



for **2019**

Report  
to society



## 1 AT A GLANCE

What does KBC do, essentially? For how many clients, with how many employees and in which countries? What motivates it and what is the result? How approachable is KBC and how wide is its additional offering? You'll find all the answers here, at a glance.

## 3 IN PRACTICE

KBC is pursuing sustainability in practice by drawing up strict policies, taking its environmental responsibility, stimulating entrepreneurship and sustainable investment, and developing financial literacy and population ageing initiatives.

## 2 IN CONVERSATION

What are the most important challenges facing KBC? KBC's CEO Johan Thijs and Chairman of the Board of Directors Thomas Leysen zoom in on two fundamental transformations in the financial sector, digitalisation and greening, and the choices KBC is making in this regard.

## 4 IN DIALOGUE

How does KBC know what clients, employees and investors want? Or what governments, NGOs and other representatives of society expect? The answer is by maintaining a dialogue with them, asking the right questions and... listening carefully to the answers.

## 5 IN SOCIETY

Financial support and the efforts of volunteers enable lots of socially valuable projects to continue. KBC has committed itself to them in each of our core countries. In Belgium, for instance, we support causes such as coaching young people and the fight against cancer.

Dear Reader,

**2019 turned out to be a year of challenges for KBC**

We had to come up with solutions to deal with far-reaching regulations, new financial players, rapid digitalisation, persistently low interest rates and external factors like Brexit, without being distracted from our main task of helping our clients achieve their dreams and meeting the needs of society. At the same time, further important steps were taken on the sustainability and environment fronts, which you can read about throughout this report.

**And then we were confronted with the outbreak and spread of coronavirus**

It quickly made society's priorities very clear. As an employer and service provider, KBC has been doing everything in its power to safeguard the health of its staff and clients, while ensuring that services continue to be provided as usual. We are doing our bit to limit the spread of the virus by allowing as many staff as possible to work from home and by providing clients with advice through a wide range of phone and digital channels.

Meanwhile, it is clear that the coronavirus crisis is also having an enormous impact on the economy. At present, we are currently working with the government and other stakeholders to see how we can help deal with the matter at hand. Because, regardless of how the situation pans out, we will continue assuming our responsibility towards society.

Johan Thijs  
Chairman of  
the Executive Committee

Thomas Leysen  
Chairman of  
the Board of Directors

# KBC

KBC is an **integrated bank-insurer**, active in six core countries: Belgium, the Czech Republic, Slovakia, Hungary, Bulgaria and Ireland.

Our business culture is important to us: The bottom line is important, but so is how we get there.



Our business culture is captured in the acronym

**PEARL:**

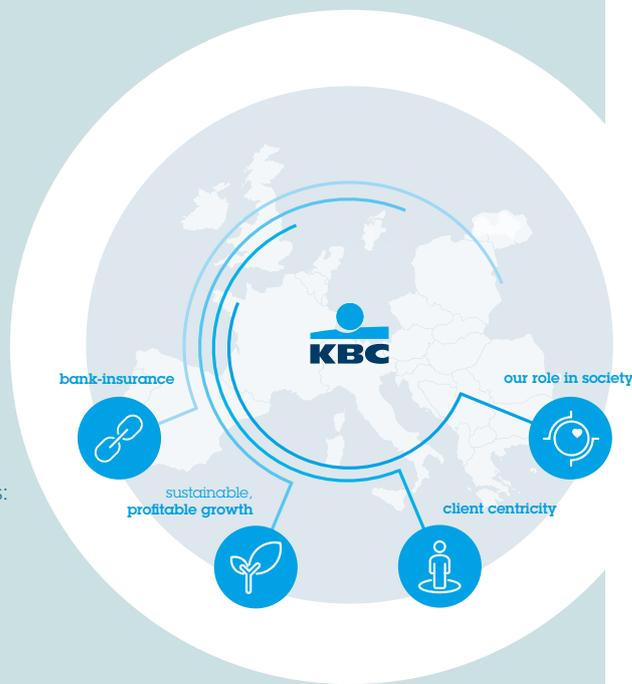
**P**erformance,  
**E**mpowerment,  
**A**ccountability,  
**R**esponsiveness,  
and **L**ocal  
**E**mbodiedness.

Our Responsive, Respectful and Results-driven **values** shape our business culture and help us implement the KBC strategy in line with our mission and vision.

Our **41 000 colleagues** work together as a single 'Team Blue' to help our **12 million clients** realise their dreams and projects. Belgium accounts for 3.5 million customers and 16 000 employees.

# at a glance

Our group strategy builds on the goal of 'helping our clients to both realise and protect their dreams and projects' and is founded on four mutually reinforcing principles:



- We look to offer our clients a unique bank-insurance experience.
- We place our clients at the centre of everything we do.
- We focus on sustainable and profitable growth.
- As a sustainable and responsible business, we aim to anticipate society's needs and expectations and to do so in a relevant, transparent and balanced way.

# 2019 RESULTS

KBC Group closed 2019 with earnings of almost 2.5 billion euros. In terms of the resources we deploy that represents a return on equity of 14%. We maintain a robust capital base of 20.4 billion euros and our cost/income ratio stood at 58%.

Our most important capital ratio\* amounted to a robust 17,1% on 31 December 2019, substantially higher than the ratio required by the regulator. It means that we hold 17 euros of capital for every 100 euros of risk-weighted assets.

The Solvency II ratio of 202% ranks KBC Insurance amongst the best-capitalised companies in the European insurance industry.

KBC has a group of core shareholders, including Cera, MRBB and other core (family) shareholders, which held just over 40% of our shares at the end of 2019. Our core shareholders provide KBC with a solid anchor and enable us to pursue a strategy focused on the long term.

\* Group common equity ratio (Basel III, fully loaded according to the Danish compromise method)

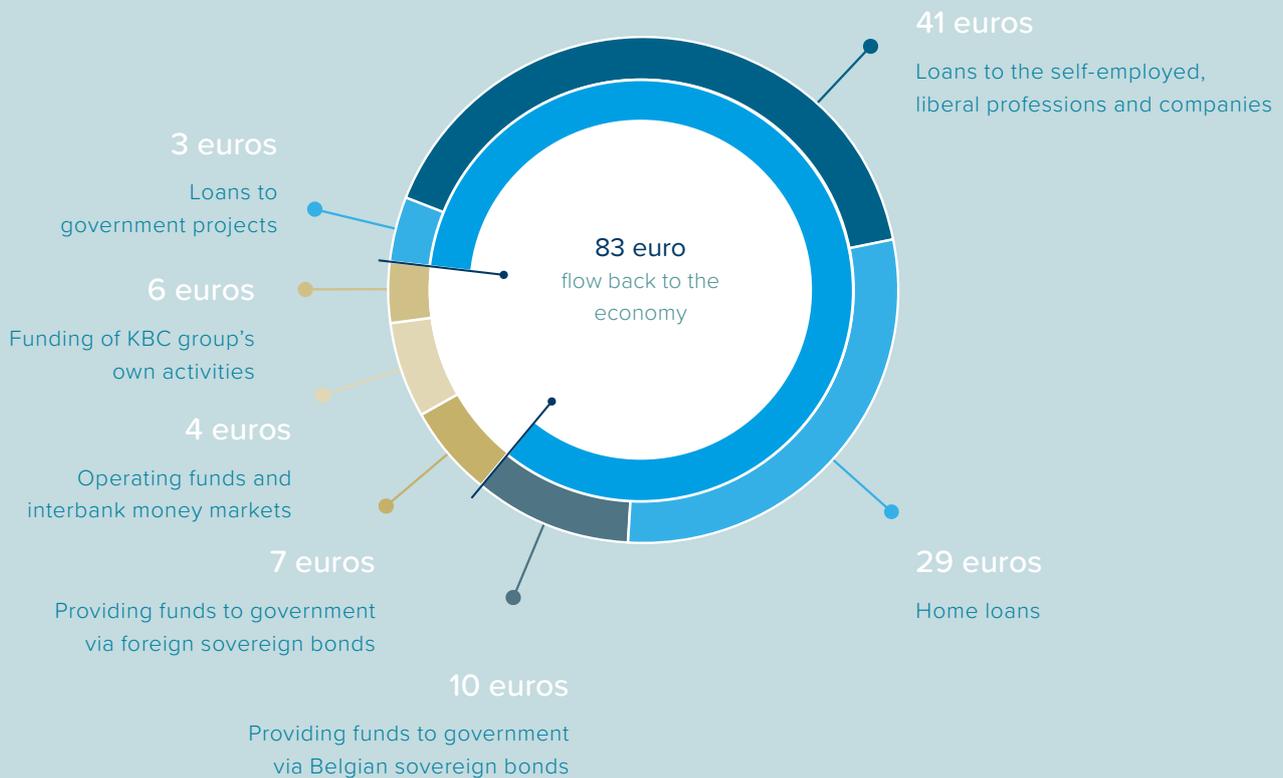
## Overview of taxes paid in 2019

(In euros)	Income tax	Non-recoverable VAT and other miscellaneous taxes	Bank levies and deposit protection fund	Total
Belgium	272 000 000	121 310 000	277 000 000	670 310 000
Czech Republic	145 000 000	54 900 000	37 000 000	236 900 000
Hungary	29 000 000	29 580 000	111 000 000	169 580 000
Slovakia	20 000 000	20 940 000	20 000 000	60 940 000
Bulgaria	32 000 000	8 240 000	15 000 000	55 240 000
Ireland	400 000	17 040 000	31 000 000	48 440 000
<b>Total</b>	<b>498 400 000</b>	<b>252 010 000</b>	<b>491 000 000</b>	<b>1 241 410 000</b>

