



# Dexia Sustainable Development Report **2010**

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## How to read this report

To help us maintain consistency and stay in line with our new policy of sustainable development, this year we have taken our Sustainable Development Report a step further and for 2010 it is structured around the Group's four fundamental principles: Relevance, Essence, Communication and Evaluation. This new approach – a reflection of our ongoing efforts in the area of sustainable development – enables us to focus (a) on how we integrate sustainable development into the everyday exercise of our banking activities and (b) on how we guide our customers in their own sustainable development processes, all the while maintaining the quality of the information we provide with regard to our direct impact.

Consequently, this report is organised as follows:

- section one details our new strategy on sustainable development;
- section two focuses on our major priority for 2011-2012: the energy performance of buildings;
- the other sections of the report cover the programmes put in place for each of the four principles that guide the way we approach sustainable development.

To make it easier to understand, definitions of certain of the terms or expressions featured in the body of the report are set out in more detail in the glossary on page 46.

As we have done since 2008 and to limit our direct impact on the environment, we have again not printed any hard copy versions of our Sustainable Development Report 2010 this year, preferring instead to opt for an electronic version only. This version is available from the Dexia website at [www.dexia.com](http://www.dexia.com).

# Identity and strategy



# Message from the Chairmen



**Jean-Luc Dehaene**  
Chairman  
of the Board of Directors



**Pierre Mariani**  
Chief Executive  
Officer

The financial crisis has had a profound effect on the way our customers go about their business, confirming sustainable development as one of the major elements of their expectations. Anxious to develop a lasting relationship of trust with them over the long term, we moved to strengthen our position in the summer of 2010 by adopting a new framework and thereby renewing our commitment to sustainable development.

This aim is part of the continuity of Dexia's long-established commitment in this area, demonstrated by its support over many years of the major international initiatives on sustainable development, and in particular the United Nations *Global Compact*.

In 2009, we embarked on a far-reaching transformation of our company, refocusing on our traditional business lines and investing in our main commercial franchises. As part of this process, we have redefined our sustainable development offering around one essential question: what is the best way to assist and guide our customers in their own sustainable development endeavours as we continue to carry out our profession as bankers?

We have clarified our approach by basing it around four fundamental principles shared by the whole of the Group: Relevance, Essence, Communication and Evaluation.

This commitment constitutes the backbone of our new policy on sustainable development and crystallises our aspirations in this area: to bring added value to all of our stakeholders – and our customers in particular – through our products and our services and by the example we set in the way we conduct ourselves.

Our aim has been to focus our new approach in a highly operational manner by selecting a priority theme for action in 2011-2012: "the energy performance of buildings".

Over the past few years, Dexia has introduced numerous programmes in the area of the energy performance of buildings. As part of these initiatives, we have developed a range of innovative products and services, such as the "photovoltaic panels" insurance cover provided by Dexia Insurance Belgium. This policy won the Decavi Innovation Trophy in 2010. There was also the integrated offering for the energy refurbishment of heritage buildings, developed by Dexia Crédit Local in partnership with Promodul. Today, our aim is to strengthen our positioning on this topical issue which is of interest to all of our customers, both private and public.

# Our strategy for sustainable development

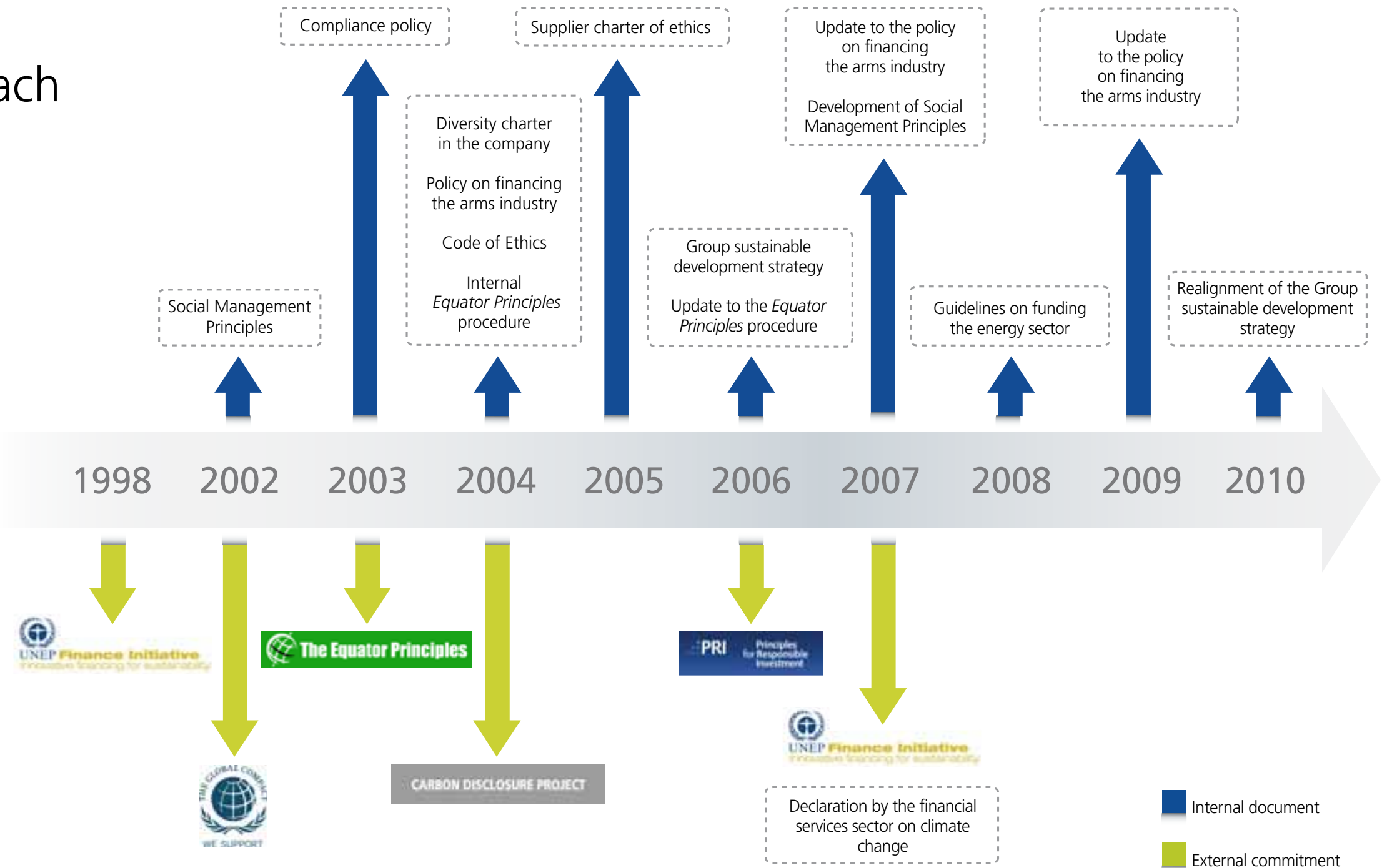
In 2010 we began thinking about the way we should tackle sustainable development so that we can ensure it is fully in line with the Group's new aims. As a result, a new framework was adopted that reaffirms our commitment and refocuses our approach to what we consider to be most essential issue of all: integrating sustainable development as part of our profession as bankers.

## Refocusing our approach

### RENEWING OUR COMMITMENT

By redefining Dexia's strategy for sustainable development in 2010, the Group's Management Board reiterated our long-standing commitment in favour of promoting this area, highlighted by the signing of major international agreements and incorporating them into our internal policies and documents. Ensuring these undertakings are complied with is the subject of regular in-house monitoring within the company.

It was with this in mind that Dexia Bank Belgium joined the *Global Compact* network in Belgium as soon as it was created in November 2009. Bringing together a hundred or so Belgian companies and organisations that have signed up to the *Global Compact*, the aim of the network is to promote the exchange of ideas and best practices for incorporating the ten principles of human rights, labour, environment and anti-corruption within the company.



Internal document  
External commitment

IDENTITY AND STRATEGY

Priority 2011-2012

Relevance

Essence

Communication

Evaluation

# Our strategy for sustainable development

## ADJUSTING OUR STRATEGY TO THE TRANSFORMATION OF THE GROUP

The 2008 financial crisis highlighted the need to conduct a thorough review of Dexia's business model and to rethink the way our business lines are developed. The transformation plan undertaken by the Group is based along three essential main lines for the future of Dexia: reducing the Group's risk profile, giving priority to long-established customers and business lines, and adjusting the way costs are structured. This has meant refocusing what we do in the business lines – commercial banking and the funding of public authorities – and the Group's main markets in France, Belgium, Luxembourg and Turkey. To adapt our organisation to the new market environment and to refocus our business, Dexia has also embarked on a plan to cut overheads and staff numbers.

Added to the in-depth transformation currently being undertaken by the Group is the maturing of the action plan implemented as part of Dexia's strategy on sustainable development and adopted in 2006.

Against this background, there was a need to rethink our approach to sustainable development to ensure consistency with the Group's new aims, as set out in the Dexia Forward 2014 strategic plan.

A wide-ranging process of reflection was conducted within the Group to examine our vision and ambitions in the area of sustainable development, based in particular on critical analysis of the assessment of the strategy initiated in 2006.

A working group made up of representatives from the Group's main business lines and entities worked on redefining a master plan for our new strategy on sustainable development. This project was discussed by the coordination committee on sustainable development and approved by the Group's Management Board.

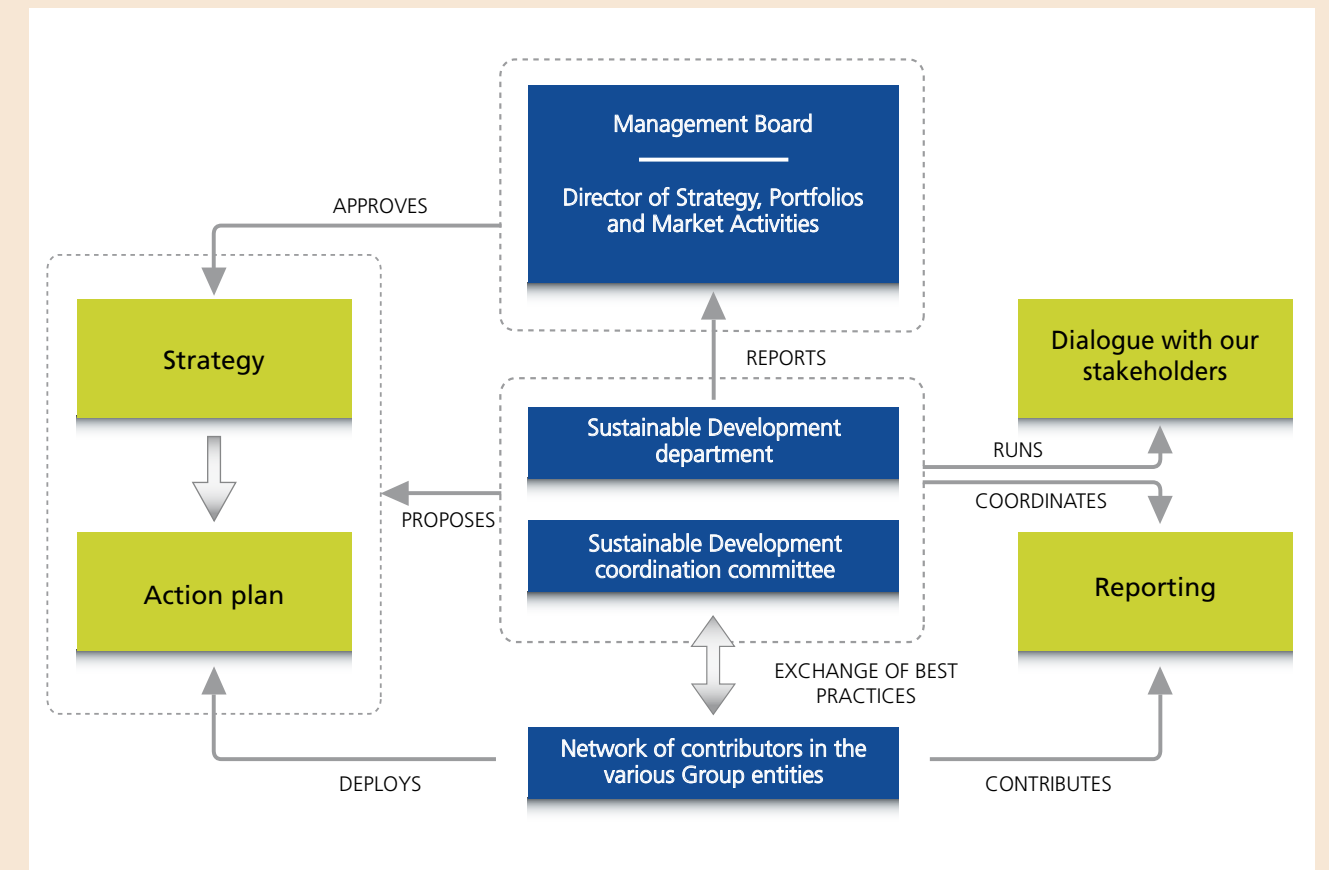
At the same time, we conducted consultation with a panel of internal and external stakeholders aimed at better identifying their expectations with regard to Dexia's strategy on sustainable development.

To find out more about the process of consulting our stakeholders and the way the expectations identified have been incorporated into the 2010 Sustainable Development Report, see pp. 7 and 35.

### THE WAY SUSTAINABLE DEVELOPMENT IS ORGANISED AT DEXIA

The sustainable development function reports to the Director of Strategy, Portfolios and Market Activities, who is also a member of the Group's Management Board.

To position the approach we take to sustainable development within the heart of our activities, our organisation is also based on a dedicated coordination committee made up of representatives from the Group's main business lines involved in rolling out our strategy, as well as an extensive network of contributors from within various entities in the Group.



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# Our strategy for sustainable development

## REFOCUSING ON THE ESSENCE

In line with the Group's transformation plan, our aim was to refocus our approach to sustainable development based on a basic question: how do we best assist and guide our customers in their own approach to sustainable development while continuing to exercise our profession as bankers in the same spirit?

To make our approach easier to understand, the Group's Management Board adopted a master plan based on a clear-cut definition of sustainable development, plus four fundamental principles common to the whole of the Group.

The definition of sustainable development adopted by the Group outlines our guidelines on sustainable development and puts our aspirations into words: to provide added value for our customers, our staff, our shareholders and society around us by putting forward answers with a long-term vision for the social, environmental and economic challenges that face us, through our products and services and through our own conduct, while at the same time respecting the choices our customers make.

This aim is based on four main principles – Relevance, Essence, Communication and Evaluation – incorporated into a process of ongoing improvement.

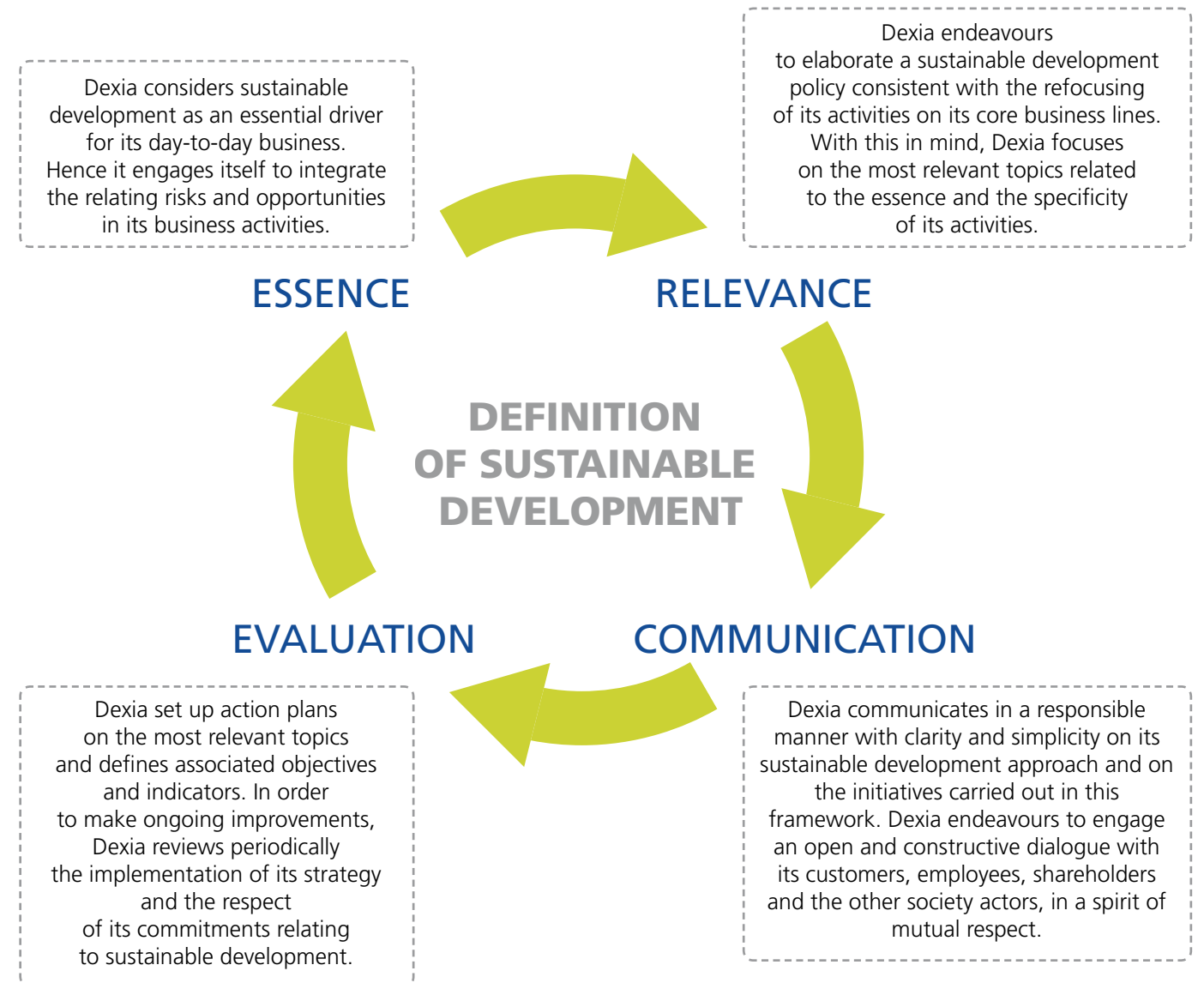
Through these commitments, we seek to become a benchmark among the major establishments in terms of sustainable development, and to carve out for ourselves a competitive edge by meeting the growing demands of our customers.

To enable us to roll out our new strategy operationally as soon as possible, we have set ourselves a priority action for 2011-2012: the energy performance of buildings, both for our customers and in the management of our own buildings. **For more information about this choice, see pp. 10 to 15.**

The fundamental principles adopted by Dexia on sustainable development will also be set out in dedicated action plans and communication programmes. Special attention will be focused on in-house communication to staff aimed at acquainting them better with the Group's actions and vision in relation to sustainable development, as well as to ensuring that the message sent out to all of our stakeholders – and particularly our customers – is consistent.

### A RECOGNISED APPROACH

In 2011, the Dexia Group is ranked 17th in the *Global 100 Most Sustainable Corporations in the World*. Dexia is one of nine banks featured in these ranking and the only one in Belgium.



