



# ESG Framework

## Environmental, Social and Governance Framework for the Belfius Group

### 1. INTRODUCTION

The Belfius Group **Environmental, Social and Governance Framework (ESG Framework)** aims to inform our customers, partners, employees and other stakeholders about Belfius' commitment to addressing climate, environmental, social and governance issues.

This document provides an **overview of Belfius' overall ESG approach**. More specifically, it summarises Belfius' ambitions, strategy, commitments and governance with regard to sustainable (ESG) development, in terms of responsible business conduct, deployment of its core activities, management of internal operations, and dealings with its counterparties.

The framework also gives access to all underlying Belfius policies and will serve as a **reference document** to redirect the reader to **all essential public information** underpinning Belfius' commitment to support sustainable and inclusive economic growth through its financing, investment and insurance activities and its own behaviour.

### 2. STRATEGY, VISION AND AMBITIONS

To Belfius, all three components of sustainability (E,S,G) are equally important and at the core of Belfius' purpose: "Being Meaningful and Inspiring for Belgian Society. Together."

Using this purpose as a compass, we have woven sustainability into our 2025 Inspire strategy and articulated it around two guiding principles: "Walk the talk" and "Customers in the driver's seat" (of their sustainability ambition with an adapted range of meaningful solutions, products and services).

As such, our goal is to inspire our customers to accomplish their sustainability ambitions and, in doing so, to create, together with our customers, the greatest possible impact. Belfius' overarching goal is thus threefold:

- > Managing ESG risks in order to ensure resilience and profitability
- > Limiting potential negative impacts on the world
- > Maximising positive impacts and contributions to society

In order to realise this strategy, we have set out a number of commitments to turn our sustainability ambitions into concrete action:

1. Continuously reducing and compensating the shrinking footprint of our own operations
2. Opting for 100% green electricity, a choice we have made since 2008
3. Supporting our society year after year through Belgian charities
4. Giving women every opportunity and guaranteeing equal pay
5. Going for a 100% meaningful investment offer
6. Giving absolute priority to future-proof infrastructure for Belgian society

The progress and achievement of these commitments is monitored via this **dashboard**:

		2020	2021	2022	Target 2025
<b>CARBON FOOTPRINT (OWN OPERATIONS)</b>	% decrease of carbon footprint (tons of CO <sub>2</sub> e) of Belfius' internal operations (initial 2019 baseline) <sup>(1)</sup>	-	-30%	-30%	-25% vs 2019 <sup>(2)</sup>
<b>GREEN ELECTRICITY (OWN OPERATIONS)</b>	% of electricity consumption from renewable sources for own operations <sup>(4)</sup>	100%	100%	94% <sup>(3)</sup>	100%
<b>GOOD CAUSES</b>	Cumulative Mio EUR support to Belgian good causes since 2015 (pure & commercial charity)	22	25	30	50
<b>(GENDER) DIVERSITY</b>	% of women in management position	34%	36.7%	40.3%	44%
<b>MEANINGFUL INVESTMENTS</b>	% of production in investments in scope <sup>(5)</sup> that is meaningful (SFDR art 8 & 9)	-	83%	87%	100%
<b>MEANINGFUL FINANCING INFRASTRUCTURE</b>	Bn EUR cumulative loan production in meaningful infrastructure projects since 2020	1.7	2.7	3.8	5.8

(1) See section 7.1. Decarbonisation trajectory for initial 2019 baseline scope description.

(2) Decision to increase target from the initial - 20% to -25% taken in 2022.

(3) Inclusion of co-owned/co-used buildings.

(4) Excluding SComm operated branches, for which a 100% target in 2025 has been set in 2022. Data collection ongoing.

(5) Scope limited to mutual funds, My portfolio, pension funds and Investment - Insurance.

