



GOVERNANCE MEMORANDUM

TABLE OF CONTENTS

INTRODUCTION	2	II. GOVERNANCE STRUCTURE OF BELFIUS BANK	28
I. GOVERNANCE OF THE BELFIUS GROUP	2	1. SHAREHOLING STRUCTURE	28
1. PURPOSE, STRATEGY AND VALUES	2	1.1. Shareholding, role of the Shareholders and Significant Shareholder(s)	28
2. BELFIUS GROUP	4	1.2. Shareholders' Meeting	28
2.1. Belfius Bank	4	1.3. Quorum and Majorities	29
2.2. Main commercial subsidiaries in Belgium	5	2. MANAGEMENT STRUCTURE	30
3. GROUP INTERESTS AND INTERESTS OF SUBSIDIARIES	6	2.1. Board of Directors	30
3.1. Belfius Bank as parent company of the Belfius Group	6	2.2. Executive management: Management Board	38
3.2. Belfius Bank as head of a financial conglomerate	6	2.3. Internal control and key functions	40
3.3. Intra-group conflicts of interests	7	2.4. Operational management	46
4. INTERNAL GOVERNANCE	8	2.5. Code of conduct and behavior	47
4.1. At Board of Directors level	8	III. POLICY OF PUBLICATION OF THE PRINCIPLES IMPLEMENTED	54
4.2. At Management Board level	18	IV. STATUS OF THE GOVERNANCE MEMORANDUM	54
4.3. At independent control functions level	19		
4.4. At operational level	21		
4.5. Other structures and mechanisms in place	22		
5. OUTSOURCING	24		
6. IT CONTROL AND SECURITY MECHANISMS	25		
6.1. Information Security	25		
6.2. Business continuity	26		
6.3. Release Management	26		
7. REMUNERATION POLICY	27		



INTRODUCTION

This Governance Memorandum contains the basic rules applicable to the governance of the Belfius Group and Belfius Bank SA /NV.

All of these rules must be interpreted and completed in accordance with the legislation applicable to the Belfius Group and to Belfius Bank as well as with the circulars and regulations from the Supervisory Authorities. The appendices and any amendments made to these rules form an integral part of the Governance Memorandum.

The information contained in this document refers to the situation of the Belfius Group and of the Bank as at 30 June 2024, unless otherwise mentioned.

I. GOVERNANCE OF THE BELFIUS GROUP

The Belfius Group (hereinafter referred to as the **“Belfius Group”**, “Belfius” or the **“Group”**) is first and foremost a locally embedded independent bank and insurance group which provides financial services to private individuals, professionals, corporates, social-profit institutions and the public authorities in Belgium.

With an essentially Belgian balance sheet for its commercial activities and customers from all segments, Belfius is in a position to act as a universal bank “of and for Belgian society”. Belfius is committed to maximum customer satisfaction and added social value by offering products and providing services with added value through a modern distribution model. Thanks to a prudent investment policy and a carefully managed risk profile, Belfius aspires to a sound financial profile that results in a solid liquidity and solvency position. This enables it to continue to grow, capture synergies between customer segments, products & activities and expand into Asset Management and Financial Markets.

1. PURPOSE, STRATEGY AND VALUES

The Belfius Group is firmly embedded in all segments of the Belgian economy and society, ranging from individual customers to small businesses, larger corporates and the public sector. As such, Belfius is continuously re-investing its customers’ cash and savings to support local projects of individuals, companies and governmental authorities, all this to the benefit of the Belgian society.

As illustrated below, this is guided by a robust and disciplined financial and risk management framework. In its pursuit for long-term sustainability, Belfius indeed sets sound objectives in terms of risk management and financial stability in order to create long-term value for society. In particular, Belfius maintains strong solvency and liquidity ratios at all times.





Consequently, Belfius has set itself an ambitious purpose: “Meaningful and inspiring for Belgian Society. Together.” It is a purpose that goes together with strong ESG (Environmental, Social and Governance) engagements that are fully embedded in Belfius’ strategic ambitions and substantiated by the Transition Acceleration Policy, which is both exclusionary and supportive of activities in transition.

- Belfius is a true integrated bank-insurance company. In this way, Belfius can meet all banking and insurance needs of its customers through a single point of contact with a convenient and holistic approach of his/her financial situation. For Belfius, an integrated model provides significant leverage for future income diversification and growth, as individuals and business customers’ potential can be addressed both through its branches and remotely (mainly digital), alongside the offering from its specialist DVV agents.
- Belfius has a marked strategic focus as bank for investors, activating the savings of individual clients into meaningful investment solutions, based upon strong own convictions regarding the financial markets. Belfius has a vigorous growth ambition in i.e. Private Banking, based upon strong value propositions and dedicated relationship managers.
- Belfius also has strong ambitions towards enterprises, from business (self-employed, liberal professions and SME with a turnover up to EUR 10 million), over local corporate (SME with a turnover between EUR 10 and EUR 25 million) to corporate banking, serving them throughout their life cycle with a full product suite in addition to its traditional long-term credit activity. Credit decisions are taken in Belgium, with knowledge of the local market. Through the combination of its Private and Commercial & Corporate banking ambitions, Belfius is aiming to serve both the personal and professional needs of Belgian entrepreneurs and enterprises.
- With unparalleled leadership in the public sector, Belfius aims to create meaningful and inspiring societal value for and together with its public and social sector clients, by tackling the main challenges of these clients and society.
- Finally, Belfius is a bank for all with a heart for the more vulnerable in our society, as witnessed by our extensive social product offer (for and through CPAS / OCMW), market share in Basic Banking Service accounts (most often to the benefit of refugees) and accessible services for the elderly or the less digitally aware.

Belfius emphasises customer satisfaction. Belfius therefore opts for an innovative mix of digital and human, combination of quality customer management through local commercial staff in easily accessible touchpoints as well as effective, user-friendly digital channels (mobile, chatbot, ...) and Belfius Connect (phone, mail, chat, ...). Belfius is and wants to remain best in class in mobile and digital, extending its offerings beyond traditional banking & insurance services, including via partnerships (e.g. Proximus, Jaimy).

Belfius invests in the efficient delivery of excellent customer experience through respectful data management, redesigning processes as well as modernising core banking and insurance systems.

To realise these ambitions, Belfius has a clear strategy with a strong commitment to disciplined, robust and balanced risk and financial management, targeting further revenue growth and diversification, sustainable operational efficiency, a sound risk profile and a strong balance sheet. Belfius believes that these objectives are the best guarantors for a future-proof business model, solid operating profit expansion and long-term added value for Belfius’ customers and the Belgian society as a whole.

Belfius Group’s strategy is powered by its Love Brand and talented people, supported by a strong internal culture based on the following values:

- **Customer obsession:** the satisfaction of Belfius customers is and will remain the reference and the ambition which governs everything Belfius does.
- **Authenticity:** Belfius respects each person’s individuality and finds differences enriching. Everyone is at their best if they can be themselves.
- **Fairness:** Belfius seeks to balance the interests of all its stakeholders: its aim is to create long-term value for its customers and its company, as well as for the community and the environment.
- **Entrepreneurial spirit:** Belfius is eager to explore new grounds and push boundaries. Belfius also has an eye for opportunity, which it aims to deliver with passion, purpose and integrity.

2. BELFIUS GROUP

2.1. BELFIUS BANK

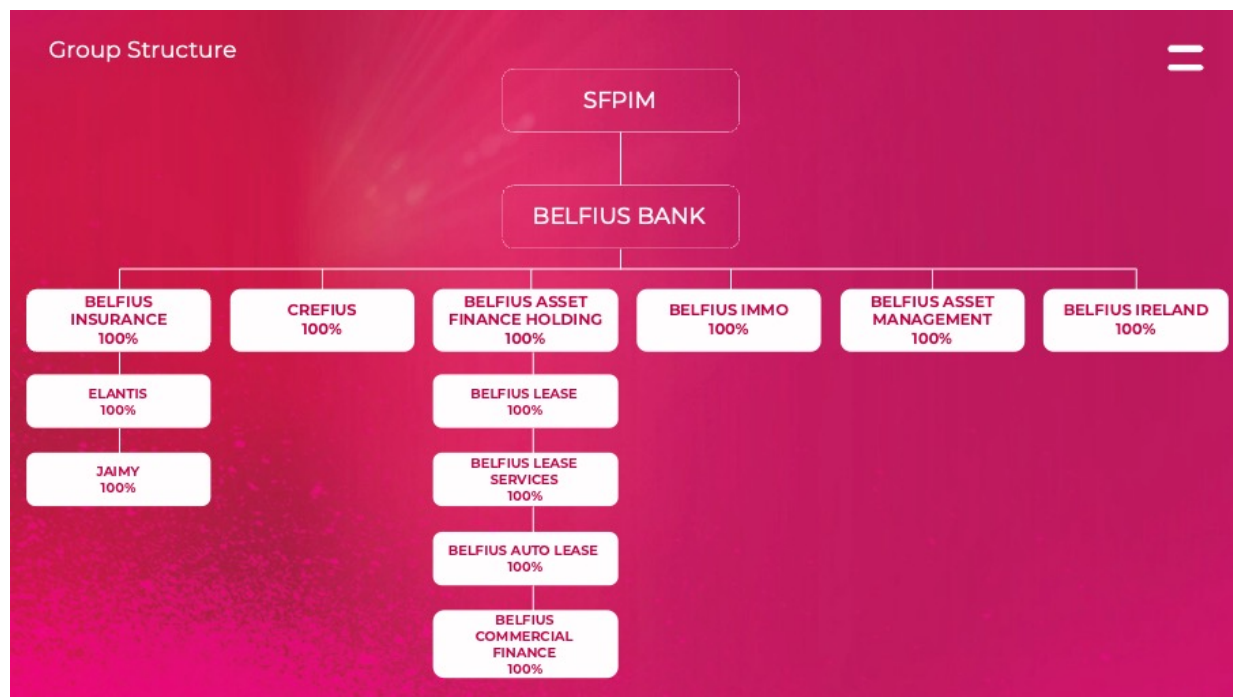
Belfius Bank SA/NV (hereinafter referred to as “**Belfius Bank**” or the “**Bank**”) is the parent company of the Belfius Group.

Belfius Bank is a public limited company (naamloze vennootschap/société anonyme) of unlimited duration incorporated under the Belgian law on 23 October 1962 which collects savings from the public.

Belfius Bank is licensed as a credit institution in accordance with the Belgian Banking Law¹. It is registered with the Crossroads Bank for Enterprises under business identification number 0403.201.185 and has its registered office at 11 Avenue Charles Rogier, 1210 Brussels, Belgium. Belfius Bank's LEI code is A5GWLFH3KM7YV2SFQL84.

Belfius Bank (directly and indirectly held by the Federal Holding and Investment Company (SFPIM²) is the parent company of the Belfius Group. Belfius Bank shares are not listed.

Belfius Bank has a number of direct and indirect subsidiaries. The simplified³ group structure of the Belfius Group is as follows:



¹ Law of 25 April 2014 on the legal status and supervision of credit institutions (hereinafter referred to as the Banking Law).

² Also designated as “Société fédérale de Participations et d’Investissement” or “Federale Participatie- en Investeringsmaatschappij”.

³ An exhaustive list of Belfius subsidiaries can be found in the last annual report of Belfius Bank.

2.2. MAIN COMMERCIAL SUBSIDIARIES IN BELGIUM

2.2.1. Belfius Insurance

Belfius Insurance SA/NV (hereinafter referred to as **Belfius Insurance**) is the insurance company marketing life and non-life insurance products, savings products and investments for individuals, the self-employed, liberal professions, small and medium companies and the public and social sector.

Belfius Insurance has 3 insurance brands which are covering all types of customer needs on the Belgian market:

1. Bancassurance with an integrated bank & insurance offer,
2. DWV Insurance, a network of experts with a strong local anchoring,
3. Belfius Direct Assurances, a direct insurer with specific digital offers.

Belfius Insurance holds the Elantis brand, which offers mortgage loans and consumer loans through independent brokers. These mortgage loans and consumer loans are not on the balance sheet of Elantis but on the balance sheet of Belfius Insurance, Belfius Bank and a third party bank.

2.2.2. Belfius Asset Management

Belfius Asset Management SA/NV (hereinafter referred to as **Belfius Asset Management**) is a management company for SICAVs (open-ended investment companies) and FCPs (mutual funds), authorised by the FSMA. These can be both traditional and alternative UCIs (undertakings for collective investment).

Its activities mainly include the following tasks:

- management of the investment portfolio of SICAVs and mutual funds,
- administration,
- trading or distribution of units of SICAVs or mutual funds.

For the execution of a number of tasks, Belfius Asset Management calls on various partners with solid experience in their field.

As part of the Belfius Group, Belfius Asset Management manages a number of investment funds that are mainly marketed by Belfius Bank.

2.2.3. Belfius Immo

Belfius Immo SA/NV is a financial and operational real estate developer focusing on pure financial operations as well as on active co-development.

2.2.4. Crefius

Crefius SA/NV is a company involved in granting and managing mortgage loans.

2.2.5. Belfius Auto Lease

Belfius Auto Lease SA/NV is a company for operational vehicle leasing and car fleet management, maintenance and claims management services.

2.2.6. Belfius Lease and Belfius Lease Services

Belfius Lease SA/NV and Belfius Lease Services SA/NV are companies for financial leasing and renting of professional capital goods to the self-employed, companies and liberal professions.

2.2.7. Belfius Commercial Finance

Belfius Commercial Finance SA/NV is a company for financing commercial loans to debtors, debtor in-solvency risk cover and debt recovery from debtors (factoring).

2.2.8. Entities for specific activities abroad

Belfius focuses exclusively on the Belgian market in its commercial activities. However, for a number of highly specific activities, it retains entities in Luxembourg and Ireland.

- Belfius Financing Company SA issues (short-term and long-term) financing securities in Luxembourg, enabling Belfius Group to meet its financing needs in a stable and diversified way by having immediate access to the different markets.
- Belfius Ireland UC holds a historical portfolio of long-term bonds. This portfolio is in a run-off mode.

3. GROUP INTERESTS AND INTERESTS OF SUBSIDIARIES

3.1. BELFIUS BANK AS PARENT COMPANY OF THE BELFIUS GROUP

The Board of Directors of Belfius Bank, as parent company of the Belfius Group, defines the strategy, the general policy and the risk appetite of the Belfius Group and the entities belonging to the Belfius Group. This includes the Merger & Acquisition strategy as well as the coordination of the ESG policy.

All entities must implement their policy, strategy and risk appetite in line with those of the Group (they must hence carry on their activity following the guidelines set by the Board of Directors of Belfius Bank). The entities must also ensure that their own implementation is in line with the rules additionally applicable to their entity as an autonomous legal and regulated entity.

In defining the Group policy, risk appetite and strategy, the Board of Directors of Belfius Bank has to ensure that the interests of the subsidiaries are preserved.

In case of conflicting interests, within certain limits, the Group's interests have priority on the interests of the subsidiary (for instance subject to leading to charges at subsidiary level not exceeding the financial capacity of the entity, subject also to delivering to the entity a corresponding advantage, ...). Reference is also made to the four conditions of the so-called "Rozenblum" approach:

- the existence of group relations between the companies concerned should be based on a common interest, formulated against the background of group-wide objectives,
- group internal relations should have a reciprocal consideration,
- the group interest should not distort the balance of the respective liabilities of the companies concerned,
- the group interest should not exceed the financial capacity of the group entity supporting the burden.

The management bodies of the different subsidiaries must also ensure that the implementation of the Group's strategic orientation is in line with the rules and obligations to which the subsidiary is subject as a regulated institution.

3.2. BELFIUS BANK AS HEAD OF A FINANCIAL CONGLOMERATE

Belfius Bank, being the parent company of the Belfius Group, has to comply with the supplementary conglomerate supervision which relates to:

group solvency:


- to respect minimum own funds at financial conglomerate level,
- to operate adequate management and internal control procedures with regard to the Group's solvency position (*inter alia* to operate an appropriate solvency policy, that anticipates the future consequences for the Group of the company strategy on the risk profile of the Group and the solvency requirements as stipulated in the Banking Law),
- to operate adequate strategies relating to own funds.

risk concentrations:

- to monitor and report significant risk concentrations,
- to operate adequate management and internal control procedures with regard to these risk concentrations of the group (*inter alia* to operate an appropriate management and governance, with approval and periodical evaluation of the strategy and policy by the competent decision bodies, related to the important risks (including non-financial risks) that have been entered into by the financial conglomerate; to deliver a statement describing and listing the material risk concentrations, ...).

intra-group transactions:

- to monitor and report significant intra-group transactions,
- to operate adequate management and internal control procedures with regard to these intra-group transactions (*inter alia* to deliver a statement describing and listing the material intra-group transactions, ...),
- to respect, in accordance with the overall Belfius tax policy, the arm's length principle, i.e. priced in conformity to market terms and conditions, in all intercompany transactions within Belfius Group. The global transfer pricing policy describes the applicable framework to determine and document the arm's length price of intragroup transactions, and the roles and responsibilities for all stakeholders.

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- non-financial and ESG role expectations and ambitions,
 - other conglomerate statistics: to deliver accounting statements with regard to the conglomerate (B/S, P&L, ...).

A Financial Conglomerate Policy has been set, focused on a Group-wide approach to the following areas: corporate governance, capital adequacy and liquidity, and risk management.

3.3. INTRA-GROUP CONFLICTS OF INTERESTS

The procedure for intra-group conflicts of interests defines intra-group conflicts of interests and describes the applicable process to identify, assess, prevent, manage and mitigate actual and potential intra-group conflicts of interests for Belfius Group. It applies to Belfius Bank and all its subsidiaries in which it, directly or indirectly, possesses a minimum 50% of the voting rights.

The Secretary General of Belfius Bank holds a conflict of interests register which is designed to identify and record material⁴ conflicts of interests which have been disclosed by the concerned Belfius companies to the (joint) Management Boards, the Intra-Group Committee or the Board of Directors.

⁴ Material' can be interpreted to mean the matter has 'a capacity to influence the vote of a particular Director on the decision to be made'. The interest needs not necessarily be of a financial or pecuniary nature. However, if the financial or pecuniary impact of the conflict of interest is quantifiable, the (direct or indirect) impact should at least be estimate at EUR 5 million. Whether a situation is considered as 'material' and falls within the scope of the conflicts of interests procedure, belongs to the judgment of the Management Board/ Board of Directors whose member has identified and disclosed such judgment. Such judgment shall be made by simple majority vote.

4. INTERNAL GOVERNANCE

Belfius Bank's Board of Directors is responsible for the general policy, risk appetite and strategy of the Belfius Group. Belfius Bank's Management Board is responsible for the effective operational management of the Bank, by direct authority out of the law⁵.

In relation to the steering and management of the financial conglomerate, this means that the Management Board of Belfius Bank, as operational decision-taking body of the Board of Directors of Belfius Bank and as operational decision-taking body of the parent company:

- (i) should ensure that the Board of Directors of Belfius Bank is assessing the compliance of the policies and strategies of all entities of the Group with the laid down Group policies on a regular basis, and
- (ii) should ensure that Belfius Bank is fully compliant with the additional requirements related to the conglomerate supervisions.

Mechanisms have been put in place to guarantee the synergy within the Belfius Group as well as an improved communication and information management. These mechanisms are in place both at Board of Directors level, at Management Board level, at independent control function level as well as in the different divisions of Belfius Bank and of Belfius Insurance and their subsidiaries.

4.1. AT BOARD OF DIRECTORS LEVEL

4.1.1. Composition of the Board of Directors

The Nomination Committee ensures that the Board of Directors of Belfius Bank is composed of a sufficient number of Directors with experience in banking and insurance matters given that several Directors of Belfius Bank (both executive and non-executive) sit on the Board of Directors of Belfius Insurance.

Furthermore, the Board of Directors of the Bank will be informed via the Nomination Committee of the proposal to appoint a candidate to a vacant position in the Board of Directors or the Management Board of Belfius Insurance and Belfius Asset Management. This candidacy will likewise be submitted for advice to the Nomination Committee, which is also competent for those companies.

Moreover, the minutes of the meetings of the Board of Directors of Belfius Insurance are submitted to the Board of Directors of Belfius Bank.

4.1.2. Organisation of joint meetings of the Board of Directors of Belfius Bank and Belfius Insurance

The Boards of Directors of Belfius Bank and Belfius Insurance hold a strategic conclave every year during a joint meeting. Joint meetings of the Boards of Directors of Belfius Bank and Belfius Insurance can be held if necessary to discuss/to take decision on group topics (e.g. Technology, ESG, ...).

