

SUSTAINABILITY REPORT 2017



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01 About this report

Financial and non-financial reporting

We report transparently on both our financial and non-financial performance. Given the amount of information and the expectations of our various stakeholders, we split our reporting across different channels with different target groups:

- Our integrated Annual Report provides a detailed overview of our financial performance, along with the most important non-financial information. In it, we describe how we create value for our shareholders and for society as a whole. Investors are the main target audience for our Annual Report.
- The Report to Society is chiefly intended for customers and employees. In plain, everyday language, it offers a general outline of the way KBC assumes its role in society.
- The Sustainability Report, lastly, provides a detailed overview of non-financial data at group level for a variety of audiences: sustainability experts, investors, employees, business partners, customers and non-profit organisations.

Sustainability Report



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. The previous report appeared in May 2017 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 that includes strict hierarchical validation. In 2016, we switched to a group-wide web tool for more efficient data collection and consolidation of non-financial data. 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 2016–30 September 2017, unless otherwise stated in the report.

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

cscr.feedback@kbc.be



KBC offers you the possibility to check the authenticity of this document on www.kbc.com/en/authenticity

02 CEO statement

Our updated strategy, our sustainable way of doing business and our ability to change will help us to become the reference in bank-insurance in our core markets and to prepare ourselves for the future.

Sustainability is part of our global corporate strategy and is embedded in our day-to-day business activities. We made significant progress in 2017 regarding material aspects of our sustainability strategy:

- We substantially grew the volume of sustainable investment funds (SRI) under management;
- We are ahead of schedule in achieving our 2020 target for KBC's direct footprint;
- We have developed innovative sustainable business solutions to help meet societal and environmental challenges;
- We improved our scores with ESG rating agencies.



Sustainability has become the standard for doing responsible business. Only by implementing sustainability in our overall corporate strategy can we truly contribute to positive change. The world is evolving and we have to change with it if we genuinely want to assume our role in society.

The proven success of our corporate strategy led us to reaffirm it in 2017. At the same time, however, we need to change the way we implement this strategy to prepare us for the challenges that lie ahead. 'More of the same, but differently', is how we like to put it. We continue to 'think client', but will act in a more digital way, in order to simplify our processes. We will focus on income diversification in order to safeguard the group's financial health. We are also committed to partnerships, convinced as we are that this will lead to better and quicker solutions. And we will set up experimental projects to enable us to assess the potential impact of new trends on our core business.

Not only has the EU directive on non-financial reporting been translated into Belgian law, the Financial Stability Board has set up the Task Force on Climate-Related Financial Disclosure (TCFD), which has drawn up recommendations for financial institutions to map the impact of climate change related issues on the business. The TCFD report clearly states that climate change will affect all industries including financial institutions. On top of this, the European Commission High-Level Expert Group on Sustainable Finance (HLEG) has set recommendations for reforms throughout the entire investment chain, which will lay the foundations for a sustainable finance strategy for the EU. These recommendations, published at the beginning of 2018, point the way towards a financial sector capable of supporting a more sustainable and inclusive economic system, in line with the EU's environmental and social objectives. The European Commission Action Plan, published in March 2018, is founded on the HLEG recommendations and sets out the European Commission's view on the steps needed to ensure that the financial system and the investment chain take genuine account of sustainability considerations.

We are fully aware that implementing these recommendations on sustainable finance in general and climate-related issues in particular will have a significant impact on our organisation, our internal processes and our reporting. For that reason, we have set up an internal sustainable finance project to make the necessary preparations now for tomorrow's changing expectations.

Our Sustainability Report provides detailed information on our non-financial performance and describes the steps we have already taken towards a sustainable future. I hope you will find it interesting and informative.

Johan Thijssen
Chief Executive Officer

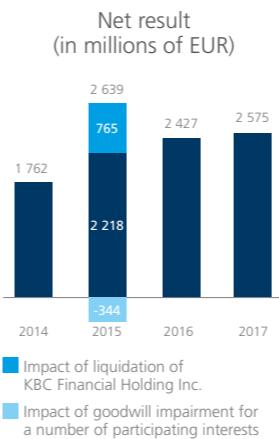
1 The criteria for asserting that a report has been prepared in accordance with the GRI Standards (either Core or Comprehensive option) can be found on pages 22–23 of GRI 101: Foundation.

03

2017 in short

Financial

Our net result



Our key financial targets

KPI ¹	Outcome 2017	Outcome 2016
CAGR of total income for 2016–2020 ≥ 2.25%	CAGR for 2016–2017: 5.6% ²	CAGR for 2013–2016: 1.3%
Cost/income ratio ≤ 47% (excl. bank tax) in 2020 and ≤ 54% (incl. bank tax) in 2020	48%/54%	55% (incl. bank tax) (excl./incl. bank tax)
Combined ratio ≤ 94% in 2020	88%	93%
Dividend payout ≥ 50%	51%/59% ³	50%
Own capital target: fully loaded common equity ratio of 14% in 2018	16.3%	15.8%
Reference capital position: fully loaded common equity ratio of 16% in 2018	16.3%	15.8%

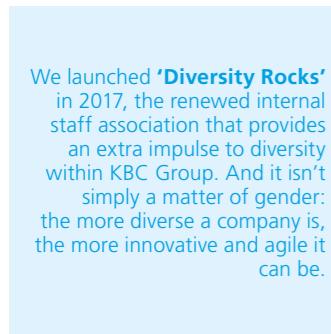
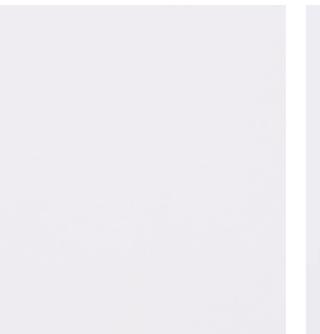
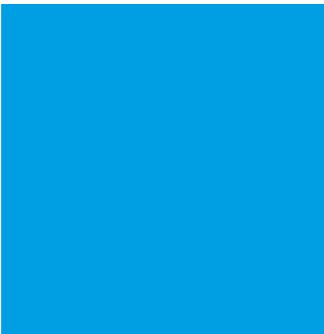
¹ For detailed definitions of the KPIs, we refer the reader to the 'Our Strategy' section of the KBC Group Annual Report 2017

² Excluding UBB/Interlease

³ Including the impact of the announced share buyback (approximation)

03

People/ Social



03

Environment

Transparent communication

Our key environmental non-financial targets

KPI ¹	Outcome 2017	Outcome 2016
Position in SRI funds: 10 billion euros by year-end 2020	7.1bn euros	2.8bn euros
Own greenhouse gas emissions (excluding commuter travel): reduction of at least 20% between 2015 and 2020 (absolute and per FTE)	2015–2017 result: -28.9% (absolute) and -28.2% (per FTE)	2015–2016 result: -14.3% (absolute) and -14.1% (per FTE)
Renewable energy loans: share of renewable energy sources and biofuels in the energy-sector loan portfolio ≥ 50% in 2030	41.2%	42.1%

¹ For detailed definitions of the KPIs, we refer the reader to the 'Our Strategy' section of the KBC Group Annual Report 2017

- The KBC Pension Funds, which manage the supplementary pension plan for KBC employees, have decided to shift towards more socially responsible investments for their investment portfolios.
- We excluded all fossil fuels from our sustainable investment offering in 2017.
- The financing of coal-related activities in the Czech Republic was scaled back within the agreed reduction scheme.
- We achieved ISO 14001 certification in all countries.
- In January 2018, we became a signatory to the UN Environment Programme Finance Initiative (UNEP FI), highlighting our commitment to integrate environmental and social considerations into our operations and business decisions.
- We are a supporting company of the Taskforce on Climate-Related Financial Disclosures and we closely track the recommendations set by the High-Level Expert Group on Sustainable Finance, translated in the European Commission Action Plan in March 2018. To this end, we launched an internal project on sustainable finance to be prepared for the changing expectations of tomorrow.
- KBC also endorsed the European Energy-Efficiency Mortgages Action Plan (EeMAP), which seeks a form of finance for energy-efficient building or to encourage owners to make their homes more energy-efficient.

Our financial ratings

KBC Group NV	Rating 2017 (20-03-2017)	Rating 2016 (15-03-2018)
Fitch	A	A
Moody's	Baa1	Baa1
Standard & Poor's	BBB+	BBB+

Our non-financial (ESG) ratings

Rating agency	Rating/ score 2017	Rating/ Score 2016	Inclusion in related indices
RobecoSAM	74/100	70/100	
Carbon Disclosure Project (Climate Change)	A- Leadership	B Management	
FTSE4Good	3.6/5	3.6/5	FTSE4Good Index Series
Oekom Research	C Prime	C Prime	Prime (Best in class status)
Sustainalytics	84/100	77/100	STOXX® Global ESG Leaders indices
Vigeo Eiris			Euronext Vigeo index: Benelux 20, Eurozone 12, and Benelux 20, and Ethibel Sustainability Index Excellence Europe

03

Our other key non-financial targets

KPI ¹	Outcome 2017	Outcome 2016
Digital interaction: ≥ 80% in 2020	74%	No measurement (new target)
Bank-insurance clients: CAGR for 2016–2020 ≥ 2% in Belgium, ≥ 15% in the Czech Republic, ≥ 10% at International Markets	CAGR for 2016–2017: +1% in Belgium, +13% in the Czech Republic and +13% at International Markets	No measurement (new target)
Stable bank-insurance clients: CAGR for 2016–2020 ≥ 2% in Belgium, ≥ 15% in the Czech Republic, ≥ 15% at International Markets	CAGR for 2016–2017: +1% in Belgium, +21% in the Czech Republic and +23% at International Markets	No measurement (new target)
Reputation index: achieve the same or a higher score than the peer group average ²	K&H in Hungary and KBC Bank Ireland achieved a higher score than the peer group average. The scores for the other entities (KBC in Belgium, ČSOB in the Czech Republic, ČSOB in Slovakia and UBB/DZI in Bulgaria) were in line with the peer group average in their respective countries.	Please refer to the KBC Group Annual Report 2016 'The client is at the centre of our business culture' p. 33.
Client experience: achieve the same or a higher score than the peer group average ²	KBC Bank Ireland achieved a higher score than the peer group average. The scores for the other entities (KBC in Belgium, K&H in Hungary, ČSOB in the Czech Republic, ČSOB in Slovakia and UBB/DZI in Bulgaria) were in line with the peer group average in their respective countries.	Please refer to the KBC Group Annual Report 2016 'The client is at the centre of our business culture' p. 33.
Innovation: achieve the same or a higher score than the peer group average ²	KBC in Belgium, K&H in Hungary and KBC Bank Ireland achieved a higher score for innovation than the peer group average. The scores for ČSOB in Slovakia and UBB/DZI in Bulgaria were in line with the market average and the score for ČSOB in the Czech Republic was lower than the peer group average in that country.	Please refer to the KBC Group Annual Report 2016 'We focus on sustainable and profitable growth' p. 38.

Governance: achieve the same or a higher score than the peer group average ²	K&H in Hungary and KBC Bank Ireland achieved a higher score for governance than the peer group average. The scores for ČSOB in Slovakia, ČSOB in the Czech Republic and UBB/DZI in Bulgaria were in line with the market average in their respective countries. The score for KBC in Belgium was lower than the peer group average.	Please refer to the KBC Group Annual Report 2016 'Our role in society: to be responsive to society's expectations' p. 44.
Stakeholder interaction: formal stakeholder interaction process in each core country	OK	Please refer to the KBC Group Annual Report 2016 'Our role in society: to be responsive to society's expectations' p. 44.

¹ For detailed definitions of the KPIs, please refer to the 'Our Strategy' section of the KBC Group Annual Report 2017

² In the analysis, we compare the score for the principal KBC entity/entities in each core country with the average score in the sector (peer group) per country. We classify a score as being higher or lower if there is a difference of 5 percentage points or more with the peer group average.



Commitments

[UN Global Compact](#)

[UN Guiding Principles on Business and Human Rights](#)

[UN Environment Programme Finance Initiative \(UNEP FI\)](#)

[Principles for Responsible Investment \(PRI\)](#)

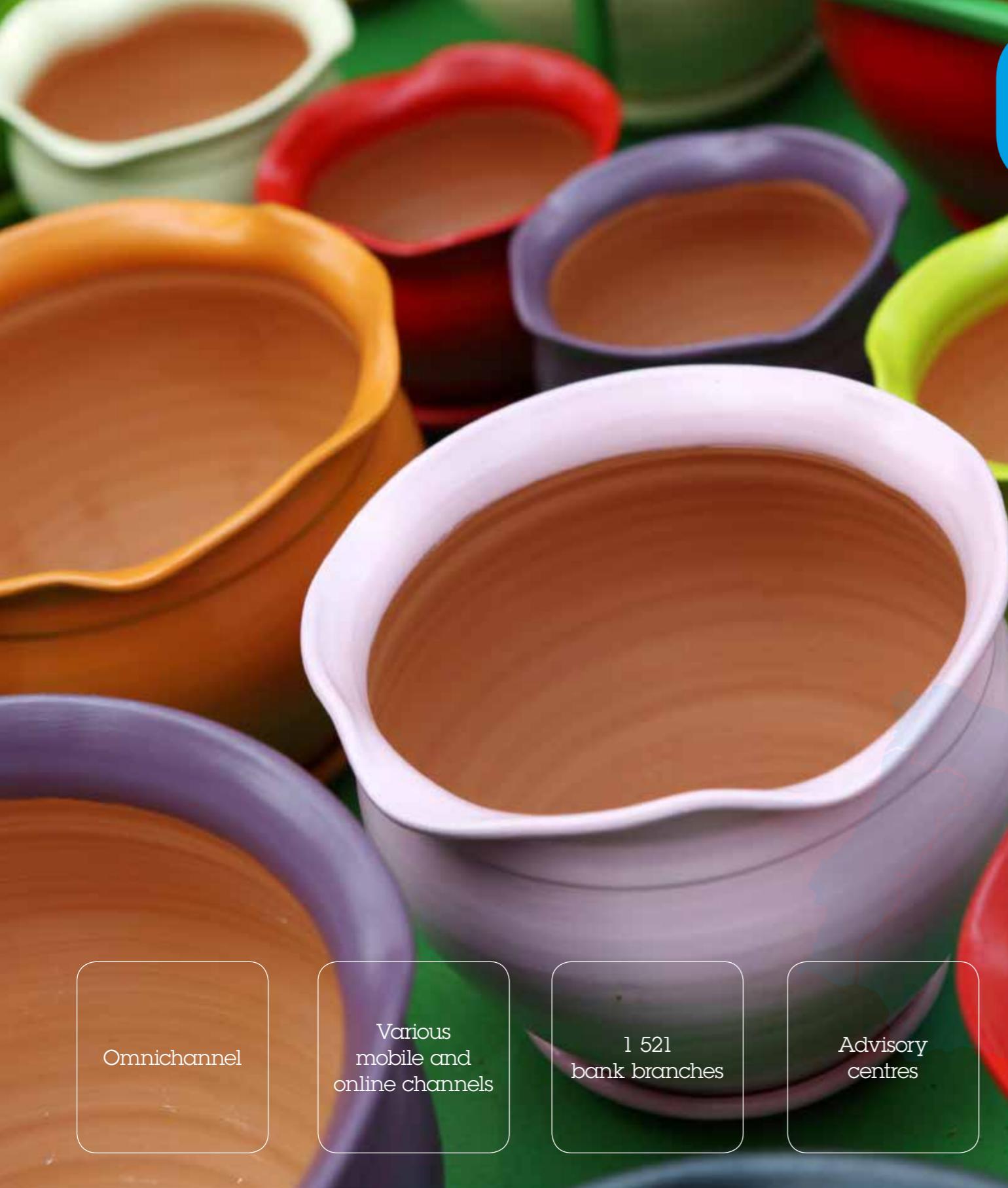
[Task force on Climate-related Financial Disclosure](#)

[OECD Guidelines for Multinational Enterprises](#)

[Equator Principles](#)

[COP 21](#)

[Belgian SDG Charter](#)



04

KBC at a glance

Who we are

Ireland
1 244 employees
0.3 million clients

Belgium
17 089 employees
3.5 million clients

Czech Republic
10 369 employees
3.7 million clients

Slovakia
2 925 employees
0.6 million clients

Hungary
4 213 employees
1.8 million clients

Bulgaria
4 500 employees
1.4 million clients

KBC is an integrated bank-insurance group, catering mainly for retail, private banking, SME and mid-cap clients. Geographically, we focus on our core markets of Belgium, the Czech Republic, Slovakia, Hungary, Bulgaria and Ireland. We have a limited presence elsewhere, primarily to support corporate clients from our core markets.

* Employee figures differ from the figures reported under '2017 in short' of this report and the figures reported in the Annual Report 2017 and the Report to Society 2017 due to a difference in reporting period. See 'About the report' for more details.

Omnichannel

Various mobile and online channels

1 521 bank branches

Advisory centres



404 insurance agencies in Belgium and various distribution channels in Central and Eastern Europe



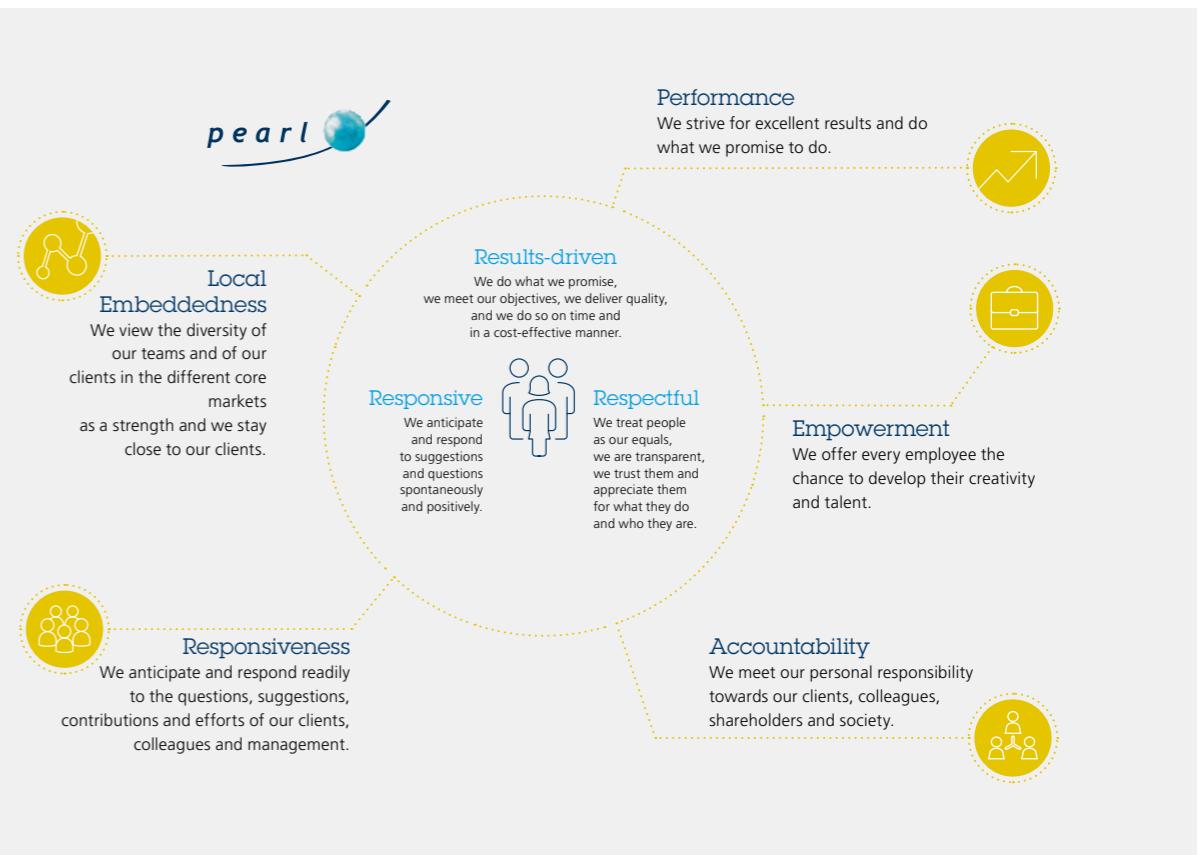
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Our business culture and our values

Our goal, our ambition and our strategy

Goal	Ambition	Strategy	Sustainability
Through our activities, we want to help our clients to both realise and protect their dreams and projects.	We want to be the reference for bank-insurance in all our core markets.	<p>Our strategy rests on four principles:</p> <ul style="list-style-type: none"> • We place our clients at the centre of everything we do; • We look to offer our clients a unique bank-insurance experience; • We focus on sustainable and profitable growth; • We meet our responsibility to society and local economies. <p>We put our strategy into practice within a stringent risk, capital and liquidity management framework.</p>	<p>To us, corporate sustainability means the ability to live up to the expectations of all our stakeholders and to meet our obligations, not just today but also in the future. Our sustainability strategy has three cornerstones:</p> <ul style="list-style-type: none"> • Enhancing our positive impact on society; • Limiting any negative impact we might have; • Encouraging responsible behaviour on the part of our employees.

