



Climate and Environmental Policy (CEP)

A groupwide commitment to tackle climate change and protect the environment

Climate change is one of the greatest challenges the world has ever faced and there is no doubt it will have a significant and lasting impact on our economy and society. Through the Intergovernmental Panel on Climate Change (IPCC), the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) and others, the scientific community highlights the scale of the climate and environmental challenges and also warns us on the alarming declines in ecosystems and biodiversity, and the increasing pressure on water and marine resources. In addition, there is an urgent need to address environmental pollution, to realise an energy transition and to evolve towards a circular economy (among others). The magnitude of the challenges requires large scale coordinated action from government, civil society and business alike.

Sustainability is woven into the core of our purpose: “Meaningful & Inspiring for Belgian Society. Together”. Belfius recognises its essential role, as financial institution, in limiting its adverse environmental impact and in supporting the transition to a low-carbon, resilient and environmentally sustainable society. This policy aims at informing our customers, suppliers, partners, employees, investors and other stakeholders about Belfius’ ambition and commitment to address the climate crisis and environmental degradation, in a socially inclusive way.

Scope of the policy

Our environmental policy applies to all subsidiaries of the Belfius Group over which it holds operational controls, i.e. entities over which we have the full authority to introduce and implement our operating policies. This covers all fully-consolidated subsidiaries¹.

Governance

The CEO of Belfius Bank and the CEO of Belfius Insurance, as well as representatives of Risk Departments and the Business lines, are members of the Strategic Sustainability Committee.

Each entity of the Belfius Group is responsible for respecting the climate and environmental policy in its area of activity and taking all necessary actions to ensure the proper application of this policy. Every division and employee in our organisation is expected to apply this policy.

The Strategic Sustainability Committee monitors the Belfius commitments through an ESG dashboard (including greenhouse gas emissions reduction targets), which are ultimately validated by the relevant decision bodies of Belfius Bank and Belfius Insurance. Part of the variable remuneration of Belfius’ managers is tied to the realisation of specific ESG objectives, which are revised each year to reflect Belfius’ strategy and ambition.

For more information on our governance and the responsibilities of our overall ESG strategy, please consult our [ESG framework](#).

¹ Further information can be found in our [Annual Report](#).

Our commitments

In order to achieve our climate and environmental ambitions, Belfius assesses its climate, environmental and litigation risks and impacts across its activities, sets targets, offers solutions to its clients and reports its performance. We continuously monitor and update our analysis to the most robust approaches and methodological development to address climate and environmental challenges. At the same time, we always try to come up with an approach that considers social aspects related to our decisions and leaves no-one behind.

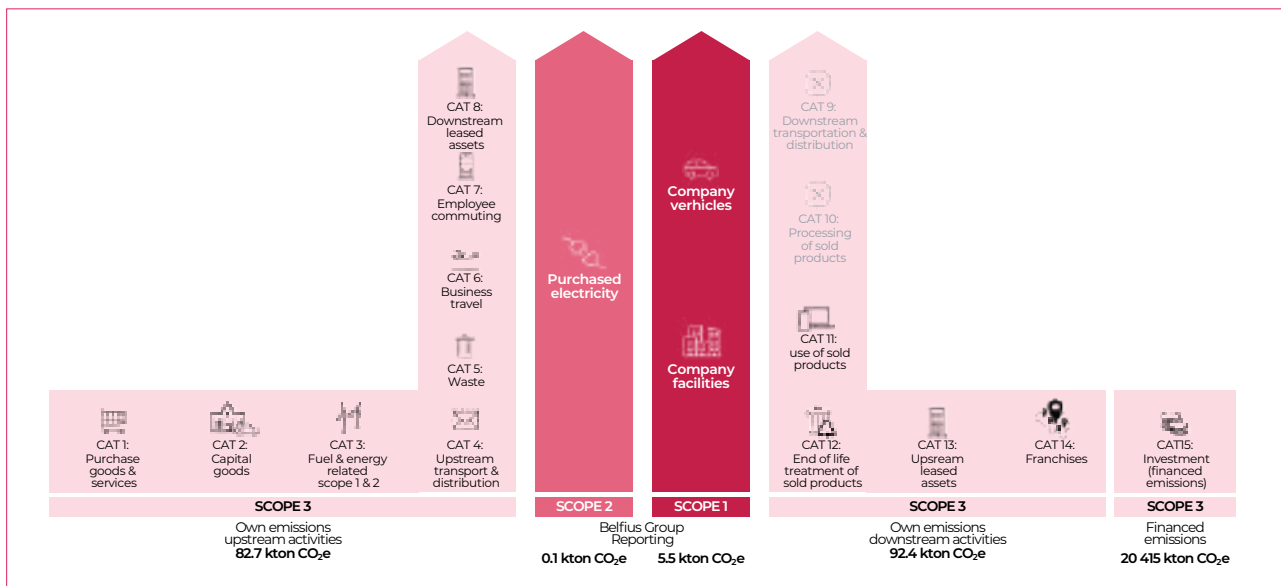
Our climate and environmental ambitions also translate into requirements within our own operations and expectations towards our various stakeholders.

