



# ESG Framework

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

### 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.

### 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 twofold: we want to manage ESG-related risks in order to ensure our resilience and profitability; but we also want to maximize our positive impact on society while limiting our potentially negative impact to the very minimum.

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 the footprint of our own operations and purchasing carbon credits for the remainder
2. Opting for 100% renewable electricity
3. Supporting Belgian 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:

Belfius ESG Dashboard		2020	2021	2022	2023	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)	-	-30%	-30%	-31%	-25% vs 2019
<b>GREEN ELECTRICITY (OWN OPERATIONS)</b>	% of electricity consumption from renewable sources for own operations (1)	100%	100%	94% (2)	95%	100%
<b>GOOD CAUSES</b>	Cumulative Mio eur support to Belgian good causes since 2015 (pure & commercial charity)	22	25	30	37	50
<b>(GENDER) DIVERSITY</b>	% of women in management position	34%	36,7%	40,3%	40,9%	44%
<b>MEANINGFUL INVESTMENTS</b>	% of production in investments in scope (3) that is meaningful (SFDR art 8 & 9)	-	83%	87%	92%	100%
<b>MEANINGFUL FINANCING INFRASTRUCTURE</b>	Bn eur cumulative loan production in meaningful infrastructure projects since 2020	1,7	2,7	3,8	5,2	5,8

1 Excluding Scomm operated branches, for which a 100% target in 2025 has been set in 2022.

2 Inclusion of co-owned / co-used buildings

3 Scope limited to mutual funds, My portfolio, pension funds and Investment - Insurance

## 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 Asset Management (Belfius AM), 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;
- > Belfius' annual sustainability report is prepared with reference to the **Global Reporting Initiative (GRI) Standards**. These standards set out guidelines for sustainability reporting.

## To fulfill its climate ambitions:

- > 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;

## 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.

- > **Belfius Bank and Belfius Insurance Boards of Directors** define and oversee implementation of the (ESG) strategy, objectives (mainly through the financial planning process and business review reporting), general policies, risk appetite and risk approach at the proposal or recommendation of the Management Boards or the Joint Management Committee.
  - Every year, the Belfius Bank and Belfius Insurance Boards of Directors set the **Risk Appetite Framework (RAF)** upon the proposal of the Risk Committee (Belfius Bank) or Risk and Underwriting Committee (Belfius Insurance). With the growing importance of ESG and climate risks in particular, the annual RAF review results in the integration of an increasing number of qualitative and quantitative ESG indicators every year.
  - The **Audit Committees (BB and BI)** assist their respective Boards of Directors in their task of carrying out prudential controls. They are responsible for the internal control and the integrity of the financial and non-financial reporting (including the Sustainability Report).
  - The **Risk Committee (BB)** and the **Risk and Underwriting Committee (BI)** maintain advisory powers and responsibilities towards their respective Boards of Directors for the setting of current and future risk appetite and strategy (including those relating to ESG and, more particularly, climate risk), as well as the monitoring of their implementation. The Risk Committee (BB) and Risk and Underwriting Committee (BI) ensure effective oversight of ESG risks on a quarterly basis through the Quarterly Risk Review and the Quarterly RAF Report. The BB Risk Committee also conducts quarterly monitoring of Belfius' progress, deviations and potential delays in the execution of the ESG action plan (designed to meet the expectations set by the European Central Bank on climate-related and environmental risks) via a dedicated indicator included in the RAF.
- > **Belfius' Joint Management Committee**, composed of all Management Board members of Belfius Bank and Belfius Insurance, manages group strategic matters, including ESG strategy and its implementation. It is responsible for the implementation of mandatory ESG regulations and voluntary ESG commitments. ESG topics are discussed there on a quarterly basis.
- > The **Strategic Sustainability Committee (SSC)** was established by the Joint Management Committee as a central support hub with regards to ESG endeavours and responsibilities. The SSC is composed of the CEOs

of Belfius Bank and Belfius Insurance and the ESG Heads of Belfius Bank and Belfius Insurance, as well as representatives of the business lines and risk teams. The SSC meets every two months.