We sum up our business culture in the acronym 'PEARL', which stands for Performance, Empowerment, Accountability, Responsiveness and Local Embeddedness. We also encourage all our employees to behave in a way that is responsive, respectful and results-driven. An explanation of what we mean is given in the diagram.



Our value creation model shows how we create and share value for our stakeholders and society at large. As an important bank-insurer in all of our core countries we create more than simply financial value for society. Our value creation model shows how we use the resources at our disposal to meet the expectations of our stakeholders through our operations.

Value creation

We use various types of 'resources' (input)...

through our business model...

FINANCIAL CAPITAL

Total equity of 18.8 billion euros. The capital provided by KBC's shareholders is a prerequisite to support our activities and to invest further in our business strategy. KBC's core shareholder group, which held 40% of shares at the end of 2017, has a long-term perspective and ensures shareholder stability and continuity.

HUMAN AND INTELLECTUAL CAPITAL

41 000 employees work together as a single 'Team Blue'. Their talents, skills, experience and innovative thinking are the key success factors for our operations.

SOCIAL AND RELATIONSHIP CAPITAL

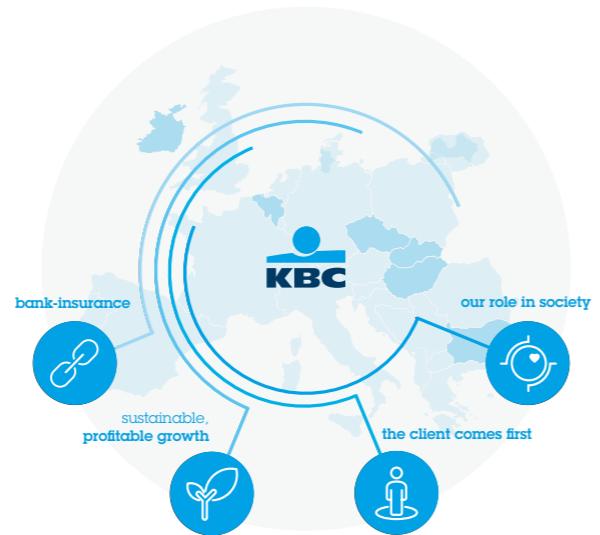
11 million private, SME and corporate clients who are at the centre of our business. Our clients' expectations and changing behaviour drive our product and service offering and our sustainable growth.

MANUFACTURED CAPITAL

1 521 bank branches, different distribution channels for insurance, and various electronic distribution platforms, apps and underlying ICT systems ensure a convenient experience: a comprehensive, one-stop financial service through a variety of channels and at the moment that suits the clients best.

NATURAL CAPITAL

Sustainable procurement and raw materials we use in our operations (energy, water, paper, etc.).



Our **BUSINESS MODEL** ensures that the available resources are deployed in an efficient and effective manner, taking into account the key trends and challenges we face:

- Macroeconomic environment, geopolitical and climate-related challenges
- Competition, new entrants, technological change and changing client behaviour
- Increasing regulation
- Cyber risk/Information security

For more information on our business model and our corporate strategy, please refer to the respective sections in our Annual Report.



04

to create financial,
social and environmental value (output)

and value for society at large (outcome)

VALUE FOR SOCIETY

KBC provides financial services that contribute to economic growth and well-being. We take our responsibility through our lending, insurance and asset management activities for directing the social outcome of our operations. And we include social, environmental and governance issues in our activities. We specifically focus on a number of high-impact areas:

- SDG 7: Affordable and clean energy
- SDG 8: Decent work and economic growth
- SDG 12: Responsible consumption and production
- SDG 13: Climate action

Please refer to the section 'Our sustainability strategy' for more information.

We make an important contribution to employment in all our core markets, both directly and indirectly. We also recognise that we have a significant impact on the lives of our employees, and so we offer our people a fair reward for their work. This likewise contributes to the welfare of the countries in which we operate.

We support economic growth and employment in the Global South through BRS microfinance and micro insurance projects.



ENVIRONMENTAL OUTPUT

Various sustainable business solutions

7.1 billion euros in KBC Asset Management SRI funds

1.25-billion-euro loan portfolio in renewable energy and biofuel sector

GHG intensity: **2.5 tonnes CO₂e** per FTE

14.7% reduction in total GHG emissions

74% renewable electricity in own operations

SOCIAL OUTPUT

Development of sustainable bank and insurance products and services to meet a range of social challenges

6.2-billion-euro loan portfolio in the education and healthcare sector

Rise in employee engagement index

Learning and development opportunities for employees

16% women in senior management

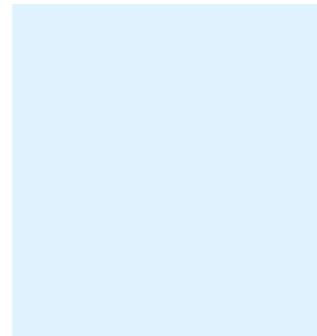
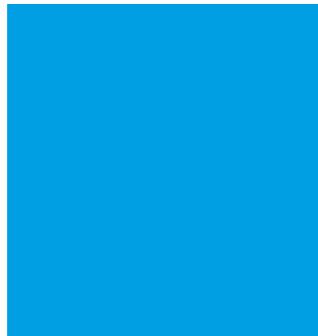
8.8 million of euros spent on community involvement

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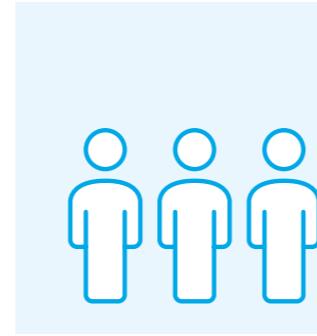
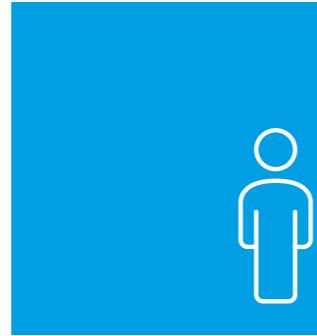
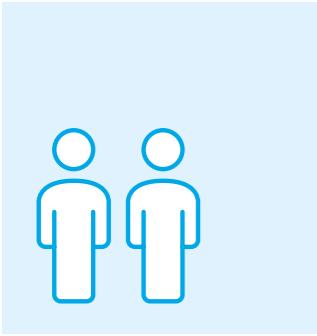
Sustainability Governance

We work together as a single 'Team Blue'

We encourage our employees to develop ideas as a team. Although our group is made up of many businesses – each with its own, locally familiar name (CBC, ČSOB, K&H, CIBANK, UBB, etc.) – all our employees also belong to one big family called 'Team Blue'.



'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.



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.



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.

04

Sustainability Dashboard

We monitor progress in the implementation of our sustainability strategy through our 'Corporate Sustainability Dashboard'. This assessment also impacts the variable remuneration granted to both the Executive Committee and senior executives across the group.

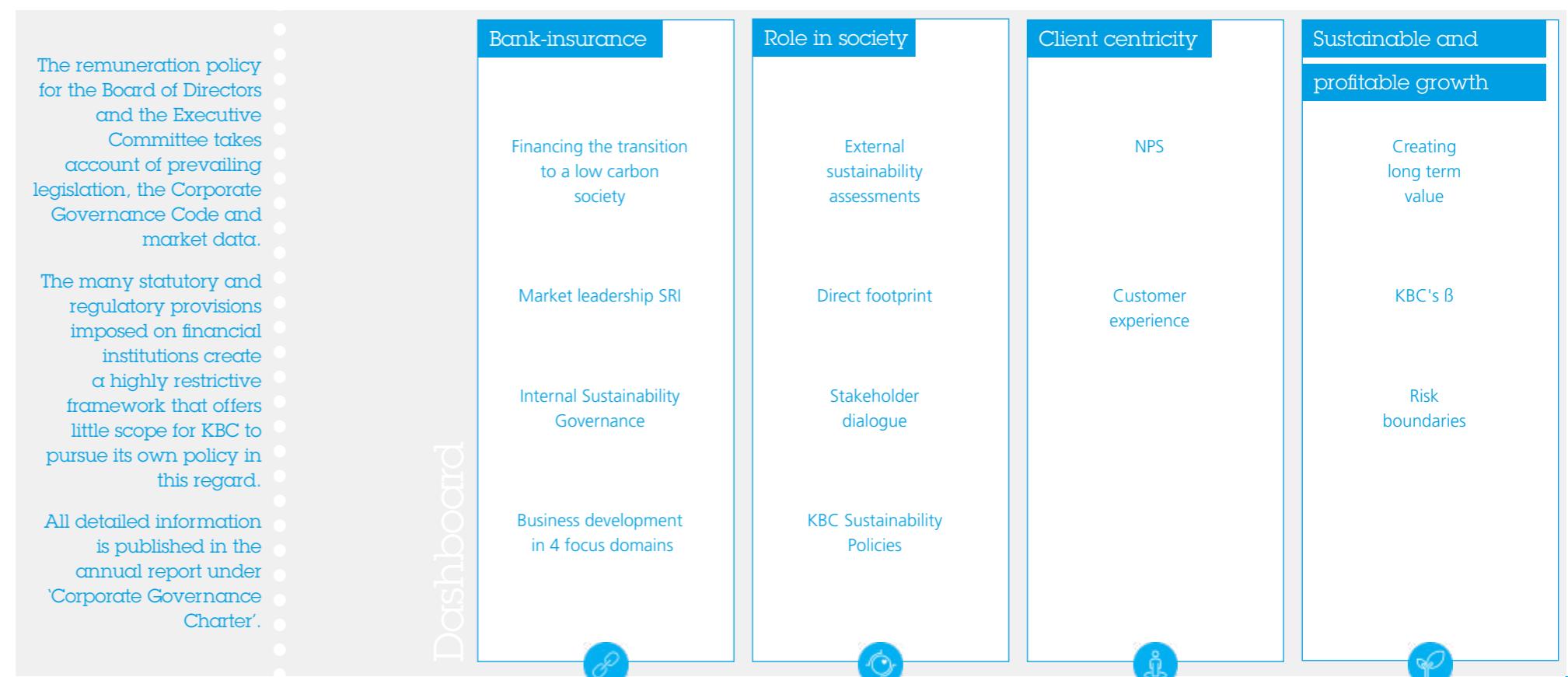
The KBC Sustainability Dashboard incorporates parameters that allow us to track the status of sustainability within the KBC group and to make adjustments when necessary. The Executive Committee and Board of Directors assess the evolution of these parameters twice a year.

The parameters include several more general elements, such as KBC's reputation, the satisfaction and engagement of employees, gender diversity and any incidents relating to responsible behaviour.

Other parameters are linked to the four pillars of KBC's business strategy:

- KBC as bank-insurer: financing the transition to a low-carbon economy; the proportion of sustainable investments; internal governance relating to sustainable business; and the development of innovative business solutions in our four focus areas (environmental responsibility, financial literacy, entrepreneurship and longevity/health);
- which places the client at the centre: client satisfaction and the degree to which our clients recommend KBC to others;
- which opts for sustainable and profitable growth: long-term value creation; respecting risk limits; the volatility of the KBC share;
- which assumes its role in society: monitoring and updating its strict policies; the evolution of sustainability assessments by external rating agencies; the quality of our dialogue with different stakeholders; and the achievement of the target to reduce our own environmental footprint.

Beside you can find a helicopter view of the Sustainability Dashboard, which is structured around the four principles of our corporate strategy and reflects our sustainability ambitions.





05

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.

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 any negative impact we might have on them.



- SDG 7: Affordable and clean energy
- SDG 8: Decent work and economic growth
- SDG 12: Responsible consumption and production
- SDG 13: Climate action

05

The **cornerstones** of our Sustainability Strategy:

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:



Encouraging **responsible behaviour** of all staff:

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



Throughout this report you will find the Sustainable Development Goals symbols where relevant. We provide more information in these sections on how we implement the SDGs.



05

Limiting our **adverse impact** on society

We are determined to limit the adverse impact we might have on society while carrying out all our activities. We achieve this by implementing strict policies and sustainability guidelines, by focusing on sustainable investments and by reducing our own environmental footprint.



Affordable and clean energy



Responsible consumption and production



Climate change

WE WANT TO REDUCE OUR NEGATIVE IMPACT ON SDG 7

by implementing an exit-scenario for our financing of investments in unsustainable energy solutions.

WE WORK TO REDUCE OUR NEGATIVE IMPACT ON SDG 12

- by actively promoting sustainable investments as an equal alternative to conventional investment products
- by reducing our own impact (energy, paper, waste, water and mobility)

ONE OF OUR PRIORITIES IS TO REDUCE OUR NEGATIVE IMPACT ON SDG 13

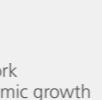
- through strict environmental policies applying to our loan, investment and insurance portfolio
- by disclosing our GHG emission data, reducing our own carbon footprint and setting targets
- By communicating our governance, strategy, risk management and metrics and targets regarding climate-related risks and opportunities in line with the TCFD recommendations. To this end, we set up an internal project on sustainable finance in 2017.

Increasing our **positive impact** on society

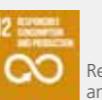
We contribute positively to society through our core banking and insurance activities. But we want to go further than that, by enhancing the positive impact in areas where we, as a bank-insurer, can make a difference. We have identified the following sustainability focus domains, in which we have the opportunity to address social and environmental challenges in a way that creates value for both KBC and society: environmental responsibility, financial literacy, entrepreneurship and longevity (in Belgium and the Czech Republic) or health (in the other countries). We want to develop innovative financial and insurance solutions for these four areas.



Affordable and clean energy



Decent work and economic growth



Responsible consumption and production



Climate change

WE WANT TO INCREASE OUR POSITIVE IMPACT ON SDG 7

by investing in and promoting renewable energy and energy efficiency initiatives through our banking and insurance activities.

WE CONTRIBUTE POSITIVELY TO SDG 8

by supporting sustainable economic development and the creation of new jobs in our core markets through our core business of financing and insuring the investments of households and small and medium-sized enterprises, by investing in innovation and technology and by collaborating with start-ups and fintechs. We specifically support start-up entrepreneurship via coaching and funding. With over 42 000 employees, we have an important role as a responsible employer in protecting basic labour rights, fair remuneration, equal opportunities and training and development opportunities for all employees.

WE AIM TO CONTRIBUTE POSITIVELY TO SDG 12

- by actively promoting sustainable investments as an equal alternative to conventional investment products
- by developing sustainable bank and insurance products and services to meet a range of social and environmental challenges. We have defined the following focus areas: Financial Literacy, Environmental Responsibility, Entrepreneurship and Longevity/Health.

TO INCREASE OUR POSITIVE IMPACT ON SDG 13

by developing business solutions that help customers to reduce their energy use and related GHG emissions, and by facilitating the transition towards a low carbon economy.

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. The top level responsibility for sustainability and our sustainability governance should ensure the integration of our sustainability strategy and the sustainability goals at all layers of the organisation, and in all our core activities. This is further strengthened by the integration of sustainability objectives into the criteria for executive and top management remuneration. Please refer to 'Sustainability Governance' and 'Sustainability Dashboard' in 'KBC at a glance' for more details.

06

How we do it

Responsible behaviour



BUSINESS ETHICS

We are convinced that our strategy – powered by the ‘Pearl’ culture and the contribution of all KBC people – will help us earn, retain and grow trust, day by day. This will enable us in turn to become the reference in our core markets.

It is of utmost importance in this regard that we behave responsibly in everything we do, at all layers of the organisation. We have to go beyond regulation and compliance: since client-centricity is at the heart of our reference strategy, we must also focus specifically on responsible sales and advice.

The basic principles here are respect for our clients, colleagues, society and KBC itself, together with a responsive and result-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.

We offer our banking and insurance services based on sound company values. We comply in everything we do with all relevant rules and regulations and with corporate policies and guidelines to ensure ethical business. Not only do we respect the relevant laws and regulations, we also impose stringent rules on ourselves in terms of ethical behaviour, openness and transparency, discretion and privacy. KBC’s 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 to ensure we meet the changing environment, requirements and regulations at all times.

We invest continuously to raise our employees’ awareness of issues relating to integrity and compliance. This is achieved through a combination of classroom and individual web-based training programmes, the publication of specific newsletters and journals, and web-based and e-learning courses designed to reach specific target groups in a flexible way.



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 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.



06

Limiting our adverse impact on society

DILEMMA OF THE MONTH

In Belgium, we publish a monthly dilemma on the intranet for all KBC employees to consider. A situation is sketched out in which a member of staff is confronted with a potential dilemma: the tension that might arise, for instance, between clients' interests and achieving internal targets. Elements for consideration are then provided – together, of course, with the way the employee should deal with them. Some dilemmas trigger an internal discussion, which boost awareness of the importance of responsible behaviour.

SENIOR MANAGEMENT TRAINING

Responsible behaviour is also a theme at the KBC University, our senior management training programme. Using a dilemma-workshop, we raise awareness on responsible behaviour and underpin the importance of this topic. We organised 14 sessions for senior management participating in the KBC University in 2017.

RESPONSIBLE BEHAVIOUR IN THE BRANCH NETWORK

The dilemma workshops have also been tested at several branch network clusters in Belgium and will be extended to larger numbers of employees in 2018.

RISK ACADEMY IN BULGARIA

In 2017 a series of internal trainings were organised in Bulgaria: "Risk Academy – new challenges in front of socially responsible organisation". They were aimed at educating sales people of CIBANK, UBB and DZI in order to increase their awareness and understanding of the responsible behavior principles of KBC Group.

POLICIES

- The Code of Conduct for KBC Group Employees 
- The KBC Group Compensation Report
- The KBC Group Anti-Money Laundering Policy
- The KBC Group Ethics & Fraud Policy
- The KBC Group Anti-Corruption and Bribery Policy
- US Patriot Act Certification
- KBC Tax Strategy
- The Policy for the Protection of Whistleblowers in KBC group 

CLEAR GUIDELINES AND 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. We will communicate on the updated policies in 2018.

Indicator	Goal/ ambition level	2017	2016
Sustainability policies	Regular review (every two year) of our sustainability policies	Update scheduled in 2018	In 2016 we redefined our sustainability strategy and developed a group-wide sustainability framework with updated and new guiding principles



SIGNATORY OF THE UN GLOBAL COMPACT

KBC became a signatory of the UN Global Compact in 2006 and we are pleased to reaffirm our support of the Ten Principles of the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption.

See *UN Global Compact COP 2017: KBC's statement of continued support* 

BLACKLISTED COMPANIES AND ACTIVITIES

KBC applies stringent restrictions to companies and activities that are controversial and/or fail to comply with the UN Global Compact principles. Companies involved in controversial weapons systems (e.g. cluster bombs and biological or chemical weapons) and the worst offenders against the UN Global Compact principles are excluded from any activity with KBC via the KBC Group Blacklist.

See *KBC Group Policy on Blacklisted Companies*

KBC Group also blacklists speculative, soft commodity transactions.

See *KBC Group Soft Commodity Policy*

06



KBC HUMAN RIGHTS POLICY ●

We have updated our Human Rights Policy to align it with the UN Guiding Principles on Business and Human Rights, while also taking account of the UN Global Compact Principles.

KBC fully respects, supports and implements the principles underlying universal human rights in all our operations across the group. As a financial institution, KBC has a direct and an indirect impact on human rights. In recognition of that fact, we have implemented the KBC Human Rights Policy with respect to our core stakeholders, clients, suppliers and employees.

See KBC Human Rights Policy

KBC MODERN SLAVERY ACT STATEMENT ●

We are committed to fully respecting and supporting the UK Modern Slavery Act 2015 and we work together with all of our stakeholders to combat any kind of modern slavery within our business activities. Modern slavery covers different aspects of labour exploitation, including slavery, human trafficking, the worst forms of child labour and forced sexual exploitation.

See KBC Modern Slavery Act Statement

KBC GROUP POLICY ON CONTROVERSIAL REGIMES ✖

The KBC Group Policy on Controversial Regimes also rules out financial activities 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 and lack any form of good governance, rule of law or economic freedom. An exception is made for humanitarian goods.

06

HOW DO WE IMPLEMENT OUR HUMAN RIGHTS AND SUSTAINABILITY POLICIES THROUGHOUT OUR BUSINESS ACTIVITIES?

