



Press release

Brussels, 19 April 2023 - 9.30 am

KBC offers customers transparent communication on responsible investing funds

'Responsible Investing' report now available to all KBC/CBC/KBC Brussels customers for the first time

KBC Asset Management recently launched a new responsible investing methodology to better respond to the climate challenge. In addition to focusing on the environment, social issues and good governance (ESG), the asset manager now also addresses criteria such as the transition to more sustainable practices by including a climate target.

KBC has spent many years communicating transparently on sustainability and this target now adds a new dimension in this regard. By publishing 'Responsible Investing' reports, the bank gives all investors in responsible funds the opportunity to accurately assess the impact of their investment decisions. These reports are available to all investors (in KBC/CBC Mobile and KBC/CBC Touch), not just institutional investors. With this new methodology, KBC looks to reaffirm its pioneering role in responsible investment.

Now that the effects of climate change are being felt by all and legislation is tightening, the need for responsible investment is greater than ever. Increasing numbers of investors find it important that the funds they invest in reflect their values and principles. The climate battle often plays a prominent role in this trend. Companies are jumping on the bandwagon in droves, declaring that they are making a positive contribution to the environment and society. However, responsible investors also want to see evidence of the efforts that have actually been made.

Johan Lema, CEO of KBC Asset Management: *'The financial sector is in an excellent position to help its customers contribute to the transition to a sustainable society and obviously wants to continue doing so. We want to explicitly take customers' sustainability preferences into account and this means that transparency has become a crucial part of responsible investing for us. Investors want to have concrete and relevant information, not all information. Providing the 'Responsible Investing Report' enables KBC*

to show the parameters used for setting targets at fund level. By consistently comparing the fund's status against its target and making adjustments over time, investors can track the fund manager's efforts to fulfil these ambitions at fund level.'

What can you find in these reports?

Different targets have been set for each fund, and the report presents these to investors in a clear and visual fashion:

- **Company ESG risk rating:** The ESG risk rating for companies measures the difference between a company's exposure to sustainability and social responsibility risks and the extent to which the company covers these risks. This rating must be lower than the market reference/benchmark against which the fund's investment policy is measured.
- **Country ESG rating:** The ESG country rating assesses how well countries' governmental policies perform in terms of sustainability and social responsibility. This rating must be higher than the market reference/benchmark against which the fund's investment policy is measured.
- **Company CO₂ intensity:** The CO₂ intensity (carbon intensity) rating of a company indicates how many tonnes of CO₂ that company emits per million USD of turnover. By 2030, this rating must be at least 50% lower than the CO₂ intensity rating of the market reference/benchmark or the initial basis measured at the end of 2019.
- **Country CO₂ intensity:** The CO₂ intensity (carbon intensity) rating of a country indicates how many tonnes of CO₂ that country emits per million USD of Gross Domestic Product. This rating must be lower than the market reference/benchmark against which the fund's investment policy is measured.
- **Compliance with the UN Global Compact:** KBC Asset Management does not invest in companies that seriously violate these principles.

Those who want to know more about their responsible fund can find this report by going to the 'Investments' view in KBC/CBC Mobile or KBC/CBC Touch and selecting that fund's details screen.

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