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Non-financial statements:

Follow-up study and guidelines for Belgian listed companies

1 EXECUTIVE SUMMARY

In its study of March 2019, the FSMA took stock for the first time of non-financial reporting by large listed companies in Belgium. In that study, the FSMA drew attention to good practices and presented a number of recommendations regarding the quality of reporting non-financial information (hereafter: 'non-financial statement'). Since the publication of that study, sustainability reporting has undergone significant development.

It is for this reason that the FSMA has, two years later, drawn up a new overview of non-financial reporting by listed companies. The present study examines what areas have seen progress. It also looks at whether companies have taken into account the recommendations of the previous study.

In addition, the study offers the companies concerned some guidelines for drawing up their future non-financial statements. By means of the recommendations made and the good practices mentioned, companies can examine how their non-financial reporting can be (even further) improved. In this way, the study seeks to contribute to an overall increase in the quality of non-financial reporting by the Belgian listed companies concerned.

The study focuses on the non-financial statements of Belgian issuers of shares and bonds that: (i) were listed as at 1 November 2020 on the regulated market, (ii) are subject to supervision by the FSMA, (iii) were required to include a non-financial statement in their annual financial report for the 2019 financial year and (iv) published their non-financial statement before the end of November 2020.

The study shows that many companies have undergone a growth process over a two-year period. The non-financial statement has significantly improved during that period, for example as regards environmental reporting. However, there is still room for improvement. For instance, reporting on (all aspects) of financial topics is uneven. As well, in some areas there is a considerable gap as regards the quality of the reports. Thus, the study has noted for example that the BEL 20 companies generally report their non-financial information in a more complete and detailed manner than the other listed companies. In the future, it will be important to ensure that it is not just the 'good students' that keep improving while the others continue to lag behind.

2 GLOSSARY

Action Plan: Financing Sustainable Growth	Communication from the Commission, Action Plan: Financing Sustainable Growth, COM (2018) 97 final
CDP	Carbon Disclosure Project
Code 2020	The 2020 Belgian Code on Corporate Governance as recognized by the Royal Decree of 12 May 2019 laying down the corporate governance code to be complied with by listed companies
ECEPs	ESMA European Common Enforcement Priorities for annual financial reports. The ECEPs are published on an annual basis and cover the current financial year. E.g. the ECEPs 2019 apply to the annual financial reports for the 2019 financial year and are published by the companies in 2020.
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
GRI Standards	The reference framework of the Global Reporting Initiative
KPIs	Key Performance Indicators
NFRD	European Directive 2014/95/EU of the European Parliament and the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups, *OJ* L 330, 15 November 2014
NFI Guidelines	Communication from the Commission, Guidelines on non-financial reporting, *OJ* C 215, 5 July 2017
Climate Guidelines	Communication from the Commission, Guidelines on non-financial reporting: Supplement on reporting climate-related information, *OJ* C 209, 20 June 2019
Non-financial statement	Non-financial statement drawn up in accordance with Articles 3:6 and 3:32 of the Belgian Code on Companies and Associations
Sustainable Development Goals or SDGs	The UN Sustainable Development Goals. The 17 goals are included in the 2030 Agenda adopted by the UN in September 2015
TCFD	Task Force on Climate-related Financial Disclosures. This Task Force, created by the Financial Stability Board in 2015, focuses on the reporting of climate-related financial information
CCA	Code on Companies and Associations

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4 INTRODUCTION

In its study of March 2019, the FSMA took stock for the first time of the non-financial reporting by large listed companies in Belgium. In that study, the FSMA presented a number of recommendations to enhance the quality of those statements.

This study is a follow-up study, based on the non-financial statements included in the annual financial reports of the Belgian listed companies for the financial year 2019. This study has a double objective.

- The *first objective* is to take stock once again of the non-financial reporting by Belgian listed companies two years after the first mandatory publication of non-financial statements. It identifies the areas in which progress has been made or regression has been observed.
- The *second objective* is to provide guidance to companies in drafting their non-financial statements in the coming years. This study therefore contains a number of general recommendations and highlights specific good practices for quality reporting.

The inclusion of specific good practices is new. The good practices serve as inspiration for companies preparing their non-financial statements. In order not to overload the study unnecessarily, the number of good practices has been limited. The fact that a reporting practice is not included in the study as a good practice obviously does not imply any judgment on the company's reporting quality.[1]

The recommendations are quite general and result from the findings of the study. Recommendations made in the previous study that are still relevant have been included in this study as well.

Finally, the FSMA emphasizes that this study and its recommendations do not create any new legal obligations. The explanations provided by the FSMA do not in any way detract from the interpretation of both the NFRD and the transposing law by the competent courts and tribunals. Nor does this study constitute a technical standard. Preparers of non-financial statements or other parties may not claim that their non-financial statements have been drawn up in accordance with this study.

[1] For layout reasons, the format of the illustrations, tables and text fragments included has sometimes been adapted in the study.

5 BACKGROUND

5.1 EUROPEAN LANDSCAPE

The adoption of the NFRD on 20 October 2014 was an important step towards mandatory non-financial reporting. The reporting obligations contained in the NFRD had to be complied with for the first time by the companies concerned for the financial year starting on or after 1 January 2017.

In order to help the companies meet their reporting obligations, the European Commission published guidelines in July 2017.[2] Those guidelines are intended to enable companies to publish their non-financial information in a meaningful way.[3]

In March 2018, the European Commission published an action plan on financing sustainable growth. In that plan, the Commission stipulated that "corporate transparency on sustainability issues is a prerequisite to enable financial market actors to properly assess the long-term value creation of companies and their management of sustainability risks".[4]

On 20 June 2019, the European Commission provided additional explanations on reporting climate-related information, this time through the publication of specific climate guidelines. One of the principal innovations of those climate guidelines is the introduction of a double materiality perspective.

Regarding the revision of the NFRD[5], the European Commission published, on 21 April 2021, a proposal as regards corporate sustainability reporting[6]. The NFRD is but one part of a much wider debate on sustainability reporting. In addition to the initiatives in the area of non-financial reporting, other complementary initiatives have been taken that impact the

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2 Hereafter "NFI Guidelines".

3 NFI Guidelines, p. 4.

4 Action Plan: Financing Sustainable Growth, p. 4.

5 In its Communication of 11 December 2019 about the European Green Deal, the European Commission set itself the objective of revising the NFRD in 2020 as part of its strategy to strengthen the foundations of sustainable investment. In line with that Communication, a public consultation on the revision of the NFRD was held by the Commission between 20 February 2020 and 11 June 2020.

6 Proposal for a directive of the European Parliament and of the Council amending Directive 2013/34/EU, Directive 2004/109/EUC, Directive 2006/43/EC and Regulation (EU) No 537/2014 as regards corporate sustainability reporting (COM (2021) 189).

way in which companies report on non-financial topics, such as the Taxonomy Regulation[7] and the Disclosure Regulation.[8] [9]

5.2 BELGIAN LANDSCAPE

The current Belgian legislation is mainly the result of the transposition of the NFRD. For example, in Belgium, companies meeting the following cumulative conditions must draft a non-financial statement[10]:

1) the company is a public-interest entity[11];
2) on the balance sheet date of the last completed financial year, the company exceeds the criterion of the average number of 500 employees during the financial year[12];
3) on the balance sheet date of the last completed financial year, the company exceeds at least one of the following two criteria:
   a. a balance sheet total of 17 million euro, or
   b. an annual turnover of 34 million euro, exclusive of VAT[13].

In addition, the 2020 Code places increasing emphasis on sustainable value creation, responsible behaviour at all company levels and permanent attention to the stakeholders. More explicit expectations are also formulated for the company's annual reporting on non-financial topics[14].

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7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, *OJ* L 198, 22 June 2020.

8 Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

9 The scope of this study does not include a detailed description of the Taxonomy Regulation and the Disclosure Regulation.

10 Article 3:6 of the Belgian Code on Companies and Associations. Identical requirements for the consolidated annual report can be found in Article 3:32 of the Code on Companies and Associations. For the reader's convenience, the legal references below are limited to those regarding the unconsolidated annual report.

11 Article 1:12 of the Code on Companies and Associations.

12 Annual average in full-time equivalents. Article 1:24, § 5, of the Code on Companies and Associations applies to the calculation of the annual average of the number of employees.

13 The last two criteria mentioned (under point 3) are calculated on a unconsolidated basis, unless the company is a parent company.

14 Code 2020, Introduction, p. 10.

It is clear that non-financial reporting becomes increasingly important in companies' reporting. In addition to European and national regulatory initiatives, there are also numerous voluntary initiatives and projects in the field of ESG reporting[15].

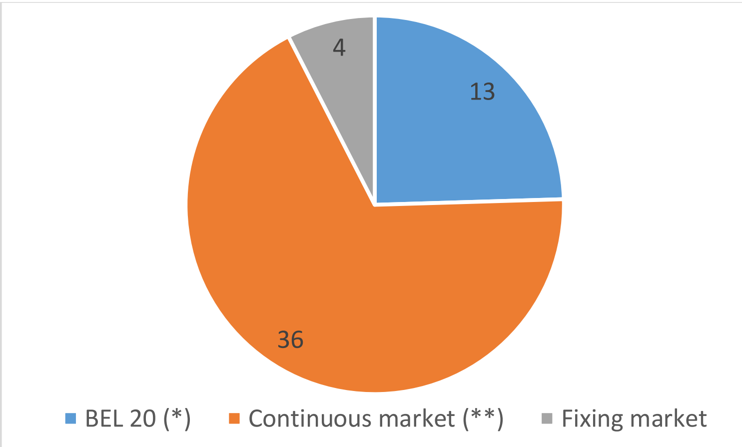
[15] See for instance the Euronext ESG Guidelines. https://www.euronext.com/en/news/esg-guidelines-for-listed-companies, Euronext, January 2020.

6 SCOPE

This study examines non-financial reporting through non-financial statements. After all, this is the place of choice where companies deal with their non-financial topics. More specifically, the study examines the non-financial statements of issuers of shares and bonds:

- that were listed on a regulated market on 1 November 2020[16];
- whose annual financial report is subject to FSMA supervision;
- that are required to include a non-financial statement in their annual financial report for the 2019 financial year;
- that published their non-financial statement before 30 November 2020.

One issuer invoked the exemption for subsidiaries in order not to publish a non-financial statement since its parent company already prepares a consolidated annual financial report that includes the required non-financial information. As a result, 53 non-financial statements were examined.



Graph 1: Breakdown of the study population per market segment

(*) *The remaining 7 BEL 20 companies are not included in the scope of the study as (i) they do not have Belgian nationality (3 issuers) or (ii) they are not required to publish a non-financial statement as they have less than 500 employees (4 issuers).*
(**) *Of which one Belgian company is listed only on Euronext Paris and one is an issuer of listed bonds.*

The study does not take account of the non-financial statements that are published voluntarily by issuers. The non-financial statements were examined in one language only. Consequently, discrepancies between the different language versions, if any, were not detected.

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16 I.e. a regulated market as referred to in Article 3, 7°, of the Law of 21 November 2017 on the market infrastructures for financial instruments and transposing Directive 2014/65/EU, *Belgian Official Gazette* of 7 December 2017.

Where a non-financial statement includes cross-references, the study also takes account of the information from (i) other parts of the annual financial report, (ii) the notes to the annual accounts or (iii) other available documents, such as a code of ethics. The objective is to get the fullest possible picture of the non-financial reporting by the company concerned.

Finally, the analysis of non-financial information is unavoidably subjective by nature. Indeed, compared to financial reporting, non-financial reporting more often consists of textual and qualitative information rather than of quantified and quantitative information.

7 ANALYSIS AND RECOMMENDATIONS

7.1 PROCEEDING TO PUBLICATION AND TIME OF PUBLICATION

7.1.1 Regulatory framework

For companies falling within the scope, the management report must include at least the required minimum information.[17] [18]

7.1.2 Findings

With a single exception, all non-financial statements were published at the same time as the annual financial report.

7.1.3 Recommendations

The FSMA recommends that companies publish their non-financial statement at the same time as their annual financial report. Where this is not possible, the company should indicate in its management report that its non-financial statement will be published as a separate report at a later time. In any case, the non-financial statement should be published as soon as possible after the publication of the annual financial report.

7.2 NAMING POLICY

7.2.1 Regulatory framework

For the English term 'non-financial statement', the Code on Companies and Associations uses two Dutch terms '*verklaring van niet-financiële informatie*'[19] and '*niet-financiële verklaring*', and one French term '*déclaration non financière*'[20]. Companies are free to choose the name of their non-financial statement. However, it goes without saying that the non-financial statement must always be clearly recognisable as such.

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[17] See section 7.4 below.

[18] Article 3:6, § 4 of the Code on Companies and Associations.

[19] Article 3:6, § 4, paragraphs 4 and 9 of the Code on Companies and Associations.

[20] Article 3:6, § 4, paragraphs 6, 7 and 11 of the Code on Companies and Associations for the Dutch and paragraphs 4, 6, 7, 9 and 11 for the French term.

7.2.2 Findings

Companies use different terms for their non-financial statement:

- 36 % use the term '*Non-financial statement'*, '*Non-financial report*' or '*Non-financial information'* ;
- 32 % use the term '*Sustainability'* or '*Sustainability Report'*;
- A quarter of the companies use the term '*Corporate social responsibility*' or '*Environmental, social and corporate governance*'.

About 10% of the companies do not use the term '*non-financial statement/report/information'* nor do they refer to the legal basis. This does not enhance the clarity of the information.

7.2.3 Recommendations

The FSMA recommends that companies:

- choose a clear title for their non-financial statement;
- always include a clear reference to the legal basis in the title or in the introduction.

7.3 LOCATION

7.3.1 Regulatory framework

The non-financial statement is either included in the management report or published in a separate report. If the required information is published in a separate report, the company does not have to include it (again) in its management report. In that case, a reference in the management report to the separate report will suffice. [21]

7.3.2 Findings

	Total		BEL 20		Continuous market and fixing market	
	2019	2017	2019	2017	2019	2017

[21] Article 3:6, § 4, paragraph 11 of the Code on Companies and Associations.

Non-financial statement in the annual financial report	89%	75%	100%	79%	85%	74%
Non-financial statement in a separate report	11%	25%	0%	21%	15%	26%

Table 1: Oveview of location of the non-financial statement

7.3.2.1 *Inclusion of the non-financial statement in the management report*

About 90% of the companies include the non-financial statement in the annual financial report:

- Some 70% place the non-financial statement in the management report;
- Around 10% place it in another section of their annual financial report and refer to it in the management report;
- Approximately 10% place the non-financial statement in another part of their annual financial report, but without referring to that location in the management report[22]. In the previous study, this percentage was 35% of the companies.

7.3.2.2 *Inclusion of the non-financial statement in a separate report*

Approximately 10% of the non-financial statements analysed were included in a separate report. In the previous study, this was the case for 25% of the non-financial statements. This study surveyed six companies listed on the continuous market or on the fixing market. Five of these companies refer to the non-financial statement in their management report or in the table of contents of their annual financial report. These separate reports are available on the companies' websites[23].

In addition to their non-financial statement, a number of companies also publish a sustainability report. Three of the companies include their non-financial statement in their management report or in another section of their annual financial report. For more information they refer to their separate sustainability report. One company has not referred in its non-financial statement to its supplementary report on corporate social responsibility, although the statement contains useful additional information.

7.3.3 Recommendations

The FSMA recommends that companies:

[22] It should be noted that the FSMA has for many years been asking issuers to indicate clearly in the annual financial report which information is part of the management report, cf. point 5.2.1.3.3. of Circular FSMA_2012_01.

[23] This study also includes the separate reports that are available on the issuers' websites but not included in their annual financial report.

- clearly indicate in their annual financial report what information is included in the management report and where the non-financial statement can be found;
- if the non-financial statement is published in a separate report, clearly indicate that this is the non-financial statement that has been drawn up in accordance with the legal basis;
- include a (hyperlink) reference in the management report to the location where the separate report is published.

7.4 Minimum contents

7.4.1 Regulatory framework

The non-financial statement should – to the extent necessary for an understanding of the company's development, performance, position and the impact of its activity – contain information relating to, as a minimum, (i) social matters, (ii) environmental issues and (iii) employee-related matters, (iv) respect for human rights and (v) the fight against corruption.[24]

For each of these five matters, the non-financial statement includes the following information:

- a description of the company's activities;
- a description of the policy pursued in relation to those matters, including the due diligence processes implemented;
- the outcome of the policy;
- the principal risks connected with those matters, in particular those connected with the company's activities including, where relevant and proportionate, its business relationships, products or services which might cause adverse impacts in those areas, and how the company manages those risks; and
- the KPIs relevant to the particular business activities.[25]

The structure of the regulatory framework may be schematically presented as follows. This structure is subsequently used in this study.

[24] Article 3:6, § 4, paragraph 3 of the Code on Companies and Associations.
[25] Article 3:6, § 4, paragraph 3 of the Code on Companies and Associations.

	Environmental	Social	Employees	Human rights	Anti-corruption
Policy pursued	7.5.2.1.1	7.5.3.1.1	7.5.4.1.1	7.5.5.1.1	7.5.6.1.1
Due diligence processes implemented	7.5.2.1.1	7.5.3.1.1	7.5.4.1.1	7.5.5.1.1	7.5.6.1.1
Principal risks	7.5.2.1.2	7.5.3.1.2	7.5.4.1.2	7.5.5.1.2	7.5.6.1.2
Outcome of the policy pursued	7.5.2.1.3	7.5.3.1.3	7.5.4.1.3	7.5.5.1.3	7.5.6.1.3
KPIs used	7.5.2.1.3	7.5.3.1.3	7.5.4.1.3	7.5.5.1.3	7.5.6.1.3

7.4.2 Description of activities

7.4.2.1 *Findings and best practices*

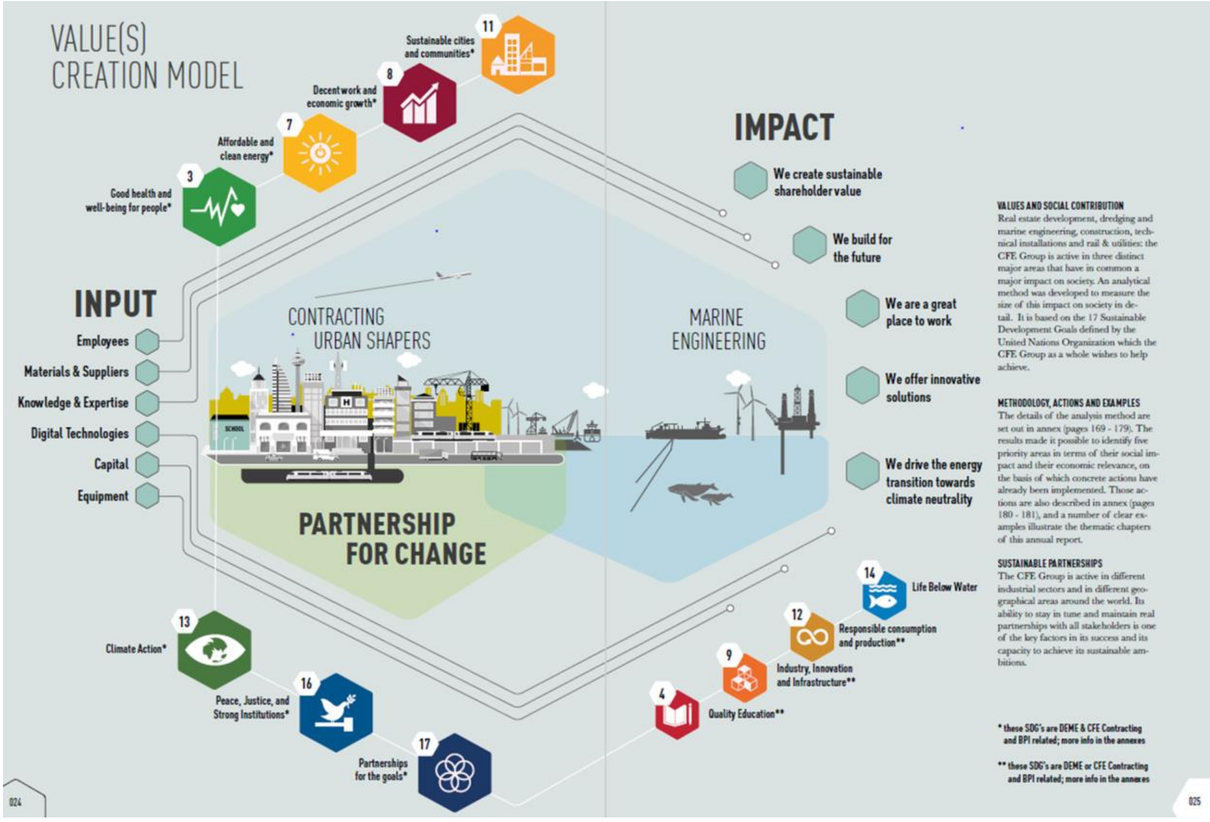
A little under 35% of the companies describe their activities in the non-financial statement. This percentage is slightly higher than the approximately 30% observed in the first study.

Many companies do not describe their activities in the non-financial statement but in another part of the management report or the annual financial report. In that case, just over 40% of the companies include an explicit reference in the non-financial statement to the location of the description of their activities. This is an improvement of about 20% compared to the previous study.

Almost all companies describe their (group) activities. However, a limited number provide a very brief or rather uninformative description. In a number of cases, there is no clear link between the company activities and the non-financial information provided. Nevertheless, there are a growing number of companies that include non-financial elements in their business model and strategy.[26]

> The FSMA points to the following **good practice**:
>
> – Some companies describe their activities or business model by means of a graphic representation.[27]

[26] See section 7.8.5 below.
[27] Good practice 1.



Good practice 1: Graphic representation of the company's value(s) creation model

CFE, Integrated Annual Report 2019, p.24-25

7.4.2.2 *Recommendations*

The FSMA recommends that companies:

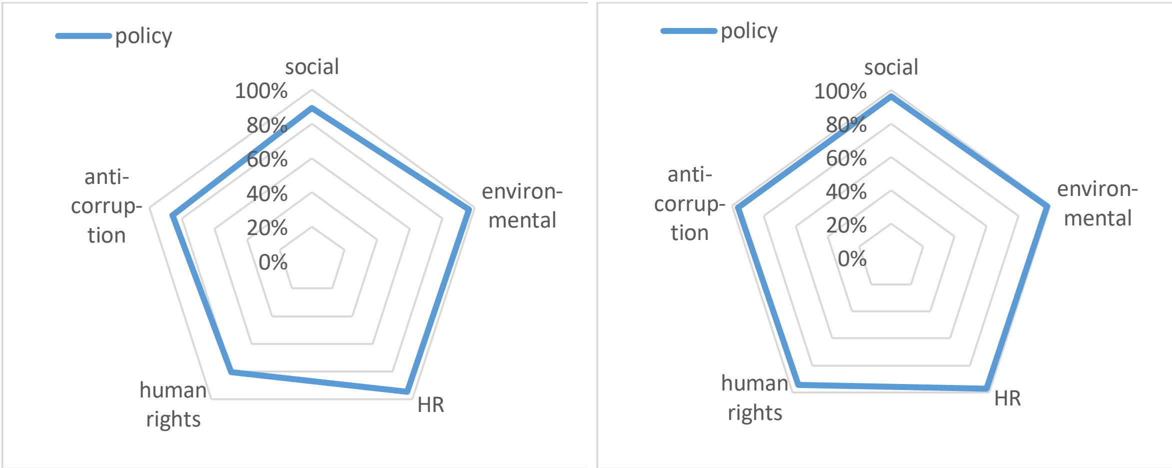
- clearly explain how they create value;
- clarify the link between the company's activities and their impact on non-financial topics;
- illustrate their activities or business model by means of a graphic representation;
- explain whether their business model has changed significantly in the past financial year, for instance due to climate change risks;
- in the context of exceptional events, such as the COVID-19 pandemic, provide information on the resilience of their activities and business model.[28]

[28] Such events can indeed have a significant impact on the companies' activities in the short, medium or even long term. The companies can describe, for example, (i) their use of State support, (ii) the increase or

7.4.3 Description of the policy pursued

7.4.3.1 *Findings*

Nearly all issuers provide a description of the policy they pursue for each of the required non-financial topics. Two years ago, about 90% of the issuers provided such a description.[29] However, 15% of the issuers provide a description that is not very specific or that does not provide much clarity as to the company's impact as regards non-financial topics as a whole.



2017 2019

Graph 2 : Description of the policy pursued

7.4.3.2 *Recommendations*

The FSMA recommends that companies:

- identify and analyse non-financial trends, risks and opportunities before determining their specific policy and action plans; [30]
- report on the specific company policy regarding non-financial matters.

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decrease in demand for some of their products or services or (iii) the disruptions/interruptions in their supply chain. By linking these events to their consolidated financial statements, they can provide information on revenue losses, significant changes in the value of assets and any special impairments of assets. With regard to crisis policies, the companies can describe, for example, their emergency plans, the measures for their staff, the impact on their operating costs or the corresponding savings.

[29] This graph does not show whether the companies provide information that is sufficiently specific or that is too generic or brief. Moreover, it does not distinguish between climate change matters and environmental matters, as this was not examined in the first study.

[30] See section 7.4.5 below. For the policy pursued for each non-financial topic, please see section 7.5.

7.4.4 Description of the due diligence processes implemented

7.4.4.1 *Definition*

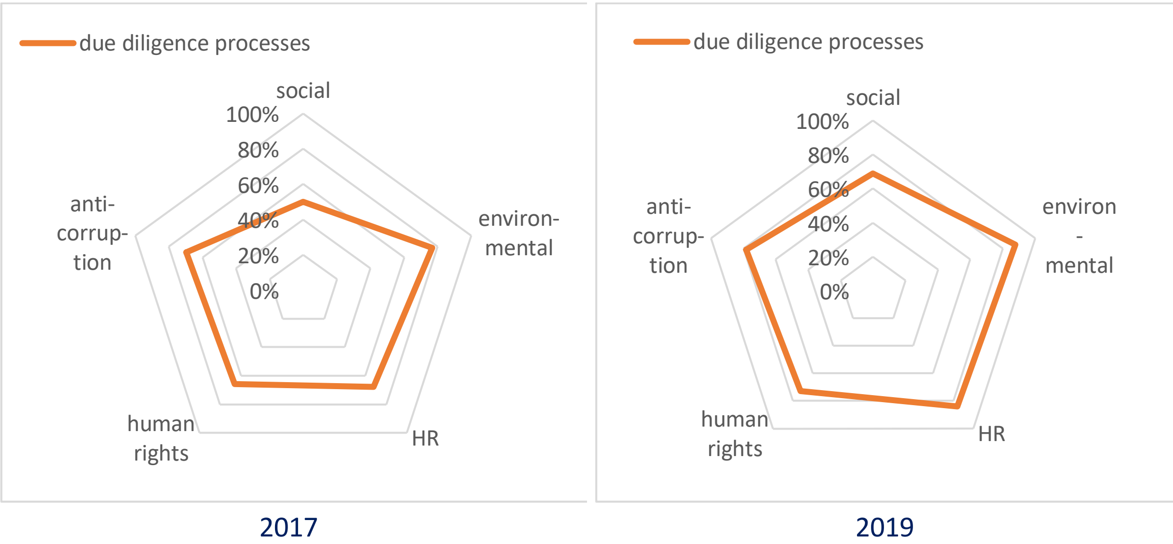
Companies should always link their specific policies on non-financial matters to due diligence processes. A due diligence process can be understood as*: "the process through which enterprises can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts as an integral part of business decision-making and risk management systems. Due diligence can be included within broader enterprise risk management systems, provided that it goes beyond simply identifying and managing material risks to the enterprise itself, to include the risks of adverse impacts related to matters covered by the Guidelines. Potential impacts are to be addressed through prevention or mitigation, while actual impacts are to be addressed through remediation."*[31]

Due diligence processes can take the form of internal policies, a code of conduct or an ethical charter. They can also be linked to processes for complying with ISO standards or for obtaining (and maintaining) recognized labels, for example in the field of safety, product quality, energy management, etc.

7.4.4.2 *Findings and best practices*

Companies must describe not only their policies but also the due diligence processes they implement. It is noted that they provide less extensive information on these processes. On average, slightly fewer than 80% of the companies describe their due diligence processes. This is nevertheless an improvement over the situation two years ago. At that time, only two-thirds of the companies referred to due diligence processes in their non-financial statement.

[31] OECD (2011) *OECD Guidelines for Multinational Enterprises*, OECD Publishing.



Graph 3: Description of the due diligence processes

The FSMA points out the following **good practices**:

– Some companies provide a clear summary of the due diligence processes implemented.[32]
– Some companies describe the audit systems implemented to ensure compliance with the due diligence processes. They mention in particular whether their internal audit department verifies these procedures.[33]

[32] Good practice 2.
[33] Good practice 3.

	Investment process	Portfolio monitoring
Commitment	• Positive impact on the company's long-term performance through sustainable value creation	
Objectives	• Understand the Target's ESG risk and related mitigation processes • Assess whether the investment opportunity is in line with GBL's ESG approach and commitments	• Identify material risks and potential opportunities from an ESG perspective • Following-up on action plans defined by the portfolio companies to mitigate the identified ESG risks and ultimately to strengthen their operational performance • Ensure that the portfolio companies remain aligned with GBL's ESG approach and commitments
Methodology	• Negative screening aimed at excluding companies not aligned with GBL's responsible management philosophy • Positive screening of investment opportunities consisting in identifying and assessing ESG related tailwinds as part of the analysis of the investment criteria	• Engaged ownership approach of GBL vis-à-vis its portfolio companies • Direct engagement with the governance bodies of the portfolio companies on ESG matters
Tools	• Due diligence by third party ESG specialists • Research reports provided by tier 1 ESG-rating providers	• Formal engagement with the Boards of Directors of GBL's portfolio companies, through the Compliance questionnaire • In-depth risk assessment of portfolio companies

GBL's compliance questionnaire

GBL conducts a yearly review of its portfolio to understand and assess the approach followed by the companies to integrate compliance into their internal policy.

Compliance is the process to ensure that a company and its subsidiaries comply with all the standards applicable to them, their employees and executives.

In that respect, GBL has developed a dedicated in-house questionnaire which is communicated to the portfolio companies by GBL's representative(s) in their governance bodies.

The questionnaire is structured around the following pillars:

Compliance culture in the organization	Risk assessment and follow-up	Control activities and process	Monitoring and reporting	Training and communication

The answers provided by the portfolio companies are analyzed and processed with an independent expert:
- main conclusions are presented once a year to GBL's Board of Directors;
- the information is used as an input data for GBL's ESG risk assessment (see above).

Good practice 2: Description of the due diligence processes implemented

GBL, Annual Report, 2019, p. 68 and 69

Due diligence procedures have been built into various business processes to ensure compliance with Tessenderlo Group's Code of Conduct across all of our segments. Verification of the operation of these procedures is included in the audit program of the company's Internal Audit Department. The Code of Conduct describes the procedure to be followed for reporting and investigating violations of the Code.

Good practice 3: Due diligence processes and internal audit

Tessenderlo Group, Sustainability Report 2019, p. 21

In what follows, we briefly discuss two specific aspects that the FSMA considers to be good practices: (i) the description of governance with respect to non-financial matters and (ii) the introduction of a code of conduct.

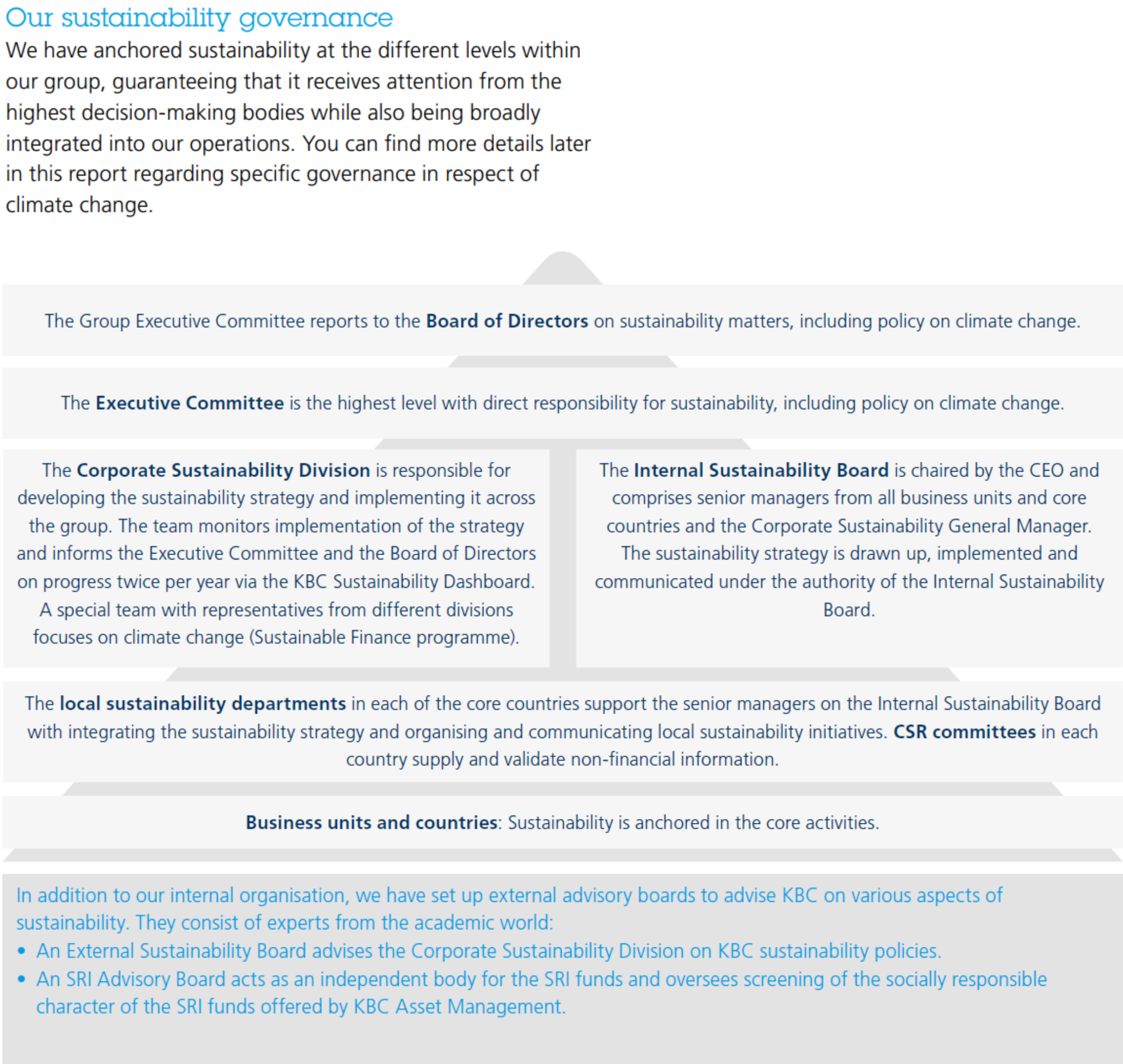
7.4.4.2.1 Description of governance regarding non-financial topics

Just under 60% of the companies provide a description of their governance of the required non-financial matters. Two years ago, 40% of the issuers provided such a description. Even if the description is sometimes very brief, this is a remarkable improvement. Moreover, for BEL 20 companies, we note an increase in this percentage to over 90%. A significant improvement compared to the 70% observed in the previous study.

The FSMA points out the following **good practices**:

- Some companies explain the roles and responsibilities of their board and management in the assessment of non-financial topics and risks.
- Some companies set up specific teams for the management of non-financial matters. They clarify which departments are represented in these teams and how they report to the board and management.[34]

[34] Good practice 4.



Our sustainability governance

We have anchored sustainability at the different levels within our group, guaranteeing that it receives attention from the highest decision-making bodies while also being broadly integrated into our operations. You can find more details later in this report regarding specific governance in respect of climate change.

The Group Executive Committee reports to the **Board of Directors** on sustainability matters, including policy on climate change.

The **Executive Committee** is the highest level with direct responsibility for sustainability, including policy on climate change.

The **Corporate Sustainability Division** is responsible for developing the sustainability strategy and implementing it across the group. The team monitors implementation of the strategy and informs the Executive Committee and the Board of Directors on progress twice per year via the KBC Sustainability Dashboard. A special team with representatives from different divisions focuses on climate change (Sustainable Finance programme).

The **Internal Sustainability Board** is chaired by the CEO and comprises senior managers from all business units and core countries and the Corporate Sustainability General Manager. The sustainability strategy is drawn up, implemented and communicated under the authority of the Internal Sustainability Board.

The **local sustainability departments** in each of the core countries support the senior managers on the Internal Sustainability Board with integrating the sustainability strategy and organising and communicating local sustainability initiatives. **CSR committees** in each country supply and validate non-financial information.

Business units and countries: Sustainability is anchored in the core activities.

In addition to our internal organisation, we have set up external advisory boards to advise KBC on various aspects of sustainability. They consist of experts from the academic world:

- An External Sustainability Board advises the Corporate Sustainability Division on KBC sustainability policies.
- An SRI Advisory Board acts as an independent body for the SRI funds and oversees screening of the socially responsible character of the SRI funds offered by KBC Asset Management.

Good practice 4: Corporate governance regarding non-financial topics

KBC Group, Annual Report 2019, p. 49

7.4.4.2.2 Drawing up a code of conduct

More than 90% of the companies, including all BEL 20 companies, describe their main principles of conduct. They may, for example, draw up an (ethical) code of conduct or an ethical charter. For the remaining companies, a slight improvement has been noted over the past two years. Just over 90% of these issuers now have a code of conduct. Two years ago, this was just under 90%.

Such a code of conduct mainly describes the internal rules of conduct, for example regarding risk behaviour, combating corruption, human rights abuses, environmental violations, etc. Some companies are selective in the aspects they address in their code of conduct. For example, there is sometimes no description of overarching principles, such as those concerning the environment, safety and health at work.

Although companies refer to their code of conduct, the text is not always publicly available. In about 60% of the cases the code is available to the public on the company's website. This is the case for a large majority of BEL 20 issuers and for about half of the other issuers.

The FSMA points out the following **good practices**:

- Some companies provide for a system to handle warnings of infringements of their code of conduct.[35] After a warning, a mechanism is activated to rectify or sanction such violations.
- Some issuers incorporate their code of conduct into their corporate governance statement. In that case, they include a clear link in their non-financial statement to the location of this code of conduct.
- Some companies draw up a separate code of conduct for their suppliers or subcontractors.[36]

INTEGRITY AND ETHICS

Elia's integrity and ethics are a crucial aspect of its internal control environment. The Management Committee and management regularly communicate about these principles in order to clarify the mutual rights and obligations of the company and its employees. These rules are disseminated to all new employees, and compliance with them is formally included in employment contracts. The Code of Conduct also helps to prevent employees from breaching any Belgian legislation on the use of privileged information or market manipulation and suspicious activities. Management consistently ensures that employees comply with internal values and procedures and – where applicable – take any actions deemed necessary, as laid down in the company regulations and employment contracts.

The Ethical Code defines what Elia regards as correct ethical conduct and sets out the policy and a number of principles on the avoidance of conflicts of interests. Acting honestly and independently with respect to all stakeholders is a key guiding principle for all of our employees. Elia's Ethical Code expressly states that the Group prohibits bribery in any form, misuse of prior knowledge and market manipulation. This is confirmed by the Elia Code of Conduct. Elia and its employees do not use gifts or entertainment to gain competitive advantage. Facilitation payments are not permitted by Elia. Disguising gifts or entertainment as charitable donations is also a violation of the Ethical Code. Moreover, the Ethical Code prohibits all forms of racism and discrimination, promotes equal opportunities for all employees, and ensures the protection and confidential use of IT systems. All parties involved in procurement must abide by Elia's Purchasing Code of Ethics and all associated regulations. Elia's Purchasing Code of Ethics is published internally and externally and is based on four pillars: confidentiality, non-discriminatory treatment of suppliers, transparency, and avoidance of conflicts of interest. The management of the employees involved in the procurement and payment processes regularly provides opportunities for training and awareness-raising on these topics.

Elia offers its employees the opportunity to express their concern about an (alleged) breach of the ethical code without fear of sanctions and/or unfair treatment. In addition to the existing reporting channels, an external system for reporting breaches of professional integrity has been implemented. Internal employees can report via this platform their suspicions about possible breaches of the Elia Code of Ethics which may harm Elia's reputation and/or interests in a protected manner.

By virtue of its legal status as a power transmission system operator, Elia is subject to a large number of statutory and regulatory rules setting out three fundamental principles: non-discriminatory conduct, confidential processing of information, and transparency towards all electricity market players as regards non-confidential market information. With a view to meeting these specific obligations, Elia has drawn up an Engagement Programme, which has been approved by the Corporate Governance Committee. The Compliance Officer reports annually to the relevant regulatory bodies in this regard.

Any violations of these codes can be reported to the Compliance Officer, who handles them objectively and confidentially. The Compliance Officer declares that no such violations were reported by internal employees or external stakeholders in2019.

Internal Audit's annual programme includes a number of actions and verification audits designed to act as specific safeguards against fraud. Any findings are systematically reported to the Audit Committee. In2019, no relevant findings relating to financial fraud were reported in the audits making up the annual audit plan of 2019.

Good practice 5: Description of the ethical code and control measures

Elia Group, Activity Report 2019, p. 141-142

[35] Good practice 5.
[36] Good practice 6.

Suppliers: The Supplier Code of Conduct explicitly outlines what Telenet expects from organizations the Company works with. The code includes a set of principles that are based on all applicable local and international laws and regulations regarding the environment, health and safety and employment. It endorses international labor standards such as the ILO Fundamental Conventions and the UN Convention on Human Rights.

Good practice 6: Code of conduct for suppliers

Telenet, Annual Financial Report 2019, p.32

7.4.4.3 *Recommendations*

The FSMA recommends that companies:

– describe their governance regarding non-financial matters, and in particular, the role of the board and management in assessing and managing non-financial risks and opportunities;[37]
– draw up a code of conduct linked to an internal warning system;
– provide for an appropriate sanction mechanism in case of violations;
– include a clear (hyperlink) reference to the location of the code of conduct or the code of ethics if it is not included in the non-financial statement;
– describe, where appropriate, the audit systems used to ensure compliance with the code of conduct.

7.4.5 Description of the risks

7.4.5.1 *Findings and best practices*

7.4.5.1.1 Overall risk assessment

The management report should contain, among other things, a fair overview of the principal risks and uncertainties that the company faces[38]. Identifying and managing risks is not limited purely to non-financial risks. Companies often describe the (financial and non-financial) risks in a common section of their management report.

The FSMA points out the following **good practices**:

– Some companies include a table of the principal risks they have identified for their activities.[39]

[37] This concerns, for example, the initiation and follow-up of action plans for the non-financial targets set.
[38] Article 3:6, § 1, paragraph 1, 1° of the Code on Companies and Associations.
[39] Good practice 7.

– Some companies refer in their non-financial statement to the location where all risk factors – including non-financial risks – are described.

3. Solvay's main risks

The Group Risk Committee has assessed the level of control over Group risks and their impacts, using a four-level scale for each criterion.

The Committee considered four main types of impact: economic impact, impact on people, impact on the environment, and impact on reputation. It assessed the level of control by considering the following questions:

- Are the mitigation/controlling actions defined?
- Are the actions implemented, fully or partially?
- Is the effectiveness of those actions monitored?

The criticality level is determined by combining the risk's two ratings (impact and level of control) at the time of the assessment.

Criticality	Risk	Trend	Sustainable development high materiality aspects	Stakeholders
High	Security	↘	Data security and customer privacy Critical incidents management	Employees Local communities Customers
	Ethics and Compliance	↘	Management of the legal, ethics & regulatory framework	Suppliers Employees Planet Investors
	Industrial	→	Critical incidents management Employee health and safety	Employees Local communities
	Transport accident	→	Waste and hazardous materials Critical incidents management	Suppliers Employees Local communities
	Climate change	→	Greenhouse gas emissions Energy Sustainable business solutions Water and wastewater	Customers Local communities Employees Planet Investors
Moderate	Chemical product usage	→	Waste and hazardous materials Sustainable business solutions	Employees Customers
Emerging	Environmental impact	Emerging	Energy Water and wastewater Greenhouse gas emissions Sustainable business solutions	Planet
	Geopolitical risks	Emerging	Management of the legal, ethics & regulatory framework	Planet

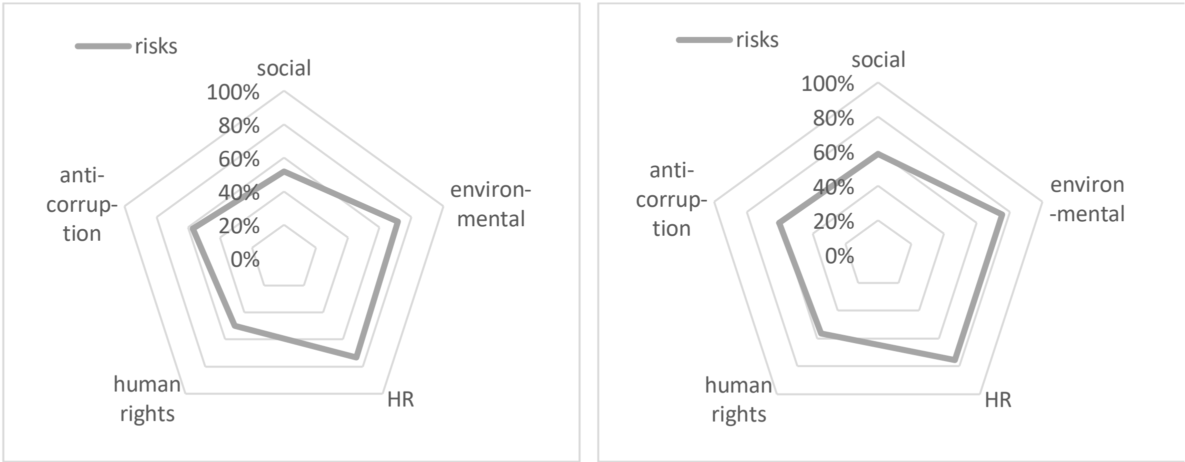
Emerging risk: newly developing or changing risk that may have, on the long term, a significant impact which will need to be assessed in the future.