### How your savings help the economy

In 2019, we once again invested 73 out of every 100 euros our clients saved with us in the economy, through loans to private individuals, businesses and government projects. Plus another 10 euros in Belgian government bonds, making a total of 83 euros.

# 100 EUROS IN SAVINGS



Across the group, we managed a total of 194 billion euros in deposits in 2019. The figure for Belgium was 131 billion euros. This substantial volume of savings enabled us to provide loans in Belgium to an amount of 112 billion euros.

We paid out 572 million euros in non-life insurance claims and 887 million on life insurance policies in Belgium in 2019, while managing 26.6 billion euros in reserves for life insurance products. This includes 16.6 billion euros in investment-type insurance (unit-linked and non-linked).

# extra services

and KBC Deals

## \* For clients

- Parking at Q-Park and using 4411
- Buying service vouchers and checking the balance
- Tracking Monizze card balance
- Checking PayPal transactions and balance
- Sending and tracking registered e-mails with IPEX
- Digital Safe for simple and secure storage of documents
- Consulting government documents in eBox



**KBC Deals** – discounts (cashback) on selected stores and online shops

## For everyone

- Buying public transport tickets for bus and train services
- Ordering Brussels Airport vouchers
- Ordering extra Brussels Airport services

## Your digital channels 24/7



### KBC Mobile

Our helpful app for banking on your mobile does much more than you might think. Take care of your banking tasks? Make an accident, damage, theft or hospitalisation insurance claim? Purchase bus and train tickets and pay for parking? They're all possible!

### Your bank branch

Our experts will be delighted to help you in person with your banking and insurance needs.

### Your insurance agent

Your insurance agent will protect what's close to your heart. If things go wrong and if you need to call on your insurance, we'll settle your claim quickly.

# Welcome

Our clients are increasingly going digital when it comes to their banking and insurance affairs, and so the number of branch visits and cash withdrawals is in sharp decline.



### KBCLive)))

Our opening hours don't suit or you're unable to drop by? Call our experts on 078 353 137 for a video chat appointment. They're there for you from 8 a.m. to 10 p.m. on weekdays and 9 a.m. to 5 p.m. on Saturdays.

Find out more at [www.kbc.be/live](http://www.kbc.be/live).



### KBC Touch

You can manage your banking and insurance quickly and easily on your computer and tablet.

### At the ATM

You can withdraw or deposit cash and perform other transactions at our ATMs from 6 a.m. to 11 p.m.

Some dreams are modest and personal, others can change the world. And a good thing too: our planet is heating up and could do with some refreshing ideas.





# in conversation

Johan Thijs



'We confirmed our commitment in 2019 to the United Nations Environmental Programme Finance Initiative. To this end, KBC has agreed to stimulate the greening of the economy to the greatest possible extent to help limit global warming to well below 2°C. We will achieve this in dialogue with our clients and by supporting their transition to a lower-carbon society. Green is the new digital.

Besides this green revolution, digital disruption remains a major challenge for KBC. Technology is evolving extremely rapidly and new players are entering the financial markets. KBC embraces the digital future and, as a client-oriented innovator, is also offering both banking and non-banking solutions via our KBC Mobile app. This focus on digital convenience applies to all our core countries.'

Thomas Leysen



'We recognise that a bank-insurer like KBC still faces a lot of highly varied challenges. We will tackle them alongside our stakeholders, by keeping up a dialogue with them and by listening. And also by looking for targeted solutions to society's needs.

But that will be my successor's task. I will be leaving KBC in May, after nine years as Chairman. Throughout those years, I have put my business experience to work for KBC and have tried to contribute to the strategic direction and to sustainable thinking across the group. It is now time for me to hand on the baton, which I do with full confidence in KBC's future.

KBC's CEO and Chairman of the Board of Directors have worked together closely for eight years. They have inspired and motivated each other. They look back with satisfaction, but cannot but look to the future with concern, because the context in which bank-insurers operate is changing at lightning speed.



# GREEN IS THE NEW DIGITAL

Johan Thijs

## **KBC is a driving force in the financial landscape, but what makes it different?**

Thomas Leysen: 'A few years after the financial crisis, we clearly defined the principles for which KBC has to stand: client-oriented bank-insurance with strong risk management and sustainability. The environment and context have obviously changed since then, but we continue to follow the values and the strategic direction we adopted in 2012 and 2014 respectively. This has been appreciated and has helped us win back the confidence of society. We now find ourselves in a financially strong position and KBC is recognised as a reference in many areas.'

Johan Thijs: 'The context in which we work has changed substantially in a short space of time. Bankers and insurers have been subject to stricter regulation in the aftermath of the financial crisis. There have been new regulations too, designed to open up the market. Europe's new PSD2 payments directive, for instance, which allows non-financial players to request access to account information. Meanwhile, interest rates remain low and the financial markets are being shaped by external circumstances like Brexit. There is disruption too caused by rapid digitalisation: clients want instant solutions, while employees are wondering whether they will still have a job. In short, these are challenging times for a bank-insurer like ours. So it is good to be able to build on your foundations, as Thomas just mentioned, and to focus very clearly.'

## **Client-centricity is one of KBC's foundations. But client behaviour is changing extremely fast and their expectations are very high. How is KBC able to keep living up to that?**

Johan: 'We keep up a constant dialogue with our clients: we listen to what they need and then look for targeted solutions, including technological ones. KBC wants to support its clients proactively, rather than reactively. We want to make life easier for them.'

Thomas: 'We look at the world around us with an open mind: what is happening? What trends can we see emerging? And how can we respond to them? We don't have to come up with every innovative idea ourselves – although quite a few of them will hopefully be our own, obviously – we keep a close eye on what is happening elsewhere too. We also cooperate with partners, to achieve economies of scale and to speed things up. In this way, we have gone from being a follower to a pioneer. Our clients appreciate the way we put them at the centre, our proactive approach and certainly our approach towards digitalisation.'

## **Artificial intelligence is an integral part of digitalisation. Certain concerns about its application remain, amongst both clients and employees. How is KBC addressing them?**

Johan: 'Trust is and will remain the basis for a long-lasting client relationship. That's why KBC has opted firmly to use the available data in

## THE GREEN TRANSITION WILL REQUIRE COMPANIES – INCLUDING KBC – TO RETHINK THEIR ENTIRE BUSINESS MODEL. THAT REPRESENTS A HUGE CHALLENGE!

such a way that clients are supported more and more effectively. And yes, the use of artificial intelligence does significantly increase the benefits to the client. But it also presents KBC as an organisation with challenges: what is the best way for our staff to learn how to work with these tools and also to develop them themselves? And what if some people are unable to do so? We have to deal with these things in a very respectful way, because we have a long-lasting relationship with our staff as well. We have developed alternatives within both KBC and the sector as a whole that have a positive effect for society too: Minerva and Talent Mobility (more information on pages 36 and 37). But this is not only an issue for our sector – all businesses will have to address it.’

### **During your chairmanship, Thomas, KBC has placed a growing emphasis on sustainability. Why was this important to you personally?**

Thomas: ‘It is my personal conviction that a business has an important role to play in society. You shouldn’t shuffle that role off to the periphery of your operations or shut it away in a sustainability department: you need to incorporate it in your strategy. For me, the fact that we have done this at KBC is the most important achievement in the area of sustainability. It means you can avoid a number of problems, or at least identify them at an earlier stage and respond accordingly. In doing so, you also create new possibilities for diversification

and innovation, while possibly inspiring other businesses too. It was also crucial to us to win back society’s trust in the wake of the financial crisis. That’s exceptionally important in a socially sensitive sector like ours, which interfaces with so many aspects of the economy.’

