



KBC Group Sustainability framework

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1. VISION AND VALUES

1.1. Our corporate strategy

Our strategy rests on the following principles:

- We put our clients at the centre of everything we do.
- We look to offer our clients a unique bank-insurance experience.
- We focus on our group’s long-term development and aim to achieve sustainable and profitable growth.
- We meet our responsibility to society and local economies.
- We implement our strategy within a strict risk, capital and liquidity management framework.

As part of our PEARL+ business culture, we focus on jointly developing solutions, initiatives and ideas within the group.

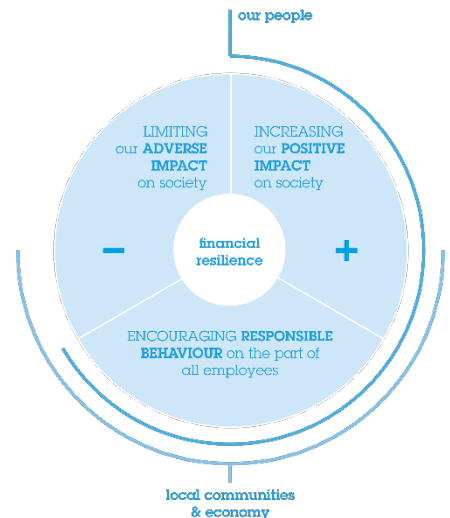
Through our activities, we want to help our clients to both realise and protect their dreams and projects. It is our ambition to be the reference for bank-insurance in all our core markets.

1.2. Our corporate sustainability strategy

Sustainability to us means that we are able to respond to the expectations of all involved stakeholders, not only today but also going forward. The basic condition for sustainability is financial resilience and vice-versa. Only by focussing on long-term sustained financial performance and a strict risk management, we are 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**



In implementing our sustainability strategy, we focus on **the local communities and economy**. We are conscious of the impact of our operations on society, and respond to societal needs and expectations in a balanced, relevant and transparent manner. In doing so, we acknowledge the special approach in each of the local economies of the core markets in which we operate.

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






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 and even though we work to achieve all of them through our sustainability policy, we have identified 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 the negative impact we might have on them. We have aligned our sustainability strategy with the UN’s Sustainable Development Goals. Based on the SDGs we have translated our strategy into three cornerstones, which are dealt with elsewhere in this document under [‘Responsible behaviour and business ethics’](#), [‘Increasing our positive impact on society’](#) and [‘Limiting our adverse impact on society’](#).

	<p>SDG 3 - Good health and well-being</p> <p>We develop banking and insurance products that focus on health, health care and improving quality of life. Our social projects too focus on themes like health and road safety, where we also aim to achieve a greater impact. We promote a good work-life balance among our employees.</p>
	<p>SDG 7 - Affordable and clean energy</p> <p>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 put in place a gradual exit programme for the financing of non-sustainable energy solutions such as thermal coal, oil and gas.</p>
	<p>SDG 8 - Decent work and economic growth</p> <p>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 financial technology companies (fintechs) and we stimulate female entrepreneurship through our accelerator for start-ups in Belgium. We play an important role in protecting basic labour rights, fair pay, equal opportunities and training and development opportunities for all our employees. Through our microfinance and microinsurance activities – in partnership with BRS – we provide rural entrepreneurs and farmers in the South access to financial services, facilitating sustainable local development and contributing to financial inclusion.</p>
	<p>SDG 12 - Responsible consumption and production</p> <p>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. We actively promote responsible investment funds (RI) among our clients and propose such funds as our first offer and preferred investment solutions. 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.</p>
	<p>SDG 13 - Climate action</p> <p>Our loan, investment and insurance portfolios are governed by strict environmental policies. Through the KBC Sustainable Finance Programme, we are increasingly focusing on the climate impact of our credit, insurance and advisory businesses. As</p>

