

Global Compact – COP 2009

As the first private Portuguese bank to adopt The Global Compact's 10 responsibility-driven principles, Banco Espírito Santo stated the importance of Social Responsibility in its business practices.

As a result, BES started to incorporate the philosophy of the Global Compact, since 2004 BES developed the "Principles for Suppliers of BES", that establishes the principles of conduct for their suppliers, based in the principles of Global Compact. The Espírito Santo Group's Suppliers Website, launched towards the end of 2007, is a privileged vehicle for suppliers to establish an institutional relation with Group companies, as well as for submitting their proposals and entering the pre-selection process. This website centralises all information on market value propositions. The Group has also taken advantage of the process of registration and pre-qualification of suppliers to divulge the Principles of Conduct for Suppliers. In 2009 when subscribing to the website, the suppliers automatically subscribe to these principles and undertake to follow them. Since the second half of 2009, the Suppliers' certification process includes the collection of a set of additional data from the Suppliers, namely information concerning labour, ethical and environmental issues, and safety and hygiene in the workplace. In order to be certified in the website, Suppliers must obligatorily reply to the questions made with regard to these aspects

As a further measure for the construction of a more harmonious society, Banco Espírito Santo has lent its support to the "Zero Poverty" campaign, thus committing itself to the United Nation's Millennium Development Goals.

The "Zero Poverty" campaign was part of the Global Call to Action Against Poverty, an international movement coordinated by the United Nations which aims to mobilize the civil society into eliminating poverty and achieving the United Nation's Millennium Development Goals.

During 2009, Group BES pursued, in cooperation with the most representative Portuguese weekly newspaper Expresso, the third edition of "Sustainable Future" programme which aims the promotion of Sustainable Development in the Portuguese society (the event was launched in 2007). The 2009 programme comprised:

- Rajendra Pachauri, winner of the Nobel Peace Prize in 2007, came to Lisbon at the invitation of BES and the Expresso newspaper to speak in the conference held for the third edition of the Sustainable Future programme, where she presented her vision on climate change and the challenges of sustainable development;
- A session of the "At the School Bench" programme held at the BES Arte & Finança centre was attended by Prof. Nuno Crato, Chairman of the Portuguese Mathematics Society and Mr. Joaquim Goes, member of the Board of Directors of Banco Espírito Santo, and around 30 children from the Planalto School;
- Water Conference " Land and Ocean Water Resources" – speakers at the conference included Mr. Tiago Pitta e Cunha, Member of the Office of the European Commissioner for Fisheries & Maritime Affairs, Mr. António Castro, member of the Board of Directors of EDP Produção, Pedro Serra, Chairman of Águas de Portugal, and Luís Rochartre, Secretary General of the BCSD

Portugal, the Portuguese branch of the Business Council for Sustainable Development, who debated water and energy as business issues and the impact of business activities on the ecosystems. Mr. Francisco Mendes Palma, Director of ES Research, presented his survey entitled “The Management of Water – the Blue Pillar”;

- Sustainable Future Movie Cycle, a joint initiative with the Cinemateca Portuguesa – the cycle, held at the Cinemateca’s premises, was dedicated to the theme of sustainability in its broadest sense, featuring classics of the American documentary cinema as well as films with environmental and social problems as the underlying theme. Coordinated by the Cinemateca Portuguesa, the Sustainable Future Movie Cycle suggested a line of reflection about sustainability as a theme that pervaded cinema from its first years until today, through directors such as Spike Lee, John Boorman e Werner Herzog.

Due to the compromises made and exposed in relation to the sustainable development and environmental concerns, in 2009, BES confirmed its presence in the FTSE4Good index, yet the only Portuguese Bank to be part of FTSE4Good index. This is a result of the effort shown by all BES employees and management in order to be more accountable in relation to the Global Compact Principles, specifically the environmental aspects.

