

Corporate social responsibility

As part of society, Fortis both draws on and gives back to society. In recognition of its corporate responsibility, Fortis has made sustainable growth an important consideration for the way in which the company operates.

In the past few years, Fortis has evolved from a socially committed company, caring for society, into a socially responsible one, caring for all those involved in its business, namely customers, employees, shareholders and society. The company is placing greater emphasis on carrying out its operations in a sustainable manner and increasingly embraces social and ecological considerations. Fortis has set itself the goal of uniting its efforts towards sustainability - which are now often fragmented - under a cohesive policy of corporate social responsibility for the entire organization. Fortis will spend the next few years finalizing the details of this policy.

Code of Conduct

Fortis's Code of Conduct, launched in 2002, describes standards governing the relationship between Fortis's employees and shareholders, customers, colleagues and society. Developed, among other reasons, to protect its reputation as a solid partner acting in accordance with its corporate values – stable, caring, innovative and straightforward – the Code of Conduct is a set of guidelines for how employees are expected to act and make decisions and describes the mindset and attitude Fortis expects of its staff.

In 2003 Fortis evaluated and, where necessary, stepped up attention to implementation of the Code of Conduct. Employees can put forward questions to their business's Compliance Officer or to the central email address. The businesses report periodically on observance of the Code of Conduct. In 2004 a dialogue with employees will be carried out as part of an investigation into whether the Code of Conduct needs to be updated.

Shareholders

Fortis is committed to applying the principles of good corporate governance, aiming for an effective and transparent management structure with the right division of responsibilities between executive and regulatory functions. All shareholders have equal rights and entitlements, e.g. voting, dividends. The section on corporate governance provides a comprehensive review of these and many other aspects of Fortis's relationship with its shareholders.

A good valuation and a favourable perception of the company and its CSR policy are of prime importance to Fortis and its shareholders. Its performance is reflected by its inclusion in a number of sustainability indices and funds. Fortis is part of the FTSE4Good sustainability index and was added to the Dow Jones Sustainability STOXX index and the Dow Jones Sustainability World index in 2003.

Fortis regards corporate social responsibility as an integral part of its operations, a way of doing business. Consequently, comprehensive information on sustainability is contained in the sections devoted to the businesses: customer satisfaction surveys (pp.17, 21, 36 and 39), sustainable investment funds (p.18), sustainable asset management (p.28), green financing (p.25), specialist advice and trading of carbon dioxide emission rights (p. 25), charity management (p.28) and the code of conduct for insurers in the Netherlands (p.36) and Belgium (p.41).

More detailed information is also available at www.fortis.com/community.

Customers

Fortis is always looking for distinctive solutions that will better meet its customers' financial needs. Customer satisfaction surveys provide an important source of information for Fortis to help optimize its services. As is reported in the separate sections of this report, the different businesses within Fortis each conduct their own surveys.

Straightforward, explicit information is a precondition for a good relationship with the customer. To this end, Fortis's general banking and policy conditions are written clearly and presented in an easy-to-read layout. Fortis communicates with and provides services to customers by means of personal advice and via the Internet, telephone and self-service desks.

Fortis aims to keep its corporate reputation as a reliable financial services provider beyond reproach at all times, taking great pains not to enter into any relationship with people or organizations involved in or suspected of illegal or unethical activities. Fortis Bank in the Netherlands has designed a special method aimed at familiarizing account managers with the interpretation of the code of conduct using theoretical dilemmas.

Fortis Bank's credit department works together with its various commercial divisions in establishing rules, standards, models and procedures for efficient lending practices. Lending policy is con-

tinually revised in response to economic and social changes. For example, Fortis Bank has closely examined sustainability and ethical provisions in its credit policy for all sectors. In a parallel development, a number of steps were taken to create a formal framework for socially responsible lending. In 2003 the credit department established an autonomous compliance function to test Fortis Bank's lending process against Fortis's general compliance regulations. A network of compliance correspondents was set up in all 14 countries where the credit department is active.

Late 2003 the lending policy committee approved an amended credit charter in which the ethical conditions for lending were tightened and general sustainability principles were added. This ethical framework is formed by regulations that transcend strictly legal or fiscal regulations and that reject decisions and behaviour that – although perfectly legal – are unacceptable from an ethical point of view. Sustainability is thus firmly anchored at all levels of Fortis Bank's lending operations. Environmental and social risks form part of the credit analysis and, consequently, of the decision-making process. In 2004 the ethical framework will be further crystallized with the introduction of specific regulations and criteria applying to each business sector and type of loan.

People at Fortis

The Fortis corporate values continue to apply in full to the relationship between the company and its employees and to the relationship between employees. Respect, openness and solidarity are important features of these relationships.

Fortis redefined its human resources (HR) policy in 2003, creating an integrated policy Fortis-wide. Its policy lays down a number of strategic objectives, including identifying and developing employees with management and leadership potential, preparing the 'HR Next Generation', in part by launching an HR school, and focusing on the quality and support of customer forums within all Fortis entities.