	<p>a signatory of the Collective Commitment to Climate Action (CCCA), we are gradually adjusting our portfolios to bring them in line with the Paris Agreement. RI funds are a key focus area of our sustainability strategy and climate action. We look at the climate performance of investees and actively engage with them on these matters. We develop business solutions that help clients reduce their greenhouse gas (GHG) emissions with a view to making the transition to a low-carbon economy. We limit our own environmental impact and communicate on this topic. We seek to address climate-related risks and focus on related opportunities in that area.</p>
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2. RESPONSIBLE BEHAVIOUR AND BUSINESS ETHICS

When carrying out our activities, it is evident we respect prevailing laws and regulations, but we also impose stringent rules on ourselves in terms of ethical behaviour, openness and transparency, discretion and privacy.

2.1. Responsible behaviour

Responsible behaviour is the basic layer of sustainability at KBC. In order to maintain and grow trust, it is of utmost importance that we behave responsibly in everything we do, at all layers of the organisation, each and every day. KBC therefore considers responsible behaviour as absolutely necessary to successfully implement an effective and credible sustainability strategy. This means that the mindset of all KBC-staff should go beyond regulation and compliance. As client centricity lies at the heart of our corporate reference strategy, we also specifically focus on responsible selling and providing responsible advice.

The basic principles are embedded into our PEARL+ values of Respect for our clients, colleagues, society and KBC itself, together with our Responsive and Result-driven spirit. The foundation of responsible behaviour is integrity, which entails honesty, correctness, transparency and confidentiality, combined with a sound risk awareness. As responsible behaviour is tricky to define, we have specifically decided not to draw up precise guidelines for it, but to set out the underlying principles instead. These are presented in the 'My Responsible Behaviour Compass' guide, which contains various situation with which employees might be confronted in their everyday work. We also pay particular attention to training and awareness. For instance, we have developed an internal programme to explore issues such as professional integrity, advising clients appropriately and dealing with dilemmas.

2.2. Business ethics

We offer our banking and insurance services based on sound [company values](#). In all our activities, we comply with all relevant rules and regulations and with corporate policies and guidelines that ensure ethical business. When carrying out our activities, we respect the relevant laws and regulations, but also impose stringent rules on ourselves in terms of ethical behaviour, openness and transparency, discretion and privacy. The Corporate Compliance Division ensures that guidelines are observed, information remains confidential and privacy is respected. All policies are reviewed on a regular basis and updated if necessary in order to always meet the changing environment, requirements and regulations. For more information about our policies, guidelines and the Compliance Division, please visit www.kbc.com.



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 committed to achieving the Sustainable Development Goals. This is the recognition of the responsibility to comply with all relevant legislation, uphold internationally recognised minimum standards and to respect universal rights.

3. INCREASING OUR POSITIVE IMPACT

Sustainability is not just about philanthropy and supporting local initiatives with sponsorship. Although these aspects continue to have great importance for KBC Group in its various home markets, its renewed Corporate Sustainability strategy seeks to go beyond this approach and create added value by:

- focusing on a number of genuine societal needs, and
- actively responding to these societal needs by developing business solutions in which only a bank-insurer can provide the elements that really make a difference.

Based on these criteria and taking into account the local context in our different home markets, the following sustainability-focus domains have been defined:

- On a KBC Group level in all home markets:
 - [Environmental responsibility](#)

- [Financial literacy](#)
- [Stimulating entrepreneurship](#)
- In Belgium and the Czech Republic:
 - [Longevity](#)
- In Hungary, Slovakia and Bulgaria:
 - [Health](#)

Initiatives were already launched and KBC will continue working on other business solutions that contribute positively to these societal challenges. For specific examples, please refer to www.kbc.com.

Over the entire development process, new, innovative business solutions are checked against the Sustainability Framework, which allows us to launch sustainable products and services that meet clients' needs.

4. LIMITING OUR ADVERSE IMPACT

Generating sustainable, profitable growth and contributing to a more sustainable society go hand in hand. This means that, as a bank-insurer, we also seek to limit our adverse impact on society as much as feasible. We want to achieve this ambition by:

- [Reducing our own environmental footprint](#).
- Applying [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. The recently updated and new KBC Sustainability Policies are set out elsewhere in this document. Please visit www.kbc.com for more details on all KBC policies.
- Offering a complete range of responsible investing funds.

