



UNEP FI Principles for Responsible Banking 2021 Reporting

Belfius Bank signed the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (PRB) in April 2020. This first report provides Belfius' stakeholders an understanding on Belfius' progress and commitment towards the Principles in line with the UN Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

UNEP FI Principles for Responsible Banking

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
<p>Principle 1: Alignment</p> <p>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>		
<p>1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>Belfius Bank is licensed as a credit institution in accordance with the Belgian Banking Law.</p> <p>As a Belgian bank-insurer, Belfius serves all segments of the Belgian economy, including individuals, small and medium enterprises (SMEs), corporates, and public and social sectors. As of 31 December 2020, Belfius was positioned as the second largest retail bank-insurer in Belgium with 3.7 million customers; the third largest bank for SMEs with approximately 0.3 million professional customers; the largest bank in the public sector with almost 100% penetration; and the third largest bank for corporates, serving approximately 50% of the companies in the Belgian market with a turnover equal to or above EUR 10 million. Belfius serves approximately 30% of the Belgian population. Belfius' integrated business model is based on creating and leveraging synergies across these client segments, as well as its products and businesses.</p> <p>Believing in its role in the sustainable development of Belgium, Belfius strongly invests in all segments of the society:</p>	<p>Annual Report 2020 p.2-4, p.29</p>

1.1 Continued

- The public and social sector such as local and federal authorities, inter-municipal companies, hospitals, care homes, social housings and education centres are offered wide and integrated range of products and services, including but not limited to credit lending, treasury management and financial markets products.
- Belfius equally provides financing to business and corporate banking clients ranging from the self-employed, liberal professions and small enterprises to the medium-sized and large corporates. Belfius seeks to support them throughout their entire lifecycle with a comprehensive package of products and services for both business and private needs (credits, transaction banking, financial market products, pension insurance, digital accessibility etc.).
- Moreover, Belfius finances individuals including private and wealth management clients. As a bank-insurer, Belfius helps customers protect and develop their assets through cross-selling along the whole product range such as payments, savings, mortgages and consumer finance, non-life and life insurances, investments and insurance-investments.

With an essentially Belgian balance sheet for its commercial activities, Belfius is committed to maximal customer satisfaction and added social value by offering products and services with added value through a modern omni-channel distribution model, which includes branches, bankers, Belfius Connect, and digital channels. Belfius is a proud leader in mobile banking in Belgium.

<p>1.1 Continued</p>	<p>Belfius Bank that signed the United Nations Environmental Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (PRB) is the parent company of the Belfius Group. Its major commercial subsidiaries focus on the Belgian market : Belfius Insurance (BI, insurer), Belfius Investment Partners (BIP, asset manager), Belfius Lease & Lease Services (leasing), Belfius Autolease (car leasing), Belfius Commercial Finance (factoring), Crefius (servicing and managing mortgage loans).</p> <p>For some very specific activities, entities are maintained in Luxembourg and Ireland:</p> <ul style="list-style-type: none"> - Belfius Financing Company SA issues certain securities to external investors. For technical and operational reasons, it has been decided that these issuances take place in Luxembourg. Belfius Insurance Finance manages a portfolio of shares and bonds there in full transparency vis-à-vis the Belgian tax authorities after receiving a positive ruling in Belgium. - Ireland-based Belfius Ireland controls a historical long-term bond portfolio, however this portfolio is currently being wound down. Belfius’ Irish presence does not constitute a case of tax optimisation as there is no shift of taxable base from Belgium to Ireland. 	
<p>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant</p>	<p>The 17 Sustainable Development Goals (SDGs or Global Goals) adopted by all United Nations Member States in 2015 is a universal call to action for sustainable development to end poverty, protect to planet and ensure peace and prosperity. The SDGs serve as guiding principles for Belfius’ corporate sustainability strategy. Considering its business context and core activities, Belfius prioritised five SDGs (SDG 7-Affordable and Clean Energy, SDG 8-Decent Work and Economic Growth, SDG 9-Industry, Innovation & Infrastructure, SDG 11-Sustainable Cities and Communities, SDG12-</p>	<p>Annual Report 2020 p.22-23</p> <p>Half-Year report p.15</p>

