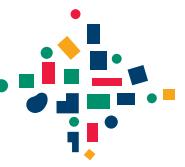


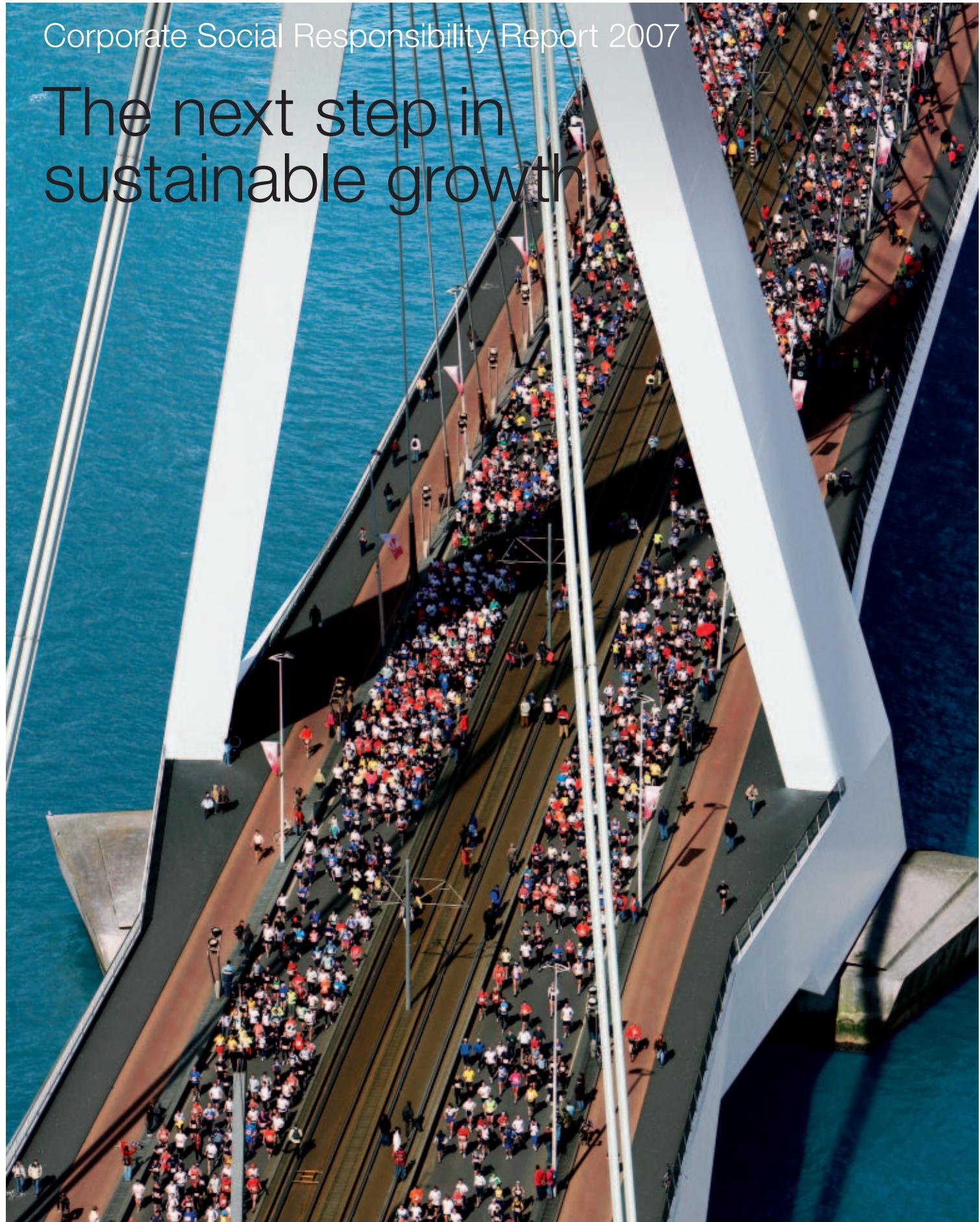
Getting you there.