The description of the risks relevant to Solvay and the Group risk-reduction actions are listed below. The mitigation efforts described do not guarantee that risks will not materialize or impact the Group, but they show how Solvay proactively manages risk exposures.

Good practice 7: Table of the principal risks identified for the company

Solvay, Annual Integrated Report 2019, p. 67

About two-thirds of the companies studied describe *all* non-financial risks. This is a slight improvement compared to the first study. In about three quarters of the cases, the environmental and employee-related risks are described in the most detail. The risks that are the least thoroughly described are those connected with social matters, respect for human rights and the fight against corruption.



2017 2019

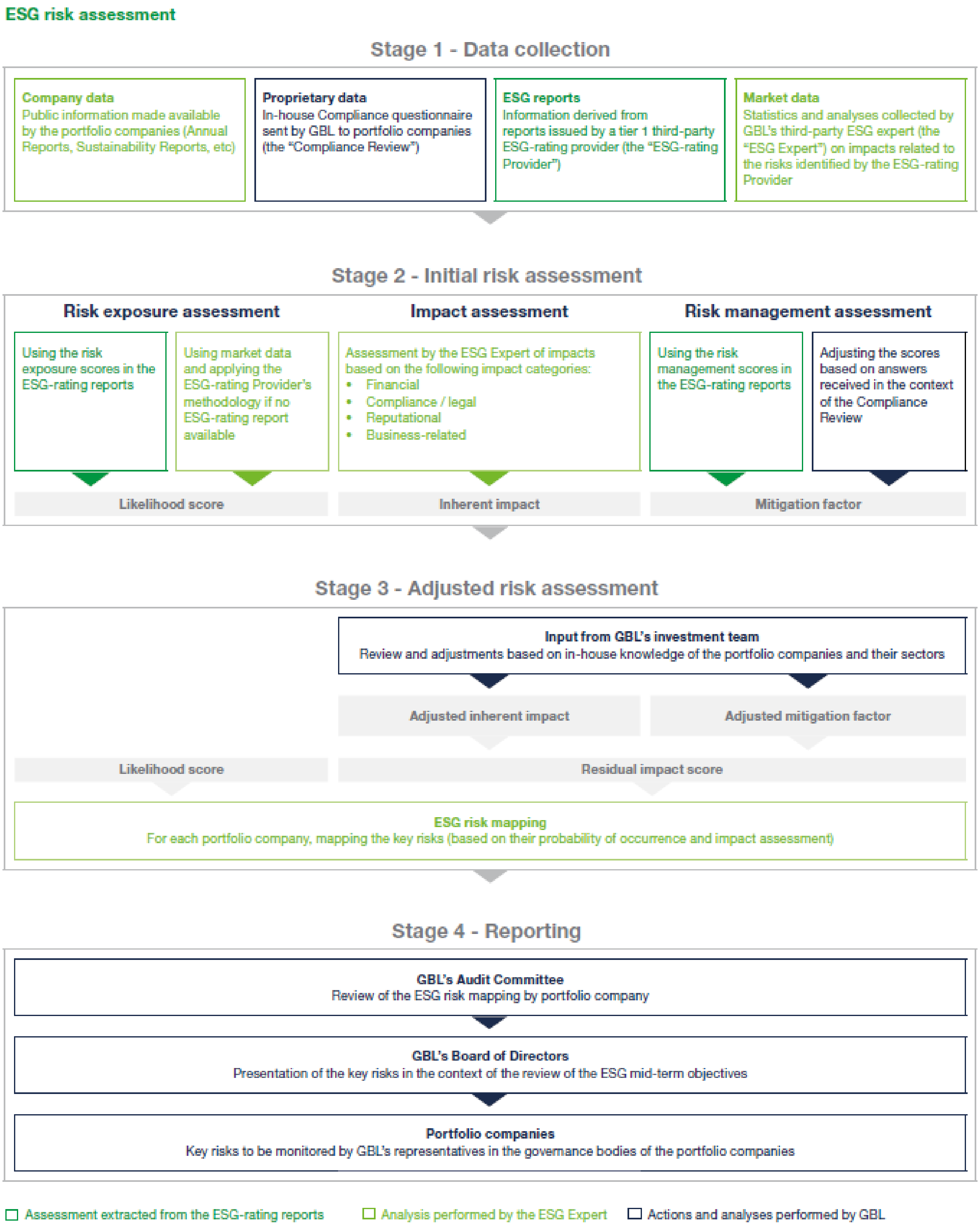
Graph 4: Description of the risks

7.4.5.1.2 Risk identification

The FSMA points out the following **good practices**:

- Some companies describe their risk identification process.[40]
- Some companies first analyse the principal risks their sector faces before addressing the risks that are specific to their company.[41]
- Some companies classify the risks they have identified according to their impact and probability of occurrence.[42]

[40] Good practice 8.
[41] Good practice 9.
[42] Good practice 10.



Good practice 8: Process of risk identification and assessment

GBL, Annual Report 2019, p.70

Consultation of the different entities has made it possible to identify a number of sustainable themes and goals that are relevant to our business and to link those to the SDGs. To complete this analysis, the major sectoral trends that are relevant to the industry as well as beyond were taken into account.

First of all, a series of six major trends emerged:
'War of talent': people are, more than ever, at the heart of our business. Nevertheless, it remains difficult to recruit and retain qualified people for a job in the construction industry on account of the problems of image and working conditions that may seem less appealing such as night and weekend work, outdoor activity and sites. Moreover, young starters often lack sufficient qualification and need additional training.

'Complex collaborations': the construction industry is both fascinating and complex, particularly in terms of the number of parties involved (architects, engineering firms, institutions, customers, suppliers, etc.) and the relations between them throughout the design and execution process.

'Lack of incentives': at present, it is still very difficult to convince the parties involved to have a long-term and global view of the life cycle costs. The sometimes too short-term view of the project authors inhibits innovation, technological optimization or the use of more ecological materials.

'Resources scarcity and waste': the management of resources and waste, either by limiting waste or by reuse or recycling, is a crucial issue.

'Stringent regulations': the various stringent European, national or regional regulations often overcomplicate our activities and restrict opportunities for innovation.

'Transport': in Belgium and Luxembourg in particular, the transport of personnel and materials is a complicating factor in our work. Employees, subcontractors and suppliers lose a lot of time in the traffic. The problem will only get worse as more cars and trucks come onto the road each year. This means discouraging and long travel time for staff and difficulties with efficient planning of deliveries.

Good practice 9: Risk assessment based on the major trends that are relevant to the company

CFE, Integrated Annual Report 2019, p. 172

1. Description of the specific risks

Following **specific risks** were identified:

Risks	Certain	Virtually certain	Likely
Risks connected with the spread of the activities over a limited number of countries and with the limited product diversification	High		
Risks connected with expansion		High	
Risks of the dependence on a limited number of large customers		High	
Risks connected with land property rights and rights of use		High	
Risks of natural disasters (plantations – mills)			High
Risks of rising raw material-related input prices		Average	
Risks of not finding sufficient staff in remote areas		Average	
Risks of wage rises		Average	
Climate risks		Average	
Risk of an unexpected fall in future short-term margins		Average	
Risk connected with the concern of Europe for sustainability and the increased RSPO restrictions		Average	

Impact

Possibility

Good practice 10: Risk assessment based on probability of occurrence and potential impact

SIPEF, Annual Report 2019, p.128

7.4.5.1.3 The double materiality perspective

There is a double materiality perspective for the identification and management of non-financial risks.[43] This means that issuers have to describe, for each non-financial topic, both (i) the risks and effects on their activities and performance and (ii) the risks and effects of their activities on the environment and society.[44]

The FSMA points out the following **good practices**:

- Some companies describe for the **first category of risks**, for example: (i) the financial risk of a shortage of raw materials, (ii) the reputational risk in case of corruption, (iii) the potential risk to their activities from a labour shortage, (iv) the risk of competent

[43] Climate-related guidelines, p. 4 and ECEP, 2019, p. 9.

[44] See section 7.5.2.

employee turnover, (v) the risk of loss of time and related costs due to accidents involving employees and/or subcontractors, or (v) the risk of actual or potential violations of increasingly stringent regulations.

– For the **second category of risks,** some companies describe, for example: (i) their impact in terms of greenhouse gas emissions, (ii) waste generation or (iii) the risk posed by accidents to the health and safety of their employees. Some issuers also describe the possible health risks for customers after using their products or services. Others mention that the risk of corruption or human rights abuses is higher for some of their activities abroad.

7.4.5.1.4 Supply and subcontracting chain

Where relevant and proportionate, companies describe the principal risks of their business relations.[45] In so doing, they assess whether they need to provide any significant information about their supply chains and subcontracting relations.[46]

Almost two-thirds of the issuers provide information on the management of their supply and subcontracting chains. Just under half of the issuers provide sufficient information to get a general impression of its importance. This percentage exceeds 75% for the BEL 20 companies. For the other companies included in the study, the proportion is 40%. About 60% of the companies included in the entire study population provide information on the risks and opportunities related to their supply chains and subcontracting relations. Approximately 40% describe these risks in sufficient detail. This percentage is higher for the BEL 20 issuers.

The FSMA points out the following **good practices**:

– Some companies clearly describe their supply and subcontracting chain as well as the associated risks and action plans. They further describe the management of the supply and subcontracting chain,[47] paying attention to the relevant non-financial topics, such as respect for human rights, the fight against corruption as well as the safety and health of the subcontractors and suppliers.

– Some companies provide a textual description[48] and/or graphic representation[49] of their selection and assessment processes for suppliers and/or subcontractors.

[45] Article 3:6, § 4 paragraph 3, d) of the Code on Companies and Associations.
[46] NFI Guidelines, paragraph 4.4.
[47] Good practice 11.
[48] Good practice 12.
[49] Good practice 13.

> Sustainable Procurement

WHY IS IT MATERIAL?

Almost 40% of Belron turnover is spent on buying products and services. The majority by value is glass but there are many other products, such as glue, repair resin, trims and mouldings, tools and uniforms. First and foremost, Belron needs to be sure that the suppliers' business ethics reflect its own, as they become part of the value chain delivered to the customer. This requires more diligence and clear evidence that companies like Belron validate how the supplier manages its business and how it sources its products.
In addition, poor financially run or operationally managed suppliers pose a risk to the continuity of the supply chain. From a brand perspective, if suppliers are using unethical practices or sub-suppliers this can reflect negatively on the reputation of Belron.

WAY FORWARD

The Belron objective is to have all suppliers (incl. local business unit suppliers) assessed and managed according to their risk profile. Belron International Group Purchasing has also adopted a lead accountability for the procurement of indirect materials as well as direct. This will lead to more consistency in the assessment of sustainable procurement approaches, especially with larger regional or global suppliers.

Belron will also expand the scope of its on-site audits, working in partnership with suppliers for continuous improvement.

UN Sustainable Development Goals (SDG)

Belron seeks to procure quality products from Responsible and sustainable sources and to minimize the environmental and negative social impact of its value chain.

Summary of the Belron Approach to Supplier Risk Management

MANAGEMENT APPROACH:

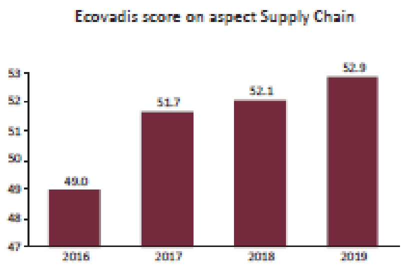
Belron obtains products from almost 100 global supplier locations on a group wide basis, and manages them through a Supplier Management Programme. This programme ensures that all suppliers of Belron are ethically compliant, financially stable, manage their risks, and comply with all legal requirements. This is done through a combination of on-site audits, external assessments, and internal management. This is to ensure that suppliers are fit for purpose and meet high ethical standards.

Each Belron business unit has its own process of managing the risk and sustainability criteria of its local suppliers. This is evaluated through the Ecovadis assessment.

WHAT WAS ACHIEVED IN 2019

During this reporting year, 55% of the Group suppliers (managed by the Group Purchasing Team) completed an Ecovadis assessment, meeting the minimum score requirement. The assessment process was supported with the continued programme of on-site audits.
In-country purchasing teams continued to manage their local suppliers with best practice shared across from the Centre, supporting the acceleration of sustainable practices throughout the supply chain.

KEY INDICATOR



The external assessment of progress in developing a sustainable supply chain has shown incremental increases over the past 4 years from 49.0 in 2016 to 52.9 in 2019.

Good practice 11: Supply chain

D'Ieteren Group, Financial and Directors' Report 2019, p. 143

In 2018, Elia has elaborated a Supplier Code of Conduct, containing internationally recognised principles regarding ethical conduct, health and safety, environmental and social aspects. This code makes now systematically part of the documents for European purchasing procedures.

In order to instrument this set of principles as a lever for a positive supply chain impact, we set up a risk-based approach. For all purchasing categories we assess risks based on traditional supply chain risks and supply chain sustainability risks. A matrix is drawn up to prioritise supplier engagement activities.

To rationalise resource and impact management we aim to focus on the suppliers, who are most relevant from that risk perspective. In 2019, besides having suppliers electronically confirm that they accept the terms of the Supplier Code of Conduct, we are planning to roll out an in-house, Sustainability Supplier Self-Assessment questionnaire to high-risk suppliers and some hand-picked, medium-risk suppliers to receive detailed information on where improvements are needed.

Good practice 12: Supply chain (textual description)

Elia Group, Activity Report 2019, p. 33

	SCOUTING	SELECTION	PURCHASE	PERFORMANCE MONITORING	CAPACITY BUILDING
Scope	All potential component suppliers	New component suppliers with important spend	All suppliers	All key and core suppliers	All key and core suppliers
Tools	Supplier self-assessment document, including sustainability questions	Supplier selection document including mandatory sustainability criteria	Terms and conditions of purchase, including sustainability clause (all purchase orders) Contract including sustainability clause (for important spends)	Supplier performance review including sustainability score	Webinars Supplier innovation days

Good practice 13: Supply chain (selection process for suppliers)

Barco, Annual Financial Report 2019, Section B, p.65

7.4.5.2 *Recommendations*

The FSMA recommends that companies:

- include a reference (hyperlink) in the non-financial statement to the other sections of the management report or annual financial report which the non-financial risks are already described;
- describe the risk identification process;
- assess whether the risk identification and management take into account the double materiality perspective;
- provide a general overview of the supply and subcontracting chain and indicate the countries or regions where they are established;
- explain how non-financial matters related to the supply chain and/or subcontracting are dealt with;
- mention the elements that are significant for their policy and the related due diligence processes (action plans).

7.4.6 Description of the results and the KPIs

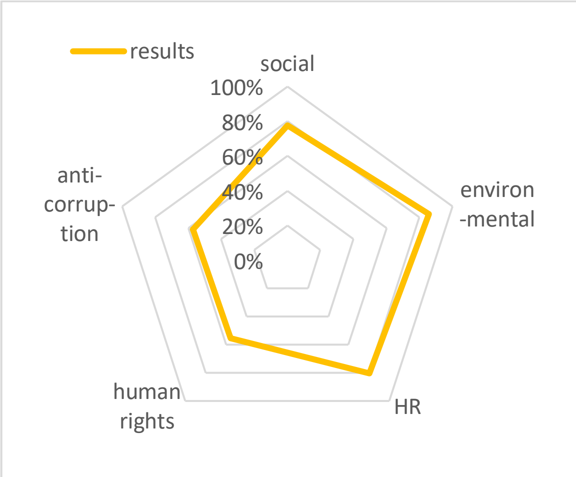
7.4.6.1 *Findings and best practices*

The non-financial statements show shortcomings in the description of the results of the policy pursued and the inclusion of KPIs. The present study shows once again that companies report less on the *results* of the policy pursued than on the policy itself.

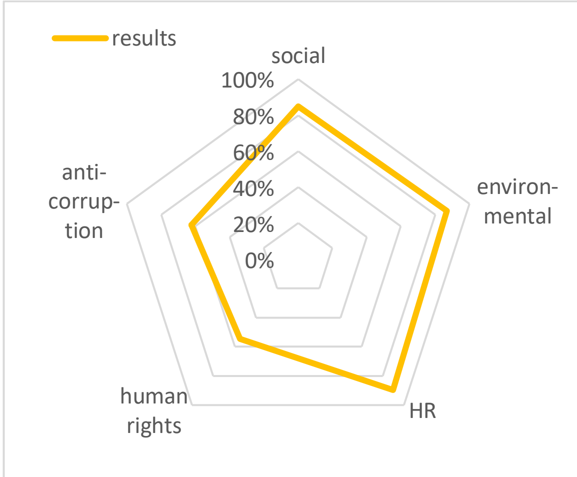
The results of the policy pursued contain relevant non-financial KPIs. Companies are expected to disclose the KPIs they consider most useful for monitoring and assessing the progress achieved. This should also improve comparability between companies and sectors.

The companies are required to present their results both qualitatively and quantitatively (using measurable KPIs). In this way, they provide an objective measure of the progress of their actions and facilitate the assessment of their performance over time.

About 75% of the companies describe the results of their policies with regard to the required non-financial topics. This is a slight improvement compared to some 70% in the first study. About 40% of the statements include the results for *each* non-financial topic. A small number of issuers mention very few results or provide very limited information on certain topics. This is especially the case regarding respect for human rights or the fight against corruption. That was already the case in the first study.



2017

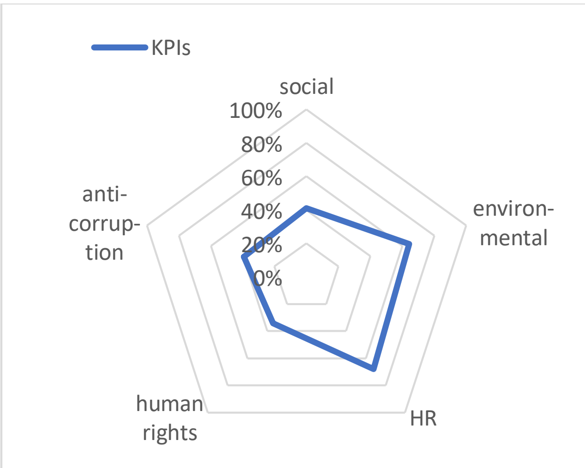


2019

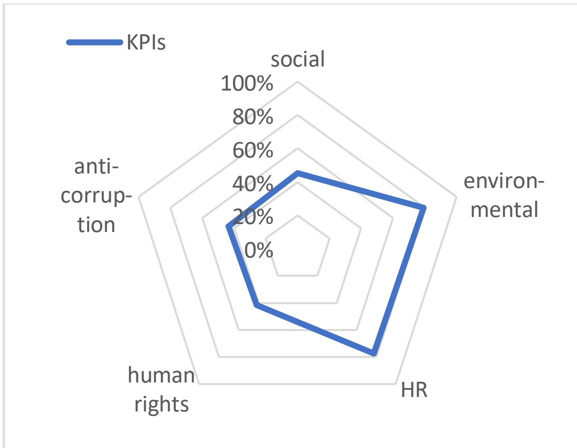
Graph 5: Description of the results

About a quarter of the issuers accompany the results with KPIs for each non-financial topic. This is a slight improvement on the results of the first study.

In most cases, issuers provide KPIs only for a few non-financial matters. The most frequent KPIs relate to environmental matters and employee-related matters. The least frequent are KPIs for social matters, respect for human rights and the fight against corruption.



2017



2019

Graph 6: Mention of KPIs

Fewer than three quarters of the companies provide, for the KPIs reported, historical data from the previous period(s). Of those companies, about half provide these data for all the KPIs reported. The other half provide these data only for a selected number of KPIs.

About three quarters of the companies link the KPIs reported to the policy they describe and/or to significant themes they have identified.[50] A majority of these companies do so for *all* reported KPIs. Some KPIs can clearly be linked to a specific policy, for example the safety policy or the diversity policy.[51]

Some 30% of the companies provide a definition and explain how the KPIs are calculated.[52] About one fifth of the companies only do so for certain KPIs. However, some KPIs are simple and do not require a definition. This is, for example, the case for KPIs regarding staff diversity (breakdown by gender, nationality, age). About one third of the companies provide only very generic information or do not provide an explanation for all KPIs used (although they require an explanation).

The FSMA points out the following **good practices**:

- Some companies use graphs or tables to show the evolution of their KPIs over time.
- Some companies provide narrative comments on the KPIs. Supplementing the KPIs with qualitative descriptions makes them easier to understand.[53]
- Some companies provide a summary table of the KPIs used. Such a table is usually included at the beginning or at the end of the non-financial statement.[54]
- Some companies use KPIs to describe the results of their subcontracting policy, for example: (i) the percentage of suppliers who comply with the code of conduct, (ii) the number of supplier audits carried out and (iii) the number of complaints or incidents identified.[55]
- Some companies also provide a narrative description of the measures taken in order to remedy shortcomings with regard to their own actions as well as those of their suppliers and subcontractors.

[50] Good practice 14.
[51] In that case, it is assumed that there is a sufficiently clear link between the KPIs and the corresponding policy.
[52] Good practice 15.
[53] NFI Guidelines, paragraph 4.5.
[54] Good practice 16.
[55] Good practice 17.

Based on the SDGs selected and the scope of the material impact, the following KPIs were selected to be assessed for Viohalco companies.

Relevant SDG	Relevant target	Relevant KPIs representing key areas of material impact
6 CLEAN WATER AND SANITATION	6.3 Improve water quality 6.4 Increase water use efficiency	6.3.1 proportion of wastewater safely treated and discharged 6.4.1 Change in water use efficiency over time
7 AFFORDABLE AND CLEAN ENERGY	7.2 Increase share of renewable energy in energy mix	7.2.1 Renewable energy share of energy consumption
8 DECENT WORK AND ECONOMIC GROWTH	8.5 Achieve decent work for all 8.8 Promote safe working environment	*ISAR C.2.1 Average hours of training per employee per year*[3] 8.8.1 Frequency incident rates of occupational injuries (LTIR, SR, fatalities) Annual employee turnover[4] % of women in labour force[4] incidents of discrimination[4]
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.4 Adapt clean technologies and industrial processes	9.4.1 Total greenhouse gas emissions per unit product
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.5 Reduce waste generation	*ISAR B.2.1 Reduction of waste generation*[3] *ISAR B.2.2 Waste reused, remanufactured and recycled*[3]
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	16.5 Reduce corruption and bribery 16. b Enforce non discriminatory policies	*ISAR D.2.1 Fines paid due to settlement*[3] Incidents of corruption or bribery[4]

In case a relevant SDG indicator already exists from the SDG reporting framework, the indicator is used. Otherwise, other indicators are used such as UNSTAD's indicators or other standard KPIs commonly used by standard industrial practice.

Good practice 14: KPIs regarding the SDGs selected

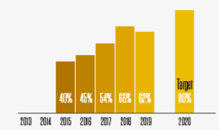
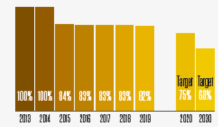
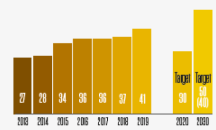
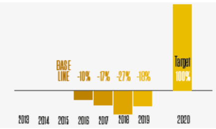
Viohalco, Annual Report 2019, p.52

HEALTH & SAFETY					
Occupational accidents					
Frequency rate	Ratio	14.39	9.16	5.86	Number of labor accidents per million worked hours.
Severity rate	Ratio	0.17	0.14	0.11	Number of total lost days compared with the total number of hours scheduled to be worked by the employees. Days mean scheduled work days. The counting of lost days starts the day after the accident.

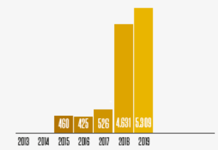
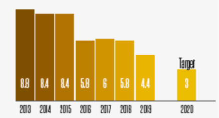
Good practice 15: Defining the KPIs

Ontex, Integrated Annual Report 2019, p. 154

SUSTAINABLE INNOVATION PLAN

MATERIAL ASPECT	KPI	TARGET		COMMENTS	EVOLUTIONS
INNOVATION FULFILLING SOCIETAL NEEDS	Sustainability index. (scope: innovation pipeline Sustainable Innovation Department)	80% of active R&D projects classified as sustainable by 2020 according to the Sustainability Index.		The number of active R&D projects aimed at ground-breaking sustainable development research is constantly increasing. This is not reflected in the 2019 result that remains stable due to the strict assessment methodology we developed in 2015. In our Sustainability Index, we currently compare new projects with their predecessors and assess whether there is a significant improvement on all People and Planet aspects. For projects such as biobased or recycled materials, it is almost impossible to score sufficiently high on all sub-criteria to be classified as sustainable. The assessment methodology needs to be re-evaluated. We are confident that within our R&D projects the focus on sustainable development is in line with our strategic intention.	In 2020 we will re-evaluate and improve our Sustainability Index scoring methodology.
OPTIMISING CARBON FOOTPRINT	Recticel Carbon footprint indicator expressed in tonnes of CO_2 equivalent compared to the 100% activity level in 2013. (scope: production sites) The method of calculation is derived from the Cradle to Grave method.	Reduce Recticel Carbon Footprint Indicator by 25% in 2020 and by 40% in 2030.		There have been no fundamental changes over the last three years in footprint reduction. The impact of the new CO_2 polyol is still limited, as products have only been recently introduced to the market. We are committed to our target.	We expect an important reduction in 2020 due to the increasing use of end-of-life foam
	Net Recticel Impact Ratio (whole value chain) defined as ratio of the Recticel Positive Impact to the Recticel Carbon Footprint. The Recticel Positive Impact is expressed in tonnes of avoided CO_2 equivalent in use phase . (using appropriate method of calculation per type of product and using appropriate conversion factors calculated by a third party)	Increase Net Recticel Impact Ratio from 20* in 2013 to 30 by 2020 and 50 (40) by 2030. We have reached our 2020 target three years early and have amended our 2030 target to 50. * We have reviewed our method of calculation. The original results over 2013, 2014, 2015 were 20, 20, 26.		The growing impact of the Insulation business line volume continues to have a positive impact on the multiple.	We expect that the positive impact of further Insulation growth will continue. In addition, the reduction of the Recticel carbon footprint will also impact the value.
RESOURCE EFFICIENCY	Tonnes of recycled flexible foam produced by Recticel.	100% increase by 2020 compared to 2015. The increase is possible if flexible foam production waste is gradually replaced by post-consumer waste.		The volumes realised with traditional bonded foam continue to decrease and are compensated by higher volumes in fiber-bonded foam. Since the end of 2019, we have started to replace production waste by end-of-life foam in fiber-bonded foam acoustic insulation and bedding applications. This evolution will have a positive impact in 2020 but we take into account that we might not realise our target.	We anticipate that the volumes of end-of-life foam will significantly increase in 2020 and beyond. We will also introduce this recycled material in our Bedding products, more specifically in bedframes and boxsprings. We expect that the use of end-of-life foam will also have a positive impact on our carbon footprint.

PEOPLE PRIORITY PLAN

MATERIAL ASPECT	KPI	TARGET		COMMENTS	EVOLUTIONS
BUSINESS ETHICS AND INTEGRITY	Number of legal training courses provided by the Corporate Legal Team and the IP Officer (SID) as face-to-face meetings attended and e-learning modules completed.	Increase the number of legal training courses provided by the Corporate Legal Team and the IP Officer (SID) as face-to-face meetings attended and e-learning modules completed by 5% per year (cumulative) compared to 460 in 2015.		The number of training courses attended has increased with 14% compared to 2018. We have expanded our range of mandatory Legal e-learnings for all Recticel office employees with a third training course, Basics of Contract Law. (1)	In order to further deepen the knowledge of all Recticel managers and employees on ethics and integrity, we will organise in 2020 compulsory face-to-face trainings for white and blue collar employees in all our locations. We will reconsider our KPI and target for 2020, as we have surpassed our goal of a 5% increase per year (cumulative).
REDUCE HS&E IMPACT OF OUR ACTIVITIES	Frequency work accidents represents the average on Group level for all our plants and offices.	Frequency = < 3 by 2020 $\frac{\text{number of accidents x 1,000,000}}{\text{number of hours performed}}$		We see a significant drop in the frequency compared to last year and are pleased that the ongoing efforts to keep safety top of mind are beginning to bear fruit. We hope that this trend reversal will continue in 2020, although it will remain a challenge to meet our target.	In 2020 we will introduce a new way of embedding our Golden Safety Rules and Principles within the organisation. All blue and white collar employees worldwide can master the basic safety guidelines and test their understanding in an interactive game based on real-life situations and problems. We will also continue to harmonise our reporting standards by implementing a company-wide HS&E reporting tool.
AN INSPIRING AND REWARDING PLACE TO WORK	The number of countries in which engagement surveys are conducted among blue and white collars.	Two new countries each year.		We are on track and we will move forward with the defined programme of adding two new countries every year.	The analysis of our results in France and the Netherlands (new countries added in 2019) and in Belgium, UK, Spain (countries where the survey was repeated) is ongoing. Clear action plans will be developed per country. In 2020, we will roll out the initiative in Finland and Estonia and repeat the engagement survey in Poland and Romania.

[1] For "Data Protection", "Ethics Policy" and "Basics of Contract Law" the status "completed" is only achieved if the office employee obtains a test result of minimum 80% at the end of the module.

Good practice 16: Summary table of the most important KPIs

Recticel, Annual Report 2019, p. 128-131

EcoVadis Dynamic Scorecard 2019 – Suppliers

Number of suppliers that comply with the Telenet Supplier Code of Conduct	Performance 2019: **13%** Target: **100%** of new suppliers have signed the Code of Conduct
Number of suppliers assessed through EcoVadis in 2019	Performance 2019: **143 (57 of which supply directly to Telenet)** Target: **100**
Number of high-risk suppliers asked to take corrective actions in 2019	Performance 2019: **4** Target: **100%** of high risk suppliers has a corrective action plan
Number of suppliers Liberty Global/ Telenet have the ambition to assess in 2020	**100**

Good practice 17: KPIs linked to the Supplier Code of Conduct and their assessment

Telenet, Sustainability Report 2019, p. 28

7.4.6.2 *Recommendations*

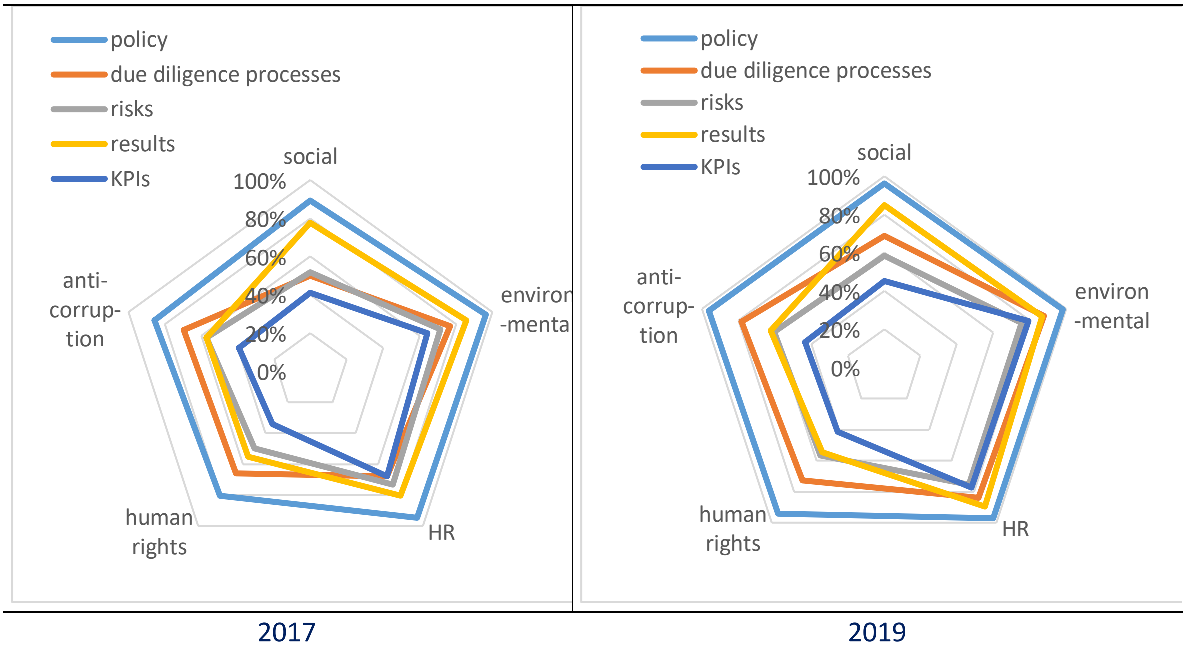
The FSMA recommends that companies:

– select KPIs that are specific to their activities and sector;
– select KPIs that correspond to those used for internal management purposes;
– justify why the KPIs chosen are appropriate for measuring the company's progress in relation to non-financial topics;
– assess whether KPIs used by peers should also be included to improve the comparability of the information provided;
– explain the definition, calculation method and *scope* of the KPIs used;[56]
– comment on any change in the scope of the KPIs and the corresponding impact.

7.4.7 Summary overview

The graph below summarizes the extent to which companies disclose for each non-financial topic: (i) the policy pursued, (ii) the due diligence processes implemented, (iii) the principal risks, (iv) the results of the policy and (v) the KPIs.

[56] If the KPIs are calculated on the basis of different activity perimeters, depending on the non-financial topics, each perimeter should be clarified. For example, if companies exclude certain entities from their greenhouse gas balance sheet, they should indicate this.



Graph 7: Description of non-financial elements

7.5 Non-financial topics

7.5.1 Regulatory framework

To the extent necessary for a proper understanding, companies should – for each non-financial topic – provide a description of: (i) the policy pursued and the due diligence processes implemented, (ii) the principal risks and (iii) the specific results and KPIs[57]. This section examines, for each non-financial topic, whether the required information has actually been provided.

7.5.2 Environmental matters

Companies report on how climate change affects their own business model. Conversely, they should also report on the way in which their own business model affects the climate. These two angles constitute the double materiality perspective[58].

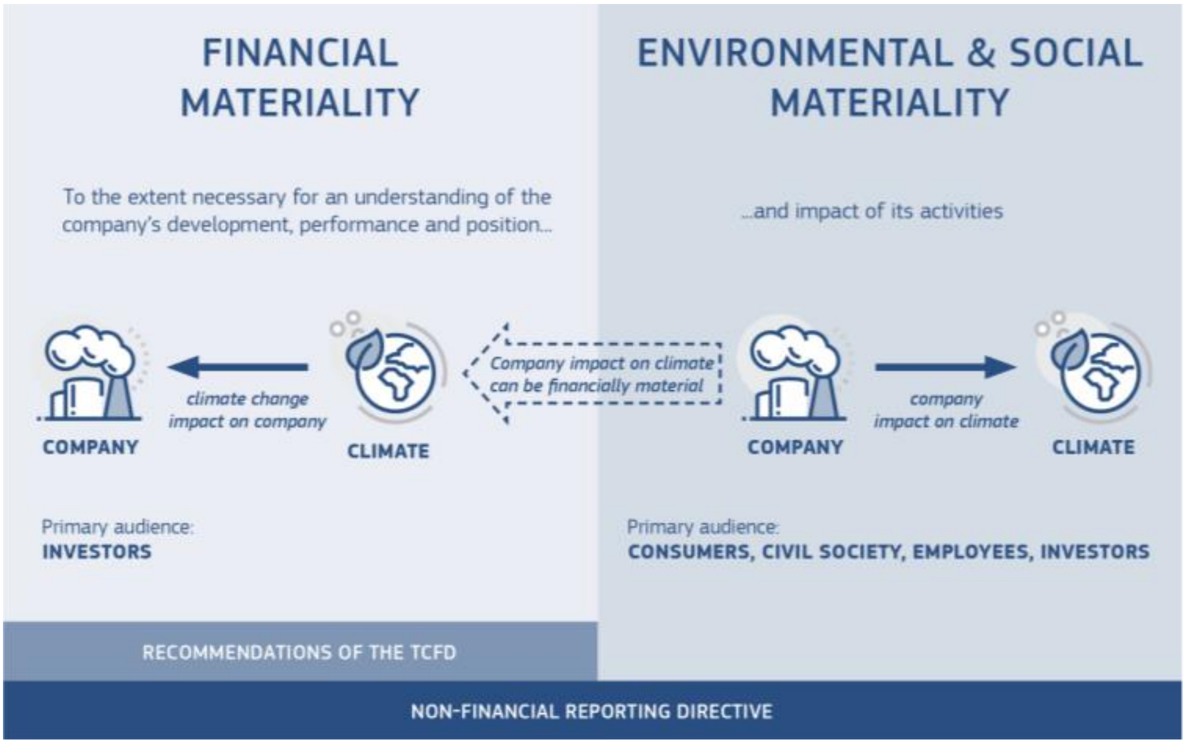


Figure 1: Double materiality perspective

European Commission, Climate Guidelines, p. 5

[57] Article 3:6, § 4, paragraph 3, of the Code on Companies and Associations.

[58] *S*ection 7.4.5.1.3 above.

The Climate Guidelines require companies to take two types of risk into consideration: (i) the risks of an adverse impact on the company and (ii) the risks of an adverse impact on the climate.

Environmental matters, including climate change, may have an adverse impact on companies. Two risk categories are identified in this respect: transition risks and physical risks.

- **Transition risks** are risks arising from the transition to a low-carbon and climate-resilient economy. They include policy risks[59], legal[60] and technology risks[61], market risks[62] and reputational risks[63].
- **Physical risks** are risks arising from the physical effects of climate change. They include infrastructure risks arising from extreme weather phenomena and risks to the company's production sites.[64]

The impact of climate change on the company's activities can be expressed in terms of risks and also in terms of **opportunities**, namely for a range of products and services that contribute to combating or adapting to climate change.

[59] Policy risks relate, for instance, to the introduction of energy efficiency requirements, carbon-pricing mechanisms which increase the price of fossil fuels, or policies to encourage sustainable land use.

[60] Legal risks are, for instance, the risk of litigation for failing to avoid or minimise adverse impacts on the climate, or failing to adapt to climate change.

[61] Technology risks occur, for instance, if a technology with a less damaging impact on the climate replaces a technology that is more damaging to the climate.

[62] Market risks occur, for instance, if the choices of consumers and business customers shift towards products and services that are less damaging to the climate.

[63] Reputational risks relate, for instance, to the difficulty a company may have attracting and retaining customers, employees, business partners and investors if a company has a reputation for damaging the climate.

[64] As a result of extreme or chronic weather phenomena and long-term trends, such as rising sea levels or an overall increase in temperature. These risks depend mainly on the climate change scenarios, e.g. an increase of 1.5°C, 2°C or 4°C.

Climate-related risks and opportunities

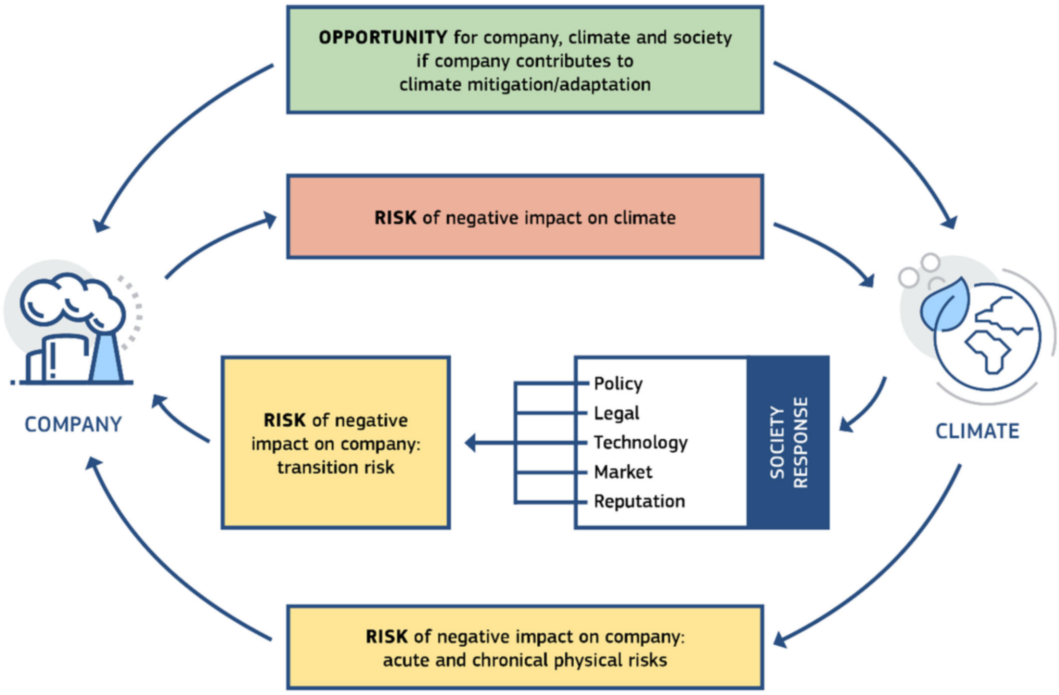


Figure 2: Climate-related risks and opportunities

European Commission, Climate Guidelines, p. 7

The Climate Guidelines provide recommendations for the contents of the climate impact information to be provided for each required area.

7.5.2.1 *Findings and good practices*

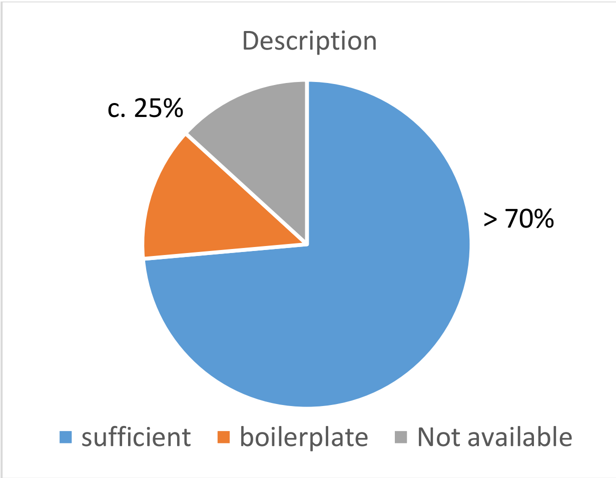
7.5.2.1.1 Policy pursued and due diligence processes implemented

Nearly all companies describe their environmental policy, as already shown in the FSMA's first study. One company on the continuous market only briefly mentions climate matters in its non-financial statement without actually describing its environmental policy.

A distinction is made between the **policy** pursued on climate change and other environmental policies[65]:

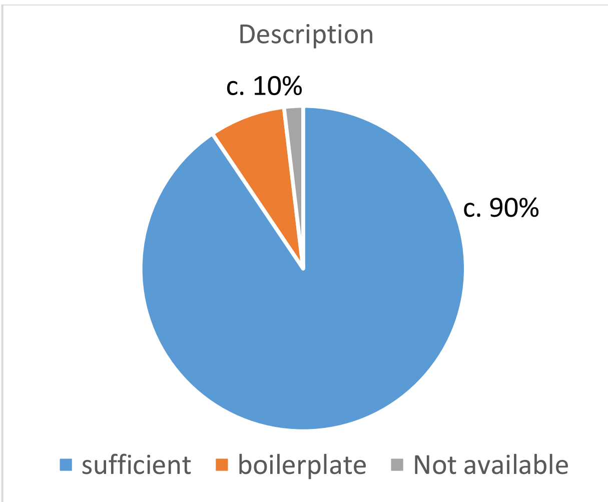
[65] When *environmental policy* or *other environmental policies* are mentioned hereafter, reference is made to all environmental matters, including climate change.

- A large majority of companies describe their policy on *climate change*. More than 70% of the companies do so in a sufficiently specific manner. Still, about a quarter of the companies provide no or incomplete information about their climate-related policy. Moreover, these companies do not explain the absence of that information.



Graph 8: Policy on climate change – entire study population

- With one exception, all companies describe their *other environmental policies*. The vast majority, including all BEL 20 companies, do so in a sufficiently specific manner.



Graph 9: Other environmental policies – entire study population

Companies that do not adequately report on their climate-related policy generally provide very generic or summary information. The non-financial statements included in the study are the first for which companies could follow the Climate Guidelines, as they were published in June 2019.