Given the importance and compromise of BES to the Global Compact Principles, in its 2009 Sustainability Report, the Bank included each of the Principles in a particular chapter making a matching with BES development during the year, the Global Compact Principles and also with the GRI guidelines, evaluating the status of completeness in each one of them.

Within the Global Principles scope and since the last COP, the main achievements and developments made are described afterwards.

In 2009 BES has reformulated its site highlighting the Global Compact as one of its more important Stakeholders

Human Rights (Principles 1 and 2)

In this respect we point out that BES shows unconditional respect for the United Nations Universal Declaration of Human Rights and for the requirements of the International Labour Organisation, in Portugal and all Countries where BES has operations, namely Angola and Brazil. The Bank’s Human Rights Policy is revealed through the commitments assumed towards the Global Compact principles.

As regards the Portuguese society in general, the Global Compact Principles are already enshrined in the national legislation. The General Inspectorate for Labour and Social Security is the entity responsible for making sure these principles are followed, up to now BES has been in compliance with the legislation and standards mentioned above. BES published the text of the Universal Declaration of Human Rights in the staff area of its intranet, with the aim of disseminating and showing its support to Human Rights.

BES Human Rights concerns are extensive to bank's supply chain, therefore BES published, during 2004, a set of principles of conduct of sustainable development which complement the contractual rules established with its Suppliers. Actually all the suppliers must to subscribe the "Principles for Suppliers of BES" based on Global Compact Principles.

Labour Standards (Principles 3, 4, 5 and 6)

BES has always followed a policy of freedom of association and effective recognition of the right to collective bargaining. Among these, we could refer our respect for and support to our employees' trade union membership, the existence of a trade union secretariat and a Procedure for Information and Consultation, in compliance with a community directive – BES was the first Portuguese bank to implement this procedure and 98% of its employees are trade union members.

On a survey performed by UNI Finance Survey on the UN Global Compact principle "Company Commitments on Freedom of Association and Right to Collective Bargaining", BES was ranked as Average Practice with 20 positive replies on 24.

During 2009, the BES Group's entry into new markets and the expansion of its international presence over the last years has implied the relocation of many staff members. Given the growing number of Employees who, in 2009, faced the challenge of going abroad to work, the Human Recourses Committee revised the expatriation policies in order to ensure that the best practices were implemented in international projects and that these Employees integrated well into their new environment. Knowledge of the destination country's culture, expertise in multicultural management tools, and the capacity to adjust to new professional challenges are key success factors. The expatriation policy, called "International Mission", therefore sets out to compensate for any drawbacks of expatriation through career and family advantages.

The main benefits for expatriates are:

- Cultural training about the destination country;
- Foreign language course for the expatriate and his/her family;
- Welcome package containing updated information about the destination country and its customs;
- Annual trips for the expatriate and his/her family;
- Accommodation subsidy corresponding to 30% of the monthly remuneration (adjusted according to local conditions);
- Support with the expense of moving house;
- Support with legal documents (visas) or taxes;
- Support with finding schools;
- Support to wife/husband in finding a job;
- Health insurance for the expatriate and his/her family.

Created in 2008, BES University is a pioneering success story, recognised and valued within the BES Group. The project was groundbreaking in establishing cooperation between the bank and the academic world to create and adapt syllabuses and content.

2009 showed the fruits of this investment, with specific and group-wide training provided during the year, and the implementation of development measures intended to

reinforce Employees' skills. This year around 650 BES Group Employees took part in several BES University programs.

During 2008 BES continued the effort of having more suppliers signing The Principles of Conduct for the Suppliers of BES Group which are based on the 10 Principles of the United Nations' Global Compact. From 2005 to 2007 there was an increase of 64% of suppliers subscribing these principles.

The aim of this document is to raise awareness among its suppliers and invite them to follow some basic rules of human rights and respect for the environment, which are essential if we want to build a society founded on sustainable development.

In respect of complying with these Global Compact Principles and GRI Human Rights Indicators, BES explicitly mentions those aspects in its Sustainability Report. Sustainability Report.

