

Sustainability Report 2020

AT THE HEART OF THE TRANSITION TOWARDS A SUSTAINABLE FUTURE



1. Our sustainability strategy

1.1. ESG as our compass in an unprecedented year

More than ever, 2020 proved to be a year full of challenges, not only for Belfius, but for society as a whole. The difficulties linked to Covid-19 proved unprecedented, while market conditions in a persistently negative interest rate environment continued to create particularly harsh conditions for the financial sector worldwide.

These unprecedented conditions further convinced us to fully embrace sustainability. Our purpose, *Meaningful & Inspiring for the Belgian Society. Together*, proved even more relevant than ever and was an exceptional compass in an unprecedented year.

Belfius stepped its ESG ambition up a gear in 2020, because we firmly believe in the crucial role that the financial sector has in the transition to a sustainable society. Sustainability has always been part of our DNA, but we have now sharpened our commitments. In doing so, 2020 became the year in which we worked both actively and very consciously on the E (Environment), the S (Social) and the G (Governance).

Environment and climate: Fully convinced of the importance of the Paris Climate Accords, we have worked hard on our carbon neutrality in order to not only reduce our own climate footprint, but also inspire our customers.

Governance: In line with our increased ESG ambition, we also strengthened our governance by assigning clear responsibilities at the highest levels. We formalised our commitments by signing up to the highest standards and we remain determined to conduct our business with maximum transparency. With the launch of clear sector policies (Transition Acceleration Policy), we are boosting the transition to a more sustainable society.

Social dimension: We never forgot the social impact and with our Funds of the Future we ensured that over EUR 742,000 went to well-considered social causes. We also pride ourselves on being a responsible employer, always promoting diversity and seeing differences as an enrichment to our workforce.

In short, in a world hit by an unprecedented health crisis and consequent economic recession, Belfius is now, more than ever, remaining true to its mission by proactively providing meaningful solutions to the major challenges of tomorrow and offering inspiring answers that are guiding Belgium and its residents, SMEs, businesses and institutions through this crisis. These answers will help strengthen each and every one of them so that they can continue to build a sustainable future for themselves, and for Belgian society as a whole.

1.2 About this report

Our 2020 Annual Report's "Corporate Social Responsibility" chapter will look at Belfius' role in Belgian society and, in a broader sense, at the impact its activities have on people, the environment and society at large. The information in this chapter is addressed to all those who have an interest in Belfius' activities: clients, employees, commercial partners, media and the general public. Detailed information on non-financial data and the processes underlying our sustainability strategy is primarily intended for investors, analysts, sustainability experts and NGOs.

Last year Belfius announced a new sustainability strategy in the form of 10 commitments for 2025-2030. In this chapter we take an initial intermediate look at that sustainability strategy, what progress was made in 2020 with regard to each of the commitments, as well as how far Belfius has come with its sustainability policy thus far.

This chapter also contains detailed information on the sustainability features of our banking and insurance solutions, describes the ethical foundations of our business practices and brings together achievements and initiatives that are underpinned by strong social commitment.

The Belfius Annual Report respects Belgian legal requirements pertaining to disclosure of non-financial information and information on diversity (03/09/2017) and thus also complies with the requirements of the corresponding European Directive 2014/95/E.

This particular chapter of the Belfius 2020 Annual Report was prepared in accordance with "GRI Standards", "core" option. A GRI reference table can be found at the end of the report, on page 48.

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Truike Vercruysse
Head of Sustainability



1.3. Our commitments: the building blocks of Belfius' sustainability strategy

Last year, to make its sustainability strategy tangible, Belfius defined 10 commitments towards 2025-2030. Some have already been translated into very concrete actions, for others the different actions are being developed and embedded in the strategy 2025.


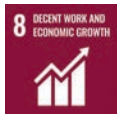

















When fulfilling the 10 commitments mentioned below, Belfius aims to have a maximum impact on the realisation of the SDG agenda.

The 17 Sustainable Development Goals (SDG or Global Goals) are a universal set of goals, targets and indicators that define global sustainable development priorities and ambitions for 2030. Together, they form the agenda that calls for urgent action by all actors of society - governments, business and civil society - to end poverty, protect the planet and ensure prosperity for all.

Although the 17 SDGs form a coherent whole and are all interlinked, we have selected five priority areas in which we can and want to generate the greatest positive impact through our core activities. At the same time, we identified 5 other SDGs in which we believe we can be most meaningful to people, the environment and society by striving for operational excellence.

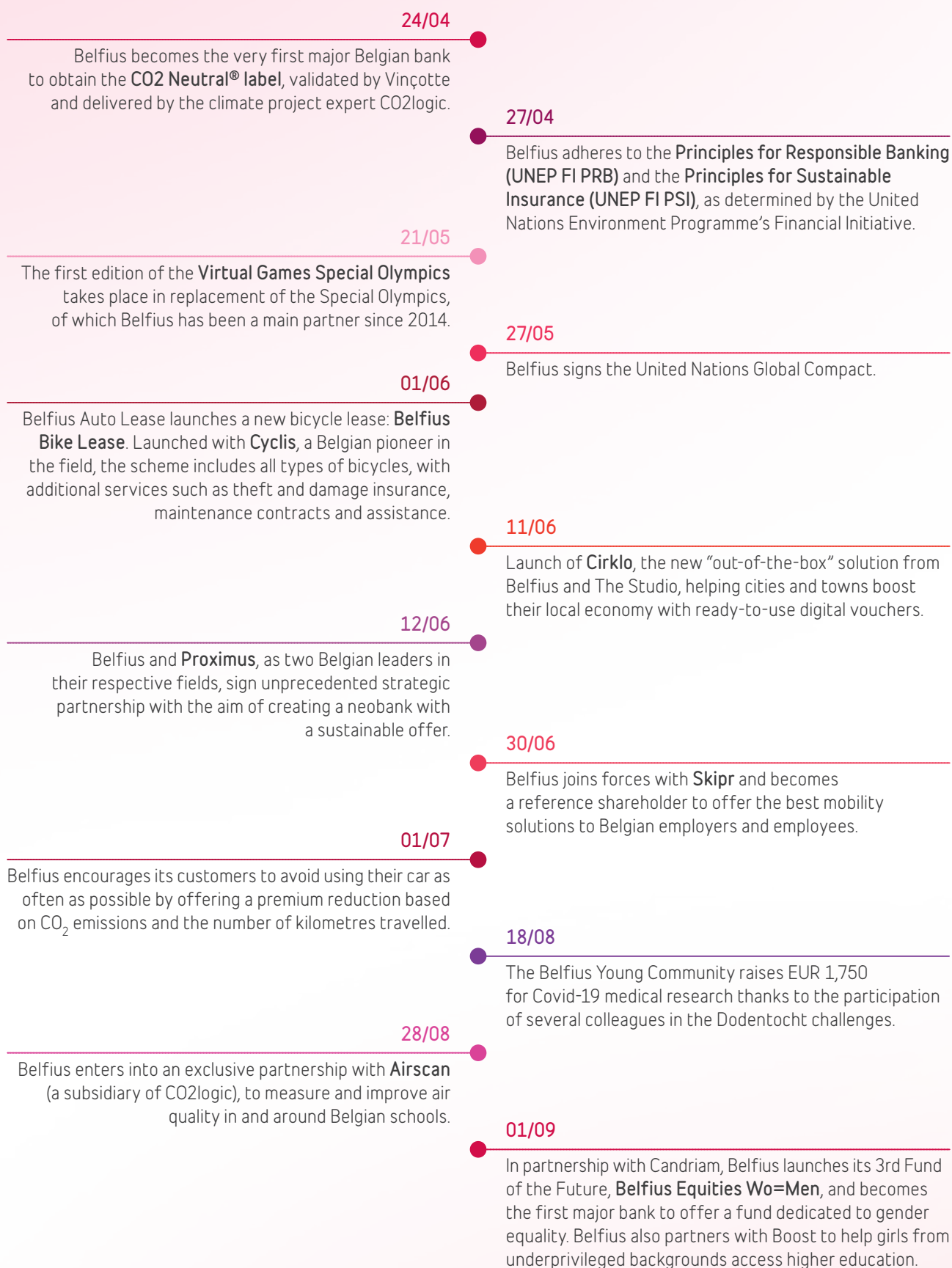
An overview of our 10 commitments for 2025-2030 & the corresponding SDGs they aim to contribute to:

10 COMMITMENTS TOWARDS 2025-2030		SDGS LINKED TO CORE ACTIVITIES	SDGS LINKED TO OPERATIONAL EXCELLENCE
1	<p>Be a leading actor in the transition to a sustainable Belgian economy and society</p> <p>→ Embed ESG criteria in core activities and decision-making processes, across all entities;</p> <p>→ provide maximum support to customers in the economic and societal transition towards sustainability.</p>	   	 
2	<p>Being and remaining CO₂ neutral</p> <p>→ Maintain CO₂-neutrality for Belfius' operations, both for direct (scope 1 and 2) and indirect (scope 3) footprint;</p> <p>→ accompany customers to decrease their CO₂ emissions.</p>	 	
3	<p>Encouraging customers to invest sustainably</p> <p>→ Gradually move to an offer of exclusively sustainably managed investment products by the end of 2022.</p>	 	
4	<p>Actively working towards a sustainable balance sheet</p> <p>→ By 2025, 30% of new long-term loans production will be allocated to projects with a positive impact on society, aligned with the EU Taxonomy and the EU Green Bond Standards.</p>	  	 

10 COMMITMENTS TOWARDS 2025-2030			SDGS LINKED TO CORE ACTIVITIES	SDGS LINKED TO OPERATIONAL EXCELLENCE
5	Reinventing our mobility with a forward-looking vision	<ul style="list-style-type: none"> → Evolve towards an offer of shared, multimodal and sustainable mobility solutions; → Belfius Auto Lease aims to achieve a 50% reduction in CO₂ emissions from its car fleet, including both customer and employee cars, by 2025. 		
6	Making future-proof infrastructure an absolute priority	<ul style="list-style-type: none"> → Provide concrete solutions for infrastructure challenges in Belgium, focusing on among others renewable energy, social housing and drastic reduction of the carbon footprint of government buildings. 		
7	Privacy and data protection of our customers is paramount	<ul style="list-style-type: none"> → Optimise customer data protection and cyber security to the highest standards; → share customer data in the Belfius app only with customers' consent; → no selling of customer personal data whatsoever. 		
8	Equal opportunities and social commitment are and remains our leitmotiv	<ul style="list-style-type: none"> → Gradually expand our philanthropy offer through specific investments products; → continue and strengthen our commitment to charitable projects; → promote financial inclusion by simplifying communication to customers; → contribute to a healthier economic system by working towards a cashless society. 		 
9	Setting an example as an employer	<ul style="list-style-type: none"> → Put in place an offer of lifelong learning to increase the long-term employability of our employees; → achieve a 44% ratio of women at all levels of the company by 2025; → guarantee gender neutrality, equal pay and equal career opportunities. 	 	
10	Risk management and financial stability are an absolute essential for Belfius	<ul style="list-style-type: none"> → Underpin sustainability strategy by guaranteeing long-term financial stability; → maintain strong solvency and liquidity ratios; → further integrate ESG risks into overall risk management framework. 		

1.4 Sustainability @ Belfius in 2020: an overview

Below you will find a chronological overview of events, awards and launches in which we were involved in 2020. This overview provides a good picture of the extent to which sustainability is embedded in our daily operations as a Belgian banking and insurance provider.



18/09

The “**Every Day is Equal Pay Day**” campaign is launched on “International Equal Pay Day”. The event is also used to recall that at Belfius, we do not wait for a particular day to put diversity and equal opportunity, particularly between men and women, at the centre of our concerns.

12/10

Belfius joins the **Belgian Alliance for Climate Action (BACA)** to align its ambitions with those of the Paris Climate Accord.

17/10

Belfius launches its **SDG (Sustainable Development Goals) roadshow** internally via a series of communications - the first one being SDG 1 on the fight against poverty. In line with this, Belfius organises an information session on the importance of this SDG by inviting Viva4Life representatives to present this topic.

21/10

Belfius becomes a member of the **Belgian Institute for Sustainable IT (ISIT-BE)** during its launch in Belgium, thus committing ourselves to promoting a more sustainable, ethical and responsible digital world.

03/11

Launch of **Belfius Equities Be=Long**, Belfius’ fourth Fund of the Future, dedicated to companies developing solutions and technologies for a better quality of life. Linked to this fund is Tubbe, an initiative based on a participatory model that aims to make nursing homes more pleasant and lively for its inhabitants.

18/11

For the 26th consecutive year, Belfius examines the financial health of general and university hospitals in Belgium and publishes its **MAHA (Model for Automatic Hospital Analyses) analysis**, as well as the impact of Covid-19.

26/11

At the Belgian Sponsorship Awards, Belfius wins the gold medal in the **Best Sponsorship** category for the Belfius EuroHockey Championships.

11/12

Belfius’ partner **Hoplr** is awarded the **Technology Tools Award** by the European Social Network. Hoplr enables the transformation of neighborhoods, connecting neighbours and strengthening social ties.

15/12

For the benefit of **Viva For Life**, Belfius organises a series of inhouse training sessions given by staff to raise employee awareness on various sustainable themes (zero waste, circular economy, etc.).

28/12

This year, **Red Nose Day** did not focus on fundraising, but rather on raising awareness. Nearly 60,000 young people received online assertiveness training and the number of OverKop houses (where young people can go for accessible help) increased from 5 to 16. On the **Viva for Life** side, despite the pandemic a record total of EUR 623,345 was raised specifically through Belfius.



Responsible
business conduct
based on the
company's values
is an essential
part of the
Belfius strategy.

2. A sound governance

2.1. Our corporate values as a cornerstone

Belfius group's corporate governance and company culture are characterised by our four company values: a fair & authentic behaviour, combined with a customer-oriented and entrepreneurial mindset.

- Satisfied customers are the benchmark for everything we do at Belfius. Customer focus is therefore crucial. At Belfius we also dare to break new ground, to push back frontiers in search of new opportunities.
- However, at the same time we seek a fair balance between the interests of all our stakeholders, to create sustainable long-term value for our customers, society as a whole, the environment and our organisation. We do business in an authentic way, being true, reliable and credible. We respect individual characteristics and find differences to be enriching.

Responsible business conduct based on these values is an essential part of the Belfius strategy. Each and every day this is translated into the daily actions of all Belfius employees at every level of the organisation.

2.2. Our commitment to leading sustainable business principles

Our 10 commitments for 2025-2030 set out concrete ambitions in the transition to a more sustainable society. In addition to these however, we are also committed to a series of guiding principles issued by various international bodies. Since 2020, Belfius has been a signatory to three fundamental conventions:

- The **United Nations Global Compact** encourages companies to voluntarily apply universal principles of sustainable development, including 10 principles relating to human rights, labour, the environment and anti-corruption.
- The **Principles for Responsible Banking**, formulated in 2019, provide the banking sector with a framework for establishing a sustainable and responsible banking system where strategy, portfolio, transactions and business management take sustainability deeply into account.
- The **Principles for Sustainable Insurance** provide the sector with a step-by-step global blueprint for innovative risk management and the development of insurance solutions capable of responding to the risks and opportunities related to environmental, social (ageing population, healthcare, wealth distribution, etc.) and governance issues.

Our commitment to these conventions binds us to not only respect a series of principles, but also to communicate our progress transparently on the websites of the organisations concerned. The first reporting of this kind will take place in the Spring of 2021.

Similar reporting has already taken place as part of the **United Nations Principles for Responsible Investment** (UNPRI) requirements, signed in 2019 by Belfius Investment Partner, our investment fund management and administration subsidiary.

Since 2019, Belfius is also a signatory of the **Women in Finance Diversity Charter**, an initiative to improve gender equality in the financial sector.

At the 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 lower carbon economy, by

WE SUPPORT



increasing their climate ambitions in line with the objectives of the Paris Agreement. In particular, Belfius is committed to defining 'science-based targets' in order to continue to reduce its CO₂ emissions on a larger scale, across all of its activities. See further (section 3.3) for more information.

2.3. ESG governance of the Belfius group

Responsibilities for the implementation of Belfius' sustainability strategy have been laid down in a specific ESG governance document, reflecting full commitment from the company's highest management bodies.