<p>national and regional frameworks.</p>	<p>Responsible Consumption & Production), where we believe we can and aim to create the greatest positive impact.</p> <p>Always aligning its business strategy with its values, Belfius strives to contribute to the SDGs through its product and service offering when possible. Belfius has historically been a bank that is active in public and social sector in Belgium, financing core infrastructure investments in the country for an inclusive and prosperous society. While many of the banking and insurance activities of Belfius contribute to the SDGs, Belfius' Funds of the Future, first launched in 2019, is a particular example where Belfius invests in different social and environmental themes that contribute to at least one of the Global Goals.</p> <p>Acknowledging the urgency of climate crisis, Belfius actively participates in local and international initiatives to better align its business with the objectives of the Paris Climate Agreement. At Belgian level, Belfius participated in the launch of the Belgian Alliance for Climate Action (BACA) in 2020, a joint initiative of the Belgian sustainable development network (The Shift) and WWF Belgium. The alliance brings together companies and organisations with a strong intention to pave the way to a low carbon economy by increasing their climate ambitions in line with the Paris Climate Agreement. To that end, Belfius has committed to set 'science-based targets' as part of its decarbonisation strategy. Belfius already achieved carbon neutrality for its own operations by investing in projects to offset its carbon emissions, and is planning on accounting and decreasing its climate impact of its financed emissions in the future.</p>	
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Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis:

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:

- a) Scope: The bank's core business areas, products/services across the
- b) main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
- c) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.

Serving approximately one third of the population, Belfius is a major player in the Belgian financial sector and is continuously monitoring the social, economic and environmental impacts resulting from its activities. In order to assess and understand its positive and negative impacts, Belfius utilised the second iteration of the Portfolio Impact Analysis Tool for Banks that is jointly developed by signatories of the PRB and UNEP FI Member Banks.

Through its impact analysis, based on the loan portfolio as of 30 June 2021, Belfius worked towards identifying its impacts related to its consumer, investment, business and corporate and public banking activities in Belgium. The main sectors and industries financed by Belfius were public administration, construction and real estate, activities of holding companies and retail.

Considering Belgium's country needs (as pre-defined in UNEP FI Impact Analysis tool) and Belfius' portfolio exposure, the analysis conducted through the Portfolio Impact Analysis Tool generated the following results:

- The potential positive impacts areas associated with Belfius' portfolios include : access to decent housing, public debt management, quality and availability of water, waste management, the efficient use of resources (water, energy, raw materials etc.) and climate change.
- The potential negative impacts areas associate with Belfius' portfolios include : public debt management, quality and availability of water, waste management, the efficient use of resources (water, energy, raw materials etc.) and climate change.

<p>d) <u>Context & Relevance:</u> Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</p> <p>e) <u>Scale and intensity/salience of impact:</u> In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.</p> <p>(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p><i>Show that building on this analysis, the bank has</i></p> <ul style="list-style-type: none"> • Identified and disclosed its areas of most significant (potential) positive and negative impact • Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts 	<p>This first UN PRB report of Belfius Bank presents an overview of activities carried out by Belfius in implementing the Principles in 2021 to fully align itself with the Principles within 4 years timeframe. In the following years, Belfius will conduct an assessment of its performance with regard to potential positive and negative impacts enlisted above to finalise its portfolio impact analysis.</p> <p>Additionally, Belfius will focus on helping its clients to facilitate the transition to more sustainable opportunities in the sectors with higher exposure to social and environmental impacts.</p>	
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

Belfius Bank started to conduct its impact analysis exercise using the Portfolio Impact Analysis Tool and identified its potential positive and negative impacts that are associated with its consumer, investments, business and corporate and public banking portfolios considering its sectoral and client exposure as well as Belgium's country needs. The next step in this process will be to finalise the impact analysis based on Belfius' performance assessment with regard to the potential positive and negative impacts identified in this first step.

2.2 Target Setting

Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.

Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.

Belfius has been communicating on its sustainability efforts for some years now and listed overall ESG ambitions in its 2019 Sustainability Report.

In the meantime, Belfius has increasingly been channeling its sustainability DNA into its strategic vision and is now working on the elaboration of a new ESG core dashboard. Following the completion of the portfolio impact analysis exercise as part of Belfius' engagement with UN PRB, Belfius Bank will further review its targets

As a group, Belfius already firmly committed to the following ambitions until now:

- Achieve a 44% representation of women at senior management level by 2025
- Maintain CO₂-neutrality for Belfius' own operations (i.e. excluding financed emissions)

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<p>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>		
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p> <p>Belfius Bank is gradually putting in place time-bound targets around climate and diversity. Belfius Bank is currently in the process of finalising its first impact analysis that will allow Belfius Bank to set targets in the following years to address positive and negative impacts associated with its portfolio.</p>		
<p>2.3 Plans for Target Implementation and Monitoring</p> <p>Show that your bank has defined actions and milestones to meet the set targets.</p> <p>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>Belfius' actions towards achieving its overall ESG targets have been communicated in its 2020 Annual Report and will again be reported on in the 2021 Annual Report. Following the completion of the portfolio impact analysis exercise as part of Belfius' engagement with UN PRB, Belfius Bank will review its targets and develop additional action plans as needed.</p>	

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.