**FORTIS**

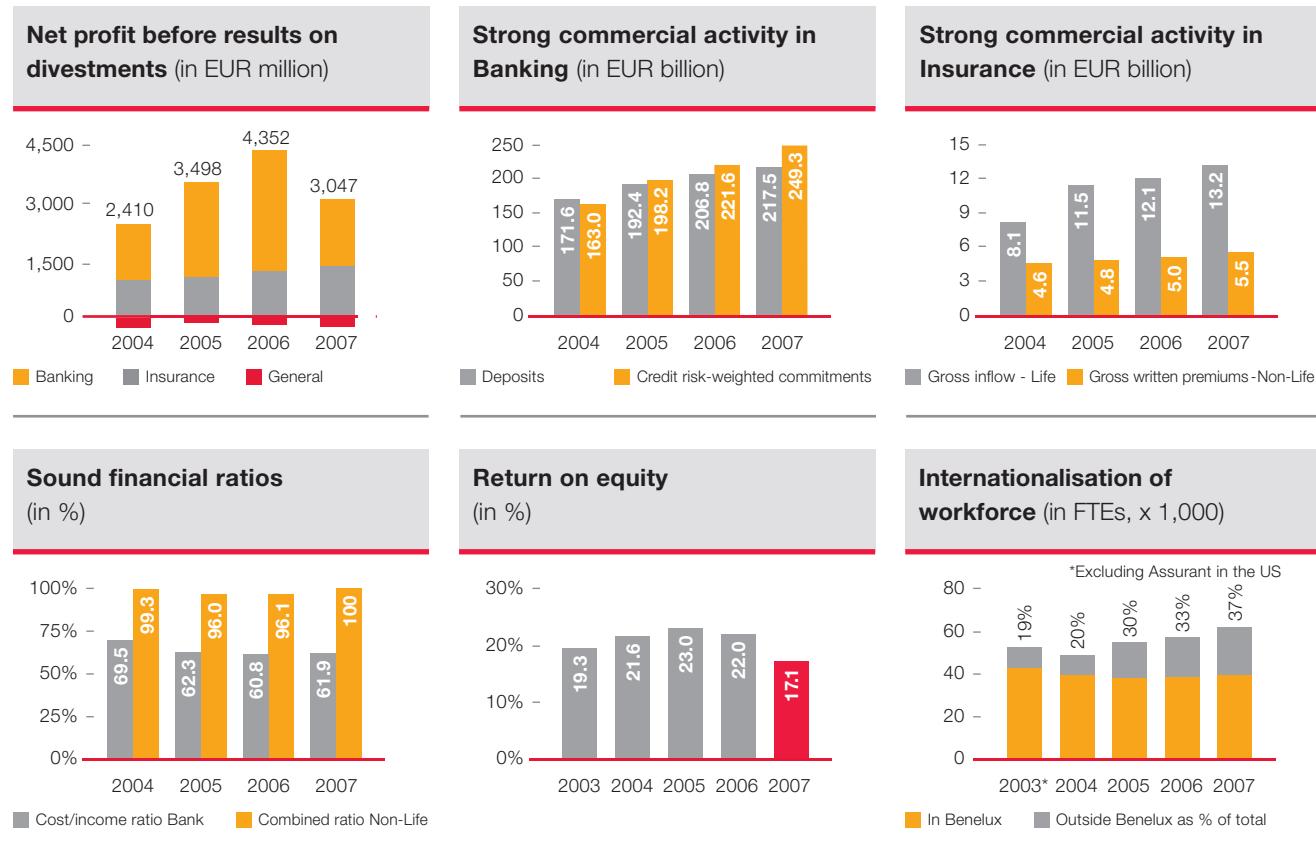


Corporate Social Responsibility Report 2007

The next step in  
sustainable growth



# Financial highlights

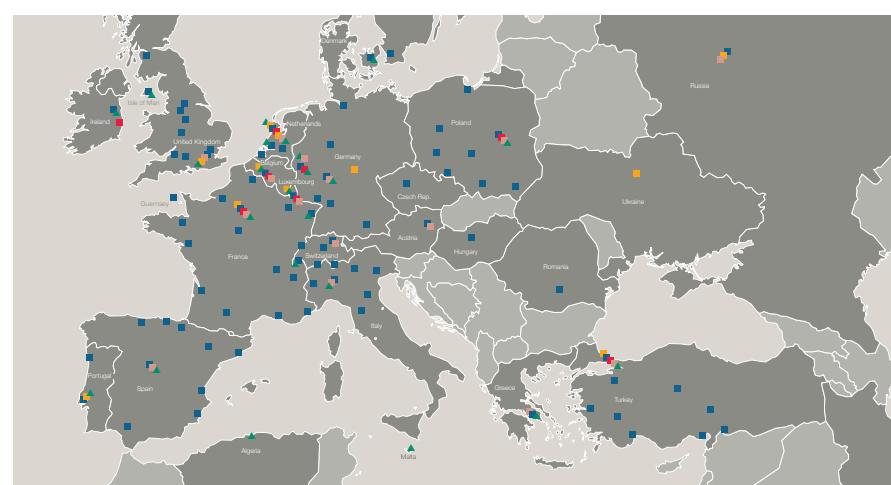


As from 2005, with comparative figures for 2004, Fortis has prepared its financial information in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

## Where you'll find us

- Retail Banking
- Asset Management
- Business Centres, Specialised Financial Services offices and/or Private Banking offices

- ▲ Merchant Banking
- Insurance



# About this report

The Fortis Corporate Social Responsibility Report 2007 focuses on our company's performance and progress in the past year. It addresses the most material sustainability issues concerning us as an international financial services provider. Our CSR Report is published in parallel with the Fortis Annual Report.

We take a close look at last year's successes at Fortis, but also at areas where we know we still need to improve. Appropriately enough, a good deal of our ongoing progress in this area is itself sustainable: steadily growing and evolving. So, while you will find a lot of information in this report about new initiatives, much of what we are doing builds on the work done in previous years.

This year's report focuses on the CSR issues that are most material to our organisation. It is structured around three major strategic themes identified after consultation with internal and external stakeholders: Sustainable supply chains, Climate change and Social inclusion. The report reviews our performance in the past year in each of these three areas. Please refer to page 6 for how we arrive at our most material CSR issues. A complete overview of all sustainability themes can be found on our website at [www.fortis.com/sustainability](http://www.fortis.com/sustainability).



The content of this report has been selected in accordance with the G3 guidelines of the Global Reporting Initiative (GRI), to which Fortis applies level B+. That means we include profile disclosures, disclosures on management approach and at least 20 performance indicators, and also that our report is externally verified. For further details of how we apply the G3 guidelines, see 'Reporting process and principles'. You can also find a complete and interactive GRI Index at [www.fortis.com/sustainability/GRI](http://www.fortis.com/sustainability/GRI).

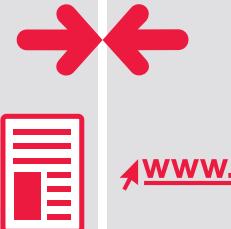
The Fortis Corporate Social Responsibility Report 2007 is published in English, Dutch and French. It is available as a printed document and can be downloaded from our website.

## CSR Report 2007

- CSR at Fortis
- Sustainable supply chains
- Climate change
- Social inclusion

## CSR website:

[www.fortis.com/sustainability](http://www.fortis.com/sustainability)



- Our CSR organisation
- Our customers
- Our employees
- Our environment
- Our communities
- Reporting and accountability
- Interactive GRI G3 Index

# This is Fortis

## Profile

Fortis is an international provider of banking and insurance services to personal, business and institutional customers. We deliver a total package of financial products and services through our own high-performance channels and via intermediaries and other partners.

Fortis is a leader in financial services in the Benelux region – one of Europe's wealthiest. Building on that leadership, we have developed an extensive European footprint in the retail banking market, operating through a variety of distribution channels. We offer financial services to companies, institutional clients and high net worth individuals and provide integrated solutions to the enterprise and the entrepreneur. Our unique expertise has made us a regional and in some cases global leader in niche markets, such as energy, commodities and transportation, and fund administration. We successfully combine our banking and insurance skills in growth markets in Europe and Asia, and we excel in bancassurance in several countries, like Belgium, Portugal and Malaysia.

Fortis ranks among Europe's top 20 financial institutions, with a market capitalisation of EUR 40 billion at year-end 2007. Together with ABN AMRO, we have a presence in over 50 countries and a dedicated, professional workforce of more than 85,000. All this makes us a leader in financial services in Europe, a top 3 private banker and a top tier asset manager.

## Our vision

In a more complex yet more convergent world, innovation, speed and agility will be as crucial as scale, track record and reach. Fortis will stand out as a professional international financial services brand, recognised for its ability to deliver superior and sustainable stakeholder value by constantly anticipating and surpassing the needs of customers, investors, employees, partners and communities wherever we do business.

## Our mission

Fortis provides compelling customer solutions creatively.

*One of Europe's most dynamic and sustainable financial services brands, we deliver specialised, innovative and pragmatic customer solutions, across a network of channels and by leveraging our operational and entrepreneurial expertise.*

## Our growth strategy

- Strengthen our competitive position by focusing on the customer and optimising cross-selling
- Roll out our core competences built in Benelux to new markets
- Enhance our support functions to increase efficiency and facilitate controlled growth
- Accelerate growth through smart add-on acquisitions
- Concentrate on Europe while pursuing selective growth in Asia and North America

## Our financial targets 2004–11

- Compound annual growth rate (CAGR) of net profit per share of at least 15%; this translates into 12% CAGR (2006–11) based on a 2006 cycle-neutral profit base
- RARORAC and return on equity of 18.5%
- Operating leverage of at least 250 basis points
- 30% of net profit generated outside Benelux by 2009
- Cash dividend at least stable or growing in line with long-term EPS growth

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## Message from the CEO



The past year has been a momentous one for our company. In 2007, Fortis reported net profit of EUR 4 billion after the impact of sub prime – and we are proud that despite the challenging market, Fortis demonstrated very strong underlying commercial momentum across each of our businesses. But 2007 was also the year during which Fortis successfully completed its acquisition of ABN AMRO, the largest transaction ever undertaken in the financial services industry. This transaction allows us to accelerate our strategy and to solidify our position within and outside of the Benelux – creating at the same time one of Europe's most dynamic and sustainable financial services providers with a workforce of some 85,000 employees across 50 countries.

As we continue to grow as a company, so too does our responsibility to society. We take this responsibility seriously and consequently we will continue to increase our commitment to CSR. The launch of our international CSR Advisory Board in 2007 was an important development reflecting the importance we attach to sustainability. The leading experts who sit on this Board are drawn from across the business, academic and research worlds, as well as from NGOs. The quality of the individuals represented on the Board is outstanding, and their contribution moving forward in advising the Group Executive Committee on sustainability issues will be critical. This group represents a diverse and extensive range of experience which will ensure a meaningful and high level dialogue on opportunities and also best practice.

In the past 12 months we have continued to focus on our three main sustainability themes: Sustainable Supply Chains, Climate Change and Social Inclusion and we have made significant progress in implementing initiatives reflecting these priorities in 2007. Attention for global issues such as poverty and human rights also intensified in the past year as has our effort to respond to these important challenges, as you will see from this report and through the new CSR web pages.

