



# Belfius and Human Rights

September 2023 version

## HUMAN RIGHTS, A FUNDAMENTAL MATTER FOR BELFIUS

In all that we do, we are committed to ensuring that people feel free, equal, respected and valued. We see this respect for human rights as a duty and basic matter of course for us as a bank-insurer and public interest company. It is also a fundamental condition for being Meaningful & Inspiring – for our customers, our employees and for society at large. Our Human Rights Policy is inextricably linked to our ambition to bolster our position as both a sustainable and ethical bank-insurer.

## SCOPE OF THE POLICY

Our Human Rights Policy applies to all subsidiaries and activities of the Belfius Group. It also extends to our partners and suppliers we only wish to work with people and companies that share our level of vigilance with regards to human rights and labour law. We also respect the human rights of our employees and we expect each and every one of them to strictly adhere to this policy.

## ROLES AND RESPONSIBILITIES

**The ESG Department** deals with ESG (Environmental, Social and Governance) matters, including human rights. Therefore, the Head of ESG who leads the ESG Department and is accountable to the CEO, is in charge of the oversight of matters related to human rights within Belfius.

**Each department** within the company is responsible for the respect of human rights in its area of activity and takes all necessary actions to ensure the proper application of our policy. Belfius ensures that human rights and labour rights are respected across the group.

## OUR COMMITMENTS

At Belfius we do not just comply with legal requirements concerning human rights – the Belgian law and its regulations on human rights and labour law. Aware of our responsibility as a bank-insurer and public interest company, we want to go further and constantly improve in this area. That is why:

- Belfius applies a series of voluntary standards derived from international standards and principles :
  - > the **International Bill on Human Rights**;
  - > the **International Labour Organization's Declaration on Fundamental Principles and Rights at Work (ILO)**;
  - > The **UN Guiding Principles on Business and Human Rights**;
  - > **The OECD Guidelines for Multinational Enterprise**, in particular the recommendations for **Responsible Business Conduct in the Financial Sector**;
- Belfius is a signatory to international standards that include human rights clauses that it fully respects:
  - > the **UN Global Compact Principles**;

- > the UNEP FI Principles for Responsible Banking;
- > the UNEP FI Principles for Sustainable Insurance;
- > the UN Principles for Responsible Investment.

## OUR APPROACH

### 1. Identifying and assessing our salient human rights issues

As a bank-insurer, we acknowledge the inherent risks of being associated with, contributing to, or having direct links to various adverse human rights impacts. To address this, we conduct a comprehensive analysis of our business operations, client portfolio, suppliers, and the companies we invest in on behalf of our clients. This approach helps us identifying the most critical human rights issues that require attention and action.

We conducted an impact assessment on our commercial and investment banking portfolios within Belfius Bank and Belfius Insurance to identify some of our most significant human rights risks and opportunities. Our evaluation process involves an examination of various factors, including the sectors of activity, the national context (within Belgium, where most our clients operate), and the relevance of social themes, including human rights. By measuring the market exposure to sectors presenting elevated social risks we gain valuable insights into potential risks and opportunities, and it allows us to determine our salient human rights issues.

For the time being, this human rights impact assessment is confined to commercial and investment banking within Belfius bank and Belfius Insurance but we aim to extend our approach to other relevant domains in the future.

In the context of asset management, we screen investee companies on their compliance with international norms, such as the UN Global Compact, which cover the areas of human rights, labour rights, environment and business ethics, with the aim to exclude non-compliant companies. To that end we use a well-recognised ESG data provider to identify salient human rights issues in our portfolio. A company is assessed as non-compliant with the UN Global Compact principles when it is determined to be causing or contributing to severe or systemic and/or systematic violations of international norms including violations of human rights.

Finally, as a member of several sectoral initiatives, we stay informed about emerging trends and challenges related to human rights within the financial sector. It enables us to align our priorities with broader goals and collectively address pressing issues in the sector.