4.1. Our commitment to the environment

Environmental Responsibility is one of the selected domains KBC wants to focus on in playing its role in society. Since climate change is one of the biggest global challenges for the 21st century, our main objective is to contribute to the transition to a low-carbon economy and society.

We are aware that we have an impact through our operations and businesses. To limit our direct and indirect impact on global warming, we started a group-wide programme:

- to reduce our own environmental footprint,
- to regularly review the KBC Sustainability policies,
- to leverage the transition to a low carbon economy by taking initiatives in our various core business lines: supporting energy efficiency, renewable energy, sustainable mobility and the circular economy.

In the run-up to the Paris UN Conference on climate change (COP21) in December 2015, KBC Group emphasised this commitment by signing the [‘Message from Belgian stakeholders in support of the COP21’](#).

Reducing KBC’s own environmental footprint

In 2015, KBC Group has committed to reducing its own GHG emissions (excluding commuter travel) by at least 20% by 2020 (relative to 2015). We have translated this aim into action plans in each core country. Because we were ahead of schedule, we decided in 2018, to raise our target to -25% by 2020 compared to 2015 (both in absolute terms and per FTE). In 2020 we decided to raise our long term targets and to include commuter travel into the scope of our targets. We want to cut our GHG emissions (both absolute and per FTE) by 80% for the period 2015-2030. In 2022, we had already achieved a 70% reduction compared to 2015. In addition since 2021 we have committed to achieving net climate neutrality related to the GHG emissions from our own operations by offsetting our remaining direct environmental emissions. At the same time, our electricity consumption is 100% renewable since 2021. Full details can be found in our latest [Sustainability Report](#).

For more information on our own environmental footprint and our targets please visit www.kbc.com.

Our indirect impact

We have strict policies in place to limit the environmental impact of our core activities in order to reduce the climate and environmental effects of our portfolio of loans, investments and insurance activities. For more details, please refer to the policies section in this framework. In 2022, we have set emission intensity climate targets for our lending portfolio, to be achieved in 2030 and 2050 (versus a 2021 baseline). Similarly, emission intensity targets, to be achieved in 2030 and 2050 (versus a 2019 baseline) were set regarding corporate investments in responsible funds. More details can be found in our latest [Sustainability Report](#).

Initiatives in the different core business lines

Key to our sustainability approach is the fact that KBC wants to offer core business solutions, i.e. lending, investments, insurance and advisory, to boost a low-carbon, circular economy. KBC wants to actively support energy efficiency, promote sustainable renewable energy, support sustainable, safe mobility and incentivise circular businesses. Some initiatives can be found on www.kbc.com.

4.2. Updated and new KBC Sustainability Policies

Please find below a general overview and summary of the KBC sustainability policies.

4.2.1. Blacklisted companies

Companies involved in controversial weapon systems (e.g., nuclear weapons, cluster bombs and biological or chemical weapons) and UN Global Compact Worst Offenders are included on the KBC Blacklist. No KBC group entity can engage in business transactions with these companies.

For KBC Group, speculative, soft commodity transactions are also blacklisted.

For more information about our Policy on Blacklisted Companies and activities please see our [corporate website](#).

4.2.2. Human Rights

KBC is fully committed to meeting its responsibility to respect human rights throughout the group. To help us achieve this, we apply the 'UN Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework' – the global standard for preventing and addressing the risk of adverse human rights impacts linked to business activity (further: UNGP Framework).

Human rights are rights inherent to all human beings, whatever our nationality, place of residence, gender, national or ethnic origin, colour, religion, language, or any other status. We are all equally entitled to our human rights without discrimination. These rights are interrelated, interdependent and indivisible.