We have continued to embed CSR into our mainstream business, for instance doubling sustainable assets under management in 2007 and significantly expanding our Carbon Banking and Renewable Energy Financial business. Fortis has been recognised on many occasions for its work in this area, most recently being named Best Carbon Trader. Fortis has also achieved carbon neutrality across all operations last year by reducing energy consumption, switching to 'green power' and offsetting our remaining net emissions by means of rigorously screened carbon credits.

In respect of social inclusion, a total of 5,752 employees participated last year in 649 projects organised by the different Fortis Foundations. We are extremely proud of what our employees have achieved and the commitment they have shown to the communities in which we operate. The Fortis Foundation concept is currently being exported and expanded to other markets around the world in which Fortis has a presence – so expect even more from us in the future.

For the future the acquisition of ABN AMRO is highly significant for our sustainability ambitions. Fortis plans to draw on the CSR expertise for which ABN AMRO has earned an enviable reputation in recent years. It was for instance one of the first listed financial institutions to formally enshrine sustainability issues as a key part of its business principles. ABN AMRO's efforts, including its pioneering role in the development of the Equator Principles, have helped to mainstream sustainability practices within the international financial services industry. Fortis will nurture this outstanding expertise and our company is committed to its practical implementation within the culture of a combined group.

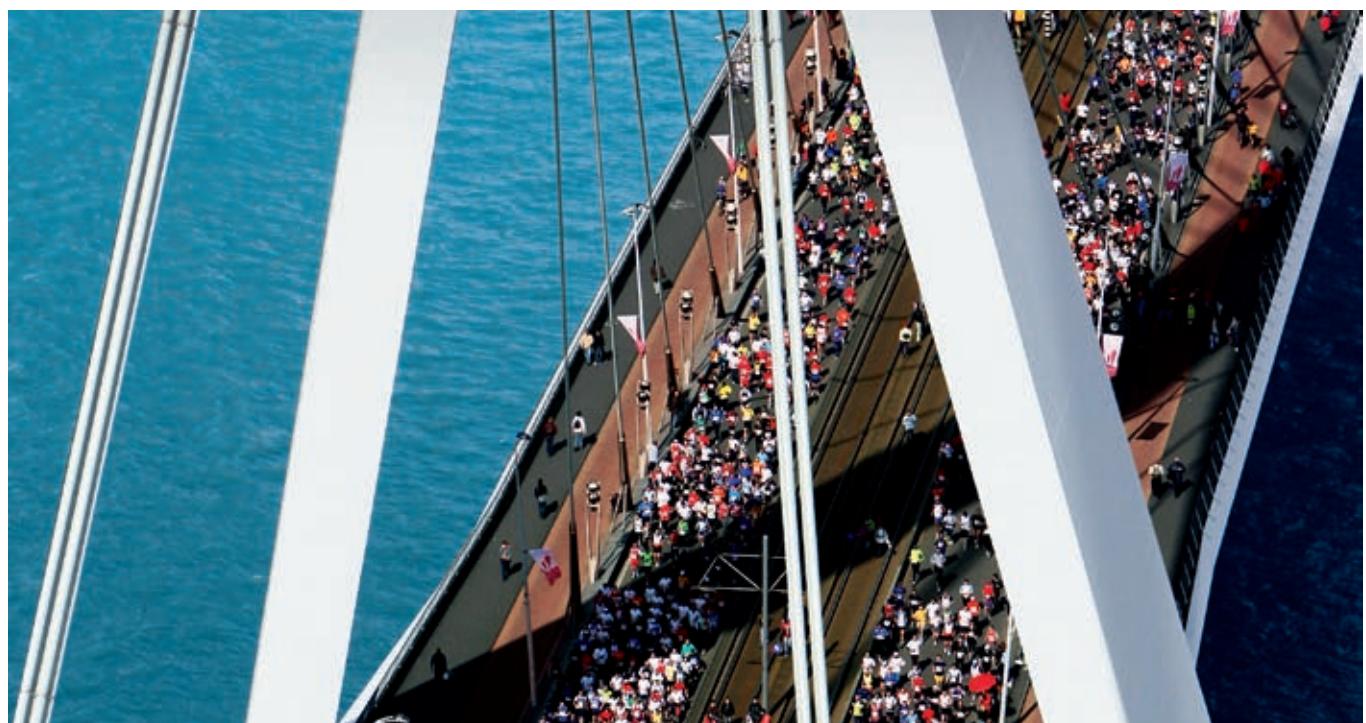
So the stage is set for an exciting future. Integration with our colleagues from ABN AMRO creates an enterprise of significant scale. We are determined to harness this human talent and vast experience in the future to take our performance – both commercially and in terms of sustainability – to the next level. In so doing our goal is to create one of Europe's top rated financial institutions for both business and sustainability.



Jean-Paul Votron  
Chief Executive Officer

# Corporate Social Responsibility at Fortis

Fortis's commitment to corporate social responsibility (CSR) continues to develop and strengthen year by year. We're proud of what we have achieved so far to meet society's growing demands in terms of sustainability – doing business in a socially and environmentally responsible way – while actively developing products and services that help others do likewise. At the same time, we realise that a number of challenges still lie ahead of us.



## CSR: two dimensions

There are two dimensions to the way Fortis approaches corporate social responsibility. The first is **Sustainable development**, which we interpret as growing our business in a socially and environmentally responsible way, while simultaneously meeting the legitimate interests of our stakeholders. The second dimension is **Community involvement**. This means taking an active role and responsibility in helping local communities achieve their ambitions. We do this through a combination of philanthropy and volunteer work, with our Fortis Foundations acting as the primary drivers.

Fortis remains fully committed to embedding both these dimensions in our core business and in the way we organise our company.

We have learned that looking at our customers from a sustainability perspective opens up a world of new opportunities: whether in our relationship with the customer, creating new products and services, or developing fresh business models and market approaches. Our commercial appreciation of CSR is reflected in the way this report focuses on the issues that are most material to our businesses. It goes without saying, though, that this in no way diminishes the importance we attach to our other stakeholders.

We know that Fortis ultimately owes its success to our customers and to the communities in which we operate. Society is demanding ever more loudly that businesses work in a sustainable way. We agree. And just as we are proud to be a successful part of the social fabric, we are determined through our Fortis Foundations to promote social inclusion, helping to bring vulnerable groups into the vibrant social and economic interaction the rest of us take for granted. Successful companies need a healthy society and vice versa.

## Our major CSR achievements in 2007

- Installation of the CSR Advisory Board
- Implementing our Carbon Neutrality Programme
- Partnership with the UNDP in Carbon Banking
- Award for Best CSR Report in Belgium
- Improving our position in the Dow Jones Sustainability Index
- Doubling our Sustainable Assets under Management
- Endorsement of the UN Principles for Responsible Investment by Fortis Investments
- Growing our Carbon Banking business
- Growing our Renewable Energy Financing business
- Developing Consumer Finance Code of Responsible Lending
- Revising our Defence Industry Policy and critically assessing its implementation
- Developing a new Fortis Diversity and Inclusion Policy

## Where we can do better

- Expanding the social and environmental risk management framework, broadening the scope of its application within our organisation and accelerating the development of new policies
- Enhancing and structuring our approach to stakeholder engagement
- Improving our internal environmental performance and expanding the scope of our data gathering and monitoring
- Accelerating the development of sustainable consumer products
- Accelerating the development of new Fortis Foundations
- Enhancing internal communication on CSR
- Incorporating CSR criteria in individual performance appraisal systems
- Expanding the scope of our financial inclusion activities to developing markets in which we are present

## Agenda 2009

Agenda 2009 is Fortis's roadmap for the next stage of our sustainability journey. It was drawn up to help us realise our ambition to be regarded as one of the leading financial institutions in terms of CSR. Agenda 2009 is structured around three themes:

**Sustainable supply chains:** by thoroughly understanding the supply chains in which we and our customers operate, we can promote sustainable development within those chains, enabling us to deepen the relationship with our customers and to build new and innovative partnerships.

