-29, p. 22-23 , p. 44-45
<b>RESPONSIBLE FINANCE AND INVESTING</b>		
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its boundary	SR 2018 p. 41-43
103-2	The management approach and its components	AR 2018 p. 22, p. 41-55, p. 108, p. 128, p. 150-152 SR 2018 p. 10-11, p. 12-15, p. 23-25, p. 26-29, p. 30-31, p. 22-23
103-3	Evaluation of the management approach	AR 2018 p. 22, p. 41-55, p. 108, p. 128, p. 150-152 SR 2018 p. 10-11, p. 12-15, p. 23-25, p. 26-29, p. 30-31, p. 22-23
G4: PRODUCT PORTFOLIO		
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	AR 2018 p. 92-101
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	SR 2018 p. 44-45

FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	AR 2018 p. 55 SR 2018 p.44-45, p. 26-29, p. 30-31
<b>GRI 412: HUMAN RIGHTS ASSESSMENT 2016</b>		
412-1	Operations that have been subject to human rights reviews or impact assessments	AR 2018 p. 53 SR 2018 p. 23-25, p. 30-31 See KBC Group Human Rights Policy
<b>TALENT ATTRACTION AND RETENTION</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>		
103-1	Explanation of the material topic and its boundary	SR 2018 p. 41-43
103-2	The management approach and its components	AR 2018 p. 11-13, p. 26-29, p. 150-152 SR 2018 p. 12-15, p. 18-19
103-3	Evaluation of the management approach	AR 2018 p. 11-13, p. 26-29, p. 150-152 SR 2018 p. 12-15, p. 17, p. 18-19
<b>GRI 401: EMPLOYMENT 2016</b>		
401-1	New employee hires and employee turnover	SR 2018 p. 18-19
<b>GRI 404: TRAINING AND EDUCATION 2016</b>		
404-1	Average hours of training per year per employee	SR 2018 p. 18-19, p. 48-50
404-2	Programmes for upgrading employee skills and transition assistance programmes	AR 2018 p. 26-29 SR 2018 p. 18-19
<b>CLIMATE CHANGE AND ENVIRONMENTAL IMPACT OF FINANCIAL SERVICES</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>		
103-1	Explanation of the material topic and its boundary	SR 2018 p. 41-43
103-2	The management approach and its components	AR 2018 p. 41-55, p. 108, p. 128, p. 150-152 SR 2018 p. 12-15, p. 23-25, p. 26-29, p. 30-31
103-3	Evaluation of the management approach	AR 2018 p. 41-55, p. 108, p. 128, p. 150-152 SR 2018 p. 12-15, p. 17, p. 23-25, p. 26-29, p. 30-31
<b>GRI 302: ENERGY 2016</b>		
302-1	Energy consumption within the organisation	SR 2018 p. 46-47
302-3	Energy intensity	SR 2018 p. 46-47
302-4	Reduction of energy consumption	SR 2018 p. 46-47
<b>GRI 305: EMISSIONS 2016</b>		
305-1	Direct (Scope 1) GHG emissions	AR 2018 p. 49 SR 2018 p. 46-47
305-2	Energy indirect (Scope 2) GHG emissions	AR 2018 p. 49 SR 2018 p. 46-47
305-3	Other indirect (Scope 3) GHG emissions	AR 2018 p. 49 SR 2018 p. 46-47
305-4	GHG emission intensity	AR 2018 p. 49 SR 2018 p. 46-47
305-5	Reduction of GHG emissions	AR 2018 p. 49 SR 2018 p. 46-47

<b>WORKFORCE DIVERSITY AND INCLUSION</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>		
103-1	Explanation of the material topic and its boundary	SR 2018 p. 41-43
103-2	The management approach and its components	AR 2018 p. 11-13, p. 26-29, p. 142-143, p. 150-152 SR 2018 p. 12-15, p. 18-19
103-3	Evaluation of the management approach	AR 2018 p. 11-13, p. 26-29, p. 142-143, p. 150-152 SR 2018 p. 12-15, p. 17, p. 18-19
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016</b>		
405-1	Diversity of governance bodies and employees	AR 2018 p. 17, p. 142-143 SR 2018 p. 48-50





<https://www.kbc.com/en/reporting-0>