Some companies declare that they have not yet had time to develop a policy or certain specific elements. Other companies indicate that they are still developing them. For example, many companies have just started collecting data on the impact of climate change on their activities or *vice versa*. However, some BEL 20 companies have made more headway in this process.

The FSMA points out the following **good practice**:

– Some companies also describe the environmental policy of their subsidiaries[66].

The priorities of its environmental policy are the following:

- Optimisation of energy flows and lowering greenhouse gas emissions via:
  - Measurement and controlling energy and utilities consumption (electricity, gas, water, waste and CO2);
  - Production of renewable energy;
  - Adjusting settings and parameters of the building management systems (BMS);
  - Careful selection of products, material and equipment;
  - Upkeep of buildings and their equipment;
  - Waste management and recycling possibilities.
- Continued Management of buildings, compliance with legislation.
- EPC & BREEAM (In-use or not) certification.
- Active dialogue with tenants and generalisation of good practices around mobility plans, waste sorting etc.

The charter also includes active measurement of the relevant targets to allow an annual assessment of achievements including permanent monitoring via its own internal processes.

Good practice 18: Description of the environmental policy of a subsidiary

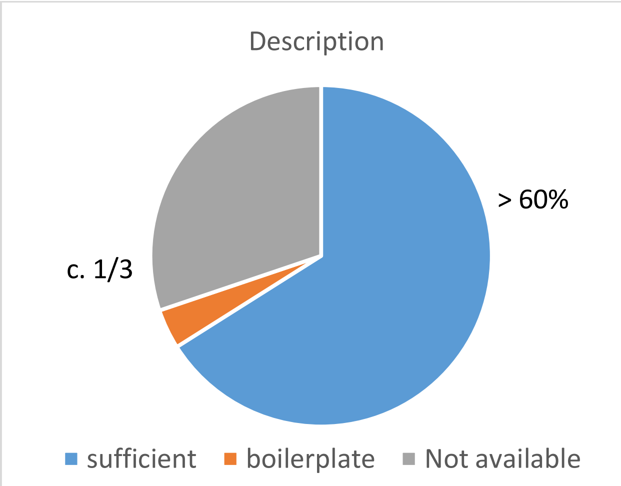
AGEAS, Annual Report 2019, p. 27

Fewer than 90% of the companies describe the ***due diligence processes implemented*** in comparison to fewer than 80% two years ago. However, the description provided by some companies is too generic or too concise.

- More than 60% of the companies describe their due diligence processes relating to *climate change* in a sufficiently specific manner. More than 80% of the BEL 20 companies

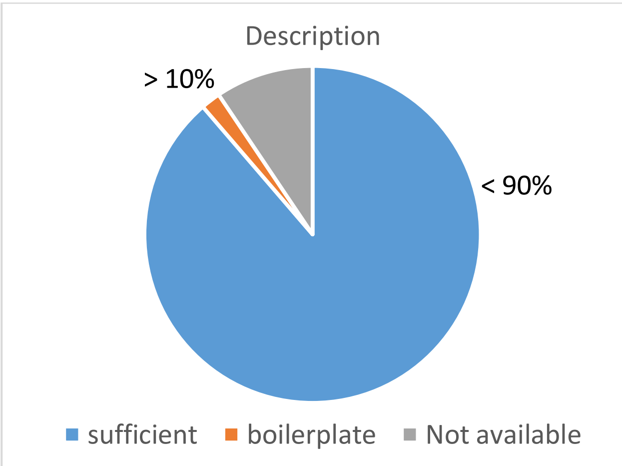
[66] Good practice 18.

do so. Approximately one third of the companies provide information that is too generic or too concise, or do not develop such processes at all.



Graph 10: Due diligence processes relating to climate change – entire study population

- All BEL 20 companies, and a vast majority of the other companies, describe their specific procedures for other environmental matters. The information provided by approximately one fifth of the other companies included in the study is either too generic or too concise. In some cases, the information is completely omitted.



Graph 11: Due diligence processes relating to other environmental policies – entire study population

The FSMA points out the following **good practices**:

– Some companies apply the following due diligence processes relating to environmental matters: (i) annual energy audits, (ii) registration of water consumption and waste generation, (iii) use of certifications for environmental management.[67]

- Some companies introduce specific systems for the assessment of the environmental impact of their activities. This involves, for example, mapping possible pollution of their sites or their impact on biodiversity.
- Regarding *climate change*, some companies explain the due diligence processes implemented for (i) the identification of climate-related risks, (ii) the follow-up and reporting of their climate-related policy[68].
- Some companies describe their action plans on the environment and more specifically on adapting to or combating climate change[69].

ENVIRONMENTAL DATA					
GENERAL					
	UNIT	2017	2018	2019	COMMENT
Production site scope					
Total number of manufacturing sites in scope	Number of sites	19	19	18	
ISO 14001 certification					
Percentage of ISO 14001 certified sites	%	69	77	85	
ISO 50001 certification					
Percentage of ISO 50001 certified sites	%	62	62	62	
ISO 45001 certification					
Percentage of ISO 45001 certified sites	%	15	15	23	
Radar chart audit					
Percentage of sites that went through a radar chart audit	%	-	-	39	New indicator. Internal audit to check plant's compliance with applicable regulations and company policies on quality, environment, safety, social accountability & ecolabels.

Good practice 19: Due diligence processes relating to environmental policy

Ontex, Integrated Annual Report 2019, p. 150

67 Good practice 19
68 Good practice 20.
69 Good practice 21.

Climate-related risks

The risk associated with the transition to a low-carbon economy and the risk from climate-related physical events that impact our business.

The KBC Risk Management Framework defines the group-wide standards for risk management. Since this framework covers all risks that KBC is exposed to, climate-related risks are being gradually embedded in existing risk management processes.

Governance

The KBC Risk Management Framework is supported by solid risk governance:

- The management of climate-related risks is fully embedded in our existing Risk Management Governance.
- Risk is actively addressed by the core team of the Sustainable Finance Programme, which focuses on integrating climate-related matters throughout the group.
- The senior general managers of Group Risk and Group Credit Risk are members of the Sustainable Finance Programme Steering Committee and one of them also sits on the Internal Sustainability Board.

Risk identification and classification

We continuously scan the internal and external environment for new and emerging risks we are exposed to in the short term (1 to 3 year horizon), in the medium term (3 to 20 year horizon) and in the long term (20 to 30 year horizon). This group-wide process involves all necessary stakeholders, including entities from the business side, corporate sustainability and asset management. To ensure pro-active climate-related risk identification in an integrated environment, we:

- organise internal communication and training for (risk) staff and management;
- have set up a Sustainable Finance Legal Working Group to follow up new and changing regulations;
- take into account sustainability and climate-related policies when deciding on new products or services;
- have identified and defined climate risk in our risk taxonomy;
- regularly report on climate-related risk signals to senior management.

Climate change was identified as a top risk in the past and is becoming increasingly important, triggered in part by the increased sense of urgency regarding transition risks. The identified top risks are used as input for several other risk management exercises and tools, such as risk appetite setting, stress testing, the aligned planning cycle, etc.

Cascading and setting risk appetite

Our risk appetite objectives support the group in defining and realising its strategic sustainability goals of, *inter alia*, maintaining a strong corporate culture that encourages responsible environmental and social behaviour, achieving long-term sustainable growth and ensuring stable earnings. To be less vulnerable to changes in the external environment – including climate change – we seek diversity and flexibility in our business mix, client segments, distribution channels and geographies, where we refrain from focusing on short-term gains at the expense of long-term stability.

These high-level risk appetite objectives are further specified for a number of risk types in line with our climate-related policies (see 'Focus on climate') and will be gradually improved based on new insights (see 'Risk measurement'):

- A group-wide zero tolerance policy is in place for new business with a company on the KBC blacklist. This policy is fully embedded in the organisation as part of the operational risk management framework.
- Controversial activities identified in our standards for sustainable and responsible lending are managed through sound lending and insurance processes, acceptance policies and product characteristics, and are actively screened by the business side, with quality controls performed by the second and third lines of defence. They also define the playing field for credit and insurance risks.

Risk measurement

We are working together with external parties on a series of tools and methodologies to strengthen our ability to identify and measure climate-related risks (see 'Focus on climate'). These tools will provide further insights into not only the impact of climate change on our business model, but also the impact of our activities on the environment.

Risk analysis, monitoring and reporting

Indicators for climate-related risks and opportunities are integrated into the KBC Sustainability Dashboard, which allow us to monitor progress in the implementation of our sustainability strategy and to make adjustments when necessary. Climate-related risks will be further integrated into our internal risk reports, ICAAP/ORSA and external reports. Stress testing will also be used as a key tool to gain insights into climate-related vulnerabilities.

The impact of more extreme weather conditions has already been incorporated into the insurance activities, as we use a number of internal and external measures, along with stress tests, to analyse the potential impact of (acute) natural catastrophe events on our non-life (property) portfolio. For the modelling of natural catastrophe events, external broker and vendor models are used in all KBC insurance entities. KBC actively engages and enforces a dialogue on the consideration of climate change in the scenario analysis of these providers.

Forward-looking trends, such as changes in storm and precipitation patterns and changes in the frequency of floods are monitored as part of the Insurance Risk Management Framework and related processes (see 'Technical insurance risks'). Physical risks in other regions around the world are also closely monitored as they can have an impact on the global reinsurance market on which KBC relies. Climate change does not represent a significant technical insurance risk for KBC in the short to medium term, due mainly to the well-diversified nature of KBC Insurance's life and non-life activities, the focus on our core markets in Belgium and Central Europe, and the annual renewal of policies and related reinsurance contracts.

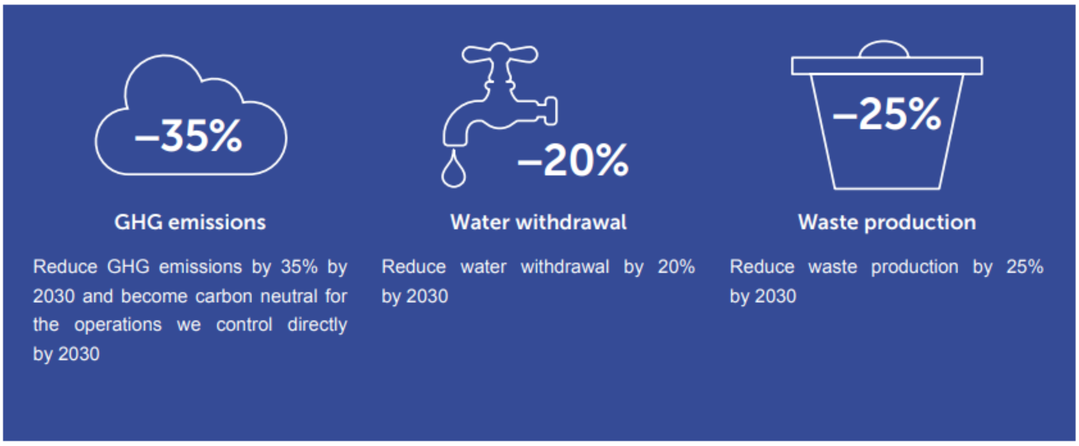
A number of initiatives were started to improve our understanding of how to measure ESG and climate-related risks. The insights gained will then be used to explore how we can further integrate these risks into our credit assessment process and modelling (including expected credit losses) and to adapt our policies, where necessary. Moreover, management has the ability to overrule the expected credit losses and to capture events that are not part of the financial assessment, such as the growing insights into ESG and climate-related risks. To date, this approach has yet to be applied.

Good practice 20: Due diligence processes relating to climate change

KBC Group, Annual Report 2019, p. 123-124

Our 2030 Green Goals

We are committed to minimizing our environmental footprint across our business activities and operations. We have developed a company-wide environmental roadmap which defines how we will reach the ambitious targets set for reducing our local and global environmental impact. These are:



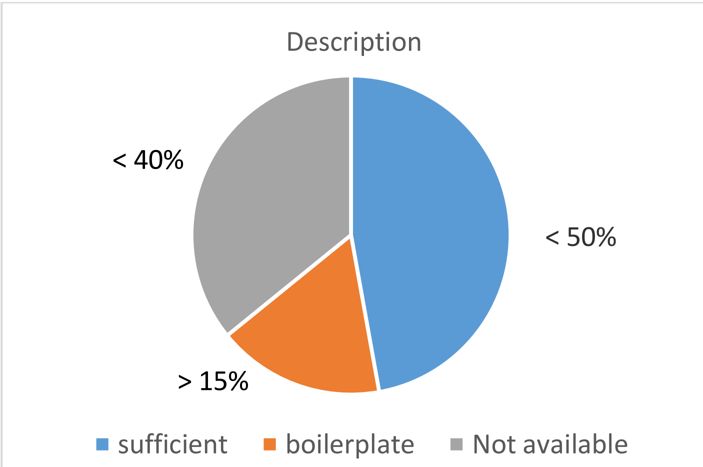
Good practice 21: Quantified environmental objectives, including climate change

UCB, Integrated Annual Report 2019, p. 53

7.5.2.1.2 Risks

Three quarters of the companies describe their environmental risks, a slight improvement on the results of the previous study. A distinction is made between climate change risks and other environmental risks.

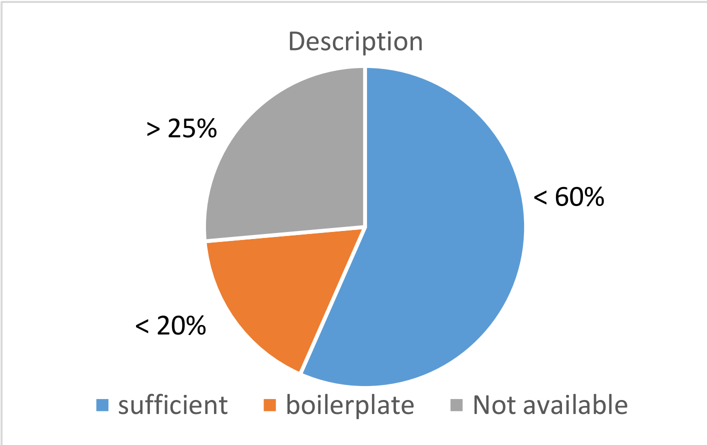
- About two thirds of the companies provide a description of their *climate-related risks*. Just over one third do not. Approximately 70% of the BEL 20 companies describe these risks in a sufficiently specific manner. About 40% of the other companies do so. One BEL 20 company has ordered a preliminary report on the climate change risks and opportunities and has started to calculate its *scope 3* emission in 2019.[70] That company indicates that it will continue to analyse these topics in 2020. Another BEL 20 company states that it will assess the impact and climate-related risks for its group in 2020.



Graph 12: Description of climate-related risks – entire study population

- Approximately three quarters of the companies describe *other environmental risks*, such as water scarcity, biodiversity loss, pollution or noise pollution. About a quarter of the companies do not do so. Approximately three quarters of the BEL 20 companies describe these risks in a sufficiently specific manner. About half of the remaining companies does so.

[70] See section 7.5.2.1.3 below.



Graph 13: Description of other environmental risks – entire study population

In general, the description of the risks and opportunities needs to be improved. For example, only about three quarters of the companies describe – to a certain extent – the effects of their activities on the environment and/or climate. Only about 40% of the companies describe the impact of climate change and/or other environmental matters on their activities.[71]

Moreover, a number of companies describe existing or potential risks to their sites or installations, without, however, establishing an explicit link between those risks and the impact on climate change.

The FSMA points out the following **good practices**:

- Some companies describe the risks of their activities in terms of air, water or soil pollution or in terms of noise pollution[72].
- Some companies describe the opportunities in a specific way. For example, when they market products with a direct environmental and/or climate impact[73].
- Some companies pay equal attention to non-financial risks and non-financial opportunities.
- Some companies anticipate a potential and persistent reinforcement of environmental regulations for their business sector.[74]

[71] Good practice 22.
[72] Good practice 23.
[73] Good practice 24.
[74] Good practice 25.

– Some companies describe the physical risks of climate change. For example, the location of their sites in places of the world more severely affected by extreme weather phenomena.[75] Some companies include climate change in the assessment of their climate-related risks. They address the issue of climate-related risks for the group activities and carry out a scenario analysis.[76]

Climate change or other environmental concerns, or legal, regulatory or market measures to address climate change or other environmental concerns, could have a long-term, material adverse impact on AB InBev's business and results of operations. Further, water scarcity or poor water quality may affect AB InBev by increasing production costs and capacity constraints, which could adversely affect AB InBev's business and results of operations. Additionally, AB InBev's inability to meet its compliance obligations under EU emissions trading regulations may also have an adverse impact on AB InBev's business and results of operations.

AB InBev's operations are subject to environmental regulations, which could expose it to significant compliance costs and litigation relating to environmental issues.

Good practice 22: Environmental risks for the company, including climate change

AB InBev, Annual Report 2019, p. 72

Emerging risks

Environmental impacts

Risk description

Solvay's activities impact the environment through:

- Use of raw materials based on fossil or non-renewable resources,
- Consumption of energy,
- Use of water,
- Production of waste (solid or liquid, hazardous or safe),
- NO_x, SO_x, Volatile Organic Compounds (VOC) or dust emission,
- Greenhouse gas emissions (see "Climate change" risk).

There is a risk not to meet the rising and more stringent expectations from all stakeholders regarding those impacts on environment.

Prevention and mitigation actions

- Solvay One Planet program will set an ambitious long term vision with a intermediary 2030 environmental plan on high materiality environmental aspects.

Good practice 23: Pollution risks connected with the company's activities

Solvay, Annual Integrated Report 2019, p.72

[75] Good practice 26.
[76] Good practice 27.

7 CLIMATE AND ENVIRONMENT

STRATEGIC FOCUS AREA

ECONOMIC PERFORMANCE

VALUE CHAIN AND SOCIETY

ECO-EFFICIENCY

CHANGE IN RISK PROFILE

No change

CHANGE IN OPPORTUNITY PROFILE

No change

POTENTIAL IMPACT

Climate and environment impacts are mostly related to our supply of primary raw materials or to our suppliers' extraction of these primary raw materials. Easy-to-mine deposits are becoming increasingly scarce and ore bodies poorer. Many specialty metals required for new, environmentally-friendly technologies can only be obtained as a by-product of other metals. Treating complex materials from above-ground sources, such as industrial residues and end-of-life materials, is increasingly important.

Climate change causes extreme natural events, chronic deviations in mean temperatures and precipitation patterns, and rising sea levels. This could impact our sites or supply chain.

Historical industrial activity requires active management and remediation. Increasingly stringent regulations on energy use and emissions can induce higher operational costs.

CHANGE IN CONTEXT

Civil society and political discourse are increasingly demanding that business takes an active role in mitigating climate change.

Our accelerated expansion combined with increased demand for our products have increased Umicore's exposure to potential climate or environmental risks and the opportunity to expand in a way that can mitigate or address these risks.

MEASURES TAKEN BY UMICORE

Umicore plays a key role in the transition to a low-carbon future as our materials tackle global trends for clean air and e-mobility, and our closed loop business model tackles resource stewardship.

Our facility in Hoboken is the world's largest and most complex precious metals recycling operation, processing over 200 types of raw material and recovering over 20 different metals. We ensure that a high volume of our metals come from secondary sources – production scraps, residues and end-of-life materials. We can also recycle customers' residues and production scrap to help them maximize their material efficiency and then transform the recovered materials into new products. In total we recover 28 metals from our closed loop activities. Our high yield recycling process continues to be a driving force in resource efficiency and contributing to the circular economy.

In 2019 Umicore carried out several studies to feed our process of climate and environment-related strategy for the future, these include studying our scope 3 emissions and climate related risks and opportunities. Umicore performed a life cycle assessment on the production of cathode materials and has identified the leverage it can have for a lower carbon mobility through the right choice of the cathode chemistry, energy mix, and raw materials, including recycled materials. For the new battery production plant in Poland, Umicore ensured that electricity will be from renewable sources.

We ensure that our current activities keep to the most stringent environmental standards for air and water and work every year to improve our energy efficiency despite our growth and increased production. For more information, see notes E2 through E6.

Our global footprint and diverse site locations reduce our exposure to physical risks. New sites have been chosen considering proximity to customers, access to skilled workforce, excellent logistics, infrastructure and green energy.

Umicore manages its historical environmental legacy, ensuring adequate financial provisions that are reviewed twice a year. For more information, see notes E7 and F29.

Good practice 24: Environment-related opportunities, including climate change

Umicore, Integrated Annual Report 2019, p. 66

With the legally binding Paris Agreement (https://ec.europa.eu/clima/policies/international/negotiations/paris_en) setting out to limit global warming to well below 2°C, we are likely facing external measures to offset our CO_2 emissions in the form of a 'carbon tax'. While our activities in Belgium are currently not impacted by CO_2 taxes as the Belgium Government has granted emission credits, the situation will change in 2021 and we will need to gradually increase our expenditure on emission rights.

In case of an EU carbon tax and the potential abolition of the current carbon emission credit system, our European plants would be impacted by a carbon tax. The impact on our US and Turkish activities is not known yet.

Good practice 25: Transition risk as a result of climate change

Balta Group, Annual Report 2019, p. 49

Environmental risk & climate change

Environmental risk

Group Internal Services (responsible for buildings) and Risk Management, together with the Network Engineering and Operations department, regularly assess how extreme climate events could impact Proximus' operations.

To date, Proximus did not identify any chronic physical risks. Risk of extreme weather conditions such as heavy rain and winds, floods, lightning strike and heat waves are seen as acute and temporary events and are treated as follows:

- Flooding risk mainly applies to equipment that is placed outside in cabinets or units. All cabinets are put on a pedestal in concrete and a second one in metal. The latest type of cabinets with copper access technology make use of a sealed, water resistant unit containing the active equipment.

- The oldest type of copper cables with lead mantle are more vulnerable to excessive water in the ground. There are two very important investment projects that aim to phase out these old copper cables. Mantra+ program will phase out most of the copper feeder cable in a timeframe of 15 years. An extensive fibre program will phase out 50% of all copper distribution cables over the next decades. There is no active equipment in the outside optical fibre network, the fact that this is a completely passive and water-resistant solution will limit the risk of customer impact during flooding.

- In 2013, the regulation regarding protection against lightning strikes changed in Belgium. All technical installations are compliant. The installed base of radio access network sites was adapted to be compliant with the norm NBN EN 62305 which implies a detailed risk analysis for each site.

- Heavy winds are mainly a risk for the pylons and structures that carry mobile antennas. The current norms imply the resistance of the structure to wind loads that are far greater than regular conditions in Belgium. The Proximus outside plant is less vulnerable than the OSP in countries like France, the UK, Spain, … which heavily use aerial last mile networks, both in copper or in fibre. Proximus traditionally deployed fully underground cable networks (opposed to aerial) and the recent façade FttH solutions are also attached to solid objects (buildings), limiting exposure.

- Several precautions are taken to limit the effect of extreme heat conditions on street cabinets. These are (almost always unless imposed otherwise by communalities) a very light colour and placed outside direct sunlight. A lot of engineering is done regarding the heat exchangers. With every change of technology, or additional technology in these cabinets, heat flows are studies and optimized.

Climate change

Climate change is high on the agenda due to growing awareness on global warming. In Belgium this is demonstrated by the Thursday marches for climate and political debate on salary cars.

The Group Corporate affairs, responsible for legal, regulatory, public affairs, internal audit & risk management, compliance, group communications and security governance & investigations, closely follows the evolution of regional, national, EU and worldwide climate related guidelines, directives, standards and laws. Proximus has a clear policy to reduce CO_2 emissions and clear commitment to become circular (see chapter 'Committed to the circular economy').

Internal audit has to move beyond its ability of handling risks & controls to be fully aligned with company strategic objectives and to enter into the role of trusted advisor.

Good practice 26: Physical risks as a result of climate change

Proximus, Annual Report 2019, p. 85-86

Climate change

Trend: Stable

The Group strategy to address climate-related risks (as defined by TCFD[*1]) could be ineffective and damage Solvay's reputation, causing business losses, undervaluation, and difficulty attracting long-term investors.

- Policies and legal context: regulations and actions to limit CO_2 emissions, for example increasing the price of greenhouse gas (GHG) emissions,
- Technology: unsuccessful investment in new, lower-emission technologies,
- Markets: failure to adapt to changing customer behavior,
- Reputation: negative stakeholder attitudes if their climate change concerns are not addressed effectively,

Prevention and mitigation actions

- Solvay's strategy focuses on businesses with higher added value and less environmental exposure.
- Every year, the Sustainable Portfolio Management (SPM) tool assesses the environmental exposure of our sales and our innovation projects portfolio. SPM includes climate-related criteria aligned on 2°C scenarios.
- Solvay has a GHG emissions reduction plan.

2019 main actions

Solvay mainly works on four workstreams:

- Review of climate-related risks and opportunities for each product in each market with Solvay Sustainable Portfolio Management tool. 19% of our sales are ranked in climate-related solutions, while 3% of our sales are ranked as climate-related Challenges.
- Realization of a 2040 scenario analysis in line with the TCFD recommendations and using as reference the International Energy Agency's Sustainable Development scenario. The study showed that sales' opportunities could be larger than negative impacts on costs.
- Realization of a mapping of acute climate-related physical risks with insurers. Seven production sites are located in areas with a 2% annual change of exposition to floods. 11 sites production sites are located in wind exposed areas.
- The mapping of water scarcity risks has been updated based on a database from Hoekstra & al (2016). 21 sites have been identified "at risk", combining location, water consumption and business interruption costs. Action plans are being developed for each plant, based on their specific situation.

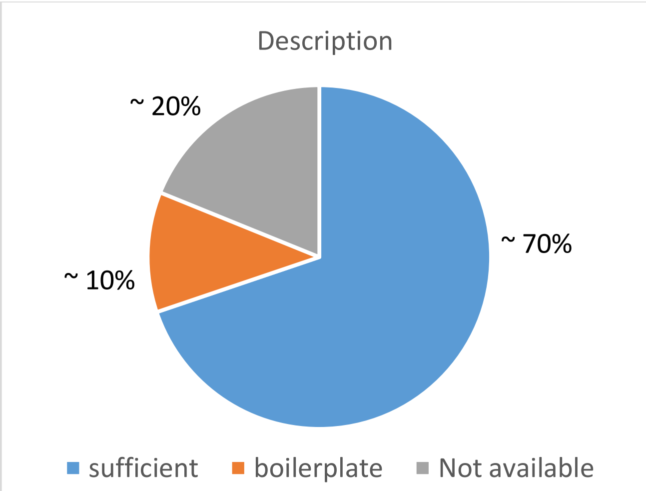
Good practice 27: Risk assessment based on a climate change scenario

Solvay, Annual Integrated Report 2019, p. 71

7.5.2.1.3 Results and KPIs

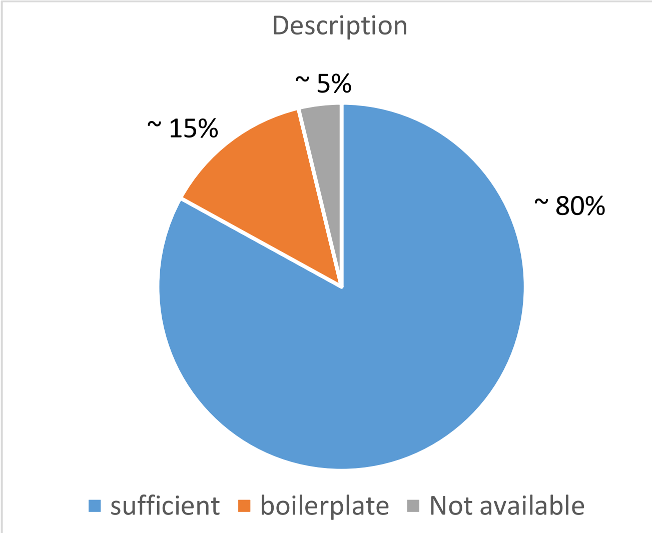
Reporting on the results of the climate-related policy and other environmental policies is fairly diverse.

- Significant gaps have been identified regarding *climate change*. Approximately one fifth of the companies do not provide any **results** on the matter. Approximately 70% of the companies included in the study report in a sufficiently specific manner. Companies failing to include sufficient information give a purely textual description, without concrete indicators. Sometimes they limit themselves to a very brief description.



Graph 14: Results of climate-related policy – entire study population

- The vast majority of companies report on the **results** of their *environmental policy*. However, a small minority of companies do not do so. Most BEL 20 companies report in a sufficiently specific manner. The same is true for more than three quarters of the other companies.



Graph 15: Results of other environmental policies – entire study population

Fewer than 80% of issuers report on the KPIs used for environmental matters in general.[77]

The FSMA points out the following **good practices**:

– Some issuers provide a quantified assessment as well as a textual explanation. They compare the results obtained over time and check them against the objectives set. They describe, for example, their water use and energy consumption or their waste management.[78]
– Some issuers provide a table listing the KPIs used and the environmental objectives set. They compare the results obtained with the objectives set and check them against market references.[79]
– Some issuers describe their results and KPIs in several different ways, for example in the form of a text, a graph or a table. This enhances the understanding of the information and facilitates comparison with previous years.[80]

[77] I.e. including climate change.
[78] Good practice 28.
[79] Good practice 29.
[80] Good practice 30.

2.10 HOW WE MANAGE WASTE

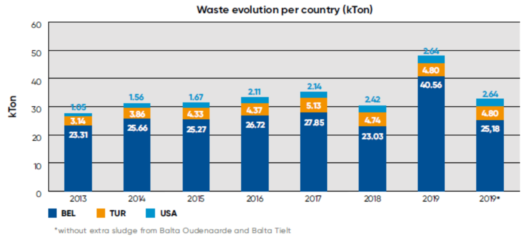
Since 2012, we've ensured that zero waste from production has gone to landfill across all our manufacturing sites. Operational excellence programs have further reduced waste in production and over 100 different waste streams have been identified, collected and reused where possible. Priority is given to internal reuse of production waste, as currently only 2% of total waste streams are recycled internally.

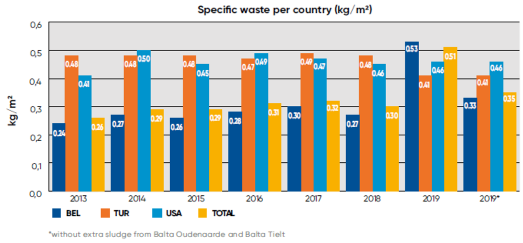
During 2020 we are investing in the development of a waste polypropylene recycling plant. The re-granulated polypropylene will be reused in the production of staple fibre for non-woven textiles and as weft-yarn for weaving as we look to reduce our reliance on jute.

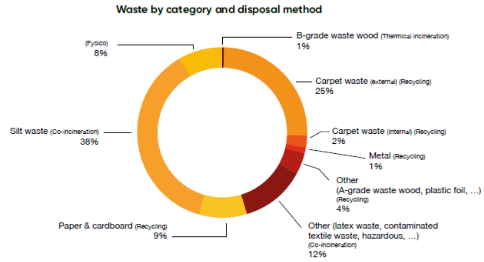
As one of our key objectives to reduce our impact on our climate change, we aim to achieve 100% production waste recycling by 2030. We will progress this through reviewing and optimising manufacturing processes, re-evaluating waste streams and re-engineering products. There are also opportunities in co-operation with a broader range of external recycling partners. Currently, there are clearly defined common waste streams across Balta so performance can be measured and best practice shared across all production sites.

Through the one-off operation to empty and clean the water purification plant in Oudenaarde following the restructuring of production across Belgium, 2019 recorded an increase in wastewater flows. In addition, there were changes in the dyeing operation in Tielt which meant the biological purification plant could not handle this type of wastewater. This waste-water is currently treated externally.

Outside of Belgium, all raw material waste streams are constantly monitored and waste percentages remain below our KPIs. Bentley will use group KPIs for 2020 reporting.







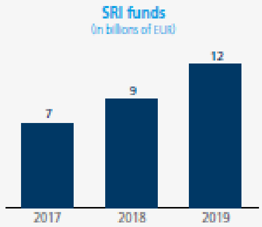
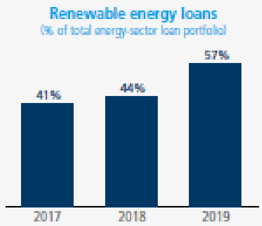
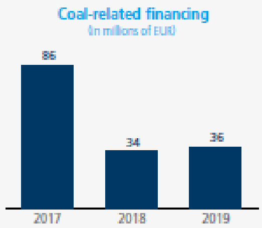
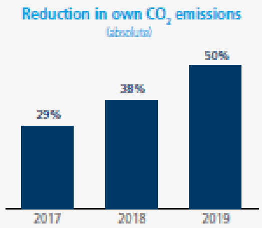
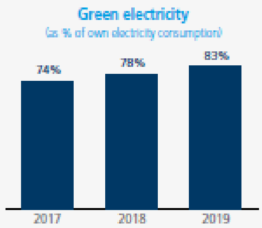
Good practice 28: Results of the environmental policy

Balta Group, Annual Report 2019, p. 55

OUR CSR PRIORITIES (MATERIAL TOPICS)	RELATED RISK & OPPORTUNITIES	STRATEGIC KPI	TARGET	RESULT 2019 VS TARGET	RESULT 2019 VS. EXTERNAL ENVIRONMENT
Planet					
Green fleet	Having a green fleet helps improve our carbon footprint and brings about a positive public image of the company. It also generates fuel cost savings. Moreover, it is a way to mitigate expected rising carbon taxes.	CO_2 footprint scope 1, 2 and 3	• -20% scope 1 and 2 GHG emissions by 2030 compared to baseline 2017: 114,395 tCO2-eq. • -20% scope 3 GHG emissions by 2030 from upstream transportation and distribution compared to baseline 2017: 218,016 tCO2-eq.	Results 2019: scope 1 & 2 emissions increased by 4% and scope 3 emissions decreased with 13% vs 2017 allowing an overall decrease of CO_2 emissions of 7% (scope 1, 2 and 3).	bpost has been recognized top 3 greenest postal operator by the IPC. Every year, IPC's Environmental Measurement and Monitoring System (EMMS) measures the carbon emissions of a group of twenty postal operators worldwide.
Green buildings	Green buildings generate energy-related cost savings and improve our carbon footprint.				
Waste management	A sound waste management brings a positive image of the company and improves our scope 3 carbon footprint. As such, it can also generate revenues by valorizing waste as a raw material.				

Good practice 29: KPIs on environmental and climate-related policy

Bpost, Annual Report 2019, p. 38

KPI	Description	Target and result	
Position in SRI funds	Volume of SRI funds at KBC Asset Management	Target: 10 billion euros by year-end 2020 14 billion euros by year-end 2021 20 billion euros by year-end 2025 2019 result: 12 billion euros[1]	
Renewable energy loans	[outstanding amount of loans to businesses in the renewable energy and biofuels sectors] / [total outstanding energy-sector loan portfolio]	Target: ≥ 50% by 2030 2019 result: 57%[3]	
Financing of coal-related activities	Loans to coal-related activities	Target: reduce financing of coal sector and coal-fired power generation to zero by 2023[2] 2019 result: 36 million euros remaining[3]	
Reduction in own CO_2e emissions	Reduction in own greenhouse-gas emissions (in absolute terms and per FTE) compared to 2015 and excluding commuter travel.	Target: reduce emissions by ≥ 25% between 2015 and 2020 reduce emissions by ≥ 50% between 2015 and 2030 reduce emissions by ≥ 65% between 2015 and 2040 2015–2019 result: -50% (absolute) and -48% (per FTE)	
Own green electricity consumption	[Green electricity] / [total electricity consumption]	Target: 90% green electricity by 2030 2019 result: 83%	

1 Not including KBC pension funds.
2 We exclude oil, gas and coal extraction and oil and coal-fired power generation. ČSOB in the Czech Republic will be the sole and temporary exception to this with regard to the financing of ecological improvements to coal-fired, centrally-controlled heating networks. Detailed information on this matter is provided in the KBC Energy Policy, which is available at www.kbc.com. KBC will continue to review its policy on coal in 2020 as part of its heightened climate ambition and the new commitments entered into in this regard in 2019. This could broaden the scope of reporting in the future.
3 Excluding UBB in Bulgaria.

Good practice 30: KPIs on environmental and climate-related policy – table with graphs

KBC Group, Annual Report 2019, p. 57

The most frequently reported KPIs on **environmental matters** relate to (i) energy consumption, (ii) water consumption and treatment, (iii) greenhouse gas emissions and (iv) waste generation and treatment. Some KPIs are very sector- or company-specific, e.g. the budget that a company spends on soil remediation, the budget for noise pollution abatement measures and installations, the number of complaints received of (potential) breaches of environmental legislation. A number of issuers do not provide any KPIs on environmental matters.

Regarding the specific KPIs on **climate change**, about three quarters of the issuers included in the study mention a "*carbon footprint*". Nearly all BEL 20 companies and about two thirds of the other companies do so. However, these issuers do not distinguish between the three perimeters for measuring greenhouse gas emissions, *scopes 1, 2* and *3*.

Figure [1.1] Overview of GHG Protocol scopes and emissions across the value chain

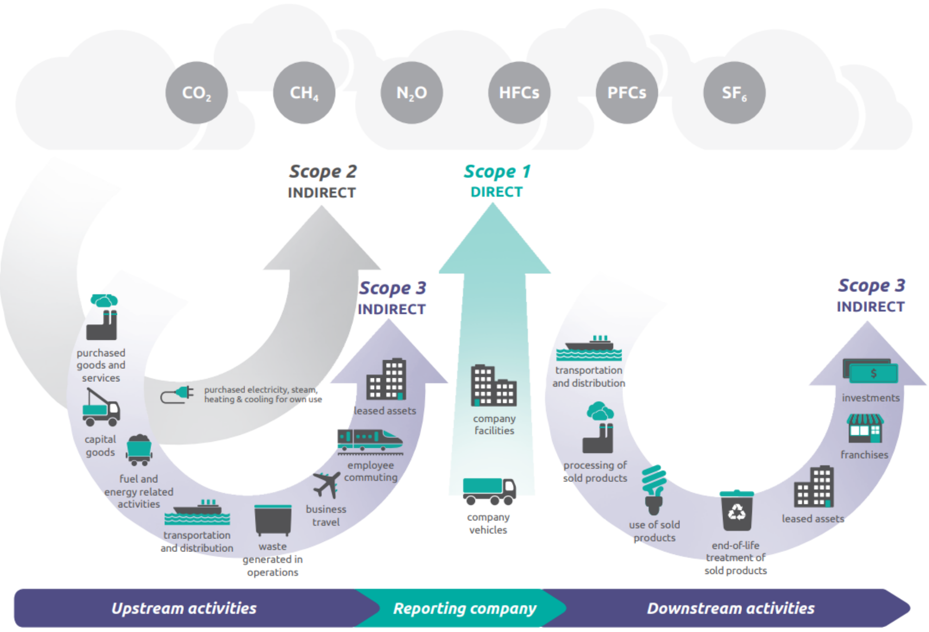


Figure 3: Overview of the GHG protocol scopes and emissions across the value chain

www.ghgprotocol.org

This can be partly explained by the fact that the calculation of *scope 3* is more complicated than that of *scope 1 and scope 2*. *Scope 1* includes the direct greenhouse gas emissions from manufacturing the company's products or providing its services, *scope 2* those from the energy consumption required for that manufacturing or provision, and *scope 3* all other indirect emissions in the value chain, including emissions produced downstream, for instance in the supply chain, and emissions from the transport, use and end-of-life of the products. However, for some sectors, *scope 3* emissions represent the majority of the emissions.

Moreover, there are two approaches for calculating *scope 2*, one based on the geographical location (“*location-based approach”*) and the other one based on the market (“*market-based approach”*)[81]. Those two approaches can yield very different results.

> The FSMA points out the following **good practice**:
>
> – Some companies clearly indicate which approach they use in their carbon balance.[82]

GHG Emissions(2)					
Scope 1 emissions	Metric tons CO_2e	9,085	8,607	9,390	10,567
Scope 2 market-based emissions	Metric tons CO_2e	3,243	5,235	2,069	3,301
Scope 2 location-based emissions	Metric tons CO_2e	32,591	32,792	31,910	28,951
Scope 3 emissions	Metric tons CO_2e	6,098	5,598	3,666	3,405
Total location-based GHG emissions	**Metric tons CO_2e**	**47,765**	**46,997**	**44,966**	**42,923**
Total market-based GHG emissions	**Metric tons CO_2e**	**18,418**	**19,440**	**15,124**	**17,273**
Carbon credits	Metric tons CO_2e	(8,627)	(8,473)	(8,627)	(8,627)
Emissions intensity (scope 1 and 2 market-based)	metric tons CO_2e / terabyte of data usage	0.009	0.007	0.005	0.005
Emissions from business travel	Metric tons CO_2e	951	920	634	385

Good practice 31: CO_2 footprint per “scope”

Telenet, Sustainability Report 2019, p. 38

Issuers use different indicators to report emissions. For example, emissions are reported according to the above-mentioned *scopes 1, 2* and *3* in terms of CO_2 equivalent, or they are reported only for one of the scopes, or they are limited to CO_2 emissions without taking account of the other greenhouse gas emissions. Some issuers provide details on their emissions for each scope, according to the source of the emission.

In addition, the indicators are sometimes expressed in terms of total emissions, sometimes as total emissions at constant production, or as emission intensity (CO_2 emissions per ton produced).

A little under one third of the companies establishing a carbon balance describe the methodology they use to calculate their KPIs. This percentage increases to approximately 80% for the BEL 20 companies. However, it is true that, in 2019, several companies reported on their carbon balance for the first time.

> The FSMA points out the following **good practice**:
>
> – Some issuers clearly explain the methodology they use for calculating their KPIs[83].

[81] GHG Protocol Scope 2 Guidance, 20 January 2015, available on https://ghgprotocol.org.
[82] Good practice 31.
[83] Good practice 32.

Annual greenhouse gas emissions

Euronav has been and will continue to work on addressing the impact of our operations on the environment. Disclosure is a key part of this on-going process with Euronav the only quoted crude tanker company to have been consistently publishing our carbon footprint data since 2017.

Total organizational emissions have been normalized by total freight moved and this increased over 2019 to 3.36 gCO_2 e/t.km when compared to 3.07 gCO_2 e/t.km in 2018. This was primarily a result of a higher average vessel speed and higher fleet operating days during 2019. Total emissions have however decreased by 4.1% when compared to the 2017 baseline and our first year of reporting such data.

Euronav intends to publish emissions targets over the next 12 months. During 2019 the company established an ESG and Climate Change committee to assist in implementing a comprehensive climate change policy.

Type of Emissions	2017 Emissions (tCO_2 e)[1]	2018 Emissions (tCO_2 e)	2019 Emissions (tCO_2 e)	Change 2019 vs 2018
Scope 1 (Direct)	3,280,230	2,944,387	3,129,065	6%
Scope 2 (Indirect Energy)	400	424	430	2%
Scope 3 (Indirect Other)	635,830	583,547	624,824	7%
Total	**3,916,460**	**3,528,045**	**3,754,859**	**6%**

[1] Certain aspects of the organisation's operations have been excluded, due to a lack of data availability. These account for less than 0.3% of total emissions so are not considered material. This includes electricity from two one-person offices and business travel from Anglo-Eastern Ship Management. Values have been rounded so may not tally completely in Table 1. The reported figures for CO_2 and other GHG emissions for 2018 in relation to the 21 ships purchased as part of the "Gener8 merger" are not the actual ones but they are "annualized" for comparison purposes. The reported figures for 2017 have been "rebaselined" for year-on-year comparison purposes with the 2018 figures.

Scope 1: Emissions from Euronav's sources that are controlled directly by the company, including the combustion of fuel from vehicles and vessels, and building operations.
Scope 2: Emissions from imported energy, such as purchased electricity, heat or steam.
Scope 3: Emissions from non-owned sources that are related to the company's activities. This includes business travel, the well-to-tank emissions related to the processing of fuels, and the transmission and distribution of electricity.

Methodology

Emissions have been calculated in line with the main requirements of the GHG Protocol for all Scope 1 and 2 and material Scope 3 emissions for the period 1st January – 31st December 2019. Scope 3 business travel and energy related emissions have been calculated and reported. To take into account identified improvements in data quality for natural gas and electricity consumption in Belgium, emissions have been re-baselined back to 2017.

The disclosed emissions cover all sources within Euronav's operational control. As such, all operations that are directly managed by Euronav are included, as well as third party managed vessels adhering to our 'Ship Management Agreements' and leased ships. Emissions from lone workers in Doha and Hong Kong and business travel from Anglo Eastern Ship Management have been excluded due to a lack of data availability. These emissions will be immaterial when compared to emissions from shipping fuel.

Results

Euronav's carbon footprint for the 2019 calendar year was 3,754,859 tonnes of CO_2 equivalent, an increase of 6% in comparison with 2018. The emissions intensity of Euronav's operations has increased by 9.4%, from 3.07 gCO_2 e/t.km in 2018 to 3.36 gCO_2 e/t.km in 2019. 83.2% of total emissions originate from fuel used by ships, with a further 16.3% of total emissions from the well-to-tank extraction and processing of these fuels. Business travel represents 0.3% of total emissions. Scope 2 (indirect energy) emissions have increased significantly, as a result of improving data quality in offices.