1. Towards climate change mitigation and the energy transition

Belfius is member of the Belgian Alliance for Climate Action (BACA) and yearly measures and discloses its greenhouse gas emissions across all its operations according to the Greenhouse Gas Protocol and the Partnership for Carbon Accounting Financials (PCAF) methodologies. In addition, we are committed to setting group-wide greenhouse gas emissions reduction targets according to robust methodologies in line with the latest climate science and with the level of decarbonisation required to meet the goals of the Paris Agreement. To do so, we are taking action through the Science Based Targets initiative (SBTi).

A. In our own operations

Belfius yearly calculates its entire carbon footprint, covering all three scopes of greenhouse gas emissions in accordance with the GHG Protocol and the seven gases covered by the United Nations Framework Convention on Climate Change (UNFCCC)—carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆), and nitrogen trifluoride (NF₃). All emission factors come from databases or publications that are internationally recognised, provided by national governments or peer-reviewed and that use the most recent GWP-100 values from the IPCC.



As of 2022 accounting year, our GHG yearly inventory will be verified with limited assurance by a recognised third-party auditor, and with reasonable assurance when required by the Corporate Sustainability Reporting Directive (CSRD).

Belfius sets science-based emissions reduction targets. Actions to reduce our emissions as well as information on our progress towards the achievement of our targets are published on a yearly basis in our sustainability report.

Belfius base-year emissions, against which progress is measured towards our target, will be recalculated in case of any structural changes in the Group (such as merger and acquisition, divestment or outsourcing), major changes in climate science and methodologies affecting our calculations, significant changes in availability and quality of data or in case of the discovery of major calculation errors that would result in a change greater than 10% in the total carbon footprint of Belfius Group. The baseline and emissions reduction targets will be recalculated at least every 5 years as of 2025, thereby creating the opportunity to reflect any potential major changes in our activities.

In the same vein, any error in the carbon footprint reported periodically and reflecting our progress towards our target that would result in a change greater than 10% of the total emissions will be corrected and re-published in the next sustainability report with a note explaining the amendments.

Next to emissions avoidance and reduction efforts, Belfius purchases carbon credits equivalent to the emissions on which Belfius has the highest direct control, namely excluding Belfius Auto Lease Activities and financed emissions, directly stemming from our clients' footprint, and DVV franchises. These credits have no impact on our total footprint calculations and disclosure and are not considered as a reduction but as a separate voluntary exercise. In order to remain transparent, we disclose the total amount of carbon credits in tons of CO₂ equivalent.

For its voluntary purchase of carbon credits, Belfius only chooses projects in developing countries that are certified with a recognised quality standard, the Gold Standard. Aware of issues related to the reliability of the voluntary carbon market, we are monitoring developments and recommendations of international guidelines and platforms such as the Integrity Council for the Voluntary Carbon Market (ICVCM), an independent governance body for the voluntary carbon market, in order to strengthen our policy in this subject matter.

Buildings

Belfius aims to use 100% certified green electricity in all buildings it owns and (partially) uses for its operations, and is committed to keep this percentage to its maximum. This green electricity is certified with our energy supplier through European Guarantee of Origin. This progress is monitored yearly while performing the carbon footprint exercise.

All salaried branches have been equipped with Nanogrid applications that allows to monitor energy consumption and in some cases correct in real time anomalies, in the other cases an alert is sent, which allows swift intervention. The objective is to equip 100% of the branches of the independent network as well with this solution, as well as to take over all of independent branches energy contracts in order to convert them to green electricity by 2025². Belfius also actively manages water consumption and refrigerant gas leakages across buildings under its operational control.

