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# COMMUNICATION OF ENGAGEMENT 2021 – 2023

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UN Global Compact  
**Forum Ethibel**

## Foreword

Dear colleagues,

Dear stakeholders,

We are pleased to **reaffirm** our support to the United Nations Global Compact and its ten principles with respect to human rights, labor rights, environment and anti-corruption.

Forum Ethibel joined the UN Global Compact in May 2015 and is proud to be part of a global movement of stakeholders **defending and promoting a principle-based approach to sustainability**. In this communication of engagement, we describe the actions our organisation took in order to promote and integrate the UN Global Compact Principles. These 10 principles are embedded in our core business, are prominently part of our responsible investment criteria, and form the basis of our certification services.

Our mission remains to encourage **social responsible and sustainable behaviour on the financial market**. The UN Global Compact principles are currently important drivers for investors and financial players willing to make their savings and investments more sustainable.

We wish to express our **ambition to continue promoting** corporate social responsibility and the ten UN Global Compact-principles amongst investors and institutional actors in Belgium.



Kenny Frederickx,  
General Director  
10 Augustus 2021

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# ABOUT FORUM ETHIBEL

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Forum Ethibel is a Belgian **not-for-profit organisation**, established in 1992, and recognised as an expert in **rating, independent auditing and certification** of financial and non-financial products and services.

Our organisation combines **almost 30 years of experience** with quality standards, based on dialogue and collaboration with a network of SRI stakeholders across the world.

Forum Ethibel's vision is to actively promote Socially Responsible Investing (SRI) and Corporate Social Responsibility (CSR) in order to contribute to social justice and sustainable development. Its mission is to **enhance transparency, social responsibility and ethical behaviour on financial markets**.

We do this by developing specific services and tools, including quality **labels, audits and certifications of products** which comply with ethical, environmental, social and governance (ESG) criteria.

Forum Ethibel dialogues and cooperates with institutional investors, savers, financial institutions, companies, governments and NGOs, and actively contributes to **standardisation and quality-setting in the SRI sector**.

Our products and services are designed to assist these actors in the transition. We provide Ethibel labels and certifications, and consultancy/advisory and auditing services. Additionally, we conduct yearly research on developments in sustainable finance, as well as research assignments on demand.

## COMMITMENT

We are committed to all stakeholders and actively listen to their views and ideas.

## CREDIBILITY

Our relationships are based on trust and honesty. We say what we do, and do what we promise. We devote great attention to our integrity, objectivity and independence and do not accept outside pressure.

## EFFECTIVENESS

We strive to work efficiently, with a view on achieving maximum social impact.

## INNOVATION

We stimulate the market as regards Socially Responsible Investing (SRI) and develop new and relevant products and services to encourage SRI.

# DESCRIPTION OF ACTIONS

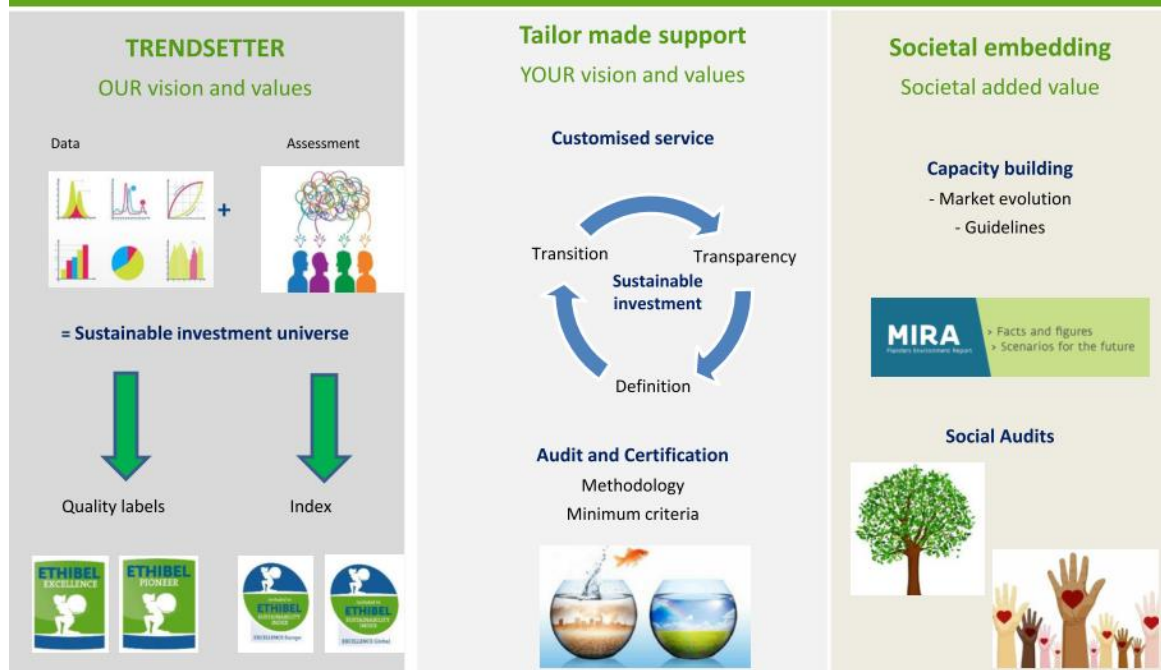
Forum Ethibel holds a **unique position** in the Belgian market and works together with investors, public & private organisations, financial institutions and civil society, to contribute to a more sustainable society. In dialogue with different stakeholders, Forum Ethibel aims to maximize societal impact.