On the key IMO greenhouse gas emissions index of AER (Annual Efficiency Ratio), there was a modest improvement in 2019 to 2.36 g/CO_2/TNM, this figure being within the Poseidon Principles targets for 2019. Euronav provides further disclosure below related to the performance of seagoing fleet:

	2018	2019
EEOI gCO_2/TNM	4.60	4.96
AER gCO_2/TNM	2.37	2.36
OEI gCO_2e/T.KM	3.07	3.36

***EEOI/Energy Efficiency Operational Index**: Sea going fleet emissions (gCO_2) per unit of transport work (cargo ton miles)*

***AER/Annual Efficiency Ratio**: Sea going fleet emissions (gCO_2) per ton of ships deadweight times total miles run in the period*

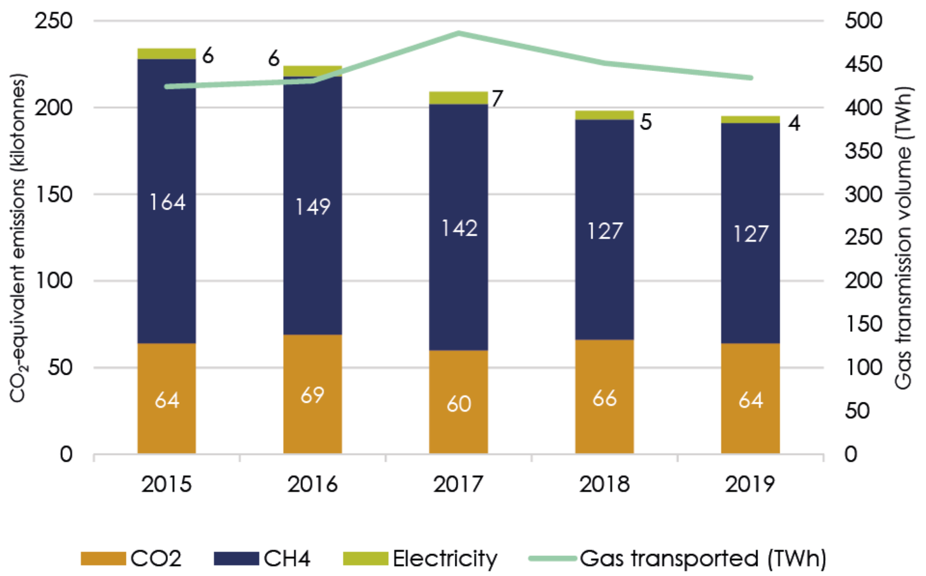
***OEI/Organizational Emissions Intensity**: All Euronav emissions (scope 1, 2, 3) per unit of transportation work (cargo ton kilometers)*

Good practice 32: Methodology used for CO_2 footprint and KPIs on CO_2 emissions

Euronav, Annual Report 2019, p. 82

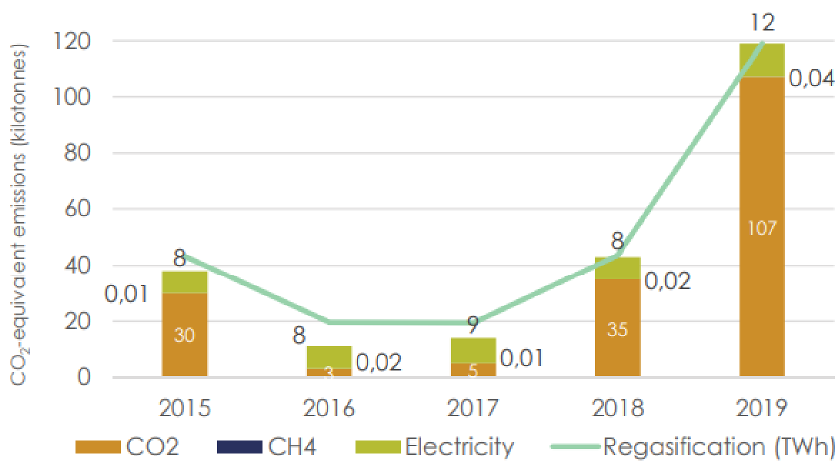
The FSMA points out the following **good practices**:

- Some companies illustrate their greenhouse gas emissions by means of a graph, and also provide a textual description. This facilitates comparison of the results over time.[84] [85]
- Some companies report on the measures they have taken in response to the TCFD's recommendations.[86]



Transmission: greenhouse gas emissions

[84] Good practice 33 illustrates the breakdown of the total emission per source.
[85] Good practice 34 illustrates the evolution of the emission on the basis of the income generated and compares it with the objectives set.
[86] Good practice 35.



LNG terminalling: greenhouse gas emissions

Good practice 33: Presentation of changes in greenhouse gas emissions in the form of a graph

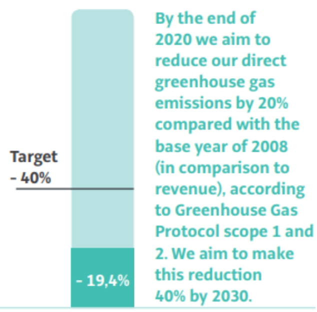
Fluxys Belgium, Annual Financial Report 2019, p. 67-68

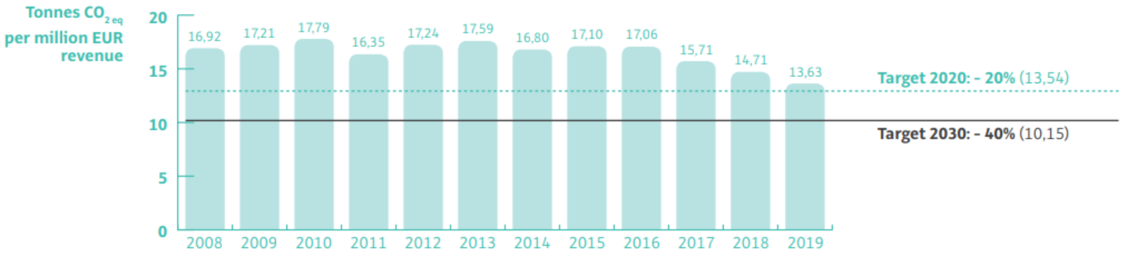
PROGRAMME

11 Climate

For ten years now, we have been actively working to reduce our impact on the climate. Our basic principles are as follows: we avoid CO_2 emissions, reduce our emissions in general and constantly seek solutions with the lowest impact on the climate. We have analysed our activities and identified those areas in which we have the greatest impact. As a result, we have defined **three direct impact categories**, on which we focus strongly with many projects and initiatives. These are refrigeration and heating, mobility and transport, and finally energy consumption and production.

We monitor our emissions according to the **Greenhouse Gas Protocol** (scope 1 and 2). We are now also working with our suppliers to reduce the impact of our products on the climate. Methods such as LCA (life cycle assessment) and OEF (organisational environmental footprint) help us do this.





Good practice 34: Presentation of CO_2 emissions compared with the objectives, in the form of a graph

Colruyt, Annual Report 2019/20, p. 177

Our future work

We will continue our work in the field of sustainability, with a view to achieving continuous progress in our priority areas and towards our ambition of making sustainable finance work. The table on the right shows the progress made under the Sustainable Finance Programme (SFP) towards meeting the TCFD recommendations as of year-end 2019, together with the focus points for 2020.

Pillar	Recommendations	Progress made as of year-end 2019	Focus points in 2020
Governance	a. Describe the board's oversight of climate-related risks and opportunities b. Describe management's role in assessing and managing climate-related risks and opportunities	- Climate governance included in our overall sustainability governance - Management of climate-related risks embedded in our existing Risk Management Governance - SFP's core team to integrate climate approach throughout the Group – the programme is overseen by a Steering Committee chaired by the Group CFO - Indicators related to climate-related risks and opportunities and the progress of the SFP in the implementation of our climate strategy are integrated into the KBC Sustainability Dashboard, submitted twice a year to the Executive Committee and the Board of Directors to measure progress (twice in 2019) - Annual in-depth discussion on SFP progress by the Board of Directors (once in 2019) - Sustainability KPI included in the variable remuneration of Executive Committee members and senior management	- Further integrate climate-related responsibilities in the charters of all relevant decision-making bodies at KBC Group - Regular discussions on SFP progress by the Internal Sustainability Board, Executive Committee, Board of Directors and the Supervisory Boards of KBC's core countries - Start to report progress and new KPIs in the Sustainability Dashboard of KBC Group - Sustainability KPI settings for senior management to potentially include a clear link to the SFP
Strategy	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	- Climate included in our overall sustainability strategy, confirmed by signing the Collective Commitment to Climate Action in 2019 - First steps to understand the impact of climate change on our business model, but also the impact of our activities on the environment - First identification of climate-sensitive corporate industrial sectors (loan portfolio) - Launch of three pilot projects (PACTA, PCAF and UNEP FI) working on a series of tools and methodologies to: i) enhance our ability to identify and measure climate-related risks and guide and inform our strategy; and ii) quantify the indirect impact of our most carbon-intensive sectors and business lines - Climate change identified as a top risk for KBC with increasing importance. This is used as input for other risk management exercises and tools, such as risk-appetite setting, stress testing and the aligned planning cycle - Identification of business opportunities in retail and corporate segment - Updated and tightened KPIs	- Set up strategic teams to integrate climate-related risks, opportunities and targets in the strategy of the most carbon-intensive sectors and to further develop the methodologies used in this respect - Start mapping our portfolio in line with the EU Taxonomy - Further work on customer engagement, starting in Belgium with the training of all relationship managers at Corporate Banking and preliminary dialogues with corporate customers - New KPIs linked to the KBC SFP will be proposed and decided upon in the coming period
Risk	a. Describe the organisation's processes for identifying and assessing climate-related risks b. Describe the organisation's processes for managing climate-related risks c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated in the organisation's overall risk management	- Climate-related risks are gradually being embedded in existing risk management processes, through the KBC Risk Management Framework defining group-wide standards for risk management of all risks - Group-wide risk identification process to ensure we cover all material risks to which we are, or may become, exposed to, with specific actions to ensure proactive, climate-related risk identification in an integrated environment - Regular reporting to senior management of climate-related risk signals in response to risk scan exercises and insights from ongoing methodological pilots - Climate change identified as a top risk for KBC, which is used as input in other risk management exercises and tools, such as risk-appetite setting, stress testing and the aligned planning cycle - Risk-appetite objectives to help the group realise its strategic sustainability goals (to be gradually improved based on new insights) - Active role of risk and credit risk in the SFP - Specific due diligence process at client and transaction level with respect to our sustainability policies, including procedures to deal with any infringements that are detected	- Further integrate climate change in KBC's risk management processes and our internal and external risk reporting based on insights gained from the ongoing methodological pilots (metrics and targets) - Stress testing will be a key tool to identify climate-risk-related vulnerabilities - Highlight risks of stranded assets in various sectors

Metrics and targets	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG)
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets
		- Launch of three pilot projects (PACTA, PCAF and UNEP FI) working on a series of tools and methodologies to: i) enhance our ability to identify and measure climate-related risks and guide and inform our strategy; and ii) quantify the indirect impact of our most carbon-intensive sectors and business lines
		- Evaluate and publish first results of these pilots
		- Scope 1, 2 and 3 (business and commuter travel, paper and water consumption and waste generation) GHG emissions reported and externally verified in accordance with ISO 14064-3
		- Reporting against targets set (both internally and externally in our annual reporting):
		  - Direct: 65% reduction in direct GHG emissions by 2040 and 90% green electricity share by 2030
		  - Indirect: 50% share of renewables in the total energy credit portfolio by 2030, reduce financing of coal sector and coal-fired power generation to zero by 2023 and 20 billion euros in SRI funds by 2025
			- Continue the development of the methodological pilots (PACTA, UNEP FI, PCAF), in co-operation with other banks and stakeholders and expand the scope of the pilots in a subsequent phase
			- Monitor and evaluate alternative and potential methodologies
			- Evaluate current targets and possibly propose additional ones for reducing direct GHG emissions, possibly related to specific underlying activities

Good practice 35: Progress made and action plan on the TCFD's recommendations

KBC Group, Sustainability Report 2019, p. 29

7.5.2.2 *Recommendations*

The FSMA recommends that companies:

- explain the environmental policy pursued;
- describe their policy on climate change, taking the recommendations of the Climate Guidelines into account;
- describe the due diligence processes implemented, either to avoid the risks identified from occurring or to limit their impact;[87]
- describe, pursuant to the double materiality perspective,
  - the effects – on climate change and the environment – of their activities or their business relationships as well as of the use of their products and services by their customers, and
  - how climate change and the other environmental challenges influence the development, performance and situation of their business. The companies are

[87] In particular, by explaining the action plans they put into place to avoid and mitigate adverse consequences regarding the risk of the average planet temperature rising by more than 1.5°C or 2°C.

advised to describe the actual or potential implications of an operational and financial nature;

- assess and describe the transition risks and physical risks associated with climate change. The companies indicate if and how these two types of risk are linked;
- take different time horizons into account when assessing these risks and opportunities;[88]
- describe the targets set;
- accurately define the KPIs used and explain their method of calculation, in particular for the more complex KPIs, such as the assessment of greenhouse gas emissions.

7.5.3 Social matters

In addition to employee-related matters, companies also describe the significant elements regarding social matters. These matters are not directly related to their own employees. Social matters are broader than employee-related matters and are more *of a social nature*.

They relate, for example, to the health, safety, well-being and development of customers, consumers, suppliers, actors in the supply chain or communities living or working in the vicinity of a company's sites.

A small number of issuers confuses social matters with employee-related matters.[89] This point was already addressed in the previous study. Although these companies mention social matters, they mainly limit themselves to their own employees.

7.5.3.1 *Findings and good practices*

7.5.3.1.1 Policy pursued and due diligence processes implemented

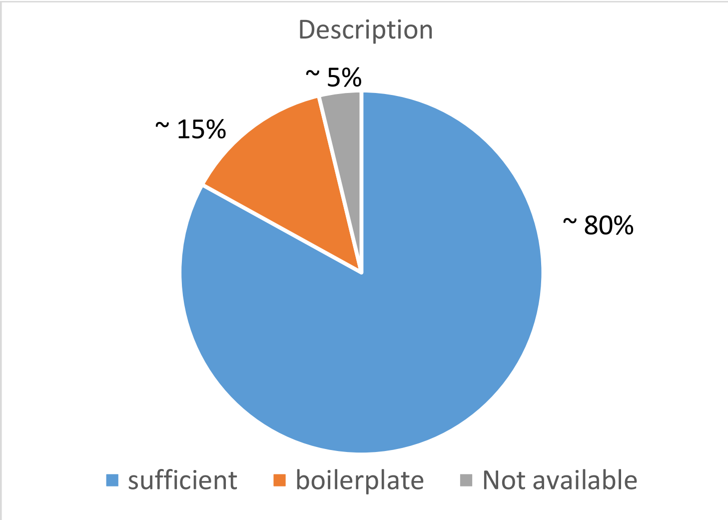
Almost all issuers describe the *social policy pursued*, an improvement compared to approximately 90% in the previous study. Moreover, all BEL 20 companies describe this policy in a sufficiently specific manner. This is not yet the case for the other companies.

About one fifth of these companies provides a very generic or summarized description of their social policy. One company on the continuous market mentions the social and employee-related matters in the same section, but elaborates only on the latter. Yet another company on the continuous market mentions a health risk, but does not develop a specific social policy anywhere. Other companies also dedicate a common section in their

[88] To give an idea of the uncertainties in the short and especially in the medium and long term, together with the possible effects on the company activities in different circumstances.

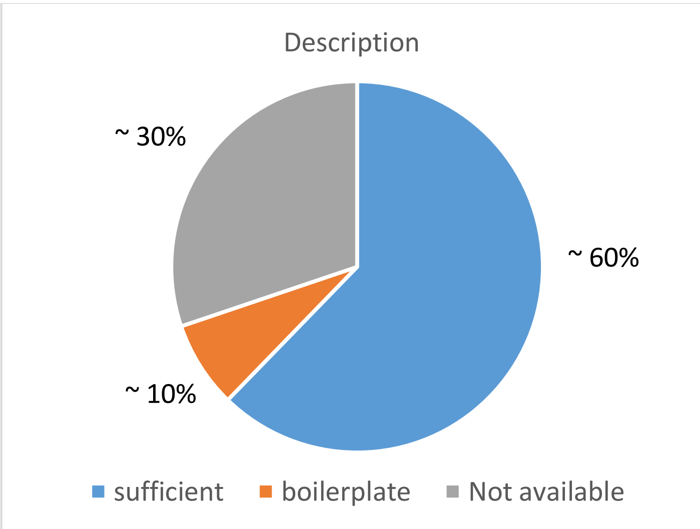
[89] The NFI Guidelines expand on the thematic aspects of these two matters in the same section (4.6, b).

non-financial statement to social and employee-related matters. In that case, it is important to sufficiently develop the essential elements of the social matters. However, this does not happen systematically.



Graph 16: Social policy – entire study population

The *due diligence processes* implemented are described less often than the policy.[90] About 70% of the companies report on those processes. Almost all BEL 20 companies and about 60% of the other companies do so. This is an improvement on the first study, where about half of all companies described their due diligence processes. The present study establishes that, in most cases, the due diligence processes, if available, are described in a sufficiently specific manner.



[90] This applies to all non-financial topics.

Graph 17: Due diligence processes relating to social policy – entire study population

The FSMA points out the following **good practice**:

– Some companies deal with the following social matters: (i) health, (ii) safety, (iii) education, (iv) training and well-being of consumers, their customers or specific groups, (v) patronage/sponsorship activities or (vi) measures taken to ensure the protection and development of local communities. [91] [92]

SIPEF creates value for society

SIPEF's plantation operations in Indonesia, Papua New Guinea and Ivory Coast create a lot of value for the production countries, whose economic development is accelerated.

- To optimise the management of the plantations, a lot of attention is given to training the employees in agricultural and management methods and general aspects.
- SIPEF works closely with smallholders, who are able to expand their activities together with the Group.
- Expansion in remote areas is always linked to investments in infrastructure, housing and facilities that the Company puts at the disposal of the workers.
- SIPEF actively consults with public and private stakeholders. It believes that, by working with customers, social and environmental NGOs, governments and industry bodies, civil society, producers, researchers and other willing stakeholders, it can maintain its social and legal support, and so bring about and promote the introduction of safe, sound and sustainable standards and practices.

A few examples of value creation are briefly described. For more detailed insight into how the Group creates value at various levels, see Part 3 of the Sustainability report of this Annual report.

Good practice 36: Social policy

SIPEF, Annual Report 2019, p.30

416-2 COMFORT, QUALITY AND SAFETY OF OUR MEDICAL AND INDUSTRIAL SOLUTIONS

At IBA, we are constantly improving our products and quality management processes in order to offer the market complete, safe and efficient solutions. We train our clients and help the medical community to provide users and patients with reliable and safe treatments. In order to raise the quality of the product IBA delivers on the market we are ISO13485:2016, ISO9001:2015, MDSAP certified. There have been no material incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of IBA's products and services

Good practice 37: Due diligence processes relating to social policy

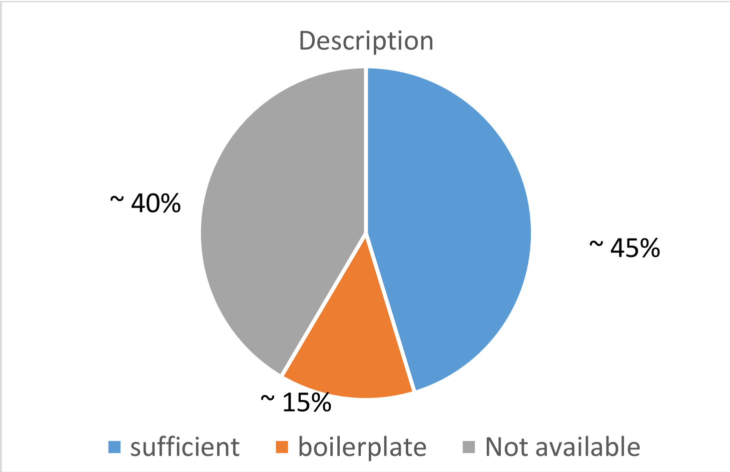
IBA, Annual Report 2019, p. 180

91 Good practice 36 contains a description of an issuer's social policy.

92 Good practice 37 gives a brief overview of the due diligence processes implemented and their results regarding the social policy.

7.5.3.1.2 Risks

About 60% of the companies describe their *principal social risks*, a slight increase compared to the results of the first study. More than four-fifths of the BEL 20 companies describe these risks in a sufficiently specific manner, compared to about only one-third of the other companies.



Graph 18: Social risks – entire study population

> The FSMA points out the following **good practice**:
>
> – Some companies expand on the social risks related to (i) the health, (ii) the safety and well-being of consumers, customers or specific groups, as well as on the reputational and financial risks resulting from incidents in these areas.[93]

[93] Good practice 38 illustrates the different elements relating to social matters and starts with a description of the principal social risks.

7.4 Community engagement

Our material issues: main risks

One of the key material issues for Telenet is the topic of 'digital inclusion and skills development'. Building a digital-savvy workforce is crucial to executing the Company's corporate strategy as outlined in section 2 of the present statement. However, the Company's responsibility goes beyond its own direct business needs. It touches on the key role that stakeholders expect Telenet to take as it comes to creating a digital society that is accessible to all and that stimulates the digital skills development of citizens across the local communities. Not actively responding to these societal needs may present a reputational risk for the Company.

How we address them: policies and due diligence

As a leading telecommunications and media player in Belgium, Telenet is aware of the important role it plays in the Belgian society. The Company drives a community engagement policy that focuses on digital innovation as an engine to create a richer quality of life, sustainable economic growth, and increased education and employment opportunities. At the same time, Telenet is also aware of the societal challenges that digitization brings. The company therefore actively addresses the following digital society issues: (1) unlocking the potential of digital for all; (2) empowering future generations in the digital age; (3) accelerating digital entrepreneurship and (4) finding the right digital balance. More information on this community engagement policy can be found on the sustainability section of the Telenet corporate website.

Telenet monitors and manages its community investments on a yearly basis following the London Benchmark Group framework. In addition, the Company holds regular alignment meetings with the NGOs and community initiatives that receive structural support, in order to assess their impact, to review and - if or when necessary- adjust the investment and refine the cooperation.

Outcomes: Most important community engagement investments in the year ended December 31, 2019

In 2019, Deloitte carried out a socio-economic impact study of Telenet in the period 2014-2019: the total impact measured by gross output was €26.7 billion, and the impact measured by gross value add was € 16 billion. Furthermore, Telenet actively invested in technology innovations and network improvements to the benefits of its customers and the evolution of the digital society. In 2019, these investments represented € 587 million. Telenet invests €1.6 million per day.

As a committed member of the local community, Telenet continued its contribution to structural digital society initiatives and community investments. These investments aim at boosting innovation, creativity & entrepreneurship, nurturing digital skills, reducing the digital divide and promoting the right digital balance. In the period 2014-2019, the Company did invest €89 million in digital society initiatives and community engagement. In 2019, Telenet's financial contribution to charities and community initiatives totaled 2,023,405 euros. In addition, Telenet employees contributed 1,170 hours to volunteering in 2019.

In 2019 Telenet also launched a new initiative #TelenetGo that inspires consumers on the endless possibilities offered by digital through workshops in the Telenet shops, and online expert talks on the website. As a telecom and entertainment provider, Telenet wants to enable and promote a digital lifestyle, while helping people find the right balance: digital technologies should not jeopardize personal relations nor present a serious risk to people's wellbeing or health. The #TelenetGo initiative therefore raises public awareness on key issues in digital like cyberbullying and sexting, and actively promotes online safety and security.

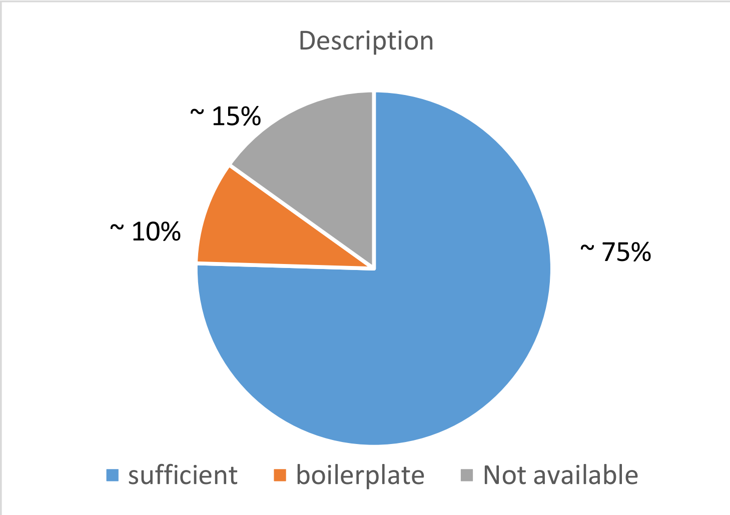
In parallel, the Telenet Business department continued its investments in the Digital Acceleration of SME entrepreneurs by providing free consultancy about e-commerce, social media and online security. The year 2019 was marked by the launch of an online matchmaking platform that connects SME entrepreneurs with digital experts and coaches. In 2019, the Digital Acceleration program reached more than 1000 SME entrepreneurs in Flanders and Brussels.

Good practice 38: Social risks (policy, due diligence processes and results)

Telenet, Annual Report 2019, p. 31

7.5.3.1.3 Results and KPIs

Approximately 85% of the non-financial information analysed shows the *results of social actions undertaken*, a slight improvement compared to the first study.



Graph 19: Results social policy – entire study population

This description is usually textual. In about 45% of the cases, it is combined with quantitative KPIs. In the first FSMA study, that figure was 40%. The companies generally give a textual description of the actions they undertake, e.g. events or trainings they organize for local communities.

The FSMA points out the following **good practices**:

- Some companies use the following social KPIs: (i) the number of trainees, apprentices or persons/young people with problems who received training in the previous year[94], (ii) the amounts donated to local communities or (iii) the level of customer satisfaction about the products or services offered.[95]
- Some issuers present the evolution of their KPIs graphically.[96]
  - Good practice 39 shows all KPIs reported by the issuer about the training provided to its employees (employee-related matters), to trainees, to its customers and in the context of its patronage projects (social matters).
  - Good practice 40 illustrates the KPIs used by means of a table. The results obtained are then compared with the objectives imposed and checked against market references.

[94] Good practice 39.
[95] Good practice 40.
[96] Good practice 41

Indicator		2018	2019
Training and education			
Investment in education and training (in million EUR)	Financial year	**38,2**	**38,8**
% Payroll invested in education and training	Financial year	**3,14**	**3,04**
# Unique participants in personal growth trainings	Financial year	**1.698**	**1.759**
# Different personal growth trainings	Financial year	**51**	**58**
# Employees involved in dual learning	Financial year	**-**	**206**
# Interns	Financial year	**508**	**585**
# Traineeship programmes	Financial year	**8**	**8**
# Participants in butcher course	Financial year	**28**	**18**
Colruyt Group Academy for consumers			
# Colruyt Group Academy centres	Financial year	**10**	**11**
# Participants in Colruyt Group Academy workshops	Financial year	**37.549**	**52.602**
# Different trainings for consumers	Financial year	**-**	**190**
Collibri Foundation			
Investment amount (in EUR)	Calendar year	**647.928**	**808.593**
# Training projects	Calendar year	**13**	**14**
# Young people directly involved in training projects	Calendar year	**5.124**	**6.715**

Good practice 39: Training KPIs on social and employee-related matters on an annual basis

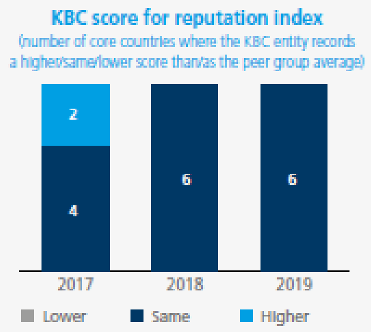
Colruyt, Annual Report 2019/20, p. 149

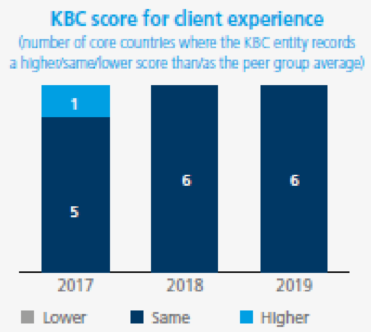
OUR CSR PRIORITIES (MATERIAL TOPICS)	RELATED RISK & OPPORTUNITIES	STRATEGIC KPI	TARGET	RESULT 2019 VS TARGET	RESULT 2019 VS. EXTERNAL ENVIRONMENT
Proximity					
Proximity to our society	Proximity to society is part of bpost's mission. Forgetting the local community would be detrimental to bpost's reputation.	Amount of donations		306,000 EUR donations	
Proximity to our suppliers	Having a clear overview of our supply chain brings efficiency and helps avoid supply risks (e.g. financial or supply stability). Also, including sustainability requirements helps mitigate reputational risks linked to unethical behavior or environmental damage.	Share of significant tier 1 suppliers covered by our supplier code of conduct	100%	100%	Since 2018, 100% of bpost Belgium suppliers are covered by the supplier code of conducts (now included in our general terms and conditions for all our contracts). Ecovadis surveyed companies on their procurement practices in 2019. From this survey, it appears that not more than 45% of the companies spend 64% or more of their procurement volume on suppliers covered by their sustainable procurement policy.
Proximity to our customers through our services	Enhancing our customer experience and improving our offer improves customer retention. Moreover, developing more sustainable solutions gives an opportunity to go beyond customer expectations, thus improving our market positioning.	Customer satisfaction	To exceed or meet the level of previous year (2018 bpost Belgium: 84).	bpost Belgium:82	bpost measures customer satisfaction on a 7-point scale. Other companies tend to use a 5-point or 10-point scale. Moreover, we mix results of both residential and business customers in our approach. This makes it difficult to compare results with other companies or benchmarks.

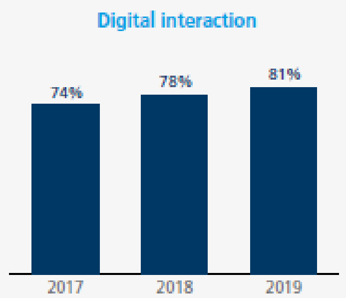
Good practice 40: Social KPIs compared with the company's own objectives and market references

Bpost, Annual Report 2019, p. 38

KPI	Description	Target and result
Reputation index	The index reflects the overall public attitude towards the company and is influenced by the performance of seven manageable reputation drivers, which are also measured in the study. The survey is performed by Ipsos.	Target: achieve the same or a higher score than the peer group average[1] per country. 2019 result: all countries scored in line with the peer group average.
Client experience	Client experience is measured on the basis of responses to statements such as: 'offers quality products and services', 'offers transparent products and services', 'is easy to interact with', 'offers good value for money' and 'understands client needs'. The survey is performed by Ipsos.	Target: achieve the same or a higher score than the peer group average[1] per country. 2019 result: all countries scored in line with the peer group average.
Digital interaction	Proportion of clients who interact with KBC via at least one of the non-physical channels (digital or advisory centre)[2].	Target: ≥ 80% in 2020 2019 result: 81%







1 In 2019, the financial benchmarks in Belgium were: BNP Paribas Fortis, ING, Argenta, Ethias, AG Insurance, Belfius, Baloise, Crelan; in the Czech Republic: Air Bank, Moneta Money Bank, Česká spořitelna, Komerční banka, Kooperativa pojišťovna, Česká pojišťovna, Fio banka, Česká pošta, Burinka, Modra Pyramida ; in Hungary: OTP Bank, Erste Bank Hungary, Budapest Bank, CIB Bank, Raiffeisen Bank Hungary, UniCredit Bank Hungary; in Slovakia: Slovenská sporiteľňa, VÚB Banka, Tatra banka, Prima banka, Poštová Banka, Unicredit Bank, Allianz; in Ireland: Permanent TSB, Bank of Ireland, Ulster Bank, AIB, EBS; in Bulgaria: UniCredit Bulbank, DSK Bank, Allianz Bank, Central Cooperative Bank, Bulstrad Vienna Insurance, Armeec, Allianz Insurance, First Investment Bank. The scores relate to the KBC brand (banking and insurance) in Belgium, the ČSOB brand (banking) in the Czech Republic, the ČSOB brand (banking) in Slovakia, the K&H brand (banking) in Hungary, the KBC brand in Ireland and the UBB and DZI brands in Bulgaria. Limited changes in scope can occur year-on-year.

2 Excluding Bulgaria and Postal Savings Bank (Czech Republic). Excluding non-active clients. Including clients who – in addition to using non-physical channels – are also in contact with KBC via the branches. Weighted by the number of active clients per country. The ratio relates to the final quarter of 2019.

Good practice 41: Presentation of the progress made in the KPIs on social policy, in the form of a graph

KBC Group, Annual Report 2019, p. 36

7.5.3.2 *Recommendations*

The FSMA recommends that companies:

– make a clear distinction between social and employee-related matters,
– provide sufficient information on the policy and the due diligence processes relating to social matters,

- identify the possible risks of their activities with regard to (i) the customers, (ii) the consumers, (iii) the employees of their trading partners and subcontractors or (iv) the communities living in the vicinity of their production sites,
- describe the results of the policy in a balanced way, both in a narrative and a numerical way, using KPIs,
- compare the results with the objectives set,
- describe clearly how the Covid-19 health crisis was handled.[97]

7.5.4 Employee-related matters

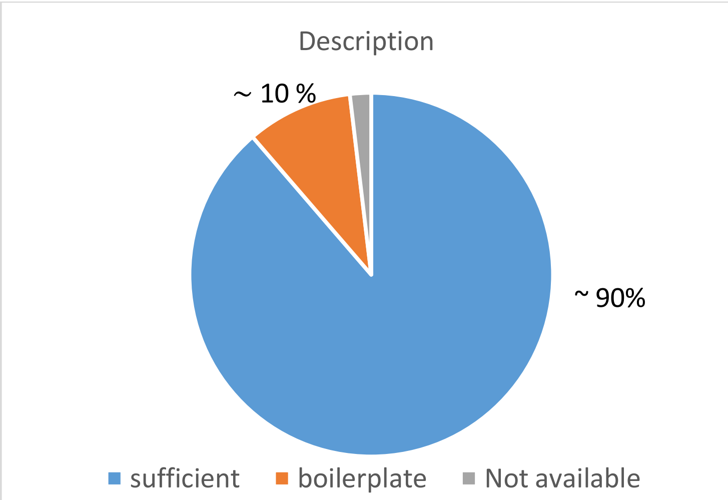
7.5.4.1 *Findings and good practices*

7.5.4.1.1 Policy pursued and due diligence processes implemented

[97] In particular, explain the programmes, if any, that they have put into place to promote measures for the health and safety of, for instance, their customers, consumers, suppliers and subcontractors in the context of the pandemic, as well as the results of these programmes.

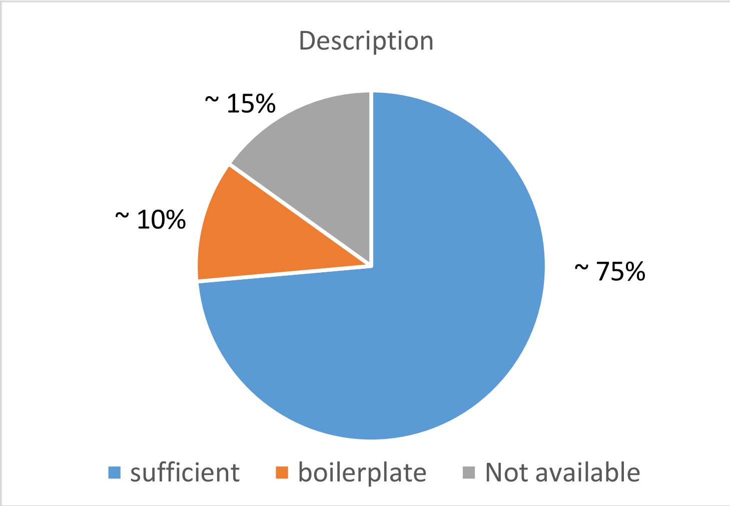
With the exception of one company on the continuous market, all issuers describe their *employee policy*. This is an improvement on the first study. At that time, three issuers, including the same one as mentioned above, reported no policy at all. That issuer mentions a risk for the recruitment and retention of qualified employees, but provides almost no useful information on its own employee policy, except for a due diligence process relating to the management of this risk.

The vast majority of companies provide a sufficiently specific description of their employee policy. This goes especially for the BEL 20 companies. Approximately 15% of the other companies included in the study provide a very general or very brief description of their employee policy.



Graph 20: Employee policy – entire study population

Although the BEL 20 companies generally provide sufficient information on their due diligence processes, this remains an area for improvement for several companies. More than 60% of the companies outside the BEL 20 companies describe these procedures adequately. About 15% provide either a very general or a very brief description. About one-fifth give no description at all. Nevertheless, this is an improvement on the results of the previous study. This goes for both the BEL 20 companies which did not yet all describe their due diligence processes, and for other companies that provided a description in only about half of the cases.



Graph 21: Due diligence processes relating to employee-related matters – entire study population

The FSMA points out the following **good practices**:

- Some companies report in a qualitative way on the well-being, integration and development of employees.[98]
- Some companies report on the safety of their employees.[99]

[98] Good practice 42.
[99] Good practice 43.

Our 3 focus points

1. Employees first: well-being on the job and beyond

A workable job is one of the pillars of our HR policy. We organize, among others, sessions on stress prevention, emphasize the importance of ergonomic work places, stimulate a culture of physical exercise and create green zones within all of our companies. The balance between work and life also plays a major role in this. For example, we take into account the preferences of our “family members”: flexible working hours, extra days off, sustainable mobility and much more.

Extra efforts in our locations overseas:

- Sioen has around 3000 employees in Indonesia, Myanmar, Tunisia and Romania. We offer them above-average working conditions. Not only in terms of wages, but also in terms of health and safety.
- Screening for breast and cervical cancer among female employees in Indonesia.

2. Inclusion: so many people, so many differences, so many possibilities

Sioen is a modern and progressive company with equal opportunities for everyone. The numbers and facts speak for themselves. For example, women represent more than 60% of our workforce. In addition, every morning we welcome dozens of nationalities and people of all world religions to our companies.

Outside of the company walls, our focus on inclusion takes shape in various actions, such as:

- Support for the Maggie program in disaster areas.
- Annual donations to the King Baudouin Foundation.
- An active participation in “The Warmest Week” of Studio Brussels.

3. Personal growth: a learning environment for our own employees and the youth

Lifelong learning is a necessity in a (business) world that is rapidly changing. Our personal training programs are therefore supplemented with campaigns such as Lunch & Learn. In those sessions, our employees receive training in a wide range of subjects, from Excel to healthy cooking. But we also want to help young people and students in the area in their search for knowledge.

A selection from our initiatives from 2019:

- Stimulation of STEM education by acting as a host company for ‘Design Your City’.
- Company visits for dozens of schools each year.
- Guiding higher education students with theses, projects and internships.
- A CSR scan of Sioen in collaboration with 6 postgraduate students from Hogeschool VIVES.

Good practice 42: Well-being, inclusion and employee development

Sioen, Annual Report 2019, p. 51

Launch of the generic risk assessment library

The overall goal of our Safety Management System is to control the risks related to a job. Based on the input from our crew, proper risk management is often time consuming and very challenging given the vessels' busy schedule with short port calls, increased administration etc. EXMAR's HSEQ department is continuously looking into ways to optimize the process and improve the Company's safety performance.

In 2019 we launched a digital generic risk assessment library on board the fleet. The library includes generic risk assessments for the jobs that frequently take place on board. Each risk assessment is the result of a team effort between vessels, marine, technical and HSEQ department. The crew on board uses the generic risk assessment as a basis to start from and adds situation and job specific risks to it.

Third parties: their safety is our business

Based on analysis of safety statistics third parties working on board our fleet were identified as a high risk, both to our crew as to third party workers' own safety.

Their safety is our business and needs a structured approach, below tools were implemented:

01 A new policy on the EXMAR HSEQ standard and requirements towards third parties. The policy is to be acknowledged by the third party when signing the contract.

02 A new tool to manage safety during third party interventions with a focus on
- joint job preparation
- open communication and close follow-up

03 New evaluation system for third parties

Safety campaign posters

Besides systems and tools, safety awareness and communication are crucial. The initiative of bi-monthly safety campaign posters was launched. Here's an overview of the 2019 campaigns:

01 Safety is in your hands: 8 measures to prevent hand injuries

02 Know how to beat the heat with tips and tricks on how to avoid heat strokes

03 Lift the value of safety: safety during lifting operations

04 Get on board with safety: safe transfer by launch

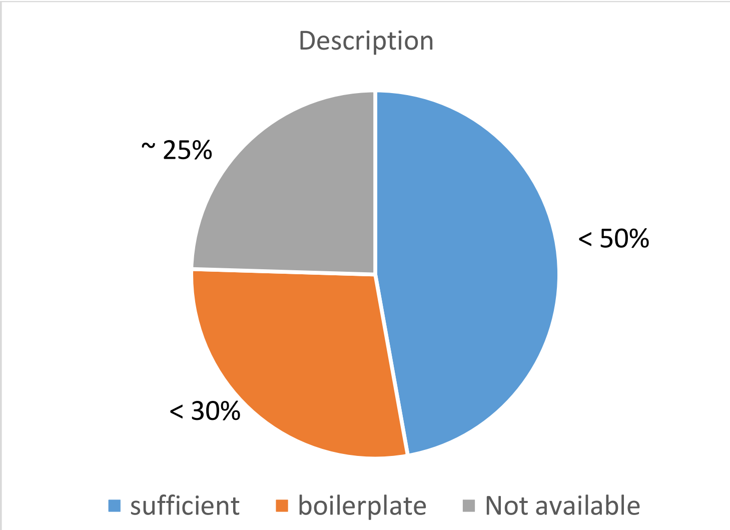
05 Don't be toxic to safety: safely working with chemicals

Good practice 43: Employee safety

Exmar, Annual Report 2019, p. 31

7.5.4.1.2 Risks

About three quarters of the companies describe the *principal personnel risks*. This is in line with the results of the previous study. A large majority of the BEL 20 companies describes these risks in a sufficiently specific manner. Approximately one third of the companies outside the BEL 20 also describes the personnel risks in a sufficiently specific manner. About two thirds do so too briefly or give no description at all.



Graph 22: Risks relating to employee-related matters – entire study population

> The FSMA points out the following **good practice**:
>
> – For example, some issuers reporting on personnel risks describe (i) the health risks, the safety and the well-being of their employees (e.g. risks of injuries or accidents), (ii) the consequences in terms of lost time and related costs, (iii) the reputational risk, (iv) the risk relating to recruitment or retention of employees due to a competitive market or a lack of qualified profiles, (v) the risk relating to the lack of flexibility or a continuous training of employees.[100]

[100] Good practice 44.

Anticipate HR needs

The energy transition drives us to a consumer centric model on which our strategy and ambition is based. To enable this consumer centric model the group culture and emerging changes must be fully aligned with the group strategy.

Additionally, with regard to talent management we are aware that specific technical expertise (offshore, digitalization, IP...) will be required in the future to support the achievement of the group strategy.

Responses
A reinforced focus on talent and culture led to several anticipating actions, like workshops, transparent communication, a group wide roll-out of a culture change project, as well as specific trainings, that are currently ongoing to achieve this alignment.

A succession planning is being implemented with a focus on leadership skills and an upgrade in the mapping of critical functions is also foreseen.

Health & safety accidents

Elia & 50Hz operate facilities where accidents, asset failure or external attacks may cause bodily harm to persons. As a result, the Group and its relevant affiliates may be exposed to potential liabilities that may have a material, negative impact on their financial position, require significant financial and managerial resources, or possibly harm their respective reputations.

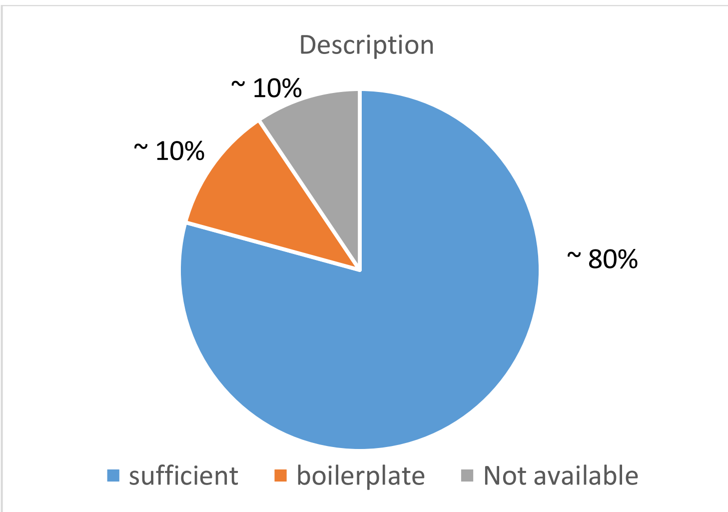
Response
The safety and welfare of individuals (both the Group's staff, the staff of the relevant affiliates of the Group and third parties) is a key priority and a daily preoccupation for the Group and for the relevant affiliates of the Group. The Group and its relevant affiliates have put in place a health and safety policy, undertake safety analyses and promote a safety culture.