Johan: ‘Responsible behaviour on the part of every employee is a precondition for trust. But what exactly is responsible behaviour? Everyone has their own definition, which makes things difficult. Not to mention the fact that the definition evolves over time: what is perfectly acceptable today might not be tomorrow. All the same, responsible behaviour to us is the basis of our vision of sustainability. We use “dilemma training” to keep our staff sharp: it is important to carefully think through the possible differences between two points of view and their consequences before taking a decision. It’s not always easy: sometimes you might be in doubt or feel under commercial pressure. In that case, you should talk to a colleague or your manager, and come to a position together.’

Thomas: ‘What’s essential is that we also bear the long-term consequences in mind of every decision we take. We must never do something that is good in the short term but harmful over a longer period. That used to happen far too often in the financial sector before the crisis. There are bound to be further difficult periods for the financial markets, but we will not sacrifice our



# YOU CAN'T MAKE A DIFFERENCE ON YOUR OWN

Thomas Leysen

long-term interests – the continuity and stability of the group – in pursuit of short-term profitability. This mentality has to be embedded in the Board of Directors and the Executive Committee and amongst managers and staff. Stories about that kind of thing can be recalled at every level and provide a solid basis for our dilemma training.'

## **Irresponsible behaviour – even on the part of a single employee – can severely damage a business's image.**

Thomas: 'I'm going to say something dangerous now, and I should really knock on wood as I do... [laughs]. If there's one thing I'm proud of, it is that in the past nine years we have made good commercial progress without any significant incidents to affect our reputation in Belgium or Central Europe. You might put a couple of years without trouble down to good luck, but nine years... that surely says something about the culture of our group. All the same, we have to remain constantly alert. That's our greatest challenge: avoiding self-satisfaction. KBC is now the reference in a number of areas, but that must never lead to arrogance or complacency. We need to keep ourselves sharp at all times.'

## **If responsible behaviour is the foundation for sustainability at KBC, what does sustainability itself entail?**

Johan: 'The crisis taught us that a financial

institution must, by definition, meet the needs of society. But the question is indeed, which needs precisely? KBC is interwoven in many aspects of society and we can't target all of them. Four years ago, we chose four focus areas in which we can have the greatest impact: entrepreneurship, health and population ageing, financial literacy and environmental responsibility. Those four areas are more relevant today than ever and are strongly interconnected: you can't be an entrepreneur, for instance, nowadays without taking your environmental responsibility. Our impact in these areas will grow even more in the years ahead.

## **How is KBC pursuing environmental responsibility in practice?**

Thomas: 'If we feel the climate issue is incredibly urgent and we want to make Europe climate-neutral by 2050, finance will be a huge element in that. It can't be delivered by the banks alone: governments, individuals and businesses will all have to make choices. KBC has already adjusted its lending policy: we were the first to pull out from the financing of coal, even in countries like the Czech Republic where this is not a straightforward issue. And we are also a pioneer in the funding of wind farms. We have developed an energy efficiency tool for retail clients and offer energy audits to both retail and business customers, to name just a few examples.'

### Are individual citizens willing to invest in climate solutions? And can everyone afford to do so?

Thomas: 'Awareness has grown sharply, but the execution still has to follow. It's true that it isn't easy to get people moving. You can't make a difference on your own, by doing the right things individually. It has to be on a big enough scale and with mechanisms to oblige people to join in.'

Johan: 'Last summer, we had a shortage of water, while when it was winter here, Australia was going up in flames. Everyone understands now that something has to happen. The momentum is there, so let's use it. KBC wants to play a pioneering role in the energy transition, by providing individuals and businesses with solid support. But the government has to do its part to facilitate that. We are all going to have to do something about the way we travel and live, but what exactly? Belgium's housing stock, for instance, is old and green renovation is expensive. Between 50 000 and 100 000 euros on average per house, I read somewhere. We can support our clients, but what if they can't afford to renovate? What will then logically happen is that citizens turn against the initiative and become entrenched in their opposition. The government will have to find a solution for that.'

### What about companies?

Thomas: 'Europe has made a firm choice to take action on climate change and we need to prepare ourselves. We will support the most progressive clients in their decisions, while helping the others to think about it.'

Johan: 'SMEs too will be affected by the transition to lower carbon emissions, while far from all businesspeople have the skills needed to make the necessary analysis. We intend to address this in the near future, as the need is great. Green is the new digital and it will require companies – KBC included – to rethink their entire business model. That will be a huge challenge. So I can only hope that Europe really does focus on the transition rather than on the masses of red tape that seem to come with it...'

### Is KBC really ambitious enough when it comes to sustainability? And how is that being monitored?

Thomas: 'We have combined our sustainability parameters in a dashboard, which we track closely in the Board of Directors. So we can tell if we're not heading in the right direction. At the same time, we're constantly tightening up our targets so that they remain both ambitious and feasible: that's the most motivating combination. But perhaps some of them will become less relevant in the future and others more important. If so, we will adjust accordingly. Should we be even more ambitious? I think we could put even more emphasis on some areas and that sustainability could be an even bigger part of our articulated strategy.'

### Aside from this green revolution, what is the biggest challenge facing KBC?

Johan: 'That would still be digital disruption. We often overestimate what technology can do in the short term, while underestimating what it will change in the long term. Banks,



insurers and pension funds are each other's competitors right now, but the financial landscape of the future will be totally fragmented. This will change not only our business model, but also our model of cooperation between institutions, between us and our clients and us and our staff. Technology will have an incredibly significant impact on this. Intelligent machines that take over jobs: my fear is that this is going to affect part of the working population in a service economy like Belgium's. We're already noticing it at KBC.'

#### **Is that making staff nervous?**

Thomas: 'We can't promise people that nothing is going to change in the next three years. A lot is going to change, more so than in the past two decades. We're trying to clarify these processes – although we could probably do so even better – and to make sure they don't result in wholesale changes to the workforce as is occurring elsewhere.'

Johan: 'We've firmly opted for natural wastage and have provided a guarantee to that effect until the end of 2022. But it's true that the rapidly changing world is having an unimaginable impact on KBC's role, so it makes sense that people might feel uneasy. It's our task to help them make the transition to a new environment.'

#### **Doesn't KBC have a greater need now for people with a STEM (Science, Technology, Engineering and Mathematics) background? And are enough of them out there?**

Johan: 'We're not having any problem finding AI engineers: we employ around a hundred of them at KBC right now, 13 in Belgium. We recruit worldwide, and we have at least 30 candidates for each vacancy. In the meantime, it is a highly diverse team with people of 25 different nationalities – that dynamism exerts its own attraction. I'm very much in favour, incidentally,

of extending the same diversity across the organisation as a whole.'

#### **As digitalisation continues to advance, it is also important to ensure that there are sufficient women working in ICT. Otherwise the future will surely be defined primarily by men.**

Johan: 'Absolutely. The proportion of women in ICT at KBC currently stands at 25%: more than at other companies, but still obviously too low.'

Thomas: 'Gender equality is another parameter we track within the Board of Directors: we'd like to see more movement in that respect. Diversity, or even better inclusivity, will certainly be a challenge for my successor. It's up to companies too to help avoid a two-tier society. We've already managed to redraw the boundaries to some extent and will have to do so further.'

#### **Good luck in your future career, Thomas.**

Thomas: 'Thanks! One of KBC's strengths is the continuity of its personnel, certainly in times of rapid change. It's not like Grand Central Station here: neither in the Board of Directors or the Executive Committee. Far from it. We've always set great store by continuity, while also managing to bring in new blood with fresh ideas and different skills when necessary. So I have total confidence in my successor.'

# HOW IS EUROPE ADDRESSING THE GREEN CHALLENGE?

**Shortages of raw materials, climate change and their demographic and social impact call for fundamental measures: the European Union has now thrown itself entirely behind a greener and cleaner economy. Huge investments will be needed in order to achieve those ambitions and so the financial sector has a key role to play in this “sustainable revolution”. The European Union has already drawn up an action plan to this end.**

## WHAT IS ‘SUSTAINABLE FINANCE’?

Sustainable finance is a way of investing and funding that not only pursues a particular return, but also sets out a long-term vision that takes account of ecological, social and governance (ESG) criteria.