In particular, KBC Group commits to respect the letter and the spirit of the United Nations Universal Declaration of Human Rights; the OECD Guidelines for Multinational Enterprises; the principles concerning fundamental rights in the eight International Labour Organisation core conventions as set out in the Declaration on Fundamental Principles and Rights at Work; the UN Declaration on the Rights of Indigenous Peoples; the Equator Principles; the UK Modern Slavery Act and other international and regional human rights treaties containing internationally recognised standards by which the business sector must abide. KBC complies with the laws, rules and regulations of every country in which the KBC group operates.

KBC is a signatory of the UN Global Compact Principles, which it implements in its policies to make sure they are applied in all its operations. The UN Global Compact asks companies to embrace, support and,

within their sphere of influence, enact a set of core values in the areas of human rights, labour standards, the environment and combating corruption. We therefore take these principles into account in our client and supplier assessment.

Companies whose adherence to the UN Global Compact Principles is subject to major controversies are excluded from lending, insurance, advisory services and all investment activities through the KBC Human Rights Offenders List.

For detailed information, please refer to the [KBC Group Human Rights Policy](#).

4.2.3. Controversial regimes

Next to restrictive measures imposed by international organizations, such as the United Nations or the European Union, or other authorities (please refer to the [KBC Embargo policy](#) for more details), KBC Group also does not want to be involved in financial activities or supplier relations with or related to the most controversial regimes (governments, public authorities, central and state-owned banks, and state-owned companies). These are regimes that fundamentally violate human rights, lack any form of good governance, rule of law or economic freedom. An exception is made for humanitarian goods.

Based on the input of well-recognised external sources, the Group Executive Committee decides each year what countries are to be included on the KBC list of controversial regimes.

4.2.4. Energy Credit, Insurance & Advisory Services Policy

KBC Group's support for the Paris COP21 Agreement and the 2°C scenario, striving for 1.5°C, is a general reflection of its broader ambition – translated in the KBC Sustainability Strategy – of contributing towards a low-carbon society. This commitment was reinforced in September 2019, when KBC signed the "Collective Commitment to Climate Action". The energy sector is crucial to the transition towards a low-carbon economy, but it will face substantial challenges in this regard, such as securing the energy supply as demand grows and further increasing the share of renewable energy.

KBC's ambition is to gradually increase the share of renewables in the total KBC Energy Credit Portfolio to at least 75% by 2030 at the latest. To help achieve this:

- KBC supports renewable energy, such as hydro, solar and wind;
- KBC will only consider financing biomass and biofuel activities subject to stringent conditions, including careful consideration of environmental impacts.

KBC takes a clear and concrete stance on:

- Activities in the energy sector that KBC no longer wishes to support through lending or providing insurance (see below for exclusions);

- The conditions to be met by each counterparty in non-excluded areas to be/remain eligible for loans or insurance.

Since April 2021, we no longer accept new counterparties that are energy companies with any thermal coal capacity and we are exiting from relations with existing counterparties that are energy companies with more than 25% of thermal coal capacity. Exceptions however apply regarding the financing of renewable energy projects of such counterparties. Furthermore we require all existing counterparties with any thermal coal-related capacity, regardless of whether or not they are energy companies to:

- Submit and publicly commit to realistic and detailed plan explaining how thermal coal is to be completely phased out by 2030 at the latest.
- To commit not to engage in new thermal coal projects, either by increasing existing thermal coal capacity or acquiring new capacity, even if they were to dismantle other capacity at the same time.

KBC also abstains from financing oil-based electricity generation, exploration and the development of unconventional oil and gas (including Arctic and Antarctic on- and offshore oil and gas, tar sands, shale oil and gas, deep-water drilling and coal-bed methane). Starting from November 2021, we will also no longer provide direct financing, insurance or advisory services for the exploration and extraction of any new oil and gas fields. In addition vertically integrated energy companies that operate in the field of the extraction of oil and gas are subjected to additional requirements.

For detailed information on our energy policy guidelines, we refer to [the KBC Energy Credit, Insurance & Advisory Services Policy](#).