	Own activities of all group entities (direct activities)	Indirect activities (value chain)					
		lending	insurance	investments (proprietary assets)	asset management	suppliers	
Human Rights Policy Commitment	○ ○ ★ ○	○ ○	○ ○	○ ○	○ ○	○ ○	○ ○ ◇
Due diligence (management process & assessment)	○ ★ ○	⊖ ○ ⊗ ♥ □ △	⊖ ○ ⊗ ♥ □ △	⊖ ○ ⊗ □ △	⊖ ○ ⊗ □ △	⊖ ○ ⊗ △ ×	⊖ ▷ ○ ◇
Mitigation		△	△			×	▷ ◇

- UN Global Compact COP 2017:
KBC's statement of continued support
- ⊖ Blacklisted companies and activities
- KBC Human Rights Policy
KBC Modern Slavery Act Statement
- ⊗ KBC Group Policy on Controversial Regimes
- ♥ Sustainable & Responsible Bank and Insurance policy
- KBC Energy Policy
- ★ The code of conduct for KBC Group Employees
- The Policy for the Protection of Whistleblowers in KBC group
- △ Assessment of compliance with the KBC sustainability policies and mitigation
- × KBC Asset Management Exclusions list for Sustainable Investments
- ▷ Supplier assessment and performance monitoring
- ◇ KBC Sustainability Code of Conduct for Suppliers

ASSESSMENT AND MITIGATION ▲

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 according to assessment by external ESG assessment provider in credits, insurances 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 new requests will be rejected (entire relationship or specific business).

06

SUSTAINABLE AND RESPONSIBLE BANK AND INSURANCE POLICY

The Credit Risk Standards on Sustainable and Responsible Lending Policies and the KBC Sustainable and Responsible Insurance Policy place restrictions on controversial and socially sensitive sectors and activities:

- Energy sector: see the KBC Energy Policy
- Project finance: as an Equator Principles Financial Institution, we provide financing or advisory services only when the borrower is willing to comply with the environmental and social processes and policies of the Equator Principles.

12 Projects reached financial closing in 2017. None of these qualified as 'category A': projects with potentially significant social or environmental impacts that are diverse, irreversible or unprecedented. For more information and detailed 2017 Equator Principles reporting, please refer to 'Facts and figures' and www.kbc.com.

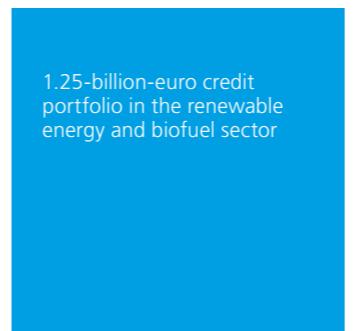
- Financing arms-related activities:
 - KBC is very reluctant to finance any kind of arms-related activities. However, since the armaments industry has a valid security role to play, KBC permits business with these companies under very strict conditions.
 - Alongside its standard restrictions, KBC applies even more stringent rules to the production, development and maintenance of nuclear weapons.
 - Companies involved in controversial weapon systems (e.g. cluster bombs and biological or chemical weapons) are excluded from any activity with KBC via the KBC Group Blacklist.
- We also maintain specific policies for other socially sensitive sectors, such as intoxicating crops, gambling, fur, palm oil production, mining operations, deforestation, land acquisition, the involuntary resettlement of indigenous people and prostitution.

KBC ENERGY POLICY

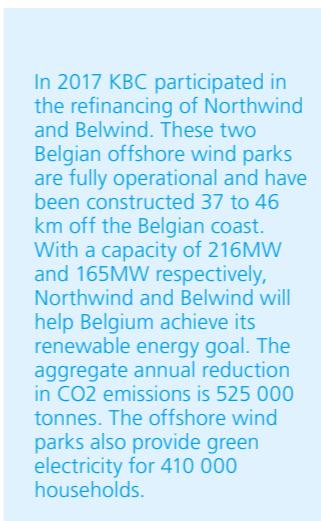
The KBC Energy Policy, which is part of the Sustainable and Responsible Banking and Insurance Policy, stipulates that:

- KBC no longer finances coal-related activities except for the Czech Republic, where such financing is being phased out. Based on the current local energy mix, local government policies and KBC's responsibility towards its local economy and society, an exception is made for local coal-based electricity production and coal mining in the Czech Republic, under strict conditions such as the following:
 - Only the best available Clean Coal Technology is used;
 - The share of loans to the coal sector within the overall KBC energy credit portfolio must be reduced to zero by 2050 at the latest in line with the EU Energy Roadmap for 2050;
 - Pending this, the current nominal exposure will not be exceeded and will be gradually reduced to zero.
- Investment in renewable energy, including hydro, solar and wind power, must be increased. KBC aims gradually to increase the share of renewables in the total energy credit portfolio to at least 50% by 2030 at the latest.
- KBC will only consider financing biomass and biofuel activities subject to conditions including careful consideration of environmental impacts.
- KBC abstains from financing oil-based electricity production, both new and upgrades.
- KBC abstains from financing non-conventional oil and gas activity, both exploration and development.
- KBC will continue to finance activities related to nuclear electricity generation under very strict conditions.
- In the case of integrated energy companies, KBC will only continue to provide finance if these businesses generate no more than 50% of their turnover from coal-related activities or demonstrate that they will comply with this criterion in the near future.

Indicator	Goal/ambition level	2017	2016
Share of renewables in the total energy credit portfolio	Minimum 50% by 2030	41.2%	42.1%
Financing of coal-related activities	Immediate stop of coal-related activities and gradual exit scenario in the Czech Republic by 2050 at the latest	Progress in line with target	Progress in line with target



1.25-billion-euro credit portfolio in the renewable energy and biofuel sector



In 2017 KBC participated in the refinancing of Northwind and Belwind. These two Belgian offshore wind parks are fully operational and have been constructed 37 to 46 km off the Belgian coast. With a capacity of 216MW and 165MW respectively, Northwind and Belwind will help Belgium achieve its renewable energy goal. The aggregate annual reduction in CO2 emissions is 525 000 tonnes. The offshore wind parks also provide green electricity for 410 000 households.



ČSOB funded the acquisition and refinancing in 2017 of the fourth largest solar power plant in the Czech Republic. The plant, which is located alongside the runway at Brno airport, has total installed capacity of 22MW. The investor, the JUFA company, currently owns and operates solar power plants with a combined capacity of 69MW, ranking it among the top three players in the Czech Republic. Brno airport and the South Moravian Region also benefit from the energy generated by the plant.



Relevant SDG goal

We contribute to climate action (goal 13) and affordable and clean energy (goal 7) by reducing our indirect environmental impact through strict environmental policies applying to our loan, investment and insurance portfolio, by discouraging the finance of investments in unsustainable energy solutions and by promoting initiatives on renewable energy and energy efficiency.

Storm is one of the most important onshore wind developers in Flanders. KBC has signed a framework agreement with the company to finance its onshore wind projects.

'The framework agreement with KBC allows us to finance and realise our projects efficiently. Our long-term relationship has led to great mutual trust. That trust, coupled with KBC's extensive business and sector knowledge, makes us very satisfied with our partnership with KBC.'

– Kristof Moens, CFO Storm

FOCUS ON SUSTAINABLE INVESTMENTS

We also want to limit the adverse impact we have on society by focusing on sustainable investments.

KBC is both the pioneer and the market leader in Belgium in sustainable and responsible investing. 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. We aim to extend our offering of sustainable and responsible investment products, which are gradually shedding their 'niche' status and becoming more and more mainstream.

Thorough screening is applied to determine which companies and countries belong to the investment universe for sustainable and socially responsible investment solutions. We also review our sustainability criteria on an ongoing basis. Since November 2017, for instance, businesses active in the extraction or processing of fossil fuels have been removed completely from our SRI fund offering, and more stringent criteria apply for utility companies to meet the selection criteria.

THREE TYPES OF SUSTAINABLE FUNDS

- Best-in-class funds invest in companies from a broad range of sectors, that are the best performers in terms of sound corporate governance, social policy and environmental approach. By working only with the best 40% of businesses, and as few as 20% in the mining and energy sectors, companies are challenged to operate more sustainably. The funds also include bonds from the most sustainable countries. Criteria for this include the welfare of the population, care of the environment and international relations.
 - Theme funds invest in firms that pursue solutions in the area of climate change, water shortages and alternative energy sources.
 - Impact Investing funds comprise 50 innovative businesses that are completely rethinking themes like mobility, energy, health and population ageing, and formulating surprising solutions to them. These are often slightly smaller (listed) players, but they have still come through KBC Asset Management's stringent screening.

STRINGENT SCREENING: EXCLUSIONS 

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 www.kbc.be.



The diagram consists of a large number '3' on the left, followed by a series of six dots of decreasing size from left to right. To the right of the dots, the text 'TYPES OF SUSTAINABLE FUND' is written in bold capital letters. Below the diagram, two categories are listed: 'Theme funds' and 'Impact Investing-fund', each preceded by a small black circle.

To contribute further to the growing problem of climate change, KBC has also decided to make its sustainable investments 'fossil free'. Consequently, all KBC SRI funds divested themselves of their investments in coal, oil and gas companies at the end of 2017.

The focus in 2017 was on raising awareness among our branch staff through campaigns and information sessions. Thanks to this enhanced knowledge and awareness, our branch staff are now offering sustainable investments proactively in addition to conventional investments. The fruits are already appearing: the target we set ourselves in 2016 of doubling the volume of SRI to 5 billion euros by 2018 had already been reached by the middle of 2017. This means that sustainable investments already account for approximately 6.5% of total client portfolios. We have decided in the meantime to raise our target to 10 billion euros of SRI by 2020.

Indicator	Goal/ ambition level	2017	2016
Volume sustainable investment funds of KBC Asset Management	10 billion euros by end 2020	7.1 billion euros	2.8 billion euros
Awareness of sustainable investments among both our staff and clients	Increase awareness and knowledge on sustainable investment funds	100% awareness of the salesforce in Belgium through e-learnings including tests (score > 80%)	Progress in line with target

The KBC Pension Funds (an institutional investor which manages the supplementary pensions of KBC staff) also decided at the end of 2017 to make the shift towards socially responsible investment. A healthy financial return is an important factor for a pension fund's ability to guarantee supplementary pensions in the future too. The decision of the KBC-Pension Funds to shift towards sustainable investments therefore sends a clear signal that SRI provides the possibility of a healthy balance between a financial return and a contribution to society.

06

REDUCING OUR ENVIRONMENTAL FOOTPRINT

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

See *KBC Group Environmental Policy*.

INDIRECT

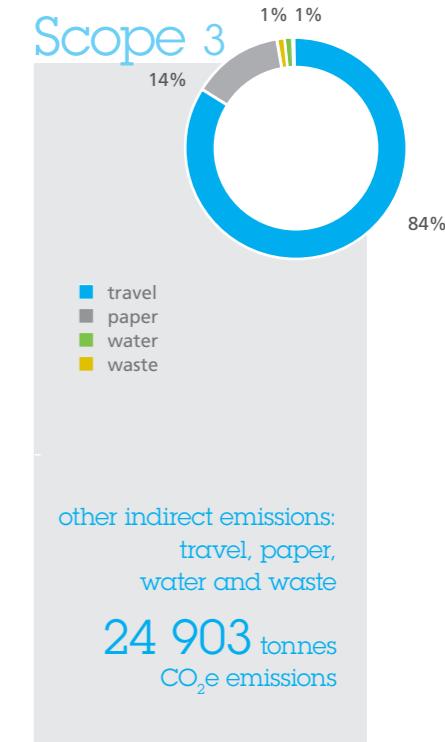
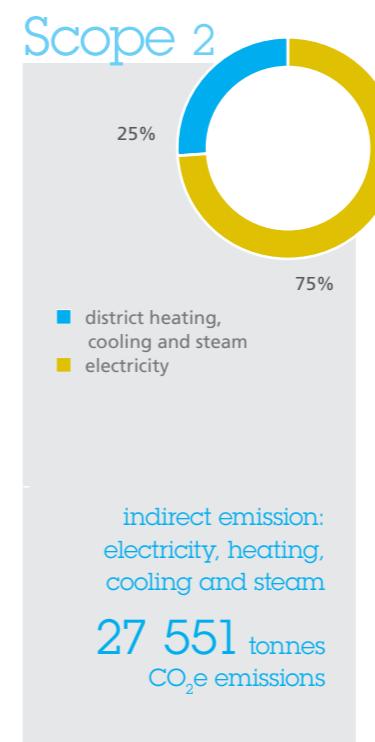
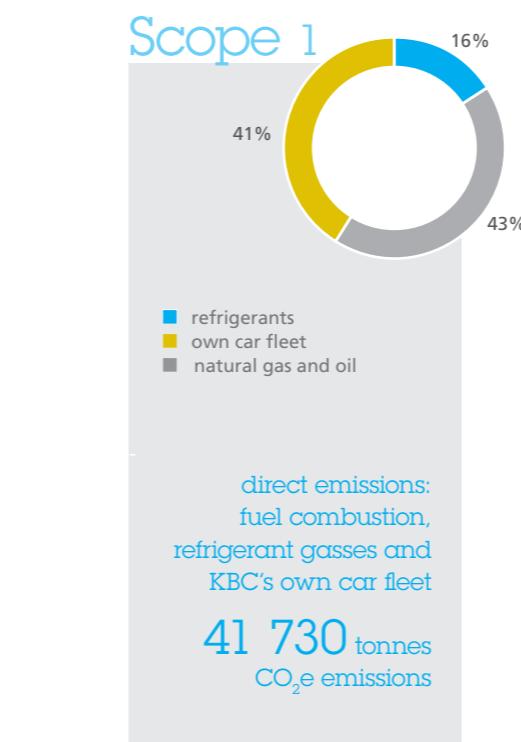
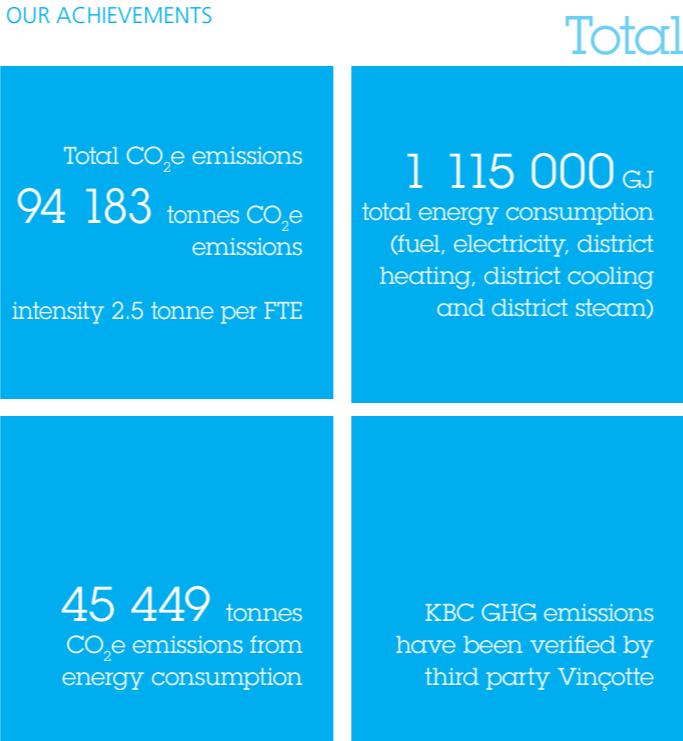
We have strict policies in place to limit the environmental impact of our core activities in order to reduce the climate and environmental effects of our portfolio of loans, investments and insurance activities. Please refer to 'Clear guidelines and policies'. We also aim to contribute positively to the transition towards a low-carbon economy and to offer business solutions from within our core operations that encourage a low-carbon and circular economy. For more information on how we contribute positively to the environment, see 'Environmental Responsibility'.

DIRECT

To mitigate our direct impact on global warming, we have started a group-wide programme to reduce our own environmental footprint. It includes:

- Greenhouse gas emission targets: by 2020, the group wants to reduce its own greenhouse gas emissions (excluding commuter travel) by at least 20% compared to 2015 (in absolute terms and per FTE). We have translated this aim into action plans in each core country.
- The ambition to obtain ISO 14001 certification in all our core countries by the end of 2017. This external certification confirms the quality of our environmental management system.
- An HR policy that contributes to the transition to a low-carbon economy (including a reduction in commuter and business travel by promoting home-working and teleconferencing and the use of public transport and bikes, and by adjusting our company car policy).

OUR ACHIEVEMENTS



In 2017 our GHG emissions (covered by the reduction target) declined by 28.9% compared to 2015, and we are ahead of schedule to reach our 2020 target. This mainly thanks to the purchase of renewable energy in our core countries. As a result, the share of renewable electricity increased to 74% in 2017 compared to 46% in 2015. We are currently investigating an additional long-term target.

For more details on GHG emissions, the calculation methodology and other environmental indicators, please see the 'Facts & Figures' section of this report.



Relevant SDG goal
Through our focus on reducing our own environmental footprint, we contribute to SDG 12 & 13.

Indicator	Goal/ambition level	2017	2016
Total GHG emissions excluding commuter travel	20% reduction by 2020 relative to 2015 both absolute and per FTE	Absolute: -28.9%	Absolute: -14.3%
Intensity:		Intensity: -28.2%	Intensity: -14.07%
ISO 14001-certified environmental management system	ISO 14001 certification in all core countries at the end of 2017	Belgium, Slovakia, Hungary, Bulgaria, Slovakia, Czech Republic and Ireland	Hungary and Bulgaria
Other environmental indicators	Please see the 'Facts & Figures' section of this report	Please see the 'Facts & Figures' section of this report	Please see the 'Facts & Figures' section of this report

06

Increase our positive impact on society

FINANCIAL LITERACY has three dimensions for KBC:

We contribute to the real economy in all our core markets through our core banking and insurance activities. We want to go further, however, and increase our positive impact in fields where we, as a bank-insurer, can make a difference. We take our cue when determining our focus areas from the UN Sustainable Development Goals. Bearing in mind the context in our different core markets, we have defined the following focus areas for sustainability: 'financial literacy', 'environmental awareness', 'entrepreneurship', and 'demographic ageing and/or health'. We aim to develop innovative financial and insurance solutions for each of these areas in all our core countries.

FINANCIAL ADVICE AND CLEAR COMMUNICATION

Helping clients make the right choices through good and transparent 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.

Transparent communication

Only if we communicate transparently and clearly can we give clients correct and appropriate advice and help them to make the right decisions.

For that reason, we decided to take a close look at our client communication in 2017 in Belgium: which information could be simpler, clearer, better? And which messages are, if we're honest, not actually needed? The latter turned out to be the case with almost a quarter of our communication: in our desire to inform clients as correctly as possible, we tipped over occasionally into communicating too much. That's something we want to avoid from now on. In the meantime, 40% of useful messages have been thoroughly modified as well. We will continue to examine and improve our client communication in 2018 too.

FINANCIAL BEHAVIOUR

Using analysis to understand and respond to client behaviour more effectively. A business can serve its clients more effectively if it combines and analyses all the available data. But not every client is comfortable with this, so KBC makes a point of letting them choose for themselves. Clients who give their permission receive personalised advice, promptly and tailored to their specific needs at each stage of their lives. Where someone prefers not to allow this, we fully respect their privacy and stop presenting them with commercial offers in this way. We naturally continue to offer them personal advice at a bank branch or insurance agency.

Home experience events

Financial literacy can empower people to make informed choices, especially when it comes to buying a home or making an investment. A key part of the KBC Ireland Financial Literacy Programme was our 'Home Experience' events. These attracted over 850 people from around the country and expert advisors were on hand to take attendees through the step-by-step process of buying their home; from demystifying the mortgage process to finding the right property and closing a sale.

Lessons and teaching

Schools can request an expert teacher from KBC – a KBC employee who has been selected and specially trained for this role. The lessons cover a variety of topics relating to payment methods, saving and investment, borrowing, insurance and related themes. We want to give pupils an understanding of the financial world in general and their personal financial situation in particular. The lessons are not intended as a sales pitch for KBC: we want to fulfil our role in society in this respect too. The teacher remains entirely neutral when banking and insurance products are mentioned.

Indicator	Goal/ambition level	2017	2016
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 2017 for concrete examples for each of the focus areas	Please refer to the Sustainability Report 2016 and the Annual Report 2016



FINANCIAL EDUCATION

Raising citizens' understanding of financial concepts and products. This means young people too, since tomorrow's financial consumers should be able to make carefully thought-out choices.

In Bulgaria, CIBANK distributed information on basic financial topics via social media and educational videos on its website. The videos were designed to provide entrepreneurs financial knowledge necessary to create efficiency and effectiveness in business operations, and acquire financial skills to meet their goals.

K&H Ready, Steady, Money! – the financial education programme and competition for primary school pupils – was organised for the seventh time in the 2016–2017 school year to encourage children to learn the basics of everyday household finance. This will then help them to make smart financial decisions later. In 2017 almost 7 000 students took part in the event.

'Get a Teacher' in Belgium: A total of 450 lessons were delivered in 2017 by 38 KBC employees, reaching around 300 schoolteachers and 6 700 pupils. Due to the high level of demand, the number of KBC teachers will be increased to 50 staff members in 2018 to ensure the same level of quality.

