



Sustainability Report 2021

Belfius



Message from the chairmen

With a figure of EUR 935 million, in 2021 Belfius achieved its best net result since it came into existence ten years ago. It is a result that enables Belfius to evolve into an extremely robust and sustainable partner for the Belgian economy and for society in Belgium.

2021 in Belgium was marked by two distinct but impactful events in which Belfius provided meaningful support: Covid-19 and the July floods.

Since the beginning of the Covid-19 pandemic, Belfius has continuously and fully delivered on its societal role. Belfius provided the necessary liquidity and granted deferred payments for individuals, enterprises and SMEs in temporary difficulties, with an overall contribution that was higher than its market share would have suggested. Belfius has helped a total of 34,606 customers to keep their head above water in this time of crisis.

At the end of 2021, out of the EUR 5.4 billion of loans to corporate and business customers which were granted moratorium since the start of the Covid-19 crisis, EUR 0.08 billion are still subject to payment holidays. 97.1% of corporate and business loans for which the moratorium came to an end, have resumed their normal payments of formerly deferred amounts. 100% of public sector clients and almost 100% of the mortgage loan clients have been able to resume their payments.

The severe floods of July 2021 can be considered as one of the most tangible effects of global warming that Belgium has ever encountered. Alongside the tragic loss of lives, they led to huge infrastructure devastations and very high damage claims for insurers (more than EUR 2 billion).

Belfius deployed a large number of additional resources to assist affected customers in the best possible way and to provide compensation for the material damage suffered as quickly as possible. Specific measures were taken to accelerate the claims handling (greater autonomy for claims experts and picture-based settlements) while advances were provided swiftly in the case of major insured damage. Three months after the floods Belfius had already paid or (partially) settled more than 80% of the claims and completely closed more than 55% of the files.



Belfius' total gross claim cost amounts to EUR 181 million for Corona and Belfius Insurance customers. The financial impact of this on Belfius Insurance FY 2021 accounts remains manageable, thanks to the strong re-insurance contracts Belfius Insurance had put in place many years ago and the intervention of the Regions.

The climate and our planet need a different way of doing business. Belfius aims to be a pioneer in this transition by inspiring customers and by firmly embedding sustainability as part of our financing and investment offering. For example, in 2021, Belfius took on a senior role in the issue of ten green, social or sustainable bonds, scoring a bull's eye with the successful initial launch of its own "Green Senior Bond".

Belfius provided support to all segments of the Belgian economy and society in 2021 through EUR 22.3 billion of long-term financing. More specifically, Belfius demonstrated its financing capabilities in the public and social sector in 2021 with its involvement in sustainable infrastructure projects worth EUR 1.7 billion, approximately EUR 300 million of which was financed by Belfius. It also helped local authorities in the sustainable renovation of their buildings with the Smart Building & Renovation Solution product, providing funding of EUR 140 million.

With the launch of "meaningful investing", Belfius also gives customers the opportunity to make meaningful investments in a better and more sustainable world. Some of the stand-out products here are the Funds of the future, with new subscriptions to these funds climbing by 28% in 2021 to EUR 934 million. This means they now represent more than 20% of total subscriptions to investment funds. Since mid-2021, customers have also been able to make meaningful investments on the new Re=Bel stock market platform. Re=Bel informs customers about the sustainable nature of their transactions. By the end of 2021, there were already 40,000 customers on the platform, conducting a little over 100,000 transactions totalling EUR 348 million. The fact that 73% of share transactions conducted met the sustainability criteria set by Belfius, proves the attractiveness of the sustainable orientation of the platform.

Belfius Bank is also setting a good example in the transition to a more sustainable economy. For instance, Belfius is firmly committed to making its fleet of vehicles greener, with electric or plug-in hybrid cars now accounting for over 60% of new orders of “flex” and company cars within the Belfius Group. In addition, Belfius is and remains carbon-neutral for its own activities. Moreover, the Belfius policy on diversity continues to bear fruit and the balance between men and women at all levels of the organisation is gradually improving. The proportion of women compared to men in managerial roles rose from 33.7% in 2020 to 36.7% in 2021, taking us another step closer to our target of 44% by 2025.

For ten years now, Belfius has been living up to its commitment to be a meaningful and inspiring bank-insurer for the Belgian society. This is no coincidence and is the result of a successful blend of a sustainable business model and the correct long-term strategy. It is a strategy based on providing unconditional support for the Belgian economy, focusing on innovation and Belgian talent and always putting the customer first in every situation. Our excellent results allow us to look to the future with ambition and commitment, to a sustainable future in which we will continue to invest in Belgian society and the economy.

Brussels, 20 May 2022



Marc Rasière
Chairman of the Management Board
Belfius Bank



Chris Sunt
Chairman of the Board of Directors
Belfius Bank

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1. About this report

The 2021 Belfius Sustainability Report is designed to present the Belfius Group's ('Belfius') strategy, business model, governance, risks and opportunities, performance and future outlook with regards to sustainable development. This report is Belfius' opportunity to guide its stakeholders, and any external readers, in their understanding of the group's values, initiatives and overall progress made with regards to sustainability in 2021.

This report's content is determined by economic, environmental and social topics considered from both "impact materiality" and "financial materiality" perspectives in line with the principles of "double-materiality". Significant topics were identified through a two-pronged analysis from the point of view of both the Belfius Group and its stakeholders.

To ensure a thorough and comprehensive understanding of the Group's overall performance, this report should be read in conjunction with the 2021 Belfius Annual Report.

The information and data contained in this report cover the period from 1 January 2021 to 31 December 2021, unless otherwise stated. This report refers to Belfius' activities in Belgium, and the information provided deals with the sustainability performance of both Belfius Bank and its subsidiaries (including Belfius Insurance). Belfius publishes its sustainability reports on an annual basis - reports from previous years can be found on [belfius.be](https://www.belfius.be)

External reporting frameworks

The 2021 Belfius Sustainability Report has been prepared in accordance with Global Reporting Initiative (GRI) Standards (Core Option). The GRI Standards Financial Services Sector Supplement was incorporated into this report.

Belfius' CO₂-neutral[®] label is issued by CO2logic in collaboration with the independent certification body, Vinçotte.

The double materiality approach for our 2021 materiality assessment was based on information from the SASB (Sustainability Accounting Standards Board) materiality matrix for the banking and insurance sector, the Principles for Responsible Banking, the Principles for Sustainable Insurance, the Sustainable Development Goals (SDGs), the Sector Study report on Sustainability Materiality of SDG Targets and GRI Indicators.

For this sustainability report, the Sustainable Development Goals (SDGs) are used as a reference to highlight important strategic topics and realisations, as they provide us with an important framework for our value creation and material topics.

This year, our report includes climate-related information in view of Task Force on Climate-related Financial Disclosures (TCFD) recommendations. In addition, the United Nations Principles for Responsible Banking (UN PRB) and the United Nations Principles for Sustainable Insurance (UN PSI) reporting, to which Belfius became a signatory in 2020 can be found in the Appendices section. Information regarding Belfius' progress on the United Nations Global Compact principles can also be found in the Appendices section of this report.

For any feedback and questions regarding the Belfius Sustainability Report, please send an e-mail to esg@belfius.be.

2. Highlights

21/01

Creation of Fairville. This joint venture between Belfius, Ciral Schaubroeck and Nuhma offers cities and municipalities digital solutions focused on the local economy, sustainability and mobility.

09/03

Hoplr, the digital neighbourhood network, will be able to meet its international ambitions in the field of community support, thanks to the EUR 2 million in funding provided by Belfius, Matexi and CAREvolution.

22/04

Belfius signs the **Sustainable IT Charter** and commits to move towards more sustainable IT systems.

02/05

Start of the #VirtualGames2021, the second edition of the Virtual Games **Special Olympics**, replacing the Special Olympics, of which Belfius is now Diamond Sponsor.

06/05

Belfius becomes partner and exclusive **distributor** on the Belgian market of the new **Planet First Partners** investment fund. The fund offers private equity investments in European companies active in healthy and sustainable consumption, health and the environment.

01/06

Issuance of the **first Belfius Green Bond**. The funds raised (EUR 500 million) are exclusively intended for the (re)financing of sustainable projects: wind farms, installation of solar panels, green real estate, etc.

01/07

Launch of Re=Bel, the new online investment platform with a cause. Re=Bel promotes investments across more than 25 markets that advance society in various fields: health, renewable energies, etc.

15/07

Jane joins forces with the innovative care centre Z-plus, founded by care organisations i-mens, Mederi and Familiehulp to offer smarter and more preventive home care and to enable senior citizens to live longer in their own homes in safety.

21/09

Belfius invites 297 suppliers that represent 70% of our total vendor spend to have their ESG performance assessed by EcoVadis, an internationally recognised ESG rating company.

22/09

Signature of the **Inclusive Panels charter**. This initiative aims to improve the mix of genders, origins and ages within the panels that speak at events and conferences in Belgium.

05/10

Official **launch of Banx**, a fully digital Belgian banking experience, designed by Proximus and produced by Belfius. Banx allows users to measure the impact of their purchases on the planet.

11/10

Launch of Beats, a personalised, modular and innovative telco-banking offer with a societal component, allowing customers to choose for themselves in which area Belfius will contribute to supporting a more sustainable Belgian society.

12/10

Belfius joins the **Partnership for Carbon Accounting Financials**. The PCAF provides financial institutions with the tools to assess the emissions of activities financed by loans and investments ("financed emissions").

26/11

Rode Neuzen Dag (Red Nose Day), with the support of Belfius, VTM, Qmusic and Het Laatste Nieuws, collects more than EUR 3 million to train "Sidekick Sams": people who are accessible in schools for young people who need a listening ear.

20/12

Belfius signs first letter of commitment to the **Science Based Targets initiative** - a commitment to reduce its emissions according to robust methodologies in line with the latest climate science and the level of decarbonisation required to meet the objectives of the Paris Agreement.

23/12

Viva for Life raises just over EUR 7.5 million to fight child poverty, with the support of Belfius (EUR 620,545), the RTBF and Cap 48.



3. About Belfius

3.1. Strategy Inspire 2025: a purpose and values driven strategy towards 2025

At the end of 2020, Belfius successfully achieved all ambitions set in its “long-term strategy towards 2020”.

As such, today, Belfius is a digital leading integrated bank-insurer, present in all segments of the Belgian economy, committed to customer satisfaction and the creation of societal value, with strong commercial and financial results.

As of December 2021, it is the **second largest integrated Belgian bank-insurer**, serving 3.7 million customers, with an overall satisfaction of 95% and a **recognized digital leader** with the 2nd best banking app worldwide, ahead of many fintechs and neobanks.

Belfius is growing its franchise in Private & Wealth; developing its position as Bank for Investors with a 11.4% growth in clients and 15.3% growth in savings and investments products within this segment in 2021. Also our Business and Corporate Banking is continuously expanding its market position, reaching a market share of >17% and serving over 0.36 million Entrepreneurs and Enterprises as at the end of December 2021. In the Public sector it remains the reference bank in Belgium, with almost 100% penetration.

Belfius is also **one of the most solid banks in Europe**, ranking in the top-10 of most resilient banks in 2021 EBA stress tests.

As a result of this, at the end of 2020, the time was right for Belfius to define an **inspiring new ambition for the future: Belfius' Inspire 2025 strategy**. This strategy is built on a clear and inspiring purpose that is our guide in all important choices and decisions we make: **Belfius, meaningful and inspiring for Belgian society. Together.**

Under this Inspire 2025 strategy, Belfius remains a universal, integrated bank-insurer that generates a positive contribution to all segments of the Belgian economy and society thanks to its robust “risk management” and strong “financial management”.

Belfius' integrated business model, based on creating and leveraging synergies across its client segments, as well as its products and businesses, will continue its expansion into Asset Management and Financial Markets.

Belfius continues to put **the customer at the heart** of everything. For each customer segment, we go the last mile in terms of customer satisfaction.

In the individuals segment, we focus for both Savers and Investors on an innovative mix of digital and human, through own channels and via strategic partnerships, and a continued support to the most vulnerable in society (e.g. via social accounts, accessible services for elderly/less digital people, etc.). For our top segments, we have chosen a membership approach where clients consciously choose to opt in. The Private Membership is a paying membership while the Wealth membership is upon invitation only.

Belfius will continue to develop a stronger position for the **Private & Wealth segment**, inter alia by its strong position in meaningful investing with a tangible impact on society.

Within the new **Entrepreneurs, Enterprises and Public segment**, we have indicated three sub-segments, starting with Business.

The **Business segment** brings together the self-employed, the liberal professions (inter alia lawyers, doctors, accountants, etc.) and SMEs with a turnover up to EUR 10 million. This segment is mainly served by our local branches.

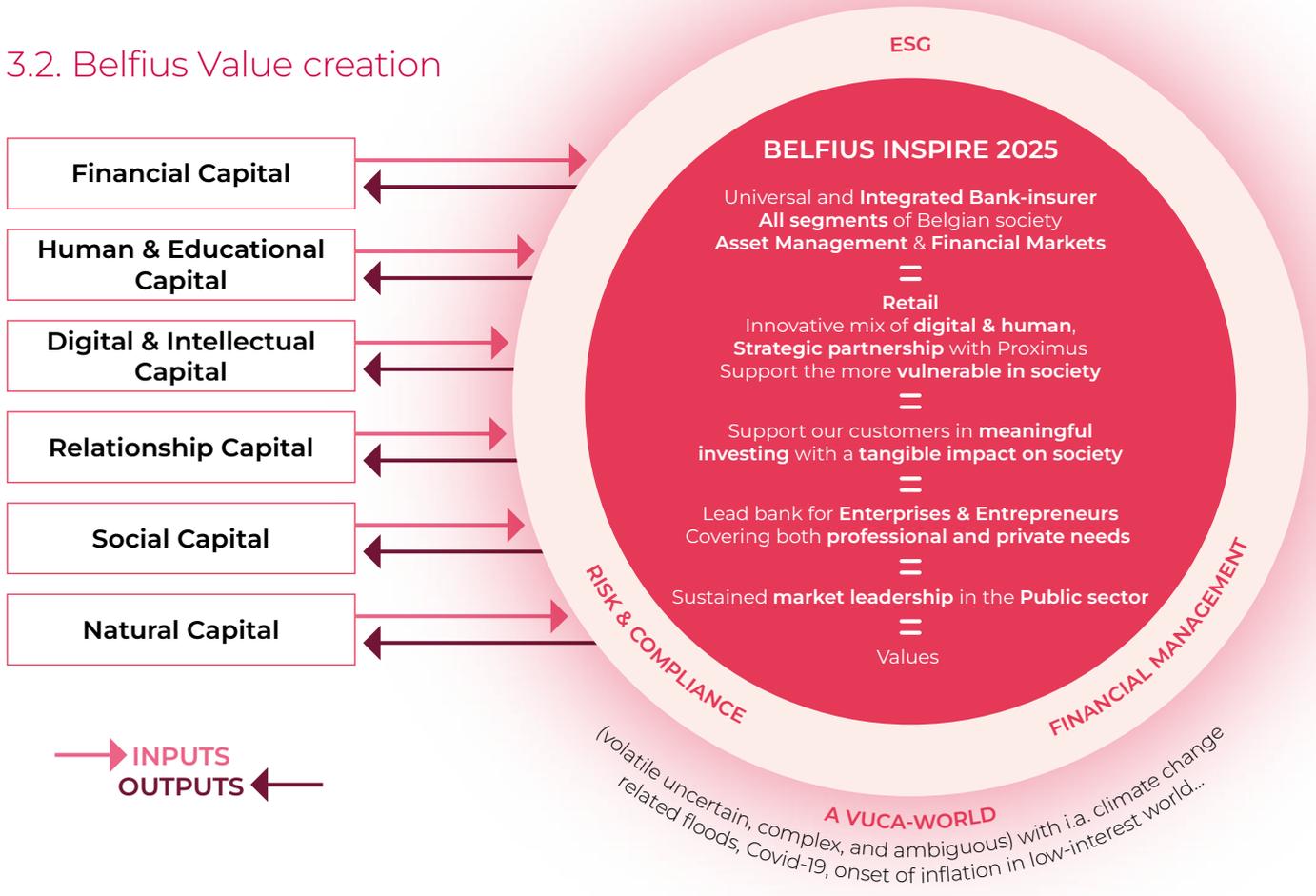
The **Corporate Banking segment** brings together medium and large Belgian companies with a turnover of more than EUR 10 million. This segment is served by our corporate bankers. Within the Corporate Banking segment, a new subsegment “Local Corporates” is created, that serves all clients that balance on the border between the Business and Corporate Banking, with a turnover between EUR 10 and 25 million. This segment is served by both our local branches and corporate bankers. A special feature of this segment is that is characterized by the merge of the Wealth Management and Corporate Banking sales force into one single team, with Wealth leads provided by Corporate Bankers and vice versa.

Last but not least, the E&E&P segment consists of the **Public and Social Banking** which brings together Regions, Communities, Municipalities, Provinces, CPAS, police areas, health sector, education and social sector customers. This segment is served by our network of dedicated relationship managers. However, some customers are also (or only) served in branches to offer more flexibility and a better service.

Within the E&E&P segment, Belfius will continue to support the Belgian economy, providing an integrated approach for all “Entrepreneurs & Enterprises” and remaining a leader in the Public sector where its roots lie.

Going forward, Belfius remains fully committed to its customers and their love, and embedding **sustainability** in all aspects of its strategy. Learn more about our Inspire 2025 strategy in our annual report.

3.2. Belfius Value creation



Value created	Sustainable impact
<p>SHAREHOLDERS EUR 368.5 million dividends in 2021 Equity base increased to EUR 11.0 billion - doubled in 10 years time, thanks to strong financial management discipline and effective risk & compliance, which was again confirmed by 2021 EBA stress test results. As a locally anchored, Belgian bank-insurer with local decision centers and Belgian citizens as customers, Belfius is a key player in the Belgian economic fabric.</p>	
<p>BELFIUS AMBASSADORS Excellent employee engagement score of 86.5%, despite difficult pandemic circumstances and forced large-scale remote working. Belfius continued monitoring wellbeing of its talents; developing the leaders of the future in the financial sector; and making sustainable careers possible. We give our independent networks the tools to build a thriving local business and living, leveraging Belfius' or DVV's franchise and reputation.</p>	
<p>CUSTOMERS Belfius is truly committed to its customers and their love, putting the customer at the heart of all decisions and processes. As a truly integrated banking & insurance group, we provide single point-of-contact financial solutions to 3.7 million customers, via an innovative mix of accessibility, providing distinctive in-branch advice and service across Belgium, combined with a best-in class, safe and digital service experience.</p>	
<p>SOCIETY Belfius takes great care in being a responsible and law-abiding member of Belgian society (e.g. AML). Solidarity was our motivating driver when we were at the side of our insurance customers who suffered from the July floods. We also continued to engage with the Belgian society through our philanthropic projects with a focus on children and young or vulnerable people (Viva for Life, Rode Neuzen dag, Special Olympics).</p>	
<p>PLANET Guided by the Paris Climate Agreement, we continued to achieve carbon-neutrality of our operations in 2021, committed to the Science Based Target initiative and announced the exclusion of coal extraction in all our activities. While continuously expanding our green product and service offering, our Transition Acceleration Policy guides Belfius' transition to a low-carbon economy.</p>	

INPUTS

Financial Capital

Belfius customers can be assured that their savings will be reinvested almost entirely in Belgian society and economy. EUR 102.3 billion outstanding on savings & current accounts.

Human & Educational Capital

As people are Belfius' most valuable asset, we continuously invest in the training and development of talents in Belgium to prepare them for the skills of the future. We prioritize satisfaction and wellbeing of our employees, and embrace a working culture built on diversity and inclusion. We value our dynamic local independent networks for both Belfius and DVV franchise. Whenever possible, we favour working with local partners and suppliers, thereby also enabling the development of their talents in Belgium.

Digital & Intellectual Capital

Belfius offers innovative digital solutions beyond traditional banking and insurance products, leveraging an ecosystem of local, strategic partners (Proximus, Immovlan, Skipr, Cyclis). Belfius' world class mobile app offers intuitive, easy-to-use sales and service flows and is a cornerstone of our digital offering and customer experience. To guarantee a safe and secure service we increasingly invest in our information security capabilities.

Relationship Capital

Human-focused services lie at the heart of our business. From individuals over enterprises & entrepreneurs to public & social entities, we provide services and products tailored to the needs of all segments in Belgian society - always attentive to its more vulnerable members.

Social Capital

Social commitment has been part of Belfius' DNA since origin, and is fully embedded in our values driven strategy and purpose to be "Meaningful & Inspiring for Belgian society". Together. Guided by the Sustainable Development Goals, we contribute to society both directly through our philanthropic activities and indirectly by giving our customers the opportunity to support the causes of their choice through our product offer.

Natural Capital

As a leading bank-insurer we manage our impact on natural resources resulting from our operations and financing activities. On top of offering green solutions, we also collaborate with external stakeholders to advise our clients on decreasing their impact on the environment.

OUTPUTS

Financial Capital

- Net result EUR 935 million
- CET 1 ratio of 16.4%
- Solvency II ratio of 190%
- Outstanding commercial loans EUR 102.2 billion

Human & Educational Capital

- 6,531 employees
- EUR 641 million salaries and benefits of employees
- 6 average days of training received per FTE
- 36.7% women in management or senior/key positions
- EUR 221 million network commissions
- 85% of suppliers that are Belgium-based

Digital & Intellectual Capital

- 1.8 million active mobile users
- Top 5 most valuable brands in Belgium (by Brand Finance)
- #2 Mobile banking & insurance app in the world (by Sia Partners)

Relationship Capital

- Customer satisfaction score 94.5%
- #1 in financing of municipalities, cities, hospitals & care sector
- 17.4% and 18.5% market share Business & Corporate
- EUR 22.3 billion gross production in long term loans
- EUR 179.5 billion outstanding Savings & Investments
- 180,000 social products

Social Capital

- Total tax contribution of EUR 727 million
- Claims paid due to natural catastrophies EUR 201 million
- Claims paid on debt balance insurance EUR 22 million
- 0.6 million clients building up fiscal pensions to face the pension gap

Natural Capital

- First Green bond issue of EUR 500 million
- Carbon neutrality for own operations, on a scope of 18 thousand tons of CO₂
- Over EUR 4 billion green or sustainable bonds issued by corporate clients with the support of Belfius
- 14% share of electric or hybrid vehicles in Belfius Auto Lease fleet
- Over 80% gross production of funds in art. 9 SFDR

4. ESG fully embedded in the Belfius Strategy

4.1. ESG at the heart of everything we do

Sustainable business is in our DNA - it is part of our history and is woven into the core of our purpose: "Meaningful & Inspiring for Belgian Society. Together". Using our purpose as a compass, we have defined a clear sustainability strategy with one goal: to inspire our customers to accomplish their sustainability ambitions and, in doing so, to create, together with our customers, the greatest possible impact.

We do this through walking our talk, doing what we say in the area of sustainable business and ensuring maximum positive contribution in everything we do.

In addition, we put our customers in the driving seat of their sustainability ambition and support them with an adapted range of products and services. We also provide a strong framework through partners who help show the way in a complex changing world.

In order to accomplish this strategy, we have defined a number of commitments in recent years which are our compass with regards to our sustainability ambition. The strong evolution in the field of regulations and stakeholder expectations has resulted in a stricter focus on a number of these commitments in 2021, and we also report on them transparently:

1. Be and remain carbon neutral, with an ever-shrinking footprint
2. Opting for 100% green electricity, a choice we have made since 2008
3. Supporting our society year after year through Belgian charities
4. Giving women every opportunity and guaranteeing equal pay
5. Going for a 100% meaningful investment offer
6. Giving absolute priority to future-proof infrastructure for Belgian society

Every day, we do our utmost to not only support, but also actively facilitate, the transition to a low-carbon, resilient and prosperous Belgian society. After all, climate action is more than an environmental issue, it is a crucial social change that we want to help bring about. We are committed to placing sustainable enterprise at the heart of our decisions and to doing our bit to combat climate change. That is why Belfius joined the Science Based Targets initiative (SBTi) and why we are committed to setting our emissions reduction targets in line with the Paris Climate Agreement.

We are aware of the complexity of finding solutions that meet both the needs of our customers and our sustainability objectives. Within this context, we heavily invest in improving our data environment in which ESG data plays a key role. We understand that measurement and transparent reporting are a key to success. This also allows for an open dialogue with our stakeholders, to which we attach great importance.

Strong ESG governance with clear responsibilities at the highest levels and an explicit integration of sustainability in the variable remuneration of senior management, ensures that sustainable enterprise is at the heart of every decision we make. Monitoring of our progress in sustainability through key performance indicators reinforces this.



COMMITMENTS

WE SUPPORT





Principles for Responsible Banking



Principles for Sustainable Insurance



Principles for Responsible Investment



Partnership for Carbon Accounting Financials











ESG RATINGS

Vigeo: 58/100
(April 2021)

Sustainalytics: 20.3
(February 2022)

In the table below, we publish our core KPI dashboard, tracking our commitments.

Belfius ESG dashboard

		2020	2021	Target 2025
CARBON FOOTPRINT (OWN OPERATIONS)	% decrease of carbon footprint (tons of CO ₂) of Belfius' internal operations (new scope)	-29% (old scope)	16%	-20% vs 2019
GREEN ELECTRICITY (OWN OPERATIONS)	% of electricity consumption from renewable sources for own operations	100%	100%	100%
GOOD CAUSES	Cumulative Mio EUR support to Belgian good causes since 2015 (pure & commercial charity)	22	25	50
(GENDER) DIVERSITY	% of women in management position	34%	36.7%	44%
MEANINGFUL INVESTMENTS	% of production in investments in scope ⁽¹⁾ that is meaningful (SFDR art 8 & 9)	-	83%	100%
MEANINGFUL FINANCING INFRASTRUCTURE	Bn EUR cumulative loan production in meaningful infrastructure projects since 2020	1.7	2.7	5.8

(1) Scope limited to mutual funds (including My Portfolio and pension funds) and Investment - Insurance.

4.2. Materiality assessment

In 2017 we conducted a first assessment to determine which topics should be considered as material (i.e. relevant) for Belfius when defining its sustainability strategy and approach.

In Q4 2021, running through to the beginning of 2022, Belfius conducted a new materiality assessment with a two-fold objective: to confirm that its strategy and sustainability commitments are tackling issues that its stakeholders consider to be relevant, and to identify any additional topics that are a priority for those stakeholders. An independent third party was hired to provide support in conducting this exercise.

We expect to update our materiality assessment every two to three years.

In anticipation of the mandatory application of the Corporate Sustainability Reporting Directive (CSRD), Belfius decided to evaluate its priorities through a "double materiality" lens.

Belfius embedded double materiality into the assessment by considering not only the impact of a particular topic on Belfius, but also the impact Belfius has on that topic. Belfius believes this approach will assist in further understanding which areas it needs to focus on to be able to meet its stakeholders' expectations.

4.2.1. Assessment process

Identification of topics based on actual and potential impacts

To assess an initial set of material topics, Belfius analysed and consolidated information from the SASB (Sustainability Accounting Standards Board) materiality matrix for the banking and insurance sector, the Principles for Responsible Banking, the Principles for Sustainable Insurance, peer review, the Sustainable Development Goals (SDGs) and the Sector Study report on Sustainability Materiality of SDG Targets and GRI Indicators prepared by the Governance & Accountability Institute. This broad research resulted in an initial longlist of 30 topics, which was the basis for further convergence to a final list of 15 topics used to conduct the online survey referred to below. This final list of 15 topics covered environmental, social, governance and economic matters.

Assessment of relevance and impact of topics

An online survey was used to assess the materiality and impact of the 15 topics in question. Following the double materiality view, there were two questions per topic: 1) what is the impact of the topic on Belfius (going from very low, low, over neutral, to high and very high), and 2) what is the impact Belfius has on the topic today (going from very negative, negative over neutral, to positive and very positive).

Using this online double materiality survey, Belfius reached out to different stakeholders from several groups, having in mind their interest in and impact on the Belfius Group.

Belfius' corporate view was represented through a selection of senior executives from all business units. A group of 200 employees pioneering sustainability were also consulted as internal stakeholders. Finally, external stakeholders were also consulted: social and civil organisations, employer federation, consumer organisations, customers, strategic partners, suppliers, trade unions, sustainability experts, academic institutions, sector federations, credit and sustainability rating agencies.



Determination of material topics

The results from the online survey were weighted according to a pre-defined methodology. The views of internal and external stakeholders on the impact of the topics on Belfius were analysed and aggregated on the Y axis (Importance to Society). The views of Belfius' management were put on the X axis (Importance to Belfius' performance). Following the double materiality approach, a colour scheme was included to showcase the impact Belfius has on each topic in addition to its relevance: dark red (merlot) is positive, red (rubis) is neutral. No other colours are used as there are no (very) negative or very positive impacts of Belfius on a topic.

The results were plotted in the materiality matrix and submitted for information and discussion to the Management Boards of Belfius Bank and Belfius Insurance. The final result, which was also presented to the Board of Directors of Belfius Bank and Belfius Insurance, is included in the section below.

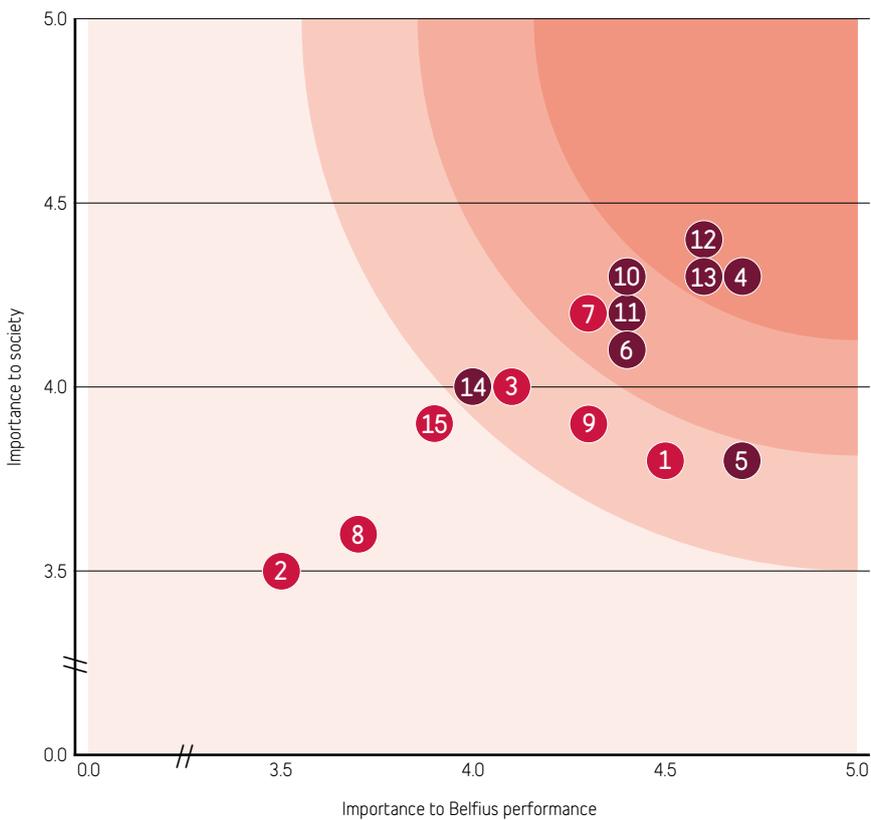
The topics in the bottom left quadrant are regarded as less material to both internal and external stakeholders, as well as to Belfius' own corporate view, while the topics in the top right quadrant are considered most relevant.

4.2.2. Materiality Matrix

When aggregated, none of the topics included in Belfius' assessment and survey scored very low, low or neutral (equivalent to a score of 1 to 3). It can also be observed that there is alignment between the scores on the X and the Y axes: the correlation between Belfius and stakeholders' views is 69%.

It is not possible to make a direct comparison between our 2017 materiality matrix and this new one due to the re-distribution of topics included in both exercises. However, certain areas remain a priority to our stakeholders since 2017, for example: information security and data protection, customer satisfaction, longterm financial stability and sustainability support.

Materiality matrix



Topic

1	Financial inclusion & access to financial services
2	Financial literacy
3	Transparent communication on products & services
4	Talent attraction & retention
5	Diversity & equal opportunities
6	Community involvement
7	Sustainability transition support & acceleration
8	Managing direct and indirect environmental impact of Belfius Group
9	Future-proof, inclusive & relevant infrastructure
10	Law-abiding and ethical business conduct
11	Resilience & long term oriented financial performance
12	Information security, privacy & data protection
13	Consumer experience & satisfaction
14	Use local digital & innovation power
15	Open dialogue with stakeholders & active engagement

List of topics and link with SDGs

Topic	Definition	SDG contribution	Distinctive initiatives in 2021
FINANCIAL INCLUSION & ACCESS TO FINANCIAL SERVICES	Secure financial inclusion by focusing on usability and affordability of relevant bank and insurance offers for everyone, including the more vulnerable (the elderly, disabled, non-digital population, start-ups, etc.).	   	Universal account, in line with Charter of Universal Banking Service available at Belfius. A witnessed procedure to enable the visually impaired to sign income protection or credit cover.
FINANCIAL LITERACY	Improve the general public's knowledge and skills needed to make important financial decisions.		
TRANSPARENT COMMUNICATION ON PRODUCTS & SERVICES	Provide fair, simple, easy-to-understand and transparent information to clients to help them make the right financial and insurance choices.		New terms and conditions in home insurance use plain language
TALENT ATTRACTION & RETENTION	Create a healthy, safe and motivating work environment, focusing on development of talents and well-being of employees, providing meaningful employment.	  	Initiatives to maintain connections during Covid-19. Agreement on a new structural homeworking status with unions.
DIVERSITY & EQUAL OPPORTUNITIES	Promote a culture that fosters diversity and gives equal opportunities and equal pay regardless of gender, race, sexual orientation.	  	Job advertisements were rewritten to highlight Belfius' Diversity & Inclusion commitments. Signatory to Inclusive Panels Charter
COMMUNITY INVOLVEMENT	Make a positive contribution to society, through the product and service offer (e.g. financing of hospitals, thematic investment funds, ...)	  	Launch of Beats, an innovative telco and banking offer with the possibility for customers to support a good cause that is meaningful to them
SUSTAINABILITY TRANSITION SUPPORT & ACCELERATION	Accompany the transition to sustainability by: <ul style="list-style-type: none"> Restricting activities with controversial and socially sensitive sectors (loans, investments, insurance, ...). Expanding the sustainable offer Providing maximum support to customers in the transition towards a more sustainable economy and society. 	    	Launch of Rebel, investment app that gives insight in the ESG impact of investments. Integration of Transition Acceleration Policy in processes and procedures
MANAGING DIRECT AND INDIRECT ENVIRONMENTAL IMPACT OF BELFIUS GROUP	Reduce the direct carbon footprint and impact of own operations on biodiversity, oceans, water and waste, as well as the indirect environmental footprint generated throughout core business activities.	    	Extension of scope for carbon neutrality label to include Belfius' independent network branches and outsourced IT operational activities



Topic	Definition	SDG contribution	Distinctive initiatives in 2021
FUTURE-PROOF, INCLUSIVE & RELEVANT INFRASTRUCTURE	Provide concrete solutions for infrastructure challenges in Belgium, focusing on, amongst others, renewable energy and energy-efficiency of buildings.	 	46 institutions started new projects with Belfius' Smart Building and Renovation Solution offer. Participation in Hamsterhuren II. Flemish renovation loan included in product offer
LAW-ABIDING AND ETHICAL BUSINESS CONDUCT	Be an honest tax payer. Comply with laws and regulations under all circumstances. Conduct business with integrity across the whole value chain (e.g. integrate ESG considerations, like human rights, in supplier selection). Combat corruption, bribery and fraud.		Start of assessment of suppliers on their sustainability practices and ambitions with EcoVadis. Publication of Belfius' own Human Rights Policy
RESILIENCE & LONG TERM ORIENTED FINANCIAL PERFORMANCE	Set sound objectives on risk management and financial stability to create long-term value for society.		First reporting on climate in TCFD framework
INFORMATION SECURITY, PRIVACY & DATA PROTECTION	Guarantee high performance in terms of IT security. Ensure stable and secure IT systems resilient to outside attacks and cybercrimes. Follow strict privacy rules regarding client and employee data and protect their personal and confidential information.		Update of Privacy Charter
CONSUMER EXPERIENCE & SATISFACTION	Continuously strive to provide a first-class and seamless experience to clients across all available channels (digital, phone, branch, ...) and deal effectively with complaints.		94.5% customer satisfaction
USE LOCAL DIGITAL & INNOVATION POWER	Stay on the leading edge in digital and local innovation for the benefit of the customer and society, by leveraging new technologies and Belgian talents.		Launch of Banx, with a CO ₂ dashboard of purchases
OPEN DIALOGUE WITH STAKEHOLDERS & ACTIVE ENGAGEMENT	Engage with all stakeholders on sustainability, including companies in which investments are made (directly, or indirectly through customer portfolios).		First double Materiality Assessment for Belfius

Looking beyond the materiality assessment

Belfius is aware that all the topics are important to different stakeholders and will use them all to inform its sustainability strategy and approach, while paying particular attention to those subjects where Belfius can be meaningful and inspiring for Belgian society.