4.1.3. Establishment of advisory committees at group level

An Intra-Group Committee and a Technology Committee have been established at group level to discuss and advise the Board of Directors of Belfius Bank and Belfius Insurance as well as their respective subsidiaries on group topics.

Belfius Insurance is represented in the Intra-Group Committee and the Technology Committee by independent directors of Belfius Insurance.

4.1.3.1. Intra-Group Committee

An Intra-Group Committee has been set up within the Belfius Group competent for all subsidiaries of the Belfius Group. The composition and functioning of the Intra-Group Committee are described in the committee's internal rules.

4.1.3.1.1. Responsibilities and scope

The Intra-group Committee's competences comprise the following:

- monitoring and reporting on significant intra-group transactions;
- monitoring and reporting on intra-group transactions with an important reputational impact; and
- advising on material conflicts of interest between companies belonging to Belfius Group in the context of which they fail to reach an agreement in a relatively short period of time.

The Intra-group Committee will take note and discuss the potential impact of these significant intra-group transactions for Belfius Group and, as part of this discussion, it will pay specific attention to (i) any potential contagion risk(s) for Belfius Group, (ii) the presence of any (potential) conflicts of interest, as well as (iii) the level and extent of the intra-group transactions.

⁵ See article 24 §1 of the Banking Law.

4.1.3.1.2. Composition

The Intra-Group Committee is composed of five Non-Executive Directors with relevant operational management experience:

- the Chair of the Board of Directors of Belfius Bank, who chairs the Intra-Group Committee,
- two Non-Executive Directors of Belfius Bank,
- two Independent Non-Executive Directors of Belfius Insurance.

The Intra-Group Committee can temporary be composed by less members as long as it is composed of at least one Non-Executive Director of Belfius Bank and one Independent Non-Executive Director of Belfius Insurance.

4.1.3.1.3. Functioning

The Intra-Group Committee meets upon being convened by the Chair of the Management Board or the Chair of the Board of Directors of Belfius Bank or of a subsidiary of Belfius Group by means of a notice sent to the Committee secretary.

The Intra-Group Committee operates in a collegial manner and its decisions result from a consensus of its members. If applicable, the Chair may, on his/her own initiative or at the request of a member, submit the issue under debate to a vote. The decision is then taken by simple majority of the votes cast by all the members present. In the event of a tie, the Chair of the Board of Directors of Belfius Bank will have a casting vote.

4.1.3.2. Technology Committee

A Technology Committee has been set up within the Belfius Group competent for all subsidiaries of the Belfius Group. The composition and functioning of the Technology Committee are described in the internal rules of the Technology Committee. The main applicable provisions are set out below.

4.1.3.2.1. Responsibilities and scope

The tasks of the Technology Committee can be divided into three domains:

- the first domain relates to: Information Technology in the broad sense, including but not limited to cloud and other platforms, IT security, software development; hereinafter called the 'IT' domain,
- the second domain relates to: Digital, impact on and transformation of the customer experience; hereinafter called the 'Digital' domain, and
- the third domain relates to Data and Artificial Intelligence: hereinafter called the 'Data domain'.

Technology is understood to include, but not be limited to the IT, Digital and Data domains.

The Technology Committee will have the responsibility to:

- advise the Board of Directors on and propose/recommend the decisions of the Board of Directors with respect to, technology strategy and material technology investment choices.
- monitor, evaluate and advise the Board of Directors on existing and future technology, digital, data and AI trends, regulation and competition/FinTech developments that may affect Belfius' strategic plans including the monitoring of overall industry trends and future trends concerning enterprise data management and the financial industry's use of data to maximize the customer experience value.
- assess, measure and advise the Board of Directors on Belfius' technological strategic milestones and transformational developments, such as customer experience, potential partnerships.
- monitor and report to the Board of Directors on progress made with regard to the implementation of the technology, digital, data and AI decisions taken by the Board of Directors, including but not limited to, technology performance and security. This includes, inter alia, monitoring and challenging of IT infrastructure, cloud, foundations and platforms.
- review and discuss reports from management on technology related activities, strategies and metrics, including corporate data project performance, and report to the Board of Directors on same.

Notwithstanding anything in these internal rules, responsibility for the oversight of risks associated with Technology, including risk assessment and risk management, will remain with the Risk Committee and Audit Committee of the Board of Directors.

The following recurrent topics, inter alia, will be dealt with at the joint Risk and Audit Committee of Belfius Bank or at the Joint RUC and Audit Committee of Belfius Insurance:

- Quarterly report of Technology, including IT incidents, cyber incidents, IT risks and audit/supervisor/regulator recommendations follow-up,
- Status IT security roadmap,
- IT part of the NFR – RAF,
- Audit missions regarding Technology, Data, AI and Digital risks.

4.1.3.2.2. Composition

Members

The Technology Committee is composed of at least three Non-Executive Directors of Belfius Bank and one Independent Director of Belfius Insurance. The Board of Directors of Belfius Bank may, when relevant, appoint external experts to the Technology Committee.

The members are appointed by the Board of Directors of Belfius Bank.

If one of the members of the Committee resigns, or in the case of force majeure, the Technology Committee may temporarily be composed of only two Non-Executive Directors of whom at least one member must be an Independent Director.

The Technology Committee must collectively have the required skills and level of understanding of key trends and choices the Banking and Insurance sector and other industries are facing in technology, data and digital 3-5 years out.

The Chair of the Technology Committee is appointed by the Board of Directors of Belfius Bank.

Invitees

The following persons attend the Technology Committee meetings as permanent invitees:

- The Chair of the Management Board of Belfius Bank and the Chair of the Management Board of Belfius Insurance,
- The Group Chief Technology Officer,
- The Chief Transformation Officer.

The Technology Committee may always invite members of the management or of the staff of the Belfius Group as well as third parties, to attend (part of) the meetings depending on the items on the agenda.

4.1.3.2.3. Functioning

The Technology Committee meets at least once per quarter, when convened by the Chair of the Technology Committee.

The agenda and related documents are sent by the Chair of the Technology Committee, through the Corporate Office Technology, to Committee members and invitees. The head of the Corporate Office Technology acts as Secretary.

The meeting is chaired by the Chair of the Technology Committee. In order to deliberate, the presence of at least one half of the members is required. A member may be represented by another member.

Decisions require a simple majority of votes of the members of the Technology Committee who are present or represented. In the event of a tie, the Chair will have the casting vote.

After each meeting, the Chair of the Technology Committee reports on its activities to the next meeting of the Board of Directors of Belfius Bank. The Board of Directors of Belfius Insurance will be informed by the independent director of Belfius Insurance who is member of the Technology Committee.

The Technology Committee assesses its functioning periodically.

4.1.4. Extension of the competences of Belfius Bank advisory committees to Belfius regulated entities

The Nomination Committee and the Remuneration Committee of Belfius Bank are also competent for Belfius Bank, for Belfius Insurance and for Belfius Asset Management.

The Chair of the Management Board of Belfius Insurance and the Chair of the Management Board of Belfius Asset Management are always invited to the Nomination Committee and to the Remuneration Committee for matters concerning Belfius Insurance (and its subsidiaries) and Belfius Asset Management respectively.

Belfius Insurance is represented in the Nomination Committee and in the Remuneration Committee by independent director(s) of Belfius Insurance.

4.1.4.1. Nomination Committee

The composition and functioning of the Nomination Committee are described in the internal rules of the Nomination Committee of Belfius Bank.

The main applicable provisions are set out below.

4.1.4.1.1. Responsibilities and scope

The Nomination Committee plays a consultative role and prepares the decisions of the Board of Directors of Belfius Bank, Belfius Insurance and Belfius Asset Management with regard to the composition, operation and evaluation of the management bodies in their supervisory and executive function, as well as in terms of compliance with provisions relating to corporate governance.

It has the following competences and tasks:

(a) General competencies

The Nomination Committee:

- identifies and recommends for the approval of the Shareholders' Meeting or, as the case may be of the Board of Directors, candidates suited to filling vacancies on the Board of Directors according to the Fit & Proper, Suitability and Succession Policy and the Diversity Policy. It evaluates the balance of knowledge, skills, diversity and experience within the Board of Directors, prepares a description of the roles and qualifications associated with

a particular appointment and assesses the time commitment expected. In this context, the Nomination committee draws up policies relating to the suitability, diversity, induction and training of members of the Board of Directors. The Nomination Committee also decides on a target for the representation of the underrepresented gender within the Board of Directors and prepares a policy on how to increase the number of underrepresented gender in order to meet that target (see the Diversity Policy). In its annual report, the Bank publishes the objective and policy concerning diversity within the context of selecting members of the Board of Directors and the terms of their implementation. This information is updated regularly, at least once a year.

- gives an opinion on candidate(s) suited to filling vacancies for independent control functions according to the Fit & Proper, Suitability and Succession Policy.
- periodically, and at least annually, assesses the structure, size, composition and performance of the Board of Directors and makes recommendations to it with regard to any changes.
- periodically assesses the knowledge, skills, experience, degree of involvement and in particular the attendance of members of the Board of Directors, both individually and collectively, and reports to the Board of Directors accordingly.
- periodically reviews the policies of the Board of Directors for selection and appointment of members of the Management Board and makes recommendations for the Boards of Directors.
- as the case may be gives an opinion or recommendation on reputational issues related to (Non) Executive Director(s).
- plans the renewal and orderly succession of directors and persons responsible for independent control functions.

In performing its tasks, the Nomination Committee ensures that decision-taking within the Board of Directors is not dominated by one person or a small group of persons, in a way which might be prejudicial to the interests of Belfius Bank and of Belfius Insurance as a whole.

(b) Competences concerning the appointment/mandate renewal of Directors

Non-Executive Directors

The Nomination Committee prepares proposals for the appointment or mandate renewal of Directors, as well as proposals for co-opting Directors on the Board of Directors. The Nomination Committee furthermore assesses the independence of a current member or a new member of the Board of Directors.

The Nomination Committee prepares proposals for the appointment or mandate renewal of the Chair of the Board of Directors. The Board of Directors appoints the Chair of the Board of Directors.

When the mandate of a non-Executive Director is being renewed, the Nomination Committee requests an external individual assessment of the Director's suitability and involvement in the Board of Directors and reports the results to the Board of Directors with a recommendation.

For any new appointment or mandate renewal, the Nomination Committee ensures, prior to give an advice on a candidate, that the Board of Directors has received sufficient information about the candidate. The Nomination Committee also ensures that there is no (new) element that may have a negative impact on the assessment of the candidate's suitability. This information will enable the Board of Directors to assess the conformity of this candidacy with the general and specific profile of Directors. After submission of this candidacy to the Board of Directors and before the candidate is appointed, the institution notifies the Regulatory Authority of its intention to appoint the Director /renew the Director's mandate. The Regulatory Authority must give its approval regarding the intention to appoint/renew the Director's mandate within a reasonable period of time. In principle, the appointment may not be made or be published before the decision of the Regulatory Authority has been taken.

Based on the criteria defined by law, the Nomination Committee assesses the suitability of a current/new member of the Board of Directors to be qualified as Independent Director. This assessment is submitted by the Nomination Committee to the Board of Directors. The Board of Directors submits this proposition to the approval of the Shareholders' Meeting. The Shareholders' Meeting appoints a Non-Executive Director as Independent Director.

Chair and members of the Management Board

The Nomination Committee analyses the proposals from the Management Board regarding the composition of the Management Board.

The Nomination Committee prepares the proposals for the appointment of the Chair and members of the Management Board. The Board of Directors appoints the Chair and the members of the Management Board subject to prior approval of the Regulatory Authority.

General principles

The Board of Directors coordinates, at the proposal of the Nomination Committee, the appointment or mandate renewal of the Directors.



In this context, the Nomination Committee:

- examines questions relating to the matter of succession, including the urgent necessity to provide for a succession. If the Nomination Committee deems it necessary, it may call on an external adviser.
- establishes a general and specific profile for the Directors, listing the skills, knowledge and experience needed within the Board of Directors.
- periodically and at least annually, assesses the size and composition of the Board of Directors and make recommendations to the Board of Directors with a view to any changes, in particular, to guarantee the complementarity of such profiles. Normally, every three years a collective evaluation of the Board of Directors will be performed by an extern provider that will be presented to the Nomination Committee and to the Board of Directors.

(c) Other governance and HR topics:

The Nomination Committee:

- ensures the application of provisions with regard to corporate governance in force for (regulated) non-listed institutions (soliciting public savings) and ensures observance of the procedures and transparency, in particular in the work of the Board of Directors.
- prepares proposals for amendments to the internal rules of the Board of Directors and the Management Board.
- discusses the internal rules for the evaluation of the suitability of members of the Management Board, Non-Executive Directors, and heads of independent control functions.
- discusses (the internal rules for) the recruitment, assessment and training of the members of the Management Board, Non-Executive Directors, and heads of independent control functions suited to the needs of the Belfius Group.
- assesses the Governance Memorandum and if necessary, proposes amendments.
- discusses general human resources topics.
- discusses and analyses the quantitative statement and qualitative analysis of communications regarding stress, burn-out and inappropriate behaviour at work within Belfius Bank and actions to be taken to remedy this.

(d) Process and interactions with other committees

As for any advisory Board Committee, the Nomination Committee interacts with other committees as

appropriate. The Chair of each committee ensures that the committees perform their respective duties comprehensively and independently of each other.

More specific for the Nomination Committee, the Chair of the Nomination Committee ensures that the Remuneration Committee is informed of the opinions rendered by the Nomination Committee regarding the appointment/renewal/dismissal of Executive and Non-Executive Directors as well as of the appointment/dismissal of the heads of the control functions so that the Remuneration Committee can, if necessary, render opinions on their remuneration/severance payment and on the application of the remuneration policy.

(e) Resources

The Nomination Committee has access to all necessary information to perform its duties and is able to involve the relevant internal control functions and other competent internal functions where necessary.

The Nomination Committee may use any types of resources that it considers to be appropriate to the performance of its task, including external advice (e.g. experts), and receives appropriate funding to that end.

4.1.4.1.2. Composition



Members

According to article 27 of the Banking Law, the Nomination Committee is composed of Non-Executive Directors, including at least one Independent Director as defined in Article 3, 83° of the Banking Law.

The draft SREP letter received by Belfius on 7 October 2024 (pt 1.1.2.3.) nevertheless recommends to Belfius, in line with the EBA Guidelines EBA/GL/2021/05, paragraph 52 and as formulated by the Nationale Bank van België/Banque Nationale de Belgique in the communication NBB_2022_23 on the new governance manual for the banking sector (§4:70), to appoint to the Nomination Committee a chair that is independent according to Article 3.83° of the Banking Law. This measure should be implemented by 31 December 2025. As of 1 January 2026, the Chair of the Nomination Committee will be an Independent Director.

A member may not sit on more than three of the following committees: Audit Committee, Risk Committee, Remuneration Committee and Nomination Committee.

If one of the members of the committee resigns, or in the case of force majeure, the Nomination Committee may temporarily be composed of only two Non-Executive Directors.



The members of the Nomination Committee should have, individually and collectively, appropriate knowledge, skills and expertise concerning the selection process and suitability requirements. The Nomination Committee is composed as to enable it to give a competent and independent judgment on the composition and operation of the management bodies, in their supervisory and executive function, in particular on the individual and collective skills of their members, as well as on their integrity, reputation, independence of mind and availability.

Invitees

The following persons attend the Nomination Committee meetings as invitees:

- The Chair of the Management Board of Belfius Bank,
- The Chair of the Management Board of Belfius Insurance for matters relating to Belfius Insurance and its subsidiaries,
- The Chair of the Management Board of Belfius Asset Management for matters relating to Belfius Asset Management,
- The General Secretary of Belfius Bank.

The Nomination Committee may always invite members of the management or of the staff of the Belfius group to attend (part of) the meetings depending on the items on the agenda.

Invitees comment on the proposals for which the opinion of the Nomination Committee is requested. They answer any questions and make remarks and suggestions as and when necessary.

Secretary

The Nomination Committee appoints a secretary who does not need to be a member of the Nomination Committee. In principle, the duties of secretary are assumed by the Secretary General of Belfius Bank.

4.1.4.1.3. Functioning

Frequency of meetings

The Nomination Committee meets at least once per quarter, upon being convened by its Chair.

The Nomination Committee may also meet more frequently during the year on reasoned request of one its members.

Agenda

The agenda is prepared by the secretary of the Nomination Committee and approved by the Chair of the Nomination Committee.

The agenda and related documents are sent by the Chair of the Nomination Committee through the Secretary General office, to committee members and invitees.

The agenda will cover all the topics mentioned above (see competencies).

Quorum requirements

In order to deliberate, the presence of at least one half of the members is required.

Decision-making process

The meeting is chaired by the Chair of the Nomination Committee.

Members of the Nomination Committee engage in open and critical discussions, during which dissenting views are discussed in a constructive manner.

The discussion, questions and - where necessary - the advice are detailed in the minutes of the meeting.

Decisions require a simple majority of votes of the members of the Nomination Committee who are present. Only members of the Nomination Committee are entitled to vote. As the case may be minutes of the meeting specify the divergent views expressed by the members.

Minutes

The minutes of meetings will be drafted by the secretary of the Nomination Committee.

The minutes of the meetings are submitted for approval at the next meeting.

The minutes of the meetings are signed by the Chair of the Nomination Committee or, if the Chair is absent, by two members of the committee.



Each member may consult the minutes at all times. The original minutes and related documents are kept by the Secretary General Office of Belfius Bank.

The minutes of meetings of the Committee are distributed to all the members of the Board of Directors of Belfius Bank, except if topics are related to personal/private matters related to Directors. In this latter case, the minutes of the meeting of the Committee will only be distributed to the non-conflicted Directors.

Reporting

After each meeting, the Chair of the Nomination Committee reports on its activities to the next meeting of the Board of Directors of Belfius Bank.

To inform the Board of Directors of Belfius Insurance, Belfius Asset Management, the secretary of the Nomination Committee provides the Chair of the Board of Directors of Belfius Insurance or Belfius Asset Management with an extract from the minutes approved by the Nomination Committee, concerning Belfius Insurance or Belfius Asset Management respectively. The latter shall in turn submit these excerpts, together with the documents on which



opinions are based, where applicable, to the Board of Directors of the company, so that its members can refer thereto in their decision-making process.

Assessment

The Nomination Committee assesses its functioning periodically and submits the results of its self-assessment to the Board of Directors of Belfius Bank.

Attendance fees

The members of the Nomination Committee receive attendance fees. The Shareholders' meeting determines the amount of these attendance fees, which are paid each quarter. Members participating in information and training sessions are not entitled to attendance fees.

4.1.4.2. Remuneration Committee

The composition and functioning of the Remuneration Committee are described in the internal rules of the Remuneration Committee of Belfius Bank. The main applicable provisions are set out below.

4.1.4.2.1. Responsibilities and scope

The Remuneration Committee has competence for Belfius Bank, Belfius Insurance, and Belfius Asset Management and as the case may be any other subsidiary of the Belfius Group. It supports and advises the Board of Directors on the design of the remuneration policy and is involved in the preparation of decisions on the remuneration of members of the management function and other material risk takers. It has the following competences and tasks:

(a) Advice on the remuneration policy and any changes made thereto

The Remuneration Committee gives its advice to the Board of Directors concerning the remuneration policy of staff whose activity has a material impact on the risk profile of the Belfius Group (so called "Identified Staff") and any changes made thereto.

In this respect, the Remuneration Committee in particular examines whether the incentives created by the remuneration policy, including the promotion system, are not such as to encourage excessive risk-taking within the institution or promote behaviour which pursues interests other than those of the institution and its stakeholders. It also ensures that the remuneration policy does not give rise to conflicts of interest, in particular to the detriment of customers to whom certain products are offered. It also ensures that such remuneration policy is gender neutral and supports the equal treatment of staff of different genders.

Within Belfius Group, this policy applies to staff members whose activity has a material effect on the risk profile of Belfius Group.

For the delimitation of this target group, Belfius Group applies the criteria established by the Commission of the European Union's Delegated Regulation dated 4 March 2014.

It covers the following categories:

Category 1:

- the executive members of the Board of Directors of Belfius Bank and Belfius Insurance (Executive Directors);
- the senior management, specifically the employees who are just below the level of the Management Board (of Belfius Bank) insofar as they have a significant influence on the risk profile.

Category 2:

Belfius Bank and its regulated subsidiaries:


- members of staff with managerial responsibilities in independent control functions or material business units ;
- staff whose total remuneration is 500.000 euro or higher. Staff whose total remuneration places them on the same level of remuneration (or higher) as the executive members or senior management.
- whose business activities have a significant effect on the risk profile of Belfius Group on the basis of the European Union's Delegated Regulation

In the branches of Belfius Bank or Belfius Insurance:

- the executive members of the Board of Directors (ie. The members of the management board),

The HR department provides an updated list of all the positions which are part of Categories 1 and 2 defined above.