ČSOB Financial Education project in the Czech Republic: 2017 was the second year of the ČSOB Financial Education project for schools. The number of internal ambassadors rose to 220 and they delivered 365 lessons to 10 000 pupils at 75 schools.

A current account for clients was offered at ČSOB Slovakia in 2017 together with an app that helps keep smartphones secure. The app was made available to the general public to promote digital security. By December 2017 it had been downloaded a total of 3 500 times.

Relevant SDG goal

We support responsible consumption and production (SDG 12) by helping our customers 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'.



Bolero Crowdfunding launched the first two campaigns in 2017 for the new crowd-funding tax shelter. The initiative offers investors tax relief when they invest in start-ups via an accredited crowd-funding platform. Bolero Crowdfunding was the first Belgian platform of this kind to be recognised by the FSMA, the country's Financial Services and Markets Authority. More than 20 projects have been initiated to date and 3.5 million euros has been raised, representing 194% of the desired capital.

06

ENVIRONMENTAL RESPONSIBILITY

Environmental responsibility to us means developing business solutions that have a positive impact on the environment. It also means continuing to reduce our own environmental footprint through the creation of a variety of initiatives and targets.

We aim to contribute positively to the transition towards a low-carbon economy and to offer business solutions from within our core operations that encourage a low-carbon and circular economy.

We want to actively support energy efficiency, promote sustainable renewable energy, support sustainable, safe mobility and promote the circular economy.

In mid-2017, for instance, we signed the 'Green Deal for Circular Procurement', committing ourselves to set up two circular procurement processes in 2018.

Energy Efficiency in businesses

KBC has partnered with Tractebel to fund energy-saving investments for its business clients in Belgium. The joint initiative, launched in the autumn of 2017, combines a thorough energy audit with tailored forms of finance. Sustainability and green energy are hot topics and nearly all businesses have multiple energy saving projects. Tractebel's E²PRO programme (Energy Efficiency PROject Development) offers an integrated solution for all energy-saving measures, from audit through engineering and implementation to monitoring. It deals with all technologies in a single study and delivers an effective outcome.

Mobility

KBC also wants to become the reference for sustainable and high-quality mobility solutions. To help us achieve this, KBC Insurance, VAB and KBC Autolease have joined forces in KBC Mobility – a strategic project that aims to make a positive contribution to mobility and road safety in Belgium. The focus is on mobility solutions for employers (and employees), with the emphasis on ease of use, solutions that factor in the bicycle and alleviating private individuals' worries in the event of claims. Businesses have shown considerable interest in our lease cycle offering. The Olympus app, meanwhile, gives lease car clients too the opportunity to use the train, tram, bus, underground, bike or car share.

Energy efficiency loans

These consumer loans in Bulgaria in partnership with EBRD are targeting households and associations of apartment owners for investments in energy saving technologies, enhancing residential energy efficiency and reducing water heating or electricity costs.

Energy Performance Contracting

ČSOB Czech Republic has been active in financing Energy Performance Contracting projects (projects with guaranteed energy savings) since 2007. In the meantime, ČSOB has financed more than 30 projects for a total amount of 44 million euros. The flagship transaction in this area in 2017 was the 3.6 million-euro funding provided to the Regional Hospital in Northern Bohemia. The project aims to reduce heating, electricity and water consumption by installing more efficient, up-to-date and environmentally friendly technology. The supplier guarantees energy savings of 628 000 euros annually, representing a total of 6.2 million euros over the ten-year life of the project. In other words, the project will earn back its costs in full and will also generate a significant surplus.



Relevant SDG goal
There is a clear link between KBC's business solutions for our focus area 'environmental responsibility' and several of the SDGs: climate action (goal 13), affordable and clean energy (goal 7) and responsible consumption and production (SDG 12).

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.

SUPPORTING START-UPS AND ESTABLISHED BUSINESSES

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.

ALSO IN THE GLOBAL SOUTH

We also support business start-ups in the Global South. BRS Microfinance Coop is a joint initiative of KBC, Cera and the non-profit organisation BRS. The three partners provide start-up capital, knowledge and experience 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.



INTRAPRENEURSHIP

KBC backs entrepreneurship and innovation within our own organisation too. We are eager to keep up and constantly challenge our business model with technological developments and the emerging needs of a changing society.

- The creative input of our employees is highly important when it comes to equipping ourselves to deal with technological change. We do everything we can to attract and motivate talented staff.
- We regularly review all our existing products so that they can be adapted to take account of evolving client needs or changing market conditions.
- We pay particular attention to innovation and digitisation and are investing substantial amounts in that area. We have appointed a Chief Innovation Manager and have set up an Innovation Board, in which the Chief Innovation Manager and the CEOs of the different countries can discuss the group's innovation plans, how projects are progressing and joint initiatives.
- We make sure that ideas are exchanged within our group and that apps are copied and reused as much as possible at other group entities. In this way, we create additional synergies and leverage the talent, entrepreneurship and resources available within our organisation.

Start it

@KBC: We're still the biggest business incubator in Flanders and Brussels, with over 530 start-ups under our wing. Start it @KBC was also incorporated recently in the Global Accelerator Network, which creates opportunities for innovative new businesses. Special campaigns were launched to see to it that talented women entrepreneurs, for instance, also get more of an opportunity.

@K&H: A pilot project was launched in 2017 to roll out the concept in Hungary as well. Through Start it @K&H, K&H offers free office space, server capacity, financial education, coaching and a range of funding opportunities for start-ups.

Storesquare

It's not always easy for local traders to set up a web shop entirely on their own initiative. Hence KBC's partnership in Belgium with Roularta and Unizo to offer Storesquare – a platform that allows local traders to offer their products online without having to create a web shop. Over 300 KBC traders now use the service.

The e-store solutions programme has been launched in Bulgaria to help SMEs and corporates launch online stores. The offering includes training on e-store development and digital marketing.



Relevant SDG goal
Our focus on 'entrepreneurship' as one of the focus areas is specifically linked to goal 8 and goal 12.



06

DEMOGRAPHIC AGEING 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 core countries will develop products, services and projects geared towards improving general health, healthcare and quality of life.

Our specialised Social Profit and Local Authorities department has been created to meet the specific needs of social profit institutions (hospitals, retirement and nursing homes, education and welfare services) and local authorities. At year-end 2017, we have a 6.2-billion-euro loan portfolio in the healthcare sector, including retirement and care homes

Happy@Home

We recognise that younger people are incredibly busy, while older people are often keen to keep living at home for longer. That's why we have developed Happy@Home in Belgium – an online package that enables clients to order and pay for help in the home, a cleaner, a gardener or a home alteration adviser easily and online. We have teamed up with ONS to deliver these services and with Cubigo for the online platform. The services are funded via a unit-linked insurance product. Over 1 600 clients have chosen this solution already.

Digipro

Digital literacy still represents a new social challenge for large sections of the population in our ever more digitised society. Here too, K&H wants to contribute to the organisation of information sessions for non-digital clients. There are basic sessions about using a smartphone and tablet, plus sessions focusing on the use of our own tools, such as KBC Touch and KBC Mobile. The sessions were successfully tested in the branch network in Belgium among 2 000 clients in 2017 and are now being extended. Each cluster can invite interested clients to attend monthly 'Digital Tuesdays'.

MediMagic program

K&H, through its MediMagic programme, has been a committed supporter of child health care for 14 years. K&H funds the purchase of paediatric equipment for hospitals. It also runs the MediMagic story-telling programme in hospitals and on YouTube, in which stories told by volunteer doctors provide psychological support for young patients.

Health insurance

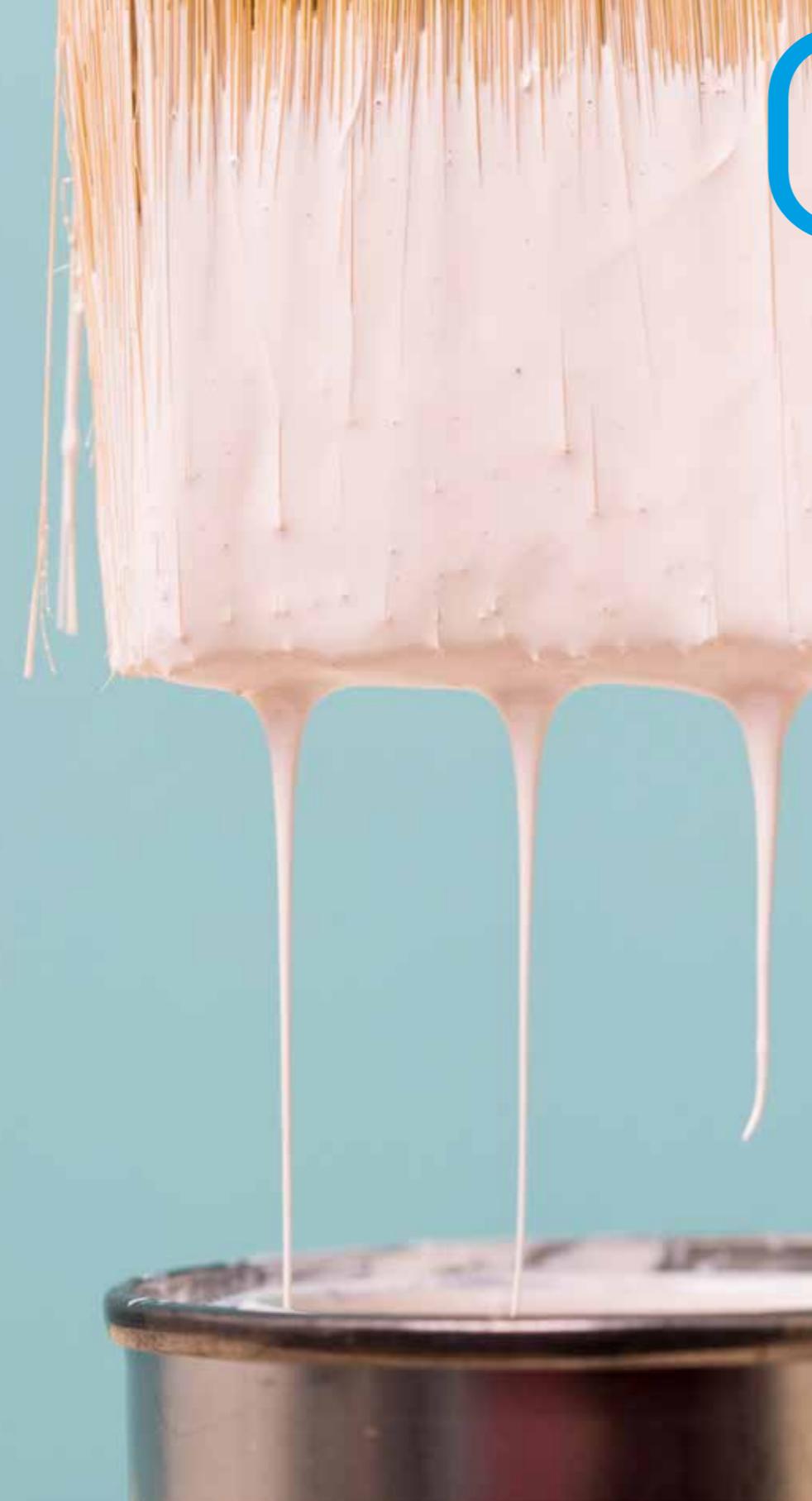
A new health insurance product was launched in 2017 in Bulgaria that offers health solutions for retail clients, such as free annual check-ups and reimbursement of medical treatment and hospitalisation. The product also links up with an electronic health-status file, incorporating an SOS application. Medical personnel can then access the personal health information in the event of an emergency.



Relevant SDG goal

We support responsible consumption and production (SDG 12) by helping our customers address several environmental and social challenges on which we have chosen to focus, including the development of business solutions for our focus areas 'demographic ageing' and 'health'.





07

Stakeholder engagement

Identifying our stakeholders

Another aspect of sustainability for KBC is that we are able as a bank-insurer to respond to the needs and expectations of all our stakeholders, both now and in the future. It was therefore important for us to identify our main stakeholders and to set up a structured stakeholder dialogue so that we can work together towards a sustainable future.

This was achieved via thorough stakeholder analysis carried out in cooperation with sustainability experts. Based on these insights, we have launched interactive initiatives, dialogues and/or surveys for each of our stakeholder groups.

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	Annual Group Employee Survey, regular consultation with the Health & Safety Committees, prevention advisors and union representatives, annual meeting of the European Works Council and annual 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 counties, membership of sustainability networking organisations, research papers and media analysis
Suppliers	CSR questionnaire as integral part of the supplier assessment and supplier screening process by EcoVadis

Materiality assessment



Working towards a sustainable future means focusing as a bank-insurer on areas that are important to both our stakeholders and to KBC. To identify these material issues we conducted a quantitative materiality survey in 2016 with input from over 2 000 internal and external stakeholders across all six core countries, which has been supplemented with the outcome of several qualitative interactions in 2017. The result is the 2017 materiality assessment.

The materiality survey conducted in 2016 identified 21 material items. Based on feedback from external and internal experts, thorough analysis and continuous dialogue with the various stakeholders, market research and international trends, we have drawn up a list of issues and domains considered as material for both society and KBC. To draw up our 2016 materiality matrix, we carried out a survey of the general public in all our core countries and an internal survey of our Board of Directors, Executive Committee and senior management. The survey was carried out by an independent third party. We asked the survey participants to rate the various items by importance. The items with the highest priority for both our stakeholders and KBC appear in the top right of the chart. We

have included two extra topics (not listed in the top right of the chart), as we view them as being of the highest importance to us or to specific stakeholder groups:

- (i) limiting our adverse impact on society via sustainable policies (important for KBC and NGOs) and
- (ii) our direct footprint, since climate change is one of the biggest threats of our society.

To make sure that the material topic identified in 2016 and the prioritisation of topics are still relevant, we have supplemented the 2016 materiality survey with desk research on emerging societal, economic, environmental and business trends, internal interviews, external stakeholder dialogue and bilateral discussions with different NGOs and civil society organisations.

We have identified a number of issues that have become substantially more important compared to the 2016 materiality matrix

Qualitative interactions with external stakeholders confirmed the importance of clear and transparent communication on our sustainability policies. In specific terms, we consulted a variety of NGOs and civil society organisations in 2017 on societal expectations towards controversial issues such as

nuclear weapons, mining and fossil fuel. KBC's sustainability policies are reviewed and updated every two years. We will update and communicate on these policies in the course of 2018.

Another material topic that assumed increasing importance in 2017 was the impact of climate-related issues on business and on sustainable finance in general, as highlighted by the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD) and the European Union High-Level Expert Group on Sustainable Finance (HLEG). Internal awareness of this area increased too. In order to be prepared for the increasing expectations and the changing legislation of tomorrow, we have set up an internal project on sustainable finance in 2017.

We will conduct another extensive quantitative and qualitative materiality assessment in 2018 to identify the issues that are most important for our stakeholders, for our business and for society.

External stakeholders

1802

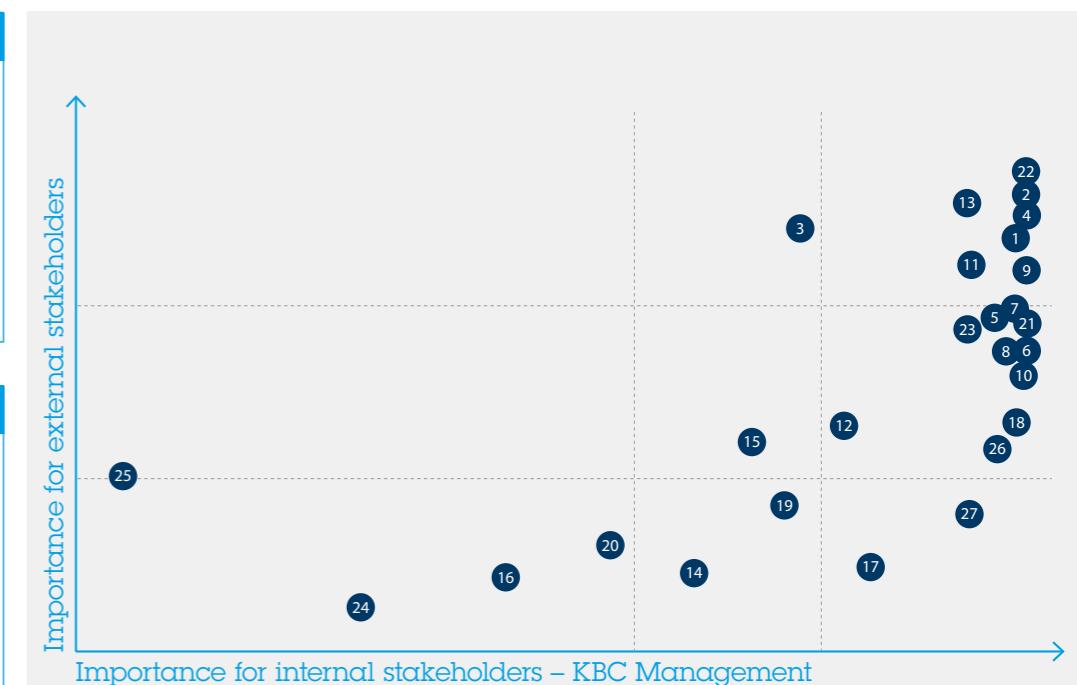
respondents in six countries

Internal stakeholders

210

respondents from the Board of Directors, the Executive Committee and senior management

MATERIALITY MATRIX



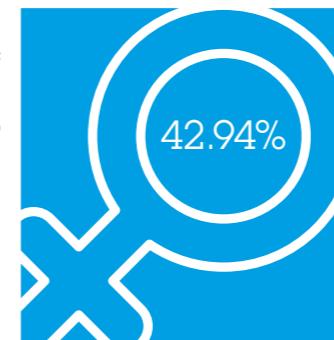
- ① Quality of products and services
 - ② Compliance with laws and regulations
 - ③ Pricing of products and services
 - ④ Financial performance
 - ⑤ Risk management
 - ⑥ Long term strategy
 - ⑦ Customer protection
 - ⑧ Innovative products and services
 - ⑨ Enable people to make smart financial decisions
 - ⑩ Transparent communication
 - ⑪ User-friendliness of products and services
 - ⑫ Accessibility of products and services
 - ⑬ Privacy and data protection
 - ⑭ Involvement with local communities
 - ⑮ Assessment of suppliers on environmental and social aspects
 - ⑯ Our direct footprint
 - ⑰ Limiting our adverse impact on society via sustainable policies
 - ⑱ Funding and insuring the local economy and stimulating entrepreneurship
 - ⑲ Develop and launch business solutions with focus on health and longevity
 - ⑳ Offering sustainable products and services
 - ㉑ Responsible selling and advice
 - ㉒ Integrity
 - ㉓ Business ethics
 - ㉔ Develop and launch business solutions with focus on environment
 - ㉕ Job security
 - ㉖ Equal opportunities for all employees
 - ㉗ Remuneration policy

08 Our employees



A company is only as strong as its people. 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. KBC recognises this and focuses in a variety of ways on developing talent, providing lifelong education, maintaining a stable work-life balance, reducing complexity, encouraging the international exchange of best practices and stimulating innovation so we can respond to a rapidly changing society.

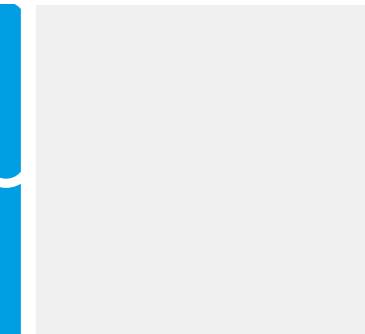
KBC Group:
Total number
of employees
40 878*



Belgium: 17 089
Czech Republic: 10 369
Slovakia: 2 925
Hungary: 4 213
Bulgaria: 4 500
Ireland: 1 244
Rest of the world: 538

Full-time:
33 835

Part-time:
7 043



**Permanent
contract:**
38 111

Of which women: 17 949
Of which men: 15 886

**Temporary
contract:**
2 767

Of which women: 5 308
Of which men: 1 735

* Please note that the workforce figures differ from those reported under '2017 in short' of this report and the figures reported in the Annual Report 2017 and the Report to Society 2017 due to a difference in reporting period. See 'About the report' for more details.

08

Stimulating creativity and innovation

Our rapidly evolving society is driving changes in client behaviour and markets that are also reflected in the nature of jobs in the financial sector. Today's jobs could disappear in the future, while new jobs arise. Our preferred scenario is one where our employees can evolve together with the company. By investigating trends, changing behaviour and introducing new technologies we can identify future needs and future employee profiles. We focus on our employees' strengths and offer them the possibility of continuous growth so that they can meet our clients' needs and wishes in an optimum way.

We also encourage our employees to develop ideas as a team. Although our group is made up of many businesses – each with its own, locally familiar name – all our employees also belong to one big family called 'Team Blue'. '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.



Surf Studio is KBC's innovation centre, where trends in technology and society are captured, discussed and translated into concrete business solutions in a cross-border and cross-silo setting. Surf Studio is active in all our core countries.

