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CEO Statement

Dear reader,

In June 2018, KBC became the first Belgian financial institution to issue a Green Bond. With this initiative KBC further developed its portfolio of products supporting the transition to a sustainable future for economy and society.

For KBC, sustainability is an essential condition to develop its business and to create long-term value. The Sustainable Development Goals of the UN are our guiding principles to bring sustainability into practice. Our approach is further inspired by our stakeholders and different voluntary initiatives to boost sustainable finance. KBC is member of the United Nations Environment Programme Finance Initiative (UNEP FI), signatory of the Principles for Responsible Investments (PRI) and the Principles for Sustainable Insurance (PSI) and expressed its commitment to the UNEP FI Principles for Responsible Banking. KBC also supports the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD) and is implementing its recommendations. As a European bank we are also closely following the development of the European Action Plan on Financing Sustainable Growth.

We are convinced of the leveraging role we can and have to play through our core activities. Our sustainability strategy, fully embedded in our core strategy, therefore strongly focusses on developing business solutions that relevantly contribute to a more sustainable, climate resilient and circular economy. The KBC Green Bond is just one of them. I refer to our Sustainability Report¹ for further details.

With our KBC Green Bond we promote sustainable investments in a broad range of projects that aim to reduce or prevent greenhouse gas emissions, other pollution and the unsustainable use of resources and land. The first issuance in June 2018 focussed on the financing of renewable energy and green buildings. It was oversubscribed three times, demonstrating the growing demand of institutional investors for green investment opportunities.

This first Impact Report gives information on the material scale and the impact of the KBC Green Bond as per 31 March 2019. I hope you will read it with interest and continue to support KBC in its Green Bond journey!

Johan Thijs

Chief Executive Officer

¹ See https://www.kbc.com/en/system/files/doc/sustainability-reponsability/PerfRep/2017/CSR_SR_2017_en.pdf

Summary

This report gives an overview of the allocation of eligible green assets to the KBC Green Bond and describes the impact of the Green Bond on a portfolio level. The issuance of the KBC Green Bond is fully integrated in KBC's sustainability strategy.

Sustainability and KBC Green Bond

KBC recognizes that climate change is a major and urgent societal and economic challenge and that financial institutions have a role to play in addressing this challenge. Supporting the transition to a climate resilient, low carbon and circular economy therefore is an important focus in KBC's sustainability strategy. Sustainability policies and sustainable business solutions help us to reduce climate related and other environmental risks and to boost the development of sustainable alternatives.

Green Bonds are one of KBC's initiatives to contribute to a more sustainable future. The proceeds are used to finance projects that have a positive impact on the environment by reducing the emissions of greenhouse gases and promoting the sustainable use of resources and land: renewable energy, energy efficiency, clean transportation, green buildings, pollution prevention and control, water management, sustainable land use.

Launch of the KBC Green Bond in June 2018

In June 2018, KBC introduced the KBC Green Bond Framework. This framework outlines the categories of green assets for which KBC can issue Green Bonds to support the financing sustainable projects and contains the requirements for selection, allocation, reporting and verification.

On 20 June 2018, the first Green Bond was launched. KBC became the first Belgian financial institution to issue a green bond. KBC's inaugural EUR 500 million Green Bond issue marked an important step in the continuous development of sustainable finance products within KBC. The bond was issued in a KBC Group senior format with a tenor of five years.

The bond is certified under the Climate Bonds Initiative's strict and internationally recognised Green Bond Standard. In addition, KBC's Green Bond Framework has been reviewed and assessed as Green Bond Principles compliant by Sustainalytics.

Allocation of proceeds and avoided emissions

The proceeds of KBC's inaugural Green Bond have been used to finance and refinance renewable energy projects in Belgium and green buildings in Flanders.

The assets in the green portfolio have been selected in accordance with the respective eligibility criteria for these categories in the KBC Green Bond Framework: renewable energy power generation projects and new constructed energy efficient residential buildings that comply with the energy efficiency requirements of the Flemish Region as of 2014 (E-level \leq 60) and for which the first drawdown has occurred after January 1, 2016.

As of 31/03/2019, the portfolio of eligible green assets amounts to EUR 745 million of which EUR 544 million pertains to Green Buildings and EUR 201 million to Renewable Energy.

As of 31 March 2019, the EUR 500 million proceeds of the Green Bond are allocated for an amount of ^(A) EUR 299 million to the Green Building category and for an amount of ^(A) EUR 201 million to the Renewable Energy projects.