Excluding the American insurance business, Fortis employs around 54,000 people in over 50 countries, some 80% of whom in the Benelux region. The

number of employees (measured in terms of FTEs) came down by 1.7% in 2003 compared with the previous year. Fortis Bank's redundancy scheme gave staff the opportunity to take voluntary early retirement, from the age of 56 in the Netherlands and from 55 in Belgium.

Fortis's workforce can be broken down into 56% men and 44% women, with women filling over 6% of senior management positions in the Benelux countries. Fortis has announced a number of explicit diversity-related targets and measures for the years ahead, aiming to have women occupy 25% of senior management positions by 2012 and 50% of the positions in the 'Next Generation Leadership' programme in the near term. The appointment of a corporate diversity manager mid-2004 should help speed up the company's efforts in this area.

Fortis Venturing – innovation through employee entrepreneurship

In its effort to develop, encourage and exploit employee and management entrepreneurship, Fortis Venturing supports staff, management and customers in generating, developing and implementing new products, services, markets and/or business models. Fortis Venturing is a pioneering concept that encourages innovative Fortis employees and customers to develop creative, 'quick win' business initiatives. Fortis pursues a venture capitalist

approach to support these employees and management in putting their ideas into practice.

Fortis Venturing received 190 ideas in 2003, 22 of which were submitted to an Innovation Committee and 12 of which were implemented. Examples include Fortis Yacht Services, a service to personal banking clients, and energy-related financial instruments, such as weather derivatives and emission rights, for Merchant Banking customers.

Fortis's HR policy focuses on topics such as workload, stress and absenteeism and on the identification of risk factors. The different businesses have defined a structured approach to workload and stress. Fortis Bank in Belgium and the Netherlands has built in a high degree of employee flexibility regarding working hours. Absence through illness, already relatively low, is on the decline. Various entities have introduced a structured approach to tracking and managing absenteeism. In 2003 absenteeism came down 0.5 percentage points to 4.3%.

One of the premises of Fortis's HR policy is that its staff's knowledge, skills and ongoing development are essential ingredients of the company's long-term success. A number of important training and personal development projects have thus been launched. Examples are an integrated training catalogue for all employees in different countries, a Fortis-wide competency catalogue, a drastically revised and structured offer of management training at an international level and a pilot project on 'free learning', enabling employees to take courses on their home computers aimed at their general development. The number of training days at Fortis Bank in the Benelux region climbed nearly 6%, to 126,086 in 2003, while in Belgium this figure rose over 16%. Fortis ASR has introduced e-learning, allowing employees to participate in training courses from their own workplace, whenever and in whatever pace they want.

In 2003 Fortis introduced a uniform performance review system for senior management. Fortis also attaches a great deal of importance to social consultation and encourages its staff to exercise the right to employee participation. In 2003 it met with employee representatives to discuss, among other things, job grading at Fortis Bank, a new social plan and a new collective agreement (including employee pension contribution) in the Netherlands, and the formation of works councils and consultation committees in the Netherlands and France. At Fortis ASR, works councils were adjusted to the new organizational structure and intensive discussions were held on the reorganizations. The company also began preparations for the social elections in Belgium planned for 2004, and organized a two-day workshop on retail banking with members of the works council.

Fortis conducted an extensive employee survey late 2003 to determine what its employees feel is important in the area of corporate social responsibility, what they expect of their company and how they think they can make a contribution. More than 1,000 employees completed the survey, many of whom believe that Fortis should fulfill an important function in society and are willing to commit their time and energy. In spite of this, they are not aware of many of the company's socially responsible initiatives. Fortis will therefore intensify its information provision. In addition, mid-2004 specialist workshops will also be organized for employees who have indicated that they are eager to devote their time. The aim is to start up new CSR activities from 2004.

Society at large

Commitment to society in the form of donations and volunteer work is an essential ingredient of Fortis's social responsibility. The company encourages its employees to get actively involved in community projects. All parties benefit: the social organizations to which Fortis contributes volunteers receive knowledge,

assistance and financial support, while the volunteers enjoy a widening of horizons and personal development. At the same time, Fortis's commitment boosts employee motivation and company pride, which in turn benefits the company. Fortis contributes to a better society through the Fortis Foundations.

Fortis Foundation Netherlands

People helping people: this idea is at the heart of the activities performed by Fortis Foundation in the Netherlands. Fortis employees volunteer to help the disadvantaged, and the foundation offers them support in the form of facilities and funds.

Fortis employees teach Dutch to immigrants, organize sports days for children in asylum seekers' centres, act as mentors to high school students and help underprivileged youth in their personal development. Fortis Foundation wants to concentrate more on tapping into the rich source of talent among Fortis employees. Employees who, for instance, are willing to give workshops on personal skills or entrepreneurship or who become mentors or provide advice, under the motto: 'Where worlds come together and inspire new insight'. An example is the Cityteam project, through which Fortis trainees coach underprivileged youngsters by offering workshops on pro-active behaviour and teaching them to set goals for themselves.