### 3. COMMITMENTS, PRINCIPLES AND STANDARDS

To underline its commitment to society, Belfius has joined as a signatory a number of voluntary but leading (inter)national initiatives and conventions in the area of responsible business conduct and sustainable banking and insurance:

- > By signing the **United Nations Global Compact**, Belfius agreed to apply its principles in the areas of human rights, labour rights, respect for the environment and the fight against corruption;
- > As a signatory to the **United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking** and the **UNEP FI Principles for Sustainable Insurance**, Belfius undertakes to align its strategy and activities with the vision of society as expressed in the United Nations' Sustainable Development Goals (SDG) and the Paris Climate Agreement;
- > Belfius Investment Partners, the Belfius Group's subsidiary for asset management signed the **UN Principles for Responsible Investment (UNPRI)**, thereby making a formal and external commitment to embed sustainability principles in its policy and to strengthen them over time.

To fulfill its climate ambitions:

- > Belfius became a founding member of the **Belgian Alliance for Climate Action (BACA)**, a joint initiative by The Shift and WWF Belgium, with the purpose of facilitating the transition to a decarbonised economy;
- > Belfius has committed to the **Science Based Target initiative (SBTi)** in order to reduce its own emissions and financed emissions based on the latest scientific findings on climate and in line with the level of ambition for decarbonization required to achieve the Paris Agreement objectives;
- > Belfius joined the **Partnership for Carbon Accounting Financials (PCAF)** thus having access to supplementary tools for measuring its carbon emissions financed by loans and investments and for further reducing its carbon footprint;
- > Belfius endorsed the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)** and integrates climate-related information in its disclosures about its core activities.

In other domains:

- > Belfius is a signatory to the **Women in Finance Charter**, an initiative to promote gender equality in the financial sector. Belfius has also signed the Inclusive Panels Charter, aimed at promoting diversity in the involvement of external speakers;
- > As a member of the **Belgian Institute for Sustainable IT (ISIT-BE)**, Belfius has signed the **Responsible Digital Charter** to support the transition to sustainable computing;
- > Belfius is a signatory to the **Belgian SDG Charter for International Development**, a federal ministerial initiative conducted in conjunction with The Shift, Belgium's major sustainable development network. This Charter is part of the United Nations Sustainable Development Goals (SDG) and concerns the role of citizens and the private and public sectors in international cooperation and development.

## 4. ESG GOVERNANCE AND RESPONSIBILITIES

An ESG governance within Belfius defines clearly the decision bodies and responsibilities with regards to ESG on all levels of the organization.

As we believe that solid governance and the involvement of all levels of our company are key for the robustness of our climate risk management approach, the terms of reference of our decision bodies have been adapted to explicitly integrate the recent evolutions in ESG responsibilities:

- **Belfius Bank and Belfius Insurance Boards of Directors** define and oversee implementation of the (ESG) strategy, objectives, general policy, risk appetite and risk approach at the proposal or recommendation of the Management Board.
  - Twice a year the Boards of Directors provide guidance on ESG and review progress on sustainability-related projects and targets to ascertain that sustainability is fully and consistently embedded in all value propositions that deliver our strategy.
  - The individual competences of each Board Member on each of the environmental, social and governance aspects are explicitly documented in the Board's "competences grid". The competences grid, as well as the increasing importance of ESG, feeds into the considerations of the Nomination Committee around succession policy.
- **The Risk Committees at Board of Directors level** have advisory powers and responsibilities with regards to the Boards of Directors on setting current and future risk appetite and strategy (including ESG and climate risk), as well as the monitoring of their implementation. As sustainability risks are a top risk at Belfius, the Risk Committees ensure effective oversight of ESG risks on a quarterly basis and monitor progress on the ECB ESG action plan.
- Belfius' **Joint Management Committee**, composed of all Management Board members of Belfius Bank and Belfius Insurance, manages group strategic matters, including the sustainability strategy and its implementation for the banking and insurance group. It is responsible for the implementation of mandatory ESG regulations and voluntary ESG commitments and ESG topics are discussed there on a quarterly basis.
- **The Strategic Sustainability Committee (SSC)** was established by the Joint Management Committee as a central hub for (operational) ESG Governance to support its ESG endeavours and responsibilities. The SSC drives the execution of our ESG strategy and monitors the execution of transversal ESG topics, compliance with ESG-specific regulations and voluntary ESG commitment requirements, as well as the implementation of Belfius' own ESG policies (e.g. the Transition Acceleration Policy). The SSC validates the annual Sustainability Report, oversees all other ESG reporting requirements and ensures communication within the various initiatives to which Belfius is committed. The SSC meets every six weeks.