Belfius Bank is gradually putting in place time-bound targets around climate and diversity. Belfius Bank is currently in the process of finalising its first impact analysis that will allow it to set targets in the following years to address positive and negative impacts associated with its portfolio and report on actions undertaken to reach these targets.

2.4 Progress on Implementing Targets

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.

Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and

Belfius' progress towards achieving its overall ESG targets have been communicated in its 2020 Annual Report and will again be communicated in the 2021 Annual Report. Following the completion of the portfolio impact analysis exercise as part of Belfius' engagement with UN PRB, Belfius Bank will review its targets and report on the progress and actions undertaken to meet the set targets.

<p>appropriate, banks should include quantitative disclosures)</p>		
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p> <p>Belfius Bank is gradually putting in place time-bound targets around climate and diversity. Belfius Bank is currently in the process of finalising its first impact analysis that will allow it to set targets in the following years to address positive and negative impacts associated with its portfolio and monitor progress towards these targets.</p>		

Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.

Customers are at the heart of Belfius’ business strategy. Establishing a lasting relationship with customers and engaging with them in a responsible and transparent way is a key factor in building long-term relationships.

Belfius Customer Acceptance Policy and Transition Acceleration Policy are the cornerstones of Belfius’ responsible engagements with its clients. Belfius aims to ensure that sustainable and responsible business practices are adopted and implemented by all business lines and customers.

In addition to its internal policies Belfius adheres to the code of conduct of Febelfin, the Belgian financial sector federation, to remain true to the values of the sector in its daily interactions with customers. Belfius also follows the code of conduct of BeCommerce, the federation of Belgian companies active in e-commerce to enable consumers to make online purchases reliably and securely.

In line with its values as a responsible bank-insurer, Belfius expects that its principles of responsibility, honesty and professionalism are adopted and embraced by all of its employees. To that end, Belfius Code of Conduct, Anti-Discrimination Policy and Whistleblowing Policy serve as guiding principles for its employees while engaging with Belfius customers. Each year Belfius employees receive compulsory trainings on ethical and compliance-related issues. The training courses are refreshed every two to three years, with ad

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<p>3.1 Continued</p>	<p>hoc training cycles also organised for certain profiles. Each employee has his or her own dashboard in which all planned and completed training courses are displayed and monitored by HR and Compliance.</p> <p>The above-mentioned policies are available on Policies & Charter website, which provides an overview of all relevant Belfius policies in the field of sustainability.</p>	
<p>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned / implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p><u>Belfius' engagement activities</u></p> <p>As a key bank-insurer in Belgium, Belfius believes that it has a crucial role within the society to facilitate and promote transition of the Belgian economy to sustainable economic activities in line with the vision of a European Green Deal. To achieve this objective Belfius developed its Transition Acceleration Policy that aims to both exclude certain activities that are considered unsustainable (e.g. tobacco production and gambling) and to support clients' transition to a low carbon and just economy, while respecting United Nations Global Compact principles. The scope of the policy covers all processes of Belfius Group such as client onboarding, loan and leasing origination, and investment offer amongst others. Belfius' ambition is to have all client relations, products and portfolios come in line with this policy by 31 December 2022, provided this is legally and contractually allowed.</p> <p>It is Belfius' ambition to further develop the Transition Acceleration Policy's reach over time, timely addressing emerging societal or market evolutions as well as covering voluntary commitments (e.g. Science Based Targets Initiative-SBTi, UNEP FI) and upcoming legislations (the EU taxonomy, corporate due diligence and vigilance).</p> <p>The majority of funds distributed by Belfius are produced and managed by either its subsidiary Belfius Investment Partners (IP) or its strategic partner Candriam. Fund managers in both organisations maintain an active and</p>	<p>Annual Report 2020 p.33-42</p> <p>Half-Year report p9</p>

3.2 Continued

constructive dialogue with the companies in which their respective funds invest. By making their views, concerns and ideas known to the management of these companies, asset managers seek to influence decisions made by top management towards more sustainable business practices. In line with this approach Belfius Investment Partners, a signatory to the United Nations Principles for Responsible Investment (UNPRI) constantly monitors its investment portfolios and integrates ESG criteria when selecting underlying instruments (funds, trackers). For more detailed information on Belfius IP's engagement approach please see [Belfius IP Engagement Policy](#).