4.3. Engaging with our stakeholders

The table below gives a concise overview of our most important stakeholders, the way in which we entered into dialogue with them in 2021 and the most important topics of conversation.

Stakeholder	How do we enter into dialogue?	Main topics of conversation with stakeholders
CUSTOMERS	<ul style="list-style-type: none"> Bank and insurance offices (physical channel) Digital channels (websites, mobile app) Belfius Connect - remote financial services (telephone, mail, chat) for all customers Customer satisfaction surveys Complaints management process 	<ul style="list-style-type: none"> Suggestions and complaints from customers Product transparency Access to financial services
EMPLOYEES	<ul style="list-style-type: none"> A permanent feedback culture between employees and managers Live information webinars given by top and senior management with Q&A An annual engagement barometer - a survey that invites employees to make their voices heard on the internal operation of the company Representation in social bodies and a network of union representatives A network for psycho-social help Consultation of a community of 'Belfius changemakers' as a stakeholder in the 2021 materiality analysis 	<ul style="list-style-type: none"> Fair and competitive remuneration Coaching and career guidance Training and education Pleasant and healthy working conditions (BeTeams) Physical and mental health of employees Transparency around strategy, policy and results Increased involvement of internal and external stakeholders in ESG policy
SOCIAL AND CIVIL SOCIETY ORGANISATIONS, NGOs	<ul style="list-style-type: none"> A dialogue with various organisations and NGOs and cooperation with their surveys and assessments Consultation as a stakeholder in the 2021 materiality analysis 	<ul style="list-style-type: none"> Interactions on ESG policy, Belfius aims and commitments Belfius investment policies
SHAREHOLDERS	<ul style="list-style-type: none"> Periodic consultation and operational contacts with the Federal Holding and Investment Company (FPIM) 	<ul style="list-style-type: none"> Transparency around company performance and results Ad hoc information for answering external questions Risk management
STRATEGIC PARTNERS	<ul style="list-style-type: none"> Regular contact with commercial and non-commercial partners in the field of philanthropy 	<ul style="list-style-type: none"> The selection of social themes and challenges where Belfius can have the greatest positive impact via its philanthropy programme and its community involvement initiatives
SECTOR FEDERATIONS, EMPLOYER ORGANISATIONS AND UNIONS	<ul style="list-style-type: none"> Membership and representation in financial and economic federations (Febelfin, Assuralia, BVK, BLV, BVB, BEAMA), employer organisations, cooperation platforms for innovation and technology Social bodies and linked subcommittees Consultation as a stakeholder in the 2021 materiality analysis 	<ul style="list-style-type: none"> Sharing knowledge with sector federations Putting social responsibility into practice New ways of organising work to create a more open and sustainable organisation
GOVERNMENTS AND REGULATORS	<ul style="list-style-type: none"> Collaboration in ministerial consultation initiatives at a federal and regional level A systematic follow-up of regulatory initiatives that have an impact on the financial sector Periodic consultation with regulators (NBB, FSMA, ECB, EIOPA) 	<ul style="list-style-type: none"> Compliance with regulations and statutory obligations Proper financial and non-financial reporting Transition Acceleration Policy
RATINGS AGENCIES, SUSTAINABILITY EXPERTS, ANALYSTS AND INVESTORS, (FINANCIAL) PRESS	<ul style="list-style-type: none"> Press conferences regarding the bank's results with associated investor calls Active engagement with rating agencies, constructive dialogue on periodical ESG reviews and providing detailed feedback Day-to-day questions and answers via the bank's press spokesperson 	<ul style="list-style-type: none"> Transparency around how the business is conducted, proper financial and non-financial communication
(SUPRA)NATIONAL SUSTAINABILITY-LINKED ORGANISATIONS	<ul style="list-style-type: none"> Regular discussions with and reporting to the UN Environmental Programme Finance Initiative (UNEP FI) and the Belgian Alliance for Climate Action Collaborative sessions with sustainable development network The Shift 	<ul style="list-style-type: none"> Meeting our national and supranational ESG commitments and being transparent on our progress
COUNTERPARTIES WITHIN ASSET MANAGEMENT	<ul style="list-style-type: none"> Engagement/active shareholdership by Belfius Investment Partners and Belfius Insurance with third party asset managers and companies Annual reporting on engagement/active shareholdership and proxy voting by Belfius IP and Belfius Insurance 	<ul style="list-style-type: none"> Exchange of views on ESG issues, avoidance of controversies, promotion of sustainable investment choices

5. Meaningful growth

5.1. Sustainable investing

5.1.1. Sustainable fund management within Belfius

In recent years, interest in sustainable investing has increased sharply - and yet the growth figures from previous years pale in comparison to those of 2021: at Belfius over 80% of the new production in investment funds (including pension funds and My Portfolio) went to meaningful “dark green” or “light green” funds (see section 5.1.2. for more information).

In parallel with this evolution Belfius is also making its approach and its range of funds more sustainable. Last year we decided to gradually make our entire range more ESG-friendly and no longer promote a two-tiered offering, with funds that undergo ESG screening and other, traditional funds.

Fund management in the Belfius offer is undertaken by:

- Subsidiary company Belfius Investment Partners (Belfius IP): it monitors Belfius' entire fund range to ensure that it is in line with strategic options and sustainability commitments. Belfius IP also manages a whole range of investment funds itself and is the point of contact for external asset managers, including Candriam, our main external partner, but also BlackRock and JP Morgan AM. Within the Belfius Group, Belfius IP is also the centre of competence for socially responsible investment. In 2019, Belfius IP signed the UNPRI (United Nations Principles for Responsible Investment), thereby making a formal and external commitment to embed sustainability principles in its policy and to strengthen them over time. [Read more about Belfius IP's approach to sustainable and responsible investment.](#)
- Candriam has always been Belfius' preferred external partner for investment fund management and is responsible for the day-to-day management of most Belfius funds. A pioneer in sustainable investment, Candriam was one of the first fund managers to exclude companies from a number of controversial sectors from its funds and to select companies on the basis of their social behaviour (ESG criteria). Since then, Candriam has become a benchmark for sustainable investment. As one of the first European asset managers, Candriam signed the UNPRI in 2005.

5.1.2. Funds and sustainability: a new European frame of reference since 2021

Since March 2021, SFDR (Sustainable Finance Disclosure Regulation) rules require fund managers and distributors in the European Union to provide more information in their prospectus and on their website about how sustainability risks (ESG risks) are taken into account in their decision-making processes and how they deal with the principal adverse impacts (PAI) of their investment decisions.

SFDR, also known as the European rules for sustainability disclosure in the financial sector, is part of the broader European Action Plan for Financing Sustainable Growth that aims, among other things, to direct financial flows to those economic sectors and activities that contribute most to the EU's sustainability goals.

The aim of the SFDR rules is to give investors a better understanding of how managers and distributors of financial products deal with ESG risks and aim to make a sustainable impact. With these rules, the EU wants to create a level playing field, where all funds are subject to the same criteria to be considered “sustainable”. This makes investment products more easily comparable for the investor.



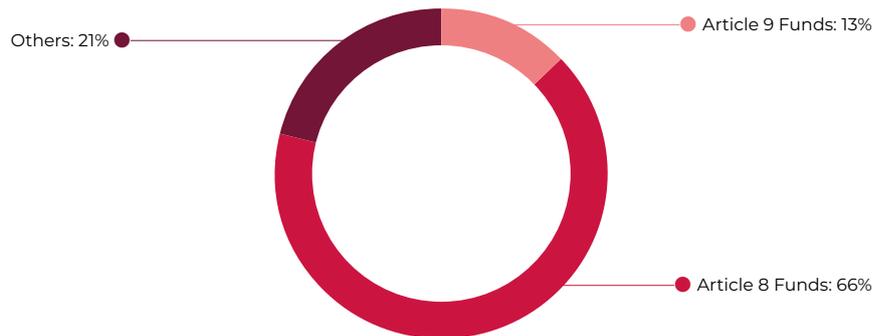
By “sustainable” is meant ESG-resistant. This means that actions are carried out with sufficient respect for the environment and climate (E for Environmental), with attention to the social relationship with fellow humans and animals (S for Social), and with sound corporate governance (G for Governance).

In practice, this means that each investment fund will belong to one of the three following categories, depending on its sustainability ambitions:

- Article 9 Funds (“dark green funds”) have an explicitly sustainable objective and aim to have a positive impact. The extent to which these objectives are achieved must be measured and periodically reported to the investor.
- Article 8 Funds (“light green funds”) are funds that promote environmental and/or social characteristics in addition to other characteristics. These must also be reported to the investor annually.
- Article 6 Funds are those that have no sustainability ambition, they do not meet the requirements of the two categories mentioned above.

From this reporting year onwards, Belfius also reports in accordance with SFDR classification. A first snapshot of this, as of December 31st 2021, can be found in the graph below.

% art 8 & 9 in outstanding active investments offer submitted to SFDR (except mandates)




OUR COMMITMENT
 Going for a 100% meaningful investment offer

5.1.3. Accelerating the transition without detrimental effects

As a bank for investors, Belfius seeks out companies and areas of activity that have the greatest positive impact when creating its range of funds. At the same time, we exclude unsustainable activities from our range of funds using a combination of methods:

Applying exclusions

Sectors, companies or public authorities are excluded on legal, regulatory or sustainability grounds and are therefore ineligible for investment.

At Belfius this is done through:

- a norm-referenced (normative) screening process that excludes companies that violate the principles of the United Nations Global Compact (UNGC) or are involved in serious controversies
- the normative exclusion criteria of Portfolio21 with regards to Belfius Insurance’s investment portfolio: more on this in section 5.5.1.
- the Transition Acceleration Policy (TAP), the Belfius Group’s own sector policy for all of its activities. This is a policy that aims both to exclude or limit certain activities that we consider unsustainable (e.g. tobacco production and gambling) and to support activities in a transitional phase (e.g. in the energy sector). Read more about the Transition Acceleration Policy in section 6.1.2.

For investment funds, this means that all investment funds (and not only sustainable funds) are subject to a much more thorough ESG screening than before. Gradually, all actively offered investment products will be made compliant with this policy, with a target date of December 31st 2022.

Incorporating ESG criteria

ESG factors are built into our financial analysis/valuation and financial decision-making in a systematic and documented manner, including through:

- Positive screening: investing only in companies and countries that perform best in terms of sustainable development within their sector or region
- The integration of environmental and/or social criteria into their management and promotion

Pursuing a specific sustainable objective

A method of investment that aims to invest according to the principles of sustainable development and pursues one or more explicit sustainable objectives.

A thematic approach

Thematic investing is investing in areas linked to new and/or long-term trends that are generally expected to contribute to sustainable development and, more specifically, to solutions for environmental, social and governance issues.

Active shareholdership

Active shareholding refers to obtaining beneficial change through strong engagement with the management of investee companies and through voting at the shareholder meetings of listed companies.

Finally, engagement as a shareholder is a powerful tool in a fund manager's ESG management process. In the case of "funds of funds", funds composed of other funds, the focus is on dialogue with the external managers of these underlying funds. Belfius IP constantly monitors its investment portfolios, paying particular attention to ESG criteria when selecting the underlying instruments (funds, trackers) in which external portfolio managers may invest. In the event of deviations, a dialogue with the manager is initiated in order to find a solution. You can find more details on this in the [Belfius IP's Engagement Policy](#).

Similarly, when Belfius IP delegates the management of a fund to an external partner, such as Candriam, the partner's active shareholding is closely monitored. For example, as an asset manager, Candriam invests directly in companies and, as a shareholder of the companies in the portfolio, uses its voting rights at General Meetings to help steer decisions in a sustainable direction. Candriam publishes an annual report on its voting behaviour as a shareholder (proxy voting). You can read more details about this in [Candriam's Engagement Policy](#).

An active and constructive dialogue with the companies in which it invests enables fund managers to make their points of view, concerns and ideas known to the management of those companies and to influence the decisions of company managers. Conversely, this provides an opportunity for companies to make their views known to the fund managers. Through these discussions, managers try to ensure that controversial activities are avoided as much as possible and that preference is given to activities of a sustainable nature.


OUR COMMITMENT
 Giving absolute priority
 to future-proof infrastructure
 for Belgian society

5.2. Sustainable financing solutions

5.2.1. Recirculating into the Belgian economy and community

Leveraging our financing capacity to facilitate projects and initiatives with a positive effect on Belgian society is the essence of our mission. Belfius customers can count on their savings being reinvested almost entirely in the Belgian society and economy in the form of loans to households, the self-employed, SMEs and large companies, municipalities, schools and care centres. The chart below illustrates this.

Allocation savings at bank level



5.2.2. Meeting Belgium's sustainable buildings' challenge head on

Europe wants to be carbon neutral by 2050. As buildings represent a large share of current carbon emissions at the European level, this entails huge challenges and opportunities for the construction and housing markets. Almost all houses and buildings in Belgium will need an energy-saving makeover and at Belfius, many solutions are already available to make a meaningful contribution to Belgium's economy and society in this field.

SBRS (Smart Building and Renovation Solution)

For over 30 years, Belfius Bank has been supporting public and social sector institutions in their real estate projects. A specialised Public Real Estate department advises these institutions beyond simply financing construction projects. A team of architects, engineers and lawyers allows instructing institutions to remain concentrated on their core tasks, rather than on a building project. For each project, the project manager, construction partners and the customer work together to analyse the latest developments in energy, sustainable development, circular economy, IOT (Internet Of Things), etc. to find the perfect balance between price and performance.

- Through its Smart Building and Renovation Solution offer, Belfius engaged with up to 46 institutions in their new projects in 2021 for a total value of EUR 286 million. Public Real Estate supported schools, police stations, fire stations, residential care centres, housing projects for the elderly, shelters for young people, accommodation for the disabled, cultural centres, sports infrastructure projects and administrative centres.

BEEP (Belfius Energy Efficiency Package)

With the Belfius Energy Efficiency Package, Belfius offers a unique financing package to companies, public authorities, educational institutions and social profit organisations stimulating them to invest in reducing their energy needs, switching to alternative energy sources or producing their own energy. For this purpose, Belfius is the only bank in Belgium to have a partnership with the European Investment Bank (EIB) within the framework of the European PF4EE programme (Private Finance for Energy Efficiency). This cooperation with the EIB enables Belfius to support its customers with a tailor-made solution for their financing needs for smaller projects, helping them on their way towards sustainable energy transition.

- In 2021, 20 new projects saw the light of day. These included photovoltaic projects, energy cogeneration projects in apartment buildings, relighting and energy efficiency projects in buildings and biomass cogeneration projects.

Our contract with the EIB has been renewed for projects approved until December 2023. In all, Belfius has now been able to finance 73 projects within this programme with a total project value of approximately EUR 85 million.

ELENA (European Local Energy Assistance)

ELENA is a joint initiative of the EIB and the European Commission within the framework of the European research and innovation programme Horizon 2020. ELENA provides grants for the development of energy efficiency projects in existing buildings and renewable energy programmes for public and social profit clients. Since 2020, Belfius has been the first and only commercial bank to be awarded an ELENA grant to actively assist its public and social profit customers in the development of these projects.

- Since 2020, Belfius and the ELENA initiative enabled more than 30 retrofit projects for a total project cost of EUR 172 million, of which EUR 66 million in 2021;
- Belfius supports 11 cities in the preparation of energy efficiency programmes for their buildings. 5 started in 2020 and 6 started in 2021.

Finally, Belfius actively encourages and supports the development of Energy Performance Contracts via Esco's (Energy Service Companies), even if we see that the market uptake is slow.

Smart cities, climate action and circular economy

Since entering into an initial partnership agreement in 2014 (Smart Cities & Sustainable Development), Belfius went on to renew and extend its partnership agreements with the European Investment Bank (EIB) in 2016 and 2018 with the Smart Cities, Climate Action & Circular Economy programme to support projects in the areas of local energy efficiency, urban development and mobility till 2022.

Programme Smart Cities & Sustainable Development and Smart Cities & Climate Action & Circular Economy (with the EIB) – Summary per line of credit (2014-2021)

	Smart 1.0	Smart 2.0	Smart 3.0
Total amount of projects (in millions of EUR)	485 ⁽¹⁾	495 ⁽²⁾	496 ⁽³⁾
Number of projects	59	68	62

(1) of which an EIB line of EUR 200 million.

(2) of which an EIB line of EUR 200 million.

(3) of which an EIB line of EUR 192 million.

At the end of 2021 not all loans had been drawn down for current projects with this third funding envelope. The remaining part of the project amounts is financed by long-term loans granted by Belfius, by advance payments on subsidies, amounts from credit still available, short-term loans and cash loans granted by Belfius (for the use of own resources).

Over the total lifespan of the partnership, a total of 189 projects that impact the daily lives of millions of people in Belgium were financed thanks to the partnership between Belfius and EIB, representing a total investment of nearly EUR 1.5 billion.

Developing energy-efficient real estate with a high social impact

Belfius Immo, a subsidiary of Belfius Bank, spearheads initiatives in the area of affordable and sustainable living.

Through SMDI (Société Mixte de Développement Immobilier), Belfius Immo, in conjunction with its partners SWL (Société Wallonne du Logement) and SRIW (Société Régionale d'Investissement de Wallonie), builds affordable housing in Wallonia.

With Canius I (Specialised Property Investment Fund – “GVBF/FIIS”), Belfius Immo participates as a shareholder in the purchase of new houses and flats according to the “hamster rent” principle. In this case, tenants have the option of purchasing the rented energy-efficient home within a certain period of time (e.g. 4 years) at a pre-set price with a rent refund already paid. In 2021, Belfius Immo participated in Hamsterhuren II (formerly Canius II) which emphasises energetic qualities even more than before.

In pursuance of its mission to be “meaningful”, Belfius Immo also develops and seeks out projects with a social impact, such as housing for people with disabilities, including appropriate support services.

Energy-efficient private homes

Belfius helps Belgian households with their energy-saving construction and renovation projects.

With the Green Renovation Loan, Belfius offers a credit formula for investments aimed at improving home insulation, installing double or triple glazing, replacing old boilers with high-efficiency versions, installing a heat pump or solar panels, or having an energy audit carried out, amongst others.

- In 2021, Green Renovation Loans accounted for half of the total number of consumer renovation loans granted.

Green Renovation Loan

	2019	2020	2021
Number of loans	3,784	5,068	4,004
TOTAL AMOUNT (In millions of EUR)	43.8	57.9	57.9

Belfius has been offering the Flemish renovation loan since 2021. This allows people buying a house with poor energy performance to carry out thorough energy renovations within five years by benefiting from an interest subsidy from the Flemish government. Thanks to this interest subsidy, the borrower can fully recover the interest paid on the renovation loan.

Also in Flanders, Belfius launched a cooperation programme with various towns and municipalities for energy audits and energy renovation guidance in 2021.

Beyond mere lending, Belfius has been working with companies active in energy renovation and renewable energy (Izen, Energreen, Klinkenberg) for a number of years now. Belfius customers can turn to these companies for sustainable solutions and information on green renovation loans. Belfius customers can quickly find companies active in renewable energy (solar panels), insulation and EPC certification (energy performance of buildings) through the Belfius Mobile app with Jaimy.

Jaimy, a member of the Belfius Group through Belfius Insurance, manages a platform that allows customers to quickly find a building professional in for instance electricity, heating, plumbing or renovation.

Finally, Belfius is also a pilot bank for the EEMI (Energy Efficient Mortgages Initiative) and is a member of the BVK Commission on Sustainable Loans which aims to design and launch energy-efficient mortgages in Belgium, thereby stimulating and channelling private capital towards investments in energy efficiency.

5.2.3. Investing in renewable energy

Belfius' total investment in renewable energy amounted to around EUR 1.7 billion by the end of 2021. This included project finance and loans, as well as more than 500 leasing contracts currently underway in the areas of biomass, solar energy, onshore and offshore wind energy, energy cogeneration and energy efficiency.

Together, these projects provide enough renewable energy each year to meet the energy needs of more than three million Belgian households and the avoidance of roughly 4.5 million tonnes of CO₂ emissions each year.

- In 2021, Belfius supported renewable energy projects with a total potential capacity of 273 Mw that mainly included the financing of onshore and offshore wind parks.

Belfius is the only Belgian bank to co-finance all eight Belgian offshore wind farms, with a total capacity of 2,262 Mw.

5.2.4. Structuring Sustainable Bonds for our customers

In 2021 the global market for sustainable bonds has grown significantly. There is clearly an increasing interest from both the issuers, who want to finance their sustainable projects and activities, and investors who take sustainable elements into consideration when making investment

decisions or set up dedicated sustainable funds. From a regulatory point of view, there have also been important developments such as the publication of the EU (green) Taxonomy and the proposal for an EU Green Bond Standard.

Belfius supports its customers when they want to enter capital markets with sustainable bonds. It offers structuring and advisory services to guide them through the entire process: from their initial thoughts, through to the drafting of the sustainable framework, the interaction with sustainable rating agencies and the placement of bonds with retail or institutional investors. Belfius wants to play a leading role in Belgium in the field of sustainable debt capital markets activity. These services are available for all client types that want to embark on the path of sustainable bond issuance: local and regional authorities, intermunicipal entities, utility companies and corporates. When setting up sustainable frameworks, Belfius follows ICMA (International Capital Market Association) principles and engages with dedicated second party opinion providers to be fully aligned with international best market practices.

In 2021 Belfius supported the following customers for an aggregated amount of Belgian green bonds and sustainability bonds in excess of EUR 4 billion.

Issuer	Sector	Format	Size (in millions of EUR)
GIMV	Investment Company	Sustainability Bond	100
ATENOR	Real Estate	Green Bond	100
FLEMISH COMMUNITY	Regional authority	Sustainability Bond	1,250
VGP	Real Estate	Green Bond	600
COMMUNAUTÉ FRANÇAISE	Regional authority	Social Bond	500
GHELAMCO	Real Estate	Green Bond	50
AEDIFICA	Real Estate	Sustainability Bond	500
CODIC	Real Estate	Green Bond	20
IMMOBEL	Real Estate	Green Bond	125
PROXIMUS	Telecom	Green Bond	750
XIOR	Real Estate	Green Commercial Paper	200
MATEXI	Real Estate	Green Commercial Paper	50
TOTAL AMOUNT			4,245

5.2.5. Encouraging circular economy through vendor leasing

Keeping products, their components and materials in circulation for as long as possible is the main principle of circular economy. Through vendor leasing, Belfius Lease has been playing a leading role for some years now in this domain for production equipment, but also furniture, lighting systems, batteries, bikes etc. In this model, use prevails over possession: the end user pays for the use of the asset according to a pay-as-a-service or pay-per-use principle, while Belfius assumes the financial risk by purchasing the goods that will be offered for lease by its professional customers. Production figures in vendor lease were EUR 138 million in 2021 versus EUR 163 million in 2020.

Belfius Lease teams also participate in reflection around circular economy concepts and the Belgian economy as a whole, mainly within the Sustainable Leasing Commission of BLV/ABL (Association belge de Leasing). Belfius Lease signed the circular economy charter of Febelfin & BLV/ABL.

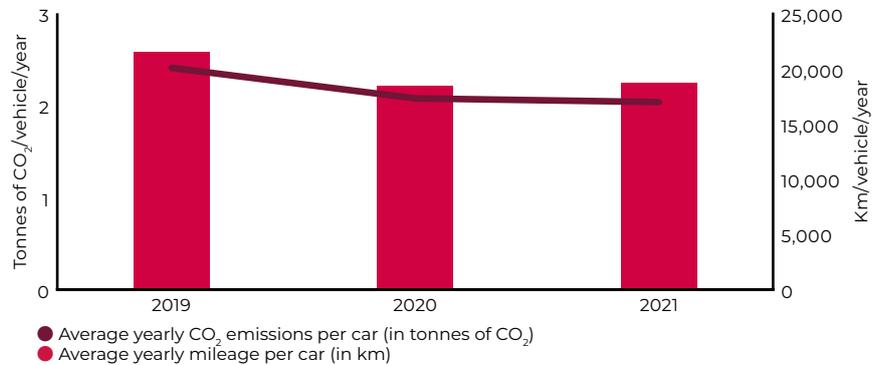
5.2.6. Enabling low carbon mobility

Belfius Lease, through its financial leasing and renting offer, is playing its part in the modal shift towards low carbon mobility, currently managing more than 24,600 leasing contracts for electric bicycles, an increase of 47% vs 2020.

4,431 electric, hybrid or natural gas vehicles are running on Belgian roads under the Belfius Lease banner, an increase of 68% vs 2020. Belfius Lease also continues to favour electrical equipment in the civil engineering sector (forklift trucks, pallet trucks, road equipment, etc.).

With its full-service leasing offer, Belfius is striving for low-carbon mobility. Belfius Auto Lease is committed to reducing the average CO₂ emissions per vehicle of its fleet (in tons /car/year) with 50% by 2025 via two major axes: more green cars with less or zero emission and less kilometres travelled by offering flexible alternatives to car use.

Evolution of the average yearly CO₂ emissions & mileage per car



Compared to 2020, Belfius Auto Lease fleet's average CO₂ emissions were down in 2021 by 1.7%, an evolution that is explained by a slight increase in mileage per car, as well as a 185% increase in the share of electric and hybrid vehicles in new production. Their proportion in the total fleet of Belfius Auto Lease reached 15% in 2021, compared to 9% in 2020.

This is due to the fact that Belfius Auto Lease, in accordance with government measures, applies targeted advantageous pricing that favours the monthly leasing charge for electric cars over cars with traditional combustion engines. In addition, Belfius Auto Lease works with CenEnergy to provide an intelligent electric charging infrastructure to customers wishing to make the shift to electric and/or hybrid cars.

Belfius Auto Lease is also active in the bicycle lease market with Belfius Bike Lease, an all-in offer for all types of bicycles with services such as maintenance, insurance and assistance in collaboration with Cyclis, the Belgian pioneer in this field. In 2021, Belfius Auto Lease won the contract for bicycle leasing for Veneco (collaboration between municipalities in East Flanders), together with Cyclis.

To encourage alternative mobility, Belfius Auto Lease customers can now benefit from the Skipr's MaaS (Mobility as a Service) offer, Belfius Move by Skipr, an all-in mobility solution. The programme combines an app designed to facilitate different travel solutions, a payment card valid for all European mobility providers and a budget management platform for employers with the possibility of launching CO₂ reports.

Belfius offers various credit formulas based on sustainable mobility:

- The Eco Car Loan allows customers to finance the purchase of a car with low CO₂ emissions: a car with CO₂ emissions ≤ 135g/km according to the WLTP standard; or CO₂ emissions ≤ 108g/km according to the NEDC 1.0 standard; or a hybrid or LPG-equipped car.
- The Eco Plus car loan is a specific credit formula for those who want to switch to an electric car, plug-in hybrid car, or a car running on natural gas or hydrogen. With this loan, customers can borrow up to 120% of the purchase price to cover any additional costs, such as the installation of an electric charging station or solar panels.
- For several years now, Belfius has also been offering a bicycle loan as part of its product range.

Eco & Eco Plus car loan

	2019	2020	2021
Number of loans	4,840	4,689	4,326
TOTAL AMOUNT (in millions of EUR)	59.5	53.3	54.6

Bike loan

	2019	2020	2021
Number of loans	1,890	2,355	2,027
TOTAL AMOUNT (in millions of EUR)	6.2	8.0	7.3

5.3. Insurance solutions for new societal challenges

Belfius Insurance offers several products, including life insurance (savings and risk products), non-life insurance (mobility and asset protection) and mortgage loans. In 2021, a number of developments confirmed the role we want to play in meeting the challenges of longer life expectancy and an ageing population, health, housing, mobility and climate change, among others. The growing interest in these products and services that contribute to a more balanced and sustainable model of society shows us that we are on the right track.

5.3.1. Life Insurance

5.3.1.1. Pension

The legal pension has become largely insufficient for a large part of the population⁽¹⁾. At retirement age, many people therefore risk falling below the poverty line⁽²⁾. The occupational pension improves the prospects of some, but with great disparities, especially between men and women and between employees and the self-employed⁽³⁾. As a life insurer, Belfius Insurance plays an active role in bridging this gap, and in helping customers to maintain their standard of living and purchasing power after retirement.

Some figures:

- We manage the occupational pensions of approximately 260,000 members (second pillar)
- 320,000 Belgians rely on us to invest their supplementary pension capital (third pillar) to the best of our ability
- To do this, we invest almost EUR 6.5 billion in the Belgian economy
- 6,317 clients received their supplementary pension capital in 2021, thus increasing their ability to maintain a similar standard of living before and after retirement (replacement rate)

Belfius makes its customers as aware as possible of the pension deficit, for example with Yume, a simulation tool integrated into the Belfius Mobile application. Yume provides concrete figures on the future financial situation of each individual and enables them to consider ways of preserving their future standard of living. We will soon be making an even more detailed dashboard available, which can also be used by DVV customers.

Together with Assuralia and the government, we will also continue to proactively propose solutions to various challenges, such as a review of maximum supplementary pension funding.

5.3.1.2. Income protection

Income protection goes beyond pensions as it is at the heart of many other insurance products, such as outstanding balance insurance. In 2021 for example, we were able to help 452 families repay a mortgage at a difficult time for a total amount of EUR 20.6 million.

We insure 391,080 people for their home loans, which is a cross-sell rate of 80% on our mortgages. Nevertheless, clients still too often underestimate the financial risks associated with a loss of income following the death of a household member, or an inability to work (burn-out, accident). We therefore make sure that they are aware of this.

We are also continuing to develop and refine our range of risk cover so that all customers can be well protected against loss of income at any time and at an affordable price. Some examples of what's new in 2021:

- We have updated the terms and conditions of our guaranteed income group insurance to cover health disorders such as chronic fatigue syndrome and fibromyalgia. Other mental health conditions such as major depression and burn-out are covered under certain conditions.
- Since April 2021 we have developed a witnessed procedure to enable the visually impaired to sign necessary contracts for this type of protection. This procedure is already applicable for taking out Belfius credit cover.

(1) Average gross pension per month (assuralia.be)

(2) In 2014, 15.2% of the over-65s belonged to the at-risk-of-poverty group, based on income according to EU-SILC 2015 data.

(3) Number of members - PensionStat.be

- As the latest statistics show, Belfius also continues to play its role with people affected by chronic illness. For several years now, thanks to the Partyka law, these specific customers have been able to take out outstanding balance insurance. The insurer who demands an additional premium of more than 75%, or refuses insurance, must provide objective and reasonable justification. If the client does not agree with the reasoning received, he or she can appeal to the Monitoring Office. The Monitoring Office can either consider that the additional premium or refusal is justified, or make a new proposal.

Belfius accounts for only 12% of the cases examined by the Monitoring Office, whereas our market share in loans is higher. Moreover, in 79% of these cases, the Monitoring Office validated Belfius' initial decision. Our medical underwriting policy therefore appears to be fair and properly motivated

5.3.1.3. Hospital and Outpatient Insurance

More than 141,000 Belgian citizens benefit from our hospitalisation cover.

The average cost of Covid-related hospitalisations underlined the importance of such cover. According to the Belfius Insurance survey on beliefs and knowledge regarding hospital and outpatient insurance (March 2021), a large part of the public is still unaware of how these covers complement the compulsory insurance of our social security system. 68% of respondents (81% under the age of 26) were surprised by the average extra cost of EUR 700 for a hospital stay due to Covid.

Our outpatient coverage encourages preventive behaviour and we know how important it is to consult in time to avoid deterioration in health. In this way, we contribute to a healthier and better protected society.

5.3.2. Non-life Insurance

5.3.2.1. Home insurance

Home insurance is an essential part of everyday life and helps individuals and households recover from damage or natural disasters, such as the exceptional floods experienced in Belgium in July 2021. In other words, we are helping society to become more resilient to overcome life's hazards.

Some recent examples:

- Our App-Normal Rent insurance and our Cocoon Start product are helping people access rental solutions easily and thus to get a home. In the last half of 2021, 2,300 customers signed up for these new products
- We are simplifying our communication with our customers to help them understand the risks and their cover. Our new terms and conditions use plain language and mention concrete objects (garden furniture, solar panels, etc.), which are more meaningful to the general public

- We have extended the cover of some of our products to help the transition to a fair and low carbon economy. Our Private Life Accident Insurance (Belfius and DVV) for example now includes driver cover for people who do not own the cars they drive. There is growing interest in these products and services that contribute to the shared economy.

We believe that home insurance can - and should - play a role in climate action. We are seizing every opportunity to get our customers to improve the energy efficiency of their buildings and to facilitate their transition to a low carbon economy.