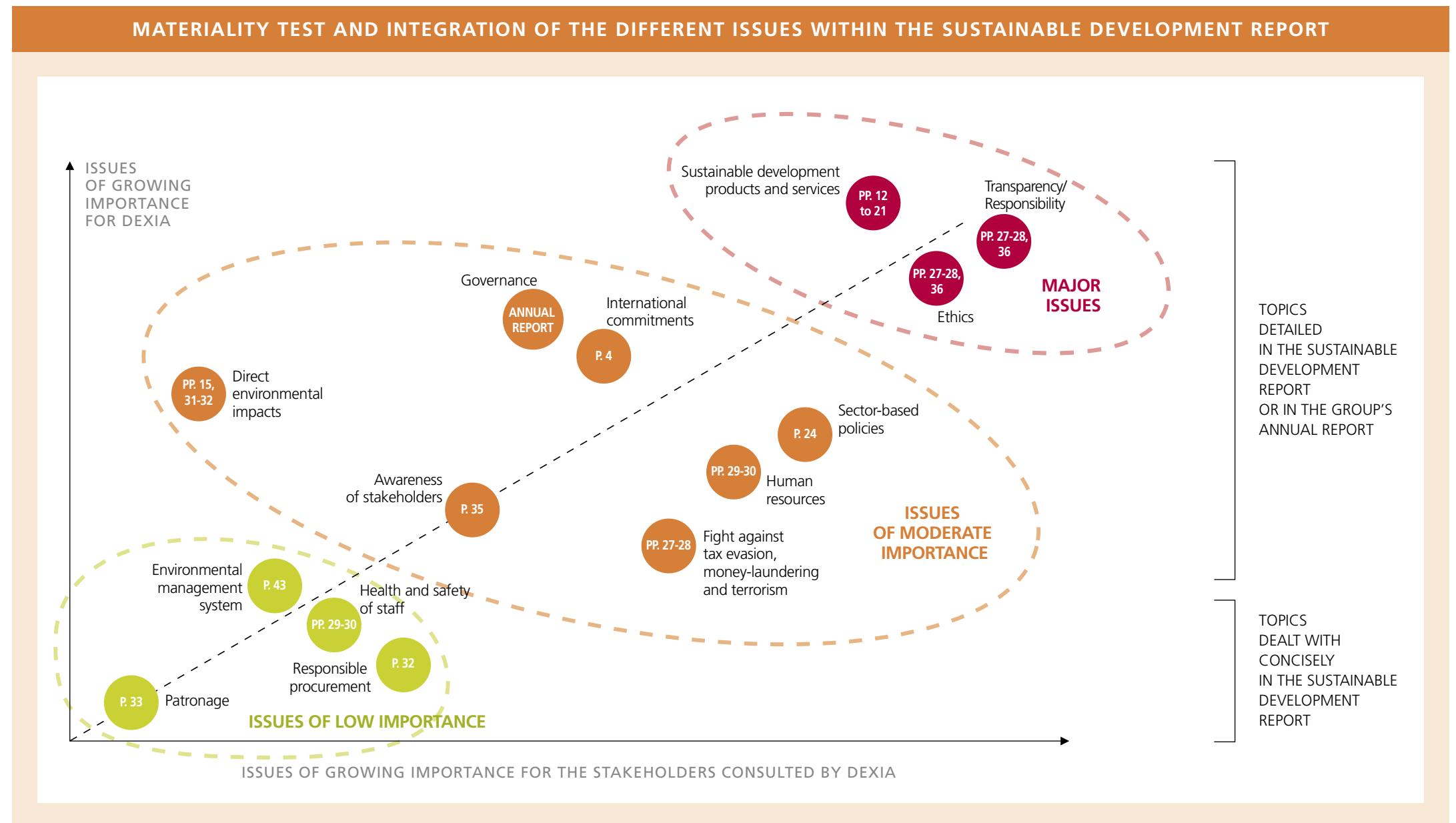
# Our strategy for sustainable development

## Adapting the structure of our Sustainable Development Report

In order to be consistent with the refocusing of the strategy on sustainable development initiated by Dexia in 2010, this Sustainable Development Report is structured around the topic of priority action identified by the Group for 2011-2012 and our four fundamental principles.

This report covers the main sustainable development issues facing Dexia. These issues have been identified in particular from the monitoring work carried out by the teams responsible for sustainable development, as well as from questionnaires and reports produced by ratings agencies and non-financial analysts, and from the consultation conducted with our internal and external stakeholders during 2010.

In particular, carrying out a materiality test has enabled us to put our own vision up against the expectations of a selection of our external and internal stakeholders and to adjust the communication we produce on these various subjects in our Sustainable Development Report.



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# Our key indicators

Structured along the main lines of the *Global Reporting Initiative 3* and its supplement for the finance sector, as well as the requirements of the "Loi NRE" (New Economic Regulations Act), our reporting on sustainable development is based on performance indicators, illustrating the Group's commitments and policy.

To ensure that these indicators are both relevant and reliable, Dexia has been involved since 2005 in a procedure to have the reporting process governing a selection of non-financial information sources verified by a qualified independent body. In 2010, as part of the agreed procedures, Dexia commissioned this work to be carried out by its company auditor,

Deloitte. **For more information, see the Deloitte report p. 41.**

The selection of key indicators illustrating our approach to sustainable development is identical to the one presented in the 2009 Sustainable Development Report. However, for the sake of consistency with the development of this approach, the indicators shown in the table below have been ranked according to the new principles adopted by the Group in 2010. In the future, we will develop these indicators so that they reflect our new strategy on sustainable development. **For more information about Dexia's performance indicators, see p. 42 (table of indicators).**

	2010	CHANGES 2009 - 2010
<b>RELEVANCE</b>		
Share of eco-credits in the total production of credits for housing (renovations) and cars (excluding mortgages) – Perimeter: Belgium	19.3%	+45%
<b>ESSENCE</b>		
Share of SRI in the total outstanding funds managed by Dexia Asset Management	23%	+3%
Number of projects financed falling into an <i>Equator Principles</i> category	56	+107%
Carbon intensity of the portfolio of projects to produce electricity and heat (tCO <sub>2</sub> /MWh)	0.333	+1%
Total Group CO <sub>2</sub> emissions (tCO <sub>2</sub> )	35,770	-1%
Number of videoconferences	7,087	-
Quantity of paper purchased per FTE (kg/FTE)	126	+6%
Percentage of female managers in the Group	21.3 %	0%
Average number of days of training per employee	1.9	-
<b>COMMUNICATION</b>		
Number of external working groups on sustainable development in which Dexia is involved in France and Belgium	17 <sup>(1)</sup>	13 %
<b>EVALUATION</b>		
GRI self-evaluation	B+	-

(1) In France: AFEP, FBF, ORSE, Comité 21, Europlace, Comité stratégique du Plan Bâtiment Grenelle, Promodul, Admiquail, IMS Entreprendre pour la Cité.  
In Belgium: Business and Society, Belesco, Global Compact Network, Promethea, Kauri, Febelfin.  
International: Equator Principles, UNEP FI.

## WHAT HAPPENED TO THE 2010 TARGETS PRESENTED IN THE 2009 SUSTAINABLE DEVELOPMENT REPORT?

The adoption of a new strategy on sustainable development during 2010 resulted in the redefinition of our main objectives in the area. However, some of the targets for 2010 set out in the 2009 Sustainable Development Report continued to guide our actions in 2010.

2010 TARGETS PRESENTED IN THE 2009 REPORT	TO FIND OUT MORE ABOUT THE ACTIONS IMPLEMENTED IN 2010
To continue promoting our range of sustainable products and services with private, business and institutional customers	See p. 21
To put sustainable development at the heart of our business lines through regular communication aimed at our networks and customers	See p. 21
To increase the financing of green growth	See pp. 19-21
To continue the dialogue with our stakeholders	See p. 35
To continue the social dialogue undertaken as part of the Group's transformation plan	See pp. 29-30
To favour all solutions that restrict the consequences of the transformation plan on employment	See pp. 29-30
To continue the process already embarked on to reduce CO <sub>2</sub> emissions	See p. 15 and p. 31
To continue the efforts made on reducing the consumption of paper aimed at achieving the target of 100 kg/FTE by the end of 2010	See p. 32

# Priority 2011-2012: the energy performance of buildings



Identity and strategy

PRIORITY 2011-2012

Relevance

Essence

Communication

Evaluation

# Background and issues

As part of its policy on the fight against climate change, the European Union has committed itself to reducing its 1990 levels of greenhouse gas emissions by at least 20% by 2020. Confident that the building sector has a key role to play in achieving that target, Dexia is seeking to make the energy performance of buildings its priority focus of action regarding sustainable development for 2011-2012.

## Construction: a key sector

Achieving European targets on reducing greenhouse gas emissions involves the significant mobilisation of the building sector. Construction represents almost 35% of the European Union's final consumption of energy.

In addition, while the energy efficiency of European homes increased by 16% between 1990 and 2007, their final consumption of energy rose by 8% over the same period, at an average rate of 0.5% per

year. Improvements to the energy efficiency of heating systems were offset by the increase in the average size of dwellings and by greater use of electrical appliances in households.

New-build projects each year represent just over 1% of construction property. Given the strong inertia in this area, policies and programmes aimed at improving the energy performance of buildings need to be part of the long-term view.

## Mobilisation at every level

The European Union examined the issue of the energy performance of buildings long before the adoption of its Energy-Climate package of measures, issuing a directive in this area back in 2002. Revamped in May 2010, the wording of the directive now includes the following measures:

- the adoption by the Member States of a methodology for calculating the energy performance of buildings;
- the definition of minimum requirements for new buildings and for existing buildings when they undergo major renovation works;
- the implementation of systems for certifying energy performance and arrangements for publishing this information.

These European provisions have been included in the legislation of various European States, with some countries even strengthening the requirements.

As a result, under the aegis of the National Climate Commission, Belgium adopted a national climate plan in 2008 to cover the period 2009-2012, based on the various programmes and measures already in place on a regional and federal level. This climate plan is based around six strategic main lines, including the energy efficiency of buildings.

In France, the "Grenelle de l'Environnement" debate places the building sector at the heart of its policy in the fight against climate change and has set a number of very ambitious targets: the generalisation of low-consumption buildings by 2012 and positive-energy buildings by 2020 for new-build and a 38% reduction of energy consumption in existing buildings. These directions were included in the new thermal regulations for 2012 published at the end of 2010.

In Luxembourg, an Action Plan aimed at reducing emissions of CO<sub>2</sub> was adopted in 2006. The plan includes establishing new legislation on the thermal insulation of buildings, setting out a system of aid

for achieving energy savings, using renewable energy in housing, and establishing systematic guidance for the town planning executive plan based on climate change requirements.

### WORKING TOGETHER TOWARDS A SUCCESSFUL TRANSITION

We live in a constantly changing world. Conventional sources of energy will become more scarce in the fairly short term. But we will still need heat and electricity. So we also need to start looking now for alternatives to these forms of fuel, which not only pollute, but also generate greenhouse gases.

It is essential for the energy efficiency of buildings to be improved if we are to tackle this major environmental, social and economic challenge successfully. But take heart, the revolution is underway. Today, we have the technical and economic capability to complete exceptional projects. Buildings are more and more economical in terms of energy usage. In the Brussels Capital Region, this can be seen from the dozens of homes, offices and amenities that have won awards as "Exemplary Buildings". Passive or low-energy, these buildings consume up to ten times less energy than conventional buildings without placing a strain on budgets. Taken together, they enable millions of litres of oil to be saved each year, as well as cutting CO<sub>2</sub> emissions by over 13,000 tons and transforming Brussels into a sustainable city.

The Brussels Region has decided to pre-empt this unavoidable energy reality and meet it head-on. Dexia has done the same thing by deciding to fight climate change and make the energy efficiency of buildings a priority. I am delighted about this development and give Dexia every encouragement in its endeavours. It is important for this attitude to become as widespread as possible. Everyone in society is involved. Together we will meet this challenge, and together we will build a sustainable world.



Évelyne Huytebroeck  
Brussels Minister for the Environment,  
Energy and Urban Renewal

# Background and issues

## A financial issue for all our customers

As fossil fuels become more scarce and the price of energy rises as a result, the energy consumption of buildings is also a major financial issue for all of our customers, both private or public.

The annual heating bill is a growing element in household expenditure, with large disparities that tend to become worse as energy prices rise: annual spending on heating can vary from EUR 250 for a low-energy home to almost EUR 2,000 for a poorly insulated house<sup>(1)</sup>.

The energy consumption of buildings also represents a significant item in the spending of companies and local public authorities. In Belgium, 2.05% (EUR 306 million) of the average operating budget of local councils was spent on energy in 2008. In France, this budget represents some 4% of the operating expenditure of a local authority and it is estimated that EUR 31 billion needs to be invested by local councils between now and 2020 to achieve the targets set by the "Grenelle de l'Environnement".



*Aéropolis II, passive energy office complex built in Brussels and financed by Dexia*

## An area of priority action for Dexia

Implementing European commitments in terms of improving the energy performance of buildings will require major investments in the years ahead.

Aware of this and also of the difficulties experienced by its customers in the face of the projects to be implemented, both financially and technically, Dexia has placed the energy performance of buildings at the heart of its action on sustainable development for 2011-2012.

As a pioneer in the development of innovative financing solutions for improving the energy performance of buildings, Dexia aims to guide its customers in their projects and provide real added value by providing a range of appropriate products and services and bridging the gap between matters technical and financial.

Beyond our traditional role as a provider of finance, our aim is to strengthen our position on this essential topic by making our skills and expertise available to all of our customers in our main commercial franchises.

Our Group has already launched numerous initiatives and is working actively on the thinking being conducted in this area. Dexia Bank Belgium is involved in the working groups run by the BELESCO association, which brings together the leading players in the energy services market at the behest of Fedesco, the federal competence centre on energy services and third-party investment. This is a platform for exchanging

ideas aimed at promoting the development of efficient energy solutions using two instruments: energy performance contracts and third-party investment. In addition, Dexia Crédit Local is a member of the strategic committee assembly of the Grenelle Building Plan and a member of the board and "banking and insurance" committee of the Promodul association.

Elsewhere, as part of its efforts to set a good example, Dexia seeks to pursue voluntary processes aimed at reducing the consumption of energy and the carbon footprint of its own buildings.

To transpose these commitments into practical measures, a dedicated action plan was developed at the beginning of 2011, both on the commercial side of the business and regarding the management of our own buildings.

(1) Source: French Ministry for Ecology, Sustainable Development, Transport and Housing.

# Providing a range of products and services suited to all our customers

In 2010, to help guide our private and public customers in their projects to improve the energy efficiency of their buildings, we extended our range of products and services in this area.

## Assisting energy upgrade projects in buildings

### LOANS AT PREFERENTIAL RATES FOR OUR PRIVATE CUSTOMERS

We offer our private customers profitable solutions for funding their projects to improve the energy efficiency of their homes. Both in Belgium and Luxembourg, Dexia has developed ranges of loans at preferential rates designed to finance some of

these projects. In addition to reducing their environmental footprint and cutting their energy bills, the works financed provide access to tax benefits or State grants.

PRODUCT	AREA	LAUNCH
<b>Housing Eco-credit /Green housing loan</b> Loans at low rates for carrying out energy audits or funding energy upgrade projects carried out by an accredited business. Dexia offers two forms of loan: an instalment loan (Housing Eco-credit) and a mortgage loan (Green housing loan).	Belgium	2007
<b>Immoplus Green</b> Loan at a preferential variable rate for financing passive energy housing or energy upgrade projects.	Luxembourg	2009

### INVESTING IN SUSTAINABLE BUILDINGS

Dexia Insurance Belgium was looking to increase its portfolio of property investments. To this end, it introduced specific requirements in terms of the environmental performance of buildings as part of the criteria for projects to be accepted:

- potential of the site in terms of upgrading existing buildings, the location and orientation of buildings, in particular the proximity to transport infrastructures;
- energy efficiency and use of renewable energy;
- conservation of water resources (efficient use of water and potential for recycling water in situ);
- use of building materials with a limited impact on the environment during their lifecycle;
- ease of use (maximum use of natural light, appropriate ventilation and humidity control systems, minimisation of emissions of volatile organic compounds);
- taking account of issues relating to the management and maintenance of buildings, starting with the phase upstream from the project.

### DEDICATED LOAN FOR ENERGY EFFICIENCY IN TURKEY

At the end of 2010, DenizBank signed a memorandum of agreement with the *Japanese Bank for International Cooperation (JBIC)* as part of its *Global action for Reconciling Economic growth and ENvironmental preservation (GREEN)* programme. Financed jointly by JBIC, the *Turkish Sustainable Energy Financing Facility* programme (TurSEFF) and by several private Japanese banks, the funding envelope of USD 20 million will enable DenizBank to offer its SME customers dedicated finance for their projects to improve energy efficiency and the production of energy from renewal sources.

# Providing a range of products and services suited to all our customers

## ALL-IN-ONE OFFERS FOR CORPORATES AND THE PUBLIC SECTOR

With the help of our technical partners, we are developing all-in-one offers for our corporate and public sector customers in Belgium and France that enable us to help guide them throughout their projects from both the technical and financial point of view.

Any proposed project to upgrade the energy performance of a building is based on a precise diagnosis of the current situation. To assist our public sector customers from the initial stage of their project, Dexia Bank Belgium offers free access to the online Display<sup>®</sup> tool. Developed by the European association, Energy Cities, Display<sup>®</sup> enables our customers to produce their own energy performance estimates for their buildings and to communicate about changes to that performance as the result of the action taken.

In 2010, working with a technical partner, Dexia Bank Belgium also developed the Energy Efficiency loan, a general product aimed at guiding and funding energy renovation projects. Aimed at our business and public sector customers, Energy Efficiency includes:

- a preliminary study based on an energy scan and the provision of consultancy from a technical partner;
- the funding of refurbishment works based on an approach involving the overall cost. The cost of the investment is covered by the reduction of the customer's energy bill;
- guidance with the project, consisting of:
  - producing an implementation dossier;
  - designating third parties for additional services, where applicable;
  - assistance during the following processes: tendering/allocation, receipt and implementation of the planned investments to save energy.

In France in 2010, Dexia Crédit Local consolidated its process of guiding local authorities and social landlords in their projects to upgrade the energy performance of their buildings. This offering, which has been around since the beginning of 2009, is based on a partnership with Promodul, the association linking building professionals, and puts dedicated funding in place for the projects.

Promodul adapted an audit and energy works simulation software programme for Dexia Crédit Local that enables public decision-makers to set out their technical and financial vision through an overall cost approach that incorporates the investment costs, interest on the debt, savings on charges, etc. And to help guide them during the upstream phase of their projects, Dexia Crédit Local provided ten of its customers in 2010 with a free of charge energy diagnosis for one of their buildings.

At the end of 2009, as part of a broad-based business recovery plan, Dexia Crédit Local was appointed by the French building and public works trades federations to distribute an envelope of EUR 650 million of subsidised funding to local authorities and social landlords. The entire amount of this envelope, plus an additional amount of EUR 400 million from Dexia, was handed out in 2010 by the commercial teams. Out of EUR 1 billion of funding, half was set aside for building renovation works.

Finally, through its subsidiary Exerimmo, Dexia Crédit Local is responsible on behalf of public authorities as part of an overall solution in the form of a public-private partnership (PPP), for setting the standards, renovating and maintaining public buildings, in particular regarding the aspect of energy performance.

## PROGRAMME OF AGREEMENTS WITH THE EIB

Over the past few years, we have developed a programme of agreements with the European Investment Bank (EIB) to enable us to offer our business customers and the local public sector preferential terms for financing specific investment programmes.

The EIB supports the European Union's major projects, especially when they involve the fight against climate change. As a result, the EIB attaches growing importance to the energy-related performance of the projects it helps to fund.

For example, in 2009 the EIB gave Dexia Bank Belgium an envelope of EUR 150 million to fund development projects for renewable energy in PPPs, leasing or conventional loans. This programme, aimed at our business and local public sector customers in Belgium and Luxembourg, was expanded in 2010 to projects for improving the energy efficiency of buildings, thereby including projects eligible for the Energy Efficiency loan. At the end of 2010, EUR 134 million remained to be distributed as part of this programme, including EUR 67 million from resources made available by the EIB.

In France, Dexia Crédit Local has been distributing funding envelopes secured by EIB funds since 2006. Aimed at the sustainable development in local areas, these envelopes involve urban renewal projects by local authorities as part of the National Urban Renewal Agency – EUR 1.3 billion, of which EUR 300 million remained to be distributed at the end of 2010 – as well as the construction and refurbishment of social housing – EUR 125 million, of which 20 million remained to be distributed at the end of 2010. In 2010, Dexia and the EIB worked together on a new envelope of EUR 100 million dedicated to the construction or refurbishment of public buildings aiming to achieve energy performances that are higher than the standards in effect. This envelope of funding will be marketed in 2011.

## ENERGY PERFORMANCE CONTRACTS

To ensure the long-term improvement in the energy performance of their buildings, a growing number of parties are seeking to incorporate their renovation projects as part of an Energy Performance Contract (EPC).

In Belgium, Dexia Bank is looking to develop a guidance and finance offering for energy upgrade projects with a commitment on the energy consumption reduction achieved. Run in partnership with a technical service-provider, this product would be designed for refurbishment works aimed mainly at energy installations. In France, Dexia Crédit Local is helping to develop the EPC market by responding to calls for tender issued by local authorities to put EPCs in place within PPPs and covering major energy upgrade projects relating to buildings in particular.

# Providing a range of products and services suited to all our customers

## Developing renewable energy incorporated into buildings



Dexia has for many years been providing its customers with guidance on implementing their projects to develop renewable energy incorporated into buildings.

In Belgium, Dexia Bank has offered products since 2007 enabling it to guide corporate and public sector customers in implementing their projects for equipment to produce renewable energy, from the initial

study through to the funding of the works. As part of this offering, our customers can also benefit from the photovoltaic insurance cover developed by Dexia Insurance Belgium – a product that won the Decavi Innovation Trophy in 2010.