Furthermore, the Remuneration Committee gives its advice to the Board of Directors concerning the remuneration policy of the Chair and non-executive members of the Board of Directors.



For the executive members of the Board of Directors (Category 1), the Remuneration Committee could rely on consultants for a comparative analysis of the remuneration of the members of the Management Board (benchmark) and, where necessary, to submit proposals for improving existing policies to the Board of Directors.

In certain individual cases, the Remuneration Committee could advise on the basis of a reasoned proposal from the Chair of the Management Board (e.g. for reasons of market retention/compliance), to derogate from the remuneration policy. In such a case, the Board of Directors will take a decision on the subject on the basis of recommendations from the Remuneration Committee.

The Management Board shall determine the remuneration of Directors (Category 1). The Remuneration Committee shall take due note of the remuneration level of direct reports (category 1).

The consequences of the remuneration policy on risks and risk management are analysed overall by Human Resources in cooperation with the risk Committee and the Board of Directors.

The remuneration policy is subject to the prudential supervision body for validation and to the Board of Directors for approval.

(b) Preparation for decisions of the Board of Directors concerning remuneration that have consequences for the risks and risk management of the institution and on which the Board of Directors/ Shareholders' Meeting must decide

The Remuneration Committee is responsible for preparing decisions relating to remuneration, particularly decisions which have consequences regarding risks and risk management, on which the Board of Directors/Shareholders' Meeting must take a decision. In preparing such decisions, the Remuneration Committee :

- takes the long-term interests of the shareholders, investors, and other stakeholders, as well as of the general interest into account.
- analyses the results and the budgets used to determine the performance-related remuneration and the merit evolution.
- establishes performance criteria and remuneration strategy for the members of the Management Board and for the independent control functions.
- assesses the mechanisms and systems adopted to ensure that the remuneration system properly takes into account all types of risks, liquidity and capital levels and that the overall remuneration

policy is consistent with and promotes sound and effective risk management and is in line with the business strategy, objectives, corporate culture and values, risk culture and long-term interest of the institution.

- assesses the achievement of performance targets and the need for ex post risk adjustment, including the application of malus and clawback arrangements.
- reviews a number of possible scenarios to test how the remuneration policies and practices react to external and internal events, and back-test the criteria used for determining the award and the ex ante risk adjustment based on the actual risk outcomes.

The Remuneration Committee prepares decisions concerning :

the individual remuneration

- Of the Chair of the Board of Directors and the Non-Executive Directors as well as members of the advisory Committees:

On the proposal of the Remuneration Committee, the Shareholders' Meeting fixes the remuneration of the Chair of the Board of Directors, the Non-Executive Directors and the members of the advisory Committees for the execution of their mandates and functions.

- Of the Chair of the Management Board:

On the proposal of the Remuneration Committee, the Board of Directors fixes the remuneration of the Chair of the Management Board.



- Of the members of the Management Board:

On the proposal of the Chair of the Management Board, the Remuneration Committee prepares the remuneration of the members of the Management Board, including the performance-related remuneration and deferral bonus, whether or not linked to shares, options on shares or on other financial instruments.

On the proposal of the Remuneration Committee and on the advice of the Chair of the Management Board, the Board of Directors fixes the remuneration of the members of the Management Board.

- Of the persons who are heads of independent control functions:

On the proposal of the Audit Committee, Remuneration Committee and the Chair of the Management Board, the Board of Directors fixes the remuneration of the General Auditor.



On the proposal of the Risk Committee, Remuneration Committee and the Chair of the Management Board, the Board of Directors fixes the remuneration of the Chief Risk Officer and the Compliance Officer.

Severance payments

The Remuneration Committee shall give its advice on the proposal from the Chair of the Management Board on the severance payments for members of the Management Board. On the proposal of the Remuneration Committee, the Board of Directors fixes the severance payments of the Chair and of the members of the Management Board.

Any severance payments must correspond to the effective performances over time and are conceived so as not to reward failure or improper behaviour.

Moreover, a severance payment that exceeds an amount equal to 12 months of fixed remuneration or, on the unanimous reasoned advice of the remuneration committee, that exceeds an amount equal to 18 months of fixed remuneration can only be granted, notwithstanding any statutory provisions or contractual stipulations to the contrary, subject to approval by the next ordinary general meeting.

(c) Preparation of the remuneration report

The Remuneration Committee prepares the remuneration report which will be published in the annual report.

(d) Supervisory role

The Remuneration Committee periodically checks with management if the remuneration policy and remuneration systems have achieved their objective and comply with the provisions in force.

The management is invited to make a presentation on the subject to the Remuneration Committee which, in its turn, reports to the Board of Directors.

The Remuneration Committee exercises direct control over the remuneration of those heads of independent control functions. It must also check if Risk indicators are respected.

(e) Discussion on HR subjects relating to remuneration

The Remuneration Committee discusses HR subjects relating to remuneration.

(f) Interactions with other committees

The Remuneration Committee interacts with other committees as appropriate. The Chair of each committee ensures that the committees perform their respective duties comprehensively and independently of each other.

In this regard the Remuneration Committee interacts with the Risk Committee regarding the risk alignment of variable remuneration. Remuneration decisions regarding the heads of the internal control functions are taken in collaboration with the Audit and the Risk Committees.

The Chair of the Nomination Committee ensures that the Remuneration Committee is informed of the opinions rendered by the Nomination Committee regarding the appointment/renewal of Executive and Non-Executive Directors as well as of the appointment of the heads of the control functions so that the Remuneration Committee can, if necessary, render opinions on their remuneration and on the application of the remuneration policy.

(g) Resources

The Remuneration Committee has access to all necessary information to perform its duties and is able to involve the relevant internal control functions and other competent internal functions where necessary.

The Remuneration Committee may use any types of resources that it considers to be appropriate to the performance of its task, including external advice (e.g. experts), and receives appropriate funding to that end.

4.1.4.2.2. Composition



Members

According to article 27 of the Banking Law, the Remuneration Committee is composed of Non-Executive Directors, including at least one Independent Director as defined in Article 3, 83° of the Banking Law.

The draft SREP letter received by Belfius on 7 October 2024 (pt 1.1.2.3.) nevertheless recommends to Belfius, in line with the EBA Guidelines EBA/GL/2021/05, paragraph 52 and as formulated by the Nationale Bank van België/Banque Nationale de Belgique in the communication NBB_2022_23 on the new governance manual for the banking sector (§4:70), to appoint to the Remuneration Committee a chair that is independent according to Article 3.83° of the Banking Law. This measure should be implemented by 31 December 2025. As of 1 January 2026, the Chair of the Remuneration Committee will be an Independent Director.

A member cannot sit on more than three of the following Committees: Audit Committee, Risk Committee, Remuneration Committee and Nomination Committee.

If one of the members of the Committee resigns or in the case of force majeure, the Remuneration Committee may temporarily be composed of only two Non-Executive Directors.



The Remuneration Committee should have collectively appropriate knowledge, expertise and professional experience concerning remuneration policies and remuneration practices, risk management and control activities, namely with regard to the mechanism for aligning the remuneration structure to institutions' risk and capital profiles. The Remuneration Committee must be composed so that it can give relevant and independent advice on remuneration policies and practices and on the incentives created for risk management, capital requirements and liquidity position.

Invitees

The following persons attend the Remuneration Committee meetings as invitees:

- The Chair of the Management Board and the head of the Human Resources (HR) department of Belfius Bank,
- The Chair of the Management Board and the head of the Human Resources (HR) of Belfius Insurance for matters relating to Belfius Insurance and its subsidiaries,
- The Chair of the Management Board of Belfius Asset Management for matters relating to Belfius Asset Management.,
- The General Secretary of Belfius Bank.

In function of the agenda of the Remuneration Committee, the Chair of the Remuneration Committee can invite guests for certain agenda items.

Invitees comment on proposals for which the Remuneration Committee's opinion is requested. They answer any questions and make remarks and suggestions as and when necessary.

Secretary

The Remuneration Committee appoints a secretary who does not need to be a member of the Remuneration Committee. In principle, the duties of secretary are assumed by an employee of the HR division of Belfius Bank.

4.1.4.2.3. Functioning

Frequency of meetings

The Remuneration Committee meets at least once per quarter, upon being convened by its Chair.

The Remuneration Committee may also meet more frequently during the year on reasoned request of one of its members.

Agenda

The agenda is prepared by the secretary of the Remuneration Committee and approved by the Chair of the Remuneration Committee.

The agenda and the documents relating thereto are sent to the members and to the invitees by the Chair of the Remuneration Committee through the secretariat of the Remuneration Committee.

The agenda will cover all the topics mentioned above (see point III. Competencies and tasks).

Quorum requirements

In order to deliberate, the presence of at least one half of the members is required.

Decision-making process

The meeting is chaired by the Chair of the Remuneration Committee.

Members of the Remuneration Committee engage in open and critical discussions, during which dissenting views are discussed in a constructive manner.

The discussion, questions and - where necessary - the advice are detailed in the minutes of the meeting.

Decisions require a simple majority of votes of the members of the Remuneration Committee who are present. Only members of the Remuneration Committee are entitled to vote. As the case may be minutes of the meeting specify the divergent views expressed by the members.

Minutes

The secretary of the Remuneration Committee is responsible for taking the minutes of the meeting.

The minutes of the meetings are submitted for approval at the next meeting.

The minutes of the meetings are signed by the Chair of the Remuneration Committee or if the Chair is absent by two members of the committee.

Each member may consult the minutes at all times. The original minutes and related documents are kept by the HR department of Belfius Bank.

The minutes of meetings of the Committee are distributed to all the members of the Board of Directors of Belfius Bank, except if topics related to personal/private matters related to Directors (assessment, remuneration...). In this latter case, the minutes of the meeting of the Committee will only be distributed to the non-conflicted Directors.

Reporting

After each meeting, the Chair of the Remuneration Committee reports on the activities and recommendations / opinions made by the Remuneration Committee to the next meeting of the Board of Directors of Belfius Bank.

To inform the Board of Directors of Belfius Insurance or Belfius Asset Management, the secretary of the Remuneration Committee shall submit to the Chair of the Board of Directors of Belfius Insurance or Belfius Asset Management an excerpt of the approved minutes of the Remuneration Committee concerning Belfius Insurance or Belfius Asset Management respectively. The latter shall in turn submit these excerpts, together with documents on which opinions are based, where applicable, to the Board of Directors of the company, so that its members can refer thereto in their decision-making process.

If a decision concerns a subsidiary of Belfius Bank or Belfius Insurance, it will be the responsibility of the Chair of the Management Board of Belfius Bank or Belfius Insurance, respectively, to inform the management of the concerned subsidiary of the opinion issued by the Remuneration Committee.

Assessment

The Remuneration Committee assesses its functioning periodically and submits the results of its self-assessment to the Board of Directors of Belfius Bank.

Attendance fees

The members of the Remuneration Committee receive attendance fees. The Shareholders' meeting determines the amount of these attendance fees, which are paid each quarter.

Members participating in information and training sessions are not entitled to attendance fees.

4.1.5. Interaction between committees specific to Belfius Bank and Belfius Insurance

The Audit Committee and the Risk Committee ("Risk Committee" within Belfius Bank and "Risk & Underwriting Committee" within Belfius Insurance) are specific to Belfius Bank and to Belfius Insurance.

Nevertheless, some Directors representing the shareholder Belfius Bank sit on the two Advisory Committees (the Audit Committee and the Risk & Underwriting Committee) set up within the Board of Directors of Belfius Insurance and joint Belfius Bank and Belfius Insurance Committee meetings may be held on request.

Accordingly, the Audit Committees of Belfius Bank and Belfius Insurance hold a joint meeting, in principle twice a year, where the following items in particular are considered: (i) the (half-) yearly financial results of Belfius Insurance, (ii) the activities of the Audit Committee of Belfius Insurance, and (iii) the half-yearly internal audit report of Belfius Insurance. Joint Committees of the Risk Committees of Belfius Bank and of Belfius Insurance may also be organised.

4.2. AT MANAGEMENT BOARD LEVEL

4.2.1. Existence of a functional link between the respective Chief Financial Officers (CFO's) and Chief Risk Officers of Belfius Bank and Belfius Insurance as well as between the CTO of Belfius Bank and the CIO of Belfius Insurance

In order to ensure a group vision a functional link exists between (i) the Chief Financial Officers of Belfius Bank and Belfius Insurance, (ii) between the Chief Risk Officers of Belfius Bank and Belfius Insurance and (iii) between the CTO of Belfius Bank and the CIO of Belfius Insurance.

4.2.2. Joint Meetings of the Management Committees of Belfius Bank and Belfius Insurance

Joint Meetings of the Management Committees of Belfius Bank and Belfius Insurance have been established to take decisions regarding Group topics.

4.2.2.1. Responsibilities and scope

Since April 2022 Joint Meetings of the Management Committees of Belfius Bank and Belfius Insurance have been held to take decisions regarding Technology, Data, Digital & AI, HR, Building Management, ESG, macro-economic assumptions in the financial plan and in stress tests, common actions with regard to the implementation of strategic acquisitions, real estate (Belfius' own building), Communication & Brand and crisis topics.

4.2.2.2. Composition


The Joint Meetings of the Management Committees are composed of the members of the Management Committee of Belfius Bank (extended with the Head of Brand Experience, Communication, HR, the Head of Corporate Office CEO and the Chair of the Management Board of Belfius Asset Management who are permanently invited) and the members of the Management Committee of Belfius Insurance.

The Joint Meetings of the Management Committees are chaired by the Chair of the Management Board of Belfius Bank, in absence of the Chair of the Management Board of Belfius Bank, the Joint Management Committees are chaired by the vice-chair of the Management Committee of Belfius Bank.

4.2.2.3. Functioning

4.2.2.3.1. Conditions of quorum and majority

In order to deliberate validly, at least one half of the members of the Management Committee of Belfius Bank and one half of the members of the Management Committee of Belfius Insurance must be (re)present(ed).



Each Management Committee is committed to pursuing the interests of Belfius Group and will take this into account in the decision-making process.

The Joint Meetings of the Management Committees function as a single committee: they operate collegially and the decisions result from a consensus of its members.

If necessary, the Chair may on his or her initiative or on request of a member, submit the question being discussed to a vote.

The decision is then taken by simple majority of the votes of all the members present and represented within each entity (Belfius Bank and Belfius Insurance) separately. In the event of a tied vote within the Management Committee of an entity, the vote of the Chair of the Management Committee of this entity shall be decisive to determine the decision of the entity concerned.

If there is no agreement on a topic between the Management Committee of Belfius Bank and the Management Committee of Belfius Insurance, (f.i. the decision is approved by the majority of the Management Committee of Belfius Bank but not by the majority of the Management Committee of Belfius Insurance or vice-versa) the following options are possible:

- Each Management Committee can decide to take the decision for its own perimeter;
- The Chair of each Management Committee can invoke the escalation procedure.

These provisions ensure that decisions on Belfius Bank's perimeter cannot be imposed upon through the votes of the Management Committee of Belfius Insurance, and *vice versa*.

4.2.2.3.2. Frequency

The Joint Meetings of the Management Committees meet in principle every month. If necessary, it may be convened at any time by the Chair or if a member so requests.

4.2.2.3.3. Escalation Procedure

If at the Joint Meeting of the Management Committees, matters of material importance cannot be resolved/mediated to the satisfaction of the majority of the representatives of the Management Committee of Belfius Insurance or Belfius Bank, this will be written down in the minutes of the Management Committee of the respective entity.

The matter will be submitted to the Intra-Group Committee within 15 days. The 15 days start to run from the latest Joint Meeting of the Management Committees that took place. The Intra-Group

Committee can give an advice about how the matter could be resolved. This advice will be submitted for approval to the next Management Committee of each company.

If both Management Committees can agree with the advice of the Intra-Group Committee, this will be recorded in the meeting minutes of each Management Committee, and the matter is then closed/resolved.

If they cannot agree with this advice, the matter will be submitted to the Board of Directors of each company in order to try to reach a resolution.

4.2.3. Conglomerate Monitoring

In order to further improve the compliance of the Financial Conglomerate steering and the general governance of Belfius Bank, as parent company of Belfius Group and as responsible entity for the financial conglomerate, a Conglomerate Monitoring with regard to Belfius Bank and Belfius Insurance is put on the agenda of the Management Board of Belfius Bank at quarterly basis (or on ad-hoc more frequent basis if need be).

The smaller subsidiaries are discussed in the Conglomerate Monitoring on a yearly basis (or on ad-hoc more frequent basis if need be). This review includes:

- an overview and analysis of operational and financial/risk performance of the subsidiaries,
- an overview and analysis of financial conglomerate solvency, of material risk concentrations, of inter-company deals and conflicts of interests (if any),
- a check of compliance of the strategies, solvency and risk profiles of the subsidiaries with the strategy, solvency and risk profiles of the Belfius Group as defined and validated by the Board of Directors of Belfius Bank (as such preparing the Board of Directors of Belfius Bank, for the agenda matters that should allow the Board to assess the compliance of the policies and strategies of all entities of the Group with the established Group Policies on a regular basis).

4.3. AT INDEPENDENT CONTROL FUNCTIONS LEVEL

Independent control functions (the “three lines of defence”) work transversally when possible. However, the independence of (i) the CRO of Belfius Bank and of Belfius Insurance, of (ii) the internal audit of Belfius Bank and of Belfius Insurance, and of (iii) Compliance of Belfius Bank and Belfius Insurance will remain a given, as well as the availability of sufficient means for fulfilling all tasks in respect of each legal entity.

4.3.1. Risk Management

In line with Article 194 of the Banking Law, Belfius managed risks based on a Group-wide, consolidated and integrated risk management framework and Belfius has developed a risk-based approach to strengthen the conglomerate dimension further.

The overall objective is to have a risk management coordination, ensuring consistency while respecting the entities' specific features, responsibilities and legal/regulatory obligations. The main pillars of this risk management are an appropriate risk governance structure, a robust and aligned risk framework, risk monitoring, detection and risk mitigation. The Group has a RAF which is also declined in all subsidiaries in a coherent manner, duly taken into account proportionality and specific risk profile of these entities.

At the level of the Risk departments of Belfius Bank and Belfius Insurance, the CRO's, assisted by their Risk Management Committees (Risk ManCo), ensure adequate integration and coherence regarding methodologies, tools and risk management.

The conglomerate dimension of Belfius' Risk Governance includes:

- At the level of the Board of Directors, joint RC/RUC's (Risk Committee / Risk & Underwriting Committee),
- At the level of the Management Board (strategic level):
 - A Joint Meeting of the Management Committees (JMC), with potential conflicts dealt with at the level of Intra-Group Committee,
 - a joint Non-Financial Risk Committee (NFRC), related to all NFR topics,
 - a Conglomerate Monitoring, assuring an overview of all subsidiaries. Inter alia it tackles the risk management framework of each subsidiary.
- At a general risk level (tactical/operational level), several Committees are joint or 'Belfius Together' (BB: Belfius Bank; BI: Belfius Insurance & Belfius AM: Belfius Asset Management):
 - the Conglo Risk Executive Committee (Conglo Risk ExCom) with participation of the CRO of Belfius Insurance and CRO of Belfius AM,
 - the Capital Group Committee (CGC) is a joint BB & BI Committee,
 - the Investment Conviction Committee is a joint BB & BI & Belfius AM Committee (also including Candriam),
 - the BI Assets & Liabilities Committee (ALCo) in which BB participates,
 - the Belfius AM Pricing & Methodology Committee Belfius AM in which BB participates.

- At the specific risk level, several subdomains have a common governance with 'Belfius Together' sub-Committees for various risks:

- the Information Security Committee,
- the Anti-Fraud Steering Committee,
- the Privacy Steering Committee,
- the Outsourcing Management Committee,
- the (Physical) Security Steering Committee,
- a cross Committee for ESG/Climate Risk.

Both entities have a similar risk policies and guidelines framework and approach and use similar and/or common tools ensuring consistency and enabling coherence, as well as an integrated management of risks and internal controls:

- Risk Appetite Framework defined and validated group wide by Belfius Bank and cascaded down to subsidiaries; based on the RAF at group level and reflecting and monitoring their own (financial and non-financial) vulnerabilities and risks.
- Risk Management & Control executed through the "Senior Management Report on the Assessment of the Internal Control".
- ICAAP (Belfius Bank & Belfius Asset Management), Recovery Plan (Belfius Bank) and ORSA (Own Risk and Solvency Assessment; Belfius Insurance).