4.2.5. Arms-related activities

KBC is very reluctant towards being involved in any kind of arms-related activities (including “lethal autonomous weapon systems” – LAWS). However, considering that the arms industry has a valid role to play in defence and security, KBC is willing to finance certain companies, but under strict conditions:

- their arms related activities (development, production, sale, maintenance, etc. of weapons or arms-related equipment) should be very limited;
- these weapons should be delivered exclusively to NATO armies or NATO/OECD/ EU police forces or their equivalent; and
- no deliveries should be made to countries under UN, EU or US embargo or to non-governmental armed groups without UN, EU or US support.

Specific financing of a project or investment related to arms is never allowed.

Controversial Weapons

For KBC Group, controversial weapon systems cover both:

- weapon systems which are prohibited by international (and national) law
- weapon systems for which there is a broad consensus that they should be banned.

These systems include:

- nuclear weapons as banned by the 2017 UN Treaty on the Prohibition of Nuclear Weapons;
- cluster bombs and sub-munitions,¹ chemical or biological weapons² and anti-personnel mines (including Claymore mines);³
- weapons containing depleted uranium or white phosphorus (used in incendiary munitions and weapons).

Companies that are assessed to be involved in the production and/or development of controversial weapons are blacklisted by KBC through the [KBC Group Policy on Blacklisted Companies](#).

4.2.6. Biodiversity

KBC acknowledges the importance of biodiversity as it contributes to economic prosperity and human development. Nature is an important supplier of resources to many different economic sectors and offers essential services such as, for example, purification of water, flood protection, pollination and carbon sequestration. For KBC conservation and the sustainable use of biodiversity are preconditions for sustainable development.

But biodiversity is under pressure. The current biodiversity loss is caused by:

- habitat fragmentation, degradation and destruction ;
- unsustainable production and consumption, resulting in an overshoot of the Earth's biological capacity to restore from overexploitation of forests, oceans, rivers and soils, and causing pollution and climate change;
- the introduction of invasive species.

¹Banned by the Convention on Cluster Munitions (2008).

²Banned by both the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (Organisation for the Prohibition of Chemical Weapons) and the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction (United Nations Office for Disarmament Affairs)

³Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction

Based on the above considerations, KBC has introduced a comprehensive policy on biodiversity, which covers the following areas:

- forests and deforestation;
- protected areas;
- endangered and invasive species;
- [cattle farming](#);
- fisheries;
- oil and gas;
- palm oil;
- soy;
- cocoa;
- coffee;
- sugarcane.

For more details, please refer to the [KBC Group Biodiversity Policy](#).

4.2.7. Project finance

KBC will not provide financing or advisory services to projects where the client is unwilling or unable to comply with the Equator Principles.

For more information on the adoption of the Equator Principles by KBC Group please visit www.kbc.com.

4.2.8. Other socially sensitive sectors

KBC has also set down restrictions on other socially sensitive sectors such as: tobacco and other addictive and intoxicating crops, gambling, fur, mining operations, land acquisition and the involuntary resettlement of indigenous people and prostitution.

Cultivation, production, processing or trading/wholesale of tobacco and other addictive and intoxicating crops/products or their essential parts

The negative effects that the use of addictive and intoxicating product has on our health and the environment cannot be denied. In line with the Tobacco-Free Finance Pledge, KBC applies a strict policy of excluding the tobacco industry from its lending, insurance and sustainable investment activities and to KBC Asset Management's conventional investment funds and KBC's proprietary investment portfolio. The exclusion covers manufacturing, the wholesale trade and trading in addictive and intoxicating products (which also include e-cigarettes). Cannabis-based products meant

for human consumption – including retail – are also in scope of this restriction. An exception is made for medicinal cannabis in countries where a legal framework is available.

Alcohol products are not in scope of this policy.

Gambling activities (including sports- and online gambling)

KBC rules out finance for companies with a relevant involvement in these activities. Moreover, in cases of a minor involvement in those sectors, KBC is only willing to consider granting finance provided the activities are legal and KBC can be credibly and reasonably assured that the finance will not be used for those specific activities. Diversified retailers who also sell some gambling products and services remain out of scope of this exclusion.