Our products and services can be outlined in three different pillars. In the first one, Forum Ethibel **sets an example** and implements its own sustainability policy.

The second pillar includes tailor-made **support offered** to institutional investors and financial actors to define, implement and communicate their **proprietary sustainable investment policy**.

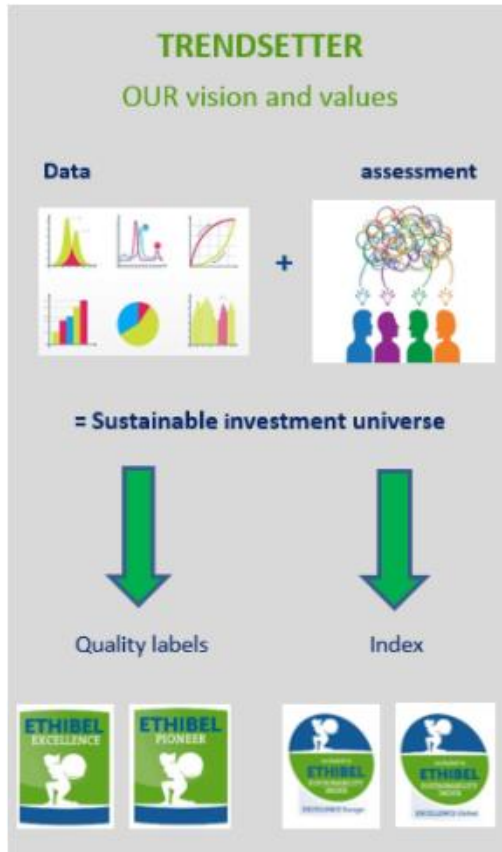
The third pillar encompasses Forum Ethibel's responsibility, as a not-for-profit organisation, to **gather and share knowledge** on sustainable finance.

## Forum ETHIBEL: Services & products



## Forum Ethibel as trendsetter

In the first pillar, Forum Ethibel outlines its own values and vision on sustainability by giving a balanced interpretation of quantitative data. The investment register results from the combination of sustainability/ESG data at sector and company level, and an analysis conducted by a team of experts (the Register Committee).



This register is a sustainable investment universe, consisting of companies and countries to which a sustainability filter has been applied.

Given that there is no general definition of sustainability, it is important to outline what is considered sustainable in the financial industry.

Sustainability is currently primarily linked to **climate and environment** (e.g. pollution management, biodiversity, environmental impact on the products and services). However, at Forum Ethibel, we also emphasize the importance of **social** (e.g. non-discrimination, respect for human rights, respect for freedom of trade unions, exclusion of forced and child labor) and **governance aspects** (e.g. prevention of corruption and anti-competitive practices, integration of environmental and social factors in production chain). In our view, the social and

governance dimensions include critical issues that should also be considered to pursue a comprehensive approach on sustainability.