Good practice 44: Personnel risks

Elia Group, Activity Report 2019, p. 135 -137

7.5.4.1.3 Results and KPIs

About 90% of the companies describe the *results of the employee policy pursued*. In the first study, that figure was around 80%. All BEL 20 companies report on their results in this respect. Approximately 85% of the other companies do so. In a limited number of cases, however, this description is too generic or too brief. Slightly more than 10% of the companies outside the BEL 20 do not provide any results in this area.



Graph 23: Results of the employee policy – entire study population

About three quarters of the issuers link KPIs to the textual explanation of their results. This is an increase of about 10% compared to the first study. Some companies include only a limited number of KPIs or very general KPIs. For example, changes in the number of employees or in their geographical spread.

The FSMA points out the following **good practices**:

– Some companies mention the following KPIs: (i) employee safety, measured by the frequency and severity of accidents, (ii) the number of working hours lost due to injuries or accidents, (iii) the well-being, development and remuneration of their employees in terms of training, satisfaction survey results, internal mobility, staff turnover or absenteeism, and the gender pay gap, (iv) the diversity of the employees in terms of age, gender and nationality.
– Some companies report on the KPIs used by means of an easy-to-read table.[101] The results obtained are compared with the objectives set and checked against market references.
– Some companies present their results or the evolution thereof in graphic form.[102] [103]

OUR CSR PRIORITIES (MATERIAL TOPICS)	RELATED RISK & OPPORTUNITIES	STRATEGIC KPI	TARGET	RESULT 2019 VS TARGET	RESULT 2019 VS. EXTERNAL ENVIRONMENT
People					
Employee health and safety	Cases of injury and/or illness can represent a cost for bpost as well as for the employee concerned. Also, a preventive well-being policy can help decrease stress levels and hence, absenteeism.	Absenteeism	The 2019 target for bpost Belgium was a 5% decrease compared to the 2018 result.	bpost Belgium: 7.96%	According to a Securex study[1], the Belgian average absenteeism rate was 7% in 2018.
Employee training and talent development	Trained employees can demonstrate an increase in efficiency and promote employee engagement, which can improve employee retention.				
Ethics and diversity	The ethical and diversity policy affects bpost's reputation, its employees' engagement and retention.	Employee engagement	To exceed or meet the Belgian national benchmark on engagement (2018: 5.10)	Results 2019: 4.91	The company Pulse performed a study over the 2014-2017 period in which they surveyed 81,000 employees from 215 Belgian companies. The overall engagement rate was then corrected using specific criteria (e.g. work type, age) and a factor from the KUL university. This research shows that the national benchmark for employee engagement is 5.10.
Social dialogue	An effective social dialogue helps prevent possible strikes and related costs but also ensures employee satisfaction and engagement.				

Good practice 45: KPIs on employee-related matters

Bpost, Annual Report 2019, p. 38

101 Good practice 45.
102 Good practice 46.
103 Good practice 47.

Measuring the effectiveness of our pledges to employees

The employee strategy starts from a continuous dialogue with and measurement of the efforts towards the employees. Two key performance indicators have been defined :

- Employee engagement survey
- Denison organisation cultural survey

The yearly employee engagement survey, organised among the employees of all consolidated entities, is based on six questions:

- Q1 I am proud to be part of this organisation.
- Q2 I recommend my organisation as a place to work.
- Q3 I enjoy the challenges my work offers me.
- Q4 I enjoy working in my team.
- Q5 I have trust and confidence in my manager.
- Q6 I am prepared to go the extra mile.

In 2019 participation rates were between 75% and 98% and generally up or in line with 2018.

The results of 2019 show a continued and growing improvement across nearly all areas measured. A significant increase and improvement in the type and range of initiatives being implemented by the individual operating companies to increase engagement and mitigate any negative impact of business change at a local level contributed to this positive evolution. Connect21 and the new values are also clearly shaping the way how Ageas is engaging with employees across the Group and a solid platform is being built to support the strategic objectives.

The best performing area continues to be “I enjoy working with my team” and the most improved area is “I am prepared to go the extra mile”, a measure that is typically much more challenging to improve.

Good practice 46: Presentation of the results of the employee policy in the form of a graph

AGEAS, Annual Report 2019, p. 21

S7 OCCUPATIONAL SAFETY

In 2019, 90 consolidated sites, of which 57 are industrial sites, are included in the safety reporting. This number also includes commercial offices.

Additional information on Umicore's approach to safety can be retrieved in the corresponding section of Management Approach, p. 78.

The Umicore information in this note only relates to Umicore employees. Data on subcontractors' occupational safety are being reported separately. Umicore strives towards an accident-free workplace.

GROUP DATA

	UNIT	2015	2016	2017	2018	2019
Fatal accidents	N°	0	1	0	0	**0**
Fatal accidents sub-contractors	N°	0	0	0	1	**0**
Lost Time Accidents (LTA)	N°	47	59	51	61	**90**
Lost Time Accidents (LTA) sub-contractors	N°	9	15	22	21	**25**
LTA frequency rate		2.66	3.34	3.01	3.36	**4.6**
Calendar days lost	N°	2,134	9,848	1,590	1,830	**3,893**
LTA severity rate		0.12	0.56	0.09	0,10	**0.2**
Recordable Injuries (RI)	N°	148	127	138	158	**158**
Recordable Injuries frequency rate		8.38	6.78	8.15	8.7	**8.07**
Ratio N° of sites with no LTA/total N° of sites reporting	%	84	84	84	84	**83**
Sites OHSAS 18001 certified	%	36.6	41.7	51	51.9	**52.6**

Umicore employee: a person belonging to Umicore's total workforce. A Umicore employee can be a full-time, part-time or temporary employee

Sub-contractor: a person not belonging to Umicore's total workforce, providing services to Umicore in one of its premises under terms specified in a contract

Fatal accident: a work-related accident with fatal outcome

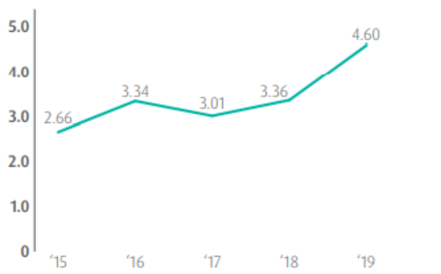
Lost time accident (LTA): a work-related injury resulting in more than one shift being lost from work

Recordable injury (RI): a work-related injury resulting in more than one first aid treatment or in a modified working program but excluding lost time accidents

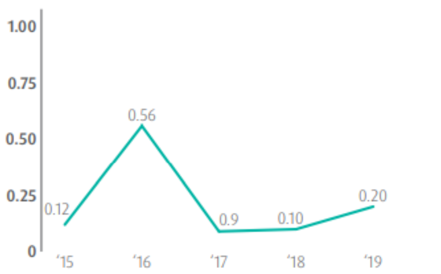
Frequency rate: number of lost time accidents per million hours worked

Severity rate: number of lost calendar days due to a lost time accident per thousand hours worked. Accidents to and from work are not part of the scope of the safety data

FREQUENCY RATE



SEVERITY RATE



Good practice 47: Results of the employee safety policy

Umicore, Integrated Annual Report 2019, p. 185

7.5.4.2 *Recommendations*

The FSMA recommends that companies:

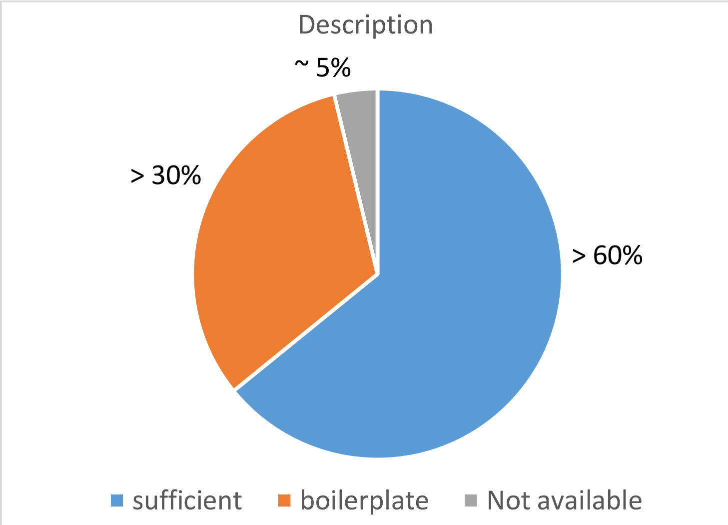
- oversee the development of specific policies and due diligence processes for the employees;
- identify personnel risks that may affect their own operations and performance;
- set clear objectives for the employee policy;
- describe both the positive and negative results;
- report the results of the policy both qualitatively and quantitatively;
- always make a comparison with the objectives set;
- describe how they address the consequences of the Covid-19 health crisis and, in particular, explain the policy pursued in this regard and its results.

7.5.5 Respect for human rights

7.5.5.1 *Findings and good practices*

7.5.5.1.1 Policy pursued and due diligence processes implemented

More than 90% of the companies describe their *human rights policy* compared to about 80% in the first study. All BEL 20 companies describe their human rights policy. The same goes for the vast majority of the other companies included in the study. The human rights policy is described in a sufficiently specific manner by all BEL 20 companies. This figure drops to around half for the other companies. The other half describes this policy in very general or brief terms. In some cases, no description is given at all, nor is any justification provided for the absence of this description.



Graph 24: Human rights policy – entire study population

The FSMA points out the following **good practice**:

– Some companies describe their human rights policy in a sufficiently specific manner.[104]

The nine principles of the Charter

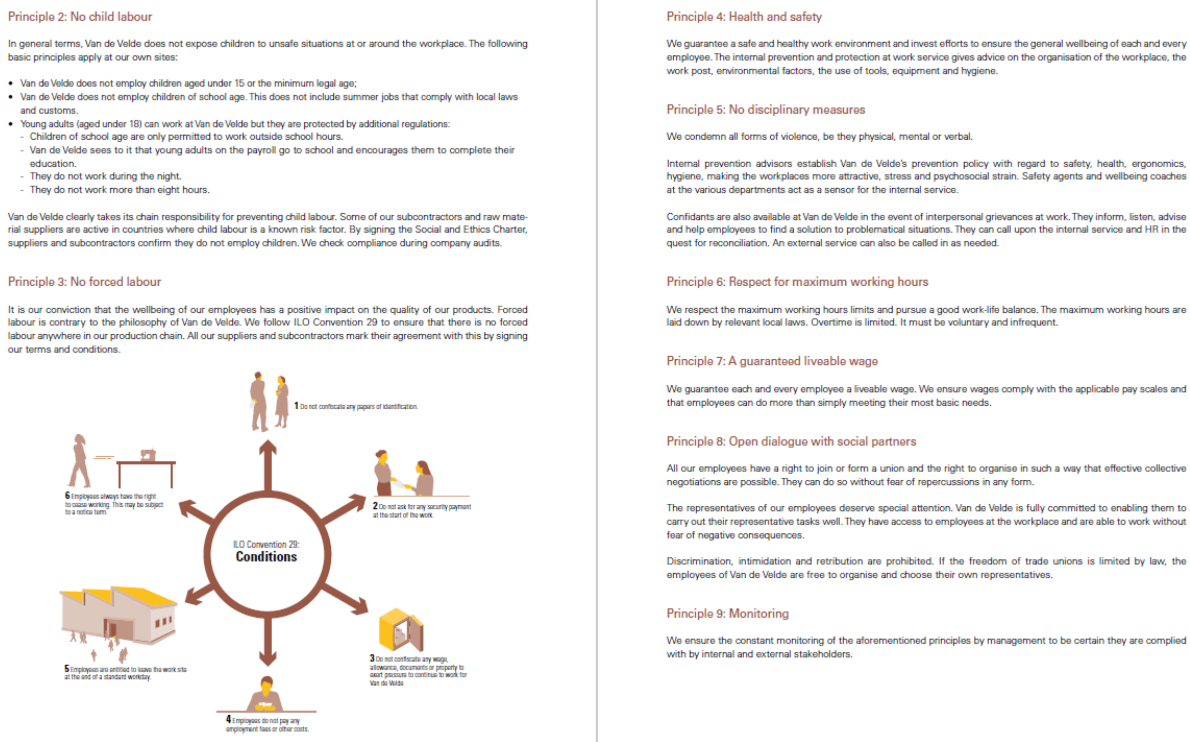
Principle 1: No discrimination

- *Gender diversity*

Almost nine in ten Van de Velde employees are women. These women make our products for other women in countries where employee rights are not always self-evident. Van de Velde ensures that people are not discriminated against on the basis of their gender. That also goes for age, religion or any other factor that can be the basis of discrimination.

…

[104] Good practice 48.



Principle 2: No child labour

In general terms, Van de Velde does not expose children to unsafe situations at or around the workplace. The following basic principles apply at our own sites:

- Van de Velde does not employ children aged under 15 or the minimum legal age;
- Van de Velde does not employ children of school age. This does not include summer jobs that comply with local laws and customs.
- Young adults (aged under 18) can work at Van de Velde but they are protected by additional regulations:
  - Children of school age are only permitted to work outside school hours.
  - Van de Velde sees to it that young adults on the payroll go to school and encourages them to complete their education.
  - They do not work during the night.
  - They do not work more than eight hours.

Van de Velde clearly takes its chain responsibility for preventing child labour. Some of our subcontractors and raw material suppliers are active in countries where child labour is a known risk factor. By signing the Social and Ethics Charter, suppliers and subcontractors confirm they do not employ children. We check compliance during company audits.

Principle 3: No forced labour

It is our conviction that the wellbeing of our employees has a positive impact on the quality of our products. Forced labour is contrary to the philosophy of Van de Velde. We follow ILO Convention 29 to ensure that there is no forced labour anywhere in our production chain. All our suppliers and subcontractors mark their agreement with this by signing our terms and conditions.

ILO Convention 29:
Conditions

1 Do not confiscate any papers of identification.

2 Do not ask for any security payment at the start of the work.

3 Do not confiscate any wage, allowance, documents or property to exert pressure to continue to work for Van de Velde

4 Employees do not pay any employment fees or other costs.

5 Employees are entitled to leave the work site at the end of a standard workday.

6 Employees always have the right to cease working. This may be subject to a notice term.

Principle 4: Health and safety

We guarantee a safe and healthy work environment and invest efforts to ensure the general wellbeing of each and every employee. The internal prevention and protection at work service gives advice on the organisation of the workplace, the work post, environmental factors, the use of tools, equipment and hygiene.

Principle 5: No disciplinary measures

We condemn all forms of violence, be they physical, mental or verbal.

Internal prevention advisors establish Van de Velde's prevention policy with regard to safety, health, ergonomics, hygiene, making the workplaces more attractive, stress and psychosocial strain. Safety agents and wellbeing coaches at the various departments act as a sensor for the internal service.

Confidants are also available at Van de Velde in the event of interpersonal grievances at work. They inform, listen, advise and help employees to find a solution to problematical situations. They can call upon the internal service and HR in the quest for reconciliation. An external service can also be called in as needed.

Principle 6: Respect for maximum working hours

We respect the maximum working hours limits and pursue a good work-life balance. The maximum working hours are laid down by relevant local laws. Overtime is limited. It must be voluntary and infrequent.

Principle 7: A guaranteed liveable wage

We guarantee each and every employee a liveable wage. We ensure wages comply with the applicable pay scales and that employees can do more than simply meeting their most basic needs.

Principle 8: Open dialogue with social partners

All our employees have a right to join or form a union and the right to organise in such a way that effective collective negotiations are possible. They can do so without fear of repercussions in any form.

The representatives of our employees deserve special attention. Van de Velde is fully committed to enabling them to carry out their representative tasks well. They have access to employees at the workplace and are able to work without fear of negative consequences.

Discrimination, intimidation and retribution are prohibited. If the freedom of trade unions is limited by law, the employees of Van de Velde are free to organise and choose their own representatives.

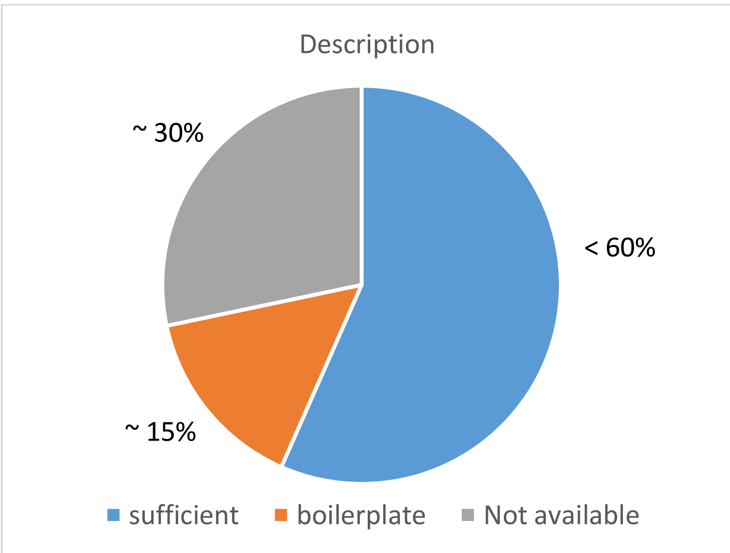
Principle 9: Monitoring

We ensure the constant monitoring of the aforementioned principles by management to be certain they are complied with by internal and external stakeholders.

Good practice 48: Description of the human rights policy

Van de Velde, Annual Report 2019, p. 86 and p. 88-89

More than 70% of the companies describe the *due diligence processes* they implement. This is an improvement. In the first study, about 65% of the companies did so. All BEL 20 companies describe their due diligence processes in a sufficiently specific manner. About 40% of the other companies also do so. About one fifth give a summarized description. About 40% report nothing in this respect.



Graph 25: Due diligence processes relating to human rights – entire study population

The FSMA points out the following **good practices**:

- Some companies implement the following due diligence processes: (i) the introduction of one or more codes of ethics for employees, suppliers and subcontractors[105], (ii) the monitoring of compliance with these code(s), (iii) the measures taken to identify and remedy any shortcomings, and (iv) the use of external certifications.[106]
- Some companies assume a higher risk of human rights abuses in certain countries. In that case, they mention the procedures they follow to select their suppliers and subcontractors. They also describe how they encourage (or require) their suppliers and subcontractors to respect human rights.[107]

Products made with respect for human rights

As an international market player, we take responsibility for ensuring the right working conditions among our producers. We want to be sure that they not only comply with their national laws, but also with international treaties and conventions.

One way in which we realise our aim of 100% responsible trade is through membership of **amfori BSCI**. This international platform helps companies achieve their goals around decent working conditions. We ask all suppliers of house-brand products to sign up to the amfori BSCI **Code of Conduct**. This code of conduct respects the following international conventions:

- The United Nations Guiding Principles on Business and Human Rights (UNGP), implemented in 2011
- Universal Declaration of Human Rights
- UN Convention on the Rights of the Child
- ILO Declaration on Fundamental Principles and Rights at Work
- OECD Guidelines for Multinational Enterprises
- UN Global Compact

The code of conduct embodies universal principles which must be respected, in relation to minimum age for employees, right to fair wages, exclusion of child and forced labour, guarantee of safe and healthy working conditions, ban on discrimination, etc. We monitor our business partners' compliance with the code of conduct closely, for instance based on **social audits** performed by recognised audit firms.

We ask any producer which does not respect the code of conduct to introduce the necessary improvements. For this, the producer can rely on **support** from us and from other BSCI members, with training, for example. If we are to continue to work together, it is essential that the producer is prepared to continuously improve. If, after a follow-up audit, we discover that no improvements at all have taken place, we terminate the cooperation. Read more

430
producers were audited in 2019

Sustainability certificates with social added value

Certification systems play a major role in making our private-label products more sustainable. Many of these standards also offer verified social added value for producers. Examples include ASC for aquaculture, Rainforest Alliance for bananas and coffee, UTZ for coffee and cocoa, FSC for wood and paper, RSPO for palm oil and Fairtrade.

Read more about certification systems in the **Biodiversity programme**.

Good practice 49: Due diligence processes relating to the human rights policy

Colruyt, Annual Report 2019/20, p. 140

"DEME respects and protects human rights in general and the fundamental rights and freedoms as defined in the United Nations Universal Declaration of Human Rights. The group will never tolerate slavery, child labour, forced or compulsory labour, or trafficking in human beings.

[105] See section 7.4.5.1.4 above.
[106] Good practice 49.
[107] Good practice 50

The implementation of the policies ensures that all the partners are aware of the importance of respect for human rights and know when and where to report any breaches.

DEME operates in several foreign countries with different sets of laws and risk profiles in terms of human rights. The presence in countries with a higher risk profile in terms of human rights violations constitutes a threat to DEME's reputation. It is therefore particularly necessary to be vigilant when hiring temporary staff abroad or with third parties that employ personnel on our sites such as subcontractors, suppliers, freelancers, etc.

A careful selection of firms, agencies and other third parties is a precondition before doing business with them and before entering into a partnership. DEME's policy is always clearly contractually defined in the matter of respect in general and respect for human rights in particular.

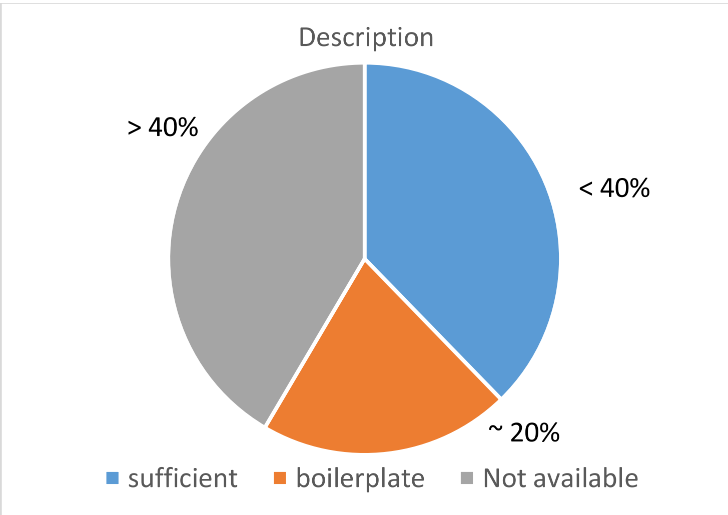
A procedure developed for those firms and agencies in the pre-recruitment and post-recruitment phases clearly highlights our standards and how they must be observed. Regular audits and inspections of the firms, agencies and other third parties employing staff on our sites guarantee that our standards are respected and effective".

Good practice 50: Due diligence processes relating to human rights policy (foreign activities)

CFE, Integrated Annual Report 2019, p. 186

7.5.5.1.2 Risks

Less than 60% of the companies describe their *human rights risks*, which is a (slight) improvement. In the first study, this figure was about 50%. The percentage, however, rises to about three quarters when only the BEL 20 companies are taken into account. In more than 60% of the cases the BEL 20 companies describe the risks in a sufficiently specific manner. Approximately 30% of the other companies describe their human rights risks in a sufficiently specific manner. About half of the remaining companies do not describe their human rights risks.



Graph 26: Human rights risks – entire study population

The FSMA points out the following **good practices**:

- Some companies mention the following risks: (i) risks related to the equal rights of workers, (ii) violation of human rights at their sites in higher-risk countries, or (iii) risks related to suppliers and subcontractors in the supply chain.[108]
- Some companies point out that their commercial and production activities are mainly or exclusively located in Europe. Consequently, the risk of human rights abuses is considered to be lower. However, this does not prevent them from developing rules of conduct and ensuring that they are observed.

7.5 Human rights

Telenet's material issues: main risks

Telenet's commitment to human rights does not limit itself to its own operations but applies to the different stakeholder groups across the value chain. The Company has identified the most material human rights risks through the materiality assessment, as well as through an assessment of the implications of the UN Framework and Guiding Principles on Business and Human Rights:

Employees: 100% of Telenet's business operations are located in Belgium and The Grand Duchy of Luxembourg and are covered by stringent local legislation and regulation. In addition to legal obligations, the main human rights risks for Telenet's employees are equal opportunity, privacy and health & safety.

Customers: 100% of Telenet's customer base is located in Belgium and The Grand Duchy of Luxembourg and is covered by stringent local legislation and regulation. In addition to legal obligations, privacy and freedom of expression were identified as key human rights risks for the Company's customers.

Suppliers: An assessment of the implications of the UN Framework and Guiding Principles on Business and Human Rights on Telenet's business found that there is a significantly higher risk of disrespect and abuse of human rights in its supply chain. Key human rights risks in the supply chain include child labor, forced labor, working hours and wages, discrimination, freedom of association and health & safety.

Good practice 51: Description of the human rights risks

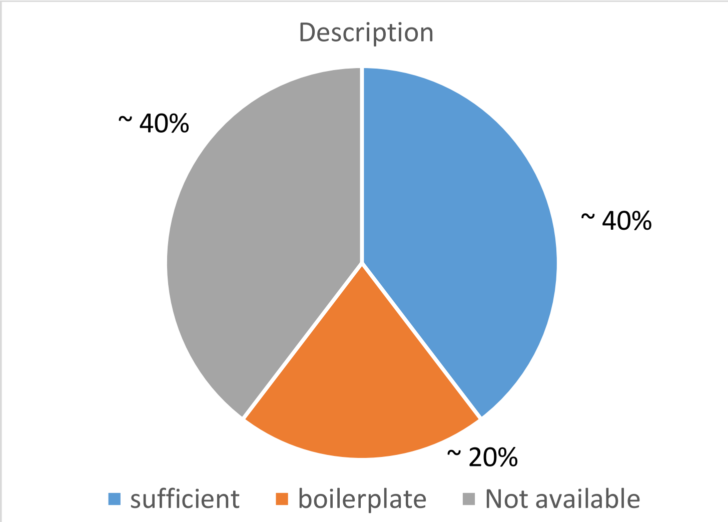
Telenet, Annual Financial Report 2019, p. 31-32

7.5.5.1.3 Results and KPIs

More than half of the companies describe the *results of the human rights policy pursued*, which is in line with the results of the previous study. In about one fifth of the cases, however, these results are described very briefly. In those cases they are rarely accompanied by KPIs. It has been observed once again that the percentage of BEL 20

[108] Good practice 51.

companies reporting more detailed results is higher than for the other companies. About half of the other companies do not provide any results of their human rights policy.



Graph 27: Results human rights policy – entire study population

The FSMA points out the following **good practices**:

- Some companies describe the *results* of employee training courses that address respect for human rights. Or they indicate that they have received complaints about unethical behaviour during the past year. Or they state that they have asked suppliers or subcontractors to comply or that they have ended certain commercial relationships because of ethical shortcomings or human rights abuses.
- Some companies set *objectives* such as: (i) organize training for all employees over the course of one or more years, (ii) receive no complaints or reports about ethical shortcomings or legal violations, (iii) ensure that all suppliers and subcontractors commit to complying with a code of conduct[109] and (iv) carry out a number of supplier and subcontractor audits over a period of time.
- Some companies use the following *KPIs* in this context: (i) the number or percentage of employees who have received training on a code of conduct and have committed to complying with it, (ii) the number of (risk) suppliers who have committed to complying with a code of conduct, (iii) the percentage of suppliers that comply with

[109] The code of conduct also deals with other matters than respect for human rights. See section 7.4.4.2.2 above.

predetermined principles of respect for human rights. Some companies also mention the evolution of the results and the objectives set.[110]

- Some companies also mention (i) the number of production sites in the group, (ii) the percentage of high-risk suppliers with good results following an inspection or an audit, (iii) the number of suppliers audited by a recognized independent body, (iv) the number of violations reported and the subsequent action taken.[111]

[110] Good practice 52.
[111] Good practice 53.

Communities (key) performance indicators

	INDICATOR	UNIT	TARGET	2019	2018	2017	2016	2015
CUSTOMER SATISFACTION	Customer loyalty index	#		NA	83	NA	83	NA
ETHICS & COMPLIANCE	% of employees [1] trained in Barco's Standards@Work [2]	%	100%	99%	94%	92%	92%	NA
	% employees covered by collective agreements	%		100%	100%	100%	100%	100%
SUPPLIER ASSURANCE ON SUSTAINABIL-ITY	% key and core suppliers [3] that signed declaration of compliance with RBA Code of Conduct [4]	%	100%	98%	95%	100% core	100% core	100% core
	% in-scope [5] suppliers that responded to Conflict Minerals Reporting Template (CMRT)	%		100%	NA	NA	NA	NA
COMMUNITY ENGAGEMENT	Community investment	€		163,400	102,000	125,000	NA	NA
	Community involvement	# heads		+230	+100	+600	NA	NA

(1) White-collar employees
(2) Standards@Work modules covered in 2019: Ethics, Cybersecurity, Quality
(3) Core supplier: supplier of strategic importance to Barco in terms of quality criticality, technology and annual spend. Key supplier: supplier that has a major annual spend, is important for its technology or requires special focus due to quality criticality.
(4) The Responsible Business Alliance (RBA) Code of Conduct establishes standards to ensure that working conditions in the electronics industry supply chain are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible. We use the RBA Code of Conduct to serve as the sustainability standard for our suppliers.
(5) In-scope suppliers are suppliers that deliver products or components containing tungsten, tantalum, tin or gold.

Good practice 52: KPIs on human rights, the fight against corruption and social matters

Barco, Annual Financial Report 2019, section B, p. 53

Indicator		2018	2019	Target
Human rights				
# Producers monitored in at-risk countries	Calendar year	524	430	
% Producers in at-risk countries receiving at least one audit	Calendar year	100	100	
% Producers in at-risk countries with acceptable result after social audit	Calendar year	94,5	90,0	100
# Producers improved from poor to acceptable result compared with previous year	Calendar year	11	31	
# Producers with which cooperation was terminated due to a violation of the Code of Conduct	Calendar year	7	9	0

The scope of these indicators is Colruyt Group Belgium, unless indicated otherwise.
The figures for human rights relate to producers of our house-brand products.

Good practice 53: KPIs on human rights (supply chain)

Colruyt, Annual Report 2019/20, p. 141

7.5.5.2 *Recommendations*

The FSMA recommends that companies:

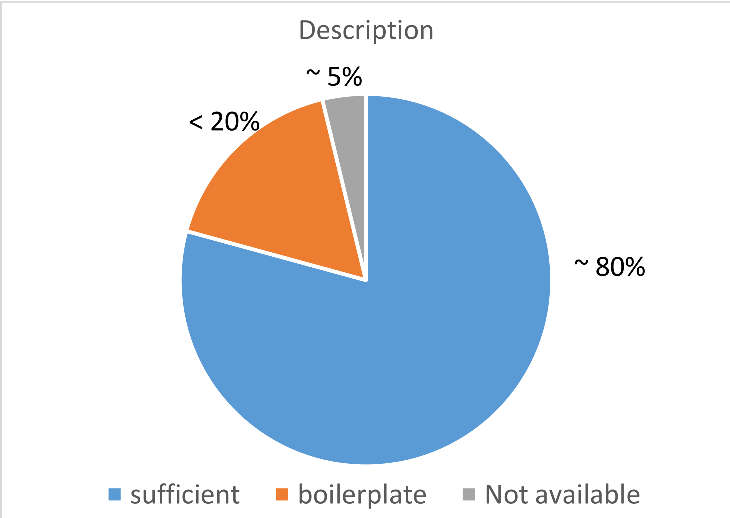
- adequately describe their human rights policy;
- explain their action plan and relevant due diligence processes;
- clearly explain the risks connected with the supply and subcontracting chains;[112]
- clearly explain the results of their human rights policy. This can be done in a narrative way or by using KPIs;
- always check the results obtained against the objectives set.

7.5.6 Anti-corruption

7.5.6.1 *Findings and good practices*

7.5.6.1.1 Policy pursued and due diligence processes implemented

The vast majority of companies, including all BEL 20 companies, describe their anti-corruption policy. This is an improvement compared to approximately 85% in the previous study. However, about 30% of the companies outside the BEL 20 describe their policy very briefly or not at all. In the latter case, no reasons are given for not mentioning it.

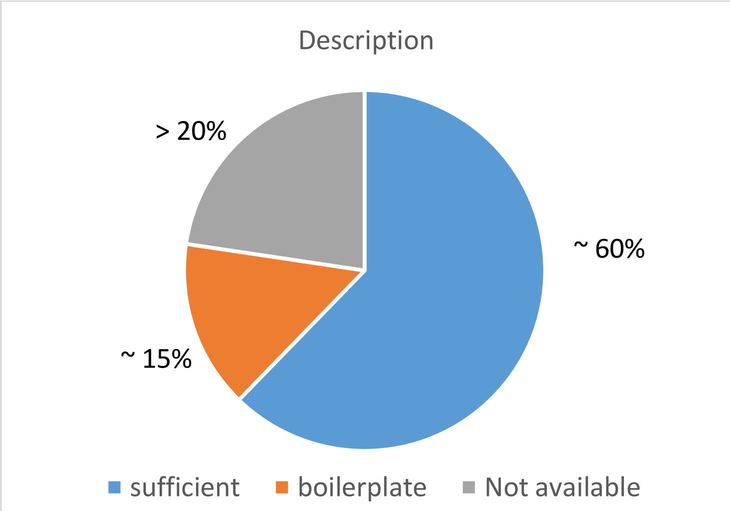


Graph 28: Anti-corruption policy– entire study population

About 75% of the companies describe their due diligence processes on fighting corruption. This is an improvement compared to about 70% of the companies in the first study. The vast majority of BEL 20 companies describe these procedures in a sufficiently specific manner. This also goes for about half of the other companies. The remaining issuers provide a

[112] See section 7.4.5.1.4 above.

description that is either too generic or too brief. Some do not provide any description at all.



Graph 29: Due diligence processes on fighting corruption – entire study population

The FSMA points out the following **good practices**:

- The most frequently applied due diligence processes for fighting corruption include the introduction of a code of ethics.[113] This includes an indication of whether the employees undertake to comply with such code and the measures taken to identify and remedy any shortcomings.[114]
- Some companies consider corruption-related risks higher for certain foreign activities or in relations with local authorities or subcontractors. In such cases, they introduce specific due diligence processes.[115]

[113] See section 7.4.4.2.2 above.
[114] Good practice 54.
[115] Good practice 55.

c. Preventing conflicts of interest

Ageas has put in place a far-reaching policy on conflicts of interest as part of the sound and qualitative governance of the company and its business activities. A series of legal and regulatory provisions impose clear obligations in this respect. A conflict of interest is any situation with competing interests, compromising the ethical realization of the legitimate purposes of Ageas and/or its stakeholders, or any appearance of such situation.

In this context, Ageas prohibits its employees or agents to make direct or indirect contributions to political parties, organisations or individuals engaged in politics (including election committees, party affiliated organisations, party aligned research bodies, pressure or lobby groups, causes that are politically aligned, party officers and candidates), as a way of obtaining advantage in business transactions.

Political and Social elected mandates are not submitted to any prior authorization of the employer but must nevertheless be declared.
Ageas is recorder in the EU Transparency Register.

Fit and Proper principles are also essential to Integrity. The Fit and Proper policy describes the rules and processes to ensure that Board members and Management Committee members, Head of Independent Control functions and designated key managers, at all times meet the Fit and Proper requirements. The principles of being fit for the function in terms of skills, experience and professional behaviour, and proper, i.e. demonstrating integrity and honesty, and having no history of offences or convictions, are also applied to all staff members and verified in the recruitment process.

d. Preventing criminal activities

The Compliance function endeavours always to remain fully connected to the current and expected major trends at work and organises brainstorming and knowledge sharing sessions around dominant topics. In 2018 this included a focus on Transparency through the End-to-End Customer Journey and in 2019 on The (Compliance) Impact of Cognitive Systems on the Customer Relationship. Creating and maintaining awareness, through training and information sessions, is also one of the ways that the Compliance function supports Integrity.

Preventing fraud, corruption, money laundering, terrorist financing, and respecting rules on Sanctions and Embargoes are supporting processes of Integrity.

More specifically, fighting against corruption contributes to Integrity, to a sounder and more trustworthy economic, social and green environment, and to supporting the human rights. This is why the Anti-Bribery and Corruption Policy is a major pillar of the prevention of corruption, to which Ageas firmly applies the zero-tolerance principle.

It describes the frame of mind in which Ageas intends to operate and to do business, and sets out the principles and rules to abide by to avoid committing or seeming to commit an act of active or passive corruption, in particular the way to handle towards gifts, advantages, invitations and hospitalities.

The policy includes the definitions, criteria, rules, processes and expected behaviour to ensure that the zero-tolerance principle is effectively respected. It also describes the minimum standards of the anti-bribery programme to be in place in all Ageas entities.

This is strictly controlled by the obligation to notify gifts or advantages, whether given or received, to Compliance and by the prerogative of Compliance to ask to decline a gift or advantage deemed non acceptable.

e. Training and awareness

Maintaining awareness towards Integrity in its various forms is the purpose of the regular and compulsory training programme managed by the Compliance department. This programme comprises inception meetings for newcomers and regular refresh sessions for all staff members on important compliance topics, expected behaviours and notifications due. It also encompasses specific thematic sessions on major actual subjects presented both to the Board and the top management, as well as to the relevant staff members.

f. Monitoring processes

A series of processes are in place at Ageas to control the effective implementation of the rules set out in the policies.

- Due diligences are performed on customers, third parties namely as part of the procurement and contractual process, as well as in Merger and Acquisition files.
- Contracts with suppliers, vendors and consultants are subject to a compulsory legal sign-off prior to their signing.
- All expenses must be evidenced and the four-eye check applies on expense acceptance and payments.
- A control process is in place on remunerations and inducements to and from distributors of products.
- Notification duties of staff members are monitored on a continual basis: notification of gifts and advantages, external mandates and personal transactions in Ageas securities or any other restricted security. Notifications are cross-checked by a questionnaire sent to all staff at the end of each year to verify that due notifications were done.
- An internal procedure is in place to report wrongful situations without being subject to retaliation.
- The Fit and Proper status of the designated Board and Management members is checked each year and there is process for these people to notify immediately any change in their Fit and Proper status in the meantime.

Key performance indicators

- Notifications are followed up on a quarterly basis for assessment and reporting.
- The yearly compliance questionnaire is followed up with an outcome of 100%, with exceptions being documented.
- Attendance to training sessions is compulsory and followed-up on a yearly basis.

On all these controls, there is a reporting up to the Executive Committee and the respective Board Committees, potentially triggering subsequent actions.

Good practice 54: Anti-corruption policy and due diligence processes

Ageas, Annual Report 2019, p. 32-33 [116]

FIGHT AGAINST FRAUD AND CORRUPTION
"DEME has a clear policy to carry out its activities with integrity and fights against all forms of corruption. In addition to the corporate Code of Ethics and Integrity, DEME has implemented a fully-fledged corporate compliance programme which also defines anti-corruption policies. In the context of this compliance programme, those anti-corruption policies also form part of the annual employee awareness programme. In addition, this policy is in turn accompanied by specific procedures to guarantee its day-to-day effectiveness. The third-party due diligence policy, the policy on the integrity of outgoing payments, the supply-to-payment policy for key third parties, and a training programme for staff members involved in this kind of procedure constitute an effective instrument in the fight against fraud and corruption. The activities are deployed worldwide and therefore also in countries that have a higher score in the perception of corruption index. Potential situations of corruption are a risk to the group's reputation. For that reason, DEME has set up a due diligence procedure, not only for those high-risk countries, but also for all situations where there appears to be a high risk of fraud and corruption. First of all, DEME advises against using sponsors or agents. If there is no way to do otherwise, those parties must first be screened; this screening will be more or less extensive depending on the level of risk. The group also monitors the third parties it does business with. Specific clauses are included in the contracts, under which the parties agree to always act in accordance with the standard of conformity required by DEME. Finally, DEME ensures that those parties effectively comply with the policies and procedures in the area of corruption. Moreover, DEME reduces those risks as much as possible through policies and procedures that are well known to everybody and implemented throughout the organization. In this respect, the group offers a special training programme to instruct management staff and teach them how to manage the risks of corruption with full knowledge of the facts".

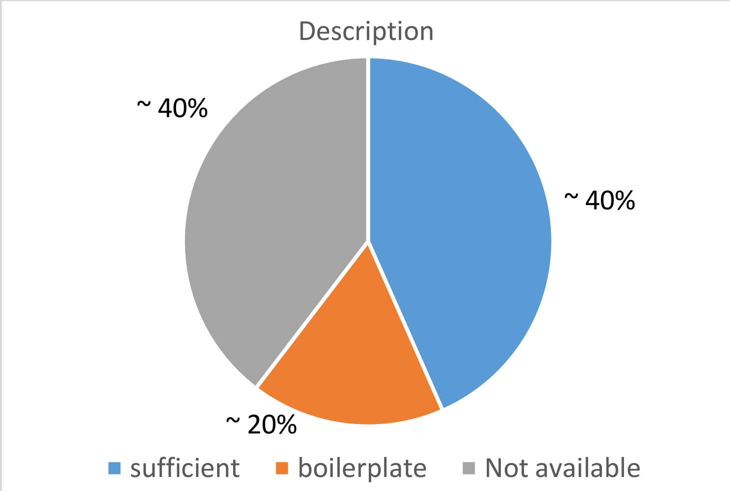
Good practice 55: Anti-corruption policy and due diligence processes (foreign activities)

CFE, Integrated Annual Report 2019, p. 186-187

7.5.6.1.2 Risks

About 60% of the companies describe the *corruption-related risks*, a slight increase compared to the results of the first study. Moreover, more than two thirds of the BEL 20 companies describe the corruption-related risks in a sufficiently specific manner. Approximately one-third of the remaining companies also treats corruption-related risks in a sufficiently specific manner. About half of the companies does not describe these risks.

[116] This issuer also describes its integrity policy on page 31 of the annual financial report for the 2019 financial year. This was omitted from this example of a good practice.



Graph 30: Corruption-related risks – entire study population

The FSMA points out the following **good practices**:

– Some companies point out potential corruption-related risks inherent in their business sector[117] or more frequent in business relationships in certain high-risk countries.[118]

"In the construction business, the financial stakes are often high, competition is sometimes fierce, and many projects require the conclusion of joint ventures and the placing of orders with a large number of subcontractors and suppliers. Furthermore, relations with clients may involve offering or receiving gifts, hospitality, invitations to various events, etc. This may give rise to situations where there is a risk of 'losing control' due to corruption. To mitigate those risks, CFE pursues a strict policy of prevention. An Anti-Corruption Code has been implemented at the subsidiaries, setting out the basic principles and the specific rules to be applied in the various high-risk situations. This is complemented by various concrete measures taken by the entities to ensure the application of those rules".

Good practice 56: Risk description regarding corruption

CFE, Integrated Annual Report 2019, p. 188

AB InBev operates its business and markets its products in emerging markets that, as a result of political and economic instability, a lack of well-developed legal systems and potentially corrupt business environments, present it with political, economic and operational risks. Although AB InBev is committed to conducting business in a legal and ethical manner in compliance with local and international statutory requirements and standards applicable to its business, there is a risk that the employees or representatives of AB InBev's subsidiaries, affiliates, associates, joint ventures/operations or other business interests may take actions that violate applicable laws and regulations that generally prohibit the making of improper payments to foreign government officials for the purpose of obtaining or keeping business, including laws relating to the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act.

Good practice 57: Risk description regarding corruption (foreign activities)

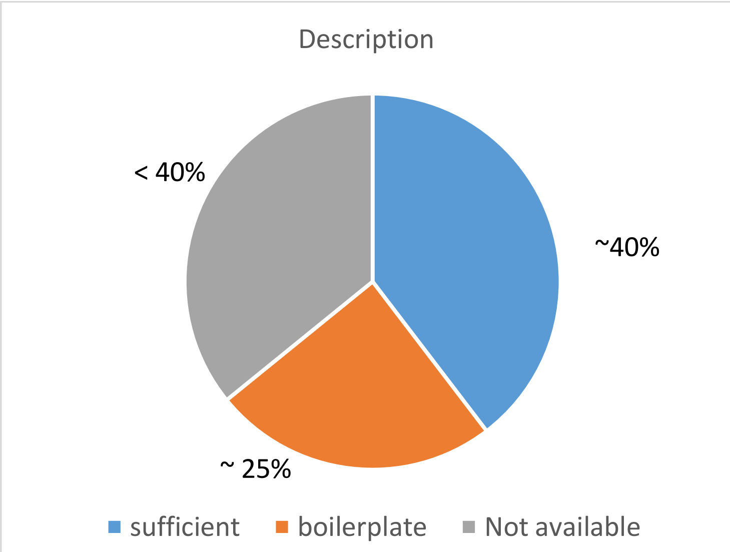
AB InBev, Annual Report 2019, p. 73

117 Good practice 56.

118 Good practice 57.

7.5.6.1.3 Results and KPIs

Most of the non-financial statements analysed describe the *results of the anti-corruption policy*. This is a slight increase compared to the first study. However, the percentage rises significantly when only the BEL 20 companies are taken into account. In a number of cases, the results are not reported in a specific way or are reported too briefly. In those cases, reporting is rarely accompanied by clear KPIs. A little less than half of the other companies do not report any results at all in this respect.