The avoided emissions of CO₂e financed by the Green Bond amounts to 44.960 tonnes or 89.9 tonnes per million euro invested.

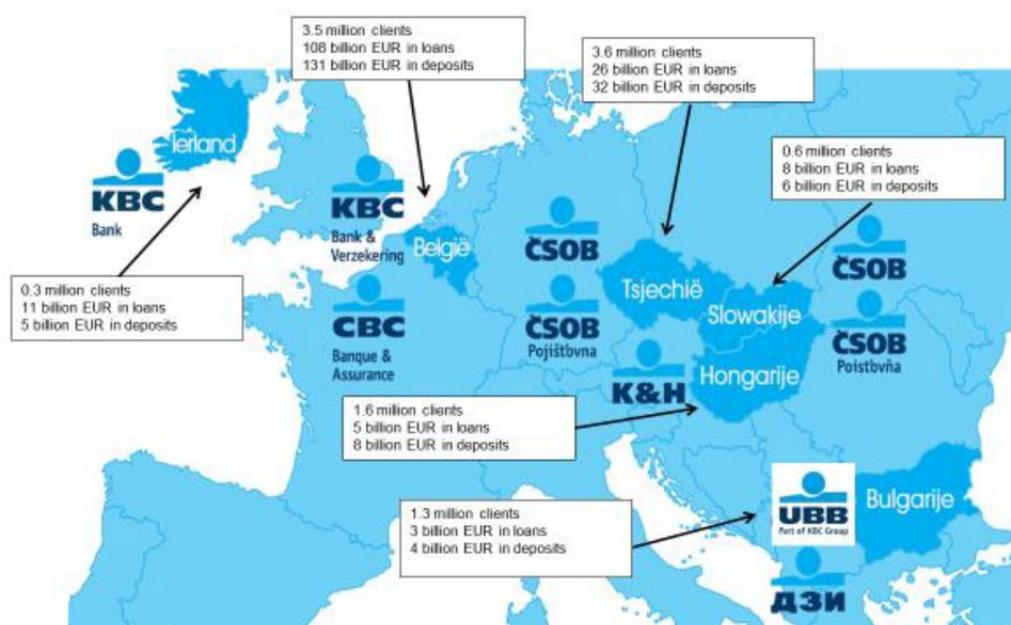
KBC at a glance

Our Business

KBC is a leading [European financial group](#), formed twenty years ago, in 1998, after the merger of two large Belgian banks (the Kredietbank and CERA Bank) and a large Belgian insurance company (ABB Insurance).

As an [integrated bank-insurance company](#), KBC focuses on providing products and services to finance and insure [retail, SME and mid-cap](#) clients.

KBC is active in 6 core countries: [Belgium](#), [Bulgaria](#), [Czech Republic](#), [Hungary](#), [Ireland](#) and [Slovakia](#). We are also present to a limited extent in several other countries to support corporate clients from our core markets.



KBC serves about [11 million clients](#) with approximately [42 000 employees](#), [1 400 bank branches](#), [insurance sales](#) via own agents and other channels and various [mobile and online channels](#).

KBC's corporate strategy

Driven by a common culture, we work together to build our **Corporate Strategy**, consisting of 4 interacting cornerstones:

- We strive to offer our clients a **unique bank insurance experience**.
- We develop our group with a long-term perspective and therefore achieve **sustainable and profitable growth**.
- We put **our clients' interests at the heart of what we do** and strive to offer them at all times a high-quality service and relevant solutions.
- We take our **responsibility towards society and local economies** very seriously and aim to reflect that in our everyday activities.

We are convinced that our **strategy** - powered by our **culture** and with the contribution of our **people** - helps us earn, keep and grow **trust** day by day and therefore makes us become **the reference** in our core markets.