The 65 members of the Stimulans Committees, the internal ambassador's network of Fortis Foundation Netherlands, organize local volunteer projects. Five hundred and seventy-two Fortis employees participated in these projects in 2003.

Employees can also receive financial support for charitable causes to which they donate their time. Two hundred and sixty-seven Fortis employees made use of this option in 2003. Over 600 employees expressed their commitment to society as part of a group and, together with their team, embarked on a social team building activity. A total of 2,335 Fortis employees devoted their time to more than 300 social organizations in the Netherlands in 2003. Fortis Foundation Netherlands has an annual budget, excluding personnel costs, of EUR 1 million.

Fortis Foundation Belgium

In Belgium, Fortis expresses its commitment to society through the Fortis Foundation Belgium, which provides direct financial assistance to organizations devoted to the underprivileged in our society. Support is mainly given to children and young people, but there is also a focus on promoting solidarity between the generations. Examples include the purchase of teaching material, setting up playgrounds and activity centres and financing holidays and sporting activities for sick and/or deprived children and youngsters. Socially committed Fortis employees suggest these projects themselves. They form a valuable pool of employee volunteers who supplement financial support.

Fortis Foundation involves Fortis's staff in Belgium in its activities through its 'Solidarity Days', when practical activities such as gardening, painting and wallpapering are performed on a one-off basis by employees in their leisure time. Fortis Foundation Belgium selects the projects and provides staff for supervision. An extension of these activities is the 'We can help YOU to help' programme. This programme gives staff and early retirees the opportunity to donate their experience, expertise and network to social organizations that organize activities such as financial management, practical jobs, homework assistance and computer network maintenance.

Fortis Foundation Belgium's activities rely on an ongoing analysis of and commitment to its social and financial support policy. Fortis Foundation wants to use the public platform 'Meeting for the future', which it organized for the first time in 2003, to engage all parties involved in the discussion on social needs, responsibilities and resources.

In 2003 159 projects were supported to an amount of EUR 1.2 million. Since the foundation was set up in 1996, 736 projects have been approved involving a total amount of EUR 8.9 million.

Sponsoring

Fortis also expresses its commitment to society through its sponsoring activities. In Belgium and the Netherlands the company is an active sponsor in a number of areas, including sports, culture, music festivals, fashion and design. Sponsored events are selected based on their ability to reach various target groups. A social aspect is integrated where possible, for instance via the

Foundations or through voluntary participation of Fortis staff, and benefits are offered to customers and personnel. One way Fortis stands out from the crowd is by sponsoring and supporting the 'Spullenhulp' textile and sporting centre fashion show. Fortis's know-how and expertise is helping this organization for the needy to achieve its goals.

Environment

Fortis recognizes the need to protect the environment. The company aims to raise its environmental performance to a socially responsible level and to keep it at that level. Its goal is to comply with the provisions prescribed by environmental legislation and regulations at the very least and to anticipate future legislation. Fortis also aims to achieve a structural, ongoing reduction in the degree of environmental impact caused by its operations.

Fortis's facilities management is decentralized. As the different entities are responsible for complying with and carrying out the regulations, programmes or initiatives can vary from country to country, Fortis strives to pursue a clearly defined policy and approach.

Under an agreement with the Dutch government, Fortis has pledged to practise economical and efficient energy consumption, with Fortis Bank committed to a 25% cut by 2005 and Fortis ASR to a 23% reduction by 2006 compared with a decade earlier. To ensure that the targets set out in the Long-range Energy Consumption Agreement are met, Fortis Bank and Fortis ASR have prepared energy plans for each building they occupy. These plans are updated every two years.

Fortis Bank in the Netherlands works with Waste Care Systems. Waste is separated by means of a recycling

collection point placed near each workstation, into which employees put their own waste materials. This allows for subsequent recycling, is less harmful to the environment and is cost-effective to boot. Fortis ASR has set up special service areas at its head office in accordance with a similar method.

In Belgium, Fortis Bank prepares an annual environmental programme, carried out by various task groups, involving paper, the environment and energy. In 2003 a great deal of attention was devoted to raising consciousness and improving behaviour among employees in order to reduce the impact on the environment. Fortis Bank has introduced a new system for waste management in all of its large premises. Paper consumption in copying machines was reduced by 7% compared with the previous year.

A multidisciplinary jury of the Brussels Institute for Management of the Environment awarded Fortis's headquarters in Belgium the 'Eco Dynamic Enterprise' label in 2003. The jury particularly appreciated the consciousness-raising campaigns, environmentally sound technological choices, excellent maintenance programme and integration of the living environment into daily policy.

