

## UN Global Compact Communication on Progress 2021

The past year proved to be full of challenges, not only for Belfius, but for society as a whole. Difficulties linked to Covid-19 were unprecedented, while market conditions in a persistently negative interest rate environment continued to create particularly harsh conditions for the financial sector worldwide. This situation served to further convince us to fully embrace sustainability, while our purpose, 'Meaningful & Inspiring for the Belgian Society. Together', proved more relevant than ever and acted as an exceptional compass in an unusual year.

Belfius stepped up its ESG ambition in 2020 because we firmly believe in the crucial role that the financial sector has in the transition to a sustainable society. Sustainability has always been part of our DNA, but we have now sharpened our commitments.

Within this context, we became a signatory to the UN Global Compact in May 2020 with the aim of demonstrating our commitment to its ten underlying principles on the environment, human rights, labour rights and good governance. One year later, Belfius continues to be convinced of the importance of adhering to the Global Compact and is pleased to reaffirm its commitment to it and to its principles. Continuing to be transparent and honest about our progress related to these issues will be key in achieving our ambitious ESG goals.

Belfius' commitment to the UN Global Compact's Ten Principles is proof of our lasting intention to act as a force for positive and sustainable change, together with our clients, employees and other stakeholders.



Marc Raisière

Belfius CEO

## Our progress in achieving the Ten Principles in 2020:

In 2019, Belfius distilled its sustainability strategy into ten commitments that directly relate to the UN Global Compact (see our Sustainability Report pp.4-5). Since then, we have implemented a series of actions related to our ten commitments, covering themes such as human rights, labour rights, anti-corruption and the environment:

### In general:

- In early 2021, Belfius published its [Transition Acceleration Policy \(TAP\)](#), a sector limitation policy that states that Belfius will not support companies that systematically or seriously violate one or more of the UN Global Compact Principles. Restrictions and/or exclusions also apply to business conducted with companies from a number of controversial sectors. These sectors are those that Belfius considered to be the most urgent to be dealt with in relation to human rights, labour rights and environmental issues. Creating long-term and sustainable value for the Belgian society in a credible manner requires making clear-cut decisions about what we choose to do, and what we choose not to - it is exactly this that is made concrete through our Transition Acceleration Policy (TAP).
- In 2020, Belfius reviewed its procurement policy to systematically integrate environmental, social and governance (ESG) considerations into its supplier selection process. Suppliers now have to demonstrate their own practices and ambitions in this area and preference will be given to those who have a robust sustainability policy with concrete actions in place. In practice, this includes suppliers who:
  - o have a sustainability policy in place;
  - o have signed the Global Compact or equivalent international commitments;
  - o have set up actions to reduce CO<sub>2</sub> emissions;
  - o offer products that meet circular strategies;
  - o have set up actions to achieve gender equality and equal pay.

### Anti-corruption

Being a responsible and ethical bank-insurer is at the core of what we do. We apply a zero-tolerance policy against corruption in all its forms and follow a strict anti-corruption and anti-bribery policy.

A responsible, honest and professional attitude on the part of every employee in their dealings with customers and partners is crucial if we are to gain, maintain and justify the trust of our customers and stakeholders. The relationship with and between our employees is also based on integrity, loyalty, transparency, professionalism and mutual respect. We have established policies relative to these values that are clear and transparent in our [Code of Conduct](#), [Anti-Discrimination Policy](#) and [Whistleblowing Policy](#).

Belfius scrupulously complies with all laws and regulations and respects the rules and practices prevalent in the financial sector. Belfius' policy in this area is outlined in a Compliance Charter and

Integrity Policy. These include the following policies concerning specific risk situations: [Anti-Fraud Policy](#), [Anti-Bribery Policy](#) and [Anti-Money Laundering \(AML\) Policy](#).

Through a concern for transparency, corruption-related incidents are monitored and reported upon in our Annual Report.