The adoption of an integrated ESG approach in the financial industry can encourage greater investment in sustainable development, in line with the principles of the UN Global Compact.

## Tailor made support

### Audit and certifications

In our second pillar, we offer tailor-made support to both institutional investors and financial institutions.

On the one hand, we carry out independent monitoring of financial products that are developed and brought on the market by financial players. On the other hand, we guide and support institutional investors in drafting and implementing a sustainable investment policy.

This process is based on a thorough understanding of the values and the vision of each client, which are key to determine adequate quality requirements.



Forum Ethibel awards certificates to demonstrate that a product or service is in line with self-imposed criteria. This certificate guarantees compliance with the conditions related to corporate social responsibility (CSR). Although this certificate is based on the **customers' own criteria**, minimum requirements must be met, which include alignment with the UN Global Compact-principles, respect of human rights and labour law, environmental rights and the exclusion of armament.

### Belgian SRI quality standard

In previous communication of engagement, we announced that Forum Ethibel – in partnership with ICHEC Brussels Management School and University of Antwerp – had been selected as **verifier** of the Sustainable Quality Standard.

In order to offer investors **more reliability and transparency**, the Belgian financial sector developed this standard for sustainable financial products. It defines a set of minimum requirements that financial products should meet when they claim to be sustainable.

Products that meet the requirements, are awarded with the Towards Sustainability Label. The UN Global Compact principles are one of the obligatory criteria that the financial products should comply with in order to be awarded the 'Towards Sustainability'-label.

### ***Fulfilling societal responsibility: creating societal added value***

The third pillar reflects Forum Ethibel's goal to create social added value and to contribute to society. This goal is achieved through research and studies on one hand and the organisation of social audits on the other hand.

The domain of sustainable investment is still very much in development. Lack of information and understanding remains a limiting factor to further growth in sustainable investment. This fact, together with our aim to create more transparency in the financial market, drives us to conduct research and to map market developments. In this way, we aim to increase support for socially responsible investment (SRI), to develop guidelines, and to promote and facilitate SRI.

#### Research, studies and trainings

In first instance, Forum Ethibel **yearly maps the evolution of sustainable and responsible investments** in Belgium. Until recently, this was called the MIRA-study. Since 2021, the study has been renamed ERSIS, an abbreviation for Ethibel Research on Sustainable Investments and Savings.

Whereas the study was previously conducted for the Flemish government, it has now been carried out in collaboration with the federal government. Consequently, the study will be published in both Dutch and French.

Moreover, **ad hoc studies** can be conducted on demand. In these cases, the study has a specific focus or is aimed at a select target group. Where possible, the study is publicly available, and therefore available to other interested parties. The aim of these studies is to provide concrete tools with which investors can take concrete steps.

Finally, requests are made by parties for **trainings, workshops and information sessions**. Examples are sessions organised for cities and municipalities in which tools are provided for local authorities that aim to make their investments (more) sustainable.

#### Social audits

Finally, Forum Ethibel also carries out social audits to determine the **social impact** of enterprises in the **social economy industry**. In the same way as a financial audit



demonstrates the financial health of a company, a social audit indicates its social-ethical health.

A social audit consists of a dialogue to evaluate the relationship of a company with its stakeholders. This dialogue examines the extent to which the company meets its mission and the expectations of its shareholders. Therefore, social audits are a combination of quantitative data analysis in conjunction with dialogue on the vision of the parties involved.

Forum Ethibel collaborates with different kind of players, both on the supply and demand side, in order to actively promote and contribute to socially responsible behaviour on the financial market.