Belfius' product and service offering

In line with its sustainability vision, Belfius constantly develops and offers financial solutions that enable its clients and customers to adopt more sustainable activities and business models.

Major new strategic initiatives launched by Belfius Bank over the course of 2021, guided by its desire to contribute to a more sustainable Belgian economy and society are as follows:

- Re=Bel, a brand new investment application that is accessible to all, allows investing that contribute to an ESG cause
- Beats, an innovative payment and telecom offer for retail customers with a societal angle that enables the customers to select the causes (health, planet or people) they want Belfius to support for them
- Banx, platform imagined by Proximus, powered by Belfius allowing users to more consciously manage their banking activities and understand which of their purchases are good for the planet and which are not through a personal CO₂ footprint dashboard

Furthermore, Belfius Bank actively participates in sustainable lending programs offered by European institutions such as the European Investment

3.2 Continued

Bank (EIB) or European Investment Fund (EIF) to contribute to sustainable economic activities of its clients and customers. Major programs to which Belfius participated are as follows:

- In collaboration with EIB as part of the European Private Finance for Energy Efficiency program, Belfius Bank launched Belfius Energy Efficiency Package (BEEP), which is a unique financing package for companies, public authorities, educational institutions and social profit organisations who wish to invest in reducing their energy consumption, switching to alternative energy sources or producing their own energy.
- Belfius Bank was also awarded a grant from European Local Energy Assistance (ELENA) initiative to actively assist its public and social profit customers in the development of energy efficiency and building-linked renewable energy programmes.
- Belfius Bank is in a preferential credit partnership with the EIB on projects/investments related to smart cities, climate action and circular economy.

Belfius also offers its retail customers green products and services such as its Green Renovation Loan for financing construction and renovation projects that contribute to energy-savings in the Belgian households, Eco (Plus) Car loan, bicycle loan as well as reductions in Belfius Car premiums for customers who limit their ecological footprint.

Understanding the positive impact that can be achieved through capital markets in May 2021 Belfius issued its inaugural green bond in line with the ICMA Green Bond Principles (2018), with an issuance of EUR 500 million. The proceeds of the issuance will be utilised towards financing/refinancing green projects/investments that contribute to renewable energy, energy efficiency, clean transportation, green real estate or waste and water management. Building on its expertise and experience Belfius also supports green and sustainability bond issuances of its clients, helping them to strengthen their sustainability policies.

UNEP FI Principles for Responsible Banking

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

Belfius regularly consults and engages with its stakeholders, more specifically customers, employees and unions, civil society, shareholder, sectoral organisations, prudential supervisors as well as rating agencies and sustainability analysts. The aforementioned stakeholders were identified considering relevant stakeholders that are impacted by Belfius' activities as well as their impact on Belfius. These interactions with stakeholders take place on regular basis through different channels depending on the nature of Belfius' relationship with them. The dialogue with stakeholders allows Belfius to understand their expectations regarding Belfius' environmental and social impact as well as inform them about Belfius' sustainability strategy and objectives.

Belfius first conducted a materiality analysis in 2017 to determine which topics should be considered as "material" for Belfius with regard to sustainability. The results of this exercise were presented in a materiality matrix, which highlighted the list of material topics. These topics, along with those having a strategic impact on Belfius, were incorporated to a maximum extent in the definition of ESG risk management, the development of sustainability policies and the formulation of Belfius' overall strategy.

Belfius is currently (Q4 2021) engaging with stakeholders (a selection of customers, suppliers & partners, NGO, academics, trade unions and employees) through a questionnaire with a double objective : to confirm that Belfius' group-wide strategy and sustainability commitments are tackling issues that stakeholders consider relevant towards a sustainable Belgian society, as well as to identify any

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4.1 Continued

additional topics that are material to Belfius' stakeholders and might not be included in Belfius' strategy yet. The results of this assessment will be published in the 2021 Sustainability Report and will serve as a basis for further inspiration to refine Belfius' ESG strategy and structure its actions to address the changing world around Belfius.