In 2010, Dexia financed the installation of 4,000 m<sup>2</sup> of photovoltaic panels on the roof of the non-containerised goods warehouses at DP World in Antwerp. With a capacity of 530 kWp, these panels will generate 450 MWh of electricity each year, which is the equivalent consumption for approximately one hundred <sup>(1)</sup> European households.

In France in 2010, Dexia Crédit Local developed an innovative lease financing product for photovoltaic installations. This overall solution was



Installation of photovoltaic panels on the warehouses at DP World Breakbulk in Antwerp, financed by Dexia as part of its Dexia Energy Line – Renewable Energy offering

tested in the Centre and Normandy regions and national roll-out is scheduled for 2011. In 2010, Dexia Crédit Local also signed a partnership with Compagnie Nationale du Rhône (CNR), the first French producer of exclusively renewable energy, aimed at providing local authorities with a technical and financial answer to their photovoltaic projects.

PRODUCT	CUSTOMER	AREA	DATE
<b>Dexia Energy Line – Renewable energy</b> Overall offering developed with a technical partner and including feasibility and engineering studies, installation, administrative follow-up, maintenance and financing of equipment for the production of photovoltaic or cogeneration electricity. The customer is also able to benefit from photovoltaic insurance (see below), where appropriate. Since 2009 our SME customers have also been able to benefit from finance by lease, excluding technical services.	Public sector <i>(financing by lease)</i>  Businesses excluding SMEs <i>(financing by lease or straightforward loan)</i>	Belgium	2007
<b>Photovoltaic insurance</b> Comprehensive insurance product for material damage to photovoltaic panels, also including loss of output from the panels damaged.	Public sector  Businesses	Belgium	2008
<b>Immoplus Green</b> Range of preferential-rate loans for funding the installation of photovoltaic panel or biogas equipment. If photovoltaic panels are involved, the products includes preliminary financing of the project up to the amount of the expected State subsidy and takes account of the customer's remuneration for purchase of the electricity produced.	Private individuals  Businesses	Luxembourg	2009
<b>Integrated photovoltaic offering</b> Overall product developed with a technical partner and including installation services, maintenance, financing by lease, insurance and billing management of the service for equipment producing photovoltaic electricity.	Public sector	France	2010

(1) Estimate produced based on 2007 data from the European Environment Agency.

# Controlling energy consumption in our own buildings

To restrict our carbon footprint and in line with the Group's cost-cutting plan, we are constantly seeking to improve the technical efficiency of our buildings. In 2010 we continued the programmes already undertaken in this area by conducting new energy audits on a number of buildings and by maintaining the proportion of green electricity in our overall consumption.

## Limiting our consumption of energy

Dexia began a programme to audit the energy performance of its buildings in 2008. Initiated by Dexia Bank Belgium, this programme was extended to Dexia Crédit Local in France in 2010.

Dexia's three main buildings in Brussels were each audited in turn in 2008 (Pachéco-Ommegang), 2009 (Galilée) and 2010 (Dexia Tower). Each of these audits was followed by the introduction of measures enabling immediate gains and by the implementation

of the most cost-effective projects recommended (with a return on investment of under three years).

The Dexia Tower at La Défense in Paris was also audited in 2010. The recommendations from this audit will be translated into action plans in 2011.

At the same time and to reduce our energy consumption, we have for a number of years implemented a series of actions within our entities.

ISSUE	ACTION	AREA
Lighting	Adjustment to lighting hours	Belgium, France, Luxembourg (2007)
	Use of low-wattage light bulbs	Belgium, France (2008)
Thermal	Introduction of solar tinting in critical zones	Luxembourg, Italy (2009)
	Adjustment of office temperatures to outside temperatures	Belgium, Luxembourg (2009)
	Installation of additional insulation	Belgium
	Optimisation of ventilation	Belgium, Luxembourg (2007)
Restrooms	Adjustment to humidification	Belgium, Luxembourg (2009)
	No restroom ventilation at night and at the weekend	Luxembourg (2009)
	Modification of temperatures for chilled water, hot water and flush water	Belgium
IT	Removal of hot water in restrooms	France (2009)
	Installation of low-energy printers	Italy (2008)
	Computers automatically switched off on Friday evening	Italy (2008)
	Computers automatically switched to standby in the evening	Belgium

Every Friday of the year Dexia Bank Belgium opted to lower the default temperature for its offices by 2°C in winter and to increase it by 2°C in summer.

To bring consumption at our buildings into line with the redirection of our business, a new spatial organisation concept at work, based on removing fixed workstations to help promote a flexible working environment has been in place since 2009. This enables major reductions to be made in emissions of CO<sub>2</sub> (fewer empty offices to heat),

estimated at 400 tons of CO<sub>2</sub> per year from 2010, and 1,500 additional tons of CO<sub>2</sub> per year from July 2011.

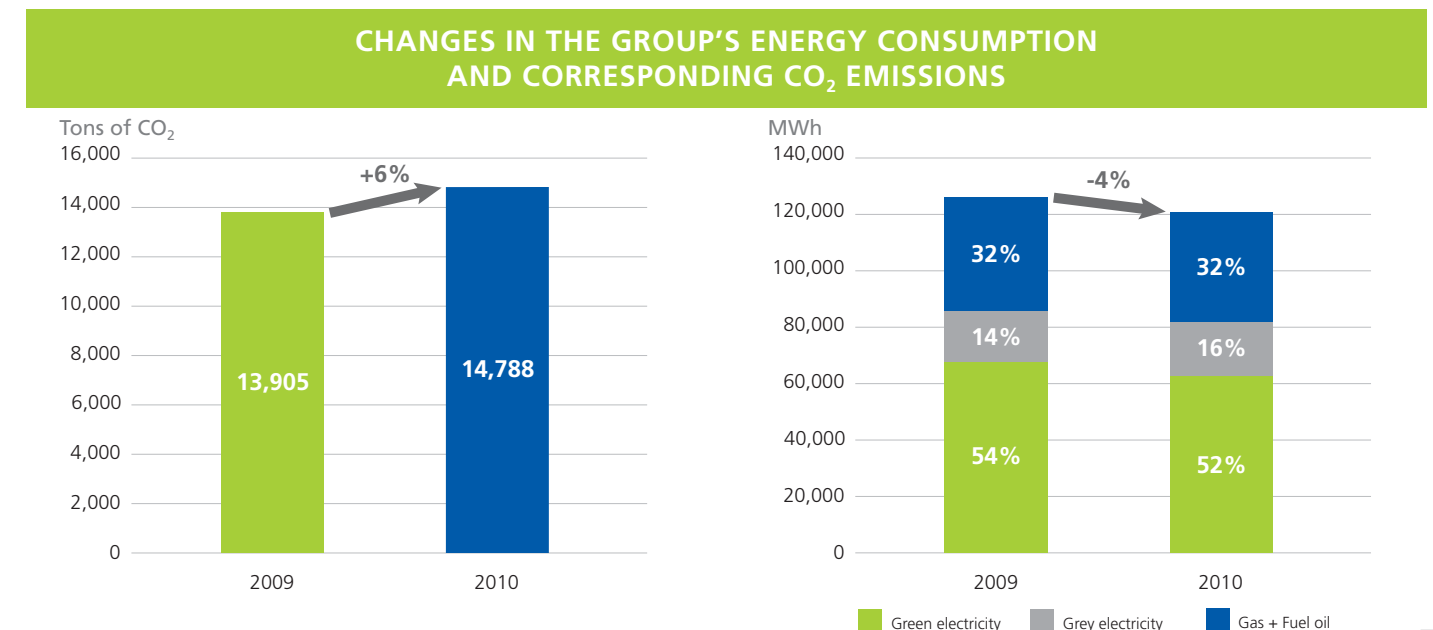
In the same way, all Dexia Insurance Belgium staff, about 1,000 people, will move in 2011 to the Galilée building in Brussels, which will reduce the share of CO<sub>2</sub> emissions charged to each of them. This building was preferred to the one occupied by Dexia Insurance Belgium because it meets strict environmental criteria, in particular in terms of insulation and heating.

## Continuing our policy of using green energy

Since 2008, the central buildings of our entities located in Belgium, France, Luxembourg and Italy have been run entirely using renewable power. To do this, Dexia buys green certificates from its electricity suppliers, guaranteeing that renewable electricity equivalent to our consumption is injected into the electricity grid. In addition, Dexia Insurance Belgium and Sofaxis produce renewable electricity

using installations of photovoltaic panels (66 MWh in 2010).

Refocusing our activities and adapting our organisation as a result have enabled us in 2010 to speedup the reduction in our energy consumption and associated CO<sub>2</sub> emissions across Belgium, France and Luxembourg. These cuts are offset by the sharp increase in our activities in Turkey.



Identity and strategy  
PRIORITY 2011-2012  
Relevance  
Essence  
Communication  
Evaluation



Identity and strategy

Priority 2011-2012

RELEVANCE

# Relevance

Essence

Communication

Evaluation



# Fighting deprivation and social exclusion

Through our business activities, we attach great importance to supporting groups of people who are economically disadvantaged or socially excluded. Our aim is twofold: to help guide our customers in their social assistance missions and to facilitate access to basic banking services.

## Helping guide our customers in their social programmes

To facilitate access to basic banking services for economically disadvantaged groups, Dexia Bank Belgium has for many years developed Social Line, a range of innovative solutions that help support the Public Social Action Centres (CPAS) in their work by making it easier for social benefits to be paid.

SOCIAL LINE	SOME FIGURES
<b>Prepaid card</b> Card enabling individuals without a bank account to receive social benefits by withdrawing money from Dexia ATMs.	Offered by 170 CPAS 5,000 cards used each month
<b>Social aid account</b> Totally computerised bank account opened for recipients of social benefits, at the request of the CPAS.	40,500 account-holders
<b>Rental guarantees</b> Advance of rental guarantees at the request of the CPAS intended for economically disadvantaged individuals. Possibility to open a specific account for the gradual reimbursement of the guarantee by steady instalments.	2,100 accounts opened
<b>Budget management account/debt mediation</b> Account enabling CPAS to assist individuals in highly insecure situations to manage their budget and loans.	3,500 debt management accounts opened for 132 CPAS 57,500 budget management accounts opened for 560 CPAS

In 2010 in France, Domiserve confirmed the relevance of its positioning in the area of social action and the introduction of mechanisms to assist individuals. This may involve issuing universal job services vouchers (CESU) or organising services in the home with local authorities, retirement organisations, providential funds and mutual societies. Five departmental councils have selected Domiserve for the payment of personal autonomy allowances (APA) and handicap compensation

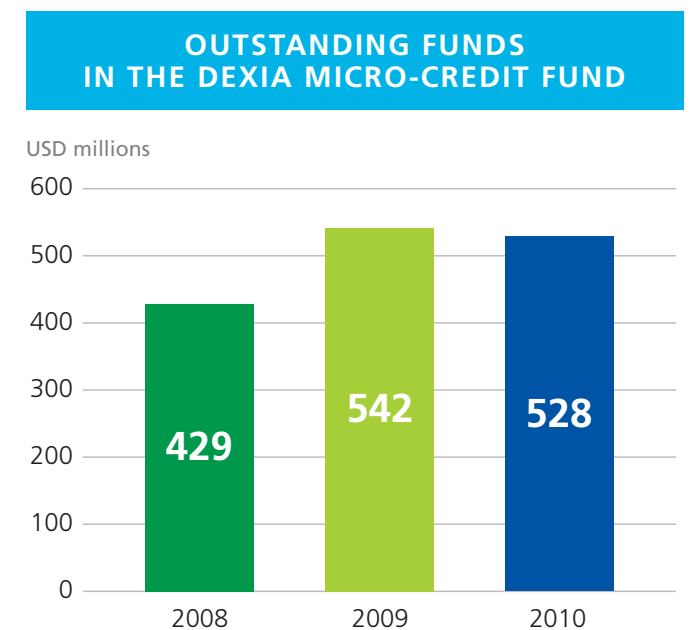
allowances (PCH) to the individuals they administer. In 2010, the departmental council of Seine-Maritime appointed Domiserve to pay its APA and PCH allowances to over 7,000 recipients. In 2010, Domiserve was also appointed by AGIRC-ARRCO (mandatory supplementary pension schemes for the private sector) and the Special post office pension scheme to implement social action allowances.

## Supporting the development of microfinance

As the first commercial investment fund dedicated to refinancing microfinance institutions in emerging countries, Dexia Micro-Credit Fund (DCMF) continues to lead the field in the area of commercial microfinance more than 10 years after it was launched in 1998.

Outstanding funds under management by DCMF were 528 million USD at the end of 2010, enabling 106 microfinance institutions in 39 countries to be refinanced.

In addition, Dexia Foundation Belgium has been assisting Crédal and Hefboom, the two main Belgian microcredit associations, as part of its patronage policy since 2005. [To find out more about Dexia Foundation Belgium support for microcredits, see p. 33.](#)



## Encouraging the integration of individuals with a handicap

Dexia Crédit Local, via its subsidiary Dexia DS Services, works to encourage the integration of people with handicaps and help them to maintain their jobs with local authorities in France. Dexia provides a supervisory process specifically designed for the local public sector and divided into three stages:

- production of a job/handicap diagnosis making it possible to set out the issues and the results to be achieved in the areas of recruitment, maintenance or integration of individuals with a handicap, as well as subcontracting and the accessibility of premises;

- implementation of practical improvement programmes;
- follow-up and evaluation of the process.

In Belgium, Dexia Bank offers Flex-i-Trans, a flexible solution for transporting people with reduced mobility, incorporated with the leasing of a minibus to which the Flex-i-Trans system is fitted. This product is aimed mainly at retirement homes, hospitals and specialised institutions, as well as CPAS and the old people's homes they manage.

# Adapting our services to the diverse needs of our customers

Offering solutions that are appropriate for the specific needs of each of our customers is an essential priority at Dexia.

## Helping to keep the elderly in their own homes

To help its customers respond to the growing challenge of the dependence of the elderly, Dexia has developed a number of innovative solutions offering older individuals the opportunity to have their home adapted to their needs and hence delay their admission to specialised medical institutions.

Since 2008, in Belgium, Dexia Bank has been offering Housing certificates to CPAS organisations, based on the issue of bonds that enable the CPAS to cover part of their investments in building housing that is suited to the special needs of the elderly. The CPAS offer residents the opportunity to invest in a certificate that entitles them to occupy a dwelling, without paying rent, for a set period. At the end of the contract, the face value of the certificate is returned to its holder. In 2010, the CPAS in Ostend used this solution to finance the construction of 35 apartments. The first residents are expected to move in at the end of 2012.

In France today, 25% of the tenants in social housing are aged over sixty. Aware of the

importance of this fact for its landlord customers, in 2010 Dexia Crédit Local extended its partnership with Vivalib for two years. Vivalib is a company that specialises in housing adapted for older residents. The aim of this partnership is to keep seniors at home using a new residential housing concept designed for the elderly. This product is available to social landlords in the form of the subdivision of property rights in which they only finance the rental usufruct. This enables landlords to limit the use of their own funds, with institutional or private investors acquiring bare ownership. The financing in Social rental loans for the usufruct is provided by Dexia. As part of this partnership, Vivalib in 2010 signed overall partnership agreements with two of our customers: the Arcade Group and Le Hainaut Immobilier Group (GHI). An initial operation is in the process of being finalised. In 2010, Vivalib also called on the services of the Vigeo agency to conduct a corporate social responsibility audit, which highlighted its good performance<sup>(1)</sup> in this area.

### SILVER LINE

To help its customers in the local public sector to become involved better in the issue of the ageing population, Dexia Bank Belgium has been offering each local authority since 2010 the opportunity to develop a personalised socio-demographic profile to go with its traditional financial profile. As a result of this offer, 490 profiles have been presented to local authorities, enabling them to gain a better understanding of the financial effects that ageing has on their population.

In addition, Dexia Bank has for the past few years been developing System I, a range of financial products and services aimed at guiding individuals living in medical institutions to manage their everyday expenditure.

## Contributing to the development of the farming sector in Turkey

In 2010, DenizBank continued its policy of assisting farmers in developing their business. In doing so, the bank strengthened its position as the leader among private sector Turkish banks in providing farming loans.

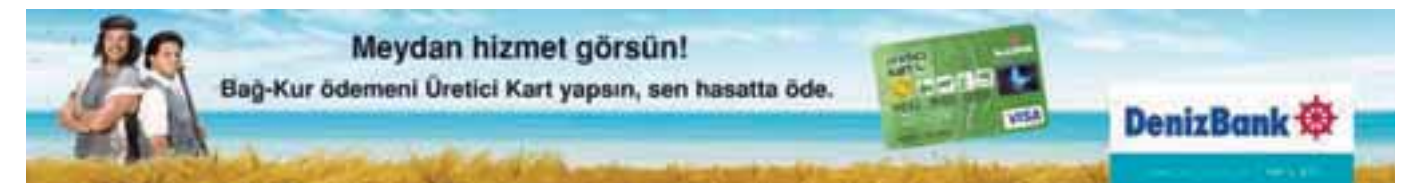
Launched in 2007, the Agricultural card is now used by more than 264,000 farm-based producers. The card enables them to purchase seed on credit at negotiated prices and not to have to repay their expenditure until after the harvest.

In 2010, DenizBank expanded the range of services associated with its Farmer card by offering holders the ability to secure payment of their premiums to the Turkish social security system. DenizBank advances the corresponding amount to farmers, who pay it back once their harvest is in. They also enjoy an interest rate that is significantly lower than the rate applied by the State in the event of late payment. Through this service, DenizBank makes it easier for its customers to access the

social security system of which only 40% of farmers are members in Turkey.

DenizBank also introduced Agriculture+ in 2010, a product aimed at groups of farmers looking to merge their businesses in order to develop together. In addition to offering support for financing, DenizBank provides consultancy services relating to designing farming projects, while assisting relations with cooperatives, farming unions and suppliers.

Besides, DenizBank signed a memorandum of agreement with the institute for supporting agricultural and rural development (TKDK) in 2010, which implements the Turkish programme for rural development as an Instrument for European Union Pre-Accession – Rural Development (IPARD) programme. This enables DenizBank to contribute to the funding of projects that receive subsidies as part of the IPARD programme, aimed at encouraging the sustainable development of the Turkish farming sector.



The DenizBank Agricultural card

(1) Level 3 (convincing) or 4 (advanced) obtained for 5 of the 6 audit criteria relating both to the company's policy and the way it is deployed.

# Supporting the development of green growth

By carrying out its profession as a banker, Dexia seeks to contribute to the development of a sustainable economy that is respectful of the environment.

## Guiding the development of renewable energy

Dexia is a major player in the funding of projects in the renewable energy sector. In 2010, we played a role in the financing of 17 projects for the production of electricity from renewable sources. The annual production of electricity expected from these projects as a whole is 6,485 GWh. The funding of these projects represents an amount of EUR 3,946 million, of which EUR 502 million comes from Dexia.

In particular, in 2010 Dexia finalised the financing of phases 2 and 3 of the construction of the C-Power wind farm. This is Belgium's first offshore wind farm. Initially consisted of six wind-power generators, C-Power will soon have a total of 54 turbines for a

nominal installed power of 325 MW, which is sufficient to provide electricity to 600,000 people. Dexia acted as *Mandated Lead Arranger* in this record funding arrangement of 1.195 billion EUR, which is the largest ever signed in Belgium in the offshore wind power sector. The project won the *Europe Renewable Deal of the Year*, awarded by Thomson Reuters.

In addition, Dexia Crédit Local was appointed in 2010 to take part in the funding of the investment programme for EDF Energies Nouvelles solar power stations in France, as part of that company's memorandum of understanding with the EIB. This transaction rounded out the financing of the first two phases of the power station at Gabardan in Les Landes. It is the first time that Dexia has funded a project to produce photovoltaic electricity in France.

In Italy, Dexia Crediop acted as *Mandated Lead Arranger* for the funding of four solar power stations with a total installed capacity of 138 MWp. In particular, Crediop took part in the agreement to finance EUR 277 million signed in 2010 for the proposed power station at Rovigo, in north-eastern Italy. When complete, this will be the largest photovoltaic power station in Europe.

Finally, Dexia Crédit Local participated in the structuring of a funding arrangement for two solar power station projects in Canada, developed by EDN Energies Nouvelles, at Saint-Isidore and Arnprior.

