



Press release

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KBC continues its drive towards sustainability

At the annual meeting with NGOs, André Bergen, KBC Group CEO, stressed: 'Sustainability remains an important theme for KBC. Thanks to the open and transparent dialogue with NGOs and other stakeholders and backed by the professional advice we receive from our External Advisory Board for Sustainability Analysis, we are constantly learning and resolutely continuing down the path towards sustainability'.

KBC has introduced a number of important environmental initiatives over the past year. Firstly, it has drawn up guidelines to make new building projects as carbon neutral as possible, with the ultimate aim of achieving carbon neutrality in Belgium by 2010. Also in Belgium, KBC started using green power exclusively in March 2008 and signed a covenant in 2007 with the Forest Stewardship Council (FSC) regarding paper use. On top of this, the group has taken major decisions on sustainable and socially responsible investment (SRI) and the associated sustainability analysis. It has updated its weapons policy, which has led to additional companies being excluded from its investment universe. Oil, gas and mining companies operating in certain controversial countries will now be excluded from SRI funds as well. KBC SRI funds are also attracting more and more foreign investors.

Major environmental achievements in the past year

In May 2007, KBC Belgium set up a '**sustainable building**' task force in co-operation with an external partner. In the summer of 2007, KBC made the decision to have the energy efficiency of the various installations in KBC buildings in Belgium assessed. In January 2008, the group started drafting the 'Green Building Guidelines' for new and large buildings in Belgium. The objective is to make these buildings as climate neutral as possible as part of the plan to make all KBC's Belgian entities climate neutral by 2010. This climate project will be rolled out in other regions in a later phase.

Since March 2008, the Belgian entities have been using only **green power**. The 19 000 employees of all KBC group companies in Belgium (including KBC Bank, KBC Insurance, CBC Banque, Centea, Fidea, KBC Lease, KBC Asset Management, KBC Securities, KBC Private Equity, Antwerp Diamond Bank, etc.) now use sustainable energy. Thanks to the use of green power, greenhouse gas emissions will immediately be reduced by 47%.

The Belgian Business Unit signed a covenant with the FSC in May 2007 as part of a 3 year action plan to reduce **paper use** by 5% and switch to FSC-certified or recycled paper within 3 years.

Since 1 November 2007, KBC has been gradually switching its vehicle fleet to the **GREENLease concept**. GREENLease is a total concept offered by KBC Autolease based on three building blocks: a range of less-polluting (green) lease cars, a programme for offsetting carbon emissions, and eco-friendly driving lessons. KBC was runner-up for the 'Green Fleet Award' with this concept.

Needless to say, KBC is doing its best to **limit the use of cars**, by, for example, encouraging employees to take public transport where possible. The company provides commuter buses between the Leuven and Brussels North train stations and the respective Leuven and Brussels head offices. Cyclists receive a bicycle allowance and good bicycle facilities are provided at the head offices.

For some time now, KBC has been serving Fair trade coffee in its meeting rooms and buying its fruit juice and coffee for receptions and senior management offices exclusively from Oxfam. As from June 2008, all hot drinks vending machines in all KBC group head offices in Belgium will serve **Fair trade** coffee in biodegradable cups. Some 20 tons of coffee will be served from 172 machines each year.

KBC also aims **to raise its employees' awareness of the importance of environmental sustainability**. Last year, Al Gore's film 'An Inconvenient Truth' was shown to 2 000 employees in various locations in Belgium. Employees can also submit original ideas for 'reducing paper use' and 'climate neutrality' via the suggestion system. All suggestions are assessed as to their feasibility and improvement projects set up. Argus, the KBC and Cera environment centre established in 1970, actively takes part in various environmental-awareness projects.

Recent developments in SRI: more stringent inclusion criteria

KBC has proved itself to be a good learner in recent years, certainly when it comes to excluding controversial arms investments, and has taken some major decisions regarding SRI and the associated sustainability analysis in the past year.

KBC is the only bank to publish a list of companies involved in cluster bombs and landmines, and has now added producers of Claymore mines to this list. No investments may be made or credit granted to the companies on the list. This list is unique and may be consulted by the government in implementation of the Mahoux Act.

KBC's SRI funds will no longer invest in oil, gas or mining companies that operate in certain controversial countries such as North Korea, Somalia, Uzbekistan, Turkmenistan, Sudan and Burma. By this means, KBC sends a signal to the companies in question to cease activities in the countries in question.

Assets under management in KBC SRI funds have risen by almost 50% over the past year. Unlike last year, this growth is mainly attributable to private investors, who subscribed on a large scale to SRI funds offering capital protection. According to the Belgian Asset Managers Association (BEAMA), KBC accounts for almost 60% of the market for SRI funds. KBC's SRI funds are becoming popular with investors abroad, too, with assets under management in these funds amounting to 1 billion euros outside Belgium.

For an extensive overview of the many initiatives taken, see: www.kbcam.be and www.kbc.com, and the KBC Corporate Social Responsibility Report at www.kbc.com (click 'social responsibility').

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