For example:

- With our App-normal home insurance, launched at the end of 2020, owners of new buildings (less than 10 years old) benefit from specific discounts with an additional eco-discount if the building is energy efficient. In the event of a claim, the additional costs of complying with new building standards are taken into account in any compensation.
- We cover all our clients' initiatives to improve the energy efficiency of buildings at no extra cost, including the installation of solar panels, heat pumps, batteries, charging stations, etc.
- Reconstructions in the event of a disaster take into account current building standards at no extra cost - both at Belfius and Corona Direct Insurance, in collaboration with our partner Jaimy. In this way, we help to reduce the carbon footprint of buildings.
- At Corona Direct, the recently launched Home Insurance/ m³ product encourages customers to monitor their energy consumption and reduce their impact on the environment, as the scheme rewards customers who choose to live more frugally, such as those who opt for a tiny house

Floods: a rapid response in full solidarity

2021 was marked by exceptional floods in Belgium during the month of July. This event affected the lives of thousands of people and demonstrated once again the enormous impact of climate on society, and on the insurance sector. Nearly 5,500 clients notified us of a claim - that is more than 10 times the usual monthly average. In addition to the number of people affected, the extent of the damage was unprecedented, with an average claim of more than 10 times the usual figures for a property loss.

Immediately after the floods, Belfius was one of the first to set up a mobile team in the heart of the flooded areas to help customers report their damage, answer questions, make cash advances and, where possible, settle claims immediately with the assessor. DVV advisors were also on the ground to assist their local clients.

Finally, the claims management department dedicated a team to handling flood cases in collaboration with the local agent distribution network and expedited the process by working on Saturdays and setting up a rapid process of surveying, rehousing and providing cash advances and payments for those most in need. More than 175 employees joined the wave of solidarity and empathy and offered their services on a voluntary basis in the evenings and at weekends to support our clients in their journey. Thanks to these efforts, three months after the floods Belfius had already paid or settled (partially) more than 80% of the claims and completely closed more than 55% of the files. By 31/12/2021, 70% of the files related to the floods had been settled and closed. We continue to do everything in our power to help our customers settle their claims as easily as possible. We are also supporting them emotionally as we now offer psychological support services.

The complexity of the claim files to be treated (i.e. destroyed houses, need for numerous price quotes, dependency on same suppliers, requests for counter-expertise) explain the delays in some interventions. We continue to do our utmost to manage all claims as quickly as possible, whatever their nature.

5.3.2.2. Insuring new forms of mobility

Mobility in Belgium is changing and the infrastructure of cities is changing, making way for more sustainable solutions. New mobility offers are already infiltrating our daily lives, such as electric vehicles and bicycles. Belfius is also evolving, with a double ambition:

- To facilitate the transition to a greener fleet (electric vehicles, electric bikes, etc.).
- To support customers in their transition to other, more environmentally friendly forms of mobility (pricing that rewards low mileage by car and insurance regardless of the mode of transport, for total peace of mind).

Our current offer invests heavily in supporting customers who use their bikes:

- Establishment of a partnership with Cyclis, one of the largest bicycle rental companies in Belgium
- Launch of an All Risks Bicycle Insurance, covering all vehicles not subject to motor vehicle liability (i.e. travelling at less than 25km/h independently) in case of theft, material damage and breakdown. Our offer is one of the strongest on the Belgian market, covering elements such as flat batteries for example
- Free bicycle assistance as part of the bicycle offer for our best customers (DVV), or our personal assistance product (Belfius)

In addition, Belfius Car grants premium reductions to customers who limit their ecological footprint (low number of kilometres, low CO₂ emission). The reduction can reach 20% if customers drive less than 17,500 km per year with a vehicle emitting less than 135g of CO₂ per km.

Corona Direct's flagship product, Per-Kilometre Insurance, is also proving its worth in terms of encouraging low mileage and has already convinced more than 100,000 customers. This personalised premium depends on the number of kilometres customers expect to drive in a year - if they drive less, they are reimbursed the difference. This 'pay as you drive' approach results in a fair premium for responsible mobility behaviour.

5.4. Innovative solutions, beyond banking and insurance

Technological innovation is essential for securing and accelerating the transition to a sustainable and inclusive society and we believe that the financial world can make a significant contribution here. Right from the start, Belfius has used its digital expertise to offer innovative digital solutions that go far beyond traditional banking and insurance products by helping citizens in their environmental and social endeavours.

5.4.1. Fairville: local, loyal and digital

In January 2021, Belfius, Ciral Schaubroeck and Nuhma joined forces to bring together four existing initiatives on local loyalty (Onze Stad App, Cirklo, MyWaste and Buck-e) in one single online urban platform: Fairville.

Belfius and its two co-partners strongly believe in Fairville's unique offering and, with this initiative, are supporting digital acceleration in cities and municipalities. Onze Stad App strengthens the local involvement of citizens by distributing information securely, accurately and in real time. Cirklo, MyWaste and Buck-e (applications that were co-designed by The Belfius Studio) reward citizens for their participation in valuable actions such as shopping locally, reducing waste and stimulating sustainable travel. By joining forces, we hope to upscale these four digital solutions.

The four solutions have already proven their worth: participating schools for example have already cycled and walked around the world 44 times using the Buck-e bicycle reward system, which is good for a 351 tonnes CO₂ reduction. And through the Cirklo digital gift voucher, municipalities have already invested more than EUR 22 million in gift vouchers in the local economy since 2020.

5.4.2. Slow banking with Banx

Banx is a banking app built by Belfius on the Belfius Mobile platform and offered by our partner Proximus. Banx is a digital bank that stands out because of its extra sustainable dimension. With Banx we encourage customers to think about their impact on the environment ('slow banking'), for instance through a CO₂-dashboard showing the impact on the planet of their purchasing behaviour..

5.4.3. Birdhouse and W.IN.G: powered by Belfius

Belfius is committed to making Belgian entrepreneurial ideas a success, which is why we have been a key partner of Birdhouse since 2015. This start-up accelerator sets up intensive guidance programs given by experts and successful entrepreneurs in Ghent and Antwerp for selected start-ups.

Belfius finances the cost of the Birdhouse programmes via convertible loans and, in the event of conversion, takes a stake in the capital of these companies. Belfius Insurance has made EUR 10 million of investment capital available via the Birdhouse-Belfius fund to boost the most promising start-ups (covering convertible loans + possible follow-up investments).

In addition to Birdhouse, Belfius also invests in the W.IN.G fund (Wallonia Innovation and Growth). In 2021 Belfius Insurance invested EUR 10 million to support start-ups active in Wallonia in the digital world and deep technology (such as the Internet of Things), together with the Walloon Region.

5.4.4. Hoplr connects local residents

In March 2021, the Belgian start-up Hoplr completed its third capital round, worth an investment of EUR 2 million. Thanks to investment support from Belfius Insurance, among others, Hoplr will be able to achieve its international ambitions with regards to community aid.

Hoplr is a digital neighbourhood connection platform where local residents can get in touch with each other to organise neighbourhood activities, exchange goods, look for a babysitter, report problems, etc. Hoplr allows local residents to connect in a contemporary and accessible way, activating the social capital of the neighbourhood. Today, more than 500,000 families in 2,500 neighbourhoods use Hoplr, 78% of them more than once a week. Hoplr also cooperates with more than 100 local governments in Belgium and the Netherlands, who use the platform for neighbourhood-oriented help, communication and civic participation.

Hoplr's support fits in perfectly with the Belfius purpose: "Meaningful and Inspiring for Belgian Society. Together". By connecting neighbours both online and offline, Hoplr meets the need for social cohesion in our society and, not least in times of Covid, the fight against loneliness and the need for caring for one another.

5.4.5. Jane

With this initiative, Belfius meets the social challenge of an ageing population by helping people with reduced autonomy to live at home for as long as possible using discreetly installed sensors in the home, combined with an artificial intelligence algorithm that "learns" the habits of the elderly person. Family and friends can be alerted when unusual events occur. This saved the lives of seven people in 2021.

5.5. Sustainably managed proprietary portfolios

In addition to its role as a provider of investment solutions to private and institutional investors, Belfius manages its own portfolios of investment instruments and assets for specific activities. Belfius Group's sector policy (TAP, see section 6.1.2.) is also applied to these portfolios and the alignment process will be completed by December 31st 2022.

5.5.1. Portfolio21: sustainable management of insurance reserves (by Belfius Insurance)

Like any insurer, Belfius Insurance keeps sufficient reserves to be able to meet its contractual obligations to pay capital, interest and claims to clients. Prior to the company's TAP criteria, Belfius Insurance had already been applying the principles of Portfolio21 to these reserves since 2006. Portfolio21 is an investment strategy that aims to contribute to sustainable development by transparently adding non-financial criteria to the management process of investment portfolios (read more below).

The screening is done by applying a series of exclusion criteria based on compliance with the following authoritative international norms and standards:

- The ILO (International Labour Organisation): a constructive dialogue is entered into with issuers of securities (companies or countries) that have been criticized for violating human rights in the workplace in order to defend workers' basic rights and improve the situation. The outcome of that dialogue will determine whether a share, bond or investment fund from that issuer has, or still has, its place in the portfolio;
- The Government Pension Fund of Norway: Portfolio21 applies the strictest environmental protection standards of the Norwegian Pension Fund, which in turn bases itself on a number of international environmental conventions, as well as the UN Global Compact. Belfius Insurance does not include any companies that violate these environmental standards in its portfolio.

In addition to this normative screening, Transition Acceleration Policy criteria are then applied (see section 6.1.2.).

As of December 31st 2021, Belfius Insurance's investment portfolio reached a total of approximately EUR 17.6 billion. It is composed of mortgage loans (24.7%), real estate (4.8%, see section 5.5.2.) and investments for the remainder. These EUR 12.3 billion are screened by Portfolio 21 and the Transition Acceleration Policy.

The portfolio has a strong Belgian bias. 68.1% of the total portfolio are Belgian government bonds, Belgian corporate bonds and equity. The rest is invested abroad, mainly to ensure sufficient diversification based on risk management criteria.

Belfius Insurance is an involved shareholder. Thanks to Portfolio21, companies whose business practices are not in line with international standards and the Belfius sector policy are encouraged to adjust their business practices. Each year, Vigeo Eiris enters into dialogue with 15 to 20 companies on behalf of Belfius Insurance. On the basis of this dialogue, an independent Technical Committee decides on the status of the company concerned. Find out more on [Belfius Insurance's Engagement Policy](#) and the 2021 [Engagement Report](#).

5.5.2. The Belfius Insurance real estate portfolio

4.8% of the Belfius Insurance investment portfolio (of a total amount of EUR 17.6 billion) is invested in unlisted real estate, either through direct investments in properties or through participation in unlisted real estate funds.

At the end of 2021, our direct real estate portfolio had a market value of EUR 848 million, 67% of which was invested in office buildings and 27% in nursing homes. Around 90% of these properties are located in Belgium, supporting our local economy.

Our direct real estate investments are mainly focused on new or recent properties within walking distance of major railway stations or mobility centres. These acquisitions therefore score well in terms of energy consumption and accessibility by public transport.



In January 2022 for example, Belfius Insurance acquired a new 10,000 m² office building from developers Banimmo and Argema within walking distance of the Louvain-la-Neuve railway station. The building is BREEAM Excellent certified. As for the surrounding landscape, it is the subject of an application for the Nature Network label from Natagora, testifying to the efforts made to protect local biodiversity, notably through the planting of indigenous species favourable to pollinators.

In 2021, we for the first time collected consumption data from our office portfolio to estimate CO₂ emissions and their impact on the climate. The analysis, in light of the Paris Agreement's emission reduction targets, enabled us to identify properties that will require investment. By the end of 2021, we now have consumption data for 80% of our office buildings and from 2022 onwards we will extend the analysis to our entire direct real estate portfolio.

Belfius Insurance has been investing in the nursing home segment for almost 10 years. Most of the acquisitions have taken place upon completion of construction work, ensuring a high environmental performance of buildings and qualitative spaces for senior residents. By contributing to the expansion and renewal of infrastructure, we are broadening the quality solutions available to professionals in the sector to accommodate seniors who are losing their independence. To be clear, Belfius Insurance focuses for its activities in the nursing home segment on the real estate part, not on the management of the facilities itself.

On the unlisted real estate fund side, our most recent investment dates back to December 2020 where we supported the launch of the Vicinity Affordable Housing Fund by becoming the lead investor in the Fund. Vicinity aims to provide quality, low or no energy rental housing adapted to today's urban lifestyles with a positive social and environmental impact. Of the ten buildings in operation, two have received the 'Exemplary Building' award from Brussels Environment, a prize that rewards real estate projects that stand out in terms of energy consumption, mobility, ecology and architecture.

Belfius Insurance has participated in Inclusio since its creation in 2015 (consolidated at 6.31%). This real estate investment company specialises in social housing and owns an asylum centre. It aims to respond to the great shortage of social housing in our country by financing new constructions with a social vocation.

5.6. Belfius' Green Bond Framework and inaugural Green Bond issuance

In May 2021 Belfius published its inaugural Green Bond Framework to issue green bonds that finance or refinance loans and investments which enable the transition to a low carbon and climate resilient economy. As Belfius has a strong local presence through its countrywide network and plays a leading role in financing the Belgian economy, we believe that contributing to a low carbon economy will also stimulate our customers and all our stakeholders to further fight climate change. By issuing green bonds, we provide additional visibility to funded projects and assets that carry environmental benefits, and we want to promote further investments into sustainable assets. With the publication of its Green Bond Framework, Belfius also supports the further development of a green bond market in Belgium and across Europe.

The Belfius Green Bond Framework, available on our [website](#), defines the categories eligible for the issuance of green bonds by Belfius:

- Renewable Energy
- Energy Efficiency
- Clean Transportation
- Green Real Estate
- Waste & Water Management

Following the publication of the framework, Belfius issued a first Green Bond in June 2021 for an amount of EUR 500 million and a maturity of six years under its EMTN (Euro Medium Term Note) programme. The issuance was a success with the investor demand being two times higher than the targeted amount. Over 100 institutional investors participated in Belfius' inaugural Green Bond.

The green assets financed through the transaction are composed of renewable energy loans covering wind energy and photovoltaic solar projects and green real estate loans, including green residential mortgages. Dedicated reporting on the Green Bond Framework, the selected green assets and the calculated impact in terms of avoided tonnes of CO₂ per year, will be made available on an annual basis on the [Belfius website](#). The first such reporting will be available in June 2022.



6. Sound corporate governance

6.1. Responsible business conduct

6.1.1. Policies & Charters

As an important financial player in Belgium, Belfius stands in a competitive environment that is exposed to numerous risks such as corruption and bribery. Managing these risks is an integral part of our business. We attach particular attention to being a responsible, honest and professional employer. We also expect our employees to share the same values when engaging with our customers and partners if we are to gain, maintain and justify the trust of our customers and stakeholders, which we believe is fundamental to our activity.

The reliable relationship that is cultivated with and between our employees is also based on integrity, loyalty, transparency, professionalism and mutual respect. To this end, we have established policies relative to these values that are clear and transparent to all:

- [Code of Conduct](#)
- [Anti-Discrimination Policy](#)
- [Whistleblowing Policy](#)

The Code of Conduct reflects basic rules of conduct and is the standard policy from which more detailed policies such as the Anti-Discrimination Policy and the Whistleblowing Policy are developed. These policies are developed by the Compliance functions and are overseen by the Board of Directors. Each policy has procedures that are proactively communicated to employees via internal communication channels, through e-learnings and other forms of training. Contracts with third parties contain clauses describing Belfius' zero tolerance approach towards fraud, bribery and discrimination and impose the same approach for counterparties. The Whistleblowing Policy provides a channel through which employees but also third parties can report possible abuse or malfunctioning within the bank in full discretion.

Belfius scrupulously complies with all laws and regulations in force 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 that allows Belfius to manage several potential risks, of which corruption. These include the following policies concerning specific risk situations:

- [Anti-Fraud Policy](#)
- [Anti-Bribery Policy](#)
- [Anti-Money Laundering \(AML\) Policy](#)

The policies listed above are approved by the Board of Directors and managed by the Compliance or Non-Financial Risk functions. They are under permanent review and updated as and when needed (e.g. altered legislation, new insights, etc.). A full list of all our Policies & Charters is available on our corporate website in Dutch, French and [English](#).

As any company should, Belfius is aware of its exposure to corruption risks and takes adequate measures to mitigate them. Several fraud detection procedures are in place in addition to legal and regulatory obligations. Gifts and invitations of a substantial value must receive pre-clearance, either from the management or Board members, or from the Compliance Officer. Belfius does not make political donations and does not engage in lobbying activities.

In 2021, our dedicated department identified one case whereby an employee was manipulated and coerced by an external organisation to carry out certain transactions. This incident, involving a non-management employee from an autonomous

Belfius agency can, by its nature, be related to corruption. This case was detected at an early stage by the bank's first-line internal control mechanism. The concerned client was fully compensated. No net loss is expected for Belfius.

Additionally, only one case of whistleblowing was recorded in the reporting year. Technically, the report did not in the end fall under the scope of whistleblowing legislation. No clients were involved and no loss was incurred.

We insist on the fact that every employee is protected by laws and regulations and we expect strict compliance with these. Belfius ensures that its staff members are kept up to date with developments pertaining to their field and that they have access to the information they need to carry out their tasks properly.

To this end, Belfius has its own compulsory training programme for all staff on ethical and compliance-related issues:

- Ethics
- Anti-Money Laundering (AML) legislation
- Market abuse
- Privacy (Febelfin training)

Depending on the subject, training courses are updated annually, or at a maximum every two to three years, with ad hoc training cycles organised for certain profiles. Each training is followed by a test leading to a certificate if the results are, depending on the training, at least 70% or 80%. Each employee has his or her own dashboard in which all planned and completed training courses are displayed and monitored by HR and Compliance. Employees who have ad hoc questions can consult either their Compliance Correspondent in their own department, or ask the Compliance Office for advice.

6.1.2. Accelerating the transition with clear guidelines

"Meaningful and inspiring for Belgian society. Together." Pursuing long-term economic and social value, creating shared value for society, our customers and Belfius and thus helping to accelerate the change to a more sustainable society and economy, is the essence of our purpose. This means that we make clear choices about what we do and what we do not do. Choices that are based on a number of principles and policies that carefully define our core business.

First and foremost, we apply the principles of the UN Global Compact. The UN Global Compact, also signed by Belfius, is the leading international convention on sustainable business. It states that sustainable business practice begins with the assumption of core responsibilities in the areas of human rights, labour rights, the environment and anti-corruption. Companies that do not respect these basic principles and are identified as such are not supported by Belfius. To this end, Belfius puts the necessary resources in place to have access to comprehensive and reliable data.

Specifically in the area of human rights, the criteria of Belfius' own [Human rights policy](#) apply to all our activities and internal operations.

In the next phase, specific criteria apply to economic sectors and activities as well as to countries and governments.

6.1.2.1. Economic sectors and activities

The Transition Acceleration Policy, or TAP for short, is the Belfius Group's sector policy. With this policy Belfius takes a stance with regards to the economic activities that it considers, in whole or in part, to be unsustainable. In this way, Belfius seeks to accelerate the sustainable transition of its core activities.

At the same time, Belfius also encourages its corporate clients to evolve towards a more sustainable business model where necessary and aims to inform, guide and offer its customers the right solutions for this transition. In this way, the TAP also becomes a lever to maximise our positive impact on the economy and society and, together with our customers, to be 'Meaningful & Inspiring for Belgian Society'. Dialogue with clients and stakeholders is essential in that process.

Belfius specifies in the TAP which activities it will not finance (or only under certain conditions), and explains why:

- Certain activities (tobacco, gambling, coal and lignite mining, unconventional oil and gas extraction, speculative activities related to agricultural commodities) are resolutely excluded;
- For other sectors (conventional oil and gas extraction, electricity production, nuclear energy), specific criteria determine which activities we exclude and which we do want to support towards a sustainable economic transition;
- For yet other sectors (mining of ores and minerals, palm oil and soy cultivation), conditions are imposed that relate to the sustainability policy of companies. This normative filter must guarantee that a company respects the basic rights of workers, local residents, their living environment and livelihood, and the environment.

The TAP applies to all Belfius entities and covers all core business activities involving professional counterparties. TAP criteria have been made as uniform as possible for all activities, and only where the specific nature of those activities really does not allow it have deviations been made e.g. by applying slightly different minimum criteria, but always using the same philosophy.

TAP criteria have been incorporated into existing processes and procedures of Belfius entities, including the [customer acceptance policy](#), credit risk acceptance guidelines, the credit and leasing granting processes, the investment fund screening process, instructions to third-party asset managers, guidelines for transactions on the financial markets, the validation process for new products, services and partnerships. All involved were trained through webinars and a central TAP team is available for advice.

From a risk perspective, the TAP is a crucial tool for managing exposure to various ESG risks through our activities and counterparties. In this respect, companies, and financial institutions in particular, are subject to increasingly stringent regulatory requirements. The TAP is also the main instrument with regards to the management of our investment funds for avoiding or limiting the potentially negative effects of investment decisions (“PAI”) according to European SFDR regulations.

The TAP criteria will evolve over time, driven by the evolution of our own sustainability ambition, the results of dialogue with stakeholders, changing regulations, technological developments and new societal expectations.

The full Transition Acceleration Policy text can be found [here](#).

6.1.2.2. Governments

Belfius uses a watch list of countries for the financing of customer transactions involving a foreign public authority or a foreign public company. This list covers, among others, the potential risks of money laundering, terrorist financing and violation of EU or US embargoes, both in terms of the nature of the transactions and the counterparty itself. If Belfius cannot exclude these risks on the basis of credible information and documents, the transaction or customer relationship will be refused.

The composition of our investment funds excludes governments that are considered to be controversial regimes on the basis of an internal Belfius IP blacklist and Candriam’s sustainability model for governments.

6.1.3. A fair taxpayer

As a locally established banking and insurance company in Belgium, Belfius plays an important role in society. We take responsibility to contribute to the country’s prosperity in order to enable sustainable economic growth and societal development towards more well-being. We understand that effective tax policies can be used to address social, economic and environmental challenges. As a responsible business that promotes the adoption of more sustainable practices, we ensure that our tax strategy is fully aligned with tax legislation and that it meets our stakeholders’ expectations on good tax practices.

We communicate our approach regarding the group’s tax strategy (including objectives, guidelines and responsibilities in relation to tax management) in full transparency through the [Belfius Group Tax Policy](#). This policy is approved by the Management Board of Belfius Bank, Belfius Insurance and the Boards of Directors of all Belfius subsidiaries. The policy is updated when necessary upon the approval of the aforementioned bodies and is published on the Intranet and on the Belfius website.

Our tax department, with the oversight of the Chief Financial Officer, has a first line role when dealing with the local tax authorities in Belgium.

Tax amounts paid by Belfius as a conglomerate are included in Belfius’ financial statements.

Consolidated IFRS figures

(In thousands of EUR)	2019	2020	2021
TOTAL CASH TAXES AND CONTRIBUTIONS	(664,257)	(688,067)	(727,492)
Current taxes ⁽¹⁾	(210,630)	(228,428)	(234,998)
Sector levies ⁽²⁾	(222,343)	(237,076)	(277,617)
Social sec. employer	(112,012)	(113,221)	(109,118)
Non-deduct VAT	(81,271)	(68,888)	(66,177)
Other indirect taxes	(38,001)	(40,454)	(39,582)

(1) Cf. Note 7.16. to the consolidated financial statements in the annual report of Belfius Bank.

(2) Cf. Note 7.9. to the consolidated financial statements in the annual report of Belfius Bank (Sector Levies & Other levies).



Belfius also plays an important role as a tax collector on behalf of Tax authorities by withholding a number of taxes from customers' accounts. Should a customer have a justified complaint with regards to the withheld amounts however, Belfius has procedures in place to justify withholding, or rectify the situation if needed.

To ensure regulatory compliance regarding taxation, and to mitigate the risks that our business is subject to, our in-house Tax department ensures that internal guidelines and policies remain in line with the latest developments in tax matters. Initiatives and procedures to prevent tax-related risks are continuously developed and adapted, including those related to financial crime and tax evasion. An example of this is the tax risk scoring model which is used in our New Product Approval Procedure amongst others.

Additionally, Belfius complies with all OECD rules on Base Erosion and Profit Shifting (BEPS) that are incorporated into Belgian legislation, as well as the legislation of other jurisdictions where Belfius entities are located. "BEPS" is an OECD action plan against tax avoidance through the abuse of taxation gaps and disparities.

Belfius focuses exclusively on the Belgian market with regards to its commercial activities. For some very specific activities however, entities are maintained in Luxembourg and Ireland:

- Belfius Financing Company SA issues certain securities to external investors. For technical and operational reasons, it has been decided that these issuances take place in Luxembourg. Belfius Insurance Finance manages a portfolio of shares and bonds in Luxembourg in full transparency vis-à-vis the Belgian tax authorities after receiving a positive ruling in Belgium.
- Ireland-based Belfius Ireland controls a historical long-term bond portfolio, however this portfolio is currently being wound down. Belfius' Irish presence does not constitute a case of tax optimisation as there is no shift of taxable base from Belgium to Ireland.

6.1.4. Data privacy & information security

6.1.4.1. Data Privacy

Due to the nature of their activities, financial institutions process an important amount of data. With the adoption of digital technologies in the financial sector, as well as remote working structures accelerated by the pandemic, data privacy has become an increasingly central topic for financial institutions.

As a responsible bank-insurer group, Belfius pays particular attention to the data privacy of its customers and employees and carefully handles and protects all sensitive information generated over the course of our daily operations in strict compliance with applicable legislation. Belfius commits not to sell the personal data and continuously works on transparency in case data were needed to be exchanged for service delivery.

As part of our group's overall vision, respect for privacy, as well as responsibly collecting, using and sharing personal data, are considered fundamental commitments. These are set out in the publicly available [Privacy Charter](#) and are reflected internally in a regularly updated privacy policy and associated guidelines.

Data confidentiality and General Data Protection Regulation (GDPR) compliance

Each new customer approach - whether it involves offering products, services, digital tools or information - is subject to a prior GDPR (General Data Protection Regulations, 2018) analysis.

Different actors work together to ensure that our processes are compliant with GDPR: the Data Protection Officer (DPO), the Chief Information Security Officer (CISO), the Digital Officer (DSO), the Chief Data Officer and the Non-Financial Risk

Department (NFR), the Legal Department and the Compliance Department. Projects (new/adapting existing processes) are assessed by multiple stakeholders via the NPAP-procedure (New Product Approval Process). Belfius maintains a record of all processing activities. A GDPR privacy risk assessment is documented for each processing activity. Processing activities are regularly monitored by the DPO or even the internal audit department.

In addition, a network of Privacy Correspondents who work closely with the DPO are available in each department to support and advise employees in matters relating to GDPR.

Changes in legislations (e.g. PSD2, Payment Services Directive) with impact on GDPR, Court of Justice or Data Protection Authority judgements and Data Protection Authority guidelines, amongst others, are analysed by the Legal Department and implemented where applicable.

A GDPR steering meeting takes place at least once every quarter. Privacy Key Risk Indicators and other GDPR-elements are discussed and internally reported to management via several reports.

Employees are also made aware of the issue of privacy protection through mandatory e-learning sessions and through regular communication via channels such as a detailed file on the Intranet and regular messages addressed to either all employees or to more focused groups within the context of specific projects.

GDPR rights and data breaches

The GDPR guarantees customers a series of rights, including access to their personal data. The publicly available privacy charter sets out possibilities to execute GDPR rights. Belfius Bank digital channels make it easy for such rights to be exercised, as shown by the 13,927 requests for access by customers in 2021. In each case, we provided a response within the legal deadline of one month. 98.5% of requests (13,722) concerned right of access to personal data and 99% of these passed through our digital channels and were processed the next working day. The results confirm that Belfius can offer its customers full transparency on personal stored data.

The governance and handling of GDPR rights and GDPR related complaints is described in a separate internal privacy guideline and falls under managerial responsibility. A specific Key Risk Indicator refers to the timely answering of GDPR rights.

The governance and handling of data breaches is described in a separate internal privacy guideline. Our strategy is to analyse and remedy each incident as quickly as possible. The decision to communicate to the Data Protection Authority (DPA) and/or data subjects is part of each breach analysis. No significant data breaches were identified in 2021. Seven minor incidents were reported to the DPA,

compared to eight in 2020 and three in 2019. In each case a prompt response was provided and appropriate action was taken.

6.1.4.2. Information security

The digitalisation of the banking landscape goes hand in hand with ever-evolving cyber-risks. For Belfius, the protection of information is essential. We want to guarantee high performance in terms of information security to ensure that our customers trust us in this respect.

A Technology Committee was set up within the Belfius Group in 2021. The Committee advises the Board of Directors on information technology, digital and data matters, including security aspects for all subsidiaries of the Belfius Group.

Risk management governance

The responsibility for the oversight of risks associated with technology, including IT and security risks, remains with the Risk Committee and Audit Committee of the Board of Directors - these are briefed on information security on a quarterly basis. To underline our commitment, Belfius' Risk Appetite, approved by the Board of Directors, includes an Information Security section. An Information Security policy further defines the framework to ensure a consistent and streamlined approach towards information security.

The first line of defense in information security is the Chief Security Officer (CSO), who reports to the Chief Information Officer (CIO). The Chief Information Security Officer (CISO) is responsible for the oversight of information security from the second line of defense and in turn reports to the Chief Risk Officer (CRO).

The Information Security Steering group (ISS), managed by the Chief Information Security Officer (CISO) and chaired by the Chief Risk Officer (CRO), ensures a well-managed and coordinated information security strategy whereby an adequate system of identification, protection, detection, reaction and recovery is put in place in accordance with regulatory requirements regarding Information Security.

A security roadmap

Risk assessments help define what improvements are most needed to reach our ambitions. High-level goals and priorities are translated into concrete projects and plotted on a roadmap which typically spans the course of two years. A separate budget is allocated to this Security Roadmap programme alongside a cyber budget that is used for business-as-usual tasks. The Security Roadmap is presented to and validated by the Board of Directors.

Belfius performs many different internal and external tests on an annual basis. These include Red Team assessments, penetration tests, vulnerability scans and configuration reviews that all go towards providing assurance regarding various aspects of the security organisation, framework

and infrastructure. Such tests help to determine the effectiveness of existing controls, identify new risks or vulnerabilities, check compliance with regulatory requirements, etc.

Belfius uses standardised frameworks such as ISO 27001 (Information Security), ISO 27005 (IT Risk Management) and MITRE ATT&CK. Security audits are performed as part of annual internal and external audits. Additionally, information security is part of frequent regulatory audits under their supervision-related tasks. Every two years all Information Security processes are subjected to a maturity assessment by an external party to independently measure information security ambition.

Increase awareness

In order to enhance information security skills and mindset amongst Belfius employees and contractors, awareness, training and testing initiatives (e.g. quarterly phishing mail simulations) are performed on a regular basis. Some security trainings are mandatory for all collaborators and are actively followed-up by Senior Management with the support of the HR department. The percentage of completion is reported to the members of the Information Security Steering group. All new employees are also required to follow training on information security as part of the onboarding process.

For more details on information security and data protection, please refer to the [Belfius 2021 Risk Report](#).

6.1.5. Listening to our customers

Customers are at the heart of the Belfius purpose: “Meaningful & Inspiring for Belgian Society. Together”. Customer-orientation is also one of our four core values. Establishing a lasting relationship with customers, engaging with them in a responsible and transparent way, taking their opinions into account and satisfying their demands, is just as important for us as optimising our operational services or financial performance.

Belfius' Customer Acceptance Policy and Transition Acceleration Policy (see section 6.1.2.) underpin our responsible engagement with clients. As a customer-oriented banking and insurance company, we know that consumer protection is of the utmost importance and we apply a three lines of defense approach to this topic.

Customer protection is part and parcel of our Integrity Policy and we strictly comply with all laws and regulations in responsible marketing and sales. Consequently, we pay due attention to and organise trainings on key topics such as MiFID II, Consumer Finance or FSMA Circular Note on advertising and commercialisation of financial products towards non-professional clients.

Belfius also adheres to codes of conduct from various organisations such as:

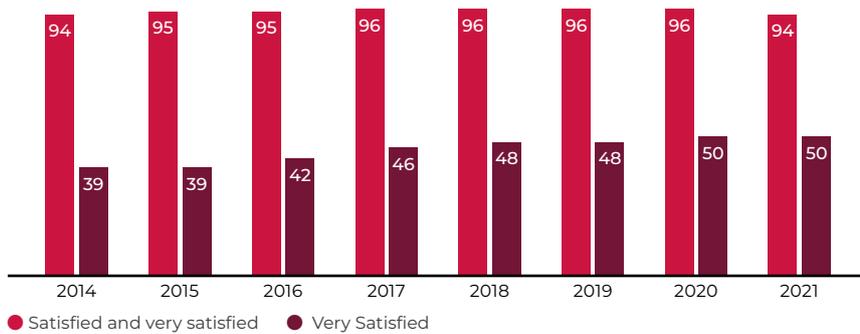
- Febelfin: Belfius Bank adheres to the Belgian financial sector federation code of conduct regarding good customer relations. Through Febelfin, Belfius also adheres to the Belgian Charter for digital inclusion;
- BeCommerce: the code of conduct of the federation of Belgian companies active in e-commerce that aims to enable consumers to make online purchases reliably and securely;
- Assuralia: Belfius Insurance adheres to the federation of insurance companies code of conduct for rapid, high-quality claims handling.

In addition, Belfius is also preparing a dedicated policy on consumer protection and responsible marketing and sales.

6.1.5.1. For your Love, we do more

Belfius Bank attaches great importance to customer satisfaction, which it measures regularly. In 2021 we sent a satisfaction survey to 490,098 individual and business customers. 67,746 participated in the survey and gave Belfius an average score of 94%. On the public, social & corporate side, 538 customers responded out of 5,726 invited to participate and gave an overall score of 95.5%. Overall, Belfius Bank obtained a satisfaction score of 94.5% for 2021

Degree of satisfaction



For our customers' satisfaction, we continue to question and reinvent ourselves. Day after day, we do everything in our power to serve and inspire our customers and earning their "love" is what we aim for at Belfius 100% of the time.

6.1.5.2. Complaint Management

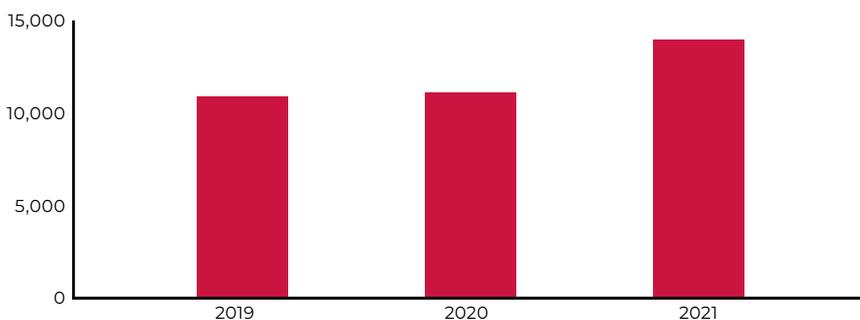
At Belfius we consider each complaint as a key customer moment that contains valuable information to improve our services, products and processes. Consequently, we systematically monitor customer complaints and analyse each case thoroughly to provide effective solutions in conjunction with the Bank's various entities. Belfius has dedicated teams that carry out a step-by-step protocol that guarantees impartiality when processing complaints received.