## Human rights

Respect for human rights in both the workplace and with regards to business relations, is of paramount importance to Belfius. Although we do not currently have a dedicated human rights policy, we do follow guidance provided for by UN Guiding Principles on Business and Human Rights and we intend to further formalise our commitments in the future. The following sets out criteria that are currently followed in relation to the support of human rights:

- Belfius offers a wide range of sustainable or "SRI" funds for which Candriam or Belfius Investment Partners use the 'best-in-class' method to screen underlying assets. Only companies that comply with the principles of the UN Global Compact are included in the portfolio. Companies that violate these principles are excluded.
- Belfius Insurance invests its reserves in accordance with the principles of Portfolio21, the sustainable management project developed by Belfius Insurance in partnership with Candriam and the independent agency Vigeo Eiris. This is a global investment strategy that aims to contribute to sustainable development by transparently incorporating non-financial criteria into the investment portfolio management process. Investment exclusion criteria for our portfolio are primarily based on compliance with international norms and standards, more specifically the ILO (International Labour Organisation).

In a bid to defend workers' basic rights and improve working conditions, constructive dialogues are entered into with issuers of securities (companies or countries) that have been the subject of controversy in terms of human rights violations in the workplace. The outcome of that dialogue determines whether or not a share, bond, or investment fund from that issuer has, or still has, a place in the portfolio.

- Through its sector policy (TAP), Belfius will not invest in controversial sectors. This includes companies deriving more than 10% of their total revenues from activities related to conventional weapons. Although weapons may be necessary from a peacekeeping standpoint, or for the protection of the population by official forces, their ultimate goal of destroying or threatening human life is in contradiction with the most fundamental of human rights.

Mining companies are also excluded (for all activities, not only investment), unless they have an adequate policy to control and limit their adverse impact on the environment, people living and/or working in mining areas, ecosystems, climate and governance risks. Their policy should be based on the United Nations Guiding Principles on Business and Human Rights (UNGPR) and the OECD Guidelines on Multinational Enterprises.

## Labour rights

Belfius upholds freedom of association for all its employees and recognises the right to collective bargaining. In 2020, 95.2% of employees were covered by a collective bargaining agreement. Only the Board of Directors, key and senior executives are covered by 'management contracts' rather than collective bargaining agreements.

Through its sector policy (TAP), Belfius only commits to finance/insure activities in the palm oil, soy, and mining sectors upon the condition that companies respect authoritative sectoral principles and criteria, as some serious associations with child labour and corruption have been known to exist in relation to these sectors.

Belfius condemns all types of discrimination and strongly supports its elimination. We see diversity as a strength and fully value it. Furthermore, several internal actions have been taken to bring greater awareness around the subject of diversity.

- Belfius is taking all necessary steps to gradually implement greater gender balance within the company. Our target is that women come to account for 44% of the total workforce at all levels of the organisation. We also aim for non-discriminatory equal pay.
- Our [anti-discrimination policy](#) states our zero-tolerance approach against discrimination.

## Environment

2020 was an active year with regards to the environment for Belfius:

- Belfius has been CO<sub>2</sub> neutral since 2020, a major step in the pursuit of emission reduction targets. Belfius is also the first major bank to have been awarded the CO<sub>2</sub> Neutral® label by CO2logic, certified by Vinçotte. This label attests to our sustained efforts in favour of climate protection. 2020 saw the establishment of a plan to reduce CO<sub>2</sub> emissions by as much as possible, offsetting remaining emissions by financing projects with a positive impact on the world's climate.
- Belfius is a member of the Green IT Belgium Club. In 2020, the Club analysed our IT system's CO<sub>2</sub> emissions and created an action plan to reduce those emissions. In addition, Belfius became a member of the Belgian Institute for Sustainable IT whose ambition is to bring companies, organisations and individuals together in order to help them reduce the environmental and social footprint of their IT systems. Following this, Belfius also decided to sign the ISIT Charter, committing even further in our intention to run a sustainable IT service.
- Belfius is a member of the Belgian Alliance for Climate Action. The Alliance brings together companies and organisations with a strong intention to pave the way towards a lower carbon economy by increasing climate ambitions in line with the objectives of the Paris Agreement. Belfius is committed to defining science-based targets in order to continue to reduce its CO<sub>2</sub> emissions on a larger scale across all of its activities.

- Belfius offers a wide range of products (financial and insurance-related) aimed at improving the environment (see our Annual Report pp.20-22).
- An extensive Environmental, Social and Governance (ESG) risk management programme embedded into Belfius' daily business is important if we are to ensure a sustainable and resilient business model. Through proper management of ESG risks, Belfius also contributes to safeguarding the Belgian society from transition, physical and society-related risks (see our [Risk Report](#) pp.87-90).

More detailed information can be found in our 2020 Sustainability Report: <https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/Sustainability%20Report%202020.pdf>