In the purpose of implementing the Principles and improving Belfius' impact on society and environment, Belfius actively engages with several sustainability initiatives and sectoral organisations both at local and international level. Acknowledging the United Nations' role, on top of being a signatory to the UN PRB initiative, Belfius is also a signatory to the United Nations Global Compact, UN Principles for Sustainable Insurance (Belfius Insurance) and the PRI (Belfius Investment Partners). Participation in these initiatives allow Belfius to be part of a collective action and share experiences around sustainable finance.

With regard to sectoral organisations, while Belfius Bank actively participates in and contributes to workgroup activities organised around sustainability by Febelfin, Belfius Insurance engages in workgroups at Assuralia, the sectoral federation of insurance companies operating in the Belgian market.

In 2020 as part of its commitment to climate action and to better align with the objectives of the Paris Climate Agreement, Belfius participated in the launch of the BACA. This participation underscores Belfius' ambition to better fulfil expectations of the Principles. Accordingly, Belfius is also member of Partnership for Carbon Accounting Financials (PCAF), a global partnership of financial institutions for greenhouse gas accounting and disclosure in the sector that will allow Belfius to identify its impacts and set credible targets.

At the local level Belfius is a member of the sustainability community The Shift as well as Belgian Institute for Sustainable IT (ISIT-BE), a think and do tank bringing together Belgian companies, organizations and individuals to help them succeed in their digital transition while reducing the environmental and social footprint of their IT services and usages.

4.1 Continued	Further confirming Belfius' commitment to the SDG 5 on gender equality Belfius is also a signatory to the Women in Finance Diversity Charter for a more balanced and fair financial service industry.	
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UNEP FI Principles for Responsible Banking

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.

The Board of Directors of Belfius Bank defines and supervises the strategy and objectives of the Bank, as well as the risk management, including the level of risk appetite, at the proposal or recommendation of the Management Board. This also includes the ESG strategy and risks. Also, as Belfius Bank is head of the Belfius Financial Conglomerate, Belfius Bank's Board of Directors is responsible for the general policy, risk appetite and strategy (including ESG) of the Belfius Group and the compliance of the subsidiaries herewith.

The Risk Committee at Board of Directors level has advisory powers and responsibilities with regard to the Board of Directors on setting current and future risk appetite and strategy, including on ESG and climate risk, as well as monitoring its implementation.

The Management Board is responsible for the effective management of the Bank, directing and coordinating the activities of the various business lines and support departments within the framework of the objectives, strategy, risk and general policy set by the Board of Directors.

Belfius' Group Committee manages and oversees group strategic matters including the sustainability strategy and its implementation for the banking and insurance group. It is responsible for the implementation of the mandatory regulations and voluntary commitments on ESG, such as the

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5.1 Continued

Principles for Responsible Banking or Principles for Sustainable Insurance. In 2021 Belfius Group Committee comprised of five members of the Management Board of Belfius Bank, the chairman and CFO of the Management Board of Belfius Insurance and three associated members of the Management Board of Belfius Bank, who join the Committee in an advisory capacity.

At executive level, both Belfius Bank CEO and Belfius Insurance CEO sponsor the ESG strategy. An ESG program and steering was set-up to monitor the implementation of the ESG strategy as well as the mandatory and voluntary commitments. Twelve ESG workstreams were formed, responsibilities for the streams were assigned to the members of the Management Board, and each workstream has a tracker on senior management level. A monthly steering ('strategic domain committee' ESG), bringing together the various trackers and covering the whole Belfius organisation, closely follows up on progress of each of these streams.

At Belfius Bank, the Head of Sustainability is accountable to the CEO. She heads the ESG Coordination Team and is in charge of the overall coordination of the group-wide ESG strategy. She works in close collaboration with the Sustainability Manager of Belfius Insurance. Both parties conduct a systematic dialogue on ESG affairs with key internal and external stakeholders.

As a result of Belfius' engagement with voluntary initiatives as well as the integration of ESG matters into existing or new regulatory requirements by regulators and prudential supervisors, Belfius attributed responsibilities around sustainable finance to existing decision-making structures. Nevertheless, Belfius is in the process of assessing the benefit of a more dedicated governance approach for the upcoming year.