The 2021 reporting period took into account open complaints, whether they had already been handled, were in the process of being handled, or were awaiting processing.

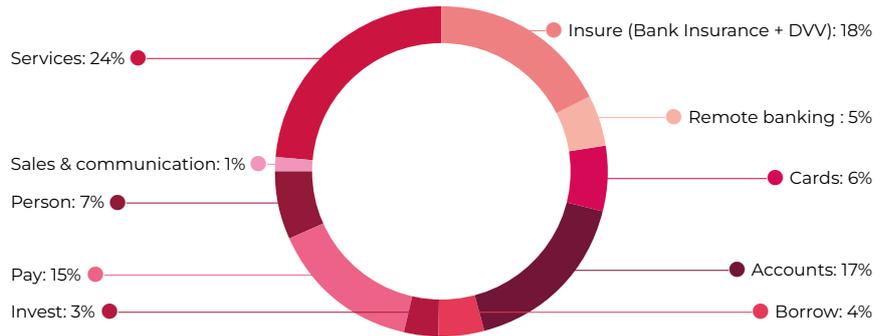
Complaints by topic

In 2021, Belfius recorded 13,969 complaints, which represent an increase of 26% compared to 2020. Our complaints management teams have been operating at 100% capacity to respond as quickly as possible to these complaints, particularly those related to the current health situation.

of compliants received



Complaints per topic



To facilitate the treatment of these complaints, our complaints management teams categorize complaints by topic.

With regards to the “Insure” topic (referring to all complaints related to our insurance products and services), we noticed a stabilisation compared to the previous year for both Belfius Insurance and DVV brands, despite an increase in the amount of complaints related to claims handling. This increase was partially a consequence of the floods that occurred during the 2021 summer period in Belgium. Elements have been put into place to manage claims in the most efficient way and define appropriate measures so as to avoid receiving similar complaints in the future.

Our branches were exclusively accessible upon appointment in 2021, a new way of working that became the new normal since 2020 when new measures were introduced to help fight the spread of Covid-19.

The need for appointments has led to a flood of telephone calls to our branches for emergencies, everyday needs, or to schedule appointments. Complaints related to branch availability increased significantly in 2021. There was also a significant increase in complaints related to the availability of Belfius Connect, which provides remote financial services (telephone, mail, chat) for all customers. These complaints came from customers looking for answers that they could not receive directly from a branch. In response to this increase in calls to branches and Connect, Belfius is actively studying potential measures.

The health crisis also led to a significant increase in the digitalisation of operations and a significant increase in online purchases. Due to this trend, new fraud scenarios have emerged. The increase in fraud cases has also led to an increase in related complaints. To this end, Belfius regularly carries out awareness campaigns for digital customers regarding the danger of phishing/vishing/smishing.

In addition, we also noticed that this increased use of digital services occasionally led to technical problems which, in turn, have led to complaints (‘Remote banking’ topic).

Belfius has been adapting its ATM fleet in line with the roll-out of Batopin. The aim of Batopin, a collaboration between Belgium’s four major banks (BNP Paribas Fortis, KBC, ING Belgium and Belfius) under a new label, is to optimise cash points coverage in Belgium. This has also generated a number of complaints, as well as concerns from authorities, with whom Batopin is actively engaging. Belfius maintains non-cash ATMs in its branches. Belfius also installed a completely new set of ATM machines. Due to problems in the initial phases however, the “deposit” option led to a malfunction, which in turn generated many complaints (‘Pay’ topic).

Finally, the various Covid-related lockdowns, combined with changes to ATMs, prevented some customers from collecting their account statements, which were therefore sent by post. This led to associated shipping costs which in turn led to complaints ('Accounts' topic).

Discrimination and privacy complaints

In order to preserve trust and increase transparency in our business, we work towards decreasing the number of complaints around privacy and discrimination. It is our legal duty as a financial institution to protect the confidentiality of our former and existing customers' data through securing their transactions and personal information.

The number of complaints related to discrimination decreased from 34 in 2020 to 26 in 2021. We constantly strive for a zero-tolerance policy regarding discrimination and will continue our internal communications awareness campaigns designed following exchanges with Fedasil, the Red Cross and UNIA.

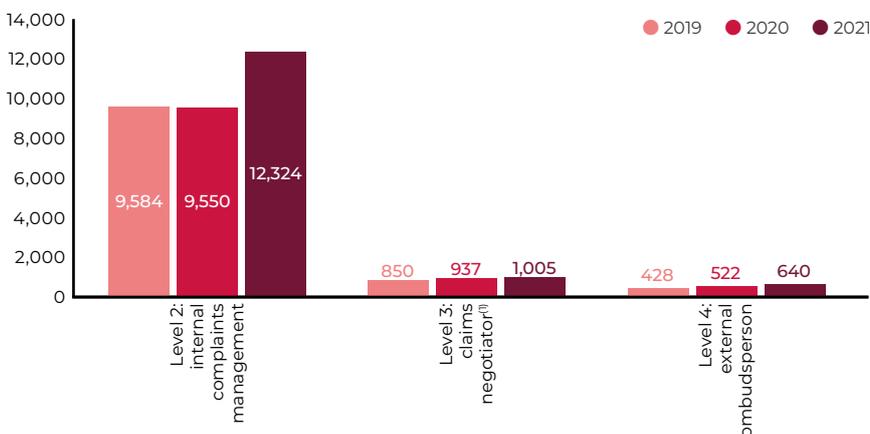
173 complaints dealt with in 2021 concerned privacy, compared to 150 in 2020. The majority of these (128) concerned GDPR legislation. The others were mainly related to identity theft or poorly addressed but unopened mail (thus representing no violation of private information). For the DVV insurance brand, three GDPR complaints were registered in 2021.

111 complaints related to other areas can also be linked to GDPR issues and often concerned access to personal data by an unauthorised third party following a change of address, suspension of power of attorney, etc.

Complaints by level

The number of complaints received increased across all management levels.

Received complaints according to level of management



(1) Level 3 - Negotiator Complaints do not apply to DVV Insurance.

6.1.5.3. Special attention for more vulnerable customers

Customers with disabilities

Most Belfius branches are disabled-friendly. The Belfius ATM are equipped with voice controls that allow visually impaired people to withdraw cash on their own. The keyboard itself is embossed and braille has been used so that the person concerned can easily find the different parts of the device (bank card insertion zone, zone for connecting headphones, etc.). Belfius is adapting its ATM network in line with the Batopin roll-out. Each cashpoint installed by Batopin is also equipped with the same support facilities. Wherever possible, cash ATM are easily accessible to wheelchair users, both at Belfius and Batopin.

Customers with no or less access to digital services

Belfius wants to ensure that no one is left behind in the rapid digitalisation of the banking world, the economy, and society as a whole. Although we consider this trend a good thing for society overall and a guarantee for prosperity, we are also aware that not all of our customers either have access to these services, or have the necessary comfort level or wish to follow this route.

Supporting this group of customers is an important concern for Belfius. As a bank, we wish to remain accessible to the largest number of people.

That's why Belfius committed with sector federation Febelfin to work on a 10 point action plan aimed both at facilitating the transition to online banking, as well as continuing to support non-digital customers. We have already taken first steps in that direction in 2021 by creating "how to" videos to support our customers in performing simple transactions via our digital channels.

Additionally, customers over 70 years of age with a Beats New or Beats Star current account can rely on free manual transfers and free monthly dispatch of paper statements.

Finally, Belfius also offers the Universal account, in line with the principles and terms set out in the Charter of Universal Banking Service. This account was developed to cater to the needs of clients that do not use digital services.

6.2. ESG risk management

ESG risks can be translated as risks related to any negative financial impact on financial institutions stemming from current or prospective impacts of ESG factors on themselves, their counterparties (i.e. companies, individuals or public/sovereign entities), or their assets (including real estate, collateral, bonds, equities, financial instruments etc.).

Within this category, climate-related risks (i.e. financial risks associated with global warming) are currently on the foreground.

Climate change will have a significant and lasting impact on economic growth and prosperity. Consequently, financial institutions' regulators and supervisors have identified the management and supervision of climate-related and environmental risks as a top priority.

Belfius considers all ESG risks as a top risk and they are fully embedded in to our risk taxonomy, not as a separate risk category, but as a driver of more traditional financial and non-financial risks. This is due to the fact that ESG risks could affect the creditworthiness of our customers, impact the value of assets or collateral, create higher volatility on financial markets, or create operational risks, amongst others.

In this way, ESG topics are identified as risk drivers that can affect Belfius' profitability and solvency and form an integral part of risk reflections and recommendations underpinning informed decision-making, strategic planning and adjustments. They also inform a more constructive dialogue with stakeholders (including customers and investors), and the maintenance of a strong corporate reputation.

Consequently, our Risk Appetite Framework (RAF), which already included social and governance key risk indicators, was further enhanced in 2021 with a revision of ESG-related qualitative statements and the inclusion of additional ESG quantitative risk indicators. These statements and indicators pertained to our own operational emissions, the improvement of the Belfius ESG rating and our progress with respect to the execution of the Belfius ESG action plan. The RAF will be further enriched over time with the inclusion ESG-related limits at portfolio or customer level.

As ESG topics are still an emerging risk type, there is currently no standardised nor consistent approach across the financial industry for identifying, measuring and managing these risks. Given that data is often lacking, that methodologies are still immature and that science, technology and regulations are evolving rapidly, a flexible and gradual approach is recommended to tackle these issues and overcome some of the challenges along the way.

Like other financial institutions, we are at the beginning of our journey and will continuously improve our approach and capabilities along the way.

You will find more details on the management of ESG risks in the [Belfius 2021 Risk Report](#).

6.3. ESG Governance

ESG is a key topic for all governance layers of Belfius Group.

Belfius Bank and Belfius Insurance Boards of Directors define and oversee implementation of the (ESG) strategy, objectives, risk appetite and risk approach at the proposal or recommendation of the Management Board. Twice a year the Boards of Directors provide guidance on ESG and review progress on sustainability-related projects and targets to ascertain that sustainability is fully and consistently embedded in all value propositions that deliver our strategy. Important changes to the Transition Acceleration Policy are also discussed at board level.

The Risk Committees at Board of Directors level have advisory powers and responsibilities with regards to the Boards of Directors on setting current and future risk appetite and strategy (including ESG and climate risk), as well as the monitoring of their implementation. As sustainability risks are a top risk at Belfius, the Risk Committees ensure effective oversight of ESG risks on a quarterly basis and monitor progress on the ECB ESG action plan.

Belfius' **Group Committee**, composed of Management Board members of Belfius Bank and Belfius Insurance, manages group strategic matters, including the sustainability strategy and its implementation for the banking and insurance group. It is responsible for the implementation of mandatory ESG regulations and voluntary ESG commitments.

At executive level, both the Belfius Bank CEO and Belfius Insurance CEO sponsor the ESG strategy. An ESG programme and steering group have been set up to monitor the implementation of the ESG strategy, as well as mandatory and voluntary ESG commitments.

Twelve ESG workstreams have been formed, responsibilities for streams have been assigned to members of the Management Board, and each workstream has been assigned a tracker at senior management level. A monthly steering meeting, bringing together the various trackers and covering the whole of the Belfius organisation, closely follows up on the progress of each of these streams. Within the different streams, knowledge and resources are pooled from different departments and legal entities, making this a unique transversal endeavour.

At Belfius Bank, the **Head of Sustainability** is accountable to the CEO. She heads the Central Sustainability Team and is in charge of the overall coordination of the groupwide ESG strategy. She works in close collaboration with Belfius Insurance's Sustainability Manager. Both parties conduct systematic dialogue on ESG affairs with key internal and external stakeholders.

One of these internal stakeholders is the **CSR Commission** - a working group within Belfius Bank's social consultation process that focuses on corporate social responsibility and staff awareness regarding ecological and social topics. The Commission, chaired by the Head of Sustainability and made up of employee representatives from social consultation bodies within the Bank, reports to the Health & Safety Committee (HSC).

Belfius has also set up a dedicated **ESG Risk Competence Centre** within the Strategic Risk Management Department that is in charge of overseeing the implementation of the ESG Programme's risk components. This specialised team reports regularly to the Chief Risk Officer (CRO) and is in charge of developing a comprehensive ESG risk management framework in collaboration with other groupwide risk departments along the "three lines of defense" model.

Finally, an **ESG core data team** was set up to tackle multiple data challenges. This team is composed of representatives from the Central Sustainability Team, the ESG Risk Competence Centre and the newly created ESG Data Centre and Project Office.

As a result of our engagement with voluntary initiatives, as well as the integration of ESG matters into existing or new regulatory requirements by regulators and prudential supervisors, Belfius has attributed responsibilities regarding sustainable finance to existing decision-making structures.

In 2022 however, a newly installed **Strategic Sustainability Committee (SSC)** will drive the execution of our ESG strategy, our ESG framework and the Transition Acceleration Policy, and act as the central hub for operational ESG Governance in line with Group Committee and Board of Directors expectations. The SSC will supervise the execution of transversal ESG topics (e.g. science-based targets), compliance with ESG-specific regulations (e.g. SFDR and Principal Adverse Impacts, EU Taxonomy), and ESG reports. The CEO of Belfius Bank and the CEO of Belfius Insurance are members of the Strategic Sustainability Committee.

7. Focus on climate action

7.1. Adopting Task Force on Climate-related Financial Disclosures (TCFD) recommendations

Climate change is one of the greatest challenges the world has ever faced and there is no doubt it will have a significant and lasting impact on economic growth and prosperity. As a financial institution, we recognise that we have a critical role to play in the transition to a low-carbon and climate-resilient economy.



We believe that there is a need for further transparency around climate-related issues in order to effectively manage the risks presented by them. Released in 2017, recommendations made by the Task Force for Climate-related Financial Disclosures (TCFD) provide a common foundation for companies to better disclose their climate-related financial information and allow their stakeholders to understand how climate-related risks and opportunities are integrated into the risk management and strategic planning processes. Within this context, Belfius is reporting on climate-related information following TCFD recommendations for the first time. Following this milestone, we are working towards improving the transparency and quality of our reporting and further aligning our disclosures with recommendations in the future.

Climate risk falls under the “E” of ESG risks. **ESG risks** are the risks of any negative financial impact on financial institutions stemming from current or prospective impacts of ESG factors on themselves, their counterparties (i.e. companies, individuals or public/sovereign entities), or their assets (including real estate, collateral, bonds, equities, financial instruments, etc.).

Within this category, **climate-related risks** (i.e. financial risks associated with global warming) are currently in the foreground.

Drivers of climate-related risks are usually categorised into physical and transition risks and are subject to various transmission channels:

Risk type	Physical risk	Transition risk
DEFINITION	These risks arise from the physical effects of climate change.	These risks arise from the transition to a low-carbon economy.
DRIVERS	These risks include acute risks (mostly weather-related events and natural disasters such as storms, floods, fires and heatwaves) and chronic risks (incremental pattern changes such as rising sea levels, water stress and biodiversity loss).	These risks include policy risks (such as the introduction of a carbon tax, new energy efficiency requirements for buildings, etc.), technological risks (rendering old technologies obsolete in favour of new ones that are less damaging to the climate), market risks (such as a shift in consumer preferences), legal risks (the risk of litigation for failing to address climate-related issues) and reputational risks.
EXAMPLES OF TRANSMISSION CHANNELS	<p>These risks can impact Belfius directly, but can also have a negative impact on the income and wealth of individual customers and the revenues and profitability of corporate customers.</p> <p>The impact can materialise, amongst others, through:</p> <ul style="list-style-type: none"> • Damages to production sites and disruption of value chains • Decreased production capacity and/or higher operational costs • Negative impact on workforce and labour productivity • Increase of insurance premia • Decrease in value of real estate assets or investments made 	<p>These risks can impact Belfius directly, but can also have a negative impact on the income and wealth of individuals and the revenues and profitability of corporate customers.</p> <p>The impact can materialise, amongst others, through:</p> <ul style="list-style-type: none"> • Unexpected increases in energy prices and increased costs • Changes in the price of raw materials resulting in decreasing revenues • Reduced production capacity • Repricing of some assets or even the occurrence of stranded assets • Need for huge investments • Lower demand for certain products or services perceived as negatively contributing to climate change • Less possibilities to attract and retain customers, employees and investors

ESG risks, including climate risks, can impact Belfius both directly and indirectly. Focusing on operational and financial resilience is key in a changing environment (rising temperatures, more frequent and significant natural disasters, new climate-related policies, emerging technologies, etc.) and we must ensure that reputational risks, as well as compliance, conduct and litigation risks stemming from ESG topics, remain as low as possible.

Managing the risks we are exposed to through our financing activities (i.e. our exposure to counterparties that may potentially contribute to, or be affected by, climate change) is also essential. In this field, and in line with its mission to be inspiring and meaningful for Belgian society, Belfius is willing to play a prominent role and be a significant actor in the transition in Belgium. This means full attention will be given to both reducing our level of exposure to climate and environmental risks, and supporting our customers in their own transition.

Climate topics are still an emerging risk type, with currently no standardised nor consistent approach across the financial industry for identifying, measuring and managing these risks. A flexible and gradual approach is therefore recommended to tackle these issues and overcome some of the challenges along the way:

- Granular data is often lacking
- Science and technologies are evolving fast
- Regulations are regularly updated and are becoming increasingly stringent
- Several scenarios are plausible and there is still a high degree of uncertainty regarding which risks will materialise, as well as when and how they will materialise
- Some risks will probably only occur in the long term (beyond 10 years), which makes predictions and projections even more difficult
- Methodologies and best practices in the field of ESG risks management are not always mature yet

7.1.1. Governance

We believe that solid governance and the involvement of all levels of our company are key for the robustness of our climate risk management approach. For this reason, the Risk Appetite Framework that is set on a yearly basis by the Board of Directors already integrates qualitative and quantitative ESG indicators. The Board-level Risk Committee, Group Committee and Management Boards maintain oversight on climate-related and environmental risks, with a specific focus on Belfius' ambitious action plan to align with the expectations set by the European Central Bank's (ECB) Guide on climate-related and environmental risks. Quarterly status updates are submitted to the Risk Committee and the Group Committee. Potential deviations and delays are also monitored on a quarterly basis via a dedicated indicator included in our Risk Appetite Framework.

We have already invested in the upstaffing of our central sustainability team, the creation of a dedicated ESG Risk Competence Centre and an ESG data team supported by external advisors.

We have plans to further enhance our capabilities in the coming years, including hiring new expertise, building up our knowledge through trainings and acquiring new tools from external data and service providers.

For more information on ESG Governance, see section 6.3.

7.1.2. Strategy

All three sustainability components (i.e. Environmental, Social and Governance) are at the core of Belfius' mission and vision (i.e. Being Meaningful and Inspiring for Belgian Society):

- Belfius wants to be a leading actor in the transition to a sustainable Belgian economy and society and is committed to actively contributing to the Paris Climate Agreement and the Sustainable Development Goals
- Belfius wants to make its operations as sustainable as possible (e.g. sustainable procurement, sustainable IT, etc.) and set an example as an employer in all fields of sustainable development (equal opportunities, wellbeing, social commitment, mobility, etc.)
- Belfius is also committed to achieving a sustainable balance sheet by investing sustainably, encouraging its customers to do so too, and supporting Belgian businesses in their shift towards sustainable activities in a socially inclusive way

For more information on Belfius' strategy, see chapter "Strategy Inspire 2025" of this annual report. For more information on ESG in Belfius' strategy, see section 4.1.

Our overarching goal is threefold:

- we want to adequately manage ESG risks in order to ensure Belfius is resilient and stays profitable,
- while also limiting our potential negative impact on the world and
- maximising our positive impact and contribution to society.

When assessing ESG risks, we therefore always consider a double materiality:

- Financial materiality, i.e. the impacts of climate change on Belfius (whether directly on our own operations, or indirectly through our financing activities)
- Environmental and social materiality, i.e. the impacts of Belfius on climate change (our positive or negative contribution)

There are overlaps between these two perspectives as, generally speaking, a company with a higher negative impact on the climate will be more exposed to transition risks.

In 2020 we started developing a general ESG framework that set the foundations for a better framing and management of ESG risks. In 2021 we moved forward with the design of a detailed and ambitious ESG action plan aimed at aligning our practices and plans with expectations set by the European Central Bank (ECB) in its Guide for Climate and Environmental Risks, and at integrating ESG considerations in our Risk Management Framework. This roadmap is pluriannual and assumes a gradual enhancement of our expertise - more specifically in the fields of:

- **Data:** We have set up a dedicated ESG Data Programme that is currently being rolled out to gather granular data. The programme's primary focus lies in the collection of the greenhouse gas (GHG) emissions data of our counterparties and energy performance certificates (EPC) of our real estate assets. A mix of external and internal databases is being used to this end, as well as proxies and estimations to fill the gaps.
- **Access to best-in-class resources and tools:** we aim to capitalise on scenarios provided by the Network for Greening the Financial System (NGFS), as well as pilot exercises carried out by the United Nations Environment

Programme Finance Initiative (UNEP FI). We are also analysing methodologies created by the Partnership for Carbon Accounting Financials (PCAF) and the Paris Agreement Capital Transition Assessment (PACTA), and have already committed to implementing science-based targets.

7.1.2.1. Climate-related risks

Climate-related risks can materialise within different time horizons: short-term (1 to 3 years), medium-term (4 to 10 years) and long-term (beyond 10 years). Given that various scenarios are possible and that they can have an impact on financial stability, we take different time horizons into consideration when identifying Belfius' material climate-related risks.

With regards to our financing activities, identified climate-related and environmental risks may impact our counterparties' risk profiles and our assets' value. These risks take place when climate-related and environmental factors affecting counterparties (companies, individuals or public/sovereign entities) or assets (real estate, collateral, bonds, equities, financial instruments, etc.) have a negative impact

Financing solutions

Risk type	Risk driver	Description	Transmission channel	Time horizon/impact level		
				ST ≤3 years	MT 4-10 years	LT > 10 years
TRANSITION RISK	POLICY & REGULATION	Increase in cost of GHG emissions due to policy or regulatory changes (tax, quotas...)	Increased cost of own emissions		●	
			Increased cost of emissions of customers		●●●	●●
		Mandatory renovation for energy consuming real estate	Lower household/business wealth, lower collateral value	●	●●	●●●
		Changes in regulation/prudential treatment of climate risk-sensitive assets	Increase in regulatory capital requirements	●	●●	
	TECHNOLOGY	Low-carbon technologies that replace carbon-intensive products/services	Decrease in market value of carbon-intensive assets	●	●●	
	LEGAL/ COMPLIANCE	Legal risk related to compliance with ESG regulations	Administrative penalties/sanctions due to non-compliance	●●	●	
	MARKET DISRUPTION	Changes in customer preference, demand and supply shifts to sustainable products/services	Decrease in market value of non-sustainable assets	●	●●	
		Increase in cost of raw materials	Increase of own energy supply cost	●		
			Increase in energy supply cost of customers	●●		
		Non-compliance with financing/investment strategy with respect to climate change	Negative perception from the external stakeholders (reputation risk)	●●	●	
PHYSICAL RISK	ACUTE EVENTS	Heatwaves, hurricanes, wildfires, floods	Damage to production sites, disruption value chains (own operations)		●	
			Damage to production sites, disruption value chains (financing activities)	●	●●	
			Lower repayment capacity because of higher insurance premiums	●	●●	
	CHRONIC PATTERNS	Increasing droughts, sea-level rises	Increases in clients' costs, drop in client's production (e.g. agriculture)		●	●●

on their solvency, financial performance, or value and which could in turn affect the profitability of our financing activities.

One way in which Belfius seeks to capture and manage these risks, especially climate transition risks, is by embedding the Transition Acceleration Policy into our loan origination processes. The TAP imposes restrictions on eight controversial or sensitive sectors, including climate-sensitive sectors (energy, mining, palm oil & soy, and agricultural commodities). We use this policy in combination with the identification of climate opportunities for a transition to a low-carbon economy. You can find further information about our TAP in section 6.1.2.

Insurance activities

Climate risk has always been a specific challenge for the insurance sector, especially on the liabilities in the Property & Casualty (P&C) activities due to the impact of extreme weather events

More concretely, climate-related risks have appeared in Belfius Insurance's Own Risk Self-Assessment's (ORSA) and have integrated the top five risks from 2019 on. Furthermore, in 2021 Belfius Insurance carried out its first detailed climate risk mapping exercise considering the European Insurance & Occupational Pensions Authority's (EIOPA) Opinion on the supervision of the use of climate change risk scenarios in ORSA. This has led to a first view on the most material climate-related risks in Belfius Insurance's activities. On that basis, a first Climate Stress test was performed.

Conclusion is that:

- **Transition risks** on assets appear as the potentially most impactful in the short and medium-term. Transition risks on assets are already mitigated today by the Transition Acceleration Policy (TAP) and the progressive embedding of sustainability criteria in the investment process. It is foreseen to improve methods to assess risks on assets in the coming months, starting with the most material areas and probably by using simple methods or qualitative assessments in first instances.
- **Physical risks** (mainly flooding, storms, subsidence, wild-fire) are expected to materialize with higher frequency and gravity in the medium and long-term and might then impact insurance activities (P&C and Life) but also assets. We also foresee climate-related physical risks stemming from lack of impactful transition policies.

Until now, the most visible impacts of climate risks are to be found in our Property & Casualty (P&C) activities (mostly households and local authorities such as municipalities or other public actors, all of them being based in Belgium). To manage these risks, Belfius Insurance takes into account (flood) risk maps and the geographical location of insured goods to set the price of property insurance, which can be reviewed on a yearly basis. Additionally, potential impacts

of climate events are analyzed and mitigated with a re-insurance program. This one is renewed each year based on a detailed risk analysis of the insured goods.

In the short-term, based on the mitigation actions described above, the impact of climate-related risks for the P&C insurance business is properly mitigated

In the medium to long term however, the increase of frequency and severity of climate events could lead to higher premiums due to exponential claims costs aggravated by inflation and higher reinsurance costs. It might lead to difficulties to offer P&C insurance products at affordable prices. We are closely monitoring these trends within our business strategy to better respond to these future challenges.

The exceptional floods in July 2021 reinforced the relevancy of our analysis carried out in 2021. It should be noticed that for this event, 95% of claims related to Property & Casualty - the other 5% related to Mobility insurance.

Asset Management activities

Belfius Investment Partners (BIP) has a robust approach to factoring in climate-related risks identified as material as part of its product and investment strategy. BIP's product and investment strategy vis-à-vis climate is different for each of its two models of investing: Belfius Investment Partners 'fund of funds' model and the delegated fund model. In the first model, BIP's internal fund selection and portfolio management teams analyse and select Exchange Traded Funds (ETFs) and mutual funds of third-party asset managers. In the second model, external managers are appointed to manage assets. Currently, the external asset managers we collaborate with are Candriam, Black-Rock Investment Management and JP Morgan Asset Management.

BIP follows Belfius' overarching Transition Acceleration Policy so as to integrate climate into its investment strategy. The TAP will be applied to all investment products managed by BIP and a progressive implementation of the policy is currently underway, with full compliancy with TAP criteria due by the end of 2022. Exclusions set by the TAP should for instance help us to shield our clients from severe climate-related risks specific to the energy sector by selecting those energy companies that limit their impact on climate.

Secondly, in order to capture opportunities created by trends in capital markets and client preferences, BIP's strategy is to offer investment products with a focus on climate and environmental concerns. Examples of these products are Belfius Equities Climate and Belfius Smart Future.

Finally, BIP integrates climate-related risks and opportunities through its engagement with external partners. We ask that our external asset managers either have, or design, a formal engagement policy. We expect their approach to

be based on structural and systematic engagement with investee companies in relation to sustainability aspects that may be material to the financial value of the investment. We also expect that the approach addresses identified principal adverse impacts, especially for financial products that are designed to promote certain environmental or social characteristics and products with explicit sustainable investment objectives. This should be implemented where possible and feasible and in line with the nature of the investments, such as asset class or type of investment instrument, investment style, investment strategy, or investment objectives of the financial product.

BIP also evaluates the business strategies of its external partners with regards to climate risk and opportunity management when engaging with them. BIP's partners integrate climate considerations into their analysis, investment strategy and decision making, as well as their products.

- **Candriam** has a strategy to continuously decrease its exposure to GHG emissions and climate-related risks. Since January 2019, Candriam has put in place an exclusion policy targeting thermal coal extraction and power generation across all directly managed investment portfolios. Short term climate impact is assessed via the monitoring of investee companies' response to climate change and exposure to physical climate risks. Medium to long-term exposure of investee companies to climate change transition, as well as physical risks, are captured through Candriam's proprietary methodology evaluating the alignment of business activities to climate change. Candriam also conducts regular research on the exposure of different sectors to climate change risks and opportunities. Leveraging this research, Candriam also tailors its product development and offering strategies to better capture opportunities stemming from climate-related issues.
- **BlackRock's** Strategic Asset Allocation (SAA) methodology framework integrates climate concerns since 2021. BlackRock uses a long-run climate change model that allows to account for physical damages, energy transition and the impact of public policies in a single and transparent framework. The risks and opportunities posed by climate change are considered by BlackRock via three channels: Macroeconomic, repricing and fundamentals. In developing the climate-aware Capital Market Assumptions, BlackRock re-defined the baseline economic scenario, replacing previous "climate change agnostic" projections with a "green trajectory" that accounts for the impacts of physical climate change damages as well as policies that are expected to be adopted to limit such damages. With regards to repricing we observe that, due to shifting societal preferences, the discount rate BlackRock uses to value sustainable securities is changing. With regards to fundamentals, BlackRock takes a sectoral approach to sustainable investing into consideration that is additional to a regional approach.

- **JP Morgan** considers assets' vulnerability to physical risks, as well as competitiveness considering the level of transition risk. The materiality of physical and transition risks is assessed taking the climate risks and opportunities each sector, region or instrument is exposed to into account.

7.1.2.2. Climate-related opportunities

In addition to risks, the climate also provides some opportunities for Belfius and we have been working towards capturing climate-related opportunities presented through products and services. Through our understanding of shifts in consumer preferences and needs in Belgium, occasionally thanks to local and national incentives provided to consumers, we strategically develop and offer products and services that mitigate and adapt to climate issues. These include, but are not limited to, our green renovation loan, eco car loan, renewable energy loan, discounts on car premiums for decreased driving distance, leased green mobility products and climate-focused investment products (through BIP), amongst others.

Capturing the opportunities presented by the need to develop climate adaptation and risk solutions, our services such as "App-normal" insurance discount for energy-efficient buildings validates the resilience of our portfolio. Belfius' commitments and recognition with regards to climate action, in line with the federal and local ambitions of Belgian authorities, allow us to be a fit business partner for the financing of projects and services in the public sector.

Furthermore, we also leverage opportunities created by the markets regarding climate. In collaboration with international institutional organisations such as the EIB and the European Commission, we have been participating in projects and programmes promoting climate adaptation and climate mitigation. We have also diversified our funding thanks to our green bond issuance in 2021 and we provided our public and corporate customers with advice regarding their own sustainability issuances.

For more details on our strategy regarding climate-related opportunities on products, services and markets, please refer to section 5 of this report.

Climate-related opportunities are not limited to our financing activities however. Climate actions that we have taken regarding our own operations' carbon emissions, such as energy-saving improvements, solar panels, LED installations, carbon credits, heat pumps, Nanogrid, etc. have also allowed us to save energy and resources.

For more details on our approach regarding climate-related opportunities on resource efficiency, please refer to section 8 of this report.

7.1.2.3. The road to scenario analysis

One of the most efficient ways to ascertain our level of climate resilience is to perform dedicated stress tests taking into consideration various climate-related scenarios (impacting temperature rise and transition pathways in different ways) over different time horizons. Such exercises allow us to quantify the potential impacts of certain events relating to climate change and pave the way for risk mitigation solutions.

Climate Stress Tests will undoubtedly become a common feature of financial institutions' stress test framework. At Belfius, climate scenarios will also gradually be embedded into internal stress tests for the financial planning process.

Financing solutions

In 2022, Belfius Bank will participate in the ECB Climate Stress Test, a joint learning exercise with pioneer characteristics primarily designed to enhance the capacity of both banks and supervisors to assess climate risk. This process will be similar to other regulatory stress tests, but will be unlike any other. It will not be a capital adequacy exercise, but will mainly focus on the impact of global warming on a limited set of credit risk parameters and will entail a first estimation of the probabilities and magnitude of potential financial losses arising from climate-related risks.

Bottom-up projections evaluating Belfius Bank's vulnerabilities to climate-related and environmental events are based on ECB economy-wide climate stress tests built on scenarios derived from NGFS studies (the Network of Central Banks & Supervisors for Greening the Financial System), as well as a set of macro-economic parameters and shocks provided by the ECB. A "shock" within this context can be understood as any change to fundamental variables or relationships that have a serious effect on macroeconomic outcomes and economic performance measures.

Transition and physical risks will be assessed separately:

Transition Risk Assessment for mortgages & corporate portfolios		Physical Risk Assessment	
Short-term exercise (3 year)	Long-term exercise (30 years)		
Impact of disorderly transition scenario	Impact of three scenarios (orderly transition, disorderly transition and hot house world)	Impact of labour productivity losses associated with heat and drought	Impact of damages associated with floods
On credit and market risks	On credit risk only	On corporate exposures not secured by real estate	On the value of the collateral in case of mortgage loans and corporate exposures secured by real estate

Insurance activities

As mentioned above, when it comes to Belfius' insurance activities, climate-related risks have been identified within Belfius Insurance's Own Risk Self-Assessment's (ORSA) top five risks since 2019. At the instigation of ORSA, Belfius Insurance executed a first stress test in 2021. The test was calibrated to reveal the potential impact of an adverse scenario mixing physical and transitional impacts on both assets and liabilities.

Computation of the impact of this first stress test was based on a shock calibrated on the basis of three elements:

- A physical event where setup was based on the 1953 Dutch tidal wave. The impact of the wave was made more severe and applied to Belgium
- Transitional effects calibrated on the basis of a disorderly transition due to abrupt measures taken after the physical event - calibration of financial shocks was based on information made available by European supervisors
- Negative impacts on the economic cycle where the physical event, coupled with an abrupt transition, leads to an economic slowdown - calibration was derived from economic stresses regularly performed by the Belfius Group.

The outcome of this first stress test was that the Belfius Insurance solvency ratio was strong enough to withstand these shocks.

7.1.3. Risk Management

7.1.3.1. Risk identification

Risk identification and assessment are a prerequisite for more detailed risk management actions and processes.

Credit risks

As far as credit risks are concerned, the first objective is to assess the materiality of climate-related risks correlated to Belfius portfolios. This allows us to identify the most vulnerable counterparties and assets and measure our level of exposure to those risks or counterparties and assets.