- At executive level, both CEOs (Belfius Bank and Belfius Insurance) sponsor the ESG strategy and are directly responsible for its implementation within the Executive Committee. ESG is a regular topic on the agenda of the Group Executive Committee.
- A specific ESG Committee within the Board of Directors took on the role of supporting Belfius' enhanced sustainability ambitions in 2020. It is chaired by the Chairman of the Board of Directors and is made up of members of the Boards of both Belfius Bank and Belfius Insurance, with a strong interest and/or expertise in sustainable development.
The ESG Committee closely monitors the implementation of the sustainability strategy, asks questions throughout the process, validates the proposals of the ESG Steering Committee (see below) and advises the Board of Directors (of both Bank and Insurance) on decisions regarding ESG-related issues.
In 2021, after evaluation, the Board of Directors will decide whether this way of working should be maintained or whether a different approach by the Board of Directors is advisable, given the high importance of ESG.
- The ESG Steering Committee, made up of department heads and managers from all business areas, specifically supervises and steers the ambitions and commitments of the Belfius sustainability strategy. The ESG Steering Committee, headed by the Head of Sustainability and reporting to the ESG Committee, meets on a monthly basis and monitors the progress of the ESG strategy within the respective perimeters.
- The Head of Sustainability heads the ESG Coordination Team and is in charge of the overall coordination of the day-to-day ESG strategy at Group level. Together with the ESG Coordination Team, she conducts a systematic dialogue on ESG affairs with key internal and external stakeholders. She also leads the ESG Steering Committee and is directly accountable to both CEOs.

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By participating
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3. A responsible bank-insurer

3.1. True and reliable business conduct

A responsible, honest and professional attitude on the part of every employee in their dealings with customers and partners is crucial if we are to gain, maintain and justify the trust of our customers and stakeholders. That trust is fundamental.

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

- [Code of Conduct](#)
- [Anti-Discrimination Policy](#)
- [Whistleblowing Policy](#) (for reporting abuse or malfunctions)

Belfius scrupulously complies with all laws and regulations and respects the rules and practices prevalent in the financial sector. Belfius' policy in this area is outlined in a Compliance Charter and Integrity Policy. These include the following policies concerning specific risk situations:

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

In 2020:

- Two cases were recorded where an employee was manipulated by an external person to carry out certain transactions. Both incidents can, by nature, be related to corruption, although there is no indication of personal gain by the employees involved. The incidents involved a non-management employee from an autonomous Belfius agency on the one part and a central service employee on the other. Both cases were detected at an early stage by the bank's first-line internal control mechanism, which thus proved its effectiveness. There was no financial damage to Belfius' clients, nor to Belfius itself.
- The share of total loss due to internal fraud in 2020 was zero.
- No cases of whistleblowing have been recorded over the past three years.

A full list of all [Policies & Charters](#) is available on our corporate website.

We insist on the fact that each 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 job 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 legislation (Febelfin training)

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.

3.2. An honest taxpayer

As a locally-established banking and insurance company, Belfius strives to be transparent with all its stakeholders in the area of taxation. The objectives, guidelines and responsibilities in this domain are described in detail in the Belfius Group [Tax Policy](#).

Belfius complies with all applicable 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.

With regards to its commercial activities, Belfius focuses exclusively on the Belgian market. 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 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.

Consolidated IFRS figures

(In thousands of EUR)	2018	2019	2020
TOTAL CASH TAXES AND CONTRIBUTIONS	(601,241)	(664,257)	(688,067)
Current taxes ⁽¹⁾	(143,246)	(210,630)	(228,428)
Sector levies ⁽²⁾	(221,919)	(222,343)	(237,076)
Social sec. employer	(112,174)	(112,012)	(113,221)
Non-deduct VAT	(80,792)	(81,271)	(68,888)
Other indirect taxes	(43,109)	(38,001)	(40,454)

(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.

3.3. Integrating ESG into risk criteria

Comprehensive management of sustainability factors, broken down into environmental, social and governance (ESG) risk factors, must protect both the Belfius group and society at large from physical, transitional and societal risks that its activities could potentially generate. Belfius takes into account both the direct impact and risks from its own buildings and internal activities, as well as the indirect impact and risks connected to lending, investment and insurance portfolios.

The foundations of ESG risk management at Belfius were laid down in 2017 via a materiality analysis that identified the most important ESG factors and risks for Belfius and certain key stakeholders. Since then, these indicators have gradually been embedded into day-to-day operations and decision-making processes. ESG risks are monitored at group level in consultation with Belfius' subsidiaries, without losing sight of each of their specific features.

2020 was a particularly important year for the internal organisation with regards to the planning of ESG risk management. You will find more details in chapter VIII. ESG Risk Management of the 2020 Risk Report.

COMMITMENT

**Risk management
and financial stability are an
absolute essential for Belfius**



In terms of content, the main ESG focus in 2020 was the following:

Accelerating the sustainable transition of our core business by implementing a strengthened sector policy

Belfius' sector policy is a crucial tool for managing exposure to various ESG risks. In 2020, sector policy criteria were reinforced through the Transition Acceleration Policy (TAP) so as to be applied to a range of internal processes: investment management, credit risk acceptance guidelines, money market guidelines, Belfius Lease's decision-making processes and Belfius Auto Lease's validation processes.

This Belfius sector policy imposes exclusions or restrictions on activities in sensitive economic sectors that are either totally or partially inconsistent with our ESG policy: tobacco, gambling, weapons, fossil and nuclear energy, mining, palm oil and soy, and speculation on agricultural raw materials.

The sector policy is evolving and will continue to be refined over time. Belfius also wishes to encourage and support other companies in their transition to more sustainable activities, therefore dialogue with customers and stakeholders will also be an essential component of the sector policy.

Towards a healthy and resilient balance sheet

A specifically dedicated task force was launched in 2020 to gradually carry out a detailed screening of our balance sheet in 2021 with regards to our strategic commitment to sustainability. Based on the ESG risk sensitivity of economic sectors, this process will allow us to obtain a detailed picture of the ESG risk sensitivity of our assets across various economic sectors. The exercise will be guided by the EU taxonomy for sustainable activities, our own sector policy, as well as dialogue with a number of external stakeholders.

From 2022 onwards, Belfius will take appropriate risk mitigation and adaptive measures to minimise the impact of potential ESG risks linked to its core business.

Climate action

Our initial focus will be on climate-related risks: physical risks linked to the consequences of global warming (e.g. floods), and transition risks (financial risks linked to losses in value and costs related to necessary energy transition). Within this context, we have chosen to focus on our real estate portfolios first, as we are convinced that this will have a major positive impact and will allow us to manage several important climate risks.

In April 2020 we began collecting the energy efficiency scores of our residential mortgage portfolio. Necessary developments are currently being made to collect energy efficiency information for other property and loan types as well so as to be able to adapt our systems to systematically collect this new data.

A next step will be the development of an internal Belfius database (Real Estate Repository or RER) in which energy efficiency data can be integrated together with other real estate climate information.

With regards to physical risk, Belfius Insurance has already carried out an initial screening and classification of its insurance portfolio within the context of reinsurance, more particularly with regards to flood risk.

Following the analysis of various property portfolios, objectives will be formulated using the Science Based Targets initiative methodology (SBTi). SBTi is a scientific method that aligns our objectives with the temperature scenarios envisaged by the Paris Climate Agreement (max. +2° C, but preferably max. +1.5° C compared to pre-industrial levels), thereby ensuring that our goals are ambitious enough. This approach is also part of our commitment within the Belgian Alliance for Climate Action (BACA).

We have already achieved climate neutrality for Belfius' operations (more details in section 5) thanks to our existing partnership with CO2logic and a policy of maximum emission reduction, alongside the offsetting of residual emissions. CO2logic screening and the generation of an associated action plan is an exercise that is repeated on a yearly basis so as to maintain our intention of remaining climate neutral.

3.4. Purchasing more sustainably

In 2020, Belfius reviewed its procurement policy to systematically integrate environmental, social and governance (ESG) considerations into its supplier selection process. Suppliers will have to demonstrate their own practices and ambitions in this area. Preference will be given to those who have a robust sustainability policy with concrete actions, that is to say those who:

- have signed the Global Compact or equivalent international commitments
- have set up actions to reduce CO₂ emissions
- offer products that meet circular strategies
- have set up actions to achieve gender equality and equal pay.

The objective is twofold: first, to make our own operations more sustainable, and second to inspire and encourage our suppliers to do business more responsibly. In this way, we only work with companies who share our values, while gradually integrating stronger ESG criteria into core businesses elsewhere, ultimately also contributing to making our own purchasing more sustainable.

These principles were incorporated into a contract for the first time in 2020 in the form of an ethical charter. The ethical charter is an integral part of the contract signed by the supplier. A roadmap established in 2020 plans to integrate ethical charters into all contracts in several stages. By June 2021, new tenders will gradually incorporate the above-mentioned binding ESG criteria.

In order to enter into a contract with Belfius, suppliers will have to comply with environmental and social laws and regulations, as well as a series of circular criteria incorporated into our [ethics charter](#). According to Belfius' sector policy, suppliers, as well as their own suppliers, may not be part of, nor deal with, any controversial sectors.

A period of awareness upfront will encourage existing suppliers to ask themselves the right questions and, if necessary, take any necessary measures to render their activity more sustainable.

Walloon Green Deal

Belfius had undertaken to launch at least two pilot circular purchasing projects in Wallonia by 2022 as part of the Green Deal signed in 2019. Despite the cancellation of various activities related to the current pandemic, projects remain on track in the field of work apparel laundry and catering.



4. Sustainable solutions

COMMITMENT

Be a leading actor in the transition to a sustainable Belgian economy and society

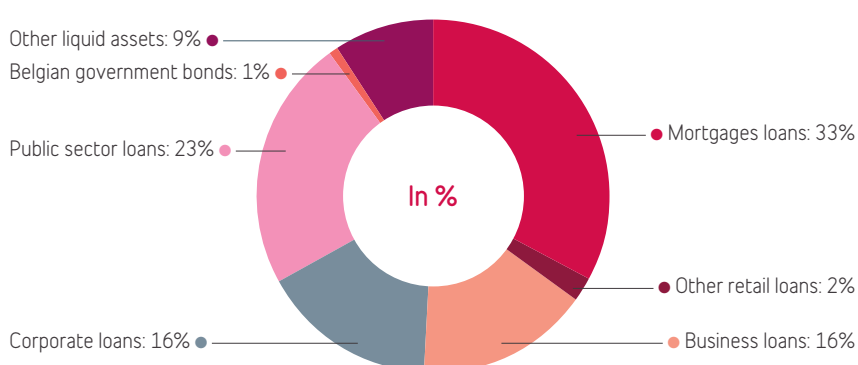


4.1. Recirculating into the Belgian economy and community

Belfius makes maximum use of its financing capacity to carry out projects that have a positive impact on Belgian society. This has always been at the heart of our mission: Belfius customers can be assured that their savings will be reinvested almost entirely in Belgian society and the Belgian economy in the form of loans to households, companies, municipalities, schools and care centres.

The graph below illustrates how customers' savings deposits are used to grant various types of loans that benefit the Belgian economy.

Allocation savings at bank level



In 2013 Belfius granted around EUR 10 billion in long-term finance, spread across all customer segments. In 2020, that figure amounted to EUR 20 billion.

Summary of Belfius Bank loans

(In billions of EUR)	Outstanding loans at 31/12/18	Outstanding loans at 31/12/19	Outstanding loans at 31/12/20	Loans granted in 2020
To the public and social sector (long-term)	26.7	25.7	24.2	2.6
To self-employed workers, SMEs and large companies (long-term)	27.1	30.3	32.9	10.2
To Belgian families for private projects	34.7	37.7	40.2	7.2
Of which mortgage loans	32.4	35.5	38.0	6.5
TOTAL	88.5	93.7	97.3	20.0

Deposits collected⁽¹⁾

(In billions of EUR)	Total at 31/12/18	Total at 31/12/19	Total at 31/12/20
	89.5	95.0	104.3

[1] Commercial deposits in the broad sense (current, savings and term deposits, retail bonds and savings bonds).

4.2. Sustainable finance and insurance

The EU Green Deal, a roadmap for a sustainable European economy

With the European Green Deal and the Next Generation EU Recovery Plan, the EU is sharpening its priorities with regards to the environment, climate and energy.

With some 50 key actions, the EU Green Deal is the roadmap for making the European economy sustainable, by transforming climate and environmental challenges into opportunities in all policy areas and making the transition to a climate-neutral Europe in 2050 fair and inclusive for all. This translates to a drastic transformation of our economic model, requiring an estimated additional EUR 260 billion in investment annually.

Next Generation EU, Europe's recovery stimulus package to support the economy in its relaunch after the Covid-19 crisis, aims at a greener, more digital and more resilient Europe. In this context, Belfius wants to be the engine that makes the Belgian economy ever more sustainable, offering financial solutions to all types of customers, while enabling them to achieve their own sustainable business objectives.

4.2.1. Sustainable lending solutions

BEEP (Belfius Energy Efficiency Package)

BEEP is a unique financing package for companies, public authorities, educational institutions and social profit organisations who wish to invest in reducing their energy needs, switching to alternative energy sources or producing their own energy. To this end, Belfius is the only Belgian bank to collaborate with the European Investment Bank (EIB) within the framework of the European PF4EE programme (Private Finance for Energy Efficiency).

Achievements in 2020:

- Financing of several new projects: photovoltaic projects, energy cogeneration projects in apartment buildings and the use of biomass or other renewable energy sources.
- Renewal of the European Investment Bank (EIB) contract for projects approved until December 2021.

Belfius has now been able to finance 53 projects within this programme with a total project value of approximately EUR 45 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 and building-linked renewable energy programmes for public and social profit clients. Since 2019, 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.

In 2020 Belfius and the ELENA initiative achieved the following:

- The thorough renovation of buildings with specific attention to energy renovation via SBRS (Smart Building & Renovation Solution), Belfius' all-in solution integrating funding, an energy audit and project management. In 2020, the number of projects launched accounted for a total of EUR 106 million (see next paragraph).
- Belfius is examining third-party investor solutions for installing PV systems on roofs and land. In this way, the public or social profit client can obtain cheaper greener electricity for 10 to 15 years, after which time the client becomes the owner of the installation.
- Belfius wishes to act not only as a financing partner, but also as an investment partner for DBFM energy projects and has applied for several projects in 2020.
- Aster CV: Belfius was appointed as the coordinator for the financing of the installation of 90,000 PV systems on the roofs of approximately 60,000 buildings belonging to Flemish social housing companies in the period 2021-2025.

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Belfius wants to be the engine that makes the Belgian economy ever more sustainable, enabling our customers to achieve their own sustainable business objectives.

COMMITMENT

Making future-proof infrastructure an absolute priority



Smart Building and Renovation Solution (SBRS)

Belfius Bank has been supporting public and social sector institutions in their real estate projects for over 30 years. Our specialised Public Real Estate department advises these institutions and goes a step further than simply financing building projects. A team of architects, engineers and lawyers ensures that authorities are able to continue to focus on their core business throughout a construction project.

Through its Smart Building and Renovation Solution product, Belfius engaged in 2020 to provide technical, financial, administrative and legal assistance to 41 institutions in their new projects. Public Real Estate supported schools, police stations/fire brigades, residential care centres, projects for housing for the elderly, shelters for young people, accommodation for people with disabilities, cultural centres, sports infrastructure projects and administrative centres.

Each project sees a joint effort between project manager, construction partners and management in the analysis of the most recent evolutions in the field of energy, sustainable development, circular economy, IOT (Internet Of Things), etc. in order to find the perfect balance between price and performance.

Smart cities, climate action and circular economy

Since entering into an initial partnership agreement in 2014 (Smart Cities & Sustainable Development), where EUR 400 million of preferential credit was made available (of which EUR 200 million by Belfius) for 62 projects in the areas of local energy efficiency, urban development and mobility, 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.

These agreements included two new advantageous credit lines of EUR 800 million (EUR 400 million of which was financed by Belfius), benefitting a total of 130 projects.

Programme Smart Cities & Sustainable Development and Smart Cities & Climate Action & Circular Economy (with the EIB) - Summary per line of credit (2014-2020)

	Smart 1.0	Smart 2.0	Smart 3.0
Total amount of projects (In EUR)	485,936,228 ⁽¹⁾	455,335,235 ⁽²⁾	478,677,506 ⁽³⁾
Number of projects	59	66	64

(1) of which an EIB line of EUR 200,032,838.

(2) of which an EIB line of EUR 200,024,432.

(3) of which an EIB line of EUR 173,337,279. At the end of 2020 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).

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 more than EUR 1.4 billion.

Renewable energy

As of 31 December 2020, Belfius' total investment in renewable energy amounted to around EUR 1.6 billion. This included project finance and loans via Belfius Bank and its subsidiary Belfius Lease 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 around three million Belgian households and the avoidance of roughly 4 million tonnes of CO₂ emissions each year.