Learning and development

We create a motivating working environment in which our employees are given the opportunity to develop their talents and skills, not only by learning, but also by communicating their ideas and taking responsibility. We view self-development as key to growing professionally along with KBC. Our staff can choose among a wide range of e-learning courses – online learning journeys that feature learning nuggets, Skype sessions, workplace coaching and other development opportunities. Our new learning culture makes the fullest possible use of digital possibilities, but we also remain committed to traditional training courses where these are most appropriate.

Although employees are primarily responsible for developing their own careers, KBC offers a great deal of support. There is a range of interesting assignments and plenty of opportunities are offered to change jobs internally via the internal job market and for employees to grow in their current setting.

186 000
total training days

4.7 average days
of training per employee

29 million euros spent on
training and development

18% internal labour mobility
(as % of workforce)

Management and leadership

We realise that good managers are key when it comes to enabling employees to bring out the best in themselves. That's why we have intensive leadership tracks in place at different levels. Managers develop their skills through our 'lead yourself', 'lead your business' and 'lead your people' courses. They are increasingly taking on the role of coach, whose task it is to translate strategy to the workplace, to motivate employees and to give them the space to perform. 'KBC University' is now also up and running. This ambitious development programme is aimed at senior managers from the entire KBC group, with different speakers and modules focusing

124 senior managers
and top talents participated in
the KBC University Programme
and International talents college in 2017

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.

Our Minerva scheme offers in Belgium **5** possible career paths:

- the same work;
- less work;
- easier work;
- less and easier work;
- or working outside KBC without sacrificing their current job security.

Work-life balance at every career stage



KBC offers flexible working hours, the option to work part-time and from home, benefits for special occasions (marriage, child birth, etc.), health insurance for all employees and re-insertion programmes after periods of absence.

We pay particular attention to extending careers. An example is Minerva, our HR plan for older employees in Belgium, which has enabled us to move towards a more individualised approach geared to their particular needs. We are responding in this way to demographic developments and preparing people to work for longer.

The latter often occurs in the social profit sector, in which the expertise of our 'KBC ambassadors' is highly appreciated.

08

Health and workplace

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 physically and mentally. Employees are given the opportunity in the workplace to focus actively on their ‘wellness’ in dialogue with their co-workers



92%
of employees
covered by collective
bargaining agreements

87%
response rate
in de Group
Employee Survey

Equal opportunities and diversity

and managers. Particular attention is paid in this regard to mental health. In Belgium, for instance, a project on well-being was started in 2017 covering specific health and safety initiatives ranging from presentations on burn-out to individual testimonies and interactive sessions with managers, so that stress and burn-out can be discussed openly within teams.

We believe in equal opportunities for all employees. We do not make any distinction on the grounds of gender, religion, ethnic background or sexual orientation 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. As an employer, we want to give a clear signal to society: we treat our employees in a socially responsible manner and that relationship is grounded in mutual trust and respect. We also raise diversity awareness among our employees. We have incorporated gender diversity into training for managers, we aim to achieve a better gender balance for middle management and senior management and we are developing training programmes focused on women who want to grow in their careers. Diversity

isn’t only about women, though: the more diverse a company is, the more innovative and flexible it can be. It is important to realise that everyone has their own unique combination of visible and less visible characteristics. Dynamic, creative and resilient employees will help us respond to our rapidly changing society. With this in mind, we launched the ‘Diversity Rocks’ campaign in 2017.

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 2017. 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.

We closely monitor employee satisfaction and engagement and consult our staff each year by means of the Group Employee Survey. The 87% response was up two percentage points on the previous year, with over 32 000 employees taking the time to share their opinions. 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.



Relevant SDG goal

We contribute to Goal 8 by supporting labour rights, providing safe, secure and healthy working environment and stimulating creativity and innovation. More detailed employment and workforce indicators can be found in the ‘Facts & figures’ section of this report.





09 Our clients

We put our clients at the centre of everything we do and offer them a unique bank-insurance experience.

We want to earn our clients' trust by providing them with complete, accessible and relevant solutions at a fair price.

By offering them flexibility:

- Variety of channels
- When it suits them best



By focusing on simplicity and client experience:

- We enable our branches, agencies, advisory centres and digital channels to communicate with each other effectively.
- A once-only request for data and information.
- We know our clients and understand their needs and expectations.

By offering tailor-made and personalised advice:

- Clients who allow their data to be analysed receive personalised advice, tailored to their specific needs.
- All clients receive personal advice at their bank branch or insurance agency.

By protecting data and privacy:

- We have a strict privacy policy in place.
- We analyse available data only when the client gives his permission.

Changing consumer behaviour

We operate in a highly dynamic environment, in which we have to contend with changing behaviour and evolving expectations on the part of our clients, new technologies, a challenging macroeconomic context, intensifying competition and so on. We continue to provide an integrated response to our clients' banking and insurance needs in this more digital world too, in the shape of a comprehensive, one-stop financial service, in which they can choose from a wider, complementary and optimised offering.

Omnichannel and digitisation

What our clients want today is actually the same as what they wanted in the past: a bank or insurer they can trust, and who offers them the right solutions. The difference today is that they want it through a variety of channels and at the moment that suits them best: mobile payments in the restaurant, online banking from home, advice from an insurance agent or an investment expert in an office or remotely from a regional advisory centre.

We have therefore refined our client focus to the formula 'think like the client, but design for a digital world'. Clients can continue to choose whichever channel they prefer, be it the bricks-and-mortar branch or agency, their smartphone, the website, the contact centre or our apps. Human contact will continue to play a crucial role, but backed up with digital possibilities: face-to-face contact, for instance, supported by robot advice or chatbots, as in the K'Ching app in Belgium.

This approach also entails further internal simplification of processes, systems and products so that we can remain a secure and reliable partner for our clients, who are looking for convenience and ease-of-use, wherever and whenever they want. To this end, we will continue to enhance the efficiency and effectiveness of our processes and our data management, so that we act swiftly and decisively to offer our clients a convenient and pleasant experience.



Some of our apps

Privacy and data protection

Digitisation provides us with a multiplicity of data, which we can use to get to know our clients better and advise them more effectively. It goes without saying that clients only accept us analysing their data once they already trust us. We achieve that through an excellent privacy policy, for which the client sets the limits. Because privacy is not only an objective concept, defined by law, it is a highly subjective one too. For that reason, we want to let clients themselves choose what we can do with their data. In the process, we aim to communicate in a transparent way and offer our clients a clear privacy overview, in which they can adjust their choices at any moment. We view smart data analysis allied with effective privacy protection as the ideal opportunity to enhance our clients' trust.

We closely track new regulations in this regard and prepare ourselves thoroughly. We are in the process, for instance, of implementing the General Data Protection Regulation (GDPR), which comes into force in 2018 and will impose rules on the processing of personal data.

The world is digitising and so too are our clients. The way we think is focused on the client, and so we are constantly developing solutions that are even faster and more convenient to use.

Targets for client experience and reputation

Putting the interests of our clients at the heart of everything we do is the cornerstone of our strategy, and so we keep a close eye on their situation. We collect their experiences in the various markets in which we are active and use that information to improve our services and products.

We also closely monitor our reputation and communicate this analysis to all the departments and individuals concerned, so they can take appropriate action. The targets and results for client experience and reputation are described at the beginning of this report, see '2017 in short'.



10 Our suppliers

Supplier assessment

We are committed to working with all our stakeholders to help bring about a more sustainable society. To achieve this, we aim to create an environment in which sustainability is fully embedded. Suppliers are amongst our most important stakeholders and so we want them too to integrate social, ethical and environmental criteria in their purchase, sale and outsourcing procedures. Our suppliers are therefore required to comply with the principles outlined in the KBC Sustainability Code of Conduct for Suppliers.

 [Code of Conduct for Suppliers.](#)

When making procurement decisions, we not only consider the best price and quality, but also ethical, environmental and social aspects. By incorporating sustainability in our procurement activities we aim to:

- Encourage our suppliers to integrate criteria that reflect social, ethical and environmental concerns in their purchase, sale and outsourcing procedures;
- Procure products and services with the lowest possible environmental impact;
- Work with suppliers that contribute to KBC's progress towards sustainable development;
- Collaborate solely with suppliers that subscribe to the universal UN Global Compact Principles.

All our procurement activities are assessed against the environmental and social criteria incorporated in the KBC Sustainability Code of Conduct for Suppliers. We have worked out a procedure for the different phases in the purchasing activities.

During the selection procedure, all suppliers are assessed on sustainability risk using the KBC Blacklist, World Check and the CSR Questionnaire for Suppliers. If any hits are generated on World Check, these are investigated by the Corporate Sustainability department in cooperation with Group Compliance. It will then be decided whether further cooperation with the supplier is possible. Blacklisted companies are excluded from any activity with KBC. The CSR Questionnaire is an integral part of the screening of a new supplier. It checks compliance with the KBC Sustainability Code of Conduct for Suppliers in more detail. Any supplier that passes this screening is then contractually obliged to sign the Code of Conduct.

Performance monitoring

We actively monitor compliance with the Code of Conduct. If any violations come to light that cannot be fundamentally resolved within an appropriate period, KBC will terminate the business relationship. KBC will support suppliers willing to make the adjustments needed to bring them into compliance.

We work with the international consultancy EcoVadis for in-depth screening of our suppliers' sustainability performance. Each year we invite several Tier-1 suppliers to undergo screening. The suppliers who are screened receive a scorecard, which they can also use as evidence of their sustainability commitment to other clients. Where the results are less positive, we work with the supplier and EcoVadis to draw up an action plan to raise the level of sustainability within the supplier's company. 73 suppliers were invited to participate in EcoVadis screening in 2017, to which 46% responded. The average score for the screened KBC suppliers was 52 – higher than the average EcoVadis score of 42.



11 Community

We are aware of the important role we play in society and we take our responsibility seriously.

Local communities

As an integrated bank-insurance group we have an indirect impact on the economy and society at large through our operations and all our products and services. Due to the significant scale and wide variety of our indirect impact, we cannot report on it in full. But the most important elements are as follows:

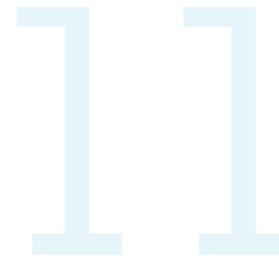


- We stimulate the economy in all our core markets and beyond through our lending, insurance and asset management activities. Besides loans to individuals and SMEs, we invest in specific sectors and target groups such as the social profit sector, real estate and construction and renewable energy. We also have dedicated financing departments to help fund projects in these sectors based on specialised industry knowledge.

- We have defined entrepreneurship as one of the focus areas in which we, as a bank-insurer, can make a genuine difference. We want to contribute to economic growth by supporting innovative ideas and projects.

- We contribute significantly to employment in all core countries, delivering the purchasing power of almost 42 000 families.

- We support economic growth in the Global South via BRS.



154 billion-euro
loan portfolio
to private individuals,
retailers, SMEs and
corporates

535
start-ups have already
been coached by Start it
@ KBC, Belgium's largest
business incubator

1.25 billion-euro
loan portfolio in
renewables sector

2.3 billion-euro
in salaries, pensions
and benefits paid
to our employees

1.26 billion-euro
paid in income taxes
and bank taxes

6.2 billion-euro
loan portfolio
in healthcare sector,
including retirement and
care homes



Access to financial services

Access to financial services and solid financial advice for all sections of society contributes to economic development and forms the basis for financial and social integration. We fulfil our responsibility as a bank-insurer in this regard too.

- We promote financial literacy and seek by means of solid and transparent advice to help our clients make the right decisions. Various examples of our financial literacy initiatives are set out under 'Increase our positive impact on society' of this report.
- We also want our products and services to be available to everyone in society. We ensure that our electronic applications are accessible to blind and partially-sighted clients too; that our branches and headquarters have the best possible disabled access; and that the majority of our ATMs can also be used by visually and hearing-impaired people.

We invest in the economy

KBC participated in the refinancing of the Flemish PPP, Noord-Zuid Kempen – an infrastructure project involving the construction of a new road between Geel and Kasterlee, including a safe intersection with the E313. The Kempen region is an important geo-economic asset, given its central location in the European economic zone. However, logistics, industry and employment mean heavy traffic and so the village centres of Kasterlee and Geel were adversely affected by intensive local and transit freight transport. The new road infrastructure now provides improved access between the Netherlands and Brussels and makes it easier to reach the Kempen. It also enhances local residents' quality of life and safety, as traffic no longer passes through residential areas.

BRS

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.

An example

An example of the ongoing partnership with BRS in 2017: extended collaboration with AMC cooperative microfinance institution in El Salvador.

AMC is embedded in a very broad and strong social movement (Adel Morazan) that guarantees the social mission of this MFI (development of micro and small enterprises, emancipation of women, development of professional associations, social inclusion, etc.).

BRS will support and guide AMC over the next three years with coaching and advice on savings products, risk management and internal audit and control. BRS provides a budget of 120 000 euros for this project. AMC currently has 18 agencies and 167 employees spread throughout the country and serves 12 000 clients, of whom 57% are women.

For other examples of BRS projects please refer to the BRS annual report.

Community involvement

Our Sustainability Strategy is embedded in all of our core countries and we continue to develop innovative business solutions linked to our four focus domains. But we also support societal projects with a positive impact on society in all those countries too.



We aim to promote activities, projects and campaigns that matter to our clients, our employees and our communities, while leaving all entities in our core countries the opportunity to define a local focus. The purpose of these initiatives – in the areas of citizenship, sponsorship, volunteer working and philanthropy – is to have a positive impact on society at large and to promote volunteer working, also by our own employees. We sponsor activities with a direct link to our strategy, principles or focus domains, which enable individuals and organisations to grow, develop and increase their self-confidence. Employee involvement is actively encouraged.



Belgium

KBC is committed to projects that reach and affect a lot of people. In Belgium, we choose themes that are closely aligned with our business operations and the role we can play in society through them. We focus, for instance, on road safety and mobility. We're also pooling our efforts in the fight against cancer.

FIGHT AGAINST CANCER

KBC has been a partner for many years of 'Kom op tegen Kanker' – the most important anti-cancer organisation in Flanders, which campaigns for the right of patients to the best care and treatment, and the right to a healthy living environment. It seeks to achieve this by setting up and supporting care projects, funding scientific research, influencing policy, providing information and prevention.

AND MORE BESIDES...

We also support disadvantaged and vulnerable people and social projects with a positive impact on society in the cities in which we are active. Examples include 'Toekomstatelier', 'Atelier Groot Eiland' and 'De Foyer'. Our collaboration with Close-the-Gap was likewise expanded. Through its strategic partners, this non-profit organisation provides high-quality computers to educational, social and medical projects in developing countries with a view to narrowing the digital divide. KBC also organises its Solidarity Campaign each year, in which 50 employees who commit themselves to a small-scale social project can apply for 1 500 euros to promote 'their' good causes – organisations devoted to the disabled, migrant integration, combating poverty, neighbourhood development, and initiatives for the Global South.

Bulgaria

CIBANK, UBB and DZI began to collaborate on a structural basis in 2017 with a number of municipalities, with the focus on fresh investment opportunities for the specific region, boosting local entrepreneurship and contributing towards regional development initiatives. The [CIBANK Academy](#) offers SMEs and start-ups a number of videos designed to enhance financial literacy and business efficiency. Five videos have been released to date, which have been viewed 25 000 times.

CIBANK teamed up with [BCause Foundation](#) to organise various financial seminars for the young people taking part in the Ready for Success programme, which supports children and young people growing up without parents in their studies. CIBANK also provided two students with internships at the bank.

Czech Republic

The '[Together with ČSOB](#)' campaign enables employees to collect extra money for their chosen charity. ČSOB then matches this amount up to 30 000 Czech korunas. Staff at ČSOB initiated 32 projects in 2017, raising a total of 765 150 korunas, to which ČSOB added a further 671 559 korunas.

The [ČSOB Help Fund](#) is a social programme for relatives and friends of ČSOB employees going through a difficult phase in their lives. ČSOB donated a budget of 1.5 million korunas in 2017 to ČSOB Group colleagues to provide extra financial help for things like physiotherapy, neurotherapy and disability counselling.

Ireland

The staff of KBC Ireland chose [the Alzheimer Society of Ireland](#) as their new Charity of the Year in 2017.

To raise money for it, over 60 colleagues teamed up for a non-stop 60 hour relay race. The '[Tap to Give](#)' app is another KBC Bank Ireland initiative, which enables the public to make donations quickly using a bank card. [KBC Bank Ireland Bright Ideas](#) sponsored 60 different projects in 2017. KBC Bank Ireland Bright Ideas is a unique platform, on which people can suggest ideas to improve their neighbourhood.

This year also saw the launch of KBC Bank Ireland Bright Business Ideas to support key social innovators and entrepreneurs. The winner – the innovative website Mobility Mojo – received 50 000 euros from KBC Bank Ireland. KBC employees in Ireland also collaborated in 2017 with [Junior Achievement](#), an organisation that motivates and inspires students.

In recent years, 132 KBC volunteers have provided training to 2 435 students at 71 schools. KBC Bank Ireland once again hosted the [Enactus Pitch Perfect Bootcamp](#) in 2017, at which nine Enactus students pitched and defended their ideas to a KBC jury. Enactus is committed to a more sustainable society. Students have to show how they would persuade people to improve their lives in a sustainable manner.

Hungary

The [K&H go! Paralympic Card Programme](#) was launched 14 years ago, confirming K&H's commitment to health and a healthy lifestyle, in which sport plays an important role. More than 17 athletes and their helpers have been sponsored to date, for a total amount of 15 million Hungarian forints.

K&H has sponsored the [K&H MediMagic Programme](#) for 14 years now, which provides financial and material help for sick children. In the meantime, 390 donations totalling 619 million forints have been made. The focus in 2017 was on medical equipment for treating children aged between 8 and 11, with priority given to applications from disadvantaged areas.

The [K&H Ready, Steady, Money competition](#) has been part of K&H's commitment to financial education for years now. Some 30 000 students have taken part since the contest was launched in 2010.

Slovakia

The [ČSOB Foundation](#) has been working to improve quality of life for over eight years now. In 2017, it donated over 567 000 euros to organisations and schools. ČSOB also focuses on children's safety and health, which is why the Foundation continues to support the '[Attention! Zebra](#)' road-safety project.

The [Bratislava Marathon](#) has been a well-known event for years. ČSOB once again donated 1 euro to charity for every registered participant in 2017, with the 12 000 euros raised going to the Barrier Account. Through its [Employee Grant Programme](#), ČSOB in Slovakia supported 75 organisations this year that promote an active and healthy lifestyle, education and healthcare for children.



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Facts & figures

Economic indicators

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

Stakeholder group	Indicator	ECONOMIC VALUE		
		2017 ⁷	2016 ⁷	2015 ⁷
Suppliers	Operating costs ¹	1 066	1 011	975
Employees	Staff expenses ²	2 252	2 252	2 245
	Employee profit-sharing ⁴	11	11	11
Shareholders	Net result ³	2 575	2 427	2 639
	Dividend pay-out ⁴	1 255	1 171	0
Governments	Total taxes paid (income tax, non-recoverable VAT and other taxes, bank levy and deposit protection fund) ⁵	1 177	1 066	1 034
Community	Total corporate community investment ⁶	8.8	7.8	3.8

¹ See note 3.8 of the KBC Group Annual Report 2017. Includes: general administrative expenses such as repair and maintenance expenses, advertising costs, rent, professional fees, utilities and other such expenses.

² See note 3.8 of the KBC Group Annual Report 2017.

³ See 'Consolidated income statement' in the KBC Group Annual Report 2017.

⁴ See 'Company balance sheet, income statement and profit appropriation' in the KBC Group Annual Report 2017.

⁵ See Report to Society 2017, p. 7, Report to Society 2016, p. 11 and Report to Society 2015, p. 12.

⁶ Based on the LBG measurement framework. The substantial increase in 2016 was due to improved non-financial data gathering.

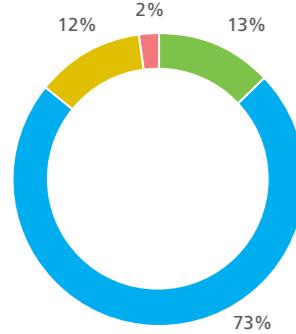
⁷ FY data

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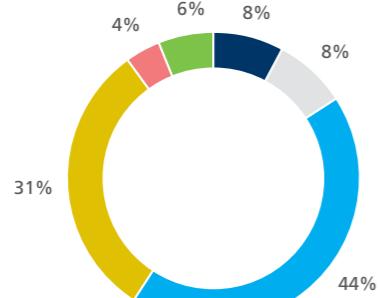
CORPORATE COMMUNITY INVESTMENT

KBC Group contributed 8.8 million euros to the community in 2017.