We carried out **heat maps** in 2021 aimed at detecting sensitivities to climate-related risks within loans and advances to non-financial corporations. The identification of sensitive sectors is based on a cross-check of multiple sources, including Climate Policy Relevant Sectors (CPRS), climate stress methodology provided by the ECB, Pillar 3 disclosures, etc.

	Carrying amount (in millions of EUR) 31/12/21	%
A Agriculture, forestry and fishing	111	0%
B Mining and quarrying	44	0%
C Manufacturing	2,902	8%
D Electricity, gas, steam and air conditioning supply	1,485	4%
E Water supply	879	2%
F Construction	4,474	12%
G Wholesale and retail trade	5,154	14%
H Transport and storage	1,215	3%
I Accommodation and food service activities	709	2%
J Information and communication	777	2%
K Financial and insurance activities	1,547	4%
L Real estate activities	4,995	14%
M Professional, scientific and technical activities	4,177	12%
N Administrative and support service activities	1,457	4%
O Public administration and defence, compulsory social security	321	1%
P Education	84	0%
Q Human health services and social work activities	4,804	13%
R Arts, entertainment and recreation	579	2%
S Other services	365	1%
LOANS AND ADVANCES NON-FINANCIAL CORPORATION	36,078	
LOANS AND ADVANCES TOTAL	101,382	
TOTAL CLIMATE-SENSITIVE SECTORS (IN MILLIONS OF EUR)	21,258	
CLIMATE-SENSITIVE SECTORS AS % OF LOANS AND ADVANCES TO NON-FINANCIAL CORPORATIONS	59%	
CLIMATE-SENSITIVE SECTORS AS % OF LOANS AND ADVANCES	21%	

Red: climate-sensitive sector

As shown above, we have very limited exposure to some of the most climate sensitive sectors, such as agriculture and mining. Other sensitive industries like manufacturing, wholesale and retail trade and real estate are quite large and would require a deep dive into the activities performed to better identify the impacted sub-industries or companies.

In parallel, we are screening the Belfius Bank balance sheet to identify **exposure to fossil fuel projects** and companies. The first results indicate that Belfius Bank finances 1.7 Bn in activities related to fossil fuels, i.e. about 1% of our total balance sheet. The analysis did not reveal any exposure towards coal, lignite and peat

extraction. The methodology used for this fossil fuel value chain screening may not be exhaustive and is constrained by data limitation. Belfius puts effort in continuously improving the quality of its non-financial data and will adapt its methodology accordingly for future reporting. Unfortunately, most of the exposure (EUR 1.3 billion) is part of the legacy portfolio, a portfolio of long-term international bonds inherited from the Dexia era which is managed separately and will probably have to be carried till maturity.

We also went a step further and performed a more specific assessment **targeting our non-SME corporate exposures** (loans and bonds). The aim of this materiality assessment was to measure the level of exposures related to companies or groups active in climate sensitive activities. Exposures were mapped and evaluated according to different classification approaches in line with EBA (European Banking Authority) recommendations ("Mapping climate risk: Main findings from the EU-wide pilot exercise" – May 2021).

One of the approaches relied on the CPRS (Climate-Policy Relevant Sectors) classification to identify sectors that are particularly sensitive to a disorderly transition. This exercise was complemented with a first estimate of our green asset ratio based on the JRC's (Joint Research Centre) taxonomy alignment coefficients. The conclusion from this high-level materiality assessment is that Belfius has a relative sound balance sheet with sensitive assets and green asset ratios in line with the results obtained by the EBA on the European peers that were part of the study. We expect both methodologies to be refined over time however, including more granular breakdown for CPRS and development of EU Taxonomy eligibility criteria and coefficients for the green asset ratio, which will allow us to compute more precise figures.

The outcomes of these exercises are helping us prioritise actions and feed our business and sustainability strategy. These include decisions regarding how to ensure our business growth is sustainable, what kinds of products and service offerings would be the most valuable, how this can influence pricing and which adaptation and mitigation activities should be pursued, amongst others.

In 2022, our focus will also be on **real estate assets** since mortgage loans constitute a significant share of our financing activities and the bulk of these exposures are secured by real estate assets. We intend to screen our mortgage portfolio and single out exposures and collateral that are highly exposed to transition risks on the one hand, and physical risks on the other.

Although the above-mentioned top down approach is a logical first step (as currently more data are available for sectors than for individual firms) and is a useful means to get quick insights, the added value is limited since sectoral data do not take into account the large differences between firms within a sector (type of companies' production processes and technologies, company specific strategies

and dynamics over time, etc.). They must therefore be complemented by bottom-up analyses, i.e. assessments performed at individual firm/asset/exposure level, taking into account the unique characteristics of each firm/asset/exposure.

We are currently deep diving into individual ESG risk profiles with the development of an **in-house scoring methodology** for corporate exposures that takes climate concerns into account, as well as other ESG factors. This methodology will enable us to assign ESG ratings to our counterparties and rank them in function (inter alia) of their exposure to ESG factors, their willingness to take ESG issues into consideration, their ability to assess and measure ESG risks and opportunities, their capacity to monitor ESG risks, their current ESG risks management practices, the results of their mitigation actions, their level of transparency, and their overall performance in this area.

Engaging more deeply with our customers in order to better understand where they stand, what their key issues are, how they plan to transition to a low carbon economy and how Belfius can support them to this end, is also part of the exercise and will feature high on the agenda in 2022 as well.

Operational risks

For several years, attention has been dedicated to the impact of climate-related risks on Belfius' operational resilience. The bi-yearly threat analysis exercise measures the impact of physical risks, including natural disasters on assets (including data centers), with a view on business continuity. If necessary, adequate mitigating actions are then taken to ensure ability to continue or quickly resume critical activities in case of extreme events. It should also be noted that most critical activities are executed simultaneously in different places and that the use of adequate technologies are also limiting the potential impact of climate-related risks on activities.

We have also significantly strengthened our approach regarding our suppliers with the set-up of a specific ESG due diligence screening process. Since 2020, Belfius further detailed and sharpened its commitments towards sustainable procurement. The Procurement Policy has been reviewed with the aim of integrating ESG considerations into the supplier selection process. Furthermore, we collaborated with an external partner to develop a Sustainability Code of Conduct for Suppliers that defines principles to comply with. As part of this process, Belfius launched a vendor assessment and monitoring initiative in late 2021.

Other risks

In order to better identify and assess risks in our investment activities and increase climate disclosures and practices relating to climate, we (through BIP) engage with our asset managers on a range of responsible investment topics such as exclusions, regulatory requirements and active ownership.

- **Candriam** actively engages with investee companies on Belfius' behalf to improve access to climate-related information so as to better assess companies' exposure, support alignment with TCFD recommendations and encourage efforts to improve the disclosure of Scope 3 emissions
- **BlackRock** engages with investee companies regarding their climate risk disclosures and practices by requesting that investee companies disclose a net-zero aligned business plan consistent with their business model and sector. BlackRock also encourages companies to disclose how considerations related to having a reliable energy supply and just transition affects their plans
- **JP Morgan** also implements its investment stewardship priority climate risk. Acting on Belfius' behalf, they encourage investee companies to embed climate-related considerations into corporate strategy and report on their climate risk exposure, as outlined by the TCFD

7.1.3.2. Climate risk management

We are gradually integrating the ESG dimension, including climate, into Belfius **policies, guidelines and processes**, including credit acceptance policies, underwriting standards, pricing guidelines, collateral valuation tools and our suppliers' charters, amongst others.

ESG risks have been included in our Risk Taxonomy as potential drivers of credit, market, operational, strategic, business and reputational and legal risks.

ESG-related considerations have also been embedded into the risk management framework and various transversal processes. Dedicated surveys have been carried out in the yearly RICAP and SARIC exercises for example (risk identification & cartography assessment/self-assessment of risks & internal controls), that include the proper identification and assessment of ESG-related risks across the organisation. Climate and other ESG factors are considered in the relevant product approval processes.

Furthermore, Belfius published a Transition Acceleration Policy (TAP) in 2021 that imposes restrictions and conditions on eight controversial or sensitive sectors and business areas (i.e. tobacco, gambling, weapons, energy, mining, palm oil and soy, and agricultural commodities). This policy is expected to gradually evolve over time to include additional climate risk sensitive sectors.

The TAP is applicable to the whole group, all types of activities, and was immediately applied to new customers. Customers who were not in line with our guidelines were not onboarded since the introduction of our policy, and the TAP is currently being applied to existing customers on a progressive basis as well. Our commitment to the TAP has triggered modifications to other policies and guidelines, such as our credit acceptance policy and investment risk framework.

Finally, the Risk Appetite Framework (RAF), which already included social and governance key risk indicators, was also further enhanced in 2021 with a revision of ESG-related qualitative statements and the inclusion of additional ESG quantitative risk indicators. These included monitoring (with a targeted reduction) of own asset emissions and general ESG indicators such as the improvement of the Belfius ESG rating, or Belfius' progress with respect to the execution of its ESG action plan. Belfius aims to gradually extend the number of key risk indicators to include indirect impacts (through financed activities) and the implementation of additional and more granular targets and limits.

To better implement and integrate climate risks within risk management, the opinions of supervisory authorities such as the ECB and EIOPA are also closely monitored and implemented.

Belfius is also building a complementary **ESG Risk Dashboard** in which additional metrics across several dimensions (including measurement of data availability, share of vulnerable counterparties/assets, progress towards impact targets, etc.) will be included. This tool will lay the foundations for the comprehensive management of ESG risks globally and will be used to both support strategic objectives and ensure the institution's global resilience.

The dashboard, when mature, together with other risk management tools such as climate stress tests, materiality assessments and ESG scorings, is expected to further enrich the Risk Appetite Framework over time, translate into ESG-related limits at portfolio or individual level and lead to adjustments to our TAP, such as the expansion of exclusions and restrictions.

7.1.3.3. Integration of climate risks into overall risk management

Belfius' risk mapping was adjusted in 2021 to reflect the integration of ESG as a new risk driver in the risk taxonomy. The mapping process allocates related responsibilities to the first and second lines of defence for each risk category.

Awareness of the first line of defence towards ESG risks and their identification has recently been raised through the SARIC process, the RICAP exercise, the New Product Approval Process (NPAP) adjustment and different webinars.

The third line of defence is also playing its role with a first internal audit regarding the Belfius ESG action plan performed in 2021. Climate-related risks are therefore being progressively integrated into the organisation with each line of defence in its traditional role, but extended to new risk drivers.

For the second line of defence, a detailed roadmap has been designed as part of the overall ESG action plan submitted to the ECB in May 2021. The roadmap details the actions to be undertaken for the proper and comprehensive risk management of ESG risks, including climate-related ones. A webinar on ESG risks has been set up to raise awareness and share global expectations and planning. Follow-up of the plan's implementation is performed by the ESG Risk Competence Centre to ensure each risk team meets its individual objectives for ESG risk integration.

7.1.4. Metrics and Targets

With regards to its own operations, Belfius already monitors several climate-related or environmental metrics: GHG emissions, energy consumption, water consumption, waste generation, number of green certified buildings, etc. We also disclose the carbon footprint of our own operations (Scope 1, Scope 2 and Scope 3 except financed emissions), calculated with the support of our partner CO2logic in line with GHG Protocol standards. Currently, we have an ambition to decrease our operational carbon footprint covering Scope 1, Scope 2 and Scope 3 emissions (excluding financed emissions) by 20% in 2025, in comparison with our base year emissions of 2019. For more details, please refer to sections 8.1. and 8.2. of this report.

At Belfius, we recognise that the majority of our carbon footprint comes from our financing activities. We understand the magnitude of the challenges posed by climate change and we are aware of the critical role that the financial sector plays in enabling the transition. To this end, we strengthened our climate action by joining the SBTi (the Science Based Targets initiative) at the beginning of 2022 and committed to establish concrete objectives for both our own operations and our financed emissions in line with the Paris Climate Agreement to limit global warming to well below 2°C above preindustrial levels and pursuing efforts to limit temperature increase to 1.5°C.

Accordingly, we joined PCAF (the Partnership for Carbon Accounting Financials) in 2021 so as to be able to use the PCAF GHG accounting standard to account for carbon emissions associated with our financed emissions. We are currently in the process of collecting data to complete a first computation of financed emissions.



For the upcoming years, Belfius will be working towards significantly improving the disclosure of climate-related metrics and aims to disclose consistent data across absolute, intensity and forward-looking metrics that predict the financial impact of climate-related risks and opportunities that evaluate the alignment of carbon footprint to climate scenarios.

While this exercise is in progress, BIP can communicate some information on carbon emissions of the investment products that are actively advised by Belfius, starting from 2021.

Absolute carbon footprint

(in Mio tonnes CO ₂)	2021
Belfius and Candriam labeled funds (incl PSP & My Portfolio), actively advised by Belfius, managed by Candriam	1,060,705
o.w. article 9	147,345

Weighted average carbon intensity

(Ton CO ₂ eq/EUR millions revenues)	2021	
	Portfolio	Benchmark
Article 9 Belfius and Candriam labeled funds, actively advised by Belfius, managed by Candriam	139	183

7.2. Aligning with the EU Taxonomy

7.2.1. Belfius Taxonomy mandatory reporting

The EU Taxonomy regulation provides a classification of environmentally sustainable economic activities on the EU market according to six environmental objectives: climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems. This legislation and the subsequent Disclosure Delegated Act and Annexes impose sustainability disclosure obligations to actors on the EU market such as financial market participants and companies subject to the Non-Financial Reporting Directive (NFRD).

The implementation of this legislation will be gradual, which should enable involved actors to gather the necessary underlying information on the technical criteria defining sustainability, and to perform the mandatory sustainability calculations. As a credit institution, Belfius Bank will publish its **Green Asset Ratio (GAR)**, or the share of environmentally-sustainable activities complying with the EU Taxonomy criteria over its total assets, in its Sustainability Report when legally required. While Belfius Insurance will not only report the share of environmentally sustainable investments over its total investments, but also the gross premiums written of its non-life insurance revenues contributing to the climate adaptation objective.

In the meantime, the first exercise requires financial undertakings to publish a first set of limited information. In the sections below, the results consolidated for Belfius Bank Group and Belfius Insurance Group are presented.

7.2.1.1. Taxonomy disclosure on Belfius Bank balance sheet

The following table provides Belfius Bank mandatory disclosure. It shows information on the counterparties and instruments that will not be included in the sustainability-calculations in the next few years. The data used to define on-balance sheet assets in this table are aligned with the definitions of the Commission Implementing Regulation (EU) 2021/451 on financial reporting (FINREP) consolidated at group level.

Taxonomy mandatory reporting for Belfius Bank activities

	Total Gross Carrying amount (in bn EUR)	% coverage over total assets	% coverage over basis for GAR calculations
TOTAL ASSETS	177.34	100%	
Of which total exposure to central governments, central banks and supranational issuers	53.21	30%	
Of which trading portfolio	8.75	4.94%	
TOTAL ASSETS CONSIDERED IN THE GAR (EXCLUDING EXPOSURE TO CENTRAL GOVERNMENTS, CENTRAL BANKS AND THE TRADING PORTFOLIO)	115.39	65.06%	100%
Of which total exposure to derivatives not in the trading portfolio	0.83	0.47%	0.72%
Of which on demand inter-bank loan	9.35	5.27%	8.10%
Of which total exposure to undertakings not subject to NFRD	40.64	22.91%	35.22%
Of which non-EU counterparties	9.67	5.45%	8.38%
Of which SMEs or NFCs not subject to NFRD ⁽¹⁾	30.96	17.46%	26.84%

(1) It is worth mentioning that the identification of non-financial undertakings subject to the NFRD may present some challenges, especially in the case of large international groups and holdings due to lack of qualitative data.

As the leading bank for public institutions in Belgium, Belfius' sovereign exposure is unsurprisingly high at 30%. Unfortunately, this exposure will have no influence on our taxonomy alignment report as they are entirely excluded from the GAR calculations. In addition, as a Belgian bank, Belfius has few non-EU counterparties in its portfolio, yet a large exposure to SMEs. The limited reporting obligations for small and medium enterprises and their exclusion from the numerator of the sustainability calculations is expected to have an influence on Belfius' future green asset ratio calculations.

In 2021, Belfius organised seminars for various customer groups around sustainability. These events offered an opportunity to explain the overall principles of the EU Taxonomy and shed light on the expected impact of this piece of legislation on their activities. It also enabled us to start discussing the support Belfius could provide in taking steps towards their ESG ambitions. Besides working with our clients, we organised various webinars and trainings on the EU Sustainable Finance Action Plan for our internal stakeholders. Further trainings on the Taxonomy and related regulations will be rolled out in 2022, enabling Belfius bankers to have better-informed discussion with our clients and ensure robust implementation of the new legislation.

In order to better account for taxonomy-eligible and taxonomy-aligned activities, Belfius is analysing the need to adapt its internal IT system. During 2022, Belfius will start working on the development of further sustainable lending products and project finance, in line with the EU Taxonomy, thereby supporting its customers in improving their own alignment with the sustainability criteria defined by the EU.

Belfius considers the EU Taxonomy as an essential tool to support the climate transition strategy, next to the Science-Based Target setting. The EU Taxonomy will be used as a means to identify climate-solutions and opportunities of financing, and in particular as a metric enabling Belfius Group to better track its contribution to financing assets positively contributing to climate objectives. Future development of the Taxonomy to the six environmental objectives will allow us to further identify environmentally-sustainable activities and increase our exposure to green activities.

In parallel, Belfius aims to limit its risk exposure and the adverse impact it has on several ESG major issues. Hence, the Group is revising its Transition Acceleration Policy and will consider, amongst other, the technical criteria defined as significantly harming the environment, assessing their relevance and practicality of implementation.

7.2.1.2. Taxonomy disclosure on Belfius Insurance balance sheet

Belfius Insurance assets are presented here according to the guidelines of the Taxonomy Disclosure Delegated Act.

Taxonomy mandatory reporting for Belfius Insurance balance sheet

	Total Gross Carrying amount (in bn EUR)	% coverage over total assets	% coverage over basis for GAR calculations
TOTAL ASSETS	17.32	100%	
Of which total exposure to central governments, central banks and supranational issuers	6.82	39.40%	
TOTAL ASSETS CONSIDERED IN THE GAR (EXCLUDING EXPOSURE TO CENTRAL GOVERNMENTS, CENTRAL BANKS AND SUPRANATIONAL ISSUERS)	10.31	59.54%	100%
Of which total exposure to undertakings not subject to NFRD	1.08	6.22%	10.45%
Of which non-EU counterparties	0.60	3.44%	5.79%
Of which SMEs or NFCs not subject to NFRD ⁽¹⁾	0.48	2.78%	4.66%

(1) It is worth mentioning that the identification of non-financial undertakings subject to the NFRD may present some challenges, especially in the case of large international groups and holdings due to lack of qualitative data.

7.2.1.3. Taxonomy disclosure on Belfius Insurance non-life insurance and reinsurance activities

The European Commission has defined specific economic activities that can qualify as sustainable linked with 6 environmental objectives in the EU Taxonomy. One of those objectives is climate adaptation, aiming at reducing or preventing the adverse impact of the current or expected future climate, or the risks of such adverse impact. The Non-Life Insurance activity, or the underwriting of climate-related perils, contributes to climate adaptation by supporting people, households and businesses facing life hazards such as natural catastrophes.

Two business lines foresee climate-related covers, other motor insurance (i.e. omnium car) and fire and other damage to property insurance. These two business lines represent 50.71% of the overall amount of premiums on consolidated level (Belfius Insurance SA and Corona SA). The following tables provide the detailed breakdown of insurance and reinsurance activities that could contribute to climate adaptation according to the EU Taxonomy.

Taxonomy eligibility reporting for non-life insurance and reinsurance activities

	Absolute Premium in Mio consolidated ⁽¹⁾	Proportion of premiums in % consolidated
Non-Life insurance and Reinsurance underwriting Taxonomy - eligible activities	389.88	50.71%
Of which reinsured	9.9	1.29%
Of which reinsured stemming from reinsurance activity	0.36	0.05%
Of which reinsured (retrocession)	0.25	0.03%
Non Taxonomy-eligible activities	379.01	49.29%
TOTAL TAXONOMY ELIGIBLE AND NON-ELIGIBLE NON-LIFE INSURANCE AND REINSURANCE ACTIVITIES	768.88	100%

(1) Belfius Insurance SA and Corona SA (= Belfius Insurance consolidated).

The data provided is the data used for the financial statements on December 31st, 2021. Therefore, no proxies were used. It should also be noted that in keeping with the objective to facilitate reporting during the first two years, when the Line of Business-level analysis had confirmed there was climate-related cover, the full Gross Written Premium (GWP) for that line of business had been reported as eligible.

7.2.2. Belfius Bank and Insurance Taxonomy voluntary reporting

7.2.2.1. Voluntary complementary disclosure on eligibility for the EU Taxonomy

Since eligibility reporting should be based on actual information provided by our underlying counterparties, additional information on eligible activities provided here are based on estimations. Such information is relevant to gain a better understanding of the mandatory eligibility-reporting of next year and the expected size of our GAR, or its limit, in the future alignment-reporting.

Taxonomy voluntary eligibility reporting for Belfius Bank activities

	Total Gross Carrying amount (in Bn EUR)	% coverage over basis for GAR calculations
TOTAL ASSETS COVERED IN THE GAR	115.39	100%
Taxonomy eligible activities	39.94	34.62%
Taxonomy non-eligible activities	12.37	10.72%

In line with the methodology described in Annex V for credit institutions, the eligible activities have been identified based on loans and advances with known use of proceeds to households, and local authorities, as well as large project within the EU. For such products, we capture information on the destination of our financing in our internal systems and do not rely on third-party information. The eligible activities identified at present mainly concern real estate activities and motor vehicle loans for households. Next, financing of public housing was also included in the eligible activities when it could be identified. Finally, the eligible activities include the project finance portfolio. A large part of these projects are related to electricity generation using renewable energy, infrastructure projects for personal mobility or rail transport, as well as some projects on construction of new building.

As eligibility-related information has not yet been disclosed by undertakings subject to the Non-Financial Reporting Directive (NFRD), the identification of eligible activities without known use of proceeds have been voluntarily identified based on information from our external data provider on the estimated taxonomy alignment of counterparties subject to NFRD and completed with a screening according to the EU Taxonomy NACE alternate classification mapping provided by the Platform on Sustainable Finance. However, this selection was based on the primary activity of the counterparty. Disclosure of our counterparties activities, and their relative size, would influence the results presented in this table in the following years.

The eligibility reporting of off-balance sheet exposures, such as our assets under management of Belfius Investment Partner, are not included in this report due to the lack of reported information on the underlying investees, which would only lead to distorted information for this first report.

7.2.2.2. Voluntary complementary disclosure on Belfius Insurance investment activities

In line with the methodology described in Annex IX for insurance and reinsurance undertakings, at the level of the portfolio underlying direct insurance products, investments associated with eligible activities have been identified voluntarily based on direct and indirect investments, including investments in collective investment undertakings and participations, loans and mortgages, and property.

As eligibility-related information has not yet been disclosed by undertakings subject to the Non-Financial Reporting Directive, the identification of eligible activities have been voluntarily identified based on the same methodology as Belfius Bank's portfolio for undertakings subject to NFRD without known use of proceeds. For this first exercise, identification of investments in debt securities such as sustainable bonds or projects with the purpose of financing specific identified activities have not been possible due to lack of quality data.

Taxonomy voluntary eligibility reporting for Belfius Insurance investment activities

	Total Gross Carrying amount (in bn EUR)	% coverage over basis for GAR calculations
TOTAL ASSETS COVERED IN THE GAR	10.31	100%
Taxonomy eligible activities	4.98	48.31%
Taxonomy non-eligible activities	3.1	29.97%

8. Going green in our own operations

The ambition to reduce our carbon footprint for our internal operations by 20% by 2025 (compared to 2019) is being executed in partnership with CO2logic.

In 2019, Belfius was the first banking and insurance company to be awarded the CO₂-neutral[®] label by CO2logic, a direct result of our efforts to reduce, but also offset, our residual emissions. Since then, we have been pursuing our approach with an ambitious plan to continue reducing these residual emissions. Our plan's results with respect to the various indicators certified for this purpose are presented below.



The Covid crisis that we have been going through for the past two years has accelerated the change that Belfius had already initiated to encourage homeworking and to develop a corporate culture based on trust and autonomy. Consequently, the balance sheet presented below also includes a carbon footprint for homeworking.

In addition, Belfius has decided to expand its scope beyond its main and regional headquarter buildings and salaried branch network to include the independent branch network and outsourced IT operational activities, all the while maintaining our target of a 20% reduction in emissions between 2019 and 2025.

8.1. The Belfius Group's carbon footprint

Belfius is well aware of the carbon footprint of its operations, including that of its buildings and that related to the mobility of its employees. For several years we have been implementing various actions to better manage this impact. Belfius recognises that, on average, 98-99% of a financial group's carbon impact comes from financed emissions. This is discussed in section 7.1.4.

The carbon footprint of our operations, validated by CO2logic, reflects the greenhouse gas emissions related to the functioning of the Belfius Group according to a financial control consolidation scope.

The calculation method is based on the GHG protocol standard, the most widely used standard in the world for accounting for greenhouse gas emissions and proposed by the Partnership for Carbon Accounting Financials (PCAF). The method covers the seven gases addressed by the Kyoto Protocol: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PCFs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). We convert these different gases into a

single unit, a 'CO₂ equivalent', using conversion factors from Ademe, DEFRA, Ecoinvent and the International Energy Agency.

Our emissions depend to a large extent on our consumption of fossil fuels. Their decrease in 2021 (-37% compared to 2019, at constant scope) is mainly linked to the health crisis and the significant increase in homeworking, in addition to our efforts to reduce CO₂ over several years.

The extension of the scope to outsourced IT operations and independent network branches in 2021 brings our current footprint to 18,421 tonnes of CO₂.

Emissions of CO₂ by source (in tonnes of CO₂)

	2019	2020	2021	Evolution from 2019 to 2021
SCOPE 1	8,581	6,831	5,491	-36.0%
Gas consumed	3,158	2,644	2,634	-16.6%
Heating oil	64	68	119	87.0%
Vehicles owned (company car, Flex business travel refunds)	4,259	3,020	2,554	-40.0%
Refrigerants	1,100	1,100	184	-83.3%
SCOPE 2	-	-		
Electricity consumed (market-based method)	-	-		
Electricity consumed (location-based method)	3,663	3,113	2,407	-34.3%
SCOPE 3	7,289	4,509	12,930	77.4%
ICT services			133	
Paper consumed	776	665	621	-20.0%
Water	25	10	4	-83.3%
IT material			2,112	
Waste (paper, cardboard, PMT, unsorted)	120	50	59	-50.6%
Home-work-home travel (impact of homework included)	5,615	1,774	2,312	-58.8%
Business travel	609	116	248	-59.3%
Transporting mail & valuables	145	108	90	-38.0%
Branches independent network Belfius (heating, electricity, refrigerants)			6,104	
Indirect emissions related to scope 1 & 2	-	1,787	1,246	
TOTAL EMISSIONS ACCORDING TO MARKET-BASED METHOD	15,870	11,340	18,421	16.1%

- **Scope 1** includes direct emissions related to the gas and oil heating of the Belfius Tower (Brussels), regional headquarters and salaried agencies, as well as fuel related to service vehicles, company cars and business trips made with private vehicles, including leasing. The improvement in the loss of refrigerant gases from buildings' cooling systems can be ascribed to better data collection.
- **Scope 2** covers emissions related to electricity consumed in central and regional buildings and employee branches. Since 2008, our electricity consumption has been fully covered by European guarantee of origin labels certifying that this energy is "green". We continue to exclusively subscribe to this supply method. As in previous years, we also account for the indirect impact of green electricity (related to the production of solar panels, wind turbines, etc.) in scope 3.
- **Scope 3** includes indirect emissions, primarily related to commuting (excluding company cars, included in scope 1) and, to a lesser extent, paper consumables. Scope 3 also includes water consumption, waste and business travel. Since 2020, indirect emissions related to the production process of the resources we consume (gas, fuel oil, vehicles and electricity) and estimated emissions related to homeworking have also been added. From 2021 onwards, scope 3 will also include the carbon footprint of outsourced IT operational activities and the CO₂ emissions of the independent Belfius branch network.

8.2. Offsetting and carbon neutrality

In order to achieve carbon neutrality in our own operations, we first strive to reduce our energy and paper consumption, travel and waste, with the help of CO2logic. The aim is to reduce our carbon footprint by 20% between 2019 and 2025, despite the extension of the scope of operations in 2021.

Beyond this goal, Belfius already takes its responsibility by fully offsetting the remaining incompressible climate impact of its own operations to achieve carbon neutrality (excluding the financed emissions). To do this, we finance climate projects certified by either the Gold Standard or the Verified Carbon Standard in developing countries. For 2021, we have offset 18.4 thousand tonnes of CO₂ by renewing our participation in the financing of two climate projects:

- Drinking water in Rwanda (offsetting 9.2 thousand tonnes of CO₂): our contribution allows us to provide over 5.9 million litres of drinking water to around 2,300 people. This preserves 30 hectares of forest per year, as water no longer has to be boiled on wood fires before consumption.
- Wind farm in India (offsetting 9.2 thousand tonnes of CO₂): Belfius' contribution represents 9.4 thousand MWh of wind energy and covers the consumption of around 8,700 households for one year.

In the long term Belfius aims to create its own climate project to offset its residual emissions.

8.3. Reduction of consumption and waste

8.3.1. Saving energy

Using energy more efficiently and choosing renewable sources are key to combating climate change and reducing the overall environmental footprint of an organisation. Belfius is therefore actively working to reduce the environmental footprint and carbon intensities associated with its operational activities, as well as its upstream and downstream activities.

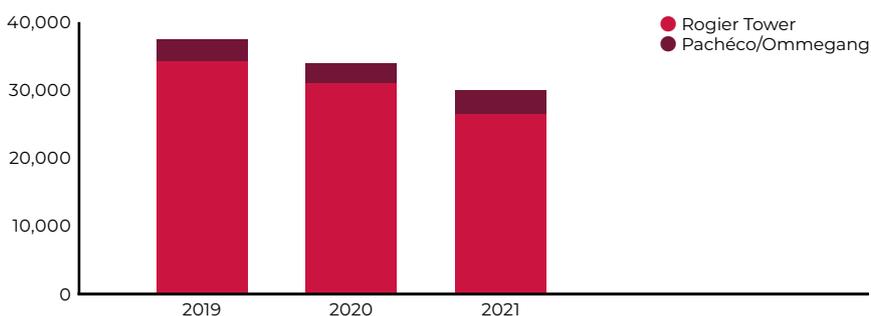
We are already in the process of accelerating the replacement of our light fittings with LED models that consume much less energy and we are installing presence sensors in areas that are used intermittently, such as meeting rooms. In the future we will also continue our reduction in heating temperature, which began in 2021.

The Covid-19 issue has also influenced air treatment as we have replaced air filters with models that meet current health requirements with better filtration capacity for particles that could carry viruses. These filters also carry an additional gain in terms of energy, with fewer load losses.

In tandem to this, we are tracking possible gas leaks in the cooling systems of all of our buildings - another potential source of emissions.

Consumption of primary energy at the central offices in Brussels

(in MWhep)



OUR COMMITMENT

Be and remain carbon neutral,
with an ever-shrinking
footprint



OUR COMMITMENT

Opting for
100% green electricity

Regional offices are also taken into account: our planned Namur site is already equipped with photovoltaic panels, a green roof, energy-saving equipment and programmable circuits to optimise the site's consumption, as well as a rainwater circuit for sanitary facilities. The building uses no fossil fuels.

In order to reduce energy consumption, lighting in employee and independent branches is almost exclusively LED. Branches are gradually being equipped with solar panels in order to reduce their current use of fossil fuels. Currently, five Belfius branches have solar panels.

Since 2019 salaried and independent branches are also gradually being equipped with Nanogrid. This application makes it possible to constantly monitor energy consumption in the premises and to adjust it in real time, or to carry out the necessary interventions to structurally correct anomalies. Around 90 branches already have this system, saving 30-40% on gas and electricity. All branches should be equipped by 2025.

As with our central buildings, we are also tracking down possible gas leaks in the cooling systems of our branches as another potential source of emissions.

New buildings and major renovation projects use the latest techniques in energy-efficient and socially responsible construction: insulation and ventilation to the latest standards, LED lighting, heat pumps and, where possible, the installation of solar panels. Environmental impact is taken into account with regards to the choice of materials.

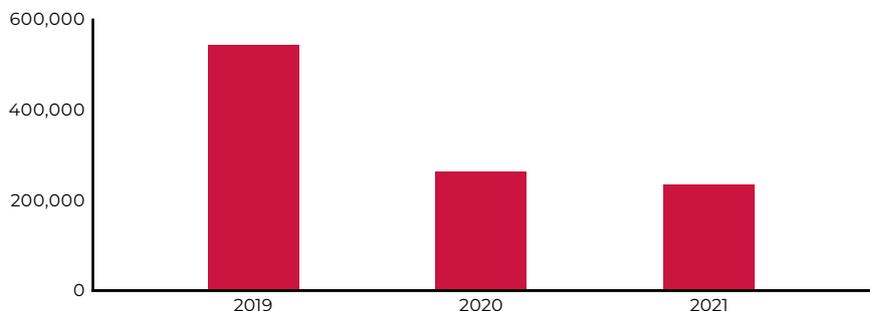
Where appropriate, branches with the highest CO₂ impact are closed and integrated into other more energy-efficient branches or into new construction projects.

8.3.2. Steadily decreasing waste

Belfius pays particular attention to the management of natural resources. To this end, we are working both to limit the production of waste (mainly office waste, but also catering and hygiene waste) and increase recycling. We regularly analyse the feasibility of new waste management and recycling methods.

In 2021, as in 2020, the homeworking measures imposed as part of the Covid crisis had a positive impact on the level of waste to be processed. At our head office, volumes were down by -57% compared to 2019. Belfius aims to maintain this trend and achieve a total reduction of 50% between 2019 and 2025.

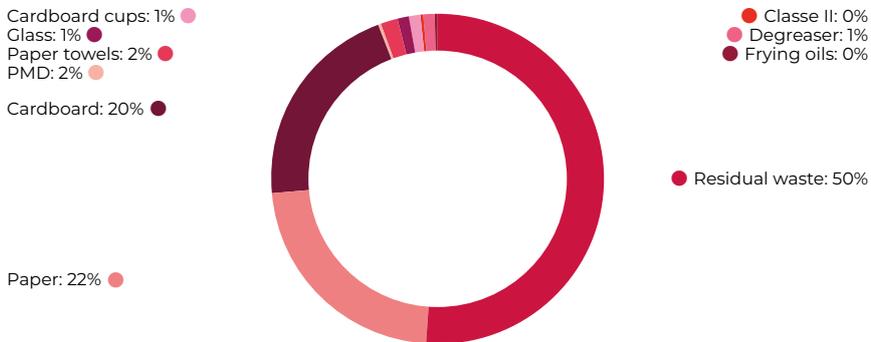
Production waste at the Brussels head office (in kg)



The waste generated at both the Belfius Tower and regional headquarters is sorted using sorting bins installed on all floors. These are collected by the cleaning company. Some of the waste goes into the processing chain of the local municipal services, while other waste is collected by specialised companies.