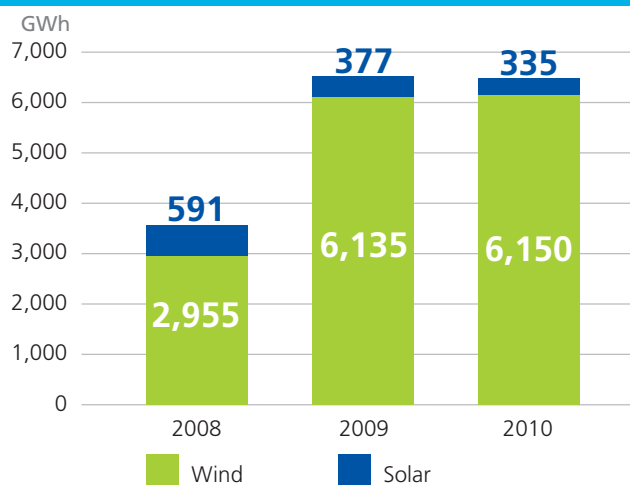


C-Power, Belgium's first offshore wind farm

These projects have a respective capacity of 11 and 24 MW and are part of the programme implemented by the Canadian province of Ontario, which

encourages the development of renewable energy to help reduce the share of thermal power in the energy mix for the production of electricity.

### BREAKDOWN OF PROJECTS FOR THE PRODUCTION OF ELECTRICITY FROM RENEWABLE SOURCES FUNDED BY DEXIA OVER THE PERIOD



### INAUGURATION OF THE BIOMETHANISATION PLANT AT KEHLEN IN LUXEMBOURG

2010 saw the inauguration of the biomethanisation plant at Kehlen in Luxembourg, which by processing organic waste, will produce between 2.5 and 3 million m<sup>3</sup> of biogas a year, which is sufficient for the consumption of about 1,200 homes. The gas produced will not be used to generate electricity, but will be injected directly into the town gas network, making this unit entirely new in its field. Dexia Banque Internationale à Luxembourg acted as *Sole Lead Arranger* in the long-term financing of the construction and operation of the plant.

### DEXIA B AUTOCALL – CLEAN ENERGY

In November 2010, Dexia Asset Management launched Dexia B AutoCall – Clean Energy, a capital protection fund investing in a basket of ten shares in companies active in the development of green energy.

# Supporting the development of green growth

## Promoting cleaner methods of transport

For a number of years now, Dexia has been assisting all of its customers to reduce the greenhouse gas emissions generated by the transport infrastructure. In 2010, we boosted our range of dedicated products and services, paying particular attention to highlighting them in our communication campaigns.

In Belgium, Dexia has been marketing the Dexia Energy Line – Green Fleet product since 2007. This is an integrated solution aimed at reducing the environmental footprint associated with road traffic. Taking this one step further, Dexia Auto Lease signed a *Gold Cleaner Car Contract* in 2010 with the Flemish federation *Bond Beter Leefmilieu*, undertaking to speed up the introduction of greener cars to the market.

In France, with its “Zero CO<sub>2</sub>” product, Dexia Location Longue Durée offers its customers in the

local public sector with a combined way of preventing, reducing and offsetting their fleets’ CO<sub>2</sub> emissions. Since the product was launched at the end of 2008, more than 1,000 tons of CO<sub>2</sub> emissions have been avoided by buying and cancelling allowances.

To guarantee the traceability of the allowances bought and cancelled on behalf of our customers, we use a dedicated procedure internally that has been audited since 2008 by our company auditors, Deloitte, as part of the verification work conducted on a selection of non-financial information. Notification by the Caisse des Dépôts, the body responsible for maintaining the French register of CO<sub>2</sub> emission allowances, that the transaction to cancel the allowances purchased by Dexia as part of the “Zero CO<sub>2</sub>” programme, is also sent by mail to each of our customers.

ISSUE	PRODUCT	CUSTOMER	PROMISING RESULTS
Rewarding the use of low-pollution vehicles	<b>Car Eco-credit</b> Belgium, 2007 Instalment loan at preferential rates for financing vehicles with low CO <sub>2</sub> emissions.	Private individuals	In 2010, Car Eco-credits represented 22.3% of the total production of car loans for Dexia in Belgium.
	<b>AutoGreen</b> Luxembourg, 2010 Instalment loan at preferential rates and extension of the exceptional car warranty for one year on every purchase of a car eligible for the State CAR-e bonus, as part of the car festival 2010.	Private individuals	Launch in 2010.
	<b>Ecomobility</b> Belgium, 2008 Reduction of insurance premiums for customers adopting an option in favour of the environment: <ul style="list-style-type: none"> <li>percentage reduction depending on the class of vehicle in terms of emissions per kilometre;</li> <li>discount of 10% on third party cover for customers who go on an eco-driving course.</li> </ul>	Private individuals	786 insurance policies benefiting from discounted premiums at the end of 2010.
Reduce and offset CO <sub>2</sub> emissions in a fleet of vehicles	<b>Dexia Energy Line – Green Fleet</b> Belgium, 2007 Overall offer including, in addition to an analysis of the existing fleet of vehicles, a plan to cut emissions, the opportunity to go on an eco-driving course and the offset of CO <sub>2</sub> emissions from vehicles.	Public sector Businesses	More than 200 fleet managers attended eco-driving courses, managing to reduce their CO <sub>2</sub> emissions by an average of 12%.
	<b>“Zero CO<sub>2</sub>” offer</b> France, 2008 Overall offer including, in addition to an analysis of the existing fleet of vehicles, a plan to cut emissions, the opportunity to go on an eco-driving course and the offset of CO <sub>2</sub> emissions from vehicles.	Public sector	Approximately 80 contracts signed by the end of 2010 and over 1,000 tons of CO <sub>2</sub> avoided since 2008.
Incentive to reduce the distances driven	<b>Dexia Car Insurance</b> Belgium, 2007 Insurance rate based on brackets of kilometres driven.	Private individuals	39,097 insurance policies with variable km premiums signed by the end of 2010 since the product was launched in 2007.

# Supporting the development of green growth

## Funding projects that respect the environment

Dexia attaches particular importance to the environmental impact of the projects it finances.

At the end of 2008, the French Development Agency (AFD) granted DenizBank an envelope of 80 million for funding public projects in Turkey in the sectors for transport, water and waste management. Implementing a specific policy on the environment makes it possible to ensure that the projects financed comply with a certain number of environmental criteria defined in agreement with the AFD. As part of this programme, twelve projects have already been financed in various municipalities or municipal satellites, representing a total of EUR 30 million.

In France, Dexia Crédit Local played a role in the funding of the PPP project to build the health centre at Saint-Nazaire. The constraints of the site were put to optimum use by developing bioclimatic architecture aimed at controlling energy consumption with an ambitious thermal target (15% less than the thermal regulations of 2005) to provide maximum comfort for users. Using renewable energy will make it possible to cover 70% of heating requirements and 20% of sanitary hot water production at the site.

We have also been signatories of the *Equator Principles* since 2003. [To find out more about the implementation of these principles within the Dexia Group, see p. 23.](#)

### CLEANING UP CONTAMINATED INDUSTRIAL LAND

Dexia is one of the leading investors in the "Re-Vive Brownfield Fund", a private equity fund created in March 2010 by the property promoter, Re-Vive, aimed at the sustainable redevelopment of contaminated industrial land in Belgium. By investing in the cleaning up process of polluted land and redeveloping it into sustainable property projects, the fund aims to achieve environmental and social gains – as well as a financial return – by acquiring sites that offer sustainable opportunities through their location, development potential and connection to the urban network.

The fund focuses on medium-sized projects with values varying between EUR 10 and 30 million. An initial piece of land extending over four hectares has been purchased at Gentbrugge with a view to redeveloping an old steelworks into a sustainable mixed residential district.

### SHOWCASING OUR GREEN PRODUCTS IN OUR COMMUNICATION CAMPAIGNS



Green Day Poster

Throughout 2010 in Belgium, Dexia Bank held a series of Dexia Green Day sessions to tell its customers about the technical opportunities presented by systems that help protect the environment, as well as the way in which Dexia is able to assist them financially in bringing their projects to fruition.

Dexia Bank also introduced an environmental dimension into its promotion campaigns for conventional products. In September 2010, future customers applying for a mortgage loan were able to enjoy a contribution of EUR 500 towards carrying out an energy audit on their homes, on condition that they were granted a mortgage offer.

Finally, November 2010 saw the start of a communication campaign about energy-saving investments, with particular attention paid to "green" housing loans and Car Eco-credits. Customers were invited to enter an online competition enabling them to win vouchers to spend with one of our "green" partners.

### GREEN IT

Essential as they are for day-to-day business, IT equipment and networks represent a major part of the energy consumption of a public services building. To help its customers to optimise the management of their IT equipment, Dexia Bank Belgium has been selling its Energy Line – Green IT product since 2008, an all-in-one solution for leasing IT equipment that meets the latest European energy efficiency standards.

As a result, all of the administration services computers at the town of Lessines now use a virtual system. In addition to saving space on desks, the system saves 400 W per computer and significantly cuts the power requirements at the local council offices, enabling the investment to pay for itself in no more than three years. The funding for this project, arranged in collaboration with Adehis, was paid for by the town of Lessines using a loan provided by Dexia.

Currently available in a pilot region, Green IT will be rolled out across Belgium from 2011.

Identity and strategy

Priority 2011-2012

Relevance

ESSENCE

Communication

Evaluation

# Essence



# Incorporating environmental and social risks into our financing activities

Aware that the impact we have on the environment and society is indirect in the main – i.e. associated with our profession as bankers – we have been busy for a number of years now implementing policies and processes aimed at better integrating the environmental and social risks involved with the projects for which we plan the financing.

## Implementing the Equator Principles



As a signatory to the *Equator Principles* since 2003, we seek to minimise any potential environmental and social impact caused by the projects we finance.

The process we use to apply the *Equator Principles* is implemented on a daily basis by our teams responsible for funding projects. Projects that come within the scope of application of the *Equator Principles* are classified using a standardised analysis grid, based on their likely environmental and social impact:

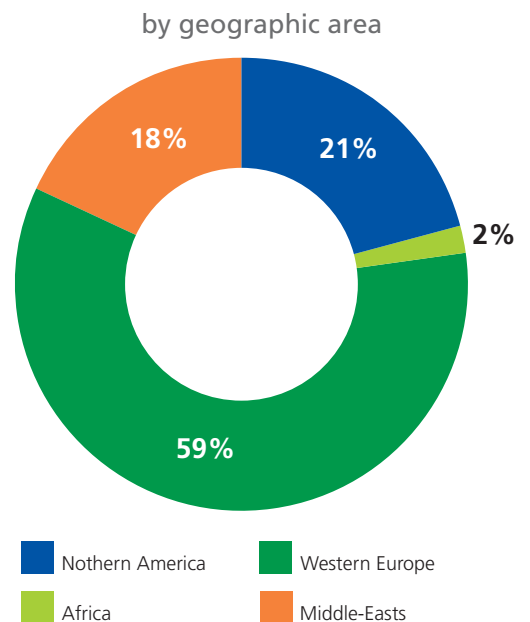
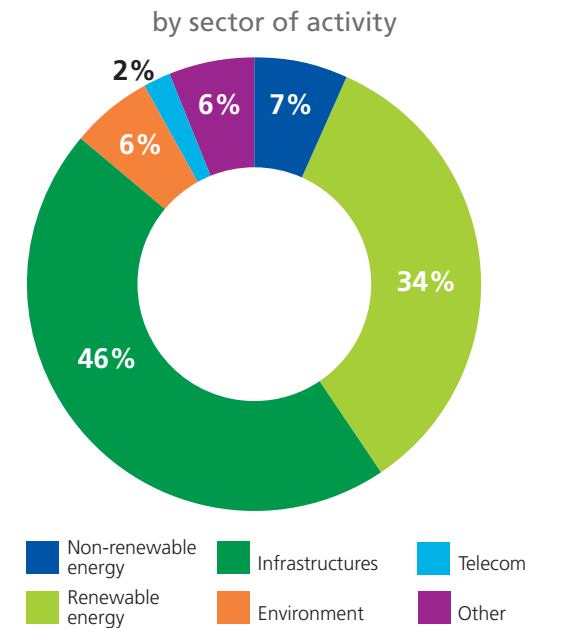
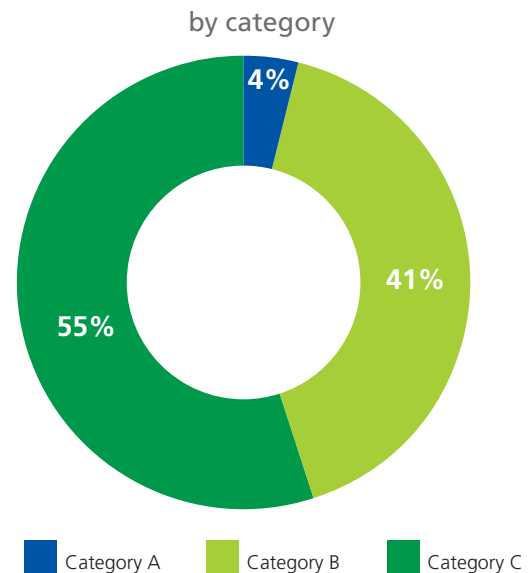
- category A: projects with significant negative social or environmental impact;
- category B: projects with limited social or environmental impact;
- category C: projects with minimal or zero social or environmental impact.

Category A or B projects are the subject of an environmental and social impact assessment. The conclusions are incorporated as part of the technical due diligence process. An environmental and/or social management plan is implemented where required to ensure the proper handling of any environmental and social risks throughout the entire period for funding the project.

Depending on the environmental and social risk involved with the project, the Sustainable Development Department at Dexia provides support for the risk management and front office teams by carrying out a more detailed analysis of the project. It then comes up with a recommendation that is systematically passed on to the credit committee, which is responsible for the decision to finance a project, and defining the terms relating to it. In 2010, the Sustainable Development Department issued an opinion on three projects submitted to the credit committee.

Given the main business sectors that we operate in on funding projects, most of the operations we finance come into categories B or C. In 2010, we funded 56 *Equator Principles* projects, two of which were classified in category A: a project to build a gas pipeline, and a project for a waste treatment plant.

### BREAKDOWN OF EQUATOR PRINCIPLES PROJECTS FINANCED IN 2010





# Incorporating environmental and social risks into our financing activities

## Defining sector-based policies

For many years now we have been developing specific sector-focused policies, guiding our policies in those sectors where we operate that present the greatest environmental and social risks.

Introduced in 2004, our policy on funding the arms industry applies to all of the Group's business lines and entities. The policy is based around two commitments:

- the exclusion of all of the Group's banking and insurance activities from companies whose involvement in the manufacture, sale, use or holding of antipersonnel mines, cluster bombs or depleted uranium weapons is certain and acknowledged;
- specific guidelines suited to each of our business lines: project finance, corporate financing, management of funds and shareholdings.

The full wording of our policy on the funding of the arms industry is available at [www.dexia.com](http://www.dexia.com).

Since 2008 we have also defined guidelines on the financing of the energy sector. These guidelines apply to our funding activities when the use of the funds is known and linked to a specific project. They cover the following sectors: oil and gas, biofuels, conversion of fossil fuels and the production of electricity from thermal, nuclear and renewable sources, including hydroelectric.

Within the context of its guidelines, Dexia is the first bank in the world to set itself a quantitative target aimed at limiting the carbon footprint of its portfolio of projects relating to the production of electricity or heat. As a result, we are committed to the carbon intensity of this portfolio being 30% less than the recommendations of the International Energy Agency on the carbon intensity of world energy production in order to stabilise emissions of greenhouse gases at a maximum of 450 ppm<sup>(1)</sup> in order to limit atmospheric warming.

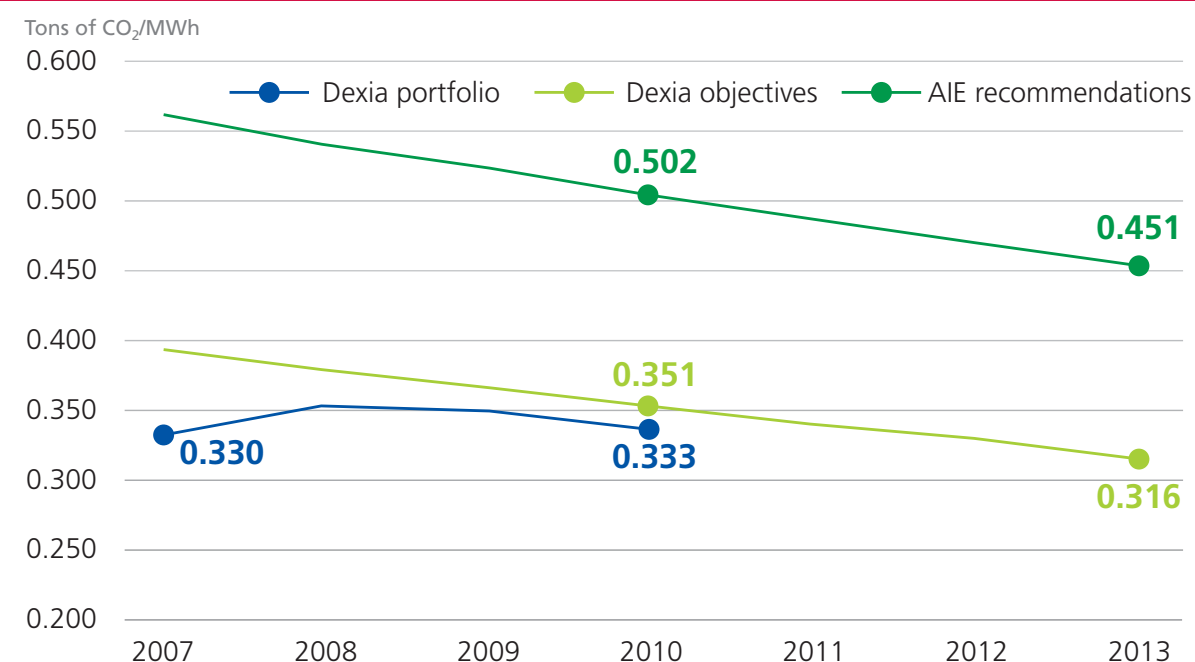
The full wording of our guidelines on funding the energy sector is available at [www.dexia.com](http://www.dexia.com).

### PROJECT-FUNDING ACTIVITY, BY SECTOR

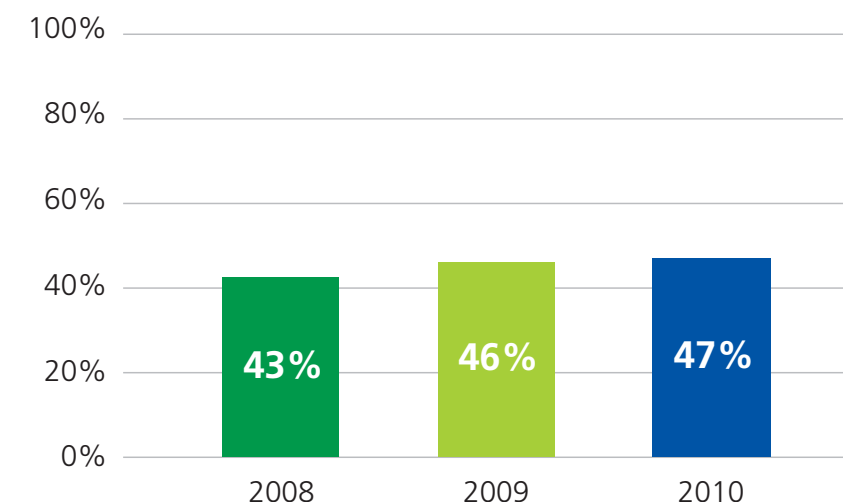
Dexia focuses its project-funding activity mainly on the energy sector, particularly on the production of electricity from renewable sources, and on the infrastructure sector. We also fund projects in the area of environmental management (water, waste) and telecommunications.

Dexia does not finance projects in the sectors of chemicals, fishing, forestry and mining.