### 2. Addressing human rights impacts

Due to the nature of our business, we recognise that our operations are more likely to be linked or contribute to adverse human rights impacts rather than causing them directly. While this does to some extent limit our ability to mitigate or stop negative impacts, that doesn't mean we can't do everything we can to mitigate them. We may engage with the entities involved to bring about improvements. If no solution can ultimately be found, we may decide to terminate the relationship.

Our approach is designed to evolve in tandem with the advancing understanding of the role that financial institutions can and should play in effectively mitigating human rights issues.

The roll-out of ESG Risk Management Framework (as of January 2024) will clarify how we manage risks associated with adverse human right issues and the type of measures to be taken to address those issues and how they will be monitored and evaluated.

### 3. Grievance mechanisms and remedies

Ensuring access to remedy when human rights are compromised is of utmost importance. Belfius has established a **complaints mechanism** that allows our clients to voice any grievances they may encounter. This mechanism is designed to ensure that their concerns are heard, thoroughly investigated, and addressed in a timely manner.

Furthermore, we have also established a **whistleblowing procedure** within Belfius that serves as a secure and confidential channel for our employees to express concerns, notably regarding human rights matters. Moreover, employees can find support internally from the psycho-social team, but also externally through an Employee Assistance Programme (EAP) if they experience distress due to an injustice themselves. The EAP provides free external assistance, complementary to the internal prevention services, and is fully confidential.

It is available to employees and their families for any problem.

We recognise the essential role of civil society actors in promoting human rights and social justice. As part of our commitment to inclusivity and openness, we actively listen to them and take their feedback and complaints very seriously. We view their insights as valuable contributions that aid us in refining our practices and policies to better address human rights concerns

## HUMAN RIGHTS GOVERNANCE

Belfius aims to minimise its negative impact on people and planet and increasing its positive impact.

We translate this into our relationships with our various stakeholders, all of whom are entitled to be treated with respect and are expected themselves to respect human rights:

### 1. Within our core business (products and services)

We are active in all segments of the Belgian economy and many of our activities are related to companies and entrepreneurs. In order to avoid investments and financing of controversial activities, or those that violate human rights, Belfius has established its own sector policy: the [Transition Acceleration Policy](#) (TAP). Belfius aims to accelerate transition to a more sustainable society and economy by deliberately setting certain criteria that have to be respected by sensitive sectors and companies. All sectors or companies that violate the principles of the United Nations Global Compact are excluded. The violation of a single principle is sufficient as a criterion for exclusion.

Belfius also excludes any direct investment in bonds issued by states that do not meet a series of criteria or present human rights risks. Governments, public bodies and state-owned companies from countries identified by the [Belfius Country Watchlist](#) (BCWL) are excluded from financing. These are countries subject to international sanctions, countries that violate the principles of the United Nations Global Compact and countries where the risks of money laundering, terrorist financing or violation of embargoes are unacceptably high.

An ever-increasing number of investors are looking to invest their money in accordance with their values and convictions and the world they wish to leave for future generations. They count on Belfius to offer them this guarantee in the management of their savings and investments. As fund managers, [Belfius Asset Management \(Belfius AM\)](#), [Candriam](#), [Blackrock](#) and [JP Morgan](#) maintain an active and constructive dialogue with the companies in which their respective funds invest. In this way, they express their views, concerns and ideas to the management of these companies in order to positively influence their sustainability strategies. [Belfius AM](#) and [Candriam](#) are also signatories of the UN Principles for Responsible Investment (PRI). For more details, see the engagement policies of Belfius AM and Candriam.

As the manager of its own investment portfolio, Belfius Insurance invests its insurance reserves in accordance with the TAP, with the support of Belfius AM. Please also refer to the [Belfius Insurance Engagement policy](#).

### 2. With regards to our customers

Our [Customer Acceptance Policy](#) ensures that we only enter into a business relationship with clients with whom we can develop a strong and personal business relationship in an open and honest manner. Gender, race, language, sexual orientation and religion are never taken into consideration when deciding whether or not to enter into a relationship with our customers (please refer to our [Anti-Discrimination Policy](#)).