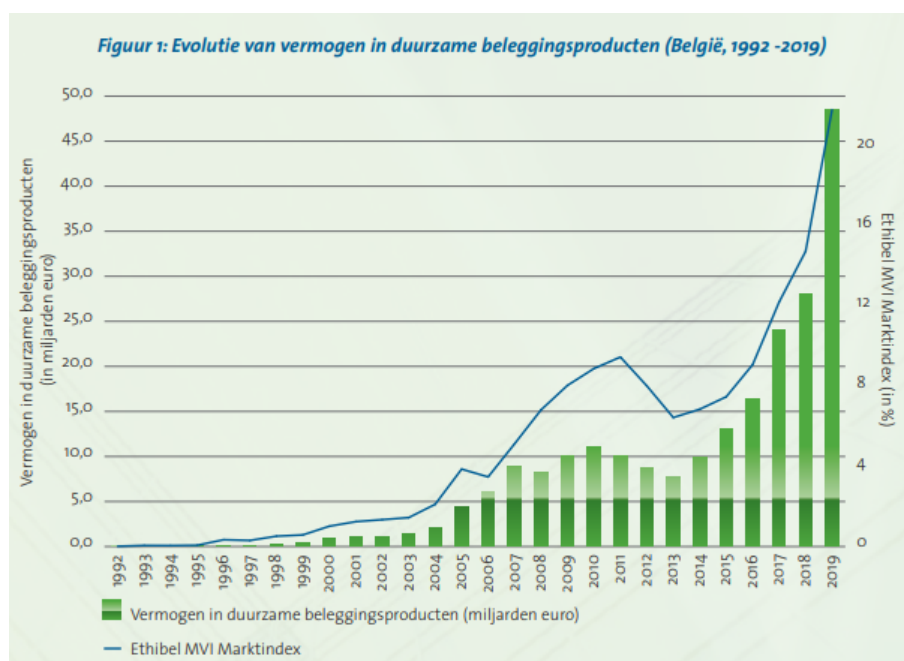
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## PROGRESS MADE AND FUTURE DEVELOPMENTS

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### *Sustainable investing in Belgium: from niche to mainstream?*

In the last communication of Engagement, we announced 2017 as a pivotal year in terms of sustainable investments in Belgium since the symbolic threshold of 10% had been exceeded. The study of 2020 (outlining the evolution until 2019) not only confirmed the trend, it exposed an accelerated growth.



Source: [https://www.forumethibel.org/download\\_pub/15](https://www.forumethibel.org/download_pub/15)



A new record of 22,14% has been achieved in 2019 which is significantly higher than the previous peak of 14,94 % in 2018. Both the number of investment products and the total invested volume increased in 2019. The number of sustainable investment products has increased significantly, from 407 products in 2018 to 514 in 2019: an increase of 107 products. Sustainable assets have reached a volume of 48,6 billion euros. This represents an increase of 73.6% in one year, and therefore, constitutes the largest rise since 1992. These numbers show the ever-growing importance of sustainability within the financial world.

A new study will be published next month. It is expected that sustainable investments and savings in Belgium kept rising in 2020.

### *Broader scope: From the Flemish MIRA to the Belgian ERSIS*

The yearly study that maps the evolution of sustainable investments and savings in Belgium was initially conducted on behalf of the Flemish government. The study, then called MIRA (Milieurapport Vlaanderen) was solely published in Dutch. This year, for the first time, the study will be conducted on behalf of the Federal government and will be published in Dutch and French. Additionally, the study was renamed ERSIS. These developments hopefully lead to a larger audience which might inspire more people and generate a greater impact.

### *The Belgian quality standard for sustainable financial products*

In 2019, Febelfin developed a set of minimum sustainable criteria for financial products, focusing on the integration of sustainable strategies, the exclusion of controversial activities (e.g. coal extraction) and the enhancement of transparency towards investors. Products that meet the requirements, are awarded with the Towards Sustainability Label.

The objective of the standard is to qualitatively and quantitatively increase the level of socially responsible and sustainable financial products. As such, it is needed to review the criteria on a regular basis. Therefore, the initial standard of 2019 was updated this year. The conditions for obtaining the label were refined, fine-tuned and strengthened, in line with expectations and regulations on European level.



During the first phase after launch, in November 2019, 311 products received the label. By now, in August 2021, already 623 products are labelled. Compared to the other European labels for sustainable financial products, the Towards Sustainability label is considered one of the leading labels in terms of number of funds labelled and assets under management.

At Forum Ethibel's foundation in 1992, sustainable finance was considered a transient trend. The numbers and developments in Belgium and Europe show that the attention and interest for sustainable finance continue to rise and that this is a permanent phenomenon. It is difficult to predict what our next communication of engagement will look like. However, taking into account the progress made in recent years, we can expect both demand and supply to continuously increase. It is our role to connect communication with implementation, and to fight greenwashing in the financial world.