



Press Release

Brussels, 15 February 2021 (11 a.m.)

KBC takes an even stricter line on fossil fuels

KBC will further tighten its policy on fossil fuels as of 1 April 2021. Persistently strong signals from society that the use and exploitation of fossil fuels is highly damaging for our planet's future have prompted the bank-insurer to switch up a gear. The tightening of KBC's policy on fossil fuels relates to financing, insuring, advising and investing in the coal industry. The move recognises the fact that limiting carbon emissions from the burning of fossil fuels and the transition to alternative energy sources are key factors in bringing global-warming under control. KBC has long stated its wish to guide its existing business clients through this process. The new policy makes clear what is expected of them in concrete terms. In this way, KBC is actively contributing to the achievement of the objectives set out under the United Nations' Collective Commitment to Climate Action, of which it became a signatory in 2019.

KBC is also redoubling its efforts to further reduce its own ecological footprint.

Mandatory transition plan for coal firms and coal-fired power stations

Johan Thijs, KBC Group CEO, explains: 'This stricter policy comes on the heels of the already fundamental adjustment of our coal policy that we carried out on 1 July 2020. Since then, we have not accepted any energy firms as new clients if they operate coal-fired power stations or are active in the extraction or processing of coal for energy purposes. We also took a considerably stricter line with existing clients in that sector, reducing the permitted limit for their dependence on coal-based energy production from 50% to 25%. We actively monitor society's attitude in this regard, which tells us that increasingly stringent demands are being made towards sustainable behaviour. This means our sustainability policy has to be dynamic and evolving. Active fine-tuning is essential to our ability to reflect these constantly changing expectations. As of 1 April 2021, therefore, we are expanding our policy to businesses in all sectors while also making existing clients subject to additional conditions. They will now have to submit a transition plan that clearly shows how they will have exited coal fully by 2030.'

Large enterprises need to present that plan no later than the end of 2022, while smaller businesses will be given an extra year. What's more, they may not expand or replace their existing coal-based energy production capacity.

KBC is also introducing additional restrictions for suppliers of coal-producing companies and coal-fired power stations: under the stricter new policy, the bank-insurer will no longer finance or insure specific transactions for elements essential to the operation of such businesses (cooling towers, conveyor belts, technical systems, extraction equipment, etc.).

Stricter investment policy for coal exposure

Besides these new lending, insurance and advisory measures, KBC had already introduced a stricter investment policy for KBC Asset Management's investment funds and its own investment portfolio with effect from 1 January 2021: mining companies that extract coal¹ will henceforth be excluded from all investment funds, as will utilities deriving more than 25% of their energy production from coal. These activities are now excluded from all investment funds, but coal - alongside other fossil fuels - was already excluded from the sustainable funds of KBC Asset Management.

KBC is also firmly backing green mobility for its workforce in Belgium

Since the beginning of this year, KBC has adopted a new green mobility policy for its employees in Belgium to help reduce its own greenhouse gas emissions. For a service business like KBC, 61% of those emissions relate, after all, to mobility. KBC is thus encouraging teleworking and virtual meetings to reduce the need for business travel. At the same time, the bank-insurer is committed to use of public transport, cycling and electric cars. In the years ahead, KBC will deploy a total package consisting of an electric lease car, a home charging point and a charging pass to encourage employees to switch to electric driving to the maximum extent, thereby reducing both its own ecological footprint and that of the individual employee.

International ESG rating agencies recognise KBC's efforts

In 2020, KBC successfully reduced its own greenhouse gas emissions by 56% compared to the 2015 level (-42% in 2019). The share of green electricity in KBC's overall energy consumption rose further to 87% (83% in 2019). By 2030, KBC aims to reduce its own greenhouse gas emissions by 80% compared to 2015 and to be 100% dependent on green electricity. It will offset the remainder in order to be entirely climate-neutral by the end of 2021.

'KBC's ongoing efforts to contribute actively to the battle against global warming are being increasingly recognised by the international rating agencies. S&P Global/RobecoSAM has lifted our rating and we were included once again in the internationally reputed Sustainability Yearbook 2021. The CDP [Carbon Disclosure Project – Climate Change] awarded us its A- Leadership and for the second year running the Supplier Engagement Leadership logo, while Sustainalytics has placed us among the highest-scoring financial institutions for ESG [Environment, Social and Governance] risks.

*What's more, earlier this year the Institute of Registered Auditors in Belgium granted us its Sustainability Report Award in the "Best Pioneering SDG 2030 Agenda" category – clear acknowledgement of the quality of our sustainability policies and the long-term strategy they promote', concludes **Filip Ferrante, General Manager Corporate Sustainability KBC Group.***

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¹ Excluding coal for steel-making, as no viable energetic alternative is available for that production process.