The Conglomerate dimension provides an oversight of all material subsidiaries, on other dimensions as well :

- major Risk policies aligned in a conglomerate approach,
- the existence of a risk function in all material subsidiaries,
- AML-risk assessment on conglomerate level.

More information regarding the risk governance of Belfius Insurance can be found in the annual report of Belfius Insurance.

4.3.2. Compliance

The Compliance function, the integrity policy and the guidelines and codes of conduct concerning compliance - approved by the competent bodies - are coordinated centrally within the Belfius Group by the Compliance function at Belfius Bank ("Group Compliance function").

A local Compliance function is put in place within each regulated entity of the Belfius Group.

The local Compliance function must also implement the Group's integrity policy in its entity and may only divert from this, on substantiated grounds, with the assent of the Group Compliance function.



The Group Compliance function is responsible for collaboration, coordination, the provision of support and advice and rationalisation of the various local Compliance functions within the Belfius Group. In its turn, the Belfius Insurance Compliance function performs a Group Compliance function for the entities constituting the Belfius Insurance group.

The local Compliance function reports operationally to the Group Compliance function. Inter alia, the local Compliance function reports periodically on its activities and any compliance incidents in its entity to the Group Compliance function. The local Compliance function also has a right of direct escalation to the Group Compliance function.

4.3.3. Internal audit

As Belfius is a financial conglomerate, the head of internal audit at Belfius Bank is responsible for internal audit at a Group level. Within that framework, the head of internal audit at Belfius Insurance has a functional link with the head of internal audit of Belfius Bank and the Auditor General of Belfius Bank attends meetings of the Audit Committee of Belfius Insurance.

In his capacity as head of internal audit at a Group level, the head of internal audit of Belfius Bank defines the internal audit policy and strategy concerning internal audit for the Group, establishes the organisation of the internal audit function both within Belfius Bank and within its subsidiaries, this latter point in agreement and consultation with the respective Board of Directors of the subsidiaries and in compliance with the laws and regulations which are applicable to them. He reports on these elements to the Belfius Bank Audit Committee.

The Audit Committee of Belfius Bank and the Audit Committee of Belfius Insurance meet jointly at least twice per annum. The (half-) yearly financial results and the work of the Audit Committees of Belfius Insurance are dealt with there.

Furthermore, on the request of the Chair of the Bank's Audit Committee, (additional) joint meetings may be held with the Audit Committee of Belfius Insurance, Belfius Financing Company SA (BFC) and/or Belfius Asset Management SA (Belfius AM). In addition, the minutes of the Audit Committee of Belfius Insurance SA, Belfius Financing Company (BFC) and Belfius Asset Management (Belfius AM) are systematically submitted to the Belfius Bank Audit Committee.

Belfius Bank together with Belfius Insurance have established a Belfius Group joint audit charter which contains the guidelines (i.e. strategy and operating rules) for the collaboration between Belfius Bank and its subsidiaries in audit matters. This charter has been

validated by the Management Boards of Belfius Bank and Belfius Insurance as well as by their respective Audit Committees and Boards of Directors.

Measures of collaboration and of supervision aim on the one hand to fulfil the duty of assurance required as to the quality and effectiveness of internal control, risk management and governance systems and processes, and on the other hand to ensure efficient communication between the various stakeholders (Auditors General, Management Boards and Audit Committees).

The heads of Internal Audit respectively for Belfius Bank and Belfius Insurance are responsible for the independent audit of risks relating to their entity and their subsidiaries and branches which do not have their own internal audit department as well as for the supervision of all audit tasks in relation to those entities, subsidiaries and branches.

The audit departments within the Belfius Group rely on a central "support" unit (the "Audit Office") within Belfius Bank reporting to the Auditor General. On proposal of that central unit, the Auditors General of Belfius Bank and Belfius Insurance consult and ratify the internal audit methodologies and processes to be implemented in each entity, as well as their developments, and ensure the application of the decisions taken.

4.4. AT OPERATIONAL LEVEL

4.4.1. Shared service centers

Shared service centres are set up in the Integrated Corporate Management line to service Belfius Bank as well as Belfius Insurance (Accounting, Strategic planning and performance management, Research). The service delivery is defined in service level agreements.

4.4.2. Support and control functions

Several support and control functions operate at Group level within service level agreements: HR, Communication, Data Protection Officer, IT infrastructure, security and architecture, digital programs.

4.4.3. Harmonised processes

Harmonised processes are set up where possible and efficient: procurement, IT projects, Secretary General, Tax & Legal. For instance, a common Tax Policy note is published on the Belfius website.

4.4.4. Group policies

Policies applicable to the entire Belfius group have been put in place in order to improve the steering and the general governance of Belfius Bank as parent company of Belfius Group and as responsible entity for the financial conglomerate.

4.5. OTHER STRUCTURES AND MECHANISMS IN PLACE

Other structures and mechanisms have also been put in place to guarantee the synergy within the Belfius Group as well as an improved communication and information management :

4.5.1. Capital Group Committee

4.5.1.1. Responsibilities and scope

Since end 2017, the Capital Group Committee ("CGC") has been set up to anticipate, understand, prepare, analyse and monitor all capital aspects at a conglomerate level (Bank, Insurance and related subsidiaries) in compliance with regulatory, legal and economic constraints.

Belfius approach to capital management aims always to ensure sufficient capital adequacy when due, optimise capital use and support targeted Long Term Debt rating at Group level.

The challenge of the CGC is to seek within the regulatory constraints an optimum balance between available capital needs, costs and market by taking a proactive stance and adopting a sound judgement in order to adapt to the changed market context at all levels (Group, Bank, Insurance, Financial Conglomerate).

More particularly, the roles and responsibilities (Conglomerate, Bank & Insurance, related subsidiaries) are to:

- analyse and monitor capital within the different solvency indicators (Risk Appetite Framework) and buffers (regulatory and internal),
- analyse and assess the adequacy of loss absorbing capacity (Minimum Requirement Eligible Liabilities) and its inclusion in the Risk Appetite Framework,
- prepare and monitor capital planning and the adequacy of the capital buffers versus capital requirements. Monitor and coordinate forward-looking capital needs (related to risk) and their impacts (Base & Stress cases scenarios),
- anticipate and analyse the capital reserve: assessment, allocation and distribution (capital policy, dividend pay-out, pay-out evolution, temporary capital buffers, business development / investment, ...),
- analyse and propose capital transaction, corrective and recovery actions to improve capital ratios,
- analyse and review the capital allocation to entities and business lines,
- review and follow the contingency capital plan, resolution and Bail-in process,

- analyse and propose transactions to support credit ratings,
- advise and inform on a regular basis Management Boards.

An escalation procedure has been put in place to resolve / remediate conflicts of interests .

4.5.1.2. Composition

Meeting once a month (or on an ad-hoc basis), the CGC is a joint Committee Risk / Finance integrating both Belfius Bank and Belfius Insurance.

The CGC is chaired by the CFO of Belfius Bank with two Vice-Chairmen (the CRO of Belfius Bank and the CFO of Belfius Insurance).

4.5.2. ICAAP process

The ICAAP process ("**Internal Capital Adequacy Assessment Process**") enables the Belfius Group to assess the adequacy of its capital in relation to its risk profile and its organisation.

This process is based on a prior definition of the risk appetite framework of the Belfius Group so as to meet its three main objectives, i.e. to reach a target long-term rating, have sufficient capital to meet extreme situations, and achieve its financial objectives (by complying with the regulatory solvency and liquidity ratios).

The ICAAP is based on (i) a cross risk analysis, and (ii) a financial plan that includes the allocation of capital and analysis of trends in the results of the lines of business and capital supply.



Reports are organised for the Management Board of Belfius Bank via the Risk Appetite Committee (RAC), and are submitted to the Risk Committee of Belfius Bank for advice and then to the Board of Directors of Belfius Bank for approval.

The ICAAP process covers all the entities of the Belfius Group, including the insurance subsidiaries.

The risk appetite ratios are initially controlled at a Group level.

In line with the Group's principles, the risk tolerance and the quantitative risk appetite indicators of Belfius Insurance are defined so as to:

- ensure that the economic equity capital and capital requirement are adequate for a potential deterioration in the financial markets,
- ensure the liquidity of Belfius Insurance,
- retain control over an increase of losses due to insufficiently diversified portfolios of assets and/or liabilities (e.g. concentration risk),
- retain control over the volatility of profits and different assets.



As regards the capital allocation process, due account is taken of the banking and insurance activities, in particular concerning:

- the Return/Capital requirements for the business lines (insurance is considered as a business line in its own right),
- the solvency target (CET1 target based on RAF),
- the Risk Weighted Assets of each business line,
- the dividend policy between the banking and insurance activities (solvency constraints before payment of dividends),
- Tier 2 subordinated debt capital between the banking and insurance activities,
- the specific de-risking for each activity centre (P&L, Risk Weighted Assets and capital).

The full process will result in an optimised allocation of Capital to Business Segments in compliance with the Budget framework guidelines and with the Board-defined strategy, risk and return profile of Belfius.

The ICAAP process is reviewed annually when drawing up and when checking the Group and insurance financial plans through the RAC Committees and Risk Committees.

4.5.3. Dividend policy

4.5.3.1. As regards the dividend policy between Belfius Bank and its shareholder

The capital policy (and its associated dividend proposal) is a 3-step process: (i) the capital reserve assessment, (ii) the capital reserve allocation and (iii) the dividend validation process.

Belfius' Capital & Dividend Policy includes all capital metrics (CET1, T1 and CAD) in base and stress cases of its Financial Plan, at both consolidated and statutory levels as also requested by the authorities.

4.5.3.1.1. Capital reserve assessment

The size of the capital reserve is based on:

- the minimum regulatory requirements (Pillar 1 & 2),
- minimum operational levels, which include additional buffer to face stress,
- internal target levels to cope with potential unexpected items (the "additional buffer elements") beyond the ones foreseeable in the severe stress test.

4.5.3.1.2. Capital reserve allocation

The capital reserve assessed will be allocated to:

- dividend that could be decided for next year,
- dividend for the current year.

If it results from the capital reserve assessment that the capital reserve would be negative or insufficient, the Management Board will propose to the Board of

Directors and if deemed appropriate and required, define measures, including a restriction on dividend distribution, that can be taken to address the shortfall. The Board of Directors will be informed and decide thereon until and up to the extent that the shortfall is addressed.

4.5.3.1.3. Dividend validation process

The dividend pay-out payment proposal will be submitted to:

- Belfius Board of Directors for proposal / decision. In case of an ordinary dividend, formal decision will have to be taken after the validation of the annual financial statements,
- Belfius Shareholders' Meeting for decision (not for interim dividend) beforehand.

The European Central Bank (hereinafter referred to as "ECB") will be informed of the dividend payment proposal.

Current capital policy has to be applied for "ordinary dividends", "Interim dividends" and "intermediary dividends" and the process to follow has to be in compliance with Belfius' articles of association, the Banking Law and ECB recommendations.

4.5.3.2. As regards the dividend policy between Belfius Insurance and its parent company Belfius Bank

- The dividends receivable from Belfius Insurance are included in the Belfius consolidated financial plan. The payment of a Belfius Insurance dividend to Belfius Bank has a direct (positive) impact on the Group's consolidated solvency ratio.
- A dividend policy is updated annually in order to be aligned with Group dividend policy.

4.5.3.3. As regards the dividend policy between Belfius Asset Management (Belfius AM) and its parent company Belfius Bank

The dividends receivable from Belfius Asset Management are included in the Belfius consolidated financial plan. A dividend policy is updated annually in order to be aligned with the Group dividend policy as well as the specific regulatory environment of Belfius Asset Management.

4.5.3.4. As regards the dividend policy between the parent company Belfius Bank and its other subsidiaries

For subsidiaries with specific sectoral prudential rules (like Belfius Asset Management or Belfius Insurance), there is an annual update of the Capital & Dividend policy based on a new release of the RAF, Financial Plan and Stress. Even if sectoral prudential rules are different, these Capital & Dividend policies are fully aligned with methodology used at a Group level to ensure Group consistency and integration.



5. OUTSOURCING

Outsourcing is an arrangement of any form between an institution or a payment institution and a service provider by which the service provider performs a process, a service or an activity that would otherwise be undertaken by the institution or payment institution itself.

Belfius is aware that outsourcing & third-party risk must be addressed adequately and fully assumes its responsibilities, including but not limited to overseeing and managing the concerned arrangements and the risks involved.

The Outsourcing Risk & Material Arrangements Policy is compliant with the “Final Report on EBA Draft Guidelines on Outsourcing Arrangements”. In particular, the policy provides for the appointment of the outsourcing function and the setup of the Third Party Risk Management Committee (TPRMC). Its mission consists in ensuring a well governed and coordinated outsourcing strategy in line with Belfius strategy, risk appetite and regulatory requirements.

6. IT CONTROL AND SECURITY MECHANISMS

6.1. INFORMATION SECURITY

Belfius' Risk Appetite, approved by the Board of Directors, includes an Information Security section. An Information Security Policy further provides the framework to ensure a consistent and streamlined approach towards information security.

6.1.1. Governance and Strategy

For Belfius, the purpose of information security is to protect Belfius' information having a value for the organization: i.e. the information generated by the business, the information belonging to our clients, and also the information, derived from freely accessible or publicly available data, which has acquired a value as a result of the treatment carried out by or on behalf of Belfius. The threats against data and information are their loss of integrity; of confidentiality; and their unplanned unavailability. The mission of information security is to safeguard against these threats.

Belfius also considers that the objective regarding information security extends to managing the risks linked to the consequences of these threats if they have materialized in terms of customers' trust, finance, reputation, peer confidence (regulators, financial markets) and confidence of our business partners. An information security strategy derived from these principles is applicable to all actions pertaining to information security.

Large security projects are grouped together in a security roadmap which typically spans the course of two years.

6.1.2. Main evolutions of Information Security projects

For Information Security, Belfius follows a risk-based approach. This means that, on the basis of risk assessments, decisions are made on where improvements are most needed effectively to realise the stated ambitions and to align the actual risk posture with the risk appetite and the DORA regulation as from Jan 17th 2025 (this regulation has also a risk approach). This approach is used by the individual teams to define priorities and areas that need improvement whilst adhering to a defence in depth principle.

The high-level priorities and goals are translated into concrete projects without neglecting on the fly/continuous improvements in Business As Usual whenever possible. Effectively to face cyber attacks that become extremely or to prevent any breach of confidentiality, the availability and the integrity

of data for any reason besides cyberattacks, Belfius focusses on projects that increase the capabilities of three types of controls: technology, process and people. Security projects, tasks or improvements are grouped together in a security roadmap which typically spans the course of two years.

The management of ICT third parties is more and more getting attention in this context and they are integrated in these efforts.

Belfius frequently performs internal and independent tests to provide assurance about all aspects of the security organisation. Such tests help in determining the effectiveness of existing controls, identifying new risks, checking compliance with regulatory requirements or measuring the maturity of security related processes.

A cyber security insurance was underwritten in 2015 and is renewed ever since on a yearly basis under the same terms & conditions for a lower price.

In the area of the information security, a central Identity and Access Management (IAM) tool has been implemented and rolled out to new infrastructures. An Identity View and a Role-Based Access Model have been built on top of the existing IAM processes. The number of covered IT platforms and applications is continuously increasing. Mainframe, Active Directory, Unix, MS Azure, TFM internal and external applications are now centrally managed.

Additionally, a certification process of the existing accesses by information owners and functional responsible, based on "the need to know - need to have" principle and ensuring that staff members at all times have proper access to their required information, is realised.

The ambitions for 2024-2025 is to reach full compliance with DORA regulation.

In order to enhance the skills and the awareness with regard to information security of the staff members of Belfius, awareness and training initiatives are set up regularly. Phishing tests are also conducted and the results are under scrutiny of the management. Security governance ensures the coordination of the different processes and initiatives through a security awareness working group.

The Belfius IT infrastructure is controlled by Belfius, while operational activities are being managed by three parties: Kyndryl, IBM and Proximus. The formalisation of what Belfius expects from the suppliers with regards to information security is defined within the contract and the Customer Security Document (CSD). The execution of the contract and CSD is followed with a defined governance.



6.2. BUSINESS CONTINUITY

Belfius is committed to its clients, counterparties, and regulators to put in place, maintain and test viable alternative arrangements that, following an incident, allow the continuation or the assumption of critical business activities at the agreed operational level and entirely compliant with the European regulation.

Belfius Bank has put a Business Continuity Policy, Guidelines and Plan in place that is aligned with the ISO22301 standard. It is applied in a uniform way at all Belfius entities and relies on a.o. threat analysis, business impact analysis, reallocation strategies, effective management reporting, business continuity plans as well as exercise and maintenance programs.

6.3. RELEASE MANAGEMENT

Since more than 15 years Belfius works with four major IT releases a year. There is a “move to operations” (MTO) during the second or third week-end of March, June, September and November. This calendar is discussed with business and Kyndryl (the Belfius infrastructure partner) and published well in advance.

The approach towards the MTO is “industrialised”. In order to guarantee good quality of its delivery, Belfius organises:

- very close follow-up of the progress of projects with specific emphasis on the test results and on the open issues. This is discussed in a weekly meeting and reported to all stakeholders,
- a formal GO/NO GO decision meeting,
- a general rehearsal weekend (three weekends before the MTO weekend),
- close follow-up during the MTO weekend itself with several recurrent meetings discussing progress of the activities, final testing and acknowledgment to open the different channels towards clients.

Some projects cannot follow this fixed calendar (e.g. mandatory projects with external compulsory dates). However using “exceptional releases”, it is possible to apply to a large extent the same approach for these projects.



7. REMUNERATION POLICY

The remuneration policy applies to the Belfius Group on the understanding that specific provisions apply for certain regulated companies, based on the regulatory obligations.

More detailed information about this remuneration policy is given in the “Remuneration policy for Belfius Group (Belfius Bank, Belfius Insurance and its subsidiaries)”.



II. GOVERNANCE STRUCTURE OF BELFIUS BANK

1. SHAREHOLING STRUCTURE

1.1. SHAREHOLDING, ROLE OF THE SHAREHOLDERS AND SIGNIFICANT SHAREHOLDER(S)

1.1.1. Shareholding

Since 20 October 2011, all the shares of Belfius Bank have been held by the “Société fédérale de Participations et d’Investissement” / “Federale Participatie- en Investeringsmaatschappij” (SFPIM), directly and via its subsidiary Certi-Fed, within the framework of a mission granted to the SFPIM by the Belgian State under the Royal Decree dated 10 October 2011. The regulatory supervision (“contrôle de tutelle” / “toezicht”) is carried out by the Minister for Finance who is responsible for the SFPIM.

The Belfius Bank shareholder structure is as follows:

- 359,407,616 shares are held by the SFPIM, a public limited company of public interest with registered office at Box 4, 32 Avenue Louise, B-1050 Brussels, acting in its own name but on behalf of the Belgian State,
- 5,000 shares are held by Certi-Fed, a public limited company with its registered office at Box 4, 32 Avenue Louise, B-1050 Brussels.

Changes made to the structure of the capital of Belfius Bank are notified to the National Bank of Belgium (hereinafter referred to as the “NBB”) in the cases and under the terms provided in the Banking Law.

1.1.2. Role of Shareholders

The Shareholders manage their investment in the light of a sound and prudent management of the Bank, its good governance and sustainable development.

It is for the Shareholders to let the Chair of the Board of Directors and the Chair of the Management Board know their views as to the future of the Bank in the short, medium and long term.

The Shareholders play their role through the Shareholders’ Meeting and through periodic meetings (about the evolution of the Bank’s situation and, if necessary, to present it with the quarterly results of Belfius) with the Chair of the Board of Directors, as the case may be in consultation with the Chair of the Nomination Committee, and the Chair of the Management Board.

The Chair of the Board of Directors has a regular meeting with the Minister of Finance and/or his/her Cabinet in order to explain to him or her the evolution of the Bank’s situation. Depending on the subjects dealt with, the Chair of the Management Board and/or one or more other members of the Management Board of Belfius Bank attend those meetings.

The Shareholders may not interfere in the management of the credit institution.

The presence of at least four independent Directors (according to the Banking Law) on the Board of Directors of Belfius Bank is of such nature as to guarantee an appropriate treatment of any significant conflict of interests and to ensure that the Board of Directors takes the interests of the company into account in its deliberations.

1.1.3. Significant Shareholder(s)

The significant Shareholder(s) of the Bank must be honourable and financially sound.

In the event of a significant change in shareholding, the changes must not prejudice the stability of the Bank.

Significant Shareholders must have the qualities necessary to ensure that they will exercise their influence to promote sound and prudent management of the Bank.