### CARBON INTENSITY OF THE PORTFOLIO OF PROJECTS FOR THE PRODUCTION OF ELECTRICITY



### SHARE OF SOURCES WITH ZERO OPERATING EMISSIONS IN THE PORTFOLIO OF PROJECTS FOR THE PRODUCTION OF ELECTRICITY



<sup>(1)</sup> ppm: parts per million

# Investing in a socially responsible manner

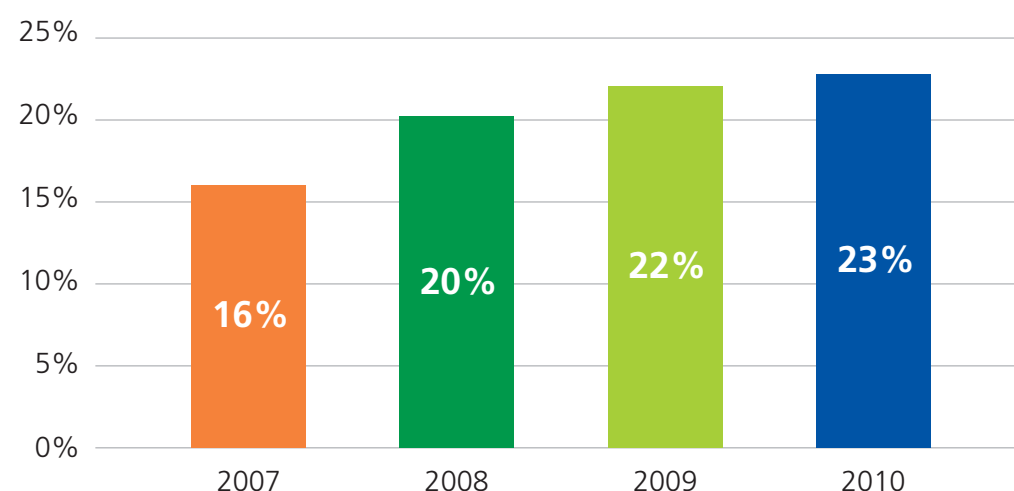
By incorporating environmental, social and corporate governance criteria into its investment portfolio, Dexia Asset Management aims to be a responsible asset manager, eager to act in the interests of its customers in the long term and helping to build a more sustainable economy.

## Consolidating our position as a leader in SRI

Socially Responsible and Sustainable Investment (SRI) occupies an essential place in Dexia's strategic positioning and philosophy. Approximately 23% of the assets managed by Dexia Asset Management, or EUR 19.7 billion at the end of 2010, enjoyed the

benefits of an SRI approach. We have been involved in SRI since 1996 and offer our customers a full range of SRI solutions across all categories of assets and in all geographical regions.

### SHARE OF OUTSTANDING SRI FUNDS IN THE TOTAL OUTSTANDING FUNDS MANAGED BY DEXIA ASSET MANAGEMENT



Our approach to SRI is distinguished by its robustness and efficiency. Based on a highly effective internal analysis, it relies on a committee of SRI experts made up of five independent members from the world of academe and business. These specialists assist us in identifying emerging issues in the area of sustainable development, and ensuring our approach is both pertinent and consistent.



The expertise of Dexia Asset Management in managing and analysing SRI funds was

confirmed in 2010 when it received SRI accreditation from the French body, Novethic, for the second consecutive year for 19 of its funds in all categories of assets. In addition, the whole of our SRI range was rewarded in 2010 by the special Luxembourg Fund Award presented by the financial analysis provider, Morningstar, and the newspaper *Tageblatt*.



## Strengthening the transparency of our approach to SRI

To enable us to provide our customers with more detailed information that is more transparent and regularly updated, we launched a new website in 2010 dedicated entirely to SRI. **This website is accessible via the transfer protocol <http://sri.dexia-am.com>.**

Introduced in 2004 by Eurosif with the backing of the European Commission, the aim of the European SRI Transparency Code is to reinforce transparency on the principles and processes that underlie the constitution of SRI funds. As a signatory of the Transparency Code for all of its SRI funds, Dexia Asset Management updated the existing Transparency Codes in 2010 for four SRI funds or fund types:

- Core SRI funds, which include 18 open SRI funds in various categories of assets;
- thematic SRI funds;
- the Dexia Money Market Euro Sustainable fund, which invests in short-term instruments issued by States and responsible and sustainable companies;
- the Dexia Equities L Sustainable Emerging Markets fund, which invests in sustainable and responsible companies operating in emerging markets.

We have also developed the Transparency Codes for two types of SRI funds:

- index SRI funds;
- SRI salary-based savings plans, which invest in internal funds that take account of sustainable and responsible criteria.

**All of these Transparency Codes are available in English and French from the Dexia Asset Management website and at its website dedicated to SRI at <http://sri.dexia-am.com>.**

Because we believe that financial performance is not a sufficient condition *per se* for the success of an SRI strategy, we publish information about the non-financial performance of our funds as part of our monthly reporting process. After two years of work, in 2010 we implemented our own evaluation tool for assessing the environmental, social and governance-related performance of our SRI funds. Evaluation of the performance of virtually all of our SRI funds is available from our website at [www.dexia-am.com](http://www.dexia-am.com). In addition, each month we publish a full list of the holdings that make up our SRI funds at the same site.

### INDEX SRI FUNDS

At the beginning of 2010, Dexia Asset Management began offering index SRI funds to its private clients and institutional investors. These are passively managed funds that reflect the index as closely as possible and which feature a sustainable filter in two dimensions:

- a standard-based filter which ensures that the companies selected abide by the principles of the *Global Compact*;
- an active dialogue about the issues of sustainable development with companies, led by our SRI analysts.

# Investing in a socially responsible manner

## Exercising an active voting policy

Dexia Asset Management aims to conduct an active dialogue with companies without indulging in finger-pointing. Hence we speak regularly with companies during any SRI analysis. Our clear objective is to encourage the company to think carefully about certain aspects linked to topics of sustainability, as well as to strengthen transparency further for investors. We place the emphasis on transparency because it aids with comparisons and also prompts companies to continue developing their strategy. In 2010, Dexia Asset Management had over 150 contacts with companies.

Proxy voting or exercising voting rights is also important. With this in mind, Dexia Asset Management aims to assume fully its role as a responsible asset manager by attending General Meetings and exercising its voting rights by taking part in the vote on certain resolutions tabled during these meetings. In 2010, we attended some 320 General Meetings.

Our policy of active voting is based on four principles of sound business management:

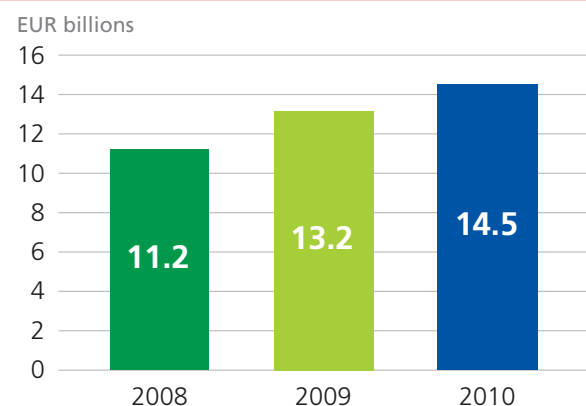
- guaranteeing the rights of all shareholders, based on the rule of “one share – one vote – one dividend”;
- guaranteeing equal treatment for all our shareholders, including minority and foreign shareholders;
- passing on accurate and transparent financial information;
- responsibility and independence of the Board of Directors.

Acting as guarantor for this policy, a “Proxy Voting” committee analyses the voting decisions taken by Dexia Asset Management, both prior to and subsequent to meetings. Made up of seven members, two of whom are independent, appointed for the expertise in corporate governance, this committee is responsible for adjusting our voting policy to any new developments in this area. Each year, Dexia Asset Management publishes a report on how its voting rights were exercised. **This report, along with Dexia Asset Management’s policy on voting, is available at [www.dexia-am.com](http://www.dexia-am.com).**

### PORTFOLIO 21

Based on a standards-related approach to compliance with human rights and environmental management, Portfolio 21 aims to include non-financial criteria in the management of investment portfolios. All of Dexia’s insurance reserves, including the supplementary pensions of its staff in Belgium, are invested in a socially responsible manner, in line with the principles of Portfolio 21. **For more information about the Portfolio 21 project, see [www.portfolio21.info](http://www.portfolio21.info).**

**OUTSTANDING FUNDS MANAGED IN ACCORDANCE WITH THE PRINCIPLES OF PORTFOLIO 21**



## Encouraging companies to be more transparent

Dexia Asset Management has been involved for a number of years in various collaborative initiatives aimed at encouraging companies to increase their transparency and publish information

about the major issues of sustainable development. Taking this commitment a step further, we have been the signatories to the following initiatives since 2010.

Investor Statement Regarding Suicides and Working Conditions at Electronics Manufacturing Facilities	Initiative aimed at encouraging large multinational companies in the electronics sector to communicate more about their policies for managing their supply chain.
Sustainable Stock Exchanges	Call put out to the stock exchanges to examine the possibility of incorporating elements relating to environmental, social and governance performance in their rating rules.
Investor Statement on Access to Medicine	Evaluation and ranking of the world’s twenty largest pharmaceutical companies, based on sustainable development criteria and in particular relating to access to essential medicines.
2010 Global Investor Statement on Climate Change	Proposal for a political framework to be put in place nationally and internationally to fight against climate change. This statement continues on from the Copenhagen Communiqué on Climate Change, published in December 2009.
CDP Water Disclosure	An initiative aimed at encouraging large multinational companies to publish information about the risks and opportunities facing them in terms of water management.

**For more information about the collaborative initiatives to which Dexia Asset Management is a signatory, see our commitment report at: <http://sri.dexia-am.com>.**

# Conducting our business responsibly

As a leading financial services player, Dexia is committed to conducting its business in a professional and responsible manner in relation to all of its products and services vis-à-vis its customers, other financial parties, the authorities and all of Dexia's in-house and external partners.

Every area of business includes the risk of non-compliance. Inadequate understanding or management of these risks may lead to financial and commercial losses, as well as tarnish Dexia's reputation. It may also lead to administrative, legal or criminal sanctions.

## Dexia's compliance policy

The aim of the Integrity Policy is to promote honest, open and ethical conduct and ensure that the laws, regulations and other professional standards are complied with. It is also designed to monitor compliance with Dexia's Codes of Ethics, Codes of Conduct and other Group policies so that Dexia's reputation is highlighted and protected.

The Compliance Charter sets out the role and jurisdiction of the compliance function and presents the principles of governance that underlie the approach taken by Dexia in this area.

### FIGHT AGAINST MONEY-LAUNDERING AND THE FINANCING OF TERRORISM

Dexia attaches the greatest importance to the sound management of risks relating to money-laundering and the financing of terrorism, and to effective compliance with the national and international obligations relating to them.

Dexia has designed and implemented a process based on international standards (FATF, Wolfsberg, etc.) abiding by local rules and the requirements of the controlling authorities.

To ensure a harmonised and consistent approach across the various entities, Dexia has drawn up a series of general policies (*Country Policy*, *AML Risk Rating*, *Politically Exposed Individuals*, *OFAC Policy*, etc.), which the Group entities use to adopt procedures and instruction memos detailing

the obligations and formalities that apply in relation to:

- knowledge and identification of customers, representatives, agents and business beneficiaries;
- verification from official lists of criminals, terrorists, nuclear proliferation agents, etc issued by the national and international authorities;
- monitoring account and business relations throughout the period of the relationship;
- monitoring of operations and detection of suspicious transactions;
- cooperation with the regulatory and legal authorities in the event of suspicion of money-laundering or the financing of terrorism, in line with the applicable requirements.

### MARKET ABUSE AND PERSONAL TRANSACTIONS

As a listed company, Dexia has introduced measures aimed at managing the risks of market abuse (insider trading and price manipulations) in relation to the financial instruments issued by the Group. There are also measures in place regarding other issuers about which Dexia and/or its employees may have privileged information.

These measures take the form mainly of a policy aimed at preventing insider trading in relation to financial instruments and a policy on personal transactions conducted by the individuals in question. There are also measures dealing with confidentiality, drawing up lists of insiders and "Chinese walls".

### INTEGRITY OF DEALS IN FINANCIAL INSTRUMENTS

As part of the MiFID directive, Dexia has implemented its own standards to ensure a high level of protection for investors. These include the policy on conflicts of interest (2007), as well as other standards relating to the classification of

customers, risk profiles and *best execution*. MiFID monitoring, in place since 2008, governs the indicators and tests of the Dexia entities in question in relation to the directive's requirements.

# Conducting our business responsibly

## DATA PROTECTION AND PROFESSIONAL SECRECY

Discretion and compliance with the requirements of professional secrecy (including banking secrecy, when applicable) are essential, in particular with a view to preserving Dexia's reputation. There are procedures in place on several levels in this regard (employees, customers, transactions) across the Group to ensure compliance with national regulations.

## CONFLICTS OF INTEREST

The proper operation of Dexia's business requires a strict policy regarding conflicts of interest, such as has been in place at Dexia since 2007. Conflicts of interest relate to numerous situations: a contradiction between the interests of Dexia (or one of its staff) and its customers, or between staff and Dexia or between the interests of several customers.

## EXTERNAL MANDATES

Internal rules have been adopted to control external functions that may be carried out by staff in compliance with local regulations or general principles on preventing conflicts of interest.

## INDEPENDENCE OF THE AUDITORS

Dexia has a policy designed to guarantee the independence of its auditors. This involves checking, among other things, prior to allocating an assignment that is not linked directly to the statutory auditing of the accounts, to see whether this assignment is likely to have an effect on the independence of the auditors.

## WHISTLEBLOWING

Dexia has introduced an internal *whistleblowing* system aimed at reducing the risk of financial loss, sanction or loss of image or reputation resulting from non-compliance with legal and regulatory obligations.

This system provides Dexia employees with the opportunity to report any abuse or malfunction likely to cause serious prejudice to Dexia.

## FIGHT AGAINST CORRUPTION

The Dexia Group has established provisions that apply to all of its staff in order to prevent corruption of a private nature, such as the "Integrity Policy", the "Code of Ethics" and the "Policy on Gifts, Favours and Invitations".

As part of the fight against corruption of a political nature, Dexia has adopted the "Politically Exposed Individuals" policy aimed at preventing the risk of money-laundering based on acts of corruption, and the *Country Policy* includes this risk as an essential criterion in the compliance classification of risk countries.

Also in this area, the Group has introduced the *Whistleblowing* policy, the AML&CFT principles, the policy on conflicts of interest, Dexia's policy guaranteeing the independence of its auditors and the policy on the prevention of market abuse.

## TAXATION POLICY

As part of its compliance with international standards on fiscal transparency, Dexia abides by the principles adopted by the OECD and the G20 on implementing international standards aimed at improving fiscal transparency and the exchange of information on tax-related matters. Dexia currently does not operate in territories deemed to be "non-cooperative".

The Group also benefits from green tax measures aimed at encouraging the mobility of staff, such as the partial or total funding of season tickets on public transport, company cars with low CO<sub>2</sub> emissions, etc.

# Acting as a responsible business

Dexia is keen to act as a responsible company in managing its direct social, environmental and societal impact.

## Corporate social responsibility

In 2010, the Group continued with the Transformation Plan it feels is essential for restoring its financial situation. Introduced in successive waves over the past two years, this plan is in response to the various business and organisational needs identified: strengthening the Group's integration, as well as running it to serve customers better and to continue the path of cost-cutting.

affected by job losses, these measures are spread in time to enable the implementation of a range of solutions designed to avoid forced redundancies. In particular, priority is given to seeking possible moves within the Group.

Since January 2009, in Belgium, France and Luxembourg, no job cut has resulted in a forced redundancy. Job cuts, excluding solutions where moves have been made internally, have been on a voluntary basis only, in addition to other measures including early retirement and assisted departures.

### CONTINUING INTERNAL MOBILITY

A number of principles aimed at limiting the employment-related impact of the transformation process were introduced in 2010 and have been reaffirmed for 2011: the Group is seeking to achieve savings across all of its operating costs and is not targeting staff overheads alone. When staff are

### CONTINUING WITH SOCIAL DIALOGUE

As in previous years, social dialogue remained an essential element in the process of transformation. Consequently, the calendar year of 2010 was again a busy one, with five plenary meetings of the European Works Council (EWC) and eleven meetings of the European Works Council Board.

Following the staff representative information-consultation process first discussed at EWC level, said process was then discussed locally at works council level in the entities.

In Dexia's Belgian employment area, the collective transfer of jobs was first negotiated at length before being enacted into the eventual transfer agreement concluded.

### CONTINUING THE PREVENTION OF PSYCHOSOCIAL RISKS

The Group has focused for a number of years now on preventing and detecting stress situations, in particular by introducing a prevention policy for "mental risks". As a result, there are numerous systems in place across the Group to detect, prevent and handle stress management.

In 2010, these measures were strengthened even further and brought into line with the systematic implementation of a group of mandatory programmes applied in each entity, providing a minimum shared programme for both preventative and corrective measures. These measures were also presented to the social partners, both at a European Works Council level and to local works councils.

### FORWARD-LOOKING MANAGEMENT OF JOBS AND SKILLS

In France, management and all of the union organisations signed an agreement at the end of 2009 aimed at saving jobs through the forward-looking management of jobs and skills, and by establishing a formal job mobility process to benefit the salaried staff affected by job losses or transfer of positions.

The purpose of this agreement was to provide guidance for the second round of the Group's Transformation Plan. It aimed at preserving and developing talent within the company and reinvesting staff in motivating business projects.

The agreement provides a total package of guidance and supervision on mobility: information about how the system works, access to positions available, evaluation of the skills and wishes of employees, the provision of any training needed, and monitoring of the person in the new position.

Initially scheduled to run over two years in 2010 and 2011, this agreement enabled an internal redeployment solution to be found for all of the staff affected during the course of 2010.

# Acting as a responsible business

## PREVENTING PSYCHOSOCIAL RISKS: AN ACTION PLAN SHARED BY THE WHOLE GROUP

The Group action plan includes a series of measures applied according to the type of prevention: level one, level two or level three.

Level one prevention (acting directly on the causes to reduce the negative impact on the individual):

- introduction of stress surveys;
- organisation awareness lectures for managers;
- distribution of an information brochure.

Level two prevention (helping individuals to adjust better to the requirements of their surroundings):

- organisation of specific training courses for HR departments (career managers, training managers, etc.) and members of the social services (medical services, etc.);
- continuation and development of in-house coaching;
- introduction of monthly monitoring for stress and burn-out indicators;
- regular communication.

Level three prevention (handling and ensuring the individual monitoring of employees suffering from stress-related problems now or in the past):

- continuation of external coaching;
- introduction of emergency hotlines.

Virtually all of these programmes have been implemented in the Group's six main entities. Local action plans are being developed for 2011 in response to the results of the surveys expedited in 2010.

## CONTINUING THE RANGE OF TRAINING COURSES

In 2010, the range of training courses available continued to develop to maintain the Group's strategy. This took place along several lines, such as change supervision, the adjustment of technical training courses to accommodate changes in the business lines caused by regulatory amendments,

and the reactivation of programmes that were suspended in the wake of the financial crisis (development programmes for high-potential individuals, MBA courses for senior managers, induction sessions for new arrivals, mentoring, etc.).

## CONTINUING PROGRAMMES IN FAVOUR OF DIVERSITY

In Luxembourg in particular, Dexia continues to participate in the programme of positive action organised by the Ministry for Equal Opportunity, aimed at the ongoing improvement of equality between men and women.

The company was again involved in organising the *Woman Business Manager of the Year* award. Initiated by Dexia Banque Internationale à Luxembourg in conjunction with other companies, the aim of the competition is to reward the woman – manager or company director – who runs the most innovative project in a company located in

Luxembourg. The award is in line with the policy of promoting equal opportunity implemented by Dexia Banque Internationale à Luxembourg and reflects the bank's commitment to promoting the role of women in the Luxembourg economy.

At a Group level, a broader thought process has just been launched for 2011. An overall assessment is in the process of being developed to determine the programmes to be run in the future, as well as their degree of priority.



Presentation of the Woman Business Manager of the Year award

# Acting as a responsible business

## Limiting our direct environmental impact

### EMISSIONS OF CO<sub>2</sub> CAUSED BY BUSINESS TRAVEL

For the past few years, we have made every effort to cut down on the emissions of CO<sub>2</sub> linked to business travel by our staff. In 2010, we continued our programmes by working along two main lines: reducing staff business travel and minimising the impact of trips by encouraging the use of modes of transport that generate less pollution.

To reduce the distances travelled, we encourage staff to use videoconferencing and conference calls. At the same time, we updated our Travel Policy in 2010, stressing the preference of using modes of transport that pollute less.

In Belgium, after adopting "shared bikes" (Villo!) in Brussels in 2009 for staff travelling on business over short distances, in 2010 Dexia became the first major Belgian company to begin the intensive use of "shared cars" (Cambio) for business travel over longer distances. This has enabled us to replace 25% of our company vehicles by subscriptions to the Cambio system, while at the same time making our own contribution to reducing the space occupied by cars in the city.

In Luxembourg, the bank took its internal policy on leasing a step further by limiting the choice of company cars based on their emissions of CO<sub>2</sub> per kilometre claimed by the manufacturers.