## WHAT DOES THE EUROPEAN ACTION PLAN ENTAIL?

Europe does not only want to make financing more sustainable, but also to ‘guarantee the stability of the financial system and to encourage greater transparency and long-term thinking in the economy’. The European Commission also stresses the importance of a ‘large-scale rethink of the functioning of our financial system’ in order to redirect private capital towards more sustainable investments.

## WHAT DOES THIS MEAN FOR KBC?

KBC has opted for an integrated climate approach. We are helping to make energy production across the group greener and to limit the energy consumption and/or ecological footprint of companies and individuals..

**YOU CAN READ HOW KBC APPROACHES ITS ROLE IN THE SUSTAINABILITY REVOLUTION IN PRACTICE ON P. 26.**



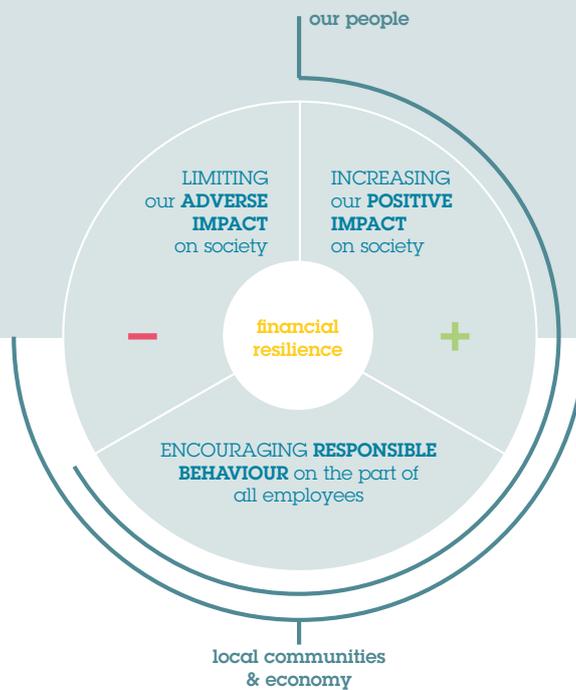
It takes money for dreams to be realised. But even a large bank-insurer cannot and does not want to fulfil every one of its clients' dreams. So which ones will it help realise?

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# IN practice

For KBC, sustainable business begins with responsible behaviour on the part of every employee. We want to limit any adverse impact of our operations on society and increase the positive impact.

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To achieve this, we require sufficient financial resilience and must strictly manage our risks. It is thus very important in our view that sustainability is integrated throughout our business operations and is supported by all our employees.

In this way, we use the leverage of a major bank-insurer to stimulate the economy, not just today, but tomorrow too.

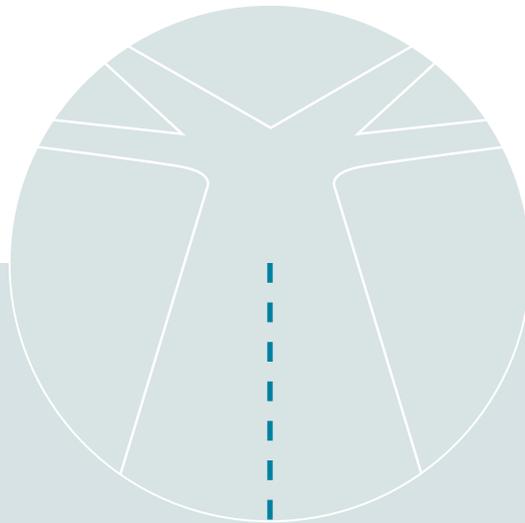
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# CONSCIOUS THINKING

Surely responsible behaviour is the very least each client can expect? And by extension, society as a whole? That's certainly true, but it is still not always easy or straightforward to achieve. We pay special attention to it at KBC.

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Our everyday tasks expose us to dilemmas or to issues that we experience as a dilemma. These are situations that cannot be solved purely through regulations and procedures, but in which we need to weigh up different interests very carefully. It is crucial that we make a conscious effort to think about these things and that we share our thinking with each other.

Because responsible behaviour is hard to define, we combined a number of principles in 2018 in our '**Compass for Responsible Behaviour**'. Rather than readymade solutions to the kind of situations with which KBC employees might be confronted in their everyday work, it is a mentality that serves as a guide in all their decisions and actions.

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# reduced NEGATIVE IMPACT

## STRICT POLICY GUIDELINES

As a bank, we want to invest our clients' savings in businesses that are worthy of them. And those are exactly the kind of businesses we want to insure as well. To that end, we operate a restrictive insurance and lending policy in the case of requests from companies from controversial sectors. The excluded companies feature on the public blacklist.

### Energy

Our lending and insurance policy for the energy sector was tightened up in 2018. Just to be clear: KBC has been scaling back its financing of fossil fuels for some years now, including in the Czech Republic, where coal still accounts for approximately 40% of electricity generation (more on this on p. 26).

### Arms

We were already extremely reluctant to finance companies involved in the arms trade, and since 2018, nuclear weapons have also been categorised as controversial and excluded from all KBC activities.

### Soy

The policy on palm oil production was extended in 2018 to include soy. Companies active in this field have to meet international standards for the sustainable exploitation of these commodities.

### Mining

Under our mining policy, corporate clients with activities in this sector have to take account of the environmental risks associated with their operations and the risks posed to human rights and the rights of local populations.

### Tobacco

KBC signed the **Tobacco Free Finance Pledge** in 2019. In doing so, KBC has excluded the tobacco industry (everything except retail) from financing, insurance and investment. Signing the Pledge bolsters our commitment under the Health & Population Ageing focus area (see also p. 29).

## OWN FOOTPRINT

KBC committed itself in 2015 to reducing the group's overall CO2 emissions by at least 20% by 2020 (compared to 2015 and excluding commuter travel). A more ambitious target was set in 2018: -25% by 2020. We now aim to cut emissions by 50% by 2030 and 65% by 2040. In 2019, KBC was responsible for about 29 000 tonnes of CO2 emissions, two thirds of which was attributable to staff mobility and the other third to energy consumption.

## How does KBC limit its carbon emissions?

### Staff mobility

By reducing commuter and business travel through teleworking and Skype conferencing;

By promoting public transport use;

By offering cycle leasing and encouraging greener use of lease cars (the more environmentally friendly the company car, the higher the budget).

What happens next? The Green Mobility Project is currently investigating what further steps KBC can take.

### Energy

By pursuing energy efficiency in all KBC buildings. Since the renovation of our premises in Mechelen, for example, the building is close to energy neutral;

By focusing on the energy consumed by servers at our data centres and by our computers and monitors;

Through the use of LED lighting, heat-recovery and geothermal power;

By switching to 100% green electricity and through 45 solar panel installations generating a combined power output of almost 1 000 kWh.

Why not a wind turbine? This idea has been studied for the Leuven and Mechelen sites, but the proximity of residential areas and Brussels International Airport approach routes remains a major obstacle.

### What else?

- Through use of alternative cleaning methods: dirt is removed by natural organisms;
- By recycling even more effectively. Leftover food from company canteens is used for biofermentation – an excellent basis for green energy generation;
- By repurposing surplus office furniture. We donate 800 pieces of furniture a year to dozens of non-profit organisations, schools and recycling centres.

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# greater POSITIVE IMPACT

## ENVIRONMENTAL RESPONSIBILITY

### Greening energy production

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#### **By 2023:** **no further financing of coal**

KBC is scaling back its funding of coal-fired electricity production to zero by 2023 at the latest. The financing of ecological improvements to existing district-heating systems in the Czech Republic can continue until 2035 at the latest, as 40% of the Czech population would otherwise be left in the cold. KBC has already stopped financing businesses active solely in the extraction of oil or natural gas.

KBC has heightened its climate ambitions and made fresh pledges in this regard in 2019. The group will review its coal policy again in 2020.

#### **By 2030:** **50% green energy loans**

At least half of KBC's energy portfolio must be green by 2030. The portfolio of loans to the renewable energy sector in Belgium stood at 1.2 billion euros at year-end 2019. KBC Belgium invested just under 900 million euros in renewable energy projects, generating green electricity for 2.5 million households and reducing CO<sub>2</sub> emissions by 184 000 tonnes.

KBC accounts for a significant proportion of the financing of wind energy in Belgium, both on land and offshore. We are involved in seven of the eight offshore wind farms, representing 89% of installed capacity.

### Limiting energy consumption by individuals

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KBC offers a variety of solutions to encourage individuals to reduce their CO<sub>2</sub> emissions. The group firmly believes in the social importance of this: more than 2.7 million homes still need to be renovated, for instance, for Belgium to meet its climate targets.