If the Supervisory Authority has reasons to consider that the influence exerted by a significant Shareholder is such as to compromise the sound and prudent management of the institution, it may suspend the exercise of its voting rights and enjoin it to divest its shareholding (Article 54 of the Banking Law).

1.2. SHAREHOLDERS’ MEETING

1.2.1. General Shareholders’ Meetings

The annual Shareholders’ Meeting is held on the last Wednesday of April each year at 14:30 (CET), or, if this day is a public or bank holiday, on the first business day thereafter. It takes place at the registered office of the Bank or at any other place designated by the convening notice.

The other Shareholders’ Meetings are held on the day, at the hour and in the place designated by the notice of convocation. They may be held at locations other than the registered office.



The annual, special and extraordinary Shareholders' Meetings may be convened by the Board of Directors or by the Statutory Auditor and must be convened at the request of Shareholders representing at least one-tenth of the company's share capital.

1.2.2. Notices convening the Shareholders' Meeting

Holders of registered shares, convertible bonds, subscription rights and certificates issued with the collaboration of the company, Directors and Statutory Auditors are convened to the Shareholders' Meeting according to Article 7:127 of the Code of Companies and Associations at least 15 days prior to the meeting.

1.2.3. Formalities to attend the Shareholders' Meeting

The holders of registered shares must give notice of their intention to attend the Shareholders Meeting.

Any shareholder may be represented at the Shareholders' Meeting by a proxy holder, whether the latter is himself / herself a shareholder or not.

In order to be admitted to the Shareholders' Meeting on a consultative basis, in accordance with Article 22 of the articles of association:

- the holders of registered convertible bonds, subscription rights and certificates, issued with the collaboration of the company which are registered, must give notification of their intention to attend the meeting by simple letter at the latest five days prior to the date of the meeting,
- the holders of dematerialised convertible bonds, subscription rights and certificates, issued in collaboration with the company, must at least five days prior to the date of the Shareholders' Meeting, present a certificate drawn up by the accredited account holder or clearing institution confirming that the securities are unavailable until the date of the Meeting, inclusive. They will be admitted to the Shareholders' Meeting upon presentation of the certificate proving that their securities or the certificate were deposited in time.

Co-owners, beneficial owners and bare owners, secured creditors and secured debtors must be represented respectively by one and the same person.

Shareholders and holders of convertible bonds, subscription rights and certificates issued in collaboration with the company may, pursuant to the provision of Article 7:139 of the Code of Companies and Associations, put questions to the Directors and/ or Statutory Auditor(s) about their reports or points on the agenda. These questions will be answered, where appropriate, by the Directors or Statutory Auditors during the Shareholders' Meeting.

Shareholders may, from the time the Shareholders' Meeting is convened, put the questions dealt with above to the address stated in the attendance notice. Provided these shareholders and holders of convertible bonds, subscription rights and certificates issued in collaboration with the company have completed the formalities for admission to the meeting and these questions reach the company at the latest on the sixth day prior to the meeting, these questions will be answered.

With the exception of resolutions which have to be passed by notarised deed, the Shareholders may pass all resolutions, unanimously and in writing, for which the Shareholders' Meeting is empowered.

1.3. QUORUM AND MAJORITIES

In general, there is no attendance quorum requirement for a Shareholders' Meeting, except as provided for by law or by the articles of association in relation to decisions regarding certain matters. Decisions are taken by a majority of the votes cast, except where the law or the articles of association provide for a special majority.

Matters involving special legal quorum and majority requirements include, inter alia, amendments to the articles of association, issues of new shares, convertible bonds or warrants and decisions regarding mergers and demergers. If the quorum is not reached, a second meeting may be convened at which no quorum will apply. The special majority requirements, however, remain applicable.

2. MANAGEMENT STRUCTURE

The Bank must have transparent governance structures that ensure effective and prudent management in light of the nature, scale and complexity of the risks inherent to its business model and operations. As a basic rule, there should be a division at the highest level between the functions responsible for the executive management (Executive Directors) and the functions responsible for the definition of the Bank's strategy and the supervision of the management that implements that strategy. The supervisory function is entrusted to the non-executive members of the management body (Non-Executive Directors), assisted by several Advisory Committees in charge of audit, risk management, remuneration, nomination, technology, intra-group transactions and material conflicts of interests.

2.1. BOARD OF DIRECTORS

2.1.1. Responsibilities and scope

The Board of Directors is a collegial body the main competences of which are described below.

The Board of Directors holds the general responsibility for the credit institution. To that end, in accordance with the Banking Law⁶:

it determines, and controls, in particular:

- 1° the strategy and objectives of the institution,
- 2° the risk management, including the level of risk appetite,
- 3° the organisation of the institution for the provision of investment services, the exercise of investment activities, the provision of ancillary services, the commercialisation of structured deposits and the provision of advice to clients on such products, including organisational arrangements, as well as the skills, knowledge and expertise required of staff, resources, procedures and mechanisms with or through which the institution provides these services and carries out these activities,
- 4° the integrity policy.

It approves the Governance Memorandum.

The term "strategy and objectives" means inter alia:

- determining the Bank's general policy,
- defining the principal activities which the Bank intends to carry on and the geographic zone in which it intends to carry on those activities (definition of its "market"),
- significant investments and disinvestments (cf. M&A (risk) Policy),
- approving and monitoring the financial plan (the budget),

- setting up structures enabling objectives to be realised and restructurings of a certain size: merger, demerger, sale, purchase or contribution of a branch of activity,
- defining the Bank's values, particularly those which it communicates to customers and staff,
- defining the ESG strategy. Twice a year the Board of Directors provides guidance on ESG and reviews progress on sustainability-related projects and targets to ascertain that sustainability is fully and consistently embedded in all value propositions that deliver the strategy.

The Board of Directors supervises the implementation by the Management Board of the strategy and objectives it has defined.

More globally and in accordance with the Banking Law, the Board of Directors is responsible for supervision of the Management Board and evaluation of the members of the Management Board.

In exercising its supervisory competences, the Board of Directors also performs the following tasks:

- evaluating the functioning of the Board of Directors,
- evaluating the management structure and organisation of the company,
- evaluating the existence and functioning of internal control systems, including the efficient identification and management of the risks and reliability of the financial reporting process,
- approving and regularly revising the strategies and policies governing the taking, management, monitoring and attenuation of the risks (e.g. Credit Risk, Non-Financial Risks) to which the credit institution is or could be exposed, including setting limits to maximum theoretical risk (LMTR) and the risks generated by the macroeconomic environment in which it operates, having regard to the state of the economic cycle,
- instituting an appropriate policy for the recruitment, suitability assessment and training of Directors, heads of independent control functions and as the case may be other senior management,
- verifying the existence and adequate functioning of the independent control functions: internal audit, compliance and risk function,
- verifying the existence of conditions enabling the Statutory Auditor or, as the case may be, the College of Statutory Auditors to perform their tasks in an appropriate manner,
- evaluating the performance of the company in relation to the strategy and budgets provided.

In addition, the law⁷ and the articles of association

⁶ As from 15/01/2025.



reserve various competences to the Board of Directors:

- establishing the annual financial statements, which must present a true and fair view of the company's assets and liabilities, financial situation and annual results,
- supervising the management of all significant risks, in particular those under Regulation 575/2013, the asset valuation and the use of external credit ratings and internal risk models. The Board of Directors dedicates a significant proportion of its activities to this and guarantees that adequate resources are provided for such aspects,
- defining criteria from which credit risk and counterparty risk arising from operations must be considered as major, requiring these operations and important decisions related hereto to be reported within a deadline enabling the Board of Directors, if necessary, to object,
- determining and supervising the organisation of the Bank for the provision of investment services, the exercise of investment activities, the provision of ancillary services, the commercialisation of structured deposits and the provision of advice to clients on such products,
- deciding to grant discharge to members of the Management Board,
- deciding to distribute interim dividends,
- setting the remuneration of members of the Management Board,
- adopting and regularly, at least once a year, evaluating the general principles of remuneration policy and supervising its implementation,
- convening the Shareholders' Meeting,
- setting the agenda for the annual Shareholders' Meeting as well as extraordinary and special Shareholders' Meetings,
- deciding to increase the capital within the limits of the authorised capital,
- approving the Governance Memorandum,
- appointing the Chair, possibly one or more Vice-Chairmen, the secretary of the Board of Directors, members of the Management Board and co-opting Directors,
- establishing Committees within the Board of Directors,
- assessing the working of the Board of Directors,
- approving the liquidity recovery plan referred to in Article 8, § 8 of Appendix I to the Banking Law and adapting the institution's internal policies and procedures accordingly,

- manage the Belfius Art Collection. To this end, a Belfius Art Committee has been mandated by the Board of Directors of Belfius Bank to manage the Belfius Art Collection as defined in article 10 of the Articles of Association of Belfius Bank. Within this mandate the Belfius Art Committee takes decisions with respect to the management, the conservation, the preservation, the use, the development and the evolution of the Belfius Art Collection.


In accordance with Article 77 of the Banking Law, strategic decisions (as defined in Article 3, 63° of the Banking Law) which the Board of Directors plans to take must be submitted in advance for the approval of the Supervisory Authority which must take a decision on the matter within a period of two months from receipt of a complete file.

Belfius considers that the following matters must be submitted to the Board of Directors beforehand:

- A proposal for a decision that aims for or entails a change in or derogation from the general policy charted by the Board of Directors and concerns:
 - the governance of the Bank,
 - the risk appetite level and the risk strategy of the Bank (on a proposal from the Risk Committee),
 - the commercial policy of the Bank.
- A proposal for a decision that entails a considerable change in the internal organisation of the Bank, such as:
 - an internal reorganisation that has a significant impact (on the number of FTEs, and/or on the risks of the Bank) in several divisions,
 - negotiations with the staff delegation (conclusion of a collective bargaining agreement) that have a significant impact on the Bank's income statement.
- A proposal for a decision concerning investments, participations or strategic cooperation relations, outside the normal management of the Bank's portfolio, insofar as said decision represents an investment or divestment of at least € 50 million as decided by the Board of Directors:
 - the sale, acquisition or setting up of another institution,
 - setting up a joint venture,
 - establishment in another State,
 - conclusion of a cooperation agreement,
 - contribution or acquisition of a business line,
 - merger or demerger.

⁶ Article 23 of the Banking Law.

⁷ Code of Companies and Associations.



The Management Board will also inform the Board of Directors about other strategic projects for less than € 50 million.

Management of the activities of the credit institution is the exclusive competence of the Management Board. It is performed totally autonomously within the framework of the general policy defined by the Board of Directors.

2.1.2. Composition, appointment, term, age limit, training etc.

2.1.2.1. Composition

The functioning of the Board of Directors is described in the articles of association and in the internal rules of the Board of Directors of Belfius Bank.

The main applicable provisions are set out below.

The Board of Directors is composed exclusively of natural persons.

The members of the Board of Directors - together and individually - present an appropriate profile to lead the Bank. The composition of the Board of Directors guarantees that decisions are taken to ensure effective and prudent management of the Bank.

The Directors, members of the Management Board, are qualified as “Executive Directors” and the other Directors as “Non-Executive Directors”. The Board of Directors is composed of a majority of Non-Executive Directors in accordance with the Banking Law.

Furthermore, at least four of the Non-Executive Directors are independent within the meaning of the Banking Law and are appointed from among the Non-Executive Directors.

At least one third of the Directors should be of the other gender. Within this context, the Nomination Committee has established a diversity policy. The objective and the diversity plan as well as the implementing procedures are mentioned in the annual report of the Bank.

2.1.2.2. Requirements for the Director's office

Each Director must, on his or her appointment and throughout the term of his or her mandate, have the expertise and the professional integrity required to perform his or her tasks. The Nomination Committee and the Board of Directors will periodically assess the Director's suitability.

2.1.2.3. Appointment/renewal/resignation/dismissal procedure

Directors are appointed, re-elected and dismissed by the Shareholders' Meeting (or by the Board of Directors in the case of a Director being appointed by cooptation) on the proposal of the Board of Directors,

after advice of the Nomination Committee. The appointment or renewal of the mandate of a Director must be approved by the General Shareholders' Meeting after approval of the Supervisory Authority.

The Nomination Committee prepares the proposals for appointing, co-opting, renewing the term of office and dismissing Directors. A succession policy has been put in place in this framework.

When a Director is to be re-appointed, the Nomination Committee will assess his/her contribution to the functioning of the Board of Directors and ensure that there are no new elements of such a nature as to have an unfavourable impact on the suitability of the Director to perform a new term of office.

The Nomination Committee then presents the candidate to the Board of Directors together with its recommendation.



For an initial appointment or renewed term of office, the Chair of the Board of Directors and the Nomination Committee ensure that the Board of Directors and the Shareholders' Meeting have sufficient information about the candidate Director to be able to assess whether he or she has the expertise and professional integrity required to hold the office (curriculum vitae, certificate of no criminal record, certificate of non-disqualification⁸, appointment form from the Supervisory Authority duly completed and any other information needed to assess whether the candidate Director has the suitability required for the position).

Belfius Bank will inform the Supervisory Authority beforehand of the proposed or renewed appointment, as well as of the non-renewal of the appointment or the dismissal of Directors. It will also provide the Supervisory Authority with the necessary information concerning the candidate Director, so that the said authority can give its prior approval of the proposal to appoint or re-appoint candidates. The Supervisory Authority will verify the suitability of the person concerned before he or she is actually appointed.

A change of position, including a new distribution of significant tasks in the Board of Directors is considered as a new appointment and consequently will require the prior authorization of the Supervisory Authority.

As part of its prior suitability assessment, the Supervisory Authority may decide to interview the person concerned. An interview will nevertheless always be conducted in the case of the Chair of the Board of Directors or a Chair of an Advisory Committee in the Board of Directors.

The Directors' mandates expire at the end of the annual Shareholders' Meeting that decides on the



financial accounts for the past financial year, held in the year during which their mandate expires.

If a Director wishes to terminate his/her mandate early, he or she must send a letter of resignation to the Chair of the Board of Directors, with a copy to the Chair of the Management Board. This resignation will be announced at the next meeting of the Board of Directors which will proceed to replace the Director where appropriate. In such a case, the next Shareholders' Meeting will proceed to the final appointment of the co-opted Director, where appropriate.

2.1.2.4. Term of the mandate

The Directors' mandates run for a maximum term of four years. Directors may be re-elected. However Non-Executive Directors are re-eligible for a maximum of two additional mandates, unless the Shareholders' Meeting should decide otherwise.

The Director's mandates expire at the end of the ordinary Shareholders' Meeting that decides on the financial accounts for the past financial year, held in the year during which their mandate expires.

A Director must resign if a change in his or her personal situation makes that situation incompatible with his or her mandate as a Director of Belfius Bank.

2.1.2.5. Age limit

Non-Executive Directors retire on the date of the Shareholders' Meeting for the year during which they reach the age of 72.

The Board of Directors has the right to depart from the aforementioned rules if it deems that this would be in the interest of the company, in consultation with the Supervisory Authority.

2.1.2.6. Social status

From an employment law perspective, the Director of a company is considered as self-employed and must join a social insurance fund for self-employed workers.

Directors are not considered as holders of public mandates within the meaning of the Royal Decree No. 38 of 27 July 1967 organising the social status of the self-employed.

2.1.2.7. Incompatibility of mandates

In order to ensure the availability of the Non-Executive Directors to exercise their function, Belfius Bank has drawn up, pursuant to Article 62 of the Banking Law, internal rules relating to the exercise of external functions by Directors of the Bank. These rules were approved by the Board of Directors.

The exercise of external functions by Directors is in principle authorised, but subject to several limitations.

A Non-Executive Director may only exercise a

mandate in a company in which Belfius Bank has a holding if he or she does not take part in the executive management of that company.

In addition, the Non-Executive Director may exercise at a maximum:

- four mandates that may not imply involvement in the executive management of a company (including his or her mandate within the Belfius Group within the meaning of Article 62 § 9 of the Banking Law), or
- one mandate that does imply involvement in the executive management and two mandates that do not imply involvement in the executive management of a company (including his or her mandate within the Belfius Group within the meaning of Article 62 § 9 of the Banking Law).

In individual cases, the Supervisory Authority may grant a derogation from the maximum number of mandates aforementioned by authorising the exercise of an additional non-executive mandate.

A Director may not accept or exercise a mandate in another competing financial institution (credit institution / insurance company) or in a company with a direct or indirect qualifying holding in another financial institution active in Belgium in view of possible conflicts of interests, unless the Belfius Group has a holding in that company. In this exceptional case, the Director concerned will be particularly careful to observe legal and statutory provisions relating to conflicts of interests (cf. in this regard the chapter dealing with integrity policy).

The regime of incompatibility of mandates and obligations to which Directors are subject is included in the internal rules relating to the exercise of external functions by the Directors of Belfius Bank, which are a part of the internal rules of the Board of Directors.

2.1.2.8. Chairpersonship

The Board of Directors appoints a Chair and, as the case may be, one or more Vice-Chairmen from among the Non-Executive Directors. The Board of Directors and the Management Board are chaired by different persons.

In close collaboration with the Chair of the Management Board, the Chair of the Board of Directors:

- ensures the balanced and optimal composition of the Board of Directors,
- guarantees the efficient operation of the Board of Directors:
 - by drawing-up agendas for meetings,
 - by fostering interaction between Directors, particularly by notices of convocation and all relevant

information being sent in due time (in principle at least four working days prior to the meeting), leaving Directors the time necessary to prepare in depth for the meeting,

- ensures constant and optimum dialogue between the Board of Directors and the Management Board,
- chairs the Board of Directors and the Shareholders' Meeting,
- goes through the to-do list in parallel with the minutes of the Board of Directors and ensures the follow-up of this list.

2.1.2.9. Remuneration

The remuneration of Non-Executive Directors and members of the Advisory Committees is set by the Shareholders' Meeting after advice of the Remuneration Committee.

In principle, Non-Executive Directors receive a fixed remuneration, which is paid to them every quarter.

In addition, Non-Executive Directors receive attendance fees for every meeting they attend.

For Non-Executive Directors who may not have exercised their mandate for a full year, this fixed remuneration is reduced pro rata to the number of quarters during which they effectively exercised their mandate.

The emoluments of the Chair of the Board of Directors are higher than those of the other Directors, both in terms of fixed remuneration and attendance fees. The attendance fees allocated to the Chair of the Board of Directors and the Chair of the Advisory Committees are double those allocated to the other Directors and members of the Advisory Committees.

2.1.3. Functioning

The Chair of the Board of Directors draws up the agenda in cooperation with the Chair of the Management Board and the secretary.

In order to deliberate, the attendance or representation of at least one half of the members is required unless the deliberation concerns a matter as stipulated in Article 10.1, paragraph 2 of the articles of association with regard to the Belfius Art Collection, in which case at least ninety-five per cent of the members have to be present or represented.

Decisions of the Board of Directors require a simple majority of the votes of all the members present and represented unless the deliberation concerns a matter as stipulated in Article 10.1, paragraph 2 of the articles of association, in which case a ninety-five per cent majority of the votes cast by all members present or represented will be required.

In event of a tied vote, the Chair or the member replacing him or her has the casting vote.

The decisions of the Board of Directors may be taken through the unanimous written consent of its members. The agreement of the Directors may be placed either on one single document (letter, fax, printed e-mail or any other document) or on several copies of the same document. The decisions will bear the date of the last agreement placed on the said document or documents.

The Board of Directors may always deliberate validly, even in the absence of convening notice, if all the members are present or represented.

The information provided to the Directors in performing their tasks, whether for or in meetings of the Board of Directors/Advisory Committees, or in private meetings, both during the exercise of their mandate and after its expiry, is given to them intuitu personae. It is for them to ensure that the confidentiality of such information is strictly observed.

The Director's duty of discretion and observance of confidentiality is described in the internal rules of the Board of Directors. The Head of Investigations examines the source of each leak. After consultation with the Chair of the Board of Directors, external contacts will be made, unless likely to cause loss or damage to reputation. The results of this investigation will be reported to the Audit Committee and to the Board of Directors. Depending on the observations of the Head of Investigations, the Bank will take the necessary steps.

Each year, the Shareholders' Meeting rules on the discharge to be granted to Directors for the exercise of their mandate during the preceding financial year.

2.1.4. Advisory committees of Belfius Bank

2.1.4.1. Audit Committee

The composition and functioning of the Audit Committee are described in the internal rules of the Audit Committee of Belfius Bank.

The main applicable provisions are set out below.