The graph below shows the distribution of different categories of waste. Electronic equipment (servers, laptops, tablets, telephones, etc.) is not included as Belfius operates through leasing contracts for IT equipment.

Production waste at the Brussels head office



Paper (confidential & non-confidential), cardboard, paper cups and paper towels are recycled.

Belfius is continuing its efforts to limit waste at source. During the few weeks that the company restaurants were able to function normally, our “Too Good to Go” program that makes uneaten meals available to be taken home was particularly effective. The close monitoring of staffing levels in our buildings has also enabled us to manage food stocks more accurately. These measures have proven to be effective in reducing food waste.

Together with a new caterer, we have set ambitious targets for 2022 to further reduce food and non-food waste at Belfius headquarters and at our new building in Namur. These include composting food waste or converting it into biogas, using sustainable products, shorter production chains and eliminating single-use plastic.

By 2025, Belfius also plans to reduce the volume of residual (unsorted) waste and paper to be recycled and to increase the proportion of waste that is recycled, i.e. through internal campaigns to raise awareness amongst employees.

8.3.3. Less and less paper

During 2021, Belfius continued its efforts to reduce the amount of paper used in its operations through various digitalisation projects and innovative digital processes offered to its employees and customers.

Employee awareness, coupled with the widespread use of laptops, has resulted in a 24% reduction of paper used for printing and photocopying versus 2019 - almost all of which is FSC certified.

Branches have also reduced their printer fleet by 65% by end 2021, as planned. Finally, Belfius is continuing its efforts to reduce the printing of its customers’ account statements through the digitalisation of insurance products and banking services.

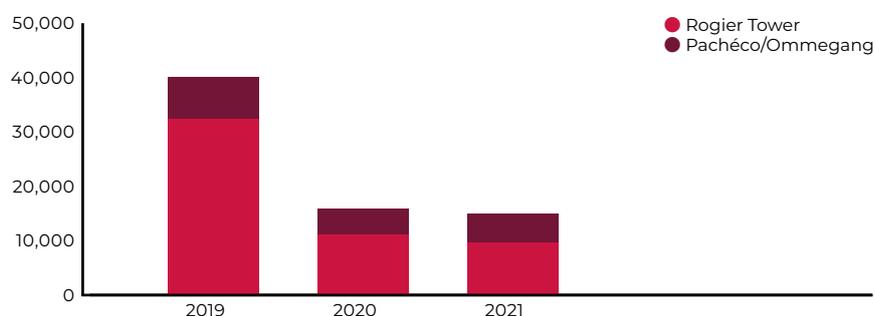
8.3.4. Water consumption

The intensive exploitation of water resources and the increased frequency of flooding make water management a major issue in Belgium. For this reason, Belfius constantly monitors the water consumption of its central offices and quickly intervenes in the event of leaks.



In 2020 and 2021, our sharp decrease in water consumption was due to the increase in homeworking generated by Covid measures.

Water consumption at head office in Brussels (in m³)



8.4. Fleet and commuting

The current health crisis and associated mandatory homeworking have significantly reduced commuting in 2020 and 2021. As a result, CO₂ emissions have decreased by 40% compared to 2019.

In 2022 Belfius will implement a new structural homeworking status. This will allow employees to work mainly from home, which will further reduce commuting and associated CO₂ emissions.

From 2022 onwards, employees entitled to a company car will be directed towards a catalogue of exclusively electric or hybrid cars. Belfius will pay for the installation of a charging point at home, as well as electricity consumption related to recharging.

Head offices and branches will gradually be equipped with additional charging stations. From 2022, the Belfius Tower will have 56 new charging points, in addition to the existing 17. As for the salaried and independent branch networks, each new construction project with a sufficiently large car park will include charging points.

Today, 71.8% of employees at our Brussels headquarters use public transport to get to work and 2.8% make the entire journey by bicycle or on foot. These figures are the result of an ambitious mobility plan that has been in place since the early 2000's, the main ingredients of which are: free public transport and parking at the station, a mileage allowance for cyclists and pedestrians, facilities for cyclists and motorcyclists (secure parking, changing rooms, showers) and a car-sharing bonus. The plan also discourages solo car use, as parking is charged for employees who travel to work in Brussels alone in their car or on a motorbike.

Main mode of transport for home - to - work journeys Belfius Group

	2019	2020	2021
Public transport	57.5%	57.8%	68.4%
Private motorised transport (car, motorbike, carsharing)	38.4%	38.0%	26.0%
Active modes (walking or cycling)	4.1%	4.2%	5.6%

8.5. Sustainable purchasing

At Belfius, we envision including all our stakeholders in our journey towards a sustainable future, so we actively engage with our vendors in this ambitious project. We commit to meet our stakeholders' expectations, while creating value through a sustainable purchasing policy that considers economic, social and environmental dimensions.

In 2021 Belfius worked with 3,712 suppliers, of which 85% were local Belgian companies and the majority of these being service providers. Of these suppliers, 803 operate under established Belfius contracts and are therefore actively monitored in terms of financial health and regulatory compliance. Of these 803 actively monitored suppliers, 297 are strategic and critical suppliers (mostly IT, digital systems and solutions providers) and make up 70% of our global procurement spend. We pay close attention to the fact that our values and commitments are respected throughout the supply chain by including environmental, social and governance (ESG) criteria in our purchasing processes.

In 2021, one contract was ended due to a data breach at a certain supplier and Belfius reported the fact to the Belgian data protection authority.

Since 2020, Belfius has further detailed and sharpened its commitments towards sustainable procurement. Our group reviewed its procurement policy with the aim of integrating ESG considerations into its supplier selection process. Furthermore, for the first time we have collaborated with an external partner to develop a [Sustainability Code of Conduct for Suppliers](#) that defines important principles to comply with.

Suppliers of goods and service that Belfius wishes to engage with must:

- Comply with environmental and social laws and regulations
- Sign and comply with our Sustainability Code of Conduct for Suppliers

Since 2021, suppliers are also assessed on their sustainability practices and ambitions, which constitutes an important factor in evaluation and decision making with regards to suppliers.

In order to support this process, Belfius has chosen EcoVadis, a global ESG rating company serving as one of the leading authorities in this domain, to assist vendors in conducting sustainability performance assessments. As a first step in our ESG assessment programme, our target is to evaluate 70% of our total vendor spend by the end of March 2022. The current results are encouraging so far: 90% of covered spend has already been assessed and no supplier has an insufficient score. Belfius intends to follow up closely on the final results.

Walloon Green Deal

As part of the regional Green Deal initiative promoting circular economy via purchasing activities signed in 2019, Belfius committed to launching at least two circular purchasing pilot projects in Wallonia by 2022. These projects are well underway in the area of work apparel laundry and catering.

8.6. Sustainable IT

As part of its sustainability journey, Belfius is assessing its IT systems to meet its green ambitions. Since its creation in 2020, Belfius has been a founding member of the Belgian Institute for Sustainable IT (ISIT-BE). The ambition of ISIT-BE is to bring together companies, organisations and individuals and help them reduce the environmental and social footprint of their IT systems. In 2021 Belfius signed the ISIT-BE charter as a token of its commitment towards more sustainable IT.

Following the principles contained within the charter, the Belfius IT department has defined several sustainable IT objectives that are aligned with broader Belfius ESG commitments and linked to a pragmatic yearly action plan. The 2021 action plan has yielded an initial set of results, most notably:

- A Sustainable IT Manager has been appointed and a Steering Committee representing various IT domains has been set up to determine and follow up on the action plan;
- From 2021 onwards (figures to be published in 2022), the environmental footprint of our IT systems will be integrated into the overall calculation of Belfius CO₂ figures. This means that it will also be offset to achieve CO₂ neutrality;
- The Belfius Sustainability Code of Conduct is being rolled out to all IT service providers, while ESG screening of IT service providers has also been initiated (also see section 8.5.);
- The replacement of desk phones by “softphones” (based on voice over IP technology) is ongoing;
- A detailed impact analysis of our digital channels has been launched.

Our IT infrastructure is to a large extent already operating in an environmentally friendly way since our data centres use hydro-electric energy. To further optimise our use of computer hardware and, as such, reduce its environmental footprint, the following activities are planned for 2022:

- Mainframes will migrate to the newest IBM technology (z15) which consumes significant less energy
- As part of a broader Cloud strategy, some applications will be moved to the Belfius cloud, resulting in a more optimised use of computing and digital storage infrastructure
- A workplace equipment renewal cycle will be launched taking into consideration sustainability criteria
- Ethics and explicability of artificial intelligence techniques being used at Belfius will receive increased focus
- Following the collation of digital channels impact analysis data, focused actions will be launched to ensure sustainable digital experiences for our customers

9. Community involvement

9.1. Teaming up to tackle social issues

Belfius has a strong tradition of supporting social projects - social commitment is in our DNA and at the heart of our strategy. Every year, Belfius staff actively support various charities and other initiatives. In line with our strategy, we work to create a favourable social atmosphere through meaningful and long-term partnerships with organisations in Belgium that work for those who have been given fewer opportunities in life. We implement projects and initiatives to support children, young people and the disadvantaged, and promote access to culture for all.



OUR COMMITMENT

Supporting our society
year after year through
Belgian charities

9.1.1. Helping young people become more resilient (Red Nose Day)

One out of every five Flemish youths suffer from mental health problems, often with serious consequences - yet tens of thousands of young people do not find the care they need, or have not yet received it.

The Covid crisis has clearly shown how valuable a good relationship between pupils and teachers can be for young people's mental wellbeing. As a consequence, the 2021 Red Nose Day specifically focused on raising funds for a Red Nose Academy that trains teachers to become "Sidekick Sam". A Sidekick Sam is a teacher to whom pupils can open their hearts and to whom they can turn to when they are not feeling well.

To empower teachers to fully assume the role of first point of contact, the Red Nose Academy provides tools and support they did not receive during basic teacher training. These teachings are built around specific topics such as eating disorders, aggression and insecurity, and contain a mix of video materials, written form best practices etc.

In collaboration with VTM, Qmusic and Het Laatste Nieuws, Belfius has supported Red Nose Day from its inception.

Money raised Red Nose Day

(In EUR)	2019	2020	2021
Proceeds from Red Nose Day	4,315,197	N/A	3,061,571

9.1.2. Fighting child poverty (Viva for Life)

Belgium has one of the highest rates of child poverty in Europe. In Wallonia, one in four children grow up in poverty - in Brussels almost one in two does. This social issue affects around 80,000 children in our country. Combatting child poverty must therefore be a strategic priority because we, as Belfius, believe children are the future.

That is why Belfius has been supporting Viva for Life, the biggest end-of-year charity initiative in French-speaking Belgium, that is committed to the fight against child poverty. It is run by the Belgian radio and television station RTBF, in partnership with charity Cap 48 and Belfius, who has been its main sponsor since 2016.

All donations and profits generated through this initiative are managed by Cap 48, which is also responsible for selecting the dozens of supported associations. A total of 151 institutions were supported in 2021 with funds collected in 2020. 57% of donations went to associations for children aged 0-3 years and 43% for children aged 4-6 years. Despite the impact of the Covid-19 pandemic on the Viva for Life initiative, the 2021 edition still managed to raise an impressive EUR 7,512,346, of which EUR 620,545 was contributed by Belfius.

Relative to the Viva for Life campaign, Belfius provides funds for renovation interventions for buildings where relevant organisations are located (on the basis of a call for projects). This includes insulation, energy-saving measures such as appropriate lighting and new heating techniques.

Money raised Viva For Life

(In EUR)	2019	2020	2021
Amount from Belfius ⁽¹⁾	461,137	623,345	620,545
Total raised ⁽¹⁾ for Viva For Life	5,658,352	7,061,534	7,512,346

(1) The "Amount from Belfius" is the amount raised by Belfius through its various programmes, whereas the total raised represents the proceeds raised for Viva For Life in the whole of Wallonia and Brussels.

9.1.3. Supporting the disabled through sport (Special Olympics)

Through Belfius' partnership with Special Olympics Belgium since 2014, we support individuals with intellectual disabilities and encourage their integration into Belgian society through sport. Belfius has been a Diamond Sponsor of this initiative since 2019. Within the context of Covid-19, Special Olympics launched a second edition of its Special Olympics Virtual Games in 2021, which saw the participation of some 7,900 athletes. In order to prepare the athletes, Special Olympics set up a 9-month digital sports programme, supported by media personalities.

9.1.4. Fostering second chance education (Ecole 19)

Since 2018, Belfius has been a sponsor of Ecole 19, a new type of school that trains young people aged 18 to 30 in computer coding. The school does not require a diploma to enter, emphasising the social aspect of this initiative. Ecole 19 is innovative as it is entirely free, there are no teachers, and students progress at their own pace thanks to e-learning and challenges that they must solve alone or in teams to advance in their learning. The course lasts three years. Ecole 19 now counts a



total of 300 active students, has created 70 internships, more than 60 jobs and several students have launched their own start-ups. The school is working to increase the number of female students as the IT sector is experiencing an important gender gap.

9.2. Philanthropy (through our product offer)

9.2.1. Beats

In 2021, Belfius launched Beats, an innovative and combinable banking and telecom offer with a positive impact on Belgian society.

With Beats, Belfius gives its customers the opportunity to mark their choice of one or several societal themes that they consider important. This initiative is a way for Belfius to support projects that are meaningful to its customers:

- Beats for Planet (for clean air for our children) via Airscan. The air quality in and around schools is often particularly poor due to poor ventilation or car traffic and therefore has an impact on the health of our children. Airscan places measuring equipment that monitors many air quality parameters in real time in and around schools with the intention of drawing up an action plan to improve air quality, both outside (CO₂ + fine dust) and inside (which now appears crucial with Covid-19).
- Beats for Health (for the fight against cancer) with My Cancer Navigator. My Cancer Navigator from the Antikankerfonds provides cancer patients with evidence-based information in understandable language, giving them somewhere to go for information and allowing them to choose the most appropriate treatment in consultation with their doctor.
- Beats for People with Red Nose Day (for the mental wellbeing of young people), and Viva for Life (for the wellbeing of children living in poverty).

Since its commercial launch, 148,983 clients have already made a choice: Health is favoured by 28%, followed by Planet (25%) and People (18%). The remainder support all three in equal measure.

9.2.2. Funds of the Future

We offer investment solutions that invest in organisations that aim to tackle social and environmental problems. Belfius adds a further dimension by financially supporting good causes through partnerships with local entities, charities or similar initiatives. Since 2019, EUR 2 million were donated to one of the following selected organisations: Foundation Against Cancer for Cure, South Pole for Climate, Boost for Wo=Men, Tubbe for Be=Long, Responsible Young Drivers for Move and Unicef for Become.

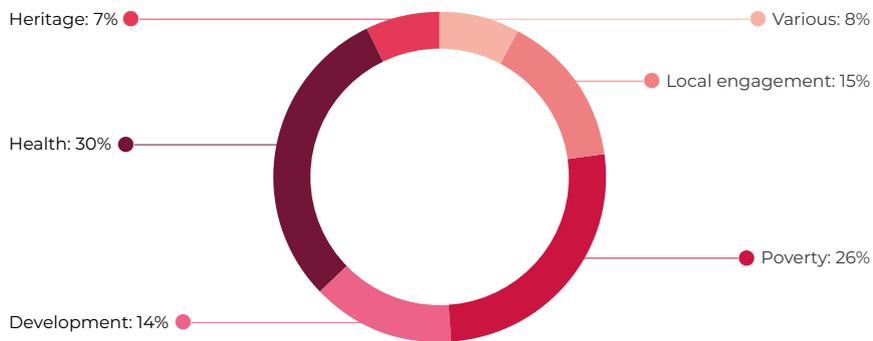
9.2.3. Wealth

The Belfius philanthropy programme offers its wealthier customers a specific framework for including charitable donations as a structural element of their wealth management or estate planning. In this way, Belfius responds to the demand of clients who wish to support certain associations or combat societal problems in a structured manner. Through this programme, Belfius supports its clients in the creation of their own registered fund within an existing structure, such as a public utility foundation or university.

To date, around 1680 funds have been created. In 2021, 233 funds were in operation and more than EUR 6 million were transferred from the estate of Belfius customers to various charities.

Themes chosen by clients range from health, poverty and development aid, to local involvement and heritage preservation, to name but a few.

Allocation of philanthropic funds in 2021



9.3. Social Products

To help the Belgian government's Social Services organisation (CPAS) in their mission, Belfius has developed a series of specific banking products that facilitate access to basic banking services. These products are aimed at those who find themselves in a difficult situation and who are unable to enter the banking system on their own. Belfius has integrated these products into the BelfiusWeb electronic banking application used by the CPAS. In total, Belfius has delivered around 180,000 social products. You can find an overview of our social products [our website](#).

Belfius also offers the Basic Banking Service account and the new Universal account. The Universal account complies with the Universal Banking Service Charter, a charter designed to protect non-digital customers. The Basic Banking Service account consists of a legally regulated service accessible for each consumer legally residing in an EU member state that has difficulty in obtaining a bank account, most often asylum seekers or recognized refugees. Belfius has a leading market share in Belgium in this (46% in 2021 according to a report by Financité).

9.4. Belfius Art

Belfius has been sharing its passion for art with the public for the past decade. Every year, the Belfius Art Gallery on the 32nd floor of the Belfius Tower, our Brussels headquarters, presents a new thematic selection of some 60 works from our collection. The Belfius Art Collection, with more than 4,000 works, is the largest private collection of Belgian art.

In order to allow as many people as possible to enjoy this exceptional artistic heritage even during Covid times, we proposed virtual tours of past and present exhibitions via [our website](#) in 2021, giving many visitors the opportunity to enjoy a digital experience of the Belfius Art Gallery. Our Facebook and Instagram accounts also highlight exhibitions and give the public a glimpse behind the scenes, as well insights on known and lesser known artists from this outstanding collection spanning over five centuries.

Our support of Belgian art also translates to the loan of works from the collection to museums in Belgium and neighbouring countries. In 2021 more than ever, Belfius continued to acquire works by emerging Belgian talents during what was a difficult year for many actors in the cultural scene.

10. Human capital

Led by the company's values and purpose, our employees are the cornerstone of our business' sustainability. Belfius employees continuously develop their skills and contribute to the social and economic development of Belgian society, embracing our purpose: "Meaningful & Inspiring for Belgian Society. Together".



To this end, Belfius continues to create employment opportunities in Belgium with its 5,819 employees⁽¹⁾ who, regardless of their age or function, are offered:

- Sustainable employment and long-term prospects thanks to multiple uninterrupted opportunities to learn and train, as well as active career management and careful support in times of change
- Meaningful work underpinned by managers who are trained, supported and recognised for exemplifying and transmitting the company's purpose and strong values.

Our role as a socially responsible employer and banking and insurance company requires a Fair, Authentic, Customer-oriented and Entrepreneurial attitude – FACE: the four Belfius values. Following the launch of these values in 2019, we are continuously reflecting on how to make them vivid in everything we do at Belfius. Together with our purpose, they are fundamental to Belfius' culture.

From 2022 onwards, concrete actions will be implemented to support and anchor this cultural continuity, which will be key to our success in the years to come.

(1) Belfius Bank and Belfius Insurance active headcount as of 31 December 2021.

10.1. Lifelong learning

At a time when technology and working practices are changing at a rapid pace, working for a banking and insurance group requires evolving skills and knowledge. The health crisis is accelerating these changes. Belfius' learning and development approach aims to facilitate and ensure that Belfius employees continuously learn and develop throughout their careers and lives. We attach great importance to supporting our employees' development with the aim of preparing them for the skills of the future and ensuring their smooth adaptation to a more digitalised world.

To give our employees every opportunity to develop in a rewarding work environment, a "Talent Development, Leadership and Change" team is dedicated to the development and management of training (hard and soft skills), talent development and change management. These areas enable us to achieve our HR 2025 ambitions: the management of human capital and the anchoring of a Belfius culture.

In line with this objective, Belfius offers its employees a wide range of training programmes through the "My Development" portal. Despite the distance created by Covid-19, 34,068 days of training (mostly by videoconference) were attended in 2021.

Training days

	Belfius Bank	Belfius Insurance
Average days of training per employee in 2021 (incl. on-the-job & e-learning)	6.1	6.4
Average per female employee	6.3	5.6
Average per male employee	6.0	7.2

These trainings cover soft and technical skills, as well as theoretical knowledge. In addition, to inspire its employees, Belfius regularly organises enriching conferences given by renowned external speakers.

The "My Development" portal also provides access to:

- Share&Learn: an internal platform for every employee to share informative or inspiring content
- GetAbstract: an online service that provides summaries of over 10,000 of the most influential books in the business world on personal development, leadership, business strategy or sales and marketing, to be read in less than 10 minutes
- +Babbel: a language learning platform to learn new languages. More than 200 employees have already taken a language course via the Babbel application

Belfius also supports a series of development initiatives organised by and for employees. In these Train Your Colleague sessions, employees with specific expertise share with their colleagues. These trainings can go far beyond the hard and soft skills related to banking and insurance activities and include digital and linguistic skills (Linguistic Lunches). In total, 21 training sessions were given in 2022.

Finally, change management is another key element in creating sustainable jobs and opportunities. Since June 2021, a Belfius Change Centre has been created to help everyone in the company to learn about change management through various training courses and tools. Training in this area is available for all staff and management levels through to the Board of Directors.

10.2. A sustainable career policy

In 2019, Belfius Bank introduced a new career policy based on two pillars. On the one hand, a reflection tool is available in the form of a personal online questionnaire, allowing employees to ask themselves the right questions to manage all aspects of their career. On the other, each employee has the opportunity to invite his or her manager at least once every 12 to 18 months to a career interview to discuss his or her future professional plans.

Continuous feedback

In addition, continuous feedback is one of the pillars of our culture. We support managers and directors to give feedback as often as possible following positive or negative performances.

- Positive and exceptional performance is, for example, often rewarded with variable remuneration, a 'spot award' which can be awarded throughout the year
- Negative performance is followed by concrete feedback and an action plan discussed with the manager and the department's HR business partner

During these feedback moments, employees can discuss performance with their supervisor and also identify further development opportunities.

Talent scouting

Each year, HR launches an internal talent scouting exercise during which certain employees are invited to enroll in a talent development programme (Key Potentials, Forward, Future Teamleaders, Talented Employees). Within this exercise, the HR business partner supports departments and their managers in their choice with their added staff knowledge. During this exercise, we ensure that women and men are given equal opportunity.

Talent pipeline for the future

Belfius wishes to significantly invest in the right talents, maintain a permanent recruitment funnel and ensure a talent pipeline for the future. This pipeline is focused on a combination of:

- Rejuvenation: increased inflow of young talents who have the potential to grow and continuously develop what is required to remain relevant through strong strategic partnerships with universities
- Continuous reinforcement of expertise in specific domains

10.3. Strong focus on health and wellbeing, especially in pandemic times

10.3.1. A structured approach to health and wellbeing

Belfius attaches great importance to the general wellbeing, safety and health of all of its staff. Welfare, safety and health concern us all and is a right for each and every one of us.

The Internal Service for Prevention and Protection at Work, assisting employees in applying the legal and regulatory provisions relating to the wellbeing of employees in the performance of their work, was elected by staff during social elections. The Internal Service for Prevention and Protection at Work is convened as soon as the need arises. In 2021, 16 meetings were organised for Belfius Bank and 15 meetings for Belfius Insurance. This service has been more relevant than ever during the Covid-19 pandemic.

The following areas are formally discussed: safety at work, protection of employee health, psycho-social stress (stress and violence, harassment or sexual harassment at work), ergonomics (i.e. adapting the working environment to people), occupational hygiene, embellishment of workplaces and environmental measures that have an impact on wellbeing at work.

Various prevention advisers are also at the service of staff, including a prevention adviser responsible for psycho-social issues. All interactions of the kind are carried out on a fully confidential basis.

Health and wellbeing policies and action, as well as figures related to absenteeism, engagement, Preventing Burnout Test scores, etc. compared to external sectoral and national benchmarks, are presented to the Board of Directors on an annual basis.

Belfius has been following a structured approach regarding employee health and wellbeing for several years. A "wellbeing tool" makes it possible to identify the level of resilience and risk factors on both a collective and individual level, so that targeted measures can be taken. At the individual level, employees receive a confidential report with concrete courses of action and can access internal support from the psycho-social team, as well as external support via an Employee Assistance Program (EAP).

Complementary to internal prevention services, the EAP provides free external assistance to employees and their families for any problem (psychological, relational, financial, legal, etc.), whether of a private or professional nature. This service is accessible 24/7, remotely or face-to-face and is fully confidential. In 2021, 221 Belfius employees, representing 3.84% of our workforce, called on the EAP.

Work-related injuries

At Belfius Bank & Insurance there were 18 accidents at the workplace and 15 accidents on the way to and from work over the course of 2021.

Work-related injuries

	Belfius Bank	Belfius Insurance
Total number of employees with work-related injuries	27	6
Of which a workplace accident	16	2
Of which commuting	11	4

Specific guidelines are communicated to minimise accidents either in the workplace or during a commute. These include reporting an unsafe situation, creating an optimal working environment, detailed safety instructions and recommendations for safe commuting, as well as detailed emergency procedures and/or descriptions of evacuations.

In addition to the hardship caused to employees, the work-related accidents recorded in 2021 represent a loss of productivity of 0.02%.

Loss of productivity

	Belfius Bank	Belfius Insurance
Workable Hours (in thousand)	8,213	1,868
Work accident (expressed in thousands of hours)	1.6	0.4
Loss of productivity	0.020%	0.023%

The loss of productivity is calculated by the quotient of the number of hours of incapacity in the event of an accident and the total number of workable hours. Only employees on the payroll are taken into account.

Right to collective bargaining and freedom of association

In line with the International Labour Organization's (ILO) conventions and local/EU-level regulations, we exhibit the utmost respect and compliance regarding our employees' right to collective bargaining and freedom of association. In 2021, 94.9% of our employees were covered by collective bargaining agreements.

10.3.2. Employee satisfaction and engagement

Over the past eight years, we have been measuring the satisfaction and engagement of our staff members through an annual engagement survey. Engagement remained very high in 2021 with 86.5% of employees "engaged" for our banking and insurance sectors combined. It was observed that employees under the age of 26 scored higher than other age groups in almost all domains and that gender was not a significant parameter with regards to engagement scores.

10.3.3. Maintaining connection during Covid-19

The meaning that everyone finds in work also depends to a large extent on the quality of contacts and collaborations, something that the long period of home-working that began in March 2020 was likely to undermine.

Thanks to the introduction of an innovative work environment since 2017 that allows for an optimal work-life balance (BeTeams, formerly BeWoW), homeworking had already largely become a habit for the majority of Belfius employees. The constraint of generalised homeworking has not therefore caused any major difficulties on an organisational level and has even been widely accepted, which we can confirm by the number of employees who have chosen a "home-based" status.



A number of supplementary initiatives have nevertheless also contributed to preserving staff wellbeing and facilitating collaboration:

- A “How are you?” survey organised several times a year
- Tips and tricks for homeworking accessible via the Intranet: how to organise your day, keep your energy up, maintain contact, etc.
- Reorganisation of training courses so that they can take place remotely
- Yoga, Zumba, body training, mindfulness and laughter yoga sessions via Skype given by colleagues trained in these fields to compensate for the inaccessibility of the Brussels headquarters’ gym (over 200 sessions, with more than 2,000 participants)
- The Spring challenge for the Special Olympics with more than 215,330 km walked, run or cycled by close to 1,400 Belfius colleagues

10.4. Leadership

Leadership plays an essential role in aligning everyone behind a common vision, conveying meaning and inspiration, supporting change and bringing values to life within teams. In addition to the training courses available on MyDevelopment, various initiatives continue to help team leaders develop their leadership skills, in turn supporting the agility of their teams.

With the widespread use of homeworking in 2021, managers were given extensive support in managing their teams remotely, with specific training and tools to optimise team collaboration from a distance. Team leaders (senior and key executives) are closely monitored through coaching and mentoring sessions on demand. Coaching requests have increased significantly between 2020 and 2021 (from 25 to 53). Talented executives are supported in their assumption of the position of team leader via specific training paths (Key Potentials, Forward, Future Team Leaders) to provide them with the best tools to become the managers of tomorrow.

10.5. Sustainability-linked criteria in management remuneration

Belfius also encourages the adoption of Belfius’ sustainability values by its managers through their variable remuneration. One third of managers’ variable remuneration depends on qualitative objectives related to Belfius’ sustainability approach. These objectives are amongst others: customer satisfaction, strong employee engagement, increasing gender diversity at all levels. ESG criteria are part of these objectives and provide even greater support for ESG considerations in management decisions.

10.6. Employee benefits

Remuneration and benefits for employees vary per entity. Overall, Belfius Bank and Belfius Insurance employees have access to benefits that include, but are not limited to, pension, life and health care insurance, disability and invalidity coverage, parental leave, meal vouchers and a cafeteria plan with i.a. mobility options such as car leasing. Differentiation of benefits for employees based on employment contract type is also possible.

- In principle, the same benefits apply for part-time employees as for full-time employees, apart from the fact that some are calculated on a ‘pro rata’ basis depending on their work regime (e.g. salary, premiums, etc.). 1,236 people currently work on a part-time basis at Belfius Bank & Insurance.
- In principle, some benefits do not apply for fixed-term contract employees. These are mainly linked to the cafeteria plan and leasing contracts. Benefits where the leasing period is longer than the duration of the fixed-term contract do not apply for those fixed-term contract employees. 54 people are currently working under a fixed-term contract at Belfius Bank & Insurance.

10.7. Specific focus on recruitment

10.7.1. Tailored Talent Acquisition strategy

A tailored talent acquisition strategy allows Belfius to face its challenges of tomorrow. The following are the cornerstones of our talent acquisition strategy:

- A significant increase of the inflow of young talents under the umbrella “Young Professionals”
- Developing a stronger Employer & Employee Brand, focusing on Diversity & Inclusion, Attraction of Millennials, and articulating this within each step of an inspiring end-to-end talent acquisition and onboarding journey
- Supporting these journeys through the implementation of new technology as part of the “SHAPE HR” project to increase human experience, operational excellence and efficiency in talent processes. The project also aims to ensure a stable and performing core and to empower Belfius people managers with the proper tools and processes to support and develop the talents of Belfius employees, an essential aspect for retention

A new upgraded recruitment and onboarding tool will be implemented in 2022. This will complement our authentic and warm Belfius onboarding with a digital touch.

10.7.2. Inclusive company culture

We care about an inclusive company culture and we open ourselves to attract and develop the full potential of the best talent. To that end, we have established a partnership with “Capital”, which has as a mission to offer a wide range of impactful activities to Brussels youth. Increased inflow of young talents with the potential to grow and continuously develop is crucial for Belfius to remain relevant. This rejuvenation approach calls for more active partnering with Belgian universities and an increased presence within them.

Moreover, due to our diverse customer profile we also approach diversity and inclusion as a major topic at Belfius. We therefore specifically review recruitment policies and recruitment journeys from a diversity perspective and pay specific attention to gender and profile/skills diversity in recruitment.

10.8. An active Diversity and Inclusion (D&I) approach

We believe a diverse and inclusive workplace creates an environment where each employee feels their presence is valued and respected, fostering a culture of engagement and innovation. For that reason, D&I make up one of the core values of Belfius' human resources approach, which we believe also contributes to the social development of Belgian society. With this purpose, the Diversity Manager and the Diversity Steering Group have been working towards creating an ever more inclusive environment at Belfius since 2017. This is an environment that gives the opportunity to all employees to be and to act in line with their personality and share this with their colleagues in an open and authentic way.

With our ambition to position ourselves as an inclusive employer, Belfius specifically reviews recruitment journeys from a diversity perspective. To that end, several aspects of the employer brand, as well as end-to-end talent acquisition and onboarding journeys, are reviewed. Belfius has integrated its D&I approach into the screening of candidates, interview processes and salary proposals, as well as recruitment KPIs. Moreover, Belfius' job advertisements were rewritten from a D&I perspective to highlight Belfius' D&I commitments and to render them more impactful in terms of content, wording and visuals.

Belfius also reviewed its value proposition from a D&I perspective, reflecting Belf-



ius purpose and culture, focused on a continuous learning culture, investing in talent development and career paths, and ensuring a work-life balance. As part of Belfius' objective to reach a younger audience for a diverse and inclusive workforce, Belfius invests in university job fairs and networking events that reinforce the Belfius employer brand.

As a firm believer in the importance of diverse representation (gender, age, origin, language etc.) at conferences and events, we drafted the Inclusive Panels Charter together with diversity experts from different organisations and other leading women professionals from a wide range of sectors. Consequently, we committed to sign the charter because we are convinced that representation matters in terms of offering different points of view on panels, as well as creating a sense of belonging for the audience.

10.8.1. Gender diversity

Belfius Group is gradually establishing a better gender balance at all levels of the organisation. The number of women vs men in a managerial position (manager or senior/key position) evolved from 33.7% in 2020 to 36.7% in 2021. Our target is 44% by 2025. Women make up 37.5% of Belfius Bank Board of Directors and 35.7% of Belfius Insurance Board of Directors.

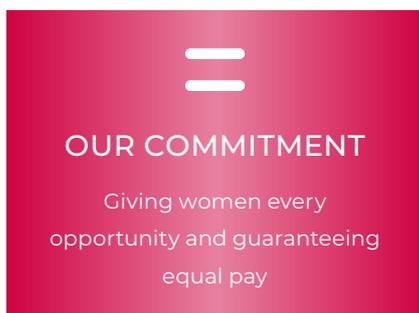
We continue to take an active part in the 'Women in Finance' initiative to improve gender balance in the financial sector. By signing the Financial Sector Diversity Charter in 2019, we are committed to pursuing a set of diversity objectives, making them public and reporting on them annually. The results are published on the Department of Finance website.

Belfius' remuneration policy is gender neutral and non-discriminatory. Our remuneration policy ensures equal access to all available positions within the company, without distinction of gender. Our policy applies a uniform system of remuneration for the same category of employees without distinction of gender. We strive for equal remuneration for equal final responsibilities and equal experience. We also discuss, measure and report evaluations, remunerations and promotions annually within the competent bodies in order to monitor the effective application of non-discriminatory principles in terms of gender. An analysis to measure a possible gender pay gap is carried out every two years and is presented to our social partners (Works Council). The most important conclusion is that the same pay is given under the same conditions, regardless of the gender of the employee.

We support our employees through all stages of their lives and career paths with our parental leave policy that complements our approach to D&I.