COMMITMENT

Actively working towards a sustainable balance sheet



2020 saw Belfius supporting renewable energy projects with a total potential capacity of EUR 192 million that included:

- 430 Mw in wind energy: refinancing of a recent offshore wind farm with a capacity of 370 Mw and the financing of onshore wind turbines with a total capacity of 60 Mw.
- 59 Mwp in solar energy: photovoltaic installations on the roofs of logistics warehouses.

Belfius is the only Belgian bank to co-finance all eight Belgian offshore wind farms with a total capacity of 2262 Mw.

CO₂ Impact Loan

With the CO₂ Impact Loan, a specific offer of consultancy and credit for CO₂ reduction projects, Belfius, in partnership with the Belgian sustainable development company and consultancy CO2logic, accompanies and encourages professional clients in their ambitions to reduce CO₂ emissions.

To translate this long-term strategy into practice, CO2logic supports its clients in defining the scope of their analyses and ambitions and in drawing up a CO₂ balance sheet. Both parties then agree on a reduction plan and KPIs defined, measured and certified by CO2logic.

CO₂ KPIs are then included in the Belfius loan offer. They are submitted by the customer before the due date stipulated in the contract and are then recalculated and certified during the loan's term. If the KPIs are reached, the interest rate is reduced at the next review.

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. Green Renovation Loans accounted for half of the total number of consumer renovation loans in 2020.

The **Energy-efficient Housing Loan**, intended for the construction of a new home with an E-level ≤ 30, granted a number of specific benefits to frontrunners in the field of energy-efficient building and was awarded the BEN-label (Near-Energy-Neutral) by the Flemish government.

In recent years, the E-level standard for new builds has been systematically tightened and, from 2021, NZEB (nearly zero energy building) will be the standard for every new home built (BEN or near-energy neutral in Flanders / Q-ZEN or quasi-zero energy in Wallonia).

The Energy-efficient Housing Loan has thus fulfilled its mission and was discontinued at the end of 2020. Between 2013 and 2020, Belfius granted BEN-loans to nearly 1,900 residential loans for low-energy construction, amounting to a total of nearly EUR 414 million.

Since 2020 Belfius has been anticipating the obligation to collect energy certificates from residential properties, pledged as part of new mortgage applications from 2021 onwards. This will allow us to assess the energy performance of our portfolio of pledged properties and, ultimately, stimulate customers to make necessary investments to improve the energy performance of their residential properties.

Green Renovation Loan

	2018	2019	2020
Number of loans	2,891	3,784	5,068
TOTAL AMOUNT (In millions of EUR)	31.9	43.8	57.9

Eco & Eco Plus car loan

	2018	2019	2020
Number of loans	4,196	4,840	4,689
TOTAL AMOUNT (In millions of EUR)	54.90	59.50	53.30

Bike loan

	2018	2019	2020
Number of loans	1,201	1,890	2,355
TOTAL AMOUNT (In millions of EUR)	3.75	6.17	7.98

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.

Supporting sustainable mobility solutions

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.

Airscan

In 2020, Belfius concluded a partnership with Airscan. A subsidiary of CO2logic, Airscan aims to create a healthy environment by raising awareness about the importance of good air quality, while proposing concrete actions, expertise and technology to achieve it. Through this unique partnership Belfius and Airscan equip schools with measuring devices that analyse the quality of indoor and outdoor air. These measurements are then used to establish an action plan to both create a healthier environment in and around schools, and reduce their carbon footprints.

4.2.2. Sustainable insurance solutions

Belfius Insurance offers life insurance products (savings and risk products) and non-life products (mobility and property protection), as well as mortgage loans, amongst others.

Life Insurance

As a life insurer, Belfius is involved in pension and ageing issues and insures Belgians against risks such as serious illness, hospitalisation, unemployment, work incapacitation or death.

15% of pensioners in Belgium live below the poverty line. One in nine 40-year-old men will not reach the age of 65 and one in three men and one in four women will be diagnosed with cancer before the age of 75. Offering protection to cope with the financial difficulties that may arise from these various risks is our job as life insurers.

Insurance is based on the law of large numbers where mutualisation ensures that premiums covering these large risks remain relatively affordable. In 2020, we were able to help 401 people pay off a loan at a difficult time thanks to outstanding balance insurance linked to mortgages.

5,497 clients received their supplementary pension capital in 2020. Belfius also wishes to play an awareness-raising role in this area. According to a recent report by the Court of Auditors (18/11/2020), the supplementary pension (second pillar), constituted through an employer or self-employed status, still concerns only a too small part of the population, even if the first pillar is insufficient for a large part of the population. With Yume, a simulation integrated into the Belfius application, we want to make the working

population aware of this possible future financing gap and encourage them in a positive way to take action to guarantee their future standards of living. Together with Assuralia and the government, we are continuing to reflect on how to tackle this issue.

We are also continuing to expand our range of risk coverage and develop relevant warranties so that customers can be adequately protected at all times. We intend to go even further in making clients aware of other risks related to death or serious illness.

Belfius is also supporting entrepreneurship and the economy by insuring the self-employed starting up, for example by covering them against disability and by giving them the possibility to build up a supplementary pension while reducing their social security contributions.

Non-life insurance

As a non-life insurer, Belfius Insurance plays a role in the transition to a more sustainable society. Our customers can make sustainable choices safe in the knowledge that their assets are protected against fire, theft, damage, etc.

Belfius Insurance continued to protect its customers against all kinds of risks throughout the pandemic. Agreements were reached at industry level on the deferral of insurance premium payments and the extension of contracts in response to government measures. Belfius Insurance also went further than sector agreements in its warranty extensions, both for its private and professional customers.

Within this context we have extended coverage for companies that have had to temporarily modify their activity, such as restaurant owners who had to organise take-away sales or deliveries. The same is true for companies forced to temporarily increase their workforce due to Covid-19 measures. Healthcare provider insurance for example was automatically extended to supplementary care assistants who came in to help. Another example on the private coverage side is that we extended coverage to items lent to neighbours or acquaintances during the lockdown period.

In addition, our range of products and services continues to evolve in a way that supports more sustainable lifestyles.

- With the “App-normal” home insurance, launched by Belfius in September 2020, home owners of recent builds (<10 years old) can receive specific discounts with a supplementary eco-discount if the home is energy-efficient. In the event of damage, the additional costs of complying with new building standards are taken into account in any compensation.
- Belfius Car now grants premium reductions to customers who limit their ecological footprint. A discount on their premium that can reach 20% if they drive less than 17,500 km and choose a vehicle that emits less than 135 g of CO₂ per km. The purchase of a new car is not necessary in order to benefit from this scheme.
- Corona Direct Insurance has an innovative car insurance product where you only pay for kilometres driven. The “insurance per kilometre” has already convinced more than 100,000 customers. Customers estimate how much they will drive in a year, after which Corona Direct calculates the personalised premium. If they drive less, the difference is refunded. This “pay as you drive” approach results in a fair premium for a responsible mobility behaviour.
- An insurance policy for bicycles is being prepared for 2021, while for motor vehicles assistance provided in the event of an accident will be re-examined so as to be able to offer alternative mobility solutions instead of systematically offering a replacement car.

4.2.3. Sustainable leasing solutions

Helping professionals shift to sustainability through financial leasing and renting

Belfius Lease, a subsidiary of Belfius Bank, markets financing formulas in the form of the financial leasing and renting of buildings and professional capital goods to companies, the public and social sectors, the self-employed and liberal professions.

By the end of December 2020, it was managing a portfolio of 61,713 active contracts for a total outstanding amount of EUR 2,857 billion, all activities combined (equipment and property leasing). This represents 24% more contracts than the 49,891 contracts in 2019. Belfius Lease thus confirms its position with an overall market share of 16% in the third quarter of 2020⁽¹⁾.

Belfius Lease has supported its professional customers since the beginning of the Covid-19 pandemic in close cooperation with the distribution network. It provided favourable responses to more than 2,500 requests for payment moratoriums, even though the Royal Decree on moratoria did not concern leasing. Belfius Lease was the first leasing company to organise these moratoria. From the end of March 2020, IT procedures and processes were adapted to be able to automatically grant capital relief of three or six months.

Promoting more sustainable mobility:

Investments and behaviours supporting a more sustainable economy and mobility were developed throughout 2020. This was also supported by the current pandemic's lock-down periods. Belfius Lease is playing its part in this change of mentality, currently managing more than 10,000 leasing contracts for electric bicycles. Its fleet of financed bicycles has more than doubled over the past year, for an investment amount of more than EUR 47 million.

Over 2,000 electric, hybrid or natural gas vehicles are running on Belgian roads under the Belfius Lease banner, for a total investment of EUR 150 million. The democratisation of electric vehicles and the growing offer of hybrid models still promise appreciable growth. Belfius Lease also continues to favour electrical equipment in the civil engineering sector (forklift trucks, pallet trucks, road equipment, etc.).

Investments in renewable energy

Currently, more than 500 contracts are underway in the field of solar panels, cogeneration equipment and wind turbines, for a total investment exceeding EUR 400 million euros (compared to EUR 387 million in 2019). Through these installations, Belfius Lease produces the equivalent of the annual electricity consumption of 109,477 households, compared with 81,000 in 2019 (calculation based on an average price of EUR 1,000 per kWp and an electricity consumption of 4 kWp per year per household).

Vendor leasing and circular economy

Keeping products, their components and materials in circulation for as long as possible is the main principle of circular economy. Leasing has a role to play in this model where use takes precedence over possession. Belfius Lease takes a leading role in this domain through vendor leasing in areas that are constantly expanding: production equipment, but also furniture, lighting systems, etc. The end user pays for the use of the asset according to a pay-as-a-service or pay-per-use principle, while Belfius Lease assumes the financial risk by purchasing the goods that will be offered for lease by its professional customers.

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 Febelfin and the Circular Economy Task Force, which bring together Febelfin and players in the leasing sector. The objective is to accelerate the transition to circular economy by developing suitable financial solutions.

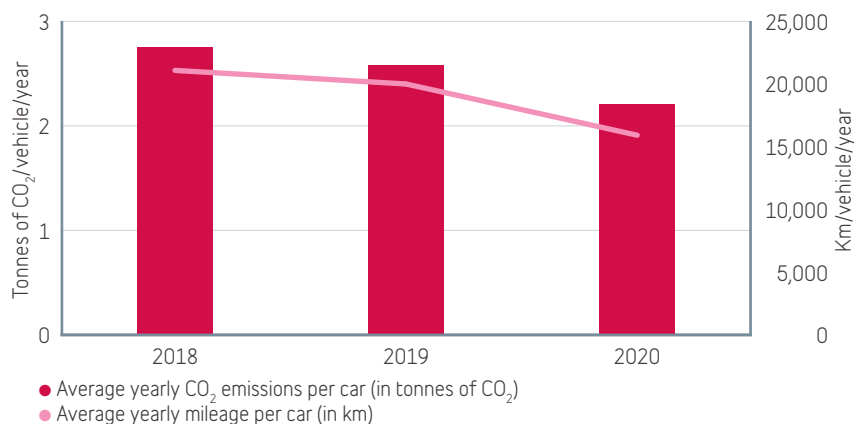
(1) The market share at 31/12/2020 is not yet available at the time of closing this document.

In 2020 Belfius Lease was also the only leasing company in Belgium registered as a participant and purchaser in Green Deal Vlaanderen, an initiative that focuses on financing the circular economy.

Increasing sustainable mobility through full service leasing solutions

Belfius Auto Lease, Belfius' subsidiary in charge of full service leasing of cars, intends to drive mobility towards greater sustainability by reducing the CO₂ emissions of its fleet with 50% by 2025. There are two major axes to realise this objective: moving towards a fleet with more green cars with less or zero emission and reducing the number of kilometres travelled by offering flexible alternatives to car use.

Evolution of the average yearly CO₂ emissions & mileage per car



Compared to 2019, Belfius Auto Lease fleet's average CO₂ emissions were down in 2020 by 20.45%, an evolution that is explained by reduced mileage per car and the share of electric and hybrid vehicles in new production increasing by 52.05%. Their proportion in the total fleet of Belfius Auto Lease reached 9.24% in 2020, compared to 6.75% in 2019. The Belfius Auto Lease fleet now counts 23,253 cars, 10.98% more than in 2019.

The average number of kilometres travelled fell by 14.75%. This decrease is partly explained by the Covid-19 crisis resulting in less travelling but is also due to the development of a mobility offer that complements the use of cars.

A flexible, convenient and sustainable mobility offer

Belfius Auto Lease is gradually implementing new flexible, convenient and sustainable mobility solutions to respond to the changing needs of its customers (companies and their employees, public sector and social profit entities). To realise this new mobility offer, Belfius Auto Lease has set up the following new partnerships:

- In addition to car leasing (Belfius Car Lease), Belfius Auto Lease expanded its offer to include bicycle lease, **Belfius Bike Lease**. Launched with Cyclis Bike Lease, the Belgian pioneer in this field, this is an all-in offer for all types of bicycles with services such as maintenance, insurance and assistance.
- Belfius Auto Lease customers can now benefit from the Skipr's MaaS (Mobility as a Service) offer, **Belfius Move by Skipr**, an all-in one mobility solution, which 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 to launch CO₂ reports.
- In order to provide an intelligent electric charging infrastructure to its customers that want to make the shift to electric and hybrid cars, Belfius Auto Lease started working together with **CenEnergy**.

COMMITMENT

Reinventing our mobility with a forward-looking vision



By 2025, Belfius Auto Lease intends to reduce by **50%** the carbon footprint of its total fleet managed.

“ ”
By using
private capital in
a sustainable way,
we can have a
greater impact on
the environment
and society
as a whole.

4.2.4. Green and sustainability bonds

Belfius supported the following green and sustainability bond issues in 2020:

- Walloon Region: Sustainability Bonds of EUR 200 million and EUR 500 million
- Flemish Community: Sustainability Bond of EUR 1.25 billion
- Ghelamco Invest: Green Bond of EUR 47.5 million
- Fluvius: Green Bond of EUR 600 million

By issuing these types of bonds, we offer authorities, inter-municipal companies and businesses not only the opportunity to diversify their financing with “green” issues on the money market, but also a strengthening of their sustainability policy.

4.2.5. Sustainable real estate projects

Belfius Immo, a subsidiary of Belfius Bank, has mainly been developing residential property for over 30 years. Its origins lie in the development of public projects, but in recent years this activity has shifted towards more private projects.

In addition to developing real estate, Belfius Immo also takes initiatives in the area of affordable and sustainable living:

- Through SMDI (Société Mixte de Développement Immobilier), Belfius Immo, in conjunction with its partners SWL and SRIW, builds affordable housing in Wallonia (in Wareme, Hognoul, Namur, Libramont, Huy and Arlon, amongst other places).
- With Canius I (Specialised Property Investment Fund - GVBF), 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. 5 years) at a pre-set price with a refund of rent already paid.

Across all of its projects, Belfius Immo seeks to integrate the most recent technologies in terms of energy, sustainability, circular economy and IOT (Internet of Things).

4.3. Towards sustainable asset growth

Together with its savers and investors, Belfius is striving to make the change for a better society. By joining forces and using private capital in a sustainable way, we can have a greater impact on the environment and society as a whole.

In 2020 Belfius undertook to offer only socially responsible investment funds by the end of 2022, a major commitment in our strategy. On the way to this goal, our investment offering will systematically be further developed in terms of sustainability. At the same time, Belfius constantly seeks the best return for investors.

To this end, Belfius works with two fund managers:

- Subsidiary **Belfius Investment Partners (Belfius IP)** is the Belfius Group’s centre of competence in asset management (fund management). Belfius IP supervises the entire range of Belfius funds so that they are in line with Belfius’ strategic options and sustainability commitments. Belfius IP also manages a series of investment funds offered to Belfius customers and is the point of contact for external asset managers, including Candriam, our main external partner, but also JP Morgan AM & BlackRock.

A dedicated team within Belfius IP closely monitors ESG regulatory and social developments, actively participates in sector sustainability projects and provides ESG investment expertise to the entire Belfius Group.

Belfius IP is a signatory to the UNPRI (United Nations Principles for Responsible Investment), therefore making a formal and external commitment to embed and continually strengthen sustainability principles.

Read more about [Belfius IP’s sustainable investment funds policy](#).

→ **Candriam** has always been Belfius' main partner for the development of investment funds for technical, day-to-day management.

Candriam is a pioneer in responsible investment and was one of the first fund managers to exclude companies in a number of controversial sectors from its funds and to select companies based on their social behaviour (ESG criteria). Since then, Candriam has remained a benchmark for sustainable investment and is also a signatory to the UNPRI.

4.3.1. The Funds of the Future

Today, socially motivated investors want to know what they are investing their money in and want to be able to see and follow how they are positively contributing to a better world.