Transportation

Belfius ambitions to reduce its average company vehicle emissions by 50% by 2025 (on a 2019 baseline) and to reach 100% full electric vehicles for employees with company and flex cars of Belfius employees by 2028. Belfius' mobility plan encourages the use of public or active modes of transport.

Moreover, since 2022 Belfius' central and regional headquarters are already equipped with electric charging stations. Every owner of a full electric company car can benefit from a charging station at home if the home situation allows it. Our branches will gradually be further equipped with electric charging stations (insofar allowed by local authorities) for branch employees and clients.

² This objective does not cover DVV agencies at the moment.

³ Belfius' employees have the possibility to put part of their remuneration towards a cafeteria plan, which includes cars, electric bikes, amongst other.

IT and data centre services

In an attempt to be as complete as possible, and as founding member of the Belgian Institute for Sustainable IT, Belfius measures the climate footprint of its IT infrastructure and services and commits to follow methodological developments to measure its footprint as accurately as possible.

Belfius and its partners also commit to remain using 100% renewable electricity in the facilities hosting its data centres.

Belfius actively participates in the reflection and action network that has emerged in this field through the **Belgian Institute for Sustainable IT**.

B. With our clients

In order to ensure we direct financial flows towards a low-carbon and resilient economy and take informed decisions, Belfius measures its climate-related risks and opportunities and discloses them transparently following the recommendations made by the **Task Force on Climate Related Financial Disclosures (TCFD)**.

Financial institutions' impact on climate and the environment is mostly linked to their financing, leasing, insurance and asset management activities. At Belfius, we measure our climate impact by accounting for greenhouse gas emissions financed by loans and investments on our balance sheet following the guidance of the Partnership for Carbon Accounting Financials (PCAF). Today, these calculations still come with data quality and data availability issues explained in latest our **sustainability report**. Belfius monitors and endeavours to constantly improve the completeness and accuracy of its calculations. Furthermore, as part of its SBTi trajectory, Belfius committed to set reduction targets on its financed emissions.

The emissions reduction on such activities will be achieved amongst other through the reduction of emissions of our customers. Our role as a financial intermediary therefore is to finance the transition of our customers, helping them to implement a significant reduction in their emissions. Belfius is continuously expanding its banking, leasing, insurance and investment products and services offering contributing to the transition towards more sustainability. In addition, we engage with our customers to encourage and inspire them to start or pursue their transition journey. We also expect that our customers comply with all environmental laws, and to fulfil their reporting obligations by measuring and disclosing their own impacts, having a transition plan and/or their own environmental policy in place.

In addition, the **Transition Acceleration Policy** guides Belfius' transition to a low-carbon economy. In line with our SBTi commitment, Belfius does not finance coal extraction and is committed to phase out any financial support to thermal coal activities along its value chain by latest 2030. This policy also limits oil and gas related activities taking into consideration both the importance of conventional oil and gas in the socially-inclusive transition to a low-carbon economy and the need to reduce energy-related emissions in line with international climate targets. In this view, we also set decreasing thresholds for electricity generation activities. We commit to disclose efforts made with regards to exposure to fossil fuel financing and investment in our sustainability report.

Reducing emissions related to our financing and investments, and limiting the financing of companies in harmful sectors, not only limits our negative impact on the planet, but also decreases risks for Belfius. The transition to a low carbon economy also entails financial and non-financial risks for Belfius and its counterparties, impacting our counterparties' risk profiles and profitability as well as our (collateral) assets' values. Therefore, Belfius is gradually integrating these risks and their transmission factors into its risk management framework in line with the ECB's Guide on climate-related and environmental risks.

2. Towards climate change adaptation

Climate change requires to adjust to actual and expected impacts. This requires us to prevent or reduce risks of adverse impacts of the current climate and expected future climate on people, nature or assets.

⁴ Including IT materials used in our offices, by our employees and ATMs to serve our customers; services purchased to data centre, data transfer, the use of applications run on a software as a service (SaaS) and cloud storage; as well as emissions of our digital channels used to serve our clients (website & application).

A. In our own operations

Belfius monitors the impact of climate-related risks on its operational resilience. A bi-yearly threat analysis measures the impact of physical risks, including natural disasters on Belfius' assets, (such as Belfius data centre) with a view on business continuity capabilities.

When necessary, adequate mitigating actions are then taken to ensure ability to continue or quickly resume critical activities in case of extreme events. Most critical activities are executed simultaneously in different places and the use of adequate technologies also limit the potential impact of climate-related risks on activities.