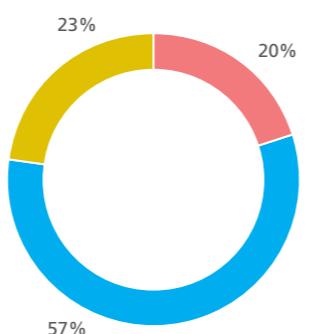
HOW WE CONTRIBUTED IN 2017



WHERE WE CONTRIBUTED IN 2017



MOTIVATION FOR CONTRIBUTION IN 2017



POLICY INFLUENCE

	2017	2016 ²	2015 ³
In EUR	4 225 808	4 237 333	-

¹ FY data

² Note that the 2016 figure has been revised upwards compared to the 2016 figure reported in the 2016 Sustainability Report as an invoice was not yet accounted for in the latter.

³ No data available for 2015

Environmental indicators

ENERGY CONSUMPTION

	2017	2016 ²	2015 ²
Coverage (% of FTEs)	100%	100%	100%
Total electricity consumption	632 036	682 822	705 350
- of which purchased electricity (in GJ)	627 061	678 797	703 740
- of which renewable electricity (in GJ) (% of total electricity consumption)	467 623 (74%)	365 601 (54%)	322 369 (46%)
- of which low-carbon electricity (in GJ) (% of total electricity consumption)	500 202 (79%)	444 659 (65%)	322 369 (46%)
Fuel consumption (natural gas and heating oil) (in GJ)	346 751	339 729	345 223
District heating, cooling and steam consumption (in GJ)	124 902	121 098	119 273
Other types of energy consumption	12 825	12 658	2 948
Total energy consumption (in GJ) ¹	1 114 701	1 155 113	1 171 761
Total energy consumption per FTE (in GJ/FTE) ¹	29	30	31
Total CO ₂ e emissions from energy consumption (in tonnes)	45 449	59 469	73 334
Total CO ₂ e emissions from energy consumption per FTE (in tonnes/FTE)	1.20	1.49	1.91

¹ 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.

² 2016 and 2015 data are recalculated figures in accordance with the GHG protocol guidance on the recalculation of base-year emissions. They reflect the structural changes in the reporting organisation in 2017 (mainly the acquisition of UBB and Interlease), and improvements in the accuracy of activity data.

BUSINESS TRAVEL

	2017	2016 ¹	2015 ¹
Coverage (% of FTEs)	100%	100%	100%
Business travel by road	115 389 240	118 077 747	115 369 610
Business travel by public transport	8 477 571	7 734 503	7 098 390
Business travel by air	18 282 635	15 689 711	15 279 485
Total business travel (in km)	142 149 445	141 501 962	137 747 484
Total business travel per FTE (in km/FTE)	3 744	3 702	3 595
Total CO ₂ e emissions from business travel (in tonnes)	17 059	17 398	17 611
Total CO ₂ e emissions from business travel per FTE (in tonnes/FTE)	0.45	0.46	0.46

¹ 2016 and 2015 data are recalculated figures in accordance with the GHG protocol guidance on the recalculation of base-year emissions. They reflect the structural changes in the reporting organisation in 2017 (mainly the acquisition of UBB and Interlease), and improvements in the accuracy of activity data.

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COMMUTER TRAVEL

	2017	2016 ¹	2015 ¹
Coverage (% of FTEs)	100%	100%	100%
Commuter travel by road	148 139 276	151 182 418	157 173 799
Commuter travel by public transport	81 815 084	87 451 906	94 954 340
Total commuter travel (in km)	229 954 360	238 634 324	252 128 139
Total commuter travel per FTE (in km/FTE)	6 057	6 244	6 580
Total CO₂e emissions from commuter travel (in tonnes)	21 155	22 366	23 841
Total CO₂e emissions from commuter travel per FTE (in tonnes/FTE)	0.56	0.59	0.62

¹ 2016 and 2015 data are recalculated figures in accordance with the GHG protocol guidance on the recalculation of base-year emissions. They reflect the structural changes in the reporting organisation in 2017 (mainly the acquisition of UBB and Interlease), and improvements in the accuracy of activity data.

PAPER

	2017	2016 ¹	2015 ¹
Coverage (% of FTEs)	100%	100%	100%
Recycled paper consumption	154	140	-
Other paper consumption	3 490	3 782	-
Total paper consumption (in tonnes)	3 644	3 922	4 592²
Total paper consumption (in tonnes/FTE)	0.10	0.10	0.12
Total CO₂e emissions from paper consumption (in tonnes)	3 363	3 647	4 312
Total CO₂e emissions from paper consumption per FTE (in tonnes/FTE)	0.09	0.10	0.11

¹ 2016 and 2015 data are recalculated figures in accordance with the GHG protocol guidance on the recalculation of base-year emissions. They reflect the structural changes in the reporting organisation in 2017 (mainly the acquisition of UBB and Interlease), and improvements in the accuracy of activity data.

² No breakdown between recycled paper consumption and other paper consumption available for 2015

WASTE

	2017	2016 ¹	2015 ¹
Coverage (% of FTEs)	100%	100%	100%
Recycled waste generation	2 917	3 208	5 206
Residual waste generation	2 415	2 547	3 079
Total waste generation (in tonnes)	5 332	5 755	8 285
Total waste generation (in tonnes/FTE)	0.14	0.15	0.22
Total CO₂e emissions from waste generation (in tonnes)	266	501	370
Total CO₂e emissions from waste generation per FTE (in tonnes/FTE)	0.01	0.01	0.01

¹ 2016 and 2015 data are recalculated figures in accordance with the GHG protocol guidance on the recalculation of base-year emissions. They reflect the structural changes in the reporting organisation in 2017 (mainly the acquisition of UBB and Interlease), and improvements in the accuracy of activity data.

WATER

	2017	2016 ¹	2015 ¹
Coverage (% of FTEs)	100%	100%	100%
Total water consumption (in m ³)	346 913	399 714	466.099
Total water consumption (in m ³ /FTE)	9.14	10.46	12.16
Total CO₂e emissions from water consumption (in tonnes)	365	421	490
Total CO₂e emissions from water consumption per FTE (in tonnes/FTE)	0.01	0.10	0.12

¹ 2016 and 2015 data are recalculated figures in accordance with the GHG protocol guidance on the recalculation of base-year emissions. They reflect the structural changes in the reporting organisation in 2017 (mainly the acquisition of UBB and Interlease), and improvements in the accuracy of activity data.

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Greenhouse gas emissions

SCOPE AND DEFINITION

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 (see 'About the report' for more details on our non-financial data-gathering and scope of reporting).

The greenhouse gas inventory includes scope 1, scope 2 and scope 3 emissions:

- 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;
- Scope 2 emissions comprise emissions from our use of electricity and district heating, cooling and steam consumption;
- 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.

The greenhouse gases included were: CO₂, N₂O, CH₄ and refrigerant gases.

EXTRAPOLATION

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 (especially data on commuter travel) 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 CO₂e emissions respectively, so as to reflect our total GHG emissions. The greenhouse gas emissions calculated by extrapolation account for 13.37% of total GHG emissions in 2017. Hypothetical approaches were only used for limited activities.

EMISSION FACTORS

The emission factors used are largely based on DEFRA 2017 emission factors, except for travel by road and by rail (European Energy Agency emission factors) and non-renewable electricity (residual mix calculated by European Residual Mixes 2016 Association of Issuing Bodies). We use the same conversion factors group-wide unless more accurate country or source-specific conversion factors are available.

EXTERNAL VERIFICATION

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 94 183.48 tonnes of CO₂e to a level of reasonable assurance and concluded that KBC Group's reported greenhouse gas emissions for 2017 are reliable and fairly stated.

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RECALCULATION OF PREVIOUS YEARS' GHG EMISSIONS:

The recalculation of 2015 and 2016 GHG emissions, in accordance with the GHG protocol guidance on the recalculation of base-year emissions, reflects:

- Structural changes in the reporting organisation in 2017: some entities were excluded to further align the GHG emission calculations scope with the financial consolidation scope of KBC Group and some entities were included following acquisitions in 2017 (UBB & Interlease); and
- Changes in calculation methodology or improvements in the accuracy of emission factors or activity data: including refrigerant gases for all countries. Where more accurate activity figures were available in 2017 than in 2016, we have extrapolated based on per-FTE activity data in 2017 (mainly for transport data).

The recalculated greenhouse gas inventory for 2016 was verified by Vinçotte as part of the 2017 verification process, to allow comparison with the 2017 assertion and with future greenhouse gas assertions. Vinçotte has verified the recalculated emissions of 110 385.27 tonnes CO₂e for 2016.

OUR TARGET AND OUR ACHIEVEMENTS

KBC Group has committed to reducing our total GHG emissions by at least 20% – both absolute and per FTE – by 2020 (relative to 2015 and excluding commuter travel). We have set 2015 as our base year, as reliable data has been available since that year for the whole group.

The related carbon footprint fell by 28.89% in absolute terms and by 28.22% per FTE in 2017 compared to the base year of 2015. We are ahead of schedule to reach the 2020 reduction target, mainly thanks to the purchase of green electricity in our core countries. We are currently investigating a supplementary long-term target.

	2017	2016 ⁴	2015 (base year ³⁻⁴)
Coverage (% of FTEs)	100%	100%	100%
Total GHG emissions (in tonnes CO ₂ e)	94 183.48	110 385.27	126 542.22
Total GHG emissions per FTE (in tonnes CO ₂ e/FTE)	2.48	2.89	3.3
Total scope 1 GHG emissions (in tonnes CO ₂ e)	41 730.14	42 554.49	42 748.63
Total scope 1 GHG emissions per FTE (in tonnes CO ₂ e/FTE)	1.10	1.11	1.12
Total scope 2 GHG emissions (in tonnes CO ₂ e) ¹	27 550.82	41 866.80	55 406.73
Total scope 2 GHG emissions per FTE (in tonnes CO ₂ e/FTE)	0.73	1.10	1.45
Total scope 3 GHG emissions (in tonnes CO ₂ e)	24 902.52	25 963.98	28 386.85
Total scope 3 GHG emissions per FTE (in tonnes CO ₂ e/FTE)	0.66	0.68	0.74
Total GHG emissions covered by target (in tonnes CO₂e)²	73 028.85	88 019.34	102 701.25
% change compared to base year	-28.89%	-14.30%	-
Total GHG emissions covered by target per FTE (in tonnes CO₂e/FTE)	1.92	2.30	2.68
% change compared to base year	-28.22%	-14.07%	-

¹ 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 CO₂e/GJ). Using the location-based calculation method described in the GHG Protocol, our scope 2 GHG emissions amounted to 59 765.53 tonnes CO₂e in 2017, 65 705.11 tonnes CO₂e in 2016 and 68 238.98 tonnes CO₂e in 2015 (conversion factor based on total supplier mix published by European Residual Mixes 2016 Association of Issuing Bodies).

² Target scope: total GHG emissions excluding emissions from commuter travel.

³ We have set 2015 as our base-year, as reliable data has been available since that year for the whole group.

⁴ 2016 and 2015 data are recalculated figures in accordance with the GHG protocol guidance on the recalculation of base-year emissions. They reflect the structural changes in the reporting organisation in 2017 (mainly the acquisition of UBB and Interlease), and improvements in the accuracy of activity data.

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Responsible business indicators

SUSTAINABLE INVESTMENTS

	2017	2016	2015
Total assets under management in sustainable funds (in bn EUR at year-end)	7.1	2.8	2.5
Share of sustainable funds in total assets under management	8.37%	3.51%	3.19%

SUSTAINABLE FINANCE

	2017	2016	2015
Loan portfolio in renewable energy and biofuel sector (granted amount in bn EUR at year-end) ¹	1.25	1.17	-
Loan portfolio in renewable energy and biofuel sector, share in total energy portfolio ¹	41.2%	42.1%	-
Loan portfolio in education and healthcare sector (granted amount in bn EUR at year-end)	6.2	5.9	5.7

¹ No comparable 2015 data available

MICROFINANCE

NON-PROFIT ORGANISATION BRS

The non-profit organisation BRS works with different partners to sustainably improve the quality of life of poorer people in the Global South. BRS supports local communities, not only through money, but above all by coaching and training the employees of local microfinance institutions.

	2017	2016	2015
Number of projects in the Global South	11	11	11
Number of countries	9	9	9
Financial support for projects (in EUR)	192 500	203 601	201 000
Number of days of coaching and training (mainly by KBC staff volunteering for BRS)	779	702	507
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	213	-	-
Budget spent on coaching and training	115 155	104 550	80 500

BRS MICROFINANCE COOP

BRS Microfinance Coop invests in specialised microfinance institutions in Africa, Latin America and Asia in the shape of loans and capital. The cooperation is a joint initiative of BRS, KBC and Cera, which provided the starting capital in 2016 for the first loans in East Timor and Nicaragua. Since October 2016, it has also been possible for private individuals to subscribe to the cooperative A shares.

	2017	2016	2015
Cooperative share capital (in EUR)	15 277 500	13 789 500	728 000
Outstanding balance (loans to microfinance institutions) (in EUR)	11 000 000	3 000 000 (USD)	-
Number of microfinance institutions financed	9	2	-

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EQUATOR PRINCIPLES

	2017	2016	2015
Number of EP transactions that reached financial close	12	13	9
Project finance	12	13	9
- Category A	0	0	0
- Category B	8	7	5
- Category C	4	6	4
Project related corporate loans	0	0	0
Project finance advisory	0	0	0
Equator Principles Reporting 2017	A	B	C
Project finance, by category	0	8	4
Sector			
Infrastructure	0	4	1
Power	0	4	3
Region			
Europe, Middle East and Africa	0	8	4
Designated country			
Yes	0	6	4
No	0	2	0
Independent review			
Yes	0	7	1
No	0	1	3

SUPPLIERS

	2017	2016	2015
Number of suppliers screened by EcoVadis	31	51	44
EcoVadis rating (in % of total screened suppliers)			
Outstanding rating (85 – 100 p)	0%	0%	0%
Advanced rating (65 – 85 p)	22%	12%	5%
Confirmed rating (45 – 64 p)	46%	49%	61%
Partial rating (25 – 44 p)	29%	38%	32%
No rating (0 – 24 p)	3%	1%	2%

People indicators

HEADCOUNT

HEADCOUNT

	2017	2016	2015
Number of full-time equivalents ¹	38 695	36 324	36 328
Total headcount ¹	40 878	38 462	38 203

¹ FTE and headcount figures differ from the figures reported in the 2017 Annual Report of KBC Group due to a difference in reporting period. See KBC Group Sustainability Report 2017: 'About the report'.

EMPLOYEES BY REGION (IN % OF FTE)

	2017	2016	2015
Belgium	41.80%	43.71%	44.36%
Czech Republic	25.37%	27.28%	26.75%
Slovakia	7.16%	7.89%	7.51%
Hungary	10.31%	11.25%	11.36%
Bulgaria	11.01%	5.38%	5.39%
Ireland	3.04%	3.02%	3.02%
Rest of the world	1.32%	1.47%	1.61%

EMPLOYEES BY AGE

	2017	2016	2015
<=25	4%	4%	4%
>25 <= 30	12%	11%	12%
>30 and <=35	13%	14%	14%
>35 and <=40	16%	16%	16%
>40 and <=45	16%	16%	16%
>45 and <=50	14%	14%	15%
>50 and <=55	14%	14%	13%
>55 and <=60	9%	9%	9%
>60	2%	2%	2%

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EMPLOYEES BY GENDER

	2017	2016	2015
Male	43%	44%	44%
Female	57%	56%	56%

EMPLOYEES BY EMPLOYMENT TYPE

	2017	2016	2015
Permanent	93.23%	93.74%	93.58%
Temporary	6.77%	6.26%	6.42%
By region (permanent/ temporary)			
Belgium	98.62%/1.38%	99.63%/0.37%	-
Czech Republic	84.06%/15.94%	84.56%/15.44%	-
Slovakia	85.33%/14.67%	83.37%/16.63%	-
Hungary	98.69%/1.31%	98.67%/1.33%	-
Bulgaria	95.06%/4.94%	95.71%/4.29%	-
Ireland	88.59%/11.41%	90.59%/9.41%	-
Rest of the world	94.42%/5.58%	93.64%/6.36%	-
Full-time	82.77%	82.02%	81.53%
Of which men	46.95%	-	-
Of which women	53.05%	-	-
Part-time	17.23%	17.98%	18.47%
Of which men	24.64%	-	-
Of which women	75.36%	-	-

EMPLOYEES BY FUNCTION CLASSIFICATION

	2017	2016	2015
Senior management (Top 300)	0.67%	0.74%	0.74%
Middle and junior management	44.82%	44.08%	43.11%
White- and blue collar	43.68%	55.18%	56.15%

NEW EMPLOYEES AND EMPLOYEE TURNOVER

JOINERS

	2017	2016	2015 ¹
New employees hired, total headcount (% of employees)	4 709 (11.57%)	3 911 (10.20%)	-
By region			
Belgium	694 (4.06%)	578 (3.33%)	-
Czech Republic	1 906 (18.38%)	1 635 (16.26%)	-
Slovakia	344 (11.76%)	528 (17.99%)	-
Hungary	862 (20.46%)	636 (15.33%)	-
Bulgaria	597 (13.77%)	314 (14.63%)	-
Ireland	259 (20.82%)	182 (16.37%)	-
Rest of the world	47 (8.74%)	38 (6.92%)	-
Internal mobility²	17.86%	18.31%	-

¹ Reliable data are only available from 2016

² Internal mobility: internal mobility divided by the total population at the end of the reporting period (headcount)

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LEAVERS

	2017	2016	2015 ²
Employee turnover ¹ , total headcount (% of employees)	4 925 (12.10%)	3 747 (9.78%)	-
By region			
Belgium	1 288 (7.54%)	799 (4.60%)	-
Czech Republic	1 617 (15.59%)	1 466 (14.58%)	-
Slovakia	329 (11.25%)	397 (13.53%)	-
Hungary	529 (12.56%)	518 (12.48%)	-
Bulgaria	918 (21.17%)	309 (14.39%)	-
Ireland	188 (15.11%)	197 (17.72%)	-
Rest of the world	56 (10.41%)	61 (11.11%)	-
Proportion of voluntary leavers	82.48%	80.92%	-

¹ Employee turnover: total leavers (excluding internal mobility) divided by total population at the end of the reporting period (headcount)

² Due to a change in methodology, 2015 figures are not comparable to 2016 and 2017 data.

AVERAGE LENGTH OF EMPLOYMENT

	2017	2016	2015
Average seniority	13	13	13

DIVERSITY

DIVERSITY OF EMPLOYEES

	2017	2016	2015
Gender, by region (male/ female)			
Belgium	52% / 48%	52 % / 48%	53% / 47%
Czech Republic	39% / 61%	40% / 60%	36% / 64%
Slovakia	32% / 68%	32% / 68%	31% / 69%
Hungary	35% / 65%	34% / 66%	32% / 68%
Bulgaria	27% / 73%	32% / 68%	32% / 68%
Ireland	50% / 50%	48% / 52%	47% / 53%
Rest of the world	53% / 47%	53% / 47%	51% / 49%
Gender, by management type (male/ female)			
Senior management (Top 300)	84% / 16%	85% / 15%	85% / 15%
Middle and junior management	57% / 43%	59% / 41%	59% / 41%
White- and blue collar	30% / 70%	31% / 69%	31% / 69%

DIVERSITY OF GOVERNANCE BODIES

Diversity policy: The Board of Directors has drawn up a policy regarding the desired level of diversity in the composition of the Board itself and in the Executive Committee. The primary aim of this policy is to guarantee diversity in terms of know-how, experience, gender and geographical background. It aims to ensure that both the Board and the Executive Committee can fall back on a broad base of relevant competences and know-how and that they receive diverse opinions and input for their decision-making process. For more information on the diversity policy, we refer to the 2017 Annual Report, section 'Corporate Governance Statement'.

	2017	2016	2015
Composition of the Board of Directors (at year end)			
Male	69%	69%	75%
Female	31%	31%	25%
< 30 years	0%	0%	0%
30-50 years	13%	13%	19%
> 50 years	87%	87%	81%

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Composition of the Executive Committee (at year end)

Male	86%	83%	83%
Female	14%	17%	17%
< 30 years	0%	0%	0%
30-50 years	0%	0%	17%
> 50 years	100%	100%	83%

HEALTH AND WORKPLACE

	2017	2016	2015 ¹
Sick leave (number of days)	8.27	8.17	-
By region			
Belgium	9.56	9.57	-
Czech Republic	7.99	8.30	-
Slovakia	11.14	6.16	-
Hungary	4.4	5.22	-
Bulgaria	6.29	6.24	-
Ireland	7.71	6.53	-
Rest of the world	4.68	5.62	-
Sick-leave rate (share of working days) ²	3.63%	3.57%	-
By region			
Belgium	4.33%	4.35%	-
Czech Republic	3.68%	3.65%	-
Slovakia	1.12%	2.71%	-
Hungary	1.70%	2.05%	-
Bulgaria	2.72%	2.63%	-
Ireland	2.99%	2.55%	-
Rest of the world	1.99%	2.38%	-

¹ Due to a change in methodology, the 2015 figures are not comparable to 2016 and 2017 data.