Animal welfare

KBC recognises that civil society is increasingly concerned about animal welfare and that this concern is general and legitimate. KBC is committed to ensuring that its clients comply with relevant national and international legislation and best practice. To this end, we have developed an Animal Welfare Statement, which sets out our commitment and our approach to avoiding any potential adverse impact on animal welfare through our operations.

KBC is active in several sectors in which animal welfare risks harm. We are involved in activities such as animal husbandry, transport and slaughter of animals and breeding and selling pet animals.

For more information, please refer to the [KBC Group Animal Welfare Statement](#).

Mining operations

The mining industry provides essential resources to most sectors of the economy, with mining commodities integrated into a broad range of equipment and consumables. The worldwide demand for mineral resources is increasing in both developing and developed countries. At the same time mineral reserves are becoming scarcer and more difficult to access. The industry also supports economic growth in the regions where mining activities take place, through job creation, revenue generation and infrastructure development.

However, mining activities can have a potentially negative impact on the environment and society in terms of community relations, health and safety, land use, ecosystems, waste and bribery and corruption.

KBC acknowledges that the mining sector faces a variety of environmental, social and governance risks that should be balanced against the sector's economic potential. KBC therefore expects clients that are

involved in mining activities to take account of these risks in their operations. KBC also expects its clients to operate in accordance with relevant international, regional and national laws, regulations and permits.

For detailed information, please refer to the [KBC Group Mining Policy](#).

Land acquisition and the involuntary resettlement of indigenous people

Given concerns about the environmental and social impacts, in particular on the rights of indigenous people and the protection of cultural heritage, KBC is only willing to consider financing such land acquisition where it complies with the “Free and prior informed consent”⁴.

Only projects involving land acquisition of more than 1000 ha outside the OECD and EU are within the scope of this restriction.

Prostitution

KBC Group does not finance any prostitution-related activities.

4.2.9. Scope of restrictions

The general policies in this section (Blacklisted companies, Human Rights, Controversial Regimes) will apply to the largest extent possible to all business units within the KBC group, also including our proprietary assets. The sector policies will apply group-wide to our relevant core business activities of lending (via the KBC Credit Risk Standards on Sustainable & Responsible Lending), insurance (via the KBC Policy on Sustainable & Responsible Insurance) and advisory services (via the KBC Policy on Sustainable and Responsible Services⁵)

4.3. A complete offer of Responsible Investing funds

A set of minimum requirements apply to all of KBC’s investment activities, including proprietary investments. They are summarised in the [KBC Group Investment Policy](#).

KBC is also a pioneer and a large player in responsible investing. We want to give our clients the opportunity to invest in sustainable companies and countries that recognise their social and

⁴ Free, Prior and Informed Consent (FPIC) expresses the principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy or use otherwise. A specific consent procedure guarantees FPIC. Sometimes FPIC is a condition to obtain the official permits to operate activities that could endanger indigenous people.

⁵ The policy applies to all advisory services provided by KBC Securities and to similar services provided by KBC entities in Central Europe.

environmental responsibility. This allows us to jointly contribute to a more sustainable society and to help limit the adverse impact that businesses have on society. More details on the applied methodologies can be found [here](#).

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 its voice heard at the annual general meetings of these companies, KBC aims to defend the interests of its clients and investors. 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 terms. All these factors can have a significant impact on value creation or the return enjoyed by clients and investors.

5. OUR PEOPLE

Our employees represent our ‘human capital’ and are one of the main drivers to creating value as a bank-insurer. By focusing on recruitment, management and development of our employees, we seek to give them the opportunity to make best possible use of their talent and experience and adapt to our fast-changing world. We encourage all our employees to behave in a way that is responsive, respectful and result-driven. It is our ambition to truly involve all staff in realising the sustainability ambition.

For more details on our approach, please visit the [‘Our people’](#) a section of our corporate website.