Environment (Principles 7, 8 and 9)

The second third of the Sustainable Future Program occurred in May 2009, with the partnership of the most representative Portuguese weekly newspaper "Expresso". This Program makes the month of May as the "month of sustainability". The main purpose of this initiative is to increase the awareness concerning not only sustainable issues in a broader way but mainly concerning Climate Change and biodiversity issues and its impact in society and business. This year were held several conferences concerning Biodiversity Business opportunities and a sustainability movie cycle, Expresso published each week of May several articles concerning sustainability and a lunch conference with the theme "climate change and the challenges of sustainable development with the presence of Rajendra Pachauri." During this month BES gave an award for the BES Biodiversity award, an annual prize is given to the best research on biodiversity applied to business solutions (the first of the kind in Portugal). The first edition award was given to a project concerning the "Important coast areas for birds in Portugal" (<http://www.bes.pt/sitebes/cms.aspx?plg=970BD3AF-52AA-45E0-AB1B-C4092D33B735>).

As a result of our commitment, in May 2007, BES presented its Biodiversity compromise. It was the first Portuguese company, engaging and supporting biodiversity conservation in Portugal, taking the lead as the first national Bank to sign the "Commitment Declaration" for Business & Biodiversity (European initiative), promoted by some of the most relevant Portuguese Institutions. This BES's innovative and pioneer initiative among business in Portugal, frames the guidance prioritized by the Portuguese Presidency of European Union that had place in the second half of 2007, on Biodiversity protection and preservation.

In 2008 BES, through its Research department (ES Research) and the partnership with CIBIO and ICNB (the main Portuguese public institutions that aim to develop research and promote the Biodiversity protection), published during the second "Sustainable Future Program" the book "Biodiversity - Business Opportunities". Again, in 2009, BES and CIBIO developed a research to evaluate the bank's impact in Biodiversity - "BES operations and Biodiversity". This report includes measures (still being analyzed) to be implemented in order to reduce such impact.

In 2009, BES commercialized products specific to environment and energy investments for small companies – “Environment & Energy Product” (*Solução BES Ambiente & Energia: Crédito BES Ambiente & Energia; Serviços de Consultoria Ambiente & Energia*) and for individuals, like Renewable Energies Credits.

In 2009, BES maintained its partnership with Martifer (Portuguese company operating in energy solutions), commercializing the product – “Martifer- Renewable energy”, with the purpose of providing financing for solar energy production projects. This is a complete solution which includes financing, set up and equipment maintenance

BES participated in the first Portuguese Forestry Investment Fund which aims to: improve and protect forest landscapes which includes under fund management, the most extensive Portuguese forestry area; promote sustainable management of the areas under its administration and last involve the civil society in the Portuguese Forestry Patrimony’s management through the subscription of the fund. In 2009, BES Group was one of the New Energy Fund promoters. The Fund invests in projects in the renewable and biofuels businesses, mostly in companies operating in Portuguese Official Language Countries. The majority of the projects focus on mature technologies (www.newenergyfund.pt).

BES is aware that a bank’s main impacts on the environment are linked by the participation in environment related projects through its investment banking activities. On the other hand, the Bank is putting more and more effort into the minimisation of its direct environmental impacts.

In the beginning of 2009, BES published his Energy and Climate Policy. In order to minimise the environmental impact arising from its activity, BES Group has assumed a commitment to improve the efficient use of resources (water, energy and paper), reduce waste and minimise atmospheric emissions defining reduction objectives 2008- 2013 for Energy, water, paper and CO₂. Therefore an environmental management program was developed in 2009.

BES has established paper saving goals since 2007 and continued in 2009. For this it has invested in internal communication campaigns in order to encourage the involvement of all collaborators (to see the internal communication go to [www.bes.pt/Responsabilidade Social/Ambiente/Consumo Racional](http://www.bes.pt/Responsabilidade%20Social/Ambiente/Consumo%20Racional)). Additionally to the internal campaign BES launched an external campaign to promote and increase clients’ adhesion to digital information. The scope of the campaign will be extended during 2009.