Graph 31: Results of the fight against corruption – entire study population

The FSMA points out the following **good practices**:

- Some companies report in this respect (i) whether their employees have taken anti-corruption training; (ii) whether they have received complaints of fraud in the past year; (iii) whether anti-corruption research has been carried out[119]; (iv) whether they have terminated business relationships because of corruption.
- Some companies report specific objectives in this regard, such as employee training and the fact that no incidents have occurred.
- Some companies provide the following KPIs: (i) the number of employees having received training on this topic; (ii) the number of employees who have committed to

[119] Good practice 58.

a code of conduct that includes aspects of the fight against corruption[120]; (iii) the number of complaints received or incidents identified[121]; (iv) the number of whistleblowers' reports received; (v) the number of investigations into violations of the policy or the code of conduct[122]; (vi) the number of suppliers or subcontractors who have been audited by an accredited independent body.

"On 20 March 2018, a search was conducted at the offices of DEME in Zwijndrecht (Belgium) in connection with the role that a former employee had played in the award of a dredging contract in Sabetta (Russia) in 2014. The investigation, in which DEME lends its full cooperation, is still in progress. So far, no one is under suspicion. Since the investigation is strictly confidential, no details can be given about the case or the trial. This incident was an additional reason to further refine and formalize the existing procedures".

Good practice 58: Results of the anti-corruption policy

CFE, Integrated Annual Report 2019, p. 187

Melexis has seen no incidents of corruption in the 2019 reporting period. Melexis remains vigilant, engaged and willing to deal with all significant risks that might present themselves.

Good practice 59: Results of the anti-corruption policy

Melexis, Annual Report 2019, p. 47

Page	Strategic pillar	Highly material topics	Theme/KPI*	Target 2019	Result 2019	Result 2018	Target 2020 & beyond	GRI KPI/ref	Impact/ SDG
		Caring for our stakeholders							
p.41	Ethical business conduct	Business conduct and ethics	Number of cases investigated by the Investigations department for violation of policies/code of conduct	Not available	38	29	Not available	Anti-corruption	8. Decent Work and Economic Growth
			Number of whistleblowing cases	Not available	7	7	Not available		

Good practice 60: KPIs on fighting corruption

Proximus, Annual Report 2019, p. 106

7.5.6.2 *Recommendations*

The FSMA recommends that companies:

- describe their anti-corruption policy in a sufficiently specific manner;
- explain their action plan and related due diligence processes;
- explain whether the corruption-related risks in their domestic and international operations have been analysed;

[120] The code of conduct also deals with other matters than anti-corruption policies. See section 7.4.4.2.2 above.
[121] Good practice 59.
[122] Good practice 60.

– report the results of their action plan, either in a narrative way or by using KPIs;
– always check the results obtained against the objectives set.

7.6 COMPLY OR EXPLAIN

7.6.1 Regulatory framework

If a company does not have a policy for one or more non-financial topics, the non-financial statement should contain a clear and substantiated explanation of the underlying reasons.[123] The other reporting requirements obviously continue to apply.

7.6.2 Findings and good practices

Most companies develop a policy for each non-financial topic. A small number of issuers do not describe a policy for one or more non-financial topics. However, they do not always explain why they fail to address these topics.

Most of these issuers merely mention the non-financial topic without providing a concrete description of the policy pursued, the due diligence processes implemented or the other elements required. An issuer that merely mentions a non-financial topic does not comply with the legal obligations.

The FSMA points out the following **good practice**:

– Some companies describe each required element per non-financial topic. They explain that certain topics are developed less extensively than others. This can be the result of their materiality analysis.[124]

7.6.3 Recommendations

The FSMA recommends to companies that:

[123] Article 3:6, § 4, paragraph 7 of the Code on Companies and Associations.
[124] See section 7.8.1 below.

- if a non-financial topic is considered not material – as a result of which the companies do not develop a specific policy in this respect – this should be clearly mentioned. The other reporting requirements, such as the description of the principal risks, obviously continue to apply to this matter;
- They develop internal guidelines on the application of the comply-or-explain principle.[125]

7.7 REFERENCE FRAMEWORKS

7.7.1 Regulatory framework

When drafting their non-financial statements, companies should use one or more European or internationally recognized reference frameworks. They should indicate which framework(s) they have used.[126] [127] Companies should in principle cover all required non-financial topics. If they opt for a reference framework that does not cover all these topics, they should provide the necessary information for the other topics as well.

7.7.2 Findings and good practices

7.7.2.1 *Absence of a reference framework*

Just under 10% of the companies fail to mention that they use a recognized reference framework, an improvement on the previous study. At that time, the percentage was just under 20%. All BEL 20 companies use a recognized reference framework. Two years ago there was still one BEL 20 company that did not do so.

Five companies on the continuous market and one on the fixing market do not mention a reference framework.[128] [129] In the previous study, there were eight and two issuers respectively.

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[125] See section 7.4.4.2.2 above.

[126] Article 3:6, § 4, paragraph 4, of the Code on Companies and Associations. The King can draw up a list of the European and international reference frameworks and due diligence processes that companies may use. At the date of this study, no Royal Decree had yet been published. However, a number of internationally recognized reference frameworks and standards are listed, in a non-exhaustive manner, in the NFI Guidelines as well as in the explanatory memorandum of the Law of 3 September 2017.

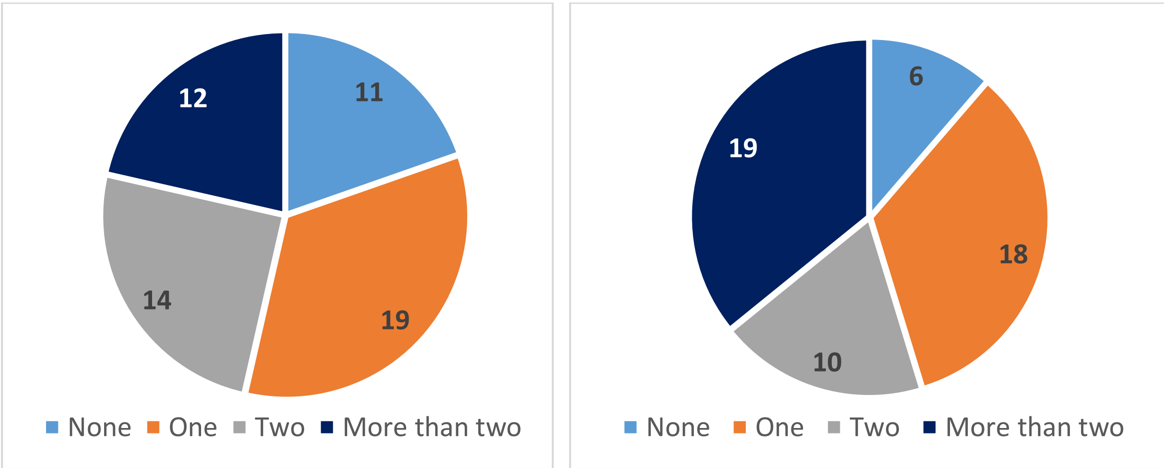
[127] NFI Guidelines, p. 3-4.

[128] One issuer refers to a reference framework that the European Commission does not consider a reference framework for non-financial reporting. This issuer is, therefore, included in the group that does not use a recognized reference framework when drafting its non-financial statement.

[129] The statutory auditor of an issuer on the continuous market indicates that it applies the GRI Standards, while the issuer doesn't mention this anywhere.

7.7.2.2 *Other reference framework mentioned*

Except for the issuers that do not mention a reference framework, all companies should mention at least one reference framework.



2017 2019

Graph 32: Number of reference frameworks mentioned per non-financial statement

7.7.2.3 *Reference frameworks most commonly used*

The two reference frameworks most commonly used are the SDGs and the GRI Standards. About 70% of the issuers mentioning at least one reference framework, use these reference frameworks.[130]

Compared to the first study, the **SDGs** are used more often. They are mentioned in about 70% of the statements. In 2017, they were mentioned in about 40% of the statements. About two thirds of the issuers opt for the GRI Standards as their principal reference framework.[131] About a quarter of the issuers use the SDGs as their principal reference framework. Nearly 70% of the BEL 20 companies use the GRI Standards. The remaining BEL 20 companies use the SDGs.

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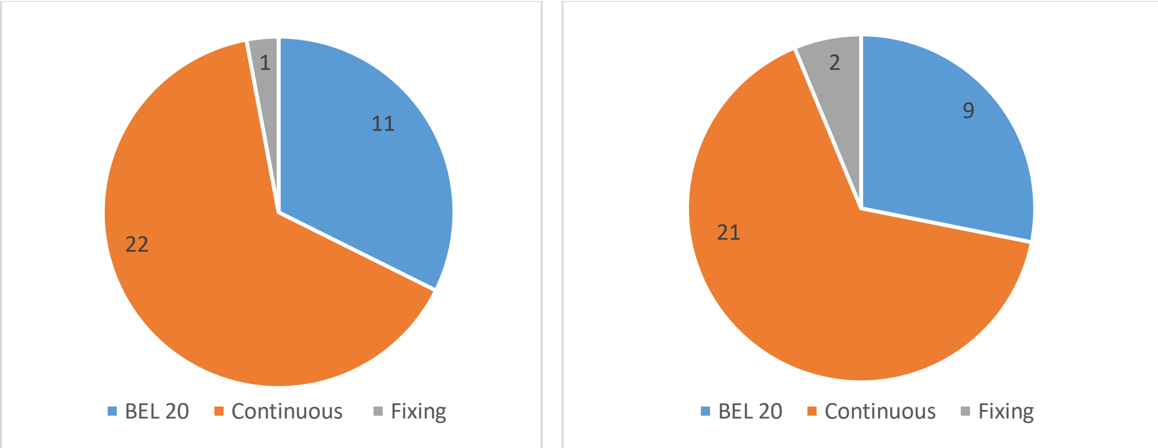
[130] The percentages in this chapter refer to the number of statements mentioning at least one reference framework.

[131] In order to identify the principal reference framework, the study relies on the opinion of the statutory auditors. In their report, they indicate the reference framework used by an issuer. See in this regard section 7.9.1 below.

7.7.2.3.1 GRI Standards



2017 *2019*

Graph 33: Reference to the GRI Standards per market segment

As in the previous study, it is mainly the BEL 20 companies that use the **GRI Standards**. Approximately 70% of the BEL 20 companies refer to those standards, as compared to around 80% in the first study. On the continuous market, this percentage drops to about 60% of the statements included in the study. This is in line with the percentage in the previous study. As far as the fixing market is concerned, the GRI Standards are mentioned in two statements. In the first study, this was the case in one statement.

Conform versus inspire

When reporting according to the GRI Standards, there are two options: the *Core option* or the *Comprehensive option*. In the previous study, issuers did not always mention whether they opted for the *Core option* or the *Comprehensive option*, or whether they were merely inspired by it. This follow-up study shows that most issuers indicate whether they are merely inspired by the GRI Standards or comply with one of the two options.

Three quarters of the issuers mentioning the GRI Standards indicate that they use the *Core option*, where just under 40% of the issuers did so in the previous study. The remaining companies have drawn inspiration from the GRI Standards without conforming to this reference framework.

Table of contents

As already mentioned in the previous study, an issuer should, when using the GRI Standards, include a **GRI table of contents**.[132] This table of contents specifies all standards used and lists all information elements included in the report.

[132] GRI 102-55.

In line with the previous study, not all issuers using the GRI Standards include a GRI table of contents in their non-financial statement. More than 80% of the issuers did so compared to about 60% two years ago. It is also noted that, in some cases, the GRI table of contents is mentioned separately on the issuer's website instead of directly in its non-financial statement.

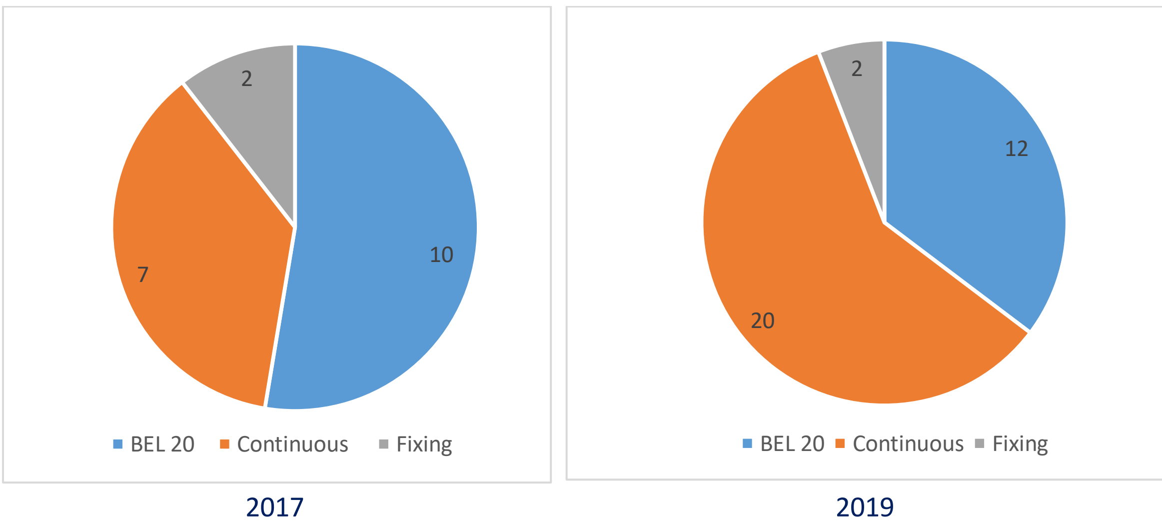
Although the GRI tables of contents were not verified in detail for the purposes of this study, it can be deduced, in line with the previous study, that a number of issuers have not included all indicators applicable to the *Core option* in their table of contents.

External verification

When applying the GRI Standards, issuers should include a description of their policy and of how they handle **external verification** (*"assurance"*) of their reporting. If an issuer calls upon such external verification to verify conformity of its non-financial statement with the GRI Standards, it should include a reference to that external verification. It is noted that eight companies using the GRI Standards had a limited number of indicators verified externally.[133]

7.7.2.3.2 UN sustainable development goals

The SDGs appear in approximately 70% of the non-financial statements of issuers mentioning at least one reference framework, compared to more than 40% in the 2017 non-financial statements.



Graph 34: Reference to the SDGs per market segment

Slightly over 90% of the BEL 20 companies refer to them. This percentage is higher than in the previous study. This is the case for approximately 65% of the issuers on the continuous

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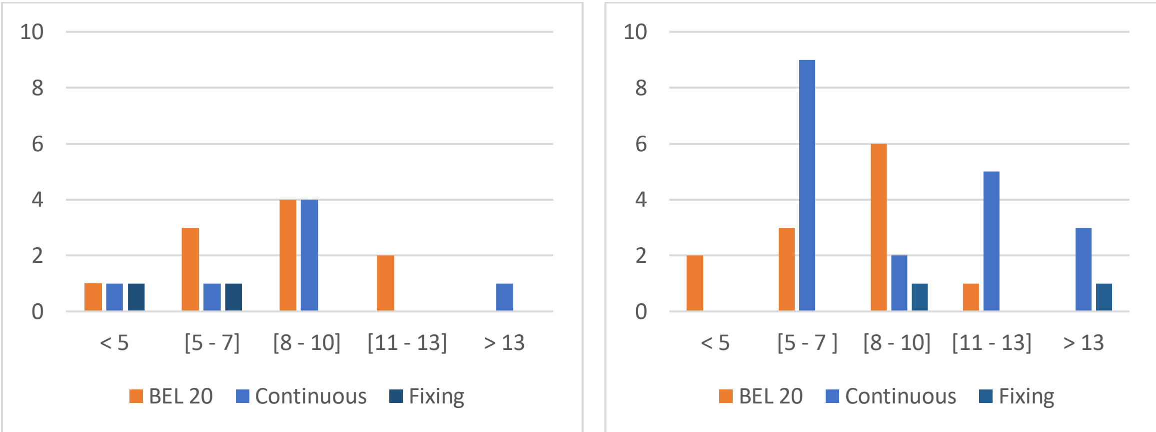
[133] See section 7.8.3.2 below.

market, who mention at least one reference framework, a sharp increase compared to approximately 15% in the first study. Two companies on the fixing market refer to the SDGs, which is in line with the observations of two years ago.

Except for one company, which refers to the SDGs without specifying this in further detail, the issuers select between 4 and 17 goals. This is an increase compared to two years ago, when between 4 and 14 goals were selected.



2017 2019

Graph 35: Number of SDGs per market segment

The table below compares the number of times each SDG goal is mentioned in the 2019 non-financial statements with those in the 2017 non-financial statements.

		1 NO POVERTY	2 NO HUNGER	3 GOOD HEALTH	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION
Number of non-financial statements	2019	5	5	28	16	18	11
	2017	3	2	14	10	9	4
		7 CLEAN ENERGY	8 GOOD JOBS AND ECONOMIC GROWTH	9 INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION
Number of non-financial statements	2019	21	28	18	11	14	27
	2017	13	16	8	7	5	15

		13 PROTECT THE PLANET	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE AND JUSTICE	17 PARTNERSHIPS FOR THE GOALS	THE GLOBAL GOALS For Sustainable Development
Number of non-financial statements	2019	26	3	9	13	19	
	2017	18	0	7	6	10	

Table 2: Selection of the SDGs in non-financial statements

The FSMA points out the following **good practices**:

- Some companies include an explanatory table or list with a short description of each SDG selected.[134]
- Some companies explain each SDG selected in the text describing their approach and actions for each non-financial topic.[135]
- Some companies combine their textual explanation with a graph visualizing the SDGs which their actions help achieve.[136]

[134] Good practice 61.
[135] Good practice 62.
[136] Good practice 63.

SDG	SDG target	Strategic relevance for Agfa-Gevaert	Material topic
3 GOOD HEALTH AND WELL-BEING	**Good health and well-being** Ensure healthy lives and promote well-being for all at all ages	Agfa invests in sustainable employment and wants to offer a safe, healthy and ethical working environment to 10,000 employees worldwide. Moreover, we must ensure that our products are socially responsible and sustainable for all our customers. In order to respond to the important demographic challenges in modern society and to keep healthcare sustainable, Agfa strives to play an important role in the emergence of integrated healthcare systems.	• Respect for Human Rights • Health & Safety • Sustainable business solutions and production • Product Stewardship & Service Quality
4 QUALITY EDUCATION	**Quality education** Ensure inclusive and quality education for all and promote lifelong learning	Agfa is convinced that continuous learning and development are essential for individual and organizational growth. Each employee must therefore be able to further develop his or her unique talents and skills or to acquire new and advanced skills, knowledge and points of view.	• Employee well-being, Human Capital, Learning & Development
5 GENDER EQUALITY	**Gender equality** Achieve gender equality and empower all women and girls	Within the diversity policy, Agfa wants to promote or recruit more female employees in senior management positions. In addition, a gender-neutral remuneration policy is pursued. In the coming years, even more focus will be put on this.	• Employee well-being, Human Capital, Learning & Development
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Industry, innovation and infrastructure** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	In addition to developing new products, Agfa is constantly looking for solutions that not only reduce its own ecological footprint, but also that of its customers. The Innovation Office was launched in January 2019.	• Sustainable business solutions and production • Innovation and investments

Good practice 61: Specific contribution to the SDGs selected (table)

Agfa Gevaert, Annual Report 2019, p. 20-21

In Asia, more particular in China, Ageas's joint venture Taiping Life launched in 2012 the Serious Illness Insurance that investigates market conditions and serious illness needs of urban and rural residents, developing exclusive serious illness products and supporting local governments' project developments. Up till now, over 7.5 million urban and rural residents have been covered by the inpatient and outpatient medical care by serious illness insurance through cooperation with Guangxi Province government.

In Malaysia via its joint venture Etiqa, Ageas and its local partner Maybank commercialized two life and death insurance products sold via the local partner POS, the National Post company, POS Khairat and POS Tenang. The first product provides cash pay outs in the event of the death of an individual, to his/her spouse and their children. This product was created to prevent low income families from going deeper into poverty in the event of mishaps, and is made extremely affordable. The second product offers a similar protection in case of the death of an individual and medical reimbursements for accidents at an affordable price.

In both countries these products are meant to significantly reduce the poverty caused by illness and inequality and hence offer a solution in line with SDGs 1 and 10.

Good practice 62: Specific contribution to the SDGs selected (in textual form)

AGEAS, Annual Report 2019, p. 15

We support the United Nations 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals. We are working to contribute directly to many of these goals through our 2025 Sustainability Goals, Smart Drinking Agenda, Road Safety initiatives, volunteering programs, small retailer development and disaster relief efforts. During the development of the Sustainability Goals, each goal was evaluated against the 17 Sustainable Development Goals (SDGs) to identify how they impacted each SDG. According to our 2017 Materiality Assessment the most material issues of these goals are water, agriculture, and responsible drinking. A new assessment is currently being developed and will be released in 2020.

Good practice 63: Specific contribution to the SDGs selected

AB Inbev, Annual Report 2019, p. 36

7.7.2.4 *Change of reference framework*

In 2019, one fifth of the companies used a different reference framework than in 2017. In 2019, one BEL 20 company and one company on the continuous market chose a reference framework for the first time.

Six issuers now use the SDGs instead of the GRI Standards. Two of the BEL 20 companies that used the GRI Standards in 2017, have now opted for the SDGs. One of them explains this change. Four issuers on the continuous market opted for the SDGs instead of the GRI Standards. Only one of them justifies this change.

One BEL 20 company now uses the GRI Standards instead of the UN Global Compact. Two issuers on the continuous market switched from the UN Global Compact to the SDGs and the GRI Standards respectively. However, they provide no justification for this switch.

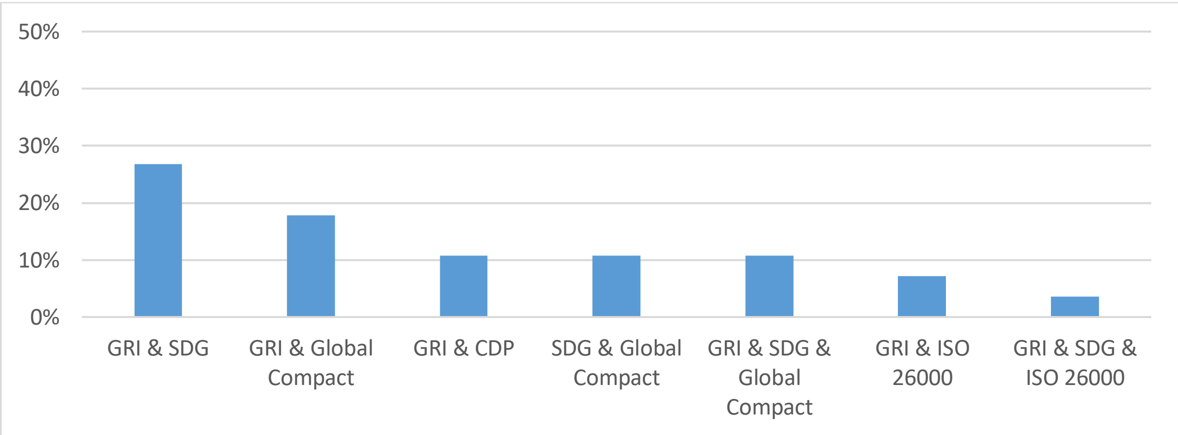
7.7.2.5 *Combination of reference frameworks*

Twenty-nine issuers mention two reference frameworks or more. Two years ago, 26 issuers did so.

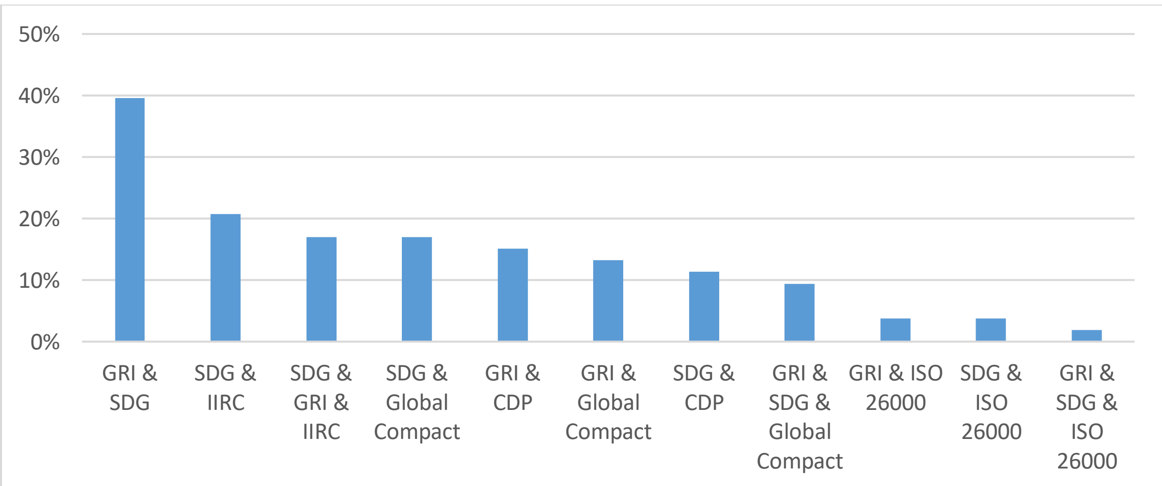
The most common combination is GRI Standards and SDGs. It appears in approximately 40% of the non-financial statements. In the first study, this combination appeared in just over 25% of the non-financial statements. This seem a logical combination. After all, the SDGs provide general objectives and quantified objectives, while the GRI Standards provide a concrete reporting methodology.

When issuers use different reference frameworks, they often do not mention which part of their non-financial statements is based on which reference framework.

The graph below compares the most common combinations in the current and the previous study.



2017



2019

Graph 36: Combinations of reference frameworks

> The FSMA points out the following **good practice**:
>
> – Some companies summarize the conformity between the information in the non-financial statement and the reference frameworks used in an easy-to-read table.[137]

Table de correspondance des indicateurs de performances non-financières au 31 décembre 2019

	UN Sustainable Development Goals (referentiel)	Engagements Global Compact	Global Reporting Initiative (GRI)	Indicators used	Referencing
General information about the Company					
			GRI 101	General reporting principles	2019 Annual report - chapter 5. Non-financial Statement
			GRI 102	General information about the structure	2019 annual report - Chapter 1. Presentation of the Group
			GRI 102 - 1 à 102-13	Profile of the structure	2019 annual report - Chapter 1. Presentation of the Group
			GRI 102-14	Strategy	2019 annual report - Chapter 1. Presentation of the Group
			GRI 102-16	Ethics and integrity	2019 Annual report - Chapter 4. Corporate governance statement
			GRI 102-18	Governance	2019 Annual report - Chapter 4. Corporate governance statement
			GRI 102-40 à 102-44	Stakeholders	2019 Annual report - chapter 5. Non-financial Statement
			GRI 102-45 à 102-56	Reporting practices	2019 Annual report - chapter 5. Non-financial Statement
Governance					
			GRI 102 - 18; 22; 32	Composition and role of governance structures	2019 Annual report - Chapter 4. Corporate governance statement
Remuneration					
			GRI 102 - 35; 36	Remuneration policy	2019 Annual report - Chapter 4. Corporate governance statement
People & Talents					
			GRI 401 - 1	Total employees	2019 Annual report - chapter 5. Non-financial Statement
			GRI 401 - 1	Total employees by type of job	2019 Annual report - chapter 5. Non-financial Statement
			GRI 401 - 1	Total employees by type of contract	2019 Annual report - chapter 5. Non-financial Statement
			GRI 405-1b.	Total employees by age group	2019 Annual report - chapter 5. Non-financial Statement
	5 - gender equality		GRI 405-1b.	Total employees by gender	2019 Annual report - chapter 5. Non-financial Statement
			GRI 404	Employee training: policy and hours of training	2019 Annual report - chapter 5. Non-financial Statement
	5 - gender equality	4- Combatting discrimination		Anti-discrimination and diversity policy	2019 Annual report - chapter 5. Non-financial Statement
	8 - inclusive growth and decent work for all	4- Combatting discrimination		Recruitment and integration of disabled persons	2019 Annual report - chapter 5. Non-financial Statement
	8 - inclusive growth and decent work for all		GRI 404-3	Performance reviews and internal mobility	2019 Annual report - chapter 5. Non-financial Statement
	8 - inclusive growth and decent work for all	3. Freedom of association		Compliance with collective bargaining agreements	AKKA Code of Conduct
Health & Safety at Work					
	3- promotion of health and well-being		GRI 403	Workplace accidents	2019 Annual report - chapter 5. Non-financial Statement
	3- promotion of health and well-being			Absenteeism	2019 Annual report - chapter 5. Non-financial Statement
	3- promotion of health and well-being		GRI 403-6	Quality and well-being at work	2019 Annual report - chapter 5. Non-financial Statement
	3- promotion of health and well-being		GRI 404 - 1	Training policy and hours of training	2019 Annual report - chapter 5. Non-financial Statement
Climate, Energy and Environment					
	7 - Sustainable and modern energy	9- Encouraging green technologies		Innovation in clean mobility	see 2019 annual report - section on R&D and chapter on CSR
	7 - Sustainable and modern energy	9- Encouraging green technologies		Eco-design and recycling solutions	2019 Annual report - chapter 5. Non-financial Statement
		7- Environmental responsibility	GRI 302 -1	Energy consumption	2019 Annual report - chapter 5. Non-financial Statement
		7- Environmental responsibility	GRI 305 - 1	Greenhouse gases (scope 1)	2019 Annual report - chapter 5. Non-financial Statement
		7- Environmental responsibility	GRI 305 - 2	Greenhouse gases (scope 2)	"2019 Annual report - chapter 5. Non-financial Statement For internal referencing reasons, scopes 1 and 2 are undifferentiated for France and Germany"
		7- Environmental responsibility	GRI 305 - 3	Greenhouse gases (scope 3)	2019 Annual report - chapter 5. Non-financial Statement
		7- Environmental responsibility		Waste; management of water and food waste	Given its business model, the AKKA Group does not consider this point strategic.
		7- Environmental responsibility		Prevention and remedying of emissions into the air, water and soil	Given its economic activities and business model, the AKKA Group does not consider this point strategic.
		7- Environmental responsibility		Protection of biodiversity	Given its economic activities and business model, the AKKA Group does not consider this point strategic.
Business Ethics, Data protection and certifications					
	16- Accountable institutions and justice	10- Combatting corruption	GRI 205	Anti-corruption - managerial approach and targets for 2020	2019 Annual report - chapter 5. Non-financial Statement
			GRI 204	Purchasing practices	Reinforcement of the current purchasing policy
			GRI 414	Supply chain management and supplier monitoring (social and environmental)	Because of the nature of its activities and its business model, the AKKA Group does not consider this point strategic.
			GRI 206	Anticompetitive behaviour	see 2019 annual report - Chapter 3. Managment Report - section on risks
	16- Accountable institutions and justice	"1- Compliance with international human rights laws 2- Monitoring of human rights violations"		Compliance with human rights and prevention of forced labour	The AKKA Group is committed to combatting all forms of human exploitation. However, because of the nature of its economic activities and its business model, AKKA does not consider the risk of human rights violations strategic within the Group. See Group Code of Conduct on the website.
	16- Accountable institutions and justice			Declaration of commitment to promote the 10 principles of the Global Compact	2019 annual report and AKKA Group Code of Conduct. The AKKA Group's 2019 Global Compact Report is the CSR Report (www.unglobalcompact.org)
			GRI 418	Confidentiality of customer data	no complaints have been recorded
				Certification and protection of sensitive data and cybersecurity	2019 Annual report - chapter 5. Non-financial Statement

Good practice 64: Conformity between the non-financial statement and the reference framework used

[137] Good practice 64.

AKKA Technologies, Integrated Report 2019, p. 80-83

7.7.3 Recommendations

The FSMA recommends that issuers:

- indicate which reference framework(s) they use;
- explain the choice of this (these) reference framework(s);
- indicate the effort they made to comply with the reference frameworks; [138]
- explain, if they mention several reference frameworks, whether and to what extent they have used each of those reference frameworks for (specific parts of) their statement;
- use the same reference frameworks consistently every year in order to ensure that information is sufficiently comparable;
- explain on what basis they have opted for another reference framework and why they abandoned the previous one. They should provide this explanation both when deciding to change to another reference framework and when deciding to use an additional reference framework;
- explain, if they use a reference framework that mentions specific sustainability goals, how the company activities contribute to the achievement of these goals and the progress made in this respect.

Specifically when issuers choose **GRI Standards**, the FSMA recommends that they:

- indicate which option they have chosen[139] or indicate that they have used this reference framework only as a source of inspiration;
- include a GRI table of contents in line with the option chosen, either the *Core option* or the *Comprehensive option*;
- provide a clear link to the GRI table of contents when it is not included in the non-financial statement;
- indicate whether the information has been verified externally.

Specifically, if issuers choose the **SDGs** as a reference framework, the FSMA recommends that they:

[138] They indicate whether the reference frameworks have been mentioned only as a source of inspiration or whether they have been fully complied with. In the former case, which parts did they not follow and why?
[139] Namely, *Core* or *Comprehensive*.

- describe how the companies measure their performance vis-à-vis the SDG goals, how they define their goals, both qualitatively and quantitatively, and what progress has been made from one year to the next;
- illustrate, in the form of a table or a list, how their actions take account of the SDGs and of their results;
- explain why they have not opted for the other goals of the SDGs, for example following the results of a materiality analysis; [140]
- explain if they have decided no longer to pursue a specific goal of the SDGs and mention why they decided to pursue a new goal.

7.8 CONFORMITY WITH KEY PRINCIPLES

When providing non-financial information, companies should respect certain overarching key principles. Thus, quality reporting is: (i) material and stakeholder-oriented, (ii) comprehensive but concise, (iii) fair, balanced and understandable, (iv) strategic and forward-looking, as well as (v) consistent and coherent.

This section examines the extent to which companies apply these key principles.

7.8.1 Material and stakeholder-oriented

7.8.1.1 *Principles*

Companies do not have to report on each non-financial topic in detail. Only information necessary to understand the evolution, performance and impact of company activities on non-financial topics should be provided. [141]

The issuers describe their impact on their environment. Conversely, they also indicate how they themselves are affected by non-financial topics. This is in keeping with the double materiality perspective.

Companies are well advised to consider the information needs of all relevant stakeholders.[142] Given the diverse nature of the non-financial topics, they should always bear in mind the materiality of the information reported.

A good materiality analysis takes account of the specific context of the issuer and the particularities of the sector in which it operates.[143] It allows for better identification of the

[140] See section 7.8.1.
[141] NFI Guidelines, p. 2.
[142] NFI Guidelines, p. 9.
[143] NFI Guidelines, paragraph 3.1.

risks and opportunities arising from it, as well as of the way in which the company deals with it.

7.8.1.2 *Findings and good practices*

About three quarters of the issuers indicate having investigated the materiality of the non-financial topics. This is the case for all BEL 20 companies and for more than half of the other companies, which is an improvement. In the previous study, approximately 70% of the BEL 20 companies and slightly less than half of the other companies did so.

7.8.1.2.1 Realization of the materiality analysis

Issuers are well advised to clarify how they have carried out their materiality analysis. This concerns the question whether companies report in a qualitative manner about the steps taken to map the material topics for them and their stakeholders. More than half of the issuers included in the study do so: about 90% of the BEL 20 companies and some 40% of the other companies.

The FSMA points out the following **good practices**:

- Some companies give a textual description of how they carried out their materiality analysis.[144] Others provide the data in a graph.[145]
- Some companies identify their principal stakeholders and topics. To present the way in which they identify the interests of their stakeholders they use a table[146] or a graph[147].
- Some issuers indicate that they consider different *time horizons* in their stakeholder interaction. After all, the impact of the topics addressed may vary over the short, medium and long term.[148]
- Some companies *regularly refine their materiality analysis*. In this way, the material topics always remain in line with the evolution of the companies and the expectations of their stakeholders. Some companies even indicate how frequently they update their materiality analysis.[149]

[144] Good practice 65.
[145] Good practice 66.
[146] Good practice 67.
[147] Good practice 68.
[148] Good practice 69.
[149] Good practice 70.

Materiality determination

In 2018, we proceeded to a materiality assessment process with external expert assistance, enabling us to further report on the most relevant topics. The assessment concluded in a materiality matrix, which was also validated by our Board of Directors. The process consisted of four steps:

1

External analysis
First an external materiality view was taken not only capturing Proximus' sustainability issues but also the ones of the industry as a whole. A media analysis as well as a peer review and reputation survey were taken into account.

Relevant topics, on which Proximus can have an impact in society were identified. Based upon this subsequently a shortlist could then be validated with internal stakeholders.

2

Internal materiality workshop
We organized a well prepared, semi-structured and facilitated workshop thereby mapping our stakeholders and highly material topics. The workshop included representatives of all the business units, management and support functions of Proximus.

We started from the aforementioned long list of highly material topics and stakeholders obtained in the external analysis, which we then plotted to define those that are truly key.

3

Integrated materiality matrix
The integrated materiality matrix combines the external analysis and the results of the internal materiality workshop into one materiality matrix. It provides a comprehensive overview of the most highly material topics taken from both views.

The combination of the horizontal axis and the vertical axis determines the degree of impact that Proximus has with the topic on society. In a simplification exercise to ensure we direct our strengths where most needed, we decided to focus our actions & reporting on the topics of the upper right quadrant, which are most material for our stakeholders and the impact Proximus can have. The definition of those highly material topics as well as their boundary can be found on the next page.

4

Implementation
Based on this analysis, we implemented our new contribution framework in 2019 and pursued actions to serve our main ambition. The results of those actions are shown throughout the report.

Good practice 65: Presentation of the materiality analysis process in textual form

Proximus, Annual Report, p. 116

Good practice 66: Presentation of the materiality analysis process in the form of a graph

Umicore, Integrated Annual Report 2019, p. 21

Stakeholder	Key concerns	Communication	Strategy and actions
Internal stakeholders			
Shareholders and investors	Economic outcomes Risk management Information sharing	Investor relations meetings and calls General shareholder meetings	Stable profit generation Sustainable business future
Employees	Workplace health and safety Diversity and equal opportunity Training and career development Employee rights and benefits Labour relations	'One Balta for Safety' campaign Intranet for employees and digital information screens for production staff CEO lunches Balta Talks SENSOR survey with over 2,600 employees	Reduce workplace incidents with the goal of zero accidents Centralised formal training Talent management assessment Flexible working and working from home schemes Strengthening the presence of women in the workforce and on the Board of Directors 'Why Not You?' social project
External stakeholders			
Customers	Product quality and sustainability Service quality Correct information Communication Transparency	Websites for all business units Communication through service teams Open week including workshops and factory tours Technical downloads for commercial customers	Develop products to meet quality and sustainability expectations Dedicated service teams for business customers Digital transformation ISO14001 certification Relevant 3rd party environmental certifications
Suppliers	Fair trade Shared growth Human rights protection Sustainable materials and production	Code of Conduct in development Child Labour Policy	C-TPAT membership Yearly supplier audits (high risk countries) Partnerships to develop new materials and technical innovation
Local communities	Local recruitment Local economy Local environment protection Charitable and social giving activities	Social media, online and offline media activity Local government consultation	New 'Grow your Talent' recruitment campaign Sound wall installation in Tielt Roundabout installation in Sint-Baafs-Vijve Oudenaarde water buffer basin 'De Warmste Week' charity events Clean-up campaigns Partial funding of Uşak Organised Industrial Zone Textile Technology Vocational Technical Anatolian Secondary School (Turkey) Carpet donations to local charities (USA)
Regulator and authorities	Indirect economic effects Climate change Health and safety Compliance	Participate in consultative bodies	Building of compliance culture, with several policies and trainings 2030 climate actions 'One Balta for Safety' campaign

Good practice 67: Presentation of stakeholder interaction in the form of a table

Balta Group, Annual Report 2019, p. 40

Stakeholder engagement is a five-step ongoing process:

Engaging with stakeholders

Stakeholder engagement is a five-step ongoing process as illustrated in the diagram on the left. The feedback we receive from our stakeholders acts as a compass for our continuous improvement on all fronts.

We build trust with our stakeholders by being open, transparent and consistent in our communication. At Group level, we report our sustainability performance to stakeholders annually, including the outcomes of an independent assurance.

Acknowledging that local stakeholders are important for both our local and our Group operations, as of 2018 we report our sustainability performance in six countries following the same high standards, and have these independently verified.

In 2008, TITAN Usje in North Macedonia was our first subsidiary to apply this practice. In 2019, TITAN Albania, TITAN Bulgaria, TITAN Egypt, TITAN Kosovo, TITAN North Macedonia and TITAN Serbia reported their sustainability performance following materiality assessment outcomes and feedback they received from key local stakeholders through their systematic dialogue.

Good practice 68: Presentation of stakeholder interaction in the form of a graph

Titan Cement Group, Integrated Annual Report 2019, p. 17

Developments in 2019

A variety of problems and challenges are discussed with and raised by various stakeholders in the course of the year. A growing interest in climate-related topics was apparent in 2019 on the part of clients, investors, NGOs and the broader community. Key stakeholder interactions last year included:

- Concerns raised by several NGOs (organisers of the 'Move Your Money' campaign) regarding the financing of coal-fired plants and new fossil fuel extraction, as well as energy-sector firms that do not demonstrably subscribe to the Paris climate goals or will not achieve those goals by 2050. KBC responded to these concerns by reaffirming its commitment to align its policy guidelines and business approach with the Paris climate goals. More information can be found in the 'Sustainable finance' section in this report.

•••

- The 'Horizon 2050' lecture series – a cooperation between KBC and Cera – contributes to the social debate and shares inspiring insights and knowledge with a broad group of stakeholders. This year, two lectures were organised: one on 'Sustainable mobility' and the challenges faced by the transport sector and possible solutions and the other on the 'Labour market 2050', which focused on the rapid development of our economy and jobs market.

Good practice 69: Presentation of the time horizons in stakeholder interaction

KBC Group, Sustainability Report 2019, p. 41[150]

[150] Part of this extract has been omitted. Only the part concerning the long-term assessment, more specifically the 2050 time horizon, has been retained.

Materiality assessment

Many different social, environmental and ethical issues impact our business, either directly or through our global value and supply chains. Consequently, we must manage a continually evolving set of issues.

Every three years, we conduct a materiality assessment to help ensure that our strategy focuses on the right areas. We subsequently tailor our reporting to align with the interests and needs of our stakeholders and the company itself.

Materiality assessment
Our last materiality assessment was conducted in 2017. We analyzed a range of internal and external data, including trend reports and other documents created by peers, sector associations and sustainability networking organizations (CDP, SASB, GRI, Sustainalytics, United Nations Sustainable Development Goals), as well as internal documents. This research resulted in a list of over 50 topics.

Based on a survey of a select group of Barco employees (sustainability ambassadors) and an assessment of the impact of each topic on Barco's success (as determined by the executive sustainability steering committee) and on our stakeholders, we selected 11 topics. These 11 topics – which we call our 'focus areas' – stand out as 'material' and determine our current sustainability strategy.

2018: determining priorities
In 2018, we surveyed Barco's global leadership team (about 100 people) to assess the importance of each of the 11 focus areas to Barco and define their maturity levels. Topics with both high importance and a low maturity level were flagged as priorities. Those topics are the main focus in 2019-2020

2019: new insights from ESG ratings
There is an upcoming number of external ratings that measure the corporate Environmental, Social and Governance (ESG) performance of our company. Their goal is to assess our resilience to long-term, financially relevant ESG risks.

In 2019, Barco was evaluated by several agencies, including ISS-oekom for the first time. ISS ESG's rating concept places a sector-specific focus on the materiality of extra-financial information. Their findings provided us with additional insights into the key issues of our sector.

→ For more information about how Barco engages with its stakeholders to determine risks and points of attention, please refer to the 'Stakeholder engagement' segment on pages B/75 and B/76 of this report.

Good practice 70: Frequency of updates of the materiality analysis

Barco, Annual Financial Report 2019, section B, p. 12

7.8.1.2.2 Results of the materiality analysis

Issuers can describe the results of their materiality analysis textually or illustrate it visually with a table or a materiality matrix. A materiality matrix shows, on one axis, the relevant topics on which a company has significant influence, and, on the other axis, the importance of these topics for the stakeholders. It also enables issuers to show the probability of the (non-)financial impact in an easy-to-read way.

About half of the issuers – including the vast majority of the BEL 20 companies – describe the result of their materiality analysis. This is a slight improvement on the results of the first study.

The table below compares the percentage of issuers using a materiality matrix, per market segment, in the first and the second study.