We respect the privacy of our customers. We guarantee the protection of our customers' personal data and the respect of their privacy. The use of personal data is based on the customer's consent and preferences in accordance with applicable legislation (see our [Privacy Charter](#)).

### 3. With regards to our employees

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

- A [Code of Conduct](#) for Belfius employees requires an honest and ethical attitude at work;
- In accordance with Belgian law and its regulations on human rights and labour law, we formally prohibit child and forced labour across all of our activities;
- The health, safety, well-being and continuous personal and professional development of our employees

are of utmost importance to us. More about this is described in our [Health & Safety Policy](#);

- We respect the privacy of our employees. We guarantee the protection of their personal data and their privacy;
- Belfius has a zero-tolerance policy on fraud, corruption and money laundering. Policies related to these subjects are available on our [website](#);
- Discrimination of individuals on the basis of personal characteristics such as gender, skin colour, age, disability or sexual orientation has no place in Belfius corporate culture. Hence, Belfius applies a zero-tolerance policy towards violence in the workplace, linked to personal characteristics, including verbal, physical and sexual harassment. Read more in our [Anti-Discrimination Policy](#);
- Belfius is a signatory of the Gender Diversity Charter of **Women in Finance**. By signing this charter, Belfius commits to offering fairness and equal opportunities to men and women in the Belgian financial sector by taking initiatives to ensure gender equality at all levels and by promoting an inclusive culture. Belfius is committed to setting goals, taking concrete actions, setting positive numerical targets and reporting publicly on its progress every year.
- Remuneration:
  - > Our salaries are in line with the market. In this way, we ensure that we attract and retain the best talent and that we pay our employees a fair and decent wage. We practice equal pay for men and women.
  - > Managers' remuneration consists of fixed and variable parts. The variable part of managers' remuneration is partially linked to the bank's progress in terms of sustainability and to respect for human and labour rights. Find out more about our statement on ESG and remuneration [here](#);
- Belfius complies with all applicable laws, rules and regulations in Belgium. This includes legislation on collective agreements, negotiations and freedom of association.

All employees (except for senior executives who are subject to a specific policy) have their working conditions governed by collective labour agreements. Workers are represented by employee representatives who regularly consult with management on all subjects related to the working conditions of employees – whether this be related to the well-being, safety and rights of employees, the limitation of working hours, teleworking, the participation of employees in the financial results of the company or the mobility policy, amongst others. Belfius management maintains a constructive dialogue with all staff representatives (unions) with whom it interacts in partnership and in a spirit of trust.

Any employee who notices a human rights violation at Belfius is invited to report it via a [whistleblowing procedure](#) that is communicated within the company

## 4. With regards to our suppliers

It is important that the products and services we use in our business are respectful of human rights and labour laws. We therefore expect our suppliers to behave in a way that is consistent with our own values. To this end, our suppliers sign a [Sustainability Code of Conduct for Suppliers](#). Through this code, suppliers commit themselves, their subsidiaries and suppliers to defend, support and respect the protection of internationally proclaimed human rights. Regular assessments determine their level of involvement in these areas. Performance monitoring and remedial actions are requested if needed.

## A LIVING DOCUMENT

This policy will evolve over time to incorporate new commitments, changes in our practices and changes in regulations. In this respect, we encourage stakeholders to contact Belfius in the event that they have any doubts or questions regarding the practical scope of this policy and to alert us to elements that may be missing. Remarks, complaints and any alleged breaches to this Human Rights Policy or any of the Belfius policies listed here can be notified by email at the following address: <mailto:esg@belfius.be>. We will treat comments as quickly as possible and take measures to improve our operations where needed.

Every year, Belfius reports on the evolution of its approach to respect for human rights and associated results in its Annual Sustainability Report.

This Human Rights Policy is publicly accessible in its latest version on the [Belfius website](#).