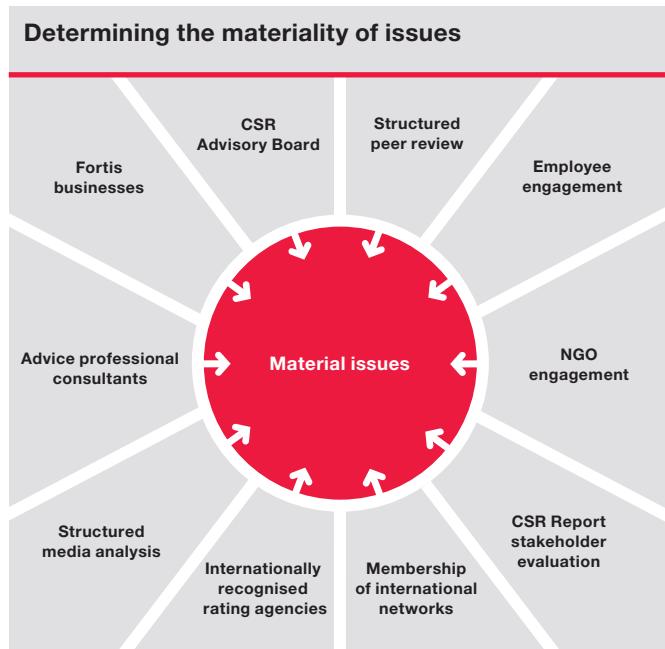
**Climate change:** Fortis is contributing to the battle against climate change by reducing our own carbon footprint, analysing our indirect environmental impact, proactively developing products and services that address climate change and developing business-driven policies in this area.

**Social inclusion:** through our Fortis Foundations, we help vulnerable groups to fully participate in society. Fortis is also committed to developing products and applications that provide people with access to the benefits of our financial services.

## Agenda 2009 (2007-2009)

Focus and acceleration	Status	More information
• Building on overall themes		
Sustainable supply chains	■	page 10
Climate change	■	page 22
Social inclusion	■	page 32
• Continuing to embed CSR in all parts of the organisation	■	page 5, 9
• Implementing Carbon Neutrality Programme	●	page 24
• Developing and rolling out specific policies	▲	page 12
• Further expanding Fortis Foundations	▼	page 34
• Drafting and implementing Fortis Human Rights Statement	▲	page 13
• Strengthening stakeholder dialogue and communication	▼	page 9
• Developing sustainable products and services	▲	page 18-21, 26-29, 36-37
• Actively participating in international debate on CSR	■	page 6
● Done	▲ In progress	■ Ongoing
● Done	▲ In progress	▼ To be executed

The three themes were identified after consultation with our internal and external stakeholders. We are convinced that they capture the most important and substantive CSR challenges we will face in the years ahead, which is why this report is structured around them. Our commitment to these themes will guide the ongoing effort to embed our sustainability values throughout the Fortis organisation. In the meantime, we will continue to define measurable priorities and actions that will help us further improve our CSR performance. The figure below illustrates how we arrive at the most material CSR issues for Fortis.



### CSR governance

The CSR department reports directly to the Group Executive Committee. The department is tasked with developing and coordinating sustainability policies in line with Fortis's overall strategy. It identifies business opportunities and issues, stimulates internal dialogue, sets the agenda and allocates responsibilities. The CSR business managers at Retail Banking, Merchant Banking and Insurance are speeding up the incorporation of CSR in all operations. For more detailed information about our CSR governance model, as well as our corporate governance model, including organisation charts, please refer to [www.fortis.com](http://www.fortis.com).

A landmark development in terms of sustainability at Fortis occurred in September 2007, with the creation of the Fortis CSR Advisory Board. The Board's international line-up of respected experts will provide Fortis with in-depth and wide-ranging advice on our CSR policies and practice.

### Memberships

Corporate social responsibility can be a complex field, involving a wide range of interests. As an international financial services provider, Fortis acts as an intermediary in value chains that are often long and intricate. In view of this complexity, we are keen to support our CSR commitment by taking an active part in a number of international networks. Membership of these networks enables us to compare our sustainability performance with that of our peers; to contribute to the international guidelines by which our policies and performance are measured; and to share ideas, challenges and opportunities with a diverse group of stakeholders.

### Fortis is a member of the following organisations

- UNEP FI
- UN Global Compact
- CSR Europe
- Business & Society Belgium
- Samenleving en Bedrijf

Please refer to [www.fortis.com/sustainability/memberships](http://www.fortis.com/sustainability/memberships) for more information about these organisations and Fortis's participation in them.

## CSR Advisory Board

**Michael Braungart**, Professor of Process Engineering at Universität Lüneburg, founder of EPEA International Umweltforschung, co-founder of McDonough Braungart Design Chemistry  
**Stephen Brenninkmeijer**, Chairman of the Network For Training Entrepreneurship (NFTE) Germany, Non-Executive Director of Xchanging  
**Jermyn Brooks**, Board Member of Transparency International (TI)  
**Lex Kloosterman**, Member of the Fortis Group Executive Committee

**Kees Koedijk**, Professor of Financial Management and Dean of the Faculty of Economics and Business Administration, Tilburg University  
**Malini Mehra**, Founder and CEO of the Centre for Social Markets  
**S. Prakash Sethi**, University Distinguished Professor, Zicklin School of Business, Baruch College, City University of New York, President of International Center for Corporate Accountability  
**Tensie Whelan**, Executive Director of the Rainforest Alliance



Left to right: Kees Koedijk, Tensie Whelan, Lex Kloosterman, S. Prakash Sethi, Malini Mehra, Stephen Brenninkmeijer, Jermyn Brooks and Michael Braungart.

We took Fortis's approach to sustainability to a new level in 2007, with the creation in September of an international Advisory Board for Corporate Social Responsibility. The Board, which will advise Fortis's Group Executive Committee and senior management on CSR policy and practice, is made up of representatives of the academic world, NGOs, CSR research and business.

You can find more detailed biographies of the members of Fortis's CSR Advisory Board on our website:  
[www.fortis.com/sustainability/advisoryboard](http://www.fortis.com/sustainability/advisoryboard).

The Advisory Board will convene twice a year. It met for the first time in November 2007 to discuss issues including our energy financing activities and opportunities for microfinance. Lex Kloosterman, member of the Group Executive Committee, chairs the board.

**Lex Kloosterman**, Chairman of the CSR Advisory Board: "The wide-ranging skills and backgrounds of these experts – each unique in their field – will help us make Fortis one of the leading financials in this area."

## Highlight

# Best CSR Report Belgium



Belgium's Institute of Company Auditors (IRE-IBR) awarded its ninth annual prize for the country's best corporate social responsibility report to Fortis. A jury of academics, business people and company auditors used 15 criteria to select the winner.

In commenting on Fortis, the jury referred to the explicit mission and intense engagement of the management, the completeness and number of examples given, the clear structure, the verification by an external auditor, and the impact of the activities, specifically with regard to investment funds, on social responsibility.

The 2007 prize was presented on 20 November at an event organised jointly by the IRE-IBR, Business & Society Belgium and ICHEC-Entreprises.