KBC and corporate sustainability

KBC's role in society – our sustainability strategy

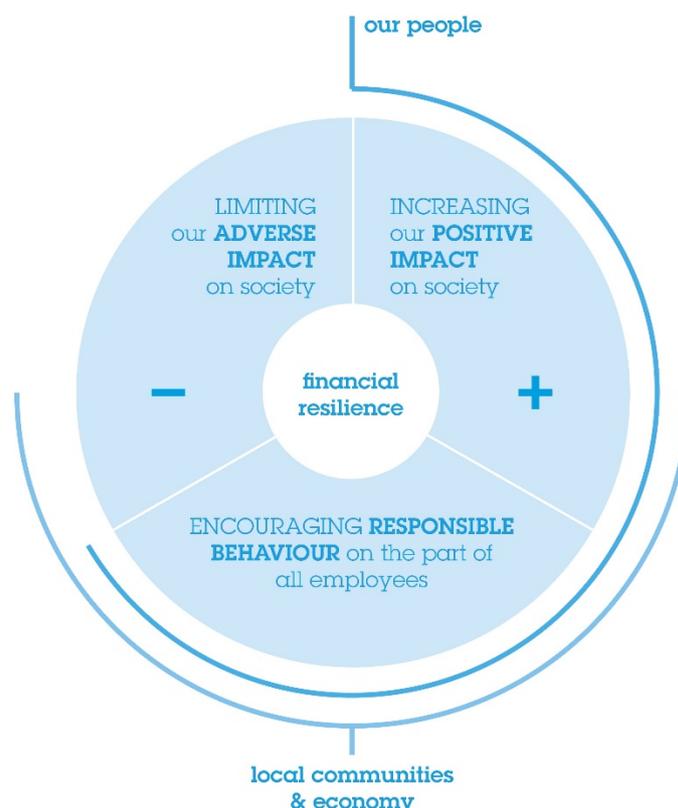
For KBC corporate sustainability means the ability to **live up to the expectations of all our stakeholders and to meet our obligations, not just today but also in the future.**

We are convinced that sustainability is an important condition for **financial resilience**. Therefore KBC's sustainability strategy is strongly embedded in the KBC Corporate Strategy and linked to our core activities.

KBC takes its **responsibility towards society and local economies** very seriously as part of its day-to-day business activities. Sustainability is embedded into the strategic decision-making and core business operations throughout the entire group, via the **Sustainability Governance** model², a key driver for sustainability implementation.

Our sustainability strategy consists of three cornerstones:

- Encouraging **responsible behaviour** on the part of all our employees;
- **Enhancing our positive impact** on society by developing business solutions that contribute to sustainable development;
- **Limiting our negative impact** on society by reducing our direct and indirect impact on people and the environment.



The strategy is promoted and implemented by all **our employees** and geared towards the **local economy and society**.

² See our *Corporate Sustainability Governance* on <https://www.kbc.com/en/making-it-work-governance>

SDGs@KBC

KBC's sustainability strategy is oriented towards **real societal needs**. The **Global Goals for Sustainable Development** of the United Nations ("SDGs") are our compass.



Although we aim to contribute to all 17 SDG's, we especially focus on the following areas in which we, as a financial institution, can make a difference through our core activities:



SDG 3 - Good health and Well-being: We aim to develop banking and insurance products that focus on health, health care and improving quality of life. Our social projects focus on themes like health and road safety. We promote a good work-life balance among our employees.



SDG 7 - Affordable and Clean Energy: We actively contribute to raising the share of renewables in the energy mix. We invest in initiatives in the field of renewable energy and energy efficiency through our banking and insurance activities and have drawn up an exit program for the financing of non-sustainable energy solutions.



SDG 8 - Decent Work and Economic Growth: Our banking and insurance business supports entrepreneurship and job creation and contributes to sustainable economic growth. We support new businesses and invest in innovation and technology through alliances with start-ups and fintechs. We play an important role in protecting basic labour rights, fair pay, equal opportunities and training and development opportunities for all our employees.



SDG 12 - Responsible Consumption and Production: We support the transition to a low-carbon and circular economy. We develop sustainable banking and insurance products and services that meet a range of social and environmental challenges. Sustainable investments are offered as a fully fledged alternative to conventional funds. We endeavour to mitigate our own negative impact on the environment by dealing sustainably with energy, paper, water, mobility and waste and by reducing our greenhouse gas emissions.



SDG 13 - Climate Action: We apply a strict environmental policy to our loan, investment and insurance portfolios. We develop business solutions that help clients reduce their greenhouse gas emissions and make the transition to a low-carbon economy. We limit our own environmental impact and communicate on that. We seek to address climate-related risks and focus on related opportunities in that area.

Environmental responsibility – approach in a nutshell

KBC's sustainability strategy puts much emphasis on **environmental responsibility** and especially on **climate change**. KBC Group is convinced that climate change is a major and urgent challenge for individuals, companies, governments and societies worldwide and that addressing climate change is necessary for a sustainable economic development.