<p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>Belfius’ corporate culture relies on four overarching values: customer orientation, authenticity, fairness and entrepreneurship spirit. These values ensure that customer expectations are at the centre of Belfius’ business, each person’s individuality and differences are respected. Belfius seeks a fair balance between the interests of all stakeholders, to create sustainable long-term value for its customers, society as a whole, the environment and Belfius’ organisation.</p> <p>In line with its core values, sustainability lies at the heart of Belfius’ business strategy. Belfius 2025 Strategy, shared across the internal organisation, puts forward the need to integrate sustainability in all aspects of its business. This is an aspect that is fundamental to Belfius’ purpose “Belfius, meaningful and inspiring for Belgian society. Together.”</p> <p>Belfius also integrates ESG-related objectives to the senior managers’ variable remuneration. The ESG-related objectives cover the topics on customer satisfaction, employee engagement & well-being, diversity, leadership development and Belfius Group’s ESG rating performance.</p> <p>Moreover, Belfius strives to integrate and adopt all aspects of sustainability in Belfius’ work environment. Hence, in 2019 Belfius became a signatory to the Women in Finance Diversity Charter, an initiative to improve gender equality in the financial sector. Adopting the principles of the Charter, Belfius actively promotes gender equality at the workplace through several activities such as webinars and awareness-raising communications via its intranet. When it comes to Belfius’ operational environmental impact, Belfius’ building management seeks continuously to increase efficiency in energy and water consumption, while reducing waste generation. Lastly, as a firm believer of promoting behavioural change within and ownership by the employees on ESG</p>	<p>ESG and remuneration policy:</p> <p>Annual Report 2020 p.26, p.28, p.58</p>

	<p>related topics, Belfius encourages employees with an interest in sustainability to share this passion through the “Train Your Colleagues sessions”.</p>	
<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected. 	<p>As stated in section 5.1. Belfius’ Group Committee manages and oversees group-wide strategic matters such as the sustainability strategy, mandatory regulations and voluntary commitments on ESG, including the UN PRB.</p> <p>Sponsored by the CEO, Belfius’ sustainability manager drives the implementation of UN Principles of Responsible Banking, leveraging the ESG Program and steering.</p> <p>However, Belfius is in the process of assessing the benefit of a more dedicated governance approach for the upcoming year.</p>	
<p>Please provide your bank’s conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p> <p>Belfius’ Group Committee oversees the implementation of the Principles. Belfius is in the process of assessing the benefit of a more dedicated governance approach for the upcoming year.</p>		

Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society’s goals.

6.1 Progress on Implementing the Principles

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing

To better implement the Principles and the good practices, Belfius signed the UN PRB as Belfius Bank and UN Principles for Sustainable Insurance (UN PSI) as Belfius Insurance in April 2020. As a member of The Shift, Belfius also participated in the launch of the BACA. In line with the Principles, the engagement with BACA and its strategy around climate action, Belfius has adhered to PCAF in October 2021 and officially committed to set science-based targets in December 2021. These voluntary commitments will help Belfius in meeting regulatory and prudential requirements such as the EU Taxonomy, EBA Pillar III and Corporate Sustainability Reporting Directive (CSRD).

Over the course of 2021 the revised Transition Acceleration Policy was rolled out. Belfius does not support companies that systematically or seriously violate one or more of the 10 UN Global Compact principles. The Transition Acceleration Policy imposes exclusions or restrictions on activities in many more sensitive economic sectors than was previously the case: tobacco, gambling, weapons, fossil energy, mining, palm oil and soy, and speculation on agricultural raw materials. Activities that are considered intrinsically unsustainable are fully excluded, in other sectors customers are encouraged to transition to a low carbon and just business model. The scope of the policy covers all processes of Belfius Group such as client onboarding, loan and leasing origination, and investment offer amongst others. It is Belfius’ ambition to further develop the Transition Acceleration Policy’s reach over time.

<p>practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>	<p>Belfius also redacted a human rights policy in 2021, inspired by the United Nations Global Compact but also acknowledging the Universal Declaration of Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work (signed by Belgium).</p> <p>Following up on its commitment to diversity, Belfius signed the Inclusive Panels Charter in 2021, which aims to raise awareness of the importance of diverse panels in terms of gender, age and background.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking.</p> <p>Belfius has made important progress in the reporting year to implement the Principles. Belfius reviewed its Transition Acceleration Policy to better manage its ESG risks as well as guide its clients towards sustainable business practices. Belfius also joined several initiatives on sustainability and started developing financed emissions accounting as a first step towards setting its climate targets aligned with the Science Based Target Initiative (SBTi) requirements. Additionally, Belfius redacted its human rights policy.</p>		