2.1.4.1.1. Responsibilities and scope

The Audit Committee covers all the consolidated companies of Belfius Bank with the exception of Belfius Insurance (and the consolidated companies of Belfius Insurance), Belfius Asset Management and Belfius Financing Company. It operates independently of the Audit Committee put in place within Belfius Insurance, Belfius Asset Management and Belfius Financing Company. However, the Audit Committees of Belfius Bank and Belfius Insurance meet jointly at least twice per annum. On the request of the Chairs of these last two Audit Committees,



additional joint meetings may be held. The Chair of the Bank's Audit Committee can also request to have joint meetings with the Audit Committees of Belfius Asset Management and/or Belfius Financing Company.

Under Article 28 of the Banking Law and Article 7:99, §4 of the Code of Companies and Associations, the Audit Committee has at the least to perform the following tasks:

- communication to the Board of Directors of information on the results of the legal audit of the annual financial statements and the consolidated financial statements, and explanations on the manner in which the legal audit of the annual financial statements and the consolidated financial statements have contributed to the integrity of the financial information and on the role played by the Audit Committee in that process,
- monitoring the process for establishing the financial information (including the sustainability report) and presenting the recommendations or proposals to guarantee integrity,
- monitoring the effectiveness of the internal control and risk management systems of the Bank and its subsidiaries as well as monitoring the internal audit and its effectiveness,
- monitoring the legal audit of the annual financial statements and the consolidated financial statements, including monitoring the questions and recommendations formulated by the Statutory Auditor,
- examining and monitoring the independence of the Statutory Auditor in particular with regard to the validity of the provision of additional services to the company, and
- making recommendations to the company's Board of Directors for the appointment of the Statutory Auditor.

Furthermore, the Audit Committee:

- is informed on a regular basis via reports emanating from senior management and has access to all the necessary information in that context,
- may require any information or document which it deems to be useful and make or organise any investigations, enquiries and inspections concerning any matter within its responsibility. Within that context, the Audit Committee may have a specific enquiry or audit task performed by Internal Audit or by Investigations,
- is authorised to seek any information, opinion or assistance relevant to the performance of its mandate from independent professional advisers, executive Directors and other third parties outside the Bank,

- may be contacted directly by the General Auditor and the Statutory Auditor at any time and without restriction. If necessary, the latter may also directly contact the Chair of the Board of Directors,
- may meet with other Advisory Committees of the Board of Directors on matters of common interest in order to avoid overlapping or other potential shortcomings in the supervision of the Bank's risks.

2.1.4.1.2. Composition

The Audit Committee is composed exclusively of non-executive members of the Board of Directors, and of at least three members, no member being authorised to sit on more than three Committees (i.e. Audit Committee, Risk Committee, Remuneration Committee and Nomination Committee). The majority of the members of the Audit Committee are independent within the meaning of the Banking Law.

In the case of resignation of one of the members or force majeure, the Audit Committee may on a provisional basis be composed of only two non-executive independent members within the meaning of Article 27 of the Banking Law.

Members of the Audit Committee have collective expertise in the field of operations of Belfius Bank as well as in the area of accounting and audit. At least one Director, a member of the Audit Committee, is skilled in accounting and/or audit.

The Chair of the Audit Committee is appointed by the members of the Audit Committee. The Chair may not simultaneously be Chair of the Board of Directors.

The Auditor General of Belfius Bank, and the Statutory Auditor(s) may also attend meetings as permanent invitees. Members of the Management Board and Non-Executive Directors attend meetings of the Audit Committee on invitation in relation to specific items on the agenda. Their attendance is limited to items concerning them. The Audit Committee regularly invites members of the management to give presentations and explanations on specific topics. The heads of Risk Management and the Compliance Officer are regularly convened.



The Audit Committee may ask an expert to attend meetings of the Audit Committee as an adviser, without being a member of the Committee.

The Audit Committee may always decide, during a meeting, to meet alone during a specific period or only with people it indicates.

2.1.4.1.3. Functioning

Frequency of meetings

The Audit Committee meets at least four times per annum. The Audit Committee may also meet on the



request of one of its members, the Auditor General, the Statutory Auditor or the Chair of the Board of Directors whenever they deem it useful.

Meetings may be held either physically, via conference call or digitally.

Requirements regarding attendance and voting

In order to validly deliberate and take decisions, at least one half of the members must be present. This quorum is also necessary in the event of resignation of a member, awaiting the appointment of a new member by the Board of Directors. Decisions by the Audit Committee require a simple majority of votes of all the members present; if equal numbers of votes are cast then the Chair or the member acting as such in the absence of the Chair has the casting vote.

Terms in relation to periodic reports

If he or she deems it appropriate, the Chair of the Audit Committee may immediately indicate major problems to the Chair of the Board of Directors.

In principle, each year the Audit Committee evaluates its operation and provides the Board of Directors with the result of its self-assessment.

In order to enable the Audit Committee to perform its legal task of “monitoring the effectiveness of the internal control and risk management systems”, the Risk Committee reports to the Audit Committee on its examination of the report from Risk Management on the evolution of risks and provisions and at least annually reports on its examination of the report on operational risks. The Audit Committee and the Risk Committee jointly examine the report from the effective management, the report on fraud as well as the Risk Report published with the Annual Report.

2.1.4.2. Risk Committee

The composition and functioning of the Risk Committee are described in the internal rules of the Risk Committee of Belfius Bank.

The main applicable provisions are set out below.

2.1.4.2.1. Responsibilities and scope

The Risk Committee:

- provides advice to the Board of Directors on the current and future risk tolerance and risk strategy (including ESG and climate risk) and in particular on the effectiveness of the risk management function and governance structure to support it,
- assists the Board of Directors in monitoring the implementation of decided strategy by the Management Board,
- ensures that the prices of assets and liabilities and categories of off-balance-sheet products offered

to customers take account of the risks run by the Bank, having regard to its business model and its risk strategy, particularly reputational risk items, liable to result from the types of products offered to customers. It presents an action plan to the Board of Directors when this is not the case,

- assists the Board of Directors in assessing activities which expose the Bank to significant risks (of whatever nature). In this regard the accent is expressly and specifically placed on current and future aspects of risk exposure, as sustainability risks are a top risk at Belfius, the Risk Committee ensures effective oversight of ESG risks on a quarterly basis and monitor progress on the ECB ESG action plan.
- assists the Board of Directors in supervising capital and liquidity targets and requirements, as well as transactions having an impact on the Bank's liquidity situation or capital base.

The Risk Committee is competent for Belfius Bank and operates independently in relation to the “Risk & Underwriting Committee” of Belfius Insurance. On the request of the Chair of the Bank's committee, a joint Risk Committee meeting for the bank-insurer may be held.

These various tasks are explained under the heading “roles and responsibilities” in the internal rules of the Risk Committee.

2.1.4.2.2. Composition

Members

The Risk Committee is composed of at least three members appointed by the Board of Directors from among its members.



If one of the members of the Risk Committee resigns or in the case of force majeure, the Risk Committee may temporarily be composed of only two non-executive members

The members of the Committee must be Non-Executive Directors of whom at least one member is an Independent Director. A member of the Risk Committee may not sit on more than three Advisory Committees (Audit Committee, Risk Committee, Remuneration Committee and Nomination Committee).

The members of the Committee individually have the knowledge, expertise, skills, experience and suitability necessary to enable them to understand and assess the institution's strategy and risk tolerance.

Invitees

The CRO, who is responsible for the Risk department within the Management Board, in close cooperation with the Chair, assures the content of the agenda



and attends the meetings of the Risk Committee as a permanent invitee.

The Chair of the Management Board and the other members of the Management Board may attend the meetings of the Risk Committee as permanent invitees.

The Chair of the Risk Committee may also, at his or her discretion, ask other persons to be present if he or she deems it appropriate.

2.1.4.2.3. Functioning

The Committee meets at least every three months, or more frequently depending on circumstances.

Meetings can be either physical, via conference call or digitally.

An “electronic” Risk Committee meeting may be organised if necessary, where the members of the RC submit their positions via e-mail.

A meeting of the Committee may be convened by the Chair or by a member of the Committee. On the request of the Chair, work and information sessions may be organised to make more detailed examinations of specific topics concerning risks and capital.

Meetings of the Committee are chaired by the Chair of the Committee.

In order to deliberate validly, the presence of at least two Non-Executive Directors, members of the Committee, is required.

Proposals to the Board of Directors require an ordinary majority of the votes of members present.

The minutes of meetings of the Committee are distributed to all the members of the Committee and to all the members of the Board of Directors.

After each meeting, the Chair of the Committee formally reports to the next meeting of the Board of Directors on the minutes of the Committee.

The Chair of the Committee summarises all of the major points discussed with the management, and ensures that particular attention is paid to matters of concern.

If he or she deems it appropriate, the Chair of the Committee may immediately indicate serious problems to the Chair of the Board of Directors.

2.1.4.3. Nomination Committee

The composition and functioning of the Nomination Committee are described in the internal rules of the Nomination Committee (see Chapter I.4.1.4 of the Governance Memorandum).

2.1.4.4. Remuneration Committee

The composition and functioning of the Remuneration Committee are described in the internal rules of the Remuneration Committee (see Chapter I.4.1.4 of the Governance Memorandum).

2.1.4.5. Belfius Art Committee

The composition and functioning of the Belfius Art Committee are described in the internal rules of the Belfius Art Committee of Belfius Bank.

The main applicable provisions are set out below.

2.1.4.5.1. Responsibilities and scope

The Belfius Art Committee has been mandated by the Board of Directors of Belfius Bank to manage the Belfius Art Collection as defined in article 10 of the Articles of Association of Belfius Bank. Within this mandate the Belfius Art Committee takes decisions with respect to the management, the conservation, the preservation, the use, the development and the evolution of the Belfius Art Collection.

Works of art can only be sold if they do no longer respond to the strategy defined and do no longer fit with the core of the Belfius Art Collection (paintings, drawings, sculptures, installations...). Money or compensation received from the deaccessioning and disposal of objects from the Belfius Art Collection is kept in a closed envelope and can be used solely for the benefit of the Belfius Art Collection.

2.1.4.5.2. Composition


The Belfius Art Committee is composed of at least four members, including the Chair of the Board of Directors of Belfius Bank, one member of the Management Committee of Belfius Bank, the head of CSR of Belfius Bank and the curator of the Belfius Art Collection. The member of the Management Committee is appointed by the Management Committee of Belfius Bank. Additional member(s) may be appointed by the Board of Directors of Belfius Bank.

The Chair of the Board of Directors of Belfius Bank is the Chair of the Belfius Art Committee.

The members of the Belfius Art Committee must collectively have relevant expertise and knowledge regarding a.o. Belgian art, the management, the use, the value and evolution of an art collection.

All members must have a high standard of ethical conduct.

The members of the Belfius Art Committee do not receive attendance fees for their participation in the Belfius Art Committee meetings.



The Belfius Art Committee may always invite members of the management or of the staff of the Belfius group or external advisors to attend (part of) the meetings depending on the items on the agenda.

The Belfius Art Committee appoints a Secretary who may but need not be a member of the Belfius Art Committee.

2.1.4.5.3. Functioning

The Belfius Art Committee meets in principle eight times a year, upon being convened by its Chair.

When a prompt decision is needed, a fast-track procedure (by video conference) can be generated by the Chair through the Secretary.

The agenda and the documents relating thereto are sent to the members and to the extent necessary to the relevant invitees by the Chair of the Belfius Art Committee through the Secretary. The agenda indicates when a specific piece of (confidential) information is intended exclusively for specific invitees.

The following recurrent topics, inter alia, will be dealt with at the meetings:

- Monthly financial reporting,
- Follow-up Acquisitions,
- Follow-up Sales,
- Follow-up Loans & partnerships,
- Actuality and projects in the Belfius Art Gallery,
- Follow-up of decoration projects for Belfius buildings, and
- Projects connected to the Belfius Art Collection and its visibility.

The meetings are chaired by the Chair of the Belfius Art Committee. If the Chair is prevented, the meeting will be chaired by the member appointed by the Management Committee of Belfius Bank.

To deliberate, the presence of at least half of the members is required. A member may be represented by another member.

Decisions require a simple majority of the votes of the members present or represented at the meeting. In the event of a tie, the Chair shall have the casting vote.

The minutes are drawn up by the Secretary of the Belfius Art Committee, are approved by the members of the Belfius Art Committee and are signed by the Chair of the Belfius Art Committee together with the Secretary or, in his/her absence, by two members. The original minutes and documents related thereto are archived by the Secretary.

The Chair of the Belfius Art Committee reports on its activities to the Board of Directors of Belfius Bank on a yearly basis.

2.2. EXECUTIVE MANAGEMENT: MANAGEMENT BOARD

2.2.1. Responsibilities and scope



In accordance with the Article 24 of the Banking Law a Management Board has been put in place composed exclusively of members of the Board of Directors. The Management Board constitutes a collegiate body to which the same powers as a management committee referred to in the Code of Companies and Associations are transferred. The powers transferred to the Management Board cannot be exercised concurrently by the Board of Directors.

The Management Board is responsible for the effective management of the Bank, of which it leads and coordinates the activities of the various business lines and support departments, within the framework of the objectives of the general policy and the risk policy defined and supervised by the Board of Directors.

The Management Board ensures that the Bank's activity is in line with the strategy, risks and policies approved by the Board of Directors, and submits to the Board of Directors any relevant information enabling it to take informed decisions, and to the extent possible during the Board of Directors following the Management Board during which the relevant information has been discussed. 'Any relevant information' means information needed by the Board of Directors to exercise their role, responsibilities and powers as described in the internal rules of the Board of Directors.

Under the supervision of the Board of Directors, the Management Board takes measures necessary to ensure the observance and implementation of sound and appropriate structures for the organisation of the business including supervisory measures, to ensure effective and prudent management of the institution, and in particular, founded on:

- an appropriate management structure based, at the highest level, on a clear distinction between the senior management of the institution on the one hand and the supervision of that management on the other hand, ensuring within the institution an adequate separation of functions and a mechanism for the allocation of responsibilities which is well defined, transparent and clear,
- an appropriate administrative and accounting organisation and internal control, especially including a control system that provides a reasonable level of assurance of the reliability of the financial reporting process,
- effective procedures for identification, measurement, management, monitoring and



internal reporting of the risks that the institution could incur (e.g. Credit Risk, Non-Financial Risk, ...), including prevention of conflicts of interests,

- independent and appropriate internal audit, risk management and compliance functions,
- an appropriate integrity policy,
- an appropriate ESG framework and policies,
- a remuneration policy guaranteeing sound and effective risk management, preventing risk-taking that exceeds the risk appetite level set by the institution,
- control and security mechanisms in the field of IT which are appropriate to the institution's activities,
- an adequate whistleblowing procedure, in particular providing a specific, independent and autonomous alert to breaches of the institution's rules and codes of conduct,
- the introduction of adequate measures for business continuity so as to guarantee the maintenance of critical functions or their re-establishment as rapidly as possible and a return within a reasonable time of the provision of normal services.

The Management Board ensures that the remuneration policy adopted by the Board of Directors is correctly implemented and more specifically with regard to the process for the allocation of the performance-related remuneration.

The Management Board implements the measures necessary to guarantee risk control.

The Management Board supervises line management and respect for the competences and responsibilities attributed.

The Management Board provides the Board of Directors with the appropriate information relating to all significant risks, management policies and including also the control of significant risks of the institution and amendments made to these.

The Management Board reports at least once a year to the Board of Directors, the Statutory Auditor and the Supervisory Authority in relation to assessment of the effectiveness of the organisational mechanisms referred to in Article 21 §1 of the Banking Law, and the measures taken as the case may be to remedy any shortcomings observed. The report justifies that such measures meet legal and regulatory provisions.

The Management Board establishes a draft Governance Memorandum, which for Belfius Bank and the Belfius Group includes all of the internal organisational mechanisms referred to in Article 21 §1 of the Banking Law. This Governance Memorandum and its updates must be submitted for the approval of the Board of Directors. The Board of Directors forwards it to the Supervisory Authority, if necessary via the intervention of the Management Board.

The Management Board formulates proposals and advice for the Board of Directors, particularly with a view to definition of the strategy and objectives of the institution and its risk policy. This includes ESG factors.

The Management Board may delegate special powers to its Chair, its Vice-Chair (as the case may be), to one or more of its members, to one or more members of staff and to any other person. It may authorise sub-delegation.

2.2.2. Composition, appointment, term, age limit, training etc.

The composition and functioning of the Management Board are described in the articles of association and in the internal rules of the Management Board of Belfius Bank.

The main applicable provisions are set out below.

2.2.2.1. Number of members

The Board of Directors sets the number of members of the Management Board. The Management Board has a minimum of two members and it is composed exclusively of natural persons. The members of the Management Board form a college.

The Directors, members of the Management Board, are also qualified as "Executive Directors."

2.2.2.2. Appointment requirements

Executive Directors must, on their appointment and during the entire term of their mandate, have the expertise and professional integrity required to perform their tasks. The Board of Directors will periodically assess the suitability of the Executive Directors.

2.2.2.3. Incompatibility of mandates

In order to guarantee the availability of the members of the Management Board for the performance of their function as an Executive Director, Belfius Bank, applying Article 62 of the Banking Law, has established internal rules relating to the performance of external functions by Directors of the Bank.

- Executive Directors may exercise two non-executive mandates at a maximum in companies that do not belong to the Belfius Group (as defined in Article 62 of the Banking Law). In individual cases, the supervisory authority may nonetheless grant an exemption to the maximum number of mandates mentioned above by authorising an additional non-executive mandate,
- When an Executive Director intends to exercise a non-executive mandate in a company outside the Belfius Group the following rules apply:
 - The prior advice of the Nomination Committee and the prior approval of the Board of Directors of Belfius Bank are required,

- When giving its advice, the Nomination Committee will take into consideration any conflicts of interests that this new mandate could generate as well as the potential impact on the availability of the Director for exercising his/her executive mandate,
 - The exercise of a non-executive mandate as Chair of the Board of Directors in a company is not allowed.
- The exercise of a non-executive mandate in a listed company is not allowed.

These last three rules only apply for new mandates to be exercised by Executive Directors from 23 May 2019. Exemptions to these rules must be approved by the Board of Directors on the basis of a reasoned proposal and after opinion of the Nomination Committee according to the principle of full-time availability for positions inside the bank.

2.2.2.4. Remuneration

The remuneration of Executive Directors is set by the Board of Directors after advice of the Chair of the Management Board and of the Remuneration Committee.

2.2.3. Functioning

2.2.3.1. Mode of operation

The Management Board is a college. It may however distribute its tasks between its members: such distribution of tasks does not affect their collegial responsibility. A distribution of tasks is agreed by the Board of Directors and communicated to the Supervisory Authority.

The Management Board meets in principle once a week. If necessary, it may be convened at any time by the Chair or if at least two other members so request.

Meetings of the Management Board may be held physically, by video conference or by telephone conference. In that case, the meeting of the Management Board is deemed to take place at the registered office.

Any member of the Management Board prevented from attending may, by letter or any other means of communication by which the proxy is evidenced in writing (fax, printed email, etc.), give another member a proxy to represent him or her. Nevertheless, no member of the Management Board may represent more than one other member.

Each member of the Management Board may propose an item for the agenda.

Conditions of quorum and of majority

In order to deliberate validly, at least one half of the members of the Management Board must be present or represented.

The Management Board operates collegially and its decisions result from a consensus of its members. If necessary, the Chair may, on his or her initiative or on the request of two other members, submit the question being discussed to a vote. The decision is then taken by a simple majority of the votes of all the members present and represented. If equal numbers of votes are cast, the Chair of the Management Board will have the casting vote.

Confidentiality

The Management Board ensures the confidentiality of its deliberations.

Exceptional use of a written procedure

In exceptional cases, decisions may be taken by the Management Board by the unanimous consent of its members expressed in writing, including electronically.

2.2.3.2. Discharge

Each year, the Board of Directors (only the Non-Executive Directors) will decide on the discharge to be given to members of the Management Board for the exercise of their mandate during the previous financial year.

2.3. INTERNAL CONTROL AND KEY FUNCTIONS


2.3.1. THE INTERNAL CONTROL FRAMEWORK

Belfius' internal control framework is based on the three lines of defence model:

The first line of defence is the responsibility of the business (and support lines when applicable) and their management as this is where the risks are taken (handled) and where risks are potentially mitigated: they own, manage and control risk (Business Lines/ Front) within the framework designed by the 2nd LoD.

The Permanent Control functions within the business lines play a key pillar in this respect. These have been set up in each main business lines: one for PBR and one for WEP.