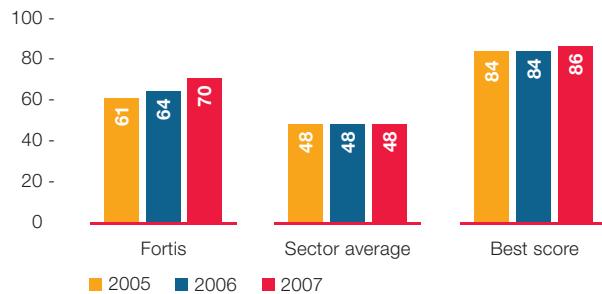
## External recognition

We're continually working to improve our CSR performance at Fortis, so it's very encouraging that our efforts in this area have been recognised by a number of external agencies and institutions in recent years. This is important, because it helps us identify areas and methods for further improvement.

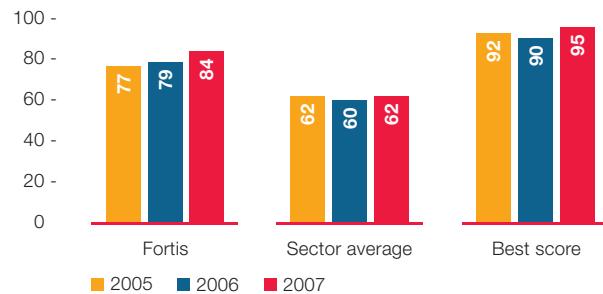
## Dow Jones Sustainability Index

Fortis once again featured in the Dow Jones Sustainability Index (DJSI) in 2007. As you can see from the graphs, our overall performance improved in each dimension compared to 2006. The 2007 results show that we are well on our way towards achieving our target of a place in the top 25 per cent of the DJSI by 2010.

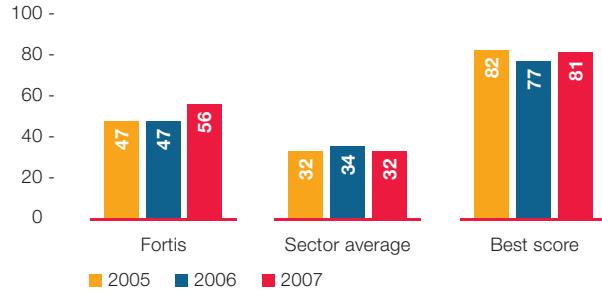
### Total score



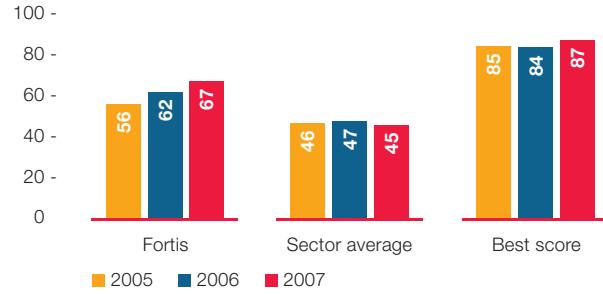
### Economic dimension



### Environmental dimension



### Social dimension



## Highlight

# Raising awareness among customers and employees

Fortis can only become a truly sustainable company if we can successfully embed the essentials of CSR in our core business and organisational processes. That's why raising awareness on the part of our customers and employees is an important element within our spectrum of CSR activities. We stepped up our efforts in this area in 2007 by organising a number of awareness-raising activities aimed at a wide-ranging cross-section of customers and employees.

Our Shipping & Transportation unit's annual customer conference, for instance, took the theme of Sustainability. We took the chance to highlight our Sustainable Shipping Assessment Tool, and a number of customers were invited to reflect on our sustainability strategy. Presentations on Fortis's CSR approach were also given to Private Banking customers at Fortis MeesPierson, and at several of the investor meetings held by our Retail Banking business.

Enhanced efforts to raise CSR awareness internally included guest lectures by 'Al Gore ambassador' Serge de Gheldere and

Kees Koedijk, Professor of Financial Management at Tilburg University (see 'Advisory Board'). We also organised general presentations and CSR lunches for a large number of our employees at different levels of our organisation.



## Ratings

	Score 2007	Score 2006
Dow Jones Sustainability Index	70	64
FTSE4Good	Included	Included
Carbon Disclosure Project	80	80
SiRi	78.8	74.9
Vigeo	58.8	43.6
Oekom	C	C-
Innovest	BBB	AA
Transparantiebenchmark (NL)	79 <sup>(7th)</sup>	79 <sup>(9th)</sup>

## Stakeholder engagement

Stakeholder engagement is a vital part of any effective CSR strategy. Fortis maintains contacts with a wide group of stakeholders, central among whom are our customers, employees and shareholders. Building relationships with these, our most directly involved stakeholders, is a core process within our organisation and one that is crucial to our success. We also interact with a broad range of stakeholders in society, including regulators, government, industry associations, unions, NGOs and local communities.

In principle, we are happy to engage with all parties that have a genuine interest in our organisation. At the same time, however, it is important for us to examine and define the boundaries of our responsibility.

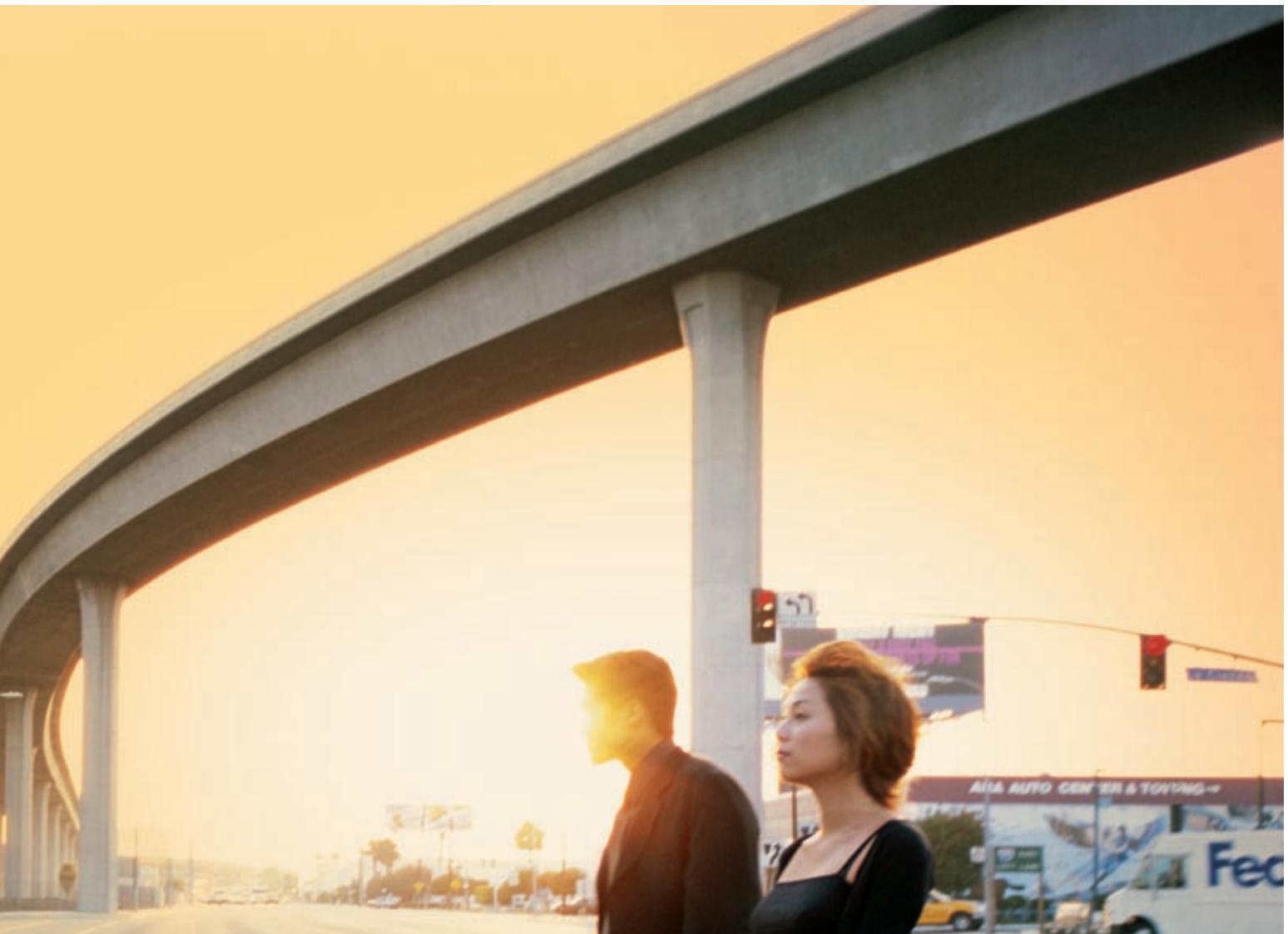
To evaluate our CSR Report for 2006, we consulted our stakeholders in collaboration with an independent research agency. It was a worthwhile process that enabled us to identify several areas for improvement. The most important of these were to concentrate on concrete results and future targets, to include more 'CSR dilemmas' in the report, to reduce the document's size and to make better use of our website when communicating on our CSR performance. We took these recommendations to heart, hence the revised structure and format of this year's Corporate Social Responsibility Report and the new CSR website.