To this end, the Flemish government has set targets for making homes more energy-friendly. As of 2021, all purchased or inherited houses must meet the energy targets within five years: adequate insulation and environmentally friendly heating and hot water. These measures will, moreover, only become stricter. We therefore wish to raise our clients' awareness and to help them recognise the benefits of an energy-efficient home.

As a bank-insurer, we want to offer our clients products and services that support the transition to a sustainable society.

### Home Energy Checker

The Home Energy Checker lets our clients see straight away whether their home meets the Flemish Regional Government's energy targets, what energy-saving measures are necessary, what it would cost to improve their home and how rapidly the investment would pay for itself. We have partnered with EnergyVille/VITO to provide this advice.

### Green Energy & Security Loan

We offer clients looking to renovate and/or to invest in the security of their home a green Energy & Security Loan, provided that at least 50% of the investment is for environmentally-friendly measures or for improvements that increase the building's burglary protection or fire safety.

### Green non-life insurance

KBC offers an attractive fire insurance premium for residential types that make efficient use of surface area, such as cohousing and secondary living units. Free cover is also provided for measures to make homes, especially older ones,

energy-neutral. Solar panels and heat pumps, for instance, are insured without an increase in premium, and you do not have to pay a higher rate to insure near-zero energy buildings or passive houses, even if the cost of such homes is higher. In the event of severe damage, KBC will not only cover the costs of rebuilding the home, but also the extra costs for doing so in line with current building standards.

### Renovation Loan for Joint Owners

KBC offers a separate renovation loan for co-owners' associations. The loan is intended to meet the complex funding issues associated with sustainable and energy-efficient renovations to apartment buildings. It offers clients a variety of benefits: renovation can begin faster, the value of the property is increased and there is certainty about the amount each owner has to pay, so each owner can decide for themselves whether or not to participate in the loan.

### Reducing energy consumption by companies



KBC supports businesses looking to set up a green mobility policy and more sustainable production processes. We also want to work with our partners to create opportunities for companies to save energy, while also inspiring and guiding companies towards fulfilling their sustainability ambitions.

### Light as a Service (LaaS)

KBC launched a 'LaaS' or 'Light as a Service' pilot project in 2018, in which the client pays for guaranteed light rather than for the installation of lighting systems. The LaaS approach incentivises the supplier to ensure that the equipment has the longest possible service life and lowest power consumption and that it can be reused or recycled. In 2019, KBC teamed up with Signify (the former Philips Lighting) to offer a full-service concept allowing the client to switch to energy-efficient lighting without incurring

substantial up-front costs. In return for a fixed monthly amount, the LaaS approach takes care of everything for them, from study and installation to everyday management and maintenance. From the moment of installation, the client benefits from energy savings, offsetting some or all of the monthly fee.

#### Other product-service combinations

In the meantime, other product-service combinations are also being investigated. Examples include the supply and financing of LED lighting for agriculture and horticulture, solar panels for companies and Utility (energy) as a Service. In the case of energy-intensive businesses, KBC provides efficiency advice in collaboration with Encon.

#### EIB loan for SMEs

At the beginning of this year, KBC, CBC and the European Investment Bank (EIB) made available a combined 300 million euros in sustainable loans to small and medium sized Belgian enterprises. Companies looking to become greener can benefit from a significantly lower interest rate thanks to EIB support. In this

way, pioneers in the area of sustainability get the opportunity to expand their activities further or to finance new and innovative plans.

#### Hail insurance

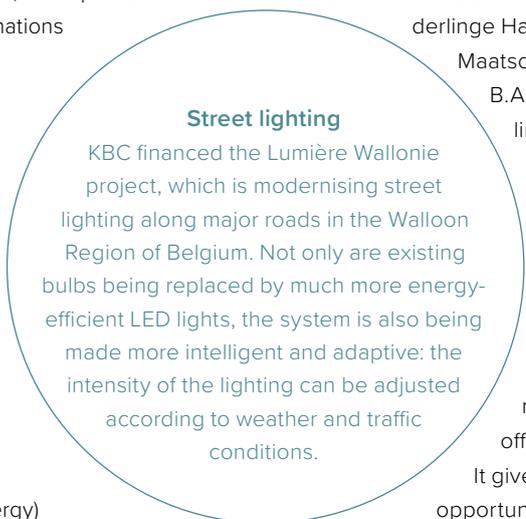
From January 2020 onwards, KBC clients can insure themselves against damage to crops and fruit caused by extreme and unfavourable weather conditions via a contract with On-

derlinge Hagelverzekering Maatschappij AgriVer B.A. and Onderlinge Fruittelers Hagelverzekering (OFH).

#### Bicycle Leasing

Bike leasing is part of the multimobility model that KBCD offers businesses.

It gives companies the opportunity to offer their staff various modes of mobility, including a bicycle. A total of 15 000 bike lease contracts had been issued by 2019. As a financial institution, KBC wants to support the local economy, which is why KBC Bicycle Leasing is working with around 360 local dealers, making the approach extremely convenient for cyclists. KBC Bicycle Leasing also pays attention, lastly, to the social and economic aspects. We collaborate with Ateljee, for instance, to provide certain clients with bicycle maintenance.



## ENTREPRENEURSHIP

### Start it @kbc (our incubator for start-ups)

In 2013, we launched Start-it @kbc – a business ‘accelerator’ that provides start-ups with accommodation and above all with free support and advice. Focuses in 2019 included diversity, intrapreneurship (via Start it X) and expanding the network and offering. We are collaborating in these areas with strategic partners such as Accenture, Telenet and DPG Media, 29 other partners and 135 mentors. In the meantime, we’ve already supported over 800 start-ups, of which 521 are currently active. That makes us the largest accelerator in Belgium. In the meantime, we have also launched successful Start-it programmes in Hungary and the Czech Republic.

### Crowdfunding and crowdlending

Some companies grow so rapidly that we can no longer keep up with them. When that happens, we advise them to look at alternative forms of finance, besides bank loans, such as crowdfunding and crowdlending. Today’s entrepreneurs are also much more aware of a good mix of financing solutions. KBC raised almost 9.5 million euros in 2019 for a total of 15 projects.

**KBC Vindr**

It is not easy for a small, local entrepreneur to keep up with everything in your professional field, financial management, staff management, digitality, trends and so on. Our unique KBC Vindr matchmaking platform helps entrepreneurs to expand their network, share experiences and above all learn from each other.

**KBC Match'it**

Research suggests that a wave of business takeovers is likely in the years ahead, not only amongst small, independent companies but also in the larger family business sector. Match'it supports buyers and sellers in their search for a new owner. It is a secure digital platform on which buyers and sellers can discreetly exchange information and negotiate.

**BRS**

Microfinance institutions in the Global South provide opportunities to small businesspeople like farmers, artisans and traders. Tailored loans, insurance, savings products and training help them to build their businesses. KBC offers a unique **'colleague to colleague'** concept to bolster these institutions. It does so through cooperation with its development organisation BRS and in partnership with Cera.

**HEALTH AND POPULATION AGEING****Social profit sector**

KBC advises and guides social profit institutions and local government in areas like payments, asset management, subsidy rules and financing solutions. In 2019, KBC Belgium invested 2.6 billion euros in hospitals and 1.4 billion euros in retirement and care homes. It also insured 446 homes and 170 hospitals.

**Prevention (or a small gesture every day)**

There are more and more apps that help us to track our health. FibriCheck is a medically certified app that enables the user to detect cardiac arrhythmia simply and in a timely fashion via a smartphone or smartwatch. What's more, the data from these heart-rate measurements can be consulted by the physician directly from a dashboard. In this way, symptoms of cardiac arrhythmia can be detected promptly and easily tracked. KBC attaches great importance to prevention and FibriCheck will therefore be available in KBC Deals from February onwards.

**Carers**

Many people act as carers for someone outside their own family. But what if they make a mistake, which damages medical equipment? If they belong to an accredited informal carer organisation, any such damage is covered by the KBC Family Policy up to the amount of 50 000 euros.

**Digitality**

Some of our older clients are still intimidated by the trend towards digitalisation. For some years now, KBC has been organising free, hands-on DigiWise sessions at its branches, to introduce these clients to the use of smartphones and tablets. These have been followed up by 'DigiTuesdays', at which participants can discover our own KBC apps and learn more about safe online banking. Last year, 38 000 clients between the ages of 55 and 80 were able to 'go digital' in this way – a 17% increase compared to 2018.