In addition, Dexia Bank Belgium has had a Sustainable Mobility Plan in place since December 2000 for the home-work-home travel of staff. This is a collective labour agreement encouraging sustainable modes of travel: free public transport, reimbursement of parking fees at stations, encouraging the use of bicycles, car-sharing, etc. As a result, in Brussels, 80% of staff come to work each day other than alone in their car, 66% by train and 5% regularly cycling to the office. Over 10 years these measures, which have cost the company 18 million EUR, have prevented the emission of over 25,000 tons of CO<sub>2</sub>. In 2010, the bank's efforts were also rewarded through a nomination for the Belgian Mobility Award presented at the Belgian Energy and Environment Awards (EEAwards).



Cambio station in front of the Gallée building in Brussels

### CO<sub>2</sub> EMISSIONS AVOIDED BY USING TELECONFERENCES

In 2010 we continued to estimate the volume of CO<sub>2</sub> emissions avoided by using videoconferences by monitoring the calls better and including conference phone calls.

This led us to the following assumptions:

- 80% of staff business travel by train is over average distances of 280 km;
- 20% of staff business travel by air is over average distances of 3,300 km;
- each videoconference links an average of 4 people and hence eliminates 3 business trips;
- a conference phone call links an average of 10 people and hence eliminates 5 business trips;
- 50% of conference phone calls enable business trips to be eliminated; the remainder correspond to meetings that would not have been held without telephone equipment;
- 100% of videoconferences enable business trips to be avoided.

Based on this, we estimate that using videoconferences enabled us to avoid the emission of approximately 2,300 tons of CO<sub>2</sub> between October 2009 and September 2010. Using conference phone calls also enabled us to prevent the emission of approximately 11,000 tons of CO<sub>2</sub> over the same period. All of which represents almost 65% of the emissions linked to our business travel over the period.

### FLOWERPOWER@DEXIA

To mark Earth Day on 22 April and to celebrate the International Year of Biodiversity, Dexia Bank Belgium gave each member of staff a packet of seeds for a dozen wildflowers, half of which are threatened with extinction. To add a dimension of social solidarity to the project, the job of folding the packets using recycled paper and adding the seeds to the packets was given to a sheltered workshop that provides employment to handicapped individuals.

### ECO-VOUCHERS FOR DEXIA BANK BELGIUM STAFF

Since 2009, the bank has been giving eco-vouchers to its staff. These vouchers can be used to purchase environmentally-friendly products and services, thereby boosting the purchasing power of the people receiving the vouchers while limiting their impact on the environment.



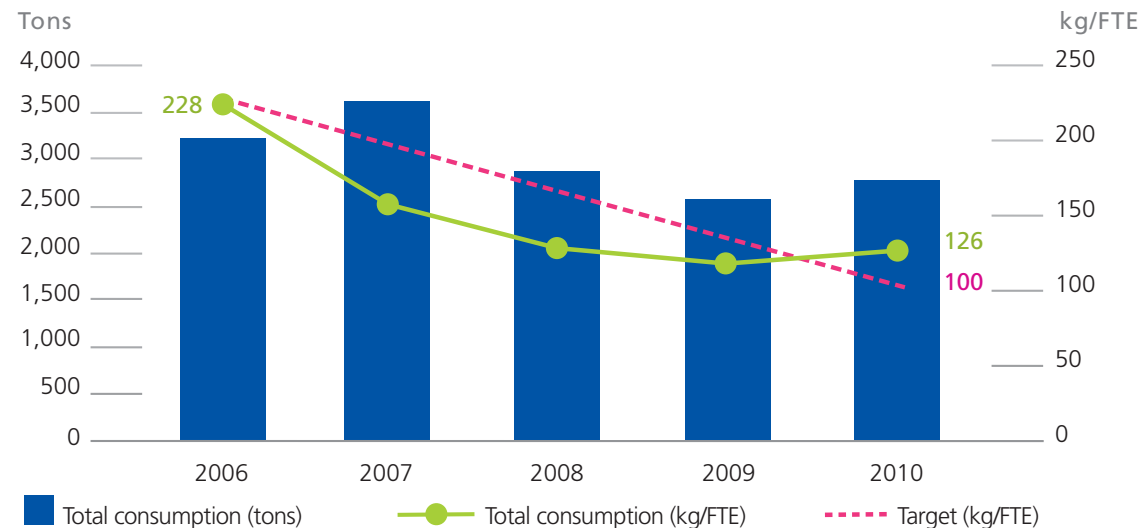
# Acting as a responsible business

## CONSUMPTION OF PAPER

We pay particular attention to cutting our consumption of paper, which represents our main source of consumables and waste. Back in 2006, we embarked on a voluntary programme that has enabled us to cut our paper consumption by 17%.

In 2010, our efforts in this area were offset by the recovery in our business, with our consumption of paper remaining stable for the year. At the conclusion of the process commenced in 2006, we achieved almost 80% of the target we set ourselves of 100 kg/FTE by 2010.

### GROUP PAPER CONSUMPTION



The Group runs various programmes aimed at optimising consumption of paper. These include, for example, the dematerialisation of employee payslips (Dexia Bank Belgium, Dexia Insurance Belgium, Dexia Banque Internationale à Luxembourg), setting printers to print on both sides of the paper by default (in Belgium, France and Luxembourg), and the increasing use of "green" paper, which represented 92% of our overall consumption in 2010.

Our private customers are offered an alternative solution to the paper documents sent out to them regularly. For Luxembourg, this is *dexiplus*, while for Belgium it is Dexia Direct Net. These interactive banking applications allow customers to access all their banking information and account statements online. The same type of application is available for business customers in Belgium: called PaPyRuS, it also provides them with secure space to store their information.

## WASTE MANAGEMENT

To improve the relevance of our reporting data in relation to our business, we made changes to our waste indicators in 2010 by adding two categories: non-hazardous waste, which represents our biggest type of waste, and recycled paper/cardboard waste, which enables us to monitor the Group's recycling efforts.

Several programmes are run within our various entities aimed at limiting our production of waste. By way of illustration we should mention the recycling and processing of computer goods (in Belgium) or renting

it (in France), placing sorting baskets at workstations (especially in Belgium, France and Luxembourg) or programmes to make staff more aware of proper sorting (in Belgium).

As a result of its efficient sorting system, Dexia Banque Internationale à Luxembourg recycles five tons of paper a week, as well as thirteen tons of cardboard and four tons of plastic a year. It also has its food waste collected by a specialist company, which uses it to produce heat.

### RESPONSIBLE PURCHASING POLICY

In 2005, Dexia began a process of responsible purchasing through a Charter of Ethics governing the relations of the Group's entities and subsidiaries with suppliers. Depending on the context and the laws and methods of producing goods and services that exist in each country, Dexia aims to select suppliers that apply the best practices and principles of social and environmental responsibility. The Charter applies to all major suppliers in a regular and continuous relationship with Dexia Group entities and is used for all new tenders or when a contract to purchase goods and services is signed with these suppliers.

For example, in line with these principles, we encourage our suppliers to abide by the principles of the *Global Compact*.

The wording of our Charter of Ethics for suppliers is available at [www.dexia.com](http://www.dexia.com).

# Acting as a responsible business

## Patronage

In 2010, the Group continued to adjust its strategy on patronage to comply with the Transformation Plan underway for the past two years. In particular, the year was highlighted by the special attention granted to the participation and involvement of staff in two main areas: access to culture and offering solidarity and support.

### CULTURE FOR EVERYONE

In the wake of the financial crisis, Dexia reviewed its strategy on patronage, in particular by uniting its policies on supporting culture under the heading "Culture for Everyone", a programme that promotes the opening of our private art collections to the general public, as well as giving our staff opportunities to enjoy reserved access to the many cultural events we support.

Aimed at Dexia staff and the public at large, "Culture for Everyone" enables all of our cultural programmes in the countries where we are located to be brought under a single banner.

- In Belgium, Dexia has a collection of paintings, part of which is on display at its gallery in Boulevard Pachéco. Since "Culture for Everyone" was launched, this gallery has been opened once a month to the general public. Works are also lent to galleries in Belgium and abroad. In 2010, the *European Music Competitions for the Youth* association hosted the Dexia Classics competition. Open to students from the country's academies and conservatories, this famous competition has been organised by Dexia Bank for 40 years.
- In France, the bank is the patron of the Festival d'Avignon. Over the past two years, the bank has opened the performances at the Festival to young

people through its Solidarity programme. In 2010, it was particularly pleased to enable staff to access the Festival programme on a privileged basis.

- Each year, Galerie l'Indépendance in Luxembourg hosts two major exhibitions of works by artists from Luxembourg. To bring culture out to young people, the bank has established the educational programme, *Jonk Besetzung*, which includes guided tours of the works in the bank's gardens and an introduction to photography and plastic arts.
- In Italy, Dexia owns a prestigious art collection. Many of these works are made available for the general public to view once a year (*Invito a Palazzo*).
- In Turkey, DenizBank, which is the principal patron of the *Istanbul Symphonic Orchestra*, also sponsors the cello competition at *Mersin University State Conservatory*.

"Culture for Everyone", now celebrating its first anniversary, has been highly successful. More than 10,000 people have attended its exhibitions, almost half of whom went to Open Days held at the Group's exhibition galleries. During 2010, a survey of those attending showed a very high level of satisfaction. The aim for this programme in 2011 is to improve the visibility of our art collection by increasing the number of works lent to museums in the countries where Dexia operates.

### SOLIDARITY

Dexia has been running solidarity and support programmes for many years, mainly through its two Foundations in Belgium and France. In 2010, all of the Group's patronage teams worked on an overall



The Dexia Gallery in Brussels

strategy aimed at enabling Dexia to adopt a Communication Charter in 2011 and to produce more homogeneous transverse action guides.

Since 2005, Dexia Foundation Belgium has supported the two main Belgian associations promoting microfinance: Crédal and Hefboom. The Foundation makes operating grants available to these associations, representing 420,000 EUR in 2010, as well as the skills and support of sixteen volunteers drawn from current and former staff of Dexia Bank.

The Foundation is looking to continue its work by increasing the level of voluntary help from staff. It has just launched a pilot project for the *Helping Hands* group by which Dexia staff in Belgium who are involved on a voluntary basis with a charitable association, are able to propose a project with the aim of obtaining support from the Foundation. Ten projects were selected by a panel of judges that included Dexia employees. Depending on the conclusions from this pilot project, this programme may be extended to the whole Group.

For its part, the Dexia Foundation France, supports three programmes aimed at promoting the integration of young people in difficult circumstances.

- A call for national projects: solidarity-related – and since 2010 also culture-related – projects are selected each year by the panel that includes company employees. Dexia Crédit Local and Dexia Sofaxis supported 34 projects in 2010.
- Citizenship School: each year, the school hosts a hundred to so young people on one-week stays around principles of civic awareness.

- Skills patronage: employees are allowed to take two hours a month out of their working time to sponsor young people with their professional integration. In 2010, almost 40 staff from Dexia Crédit Local helped guide young people to look for work.

Dexia Asset Management continues its "Helping Those Who Help" support programme each year by allocating the budget normally set aside for end-of-year gifts to charitable associations in which employees are mainly involved.

DenizBank supports a number of solidarity initiatives, including the Turkish Education Association's programme of scholarships, which granted 39 bursaries to young high school students in 2010.



Presentation of Citizenship School diplomas at a ceremony attended by Michel Blanc, president of the Dexia Foundation France

Identity and strategy

Priority 2011-2012

Relevance

Essence

COMMUNICATION

Evaluation

# Communication



# Strengthening the dialogue with our stakeholders

Well aware of the expectations and concerns of our stakeholders, in 2010 we consulted with a number of them in relation to the development of our new strategy on sustainable development.

## Identifying the expectations of our stakeholders

We approached the representatives of twenty-one organisations from the main categories of stakeholders identified by the Group and asked them for an individual conversation. Corresponding stakeholders included:

- public authorities;
- civil society, associations, NGOs;
- professional representation bodies;
- rating agencies and auditors;
- staff members and staff representatives;
- suppliers and commercial partners.

Thirteen of these stakeholders responded favourably to our request, which is a response rate of over 60%.

This consultation process enabled us to highlight five issues perceived as being top priorities by the panel of stakeholders questioned. The table below details for each one of them how they fit into the overall framework of our new sustainable development strategy.

Analysing these issues, as well as conducting a materiality test in the face of the priorities identified by Dexia, served as a base for adapting the structure and content of our Sustainable Development Report.

To find out more, see p. 7.

Priority issues for our stakeholders	Integration into Dexia's strategy on sustainable development
Be transparent about our business practices	<b>Communication</b> We make every effort to communicate with clarity and simplicity about our commercial practices, in particular by enhancing the transparency of the information we communicate to our customers about our products and services. <a href="#">To find out more about our commitments to transparency vis-à-vis our customers, see p. 36.</a>
Adopt conduct that is ethical	<b>Essence</b> We aim to incorporate the issues of sustainable development into the day-to-day exercise of our profession as bankers through the honesty and integrity of the way we behave. <a href="#">To find out more about our policy in this area, see p. 27.</a>
Define indicators for monitoring the sustainable development approach	<b>Evaluation</b> Defining indicators to monitor our progress reflects a strong commitment to our new strategy on sustainable development to be rolled out operationally from 2011 onwards. <a href="#">To find out more about our sustainable development indicators, see p. 8 and pp. 42 to 44.</a>
Offer products and services on sustainable development	<b>Definition of sustainable development</b> Well aware that our main environmental and social impact is linked to our commercial activities, we seek to develop a range of products and services within our main commercial franchises that enable us to guide and advise our customers in their approach to sustainable development. <a href="#">To find out more about our range of products and services on sustainable development, see pp. 12 to 14 and 17 to 21.</a>
Select priority themes and develop them into action plans	<b>Relevance</b> Our aim is to concentrate our programmes regarding sustainable development on priority themes related to our business activities. In practical terms, this principle will be introduced operationally from 2011 onwards by selecting a priority area of action – the energy performance of buildings – which will be the subject of a specific action plan for 2011-2012. <a href="#">To find out more about our actions to improve the energy performance of buildings, see pp. 12 to 15.</a>

## Making the consultation process ongoing

We intend to make the consultation process with our stakeholders initiated in 2010 an ongoing concern so that we can add to our understanding of their expectations and build a relationship of trust based on two-way listening and constructive dialogue.

In 2011, our aim is to widen the scope of the stakeholders involved and enhance the repre-

sentativeness of some of the categories of parties spoken to so that we can expand the range of the results of our consultation and the resulting analyses.

Finally, Dexia will be implementing a specific process of dialogue with some of our stakeholders on the topic of the energy performance of buildings.

### MAKING OUR STAFF AWARE AND GETTING THEM INVOLVED

The adoption of a new framework for our strategy on sustainable development provided an opportunity for our directors to have their say, reaffirming their commitment in this area to staff. A new internal communication plan will be implemented in 2011 aimed at strengthening staff understanding and knowledge about the programmes introduced within the Group on sustainable development. The topic of the energy performance of buildings will also be the subject of an ongoing story on the Intranet of all Group entities, presenting our range of products and services in this area.

# Developing a relationship of trust with our customers

The financial crisis has had a deep-seated effect on the expectations of our customers. By increasing the transparency of our commercial practices, our aim is to build a relationship of trust with them over time.

Listening to customers and taking account of their essential needs is the foundation of every sustainable relationship. The theme of the "together to the essence" media campaigns that we ran in the spring of 2010 featured a number of essential questions aimed at our customers (e.g. "What does 'later' mean for you?"). "Together to the essence" also means that together we are looking for customised solutions based on our knowledge and expertise that are provided to customers in the form of clear-cut products and accessible services. Incorporated into all of the Group's business lines, this baseline leads the way in the practical actions that we take vis-à-vis our customers.

In Belgium, Dexia Bank launched a new approach to investment in June 2010 that places the investor at the heart of the process, while at the same time meeting the requirements laid down by law (MiFID regulations, among others). Four "investor portraits" were defined based on individual risk appetites for capital and returns. One of these four portraits is associated with each investment product. That way, our customers find it easy to identify those products most likely to match their willingness to take risks. After that, a tailored proposal can be made to them based on their objectives and their investment horizon. In addition, at a branch level, we specifically assess the customer's knowledge and experience of the type of product before he or she goes ahead with a purchase.

Convinced that sustainable added value can only be created for its customers through long-term partnerships based on proximity, responsiveness and trust, Dexia Asset Management adopted a Customer Charter in 2010 featuring nine commitments in terms of expertise, transparency and proximity. These undertakings express our mission and the targets set by our development model: to create added value for our customers at every stage in the value chain by placing them at the heart of our business.

In France, Dexia Crédit Local was the first bank to make commitments to marketing structured loans, even before the charter of proper conduct, known as the *Gissler Charter*, was signed between local authorities and the banks. In fact Dexia Crédit Local even went beyond that by publishing an exact inventory of its customers' outstanding balances in its 2009 annual report.

In line with our commitments, in March 2010 we sent out the valuation of Dexia Finance loans classified as B to E under the *Gissler Charter* to all of our customers. We also informed them of all non-*Gissler Charter* loans, stating the value of approximately 5,500 loans to 2,800 customers. We also established a mapping model of balances, enabling a snapshot of outstanding balances to be established for each customer, as well as the classification associated with each loan, based on the indexation and level of structure, as set out in the *Gissler Charter*.

In addition, at the end of 2009 we asked a committee of independent specialists to conduct an overall review of our sales and marketing rules on structured

loans. Chaired by Michel Bouvard, the *député* for Savoie and vice-chairman of the Finance Commission at the National Assembly, the committee made sure that the design of structured loans and the marketing and monitoring of outstanding balances were being correctly managed by Dexia. In its conclusions, the committee stated that it found particularly useful and innovative the initiative by Dexia Crédit Local to apply the rules of the *Gissler Charter* not only to local authorities, but also to hospitals and social housing organisations. Stressing the need to keep a constant eye on the quality and transparency of the information issued to customers, the committee considered that changing the name of products by reference to the structuring format was a genuine step forward in terms of clarity, as was the systematic introduction of an unstructured offering when even customers had not asked for it.

In order to act in the best interests of our customers, the commitments made in terms of marketing structured loans were laid down in a set of operating rules. As a result, there are now internal principles based on a thorough knowledge of customers, as well as the diversification and reduction of the complexity of outstanding balances, depending on the situation and needs of each individual. The dedicated internal committees and their rules of governance have also been reviewed to accommodate these principles as thoroughly as possible and to ensure they are applied correctly.

Investir est un processus complexe. Les investisseurs ont parfois quelques difficultés à faire leur choix parmi l'offre et ensuite à savoir de quoi se compose exactement leur portefeuille.

Les investisseurs sont aussi parfois confrontés à une évolution inattendue de leurs placements. C'est ce que nous souhaitons éviter. C'est pour cette raison que nous avons mis au point une nouvelle approche en matière d'investissements.

Le portrait d'investisseur est l'un des piliers de notre nouvelle approche. Il reflète le risque maximum que vous êtes prêt à encourir avec le capital et le rendement de vos investissements ou d'une partie de ceux-ci afin d'essayer d'obtenir un rendement plus élevé.

		Mon portrait d'investisseur			
		FIXE	PROTÉGÉ	TACTIQUE	DYNAMIQUE
Je veux	protéger mon capital	OUI	OUI	EN PARTIE	NON
	connaître mon rendement à l'avance	OUI	NON	NON	NON

**DEXIA**

New Investment Approach of Dexia Bank Belgium

Identity and strategy

Priority 2011-2012

Relevance

Essence

Communication

EVALUATION

# Evaluation



# Reporting process

## Reporting frame of reference

To formalise the reporting practices of the sustainable development indicators for the Group, a common reporting reference system was developed in 2006. Since 2007, this system has been used for each of the reporting topics:

- Retail and Commercial Banking, Asset Management and Services;
- Public and Wholesale Banking;

- direct environmental responsibility;
- social responsibility;
- societal involvement;
- governance.

These frames of references are updated as a whole annually.

## Reporting scope

The reporting scope for sustainable development indicators covers those entities and subsidiaries in which Dexia owns at least 51% and/or has operating control.

The 2010 scope for environmental reporting included:

- DenizBank;
- Dexia Asset Management (locations in Belgium and France);
- Dexia banka Slovensko;
- Dexia Bank Belgium;
- Dexia Banque Internationale à Luxembourg;
- Dexia Crediop;
- Dexia Crédit Local;
- Dexia Insurance Belgium;
- Dexia Technology Services (locations in Belgium only);
- Dexia SA;
- Dexia Sofaxis.