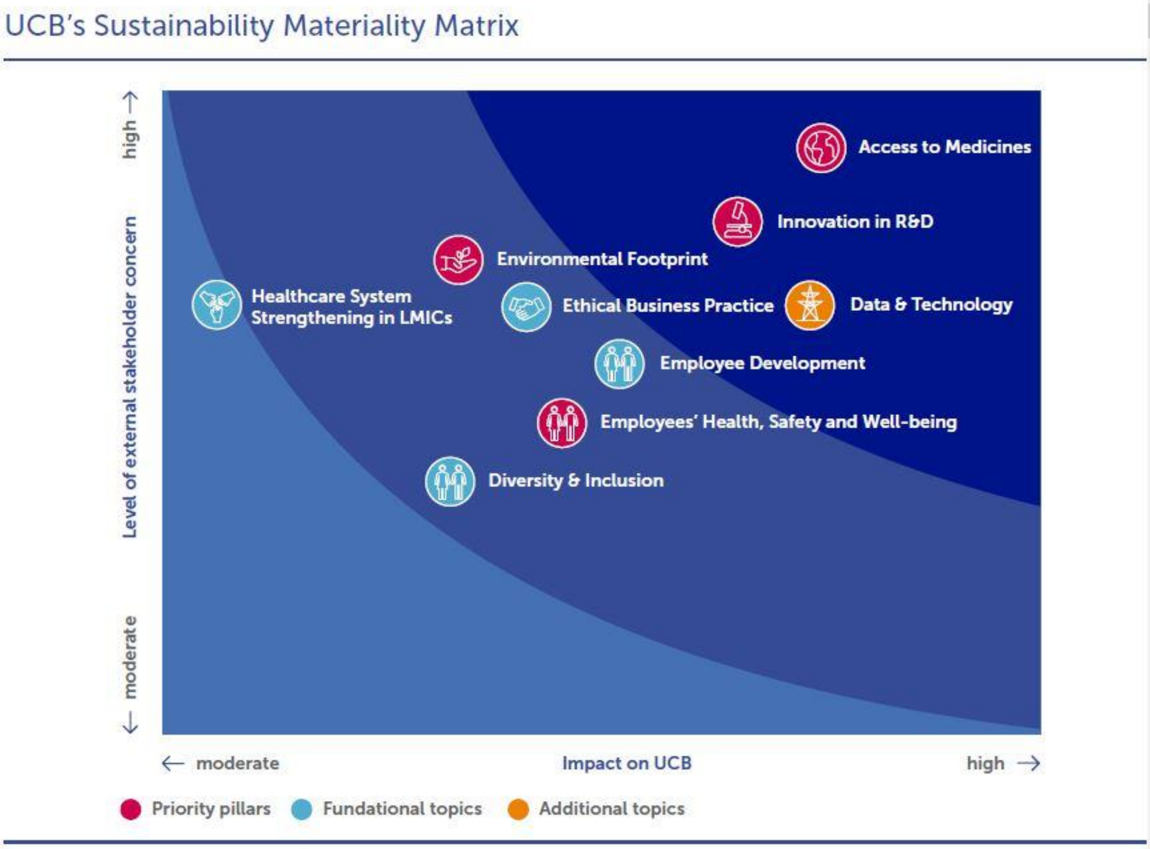
	Total		BEL 20		Continuous market and fixing market	
	2019	**2017**	**2019**	**2017**	**2019**	**2017**
Presence of a materiality matrix	~ 45%	~ 25%	~45%	~ 35%	~ 40%	~ 20%

Table 3: Comparison – materialiy matrix

The FSMA points out the following **good practices**:

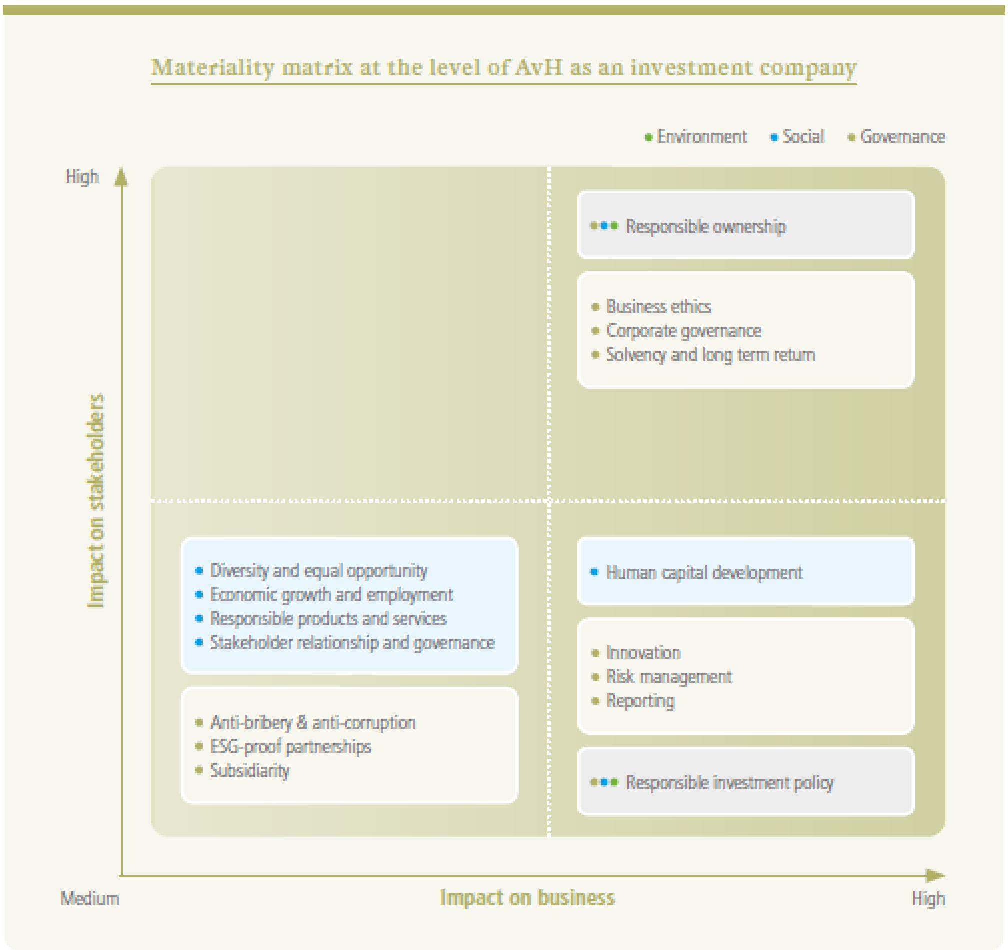
- Some issuers illustrate the results of their materiality analysis by means of a materiality matrix. [151]
- Some issuers further explain the materiality matrix in a text. They clarify why they consider certain topics to be material or not.[152]

[151] Good practice 71.
[152] Good practice 72.



Good practice 71: Materiality matrix

UCB, Integrated Annual Report 2019, p. 33



Materiality analysis

Only the **ESG risks and opportunities that are material** at the level of **AvH as an investment company** are discussed in this chapter. An element is considered material (i) if it can have a material positive or negative impact on the group's shareholders' equity or recurring net profit over a 5- to 10-year horizon, (ii) if a shareholder or stakeholder expects it to be carefully managed and (iii) if he/she gives it high priority. This approach is in line with the recommendations of the market authorities and Euronext (January 2020) in this regard.

In 2019, AvH performed an analysis to determine its material ESG risks and opportunities. 23 points of attention were thereby scored. More information about the methodology can be found on the next page.

Based on this analysis, the materiality matrix of AvH as an investment company was drawn up. This revealed 4 themes that have a great impact on the group's business and at the same time are rated high by the stakeholders. AvH therefore then identified these as a **priority**:

1) **responsible ownership**: interaction with the participations in order to increase the ESG impact;
2) **business ethics**: compliance with the applicable laws and regulations (including the legal framework in the matter of anti-corruption), internal guidelines, group values such as long-term vision, entrepreneurial spirit, integrity, partnership, sustainability, respect, independence and teamwork;
3) **corporate governance**: organised control and monitoring of the strategy pursued; and
4) **solvency and long term return**: focus on financially sustainable business models with appropriate balance sheet structures.

A number of ESG aspects scored lower with the stakeholders, but potentially have an important impact on the business model. AvH therefore wishes to pay **special attention** to these:

1) **human capital development**: the development of personnel and team-related skills and personal development;
2) **innovation**: a policy that stimulates innovation, and therefore also sustainable solutions and opportunities;
3) **risk management**: monitoring the potential ESG and other risks;
4) **reporting**: a relevant manner of reporting, with accompanying substantiation; and
5) **responsible investment policy**: a (dis)investment policy in which ESG is a decision criterion.

Good practice 72: Materiality matrix with accompanying textual description

AvH, Annual Report 2019, p. 41

7.8.1.3 *Recommendations*

The FSMA recommends that companies:

- describe the processes for identifying material topics;
- always situate the analysis of material topics in its context and, in doing so, pay attention to the double materiality perspective;[153]
- consider the perspectives and the impact of the non-financial topics in the short, medium and long term;
- explain the time horizons covered by the materiality analysis;
- indicate the principal stakeholders (interaction);
- illustrate the results of the materiality analysis in a clear and summarized manner, preferably by means of a materiality matrix;
- reassess materiality at regular intervals.

7.8.2 Comprehensive but concise

7.8.2.1 *Principle*

Issuers must include the required information for each non-financial topic. They must be concise and avoid repetition.

7.8.2.2 *Findings and good practices*

The vast majority of issuers describe their policy for non-financial topics.[154] Some companies, however, fail to provide risk descriptions, due diligence processes, results and relevant KPIs.

The FSMA points out the following **good practices**: – Some companies systematically discuss each required element per non-financial topic. In this way, no elements are overlooked and reporting is clearly structured. [155] – Some issuers include a table of contents[156] that gives a clear overview of all topics covered and their location.

[153] See section 7.4.5.1.3 above.
[154] See section 7.4.3 above.
[155] Good practice 73.
[156] Good practice 74.

- Some issuers include a table with cross-references to their management report or annual financial report.[157] Others include these references directly in the non-financial statement when dealing with the different topics or their specific elements. Both approaches allow users to identify whether and where all required elements can be found.
- Some issuers refer to information on their website or to specific documents.[158] This allows interested users to obtain more details, while the non-financial statement remains concise.

[157] Good practice 75.
[158] Good practice 76.

> Employee Development and Well-Being

WHY IS IT MATERIAL?

In an evolving sector, staff need to be ready to tackle new and future challenges. Preparing for these challenges begins with encouraging a learning mindset among staff and then providing them with the facilities with which to exploit it. D'Ieteren Auto wants to help employees develop their skills and ensure they have job satisfaction. The efficiency of the business ultimately relies on the employees and their commitment to improving both their personal and collective performances.

KEY INDICATOR

Hours and days of training:

- 2017: 39,605 hours or 3 days/employee
- 2018: 41,916 hours or 3.15 days/employee
- 2019: 42,700 hours or 3.20 days/employee

THE WAY FORWARD

New campaigns will promote the training offered by MySkillCamp to help employees to pursue their personal and professional growth. In terms of well-being, new training programmes will include workshops on sleep quality and an introduction to mindfulness. A workshop on load carrying is also under consideration.

MANAGEMENT APPROACH

> Training and personal development

On arriving at the company, new employees are invited to take part in a morning welcome and integration session that offers a fun look at the history and strategy of the company. They are also given practical information about life in the company, their rights and duties and the possibilities for career development.
They also receive specific training on logistics that includes a tour of company buildings and an information session about safety rules.

D'Ieteren Auto encourages the personal and professional development of its employees through appraisals and coaching sessions. Jobs in the car sector rely on very specific technical skills, so the company encourages participation in dedicated training sessions and workshops.

A training programme designed specifically for managers provides an opportunity to revisit the in-house values and to apply them company-wide. In place since 2018, this internal collaboration is helping to build a company culture that is at once innovative and inspiring. D'Ieteren Auto hopes that the process will assist the company's transformation and make it better equipped to meet sector challenges and its own objectives for 2025.

> Careers and succession

The company respects the principles of good governance in terms of equity, transparency and dialogue. In particular, the CaReer Model was set up to improve transparency in terms of employee expectations, skills and results, while offering opportunities for career development within the company. A succession plan is also in place to guarantee a reserve of potential replacements for key positions within the company.

> Burnout prevention

In terms of stress and burnout management, employees can receive external counselling or follow learning programmes (burnout prevention, time management, breathing and relaxation techniques, etc) Individual coaching is provided to help employees coping with psycho-social issues. Close monitoring of long-term illnesses has also been implemented. D'Ieteren Auto uses a case-by-case approach to facilitate the reintegration of personnel who have been absent through sickness or injury.

OUR 2019 ACHIEVEMENTS

MySkillCamp is a learning platform that puts employees in the driving seat of their own personal development, encouraging them to train continuously and autonomously. It offers e-learning sessions (including on LinkedIn), webinars and access to a library containing 10,000 e-books and audio-books.

On the issue of well-being, in addition to workshops on digital detoxing, healthy eating and cardiopulmonary resuscitation techniques (CPR), including how to use an external defibrillator, D'Ieteren Auto has been offering since 2018 a free medical check-up every three years to employees aged 50 and above. In 2019, 75 employees took advantage of the offer.

UN sustainable development agenda

D'Ieteren Auto is committed to the personal and professional development of its employees and the creation of a decent working environment.

> Employee Safety

WHY IS IT MATERIAL?

D'Ieteren Auto operates in the field of car & spare parts distribution and car maintenance and repair. The majority of the work entails the use of potentially dangerous tools, machinery and chemical products and the lifting of heavy loads. Guaranteeing that employees are protected from all hazards in their daily work is a priority. In addition, by promoting safe working practices, D'Ieteren Auto can reduce costs arising from staff injuries and absenteeism.

KEY INDICATORS

Number of workplace accidents
- 2016: 50
- 2017: 43
- 2018: 29
- 2019: 41

Number of lost working days
- 2016: 2,085
- 2017: 776
- 2018: 742
- 2019: 1103

Hours of training on safety
- 2016: 667
- 2017: 530
- 2018: 1,724
- 2019: 3,979

MANAGEMENT APPROACH

Whether it be company employees or outside contractors working on D'Ieteren installations, there is a zero-tolerance policy towards non-respect for safety standards. The prevention department conducts risk assessments, proposes preventive measures and organises workshops on fire prevention and safety.

OUR 2019 ACHIEVEMENTS

The initiatives launched in 2019 include risk assessments of electrical installations, training open to all staff members in the use of automated external defibrillators as well as annual training courses in first aid and fire prevention and control. In 2019, maintenance workshops also trained personnel in the risks related to high-voltage batteries.

THE WAY FORWARD

While recognising that eliminating all risk is an unattainable goal, D'Ieteren Auto aims to get as close possible to zero incidents. The objective is to stay below the overall frequency and average seriousness of accidents in the automobile sector. It also wants to get absenteeism as low as possible and certainly to keep it below the level seen in Belgium's private sector (7% in 2018 in Belgium, according to a survey by Securex).

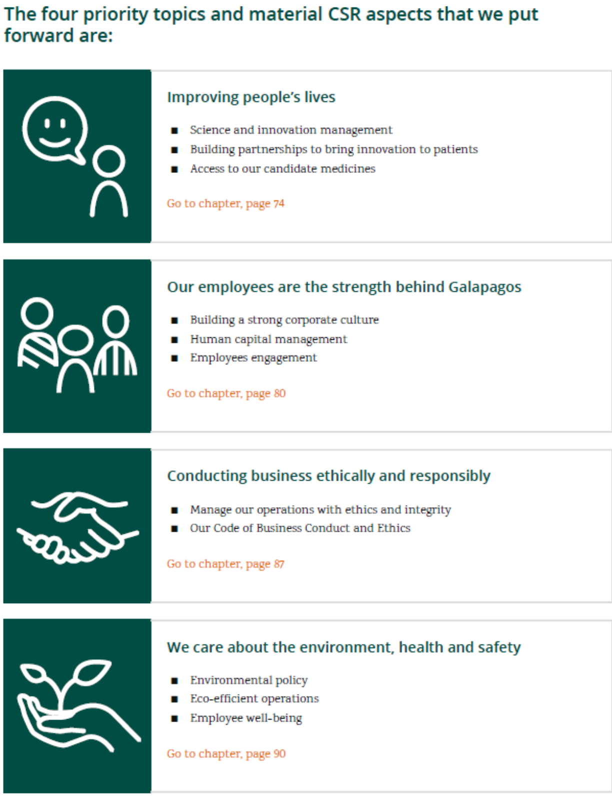
After a high number of workplace accidents in 2019, D'Ieteren's Health & Safety team plans to analyse the causes and examine the trends in order to take the appropriate measures.

UN sustainable development agenda

D'Ieteren Auto is committed to the safety of its employees and the creation of a decent working environment.

Good practice 73: Structured description

D'Ieteren Group, Financial and Directors' Report 2019, p. 133-134



The four priority topics and material CSR aspects that we put forward are:

Improving people's lives

- Science and innovation management
- Building partnerships to bring innovation to patients
- Access to our candidate medicines

Go to chapter, page 74

Our employees are the strength behind Galapagos

- Building a strong corporate culture
- Human capital management
- Employees engagement

Go to chapter, page 80

Conducting business ethically and responsibly

- Manage our operations with ethics and integrity
- Our Code of Business Conduct and Ethics

Go to chapter, page 87

We care about the environment, health and safety

- Environmental policy
- Eco-efficient operations
- Employee well-being

Go to chapter, page 90

Good practice 74: Concise table of contents of the non-financial statement

Galapagos, Annual Report 2019, p. 72

Transparency

About this report

Scope of the sustainability information

The purpose of this report is to inform our stakeholders about our contribution to society, in relation with our ambition, sense of purpose and goals. Our stakeholders are all the individuals and organizations affected by our operations or with whom we have a relationship. These include but are not limited to: customers (both corporate and residential), employees, shareholders, suppliers, the press, government representatives & institutions, partners and social organizations. For more information on how we maintain our relationship with our stakeholders, see the section on stakeholder dialogue.

This report has for scope the Proximus Group, including the subsidiaries in which Proximus has a majority shareholding. Unless stated otherwise, references to Proximus should be read as referring to the Proximus Group, except for the sections "Overview of non-financial information" and "GRI content index" which are focused on Proximus in Belgium unless stated otherwise. In this report (including all its appendix), Proximus S.A. refers to the activities of the Proximus Group in Belgium. In the Netherlands, our division is called Telindus Netherlands.

In Luxembourg, we operate as Proximus Luxemburg under the brand names Tango and Telindus Luxembourg. Internationally, we are active through our affiliate, BICS. We also have other affiliates integrated in our Entreprise Business Unit such as Be-Mobile, Davinsi Labs, Umbrio, Codit, etc.

For our financial information, we include new acquisitions in our report as of the first full year of ownership.

Reporting criteria non-financial information

The Annual Report is published in March 2020. For the sustainability information included in this report we followed the indications of the Global Reporting Initiative (GRI) guide. We comply with the EU Directive Non-Financial Reporting (translated in the Belgian law of 3rd September 2017) and integrated all elements in our Annual Report.

EU Directive 2014/95/EU: Non-Financial Information and Diversity information reference table, translated in the Belgian law of 3rd September 2017

Requirements EU Directive	Subtopic	Chapter / Page reference
A brief description of the business model	The business environment	Foreword from our CEO & Chairman, p.5-7 Key achievements, p.16-19
	Organization and structure	Proximus at a glance, p.8-11 Proximus governance model, p.59
	Markets where the undertaking operates	Proximus at a glance, p.8-11
	Objectives and strategies	Foreword from our CEO & Chairman, p.5-7 Proximus at a glance, p.8-11 Key achievements, p.16-19 Contributing to society while creating value for our stakeholder, p.22
	Main trends and factors that may affect the undertaking's future development	Risk management report, p.79-87 Foreword from our CEO & Chairman, p.5-7 Management report, (available on our website)

Requirements EU Directive	Subtopic	Chapter / Page reference
Relevant social and personnel matters (e.g. HR, safety etc.)	A description of the policies pursued, including due diligence	Caring for our employees, p.36-40 Risk management report, p.82-83 Remuneration report, p.88-96
	The outcome of those policies	Caring for our employees, p.36-40
	Principle risks in own operations and within value chain	Caring for our employees, p.36-40 Social figures, p.121-124 Risk management report, p.82-83
	How risks are managed	Caring for our employees, p.36-40 Risk management report, p.82-83
	Non-financial key performance indicators	Caring for our employees, p.36-40 Social figures, p.121-124 Risk management report, p.82-83 Overview of non-financial information, p.106-107
Relevant environmental matters (e.g. climate-related impacts)	A description of the policies pursued, including due diligence	Respecting our planet, p.51-56 Risk management report, p.85-86
	The outcome of those policies	Respecting our planet, p.51-56 Environmental figures, p.125-127
	Principle risks in own operations and within value chain	Respecting our planet, p.51-56 Environmental figures, p.125-127 Risk management report, p.85-86
	How risks are managed	Respecting our planet, p.51-56 Environmental figures, p.125-127 Risk management report, p.85-86
	Non-financial key performance indicators	Respecting our planet, p.51-56 Environmental figures, p.125-127 Overview of non-financial information, p.108

Requirements EU Directive	Subtopic	Chapter / Page reference
Relevant matters with respect for human rights (e.g. labor protection)	A description of the policies pursued, including due diligence	Sustainable supply chain, p.56 Ethical business conduct, p.41 Proximus governance model, p.59 Risk management report, p.85 Remuneration report, p.88-96
	The outcome of those policies	Sustainable supply chain, p.56 Ethical business conduct, p.41 Proximus governance model, p.59 Risk management report, p.85 Remuneration report, p.88-96
	Principle risks in own operations and within value chain	Sustainable supply chain, p.56 Ethical business conduct, p.41 Proximus governance model, p.59 Risk management report, p.85 Remuneration report, p.88-96
	How risks are managed	Sustainable supply chain, p.56 Ethical business conduct, p.41 Proximus governance model, p.59 Risk management report, p.85 Remuneration report, p.88-96
	Non-financial key performance indicators	Ethical business conduct, p.41 Risk management report, p.85 Sustainable supply chain, p.56 Overview of non-financial information, p.106

Requirements EU Directive	Subtopic	Chapter / Page reference
Relevant matters with respect to anti-corruption and bribery	A description of the policies pursued, including due diligence	Ethical business conduct, p.41 Proximus governance model, p.59
	The outcome of those policies	Ethical business conduct, p.41
	Principle risks in own operations and within value chain	Ethical business conduct, p.41 Risk management report, p.79-87
	How risks are managed	Ethical business conduct, p.41 Risk management report, p.79-87
	Non-financial key performance indicators	Ethical business conduct, p.41 Risk management report, p.79-87 Overview of non-financial information, p.106 GRI content index, p.133
Insight into the diversity	A description of the policies pursued	Caring for our employees, p.36-40 Proximus governance model, p.59 Remuneration report, p.88-96
	Diversity targets	Caring for our employees, p.36-40 Proximus governance model, p.73-74 Remuneration report, p.88-96
	Description of how the policy is implemented	Caring for our employees, p.36-40 Proximus governance model, p.73-74 Remuneration report, p.88-96
	Results of the diversity policy	Caring for our employees, p.36-40 Proximus governance model, p.73-74 Remuneration report, p.88-96 Social figures, p.121-124

The following of the indications of the GRI guide means that Proximus reports on all general standard disclosures related to identified highly material topics.

The way through which we defined our highly material topics and thus the contents of this integrated report is described below in the Materiality Determination section. The overview of the GRI linked to this report can be found in GRI content index. This index specifies the boundaries of each highly material topics, as well the GRI indicators which were omitted from this report (including clarifications).

Proximus prepared this integrated report by following the indications of the GRI guide, including where relevant or available data for 2019.

Scoping and calculation methodologies for environmental figures

Accuracy
Since many years we adopt the principle of best available data quality.

Carbon emissions scopes 1 and 2
Measurement of the Group's CO_2 emissions is based on the guidelines of the Greenhouse Gas Protocol.

We measure all activities that are subject to operational control. This not only concerns emissions in Belgium, but also, since 2010, the CO_2 emissions of Proximus Group subsidiaries outside Belgium. Their consumption represents 7% of the Group's total energy consumption.

Reporting on environmental figures for the group subsidiaries is done depending on data availability and quality. This is positively evolving over the years, in the sense that more and more subsidiaries are monitoring their environmental impact.

The carbon footprint of the subsidiaries TeleSign, Davinsi Labs and Unbrace, all acquired in 2017 and Codit acquired in 2018 is not material and not included in the figures.

The CO_2e consumption represents a CO_2 equivalent emission figure of all greenhouse gases combined, i.e. CO_2, CH_4, N_2O, HFCs, PFCs, SF_6. The gases of primary interest for Proximus are CO_2 and HFCs, but CH_4 and N_2O are also included in the calculation.

Good practice 75: Cross-references

Proximus, Annual Report 2019, p. 109-111

The 2019 Telenet Sustainability Report will provide deeper insights in the Company's structural approach to sustainable development with focus on the progress made during the year ended December 31, 2019.

[1] Final environmental data for the year ended December 31, 2019 will be reported in Telenet's 2019 Sustainability Report, to be released in June 2020. This report will also contain more elaborate GRI Standards disclosures.

Good practice 76: Reference to a separate sustainability report

Telenet, Annual Report 2019, p. 28 and p. 34

7.8.2.3 *Recommendations*

The FSMA recommends that companies:

– display the contents of the non-financial statement as clearly as possible;
– deal with the different non-financial topics in a structured manner so that no element is forgotten;
– maintain brevity by mentioning only material elements for the company;
– include cross-references to the website or the management report where more details can be found.

7.8.3 Fair, balanced and understandable

7.8.3.1 *Principle*

The information provided should be fair, balanced and understandable.[159] The companies give an objective view of the available and reliable data. They also explain the reporting scope.[160] The companies take account of the information on group level.[161]

7.8.3.2 *Findings and good practices*

About half of the issuers describe the reporting scope.[162] More than 60% of the BEL 20 companies do so. Fewer than half of the other companies provide such a description.

If a subsidiary *draws up a non-financial statement itself*, the parent company sometimes incorporates a summary of that information and then refers to the subsidiary's non-financial statement for more detailed information.

If subsidiaries *are themselves not required to draw up a non-financial statement*, parent companies in many cases do not provide significant information about those subsidiaries.

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159 NFI Guidelines, p. 7.

160 VBO-FEB, IBR-IRE, Belgian Association of Listed Companies and Eubelius, https://www.vbo.be/globalassets/publicaties/niet-financiele-informatie-en-informatie-inzake-diversiteit/brochure-nfi-nl-final-2-3-2018-print-.pdf , 2018, p. 15.

161 Article 3:32, § 2, of the Code on Companies and Associations.

162 Good practice 77.

About this Report

This is Greenyard's third annual Sustainability Report, covering the 2019-2020 financial year. It relates to the company as a whole and all its subsidiaries, with the exception of subsidiaries divested (Greenyard Frozen Hungary, Greenyard Flowers UK) or started (Bakker Belgium) in the course of the financial year, as well as those subsidiaries in which the company has only minority shareholdings. Non-financial figures in the report refer to the 2019 calendar year, unless otherwise specified. The report has been prepared in accordance with the core option of the Global Reporting Initiative Standard and meets the requirements of the EU Directive on non-financial reporting. The most recent previous report was published in October 2019.

Regulated information - 5 November 2020

Good practice 77: Scope of the non-financial statement

Greenyard, Sustainability Report 2019-2020, back cover

The FSMA points out the following **good practices**:

– Some companies extend the scope of their reporting to include entities that they do not consolidate but that they consider significant for the group.[163]
– Some companies justify the reasons for extending the scope of their non-financial statement.[164]
– Some companies describe the scope of activities covered by their non-financial statement in a methodological note. They indicate *inter alia* whether there are any exclusions and, if so, they justify them. They identify the period to which the non-financial information – especially the KPIs – refers, on which reference framework they rely and whether the data are certified.[165]

Scope of portfolio review applicable to the reporting period ending on December 31, 2019

Companies taken into account in the scope of portfolio review for 2019 are:
- the following portfolio companies: adidas, Pernod Ricard, SGS, LafargeHolcim, Umicore, Imerys, GEA, Ontex and Parques Reunidos;
- Sienna Capital (taking into account the exclusions detailed in section 1.9.).

Specifities related to 2019:
- **Total**: In March and April 2019, GBL entered into forward sales related to 15.9 million Total shares (representing 0.60% of the capital). At maturity of these sales, on January 24, 2020, GBL's ownership in Total was reduced to 0.01%. GBL has thus finalised its exit from the Total group. On that basis, Total has been excluded (i) from the ESG risk assessment and (ii) from the following section dedicated to the ESG commitments of the portfolio companies (those commitments being prospective). For information purposes, the KPIs related to GBL acting as a responsible investor are presented for 2019 by including Total and excluding Total.
- **Webhelp**: The acquisition of the Webhelp group has been finalized in November 2019. GBL specifies the fact that (i) a due diligence notably covering social and data protection aspects has been carried out in the context of the acquisition process and (ii) Webhelp will be included in the ESG risk assessment process from 2020 onwards.

Good practice 78: Description of a broader scope of the non-financial statement

GBL, Annual Report 2019, p. 69

[163] Good practice 78.
[164] Good practice 79.
[165] Good practice 80.

Reporting scope of the ESG policy

As a responsible shareholder, AvH has analysed its portfolio of participations on the basis of various **parameters that may indicate a potentially material ESG impact for AvH**. Examples of this are the relative investment value in relation to all the assets that AvH manages, whether or not they are listed on the stock exchange, or special attention by stakeholders to a specific problem or company.

Based on this analysis, **DEME, CFE, Delen Private Bank, Bank J.Van Breda & C° and SIPEF** are considered to be material for AvH. In 2019, projects were started with these participations aimed at bringing their ESG policy and associated reporting in line with the renewed ESG policy of the group. The participations were asked to perform or update a materiality analysis. They were provided with assistance in identifying their main ESG risks and opportunities, and linking them to a policy vision, KPIs and objectives. Their respective governing bodies approved these for these participations in 2019 or early 2020.

The renewed ESG approach was also explained to other participations. Three participations (**Extensa, Leasinvest Real Estate and Anima Care**) are thereby given more attention. This is illustrated by a number of examples in the 'AvH as a responsible shareholder' section. As a result of this approach, 83% of the consolidated shareholders' equity (net assets managed by AvH, as reflected from an accounting perspective in the consolidated equity of the group) of the AvH group receives specific ESG attention.

The scope and the renewed **ESG policy will be systematically expanded** over the period 2019-2022. The intention is that a full ESG policy, with accompanying reports and actions, will be finalised for the 8 major participations by 2022. Their reporting in terms of the potential impact on the environment, as well as in terms of the impact of ESG factors on their business operations (double impact analysis), gets priority, in line with the recommendations of the regulators and Euronext (January 2020). The other participations are being encouraged and supported to reach that level in 2022. All participations are invited to the ESG workshops organised by AvH, so that they can share their experiences. Progress in this regard, in line with UN PRI, will be reported annually by AvH.

The processes related to conducting an **ESG due diligence** by AvH and incorporating it into new investment files have been reviewed in the same vein. This allows the group to better manage major risks in this area, to respond to major opportunities more quickly and to communicate better about them.

The ESG perimeter, consisting of the 8 aforementioned participations, **differs from the accounting consolidation perimeter** used by AvH. Some participations are not fully consolidated (Delen Private Bank, SIPEF). On the other hand, the fully consolidated participations Rent-A-Port, Green Offshore, Agidens and Biolectric are not specifically reported in this chapter, as they are not considered material from an ESG perspective. The above and the other participating interests will discuss the ESG topics that are material for them in their activity report.

Within the group, CFE, SIPEF and Delen Private Bank are themselves required to draw up a statement in accordance with Article 3:32 of the CCA. Their individual statements can be consulted via their websites (www.cfe.be, www.sipef.com, www.delen.be).

Given the importance that certain ESG risks may have, it has also been opted to mention them in the chapter on risks and uncertainties from page 20 of this annual report.

Good practice 79: Description of the chosen scope of the non-financial statement

AvH, Annual Report 2019, p. 43

Report **scope**

The Sustainability section of the 2019 Annual Report provides information about the progress towards our 2025 Sustainability Goals launched in March of 2018. Together with our corporate website, they provide an update of Anheuser-Busch InBev's performance on key metrics during the 2019 calendar year.

This chapter, along with the sections on Smart Drinking & Road Safety, Dream-People-Culture (including D&I), Better World, Community Engagement, Workplace Safety and the Business Ethics Description on page 53, as well as the risks on environmental, social, personnel, human rights and anti-bribery matters that are described in the Risks and Uncertainties section of the Management Report section of the 2019 Annual Report, have been established in accordance with the law of September 3, 2017 implementing Directive 2014/95/EU of October 22, 2014 amending Directive 2013/34/EU regarding disclosure of non- financial and diversity information by certain large undertakings and groups. Together, they form the non-financial statement required under the referred law and include an overview of our environmental, social and personnel related matters, as well as human rights and anti-bribery matters. Some of the SDGs in relation to our goals refer to Improved Healthcare, Clean Water and Sanitation, Renewable Energy, Reducing Waste generation, Reduction of GHG Emissions and energy consumption, among others.

Alongside our environmental sustainability, information on Smart Drinking and Road Safety, Workplace Safety, and Business Ethics can be found on pages 39, 40, 41, 52 and 53 of this report. Additional information on volunteering and disaster response is also included in this report (page 42). These sections are intended to provide updates to stakeholders, including investors, employees, governments, NGOs, costumers, and consumers in countries where we operate in.

AB InBev prepared the 2019 report (these chapters and website) using the Global Reporting Initiative's (GRI) Standards as a guide. To help determine the content developed, a materiality assessment was conducted, which helped identify the key issues that are of most importance to our stakeholders and our company. For more information on our materiality assessment, including Boundary Analysis Table, and GRI Index for this year's report can be found at www.ab-inbev.com.

Our 2025 Sustainability Goals and overall sustainability agenda aligns with several of the UN Sustainable Development Goals (SDGs) established by the United Nations in 2015. Activities throughout our operations and supply chain are aligned to the metrics that are considered the most material to our business and critical to our stakeholders. We are focused on areas where we can make the most significant positive impact.

The data and stories presented on this report were gathered and verified with the assistance of content owners across all functions and geographic zones.

AB InBev has established processes to ensure accurate and consistent reporting of Smart Drinking and Safety, 2025 Sustainability Goals, and Safety performance data, as well as key performance indicators. In the Assurance Report of the Independent Auditor (page 56), and in key places along the report, we have identified which metrics have been externally assured by KPMG. Financial information included has also been audited by PricewaterhouseCoopers (PwC).

Environmental data from newly acquired operations are excluded from the running cycle. These facilities will be included in future reporting. Safety data is immediately tracked and monitored for all sites and included unless otherwise stated in text or footnotes. For all environmental and safety data, divestitures and closures are removed from the scope for the reporting year, but prior years are not adjusted.

For more information on our materiality assessment, including Boundary Analysis Table, and GRI Index for this year's report can be found at www.ab-inbev.com.

Global goals on water, energy purchased, and greenhouse gas emissions presented in this section, as well as key performance indicators such as energy usage, include AB InBev's wholly-owned operations unless stated otherwise in text or footnotes. Energy usage and purchased excludes the energy exported to third parties and certain projects under construction. The excluded energy use and purchase does not reflect the amount of energy used in our beer brewing processes.

For recycled content calculation, a weighted average of recycled content is calculated based on purchases for each supplier and recycled content in the material. Data on recycled content percentage is provided by suppliers and tracked on a regular basis. Packaging purchases are derived from AB InBev's owned procurement system. Recycled content percentages are obtained from our suppliers. In 2019 we started with suppliers audits to assess reliability of the provided data. In the following years, we will enhance the number of supplier audits to guarantee reliability of the data.

In the scope of our reported Sustainability goals, both our beverage and vertical operations are included in addition to our Scope 3 emissions regarding information beyond our operations and that impact our supply chain with exception of the KPIs on energy and water usage and the KPI on Scope 1+2 emissions per hectoliter of production (in kg CO_2/hl)", as the relative KPI regarding scope 1 and 2 emissions also excludes vertical operations. For our beverage and vertical operations, including malting and packaging facilities use our Voyager Plant Optimization (VPO) global management system. This data is reported annually to the Carbon Disclosure Project (CDP). Specific data tables contain footnotes for additional data. Scope 3 emissions are estimated values based on a mix of own and third party data and total percentage follows the Science Based Target Initiative, where at least 66% of emissions are to be included in target scope. Approximately 50% of Scope 3 data is own data and data provided by suppliers via the Carbon Disclosure Project (CDP). CDP data is used to calculate supplier-based emissions of raw and packaging materials used in the manufacturing of beer. A hybrid approach, that has been validated by the Science Based Target Initiative and the Carbon Disclosure Project is used, which entails a mix of own data, supplier data, and market estimates. Scope 3 includes the following out of the 15 categories: Purchased Goods and Services, Upstream and Downstream Distribution, Use of Product (Product Cooling including on and off premise but excluding home cooling), and End of Life. Categories excluded include: Capital Goods, Waste generated in operations (more than 98% of waste generated is recycled), Business Travel, Employee Commuting, Upstream and Downstream leased assets, Processing of sold products, Franchises, Investments. These categories represent approximately less than 20% of total Scope 3 emissions.

This report contains forward-looking statements regarding estimations into the future. These generally include words and/or phrases such as "will likely result", "aims to", "will continue", "Is anticipated", "it is estimated", "anticipate", "estimate", "project", "result", "is predicted", "may", "might", "could", "believe", "expect", "plan", "potential", or other similar expressions. These statements are subject to uncertainties. Actual results may differ from those stated in this report due to, but not limited, impact to climate change, water stress, financial distress, negative publicity, our availability to hire and/or retain the best talent, emerging regulations, and reputation of our brands, the ability to make acquisitions and/or divest divisions, access to capital, volatility in the stock market, exposure to litigation, and other associated risks not mentioned as well as risks identified in our Form-20 led with the US Securities and Exchange Commission. Additional information about AB InBev's climate and water risks, management and performance of such is available through CDP.

Good practice 80: Methodological note about the non-financial statement

AB InBev, Annual Report 2019, p. 54-55

The FSMA points out the following **good practices** regarding KPIs:

– Some companies explicitly mention that they use a different *scope* for certain non-financial KPIs. This may be due, for instance, to the fact that certain data are not available for each entity. Or because the company still has to introduce the necessary instruments for measuring, collecting and processing these data in certain entities. The aforementioned issuers then explain the differences in the scope of the activities covered by the KPIs.[166]

[166] See the text under the table in Good practice 81 on waste management. Also see the text under "Assured Metric" in Good practice 82 on water use, energy usage and greenhouse gas emissions.

– The scope of certain KPIs varies from one year to another. This occurs especially when newly acquired companies are integrated into the group. Some companies explain these variations in scope. Others, on the other hand, redraft the results communicated in the past to take account of the new scope.[167]

Indicator		2018	2019	Target	
% Recycling rate	Calendar year	83,17	83,98	2021	At least 85%
% Products sold (fresh and frozen)	Calendar year	97,38	97,21		
% Food waste to incineration and fermentation	Calendar year	69,2	69,0	2023	Maximum 60%
Food donated to social organisations (in tonnes)	Calendar year	3.297	4.262		

The scope of these indicators is Retail Belgium and Luxembourg. Thus the waste streams from our store formats in both countries, our distribution centres and the Fine Food production centres, as well as the (small) waste streams from our office buildings in Halle. We do not include construction waste in this. For surplus food and food donations, the Colruyt, Bio-Planet and OKay food stores are in scope. For (household) packaging, we only consider our own brands, on which we have a direct impact.

Good practice 81: Specific scope for KPIs

Colruyt, Annual Report 2019/20, p. 169

[167] Good practice 83.

Metric	2019	2017
Total water use (in billion hl)	**1.642 Ⓐ**	1.775 Ⓐ
Water use by hectoliter of production (hl/hl)	**2.80 Ⓐ**	3.09 Ⓐ
Total GJ of energy (in millions)	**61.4 Ⓐ**	61.4 Ⓐ
Total GJ of energy purchased (in millions)	**59.4 Ⓐ**	*
Energy usage per hectoliter of production (in Mj/hl)	**104.6**	111.6*
Energy purchased per hectoliter of production (in Mj/hl)	**101.2 Ⓐ**	*
Total direct and indirect GHG emissions (Scopes 1 and 2 in million metric tons of CO_2e)	**5.36 Ⓐ**	6.18 Ⓐ
Total direct and indirect GHG emissions (Scopes 1,2, and 3 in million metric tons of CO_2e)	**31.8 Ⓐ**	32.35
Scope 1 and 2 GHG emissions per hectoliter of production (in kg Co_2e/hl)	**6.92 Ⓐ**	8.55 Ⓐ
Scopes 1,2, and 3 GHG emissions per hectoliter of production (in kg Co_2e/hl)	**55.3 Ⓐ**	59.4
% Renewable Electricity	**20% Ⓐ**	--
% Returnable Packaging	**40.9% Ⓐ**	46%
% Recycled Content in primary packaging		
Glass	**42.3% Ⓐ**	37%
Cans	**59.1% Ⓐ****	59%
PET	**22.8% Ⓐ**	21%
Direct farmers skilled, connected, and financially empowered***		
Skilled	**50%**	--
Connected	**45%**	--
Financially Empowered	**35%**	--

We updated our materiality assessment in 2017, identifying key environmental and social issues for our company and stakeholders and aspire to update and localize the assessment in 2020. More information on our materiality assessment, including Boundary Analysis Table, and GRI Index for this year's report can be found at www.ab-inbev.com

Ⓐ **Assured Metric**
(please refer to External Assurance Report on page 56)

- Our goals on water, GHG emissions per hectoliter of production and energy pertain to our beverage facilities only and do not encompass our vertical operations such as malt plants and packaging facilities.
- Total direct and indirect GHG emissions data encompass beverage facilities and most vertical operations, including malt plants and packaging facilities.
- Scope 1 accounts for 67% of our operational emissions and includes CO_2 equivalent (CO_2e) from fuel used in our manufacturing processes and in cogeneration plants that generate on-site electricity. Scope 2 accounts for about 33% and represents emissions from purchased electricity.
- Scope 3 emissions constitute estimates based on a mix of supplier-based numbers, global emission factors and assumptions. Data's main categories include, Purchased Goods and Services, Upstream and Downstream Distribution, Product Cooling (including on and off premise but excluding at home cooling), and End of Life. Around 50% of emissions are calculated with own data or data reported by suppliers through the Carbon Disclosure Project (CDP).

* In line with our new sustainability goals, energy reporting will shift to energy purchased versus energy usage. Energy purchased per hl aligns with our RE100 sustainability goal of offsetting 100% of our purchased electricity with electricity sourced from renewable resources. Energy purchased per hl was not reported for breweries acquired from SABM in 2017.
** 2018 Recycled content percentage in primary packaging for cans has been updated. The data correction has been done following the external supplier audits.
*** Smart Agriculture data is based on up-to-date estimates.

Good practice 82: Specific scope for KPIs

AB Inbev, Annual Report 2019, p. 37

In 2019, the CO_2 footprint scope 1, 2 and 3 for bpost remained stable compared to 2018, and and decreased with 7% compared to 2017.

	UNIT	2019	2018	2017 (RESTATED)[1]	TREND
		BPOST GROUP			
SCOPE 1	**t CO_2 eq**	**88,996**	**87,848**	**82,826**	
Natural gas & heating oil	t CO_2 eq	20,986	22,442	21,786	↘
Postal "fleet" diesel & petrol (incl. service vehicles)	t CO_2 eq	60,340	57,266	53,193	↗
Fuel company cars	t CO_2 eq	7,642	8,117	7,847	↘
Oil for generators	t CO_2 eq	28	23	n/a	↗
SCOPE 2 (NET)	**t CO_2 eq**	**30,266**	**28,619**	**31,569**	
Electricity (market-based)[2]	t CO_2 eq	29,794	28,156	30,938	↗
District Heating	t CO_2 eq	472	463	631	↗
Scope 1 & 2	**t CO_2 eq**	**119,262**	**116,467**	**114,395**	↗
SCOPE 3	**t CO_2 eq**	**189,320**	**192,390**	**218,016**	
Employee commuting	t CO_2 eq	32,977	34,147	36,320	↘
Business travel	t CO_2 eq	1,374	1,349	1,844	↗
Subcontracted road transport	t CO_2 eq	113,440	111,939	117,699	↗
Subcontracted air transport[3]	t CO_2 eq	37,597	38,944	55,459	↘
Waste	t CO_2 eq	3,932	6,011	6,694	↘
TOTAL CO_2 EMISSIONS (SCOPE 1+2+3)	**t CO_2 eq**	**308,582**	**308,856**	**332,411**	↘

1 *The restated 2017 CO_2 footprint is based on 100% accounts for Radial's activity data (compared to 16.7% in 2017), and uses actual 2017 consumption for its electricity (instead of an estimation). In addition, retroactively, Ubiway data on company cars has been added.*

2 *The market-based method reflects bpost's choices in terms of electricity supply, such as the purchase of electricity from renewable energy sources. This is set out in detail in contracts between bpost and its energy suppliers.*

3 *Subcontracted air transport figures for subsidiaries were excluded*

Good practice 83: Change in the scope of the KPIs and revision

Bpost, Annual Report 2019, p. 50

The FSMA points out the following **good practices** regarding the measurability and reliability of non-financial information:

- Some companies see to it that their non-financial information is reliable by subjecting it to their internal control systems.[168]
- Some companies submit key non-financial information for validation to their board or management.
- Some companies voluntarily have (certain) non-financial information certified by an independent expert. Such certification may provide several levels of assurance.

[168] Good practice 84.

Indicators and objectives

In 2019, 34% of Solvay employees took part in projects related to Solvay Way action plans. This strong involvement demonstrates that employees are committed to Solvay's sustainable development ambitions.