## FINANCIAL LITERACY

### Get-a-Teacher

At the beginning of 2017, KBC developed an initiative to optimise financial knowledge amongst young people. Since then, Get-a-Teacher has become an increasingly established part of education. Secondary schools of all types, higher-education colleges and universities can invite a KBC instructor, free of charge, to help students find their way around handling money, managing budgets, and so on. Since 2019, the service has been extended from Flanders to the German-speaking region of Belgium. A new teaching package for first-grade pupils has also been introduced in the current school year. A total of 2 326 lessons have so far been requested, with around 100 instructors reaching 37 000 students at 856 schools.

### Numbers and cents

The **'Numbers and Cents'** ('Cijfers en centen') scheme uses KBC experts to enhance the financial literacy not only of young but also slightly older people. Short videos explain financial terms in an easy-to-understand way and answer questions such as 'why are savings rates so low', 'what state are our pensions in' and 'how are big companies approaching sustainability'?

### B-Coach programme

And why not bring experienced investors into contact with newcomers? A survey carried out in 2018 found that no less than 7 out of 10 Bolero clients wanted to share their passion for the stock market. The B-Coach programme allows an experienced investor to introduce a novice to the wonderful world of investing: how does the stock market work and how best to compose your portfolio?

### Client communication

Data analysis is essential if we are to understand our clients' behaviour and offer them information, products and services tailored to them. But not every client is comfortable with that, which is why we clearly inform them about how their details are used and allow them to decide for themselves whether they want to receive general or personalised information. Protecting and using their details in the way they expect of us is crucial and will remain so.

# SUSTAINABLE INVESTMENT

## CHOICE OF INSTITUTIONAL AND PROFESSIONAL INVESTORS

### Green bonds

By issuing green bonds, KBC offers investors the opportunity to invest sustainably and private and public bodies the funds they need to realise social and green projects. The proceeds of green bond issues are used to finance projects with a positive environmental impact. In 2018, KBC became the first Belgian financial institution to issue a green bond for institutional and professional investors.



KBC was a **pioneer in socially responsible investing** almost 30 years ago and is **still the market leader**. All the same, the relative proportion of sustainable investments remained low until recently, even at KBC. We have therefore expanded the scope of funds of this kind, so that every investor, regardless of their style, can invest in socially responsible businesses, including clients who have KBC manage their portfolio for them through KBC Easy Invest Service.

We also continue our efforts to raise the **awareness** of our relationship managers in the retail and private banking network. And these efforts pay off: in 2019, almost half of our KBC Easy Invest clients opted for an SRI approach and our portfolio of SRI funds has risen from 2.5 billion euros in 2015 to 12 billion euros in 2019.

In 2019, all of our sustainable investment funds were awarded the **Febelfin quality label**, which means they (1) offer a clear sustainability strategy; (2) exclude very harmful businesses or operations; and (3) are transparent about socially divisive practices. KBC goes a step further by also excluding investments in tobacco or fossil fuels.

As of 2021, we will issue an **'identity card'** for every investment (not only for sustainable funds), stating the climate impact so that every client will know how they can contribute to a better climate.

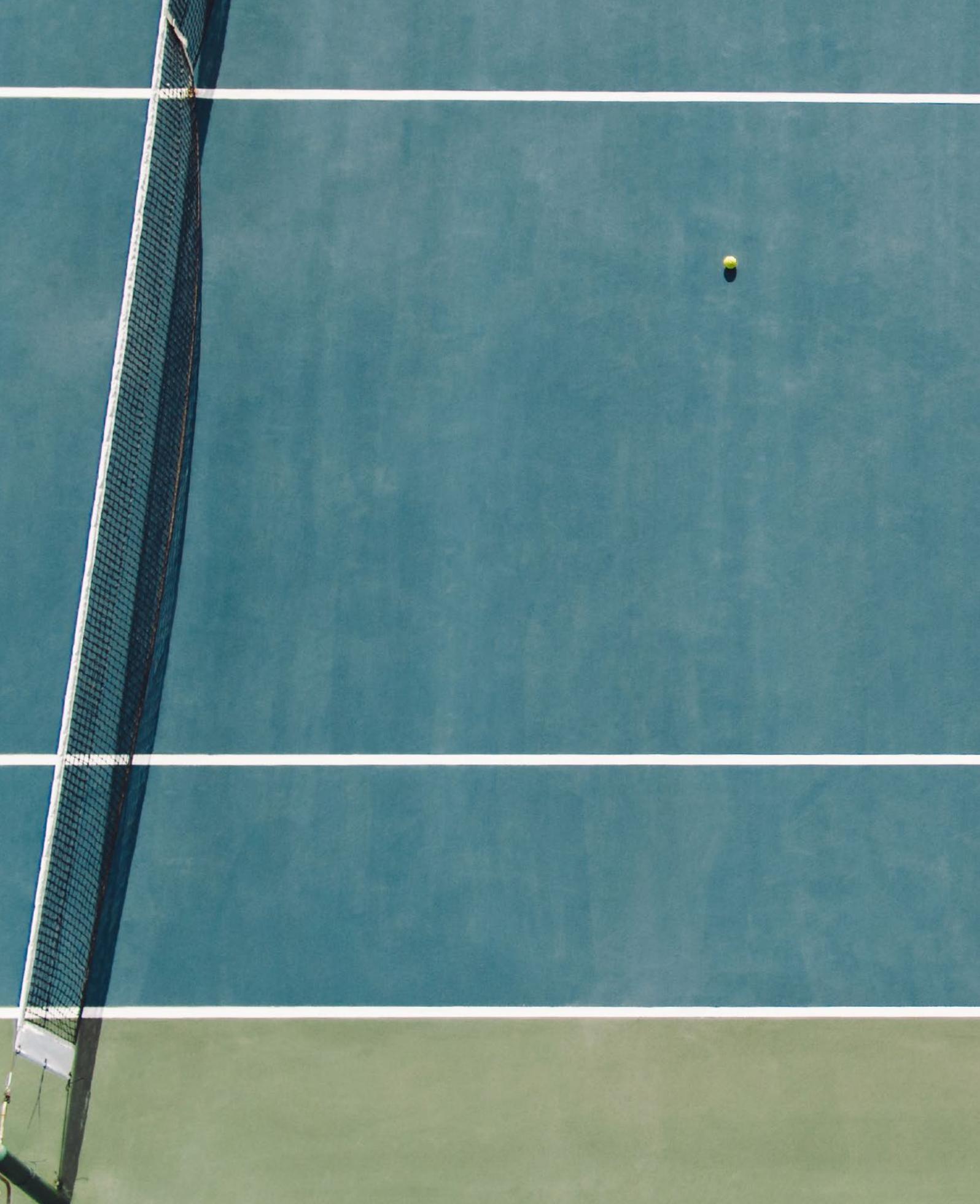
## CHOICE FOR PRIVATE INVESTORS

**Best-in-class funds** invest in companies or countries that offer the best performance compared to their sector or group peers in terms of how they approach the environment, social policy and corporate governance.

**The Impact Investing fund** invests in companies that have a direct positive impact on society and the environment through their products and services. Unlike the best-in-class funds, where we look at **how** something is produced, the emphasis in Impact Investing is on **what** is being produced.

**Theme funds** invest in companies that make a sustainable contribution to tackling a particular social issue, such as the looming shortage of drinking water or climate change.

**KBC Pricos SRI** – the first SRI pension-saving fund on the Belgian market – invests exclusively in securities and money market instruments issued by countries and businesses that have a positive impact on our society and the environment. Clients can start saving towards a pension via digital channels like KBC Mobile, on which only the sustainable version is offered.





Clients, employees and other stakeholders seem like groups of people, but they are still made up of individuals. KBC can only find out what they expect by listening to them closely.



We can only fully live up to KBC's importance in society if we enter into a dialogue with our stakeholders: our clients, employees, investors and suppliers, but also governments, NGOs and representatives of society.

We maintain regular contact at various levels with a diverse group of stakeholders. In this way, we broaden our view and keep abreast of what's important to the different groups. It's the ideal fuel for our strategy and business operations.

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790 000

clients contacted **KBC Live** via chat, video chat or call in 2019.

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1 500 000

clients carried out their banking and insurance business via **KBC Touch** or **Mobile**.

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Clients today are dealing with us digitally more and more frequently and the number of branch visits is falling. KBC therefore took the decision in 2019 to convert 65 bank branches into self-service branches. At the same time, 51 other self-service branches were closed, as the number of cash withdrawals there had declined and sufficient alternatives were available nearby.

## Individuals

Clients want to be served rapidly and effectively, ideally with products and services customised to their needs. But how do we know what this means to them specifically? The answer is by listening carefully, asking the right questions and continuously monitoring satisfaction levels.