The SSC can further rely on **expert desks** with an advisory role, in which all important stakeholders for the respective domains are represented:

- The **Sustainable Banking, Financing and Insurance desk** tackles the implementation of ESG policies in banking, financing and insurance processes with : control offices, risk, CORM credits, legal, compliance and Belfius Bank and Belfius Insurance sustainability managers. Meetings of this desk are on a monthly basis.
- The **Sustainable Investment Desk** focuses on Investments (policies & mandatory regulations), with: product management investments, BIP, BI investments, risk, legal, compliance and Belfius Bank and Belfius Insurance sustainability managers. Meetings of this desk are on a monthly basis.
- A dedicated **committee** focusses on Belfius **Green Bond** issuance, regrouping financial markets, business lines and the sustainability manager of Belfius Bank. It is a quarterly meeting.
- The **Head of Sustainability** heads the **Central Sustainability Team** and is in charge of the overall daily coordination of the groupwide ESG strategy. She works in close collaboration with Belfius Insurance's Sustainability Manager. Both parties conduct a systematic dialogue on sustainability matters with key internal and external stakeholders. The Head of Sustainability is accountable to the CEO.
- The **Central Sustainability Team** is Belfius' competence center on ESG, monitoring the ESG landscape and developing ESG concepts (such as SBTi, PRB or CSRD), with the exception of risk-specific items.
- A dedicated **ESG Risk Competence Centre** within the Strategic Risk Management Department oversees the implementation of the ESG Programme's risk components. This specialised team reports regularly to the Chief Risk Officer (CRO) and is in charge of developing a comprehensive ESG risk management framework in collaboration with other groupwide risk departments along the "three lines of defense" model.

- The **ESG Data Team** develops and structures non-financial data sources and generates calculation engines, as well as regulatory reportings. Representatives from all the teams mentioned above, as well as from the Project Office, meet in the **ESG Core Data Team** to address the many cross-cutting ESG data bottlenecks.

Finally, ESG is also increasingly permeating the responsibilities of existing decision-making structures, such as intake or credit committees for instance where climate and environmental credentials, as well as reputational risks are under increasing scrutiny.

## 5. RESPONSIBLE BUSINESS CONDUCT

### Ethics & Governance

As an important financial player in Belgium, Belfius stands in a competitive environment that is exposed to numerous financial as well as non-financial risks such as fraud and bribery. Adequate management of specific non-financial risks is fundamental to the success of Belfius' ESG strategy.

Belfius attaches particular attention to being a responsible, honest and professional employer. We also expect our employees to share the same values when engaging with our customers and partners if we are to gain, maintain and justify the trust of our customers and stakeholders, which we believe is key to our overall activity and to the credibility of our sustainability performance in particular.

To these ends, we strictly comply with all relevant -regulations and have engrained the respect of our values and management of ESG-related risks in a number of policies:

- Code of Conduct
- Human Rights Policy
- Climate & Environmental Policy
- Anti-Discrimination Policy
- Whistleblowing Policy
- Health & Safety Policy
- Anti-Money Laundering Policy
- Anti-Fraud Policy
- Anti-Bribery Policy
- Tax Policy
- Statement on ESG and remuneration

### Consumer Protection

Belfius strictly complies with all laws and regulations in responsible marketing and sales and adheres to the codes of conduct from:

- **Febelfin**: Belfius Bank adheres to the Belgian financial sector federation code of conduct regarding good customer relations. Through Febelfin, Belfius also adheres to the Belgian Charter for digital inclusion;
- **Assuralia**: Belfius Insurance adheres to the federation of insurance companies code of conduct for rapid, high-quality claims handling.
- **BEAMA**: Belfius Investment Partners (Belfius IP), the asset management subsidiary within the Belfius Group, adheres to the code of conduct for the Belgian asset management industry. In line with the principle of 'fiduciary duty', Belfius IP is committed to act loyally and honestly in the interests of customers and market integrity, in accordance with the legal and regulatory framework.