KBC Group also recognises that financial companies have the responsibility to **support** their customers and societies at large in their **transition towards low-carbon and climate-resilient practises**.

Therefore, KBC Group commits to a process of aligning policies and business practises with the targets included in the Paris Climate Agreement, i.e. **limit global warming to well below 2°C** by reducing the climate impact of greenhouse gases.

KBC applies strict sustainability **policies and exclusionary criteria**³ to its business activities in respect of, among other things, the environment.

On the asset management side, KBC displays a strong approach towards **Socially Responsible Investments**. The SRI portfolio applies a full exclusion for **fossil-fuel activities**.

KBC develops **business solutions** aimed to increase its positive impact on society. We focus on four sustainability domains in which we aim to address societal challenges in a way that creates value for both KBC and society. Besides Financial Literacy, Entrepreneurship and Longevity and Health we focus on **Environmental Responsibility**. In this domain we take initiatives to promote **energy efficiency** in homes, buildings, industrial processes and mobility, and we support the financing of **renewable energy** (target of at least 50% renewable energy production in our energy sector portfolio by 2030).

To implement the TCFD recommendations and the EU Action Plan on Sustainable Finance, KBC installed a dedicated team for its **Sustainable Finance Program** under the supervision of the group Chief Risk Officer.

KBC Group has set clear group-wide targets to **reduce the environmental and climate impact of its own operations**: reduction of 25% in the period 2015-2020 and 50% in 2030. KBC is also **ISO 14001 certified** in all core countries.

For more information, please see the KBC Sustainability Report⁴.

³ See our Group Sustainability Framework https://www.kbc.com/en/system/files/doc/sustainability-reponsability/FrameworkPolicies/CSD_CorporateSustainabilityFramework.pdf

⁴ https://www.kbc.com/en/system/files/doc/sustainability-reponsability/PerfRep/2018/CSR_SR_2018_en.pdf

The Green Bond Framework

Categories for green finance

KBC's Green Bond Framework is exclusively used to finance or refinance, in whole or in part, projects and activities that clearly **contribute to a more sustainable, climate resilient and low-carbon society**.

Our Green Bond Framework includes **7 categories**, each of it contributing to specific SDG's.

#1 Renewable Energy



#2 Energy Efficiency

#3 Clean Transportation

#4 Green Buildings



#5 Pollution Prevention & Control

#6 Water Management

#7 Sustainable Land Use



Details on the use of proceeds and eligibility criteria can be found in Appendix 1 and in the KBC Green Bond Framework⁵.

For its **first Green Bond issuance**, KBC allocated the proceeds to two of these seven green asset categories:

- **Renewable Energy power generation**: finance of on- and off-shore wind energy and solar energy
- **Green Buildings**: real estate loans for new constructed energy efficient residential buildings in the Flemish Region that comply with the "Energieprestatie en Binnenklimaat" (EPB) requirements included in the building code of the Flemish Region as of 2014 or later (E-level ≤ 60). Since a building permit is valid for up to 2 years and the first drawdown coincides with the start of the construction, we select only loans for which the first drawdown has occurred after January 1, 2016.

⁵ https://www.kbc.com/system/files/doc/investor-relations/7-Debt-issuance/Green-bonds/20180605_KBC_GB_Framework.pdf

Governance and management of eligible assets

Client relationship managers

Perform a [credit and sustainability risk assessment](#) before granting a loan or financing as normal course of business. This assessment is strictly defined by the KBC's sustainability policies and the standards of the KBC Group Sustainability Framework (including the exclusionary criteria), where applicable.

KBC Business Units

[Propose eligible projects](#) to the Green Bond Committee and provide information on the compliance of the projects with the criteria for Eligible Assets of the KBC Green Bond Framework.

Green Bond Committee

Verifies [compliance](#) with the [Use of Proceeds requirements](#). The Green Bond Committee takes the final decision on the final [selection of the proposed projects as Eligible Assets](#) and thus instructing the labelling of the green assets.

Based on the internal monitoring of the portfolio of Eligible Assets by Group Treasury, the Green Bond Committee [reviews and approves allocations of bond proceeds to Eligible Assets on a quarterly basis](#).

KBC Group Treasury

[Manages the proceeds](#) of the KBC Green Bond on a portfolio basis and [monitors the allocation of Eligible Assets](#) on a [monthly basis](#) to ensure that the allocation of Eligible Assets corresponds to the proceeds of the Green Bond issuance.