Clients often **spontaneously express their requirements and grievances** at bank branches and insurance agencies. This is an important source of information, but is not sufficient, which is why we survey over 200 000 clients a year to gauge how satisfied they are with their dealings with KBC.

We also use around a hundred **market studies** annually to gather a broad spectrum of insights on the part of clients and even non-clients regarding their needs and views.

Clients are regularly invited to our head office too, where we can hold a **conversation** with them, mostly in small groups. It also gives management the opportunity to discuss things directly with our number one stakeholder. This can be extremely enriching: clients are sometimes full of praise, while at others they can be highly critical.

For our digital applications, we organise **'usability labs'**, which reveal which buttons clients press and why. Can they work through a process via an app smoothly and efficiently? Can they readily request a car insurance policy, for instance? By continuously measuring client experiences we can further enhance the ease-of-use of our applications.

## Businesses

Now that the green revolution is upon us, we want to meet the demands of our corporate clients in this respect and **inspire** them to see this as an opportunity. We have already talked to 200 large enterprises and we are now addressing smaller ones too. Everyone knows that compulsory measures are on the way, so we are helping clients to anticipate them. We are supporting them, moreover, in making the transition needed to achieve further sustainability ambitions.

We are doing this on the one hand by offering our own **green financial products** and on the other by putting them in touch with **partner organisations** that can help realise energy-saving initiatives like Light as a Service and energy scans (see more in this regard on p. 27). KBC, in collaboration with Sustainalize, also organised a seminar on **'The Future of Non-Financial Reporting'** for corporate clients, NGOs and experts.



### Shape Your Future – are you ready for it?

The financial sector is going through a fundamental transformation and our employees' careers will look very different than they used to. So it is important that each of them takes control themselves and keeps constantly learning and growing. KBC is throwing its full weight behind this through the sustainable career policy '**Shape Your Future**'. But how do our employees perceive the challenges ahead of us and the way we are addressing them?

It was clear from the survey '**Shape Your Future – are you ready for it?**' that our staff are looking for more direction. We offer all sorts of training, we give our employees the freedom to choose which to follow and we work with them to identify their strengths. All the same, our staff wonder whether those are also the strengths we will expect of them in the future. Managers offer support through process dialogues.

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84%

of employees **understand** the strategic focus of KBC and **know the direction in which KBC wants to head**.

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### Job Centre

What if digital or other disruption means that your job simply no longer exists? If clients' expectations change, your department is reorganised, your function is automated or artificial intelligence turns out to do it more efficiently? In that case, you are likely to find yourself as an employee at our internal Job Centre, where a team of job coaches will help you to look for another position. It takes an average of about five months to find a new job.

### Talent Mobility

Although we want to continue working with our existing employees to as great an extent as possible, we recognise that the pace of digitalisation means that this is not realistic or desirable for everyone. We therefore consider it to be part of our task as an employer to present solutions for staff members who are difficult to redeploy and/or wish to take a new direction in the future. Talent Mobility is a support programme launched by Febelfin in April 2019. It offers employees who are heading up a blind alley at KBC to make the transition to a new job. Through individual coaching, training and/or placements with a potential new employer, we want to support them as effectively as possible in their transition from a job at KBC to one in another sector. The employees in question are free to decide whether or not to accept this offer.

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72%

of our employees are **satisfied** with the support they receive in their development.

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### Minerva

KBC invites all its employees to take control over their career, including the over-55s. The Minerva programme is offered specifically to this latter group. It gives them the opportunity to think about what they enjoy doing and how they want to spend the remainder of their career. One option is deployment outside KBC. In this way, KBC seeks to broaden the internal labour market for over-55s, so that these employees can make best use of their talents and their years of experience while retaining their pay and employment conditions. At the same time, the scheme offers a solution to a real shortage of specific expertise in the external labour market. Some 50 KBC employees are currently active via Minerva at over 30 different organisations in the non-profit and social profit sector, with a total of 80 colleagues taking the step since Minerva launched. xxx

### Diversity and inclusion

Diversity and inclusion are more important than ever at KBC. Our multiple core markets automatically entail a good deal of diversity within the group, so we concentrate firmly on specific cross-fertilisation. We achieve this by pursuing a PEARL culture, in which everyone feels able to be themselves and to express their opinion. By aiming at diversely composed teams, which have richer ideas and take more balanced decisions. By organising cross-border collaboration and learning from each other's ideas.

But we can certainly do even better. That's why KBC has launched the 'Diversity Rocks' community, with the aim of encouraging diversity and inclusion at every level. Diversity Rocks works closely with HR. It creates discussion forums, organises workshops and provides greater visibility for woman, for instance. Is that really necessary?

48%

of our employees in Belgium are women.

18%

of our senior managers in Belgium are women.

### Young talent

Young people too get the opportunity at KBC to develop their talents. KBC provided 149 internships in 2019, and when filling external vacancies, we pursue a good mix between experienced candidates and young people. We firmly believe that a constant inflow of young talent not only contributes to an inclusive and balanced workforce, but also ensures KBC remains **future proof**.

KBC also wants to do its bit for students, by offering work experience as part of specific courses. This is done via training designed to enhance future-oriented skills, company visits to get a glimpse behind the scenes and relevant guest lectures.

Although 48% of our employees in Belgium are woman, this is only the case for 18% of senior managers.

This is a problem throughout the sector, but how can it be addressed? In 2019, KBC and 27 other Belgian financial players signed a Charter for Gender Diversity in the Financial Sector. In doing so, it declared that it would place gender equality and diversity permanently on the agenda and develop concrete action plans to drastically raise the numbers.



To ensure that our products and services meet the needs and expectations of society, we have launched various initiatives to establish a dialogue with our stakeholders and to collect feedback.

### Stakeholder dialogue

KBC explains its sustainability policy to the outside world every year. Representatives of civil society and professional organisations, academics and suppliers are invited to engage in a dialogue about KBC's sustainability policy.

They had the opportunity in December 2019 to put their questions in this area to Thomas Leysen (Chairman of the Board of Directors), Johan Thijs (CEO), Filip Ferrante (General Manager Corporate Sustainability) and Piet Verschuere (Program Manager Sustainable Finance). Some examples are set out below.

#### **How do you ensure a good balance between profitability and sustainability?**

KBC can only make a difference to the local economy and to society if it has the necessary financial resilience. In the process, we constantly pursue a balance between healthy profitability and fulfilling our role as a socially responsible business. But when we have made a choice based on our sustainability vision, we stick to it, even if it means foregoing attractive earnings. This is the case, for instance, with our decision to run down the financing of coalmining and coal-fired electricity generation.

#### **The European Investment Bank wants to cease investing in fossil fuel projects by the end of 2020, including projects in the areas of gas production and natural gas infrastructure. Is KBC also going to rule out natural gas?**

KBC, unlike the EIB, is involved in frontline financing. We are not going so far right now as to rule out investments in gas production. This is conditional, however, on their supporting the transition to a low-carbon energy system and that they do not entail any economic risk ('stranded assets'). We will also support our clients in their transition to a sustainable, low-carbon future. At the same time, we have recently tightened up the rundown of coal-fired centrally operated district heating systems.

#### **Young people are increasingly becoming entrepreneurs, more specifically sustainable entrepreneurs. How are you supporting this group?**

We lend to companies so they can start up or grow. If we consider the estimated risk to be acceptable, we will provide loans, whether it is to a young start-up or a more experienced entrepreneur. Young, would-be entrepreneurs are best advised to begin by looking into the start-up subsidies offered by the government. Extra support also reduces the credit risk.

### Research

The fields in which we, as a bank-insurer, can pursue sustainability are highly varied. Every two years, we investigate in dialogue with internal and external stakeholders what is most important to them and which social, ecological and economic themes impact KBC Group.

The most recent study (2018) shows what the most relevant themes are for KBC in the field of sustainability.

### Business ethics

Trustworthiness and trust. Fair, transparent and morally responsible conduct: compliance with laws and regulations, fiduciary duty, code of conduct, responsible behaviour at all layers of the organisation

### Financial resilience

Honouring (long-term) commitments towards all stakeholders and resistance to economic shocks, by appropriate and sustained financial performance and strict risk management

### Fair and transparent communication about products and services

Transparent and client-driven communication in selling products and services. Contribution to financial literacy via financial education.

### Data security and customer privacy

Stable and secure IT systems resilient to outside attacks and strict privacy rules regarding client data

We are organising a fresh survey in 2020 so as to keep our finger on the pulse.