The responsibilities of the SSC include:

- The execution of the ESG strategy and transversal ESG topics;
- The implementation of Belfius ESG policies (e.g. the Transition Acceleration Policy);
- The compliance with ESG-specific regulations and related reportings (e.g. SFDR and Principal Adverse Impacts, EU Taxonomy).

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** is in charge of the implementation of ESG policies in banking, financing and insurance processes. It is composed of the Heads of ESG of Belfius Bank and Belfius Insurance, as well as representatives of the control offices, risk, CORM credits, legal, and compliance teams. This Desk meets on a monthly basis.
- The **Sustainable Investment Desk** is in charge of regular review of the investment approach and strategic objectives and the monitoring and development of Belfius' SFDR funds, as well as the implementation of the TAP policy with regards to investments. It is composed of the ESG Heads of Belfius Bank and Belfius Insurance, as well as representatives of product management investments, Belfius AM, BI investments, risk, legal, and compliance teams. The Desk also meets on a monthly basis.
- The **Green & Social Bond Committee** focuses on the issuance of Belfius green and social bonds. It is composed of the Head of ESG of Belfius Bank, as well as representatives of the financial markets, legal and risk departments and the business lines. The Committee meets on a quarterly basis.
- The **Climate Technical Decision Committee** is accountable for deciding on major changes in the Belfius' carbon footprint (more than 5% of the own footprint or more than 5% of the assets classes in the financed emissions, insured emissions or facilitated emissions) that are due to changes in estimation methodologies and assumptions, data sources update and data quality improvements. It is composed of the the ESG Heads of Belfius Bank and Belfius Insurance, the Head of Intern Risk Steering and Emerging Risks and the Head of Data and Analytics E&E&P and ESG. The Committee meets on a quarterly basis.

## POLICIES & CODES OF CONDUCT

### Ethics & Governance

Belfius strictly complies with all relevant regulations and has engrained the respect of its values and the management of ESG-related risks in a number of policies:

- > [Code of Conduct](#)
- > [Whistleblowing Policy](#)
- > [Anti-Money Laundering Policy](#)
- > [Customer Acceptance Policy](#)
- > [Anti-Fraud Policy](#)
- > [Anti-Bribery Policy](#)
- > [Conflicts of Interests Policy](#)
- > [Tax Policy](#)
- > [Statement on ESG and remuneration](#)

## Climate & Environment

- > [Climate & Environmental Policy](#)

## People & Society

- > [Human Rights Policy](#)
- > [Anti-Discrimination Policy](#)
- > [Health & Safety Policy](#)

## 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 sector federation of insurance companies code of conduct for rapid, high-quality claims handling;
- > **BEAMA:** Belfius Asset Management (Belfius AM), 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 AM is committed to act loyally and honestly in the interests of customers and market integrity, in accordance with the legal and regulatory framework.

## Data privacy & information security

Belfius' fundamental commitments to privacy and the responsible collection, use and sharing of personal data are set out in a [Privacy Charter](#). This document is regularly updated to inform customers of any changes and is reflected internally in a corresponding privacy policy and supporting guidelines. For Belfius, the protection of information and the creation of a secure environment for our customers' data are 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 at Board of Directors level 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.

## 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. In 2023, Belfius enhanced the **Human Rights Policy** to align with minimum human and labour rights standards determined by the Minimum Social Safeguards (MSS) criteria in the EU Taxonomy;
- > 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, including thermal coal, unconventional and conventional oil and gas extraction, electricity production and nuclear power plants
  - Mining
  - Palm oil
  - Soy
  - Agricultural commodities (speculative activities)
- > Belfius uses a **watch list of countries** (Belfius Country Watchlist, BCWL) for the financing of customer transactions involving a foreign government agency or public company. This list includes countries under EU embargoes or sanctions by the US as well as countries for which there is an increased risk of money laundering, financing of terrorism or both, with regards to the nature of the transaction 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. In addition, the composition of our investment funds excludes governments that are considered to be controversial regimes on the basis of an internal Belfius AM blacklist and Candriam's sustainability model for governments.
  - > 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 Asset Management) 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 2023 Sustainability Report](#).

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