Second Party Opinion

Prior to issuance, KBC has commissioned Sustainalytics to provide a second party opinion for its Green Bond Framework. Sustainalytics has [confirmed the alignment of the KBC Green Bond Framework with the Green Bond Principles](#).

The second party opinion is available on KBC.com⁶.

⁶ https://www.kbc.com/system/files/doc/investor-relations/7-Debt-issuance/Green-Bonds/20180605_KBC_GB_SPO.pdf

KBC Green Bond - Asset allocation as of 31 March 2019

KBC Green Bond – Key data

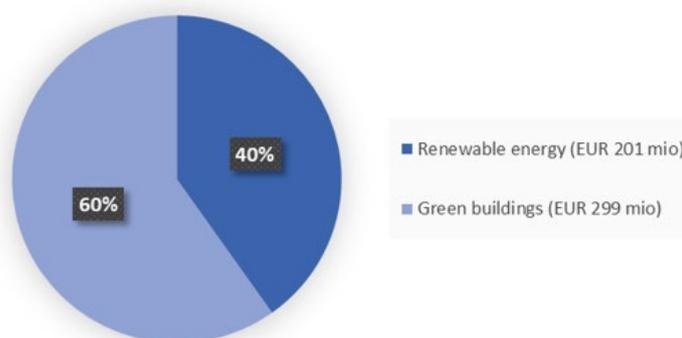
Green Bond Details	
Issuer	KBC Group N.V.
ISIN	BE0002602804
Issue Rating (S&P/M/F)	A-/Baa1/A
Status	Senior unsecured green bonds
Issue Amount	EUR 500,000,000
Coupon	0.875%
Settlement	27 June 2018
Maturity Date	27 June 2023

Sector allocation

The Green Bond committee decided to select and label **EUR 745 million of assets** (EUR 544 million Green Buildings and EUR 201 million Renewable Energy projects) in the portfolio of eligible green assets.

As of 31 March 2019, the EUR 500 million proceeds of the Green Bond were allocated for ^(A) **EUR 299 million to the Green Building-residential real estate sector** and for ^(A) **EUR 201 million to the Renewable Energy power generation sector**.

Sector allocation
(outstanding loan amount selected assets)



Impact of the Green Bond

The annual avoided emissions related to the KBC Green Bond as of 31 March 2019 totalled **44.960 tonnes of CO₂e** or **89.9 tonnes per 1 million euro invested**. Information on the methodology to calculate the avoided CO₂e-emissions is provided in Appendix 2.

Overview of the KBC Green Bond assets and annual impact		
	Renewable Energy	Green Buildings
Allocated amount	EUR [Ⓐ] 201 mio	EUR [Ⓐ] 299 mio
Electricity produced/energy saved (MWh)	296,783	25,112
Avoided CO ₂ e emissions (tonnes)	40,066	4,893

Renewable energy – selected assets

KBC finances renewable energy production to contribute to the transition to a low carbon economy. **Wind and solar electricity production** help to reduce the use of fossil fuels. They support the realization of the Paris Agreement on Climate Change to limit the rise of global temperature to well below 2°C.

The following loans are included in our green asset portfolio:

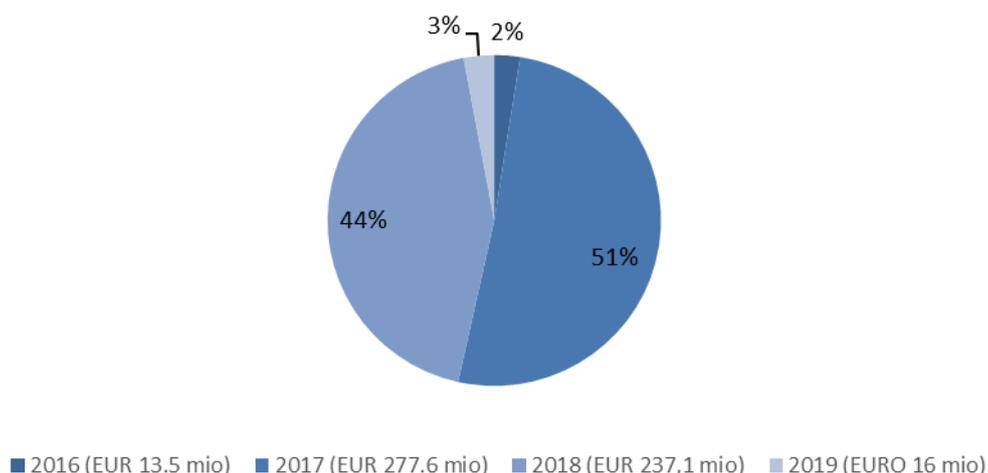
Allocation Indicators								Impact Indicators		
Date of closing	Location Belgium	Status	Technology	Total loan size in EUR	KBC loan granted amount in EUR	KBC loan outstanding amount in EUR	Loan maturity date	Number of Turbines/panels	Capacity of project in MW	Annual Energy Generation in MW
2014	Flanders	Operational	Wind	65,373,109	62,446,929	62,446,929	2030	17	51.4	114,290
2017	Wallonia	Construction	Wind	25,000,000	25,000,000	23,800,000	2032	6	20.4	45,000
2016	Off Shore - North Sea	Construction	Wind	853,065,269	108,112,888	94,040,226	2035	42	309.0	1,100,000
2010	Flanders	Operational	Solar	21,351,449	20,900,200	20,900,200	2030	48	18.9	18,000