In addition to the specific project of evaluating our 2006 report, we engaged with our stakeholders on a number of CSR initiatives in the past year and in specific business situations. Examples can be found throughout this report and on our website. The three theme chapters of this report, for instance, feature 'What do our stakeholders say?' items.

# Sustainable supply chains



As a financial institution, part of our impact on the environment and the community is indirect, through our business relations. In many cases, these relations are themselves part of a long value chain. We make it our business at Fortis to thoroughly understand the supply chains in which we and our customers operate. That way we can promote sustainable development within those chains, enabling us to deepen the relationship with our customers and to build new and innovative partnerships.



→ Performance and targets	→ Stakeholders	→ Dilemma	In this section
<p><b>2.9</b> billion sustainable AuM</p> <p>The need to incorporate sustainability principles in our investment processes is one of the most pressing CSR issues for a financial institution like Fortis...</p>	<p>The NGO, Jan Fransen, director of Green Award</p> <p>“We are pleased that Fortis has taken a lead in promoting sustainable shipping from a banker’s perspective...”</p>	<p>Our sphere of influence and the limits of our responsibility</p> <p>To what extent can we be held responsible for the environmental and social issues of our clients?</p>	<ul style="list-style-type: none"> <li>→ Managing social and environmental risks</li> <li>→ Human rights</li> <li>→ Equator Principles</li> <li>→ Sector policies</li> <li>→ Sustainable investment</li> <li>→ Responsible financial services</li> <li>→ Sustainable procurement</li> </ul>

## → Performance and targets

### Our performance

Indicator	Objectives 2007	Results	Future objectives
Human rights	*	Drafted Fortis Human Rights Statement	Implement Fortis Human Rights Statement in 2008 and action plan in 2008-2009
Equator Principles	Extend implementation beyond project finance into other relevant areas of our business	Approved project finance transactions: 67 Declined project finance transactions: 6 Non-project finance assessments: 17	Incorporate sustainability framework in existing procedures to support business operations across the whole of Merchant Banking in 2008
Sector policies	Implement Palm Oil Sector Supplement and roll out across other agricultural product areas	Implemented Palm Oil Sector Supplement. Policy development in other agricultural areas slower than planned	Draft agri Sector Supplements for cocoa, soya, cotton and coffee in 2008
	Screen entire Shipping portfolio	Screened 15% of our Shipping portfolio	Screen entire Shipping portfolio
	*	Revised Defence Industry Policy and critically assessed its implementation	Monitor implementation Defence Industry Policy
Sustainable investment	AuM Private Banking: EUR 1 billion by 2010 AuM Asset Management: EUR 5 billion in the medium term	AuM Private Banking: EUR 720 million AuM Asset Management: EUR 2,181 million	AuM Private Banking: EUR 1 billion by 2010 AuM Asset Management: EUR 5 billion by 2010
Responsible financial services	*	Developed Fortis Consumer Finance Code for Responsible Lending	Implement Fortis Consumer Finance Code for Responsible Lending across all consumer finance activities in 2008

\* Added to our list of performance indicators in 2007.

### Managing social and environmental risks

Responsible growth requires carefully designed and effective risk management, governance and compliance processes. We are convinced at Fortis that, provided they are managed professionally and proactively, these processes can genuinely help improve the quality of our business and enable us to make more balanced and informed decisions. Our corporate risk management procedures, along with our legal and compliance activities, are discussed at length in the Fortis Annual Report 2007. As part of our corporate risk management procedures, a body of policies has been developed to manage the social and environmental risks we face in the relationship with our customers. Please refer to [www.fortis.com/sustainability](http://www.fortis.com/sustainability) for the policy documents.

### Body of principles and policies



(1) To be finalised in 2008.

## Human rights

Fortis fully respects and supports internationally recognised human rights within our sphere of influence. We are determined never to be complicit in the abuse of those rights. To support this stance, we are currently finalising the Fortis Human Rights Statement, which will express our commitment to respect and promote human rights in accordance with internationally recognised conventions.

The issue of human rights can appear abstract and disconnected from our everyday business. What's more, the relationship between human rights and business responsibility is evolving all the time. That's why we have developed an internal implementation guide to help Fortis's management and employees put our Human Rights Statement into practice in 2008. The guide will show them how to deal with human rights issues and how, when and where to look for solutions.

In defining the scope of our Human Rights Statement, we identified four categories of stakeholders. Our degree of responsibility towards these stakeholders and their human rights can vary considerably. It depends on their position within our sphere of influence, which need not be static: it can be affected by changing, new or newly discovered information. This in turn can affect the level of our responsibility and risk of complicity.

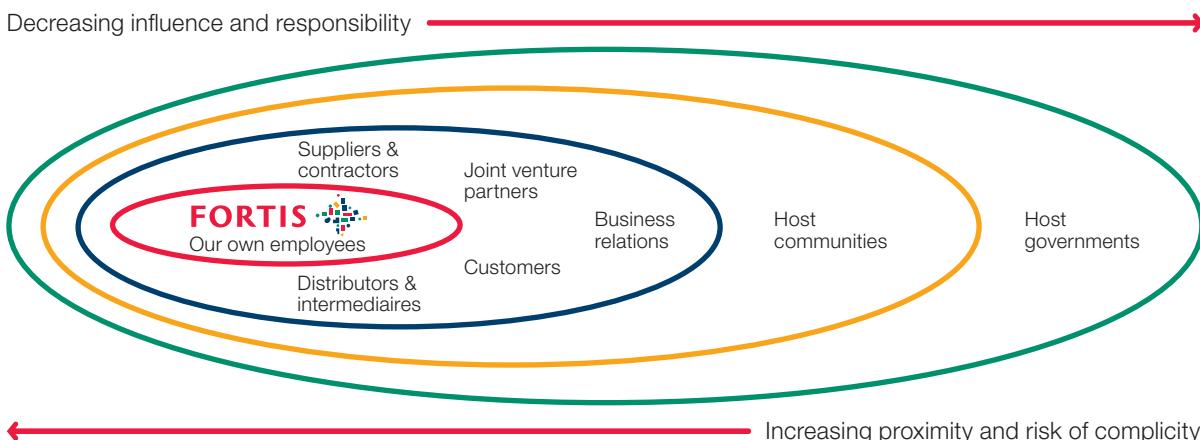
## Equator Principles

Having adopted the Equator Principles in 2006, we continued to embed environmental and social responsibility criteria within Fortis's project finance activities throughout 2007. At the same time, we gradually extended environmental and social risk management into other areas of our Merchant Banking operations.