**It is important to us to pick up on ideas, suggestions and critique about the social role of financial institutions and the way in which KBC addresses that role. For that reason, we also pursue regular, direct dialogue with NGOs and other interested parties.**



There are many people who not only dream of a better society but also work actively to help bring it about. KBC supports this kind of dream and commitment too, in all the countries in which we are active.



## Belgium

KBC invests in good causes and social projects by encouraging voluntary work and providing financial support.

### Kom op tegen Kanker

KBC has been a partner of the cancer research fundraising campaign 'Kom op tegen Kanker' since it began in 1989. It also supports annual events and provides regular support in kind in the form of various materials, communication channels, auditoria and conference rooms.

Even so, this partnership is given shape first and foremost by the efforts of a great many employees. Every year, for instance, 150 KBC volunteers register the donations phoned in during the finale. What's more, 30 KBC teams took part in 2019 in the 1 000 km cycle event for 'Kom op tegen Kanker', with each team raising 5 000 euros. And 23 KBC teams pulled on their running shoes in 2019 for the 100 km run for the charity, raising 2 500 euros each in the process.

### Go With The Velo

'Go With The Velo' is a cycling campaign organised by Cera, KBC and Mobiel 21, in collaboration with the Flemish automobile association VAB and many other peddling partners. They teamed up again in 2019 to get people from Flanders and Brussels on their bikes. After all, cycling is not only good for our health, but also for the environment and for smooth mobility. A donation and a communications package was provided for 76 cycling actions.

### Solidarity campaigns

The KBC Solidarity Campaign is well-established by now. Employees who commit themselves to a social project can apply for 1 300 euros to help fund small-scale social organisations devoted to the disabled, migrant integration, combating poverty, neighbourhood development and initiatives for the Global South.

### Close the Gap

KBC cooperates closely with 'Close the Gap', a not-for-profit organisation that collects surplus computers and peripherals from businesses and recycles them or donates them to educational, social and medical projects in Europe and developing countries. In 2019, KBC provided Close the Gap with 10 000 items, half of which were redeployed and the other half recycled.

### Trooper

KBC collaborates with Trooper to help fulfil the dreams of clubs, societies and charities. Trooper is a platform on which these organisations can fundraise easily and in original ways. Members and supporters can support their favourite association or good cause by shopping online via Trooper, without it costing them anything extra. KBC took a 25% stake in this start-up at the end of 2019.

### Youth at Risk

In the autumn of 2017, KBC partnered with Youth at Risk (YAR) Flanders – an organisation that supports young people between 15 and 21 years of age who are at risk from a complex range of issues. YAR's community-based programme offers youngsters like this the opportunity to get their lives back on track. There are two central strands: YAR Living and YAR Coaching, which help make young people aware that they themselves are responsible for their choices. And that making conscious choices is the first step towards taking back control over their lives.

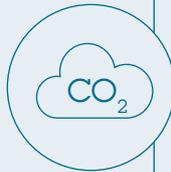
The YAR approach is underpinned by a wide network of volunteers, partners and professional social workers. Together, they make these programmes possible. As a partner, KBC provides information sessions during working hours to employees interested in getting involved. The YAR Coaching programme has, moreover, been incorporated in the KBC training offering. This gives employees the opportunity to contribute to society while simultaneously developing their coaching skills. Two years into the initiative, 75 employees have volunteered to take part in the preliminary phase.

# 24 000

trees

## Team Blue Goes Green

'Team Blue Goes Green' was a major challenge. Colleagues, families and friends teamed up in 2019 for a series of environmental actions in all our core countries. KBC donated a tree for every employee who took part. A total of 12 000 trees are being planted in Halle, Geetbets, Aalst and Wanze in Belgium and a similar number in the other countries.



89 328 kg CO<sub>2</sub> saved



4 713 cell phones collected



71 499 kg garbage cleared up

### Why are we doing this?

The challenge was chosen by our employees, but is entirely in keeping with KBC. Our company is committed, after all, to helping achieve climate goals. It's a commitment that means something and that starts with ourselves.

A one-off tree-planting campaign is surely just a drop in the ocean? Trees remove CO<sub>2</sub> from the air for many years and 24 000 extra ones is a lot. What's more, the campaign motivated more than 24 000 colleagues and possibly their families too to take green measures. And who knows? Maybe we inspired other companies too.

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## Hungary

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K&H' **Cybersecurity Campaign** is designed to raise awareness amongst its clients and the public at large of the dangers in a digital world. The online programme includes a quiz that enables participants to test their knowledge and gain a digi-certificate. The page received 43 000 visits in 2019 with 16 500 people taking the quiz.

**K&H Ready, Steady, Money** – the financial education programme for primary and secondary schools – was given a makeover in 2019. The vlog series ready#CaSh and an associated app taught users the basic principles of managing a household budget in an appealing and exciting way. The app was downloaded 13 000 times in 2019.

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## Slovakia

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In 2019, the **ČSOB Foundation** donated over 600 000 euros to organisations and schools throughout Slovakia. The Employee Grant Programme, through which ČSOB supports 79 organisations that promote education, health and an active lifestyle for children, was also extended.

The '**Attention Zebra**' project, which promotes road safety for children, especially to and from school, also proved a great success in 2019.

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## Ireland

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Staff at KBC Ireland have raised over 250 000 euros over the past three years for **the Alzheimer Society of Ireland**. They have also supported the development of the digital campaign **MakeMemoriesMatter**. Employees were offered Dementia Friendly Training, in which they learned the behavioural and communication skills needed to support clients with dementia and their families more effectively.

KBC Ireland continued its successful collaboration in 2019 with **Enactus Ireland** to support higher-education students develop ideas for social enterprise. It took on six interns through the programme. Another ten Enactus students presented their social enterprise ideas to our staff at a Pitch Perfect Bootcamp. The students with the two winning projects received a grant from KBC Ireland to support the development of their business idea.

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## Bulgaria

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UBB has been a partner for several years now to **safe houses** for orphans in Belgium. In 2019, it developed a boardgame called 'All the Money' to teach young people how to handle money and to take the right financial decisions.

UBB also partnered with **Junior Achievement Bulgaria** to launch 'Challenge YOU'. The programme is aimed at students who spend three months in different teams working on the prototype of a product or service and then present it to a jury.

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## Czech Republic

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The **ČSOB Education Fund** was founded in 1995 to support students who would otherwise be prevented from studying due to health problems or social obstacles. A total of 604 students received bursaries in this way between 1995 and 2019. A further 593 have received contributions towards education costs or study materials. All told, ČSOB has put over 1.4 million euros into educational resources.

'**ČSOB Helps Regions**' provides financial support to organisations devoted to community development and improving the quality of life of the Czech population. Over the past seven years, ČSOB has helped 112 not-for-profit organisations and delivered a total of 1.7 million euros in subsidies. This amount comprises 770 000 euros in funds raised from the public and a 930 000-euro donation from ČSOB.

## HOW DO WE TRACK OUR SUSTAINABILITY PERFORMANCE?

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The implementation and tracking of our sustainability strategy are evaluated twice a year by the Executive Committee and Board of Directors. Measurable and controllable parameters have been drawn up to guarantee an objective assessment. We track our sustainability performance based on four general parameters and 13 parameters linked to the four pillars of KBC's business strategy.

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### Bank-insurer

Financing the transition to a low-carbon economy  
Proportion of SRI investments  
Internal administrative bodies relating to sustainable business  
Development of innovative business solutions in our four focus areas



### Role in society

Solutions and the possible amendment of our already strict policies  
Evolution of sustainability assessments by external rating agencies  
Quality of our consultation of the different stakeholders  
Achievement of our target to reduce our own environmental footprint



### Placing the client at the centre

Client satisfaction  
Degree to which our clients recommend KBC to others



### Sustainable and profitable growth

Long-term value creation  
Respecting risk limits  
Volatility of KBC shares

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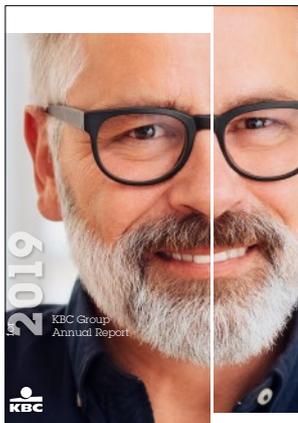
#### The four general parameters

KBC's reputation • Employee satisfaction and engagement • Any incidents relating to responsible behaviour • Professional advancement of women

**THINK  
OUTSIDE  
THE**

**BANK** & Insurance

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