The campaign’s results are assessed regularly ([www.bes.pt> AcessoBES> Canais Directos> BESnet >Extracto Integrado Digital](http://www.bes.pt/AcessoBES/CanaisDirectos/BESnet/ExtractoIntegradoDigital)).

In 2009 BES was the first Portuguese private bank to endorse the United Nations Environmental Program Financial Initiative UNEP FI, signing the “Statement by Financial Institutions on the Environment & Sustainable Development” in 2009, and co-founding the UNEP FI Portuguese Taskforce with Caixa Geral de Depósitos.

As the first initiative of the Portuguese Taskforce, the Banking & Environment Program aims to collect and organise relevant and up-to-date information on the environmental

risks involved in granting credit. The program will be deployed over the next two years and will include the organisation of seven workshops, with the following objectives:

- to engage the Portuguese banking sector in the anticipation of potential financial risks arising from environmental issues;
- to disseminate the theme of environmental risks throughout the Portuguese financial system and business community;
- to provide information and tools allowing for the identification of the main environmental risks;
- to promote the inclusion of the environmental risks faced by companies in the credit analyses carried out by banks.

The work undertaken by the BES Group related with its sustainability and social responsibility strategy will be its main contribution to the UNEP FI Portuguese Taskforce.

The surveys that led to the “Win with Biodiversity” publication and the design of innovative financial products with a strong environmental and social component are some examples of the BES Group’s experience in this area.

In 2009 Bes obtained the best result among the new respondent companies that took part in the Carbon Disclosure project (CDP), achieving a classification of 72%, which stands well above the average for other companies from the financial sector, which was 54%.

Anti-Corruption (Principle 10)

With regard to the last Global Compact principle, BES has a Code of Conduct for Collaborators translated to local languages and implemented in all the international operations of BES, which stipulates that they should not accept any kind of offer or benefit liable of compromising their impartiality and loyalty to the Bank. In 2006 the existing code of conduct was revised and regulates matters like: stresses the prohibition to accept any kind of remuneration or commissions, gifts, invitations, favours or similar benefits, communication of non-compliance of clients, shareholders and the market, competing companies, employees, suppliers, public authorities and supervision entities, environment and community.

BES has also defined and implemented an Anti-Money Laundering Statement and Conflict Prevention and Management Policy which is available in the website (<http://www.bes.pt/sitebes/cms.aspx?plg=5c13f28b-5918-43c3-9959-609cfccab3bc>)

Communication with the Stakeholders

Sustainability Reports

Since 2004 BES issues a Sustainability Report, and since 2006 the report is verified by an external entity. Since 2006 BES established a continuous dialogue with its most relevant groups of stakeholders.

During the second semester of 2009, BES reinforced the dialogue with stakeholders.

BES's last four sustainability reports had a specific section to inform the readers (clients, the media, shareholders) about the adhesion to Global Compact Principles and explained the purpose of these principles.

Since 2007 the Sustainability Reports include a table where it's presented the reported indicators and its location, the correspondence with the GRI indicators and the Global Compact principles.

Group's Principles of Conduct

To its suppliers, BES has communicated its adhesion to the Global Compact Principles through the set of Principles of Conduct of BES.

"Valor BES" Newsletter

In order to share information on the various aspects of company's life, BES issues since 2004 a quarterly newsletter dedicated to its shareholders. It was through this newsletter that the BES Group started communicating the Global Compact Principles to its shareholders.

Internet

The Global Compact Principles are also communicated through the BES Website at: <http://www.bes.pt/sitebes/cms.aspx?plg=906CB4EA-84A5-4625-8424-A04F558E63AE>
In this webpage, visitors have access to a broad range of information on this matter and can also access the UN Global Compact site.

Intranet

BES Group's intranet (BESWEB) which is available to all its collaborators has in its Social Responsibility page a section dedicated to the Global Compact Principles.