With this in mind, Belfius launched its Funds of the Future in 2019 where we systematically focus on difficult but pertinent social or environment-related trends - areas where the urgency is high and the solution must come from a shared conviction and priority deployment of resources by all social players. That's why Belfius is developing a constantly growing range of funds that allow private investors to make a genuine contribution to solving problems that are close to their hearts. Belfius adds a further dimension by, for example, providing financial support to good causes via partnerships with local entities, charities or similar initiatives.

An overview:

→ **Belfius Equities Cure: focus on oncology**

Belfius and Candriam donate part of their management fees to the Stichting tegen Kanker (Foundation Against Cancer) to support research, prevention and support for cancer patients and their families.

→ **Belfius Equities Climate: focus on climate**

The objective of this fund is to be carbon neutral. The remaining CO₂ emissions from underlying economic activity that cannot be completely eliminated will be compensated through global CO₂ reduction, capture and storage projects.

Launched in 2020:

→ **Belfius Equities Wo=Men: focus on gender equality**

Belfius uses part of its management fee to support Boost, a Belgian initiative that helps disadvantaged young people to obtain a diploma and find work on the labour market. The money raised by Belfius will be primarily used to fund initiatives for young girls.

→ **Belfius Equities Be=Long: focus on life expectancy & quality**

A portion of management fees is paid to the King Baudouin Foundation to encourage the "Tubbe" initiative within nursing homes. The Tubbe model, which originated in Sweden, aims to make rest and care homes attractive places to live and work. Based on relationships and the active participation of all, Tubbe offers greater autonomy to residents through actions such as the planting of a vegetable garden, flexible activities schedules, or the organisation of festive events. Each resident is free to make his or her own choices.

An ever-increasing number of investors are concerned with the potentially negative impact of their investments on society and the environment.

As mentioned earlier in this report, 2020 marked the beginning of Belfius' journey towards systematically making its range of funds more sustainable by the end of 2022. This also means that Belfius will exclude certain non-sustainable activities from its range of funds. At the same time, Belfius wishes to continue helping certain sectors and businesses to make the transition to a more sustainable, future-proof business model.

To this end, Belfius has already applied various methods of ESG screening to part of its range of funds.

- Increased screening with criteria additional to basic legal criteria (based on the former Belfius sector policy (see section 3.3) and Candriam's extra-legal exclusion policy).
- The "best-in-class" approach.
- Thematic funds focusing on one or more social and/or environmental themes.

In 2020 Belfius went one step further by extending the scope of its sector policy (Transition Acceleration Policy) to all Belfius Group activities. This is a sector policy that aims to both exclude certain activities that are considered unsustainable (e.g. tobacco production and gambling), while supporting activities in transition (e.g. in the energy sector).

This means that from 2021 on, all investment funds (not only sustainable funds) will be subject to a much more thorough ESG screening than before. The sector policies will gradually be introduced into portfolios in order to have all products and portfolios come in line with this policy by 31 December 2022. It will also be applied by external fund management partners Candriam, BlackRock, JP Morgan AM, etc. within the same timeframe.

4.3.2. Best-in-Class Funds

Alongside its Funds of the Future (see above), Belfius offers a wide range of sustainable or "SRI" funds (Sustainable & Responsible Investing) for which Candriam or Belfius IP use the "best-in-class" method to screen underlying assets:

- Candriam only invests in companies and countries with the best ESG scores, i.e. the best sustainable development performance in their sector or region.
- Only companies that comply with the principles of the United Nations Global Compact (UNGC) are included in the portfolio. These principles are based on four pillars: human rights, labour law, environment and anti-corruption. Companies that violate these principles are excluded. Companies that are active in controversial sectors or activities according to Candriam policy are also excluded.
- This approach is combined with an active dialogue with companies and their stakeholders in order to ensure that ESG criteria are respected even more fully.

The Belfius range, which is managed according to the "best-in-class" principle, currently includes:

- Belfius Select Portfolio Sustainable, a discretionary asset management agreement that invests exclusively in companies and public institutions that score well, not only in terms of financial performance, but also in terms of corporate social responsibility. The assets are selected on the basis of ESG criteria.
- 11 "Candriam Sustainable" funds 3 "Candriam SRI" funds, issued and managed by Candriam, as well as 2 internal investment funds Branch 23 "Sustainable" (via the KITE Bold/Mix contract) whose underlying funds are managed by Candriam.
- 2 internal investment funds Branch 23 Sustainable (via the KITE Bold/Mix contract) whose underlying funds are managed by Candriam.

4.3.3. Sustainable thematic investment funds

A third type of sustainable fund in the Belfius range, alongside the Funds of the Future and Best-in-Class funds, are the thematic investment funds. The thematic approach gives investors the opportunity to invest in companies that actively offer solutions to global sustainability challenges, such as water scarcity and sustainable forest management, renewable energy and clean technology, food supply and quality, safety and protection of personal data and health.

4.3.4. Towards Sustainability label

The Belgian Towards Sustainability label, created in 2019, is now highly respected in the investment world. It is a quality standard for sustainable investment products, including investment funds, providing investors with the guarantee that certain quality criteria for sustainable and socially responsible investment products have been met. The standard combines criteria in three areas:

- Analysis according to environmental, social and governance (ESG) criteria.
- Exclusions (with strict rules for coal and non-conventional fossil fuels).
- Transparency requirements.

In 2020, a further 6 Belfius funds received the Towards Sustainability label, 3 of which are pension savings funds. This means that approximately 25% of Belfius' fund range now carries the label.

4.3.5. Engaging with companies

As fund managers, both Belfius IP and Candriam maintain an active and constructive dialogue with the companies in which their respective funds invest. By doing so, they make their views, concerns and ideas known to the management of these companies, therefore potentially influencing decisions made by top management. It also provides an opportunity for company executives to make their views known to fund managers.

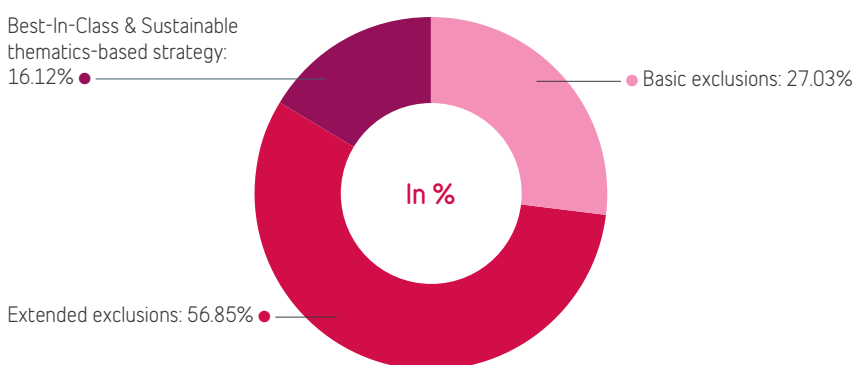
- Belfius IP constantly monitors its investment portfolios, paying particular attention to ESG criteria when selecting underlying instruments (funds, trackers) in which external portfolio managers may invest. In the event of any deviation from this, a step-by-step dialogue is initiated with the manager in order to find a solution. Read more about this in the [Belfius IP Engagement Policy](#).
- 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 where it is considered necessary. Candriam publishes an annual report on its voting behaviour as a shareholder (proxy voting). Read more in [Candriam's Engagement Policy](#).

4.3.6. Overview of and ambition in sustainably-managed funds

Sustainable funds (Best-in-Class, Sustainable Thematics-based, Funds of the Future) represented 20.91% of funds offered in 2020 (55 funds out of a total of 263), or 16.12% of total assets of EUR 17.92 billion.

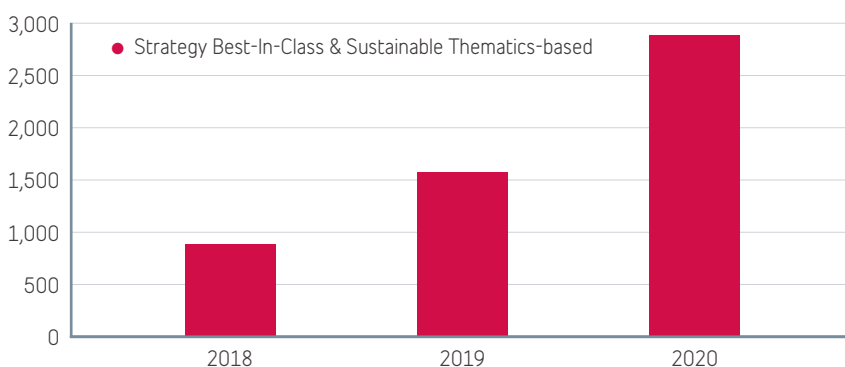
Funds subject to in-depth screening represent 47.53% of the funds we offer, with assets under management representing 56.85% of the total. Another 31.56% of the funds we offer do not currently carry the Febelfin label, however they include the basic legal exclusions in their screening.

Breakdown of AUM by investment strategy



Sustainable funds have been increasing and by the end of 2022 Belfius aims to offer its clients a range exclusively composed of sustainable funds.

Sustainable Investment Strategies Applied in Belfius Asset Management – 2018-2020 (in millions of EUR)



From 2021 onwards, these funds will be classified according to the classification imposed by SFDR. These funds will also be gradually subject to Belfius' own sector policy.

COMMITMENT

Encouraging customers
to invest sustainably



4.3.7. Carbon footprint

Since the Paris Climate Conference held in 2015 (COP21), CO₂ or carbon footprints have received a great deal of attention in the management of investment portfolios. Candriam has been calculating and publishing the carbon footprint of its SRI funds since the Montreal Carbon Pledge.

Absolute carbon footprint⁽¹⁾

	2018	2019	2020
Absolute Carbon Footprint of Best-In-Class SRI and sustainable thematics-based Funds Marketed by Belfius (t CO ₂ e)	20,614	78,174	105,738

(1) All data is based on calculations conducted by Candriam, except for 2018, which is based on data calculated by Trucost at the request of Candriam.

Weighted average carbon footprint⁽¹⁾

	2018		2019		2020	
	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
Carbon Footprint of Belfius Portfolio in Best-In-Class Candriam SRI and sustainable thematics-based Funds (t CO ₂ e /m EUR revenues of companies in portfolios)	118.2	229.1	99.3	210.3	63.6	95.8

(1) All data is based on calculations conducted by Candriam, except for 2018, which is based on data calculated by Trucost at the request of Candriam.

By measuring the carbon footprints of SRI-funds including the Best-in-Class & Sustainable thematics approach, Candriam involves investors in the fight against global warming while allowing sectors and companies with high greenhouse gas (GHG) levels to shift to a greener business model.

Similarly, we publish the carbon emissions of our portfolio of the above-mentioned types of funds managed by Candriam and marketed by Belfius. These emissions total 105,738 tonnes of CO₂, an increase in absolute emissions of 35% largely due to the increase in the total volume of Best-in-Class and Sustainable thematics funds (+83%) under management and, to a lesser extent, to a globally observed trend of an increase in absolute emissions at company level. The weighted average carbon footprint, which decouples portfolio companies' turnover growth from CO₂ emissions, decreased by 36% however, which is a positive trend.

A full list of the range of sustainable investments offered by Belfius is available on our website.

4.4. Portfolio21: responsible management of Belfius Insurance's reserves

Like any insurance company, Belfius Insurance keeps a reserve to meet its contractual obligations to pay out capital, interest and indemnities to clients. This reserve is largely built up from the insurance premiums paid by clients.

Belfius Insurance invests these reserves in accordance with the principles of Portfolio21, the sustainable management project developed by Belfius Insurance in partnership with Candriam and the independent agency Vigeo Eiris. This is a global investment strategy that aims to contribute to sustainable development by transparently incorporating non-financial criteria into the investment portfolio management process.

4.4.1. Portfolio screening

Investment exclusion criteria for our portfolio are primarily based on compliance with international norms and standards, more specifically:

- The ILO (International Labour Organisation): constructive dialogues are entered into with issuers of securities (companies or countries) that have been the subject of controversy for violation of human rights in the workplace in order to defend workers' basic rights and improve work conditions. The outcome of that dialogue determines whether or not 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 strict environmental protection standards of the Norwegian Pension Fund, which in turn bases itself on a number of international environmental conventions and the UN Global Compact. Belfius Insurance does not accept any companies in its portfolio that violate these environmental standards.

Moreover, as for all of Belfius' activities, the Belfius Group's sector policy has been applicable to Portfolio21 since 2020.

4.4.2. A strong Belgian character

Belfius Insurance's investment portfolio (excluding buildings, mortgages and cash) amounted to around EUR 13.5 billion at the end of 2020. The majority of this (EUR 8.96 billion or 66.4%) is invested in government bonds. The listed portion (shares and real estate) represents EUR 922.9 million or 6.83% of the portfolio.

Our investment portfolio has a strong Belgian bias - 62.5% of the total amount of government bonds is invested in Belgian government bonds, while our equity portfolio, with 74.77% of the total, is mainly Belgian-oriented.

4.4.3. Engaging with companies

Thanks to Portfolio21, companies whose business practices may not be in line with international standards and the Belfius sector policy are also encouraged to evolve in the right direction. Every year, Vigeo Eiris enters into a dialogue with 15 to 20 companies from the investment universe on behalf of Belfius Insurance. On the basis of this dialogue, an independent Technical Committee decides on the status of the company concerned. Read more in the [Belfius Insurance Engagement Policy](#).

4.5. Digital innovation at the service of sustainable development

Belfius also offers innovative digital solutions beyond traditional banking and insurance products, supporting the population in its environmental and social efforts.

- **Jane:** With our Jane initiative, we are helping meet the social challenge of an ageing population by aiding those suffering from a loss of autonomy to be able to live at home for as long as possible. Discrete sensors installed in the home, combined with an artificial intelligence algorithm that learns the elderly person's habits, make it possible to alert relatives in the event of an unusual event.
- **The Birdhouse:** Since 2015 Belfius has been the main partner of The Birdhouse start-up accelerator, of which Belfius owns a 20% stake. Birdhouse helps Belgian entrepreneurs turn their ideas into reality. Every six months it organises an intensive coaching programme in Ghent and Antwerp for a limited group of budding entrepreneurs. For a whole semester they receive free training and advice from experts and successful entrepreneurs. Every year, the programme helps to get almost 30 start-ups on track, including in the ESG arena.
Belfius finances the costs of the programme for start-ups and takes a 3% stake in their capital. Belfius Insurance has made EUR 10 million in investment capital available to invest in the most promising start-ups.
- **Hoplr:** Hoplr has been a Belfius Insurance partner since its participation in the Birdhouse programme in 2020. This neighbourhood connection platform boosts dialogue, exchange and citizen participation to create smarter, more caring and sustainable cities. In Belgium and the Netherlands, more than 2,000 neighbourhoods are already using Hoplr, with a total of more than 500,000 users. The platform has undergone a remarkable period of growth with the Covid-19 generated lockdown periods and has made it possible to relay numerous solidarity actions and maintain a form of connection within neighbourhoods.
In 2020, Hoplr received one of the European Social Network's Technology Tools Awards, as well as a World Summit Award in the Government & Citizen Engagement category and a Seal of Excellence from the European Commission.

The Studio - supporting citizens and local authorities in their sustainable development efforts

Born in 2017, this Belfius subsidiary imagines and develops useful and inspiring digital products. It has a particular focus on solutions that encourage sustainable behaviour and local consumption. The Studio now offers cities, municipalities and inter-municipal organisations three products:

- **Buck-e** is a digital mobility platform aimed at encouraging children to cycle or walk to school. Thanks to tags inserted in bicycles, helmets and safety jackets, the school detects each arrival by bike or on foot. Every green route gives children points that can subsequently be converted into virtual currency, which they can then spend in local shops. Schools benefit not only from changes in behaviour, but also experience improved air quality and safety around the school. Buck-e was founded in 2019 by the Antwerp municipality of Bonheiden and was the result of a collaboration between The Studio and the Belgian company Flow Pilots. In 2020 it convinced four new municipalities and today it equips 26 schools across Belgium.
- In October 2019, The Studio and the intermunicipal waste management company MIWA launched the **MIWA My Waste** app to encourage the citizens of Waasland to produce less waste.
- **Cirklo Light** is the result of a collaboration with the Onze Stad App and is the latest achievement from The Studio. Via this web platform, citizens of client towns and cities can buy or receive gift vouchers in local shops. Since its launch in June 2020, more than 50 towns and cities have already used Cirklo Light to promote the local economy with vouchers worth a total of EUR 10 million – a particularly welcome boost to local economies facing the consequences of Covid-19.