It did not include the independent branch networks of Dexia Insurance Belgium and Dexia Bank Belgium.

Taken together, the entities included in the scope for environmental reporting in 2010 represented 77% of the Group's full-time equivalent staff (excluding staff from RBC Dexia Investor Services).

In addition, for environmental reporting, it was decided from the 2009 period to publish the consolidated data from 1 October of year N-1 to 30 September of year N in the Sustainable Development Report for period N. Consequently, the environmental indicators published in this report for 2010 correspond to the period from 1 October 2009 to 30 September 2010.

The scope for social reporting includes all employees with a contract in all entities owned more than 50% by Dexia. This rule therefore excludes all external staff (temporary employees, consultants, etc.) from the scope for social reporting.

Historically, the entities that are currently part of RBC Dexia Investor Services have been taken into account in social reporting. This is the reason why RBC Dexia Investor Services is included within the scope for the indicators on "Total Group headcount" and "FTE headcount" so that the continuity and comparability of multiannual data can be assured.

The reporting scope relating to our civic involvement programmes in 2010 included the following subsidiaries:

- DenizBank;
- Dexia Asset Management;
- Dexia Bank Belgium;

- Dexia Banque Internationale à Luxembourg;
- Dexia Crediop;
- Dexia Crédit Local;
- Dexia Insurance Belgium;
- Dexia Kommunalbank Deutschland;
- Dexia SA;
- Dexia Sofaxis.

Subsidiaries newly integrated into the Group during the course of a reporting period are not consolidated in the reporting for sustainable development until the following period at the earliest, and only after approval by the Group's Management Board.

The entities are fully consolidated.

## Choice and relevance of indicators

The indicators published in this report are designed to report on the Group's annual performance on sustainable development. They have been selected in order to be in line with the Group's commitments and policy and take account of regulatory requirements (NRE Law – New Business Regulations Act), as well as the guidelines set out in the *Global Reporting Initiative 3* and its supplement on the

finance sector. The table of key indicators on page 8 sets out the Group's main performance indicators with regard to its strategy on sustainable development. **All of the indicators published are available in the form of tables presented on pages 42 to 44 of this report and in Excel format at [www.dexia.com](http://www.dexia.com).**

# Reporting process

## Consolidation and control of data

For each topic, the reporting process comes under the responsibility of a reporting officer who is in charge of consolidating and controlling the data collected from the contributors in the entities and subsidiaries.

Internal controls are conducted at the level of the reporting officer, then at the level of the Sustainable Development department, based on the historic and geographic variation of the indicators between year N-1 and year N.

Since 2005, the reporting protocol has been the subject of external verification by a qualified independent external body. In 2010 and within the context of the procedures agreed upon, Dexia appointed its auditor, Deloitte, to review the reporting process for a selection of the performance indicators published in its Sustainable Development Report. In particular, Dexia wishes to emphasise the verification of the performance indicators relating to its business lines.

The purpose of the work carried out during the reporting period has not been to formulate a moderate or reasonable assurance about the indicators themselves.

Since 2008, auditing work has also been conducted by Dexia's auditor, Deloitte, into the funds and mandates that apply the standard SRI analysis used by Dexia Asset Management. The aim of this auditing work is to certify that on their date of closure, the movements and positions of these funds and mandates comply with the criteria for selecting companies included in the standard SRI universe of Dexia Asset Management.

## Methodological restrictions and details

The indicators may present a margin of uncertainty on account of the following methodological restrictions:

- the recent inclusion of some subsidiaries within the reporting scope for sustainable development;
- differences in definitions linked to a lack of harmonisation in different legislations at an international level;

- methodological changes likely to affect the comparability of data;
- the qualitative nature of certain data that could be open to interpretation.

The following methodological elements should be stated about the performance indicators published on pages 42 to 44 of this report.

### RETAIL AND COMMERCIAL BANKING, ASSET MANAGEMENT AND SERVICES

- The indicator for "Percentage of claims cases resolved internally" relates to complaints dealt with and closed during the reporting period by the complaints handling department (level 2) and the in-house mediator (level 3) at Dexia Bank Belgium, without resorting to the industry mediator (level 4).
- The indicator for "Percentage of mediation processes resolved successfully" corresponds with the success of level 3 mediation (in-house mediator), before escalating to level 4 (industry mediator).
- The indicator for "Number of insurance policies with pay-as-you-drive premiums" includes policies already signed or in the process of being signed on 1 January of the reporting period.
- The indicator for "Number of accounts opting for the 'DDN-only' option" does not take account, from 2008, of "online savings account" data, a product launched on 30 June 2008 and automatically counted as a "DDN-only" contract.
- The indicator for "Percentage of customers holding a securities account and a minimum of one unit trust (sicav) share and who hold at least one SRI sicav share" relates to securities accounts only. Bearer shares – now in the process of disappearing – are not included.

### PUBLIC AND WHOLESALE BANKING

- The scope for the indicator "Total amount of the portfolio of projects for the production of electricity" does not include DenizBank.
- The indicator for "Final take of Dexia in projects for the production of electricity from renewable sources financed over the period" corresponds with the final take borne by Dexia in funding the initial debt of the project, with the remainder of the debt borne by other banks. From 2009, the scope for the indicator includes Dexia Bank Belgium and DenizBank.
- The indicator for "World market share of Dexia in funding renewable energy" is taken from the annual League Tables published by *Infrastructure Journal*, which are based on projects signed and financed during the period.
- The indicator for "Share of sources with zero operating emissions in Dexia's portfolio of electricity production projects" is estimated based on Dexia's final take in projects for the production of electricity financed between 1 January 2007 and 31 December of the period and the annual production of electricity expected from these projects.
- The indicator for "Carbon intensity of Dexia's portfolio of projects for the production of electricity" is estimated based on Dexia's final take in projects for the production of electricity financed between 1 January 2007 and 31 December of the period and the carbon intensity of these projects.
- "Breakdown of *Equator Principles* projects financed over the period, by sector of activity": the category for "Non-renewable energy" includes oil and gas projects, as well as projects for the production of electricity from non-renewable sources. The category for "Renewable energy" covers projects for the production of electricity from renewable sources. The scope of indicators relating to the implementation of the *Equator Principles* does not include Dexia Bank Belgium.



# Reporting process

## DIRECT ENVIRONMENTAL RESPONSIBILITY

- The 2009 values of several indicators have been adjusted retroactively on account of an error being discovered in the reporting from entities or in consolidating the data.
- The indicators relating to the production of waste do not include Dexia Insurance Belgium, Dexia banka Slovensko and Dexia Asset Management France. In addition, DenizBank does not report on hazardous waste.
- The indicator for "Hazardous waste" covers the production of batteries, computer hardware and consumables (cartridges, toner, etc.) as well as fluorescent tubes (neon).
- The indicator for "Purchase of paper" include both the tonnage of paper for internal use and paper to be sent out to our customers.
- "Green" paper includes paper that is recycled and/or from sustainably managed forests, but does not include paper simply bleached without chlorine since 2009.
- The indicator for "Electricity consumption" includes for a small number of subsidiaries (Dexia Crédit Local and Dexia Banque Internationale à Luxembourg, for example) consumption for the

shared parts of buildings that Dexia does not occupy on its own.

- The indicator for "Consumption of green electricity" covers the consumption of electricity requiring the purchase of green certificates. The corresponding electricity may be produced from renewable sources of energy or quality cogeneration plants. It does not include consumption for the shared parts of buildings that Dexia does not occupy on its own.
- The indicators relating to the consumption of energy and fluids do not include some branches of Dexia Banque Internationale à Luxembourg over which the Group does not have operating control.
- Videoconferences lasting for less than 5 minutes are considered as unsuccessful attempts and have been excluded from the scope of the indicator since 2010.
- The indicator for "Emissions of CO<sub>2</sub> due to business travel" is slightly over-estimated due to the lack of details about the fuels used in the vehicles of certain entities (default value taken for the highest conversion coefficient, i.e. petrol).

## SOCIAL RESPONSIBILITY

- From 2010, the indicator for "Average number of days' training per employee" is calculated in relation to the number of staff at the end of the period, and no longer in relation to the number of FTE staff. This is an item of data that is not mandatory for the social reporting carried out within the Group. Also in 2010, the scope of this indicator covered 55% of FTE corresponding to the Group's main entities. This indicator does not include the Group's independent branch networks.
- "Breakdown of male/female staff by hierarchical level": there are four different statuses defined and harmonised at a Group level:
  - employee;
  - manager;
  - senior manager = experienced manager and members of the Management Board at an entity;
  - member of the Management Board = member of the Management Board for the parent companies of Dexia Banque Internationale à Luxembourg, Dexia Bank Belgium, Dexia Crédit Local, DenizBank and Dexia SA.
- "Breakdown of male/female staff by qualification": there are three levels:
  - short tertiary courses = 1 to 3 years of study after completing secondary school;
  - full-length tertiary courses = 4 to 5 years of study after completing secondary school;
  - postgraduate studies = more than 5 years of study after completing secondary school.

## RELATIONS WITH SURROUNDING SOCIETY

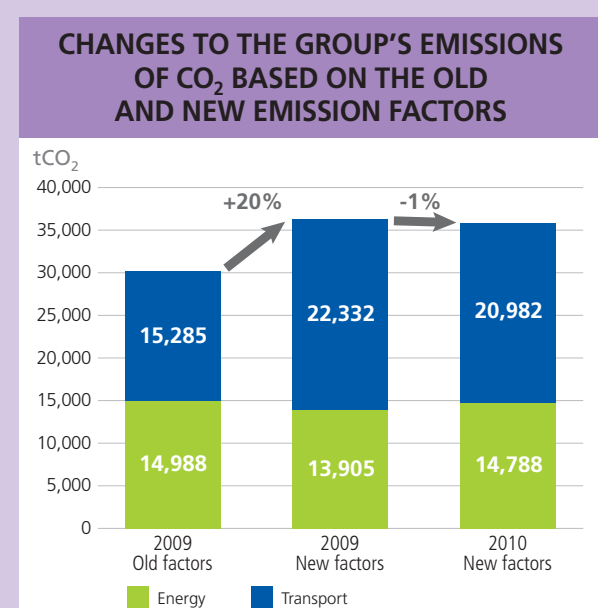
- The indicator for "Amount devoted to civic involvement programmes" corresponds to the total of all budgets (budgets corresponding to programmes and not to operating costs) spent by 31 December of the current period for partnerships and patronage programmes, excluding sponsorship programmes from 2008.
- The indicator for "Breakdown of the amount for patronage programmes, by theme" relates solely to the breakdown by item for patronage programmes. Partnerships are not broken down by item and hence are not included in the scope for the indicator from 2008, as are sponsorship programmes.
- The amount for "Grants from the Dexia Foundation in Belgium to microcredit organisations" does not include VAT.

### CHANGES IN THE METHODOLOGY FOR CALCULATING EMISSIONS OF CO<sub>2</sub>

In 2010 Dexia strengthened the reporting accuracy of its CO<sub>2</sub> emissions by revising the applicable emission factors based on the latest version of the GHG Protocol<sup>(1)</sup> and by fine-tuning its calculation methodology:

- using an emission factor specific to each country for consumption of electricity;
- distinguishing between distances and flight classes in business travel by air.

This methodological change produces significant variations in the emissions of CO<sub>2</sub> calculated, as can be seen from the chart opposite. The values shown for 2009 and 2010 in the table of indicators on page 43 are estimated based on the new calculation methodology. This is so that the data can be compared.



(1) GHG Protocol established by the WBCSD and WRI.

# Auditor's report on the reporting process for a selection of information items published in the Sustainable Development Report for the period ending 31 December 2010



Following the request made by the Dexia Group's Sustainable Development Department and in our capacity as auditors, we have conducted the tasks described below in relation to the reporting process relating to a selection of information items published in the 2010 Sustainable Development Report.

This reporting process has been defined and implemented by the Dexia Group under the responsibility of the Sustainable Development Department. The reporting process is based on the reporting protocol for the Sustainable Development Report, which includes the protocols for "Direct Environment Impact", "Retail and Commercial Banking, Asset Management and Services" and "Public and Wholesale Banking".

## NATURE AND SCOPE OF THE WORK

We have implemented the procedures agreed together and set out below for the information selected<sup>(1)</sup> from a sample of subsidiaries.

We have examined the reporting procedures and organisation implemented by the Dexia Group for gathering, validating and consolidating data. We have also analysed the reporting procedures with reference to the principles of relevance, exhaustiveness, reliability, neutrality and clarity of the reporting frame of reference.

We have conducted interviews with the correspondents and staff at Dexia responsible for gathering and consolidating the selected items of information, both at a head office level and from:

- Dexia Crédit Local for environmental indicators and information about the energy portfolio;
- Dexia Bank Belgium for environmental indicators;
- Dexia Asset Management for SRI outstanding funds and mandates.

We have also assessed the proper application of Dexia Crédit Local's procedure for purchasing and offsetting quotas of greenhouse gas emissions on behalf of customers taking out a "CO<sub>2</sub> loan".

The purpose of this work has not been to formulate a moderate or reasonable assurance about the application of the reporting procedures or about the indicators themselves. Hence it does not include all of the checks and balances that would normally be applied in an audit or limited examination. However, the work carried out does enable us to formulate observations and opinions about the reporting processes in the subsidiaries we visited.

## OBSERVATIONS

Our work has enabled us to report on the points below in terms of the implementation of reporting processes within the Dexia Group and at the subsidiaries we visited.

- The Dexia Group has formalised reporting procedures and instructions for the information selected and bases itself on a dedicated internal organisation to ensure the feedback and annual consolidation of this information across the reporting scope covered.
- Dexia Crédit Local has a procedure outlining the terms for handling CO<sub>2</sub> loan transactions

that is relevant with regard to the commitments stated by the Group on the offsetting of its customers' CO<sub>2</sub> emissions. However, this procedure could also clarify the types of carbon assets (Emission allowances and/or Emission Reduction Units) that can be used as part of offset transactions.

As part of ongoing process to improve the reporting of sustainable development in the Dexia Group:

- The quantitative indicators relating to the energy portfolio could be made more accurate through the introduction of controls at a Group level of the data provided by the subsidiaries, as well as by more accurate monitoring of exits from the portfolio.
- Standardising the practices and methods for calculating the environmental indicators between subsidiaries would enhance the quality and reliability of the environmental data provided.

Antwerp, 10 March 2011

**The Auditor**  
**DELOITTE Company Auditors**  
SC in the form of an SCRL  
Represented by  
Bernard De Meulemeester  
Christophe Quievreux

<sup>(1)</sup> **Environment:** energy consumption by the Group (electricity, domestic heating oil, natural gas), business travel (kilometres travelled by car, train and plane), emissions of CO<sub>2</sub> associated with the consumption of energy and business travel, purchases of paper.

**Energy portfolio:** total amount of the portfolio of energy projects, Dexia's final share in projects for the production of renewable electricity financed over the period, by type of energy, carbon intensity of the portfolio of projects for the production of electricity, share of sources with zero operating emissions in the portfolio of projects for the production of electricity.

**Socially Responsible Investment:** outstanding SRI funds and mandates managed by Dexia Asset Management.

# Table of sustainable development indicators 2010

## Retail and Commercial Banking, Asset Management and Services

	2006	2007	2008	2009	2010	Changes 2009-2010
<b>Socially Responsible Investment (SRI)</b>						
Outstanding SRI funds and mandates managed by Dexia AM (EUR billions)	14.1	17.6	16.1	18	19.7	9.4%
Share of outstanding SRI funds in the total outstanding funds managed by Dexia AM	13%	16%	20%	22%	23%	3.4%
Number of staff in the SRI team	20	22	22	22	22	0%
Total number of SRI funds	NA	25	27	24	30	25.0%
Outstanding funds managed according to the principles of Portfolio 21 (EUR billions)	10	11.2	11.2	13.2	14.5	9.8%
<b>Complaints and mediation department (area: Belgium)</b>						
Percentage of claims cases resolved internally	NA	NA	NA	98.4%	98.3%	-0.1%
Percentage of mediation processes resolved successfully	76.5%	81.9%	80.8%	77.5%	74.4%	-4.0%
<b>Banking products and services</b>						
<b>Area: Belgium</b>						
Number of insurance policies with pay-as-you-drive premiums	NA	24,456	32,196	36,165	39,097	8.1%
Number of accounts opting for the «DNN only» option (electronic statements only)	DNA	241,194	346,890	429,075	569,617	32.8%
Share of Car Eco-credits in the total production of car loans (excluding mortgage loans)	DNA	DNA	7.9%	12.1%	22.3%	84.3%
Share of Housing Eco-credits in the total production of housing loans (renovations) (excluding mortgage loans)	DNA	DNA	10.5%	17.1%	10.3%	-39.8%
Share of Eco-credits in the total production of car and housing loans (excluding mortgage loans)	DNA	DNA	8.4%	13.3%	19.3%	45.1%
Percentage of customers holding a securities account and a minimum of one unit trust (sicav) share and who hold at least one SRI sicav share	NA	19%	19%	24%	24%	1.5%
<b>Area: Turkey</b>						
Number of Agricultural cards	DNA	115,476	232,664	251,160	264,200	5.2%
<b>Microcredit</b>						
Outstanding funds Dexia Micro Credit Fund (DMCF) (USD millions)	140	298	429	542	528	-2.5%
Number of countries in which the DMCF fund is active	24	29	30	35	39	11.4%
Number of microfinance institutions financed by the DMCF	68	90	97	101	106	5.0%

## Public and Wholesale Banking

	2006	2007	2008	2009	2010	Changes 2009-2010
<b>Dexia energy portfolio</b>						
Total amount of the portfolio of projects in the energy sector (commitments at 31/12 of the period) (EUR millions)	NA	5,551	7,663	7,178	6,478	-10%
World market share of Dexia in funding renewable energy	NA	8.99%	6.09%	3.59%	2.68%	-25%
Final take of Dexia in projects for the production of electricity from renewable sources financed over the period (EUR millions)	NA	1,373	817	461	502	9%
Final take of Dexia in projects for the production of electricity from wind power financed over the period (EUR millions)	NA	910	320	391	254	-35%
Final take of Dexia in projects for the production of electricity from solar power financed over the period (EUR millions)	NA	268	427	70	248	254%
Final take of Dexia in projects for the production of electricity from hydraulic power financed over the period (EUR millions)	NA	180	70	0	0	-
Final take of Dexia in projects for the production of biofuels financed over the period (EUR millions)	NA	15	0	0	0	-
Share of commitments granted to projects to produce electricity from renewable sources in the funding of projects granted to the energy sector (commitments at 31/12 of the period)	NA	36%	31%	35%	35%	0%
Share of sources with zero operating emissions in the portfolio of projects for the production of electricity	NA	46%	43%	46%	47%	2%
Carbon intensity in the portfolio of projects for the production of electricity (tons of CO <sub>2</sub> /MWh)	NA	0.330	0.351	0.331	0.333	1%
<b>Equator Principles (EP)</b>						
Total amount of commitments by Dexia at 31 December of the period in EP projects funded over the period (EUR millions)	NA	3,471	4,281	900	1,671	86%
Number of EP projects funded over the period by category (number):	61	86	91	27	56	107%
Category A	NA	2	3	0	2	-
Category B	NA	14	13	6	23	283%
Category C	NA	70	75	21	31	48%
<b>Breakdown of EP projects funded over the period by sector of activity (number):</b>						
Non-renewable energy	NA	21	12	1	4	300%
Renewable energy	NA	37	26	14	19	36%
Infrastructures	NA	22	42	9	26	189%
Environment	NA	4	10	3	3	0%
Telecoms	NA	2	1	0	1	-
Other	NA	0	0	0	3	-
<b>Breakdown of EP projects funded over the period by geographical area (number):</b>						
North America	NA	17	11	12	12	0%
South America	NA	2	8	0	0	-
Africa	NA	0	0	0	1	-
Western Europe	NA	50	58	12	33	175%
Central Europe	NA	2	3	1	0	-
Middle East	NA	9	6	1	10	900%
Asia Pacific	NA	5	5	1	0	-