Fortis has prioritised the screening of projects located in emerging markets for compliance with the Equator Principles. In line with the revised Principles of July 2006, projects in high-income OECD countries are deemed to be compliant if they meet local and national legal requirements. This allows for a streamlined review of projects located in those countries.

Projects financed in emerging markets in 2007 were spread across a number of sectors and regions, as shown in the table on page 14. The capital value of these projects totalled almost USD 44 billion, of which Fortis finances a small share. All the same, the figures illustrate how we help encourage flows of private sector funds to developing countries. And that is resulting in turn in important investments that support economic growth and development. A total of six project finance transactions in emerging markets were declined in 2007. Although this was not solely the result of environmental or social considerations, concerns about such issues certainly contributed to the final decision not to go ahead with financing.

## Our spheres of influence



### Project finance transactions<sup>(1)</sup>

	2007				2006 <sup>(2)</sup> (1 March to 31 December)			
	A	B	C	Total	A	B	C	Total
High-income OECD	2	38	-	42	4	44	5	53
Emerging markets	9	16	-	25	6	11	-	17
<b>Total</b>	<b>11</b>	<b>54</b>	-	<b>67</b>	<b>10</b>	<b>55</b>	<b>5</b>	<b>70</b>

(1) Under the Equator Principles, projects are categorised according to environmental and social risk. Category A carries the highest risk. Categories B and C carry progressively lower risk. Category A and certain Category B projects must take special measures to identify and mitigate their environmental and social impact, subject to strict monitoring.

(2) The 2006 data differ slightly from those reported last year due to re-classification and later approvals.

We announced our intention in last year's report to extend environmental and social responsibility criteria beyond project finance to take in other relevant areas of our operations, and some progress has been made. Awareness of environmental and social risks has been steadily growing across our Merchant Banking business. This translated into an increase to 17 requests to help address the environmental and social aspects of deals that don't fall within the scope of project finance. Detailed due diligence was required, and in some cases conditions or recommendations were provided to encourage client companies to improve their performance.

### Other assessments (excluding project finance) in emerging markets by sector

	2007	2006
Environmental	1	
Infrastructure	1	
Mining & Metals	2	
Oil & Gas	8	2
Power & Utilities	2	1
Commodities	3	
<b>Total</b>	<b>17</b>	<b>3</b>

A sustainability framework to support operations throughout Merchant Banking will be rolled out in 2008. The framework includes the incorporation of a basic screening questionnaire in existing procedures, to help assess the environmental and social performance of clients with which we are engaged. This new framework will help Fortis achieve a number of objectives: to identify and, where appropriate, mitigate the environmental and social risks associated with our lending and investment activities; to put in place a reliable and consistent social and environmental management system, allowing accurate reporting; to further build awareness and capacity within Merchant Banking regarding management of the environmental and social aspects of lending; and to promote and enable sustainable product development.

### Emerging market project finance transactions by region and sector (2007)

	Approved		Declined <sup>(a)</sup>	
	Cat. A	Cat. B	Cat. A	Cat. B
<b>Africa</b>				
Mining & Metals	1			
Power & Utilities	1			
<b>Asia</b>				
Infrastructure	1			1
Mining & Metals	1			
Oil & Gas	2	2		
Other heavy industry			1	1
Other light industry			1	
Power & Utilities	1			1
<b>Europe (non-EU)</b>				
Infrastructure			1	
Power & Utilities				1
<b>Middle East and North Africa</b>				
Infrastructure			1	
Mining & Metals			1	
Oil & Gas	2	2		
Other heavy industry			1	
Power & Utilities			3	
<b>Latin America and Caribbean</b>				
Infrastructure			1	
Oil & Gas			1	1
Power & Utilities			2	
<b>Total</b>	<b>9</b>	<b>16</b>	<b>3</b>	<b>3</b>
Capital value (in USD million) <sup>(b)</sup>			20,634	23,146

(a) Projects are rejected for a variety of commercial and non-commercial reasons, not solely on the grounds of environmental or social impact.

(b) Total capital value, of which Fortis finances a small share.

## Highlight

# First bank to provide 'Green Award Incentives'

As of 1 January 2008, Fortis has become a 'Green Award Incentive Provider' (GAIP). That means we now contribute to the 'Green Award Incentive Programme' by offering our shipping customers a discount on the cost of joining.

The programme is administered by an independent foundation set up in 1994 by Rotterdam Municipal Port Management and the Dutch Ministry of Transport. The Green Award Flag is granted to vessels that can demonstrate a high standard of quality, safety and respect for the environment. The value of the award is increasingly recognised by ports and nautical service providers, who are willing to offer special rates and other advantages to Green Award ships. Green Award vessels receive a considerable reduction on port dues at harbours and several incentive providers – government institutions and companies – offer discounts to vessels with a

Green Award certificate, which, subject to annual verification, is valid for three years. Under the new agreement, Fortis will refund 25% of the annual Green Award fees for vessels we finance and a similar proportion of the Green Award office audit fees for our shipping company clients. We will also actively promote the programme among our customers, explore opportunities to combine our Sustainable Shipping Assessment Tool with the Green Award screening methodology, and promote the incorporation of sustainability criteria in financing models throughout the shipping finance industry.



## Sector policies

We have a number of tools and policies in place to address sustainability issues specific to sectors in which Fortis is active. A review of our CSR performance in each of those sectors in 2007 is set out below. For a full overview of all our sector policies, please refer to [www.fortis.com/sustainability/sector\\_policies](http://www.fortis.com/sustainability/sector_policies).

## Shipping

Awareness of CSR issues in the shipping sector is growing rapidly. Marine and air pollution, crewing and labour conditions, and the accountability and transparency of

shipping companies are all major issues requiring the industry to take action. We're playing our part at Fortis, too: in 2006, we developed a sustainability assessment tool for the sector. You can find more information about it at [www.fortis.com/sustainability/sector\\_policies](http://www.fortis.com/sustainability/sector_policies).

We announced in our previous report that we wanted to screen our entire shipping portfolio in 2007. We did not meet that target and ended up screening 15% of it. Despite this lack of progress, integrating sustainability criteria into our shipping business has lost none of its importance. We are currently stepping up our efforts and aim to finish screening the portfolio in 2008.

## → What do our stakeholders say?

### The NGO:

Jan Fransen, Director of Green Award



"We are pleased that Fortis has taken a lead in promoting sustainable shipping from a banker's perspective. The link between the Fortis Sustainable Shipping Assessment Tool and the Green Award programme will enhance the overall results. The Fortis assessment tool addresses a nice range of elements that relate to sustainability. A very good first step has been taken and we hope

that the tool will be fine-tuned using appropriate assessment criteria. The operation and evaluation of the tool will certainly be a guiding factor for this fine-tuning. We hope that other financial institutions will follow this excellent example."

## Case

## Managing environmental risks in practice: Commodity finance for a fisheries company



Fortis was approached in 2007 by a fisheries company that has been expanding rapidly in recent years. During that period, the company picked up a poor reputation for its environmental and social track record. There were also broader concerns about the sustainability of catch levels in the main fisheries from which it was sourcing and procuring fish.

The client stated that it had taken steps to improve its environmental performance. Rather than decline the transaction on environmental and social

grounds, the Environmental & Social Unit (ESU) undertook background checks, enquiries and research. It found evidence to support the company's claims, but also some continued grounds for concern. A series of recommendations were therefore discussed with the company as part of the loan agreement. They focused on three key areas: the need for a sustainable procurement policy; standards for the operation of fishing vessels; and support for wider efforts to improve management in the fisheries where the client is active.