Parental leave

	Belfius Bank		Belfius Insurance	
	Male	Female	Male	Female
Total number of employees entitled to parental leave in 2021	608	436	180	207
Total number of employees that took parental leave in 2021	59	61	24	41
Total number of employees that returned to work after parental leave ended	59	61	24	39
Total number of employees that took parental leave in 2021 and are still employed today	58	61	22	37
Retention rate of colleagues that took parental leave in 2021	98%	100%	92%	95%



10.8.2. Generational diversity

Various initiatives are in place to encourage cross-functional collaboration so as to allow younger employees to unfurl their full potential.

The two-day Bridge Builders seminar aims to discover another working environment, develop one's network and, above all, to build bridges. This is done both between generations so as to enable young and more experienced employees to work together on specific topics, and between Belfius and the outside world by collaborating with establishments in the social sector in Brussels.

The Belfius Young Community (BYC) brings together employees under the age of 36 to support them in the early years of their careers. Through its activities, it contributes to broadening the role of young employees so that they can leave their mark on Belfius' corporate culture. In addition to fun, networking and civic commitment, the BYC also contributes to innovation by regularly presenting the results of its work to Management.

10.9. Human Rights & GDPR

Belfius respects the rights of its employees and in turn expects them to respect Belfius' human rights values.

- A Code of Conduct for Belfius employees requires an honest and ethical attitude at work;
- In accordance with Belgian law and its regulations on human rights and labour law, we formally prohibit child and forced labour across all of our activities;
- The [Belfius Human rights](#) policy extends to our partners and suppliers, as well as to our employees. We respect the human rights of our employees and we expect each and every one of them to strictly adhere to this policy;
- The health, safety, wellbeing and continuous personal and professional development of our employees are of utmost importance to us;
- We respect the privacy of our employees. We guarantee the protection of their personal data and their privacy. The HR department reviewed all of its processes in 2021 to ensure optimal alignment with GDPR rules. We have also supported project managers in the design of new HR solutions;
- Belfius has a zero-tolerance policy on fraud, corruption and money laundering. Policies related to these subjects are available on [our website](#);
- Discrimination of individuals on the basis of personal characteristics such as gender, skin colour, age, disability or sexual orientation has no place in Belfius' corporate culture. Hence, Belfius applies a zero-tolerance policy towards violence in the workplace linked to personal characteristics, including verbal, physical and sexual harassment.

Appendices



Global Reporting Initiative (GRI) - table

GRI Standard	GRI Disclosure	References (-)/information	Page Omission number	Link to SDG (based on SDG Compass)
GRI 101: FOUNDATION 2016				
GRI 102: GENERAL DISCLOSURES 2016				
GRI 102: GENERAL DISCLOSURES 2016 - ORGANISATIONAL PROFILE				
102-1	Name of the organization	Belfius Bank NV/SA		
102-2	Activities, brands, products and services	→ Profile of Belfius	AR 4	
102-3	Location of headquarters	Place Charles Rogier 11, B-1210 Brussels		
102-4	Location of operations	Belgium		
102-5	Ownership and legal form	Public limited company		
102-6	Markets served	→ Segment reporting	AR 128	
102-7	Scale of the organization	→ Profile of Belfius, Our activities, Key figures	AR 7	
102-8	Information on employees and other workers	The scope of employees is limited to Belgium; Data were collected from SAP. → HR, Our staff members, the backbone of our company	AR 108	#8 Decent work and economic growth #10 Reduced inequalities
102-9	Supply chain	→ Going green in our operations, Sustainable purchasing	67	
102-10	Significant changes to the organization and its supply chain	→ Management report, Message from the chairmen	AR 12	
102-11	Precautionary Principle or approach	→ Risk Management	AR 166	
102-12	External initiatives	→ ESG fully embedded in the Belfius Strategy, ESG at the heart of everything we do	15	
102-13	Membership of associations	→ ESG fully embedded in the Belfius Strategy, Engaging with our stakeholders	21	
GRI 102: GENERAL DISCLOSURES 2016 - STRATEGY				
102-14	Statement from senior decision-maker	→ Management report, Message from the chairmen	2	
GRI 102: GENERAL DISCLOSURES 2016 - ETHICS AND INTEGRITY				
102-16	Values, principles, standards, and norms of behavior	→ Sound corporate governance, Responsible business conduct, Policies & charters → Sound corporate governance, ESG Governance	36 45	#16 Peace, justice and strong institutions
GRI 102: GENERAL DISCLOSURES 2016 - GOVERNANCE				
102-18	Governance structure	→ Sound corporate governance, ESG Governance	45	
102-22	Composition of the highest governance body and its committees	→ Corporate Governance	AR 204	#5 Gender equality
102-24	Nominating and selecting the highest governance body	→ Corporate Governance	AR 204	#5 Gender equality #16 Peace, justice and strong institutions"
GRI 102: GENERAL DISCLOSURES 2016 - STAKEHOLDER ENGAGEMENT				
102-40	List of stakeholder groups	→ ESG fully embedded in the Belfius Strategy, Engaging with our stakeholders	21	
102-41	Collective bargaining agreements	→ Human capital, Strong focus on health and wellbeing, especially in pandemic times, A structured approach to health and wellbeing	75	#8 Decent work and economic growth
102-42	Identifying and selecting stakeholders	Belfius identified and selected its stakeholders considering materiality of Belfius' impact on the respective stakeholder group as well as their impact and influence on Belfius. You may find full list of stakeholders Belfius engaged with as a result of this identification and selection process in the section ESG fully embedded in the Belfius Strategy, Engaging with our stakeholders.	21	
102-43	Approach to stakeholder engagement	→ ESG fully embedded in the Belfius Strategy, Engaging with our stakeholders	21	
102-44	Key topics and concerns raised	→ ESG fully embedded in the Belfius Strategy, Materiality assessment, Assessment process → ESG fully embedded in the Belfius Strategy, Engaging with our stakeholders	16 21	

AR: Annual Report.

GRI Standard	GRI Disclosure	References (-)/information	Page Omission number	Link to SDG (based on SDG Compass)
GRI 102: GENERAL DISCLOSURES 2016 - REPORTING PRACTICE				
102-45	Entities included in the consolidated financial statements	→ Financial results, Preliminary notes to the consolidated financial statements	AR 117	
102-46	Defining report content and topic Boundaries	The financial consolidation boundary of Belfius Group is applied unless otherwise stated.		
102-47	List of material topics	→ ESG fully embedded in the Belfius Strategy, Materiality assessment, Materiality Matrix	18	
102-48	Restatements of information	There are no substantial restatements for Belfius Sustainability Report 2020.		
102-49	Changes in reporting	No changes		
102-50	Reporting period	Fiscal year from 1 January 2021 to 31 December 2021		
102-51	Date of most recent report	The most recent report containing economic, environmental and social information is the Annual Report 2020.		
102-52	Reporting cycle	Annual		
102-53	Contact point for questions regarding the report	esg@belfius.be		
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.		
102-55	GRI content index	→ GRI Content Index		
102-56	External assurance	Financial data has been audited by KPMG Reviseurs d'Entreprises. No external assurance has been obtained for sustainability data. To further increase its transparency, Belfius aims to obtain external assurance on its sustainability data in the future.		
MATERIAL TOPICS				
FINANCIAL INCLUSION AND ACCESS TO FINANCIAL SERVICES				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its boundary	→ Sound corporate governance, Responsible business conduct, Listening to our customers, Special attention for more vulnerable customers	44	
103-2	The management approach and its components	→ Sound corporate governance, Responsible business conduct, Listening to our customers, Special attention for more vulnerable customers	44	
103-3	Evaluation of the management approach	→ Sound corporate governance, Responsible business conduct, Listening to our customers, Special attention for more vulnerable customers	44	
G4: LOCAL COMMUNITIES				
FS14	Initiatives to improve access to financial services for disadvantaged people	→ Sound corporate governance, Responsible business conduct, Listening to our customers, Special attention for more vulnerable customers	44	#1 No poverty #8 Decent work and economic growth #10 Reduced inequalities
TALENT ATTRACTION AND RETENTION				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its boundaries	Employment: → Human capital, A sustainable career policy → Human Resources, Our staff members : the backbone of our company Occupational health and safety: → Human capital, Strong focus on health and wellbeing, especially in pandemic times, A structured approach to health and wellbeing → Human Resources, Continuing to invest in wellbeing Training and education: → Human capital, Lifelong learning → Human resources, Investing in our talents through talent journeys	75 AR 108 75 AR 112 74 AR 112	

AR: Annual Report.

GRI Standard	GRI Disclosure	References (→)/information	Page number	Omission	Link to SDG (based on SDG Compass)
103-2	The management approach and its components	Employment: → Human capital, A sustainable career policy → Human resources, Our staff members: the backbone of our company Occupational health and safety: → Human capital, Strong focus on health and wellbeing, especially in pandemic times, A structured approach to health and wellbeing → Human resources, Continuing to invest in wellbeing Training and education: → Human capital, Lifelong learning → Human resources, Investing in our talents through talent journeys	75 <u>AR 108</u>		
103-3	Evaluation of the management approach	→ Human capital, Strong focus on health and wellbeing, especially in pandemic times, Employee satisfaction and engagement	76		
GRI 401: EMPLOYMENT 2016					
401-1	New employee hires and employee turnover	→ Human resources, Our staff members, the backbone of our company, Key figures	<u>AR 108</u>		#5 Gender equality #8 Decent work and economic growth #10 Reduced inequalities
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	→ Human capital, Employee benefits	77		#3 Good health and well-being #5 Gender equality #8 Decent work and economic growth
401-3	Parental leave	→ Human capital, An active Diversity and Inclusion (D&I) approach, Gender diversity	78		#5 Gender equality #8 Decent work and economic growth
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018					
403-4	Worker participation, consultation, and communication on occupational health and safety	→ Human capital, Strong focus on health and wellbeing, especially in pandemic times, A structured approach to health and wellbeing → Human resources, Continuing to invest in well-being	75 <u>AR 107</u>		#8 Decent work and economic growth #16 Peace, justice and strong institutions
403-9	Work-related injuries	→ Human capital, Strong focus on health and wellbeing, especially in pandemic times, A structured approach to health and wellbeing	75		#3 Good health and well-being #8 Decent work and economic growth #16 Peace, justice and strong institutions
GRI 404: TRAINING AND EDUCATION 2016					
404-1	Average hours of training per year per employee	→ Human capital, Lifelong learning → Human resources, Investing in our talents through talent journeys	74 <u>AR 112</u>		#4 Quality education #5 Gender equality #8 Decent work and economic growth #10 Reduced inequalities
404-3	Percentage of employees receiving regular performance and career development reviews	→ Human capital, A sustainable career policy	75	(1)	#5 Gender equality #8 Decent work and economic growth #10 Reduced inequalities
DIVERSITY AND EQUAL OPPORTUNITIES					
GRI 103: MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its boundary	→ Human capital, An active Diversity and Inclusion (D&I) approach → Human resources, Continuing to implement an active diversity and inclusion (D&I) approach	78 <u>AR 113</u>		
103-2	The management approach and its components	→ Human capital, Specific focus on recruitment, Inclusive company culture → Human capital, An active Diversity and Inclusion (D&I) approach → Human resources, Continuing to implement an active diversity and inclusion (D&I) approach	78 78 <u>AR 113</u>		
103-3	Evaluation of the management approach	→ Human capital, Strong focus on health and wellbeing, especially in pandemic times, Employee satisfaction and engagement	76		

(1) Although the main disclosure requirements in the Guidance have been reported on, due to data constraints certain granular data could not be disclosed.
AR: Annual Report.

GRI Standard	GRI Disclosure	References (→)/information	Page number	Omission	Link to SDG (based on SDG Compass)
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016					
405-1	Diversity of governance bodies and employees	→ Human capital, An active Diversity and Inclusion (D&I) approach, Gender diversity → Human resources, Our staff members, the backbone of our company, Key figures	79		#5 Gender equality #8 Decent work and economic growth
COMMUNITY INVOLVEMENT					
GRI 103: MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its boundary	→ Meaningful growth, Recirculating into the Belgian economy and community → Community involvement, Teaming up to tackle social issues	25		
103-2	The management approach and its components	→ ESG fully embedded in the Belfius Strategy, Engaging with our stakeholders → Meaningful growth, Recirculating into the Belgian economy and community → Community involvement	21		
103-3	Evaluation of the management approach	→ Community involvement	69		
GRI 201: ECONOMIC PERFORMANCE 2016					
201-1	Direct economic value generated and distributed	→ Financial results → Community involvement	AR 116		
GRI 203: INDIRECT ECONOMIC IMPACTS 2016					
203-1	Infrastructure investments and services supported	→ Community involvement	69		#5 Gender equality #9 Industry, innovation and infrastructure
SUSTAINABILITY TRANSITION SUPPORT AND ACCELERATION					
GRI 103: MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its boundary	→ ESG fully embedded in the Belfius Strategy, ESG at the heart of everything we do → Sound corporate governance, Responsible business conduct, Accelerating the transition with clear guidelines	15		
103-2	The management approach and its components	→ Meaningful growth, Insurance solutions for new societal challenges → Meaningful growth, Innovative solutions, beyond banking and insurance → Meaningful growth, Belfius' Green Bond Framework and inaugural Green Bond issuance → Sound corporate governance, Responsible business conduct, Accelerating the transition with clear guidelines	30		
103-3	Evaluation of the management approach	→ Focus on climate action, Adopting Task Force on Climate-related Financial Disclosures (TCFD) recommendations → Focus on climate action, Aligning with the EU Taxonomy	47		
G4: PRODUCT PORTFOLIO					
FS7	Monetary value of products and services developed in order to obtain specific social benefits by business line and purpose	→ Meaningful growth, Innovative solutions, beyond banking and insurance → Meaningful growth, Sustainably managed proprietary portfolios, Portfolio21: sustainable management of insurance reserves (by Belfius Insurance) → Community involvement, Philanthropy (through our product offer), Funds of the Future → Community involvement, Philanthropy (through our product offer), Wealth	32		#1 No poverty #8 Decent work and economic growth #9 Industry, innovation and infrastructure #10 Reduced inequalities #11 Sustainable cities and communities
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	→ Meaningful growth, Sustainable financing solutions, Meeting Belgium's sustainable buildings' challenge head on → Meaningful growth, Sustainable financing solutions, Investing in renewable energy → Meaningful growth, Belfius' Green Bond Framework and inaugural Green Bond issuance	25		

GRI Standard	GRI Disclosure	References (-)/information	Page Omission number	Link to SDG (based on SDG Compass)
G4: ACTIVE OWNERSHIP				
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	→ Meaningful growth, Sustainably managed proprietary portfolios, Portfolio21: sustainable management of insurance reserves (by Belfius Insurance)	<u>34</u>	
MANAGING DIRECT AND INDIRECT ENVIRONMENTAL IMPACT ON THE GROUP				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its boundary	Energy: → Going green in our operations, Offsetting and carbon neutrality <u>64</u> → Going green in our operations, Reduction of consumption and waste, Saving energy <u>64</u> Water and effluents: → Going green in our operations, Offsetting and carbon neutrality <u>64</u> → Going green in our operations, Reduction of consumption and waste, Water consumption" <u>66</u> Emissions: → Going green in our operations, Offsetting and carbon neutrality, The Belfius Group's carbon footprint <u>62</u> Waste: → Going green in our operations, Offsetting and carbon neutrality <u>64</u> → Going green in our operations, Reduction of consumption and waste, Steadily decreasing waste <u>65</u>		
103-2	The management approach and its components	Energy: → Going green in our operations, Offsetting and carbon neutrality <u>64</u> → Going green in our operations, Reduction of consumption and waste, Saving energy <u>64</u> Water and effluents: → Going green in our operations, Offsetting and carbon neutrality <u>64</u> → Going green in our operations, Reduction of consumption and waste, Water consumption <u>66</u> Emissions: → Going green in our operations, Offsetting and carbon neutrality <u>64</u> → Going green in our operations, Fleet and commuting <u>67</u> Waste: → Going green in our operations, Offsetting and carbon neutrality <u>64</u> → Going green in our operations, Reduction of consumption and waste, Steadily decreasing waste <u>65</u> → Going green in our operations, Reduction of consumption and waste, Less and less paper <u>66</u>		
103-3	Evaluation of the management approach	→ Sound corporate governance, ESG Governance <u>45</u> → Focus on climate action, Adopting Task Force on Climate-related Financial Disclosures (TCFD) recommendations <u>47</u> → Going green in our operations, The Belfius Group's carbon footprint <u>62</u> → Going green in our operations, Offsetting and carbon neutrality <u>64</u>		
GRI 301: MATERIALS 2016				
301-1	Materials used by weight and volume	This is mainly covering paper consumption. → Going green in our own operations, Reduction of consumption and waste, Less and less paper <u>66</u>		#8 Decent work and economic growth #12 Responsible consumption and production

GRI Standard	GRI Disclosure	References (→)/information	Page Omission number	Link to SDG (based on SDG Compass)
GRI 302: ENERGY 2016				
302-1	Energy consumption within the organization	→Going green in our operations, Reduction of consumption and waste, Saving energy	<u>64</u>	#7 Affordable and clean energy #8 Decent work and economic growth #12 Responsible consumption and production #13 Climate action
GRI 303: WATER AND EFFLUENTS 2018				
303-5	Water consumption	→Going green in our operations, Reduction of consumption and waste, Water consumption	<u>66</u>	#6 Quality water and sanitation
GRI 305: EMISSIONS 2016				
305-1	Direct (Scope 1) GHG emissions	→Going green in our operations, The Belfius Group's carbon footprint	<u>62</u>	#3 Good health and well-being
305-2	Energy indirect (Scope 2) GHG emissions	→Going green in our operations, The Belfius Group's carbon footprint	<u>62</u>	#12 Responsible consumption and production
305-3	Other indirect (Scope 3) GHG emissions	→Going green in our operations, The Belfius Group's carbon footprint	<u>62</u>	#13 Climate action #14 Life below water #15 Life on land
GRI 306: WASTE 2020				
306-1	Waste generation and significant waste-related impacts	→Going green in our operations, Reduction of consumption and waste, Steadily decreasing waste	<u>65</u>	
306-2	Management of significant waste-related impacts	→Going green in our operations, Reduction of consumption and waste, Steadily decreasing waste	<u>65</u>	
306-3	Waste generated	→Going green in our operations, Reduction of consumption and waste, Steadily decreasing waste	<u>65</u>	#3 Good health and well-being #6 Quality water and sanitation #8 Decent work and economic growth #11 Sustainable cities and communities #12 Responsible consumption and production
FUTURE-PROOF, INCLUSIVE AND RELEVANT INFRASTRUCTURE				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its boundary	→ESG fully embedded in the Belfius Strategy, ESG at the heart of everything we do →Meaningful growth, Sustainable financing solutions →Human capital, Specific focus on recruitment, Inclusive company culture	<u>15</u> <u>25</u> <u>78</u>	
103-2	The management approach and its components	→ESG fully embedded in the Belfius Strategy, ESG at the heart of everything we do →Meaningful growth, Sustainable financing solutions →Human capital, Specific focus on recruitment, Inclusive company culture	<u>15</u> <u>25</u> <u>78</u>	
103-3	Evaluation of the management approach	→ESG fully embedded in the Belfius Strategy, ESG at the heart of everything we do →Meaningful growth, Sustainable financing solutions →Human capital, Specific focus on recruitment, Inclusive company culture	<u>15</u> <u>25</u> <u>78</u>	
GRI 203: INDIRECT ECONOMIC IMPACTS 2016				
203-1	Infrastructure investments and services supported	→Community involvement	<u>69</u>	#1 No poverty #8 Decent work and economic growth #9 Industry, innovation and infrastructure #10 Reduced inequalities #11 Sustainable cities and communities

GRI Standard	GRI Disclosure	References (→)/information	Page Omission number	Link to SDG (based on SDG Compass)
LAW-ABIDING AND ETHICAL BUSINESS CONDUCT				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its boundary	→ Sound corporate governance, Responsible business conduct	<u>36</u>	
103-2	The management approach and its components	→ Sound corporate governance, Responsible business conduct	<u>36</u>	
103-3	Evaluation of the management approach	→ Sound corporate governance, Responsible business conduct	<u>36</u>	
GRI 205: ANTI-CORRUPTION 2016				
205-3	Confirmed incidents of corruption and actions taken	→ Sound corporate governance, Responsible business conduct, Policies & Charters	<u>36</u>	#16 Peace, justice and strong institutions
RESILIENCE AND LONG-TERM ORIENTED ECONOMIC PERFORMANCE				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its boundary	→ Risk Management	<u>AR 166</u>	
103-2	The management approach and its components	→ Risk Management	<u>AR 166</u>	
103-3	Evaluation of the management approach	→ Risk Management	<u>AR 166</u>	
GRI 201: ECONOMIC PERFORMANCE 2016				
201-1	Direct economic value generated and distributed	→ Financial results → Community involvement	<u>AR 116</u> <u>69</u>	#5 Gender equality #7 Affordable and clean energy #8 Decent work and economic growth #9 Industry, innovation and infrastructure
GRI 207: TAX 2019				
207-1	Approach to tax	→ Sound corporate governance, Responsible business conduct, A fair taxpayer	<u>38</u>	
207-2	Tax governance, control and risk management	→ Financial results → Sound corporate governance, Responsible business conduct, A fair taxpayer	<u>AR 116</u> <u>38</u>	#1 No poverty #10 Reduced inequalities #17 Partnerships for the goals
207-4	Country-by-country reporting	→ Declaration of transparency, Country-by-country reporting	<u>AR 233</u>	
CUSTOMER EXPERIENCE AND SATISFACTION				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its boundary	→ ESG fully embedded in the Belfius Strategy, Engaging with our stakeholders → Sound corporate governance, Responsible business conduct, Listening to our customers	<u>21</u> <u>41</u>	
103-2	The management approach and its components	→ ESG fully embedded in the Belfius Strategy, Engaging with our stakeholders → Sound corporate governance, Responsible business conduct, Listening to our customers	<u>21</u> <u>41</u>	
103-3	Evaluation of the management approach	→ Sound corporate governance, Responsible business conduct, Listening to our customers, For your Love, we do more	<u>42</u>	
INFORMATION SECURITY, PRIVACY AND DATA PROTECTION				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its boundary	→ Sound corporate governance, Responsible business conduct, Data privacy & information security → Non-Financial Risk - Operational Risk, Focus on key non-financial risks/domains	<u>39</u> <u>AR 199</u>	
103-2	The management approach and its components	→ Sound corporate governance, Responsible business conduct, Data privacy & information security → Non-Financial Risk - Operational Risk, Non-Financial Risk Management Framework	<u>39</u> <u>AR 197</u>	
103-3	Evaluation of the management approach	→ Sound corporate governance, Responsible business conduct, Data privacy & information security → Non-Financial Risk - Operational Risk, Focus on key non-financial risks/domains	<u>39</u> <u>AR 199</u>	

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GRI 418: CUSTOMER PRIVACY 2016				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	→ Sound corporate governance, Responsible business conduct, Data privacy & information security, Data Privacy	<u>39</u>	#16 Peace, justice and strong institutions
OPEN DIALOGUE WITH STAKEHOLDERS AND ACTIVE ENGAGEMENT				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its boundary	→ ESG fully embedded in the Belfius Strategy, Materiality assessment, Assessment process	<u>16</u>	
		→ ESG fully embedded in the Belfius Strategy, Materiality assessment, Materiality Matrix	<u>18</u>	
		→ ESG fully embedded in the Belfius Strategy, Engaging with our stakeholders	<u>21</u>	
		→ Sound corporate governance, Responsible business conduct, Listening to our customers	<u>41</u>	
103-2	The management approach and its components	→ ESG fully embedded in the Belfius Strategy, Materiality assessment, Assessment process	<u>16</u>	
		→ ESG fully embedded in the Belfius Strategy, Materiality assessment, Materiality Matrix	<u>18</u>	
		→ ESG fully embedded in the Belfius Strategy, Engaging with our stakeholders	<u>21</u>	
		→ Sound corporate governance, Responsible business conduct, Listening to our customers	<u>41</u>	
103-3	Evaluation of the management approach	→ Sound corporate governance, Responsible business conduct, Listening to our customers, For your Love, we do more	<u>42</u>	
		→ Human capital, Strong focus on health and wellbeing, especially in pandemic times, Employee satisfaction and engagement	<u>76</u>	

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Principles	References	Page number(s) and/or URL(s)
HUMAN RIGHTS		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Belfius Human Rights Policy	Belfius Human Rights Policy
	Transition Acceleration Policy	TAP
Principle 2: make sure that they are not complicit in human rights abuses.	Belfius Human Rights Policy	Belfius Human Rights Policy
	Transition Acceleration Policy	TAP
LABOUR		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Belfius Human Rights Policy	Belfius Human Rights Policy
	Human Capital, Strong focus on health and wellbeing, especially in pandemic time, A structured approach to health and wellbeing	Annual Report 2021, p. 100
Principle 4: the elimination of all forms of forced and compulsory labour;	Transition Acceleration Policy	TAP
	Belfius Human Rights Policy	Belfius Human Rights Policy
Principle 5: the effective abolition of child labour; and	Transition Acceleration Policy	TAP
	Belfius Human Rights Policy	Belfius Human Rights Policy
Principle 6: the elimination of discrimination in respect of employment and occupation.	Belfius Human Rights Policy	Belfius Human Rights Policy
	Belfius Anti-discrimination Policy	Belfius Anti-Discrimination Policy
	Human Capital, An active Diversity and Inclusion (D&I) approach	Annual Report 2021, p. 103 - 105
	Human Capital, Specific focus on recruitment, Inclusive company culture	Annual Report 2021, p. 103
ENVIRONMENT		
Principle 7: Businesses should support a precautionary approach to environmental challenges;	Transition Acceleration Policy	TAP
	Adopting Taskforce on Climate-related Financial Disclosure recommendations	Annual Report 2021, p. 72 - 83
	Going green in our own operations	Annual Report 2021, p. 87 - 93
Principle 8: undertake initiatives to promote greater environmental responsibility; and	Transition Acceleration Policy	TAP
	Going green in our own operations	Annual Report 2021, p. 87 - 93
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Transition Acceleration Policy	TAP
	Meaningful growth	Annual Report 2021, p. 47 - 60
ANTI-CORRUPTION		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Belfius Anti-Bribery Policy	Belfius Anti-Bribery Policy
	Belfius Anti-fraud Policy	Belfius Anti-Fraud Policy
	Sound corporate governance, Policies & charters	Annual Report 2021, p. 61 - 62

UNEP FI Principles for Sustainable Insurance reporting

Principle 1: We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

Company strategy

Sustainability has always been part of the Belfius DNA. As society is facing growing environmental, social and governance (ESG) challenges, sustainability has increasingly become an indispensable component within our company's strategy. We work with regulators, brokers and customers to guarantee sustainable business practices and develop approaches to better manage underlying trends in the insurance industry. As part of our core purpose: "Meaningful & Inspiring for Belgian Society. Together", Belfius aspires to creating long-lasting value for all of our stakeholders. With this vision as our guiding principle, we have defined a clear sustainability strategy with the objective of inspiring our customers to be in the driver's seat of their sustainability ambitions. In this way, together with our customers, we seek to achieve the greatest possible impact.

We accomplish this on the one hand through our 'walk the talk' concept: we do what we say in terms of sustainability and ensure a maximum positive contribution in everything we do. In addition, we put our customers in the driver's seat of their sustainability ambitions and support them through an adapted range of products and services. We also provide a strong framework through collaboration with sound partners who help lead the way in a complex and changing world.

Because the fight for climate is more than an environmental issue, we make daily efforts to not only support, but actively enable, the transition to a low-carbon, resilient and prosperous Belgian society as it is a crucial social change that we seek to encourage. We are committed to placing sustainability at the heart of our decisions and doing our part in the fight against climate change. That is why Belfius joined the Science Based Targets initiative (SBTi) in 2022 and why we are committed to setting our emissions reduction targets in line with the Paris Climate Agreement.

We are also aware of the complexity of finding solutions that meet both the needs of our clients and our sustainability goals. Within this context, we heavily invest in improving the quality of our data environment, in which ESG data plays a key role. As we understand that appropriate measurement and transparent reporting are keys to success, Belfius attaches great importance to having an

open dialogue with stakeholders. Additionally, Belfius has established strong ESG governance with clear responsibilities at the highest levels and has explicitly integrated sustainability-linked criteria into the variable compensation of senior management positions. In addition, we continually make sure that all of our employees include sustainability at the heart of their decision-making.

Risk Management and underwriting Introduction

As managers of risk, the insurance sector is exposed to ESG concerns. Traditionally, climate risk was considered mainly from the perspective of the non-life insurance business. The risks related to climate events were primarily managed via an appropriate risk (re)pricing based on historical data and mitigated by reinsurance. For insurance products, the underwriting of life risks might be impacted however, with the possibility of pricing being increasingly based on prospective rather than historical basis and the insurability of some risks currently covered by insurance policies becoming uncertain in the longer run.

Now, due to the escalating challenges posed by climate change, climate-related risks also encompass assets (risks due to transition or physical events).

In response to the increase in the frequency and severity of extreme weather events, considerable efforts have been devoted to assessing the significant issues related to climate change. With the objective of managing our exposure to climate-related risks, Belfius Insurance closely follows up on climate and sustainability risks. To this end, we have also included ESG risks in our Risk Management framework and have defined a dedicated Risk Appetite framework and suitable risk indicators. The aim of our Risk Management framework is to ensure that existing and emerging risks are eventually systematically and effectively identified, assessed, managed, and monitored.

Risk Roadmap

In order to ensure that ESG risks are gradually and systematically embedded into our governance, our processes and the existing Risk Management framework, a 3-year ESG Risk Roadmap, was designed and approved in 2021 by the Management Board. It focuses on three risk categories:

- ESG Regulatory requirements: risk of not respecting (ESG) regulatory requirements in due time
- ESG Strategy: risk that ambitions related to sustainability are deemed insufficient (by clients & other major stakeholders) or not reached on time
- Resilience Risk: risk that profitability and solvency are materially affected by ESG events

The implementation of the ESG Risk Roadmap was structured around different steps. We initially performed qualitative screening of our climate-related physical and transition risks ("Climate Risk Map"). Then, based on this risk map, we quantified the impact of such risks, convinced that measurement is key in efficient risk management.

A first climate stress scenario at company level was calibrated and the impact on our solvency ratio was computed. It should be noted that Belfius also closely analysed the climate stress tests proposed by several European supervisors, with the aim to improve our internal Climate Stress Test.

As a result, sustainability-related risks have been embedded in the risk appetite policy with dedicated key risk indicators (KRIs). These indicators have been defined and will need to be further developed in 2022. We have also started to collect energy performance information on assets linked to real estate properties (for both direct investment in Belgian real estate and mortgage loans) as a first step to measuring transition risks for these kinds of positions. The subsidence risk for Belfius Insurance's portfolio has been estimated based on an internal model and the first steps in the implementation of our TAP on financial assets have been taken.

Embed ESG in our risk management practices

In addition, in line with the ESG Roadmap and strategy, we took initiatives to embed ESG in our decisions, policies, processes and organisation. We applied sustainability criteria to several risk processes:

- Sustainability risks were included more accurately in the Risk Taxonomy
- Sustainability risks were added to the Risk Charter
- ESG considerations were added to the Investment Risk Framework and Real Estate Risk Framework. These are now also taken into account during the investment process
- Sustainability-related risks were integrated into the Risk Charter, Actuarial Function Charter, Remuneration Policy and Risk Taxonomy so as to comply with Solvency II regulation which requires the inclusion of sustainability risks in various aspects of risk management. Additional policies will be further reviewed in 2022 to include sustainability risks
- Sustainability elements have been embedded in the Risk and Control Self-Assessment (RCSA) for the Internal Control Report to be finalised in 2022.
- The identification, assessment, monitoring and management of these risks is now part of our Risk identification and Control Assessment Process (RiCap) and several ESG reflections have been included in the (product) approval process

- A review of sustainability risks aspects is regularly organised to monitor both regulatory evolutions and the development of good risk practices
- In line with Belfius Group's Transition Acceleration Policy (TAP), these screening principles are gradually being embedded in the underwriting guidelines over the course of 2021 – 2022.

Product and service development

By essence, an insurance company has an essential social role. It is our mission to protect and insure our clients against the financial risks related to serious life hazards (e.g. domestic or mobility accident, natural catastrophes, illness, hospitalisation, unemployment, disability or death). Since life is unpredictable, we seek to help our clients prevent those risks, protect them and their loved ones and facilitate their access to insurance solutions. To this end, we embed environmental, social and governance factors into our products and services.

In terms of insurance products, Belfius has adapted its processes, leading to the development of products to incorporate ESG criteria and facilitate the development of sustainable insurance solutions. Our aim is that each of our products and services should fully integrate our ambition and strategy.

For our non-life insurance products, we seize every opportunity to encourage our clients in their transition towards a net zero economy and society. We offer a wide range of products and services that answer to the needs of a large number of people and have a positive effect on the environment.

With regards to Property insurance for instance, we have widened our coverage to insure all initiatives that have a positive impact on reducing the Green House Gas (GHG) emissions of buildings (heat pumps, solar panels, batteries, etc.). But we go even further as, conscious of the need to protect those who do not own the car that they drive, we have extended our property coverage to customers looking for shared mobility solutions. It is essential that we support shared and circular economy initiatives as they will help ensure the maintenance of economic growth, while minimising GHG proliferation.

In terms of Mobility Insurance, we have adapted our pricing in relation to CO₂ emissions and kilometres driven, encouraging the transition to low carbon mobility. Furthermore, through our partnership with Cyclis, we are developing expertise in biking insurance.

As for our Life Insurance products, we adapted our Kite Invest products (Branch 23, EUR 2,7 Bn outstanding) to be fully compliant with the Belfius Transition Acceleration Policy.

Our aim to become a more sustainable organisation does not stop at offering insurance solutions. The underlying risk covered by insurance solutions should be universally understood, especially by our clients. That is why we invest in prevention and clear communication. In terms of prevention for example, in May 2021 we released information on costs related to hospitalisation due to Covid 19. 68% of respondents in a survey related to the issue were surprised with the results indicating these extra costs. With regards to clear communication, we have also adapted our terms and conditions, simplifying the way we explain what is covered and what is not. In 2022, we will invest in the education of our sales forces through various trainings to increase their understanding so as to better advise our clients.

Claims management

We also believe that our efforts should carry on during the whole lifecycle of our product offerings, which means even after the completion of the cycle. It is our engagement to serve our clients fairly, quickly and transparently. We developed MyBo in 2018 to facilitate the claim management process which has since then proven its efficiency.

The floods that occurred in July 2021 in Belgium showed the resilience and flexibility of our claims management processes. Not only was the number of impacted people high, but the extent of the damage was also unprecedented. We responded to this exceptional situation with specific meaningful and inspiring measures for our customers and partners. We defined fast track processes for expertise, rehousing, cash advances, payments and psychological counselling for those who were most in need. We succeeded in settling 55% of claims after three months and 77% after 6 months.