5. Environment & climate

Our ambition is to reduce the impact of our operations by following the objectives of the Paris Agreement. To this end, we have set ourselves a framework by adhering to the Belgian Alliance for Climate Action, the United Nations Principles for Responsible Banking (PRB) and Sustainable Insurance (PSI) and the Sustainable Development Goals.

Belfius has been CO₂ neutral with regards to its operations since 2020, a major step in the pursuit of these emission reduction targets. Belfius is the first major bank to be awarded the CO₂ Neutral[®] label by CO2logic. The calculation method used⁽¹⁾ by CO2logic is certified by the external inspection body Vinçotte⁽²⁾. This label attests to our sustained efforts in favour of climate protection.

In practice, we reduce CO₂ emissions as much as possible. Our efforts are not only focused on our buildings and their resource consumption (energy, water, paper, etc.), but also on other aspects that generate emissions, such as employee travel.

Next to the serious reduction efforts, we offset remaining emissions by financing three projects with a positive impact on the world's climate. We are currently bolstering our approach by working with CO2logic to develop an ambitious plan to further reduce these residual emissions, in line with the European Commission's Green Deal plan.

The CO₂ Neutral label, received in April 2020, covers CO₂ emissions for the 2019 fiscal year. The Belfius Group is already CO₂ neutral for 2019 and intends to remain so in the coming years.

(1) Bilan Carbone.

(2) Certified for 3 years since 2019.

“ ”
We are currently
working with
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plan to further
reduce our residual
emissions.

COMMITMENT

Be a leading actor in the transition to a sustainable Belgian economy and society



By 2025, Belfius will further reduce its carbon footprint by 20%⁽¹⁾

5.1. The Belfius Group's carbon footprint

Our carbon footprint, according to CO2logic's calculation methodology, reflects greenhouse gas emissions linked to the company's operations. Our CO₂ emissions, depending largely on our consumption of fossil fuels, decreased in 2020 (-28.5% compared to 2019) due to the obvious impact of the Covid-19 crisis and the massive increase in homeworking, in addition to our continuous efforts to reduce CO₂ emissions for several years.

In the table below:

- **Scope 1** covers direct emissions related to heating with primary energy (gas, heating oil) and fuels (service vehicles, company cars and business trips made with private vehicles including leasing). Since 2019, this also includes refrigerant gases from building cooling systems, based on an assumption of a 10% annual loss.
- **Scope 2** covers emissions related to the electricity we consume. Since 2008, our electricity consumption has been fully compensated by European Guarantee of Origin labels from different technologies (on and offshore wind, photovoltaic panels, bio-mass). As a result, emissions from this item can be considered as zero. Emissions would reach 3,113.4 tonnes if our electricity were not of renewable origin. We also include the indirect impact of green electricity linked to the production of solar panels, wind turbines, etc. in Scope 3.
- **Scope 3** concerns indirect emissions, mainly related to home-to-work travel (excluding company cars and business travel with private vehicles, included in Scope 1), and paper consumables. Water consumption, waste and business travel are also included in Scope 3. Given the exceptional situation due to Covid-19, we have also included the estimated CO₂ emissions linked to generalised homeworking in Scope 3. As of 2020, we will also add the indirect emissions linked to the production process of the resources we consume: gas, heating oil, vehicles and electricity.

Emissions of CO₂ by source (in tonnes of CO₂)

	2018	2019	2020	Evolution from 2019 to 2020
SCOPE 1	8,620.3	8,580.5	6,831.0	-20.4%
Gas consumed	3,449.1	3,158.3	2,643.6	-16.3%
Heating oil	81.2	63.6	67.8	6.5%
Vehicles owned (company car, Flex business travel refunds)	3,990.1	4,258.6	3,019.6	-29.1%
Refrigerants	1,099.9	1,099.9	1,099.9	0.0%
SCOPE 2	-	-	-	
Electricity consumed (market-based method)	-	-	-	
Electricity consumed (location-based method)	3,867.3	3,663.0	3,113.4	-15.0%
SCOPE 3	7,649.3	7,289.4	4,508.6	-38.1%
Paper consumed	991.3	776.1	665.0	-14.3%
Water	24.2	24.6	10.2	-58.5%
Waste (paper, cardboard, PMT, unsorted)	136.1	119.6	49.7	-58.4%
Home-work-home travel (impact of homework included)	5,679.2	5,614.9	1,773.8	-68.4%
Business travel (private vehicles)	458.4	415.9	71.0	-82.9%
Business travel (public transport)	46.9	44.4	32.5	-26.8%
International business travel by train	5.8	3.1	0.8	-74.6%
International business travel by plane	170.3	145.7	11.2	-92.3%
Transporting mail	79.0	79.0	67.2	-15.0%
Transporting valuables	58.2	66.2	40.5	-38.8%
Indirect emissions related to scope 1 & 2	-	-	1,786.6	
TOTAL EMISSIONS	16,269.7	15,870.0	11,339.6	-28.5%

(1) 2019 being the referential year

Using a more appropriate method of calculation has led to the addition of two new CO₂ emission categories to our total emissions. While we see a decrease in direct emissions, we are fully aware of the impact of homeworking on the emissions that should be accounted to Belfius as employers and, as of today, we will add this category to fully take into account all important emissions factors. Similarly, this year we are including the indirect emissions related to scope 1 and 2, since the production of energy (even green energy) can be a source of CO₂ emissions.

5.2. Reducing resource use and avoiding waste

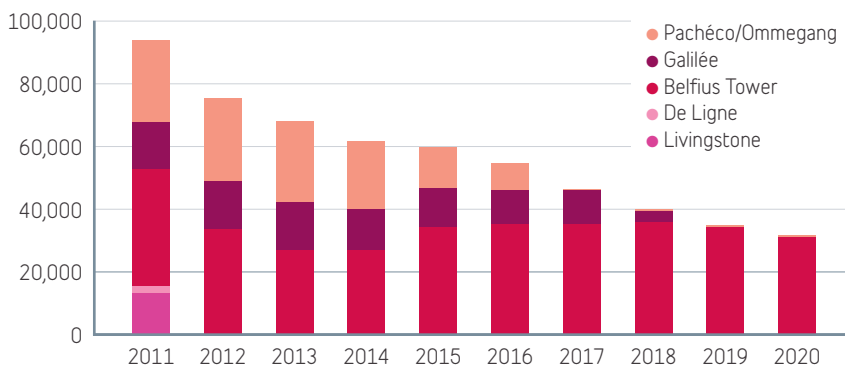
In order to achieve CO2logic's carbon neutrality, we are first and foremost working to reduce our energy and paper consumption, travel and waste. Our independent agencies are also working to further reduce their CO₂ emissions.

5.2.1 Energy savings

Since 2011, we have reduced our primary energy consumption by 66% (47% over the past five years). This is a long-term reduction that we have achieved thanks to the centralisation of our buildings in Brussels. We saw a 9% reduction between 2019 and 2020, and this decrease, which is smaller than what could have been expected given the intensive homeworking in 2020, is explained by the design of our central headquarters, which does not allow us to "deactivate" equipment or comfort levels by zones or floors.

Although Belfius consumes exclusively green electricity, validated by a label of guarantee of sustainable origin since 2008, we are continuing our efforts to improve our energy performance. Our membership of Green IT (see section 5.4) to reduce our CO₂ emissions related to our IT activities, complements the programme we are developing to reduce our environmental impact. Our aim is to further reduce our energy consumption by 20% by 2025 compared to 2019.

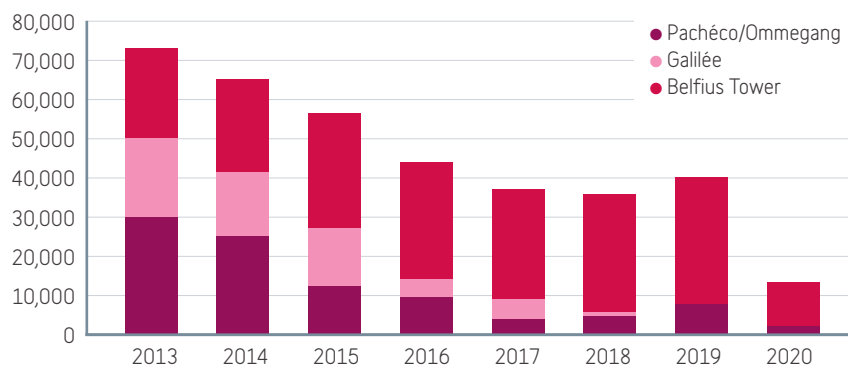
Changes in the consumption of primary energy at the central offices in Brussels
(in MWh_{ep})



5.2.2. Water consumption

Water consumption at head offices decreased by 76% in five years and by 67% since last year. Over the past few years, this evolution was attributed to the grouping of several buildings. In 2020 however, the reduction can be explained by the increase in homeworking imposed by the government to limit the spread of Covid-19.

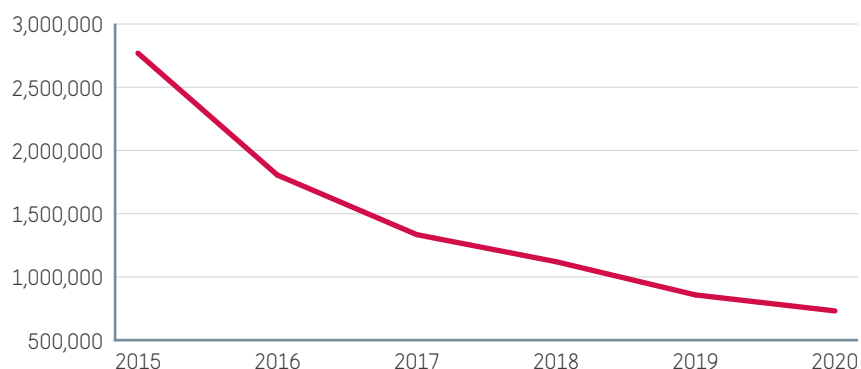
Water consumption at head office in Brussels (in m³)



5.2.3. Paper reduction

After energy resources, the paper used for printing and photocopying - almost all of which is FSC-certified - is the main resource consumed by Belfius, with a mass of almost 724 tonnes in 2020. This figure represents a decrease of 14.31% compared to the previous year.

Evolution of the number of A4 pages printed in the last 6 years



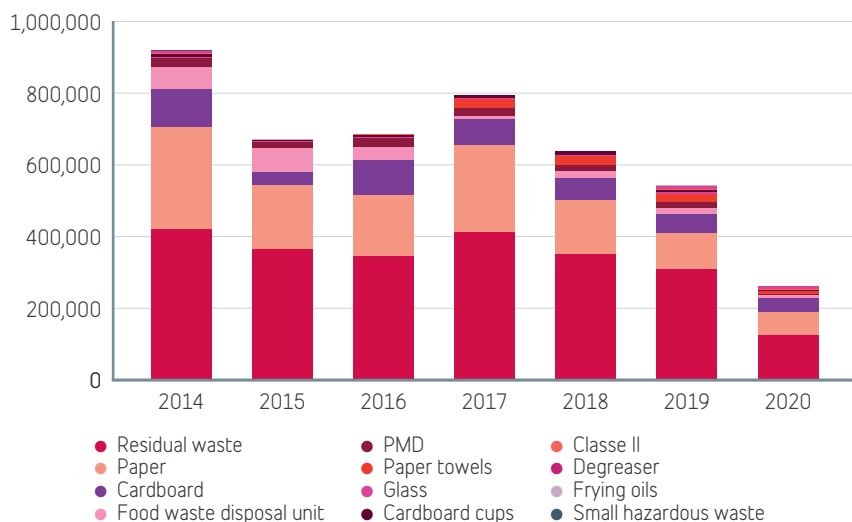
This decrease was mainly due to the widespread use of laptops made available to all employees by Belfius, the elimination of filing cabinets, and a 30% reduction in the number of printers at head office. A reduction in printers will also continue in local branches. A 60% reduction in the number of printers in these local branches is foreseen for 2021, translating to an estimated 40% reduction in printing.

Belfius is also making great efforts to reduce the printing of its customers' account statements by encouraging their digitalisation. At branch level, this process reduces the use of paper for both insurance products and banking services.

5.2.4. Waste steadily decreasing

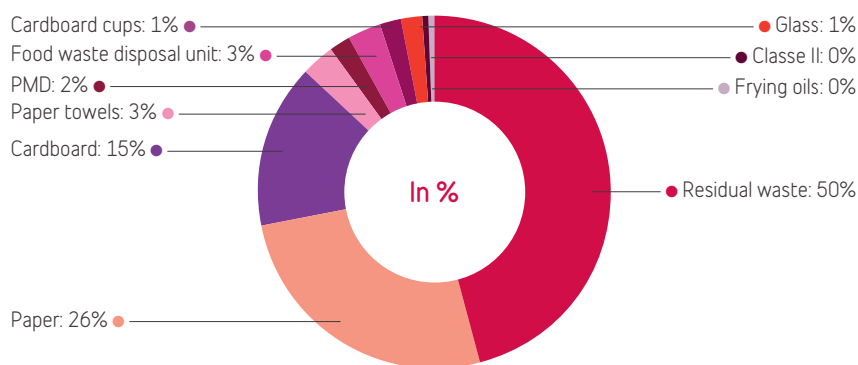
In 2020, the head office reduced its waste by 52% compared to 2019 – a reduction that was obviously linked to the Covid-19 situation. All categories of waste were impacted, but more particularly PMD (-74%), cardboard cups (-73%) and paper hand towels (-69%), which have all decreased significantly. Although this was an exceptional and temporary reduction, Belfius continues to work on waste reduction (with a target of -50% by 2025) on the basis of 2019 data.

Production waste at the Brussels head office (in kg)



The challenges set for 2025 are namely to reduce the volume of residual (unsorted) waste and paper to be recycled, and to increase the proportion of recycled waste (mainly PMT and cups). Internal campaigns regularly help to raise awareness about these issues among employees.

Breakdown of waste produced at the Brussels head office in 2020



All waste mentioned concerns non-hazardous waste and is recycled, except for the residual waste, which is incinerated⁽¹⁾.

(1) Information provided by the waste disposal contractor.

COMMITMENT

Being and remaining
CO₂ neutral



5.2.5. Sustainable commuting

The current health crisis has greatly reduced the ecological impact of commuting. Since 2019, CO₂ emissions have been reduced by 76% due to almost continuous compulsory homeworking since March 2020. In an attempt to benefit work-life balance and to reduce road traffic and air pollution, we have already been proposing a maximum of two days of homeworking per week for several years now. In order to achieve our CO₂ reduction ambitions, we want to further increase the average number of homeworking days per employee per year. In 2020, homeworking was the standard as of the start of the Covid-19 pandemic and 95% of the Belfius employees worked from home. The estimated number of homeworking days was 148⁽¹⁾ (compared to 31 in 2019 and 27 in 2018) out of a maximum of 220 days worked.

Today, 77.5% of employees at the Brussels head office use public transport to get to work, and 2.5% make the entire journey by bicycle. Only 19.6% travel alone by car or motorbike. The modal share of solo car use has fallen by 64% in 20 years and by 11% since last year. This is the result of the ambitious Mobility Plan implemented at Belfius since the beginning of the 2000's which offers free public transport and parking at the station, kilometre allowance for cyclists and pedestrians, facilities for cyclists and motorcyclists (secure parking, changing rooms, showers), and car-sharing bonus. This plan also discourages solo car use since parking must be paid for by employees who travel to work in Brussels alone in their car.

For all of the Belfius Group (all subsidiaries included) across the country, the modal shares (main mode of transport used) for home-to-work journeys for 2020 were:

- 57.8% for public transport (against 57.5% in 2019)
- 38% for private motorised transport: car, motorbike, car-sharing (38.4% in 2019)
- 4.2% for active modes: walking or cycling (4.1% in 2019).

5.3. Offsetting and carbon neutrality

Regardless of our total residual CO₂ emissions, we fully offset them to achieve carbon neutrality. To do so, we finance climate projects certified by Gold Standard, Verified Carbon Standard, Plan Vivo, or the United Nations Framework Convention on Climate Change (UNFCCC).

In 2020, we offset 15,870 tonnes of CO₂ (footprint calculated for 2019) by participating in the financing of three projects:

→ Agroforestry in Zambia (compensation of more than 2,870 tCO₂):

Inappropriate agricultural practices, poverty and a loss of precious forests and ecosystems are threatening Zambia. To make ends meet, farmers often have to rely on illegal poaching practices. This project trains farmers in sustainable methods that safeguard the forest and enhance their families' livelihood. Sustainable agriculture and forest conservation is promoted at a landscape level, while building resilient local communities that are protectors of the land. Through this project, Belfius has helped 206 farmers, protected 1,333 hectares of land and saved 614,784 trees.