² The 2016 data differs slightly from the data reported in the 2016 Sustainability Report due to a change in calculation methodology.

LABOUR RELATIONS

	2017	2016	2015
Employees covered by collective bargaining agreements	92%	89%	89%

COMPETENCE

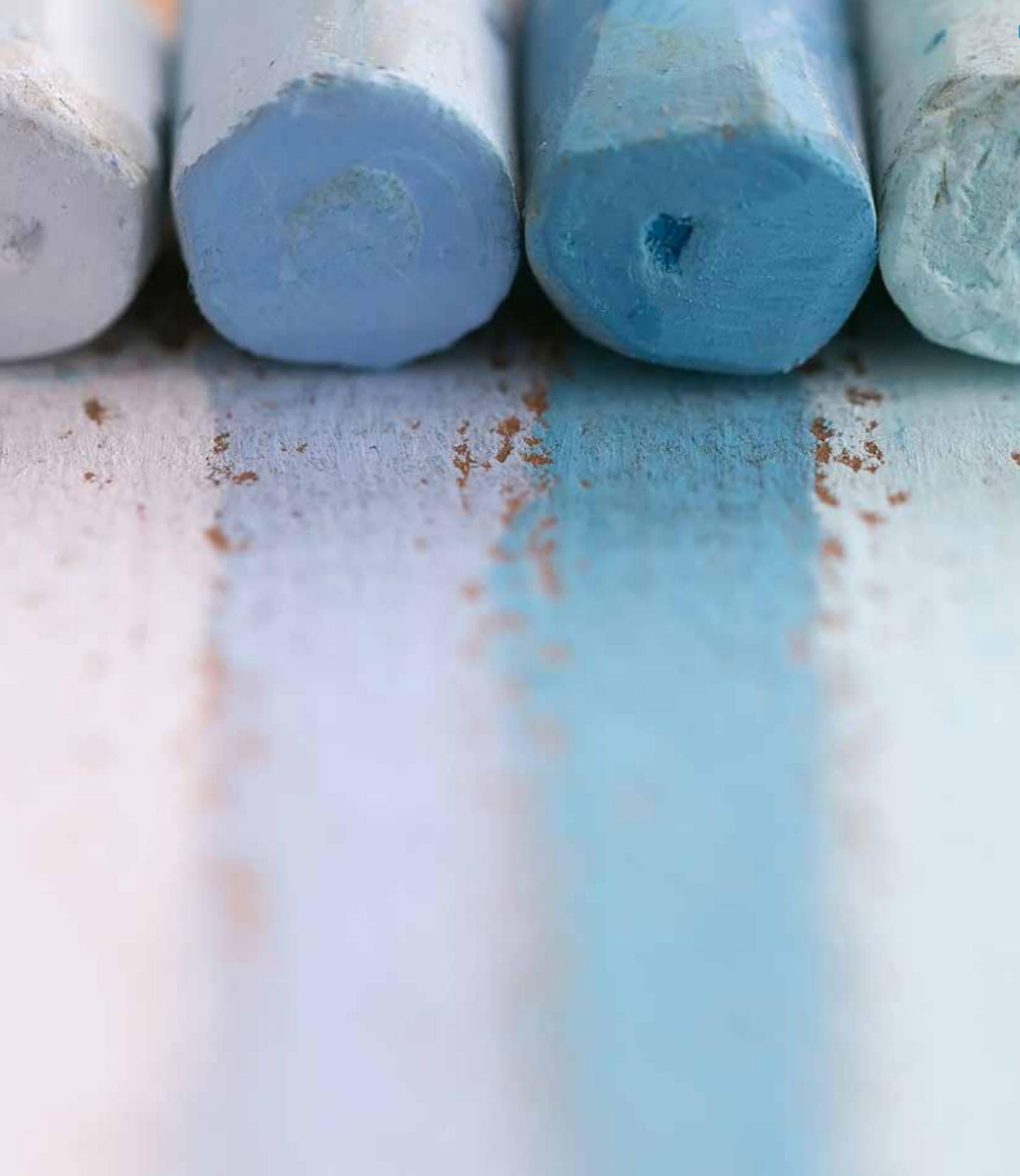
HIGHEST EDUCATIONAL LEVEL

	2017	2016	2015
Highest educational level achieved			
Master's degree and higher	34.97%	33.32%	34.66%
Bachelor's degree	35.51%	36.11%	34.60%
Secondary education certificate	29.36%	30.41%	30.40%
Primary education certificate	0.16%	0.16%	0.33%

TRAINING AND DEVELOPMENT

	2017	2016	2015
Total time spent on learning and development (in days per employee)	4.71	3.42 ¹	6.72

¹ Figures exclude training at ČSOB Bank CR (training figures could not be reported due to the change to a new HR system, which means the data is not comparable with previous years).



13 Material topic

Topics that are material to both our external stakeholders and KBC are set out in the table below, together with their boundary and the management approach.

MATERIAL TOPIC	GRI standard	Explanation and boundary (why material?)	Our approach and management	More information and/or relationship with KPIs
INTEGRITY	GRI 205: Anti-Corruption GRI 206: Anti-Competitive Behaviour GRI 417: Marketing and Labelling	Ethical behaviour and integrity are considered as essential components of sound business practice. Honesty and integrity are part of the high ethical standards that KBC stands for. Integrity is material for all stakeholders.	Integrity and responsible behaviour are the basic layer of the group-wide sustainability strategy. The principles of integrity are set out in the integrity policy, as well as in specific codes, instructions and codes of conduct. The Group Compliance function reports on policy compliance each quarter to the Group Executive Committee and the Group Audit, Risk and Compliance Committee and annually to the Board of Directors.	<i>See Annual Report 2017:</i> - 'Main features of the internal control and risk management systems' in 'Corporate governance statement' - 'Our role in society' in 'Our strategy' - 'Governance' KPI: see 'Our role in society' in 'Our strategy'. <i>In this report:</i> - See 'Responsible behaviour' in 'How we do it' <i>Supporting strategic documents:</i> - Corporate Governance Charter KBC Group 2018 - KBC Group Sustainability Framework - See our guidelines and policies
COMPLIANCE WITH LAWS AND REGULATIONS	GRI 419: Socioeconomic Compliance	As a bank insurer, compliance with laws and regulation is a strict minimum. This is material for both external and internal stakeholders.	We comply with all relevant laws and regulations in all our activities. Compliance is ensured by our 'Three Lines of Defence' model. The Group Audit Committee and the Risk and Compliance Committee play a central role in monitoring the internal control and risk management systems. On top of this, KBC is subject as a European bank insurer to additional external auditing (e.g. ECB, National Bank of Belgium, FSMA). Corporate governance, including compliance with laws and regulations is one of the key non-financial KPIs, evaluated by group-wide reputation measurement.	<i>See Annual Report 2017:</i> - 'In what environment do we operate?' in 'Our business model'. - 'How do we manage our capital?' - 'Main features of the internal control and risk management systems' in 'Corporate governance statement'. - 'Governance' KPI: see 'Our role in society' in 'Our strategy'. - KPIs on capital and liquidity: see 'Our strategy'. <i>In this report:</i> - See 'Responsible behaviour' in 'How we do it'. <i>Supporting strategic document:</i> - Corporate Governance Charter KBC Group 2018

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PRIVACY AND DATA PROTECTION	GRI 418: Customers Privacy	<p>Privacy and data protection are inextricably bound up with our core business and thus extremely important for both our internal and external stakeholders.</p>	<p>We put our clients centre stage; that is why we have implemented a strict privacy policy, in which the client determines the boundaries.</p> <p><i>See Annual Report 2017:</i></p> <ul style="list-style-type: none"> - 'Main features of the internal control and risk management systems' in 'Corporate governance statement'. - Cyber risk: see 'In what environment do we operate?' in 'Our business model'. - 'The client is at the centre of our business culture' in 'Our strategy'. 	<p><i>In this report:</i></p> <ul style="list-style-type: none"> - See 'Financial literacy' in 'Increase our positive impact on society'. - See 'Our clients'.
FINANCIAL PERFORMANCE	GRI 201: Economic Performance	<p>Our financial performance is important for our internal and external stakeholders – particularly our clients, employees and shareholders – to secure our long-term future.</p>	<p>Striving for sustainable and profitable growth is a foundation stone of our strategy. This means not fixating on short-term returns, but focusing on long-term performance that contributes to sustainable growth. Our sustainable and profitable performance is achieved through robust risk, capital and liquidity management.</p> <p>The Group Executive Committee has full responsibility for operational management.</p>	<p><i>See Annual Report 2017:</i></p> <ul style="list-style-type: none"> - 'Our financial report'. - 'Our business units'. - 'Consolidated financial statements'. - Financial KPIs: see 'Our strategy'. <p><i>Supporting strategic document:</i></p> <ul style="list-style-type: none"> - Corporate Governance Charter KBC Group 2018
PRICING OF PRODUCTS AND SERVICES	GRI 201: Economic Performance	<p>Offering products and services at a fair price in line with market conditions is material for both our clients and for us to maintain sustainable and profitable growth.</p> <p>The Group Executive Committee is responsible for operational management and the implementation and evaluation of the group strategy.</p> <p>We monitor client satisfaction and have set targets for client experience and reputation.</p>	<p>Pricing is embedded in the group-wide strategy through the client-centrality, sustainable growth and bank-insurer pillars.</p> <p>The Group Executive Committee is responsible for operational management and the implementation and evaluation of the group strategy.</p> <p>We monitor client satisfaction and have set targets for client experience and reputation.</p>	<p><i>See Annual Report 2017:</i></p> <ul style="list-style-type: none"> - 'Client experience' KPI: see 'The client is at the centre of our business culture' in 'Our strategy'. - See 'How do we create value?' in 'Our business model'. <p><i>Quality of products and services</i></p> <p>GRI 417: Marketing and Labeling</p> <p>Offering products and services of high quality ensures our sustainable future and is essential for our clients.</p> <p>Offering high-quality products and services is part of our client-centric approach and is embedded in our group corporate strategy. The Group Executive Committee is responsible for operational management and the implementation and evaluation of the group strategy.</p> <p><i>In this report:</i></p> <ul style="list-style-type: none"> - See 'Financial literacy' in 'Increase our positive impact on society'. - See 'Our clients'. <p><i>User-friendliness of products and services</i></p> <p>KBC 1: User-friendliness</p> <p>User-friendliness of products and services improves client satisfaction and is thus important for both clients and KBC.</p> <p>User-friendliness is embedded in our client-centric approach, part of the corporate strategy.</p> <p>We evaluate user-friendliness via the client experience driver in our reputation survey.</p> <p><i>Enable people to make smart financial decisions and transparent communication</i></p> <p>GRI 417: Marketing and Labelling</p> <p>Important for both KBC and our external stakeholders. As a responsible bank-insurer, it is important for KBC that clients can make smart financial decisions to ensure their future, to reinforce client-centrality and to build up long-term relationships.</p> <p>We have determined financial literacy as one of the four focus domains in which KBC wants to make a difference to society. Financial literacy has three dimensions for KBC:</p> <ul style="list-style-type: none"> - Financial advice - Financial education - Financial behaviour. <p>By focusing on financial literacy and transparent communication we want to help people to make smart financial decisions that benefit them the most.</p> <p>Our sustainable strategy is part of the group's corporate strategy. The Group Executive Committee is responsible for operational management. Sustainable governance ensures group-wide compliance with and implementation of the sustainability policies. We measure progress and implementation through our Sustainability Dashboard, which is reported to the Group Executive Committee and the Board of Directors.</p> <p><i>See Annual Report 2017:</i></p> <ul style="list-style-type: none"> - 'The client is at the centre of our business culture' and 'We offer our clients a unique bank-insurance experience' in 'Our strategy'. - New products and services: see 'Our business units'. - 'Client experience' KPI: see 'The client is at the centre of our business culture' in 'Our strategy'. <p><i>In this report:</i></p> <ul style="list-style-type: none"> - See 'Financial literacy' in 'Increase our positive impact on society'. - See 'Community'. <p><i>Supporting strategic document:</i></p> <ul style="list-style-type: none"> - Corporate Governance Charter KBC Group 2018

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CLIENT PROTECTION AND RESPONSIBLE SELLING AND ADVICE	GRI 417: Marketing and Labelling GRI 419: Socioeconomic Compliance	<p>Client protection and responsible selling and advice are the foundation of our client-centric approach. They are essential for both KBC and our clients to safeguard both our futures.</p> <p>Client protection and responsible selling and advice are subject to international laws and regulation (see material aspect 'Compliance with laws and regulations'). But KBC wants to go beyond procedures, laws and regulations and so responsible selling and advice are an essential element of responsible behaviour, as incorporated in the Group Sustainability Strategy. Responsible behaviour is embedded in our different group-wide policies. Group Compliance is responsible for the strict observance of the policies.</p>	<p><i>See Annual Report 2017:</i></p> <ul style="list-style-type: none"> - 'Main features of the internal control and risk management systems' in 'Corporate governance statement'. - 'The client is at the centre of our business culture' in 'Our strategy'. - 'In what environment do we operate?' in 'Our business model'. - 'Our role in society' in 'Our strategy'. <p><i>In this report:</i></p> <ul style="list-style-type: none"> - See 'Responsible behaviour' in 'How we do it'. - See 'Financial literacy' in 'Increase our positive impact on society'. <p><i>Supporting strategic documents:</i></p> <ul style="list-style-type: none"> - KBC Group Sustainability Framework - See our guidelines and policies 	BUSINESS ETHICS	GRI 205: Anti-Corruption GRI 206: Anti-Competitive Behaviour	<p>Ethical business is the basic condition for our 'licence to operate'. Only by doing responsible business we can maintain and reinforce the trust of both our internal and external stakeholders.</p>	<p>We comply in all our activities with all relevant rules and regulations and with corporate policies and guidelines that ensure ethical business. The Compliance Division of KBC Group ensures that all guidelines are observed, information remains confidential and privacy is respected.</p> <p>All policies are reviewed on a regular basis and updated if necessary, in order always to respond to the changing environment, requirements and regulations.</p>	<p><i>See Annual Report 2017:</i></p> <ul style="list-style-type: none"> - PEARL business culture: see 'What makes us who we are?' in 'Our business model'. - 'Our role in society' in 'Our strategy'. - 'Reputation index' KPI: see 'The client is at the centre of our business culture' in 'Our strategy'. <p><i>In this report:</i></p> <ul style="list-style-type: none"> - See 'Our business culture and our values' in 'KBC at a glance'. <p><i>Supporting strategic document:</i></p> <ul style="list-style-type: none"> - See our guidelines and policies
RISK MANAGEMENT	GRI 201: Economic Performance	<p>Stringent risk management is at the core of our operations and is material for both our business and our external stakeholders.</p> <p>The Board of Directors, assisted by the Group Risk & Compliance Committee and the Executive Committee are responsible for the development and implementation of the group-wide risk strategy and risk culture.</p> <p>The Group risk function has a number of responsibilities, including monitoring risks at an overarching group-wide level, developing risk and capital models, performing independent validations of all risk and capital models, developing risk frameworks and advising/reporting on issues handled by the Executive Committee and the risk committees.</p>	<p>Our operations and our decision-making process are embedded in a stringent risk-management framework. Our risk management is based on a 'Three Lines of Defence model' to shield us against risks that might threaten the achievement of our goals.</p> <p>The Board of Directors, assisted by the Group Risk & Compliance Committee and the Executive Committee are responsible for the development and implementation of the group-wide risk strategy and risk culture.</p> <p>The Group risk function has a number of responsibilities, including monitoring risks at an overarching group-wide level, developing risk and capital models, performing independent validations of all risk and capital models, developing risk frameworks and advising/reporting on issues handled by the Executive Committee and the risk committees.</p>	LONG-TERM STRATEGY	GRI 201: Economic Performance	<p>Having a long-term strategy is essential to secure our future and sustainable growth, and is thus material for both internal and external stakeholders.</p>	<p>Striving for sustainable and profitable growth is a foundation stone of our strategy. This means not fixating on short-term returns, but focusing on long-term performance that contributes to sustainable growth. Our sustainable and profitable performance is achieved through robust risk, capital and liquidity management.</p> <p>The Group Executive Committee has full responsibility for the operational management.</p> <p>We monitor our long-term performance and our focus on the real economy and sustainability via several Key Performance Indicators (KPIs).</p>	<p><i>See annual report 2017:</i></p> <ul style="list-style-type: none"> - 'Our strategy'.

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INNOVATIVE PRODUCTS AND SERVICES	KBC 2: Innovation	<p>The changing needs, behaviour and requirements of society and our clients force us to be innovative. Daring is essential to meet these changing expectations. Innovative thinking helps to prepare us for a sustainable future.</p>	<p>Given KBC's growing focus on and investments in innovation and digitisation, and anticipating the huge transformation KBC needs to make in the digital arena, the Group Executive Committee has appointed a Chief Innovation Manager, who reports directly to the Group CEO.</p>	<p><i>See Annual Report 2017:</i></p> <ul style="list-style-type: none"> - 'In what environment do we operate?' in 'Our business model'. - New products and services: see 'Our business units'. - 'Innovation' KPI: see 'We focus on sustainable and profitable growth' in 'Our strategy'. 	<p><i>In this report:</i></p> <ul style="list-style-type: none"> - 'Entrepreneurship' in 'Increase our positive impact on society'. - 'Our clients'. 	ACCESSIBILITY OF PRODUCTS AND SERVICES	GRI 413: Local Communities	<p>As a bank insurer playing a role in society, it is material for us and all our external stakeholders that we offer accessible products and services to all groups in society.</p>	<p>Offering accessible products and services is part of our strategic pillars 'our role in society' and client-centricity'. The Group Executive Committee is responsible for operational management and the implementation and evaluation of group strategy.</p>	<p><i>See Annual Report 2017:</i></p> <ul style="list-style-type: none"> - 'The client is at the centre of our business culture' in 'Our strategy'. - 'Client experience' KPI: see 'The client is at the centre of our business culture' in 'Our strategy'.
FUNDING AND INSURING THE LOCAL ECONOMY AND STIMULATING ENTREPRENEURSHIP	GRI 203: Indirect Economic Impact	<p>Funding and insuring the local economy in our core countries is at the heart of our business model and is thus material for both internal and external stakeholders.</p>	<p>We manage sustainable growth in our core countries in the following ways:</p> <ul style="list-style-type: none"> - We focus on the long term - We focus on real economies - We are committed to a long-term presence in our core countries 	<p><i>See Annual Report 2017:</i></p> <ul style="list-style-type: none"> 'Our business model'. 'Our role in society' in 'Our strategy'. 	<p><i>In this report:</i></p> <ul style="list-style-type: none"> - See 'Value creation' in 'KBC at a glance'. - See 'Entrepreneurship' in 'Increase our positive impact on society'. - See 'Community'. 	EQUAL OPPORTUNITIES FOR ALL EMPLOYEES	GRI 401: Employment	<p>This is material for both KBC and our employees. Being a sustainable and ethical employer is key to our success.</p>	<p>Our employees are our greatest strength, which is why we have implemented our group-wide HR policy with strict guidelines.</p>	<p><i>See annual Report 2017:</i></p> <ul style="list-style-type: none"> - 'Our employees, capital, network and relationships' in 'Our business model'. - 'Diversity policy' in 'Corporate governance statement'.
ASSESSMENT OF SUPPLIERS ON ENVIRONMENTAL AND SOCIAL ASPECTS	GRI 102-9: General Disclosure: Supply Chain	<p>Sustainable suppliers have a positive impact on society. Doing business with sustainable suppliers allows us to contribute to a more sustainable society.</p>	<p>Supplier screening is incorporated in our group-wide Sustainability Code of Conduct for Suppliers. Environmental and social aspects are embedded in the Sustainability Code of Conduct for Suppliers.</p>	<p><i>See Annual Report 2017:</i></p> <ul style="list-style-type: none"> - 'How do we create value?' in 'Our business model'. 						
ASSESSMENT OF SUPPLIERS ON ENVIRONMENTAL AND SOCIAL ASPECTS	GRI 308: Supplier Environmental Assessment	<p>Supplier Environmental Assessment</p>	<p>Compliance with and implementation of the policy are managed by Group Compliance and Group Procurement.</p>	<p><i>In this report:</i></p> <ul style="list-style-type: none"> - See 'Our suppliers'. <p><i>Supporting strategic documents:</i></p> <ul style="list-style-type: none"> - KBC Sustainability Code of Conduct for Suppliers 						

SAVE THE WORLD



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OUR
EARTH



LIMITING OUR ADVERSE IMPACT ON SOCIETY VIA SUSTAINABLE POLICIES	GRI 203: Indirect Economic Impact GRI 412: Human Rights Assessment FS6, FS7, FS8 (Financial Services Sector Disclosures): Product Portfolio	<p>Limiting the adverse impact we have on society helps us to secure the sustainable future of both KBC and society as a whole.</p> <p>We apply strict sustainability rules to our business activities with respect to human rights, the environment, business ethics and sensitive or controversial themes.</p> <p>Measurement and evaluation are administered via sustainability governance and the sustainability dashboard.</p>	<p>Limiting our adverse impact on society is one of the cornerstones of our sustainable strategy, which is part of the group's corporate strategy. The Group Executive Committee is responsible for operational management.</p> <p>See <i>Annual Report 2017</i>:</p> <ul style="list-style-type: none"> - 'Our role in society' in 'Our strategy'. <p><i>In this Report:</i></p> <ul style="list-style-type: none"> - 'Clear guidelines and policies' in 'Limiting our adverse impact on society'. <p><i>Supporting strategic document:</i></p> <ul style="list-style-type: none"> - KBC Group Sustainability Framework
DIRECT FOOTPRINT	GRI 302: Energy GRI 305: Emissions	<p>Climate change is one of the biggest threats worldwide. It is therefore material for society as a whole.</p> <p>We recognise that urgent actions should be taken to combat climate change. We have incorporated climate change into our sustainability strategy.</p> <p>We meet our environmental responsibility through strict sustainability policies, by imposing environmental targets for the group and by designating environmental responsibility as one of the focus areas for sustainability. Measurement and evaluation are administered through sustainability governance and the sustainability dashboard.</p> <p>We are a TCFD supporting company and we closely follow the recommendations set by the HLEG on Sustainable Finance, as translated in the European Commission Action Plan in March 2018. We have also set up an internal project on sustainable finance to prepare us for tomorrow's changing expectations.</p>	<p>See <i>Annual Report 2017</i>:</p> <ul style="list-style-type: none"> - 'Our role in society' in 'Our strategy'. <p><i>In this report:</i></p> <ul style="list-style-type: none"> - 'Clear guidelines and policies' and 'Reducing our environmental footprint' in 'Limiting our adverse impact on society'. - 'Environmental responsibility' in 'Increase our positive impact on society'. <p><i>Supporting strategic documents:</i></p> <ul style="list-style-type: none"> - KBC Group Environmental Policy - KBC Group Sustainability Framework



14 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 2017, the Sustainability Report 2017, the Report to Society 2017, KBC Group Sustainability Framework and our corporate website.

