

KBC group CLIMATE CHANGE POLICY:

KBC Group recognises the importance of the climate change issue. Scientific and economic evidence show that if we do not act, climate change will hold serious risks for future global prosperity and might inflict significant social, economic and environmental costs on the world (companies, civilians, etc.). Taking the right initiatives can help secure a low carbon-emission economy that is more resilient, more efficient and less vulnerable to global shocks.

As a financial institution, KBC can play a role in addressing climate change by making a concerted effort to counter the risks involved and to make the most of the opportunities that will arise. In this regard, we would refer to our commitment over many years, as illustrated in the KBC Group Environmental Policy and the collaboration with ARGUS, among other ventures.¹ KBC Group recognises that it has a direct and indirect impact on the environment, due to our facilities and the amount of commuter and business travel throughout the group, which cause greenhouse gas emissions. The purpose of this policy is to express KBC's commitment to reduce our environmental impact and to clarify how we will report on results. Even though this policy is not a specific goal in itself, KBC will continue to take initiatives in this area.

1. Scope

As KBC does not fall under the scope of the Kyoto protocol, it takes initiatives on a voluntary basis to draft a climate change policy.

The KBC Group Climate Change Policy applies to all business units and entities within the Group. Individual Group entities/business units may take additional initiatives at their own discretion to further enhance the fight against climate change.

The KBC Group Climate Change Policy covers the operations of the whole Group and covers our business activities and operations group-wide. The policy applies to both our direct and, to the extent possible, our indirect impact on climate change.

2. Policy Commitments

KBC is committed to complying with relevant environmental laws and regulations in order to achieve a minimum level of performance in all the areas in which it operates.

3. Direct Impact on Climate Change – Scope²

We recognise that our operations have a direct impact on climate change.

Consequently, we are committed to:

- focusing on energy efficiency in our daily operations
- offsetting greenhouse gases (GHG) emitted by our commuter travel lease fleet
- monitoring and, if possible, supporting research in new trends in science and technology
- stimulating the creation of awareness and education for the rising generation.

¹ ARGUS, formerly known as Stichting Leefmilieu vzw, was founded by KBC (at that time Kredietbank) in 1970. The organisation's mission was to develop initiatives that would contribute to the improvement of the environment. Stichting Leefmilieu became an authoritative, independent organisation in the areas of environmental information, education and service. It stands for scientific foundations, objectivity, integrity and constructive, positive discourse. In 2002, Stichting Leefmilieu changed its name to ARGUS and resolutely chose to pay more attention to the general public and to focus on raising awareness about projects (e.g., through debates, seminars, an annual exhibition about environmental themes). Since January 2006, ARGUS has been the exclusive environmental partner of CERA, a co-operative financial group, and in so doing duly became the environment centre for KBC, as well.

² Scope 1, 2 and 3: according to the definitions of the Carbon Disclosure Project (www.cdproject.net)

Carbon trading is not part of our business .

However, there is one exception. Carbon trading is allowed for a KBC group entity (abroad) which operates in a market where emission trading is often demanded by clients as part of a comprehensive solution and where it is a domestic market practice. Leaving this area would cause a competitive disadvantage for our entity.

4. Indirect Impact on Climate Change – Scope 2 & 3

Customers

We recognise that our operations have an indirect impact through the products and services we provide to our customers.

Consequently, we are committed to:

- looking for opportunities to offer our customers ('green') choices in financial products and services, aimed at meeting their environmental goals regarding climate change. This will be a continuously on-going process in which we'll have to undergo a learning phase.
- wherever possible, assisting and encouraging our business and corporate customers to operate in an environmentally sustainable manner by providing appropriate banking and risk management products and services.
- continuing our endeavours to manage the climate change impact of our lending business through sector specific policies and adherence to the Equator Principles.
- considering as much as possible when lending to customers, the impact that their activities may have on climate change. This is particularly the case for customers involved in energy generation and for customers with substantial energy consumption and/or greenhouse gas emissions.
- offering our customers dedicated socially responsible investment products which target companies that contribute to climate change mitigation and adaptation, as part of our commitment to offer ('green') choices. For these specific investment products, KBC Asset Management has developed an investment strategy towards these companies. By offering these products, we give investors the opportunity to invest in companies that concentrate on alternative energy production, energy efficiency and/or GHG reduction. An External Advisory Board composed of renowned academics assists KBC Asset Management in defining the universes for these investment products and ensures that recent developments are taken into consideration.
- monitoring the impact of climate change on the insurance and re-insurance business.
- developing insurance cover for climate or climate-change related risks whenever relevant and feasible.

2

Suppliers

We recognise that our operations have an indirect impact on climate change through the goods and services we acquire from our suppliers. When assessing suppliers, one of the criteria we consider is their performance in relation to climate change.

For more information, see KBC Group's Corporate Social Responsibility Policy towards Suppliers.

5. Public Reporting

We recognise that regular public reporting on environmental practices regarding climate change can help create awareness of the issues and focus management on progress in achieving policy goals.

Consequently, we are committed to:

- reporting annually on environmental practices regarding climate change throughout KBC by means of our CSR Report.
- participating in Carbon Disclosure Project (CDP) reporting and continuously striving for a better performance.
- preparing reports according to Scope 3.

6. Employee Awareness and Community Involvement

We will continue to:

- develop our employee environmental awareness programme and ensure that environmental considerations are integrated throughout the organisation.
- if the opportunity arises, hold meetings with employees about our climate change commitment and – if possible – endeavour to find practical ways to support them in reducing their own environmental footprint.