34%
of employees involved

25%
of improvement in CSR practices

In 2019, all GBUs and corporate functions carried out self assessments involving 127 industrial sites and 9 R&I sites. The Solvay Way spider chart below shows the results of these self-assessments.

Solvay Way process and results are reviewed by the Internal Audit based on a risk-based approach consistent with Group strategy, sustainability materiality and priorities.

For sites included in the 2019 Audit Plan, a review of Solvay Way self-assessment mandatory practices linked to the Group five sustainability targets (safety, greenhouse gas emissions, people engagement, sustainable business solutions and societal actions) and sampling review of additional practices selected by the GBUs have been performed.

Internal Audit Results

Internal Audits have reviewed Solvay Way on 121 sites in 2019, with 94% Solvay Way self-assessment accurate.

- 94% of practices correctly self-assessed (vs 84% in 2018),
- 6% of practice with a gap identified (vs 11% in 2018).

2020 action plan

We noticed that 6% of the self-assessment were not accurate. The correct assessments have been taken into account. A review of the gaps will be done with the sites to ensure a proper progress and assessment by 2020.

Good practice 84: Audit of the procedures and information by internal audit

Solvay, Annual Integrated Report 2019, p. 109

The balanced character of the reporting is compromised if it concentrates solely on favourable elements.

About 40% of the issuers give a sufficiently balanced description of the non-financial risks and opportunities, the results of their procedures or the actions undertaken. This is the case for more than half of the BEL 20 issuers. This number drops to about one third among the other issuers. However, this is an improvement. Two years ago, about a quarter of all issuers did so.

About one third of the BEL 20 issuers provide a sufficiently balanced description of *all* non-financial topics. Another third only do so for specific topics. Among the other issuers, only a small minority report in a sufficiently balanced way on all non-financial topics. Of those, about a quarter report selectively on specific topics.

The FSMA points out the following **good practices** regarding balanced reporting:

– Some issuers describe not only the positive results, but also the challenges they face.
– Some companies set objectives, for example, in the areas of waste generation[169], energy consumption[170], greenhouse gas emissions, employee safety and employee

[169] Good practice 85.
[170] Good practice 86.

turnover, etc. If these objectives are not met – on the basis of the KPIs used – they explain why.

Recycling effort in 2019

Overall, Deceuninck Group recycled 20,000 tonnes of post-industrial and post-consumer rigid PVC waste in 2019, preventing approximately one million windows from landfill. However, this is below the ambition of 25,000 tonnes we set in the beginning of the year. The ramp-up phase of our recycling plant took slightly longer than expected due to technical difficulties. Nevertheless, we are confident we will reach 25,000 tonnes in 2020 as the ramp-up phase of our recycling plant is finalized and the inflow of new material is secured. The total recycled content of Deceuninck Group amounted to approximately 30,000 tonnes including the scrap regrind on local production sites.

	RECYCLING
DECEUNINCK GROUP'S POLICY	Deceuninck is committed to prevent as many materials from landfill or incineration and to process those at high quality so they can be used 1 on 1 in the production of new window profiles.
DECEUNINCK GROUP'S ACHIEVEMENTS IN 2019 AND AMBITION IN 2020	In 2019 we recycled 20,000 tonnes of post-industrial and post-consumer material. Our objective for 2020 is to Increase this volume towards 25,000 tonnes.

Good practice 85: Challenges to achieving a recycling objective

Deceuninck, Annual Report 2019, p. 73

Reducing energy consumption

We set ourselves the target of consuming 14% less energy by the end of 2020 compared with revenue in the base year of 2009. To achieve this, we drew up an energy reduction plan. By the end of the year, we had achieved a reduction of 8,7% and it was clear that we would not reach our target. This is because electricity consumption is temporarily rising faster than revenue. The main reasons for this are the continuing automation, the strongly growing sales of chilled fresh products and the bringing of several external activities such as cold storage in house. Since we are no longer able to reach our current objective, we have already set ourselves a new, **more ambitious target** for 2030. We aim to achieve this in four ways:

- **Infrastructure**: reducing energy consumption of buildings via energy upgrades with improved insulation and airtightness.
- **Heating**: via heat recovery as standard in new and renovated food stores, combined with further rollout of heat pumps. This means that a new gas connection is no longer required or we can even disconnect existing stores from the gas grid.
- **Mobility**: focus on lower fuel consumption and switch to renewable fuels.
- **Lighting**: further rollout of LED lighting, as well as measures such as automatic switching on and off and lighting control in smaller zones.

Good practice 86: Challenges in energy consumption

Colruyt, Annual Report 2019/20, p. 173

Lastly, the FSMA points out the following **good practice:**

– Some companies provide textual descriptions as well as quantitative and graphical information. This increases the understandability of the information provided.

7.8.3.3 *Recommendations*

The FSMA recommends that companies:

– take account of the information that is significant and relevant at group level;
– where appropriate, explain why certain group entities are not included in the scope of the non-financial statement;
– regularly assess whether these entities should be included in the scope after all;
– describe the scope of the non-financial statement in a methodological note;
– justify when the non-financial statement or certain KPIs do not include certain company activities. For example, when companies exclude certain entities from their carbon balance, they should justify this;
– comment on the variations in the scope of the data included in the previous year's non-financial statement or of KPIs in particular, and on the impact on these KPIs;

- subject the non-financial information to their internal control systems or call on an independent expert, either for a specific review or for a certification of their non-financial information in a reliability report.

Regarding the sufficiently balanced character of the non-financial statement, the issuers:

- describe, in the analysis of the significant character of the non-financial topics[171], the principal trends in terms of opportunities for their operational and commercial strategy, but also the existing and potential threats/risks to their operations and performance, and the risks that their activities may pose to their environment or to society;
- describe both the progress made and the challenges;
- seek balance in the presentation of qualitative and quantitative information;
- where, in exceptional cases, disclosure of certain information might seriously harm the company's commercial position, this should not prevent it from publishing fair and balanced reports on its development, results and position as well as on the effects of its activities. Where appropriate, the relevant information may be provided in more general terms.

7.8.4 Strategic and forward-looking

7.8.4.1 *Principle*

Companies provide insight into their business model, its strategy and the implementation thereof, and explain the short-, medium- and long-term implications of the information reported.[172] Taking account of the various elements that are significant for a company's activities, environment and stakeholders is therefore part of a strategic approach.

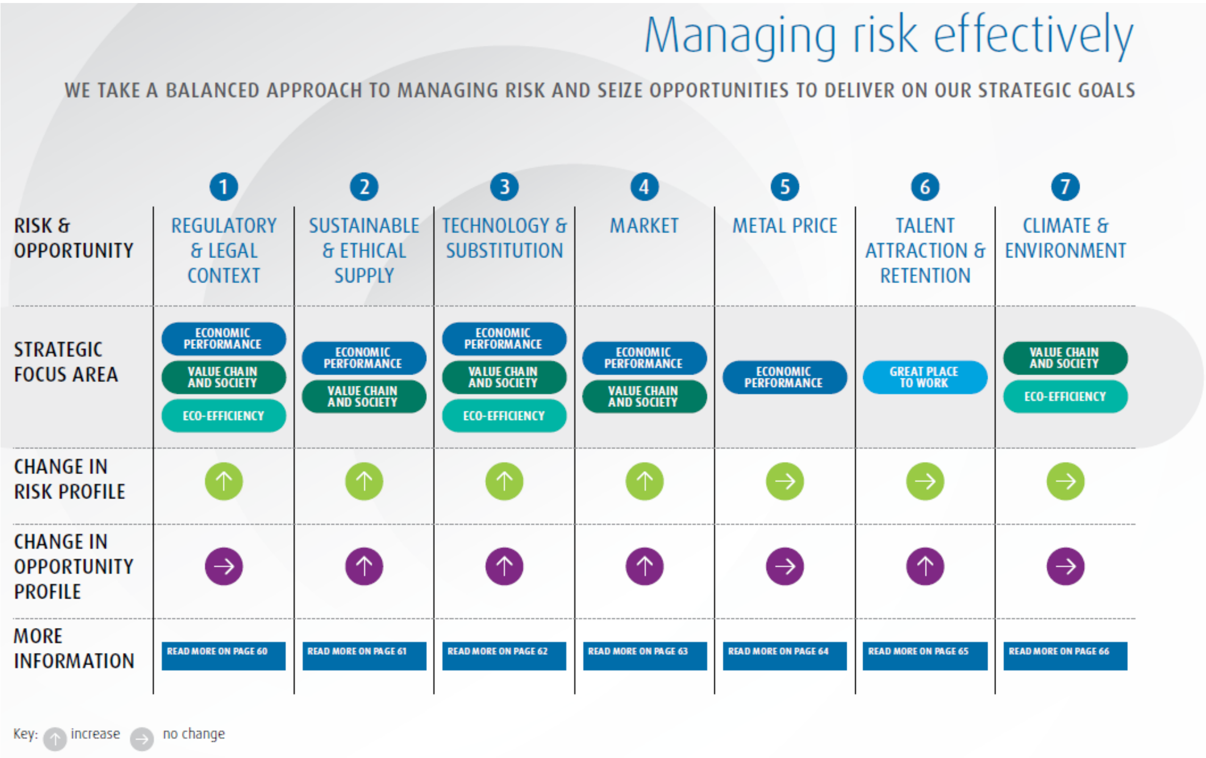
7.8.4.2 *Findings and good practices*

[171] See section 7.8.1 above.
[172] NFI Guidelines, p. 8.

About 60% of the issuers explicitly link their strategy to non-financial objectives.[173] This is a slight improvement on about 50% of the companies at the time of the first study. Often, only some objectives are explicitly defined. If one takes only the BEL 20 companies into account, this percentage rises to about 90%, which is also an improvement compared to the first study. At that time, a percentage of approximately 80% was observed.

The FSMA points out the following **good practices:**

- Some companies link their strategy – for both financial and non-financial topics – to pre-identified risks and opportunities. First, they describe the risks for all their activities. Then they develop a strategy to mitigate those risks.[174]
- Some companies describe their (non)-financial risks using a risk matrix. In addition to a concise representation of the principal risk aspects, the matrix also shows the expected impact and changes in risk for each strategic priority.[175]



Good practice 87: Link between the risks, opportunities and strategy

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[173] Good practice 87.
[174] Good practice 88.
[175] Good practice 89.

Umicore, Integrated Annual Report 2019, p. 59

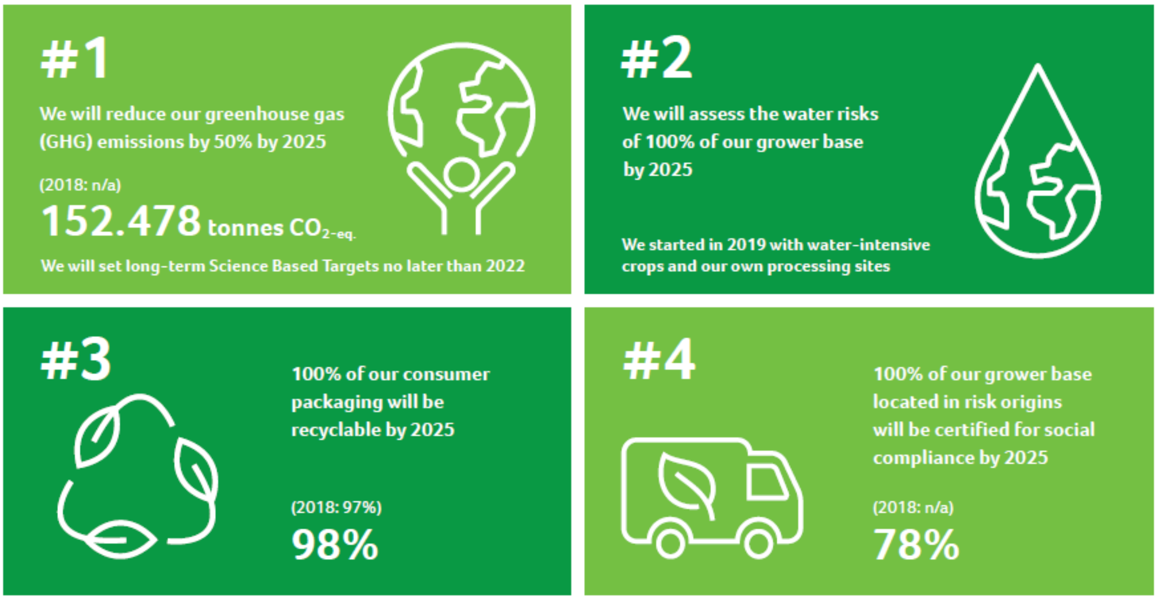
3. Link between main risks, opportunities materiality topics & strategic priorities

Risk		Materiality topics	Strategic priorities			Short term trend
Category	Topic		Secure, reliable & efficient grid	Energy transition	Community's interest	
Strategic/ Regulatory	**Changing/ new regulatory conditions**	Regulation misinterpretations, conflicts with envisioned strategy, clean energy package, evolution of TSO role	x	x		=
Strategic/ Regulatory	**Early termination of TSO licence**	TSO appointment, licence renewal, image, real/perceived failure of governance or compliance, "caretaker" government	x		x	+
Strategic/ Regulatory	**Sustainability of incomes**	Maintain & grow asset base, timely project execution, increase overall efficiency, tariff methodology/parameters which takes into account energy decentralization, supplier's risk (material)	x	x	x	=
Strategic/ Regulatory	**Anticipate HR needs**	Culture change to deliver our vision & strategy, sufficient technical profiles, succession planning, training & development, new skills	x	x	x	=
Operational	**Balancing**	Integration of RES, harder to predict energy flows	x	x	x	=
Operational	**Adequacy**	Evolution of generation units fleets, CRM (law voted in April 2019 in BE), nuclear phase out	x	x	x	=
Operational	**Contingency events & Business continuity disruption**	Cyberattacks (IT/OT), failure of IT systems, supplier's risk (design), unavailability of critical software, malicious attacks, unfavorable weather events, offshore/new technologies, ageing infrastructure	x		x	=
Operational	**Failure of Information & communication technology & data security**	Compliance, GDPR, network codes, data security, privacy & cybersecurity, reputation, communication issues, less performant fault elimination	x		x	=
Operational	**Permitting**	Changing European Energy market, Integration of RES, community acceptance of projects, delay in execution of key projects, "caretaker" government	x	x	x	=
Operational	**Supplier's risk**	Limited number of key suppliers, increasing demand for works & supplies, pressure on supplier's business models, ability to deliver the required capacity on time & with quality, availability of skilled technical profiles, safety on works	x	x	x	=
Operational	**Health & safety accidents**	Safety for contractors, error producing conditions	x		x	=
Financial	**Negative changes in financial markets**	Financial rating, access to debt & capital market, instable interest rates, macro-economic context	x	x	x	+
Financial	**Cashflow**	Cost/revenue forecast/actuals, Levies & green certificates,	x	x	x	=
Financial	**New business developments**	Capped liabilities, new ring-fencing structure, EGI		x	x	=
Financial	**Legal disputes, liabilities**	Capped liabilities, appropriate provisions	x		x	=

Opportunities are further discussed in the R&D section.

Good practice 88: Risk matrix

Elia Group, Activity Report 2019, p. 133



Good practice 89: Strategic objectives with regard to non-financial questions

Greenyard, Sustainability Report 2019-2020, p. 15

Regarding the predefined time horizon, a distinction can be made between short-, medium- and long-term objectives. Almost 70% of issuers define short-term objectives. Less than 60% define medium- and/or long-term objectives. Approximately 85% of the BEL 20 companies define both short- and longer-term objectives. Less than 40% of the other companies do so. Approximately one-third of the remaining companies do not mention any quantified objective for non-financial topics. Some companies do, however, indicate that they will soon draw up a sustainable action plan and objectives in this framework.

The FSMA points out the following **good practices:**

- Some issuers set short-, medium- and long-term objectives for each non-financial topic.[176]
- Some companies systematically compare their KPIs with their targets. This is a useful way of demonstrating relevance and the extent to which companies treat non-financial topics as an integral part of their strategy.
- Some issuers comment on the extent to which they achieve their targets. They indicate (i) whether they are on track to achieve their objectives within the set time

[176] Good practice 90. In this illustration, the issuer defines objectives for 2020, 2025 and 2030. This issuer's sustainability framework covered a 4-year period. Its new sustainability framework will cover a 5-year period with longer-term objectives as well.

frame, (ii) whether they need to make additional efforts, and if so, which ones, (iii) whether they will not achieve certain objectives or need to redefine them.[177]

– Some companies provide a table linking their KPIs to the objectives they have set for different time horizons.[178]

Good practice 90: Short-, medium- and long-term objectives for non-financial statements

Telenet, Sustainability Report 2019, p. 9

[177] See also Good practice 14 and section 7.4.6 above.
[178] Good practice 91.

SUMMARY AND PROGRESS ON OUR MAIN SUSTAINABILITY DEVELOPMENT TARGETS			
KPI	Current	By 2020	By 2025
ECONOMIC			
Generate economic value through employment, investments, dividends and payments to capital providers and governments. Increase revenue, profit & ROCE.	» Underlying EBIT of 5.6% (versus 4.9%) » Underlying ROCE increased by 19% to 9.5% » Dividend proposal in line with 2019 performance	» The improvements we are making in our business will allow us to move to above 7% underlying EBIT margin over the medium term. » Consistent dividend policy over the years	
PEOPLE			
Gender diversity	» Board of Directors: 38% » Leadership team: 20%	Gradual impact from recruitment/ promotion policy driving diversity	» Board of Directors: 33% » Leadership level: 33%
Integrity: Code of Conduct » annual commitment declaration » training on the principles of CoC	» 100% of managers » 100% of white collar workers » Operators: local policy & deployment	» Maintain » Maintain » 100% of operators	» Maintain » Maintain » Maintain
Safety: no harm to anyone at Bekaert	» Zero fatalities » 9 serious injuries » 84% BeCare coverage	» Zero fatalities » 100% BeCare coverage	» Zero fatalities » Zero serious injuries » 100% BeCare coverage
ENVIRONMENT			
Energy consumption reduction » LED light program	» Replacement complete (100%) » Consumption reduction by 50%	Standard in all new sites	100% replacement in BBRG
Renewable energy as a % of total energy	42% (versus 37% in 2018)	Actions to raise the share	55%
Exhaust direct & indirect Green House Gas (GHG) emissions: » CO_2 – scope1 (direct) • Natural gas » CO_2 – scope2 (indirect) • Electricity • Thermal (steam & heat) » Total	GHG intensity ratio: • 77 kg CO_2/ton • 381 kg CO_2/ton • 17 kg CO_2/ton » 475 kg CO_2/ton = -3% versus reference year 2015	» -7%	» -25%
Exhaust » Diesel exhaust internal transport vehicles » From outbound transportation	» Part of internal fleet is diesel powered. » New within monitoring/reporting scope: • Road transport Rubber Reinforcement EMEA • Global sea freight • Global company car fleet • Global business travel	» Gradual replacement. No lease renewal or purchase of diesel-powered forklifts unless there is no alternative. » Extend scope. » Add sustainability KPI to carrier selection criteria in order to reduce outbound CO_2 exhaust.	

SUMMARY AND PROGRESS ON OUR MAIN SUSTAINABILITY DEVELOPMENT TARGETS			
KPI	Current	By 2020	By 2025
MARKETS			
» Product and process innovation	» 80% of global R&D programs target distinct benefits in terms of H&S and/or the environment	» H&S/environment classification addition to project management tool	» 90% of global R&D programs target distinct benefits in terms of H&S and/or the environment
» Downstream impact of innovation: annual CO_2 savings attributable to Bekaert ST/UT tire cord	» 1.5 billion kg CO_2 savings: a significant increase over previous years	» 1.6 billion kg CO_2 savings	» 2.3 billion kg CO_2 savings
Upstream supply chain			
» Conflict minerals	» 100% coverage and compliance from direct tin/tungsten suppliers	» Maintain	» Maintain
» Supplier Code of Conduct	» 94% spend coverage	» 94% spend coverage	» 96% spend coverage
» Supplier CSR audits	» 49 audits	» 40 audits	» 45 audits
» Supplier self-assessments EcoVadis	» 58% spend coverage	» 60% spend coverage	» 75% spend coverage
	All KPI results improved in 2019		

Good practice 91: Table with KPIs and objectives set over time

Bekaert, Sustainability Report 2019-20, p. 8-9

Some summary tables and graphs do not contain pre-set objectives. They also do not indicate whether the objectives are mentioned in other places in the non-financial statement. Although a comparison between the KPIs and the objectives is theoretically possible, it would be more practical and clearer to mention them both in the same place.

7.8.4.3 *Recommendations*

The FSMA recommends that companies:

- explain their strategy and its implementation clearly, understandably and factually;
- specify how their business model affects non-financial topics and how it is affected by them;
- link their strategy and actions undertaken to the risks and opportunities identified;
- set specific objectives for their activities and, to the extent possible, identify quantified short-, medium- and long-term objectives for their strategic priorities;
- explain what short, medium and long term means to them;
- link the objectives set to the measures to be taken;
- determine a reference base to measure the achievement of each objective and to define the KPIs;
- compare performance of previous years by means of KPIs;
- describe what measures they will take, if any, to make up for delays or remedy a specific situation.

7.8.5 Consistent and coherent

7.8.5.1 *Principle*

The various non-financial topics are often interconnected. For example, an environmental issue may be linked to operations, but it may just as easily have an impact on the health of consumers, employees or suppliers. Therefore, it is important that the companies provide a sufficiently broad picture of all relevant aspects.[179]

In that respect, companies take account of the interrelationship between the non-financial topics and their business model.[180] The non-financial information should be coherent with the other information contained in the management report. After all, the management report is a balanced and coherent body of information.[181]

Where relevant, a reference is also included to an additional explanation of the financial amounts in the annual accounts.[182] Investors and other stakeholders are increasingly interested in the financial impact of non-financial topics on a company's performance and development. The market expects ever greater coherence between financial and non-financial plans.

Consistency over time must be guaranteed. For example, companies should comment on any change in their reporting - for example, updating outdated information.[183]

7.8.5.2 *Findings and good practices*

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[179] NFI Guidelines, p. 14.
[180] See section 7.8.4 above.
[181] NFI Guidelines, p. 9.
[182] Article 3:6, § 4, paragraph 6 of the Code on Companies and Associations.
[183] NFI Guidelines, p. 9.

The non-financial elements are often found in different places in the management report or the annual financial report. It is not always clear where to find the information on each theme.[184]

> The FSMA points out the following **good practices**:
>
> – In their non-financial statements, some companies refer to the section of the management report that:
>   - describes their activities and/or business model,[185]
>   - describes the principal (non-financial) risks and uncertainties,
>   - shows the internal risk management procedures.
>
> – Some companies refer to the sections of the management report[186] that contain information on corporate culture and integrity policy.
>
> – Some companies ensure the overall coherence between the different non-financial elements through a clear structure. They clarify, for example, the link between the reported non-financial elements and the reference framework used.[187]

	Staff	Environment (including climate)	Human rights	Other social matters	Combating corruption and bribery
Reference in this annual report	• See 'Our employees, capital, network and relationships' in the 'Our business model' section.	• See 'Our role in society' and 'Focus on climate' in the 'Our strategy' section. • See 'Climate-related risks' in the 'How do we manage our risks?' section.	• See 'Focus on human rights' in the 'Our strategy' section.	• See 'The client is at the centre of our business culture' and 'Our role in society' in the 'Our strategy' section.	• See 'Combating corruption and bribery' and 'Corporate culture and integrity policy' in the 'Corporate governance statement' section.

Good practice 92: Overview of the non-financial topics discussed

KBC Group, Annual Report 2019, p. 177

[184] See section 7.8.2.2 above.
[185] See section 7.4.2 above.
[186] Good practice 92.
[187] Good practice 93.

Overview of non-financial information

Page	Strategic pillar	Highly material topics	Theme/KPI*	Target 2019	Result 2019	Result 2018	Target 2020 & beyond	GRI KPI/ref	Impact/ SDG
		Enabling a better digital life							
p.24	Digital infrastructure	Innovation and sustainable infrastructure	4G indoor coverage	For competitive reasons we do not wish to disclose targets on our infrastructure investments.	99.6%	99.6%	For competitive reasons we do not wish to disclose targets on our infrastructure investments	Indirect economic impacts Local communities	9. Industry, Innovation & Infrastructure 11. Sustainable Cities & Communities
			4G outdoor coverage		100%	100%			
			Fixed Internet: 70 Mbps coverage		76%	73%			
			Average VDSL2 speed		79.2 Mbps	75.8 Mbps			
			Vectoring coverage in Belgium		90.1%	88.6%			
p.29	Digital innovation	Digital competitiveness of companies and institutions	IoT connections	1.8 Million	1.82 Million	1.36 Million	2.0 Million	Indirect economic impacts	9. Industry, Innovation & Infrastructure
			Number of projects with universities/education institutes	Not available	20	39	Not available		
p.26	Digital trust	Privacy and data security	International recognized certifications related to cyber security (ISO 27001 and Trusted Introducer certifications)	5	5	6	Not available	Customer privacy Cyber security	11. Sustainable Cities & Communities
			Phishing exercises. Employee awareness results: employees who informed CSIRT	Not available	2,480	1,113		Training and education	8. Decent Work and Economic Growth

Page	Strategic pillar	Highly material topics	Theme/KPI*	Target 2019	Result 2019	Result 2018	Target 2020 & beyond	GRI KPI/ref	Impact/ SDG
		Caring for our stakeholders							
p.41	Ethical business conduct	Business conduct and ethics	Number of cases investigated by the Investigations department for violation of policies/code of conduct	Not available	38	29	Not available	Anti-corruption	8. Decent Work and Economic Growth
			Number of whistleblowing cases	Not available	7	7	Not available		
p.33	Customer first	Quality products and services	Blended usage satisfaction (residential customers)	Not disclosed	93.5%	94.6%	Not disclosed	Economic performance Customer health and safety Anti-competitive behavior	3. Good Health
		Pricing and billing transparency	Customer complaints	Not disclosed	-18% vs '18	-6% vs '17	-8% vs '19		
		Customer relationship	MyProximus active users	Not disclosed	1.6 Million	1.48 Million	Not disclosed		
			Field repairs	Not disclosed	-14% vs '18	-6% vs '17	-7% vs '19		
		Responsible marketing	# complaints from JEP (# of which justified)	Not available	2 (1)	7 (2)	Not available		
p.36	Employee care	Human capital and employee development Health and safety	Employees using Office365 OneDrive	74%	85%	79%	Not disclosed	Employment Labor/ Management relations Training and education Occupational health and safety	8. Decent Work and Economic Growth 3. Good Health
			Employees actively looking for knowledge or people by using our enterprise social network (#WAP)	95%	98%	96%	Not disclosed		
			Employees who feel that they have the technology tools and infrastructure to enable them to work across different locations outside the building	Not available	92.5%	90.5%%	Not available		

Page	Strategic pillar	Highly material topics	Theme/KPI*	Target 2019	Result 2019	Result 2018	Target 2020 & beyond	GRI KPI/ref	Impact/ SDG
p.36	Employee care	Human capital and employee development Health and safety	Employees who feel that they have the technology tools and infrastructure to enable them to work across different locations within the building	Not available	91.8%	89.7%	Not available	Employment Labor/ Management relations Training and education Occupational health and safety	8. Decent Work and Economic Growth 3. Good Health
			Internal mobility	Not available	519	983	Not available		
			Frequency rate of occupational accidents	Stable in relation to previous year	6.51	6.8	Stable in relation to previous year		
			Severity rate of occupation accidents	Stable in relation to previous year	0.11	0.28	Stable in relation to previous year		
		Contributing to society							
p.44, 46, 47	Digital for all	Connectivity and digital inclusion	Percentage of accessible tested devices (at least for 1 disability category)	90%	100%	91%	90%	Local communities	9. Industry, Innovation & Infrastructure 11. Sustainable Cities & Communities
			Number of job seekers supported by our initiatives in Belgium	350	862	404	Over 800		
			Number of sick children connected to their school by Bednet and Take Off	Over 1,000	1,164	Over 1,000	Over 1,100		

Page	Strategic pillar	Highly material topics	Theme/KPI*	Target 2019	Result 2019	Result 2018	Target 2020 & beyond	GRI KPI/ref	Impact/ SDG
		Respecting our planet							
p.52 Environmental figures, p.125-126	Being CO_2 neutral	Sustainability, energy & circularity	Electricity used which came from renewable energy sources	100%	100%	99%	100% in 2020	Energy	13. Climate Action
			Carbon neutrality level for own operations and business travel	100%	100%	100%	100%		
			Carbon emissions scope 1+2 compared to previous year	-4%	-5%	-16%	-4% yearly		
			Energy consumption compared to 2008	Not available	-30%	-27%	Continuous improvement		
p.54 Environmental figures, p.127	Being circular	Sustainability, energy & circularity	Percentage of waste recycled, reused or composted	Not available	87%	87%	90% by 2025	Materials	12. Responsible Consumption and Production
			Collected mobile phones	Not available	31,475	18,279	100,000 by 2020		
			Refurbished modems and TV decoders	Not available	336,000	405,544	Not available		
p.56 Environmental figures, p.127	Sustainable supply chain	Sustainable supply chain	Percentage of suppliers screened using social criteria (incl. working conditions, human rights, etc.) who received a silver or gold recognition level	80%	85%	87%	80%	Supplier environmental assessment Human rights assessment Supplier social assessment	12. Responsible Consumption and Production 13. Climate Action
			Percentage of suppliers screened using environmental criteria who received a silver or gold recognition level	80%	75%	83%	80%		

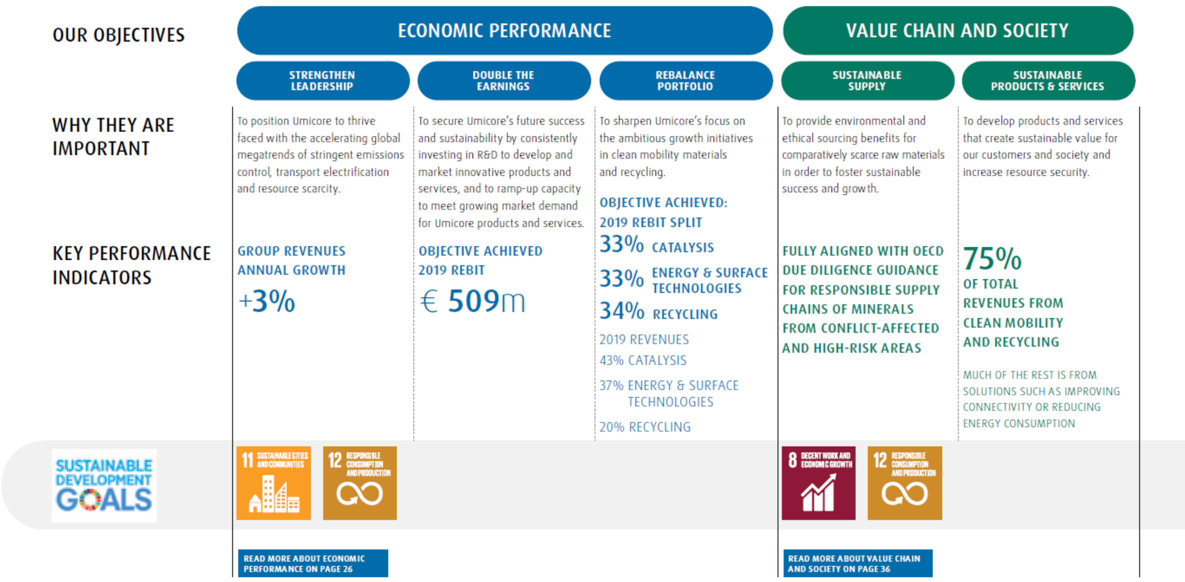
Good practice 93: Summary table with references

Proximus, Annual Report 2019, p. 105-108

Only a small minority of the issuers refer in their non-financial statement to the consolidated financial statements and the amounts reported therein or to additional explanations of these amounts. This was also the case in the first study.

The FSMA points out the following **good practices**:

- Some issuers indicate the share of sustainable activities in their total income.[188] For example, they indicate the share of investments in non-financial topics (e.g. environmental matters) as a proportion of their total investments.[189]
- Some companies refer to amounts in the financial statements and to their explanatory notes, for example, on the financial provisions for environmental and legal risks.[190]
- Some companies list their contributions to stakeholders. These include contributions (i) to staff in terms of salaries and training costs, (ii) to suppliers, (iii) to governments in the context of tax payment, (iv) to shareholders and (v) to the community in terms of donations and investments.[191]
- Some companies include a description of the credits of which the interest rates vary according to certain sustainable objectives.[192]



Good practice 94: Indication of the share of sustainable activities in the total turnover

Umicore, Integrated Annual Report 2019, p. 4

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[188] Good practice 94.

[189] For example, climate change may have an impact on the financial statements of companies. In November 2020, the IFRS Foundation published a paper on the effects of climate-related matters on financial statements. IFRS Foundation, *Effects of climate-related matters on financial statements*, November 2020, available on: https://www.ifrs.org/news-and-events/2020/11/educational-material-on-the-effects-of-climate-related-matters/.

[190] Good practice 95.

[191] Good practice 96.

[192] Good practice 97.

Umicore manages its historical environmental legacy, ensuring adequate financial provisions that are reviewed twice a year. For more information, see notes E7 and F29.

Good practice 95: Cross-reference to the financial provisions for environmental risks

Umicore, Integrated Annual Report 2019, p. 66

and to create value for our stakeholders

contributing to the UN SDGs 2030

Key Indicators	Amounts	Stakeholders	SDGs
Value added[2]	€598.0m	Employees, customers, suppliers, shareholders and investors	8, 9
Net value added[3]	€458.3m	Employees, customers, suppliers, shareholders and investors	8, 9
Total spend on suppliers, local national and international for goods and services	€1,020.0m	Suppliers and contractors	9
Taxes to national and local authorities	€90.7m	Governments and authorities (central and local)	8, 17
Payments in cash, as dividends and other type, to shareholders and minorities	€13.7m	Shareholders	8, 17
Total spend on donations and social engagement initiatives	€2.5m	Communities, academia and educational organizations, civil society and society at large	2, 4, 8, 9, 11, 16, 17
Green Investment	€26.6m	Communities, youth, society at large	9
Alternative fuels	269,665 tons	Communities, youth, society at large	12, 13
Salaries, (contributions to) pensions, and social benefits, including additional benefits beyond those provided by law	€315.1m	Employees and their families, local communities	17
Investments on training of direct employees, as total expenditures[4] at Group level	€0.9m	Employees and their families	4, 8, 10
Internships	396 interns	Employees and their families, local communities, youth	4, 8, 17
R&D and Innovation Collaborative efforts	€7.9m	Employees, customers	7, 9
Investments for the Group's future growth	€109.3m	Employees, customers	9, 12

(3) Revenue minus costs of bought-in materials, goods and services and minus depreciation on tangible assets (Net Value Added, NVA, according to the UNCTAD).
(4) Total expenditures including the direct and indirect costs of training for direct employees and mainly costs such as trainers' fees. For more details, see Table 2.1. Value Creation Core Indicators Index in Non-financial Statements

Good practice 96: Contributions to stakeholders

Titan Cement Group, Integrated Annual Report 2019, p. 15

Short-term objectives
Short-term objectives related to climate change have been determined and associated KPIs set. These KPIs are integrated into the Fagron management system and, in underlining Fagron's ambition to put sustainability at the heart of all aspects of its business operations, it is also aligned with a sustainable loan agreement that Fagron concluded in November 2019 (see below and page 116 for a detailed explanation).

Good practice 97: Reference to the notes to the consolidated statements

Fagron, Annual Report 2019, p. 69

7.8.5.3 *Recommendations*

The FSMA recommends that companies:

- consider the information contained in the management report and the other parts of the annual financial report as one single consistent and coherent whole;
- establish links between the business model and the strategy to reduce the identified risks;
- clearly align each developed policy with the due diligence processes, the action plans and their results,
- avoid repetitions as much as possible;
- establish clear links between the information contained in different chapters of the management report or in the notes to the consolidated financial statements;[193]
- ensure that, if non-financial elements are discussed in different chapters of the management report or of the annual financial report, such dispersion does not compromise coherence;
- include an index or an overview with a clear indication of the location of each non-financial topic;

[193] For example, the companies may include, in their non-financial statement, references to the description of their business model and operations, to the explanation of the non-financial risks in the sector or of the company's principal risks, to management and internal control processes in the corporate governance section.

– explain any change in the policy or the reporting methodology;
– establish links between the non-financial and the financial information, by highlighting the impact of the non-financial topics on the performance and the development of the company in financial terms;
– provide additional explanation on the financial impact of non-financial topics.[194]

7.9 Statutory auditor and certification

7.9.1 Regulatory framework

The statutory auditor shall judge whether the management report is consistent with the financial statements for the same financial year and whether it has been prepared in accordance with Articles 3:5 and 3:6 of the Code on Companies and Associations.[195] If the non-financial statement is included in a separate report, the statutory auditor's report shall also contain an opinion indicating whether this separate report contains the required information and is consistent with the financial statements for the same financial year.

7.9.2 Findings

With the exception of one issuer on the continuous market, the statutory auditor prepares an opinion regarding each non-financial statement studied. With the exception of this one issuer, the statutory auditors indicate each time that the companies have based their non-financial statement on a reference framework, and mention which reference framework was used. This is an improvement, since, in the previous study, a percentage of 85% was reported.

	Indication of the reference framework				**No indication of the reference framework**			
	Total	BEL 20	Continuous	Fixing	Total	BEL 20	Continuous	Fixing
2019	52	13	35	4	1	0	1	0
2017	48	13	32	3	8	1	6	1

Table 4: Statutory auditors' reports mentioning the use of a reference framework

[194] If not already explained in the notes to the financial statements.
[195] Article 3:75, § 1, 6° WVV.

Six independent *limited assurance reports*[196] were drawn up by the same audit firm as that of the statutory auditor. Two were prepared by another audit firm, and one by an external specialized assurance provider.

[196] See section 7.8.3 above.

8 CONCLUSION

8.1 IMPORTANT IMPROVEMENTS

Important steps have been taken in the right direction both in terms of form and content. The study shows the **following important improvements**:

- *First,* the majority of the non-financial statements contain an explanation of the policy pursued for each of the required themes.
- *Second,* more companies have included information on non-financial topics in a sufficiently specific manner. In many cases, the non-financial information is sufficiently complete and focuses on the essential elements for the issuers. This is partly due to the fact that many issuers have carried out a materiality analysis.
- *Third,* more than in the past, companies prioritize quantified objectives. They provide KPIs that are specific to the company activities and that are related to the objectives.
- *Fourth,* a large majority of companies have drawn up an internal code of conduct or code of ethics. To this end, they introduce the necessary due diligence processes. In addition, an increasing number of companies apply a code of conduct for their suppliers. They also increasingly take measures to verify compliance with their code.
- *Fifth,* the non-financial statements of a growing number of companies are based on a recognized European or international reference framework. The most commonly used ones are the SDGs and the GRI Standards. Many companies combine those two reference frameworks.
- *Sixth,* the presentation and quality of the non-financial statements have improved in the last two years, even though there is still room for improvement in the way they are structured.

8.2 CONTINUING POINTS OF CONCERN

In addition to the above-mentioned points, areas for improvement were also identified. Some of these points of concern had already been identified in the first study. Therefore, the FSMA urges companies to pay particular attention to the following points of concern when drafting their next non-financial statement.

The principal **points of concern** are the following:

- *First,* a number of companies fail to provide (i) the risk description, (ii) the links between those risks and the policy pursued, (iii) the due diligence processes and the results obtained, as well as (iv) the KPIs used, in whole or in part.

  The shortcomings relate in particular to:

  - the description of the identification and management of the risks of the non-financial topics and their non-financial and financial impact in the short, medium and long term;
  - the establishment and application of due diligence processes in terms of measures and actions for the achievement of the policy and the management of the risks identified for each non-financial topic, especially regarding social matters, respect for human rights and fighting corruption;
  - the setting of quantified objectives and the follow-up of their achievement. This can be done, for example, by explaining that the company is well on its way to achieving its targets, what challenges the company faced and what actions it has taken, if any, to improve the situation;
  - the relationship between the KPIs used and the objectives set. The scope and calculation method of the KPIs are also often insufficiently explained;
  - the distinction between social and employee-related matters.

- *Second,* there is room for improvement in providing relevant and sufficiently specific information on environmental matters, including climate change. This is the case in particular for the description of the principal environmental risks. Companies should pay additional attention to both (i) their own impact on environment and climate change and (ii) the impact of these factors on company activities.

- *Third,* almost 10% of the companies do not base their non-financial statement on a recognized European or international reference framework.

- *Fourth,* progress must be made to ensure the accuracy, completeness and reliability of the processes for collecting, processing and reporting non-financial information.

- *Fifth,* companies still do not sufficiently monitor coherence between the information in the non-financial statement and other parts of the management report or annual financial report. Issuers should pay attention to the impact of non-financial topics on their business model.

- *Sixth,* the non-financial statements included in the study are often still insufficiently balanced. There is a tendency to emphasize the positive elements and to pay little or no attention to the less positive elements.

8.3 PRINCIPAL RECOMMENDATIONS

As there is still room for improvement, the FSMA has drawn up some recommendations. Some of those recommendations have already been included in the first study.[197]

The FSMA recommends that companies:

- clearly indicate where the non-financial statement can be found in the management report;*
- clearly identify the activities covered by the non-financial statement. Companies should specify to which group entities their non-financial statement refers;
- provide a clear overview of the approach taken to each non-financial topic. To this end, the companies should present in a structured manner: (i) the policy pursued, (ii) the due diligence processes implemented, (iii) the risks identified and the way in which they are managed, as well as (iv) the results obtained;*
- develop an appropriate governance structure for non-financial topics.* This includes the development of a code of conduct with associated KPIs and compliance mechanisms,
- consider and describe the significant elements regarding the supply and subcontracting chains,
- comment on the results obtained in a narrative and a numerical way by means of KPIs,*
- provide both historical and current results to allow for comparison with the objectives set. The evolution of the results is preferably presented by means of an easy-to-read table or graph.*
- specify the scope of the KPIs used, especially when that scope differs from that of the entire non-financial statement or varies in function of the non-financial topic addressed,
- give a description of the method used to calculate the KPIs when it is not very obvious,
- state the challenges faced as objectively as possible. If need be, motivate why the objectives set were not achieved and explain how this can be remedied,*
- describe the realization of their materiality analysis.* Here, both perspectives of the relative importance are taken into account ("double materiality approach"). The results of this analysis are preferably illustrated visually, for example in a materiality matrix,*
- preserve the brevity of the non-financial statement by describing only those topics that have been identified as significant following a materiality analysis,*

[197] Those recommendations are marked with an asterisk in the list below.

– clearly structure the information, for example with tables of contents, and explain which information corresponds to which reference framework(s) used,

– include a reference to other parts of the management report or the annual financial report containing certain non-financial elements. This includes, for example, a reference to the business model and the company activities as well as to the principal risks and the way in which they are managed.*

8.4 Conclusion

Contrary to financial reporting, reporting on non-financial topics is a relatively new reporting requirement for companies. Consequently, companies are going through a learning process on how to report in a meaningful manner on various topics such as environment, climate, social and employee-related matters, human rights and the fight against corruption and bribery. The FSMA notes that Belgian companies have undergone a growth process in the past two years. Non-financial reporting has improved significantly in important areas.

Steps should be taken, however, to guarantee that the quality of the reporting by all listed companies is sufficiently high. It is important to prevent a growing gap between the best in class and the laggards. The study shows that the BEL 20 companies generally provide more complete and specific non-financial information than the other companies.

Therefore, the FSMA hopes that the examples of good practices highlighted in this study can help companies to (further) improve their non-financial reporting. Moreover, the FSMA expects companies to follow the recommendations made.

Brussels, June 2021

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9 ANNEXES

9.1 ANNEX 1: LIST OF COMPANIES INCLUDED IN THE STUDY

List of the 54 Belgian issuers of shares and bonds

- that were admitted to trading on a regulated market as at 1 November 2020,
- whose annual financial report is subject to FSMA supervision,
- that are required to include a non-financial statement in their annual financial report for the 2019 or the 2019-2020 financial year,
- that published their non-financial statement before 30 November 2020.

AB InBev	Jensen-Group
Ackermans & van Haaren	KBC Groep
Ageas	Kinepolis Group
Agfa-Gevaert	Lotus Bakeries
Akka Technologies	Melexis
Balta Group	Miko
Barco	Ontex Group
Bekaert	Orange Belgium
Bpost	Picanol
Cenergy Holdings	Proximus
CFE	Recticel
Compagnie du Bois Sauvage	Resilux
Colruyt	Roularta
Deceuninck	Sioen
D'Ieteren	SIPEF
Econocom Group	Solvay
Elia System Operator	Spadel
Euronav	Telenet Group
Exmar	Ter Beke
Fagron	Tessenderlo Group
Floridienne	Titan Cement
Fluxys Belgium	UCB
Galapagos	Umicore
GBL	Vandemoortele
Greenyard	Van de Velde
Hamon	VioHalco
IBA	X-FAB

9.2 ANNEX 2: LIST OF GOOD PRACTICES

9.3 Annex 3: List of figures

9.4 Annex 4: List of tables

9.5 Annex 5: List of graphs