### Complaints management

Belfius considers each complaint as a key customer moment that contains valuable information to improve our services, products and processes. Consequently, we systematically monitor customer complaints and analyse each case thoroughly to provide effective solutions in conjunction with the Bank's various entities. The process for submitting a complaint and its treatment is explained step-by-step on the [Belfius website](#).

### Data privacy & information security

As part of the Belfius Group's overall vision, respect for privacy, as well as responsibly collecting, using and sharing personal data, are considered fundamental commitments. These are set out in a [Privacy Charter](#) and are reflected internally in a regularly updated privacy policy and associated guidelines.

For Belfius, the protection of information is essential. We want to guarantee high performance in terms of information security to ensure that our customers trust us in this respect. A **Technology Committee** was set up within the Belfius Group in 2021. The Committee advises the Board of Directors on information technology, digital and data matters, including security aspects for all subsidiaries of the Belfius Group.

## 6. ASSESSMENT OF ACTIVITIES AND COUNTERPARTIES

Belfius Bank is firmly anchored locally and aims to serve the Belgian public sector, individuals and businesses in a sustainable and responsible manner, based on a strong and personalised commercial relationship through an open and honest approach. At the same time we want to make sure that our resources are effectively used to achieve these objectives.

These basic principles, among others, are laid down in the Belfius **Customer Acceptance Policy**. This is the overarching policy containing the (legal) conditions that an individual, a company or an institution must comply with in order to be accepted as a customer by Belfius.

Furthermore, Belfius has put in place a number of policies which set out the guiding principles and criteria by which Belfius intends to develop its relationship with its (potential) customers and partners:

- The **Human Rights Policy** contains Belfius' commitments and expectations with regard to the respect for human rights towards all its stakeholders, as well as the principles on which it relies in this area;
- With the **Transition Acceleration Policy (TAP)** Belfius takes a stance with regards to the economic activities that it considers, in whole or in part, to be unsustainable. The TAP specifies the sectors in which Belfius will not do business or will do business only under certain conditions. At the same time, the TAP's criteria encourage and guide professional customers to evolve towards a more sustainable business model where necessary. In this way, the TAP is a lever to maximise Belfius' positive impact on the economy and society, together with its customers.

The TAP contains criteria governing Belfius' activities in the following sectors:

- Tobacco
  - Gambling
  - Weapons
  - Energy
  - Mining
  - Palm oil
  - Soy
  - Agricultural commodities (speculative activities)
- Belfius uses a **watch list of countries** for the financing of customer transactions involving a foreign public authority or a foreign public company. This list covers, among others, the potential risks of money laundering, terrorist financing and violation of EU or US embargoes, both in terms of the nature of the transactions and the counterparty itself. If Belfius cannot exclude these risks on the basis of credible information and documents, the transaction or customer relationship will be refused. The composition of our investment funds excludes governments that are considered to be controversial regimes on the basis of an internal Belfius IP blacklist.
- Through the **Sustainability Code of Conduct for Suppliers**, Belfius seeks particularly to integrate ESG criteria and conditions in all aspects and decisions of the procurement process and ensure our values and commitments, as well as effective and upcoming legal requirements, are respected throughout the supply chain.
- Specific **policies regarding sustainable investing** and the **management of sustainability risks and adverse impacts** are applicable within the individual entities of Belfius in their role as distributor (Belfius Bank) or manager (Belfius Investment Partners) of investment funds or as institutional investor (Belfius Insurance). These are accessible via this [overview](#).

More comprehensive information on Belfius & sustainability can be found on the [Belfius website](#), including an [overview of all ESG-related policies](#) and the Belfius 2022 Sustainability Report.

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