Green buildings – selected assets

The labelled portfolio of assets consists of **mortgage loans for new residential real estate in Flanders that comply with the energy efficiency requirements of the Flemish Region as of 2014 (E-level ≤ 60, corresponds to 100 kWh/m²) and for which the first drawdown has occurred after January 1, 2016.**

Date of construction	Date of mortgage loan commitment	Asset location	Committed loan amount	Outstanding loan amount	Left to draw	Number of loans
2016	2016	Flanders	15,082,416.51	13,500,174.18	0	90
2017	2016	Flanders	42,032,084.74	37,961,245.29	108,324.44	223
	2017	Flanders	264,136,640.92	239,655,006.52	5,120,402.34	1,415
2018	2016	Flanders	653,776.22	604,175.27	0	7
	2017	Flanders	34,944,886.28	29,788,553.87	3,657,672.89	206
	2018	Flanders	265,635,216.30	206,731,963.14	51,028,472.44	1,465
2019	2017	Flanders	200,000.00	96,627.73	100,400.00	1
	2018	Flanders	16,853,692.45	6,118,818.98	10,618,482.65	105
	2019	Flanders	18,504,932.25	9,828,138.04	8,577,661.00	110
			658,043,645.67	544,284,703.02	79,211,415.76	3,622

Portfolio distribution by year of construction



As of 31 March 2019, EUR 299 million of the labelled portfolio of Green Buildings have been allocated to the inaugural EUR 500 million Green Bond.

Verification

Before the first issuance was launched, KBC appointed Sustainalytics to provide for a second opinion to verify the compliance of the Green Bond Framework with the Green Bond Principles.

In the context of its certification with the Climate Bonds Initiative standards, KBC has requested PwC to provide assurance on the allocation of proceeds. The Assurance Report can be found in Appendix 3.

Appendix 1 - KBC Green Bond Framework - Use of proceeds and eligibility criteria

1. Renewable Energy	
<i>Renewable energy power generation</i>	<ul style="list-style-type: none"> • Loans to finance equipment, development, manufacturing, construction, operation, distribution and maintenance of renewable energy generation sources: <ul style="list-style-type: none"> ○ Onshore and offshore wind energy ○ Solar energy ○ Geothermal energy (with direct emissions $\leq 100\text{g CO}_2/\text{kWh}$) ○ Energy from biomass, that is: <ul style="list-style-type: none"> ▪ not grown in areas converted from land with previously high carbon stock such as wetlands or forests ▪ not obtained from land with high biodiversity such as primary forests or highly biodiverse grasslands ▪ not suitable for human consumption ▪ and subject to sustainable transport⁷: no excessive transport of input material or end product ○ Waste-to-energy
2. Energy Efficiency	
<i>KBC 'Green Energy Loans'</i>	<ul style="list-style-type: none"> • 'Green energy loans' for home improvements of KBC retail clients where at least 50% of the home improvements are for energy-efficiency purposes, including: <ul style="list-style-type: none"> ○ new central heating or solar boilers ○ water pumps and other geothermal energy systems ○ high-efficiency glazing ○ new insulation ○ thermostatic taps ○ solar panels ○ energy audits <p>Note: As retail clients are required to use at least 50% of the loan for energy-efficiency purposes, conservatively 50% of the outstanding loan amount is viewed as 'eligible'.</p>
3. Clean Transportation	
<i>Low carbon land transport</i>	<ul style="list-style-type: none"> • Loans to finance low carbon land transport: <ul style="list-style-type: none"> ○ Public passenger transport, including electric, hybrid-electric, hydrogen or other non-fossil fuel vehicles, rail transport, metros, trams, cable cars, and bicycle schemes ○ Private light-duty and heavy goods vehicles that are electric, hybrid-electric, hydrogen or other non-fossil fuel based. ○ Dedicated freight railway lines (excluding transport with the main objective of transporting fossil fuels) ○ Supporting infrastructure for low carbon land transport e.g. IT upgrades, signalling, communication technologies and charging infrastructure
4. Green Buildings	