→ Water project in Rwanda (compensation of 4,000 tCO₂):

Many in Rwanda do not have easy access to clean water, often collected from polluted sources. In order to make water safe for consumption, it has to be boiled first by using firewood. This process results in deforestation and the release of greenhouse gas emissions. By rehabilitating wells, this project provides safe water and ensures that households consume less firewood. Belfius' contribution has provided more than five million litres of water, helping 2,102 people and preserving 22.4 hectares of forest.

(1) For 2018 and 2019, the number of days are those as recorded by each employee in the telework day accounting system. The reality may differ.

→ **Wind energy in India** (compensation of 9,000 tCO₂):

The Indian power grid is damagingly reliant on fossil fuel-based power plants. The country ranks extremely high on coal dependency, which emits huge amounts of CO₂. As a consequence, the Indian energy sector contributes to pollution and poor air quality. This project builds wind turbines, providing the power grid with clean, renewable energy and stimulates the transition to a low carbon economy. Belfius' contribution represents 9,179 MWh of wind energy and covers the annual consumption of 8,499 households.

For a lasting impact, Belfius' will continue to support these projects to offset our residual emissions from the year 2020 (11,339.6 tonnes of CO₂). In the coming years, Belfius has the ambition to create its own offsetting project in collaboration with a Belgian organisation to offset its CO₂ emissions.

5.4. Green IT

Following our membership of the **Green IT** Belgium Club at the beginning of 2020, Green IT carried out a first analysis of the environmental footprint of our IT systems to find out what they represented in terms of CO₂ emissions, consumption of primary energy, water and abiotic (non-living) resources. Our results were compared with those of 38 other large companies in a variety of sectors. The complete data are currently being validated but, according to primary findings, Belfius is already achieving good results in terms of water consumption and abiotic resources. Several factors contribute to this, such as:

- The exclusive use of recycled paper for printing and the internal recovery of used paper for recycling.
- A relatively low rate of IT equipment (low number of servers per employee, and high IT equipment lifespan).
- The outsourcing of our data centres to specialised companies powered by hydro-electric power - an energy source that consumes little water and generates few greenhouse gases.

The analysis carried out by Green IT in 2020 also led to the decision to establish specific governance to continue reducing the environmental footprint of our IT systems, with a strategy aligned with Belfius' overall ESG strategy. Initial initiatives will focus on more responsible use and purchasing of IT equipment.

From 2021, we will:

- Add social and environmental clauses to calls for tenders for equipment and services.
- Monitor the end-of-life of this equipment - preference will be given to suppliers who give it a second life.
- Raise awareness regarding good practices for more sustainable IT amongst all departments concerned (buyers, building management, IT, CSR, etc.).

Another recent development is that Belfius became a member of the **Belgian Institute for Sustainable IT (ISIT-BE)** since its creation in October 2020. This Belgian "think and do tank" is inspired by the French Institut du Numérique Responsable (INR). At a time of digital transformation, its ambition is to bring together companies, organisations and individuals to help them reduce the environmental and social footprint of their IT systems.

In 2021 Belfius will sign the ISIT-BE charter which commits us to evolve towards a sustainable IT system. It will not only be a question of reducing the environmental impact, but also of developing accessible and inclusive digital services and encouraging the emergence of new behaviours and values thanks to digital technology, while all the while maintaining ethical and responsible digital practices with transparent and measurable technologies and services.

6. Social commitment

6.1. Sustainable community involvement

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 opt for meaningful Belgian long-term partnerships with organisations that work for those who have been given fewer opportunities in life.

6.1.1. Charitable projects

Red Nose Day

Together with VTM, Qmusic and Het Laatste Nieuws, Belfius has supported Red Nose Day from its inception. In 2020, Red Nose Day once again set out to make all young people in Flanders more mentally, physically and socially resilient. This is more relevant than ever in these times of Covid-19, where young people are going through a testing time. Due to the pandemic, the initiative did not focus on raising money in 2020, but rather on raising awareness. Thanks to this, almost 60,000 young people received online assertiveness training, and the number of OverKop houses (where young people can go for accessible help) increased from five to 16.

Viva for Life

Belfius has been supporting Viva for Life (an initiative run by the Belgian radio and television station RTBF, in partnership with charity Cap 48) since 2014 and has been its main sponsor since 2016. Viva for Life is committed to the fight against child poverty, which affects one in four children in Wallonia and almost one out of every two children in Brussels.

Money raised Red Nose Day

(In EUR)	2018	2019	2020
Proceeds from Red Nose Day	4,269,073	4,315,197	N/A

Money raised Viva for Life

(In EUR)	2018	2019	2020
Amount from Belfius ⁽¹⁾	385,252	461,137	623,345
Total raised ⁽¹⁾ for Viva for Life	4,929,220	5,658,352	7,061,534

(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.



All donations and profits from this initiative are managed by Cap 48, which is also responsible for selecting the dozens of supported associations. A total of 136 institutions were supported in 2020 with funds collected in 2019. Despite the fact that the Viva for Life concept was significantly modified by Covid-19, the 2020 edition still managed to raise an impressive EUR 7,061,534, of which EUR 623,345 was contributed by Belfius.

Special Olympics

Through Belfius' partnership with Special Olympics Belgium since 2014, we are supporting those with intellectual disabilities and encourage their integration into Belgian society through sport. Despite Covid-19, the Special Olympics did take place in 2020 and a modified virtual version saw a record participation of 11,000 athletes.

6.1.2. Philanthropy programme

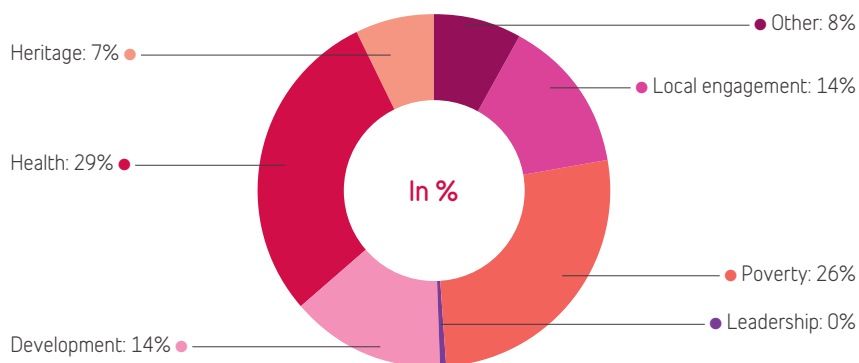
Helping through Wealth offer

With its Philanthropy programme, Belfius offers customers a specific framework for including a charity as a structural element of their wealth management or estate planning. Belfius thus 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, more than 1,615 funds have been created. In 2020, 197 funds were in operation and more than EUR 4 million were transferred from the estate of Belfius customers to charities.

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

Thematic allocation of philanthropic funds in 2020



Contribution through Funds of the Future

As outlined in section 4.3.1, our Funds of the Future invest in organisations that offer solutions and/or products aimed at tackling social and environmental problems. Belfius adds a further dimension by financially supporting good causes through partnerships with local entities, charities or similar initiatives.

- Via Belfius Equities Cure, Belfius donated EUR 476,182 to the Foundation against Cancer in 2020.
- Via Belfius Equities Climate, Belfius transferred EUR 48,145 in 2020, the equivalent of 13,236 tonnes of CO₂.
- Via Belfius Equities Wo=Men, Belfius gave EUR 97,000 to Boost.
- Via Belfius Equities Be=Long, Belfius donated EUR 121,000 to Tubbe.

COMMITMENT

**Equal opportunities
and social commitment is and
remains our leitmotiv**



6.1.3. Inclusion and equal opportunities

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. No other bank in Europe offers a service of this kind. In total, Belfius has delivered around 180,000 social products and 85,000 bank cards. You can find an overview of our social products on our website.

École 19

At the end of 2020, Belfius extended its partnership with École 19 until 2023. École 19 is a highly innovative school where young people aged 18 to 30 can train in computer coding even without a secondary school diploma. In 2020, the school moved from Uccle to the centre of Brussels to be more accessible by public transport. The school also continued its diversification policy to attract a wider female audience and more Dutch-speaking students. In 2020, four students from École 19 followed internships at Belfius and two were subsequently recruited.

6.1.4. Belfius Art Collection

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 selection of some 60 works of art from our collection, grouped around a given theme. The Belfius Art Collection, which is comprised of 4,300 works, is the largest private collection of Belgian art.

In order to allow as many people as possible to enjoy this artistic heritage, even during Covid-19 times, we organised virtual tours of various exhibitions via our website. In this way, many visitors managed to enjoy a virtual visit to the Belfius Art Gallery in 2020. Our Facebook and Instagram pages also highlight exhibits and give the public a glimpse behind the scenes.

Our support of Belgian art also translates to the loan of works from the collection to museums in Belgium and neighbouring countries and, in 2020 more than ever, to the acquisition of works by young Belgian talent during a difficult year for culture.

COMMITMENT

**Setting an example as
an employer**



6.2. Our employees

Being a relevant and inspiring organisation in Belgian society and taking our responsibilities within our company – all that starts internally. Regardless of age or function, Belfius wants to offer its employees the following:

- Sustainable employment and long-term prospects, thanks to multiple and continuous opportunities for learning and training, active career management and careful support for change.
- A job that holds meaning thanks to a strong purpose and defined values, facilitated by a group of managers who are trained, supported and recognised for this function.

6.2.1 Lifelong learning

At a time when technologies and working methods are changing at high speed, working for a banking and insurance company constantly requires the acquiring of new skills and knowledge, with the current health crisis only further accelerating change.

To guarantee and develop the employability of its employees, Belfius offers staff an extensive training programme via the 'My Development' portal. Since the autumn of 2020, this portal has also provided access to Share&Learn, an internal platform for sharing informative or inspiring content. A few months after its launch, it has already seen the sharing of 450 videos or documents, particularly in the field of distance collaboration and effective homeworking.

Belfius equally supports a range of development initiatives organised by and for employees. In these Train Your Colleagues sessions, employees with specific expertise share with their colleagues. Some examples include digital expertise (Digital Speed Dating) and linguistics (Linguistic Lunches). At times these trainings can go far beyond the hard and soft skills associated with the banking and insurance business. As part of our commitment to society, around ten employees offered to share their experience for the benefit of Viva for Life at the end of 2020 on various sustainable development themes: diversity, circular economy, waste reduction, voluntary work, etc.

6.2.2. A sustainable career policy

The new career policy implemented in 2019 at Belfius Bank is based on two pillars. On the one hand, a reflection tool in the form of a personal online questionnaire, enabling 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 to a career interview at least once every 12 to 18 months to discuss his or her plans for the future.

Despite the Covid-19 context, 735 employees indicated that they were ready to have their career interview or had already had it. The initial feedback on the questionnaire was very positive. A more interactive tool is being prepared for the beginning of 2021, in parallel with the redesign of the My Development portal.

6.2.3 Strong focus on wellbeing, especially in pandemic times

A structured approach to wellbeing

Belfius has been following a structured approach to employee well-being for several years. A "wellbeing tool" makes it possible to identify the level of resilience and the risk factors, at both 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. They can find support internally from the psycho-social team, but also externally through the Employee Assistance Program (EAP). (See also the HR chapter of this report).

The examination of these collective and anonymised data, but also of the periods of absence and work accidents, which are closely monitored by the Committee for Protection and Prevention at Work (CPPT), also makes it possible to take adjusted measures. In 2020, there were 15 accidents at work and 19 accidents on the way to and from work, resulting in a total of 69 days of absence.

Employee satisfaction and engagement

We measure the satisfaction and commitment of our staff members annually through the engagement barometer. The 2020 results are excellent, despite the Covid-19 crisis. Belfius has achieved high and rising scores, both in terms of staff satisfaction and commitment. At a Group level (Belfius Bank and Belfius Insurance), the survey reveals a level of commitment of 90% (compared to 84% in 2019) and a level of satisfaction of 96% (compared to 91% in 2019).



We aim for an average
employee engagement score
of more than 90%

Maintaining connections during Covid-19

The meaning that everyone finds in work to a large extent also depends on the quality of contacts and collaboration - an aspect that the long period of homeworking that began in March 2020 was in danger of undermining. Thanks to the introduction of an innovative working environment for an optimal work-life balance (BeWoW project) in 2017, homeworking had already become a common practice for the majority of our employees. The constraint of generalised homeworking did not give rise to any major organisational difficulties therefore, however a series of initiatives have nevertheless helped to safeguard individual wellbeing and facilitate collaboration:

- The “how are you doing” survey was organised six times between March and October 2020, with massive participation - 64% of responses on average. The results, systematically shared with social partners and all staff, made it possible to refine the support offered to employees.
- Tips and tricks for homeworking on the Intranet: how to organise your day well, maintain your energy, keep in contact, etc.
- Reorganisation of training courses so that they could take place virtually.
- Yoga, Zumba, body training, mindfulness or laughter yoga via Skype, given by colleagues trained in these fields, to compensate for the inaccessibility of the Brussels headquarters’ sports hall: more than 200 sessions were held between April and December with more than 2,000 participations by 323 different employees.
- But also: virtual visits of the Belfius Art Gallery, virtual applause for the Belfius teams, edited video of the cheers and wishes of employees for their colleagues...

6.2.4 Leadership

Leaders play an essential role in aligning everyone behind the same vision, transmitting meaning and inspiration, accompanying change and bringing values to life within teams. Beyond the training available on MyDevelopment, initiatives are continuing to help team leaders develop their leadership skills and support the agility of their teams.

2020 saw widespread homeworking, so last year managers were offered support that was largely focused on the remote management of their teams, where they received training and specific tools to help optimise remote team collaboration.

Launched in 2018, the LeaderShift project ended in early 2020. A total of 600 leaders assembled into small groups and experienced an immersive 5-day experience alternating company visits, conferences, intensive training sessions, exchanges and networking. The objective was to integrate the mindset, tools and behaviours necessary to accompany and anticipate the many challenges and changes that still await Belfius.

6.2.5 Sustainability-linked criteria in management remuneration

Belfius also encourages the sustainable orientation of managers through their variable remuneration. One third of their variable remuneration depends on qualitative objectives related to Belfius’ social responsibility: a customer satisfaction rating of more than 95%, proven leadership skills and a high level of employee commitment. From 2021 onwards, new ESG criteria will be added to these objectives in order to provide even greater support for ESG considerations in management decisions.

6.2.6 Levering cultural change

Our role as a socially responsible banking and insurance employer requires a fair, authentic, customer-oriented and entrepreneurial attitude: FACE, the four Belfius values (see 2.1). Following the launch of these values in 2019, we are currently thinking about how to render them as concrete as possible in everything we do at Belfius by making them part of our culture. Various workshops organised in 2020 have led us to identify two levers for cultural change which will be implemented in 2021.

6.2.7 An active diversity policy

Supporting equal opportunities in Belgian society starts with a HR policy that is favourable in terms of diversity. The more inclusive our policy, the more our organisation reflects the reality of an increasingly diverse society and the better it will be able to meet

expectations in terms of products and services. Since 2015, a Diversity Manager and a Diversity Steering group have been specifically responsible for this.

Gender diversity

Belfius Group is gradually establishing a better gender balance at all levels of the organisation. Today, women represent 35.4% of management and 33.8% of senior management (compared to 32.2% and 33.1% respectively for the previous year). Our target is 44% overall by 2025.

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.

For Belfius, equal pay for men and women is also a matter of course. Today, Belfius' remuneration policy is gender neutral and non-discriminatory. An analysis to measure a possible gender pay gap is carried out every two years and is presented to the social partners (Works Council). This will be the case in 2021.

In addition, we are planning the following:

- A revision of the remuneration policy is planned for Q3 2021. A paragraph on equal pay and opportunities for men and women will be included. This will further reinforce the importance Belfius gives to this issue.
- At the beginning of the annual appraisal process: specific guidelines on gender equality will be communicated to team leaders when determining salary increases and variable remuneration.
- For Senior Management (DC, SE & KE): The Remuneration Committee (Board level) will ensure that the amounts awarded are not discriminatory in terms of gender.

In 2020, of the 799 men and 684 women who were entitled to take parental leave or "Covid-19" parental leave, 122 men and 188 women actually took it (compared to 84 and 116 respectively in 2019). Of the 310 people who took parental leave in 2020, only 3 are no longer working at Belfius.

- The rate of return to work follows the extent to which parents actually return to work after parental leave. In 2020, it is 99.03%.
- The retention rate after 12 months for parents who took parental leave in 2019 is 100%.