6. STAKEHOLDER ENGAGEMENT

We engage with all of our stakeholders to define what is material to both our stakeholders and KBC and how we can create value. We use a variety of channels for open, transparent sustainability communication and dialogue with our stakeholders. They include the annual Report to Society, the Annual Integrated Report, the Sustainability Report, the Climate Report, the [CSR e-mail box](#), the corporate website and any other channels suitable for this purpose.

On regular basis, we conduct stakeholder surveys in all our countries in order to discover what it is that is important to our stakeholders and thus meet their expectations. The results from the questionnaire are published in a materiality matrix and used as guidance for new, future and existing projects.

For more information on stakeholder engagement at KBC Group, please visit www.kbc.com.

7. SUSTAINABILITY GOVERNANCE

Sustainability governance as driver for implementation of KBC's Group Sustainability Strategy

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

A simplified overview is provided below. For more details and our specific governance in respect of climate change, we refer to our [KBC Group Sustainability Report 2022](#).

The Board of Directors is regularly briefed by the Executive Committee on the sustainability strategy, including its policy on climate change, as well as other relevant sustainability issues such as gender diversity. Since climate-related risks have been classified as a top risk, the Risk and Compliance Committee monitors sustainability risks closely. The Board evaluates the implementation of the sustainability strategy using a Sustainability Dashboard and expresses its opinion on major changes to sustainability policies.

The Executive Committee is the highest level with direct responsibility for sustainability, including policy on climate change. It ratifies the decisions of the Internal Sustainability Board and the Sustainable Finance Steering Committee.

The Internal Sustainability Board (ISB) is chaired by the Group CEO and comprises senior general managers from all business units and core countries, the Group CFO and the general manager of the Group Corporate Sustainability department. It is the most important platform for managing sustainability at group level and takes decisions on all matters relating to sustainability.

The Group Corporate Sustainability department has a direct link to the Group CEO and is responsible for developing, implementing and supervising the sustainability strategy. It reports to the ISB and prepares the Sustainability Dashboard.

The Sustainable Finance Steering Committee supervises the Sustainable Finance Programme and is chaired by the Group CFO. It reports to the Executive Committee and the Board and maintains contact with the ISB.

The Sustainable Finance Programme Core Team is headed by a programme manager from the Group Corporate Sustainability department and is made up of specialists from Finance, Credit Risk, Risk and Data Management as well as sustainability experts. It integrates the climate approach within the group and supports the business side in developing climate resilience in line with the Task Force on Climate-related Financial Disclosures (TCFD) and the EU action plan.

General managers Sustainability in each core country are responsible for integrating the ISB's decisions and the goals of the Sustainable Finance Programme. This ensures that all core countries are sufficiently involved in both the strategic discussions and the implementation of the group-wide sustainability policy.

Country Sustainability departments and CSR Committees in each of our core countries are organised in such a way as to support their senior managers, who sit on the Internal Sustainability Board, and the Corporate Sustainability Country Coordinator in integrating our sustainability strategy and organising and communicating local sustainability initiatives. Among other things, the employees and committees involved also supply and validate nonfinancial information.

The external advisory bodies advise KBC on different aspects of sustainability and consist of experts from the academic world. **An External Sustainability Board** advises the Corporate Sustainability department on sustainability policy and strategy. **A RI Advisory Board** supervises the screening of the responsible character of KBC Asset Management's RI funds.

8. KBC SUSTAINABILITY DASHBOARD

We monitor progress in the implementation of our sustainability strategy through our 'KBC Sustainability Dashboard'.

The KBC Sustainability Dashboard incorporates parameters that allow us to track the status of sustainability within the KBC group and to make adjustments when necessary. The Executive Committee and Board of Directors assess the evolution of these parameters twice a year.

The KBC Sustainability Dashboard is reviewed on a regular basis to keep pace with the changing environment, requirements and regulations and to ensure that we are appropriately focusing on the relevant themes. The latest review of the KBC Sustainability Dashboard took place in March 2022.