⁷ As normal course of business, except for some small local biomass plants, all biomass related projects of KBC are screened on case-by-case basis by the KBC Corporate Sustainability Department

<i>Residential real estate</i>	<ul style="list-style-type: none"> Real estate loans for new constructed energy efficient residential buildings in the Flemish Region that comply with the "Energieprestatie en Binnenklimaat" (EPB) requirements included in the building code of the Flemish Region as of 2014 or later (E-level \leq 60) and for which the first drawdown has occurred after January 1, 2016.
<i>Commercial real estate</i>	<ul style="list-style-type: none"> New or recently built commercial real estate buildings belonging to the top 15% of the commercial real estate building stock in terms of energy performance in the country of location, or which have obtained any of the following green building certificates: <ul style="list-style-type: none"> LEED: [\geq "Gold"] BREEAM: [\geq "Very Good"] HQE: [\geq "Excellent"]
5. Pollution Prevention & Control	
<i>Waste reduction & recycling</i>	<p>Loans to finance equipment, development, manufacturing, construction, operation and maintenance of facilities and infrastructure for waste prevention, reduction and recycling, including:</p> <ul style="list-style-type: none"> sharing, repairing, reusing, refurbishing and remanufacturing of goods and recycling of waste
6. Water Management	
<i>Sustainable water & wastewater management</i>	<p>Loans to finance equipment, development, manufacturing, construction, operation and maintenance of:</p> <ul style="list-style-type: none"> water recycling and wastewater treatment facilities water storage facilities water distribution systems with improved efficiency/quality urban drainage systems flood mitigation infrastructure, such as infiltration infrastructure
7. Sustainable Land Use	
<i>Sustainable land use</i>	<p>Loans to finance sustainable land use:</p> <ul style="list-style-type: none"> Sustainable agriculture in the EU, comprised of organic farming as certified in compliance with the EU and national regulation Environmentally-sustainable forestry⁸ including afforestation or reforestation, and preservation or restoration of natural landscapes soil remediation

⁸ Defined as PEFC or FSC certified forestry

Appendix 2 - How we calculate avoided emissions

Green building-residential real estate

Key principles

1. Financing share: the avoided emissions calculation is applied to the financing share of the amount allocated to Green Buildings of the inaugural Green Bond (i.e. EUR 299 mio)
2. To calculate avoided emissions, we compare the energy performance of these Green Buildings with the energy performance of an average dwelling in Flanders (Belgium) and convert it to CO₂e-emissions.
3. All calculations are based on publicly available data.

To calculate the avoided emissions we have developed an internal methodology which has subsequently been verified by a specialised consultant firm, Vinçotte. This independent verification consisted of a review of the methodology, of the secondary data and the emission factors input as well of used and the avoided greenhouse gas emissions calculations for the allocated assets at the time of issuance. For the calculations as of 31/03/2019, the same methodology is used and the emission factors have been updated.

To determine the baseline of [average dwelling energy efficiency](#), we use average data on usable floor area for new apartments and houses and average data on electricity and energy consumption for heating per household. The calculation of the heat-related primary energy consumption is based on the average share of the main energy sources used for heating by households in Flanders: heating oil, natural gas and electricity.

For [new houses and apartments](#) we assume the same floor area and electricity consumption (excl. for heating) as for average dwellings. Since 2006, new buildings need to comply with specific energy performance requirements, expressed as E-levels. E-levels have to be recalculated to energy performance in kWh/m² based on statistical data of the Flemish government.

To translate the energy performance to the use of primary energy sources, the conservative assumption was made that in green buildings the same share and type of primary energy sources are used for heating as in average dwellings.

To calculate the avoided emissions, the energy use per source is converted into CO₂e-emissions using the following conversion factors:

- for heating oil and gas: UK Government GHG Conversion Factors for Company Reporting 2018
- for electricity: Association of Issuing Bodies - European Residual Mixes 2017

Renewable Energy

The impact of Renewable Energy projects is calculated based on the expected average electricity production of the financed projects and prorated according to the share of KBC in the total loan size.