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 also between Belfius and the outside world by collaborating with establishments in the social sector in Brussels. Only one of the two annual editions could take place in its usual form in 2020. The second was held virtually and was a great success according to the 40 or so participants.
- 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. Every year, it also organises a meeting with the members of the Executive Committee of Belfius Bank and Insurance.



By 2025, women
will represent at least **44%**
at all levels of the organisation

Diverse profiles

We are convinced that teams made up of employees with different personalities, talents and backgrounds are more successful. Innovation, accelerated by changes in technology and behaviour, requires broad skillsets.

For further details on recruited profiles and HR topics, please consult the Human Resources chapter.

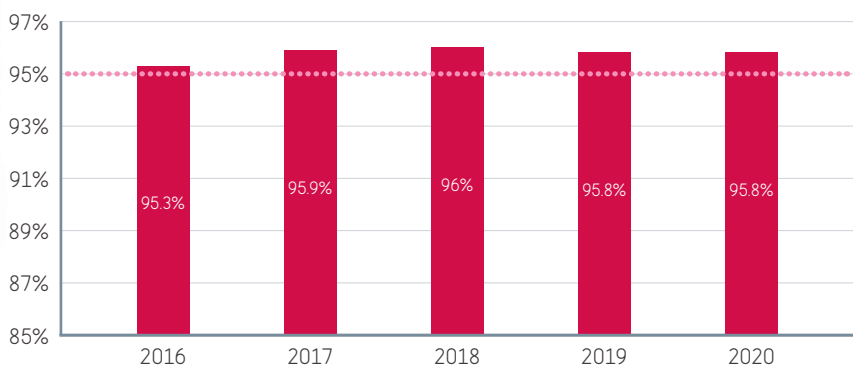
6.3. The customer at the heart of our strategy

Our social commitment is part of our raison d'être: Meaningful & Inspiring for Belgian Society. Together. As mentioned above, four values help us make this a reality on a daily basis: authenticity, fairness, entrepreneurial spirit and, last but not least, customer orientation. Establishing a lasting relationship with our clients, taking their opinions into account and satisfying their demands, is just as important as optimising our operational services or financial performance.

6.3.1 More than 95% of customers satisfied for over five years

Belfius Bank attaches great importance to customer satisfaction, which it measures regularly. In 2020 we sent a satisfaction survey to 512,391 retail customers (RCB). 70,653 participated in the survey and gave Belfius an average score of 95.7%, confirming an increase in satisfaction for the second consecutive year. On the Public, Social & Corporate (PCB) side, 597 customers responded out of 5,404 invited to participate and gave an overall score of 95.9%. Overall, Belfius Bank obtained a satisfaction score of 95.8%⁽¹⁾ for 2020. This is the fifth consecutive year that Belfius Bank has exceeded its target of 95% satisfied customers.

Change in Customer Satisfaction: Belfius Bank Overall



6.3.2 Beyond expectations

In addition to providing quality products and services as our core business, we continue to develop 'beyond banking' solutions in areas where our expertise enables us to offer innovative solutions. More information on this can be found in section 4.5. Over the years, a true digital ecosystem has been taking shape, contributing to creating a sustainable relationship with our customers through quality life-easing products and services with a focus on the home, mobility and telecoms. Our multifunctional Belfius Pop-Up app now offers eight different services that facilitate the use of alternative means of transport, allow customers to manage their pension savings, or buy service vouchers directly through the app.

Out of these eight services, three new ones were launched in 2020:

- Direct access to Monizze meal vouchers, eco-vouchers and gift vouchers
- Facilitating parking in the city with 4411 (Be-Mobile)
- Carrying out property searches or selling property on Immovlan.

(1) The weighting is 2/3 for RCB and 1/3 for PCB.

More than 215,000 customers have subscribed to at least one of these services, and over 60,000 of these customers use at least one of them on a regular basis. Of these customers, more than 90% find our proposal very interesting and more than 80% would recommend these services. In 2020, Belfius Pop-Up counted more than 440,000 transactions, despite the slowdown linked to Covid-19.

New partnerships are constantly contributing to the expansion of our service offering, going beyond customer expectations. In 2020 we formed three additional strategic partnerships with:

- **Skipr**, with its innovative 'mobility as a service' (MaaS) solution for companies wishing to facilitate multimodal mobility
- **Proximus**, with whom we are developing a joint offer, including a neobank that will be launched in 2021 under the name Banx
- **Immovlan**, complementing our expertise in supporting our clients at every stage of their real estate project.

6.3.3 Data privacy

As it is stated in one of our 10 commitments, Belfius will never sell the personal data of its customers to third parties and will always work on an explicit consent-based approach if data were needed to be exchanged to better serve its customers.

Data confidentiality

At Belfius, respect for privacy and the protection of personal data are fundamental commitments. They are set out in [Belfius' Privacy Policy](#) and are reflected internally in a regularly updated privacy policy and associated guidelines.

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

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 Security Officer (DSO), the Non-Financial Risk Department (NFR), the Legal Department and the Compliance Department. In addition, there is a network of Privacy Correspondents in each department to support and advise employees in matters relating to GDPR.

Employees are also made aware of the issue of privacy protection through mandatory e-learning sessions (followed by 94.22% of employees at the end of 2020) 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. Our digital channels make it easy for them to exercise these rights, as shown by the 13,285 requests for access by customers in 2020. In each case, we provided a response within the legal deadline of one month. 98.8% of the requests (13,126) concerned the right of access to personal data and more than 99.5% 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 data breaches is described in a separate privacy guideline. No significant data breaches were identified in 2020. Only eight minor incidents were reported to the Data Protection Authority (DPA), compared to three in 2019. In each case we provided a prompt response and appropriate action was taken.

COMMITMENT

Privacy and data protection
of our customers is
paramount



6.3.4 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, especially that of its customers. We want to guarantee high performance in terms of IT security so that our customers can completely trust us in this respect.

In 2019, the European Directive PSD2 ("Payment Services Directive") considerably expanded the possibilities for consumers and banking as well as non-banking institutions, in the field of online and mobile payments. Various techniques exist in the market to allow third parties to access account information and thus enable payment instructions from interfaces of third party payment providers. Reverse engineering is one of these techniques, which entails significant cybersecurity, fraud & data protection risks. For this reason, Belfius remains on its initial stance to block all access through the use of reverse engineering techniques.

In order to guarantee information security within Belfius, the Information Security Steering (ISS), managed by the Chief Information Security Officer (CISO) and chaired by the Chief Risk Officer, ensures a well-managed and coordinated information security strategy, whereby an adequate system of prevention, detection, protection and reaction is put in place in accordance with regulatory requirements for information security. Major security projects are foreseen in a two-year security roadmap.

Mandatory cybersecurity training has been completed by 100% of Belfius employees and security audits take place every two years to assess the maturity of security processes and controls.

For more details on the cybersecurity and data protection policy, please refer to the 2020 Belfius Risk Report.

6.3.5 Respecting codes of conduct

In addition to its internal policies, Belfius adheres to codes of conduct issued by various organisations such as:

- **Febelfin**: by adhering to the code of conduct of the Belgian financial sector federation, Belfius undertakes to remain true to the values of the sector in its daily interactions with customers.
- **BeCommerce**: the code of conduct of the federation of Belgian companies active in e-commerce aims to enable consumers to make online purchases reliably and securely.
- **Assuralia**: Belfius Insurance adheres to the proposed code of conduct of the federation of insurance companies for rapid, high-quality claims handling.

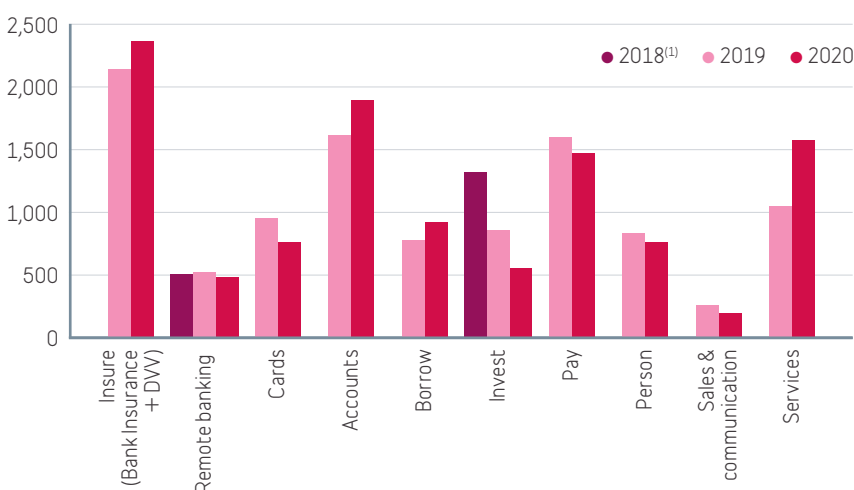
6.3.6 Listening to our customers: complaint management

Belfius pays close attention to the complaints it receives. It analyses each case and provides a solution in conjunction with the Bank's various entities. This treatment is carried out according to a step-by-step protocol that guarantees impartiality.

Complaints by customer segment

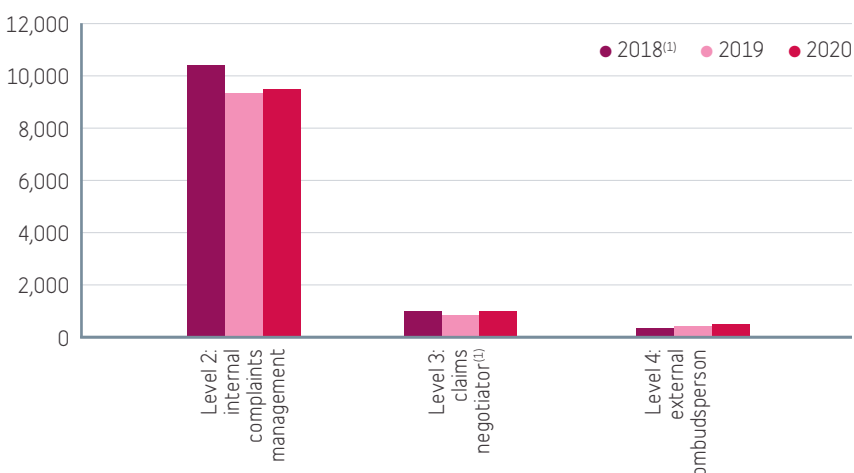
On the **Retail & Commercial Banking** (RCB) side, the 10,980 complaints handled in 2020 represent an increase of 4% compared to 2019. Our complaints management teams have been operating at 100% capacity to respond quickly to complaints, particularly those related to the current health situation.

Closed complaints by topics (RCB)



(1) Figures for 2018 are not available due to a change in domain names since 2019.

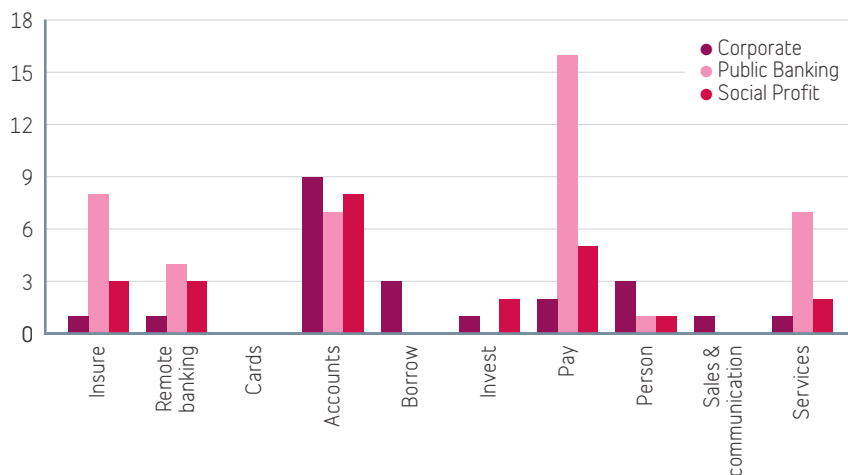
Closed complaints according to level of management (RCB)



(1) Level 3 - Negotiator Complaints no longer applies to DVV Insurance since 2019. The figures for 2018 have been adjusted to allow a correct comparison.

For **public, social and corporate** (PCB) clients, the number of complaints remained stable, rising from 86 in 2019 to 89 in 2020. Almost half of the complaints (48%) came from the public sector. The rest came from social profit (27%) and corporate (25%) customers.

Closed complaints by topics (PCB)



The impact of the 2020 health crisis

6.8% of the complaints registered in 2020 (754 in total) were specifically related to the current health situation. In addition to these complaints specifically stamped as Covid-19 related, complaints related to service in branches increased by 77% in the second half of 2020, compared with the same period in 2019. They mainly concerned the partial closure of branches, which were forced to operate by appointment only, as well as health security measures on the premises. Most of the other complaints concerned requests for a moratorium on business loans (47 complaints) or housing loans (52 complaints).

Complaints related to fraud increased by 68%, most probably as a result of the health crisis and the consequent increase in distance purchasing.

Discrimination and privacy complaints

The number of complaints relating to these two fundamental aspects is increasing, but its proportion relative to the total number of complaints remains limited.

With regards to the 67 complaints in 2020 relating to discrimination:

- 31 cases concerned access to basic banking services. In order to strike the right balance between the right to basic banking services and regulatory obligations relative to customer identity (Know Your Customer), the bank undertook various interactions with Fedasil and the Red Cross in 2020. It paid particular attention to complaints concerning unaccompanied minors under guardianship.
- The other 36 complaints mainly concerned the termination of the Comfort Banking telephone service (that could be useful for the visually impaired, the elderly and those unable to use a PC or who are in a situation of reduced mobility), a problem with special card readers for the visually impaired, and poor reception that was equated with racism.

150 of the complaints dealt with in 2020 concerned privacy, compared to 176 in 2019. The majority of them (106) concerned GDPR legislation. The others mainly concerned identity theft, or poorly addressed but unopened mail (thus representing no violation of private data). 120 of the 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, deletion of a power of attorney, etc.

6.4 Dialogue with our stakeholders

Finally, we believe that the role we want to play in society can only be fulfilled in a meaningful way through constructive dialogue with all of our stakeholders. By regularly contacting different stakeholder groups, we can gauge their main concerns and expectations with regards to Belfius. In this way we keep our finger on the pulse, become aware of stakeholders' current issues and happenings, and allow ourselves to be inspired by them. They in turn have the opportunity to influence our policy choices and gain greater knowledge regarding how Belfius works.

This interaction helps to determine our choices, choices that we believe will have a positive impact on major societal challenges, ultimately for the benefit of all.