# Table of sustainable development indicators 2010

## Direct environmental impact

	2007	2008	2009	2010	Changes 2009-2010
<b>Waste management</b>					
Total production of waste (kg)	NA	NA	NA	1,352,093	-
Non-hazardous waste (kg)	NA	NA	NA	1,316,121	-
Hazardous waste (kg)	21,656	61,214	45,898	35,972	-22%
Paper waste - cardboard recycled (kg)	NA	NA	NA	889,663	-
<b>Printer cartridges</b>					
Number of printer cartridges consumed	20,011	21,369	19,345	17,967	-7%
<b>Consumption of paper</b>					
Blank paper (tons)	1,764	1,309	1,137	1,150	1%
Printed paper (tons)	1,843	1,566	1,428	1,622	14%
Purchase of blank and printed paper (kg/FTE)	160	129	119	126	6%
Share of "green paper" in the Group's total consumption of paper (%)	80%	91%	84%	92%	10%
<b>Consumption of energy and fluids</b>					
Total consumption of electricity (MWh)	107,509	98,649	86,003	82,901	-4%
Consumption of green electricity (MWh)	NA	68,104	68,751	63,644	-7%
Share of green electricity in the Group's total consumption of electricity (%)	NA	69%	80%	77%	-4%
Consumption of natural gas (MWh)	26,322	28,996	39,597	38,121	-4%
Consumption of heating fuel/oil (MWh)	314	684	634	556	-12%
Total consumption of energy (MWh)	134,145	128,329	126,234	121,578	-4%
Electricity produced from renewable sources (kWh)	NA	NA	71,259	66,027	-7%
Consumption of water (town water and rainwater) (thousands of m <sup>3</sup> )	254	263	240	226	-6%
<b>Business travel (thousands of km)</b>					
Total business travel	87,613	95,090	88,829	89,094	0%
Journeys by car	50,629	60,040	66,645	68,998	4%
Journeys by train	9,165	10,203	7,441	6,855	-8%
Journeys by air	27,819	24,847	14,743	13,241	-10%
Number of videoconferences	NA	1,302	8,354	7,087	-
<b>Emissions of CO<sub>2</sub> (CO<sub>2</sub> teq)</b>					
Total emissions of CO <sub>2</sub> for the Group	42,945	29,093	36,237	35,770	-1%
Total emissions of CO <sub>2</sub> due to the consumption of energy	31,012	15,291	13,905	14,788	6%
Total emissions of CO <sub>2</sub> due to business travel	11,933	13,802	22,332	20,982	-6%
Total amount of emissions avoided by the production of renewable energy	NA	NA	NA	15	-
<b>Environmental management system</b>					
Number of entities in the Group implementing a certified environmental management system	2	2	2	2	0%

## Relations with surrounding society

	2006	2007	2008	2009	2010	Changes 2009-2010
<b>Methods of governance</b>						
<b>Financial results at 31/12 of the period</b>						
Total balance sheet (EUR billions)	567	605	651	577.6	567	-2%
Net profit share of Group (EUR millions)	2,750	2,533	-3,326	1,010	723	-28%
Net profit per share (non diluted) (EUR)	2.49	2.18	-2.54	0.57	0.39	-32%
Share price Paris-Brussels at 31 December of year N (EUR)	20.75 - 20.75	20.75 - 20.75	3.200 - 3.200	4.460 - 4.460	2.600 - 2.600	-
Stock market capitalisation (EUR millions)	24,136	20,295	5,640	7,861	4,801	-39%
<b>Relations with shareholders</b>						
Annual growth of net profit per share	33%	-12.5%	NS	DNA	DNA <sup>(1)</sup>	-
Gross dividend per share (EUR)	0.81	0.91	-	DNA	DNA <sup>(1)</sup>	-
<b>Presence in sustainable development stock market indices</b>						
Number of sustainable development stock market indices listing Dexia shares	6	7	7	8	6	-25%
<b>Presence in working groups on sustainable development</b>						
Number of external working groups in sustainable development in which Dexia takes part in France and Belgium	NA	NA	NA	15	17	13%
<b>Societal</b>						
Amount devoted to civic involvement programmes (EUR millions)	7.7	9.7	6.1	4.5	4.1	-9%
<b>Breakdown of the amount for patronage programmes, by theme</b>						
Culture	DNA	DNA	45.7%	26.6%	47.6%	79%
Support and assistance	32.5%	24.0%	49.8%	60.1%	52.4%	-13%
Quality of life	67.5%	76.0%	4.6%	13.3%	-	-
<b>Dexia Foundation in Belgium</b>						
Grants from the Dexia Foundation in Belgium to microcredit organisations (EUR)	NA	348,470	441,086	451,514	420,000	-7%

(1) As was the case in 2010, the Board meeting of 23 February 2011 decided to ask the Extraordinary General Shareholders' Meeting of 11 May 2011 to proceed with a capital raising by incorporating a reserve of approximately EUR 280 million by issuing new shares to shareholders in the form of bonus shares. Bonus shares are new ordinary shares in Dexia capital issued following the capital raising by the incorporation of reserves and issued to shareholders pro rata to their shareholding. These shares will have the same dividend rights and same rights and benefits at the same date as existing Dexia shares.

# Table of sustainable development indicators 2010

## Social Responsibility

	2006	2007	2008	2009	2010	Changes 2009-2010
<b>Headcount</b>						
Total headcount for the Group	33,321	35,202	36,760	35,234	35,185	0%
FTE headcount (FTE = Full-Time Equivalent)	31,761	33,497	35,104	33,692	33,664	0%
<b>Breakdown of staff by gender</b>						
Percentage of women	48.3%	48.5%	48.9%	49.0%	49.5%	1%
Percentage of men	51.7%	51.5%	51.1%	51.0%	50.6%	-1%
<b>Breakdown of male/female staff by hierarchical level</b>						
Percentage of female employees	81.1%	80.4%	78.7%	78.9%	78.7%	0%
Percentage of female managers	17.7%	18.4%	20.2%	19.9%	20.5%	3%
Percentage of female senior managers	1.1%	1.2%	1.1%	1.1%	0.8%	-25%
Percentage of female members of a management board	0.03%	0.04%	0.04%	0.03%	0.04%	33%
Percentage of male employees	56.3%	56.3%	53.8%	55.3%	55.7%	1%
Percentage of male managers	37.9%	38.1%	40.5%	39.4%	40.0%	2%
Percentage of male senior managers	5.3%	5.1%	5.2%	4.8%	3.8%	-20%
Percentage of male members of a management board	0.5%	0.5%	0.5%	0.6%	0.5%	-13%
<b>Breakdown of staff by age</b>						
Proportion of staff aged between 18 and 29 years	23.1%	24.3%	24.5%	23.5%	23.2%	-1%
Proportion of staff aged between 30 and 49 years	63.2%	62.0%	61.2%	62.3%	62.0%	0%
Proportion of staff aged over 50 years	13.7%	13.8%	14.3%	14.2%	14.8%	4%
<b>Breakdown of staff by working hours</b>						
Percentage of women working part-time	24.8%	23.9%	23.1%	23.5%	23.1%	-2%
Percentage of men working part-time	5.5%	5.9%	6.1%	6.8%	6.5%	-4%
<b>Breakdown of staff by type of contract</b>						
Breakdown of permanent/fixed-term contracts	93.8% / 6.2%	94.4% / 5.6%	94.4% / 5.6%	94.8% / 5.2%	95.1% / 4.9%	-
Percentage of women among staff on permanent contracts	47.7%	47.9%	48.3%	48.5%	49.0%	1%
Percentage of men among staff on permanent contracts	52.3%	52.1%	51.7%	51.5%	51.0%	-1%
Percentage of women among staff on fixed-term contracts	57.6%	57.9%	59.0%	58.4%	57.4%	-2%
Percentage of men among staff on fixed-term contracts	42.4%	42.2%	41.0%	41.6%	42.7%	3%
<b>Breakdown of male/female staff by level of education</b>						
Breakdown of male/female staff having completed elementary or secondary education	42.8% / 57.2%	42.7% / 57.3%	41.8% / 58.2%	42.5% / 57.5%	41.6% / 58.4%	-
Breakdown of male/female staff having completed short tertiary courses	54.1% / 45.9%	52.4% / 47.6%	52.0% / 48.0%	52.9% / 47.1%	52.0% / 48.0%	-
Breakdown of male/female staff having completed full-length tertiary courses	60.4% / 39.6%	56.3% / 43.7%	54.9% / 45.1%	53.9% / 46.1%	53.5% / 46.5%	-
Breakdown of male/female staff having completed postgraduate studies	66.8% / 33.2%	51.7% / 48.3%	51.8% / 48.2%	50.2% / 49.8%	49.8% / 50.2%	-
<b>Countries of location</b>						
Number of countries with a location	33	37	40	37	34	-8%
Number of nationalities represented in the Group	72	78	84	70	68	-3%
Number of movements between entities	245	191	300	316	437	38%
<b>Social relations</b>						
Proportion of salaried staff represented on the European Works Council	59%	52%	55%	51%	53%	-
Average participation rate of salaried staff in social elections in entities that have an elected body	81%	79%	77%	DNA	NA <sup>(1)</sup>	-
Number of collective agreements signed	42	37	36	46	62	-
<b>Breakdown of collective agreements signed, by topic</b>						
Salary-based saving	5	7	5	3	4	-
Union rights/elections	4	4	4	1	6	-
Training	0	1	0	3	4	-
Working times	4	6	5	5	8	-
Health and safety	0	0	1	2	3	-
Restructuring	2	1	0	11	11	-
Internal regulations	1	1	1	2	1	-
Remuneration and status	26	17	15	11	12	-
Other	0	0	5	8	13	-
<b>Employee shareholders</b>						
Share of Group capital held by employees	4.25%	4.10%	2.06%	1.56%	1.07%	-31%
<b>Training</b>						
Average number of training days per employee	1.9	2.1	1.8	1.7	1.9	-
Number of employees having received training from Dexia Corporate University (DCU)	1,084	1,457	2,448	2,718	3,028	11%

DNA: data not applicable  
NA: not available

<sup>(1)</sup> Consolidated data at a Group level is not available. The data opposite corresponds to the rate of participation in social elections in entities where they were held in 2010: Dexia Asset Management France: 85% / Dexia Crédit Local: 59%.

# Table for correspondence of reference systems

## GRI SELF-ASSESSMENT



In line with the *Global Reporting Initiative 3* guidelines and its financial services sector supplement (2008), we have produced a self-assessment guide for our reporting in relation to these standards.

This document reports on:

- all elements relating to the section on "Strategy and Profile";
- all elements included in the sections on "Management Approach";
- 68 performance indicators, or almost three times as many as the minimum required for a B rating.

Our report is also the subject of external verification (see p. 41).

A more detailed version of the table of correspondence between the reporting standards and commitments below and the pages in this Sustainable Development Report is available at [www.dexia.com](http://www.dexia.com).

GRI SECTOR <sup>(1)</sup>	GRI INDICATOR	ARTICLE OF NRE DECREE <sup>(2)</sup>	GLOBAL COMPACT PRINCIPLE <sup>(3)</sup>	UNEP FI PRINCIPLE <sup>(4)</sup>	CORRESPONDING PAGES IN THE REPORT
<b>STRATEGY AND PROFILE</b>					
Strategy and analysis	1.1 to 1.2	-	-	-	3 to 7, 10, 11
Organisational profile	2.1 to 2.10	-	-	-	6, 14, 19, 43 and Annual Report
Report parameters	3.1 to 3.13	-	-	-	7, 38 to 41, 45, 47
Governance, commitments and engagement	4.1 to 4.17	-	1 to 10	1, 2.1, 2.3, 3.1, 3.3	4, 7, 11, 23 to 25, 27, 28, 35, 45 and Annual Report
<b>PRODUCT AND SERVICES IMPACT</b>					
Management approach	FS1 to FS5	-	-	2.2, 2.3	23 to 26
Product portfolio	FS6 to FS8	-	-	-	12 to 14, 17 to 22, 42 and Annual Report
Audit	FS9	-	-	2.6	23
Active ownership	FS10 to FS12	-	-	3.3	25, 26, 42
<b>ECONOMY</b>					
Management approach	-	-	1, 4, 6, 7	-	Annual Report
Economic performance	EC1 to EC4	1.3, 1.1	7	-	10 to 15, 23 to 26, 43 and Annual Report
Market presence	EC5 to EC7	1.3, 1.1	1, 6	-	Annual Report
Indirect economic impacts	EC8 to EC9	1.1	-	-	12 to 14, 17 to 21 and Annual Report

GRI SECTOR <sup>(1)</sup>	GRI INDICATOR	ARTICLE OF NRE DECREE <sup>(2)</sup>	GLOBAL COMPACT PRINCIPLE <sup>(3)</sup>	UNEP FI PRINCIPLE <sup>(4)</sup>	CORRESPONDING PAGES IN THE REPORT
<b>ENVIRONMENT</b>					
Management approach	-	2	7 to 9	2, 3.1	15, 31, 32
Materials	EN1 to EN2	2.1	8, 9	2.2 to 2.6	32, 43
Energy	EN3 to EN7	2.1	8, 9	2.2 to 2.6	12 to 15, 19, 24, 42, 43
Water	EN8 to EN10	2.1	8, 9	2.2 to 2.6	43
Biodiversity	EN11 to EN15	2.1, 2.2	8	2.2 to 2.6	24
Emissions, effluents and waste	EN16 to EN25	2.1	7 to 9	2.2 to 2.6	15, 31, 32, 40, 43
Products and services	EN26 to EN27	-	7 to 9	2.7	19 to 21, 23, 24
Compliance	EN28	2.3, 2.4, 2.8	8	2.2	Not applicable
Transport	EN29	2.1	8	-	40, 43
Overall	EN30	2.5	7 to 9	-	31
<b>LABOUR PRACTICES AND DECENT WORK</b>					
Management approach	-	1	1, 3, 6	-	29, 30 and Annual Report
Employment	LA1 to LA3	1.1 to 1.3	6	-	44 and Annual Report
Labour/management relations	LA4 to LA5	1.4	1, 3	-	-
Occupational health and safety	LA6 to LA9	1.5	1	-	44
Training and education	LA10 to LA12	1.6	-	-	29, 30, 44 and Annual Report
Diversity and equal opportunity	LA13 to LA14	1.3, 1.7	1, 6	-	44 and Annual Report
<b>HUMAN RIGHTS</b>					
Management approach	-	-	1 to 6	-	4, 42
Investment and procurement practices	HR1 to HR3	1.7, 1.9	1 to 6	-	23, 42
Non-discrimination	HR4	1.3, 1.7	1, 2, 6	-	-
Freedom of association and collective bargaining	HR5	1.4	1 to 3	-	Principles of Social Management
Child labour	HR6	-	1, 2, 5	-	Not applicable
Forced and compulsory labour	HR7	-	1, 2, 4	-	Not applicable
Droits des populations autochtones	HR9	-	1, 2	-	-
<b>SOCIETY</b>					
Management approach	-	-	10	-	33
Community	SO1, FS13 to FS14	1.8	-	-	17, 18
Corruption	SO2 to SO4	-	10	-	27, 28
Public policy	SO5	-	1 to 10	-	Not applicable
Compliance	SO8	-	-	-	-
<b>PRODUCT RESPONSIBILITY</b>					
Management approach	-	-	1, 8	-	12 to 14, 17 to 21, 36
Customer health and safety	PR1 to PR2	-	1	-	Not applicable
Product and services labelling	PR3 to PR5, FS15 to FS16	-	8	-	36, 42
Marketing communications	PR6 to PR7	-	-	-	36
Compliance	PR9	-	-	-	-

(1) *Global Reporting Initiative* (GRI): GRI 3 guidelines and performance indicators and the financial services sector supplement 2008.

(2) NRE Decree: Articles 1 and 2 of decree 2002-221 dated 20 February 2002, pursuant to article L225-102-1 of the French Commercial Code.

(3) Global Compact: ten principles of the *Global Compact*.

(4) UNEP FI: Principles stated as part of the *Declaration of financial institutions on the environment and sustainable development in the United Nations Environment Programme*.

Source of information regarding the correspondence between the GRI and the principles of the *Global Compact*: "UNGC GRI Making the connection" report, available at [www.globalreporting.com](http://www.globalreporting.com).

# Glossary

**Carbon Disclosure Project:** Produced on behalf of institutional investors, the aim of this survey conducted among the companies in the FT 500 is to gather information about their emissions of greenhouse gases and the policies they implement in this regard.

**CO<sub>2</sub> emissions allowances:** The right to emit CO<sub>2</sub> granted as part of the European greenhouse gas emissions trading scheme. One allowance equates to the emission of one ton of CO<sub>2</sub> equivalent.

**CPAS:** In Belgium, public centres for social action are public bodies responsible for dispensing social aid to certain individuals in difficulty. There is a CPAS in every municipality in Belgium.

**Energy performance contract:** Contractual agreement between the recipient and provider of a measure aimed at improving energy efficiency, under which investments in this measure are agreed to in order to achieve a level of improvement in energy efficiency that is defined contractually.

**Equator Principles:** The Equator Principles are a set of provisions developed by a group of international banks to ensure the sound management of social and environmental issues related to the financing of projects.

**FATF:** Founded in 1989, the Financial Action Task Force (FATF) is an intergovernmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing. FATF has published 40 recommendations designed to meet this objective.

**FTE:** Full-time equivalent.

**GHG Protocol:** The Greenhouse Gas Protocol was initiated in 1998 by the World Business Council for Sustainable Development and the World Resources Institute. It is implemented in partnership with businesses, NGO and governments to create new measurement and action tools for fighting climate

change. The GHG Protocol is the tool used most internationally to identify and quantify emissions of greenhouse gases.

**Gissler Charter:** Signed on 7 December 2009 by the French Ministry of Finance, the Interior Ministry, several major associations of elected members and a number of banking establishments, including Dexia, the Good Conduct Charter between banking establishments and local authorities, known as the Gissler Charter, formalises the undertakings of the establishments signing the charter and local authorities in terms of the implementation of new loans, rate exchange transactions and their renegotiation.

**Global Compact:** The Global Compact unites companies committed to implementing the objective of achieving "sustainable development" based on ten principles under the direct authority of the Secretary-General of the United Nations in the areas of human rights, labour, the environment and anti-corruption.

**GRI:** The Global Reporting Initiative is an organisation whose aim is to develop guidelines on sustainable development reporting enabling various organisations to base themselves on a common standard for reporting their environmental and social performance.

**IEA:** The International Energy Agency is an institution that advises its 28 member countries on issues relating to energy policy. In particular, the Agency publishes each year a report entitled World Energy Outlook giving details of its forecasts for the energy sector.

**MiFID:** The European Markets in Financial Instruments Directive (MiFID) outlines a complete set of regulations governing the organised execution of investor transactions by Stock Exchanges, other trading systems and investment companies. As such, it provides harmonised regulations for investment companies, enabling them to work across the European Union with a minimum of formalities while at the same time strengthening the protection of clients.

**Missions locales (Local missions):** In France, Local missions are places where young people who are poorly qualified or who are encountering difficulties in implementing a business project can go to seek direction and active assistance.

**NRE (New Business Regulations Act):** Published in 2001, the Act on new business regulations requires French companies listed on a regulated stock exchange to report on their environmental and social management in their annual report.

**OECD (Grey List):** Each year, the OECD publishes a list of non-cooperative tax havens. In coordination with the G20 Summit, the OECD published a new list of tax havens on 2 April 2009 divided into three categories: light grey, dark grey and black, depending on the extent to which they refuse to cooperate.

**Open fund:** Unit trust in which shares are available on request, both to buy and sell. Hence the number of the unit trust shares matches demand.

**PRI:** Launched on 27 April 2006 in New York, the Principles for Responsible Investment are designed to incorporate environmental, social and business governance issues into the management of investment portfolios, under the aegis of the United Nations.

**SRI:** Socially Responsible Investment.

**Third-party investment:** In the construction industry, a third-party investment is a financial

mechanism that enables the owner of a building to have his renovations funded by a third party. This third party is then remunerated subsequently in the form of rent over a period defined by contract. For energy-related upgrades, a third-party investment is based on the principle by which the energy savings generated by the renovation works that benefit the occupant of the building may constitute the main source of rent.

**UNEP FI:** The aim of the Declaration of Financial Institutions on the Environment and Sustainable Development in the United Nations Environment Programme is to encourage the commitment of banking and financial companies to promoting sustainable development, in particular in their environment-based component.

**Universal employment service voucher (CESU):** Introduced in France since 1 January 2006, the CESU is a device offered to private individuals facilitating their access to all personal services. These vouchers make it possible to pay and declare individuals employed in family businesses or as domestics.

**Wolfsberg (principles):** Established by the Wolfsberg group of international financial establishments, these principles constitute a set of general directives governing the establishment of and relations between corresponding banks. The Wolfsberg group believes that compliance with these principles will enable establishments to manage their risk more effectively and have a high level of certainty regarding judgments about their customers.

The Sustainable Development Report 2010 is a publication developed by the Group's sustainable development department. The report is produced in collaboration with the communication departments from the various entities in the Dexia Group.

This document is available in English, French and Dutch by download in PDF format from the Dexia website:

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