The second line of defence is the responsibility of the (transversal) control functions assured, mainly but not exclusively, by Risk and Compliance, which are independent from the business: they define the risk management framework (policies, guidelines, Risk Appetite Framework...), monitor and control the risks in support of the 1st line (Risk, Financial control, Legal, Compliance) and keep global risk oversight. Within the 2nd line, a new department 'Strategic Risk Management (SRM) & Modelling' has been created (out of SRM and Risk Modelling) reporting directly to the CRO.



The third line of defence is the responsibility of the internal audit function, which provides an independent review of the first two lines of defence.

For more information on the internal control framework (including the framework functions such as the secretary general, legal affairs, human resources and communication), and its assessment it is referred to the senior management report on the assessment of the internal control.

2.3.2. OPERATIONAL INDEPENDENT CONTROL FUNCTIONS

2.3.2.1. Risk control function

2.3.2.1.1. CRO

Within Belfius Bank, the CRO (Chief Risk Officer) is responsible for risk management. He or she is a member of the Management Board and reports directly to the Chair of the Management Board (CEO - Chief Executive Officer) of Belfius Bank.

The CRO may, at any time and without any restriction, directly contact the Chair of the Risk Committee and/or the Chair of the Audit Committee.

2.3.2.1.2. Risk Management – Governance

The Risk Management Governance of Belfius Bank is essentially built along two main lines:

- Risk Committees,
- Risk appetite,
- Risk Committees.

The presence of a performing Risk Governance structure is considered as the central cornerstone of sound risk management. It consists of a coherent number of Risk Committees, the roles and competences of which are defined in accordance with the Bank's commercial and financial objectives and Risk Appetite of the Group, while respecting external requirements related to regulations and supervision.

Strategic level

Two Risk Committees have been set up within the Management Board of Belfius Bank, prepared by the Risk department:

- The Risk Policy Committee (RPC) surveys the definition and the implementation of the Bank's principal risk management and measurement policies, processes and methodologies, and supervises their validation status. Its prime responsibility is to provide a risk governance that is commensurate with the risk appetite and strategy ("Risk Appetite Framework or RAF") of the Bank compliant with regulatory requirements and is in line with best practices.
- The Non-Financial Risks Committee (NFRC) ensures a well-governed and coordinated non

financial risk framework for an effective non-financial risk management. NFR covers a.o. operational risks (including fraud, HR, IT, IT security, business continuity, outsourcing, data related risks, privacy...) but also reputational, compliance, legal risks.

In addition to these two Committees, four functional areas also report to the Management Board without a specific Committee being set up for them. These four areas deal with credit and financial markets – related topics, ALM and Capital Management.

- The Credit Risk Committee (CRC) centralises, in a strategic and end-to-end process view, all credit risk-related topics (origination, monitoring, impairment) into one Committee with presence of the Management Board members who are directly involved.
- The Financial Markets Committee (FMC) has as its prime function the effective risk management oversight and steering of the Financial Markets activities. It is held once a month with a strict quorum including members of the Management Board.
- The Assets & Liabilities Committee (ALCo): while the Management Board and the Board of Directors have the ultimate responsibility for setting the strategic risk appetite and business objectives, they delegate to the ALCo the effective ALM management within the regulatory framework.
- The Capital Group Committee (CGC) anticipates, understands, prepares, analyses and monitors all capital aspects on a conglomerate level (Bank, Insurance and related subsidiaries) in compliance with regulatory, legal and economic constraints.

Tactical / operational level

The Management Board delegates certain decisions to a tactical/operational level. The details of this delegation are set out in the applicable Committee charters. For matters that fall outside this delegation, the tactical/operational level provides information or puts forward opinions to the Management Board, which then decides.

The Committees that are part of the tactical/operational level are Committees on which the Risk department generally participates alongside business divisions. Risk Committees which are steered by the Risk department focus mainly on risk appetite and methodology. Risk/Business Committees which are steered jointly by the Risk department/Business focus mainly on guidelines, transactions and risks on counterparty risks. The Risk department has a veto right in many of these Committees, as well as the right to bring files for decision to a higher governance level.

Risk Management Framework

The Risk Management Framework aims to implement sound, prudent and effective risk management and corporate governance. It is composed of essential building blocks and aims to cover in a coherent way all elements needed for sound risk management. It mainly defines the interactions between the Risk department and Business.



The Risk Appetite Framework (RAF) (aims to align the strategy, financial targets and the overall risk appetite. The Risk Appetite framework is embedded in the corporate strategy and the risk culture of the Group. The construction of the RAF is an iterative process. Key Risk Indicators (KRI's) and limits are checked against business strategies to see if it allows to meet financial targets.



In real terms, the RAF:

- is the expression at the highest consolidated level of the risks Belfius is (not) ready to take as a stand-alone company bank pursuing its own strategy and financial targets;
- applies group-wide and all (sub-)limits and risk guidelines have to be consistent with it;
- is composed of three levels:

- Level 1 includes high level risk indicators and qualitative statements which reflects also risk culture (eg ethics, tax, compliance, fraud, climate and environmental risks, ..),
- Level 2 includes more detailed KRI's on a broad range of key risks,
- Level 3 concerns the operational limit book and activity or entity specific risk indicators.

This risk appetite is defined by the Board of Directors, based on proposals from the Management Board. The Risk Department prepares the Management Board's proposals and the Board's decisions, and also sets the rules and the framework for implementation of those rules.

The Risk and Finance departments are responsible for monitoring these ratios, and if there are discrepancies, for proposing measures to the Management Board to ensure the limits are met.



One of the key processes is to ensure that the Financial Plan, which translate bank strategies into financial figures, respects the RAF limits, both in a base case and in case of stress scenarios. Each year, different stress scenarios are defined taken into account emerging risks and Belfius' vulnerabilities.

The RAF of the Group and the main subsidiaries is reported on a quarterly basis to the Management Board and the Board of Directors. For the smaller subsidiaries the RAF is reported on a six-month basis.

The RAF itself is updated yearly.

All main subsidiaries have a RAF, consistent with the Belfius Group RAF. These are updated yearly as well (when applicable).

2.3.2.1.3. Stress tests

Stress tests are designed to measure the Bank's sensitivity, in terms of losses, additional weighted risks, liquidity needs or equity capital requirements that could impact Belfius in scenarios featuring significant unexpected shocks in the financial markets and/or with regard to the financial situation of Belfius specifically.

The bank participates to EBA led stress tests (in co-operation with the NBB, the ECB, the European Commission and the European Systemic Risk Board). The stress test is applied to large European banks and its aim was to assess the resilience of selected institutions when confronted by severe financial and economic stress over a three-year time horizon.

Inter alia, Belfius also performs an internal stress testing programme in connection with its Financial Plan. Belfius Bank developed a set of alternative and very severe macroeconomic scenarios designed to anticipate its main weaknesses and to simulate how Belfius might be affected under these circumstances. These different stress tests measure the potential deviations from the "base case" Financial Plan and from Risk Appetite targets set by the management in terms of solvency, liquidity and profitability. These stress tests are submitted to the Management Board as well as to the Board of Directors at the same time as the Financial Plan.

2.3.2.2. Compliance

2.3.2.2.1. Organisation

Compliance is organised according to the principles of the Compliance Policy which combines the Compliance Charter and the Integrity Policy.

- The Compliance Charter states the fundamental principles of the Compliance function, its organisation and its tasks.
- The Integrity Policy aims at application of the most important principles in matters of ethics and good

conduct. It describes the fields incumbent upon the Compliance function.

The Compliance function reports to the Chief Risk Officer.

The Compliance division is broadly developed and calls on a network of Compliance Correspondents (hereinafter called "CORM"s) within the Bank.

In line with the Belfius Group Governance, the Compliance Officer is also responsible for (the supervision of) the introduction of an appropriate Compliance function in all the Bank's branches and subsidiaries.

Within the context of its supervisory tasks, the Board of Directors (as the case may be via the Audit Committee of Belfius Bank) regularly checks whether the Bank has an adequate, independent and sufficiently equipped Compliance function. The Board of Directors is informed at least once a year, as the case may be by its Audit Committee, on the activities of Compliance.

2.3.2.2.2. Tasks

The main task of the Compliance function is to assess compliance of the application of the codes of conduct, instructions, procedures and organisations in relation to the integrity rules applicable to the banking sector and the insurance sector. These rules are those which arise from the Integrity Policy specific to the Bank and other legal and regulatory provisions applicable to the banking sector and the insurance sector. The end game is to protect the reputation of Belfius with regard to compliance risks.

The Compliance function makes proposals in relation to the Integrity Policy and submits them for the approval of the Management Board. It advises the Management Board on the measures to be taken within the context of the Integrity Policy and ensures the establishment of codes and procedures within the entity.

The Compliance function is responsible in particular for the following tasks:

Regulatory watch

- monitoring the national and international legislation, regulations, codes of conduct, standards, good practices and so on regarding Compliance matters and risks (creation and update of an inventory, collaboration with the legal function,...),
- monitoring the interpretations of the rules described above (e.g. through contacts with supervisory bodies).

Risk identification and mitigation

- taking initiative to identify, document and assess the Compliance risks, including:

- detecting incidents which must be communicated and the fulfilment of obligations of communication to third parties (e.g. CTIF, market authority),
- examining and monitoring breaches of law, regulations or internal professional ethics (e.g. conflicts of interests, personal own account transactions by staff, accepting and offering gifts),
- assessing the adequacy of internal directives, procedures, guidelines and controls and formulating proposals for their amendment if necessary (e.g. in case of identified shortcomings),
- taking note of significant internal and external documents concerning management and operation (e.g. internal and external audit documents, information and remarks from supervisory bodies).

Develop action plans

- set-up of a yearly Compliance action plan on a risk-based approach,
- identifying the required resources (human, material, etc.),
- getting approval of Management Board and of Board of Directors.

Advice

- providing advice to the Management Board and the operating departments regarding the application of legislation and regulations, standards and codes (and any changes to them),
- taking part in deliberations about new products, services and/or markets and changes in the company organisation,
- formulating recommendations based on the development and ongoing adjustment of the integrity policy (procedures, instructions, guidelines, codes, etc.),
- providing advice in relation with the elaboration of decision-taking procedures and codes of professional ethics for implementation of the institution's policy observing legal and regulatory provisions and implementing appropriate internal control measures,
- offering support in the alignment of the operational treatment of certain transactions and the creation of certain relations with the institution's policies (e.g. suspension or refusal of a transaction, assessing customer relations at the start and end of that relationship).

Awareness, training and point of contact for third parties

- constant awareness and training of staff members, including staff members of the branches and agents, in Compliance matters, in order to enable them to recognise and manage Compliance risks,

- elaborating directives for staff members to specify the lines of Belfius Bank's policy,
- establishing one or more points of contact for third parties responsible for supervising compliance with certain integrity rules (e.g. Supervisory Authorities, the "Financial Information Processing Unit" (hereinafter called the "FIPC"), the judicial authorities, the tax administration),

Monitoring

- supervision of compliance with integrity and conduct rules based on audit of results of the operating departments (first line), own sampling and observations, conversations with employees, monitoring of complaints and exception reports and mystery shopping,
- follow-up on points requiring attention and remedial actions for the first line.

2.3.2.3. Internal audit

2.3.2.3.1. Tasks

Internal audit is an independent and objective activity which provides management with a reasonable assurance on the degree of control of its operations, gives it advice on improving them and contributes to the creation of added value.

To that end, internal audit assesses the risks associated with the objectives of the organisation and the controls in place to manage those risks. Internal audit then provides management with an evaluation of the residual risks so that it can validate their appropriateness to the overall risk profile desired for Belfius Bank and Belfius Insurance and, if necessary, suggest actions to management for the design and effectiveness of such controls to be strengthened. The implementation of these action plans is monitored by internal audit; half-yearly reports on this subject are sent to the respective Management Boards and Audit Committees of Belfius Bank and Belfius Insurance.

In line with international standards, an Audit Charter states the fundamental principles of the audit function. The current Charter was ratified by the Management Boards and by the Audit Committees of Belfius Bank and Belfius Insurance. It was revised to take account of structural developments and also the new governance principles within the Belfius Group. It contains the core principles (access to all information, objectivity, independence, impartiality, competence, confidentiality and respect for a common methodology) governing the internal audit function, describing its objectives, roles, responsibilities and functioning across the Belfius Group.

All the activities and entities of the Belfius Group are within the scope of the internal audit, without condition or exception.

2.3.2.3.2. Organisation of the audit function within the Belfius Group

The internal audit function of the Belfius Group is performed by the internal audit departments of Belfius Bank and Belfius Insurance. For other entities of the Belfius Group, their parent company performs the audit function.

In accordance with the legislation applicable to credit institutions and insurance companies, circulars from the Supervisory Authority on the exercise of the internal audit function and the principles of good governance of financial institutions, Belfius Bank and Belfius Insurance ensure that they constantly have an appropriate independent internal audit function. Therefore, the audit function reports to the respective Audit Committees.

As part of their control tasks, the Boards of Directors of Belfius Bank and Belfius Insurance regularly check that their respective entities have a suitable internal control. To that end, the Boards of Directors relies on periodical reporting from the Audit Committees. The Audit Committees of Belfius Bank and Belfius Insurance ensure that an independent assessment of the internal audit function is made periodically within the Belfius entities.

The audit departments of Belfius Bank and Belfius Insurance report administratively on their mission to the Chair of the Management Board as well as to the Chair of the Audit Committee of their entity. Their independence is guaranteed by their functional attachment to the highest hierarchic level of their respective entity, i.e. the Board of Directors (via the Audit Committee), as well as by the responsibilities for monitoring and evaluation of the internal audit function assigned to the Audit Committee of that entity.

In order to guarantee the good operation of Belfius Bank and Belfius Insurance, the Auditors General of Belfius Bank and Belfius Insurance are in charge of putting in place and maintaining an appropriate internal audit. Therefore, they receive from their respective Management Boards and Boards of Directors, on the advice of their Audit Committees, the means necessary to perform their tasks with a view to dealing constantly with structural and environmental developments. The audit department of Belfius Bank is, moreover, responsible for ensuring the appropriateness of the organisation of the internal audit put in place throughout the Belfius Group and the quality of its operation. To that end, the head of internal audit at Belfius Insurance has a functional link to the Auditor General of Belfius Bank and the Auditor General of Belfius Bank attends meetings of the Audit Committee of Belfius Insurance and periodically meets the Auditor General of Belfius

Insurance. The adequacy of the resources of internal audit at Belfius Group level is assessed globally taking account of all the audit means available in the Group as well as the necessary competences.

The Auditors General of Belfius Bank and Belfius Insurance manage the audit approach as well as the human and financial resources. They are responsible for all audit assignments, risk analysis as well as the audit plan over the scope of their respective entities, including all their subsidiaries and branches which do not have their own audit department. They manage the internal audit team within their respective entities, define training plans and evaluate the work of the auditors.


Internal audit relies on robust methods based on good international audit practices which are applied in a uniform manner for all the Belfius Group. These are regularly adapted to reflect both the developments of standards, the returns of experience on the field and the evolution of organisational structures.

After the risk assessment, audit missions are targeted on the most risky activities taken into account the need for an appropriate coverage of the Audit Universe (audit cycle ratified by the Audit Committees). The methodologies structure the audit activity in its objective of supporting the corporate governance in terms of risks.

The audit departments within the Belfius Group rely on a central “support” unit (the “Audit Office”) within Belfius Bank. On proposal of that central unit, the Auditors General of Belfius Bank and Belfius Insurance consult and ratify the unique internal audit methodologies and processes to be implemented in each entity, as well as their developments, and ensure the application of the decisions taken. The “Audit Office” is also responsible for the provision and maintenance of audit tools, the management of central projects, the quality reviews regarding observance of the audit methodologies and processes, training on audit techniques and processes, and administrative support of the audit department of Belfius Bank.

An internal quality assurance programme is defined and implemented by the central “Audit Office” and by internal audit functions. The results of the plan are communicated annually to the Management Board and Audit Committee of Belfius Bank.

Within Belfius Bank specifically, the Auditor General relies on domain managers responsible for ensuring and maintaining the knowledge of the risks in assigned audit domains, managing audit assessments and monitoring recommendations, as well as performing the annual risks assessment. In addition, the Audit Office also deals with the practical organisation of the Audit Committee, coordination



and/or production of various reports produced by the Audit & Control department, planning all the tasks included in and out the annual audit plan.

The Auditor General of Belfius Bank also performs the following roles over the scope of the entities for which Belfius Bank provides the internal audit function:

- acting as a point of contact for local management and auditors, organising and with the possibility of participating in the Audit Committee and internal control Committees of the subsidiaries and branches,
- following-up on all the missions led by the local supervisory authorities,
- guaranteeing that the risks of the operational activities (Audit Universe) of the bank are covered adequately as defined in the charter approved by the Audit Committee of Belfius Bank and that all requests from the Chair of the Management Board or the Audit Committee are dealt with,
- and taking responsibility for the Investigations & Branch Audit division.

2.4. OPERATIONAL MANAGEMENT

2.4.1. Organisation of the divisions

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 and general policy set by the Board of Directors.

A distribution of tasks has been agreed between the members of the Management Board and is reported.

2.4.2. Products and services and new product validation policy

Belfius strongly invests in all segments of Belgian society:

- The public and social sector. The public sector includes local authorities (municipalities, provinces, police & fire zones, CPAS / OCMW, inter-municipal companies, government corporations), but also regions, communities and federal authorities. The social sector includes hospitals, care homes, social housing, schools (from primary education to universities), professional associations and labour unions, institutions for health insurance and general non-profit organisations active in the field of labour, health, education and the social and cultural sector.
- The Belgian economy, ranging from the self-employed, liberal professions and small enterprises to the medium-sized and large corporates. Belfius seeks to support them throughout the entire

lifecycle of their business with a comprehensive package of products and services. Next to a wide range of classic products meeting all basic financial needs as effectively as possible (such as credits and transaction banking), Belfius leverages its in-depth client and market understanding and data and digital capabilities to meet the business and private needs of corporate, public and social clients. Finally, Belfius can also protect businesses, using a range of non-life and life insurance products.

- The individuals. As a Bank-insurer, Belfius helps customers to protect and develop their assets, through cross-selling along the whole product range: payments, non-maturing savings, mortgages and consumer finance, non-life and life insurances, investments (such as maturing deposits, mutual funds or structured notes) and insurance-investments in line with Belfius Convictions. Leveraging digital and data capabilities, Belfius also branches out to a beyond banking and insurance offering, simplifying its customers' lives and reinforcing its core business.

New products and services are to align with the Transition Acceleration Policy, which is Belfius' policy on "controversial" or "sensitive" sectors. The Transition Acceleration Policy (TAP) has a double objective to both encourage and support economic actors in their shift towards more sustainable activities, and to reduce negative impact of the Bank's own activities by discontinuing or limiting support of non-sustainable activities.

The process of developing or changing a function (product, service, activity, process or system) involves a sound (ex-ante) risk assessment, the so-called New Product Approval Process. Its purpose is to ensure that all risks related to any new or changed function are assessed by relevant experts and addressed accordingly and that they are overseen by a dedicated steering committee.

The NPAP is a risk-based process with special attention to the due implementation of binding conditions.

2.4.3. Geographic scope of activities

Belfius Bank carries on its principal activities in Belgium. The Bank also operates abroad through the principle of freedom to provide services and subsidiaries.

2.4.3.1. Principle of freedom to provide services

In accordance with the Directive 2013/36/EU of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC Belfius Bank holds several European passports.

2.4.3.2. Subsidiaries

For an overview of the enterprises in which Belfius Bank holds an interest within the meaning of the Royal Decree dated 23 September 1992, as well as the other enterprises in which it holds rights up to at least 10% of the subscribed capital, please refer to the Annual Report of Belfius Bank.

The subsidiaries of Belfius Bank include a company that issues financing securities in Luxembourg: Belfius Financing Company. This entity enables Belfius Bank to diversify and balance its sources of financing. This company has been the subject of rulings in Belgium with full transparency to the tax authorities concerned. Belfius also holds a subsidiary in Ireland, Belfius Ireland is an unlimited company registered in Ireland. The principal activities of the company are financial investments and portfolio management. The company actively manages a portfolio of investments with a view to generating margin income. The portfolio is focused on high quality bonds in bank, sovereign and public sector assets. This portfolio is in run-off.

2.4.4. Policy regarding the use of off-shore centres and complex structures

Belfius Bank respects the principles adopted by the OECD and the G20 on the implementation of international standards aimed at improving fiscal transparency and the exchange of information for fiscal purposes. Belfius Bank does not set up offshore centre structures for its customers in tax havens.

Belfius Bank does not carry out any business activities in territories that are deemed to be “non-cooperative” by the EU.