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

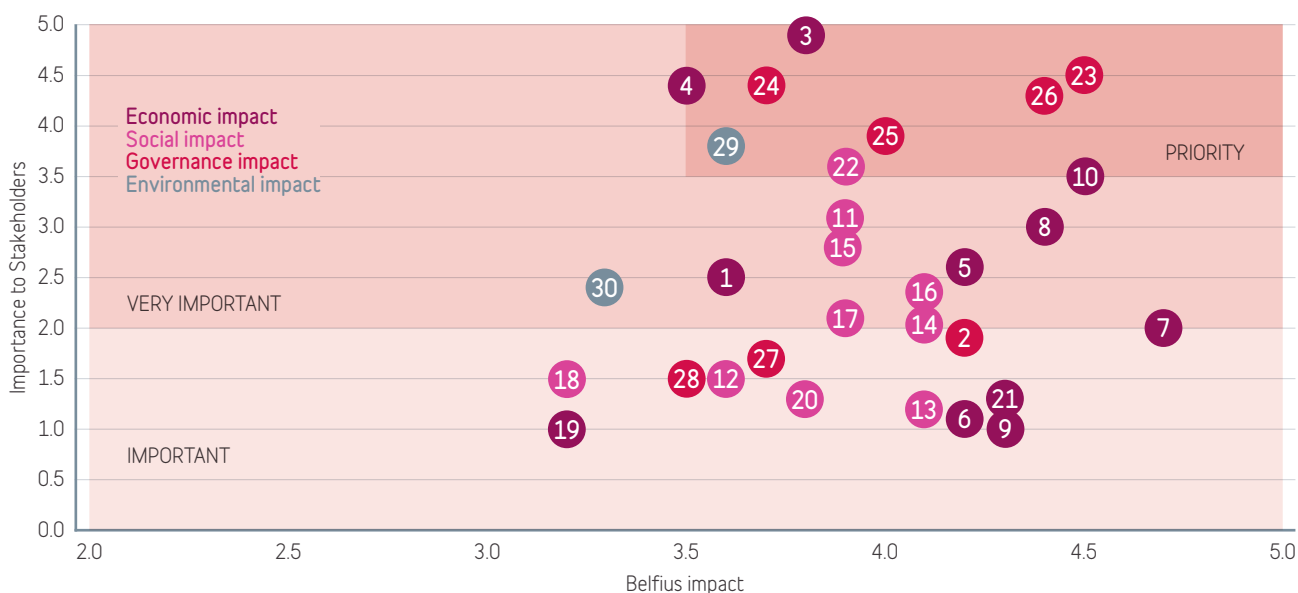
Stakeholder	How do we enter into dialogue?	Main topics of conversation
Customers	<ul style="list-style-type: none"> Besides the digital channels (websites, mobile app) and Belfius Connect (a direct advice channel that can also be reached after working hours and on Saturdays) the main channel for maintaining contact with customers remains the physical channel (bank and insurance offices), where our bankers and advisors provide customers with all the necessary service Through an ongoing series of customer satisfaction surveys Through an ongoing management process of suggestions and complaints 	<ul style="list-style-type: none"> Suggestions and complaints from customers Sustainable responsible investing Product transparency Access to financial services
Employees	<ul style="list-style-type: none"> Through a permanent feedback culture in which employees and managers are encouraged to continuously give each other open and constructive feedback, under the motto "In control of your own career" Through a career discussion between employee and manager, at least once every 12 to 18 months Via live information sessions and webinars given by top and senior management, with Q&A Through a "how are you doing" survey, organised six times between March and October 2020, gauging the well-being of employees during mandatory homeworking due to Covid-19-measures Through the annual engagement barometer, a survey that invites employees to make their voices heard on the internal operation of the company Via representation in social bodies and a network of union representatives Via a network for psychosocial help from persons of trust and the prevention adviser 	<ul style="list-style-type: none"> Fair and competitive remuneration Coaching and career guidance Training and education Pleasant and healthy working conditions: new way of organising work to create a more current and open corporate culture Physical and mental health of employees Transparency about strategy, policy and results
Social and civil society organisations, NGOs	<ul style="list-style-type: none"> Via dialogue with various organisations and NGOs and cooperation with their surveys and assessments 	<ul style="list-style-type: none"> Communication about corporate social responsibility, aims and commitment of Belfius Belfius' investment policies
Shareholder	<ul style="list-style-type: none"> Via periodic consultation and operational contacts with the Federal Holding and Investment Company (FPIM) 	<ul style="list-style-type: none"> Transparency about the company's performance and results Risk management Ad hoc information for answering external questions provided quickly and properly
Sector federations, employer organisations and unions	<ul style="list-style-type: none"> Via membership and representation in the financial management of financial and economic federations (Febelfin, Assuralia, BVK, BLV, BVB, BEAMA), employer organisations, cooperation platforms for innovation, technology and sustainable development (The Shift) Via social bodies and the subcommittees linked to them 	<ul style="list-style-type: none"> Sharing knowledge with sector federations Putting social responsibility into practice New way of organising work to create a more current and open organisation
Governments and regulators	<ul style="list-style-type: none"> Via collaboration in ministerial consultation initiatives on a federal and regional level Via a systematic follow-up of regulatory initiatives that have an impact on the financial sector and by responding to public consultations Via periodic consultation with the regulators and particularly with the NBB, the FSMA and the ECB 	<ul style="list-style-type: none"> Compliance with regulations and statutory obligations Proper financial reporting Exclusion criteria in granting loans Green procurement policy
Ratings agencies, sustainability experts, analysts, (financial) press	<ul style="list-style-type: none"> Via press conferences regarding the bank's results, with associated investor calls By actively engaging with rating agencies, entering into a 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 about how the business is conducted, proper financial and non-financial communication

6.5 Materiality analysis

Belfius conducted a materiality analysis in 2017 to determine which topics should be considered as “material” (i.e. most relevant) for Belfius when designing its sustainability policy. The results are presented in a materiality matrix to highlight the topics which need to be focused on.

The subjects (‘indicators’) which came out of the analysis as ‘priority’ or ‘very important’ appear in the first quadrant (top right). These topics, along with those having a strategic impact on Belfius, were incorporated to a maximum extent in ESG risk management and in Belfius’s sustainability policy.

Materiality Matrix



Results of the materiality analysis

PRIORITY

3	Products and services with environmental and social benefits
23	Ethics, compliance and honest banking
4	Sustainable and responsible investing and lending
26	Fighting corruption and fraud
29	Restricting the indirect impact on ten environment and climate (Impact on the environment and climate caused by products and services)
25	Fiscal transparency
24	Transparent remuneration and compensation policy
22	Financial inclusion, access to financial services for everyone
10	Long-term financial stability
2	Information and IT platform security
6	Digitalisation and innovation of products and services
7	Customer satisfaction, service quality
9	Reinvesting savings in the local economy
13	Employee health, safety and wellbeing at work

IMPORTANT

12	Social dialogue and stakeholder relations
18	Financial literacy
19	Corporate philanthropy
21	Respect for human rights in the workplace and in business relations
27	Green procurement policy
28	Joining the public debate about responsible banking
20	Social commitment

VERY IMPORTANT

1	Comprehensive risk management including environmental and social risks
8	Transparency to customers: clear and correct communication about products and services
5	Protecting customer privacy and data
11	Employment conditions and social protection
14	Talent development and training
15	Policy on diversity and equal opportunities
16	Attracting and retaining talent
17	Employee involvement and commitment
30	Restricting the company’s direct impact on the environment

Global Reporting Initiative (GRI) - table

GRI Standard	GRI Disclosure	References (→)/information	Page number	Omission	Link to SDG (based on SDG Compass)
GRI 102: GENERAL DISCLOSURES					
GRI 102: GENERAL DISCLOSURES - ORGANIZATIONAL PROFILE					
102-1	Name of the organization	Belfius Bank NV/SA			
102-2	Activities, brands, products, and services	→ Profile of Belfius	2		
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	85		
102-7	Scale of the organization	→ Profile of Belfius, Key Figures	2, 5		
102-8	Information on employees and other workers	→ HR, Our employees: the backbone of the organisation The scope of employees is limited to Belgium; Data were collected in SAP.	67	Whether a significant portion of the organization's activities are performed by workers who are not employees was not disclosed by Belfius.	#8 Decent work and economic growth
102-9	Supply chain	→ Profile of Belfius → Sustainability, A responsible bank-insurer, Purchasing more sustainably In 2020, Belfius reviewed its procurement policy to more systematically integrate environmental, social and governance (ESG) considerations into the selection of its suppliers.	2 13		
102-10	Significant changes to the organization and its supply chain	→ Management Report, Message from the chairmen	10		
102-11	Precautionary Principle or approach	→ Risk management	124		
102-12	External initiatives	→ Sustainability, Social Commitment, Sustainable community involvement	36		
102-13	Membership of associations	→ Sustainability, Social Commitment, Dialogue with our stakeholders	46		
GRI 102: GENERAL DISCLOSURES - STRATEGY AND ANALYSIS					
102-14	Statement from senior decision-maker	→ Management Report, Message from the Chairmen	10		
GRI 102: GENERAL DISCLOSURES - ETHICS AND INTEGRITY					
102-16	Values, principles, standards, and norms of behavior	→ Human Resources, Continuing the implementation of the new corporate culture → Sustainability, A sound governance, Our corporate values as a cornerstone → Risk Report 2020, VII.5 Compliance Risk → Sustainability, Social Commitment, Our employees	67 8 85 38		

GRI Standard	GRI Disclosure	References (→)/information	Page number	Omission	Link to SDG (based on SDG Compass)
GRI 102: GENERAL DISCLOSURES - GOVERNANCE					
102-18	Governance structure	→ Corporate Governance	163		
102-22	Composition of the highest governance body and its committees	→ Corporate Governance	163		
102-24	Nominating and selecting the highest governance body	→ Corporate Governance	163		
GRI 102: GENERAL DISCLOSURES - STAKEHOLDER ENGAGEMENT					
102-40	List of stakeholder groups	→ Sustainability, Social Commitment, Dialogue with our stakeholders	46		
102-41	Collective bargaining agreements	In 2020, 95.2% of the employees are covered by a collective bargaining agreement. Only the Board of Directors, key & senior executives are not covered by collective bargaining agreements but are covered by a "management contract".			#8 Decent work and economic growth
102-42	Identifying and selecting stakeholders	→ Sustainability, Social Commitment, Dialogue with our stakeholders	46		
102-43	Approach to stakeholder engagement	→ Sustainability, Social Commitment, Dialogue with our stakeholders	46		
102-44	Key topics and concerns raised	→ Sustainability, Social Commitment, Dialogue with our stakeholders	46		
GRI 102: GENERAL DISCLOSURES - REPORTING PRACTICE					
102-45	Entities included in the consolidated financial statements	→ Consolidated Financial Statements	190		
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	→ Sustainability, Social Commitment, Materiality analysis	47		
102-48	Restatements of information	→ Profile of Belfius, Key figures, ESG as a business driver The scope of "investment funds based on sustainable criteria" was changed (see footnote in table)	6		
102-49	Changes in reporting	No changes			
102-50	Reporting period	Fiscal year from 1 January 2020 to 31 December 2020			
102-51	Date of most recent report	The most recent report containing economic, environmental and social information is the Annual Report 2019.			
102-52	Reporting cycle	Annual			
102-53	Contact point for questions regarding the report	csr@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	→ Annual report, Global Reporting Initiative (GRI) - table	48		
102-56	External assurance	Belfius' statutory auditor KPMG Reviseurs d'Entreprises, reviewed the Annual Report to assess whether this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 3:32 of the Companies' and Associations' Code, hence including the disclosure of non-financial and diversity information (transposition of Directive 2014/95/EU).			
GRI 103: MANAGEMENT APPROACH					
103-1	Explanation of the material topic and its Boundaries	Material topic boundaries, management approaches and their respective evaluation methods are explained together with the particular practice discussed. → Sustainability, Social Commitment, Dialogue with our stakeholders, Materiality analysis	46 , 47		
103-2	The management approach and its components	→ Sustainability	2		
103-3	Evaluation of the management approach	→ HR	66		

GRI Standard	GRI Disclosure	References (→)/information	Page number	Omission	Link to SDG (based on SDG Compass)
GRI 201: ECONOMIC PERFORMANCE					
201-1	Direct economic value generated and distributed	→ Consolidated Financial Statements → Sustainability, A responsible bank-insurer, An honest taxpayer → Sustainability, Social commitment, Sustainable community involvement, Charitable projects"	190 11 36		#5 Gender equality #7 Affordable and clean energy #8 Decent work and economic growth #9 Industry, innovation and infrastructure
GRI 203: INDIRECT ECONOMIC IMPACTS					
203-1	Infrastructure investments and services supported	→ Sustainability, Sustainable solutions, Sustainable finance and insurance	15		#8 Decent work and economic growth
203-2	Significant indirect economic impact	→ Sustainability, Sustainable solutions, Sustainable finance and insurance, Digital innovation at the service of sustainable development	28		#9 Industry, innovation and infrastructure #10 Reduced inequalities #11 Sustainable cities and communities
GRI 205: ANTI-CORRUPTION					
205-3	Confirmed incidents of corruption and actions taken	In 2020, 2 corruption-related incidents were recorded. → Sustainability, A responsible bank-insurer, True and reliable business conduct	10		
GRI 207: TAX					
207-1	Approach to tax	→ Sustainability, A responsible bank-insurer, An honest taxpayer	11		
207-2	Tax governance, control & risk management	→ Sustainability, A responsible bank-insurer, An honest taxpayer	11		
207-4	Country-by-country reporting	→ General information, Country-by-country reporting	189		
GRI 301: MATERIALS					
301-1	Materials used by weight and volume	This is mainly covering paper consumption, which shows a decreasing trend. → Sustainability, Environment & Climate, Reducing resource use and avoiding waste	31		#12 Responsible consumption and production
GRI 302: ENERGY					
302-1	Energy consumption within the organization	→ Sustainability, Environment & Climate, Reducing resource use and avoiding waste	31		#7 Affordable and clean energy #13 Climate action
302-2	Energy consumption outside of the organization	→ Sustainability, Environment & Climate, Reducing resource use and avoiding waste	31		
302-4	Reduction of energy consumption	→ Sustainability, Environment & Climate, Reducing resource use and avoiding waste	31		
GRI 303: WATER					
303-5	Water resources	→ Sustainability, Environment & Climate, Reducing resource use and avoiding waste	31		
GRI 305: EMISSIONS					
305-1	Direct (Scope 1) GHG emissions	→ Sustainability, Environment & Climate, The Belfius Group's carbon footprint	30		#3 Good health and well-being #13 Climate action
305-2	Energy indirect (Scope 2) GHG emissions	→ Sustainability, Environment & Climate, The Belfius Group's carbon footprint	30		
305-3	Other indirect (Scope 3) GHG emissions	→ Sustainability, Environment & Climate, The Belfius Group's carbon footprint	30		
GRI 306: EFFLUENTS AND WASTE					
306-2	Waste by type and disposal method	→ Sustainability, Environment & Climate, Reducing resource use and avoiding waste	31		#3 Good health and well-being

GRI Standard	GRI Disclosure	References (→)/information	Page number	Omission	Link to SDG (based on SDG Compass)
GRI 401: EMPLOYMENT					
401-1	New employee hires and employee turnover	→ HR, Our employees: the backbone of the organisation	67		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Differentiation of benefits for employees based on the type of employment contract is possible, e.g. certain instruments made available by the company are not granted to employees with a temporary employment contract. - In principle, for part-time employees, the same benefits apply than for the full-time employees, apart from the fact that some are calculated on a 'pro rata' basis, depending on their % of their work regime (e.g. salary, premiums, etc). - In principle, for fixed-term contract employees, some benefits do not apply. Those are mainly linked to the cafeteria plan and lease 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.			#5 Gender equality #8 Decent work and economic growth
401-3	Parental leave	→ Sustainability, Social commitment, Our employees, An active diversity policy, Gender Diversity	41		
GRI 403: OCCUPATIONAL HEALTH AND SAFETY					
403-4	Worker participation, consultation, and communication on occupational health and safety	→ HR, Continuing to invest in well-being.	71		#3 Good health and well-being
403-9	Work-related injuries	→ Sustainability, Social commitment, Our employees, Strong focus on wellbeing, especially in pandemic times	39		#3 Good health and well-being #8 Decent work and economic growth
GRI 404: TRAINING AND EDUCATION					
404-1	Average hours of training per year per employee	→ HR, Investing in our talents	71		
404-3	Percentage of employees receiving regular performance and career development reviews	→ Sustainability, Social Commitment, Our employees, A sustainable career policy The career policy implemented in 2019, applies to 95,2% of the employees (those covered by a collective bargaining agreement). → Sustainability, Social Commitment, Our employees, Sustainability-linked criteria in management remuneration → Sustainability, Social Commitment, Dialogue with our stakeholders	39 40 46	No information on gender split available. Those information will be included in next year report.	#4 Quality education and lifelong learning #8 Decent work and economic growth
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY					
405-1	Diversity of governance bodies and employees	→ Sustainability, Social Commitment, Our employees, An active diversity policy	40		#5 Gender equality #8 Decent work and economic growth
GRI 418: CUSTOMER PRIVACY					
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	→ Sustainability, Social Commitment, The customer at the heart of our strategy, Listening to our customers: complaint management, Discrimination and privacy complaints	45		#16 Promote just, peaceful and inclusive societies

GRI Standard	GRI Disclosure	References (→)/information	Page number	Omission	Link to SDG (based on SDG Compass)
FINANCIAL SUPPLEMENT					
FS1	Policies with specific environmental and social components applied to business lines	→ Sustainability, A responsible bank-insurer, Integrating ESG into risk criteria	11		
FS2	Procedures for assessing and screening environmental and social risks in business lines	→ Sustainability, A responsible bank-insurer, Integrating ESG into risk criteria	11		
FS6	Percentage of portfolio by business line by region, size and sector.	→ Sustainability, Sustainable Solutions → Segment Reporting"	14 85		
FS7	Monetary value of products and services developed in order to obtain specific social benefits by business line and purpose	→ Sustainability, Social Commitment, Sustainable community involvement, Philanthropy programme → Sustainability, Social Commitment, Sustainable community involvement, Inclusion and equal opportunities	37 38		#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	→ Sustainability, Sustainable Solutions, Sustainable lending solutions	15		
FS11	Percentage of assets that have undergone positive or negative environmental and social screening.	→ Sustainability, Sustainable Solutions, Towards sustainable asset growth, Overview of and ambition in sustainably managed funds; → Sustainability, Sustainable Solutions, Portfolio21: responsible management of Belfius Insurance's reserves	25 27		
FS14	Initiatives to improve access to financial services for disadvantaged people	→ Sustainability, Social Commitment, Sustainable community involvement, Inclusion and equal opportunities	38		

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