Even when we deploy many solutions however, complaints can always arise and we handle these in line with the expectations of the related Service Level Agreement. Those complaints are essential to improve our processes and allow our offerings to become even more meaningful for our clients in the future.

It should be noted that we take into account the whole value chain when it comes to claims management. Along with EcoVadis, we have carried out screenings of some of our main suppliers with regards to sustainability since 2021. Based on these results, we will be taking various steps to improve the sustainability of our supply chain, together with our main partners.

Investment management

As an insurer with deep roots in Belgian society, a large part of Belfius Insurance's resources are invested in Belgian assets. Indeed, Belfius Insurance's contribution to the Belgian economy cannot be underestimated.

At the end of 2021, more than EUR 3.4 billion were invested in bonds issued by the Belgian State and Regions. Thanks to this investment, Belfius Insurance thus provides the State, Regions and, consequently, Belgian society, with significant resources that make it possible to intensify societal commitments.

In addition, EUR 8.6 billion (situation on 31 December 2021) is invested in other Belgian assets (corporate bonds, real estate, mortgages, loans, shares of Belgian companies, start-ups etc.), which contributes to relaunching or supporting different sectors of activity, including those most affected by the Covid crisis and those affected by the serious floods that took place in mid-July 2021 in Belgium.

We are also investing in the start-ups of the future through Birdhouse and W.I.N.G.S, two business incubators.

As per 31/12/21, we have a total amount of EUR 17.6 billion that is invested in the real economy, mainly in Belgium. Our engagement report gives more details on this.

It should also be noted that, when investing in the real economy, we limit our impact on the environment while maximising our impact on society and its resilience. We actively follow the Portfolio 21 principles and since March 2021 have incorporated our Transition Acceleration Policy into our strategy. This policy is based on a series of principles limiting Belfius Insurance exposure in sensitive sectors with negative impact on the environment and society. Our TAP will be fully applied by December 2022.

Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

Our clients

Belfius is aware of the increasing environmental, social and economic challenges that our society is facing. To this end, we integrate ESG considerations into our decision-making processes to prevent and manage sustainability risks that might impact our strategy. Our group also takes these considerations into account when engaging with our different stakeholders to understand their expectations, but also to ensure the path towards a sustainable future.

In 2021 we performed a materiality assessment at Belfius Group Level to gain insights into the ESG-related topics that are relevant for our company. For more information on this, please refer to the Belfius Sustainability Report, section 4.2.

Customer experience and satisfaction was noted as being one of the main topics which has been a priority for our stakeholders since 2017. Indeed, our customers are central to our company's strategy and business model, mainly focused on retail clients. We measure customer satisfaction annually and we have set our target to 95% of satisfied clients. Our three brands (Belfius, DVV and Corona), whose value propositions are complementary, ensure an insurance experience in line with our clients' profiles. We are committed to fulfilling our customers' needs and ensuring the transparency of our products. We have a dedicated complaints process and we firmly believe that it is not only our duty to solve our customers' problems, but that it is also a business opportunity to adapt our processes.

As mentioned in principle 1, we offer a range of sustainable solutions and services that will help our customers in their transition to a low carbon economy and society, improving their resilience to climate hazards and other life hazards. We continuously inform them on ESG-related risks and, to support them with their daily operations, regularly develop a series of sustainable solutions to help them prepare for the potential negative effects of climate change (cf. Section 5.3.). Increasing our customers' awareness is a key priority for Belfius and to do so we provide additional information on our investment products (Life Invest products) to increase our clients' knowledge of ESG risks. With regards to our property products and mortgages, we regularly inform clients on the different climate associated risks they may face (flooding and drought for instance) and how to help mitigate these.

Our suppliers

Our business partners also play an important role in our transition to a low-carbon economy. Belfius is aware of the need to manage its supply chain in a sustainable manner and to ensure that we maintain a constant dialogue with our suppliers so that they may take appropriate mitigating actions. This is crucial in terms of continuity, reputation and cost, as we have the ambition to make affordable insurance solutions available to all of our clients. Within this context, we have selected EcoVadis as our partner to screen our existing and new suppliers and advocate for these changes. We believe it is not only important for Belfius Insurance to understand our suppliers' exposures related to ESG risks, but it is also considered by our suppliers as an opportunity to understand and improve their own processes. Modifications have been made accordingly, including to our tender process, to screen new suppliers so as to embark on the sustainability journey together from the very beginning.

Insurers, reinsurers and intermediaries

In order to maintain the reputation of the Insurance industry, we work together with other organisations to increase our expertise in the sector. To this effect, Belfius Insurance played a central role together with AXA, AG Insurance and Ethias in the development of the ESG Action Plan aimed at helping the entire sector to endorse more sustainable behaviours. The Action Plan has been validated and we continue working with our peers to strengthen sustainability in the sector.

Furthermore, Belfius Insurance has always seen reinsurance as an indispensable risk mitigator. Reinsurers help us to measure and assess, amongst others, risks associated with natural catastrophes. Following the July 2021 flooding in Belgium, it appeared how crucial and efficient our reinsurance plan was.

Principle 3: We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

Governments, regulators and other policymakers

The EU Commission has developed an ambitious action plan that makes the European Union the first in the world to answer to the commitments made during the Paris Agreement in 2015. The first regulations that have been issued in that regard are the SFDR (Sustainable Finance Disclosure Regulation) and the EU Taxonomy. Other existing regulations have been amended such as the IDD (Insurance Distribution Directive), Solvency II and the NFRD (Non-Financial Reporting Directive), which will be replaced by the CSRD (Corporate Sustainability Reporting Directive) in the future. This is mainly aimed at redirecting financial flows where they can have a positive impact, enhancing our risk management and increasing transparency in the financial sector, allowing for better investment decisions.

To this effect, Belfius developed a dedicated project to adequately respond to the different regulatory requirements it is subject to. A dedicated team operates the legal watch. Regular dialogue with different stakeholders such as Assuralia, Insurance Europe, EIOPA (European Insurance & Occupational Pensions Authority) and FSMA (Financial Services & Markets Authority) aims to facilitate the implementation of these regulations. The National Bank of Belgium has also carried out an inspection of the management of our Climate Risk roadmap.

Philanthropic Organisations

Belfius has a strong tradition of supporting social projects - social commitment is in our DNA and at the heart of our strategy. Every year, Belfius staff actively support various charities and other initiatives. In line with our strategy, we work to create a favourable social atmosphere through meaningful and long-term partnerships with organisations in Belgium that work for those who have been given fewer opportunities in life. We implement projects and initiatives to support children, young people and the disadvantaged, and promote access to culture for all.

- Red Nose Day: One out of every five Flemish youths suffer from mental health problems, often with serious consequences - yet tens of thousands of young people do not find the care they need, or have not yet received it. In collaboration with VTM, Qmusic and Het Laatste Nieuws, Belfius has supported Red Nose Day, which focusses on remedying this situation, from its inception (see also section 9.1.1.)
- Viva for Life: Belgium has one of the highest rates of child poverty in Europe. This social issue concerns around 80,000 children in our country. Combatting child poverty must therefore be a strategic priority because we, as Belfius, believe children are the future. That is why Belfius has been supporting Viva for Life, the biggest end-of-year charity initiative in French-speaking Belgium that is committed to the fight against child poverty. It is run by the Belgian radio and television station RTBF, in partnership with charity Cap 48 and Belfius, who has been its main sponsor since 2016.

Principle 4: We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

Once a year we publish an extended Sustainability Report in which we provide further information on our annual accomplishments. All our reports and continuous progress are also available on the Belfius [website](#). Our yearly engagement report with regards to our investment portfolio is also published.

In 2021, we developed an ESG Dashboard in which a series of our Key Performance Indicators (KPIs) in line with our strategy will be disclosed.

Additionally, Belfius collaborates with other external stakeholders, such as non-governmental associations or environmental, social & governance (ESG) rating agencies, with the ambition to enhance our existing policies and increase transparency within the insurance sector.

UNEP FI Principles for Responsible Banking reporting

Belfius Bank signed the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (PRB) in April 2020. The first UNEPFI PRB report, published in december 2021 provides Belfius' stakeholders an understanding on Belfius' progress and commitment towards the Principles in line with the UN Sustainable Development Goals (SDGs) and the Paris Climate Agreement. This first report is published in full below, except for the references which have been updated with new 2021 reporting material.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<p>PRINCIPLE 1: ALIGNMENT We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>		
<p>1.1. DESCRIBE (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>Belfius Bank is licensed as a credit institution in accordance with the Belgian Banking Law.</p> <p>As a Belgian bank-insurer, Belfius serves all segments of the Belgian economy, including individuals, small and medium enterprises (SMEs), corporates, and public and social sectors. As of 31 December 2020, Belfius was positioned as the second largest retail bank-insurer in Belgium with 3.7 million customers; the third largest bank for SMEs with approximately 0.3 million professional customers; the largest bank in the public sector with almost 100% penetration; and the third largest bank for corporates, serving approximately 50% of the companies in the Belgian market with a turnover equal to or above EUR10 million. Belfius serves approximately 30% of the Belgian population. Belfius' integrated business model is based on creating and leveraging synergies across these client segments, as well as its products and businesses.</p> <p>Believing in its role in the sustainable development of Belgium, Belfius strongly invests in all segments of the society:</p> <ul style="list-style-type: none"> • The public and social sector such as local and federal authorities, inter-municipal companies, hospitals, care homes, social housings and education centres are offered wide and integrated range of products and services, including but not limited to credit lending, treasury management and financial markets products. • Belfius equally provides financing to business and corporate banking clients ranging from the self-employed, liberal professions and small enterprises to the medium-sized and large corporates. Belfius seeks to support them throughout their entire lifecycle with a comprehensive package of products and services for both business and private needs (credits, transaction banking, financial market products, pension insurance, digital accessibility etc.). • Moreover, Belfius finances individuals including private and wealth management clients. As a bank-insurer, Belfius helps customers protect and develop their assets through cross-selling along the whole product range such as payments, savings, mortgages and consumer finance, non-life and life insurances, investments and insurance-investments. 	<p>Annual report 2021 Profile of Belfius, p 5 A fair taxpayer p. 63 Segment report p 128 - 130</p>

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
1.1. CONTINUED	<p>With an essentially Belgian balance sheet for its commercial activities, Belfius is committed to maximal customer satisfaction and added social value by offering products and services with added value through a modern omni-channel distribution model, which includes branches, bankers, Belfius Connect, and digital channels. Belfius is a proud leader in mobile banking in Belgium.</p> <p>Belfius Bank that signed the United Nations Environmental Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (PRB) is the parent company of the Belfius Group. Its major commercial subsidiaries focus on the Belgian market : Belfius Insurance (BI, insurer), Belfius Investment Partners (BIP, asset manager), Belfius Lease & Lease Services (leasing), Belfius Autolease (car leasing), Belfius Commercial Finance (factoring), Crefius (servicing and managing mortgage loans).</p> <p>For some very specific activities, entities are maintained in Luxembourg and Ireland:</p> <ul style="list-style-type: none"> • Belfius Financing Company SA issues certain securities to external investors. For technical and operational reasons, it has been decided that these issuances take place in Luxembourg. Belfius Insurance Finance manages a portfolio of shares and bonds there in full transparency vis-à-vis the Belgian tax authorities after receiving a positive ruling in Belgium. • Ireland-based Belfius Ireland controls a historical long-term bond portfolio, however this portfolio is currently being wound down. Belfius' Irish presence does not constitute a case of tax optimisation as there is no shift of taxable base from Belgium to Ireland. 	
<p>1.2. DESCRIBE</p> <p>how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>The 17 Sustainable Development Goals (SDGs or Global Goals) adopted by all United Nations Member States in 2015 is a universal call to action for sustainable development to end poverty, protect the planet and ensure peace and prosperity. The SDGs serve as guiding principles for Belfius' corporate sustainability strategy. Considering its business context and core activities, Belfius prioritised five SDGs (SDG 7-Affordable and Clean Energy, SDG 8-Decent Work and Economic Growth, SDG 9-Industry, Innovation & Infrastructure, SDG 11-Sustainable Cities and Communities, SDG12-Responsible Consumption & Production), where we believe we can and aim to create the greatest positive impact.</p> <p>Always aligning its business strategy with its values, Belfius strives to contribute to the SDGs through its product and service offering when possible. Belfius has historically been a bank that is active in public and social sector in Belgium, financing core infrastructure investments in the country for an inclusive and prosperous society. While many of the banking and insurance activities of Belfius contribute to the SDGs, Belfius' Funds of the Future, first launched in 2019, is a particular example where Belfius invests in different social and environmental themes that contribute to at least one of the Global Goals.</p> <p>Acknowledging the urgency of climate crisis, Belfius actively participates in local and international initiatives to better align its business with the objectives of the Paris Climate Agreement. At Belgian level, Belfius participated in the launch of the Belgian Alliance for Climate Action (BACA) in 2020, a joint initiative of the Belgian sustainable development network (The Shift) and WWF Belgium. The alliance brings together companies and organisations with a strong intention to pave the way to a low carbon economy by increasing their climate ambitions in line with the Paris Climate Agreement. To that end, Belfius has committed to set 'science-based targets' as part of its decarbonisation strategy. Belfius already achieved carbon neutrality for its own operations by investing in projects to offset its carbon emissions, and is planning on accounting and decreasing its climate impact of its financed emissions in the future.</p>	Annual Report 2020 p.22-23

PRINCIPLE 2: IMPACT AND TARGET SETTING

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1. IMPACT ANALYSIS

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:

- a) Scope: The bank's core business areas, products/services across the
- b) main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
- c) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- d) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/ regions in which it operates.
- e) Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that building on this analysis, the bank has

- Identified and disclosed its areas of most significant (potential) positive and negative impact
- Identified strategic business opportunities in relation to the increase of positive impacts/reduction of negative impacts

Serving approximately one third of the population, Belfius is a major player in the Belgian financial sector and is continuously monitoring the social, economic and environmental impacts resulting from its activities. In order to assess and understand its positive and negative impacts, Belfius utilised the second iteration of the Portfolio Impact Analysis Tool for Banks that is jointly developed by signatories of the PRB and UNEP FI Member Banks.

Through its impact analysis, based on the loan portfolio as of 30 June 2021, Belfius worked towards identifying its impacts related to its consumer, investment, business and corporate and public banking activities in Belgium. The main sectors and industries financed by Belfius were public administration, construction and real estate, activities of holding companies and retail.

Considering Belgium's country needs (as pre-defined in UNEP FI Impact Analysis tool) and Belfius' portfolio exposure, the analysis conducted through the Portfolio Impact Analysis Tool generated the following results:

- The potential positive impacts areas associated with Belfius' portfolios include : access to decent housing, public debt management, quality and availability of water, waste management, the efficient use of resources (water, energy, raw materials etc.) and climate change.
- The potential negative impacts areas associate with Belfius' portfolios include : public debt management, quality and availability of water, waste management, the efficient use of resources (water, energy, raw materials etc.) and climate change.

This first UN PRB report of Belfius Bank presents an overview of activities carried out by Belfius in implementing the Principles in 2021 to fully align itself with the Principles within 4 years timeframe. In the following years, Belfius will conduct an assessment of its performance with regard to potential positive and negative impacts enlisted above to finalise its portfolio impact analysis.

Additionally, Belfius will focus on helping its clients to facilitate the transition to more sustainable opportunities in the sectors with higher exposure to social and environmental impacts.

PLEASE PROVIDE YOUR BANK'S CONCLUSION/STATEMENT IF IT HAS FULFILLED THE REQUIREMENTS REGARDING IMPACT ANALYSIS.

Belfius Bank started to conduct its impact analysis exercise using the Portfolio Impact Analysis Tool and identified its potential positive and negative impacts that are associated with its consumer, investments, business and corporate and public banking portfolios considering its sectoral and client exposure as well as Belgium's country needs. The next step in this process will be to finalise the impact analysis based on Belfius' performance assessment with regard to the potential positive and negative impacts identified in this first step.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<p>2.2. TARGET SETTING</p> <p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>Belfius has been communicating on its sustainability efforts for some years now and listed overall ESG ambitions in its 2019 Sustainability Report.</p> <p>In the meantime, Belfius has increasingly been channeling its sustainability DNA into its strategic vision and is now working on the elaboration of a new ESG core dashboard. Following the completion of the portfolio impact analysis exercise as part of Belfius' engagement with UN PRB, Belfius Bank will further review its targets.</p> <p>As a group, Belfius already firmly committed to the following ambitions until now:</p> <ul style="list-style-type: none"> • Achieve a 44% representation of women at senior management level by 2025. • Maintain CO₂-neutrality for Belfius' own operations (i.e. excluding financed emissions). 	<p>Annual Report 2021 p. 41</p>

PLEASE PROVIDE YOUR BANK'S CONCLUSION/STATEMENT IF IT HAS FULFILLED THE REQUIREMENTS REGARDING TARGET SETTING.

Belfius Bank is gradually putting in place time-bound targets around climate and diversity. Belfius Bank is currently in the process of finalising its first impact analysis that will allow Belfius Bank to set targets in the following years to address positive and negative impacts associated with its portfolio.

2.3. PLANS FOR TARGET IMPLEMENTATION AND MONITORING

Show that your bank has defined actions and milestones to meet the set targets.

Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.

Belfius' actions towards achieving its overall ESG targets have been communicated in its 2020 Annual Report and will again be reported on in the 2021 Annual Report. Following the completion of the portfolio impact analysis exercise as part of Belfius' engagement with UN PRB, Belfius Bank will review its targets and develop additional action plans as needed.

PLEASE PROVIDE YOUR BANK'S CONCLUSION/STATEMENT IF IT HAS FULFILLED THE REQUIREMENTS REGARDING TARGET SETTING.

Belfius Bank is gradually putting in place time-bound targets around climate and diversity. Belfius Bank is currently in the process of finalising its first impact analysis that will allow it to set targets in the following years to address positive and negative impacts associated with its portfolio and report on actions undertaken to reach these targets.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
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2.4. PROGRESS ON IMPLEMENTING TARGETS

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.

Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)

Belfius' progress towards achieving its overall ESG targets have been communicated in its 2020 Annual Report and will again be communicated in the 2021 Annual Report. Following the completion of the portfolio impact analysis exercise as part of Belfius' engagement with UN PRB, Belfius Bank will review its targets and report on the progress and actions undertaken to meet the set targets.

PLEASE PROVIDE YOUR BANK'S CONCLUSION/STATEMENT IF IT HAS FULFILLED THE REQUIREMENTS REGARDING TARGET SETTING.
 Belfius Bank is gradually putting in place time-bound targets around climate and diversity. Belfius Bank is currently in the process of finalising its first impact analysis that will allow it to set targets in the following years to address positive and negative impacts associated with its portfolio and monitor progress towards these targets.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
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PRINCIPLE 3: CLIENTS AND CUSTOMERS

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1. PROVIDE

an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.

Customers are at the heart of Belfius' business strategy. Establishing a lasting relationship with customers and engaging with them in a responsible and transparent way is a key factor in building long-term relationships.

Belfius **Customer Acceptance Policy** and **Transition Acceleration Policy** are the cornerstones of Belfius' responsible engagements with its clients. Belfius aims to ensure that sustainable and responsible business practices are adopted and implemented by all business lines and customers.

In addition to its internal policies Belfius adheres to the code of conduct of Febelfin, the Belgian financial sector federation, to remain true to the values of the sector in its daily interactions with customers. Belfius also follows the code of conduct of BeCommerce, the federation of Belgian companies active in e-commerce to enable consumers to make online purchases reliably and securely.

In line with its values as a responsible bank-insurer, Belfius expects that its principles of responsibility, honesty and professionalism are adopted and embraced by all of its employees. To that end, **Belfius Code of Conduct, Anti-Discrimination Policy and Whistleblowing Policy** serve as guiding principles for its employees while engaging with Belfius customers. Each year Belfius employees receive compulsory trainings on ethical and compliance-related issues. The training courses are refreshed every two to three years, with ad hoc training cycles also organised for certain profiles. Each employee has his or her own dashboard in which all planned and completed training courses are displayed and monitored by HR and Compliance.

The above-mentioned policies are available on [Policies & Charter website](#), which provides an overview of all relevant Belfius policies in the field of sustainability.

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3.2. DESCRIBE

how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned / implemented, products and services developed, and, where possible, the impacts achieved.

Belfius' engagement activities

As a key bank-insurer in Belgium, Belfius believes that it has a crucial role within the society to facilitate and promote transition of the Belgian economy to sustainable economic activities in line with the vision of a European Green Deal. To achieve this objective Belfius developed its Transition Acceleration Policy that aims to both exclude certain activities that are considered unsustainable (e.g. tobacco production and gambling) and to support clients' transition to a low carbon and just economy, while respecting United Nations Global Compact principles. The scope of the policy covers all processes of Belfius Group such as client onboarding, loan and leasing origination, and investment offer amongst others. Belfius' ambition is to have all client relations, products and portfolios come in line with this policy by 31 December 2022, provided this is legally and contractually allowed.

It is Belfius' ambition to further develop the Transition Acceleration Policy's reach over time, timely addressing emerging societal or market evolutions as well as covering voluntary commitments (e.g. Science Based Targets Initiative-SBTi, UNEP FI) and upcoming legislations (the EU taxonomy, corporate due diligence and vigilance).

The majority of funds distributed by Belfius are produced and managed by either its subsidiary Belfius Investment Partners (IP) or its strategic partner Candriam. Fund managers in both organisations maintain an active and constructive dialogue with the companies in which their respective funds invest. By making their views, concerns and ideas known to the management of these companies, asset managers seek to influence decisions made by top management towards more sustainable business practices. In line with this approach Belfius Investment Partners, a signatory to the United Nations Principles for Responsible Investment (UNPRI) constantly monitors its investment portfolios and integrates ESG criteria when selecting underlying instruments (funds, trackers). For more detailed information on Belfius IP's engagement approach please see [Belfius IP Engagement Policy](#).

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3.2. CONTINUED

Belfius' product and service offering

In line with its sustainability vision, Belfius constantly develops and offers financial solutions that enable its clients and customers to adopt more sustainable activities and business models.

Major new strategic initiatives launched by Belfius Bank over the course of 2021, guided by its desire to contribute to a more sustainable Belgian economy and society are as follows:

- Re=Bel, a brand new investment application that is accessible to all, allows investing that contribute to an ESG cause
- Beats, an innovative payment and telecom offer for retail customers with a societal angle that enables the customers to select the causes (health, planet or people) they want Belfius to support for them
- Banx, platform imagined by Proximus, powered by Belfius allowing users to more consciously manage their banking activities and understand which of their purchases are good for the planet and which are not through a personal CO₂ footprint dashboard

Furthermore, Belfius Bank actively participates in sustainable lending programs offered by European institutions such as the European Investment Bank (EIB) or European Investment Fund (EIF) to contribute to sustainable economic activities of its clients and customers. Major programs to which Belfius participated are as follows:

- In collaboration with EIB as part of the European Private Finance for Energy Efficiency program, Belfius Bank launched Belfius Energy Efficiency Package (BEEP), which is a unique financing package for companies, public authorities, educational institutions and social profit organisations who wish to invest in reducing their energy consumption, switching to alternative energy sources or producing their own energy.
- Belfius Bank was also awarded a grant from European Local Energy Assistance (ELENA) initiative to actively assist its public and social profit customers in the development of energy efficiency and building-linked renewable energy programmes.
- Belfius Bank is in a preferential credit partnership with the EIB on projects/investments related to smart cities, climate action and circular economy.

Belfius also offers its retail customers green products and services such as its Green Renovation Loan for financing construction and renovation projects that contribute to energy-savings in the Belgian households, Eco (Plus) Car loan, bicycle loan as well as reductions in Belfius Car premiums for customers who limit their ecological footprint.

Understanding the positive impact that can be achieved through capital markets in May 2021 Belfius issued its inaugural green bond in line with the ICMA Green Bond Principles (2018), with an issuance of EUR 500 million. The proceeds of the issuance will be utilised towards financing/refinancing green projects/investments that contribute to renewable energy, energy efficiency, clean transportation, green real estate or waste and water management. Building on its expertise and experience Belfius also supports green and sustainability bond issuances of its clients, helping them to strengthen their sustainability policies.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
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PRINCIPLE 4: STAKEHOLDERS

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1. DESCRIBE

which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/ results achieved.

Belfius regularly consults and engages with its stakeholders, more specifically customers, employees and unions, civil society, shareholder, sectoral organisations, prudential supervisors as well as rating agencies and sustainability analysts. The aforementioned stakeholders were identified considering relevant stakeholders that are impacted by Belfius' activities as well as their impact on Belfius. These interactions with stakeholders take place on regular basis through different channels depending on the nature of Belfius' relationship with them. The dialogue with stakeholders allows Belfius to understand their expectations regarding Belfius' environmental and social impact as well as inform them about Belfius' sustainability strategy and objectives.

Belfius first conducted a materiality analysis in 2017 to determine which topics should be considered as "material" for Belfius with regard to sustainability. The results of this exercise were presented in a materiality matrix, which highlighted the list of material topics. These topics, along with those having a strategic impact on Belfius, were incorporated to a maximum extent in the definition of ESG risk management, the development of sustainability policies and the formulation of Belfius' overall strategy.

Belfius is currently (Q4 2021) engaging with stakeholders (a selection of customers, suppliers & partners, NGO, academics, trade unions and employees) through a questionnaire with a double objective : to confirm that Belfius' group-wide strategy and sustainability commitments are tackling issues that stakeholders consider relevant towards a sustainable Belgian society, as well as to identify any additional topics that are material to Belfius' stakeholders and might not be included in Belfius' strategy yet. The results of this assessment will be published in the 2021 Sustainability Report and will serve as a basis for further inspiration to refine Belfius' ESG strategy and structure its actions to address the changing world around Belfius.

In the purpose of implementing the Principles and improving Belfius' impact on society and environment, Belfius actively engages with several sustainability initiatives and sectoral organisations both at local and international level. Acknowledging the United Nations' role, on top of being a signatory to the UN PRB initiative, Belfius is also a signatory to the United Nations Global Compact, UN Principles for Sustainable Insurance (Belfius Insurance) and the PRI (Belfius Investment Partners). Participation in these initiatives allow Belfius to be part of a collective action and share experiences around sustainable finance.

With regard to sectoral organisations, while Belfius Bank actively participates in and contributes to workgroup activities organised around sustainability by Febelfin, Belfius Insurance engages in workgroups at Assuralia, the sectoral federation of insurance companies operating in the Belgian market.

In 2020 as part of its commitment to climate action and to better align with the objectives of the Paris Climate Agreement, Belfius participated in the launch of the BACA. This participation underscores Belfius' ambition to better fulfil expectations of the Principles. Accordingly, Belfius is also member of Partnership for Carbon Accounting Financials (PCAF), a global partnership of financial institutions for greenhouse gas accounting and disclosure in the sector that will allow Belfius to identify its impacts and set credible targets.

At the local level Belfius is a member of the sustainability community The Shift as well as Belgian Institute for Sustainable IT (ISIT-BE), a think and do tank bringing together Belgian companies, organizations and individuals to help them succeed in their digital transition while reducing the environmental and social footprint of their IT services and usages. Further confirming Belfius' commitment to the SDG 5 on gender equality Belfius is also a signatory to the Women in Finance Diversity Charter for a more balanced and fair financial service industry.

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Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
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PRINCIPLE 5: GOVERNANCE & CULTURE

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1. DESCRIBE

the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.

The Board of Directors of Belfius Bank defines and supervises the strategy and objectives of the Bank, as well as the risk management, including the level of risk appetite, at the proposal or recommendation of the Management Board. This also includes the ESG strategy and risks. Also, as Belfius Bank is head of the Belfius Financial Conglomerate, Belfius Bank's Board of Directors is responsible for the general policy, risk appetite and strategy (including ESG) of the Belfius Group and the compliance of the subsidiaries herewith.

The Risk Committee at Board of Directors level has advisory powers and responsibilities with regard to the Board of Directors on setting current and future risk appetite and strategy, including on ESG and climate risk, as well as monitoring its implementation.

The Management Board is responsible for the effective management of the Bank, directing and coordinating the activities of the various business lines and support departments within the framework of the objectives, strategy, risk and general policy set by the Board of Directors.

Belfius' Group Committee manages and oversees group strategic matters including the sustainability strategy and its implementation for the banking and insurance group. It is responsible for the implementation of the mandatory regulations and voluntary commitments on ESG, such as the Principles for Responsible Banking or Principles for Sustainable Insurance.

In 2021 Belfius Group Committee comprised of five members of the Management Board of Belfius Bank, the chairman and CFO of the Management Board of Belfius Insurance and three associated members of the Management Board of Belfius Bank, who join the Committee in an advisory capacity.

At executive level, both Belfius Bank CEO and Belfius Insurance CEO sponsor the ESG strategy. An ESG program and steering was set-up to monitor the implementation of the ESG strategy as well as the mandatory and voluntary commitments. Twelve ESG workstreams were formed, responsibilities for the streams were assigned to the members of the Management Board, and each workstream has a tracker on senior management level. A monthly steering ('strategic domain committee' ESG), bringing together the various trackers and covering the whole Belfius organisation, closely follows up on progress of each of these streams.

At Belfius Bank, the Head of Sustainability is accountable to the CEO. She heads the ESG Coordination Team and is in charge of the overall coordination of the group-wide ESG strategy. She works in close collaboration with the Sustainability Manager of Belfius Insurance. Both parties conduct a systematic dialogue on ESG affairs with key internal and external stakeholders.

As a result of Belfius' engagement with voluntary initiatives as well as the integration of ESG matters into existing or new regulatory requirements by regulators and prudential supervisors, Belfius attributed responsibilities around sustainable finance to existing decision-making structures. Nevertheless, Belfius is in the process of assessing the benefit of a more dedicated governance approach for the upcoming year.

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Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<p>5.2. DESCRIBE</p> <p>the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>Belfius' corporate culture relies on four overarching values: customer orientation, authenticity, fairness and entrepreneurship spirit. These values ensure that customer expectations are at the centre of Belfius' business, each person's individuality and differences are respected. Belfius seeks a fair balance between the interests of all stakeholders, to create sustainable long-term value for its customers, society as a whole, the environment and Belfius' organisation.</p> <p>In line with its core values, sustainability lies at the heart of Belfius' business strategy. Belfius 2025 Strategy, shared across the internal organisation, puts forward the need to integrate sustainability in all aspects of its business. This is an aspect that is fundamental to Belfius' purpose "Belfius, meaningful and inspiring for Belgian society. Together."</p> <p>Belfius also integrates ESG-related objectives to the senior managers' variable remuneration. The ESG-related objectives cover the topics on customer satisfaction, employee engagement & well-being, diversity, leadership development and Belfius Group's ESG rating performance.</p> <p>Moreover, Belfius strives to integrate and adopt all aspects of sustainability in Belfius' work environment. Hence, in 2019 Belfius became a signatory to the Women in Finance Diversity Charter, an initiative to improve gender equality in the financial sector. Adopting the principles of the Charter, Belfius actively promotes gender equality at the workplace through several activities such as webinars and awareness-raising communications via its intranet. When it comes to Belfius' operational environmental impact, Belfius' building management seeks continuously to increase efficiency in energy and water consumption, while reducing waste generation. Lastly, as a firm believer of promoting behavioural change within and ownership by the employees on ESG related topics, Belfius encourages employees with an interest in sustainability to share this passion through the "Train Your Colleagues sessions".</p>	<p>ESG and remuneration policy</p> <p>Annual Report 2021 p 38 - 40 p 61 - 63 p 102</p>
<p>5.3. GOVERNANCE STRUCTURE FOR IMPLEMENTATION OF THE PRINCIPLES</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected. 	<p>As stated in section 5.1. Belfius' Group Committee manages and oversees group-wide strategic matters such as the sustainability strategy, mandatory regulations and voluntary commitments on ESG, including the UN PRB.</p> <p>Sponsored by the CEO, Belfius' sustainability manager drives the implementation of UN Principles for Responsible Banking, leveraging the ESG Program and steering.</p> <p>However, Belfius is in the process of assessing the benefit of a more dedicated governance approach for the upcoming year.</p>	
<p>PLEASE PROVIDE YOUR BANK'S CONCLUSION/ STATEMENT IF IT HAS FULFILLED THE REQUIREMENTS REGARDING GOVERNANCE STRUCTURE FOR IMPLEMENTATION OF THE PRINCIPLES.</p> <p>Belfius' Group Committee oversees the implementation of the Principles. Belfius is in the process of assessing the benefit of a more dedicated governance approach for the upcoming year.</p>		

PRINCIPLE 6: TRANSPARENCY & ACCOUNTABILITY

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1. PROGRESS ON IMPLEMENTING THE PRINCIPLES

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your bank has considered existing and emerging international/ regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/ regional good practices and has made progress on its implementation of these Principles.

To better implement the Principles and the good practices, Belfius signed the UN PRB as Belfius Bank and UN Principles for Sustainable Insurance (UN PSI) as Belfius Insurance in April 2020. As a member of The Shift, Belfius also participated in the launch of the BACA. In line with the Principles, the engagement with BACA and its strategy around climate action, Belfius has adhered to PCAF in October 2021 and officially committed to set science-based targets in December 2021. These voluntary commitments will help Belfius in meeting regulatory and prudential requirements such as the EU Taxonomy, EBA Pillar III and Corporate Sustainability Reporting Directive (CSRD).

Over the course of 2021 the revised Transition Acceleration Policy was rolled out. Belfius does not support companies that systematically or seriously violate one or more of the 10 UN Global Compact principles. The Transition Acceleration Policy imposes exclusions or restrictions on activities in many more sensitive economic sectors than was previously the case: tobacco, gambling, weapons, fossil energy, mining, palm oil and soy, and speculation on agricultural raw materials. Activities that are considered intrinsically unsustainable are fully excluded, in other sectors customers are encouraged to transition to a low carbon and just business model. The scope of the policy covers all processes of Belfius Group such as client onboarding, loan and leasing origination, and investment offer amongst others.

It is Belfius' ambition to further develop the Transition Acceleration Policy's reach over time.

Belfius also redacted a human rights policy in 2021, inspired by the United Nations Global Compact but also acknowledging the Universal Declaration of Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work (signed by Belgium).

Following up on its commitment to diversity, Belfius signed the Inclusive Panels Charter in 2021, which aims to raise awareness of the importance of diverse panels in terms of gender, age and background.

PLEASE PROVIDE YOUR BANK'S CONCLUSION/STATEMENT IF IT HAS FULFILLED THE REQUIREMENTS REGARDING PROGRESS ON IMPLEMENTING THE PRINCIPLES FOR RESPONSIBLE BANKING.

Belfius has made important progress in the reporting year to implement the Principles. Belfius reviewed its Transition Acceleration Policy to better manage its ESG risks as well as guide its clients towards sustainable business practices. Belfius also joined several initiatives on sustainability and started developing financed emissions accounting as a first step towards setting its climate targets aligned with the Science Based Target Initiative (SBTi) requirements. Additionally, Belfius redacted its human rights policy.