GRI 101: Foundation 2016

GRI 101 does not include any disclosures

GRI 102: GENERAL DISCLOSURES 2016

ORGANISATIONAL PROFILE

102-1	Report the name of the organization	See Annual Report 2017: 'Welcome' (p. 3); 'note 6.9.: General Information on the company' (p. 224)
102-2	Activities, brands, products, and services	See Annual Report 2017: 'KBC at a Glance' (p. 6-7)
102-3	Location of headquarters	See Annual Report 2017: 'note 6.9.: General Information on the company' (p. 224)
102-4	Location of operations	See Annual Report 2017: Inside cover; 'KBC at a Glance' (p. 6-7); 'What makes us who we are?' (p. 15)
102-5	Ownership and legal form	See Annual Report 2017: 'note 6.9.: General Information on the company' (p. 224)
102-6	Markets served	See Annual Report 2017: Inside cover; 'Where do we stand in each of our countries?' (p. 69)
102-7	Scale of the organization	See Annual Report 2017: Inside cover; 'Market conditions in our most important countries in 2017' (p. 22-23); 'How we create sustainable value' (p. 11-13)
102-8	Information on employees and other workers	See Sustainability Report 2017: 'Facts & figures': 'People indicators' (p. 85-91) See Sustainability Report 2017: 'About the report' (p. 4)
102-9	Supply chain	See Sustainability Report 2017: 'Facts & figures': 'Economic indicators' (p. 73-74); 'Responsible business indicators' (p. 82-84) See Sustainability Report 2017: 'Our suppliers' (p. 65)
102-10	Significant changes to the organisation and its supply chain	KBC acquired United Bulgarian Bank (UBB) and Interlease in Bulgaria in mid-2017. UBB and Interlease's results are included in the group results with effect from the second half of the year, i.e. for six months. No significant changes were made to the supply chain.
102-11	Precautionary Principle or approach	See Annual Report 2017: 'We aim to achieve our ambitions within a stringent risk management framework' (p. 51-55); 'Non-financial risks' (p. 101-104) See KBC Group Sustainability Framework: 'Limiting our adverse impact' (p. 7-14)
102-12	External initiatives	See Sustainability Report 2017: 'Commitments' (p. 13)
102-13	Members of associations	See Sustainability Report 2017: 'Stakeholder engagement' (p. 51-53); 'Commitments' (p.13)

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REPORTING PRACTICE

STRATEGY

102-14	Statement from senior decision maker	See Sustainability Report 2017: 'CEO statement' (p. 5) See Annual Report 2017 (p. 8-9) See Report to Society 2017 (p. 3)
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ETHICS AND INTEGRITY

102-16	Values, principles, standards, and norms of behaviour	See Annual Report 2017: 'What makes us who we are?' (p.15); 'Important KBC sustainability policies' (p. 47) See Sustainability Report 2017: 'KBC at a glance', 'Our business culture and our values' (p. 17); 'Responsible behaviour' (p. 31-32); 'Limiting our adverse impact on society': 'Clear guidelines and policies' (p. 33-39); 'Our suppliers' (p. 65) See corporate website: Behaving responsibly and ethically at KBC; Setting rules and policies See KBC Group Sustainability Framework: 'Limiting our adverse impact' (p. 7-14)
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GOVERNANCE

102-18	Governance structure	See Annual Report 2017: 'Composition of the Board and its committees' (p. 18); 'Composition of the Board and its committees' (p. 131-135) See Corporate Governance Charter KBC Group 2018
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STAKEHOLDER ENGAGEMENT

102-40	List of stakeholder groups	See Sustainability Report 2017: 'Stakeholder engagement' (p. 51-53)
102-41	Collective bargaining agreements	See Annual Report 2017: 'Our employees, capital, network and relationships' (p. 25-27) See Sustainability Report 2017: 'Facts & figures': 'People indicators' (p. 85-91)
102-42	Identifying and selecting stakeholders	See Sustainability Report 2017: 'Stakeholder engagement' (p. 51-53)
102-43	Approach to stakeholder engagement	See Sustainability Report 2017: 'Stakeholder engagement' (p. 51-53)
102-44	Key topics and concerns raised	See Annual Report 2017: 'In what environment do we operate' (p.19-23) See Sustainability Report 2017: 'Stakeholder engagement' (p. 51-53); 'Material topics' (p. 93-100)

TOPIC SPECIFIC GRI STANDARDS (GRI 200,300, 400)

ECONOMIC

103-1	Explanation of the material topic and its boundary	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-2	The management approach and its components	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-3	Evaluation of the management approach	See Sustainability Report 2017: 'Material topics' (p. 93-100)
201-1	Direct economic value generated and distributed	See Annual Report 2017: Inside cover; 'How we create sustainable value' (p. 11-13); 'Our business units' (p. 68-81) See Sustainability Report 2017: 'KBC at a glance', 'Value creation' (p. 18-19); 'Facts & figures': 'Economic indicators' (p. 73-74) See KBC Group Community Involvement Policy

201-2	Financial implications and other risk and opportunities due to climate change	See Annual Report 2017: 'How do we create sustainable value' (p. 13); 'Limiting our negative impact on society' (p. 45-47); 'Non-financial risks' (p. 101-104) See Sustainability Report 2017: 'Limiting our adverse impact on society': 'Clear guidelines and policies' (p. 33-43) KBC Group CDP Report 2017 KBC Group environmental Policy
GRI 203: Indirect Economic Aspects 2016 (linked to material topics: funding and insuring the local economy, stimulating entrepreneurship and limiting our adverse impact on society via sustainable policies)		
103-1	Explanation of the material topic and its boundary	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-2	The management approach and its components	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-3	Evaluation of the management approach	See Sustainability Report 2017: 'Material topics' (p. 93-100)
203-1	Infrastructure investments and services supported	See Sustainability Report 2017: 'Community' (p. 67-71)
203-2	Significant indirect economic impacts	As an 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 Annual Report 2017: 'How we create sustainable value' (p. 12) See Sustainability Report 2017: 'KBC at a glance', 'Value creation' (p. 18-19); 'Increase our positive impact on society' (p. 44-49); 'Our employees' (p. 55-59); 'Community' (p. 67-71); 'Facts & figures', 'Economic indicators' (p. 73-74); 'Facts & figures', 'Responsible business indicators' (p. 82-84).
GRI 205: Anti-corruption 2016 (material topic: Business ethics and Integrity)		
103-1	Explanation of the material topic and its boundary	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-2	The management approach and its components	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-3	Evaluation of the management approach	See Sustainability Report 2017: 'Material topics' (p. 93-100)
205-1	Operations assessed for risks related to corruption	See Annual Report 2017: 'Corporate governance statement', 'Corporate culture and integrity policy' and 'Combating corruption and bribery' (p. 140-142) See Sustainability Report 2017: 'Responsible behaviour' (p. 31-32) See KBC Group Anti-Corruption and Bribery Policy
205-2	Communication and training about anti-corruption policies and procedures	See Annual Report 2017: 'Corporate governance statement', 'Corporate culture and integrity policy' and 'Combating corruption and bribery' (p. 140-142) See Sustainability Report 2017: 'Responsible behaviour' (p. 31-32) See the code of conduct for KBC Group employees
GRI 206: Anti-competitive behaviour 2016 (material topic: Business ethics and Integrity)		
103-1	Explanation of the material topic and its boundary	See Sustainability Report 2017: 'Material topics' (p. 93-100)

103-2	The management approach and its components	See Sustainability Report 2017: 'Material topics' (p. 93-100) A few years ago, KBC decided to reinforce its anti-trust risk management through a group-wide Competition Compliance Programme ('CCP'), embedded within the group's overall risk governance. KBC's long-standing preventive approach has been upgraded to a compliance approach. In general, the implementation of a CCP is a long-range plan: according to international standards, it takes several years. KBC has therefore decided to apply a gradual approach to ensure that the CCP is embedded at all corporate levels. Implementation began by obtaining endorsement decisions at all management levels. The necessary corporate structures were then created to allow staff members to comply with the CCP. Only at a subsequent stage did we reach out to staff members to influence individual behaviour.
103-3	Evaluation of the management approach	One key element of the CCP is the mandatory prior legal advice in specific situations. This can be obtained in two ways: - Legal guidelines have been created, describing how to behave in several standard situations (e.g. trade association meetings and joint deals). - In other situations, the competent legal advisers must be contacted individually.
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Another key element of the CCP is training: all staff members are required to attend a training session. Most follow an interactive e-learning programme. Managers and employees in regular contact with competitors must attend an interactive workshop focusing on examples from daily life. Gevraagd aan Steven Wittemans of we dezelfde tekst mogen behouden.
103-3	Evaluation of the management approach	See Sustainability Report 2017: 'Material topics' (p. 93-100)
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	KBC is involved in a very limited number of legal actions by national competition authorities in Central and Eastern Europe. These actions have been pending for several years. Gevraagd aan Steven Wittemans of we dezelfde tekst mogen behouden

ENVIRONMENT

GRI 302: Energy 2016 (material topic: Direct footprint)		
103-1	Explanation of the material topic and its boundary	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-2	The management approach and its components	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-3	Evaluation of the management approach	See Sustainability Report 2017: 'Material topics' (p. 93-100)
302-1	Energy consumption within the organisation	See Sustainability Report 2017: 'Facts & figures': 'Environmental indicators' (p. 75-81)

302-3	Energy intensity	See Sustainability Report 2017: 'Facts & figures': 'Environmental indicators' (p. 75-81)
302-4	Reduction of energy consumption	See Sustainability Report 2017: 'Facts & figures': 'Environmental indicators' (p. 75-81) See Sustainability Report 2017: 'Reducing our environmental footprint' (p. 42-43)
GRI 305: Emissions 2016 (material topic: Direct footprint)		
103-1	Explanation of the material topic and its boundary	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-2	The management approach and its components	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-3	Evaluation of the management approach	See Sustainability Report 2017: 'Material topics' (p. 93-100)
305-1	Direct (Scope 1) GHG emissions	See Annual Report 2017: 'Our role in society' (p.46) See Sustainability Report 2017: 'Facts & figures': 'Environmental indicators' (p. 75-81)
305-2	Energy indirect (Scope 2) GHG emissions	See Annual Report 2017: 'Our role in society' (p.46) See Sustainability Report 2017: 'Facts & figures': 'Environmental indicators' (p. 75-81)
305-3	Other indirect (Scope 3) GHG emissions	See Annual Report 2017: 'Our role in society' (p.46) See Sustainability Report 2017: 'Facts & figures': 'Environmental indicators' (p. 75-81)
305-4	GHG emission intensity	See Annual Report 2017: 'Our role in society' (p.46) See Sustainability Report 2017: 'Facts & figures': 'Environmental indicators' (p. 75-81)
305-5	Reduction of GHG emissions	See Annual Report 2017: 'Our role in society' (p.46) See Sustainability Report 2017: 'Facts & figures': 'Environmental indicators' (p. 75-81) See Sustainability Report 2017: 'Reducing our environmental footprint' (p. 42-43)
GRI 308: Supplier environmental assessment 2016 (material topic: Assessments of suppliers on environmental and social aspects)		
103-1	Explanation of the material topic and its boundary	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-2	The management approach and its components	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-3	Evaluation of the management approach	See Sustainability Report 2017: 'Material topics' (p. 93-100)
308-1	New suppliers that were screened using environmental criteria	See Sustainability Report 2017: 'Our suppliers' (p. 65)
308-2	Negative environmental impacts in the supply chain and actions taken	See Sustainability Report 2017: 'Our suppliers' (p. 65)

SOCIAL

GRI 401: Employment 2016 (material topic: Equal opportunities for all employees)		
103-1	Explanation of the material topic and its boundary	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-2	The management approach and its components	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-3	Evaluation of the management approach	See Sustainability Report 2017: 'Material topics' (p. 93-100)
401-1	New employee hires and employee turnover	See Sustainability Report 2017: 'Facts & figures': 'People indicators' (p.85-91)

GRI 404: Training and education 2016 (material topic: Equal opportunities for all employees)		
103-1	Explanation of the material topic and its boundary	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-2	The management approach and its components	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-3	Evaluation of the management approach	See Sustainability Report 2017: 'Material topics' (p. 93-100)
404-1	Average hours of training per year per employee	See Sustainability Report 2017: 'Facts & figures': 'People indicators' (p. 85-91) See Sustainability Report 2017: Our employees (p. 56)
404-2	Programs for upgrading employee skills and transition assistance programs	See Annual Report 2017: 'Our employees, capital, network and relationships' (p. 25-27) See Sustainability Report 2017: Our employees (p. 56-57)
GRI 405: Diversity and equal opportunity 2016 (material topic: Equal opportunities for all employees)		
103-1	Explanation of the material topic and its boundary	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-2	The management approach and its components	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-3	Evaluation of the management approach	See Sustainability Report 2017: 'Material topics' (p. 93-100)
405-1	Diversity of governance bodies and employees	See Annual Report 2017: 'Corporate governance statement', 'Diversity policy' (p. 134-135) See Sustainability Report 2017: 'Facts & figures': 'People indicators' (p. 85-91)
GRI 412: Human Rights Assessment 2016 (material topic: Limiting our adverse impact on society via sustainable policies)		
103-1	Explanation of the material topic and its boundary	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-2	The management approach and its components	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-3	Evaluation of the management approach	See Sustainability Report 2017: 'Material topics' (p. 93-100)
412-1	Operations that have been subject to human rights reviews or impact assessments	See Annual Report 2017: 'Our role in society', 'Human rights' (p. 48) See Sustainability Report 2017: 'Clear guidelines and policies': How do we implement human rights and our sustainable policies throughout our business activities? (p. 36) See KBC Group Human Rights Policy
GRI 413: Local Communities 2016 (material topic: Accessibility of products and services)		
103-1	Explanation of the material topic and its boundary	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-2	The management approach and its components	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-3	Evaluation of the management approach	See Sustainability Report 2017: 'Material topics' (p. 93-100)
413-2	Operations with significant actual and potential negative impacts on local communities	See Sustainability Report 2017: 'Community' (p. 67-71)
FS13	Access Points in low-populated or economically disadvantaged areas by type	See Sustainability Report 2017: 'Increase our positive impact on society' (p. 44-49)
FS14	Initiatives to improve access to financial services for disadvantaged people	See Annual Report 2017: 'The client is at the centre of our business culture' (p. 33-34) See Sustainability Report 2017: 'Community' (p. 67-71)

GRI 414: Supplier Social Assessment 2016 (material topic: Assessments of suppliers on environmental and social aspects)		
103-1	Explanation of the material topic and its boundary	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-2	The management approach and its components	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-3	Evaluation of the management approach	See Sustainability Report 2017: 'Material topics' (p. 93-100)
414-1	New suppliers that were screened using social criteria	See Sustainability Report 2017: 'Our suppliers' (p. 65)
414-2	Negative social impacts in the supply chain and actions taken	See Sustainability Report 2017: 'Our suppliers' (p. 65)

GRI 417: Marketing and Labelling 2016 (material topic: Enable people to make smart financial decisions and transparent communication, Quality of products and services, customer protection, Responsible selling and advice and Integrity)		
103-1	Explanation of the material topic and its boundary	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-2	The management approach and its components	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-3	Evaluation of the management approach	See Sustainability Report 2017: 'Material topics' (p. 93-100)
417-1	Requirements for product and service information and labelling	<p>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.</p> <p>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.</p> <p>See Annual Report 2017: The client is at the centre of our business culture (p. 33-35); We offer our clients a unique bank-insurance experience (p. 36-37)</p> <p>See Sustainability Report 2017: 'Responsible behaviour' (p. 31-32)</p> <p>See Sustainability Report 2017: Financial literacy (p. 44-45)</p>

GRI 418: Customer Privacy 2016 (material topic: Privacy and data protection)		
103-1	Explanation of the material topic and its boundary	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-2	The management approach and its components	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-3	Evaluation of the management approach	See Sustainability Report 2017: 'Material topics' (p. 93-100)
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	In the course of 2017, KBC received questions from the Belgian Data Protection Authority (CBPL) and from clients. All client questions were handled by our Complaints Management department and internally analysed in-depth by the Data Protection Officer and others. CBPL enquiries were handled directly by the Data Protection Officer. None of the questions led to proceedings with a significant effect on the company's financial position or reputation. Questions from local regulators and complaints from clients are handled directly by the local KBC entities.

GRI 419: Socioeconomic Compliance 2016 (material topic: Compliance with laws and regulations, customer protection and Responsible Selling and Advice)		
103-1	Explanation of the material topic and its boundary	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-2	The management approach and its components	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-3	Evaluation of the management approach	See Sustainability Report 2017: 'Material topics' (p. 93-100)
419-1	Non-compliance with laws and regulations in the social and economic area	See Annual Report 2017: 'Note 5.7.: Provisions for risks and charges' (p. 208-209)

FINANCIAL SERVICES SECTOR DISCLOSURES		
Sector Specific Aspect: Product Portfolio (material topic: Limiting our adverse impact on society via sustainable policies)		
103-1	Explanation of the material topic and its boundary	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-2	The management approach and its components	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-3	Evaluation of the management approach	See Sustainability Report 2017: 'Limiting our adverse impact on society', 'Clear guidelines and policies' (p. 33-39)
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/ SME/ large) and by sector	See Annual Report 2017: 'Credit risk exposure in the banking activities' (p. 88-92)
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	See Sustainability Report 2017: 'Facts & figures': 'Responsible business indicators' (p. 82-84)
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	See Sustainability Report 2017: 'Facts & figures': 'Responsible business indicators' (p. 82-84)

OWN INDICATORS

KBC1: User-friendliness (material topic: User-friendliness of products and services)		
103-1	Explanation of the material topic and its boundary	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-2	The management approach and its components	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-3	Evaluation of the management approach	See Sustainability Report 2017: 'Material topics' (p. 93-100)
KBC1	Development of tools to improve user-friendliness of products and services	See Sustainability Report 2017: 'Increase our positive impact on society' (p. 44-49); 'Our clients' (p. 61-63)

KBC2: Innovation (material topic: Innovative products and services)		
103-1	Explanation of the material topic and its boundary	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-2	The management approach and its components	See Sustainability Report 2017: 'Material topics' (p. 93-100)
103-3	Evaluation of the management approach	See Sustainability Report 2017: 'Material topics' (p. 93-100)
KBC2	Development of innovative products and services to meet changing requirements of society	See Sustainability Report 2017: 'Increase our positive impact on society' (p. 44-49); 'Our clients' (p. 61-63)



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