Belfius is involved in a certain number of securitisation operations where credits are transferred to a special purpose vehicle. This vehicle is incorporated under the form of a limited liability company under Belgian law, in accordance with the Belgian Code of Companies and Associations and the laws applicable to the Debt Investment Companies (“sociétés d’investissement en créances” / “vennootschap voor belegging in schuldvorderingen”). The performance of such a securitisation operation falls within the Bank’s funding and liquidity policy.

Belfius also advises other institutions performing securitisation operations (rendering of services in the form of advices in exchange for a fee).

2.5. CODE OF CONDUCT AND BEHAVIOR

2.5.1. Internal codes and regulation – General

The Compliance Officer is competent to elaborate, implement, update and supervise compliance with the rules of professional ethics.

The core principles of the integrity policy are contained in the Belfius Integrity Policy, approved by the Management Board, the Board of Directors and the Works Council of Belfius Bank. The Belfius Integrity Policy constitutes the basis of professional ethics in the Bank and outlines the general framework for the adoption of honest conduct and professional ethics.

The Belfius Integrity Policy is based on the following four principles:

- compliance with laws, regulations and professional standards,
- professionalism and discretion,
- integrity vis-à-vis customers in all of Belfius activities,
- loyalty and mutual respect.

The Belfius Integrity Policy lists the areas within the compliance function. Most of these areas are also covered in the internal Code of Ethics, e.g. Anti-Money Laundering and combatting the financing of terrorism, Market Abuse, data protection, whistleblowing, ...).

2.5.2. Internal codes and regulation – specific policies

Still, based on those general principles, some themes have been developed into more detailed policies, such as the Anti Bribery Policy, the Sponsoring Policy, the Complaints Policy, the Product Governance Policy the Suppliers Ethics Charter, the Gifts, Favours and Invitations Policy, the Client Acceptance Policy, the Anti-discrimination Policy, the Politically Exposed Persons Policy.

In the sections below, further details are provided on the Anti Money Laundering, Market Abuse Policy and Whistleblowing Policy.

2.5.2.1. Anti-money laundering and counter terrorism financing policy

Belfius has set-up an Anti-Money Laundering Policy, which was updated in 2018 in order to establish a general framework for the fight against money laundering (AML) and financing of terrorism (CFT).

Money Laundering means:

- the conversion or transfer of property, knowing that such property is derived from criminal activity or from an act of participation in such activity, for the purpose of concealing or disguising the illicit

origin of the property or of assisting any person who is involved in the commission of such an activity to evade the legal consequences of that person's action,

- the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of, property, knowing that such property is derived from criminal activity or from an act of participation in such an activity,
- the acquisition, possession or use of property, knowing, at the time of receipt, that such property was derived from criminal activity or from an act of participation in such an activity,
- participation in, association to commit, attempts to commit and aiding, abetting, facilitating and counselling the commission of any of the actions referred to in the previous points.

Money laundering will be regarded as such even where the activities which generated the property to be laundered were carried out in the territory of another Member State or in that of a third country.

Terrorism financing means: the provision or collection of funds, by any means, directly or indirectly, with the intention that they be used or in the knowledge that they are to be used, in full or in part, in order to carry out any terrorist act.

The AML framework is designed to be compliant with all applicable laws and regulatory requirements regarding AML/CFT.

2.5.2.2. Market Abuse Policy

The Belfius general Market Abuse Policy is complemented, with a policy regarding Chinese Walls, a policy regarding Restricted Lists and a Permanent Insider List Policy when relevant.

Market abuse is understood to mean insider trading, the illicit disclosure of privileged information and market manipulation.

As part of their activities, some members of staff have access to privileged information relating to financial instruments traded on a regulated market (or to their issuer), for which an application for admission to trade on such a market has been or will be lodged, or the value of which depends on the aforementioned financial instruments. In addition, the execution of certain transactions or the dissemination of certain information may have an impact on the perception of financial instruments or their issuer.

2.5.2.2.1. Market Abuse prevention

The prevention of market abuse is based along three main lines, as follows:

- management of the circulation of information relating to financial instruments and their issuers in order to restrict the dissemination of that

information both inside and outside the bank,

- the supervision of certain activities, in particular certain types of transactions on the financial markets and market surveys (this latter point is dealt with in a separate procedure),
- the training and awareness of staff.

2.5.2.2.2. Market Abuse detection

The detection of market abuse is focused on two areas, as follows:

- The implementation of a detection system based on the surveillance of instructions and transactions via:
 - a system of alerts geared to the nature of the activity in question,
 - the use of the data available by staff members when they have a relationship with the party issuing the instructions, whether that party is a customer or a person trading on his or her account (identity, instructions given, trading habits, way in which orders are transmitted, etc.).

For this purpose, the Compliance function has access to all relevant information and documentation.

- The awareness and training of the staff members affected by this issue so that they are able to detect market abuse.


2.5.2.3. Whistleblowing Policy

Within Belfius Bank, the Belfius Integrity Policy provides that staff members have the opportunity to reveal any shortcoming, abuse or malfunction liable to seriously affect Belfius Bank. To that end, Belfius Bank has introduced an internal whistleblowing procedure aimed at reducing the risks of suffering a financial loss, a penalty or a loss of image or reputation as a consequence of the non-fulfilment of legal or regulatory obligations or its Compliance policy.

The internal whistleblowing procedure is not a substitute for other systems already in place for the prevention of certain types of risks but constitutes an additional procedure. It is only used in the absence of any other more appropriate procedure.

The internal whistleblowing procedure respects the principle of the transmission of information in the first place to those senior to the staff member who wishes to give such a warning. If that senior person deems it appropriate, he or she will forward the information to the Compliance division. The system offers staff members an additional direct recourse to the Compliance division when notifying senior people may not be appropriate or adequate.

The Compliance division is the central point of contact within the warning system. It gathers and deals



with pertinent information received through the system. The members of the Compliance division are governed by a particular confidentiality obligation.

The Compliance division is responsible for dealing with communications and observance of the rights of the parties within the context of implementing and monitoring this procedure. It is bound to maintain strict discretion and undertakes rapidly and carefully to deal with information communicated via the internal system. As for the identity of the different parties, the number of persons who have such information must keep to a strict minimum.

2.5.3. Conflicts of interests

2.5.3.1. Conflicts of interests between the Directors and the institution

2.5.3.1.1. Transactions/contracts carried out with the Bank

Belfius Bank may enter into transactions/contracts, directly or indirectly (e.g. via its subsidiaries) with:

- its Directors/Members of the Management Board (including persons who are related to them, and companies and institutions in which Directors/Members of the Management Board or their related parties have a qualified stake, may exercise a significant influence, hold a directorship, or are in charge of the senior management),
- its significant shareholders (including members of their different bodies and persons who take part in their senior management), and
- companies or institutions on which Belfius Bank exercises a control,

only under the conditions, for the amounts and with the guarantees applicable to its customers (Article 72 of the Banking Law).

The loans, credits or guarantees to be granted to the persons/companies/entities referred to above must be duly documented and notified to the Board of Directors within such a period that the Board of Directors may oppose them.

Irrespective of the body called upon to decide, the members with a direct or indirect personal or functional interest may not take part to the deliberations and the votes of the Board of Directors.

The loans, credits or guarantees to be granted to companies or institutions on which Belfius Bank exercises a control must not be notified to the Board of Directors if there are covered by a framework contract which has been notified to the Board of Directors.

The granted loans, credits or guarantees - except for the loans, credits or guarantees granted to companies or institutions on which Belfius Bank exercises a control - are then notified to the Supervisory Authority

at such intervals and according to such procedures as defined by the latter.

The Board of Directors and the Supervisory Authority do not need to be notified if all the loans, credits or guarantees granted to a given person, or a company do not exceed € 500,000.

Non-compliance with this legal provision will be subject to criminal prosecution.

The Board of Directors has adopted a policy concerning contracts entered into and decisions carried out with these people.

2.5.3.1.2. Services provided to the Bank by Directors

The Non-Executive Directors of Belfius Bank have undertaken, via the internal rules of the Board of Directors, not to provide Belfius Group, directly or indirectly, with services against payment (for example, consultancy services, tax advice, ...).

2.5.3.1.3. Legal, statutory and internal procedures for preventing and resolving conflicts of interests

As regards the resolution of conflicts of interests of Executive Directors or Non-Executive Directors vis-à-vis the institution, reference is made to Article 7:116 of the Code of Companies and Associations, to Article 59/1 of the Banking Law.

Moreover Belfius Bank has adopted specific provisions in its articles of association and internal rules of the Board of Directors in this regard.

Statutory provisions (Article 18 of the Articles of Association)

Without prejudice to the applicable provisions of the Code of Companies and Associations and the Banking Law, if a Board member or a member of the Management Board has a direct or indirect interest of any nature whatsoever that is in conflict with a proposed act or decision which, as applicable, is or may become within the sphere of competence of the Board of Directors or the Management Board, including as a result of a dual function, will inform the Chair at once and may not take part in the deliberations or the vote on that proposal; however, when a dual function concerns a company linked to the company in the sense of Article 1:20 of the Code of Companies and Associations, it may, notwithstanding the above, attend deliberations and take part in the vote.

Internal provisions

- Conflicts of interests - Incompatibility of mandates
- The exercise of external mandates by Directors is in principle authorised, but subject to several limitations.

- Conflicts of interests – Directors personal account transactions and transactions on behalf of persons closely connected to Directors

The 'Rules relating to personal transactions of the members of the Board of Directors of Belfius Bank' form a part of the internal rules of the Board of Directors.

The members of the Board of Directors are considered to be "relevant person" within the meaning of the MiFID II organisational regulation. This means that the following reporting duty must be respected:

- For transactions carried out via Belfius Bank,
- For transactions performed on securities accounts opened in the name of a Director at Belfius Bank need not be declared. Belfius Bank has a control system which enables all personal transactions for and via the Director's account to be identified,
- For transactions carried out via another financial institution.

In all other cases, Directors must as quickly as possible declare all their personal transactions to the Compliance Officer of Belfius Bank.

A personal transaction will be a trade in a financial instrument effected by or on behalf of a relevant person, where at least one of the following criteria are met:

- the relevant person is acting outside the scope of the activities he or she carries out in as part of his/her activities within Belfius Bank,
- the trade is carried out for the account of any of the following persons:
 - (i) the relevant person,
 - (ii) any person with whom he or she has a family relationship, or with whom he has close links (natural persons who are relatives, i.e. with whom there is a family tie or a close connection and/or legal entities with which relevant persons have links),
 - (iii) a person in respect of whom the relevant person has a direct or indirect material interest in the outcome of the trade.

This definition is in relation to two main categories of transactions. On the one hand, these are transactions executed by the actual Director. On the other hand, these are transactions executed by a third party acting on behalf of the Director or on behalf of the Director and another person.

Furthermore, to avoid conflicts concerning Executive Directors, any Belfius investment product subscribed by an Executive Director will be so under the conditions applicable to customers (i.e. conditions in force for customers who are in a similar position vis-à-vis the Bank). Moreover, any securities portfolio

held directly by an Executive Director will be under management with Candriam (without the Bank's involvement).

- Conflicts of interests - rules applicable to Directors in relation to companies with which Belfius Bank has close ties

Executive Directors and Non-Executive Directors may in no way participate, either within the company concerned in which they exercise a mandate and within Belfius Bank, in the decision-taking process regarding services provided by the Bank to that company, or exercise any influence whatsoever on that process.

The Management Board of Belfius Bank must moreover ensure that the conditions under which services are provided to those companies correspond to normal market conditions and the usual practices of Belfius Bank.

2.5.3.2. Conflicts of interests between the institution and its shareholders

Reference is made to Section 2.1.1.2. of the present Memorandum and the Policy on transactions/ contracts entered into with Directors of Belfius Bank and related parties.

2.5.3.3. Conflicts of interests between staff members and the institution, and by extension customers of the Bank

The general principles regarding policy on conflicts of interests appear in the Belfius Integrity Policy and in the specific policy on conflicts of interests. In following those principles, an entire range of specific rules and procedures has been established, e.g. the policy on gifts and invitations, the policy on personal account transactions of staff members, the rules on powers of attorney, the rules on donations and legacies to certain staff members of the Bank and the internal rules on the regime of incompatibility of mandates (Article 62 of the Banking Law).

2.5.3.4. Conflicts of interests between the institution and its customers and reciprocally between customers

As it implemented the European MiFID regulations, Belfius Bank established a specific policy in relation to conflicts of interests in order, for the MiFID activities in question, to avoid possible conflicts of interests having adverse repercussions for the customer.

The MiFID policy on conflicts of interests describes the scope of application and the core principles of the policy to be followed. Moreover, it provides the methodology for identifying and managing possible conflicts of interests, and sets tasks and responsibilities. Five categories of measures to achieve effective management of any conflicts have been provided: customer information on the subject of possible

conflicts of interests, command and control of the exchange of information, prevention of inappropriate influences, taking organisational measures and, finally, renunciation of transactions. Training and communication form the cornerstones of any later implementation.

Within the Bank, this policy and the various elementary measures have been reflected in specific rules, instructions and procedures regarding the identification and management of possible conflicts of interests. The introduction of such measures always relies on strict observance of legal provisions and the most severe internal norms and standards. A summary of this policy is available to customers via the Bank's web site.

2.5.3.5. Conflicts of interests between entities of the Belfius Group

Reference is made to Section 1.4.3. of the present Memorandum and the Conflicts of Interests Policy for intragroup relations.

2.5.4. Handling of customer complaints

The current Complaints Policy of Belfius Bank was written in 2018 and is implemented in a transparent procedure for dealing with customer complaints.

As complaints are registered in a central system with operations to process cases at every stage, complaints are professionally monitored which allows Belfius Bank to conduct an effective prevention policy. All complaints are monitored via the same system.

The Complaints department regularly reports to all the internal services, departments and subsidiaries concerned and to the Bank's Management Board.

2.5.4.1. Management of complaints from PBR customers

Any complaint concerning the retail and commercial banking products (except lease, autolease, commercial finance, Elantis, Belfius Direct Assurances) for all segments is handled by the Complaints department in the CTRO Direction (Customer & Operational Excellence).

The Bank distinguishes between four handling levels of complaints:

- The branch / Connect represents the initial link in the complaints management chain, given that it is the closest to the customer.
- The Complaints department (the second level) handles:
 - complaints the customer makes directly by complaints form on the Belfius website, letter, telephone, email, and so on to the Complaints department,

- complaints for which agents / Connect agents are not able to offer a solution themselves and ask for help from head office,
- complaints received by internal services, other departments (for instance Distribution, Marketing, and so on) or certain subsidiaries (Belfius Insurance for products sold through Belfius Bank Networks, Crefius, Belfius Asset Management).

- The Complaints department handles complaints within the deadlines set, observing established quality standards and in principle providing the customer with a response.
- The subsidiaries such as Belfius Lease, Belfius Auto Lease, Elantis and Belfius Commercial Finance register and handle complaints concerning them either directly (when the complaint is addressed to them) or indirectly (when complaint arrives first at the Complaints department).
- Internal negotiation: if the customer rejects the solution suggested by the Complaints department, he may address the Bank Negotiator (the third level). As a neutral contact, the Bank Negotiator makes a new analysis of the case, independently of the Complaints department and responds directly to the customer.
- External mediation: customers who still object to the position taken by the Bank may approach the Federal Bank/Insurance Ombudsman or the Court. If the Federal Ombudsman (banking/insurance products) considers the complaint well-founded, it will be managed with the cooperation of the Bank Negotiator (the fourth level).

2.5.4.2. Management of complaints from Corporate, Public or Social customers

Any complaint concerning Corporate, Public or Social customers is centralised by the Complaints department in the CTRO Direction (Customer & Operational Excellence), excluding complaints for Belfius Lease, Belfius Auto Lease and Belfius Commercial Finance.

The Bank again distinguishes between four handling levels of complaints:

- The relationship manager ("Banker" - the first level) represents the initial link in the complaints management chain, given that it is the closest to the customer.
- The Complaints Management service (the second level) handles:
 - complaints the customer makes directly by complaints form on the Belfius website, letter, telephone, email, and so on to the Complaints department,

- complaints for which the relationship manager is not able to offer a solution or asks for help from head office,
 - complaints received by internal services, other departments (for instance Distribution, Marketing, etc.) or certain subsidiaries (Belfius Insurance for products sold through Belfius Bank, Belfius Asset Management, ...).
- The subsidiaries such as Belfius Lease, Belfius Auto Lease and Belfius Commercial Finance register and handle complaints concerning them either directly (when the complaint is addressed to them) or indirectly (when the complaint arrives first at the Complaints department).
 - Internal negotiation: if the customer rejects the solution suggested by the Complaints department or the Banker (the relationship manager), he may address the Bank Negotiator (the third level) in writing. As a neutral contact, the bank negotiator makes a new analysis of the case, independently of the Complaints department and responds directly to the customer.
 - Customers who still object to the position taken by the Bank may approach the Federal Bank / Insurance Ombudsman (for professional loans granted to legal entities and Insurance products). If the Federal Ombudsman (Banking / Insurance products) considers the complaint well-founded, it will be managed with the cooperation of the Bank Negotiator (the fourth level).

2.5.5. Prevention Policy

Within the framework of the Circulars NBB 2021-17 (prevention policy) and NBB 2021-16 (specific mechanisms) and application of the Level Playing Fields concluded within Febelfin (particularly for inheritance - moment of death, "association de facto" and joint ownerships), a prevention policy has been developed in the Bank. It has been laid down in a series of elements reflected in three pillars. Firstly, the emphasis is placed on the provision of correct and neutral advice. In this regard, it is forbidden to give advice aimed at avoiding fiscal obligations. The second pillar provides a guarantee of the transparency and traceability of transactions. It is important to be able at any time to verify who has made what transaction and when. The facts must therefore be exposed in respecting the truth. The third pillar involves the observance of legal and regulatory provisions. The confidence of third parties on the one hand (particularly customers, the public, the shareholders, the authorities), and the reputation of the Bank on the other hand, depend on practices which respect the legislation.

2.5.6. Fraud risk

Belfius applies a zero-tolerance policy for all forms of fraud (internal, external, and mixed fraud schemes), monitors the threats continuously and manages these risks based on a global anti-fraud policy as defined and steered by senior management.

The roles and responsibilities have been clearly defined with business and support lines as the first risk managers. The CRO and NFR team, including the Anti-Fraud Officer as expert, have a clear 2nd LoD role.

Moreover, specialised panels are regularly organised to enhance awareness, information exchange on fraud trends, fraud detection tools and best practices in order to enhance fraud detection and mitigation within Belfius Group and to ensure that the Anti-Fraud Steering Committee (A-FSC) receives the information necessary for defining & monitoring the anti-fraud risk management.

2.5.7. Data Privacy Respect for privacy and customer satisfaction

The respect for privacy and the protection of personal data is a key commitment at Belfius, which is translated into a sound internal governance and principles to be followed in the respect of GDPR.


Belfius is very committed to avoid personal data breaches and to manage any incident as quickly as possible. All activities treating personal data are documented by the business lines in a privacy register. GDPR conformity, including a risk assessment for the rights and freedom of the persons whose personal data is treated, is integrated into every process to offer (existing, adapted and new) products, innovative digital tools, services and information sharing to its clients.

In order to continuously guarantee data privacy within Belfius, the Privacy Committee related to GDPR regularly meets. Belfius' Management and several committees are informed about GDPR on a recurrent basis at Belfius.

Staff needs to regularly update their GDPR knowledge and are also regularly informed on GDPR-news.

The Data Privacy Officer (DPO) is part of the 2nd line of defence. A network of privacy correspondents, active in each department, work closely with the DPO to continuously raise awareness, control, and monitor processes and activities being in line with GDPR.

GDPR conformity, including a risk assessment for the rights and freedom of the owners whose personal data is treated, is integrated into every process to offer (existing, adapted, and new) products, innovative digital tools, services, and information sharing to its clients.



All activities treating personal data are documented by the business lines in a privacy register and Belfius is very committed to avoid personal data breaches and to manage any incident as quickly as possible.

Data subject rights can be executed by data subjects via multiple possibilities, including the Belfius' online and mobile applications. We refer as well to the Privacy Risk Policy.



III. POLICY OF PUBLICATION OF THE PRINCIPLES IMPLEMENTED

The Governance Memorandum is subject to nihil obstat of the National Bank of Belgium and an extract of which is published on the Belfius Bank website in accordance with Article 75 §1 of the Banking Law.

IV. STATUS OF THE GOVERNANCE MEMORANDUM

The Governance Memorandum was approved by the Board of Directors on **18 December 2024**.

The Board of Directors will annually ensure that the content of the present Memorandum always reflects the Bank's situation and will if necessary make the appropriate modifications.