For the conversion of capacity to average electricity production we use the following factors:

- 3500 full load hours for offshore wind
- 2250 full load hours for onshore wind
- 95% efficiency for PV-panels.

For calculation of the avoided emissions, we use the conversion factors of the Association of Issuing Bodies - European Residual Mixes 2017.



The Directors
KBC SA/NV
Havenlaan 2,
B-1080, Brussels
Belgium

Independent Assurance Report

This report has been prepared in accordance with the terms of our engagement contract dated 15th November 2018 (the "Agreement"), whereby we have been engaged to issue an independent limited-assurance report in connection with selected data, marked with the symbol , of the KBC Green Bond – Impact Report as of and for the period ended 31st March 2019 (the "Report").

The Directors' Responsibility

The Directors of KBC SA/NV (the "Company") are responsible for the preparation and presentation of the selected performance information marked with the symbol  in the Report (the allocation of the Green Bond proceeds to Eligible Assets), as of and for the period ended 31st March 2019 (the "Subject Matter Information") in accordance with the Eligibility criteria disclosed in the KBC Green Bond Framework and in the Appendix 1 of the Report (hereafter the "Criteria").

This responsibility includes the selection and application of appropriate methods for the preparation of the Subject Matter Information, for ensuring the reliability of the underlying information and for the use of assumptions and estimates for individual disclosures, which are reasonable in the circumstances. Furthermore, the responsibility of the Board of Directors includes the design, implementation and maintenance of systems and processes relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an independent opinion about the Subject Matter Information based on the procedures we have performed and the evidence we have obtained.

We conducted our work in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. This standard requires that we comply with ethical requirements and that we plan and perform the engagement to obtain limited assurance as to whether nothing has come to our attention that causes us to believe that the Subject Matter information is not fairly stated, in all material respects, based on the Criteria.

The objective of a limited-assurance engagement is to perform the procedures we consider necessary to provide us with sufficient appropriate evidence to support the expression of a conclusion in the negative form on the Subject Matter Information.

*PwC Bedrijfsrevisoren cvba - PwC Reviseurs d'Entreprises scrl - Risk Assurance Services
Maatschappelijke zetel/Siège social: Woluwe Garden, Woluwedal 18, B-1932 Sint-Stevens-Woluwe
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BTW/TVA BE 0429.501.944 / RPR Brussel - RPM Bruxelles / ING BE43 3101 3811 9501 - BIC BBRUBEBB /
BELFIUS BB92 0689 0408 8123 - BIC GKCCBEBB*



The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The selection of such procedures depends on our professional judgment, including the assessment of the risks of management's assertion being materially misstated. The scope of our work comprised the following procedures:

- assessing and testing the design and functioning of the systems and processes used for data-gathering, collation, consolidation and validation, including the methods used for calculating and estimating the information and data presented in the Subject Matter Information;
- conducting interviews with responsible officers;
- inspecting internal and external documentation.

We have evaluated the Subject Matter Information against the Criteria. The accuracy and completeness of the Subject Matter Information are subject to inherent limitations given their nature and the methods for determining, calculating or estimating such information. Our Limited Assurance Report should therefore be read in connection with the Criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our audit firm applies International Standard on Quality Control (ISQC) n° 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

Based on the procedures performed, as described in this Independent Limited Assurance Report, and the evidence obtained, nothing has come to our attention that causes us to believe that the subject matter information, the selected performance information marked with the symbol , in the Report, is not fairly stated, in all material respects, in accordance with the Criteria.



Restriction on Use and Distribution of our Report

Our assurance report has been made in accordance with the terms of our engagement contract. Our report is intended solely for the use of the Company, in connection with their Report as of and for the period ended 31st March 2019 and should not be used for any other purpose. We do not accept, or assume responsibility to anyone else, except to the Company for our work, for this report, or for the conclusions that we have reached.

Sint-Stevens-Woluwe, 3 May 2019

PwC Bedrijfsrevisoren bevb/sccrl
Represented by

A handwritten signature in blue ink, appearing to read 'Marc Daelman', with a long, sweeping horizontal stroke extending to the right.

Marc Daelman(*)
Partner, Registered auditor

(*) Marc Daelman BVBA
Board Member, represented by its fixed representative, Marc Daelman