B. With our clients

Our banking risk department monitors flood risks in our mortgage portfolios, since it constitutes a significant share of our financing activities. The aim of this exercise is to capture the potential impact of those risks on our counterparties risk profile.

Our insurance risk department monitors flood, hail, windstorm and subsidence risks within the fire and car insurances portfolio.

Belfius Insurance also commits to measure its shares of its non-life insurance revenues contributing to the climate adaptation objective according to the EU Taxonomy, aiming at reducing or preventing the adverse impact of the current or expected future climate related events, or the risks of such adverse impact.

Furthermore, Belfius throughout its insurance subsidiary offers dedicated protection against Natural Catastrophes for its clients throughout its property and mobility insurance products. We aim to contribute to a more climate-resilient society and economy by intervening financially when our clients are impacted by these climate-related perils.

3. Towards environmental sustainability

As highlighted at COP15 and through the resulting Kunming-Montreal Biodiversity Agreement or the High Seas Treaty, natural resources are a factor of production, providing raw materials and energy sources. Natural ecosystems provide essential services for human life such as clean water and pollination amongst others. Waste, pollution and the overexploitation and misallocation of natural resources affects numerous economic sectors and could lead to reduced economic and human well-being if humankind does not act rapidly.

A. In our own operations

Belfius is working to minimize waste and aims for a total waste reduction of 50% between 2019 and 2025. Belfius' contract with its catering service includes a series of measures, procedures, tools and methods to track and reduce food and disposable packaging waste production.

To further optimise our use of computer hardware and, as such, reduce the environmental footprint linked to the extraction and manufacturing of IT products, the use of clouds is maximised and equipment renewal cycles are optimised. Contracts with our suppliers also include clauses that commit suppliers to re-using or recycling the Belfius hardware within Europe.

Belfius works closely with partners to collect and recycle hazardous waste (such as lamps, batteries, e-waste, etc.) used in its building facilities responsibly.

Water scarcity and water management are major issues in Belgium. For this reason, Belfius constantly monitors the water consumption of all buildings under its operational control and quickly intervenes in the event of leaks.

Belfius reduces the amount of paper used in its operations through various digitalisation projects. For the remainder, we only use paper from sustainable sources labelled Forest Stewardship Council (FSC 100% or FSC Recycled) or the Programme for the Endorsement of Forest Certification (PEFC).

Belfius Insurance throughout its real estate portfolio aims at regenerating biodiversity. Therefore, for any investment in a new project in Brussels and Wallonia, we systematically discuss the possibility with the project developer to obtain the Natagora certificate⁵.

B. With our clients

Belfius tackles deforestation and environmental degradation by limiting financing in the mining, palm oil and soy industries to activities performed in the framework of recognised sustainability labels and memberships and excluding unconventional oil and gas extraction through our [Transition Acceleration Policy](#).

In the future, we also expect to identify and assess the level of environmental risks (i.e. water stress, natural resources scarcity etc.) within our portfolios.

Implications of this policy outside Belfius Group

1. With regards to our suppliers

Suppliers of goods and services which Belfius wishes to appoint are required to sign and comply with the principles outlined in our [Sustainability Code of Conduct](#) for suppliers, including environmental principles. Suppliers contracted before 2022 are also strongly encouraged to do so.

Belfius monitors the improvement of the sustainability performance of its suppliers through Ecovadis.

2. With regards to our partners

Environmental and climate-related risks and opportunities are also taken into account when engaging with external partners.

More specifically, we ask that our preferred external asset managers either have, or design, a formal engagement policy. We expect their approach to be based on structural and systematic engagement with investee companies in relation to sustainability aspects that may be material to the financial value of the investment. Belfius Insurance and Belfius Investment Partners publish [further information on their sustainable investment policy and the management of sustainability risks and adverse impact](#).

Belfius does not make political donations and does not engage in lobbying activities. However, Belfius is a member of professional associations active in the financial sector.

Amendment of this policy

This is the version 1.0 of the Climate and Environmental Policy published on the 04/2023.

This policy is freely accessible in its latest version on the Belfius website on www.belfius.be/cep-en. It is continuously evolving to incorporate new commitments and changes in our practices.

For more information on our most recent actions, please consult our latest [Sustainability report](#) or contact: esg@belfius.be

⁵ Natagora certification is not (yet) possible in Flanders.