The recommendations address key risks in the transaction, while simultaneously reinforcing the client's own efforts to improve its operations. They will also form the basis for future dialogue and interaction with the client on sustainability issues.

### Agri Commodities

In close consultation with our stakeholders, we drew up a policy in 2006 designed to address key sustainability issues with regard to agricultural commodities. It was to be sufficiently detailed to make a real difference and to enable Fortis to engage in a meaningful learning cycle with our clients. We are convinced that sustainable business practices make good commercial sense in this area too. They enhance our relationship with our customers and increase our knowledge of the sector, leading in turn to innovation and an even better service. Fortis's Agri Sustainability Policy embeds our Agri Core Values in our day-to-day commodities operations.

As part of our integrated CSR approach to the different agri commodity sectors, we have developed 'Sector Supplements' to address sector-specific sustainability issues. The Palm Oil Sector Supplement was the first to be drawn up (see [www.fortis.com/sustainability/sector\\_policies](http://www.fortis.com/sustainability/sector_policies) for the executive summary), and we announced its introduction in last year's CSR Report. The policy has been implemented, with special training provided to employees dealing directly with palm oil clients, and to relevant support personnel. We present our palm oil sustainability criteria to new clients and have meanwhile screened a substantial proportion of our existing customers using client-specific questionnaires.

The outcome of all this has been very positive. Our clients are highly aware of sustainability issues and they appreciate the way Fortis is approaching them. Our commitment has led on several occasions to the revision of credit agreements to include sustainability criteria. Only one client was identified as 'non-routine', which means their CSR practices require a higher level of scrutiny. Merchant Banking's Environmental and Social Unit (ESU) was asked to carry out a more detailed analysis, leading to extensive discussions with our client. This will be followed up in 2008.

In addition to implementing our palm oil policy, we gave ourselves the task of drafting sector supplements for other commodities in 2007. This process has proved slower than anticipated. The formulation of sustainability criteria in other sectors is not as advanced as in the palm oil sector, and so it is taking longer to draw up our policies in those areas. We completed cocoa sector criteria and indicators in January 2008 and aim to draft criteria and indicators for soya, cotton and coffee in the course of the year.

## → Dilemma

# Our sphere of influence and the limits of our responsibility

As a financial institution, part of our impact on the environment and the community is indirect, through the financial facilities we provide to other enterprises in the various areas of our business. Financial institutions are increasingly being held to account for matters that lie beyond the boundaries of their own organisation. To what extent can we be deemed responsible for the environmental and social issues of our clients? How far does our influence extend, and what are the limits of our responsibility?

There can be no 'one size fits all' solution to these dilemmas. It is important to state at the outset that Fortis cannot and will not act as a proxy for governments or regulators. We make the choices we believe to be in the best interests of our company, taking account of our moral and factual obligation towards society. In some cases we are in a position to set an example. In others we deliberately follow developments or wait for government decisions or an international consensus.

A key part of our approach is the desire to build on and strengthen our relationships with our clients by helping them to improve their sustainability performance. In our view, terminating a relationship ends the opportunity to engage and to drive change. However, we are not always in a position to adopt this preferred approach, with its business perspective on CSR. In some cases, potential improvements in the sustainability practices of our clients lie beyond our sphere of influence. The tragic Sidoarjo mud volcano disaster in

Indonesia provided an example of this in 2007. Fortis was approached by Friends of the Earth regarding our involvement in the project that might have triggered the disaster. We carefully assessed the situation, consulting several internal and external stakeholders. Our conclusion was that we did not have sufficient influence to contribute to a solution, as we had no direct involvement in the Brantas Production Sharing Contract, and only minor and indirect interests in two of the companies involved. The nature of these relationships was not sufficient for any commitment on our part to have a reasonable prospect of improving the situation. While sincerely regretting the mudflow problem, it was not within our sphere of influence to contribute to a solution and so we decided not to address the issue any further.

The situation described above is one example from among a broad spectrum of issues. It is surrounded by a huge variety of issues. We are determined at Fortis to approach these dilemmas proactively. By taking a position, we seek to explore the limits of our sphere of influence. We will continue to consult experts, NGOs, clients, peers, governments and other stakeholders who can help us to define and strengthen our position in this respect.

We will step up our efforts in 2008 to enhance and structure our dialogue with NGOs, while maintaining the transparent way in which we deal with the issues that face us.

## → What do our stakeholders say?

# Our employees:

Vicky Sins and Esther Berkelaar, Account Managers Agri Commodities



"We want to contribute to the well-being of all our industry's stakeholders. As a bank, and as individual Fortis professionals, we should be an important discussion partner for our clients, making a joint effort to enhance the working and living environment of all those affected by our business. We recently completed a draft Cocoa Supplement, which captures all relevant issues and their indicators."

We're now testing those indicators with our clients and various industry organisations. In the meantime, we're focusing on other commodities like coffee and cotton.

Working as account managers in our Agri Commodities business, we feel our approach to sustainability contributes to a closer relationship with our clients. It further improves our understanding of their business practices. It is very inspirational to cooperate with our clients in this area and, in the long run, to contribute to a more sustainable environment."

## Defence industry

Fortis's Group Executive Committee endorsed our Defence Industry Policy in October 2005 (see [www.fortis.com/sustainability/sector\\_policies](http://www.fortis.com/sustainability/sector_policies) for the policy document). In it, we state that Fortis does not want to be involved in the production or trading of controversial weapons, or in any other activity relating to them. We are committed to rigorously enforcing that policy and will continue to do so.

We referred in our previous report to the difficulties we face regarding this industry, and there was no let-up in the public debate on the subject in 2007. This was particularly the case in Fortis's key Belgian and Dutch markets, where renewed pressure was exerted on financial institutions in terms of financing and investing in the defence sector. Following extensive discussions with interested parties, we critically and intensively reviewed our policy and its implementation. That led us to redefine the concept of 'involvement in controversial weapons' and to ask the independent research agency Dutch Sustainability Research to provide us with data on the defence industry ties of companies listed on the stock market. We are currently finalising the revision of our policy and will adopt the necessary procedures to enable us to apply it in the future.

The above process highlights our commitment to act extremely carefully in financing and investing in businesses active in the defence industry, while simultaneously respecting the right of democratic countries to defend themselves. Our approach towards this industry is dynamic, susceptible to change over time, and is shaped by international law and consensus. We will continue to analyse

our policy and its implementation critically, and each case will be reviewed annually.

## Sustainable investment

The need to incorporate sustainability principles in our investment processes is one of the most pressing CSR issues for a financial institution like Fortis. This is clearly one of the areas in which we can have the greatest impact, both by incorporating sustainability criteria into our investment practices and by offering sustainable investment products.

We have adopted sustainable investment practices through both our asset manager Fortis Investments and our private bank Fortis MeesPierson. We also drafted sustainable investment policies in 2007 for Fortis Insurance Belgium and Fortis Insurance Netherlands.

### Sustainable Assets under Management (in EUR million)

	2007	2006	2005
Asset Management	2,181	950.5	625.5
Private Banking	720	531	445
<b>Total</b>	<b>2,901</b>	<b>1,481.5</b>	<b>1,070.5</b>

## Asset Management

Fortis Investments has a long history in sustainable and responsible investment (SRI) management. It further strengthened its commitment to sustainable investment in 2007 by endorsing the United Nations Principles for Responsible Investment (PRI).

## → What do our stakeholders say?

### The expert:

Professor Karl-Henrik Robert, Chairman of the SRI Advisory Committee

The SRI Centre is supported by an independent SRI Advisory Committee which is made up of five international experts in key areas of sustainability. The role of the committee is to advise upon the SRI framework and the relative importance given to specific social, environmental and governance factors within this framework. It validates the robustness, appropriateness and integrity of the SRI framework and research methodology and it supports Fortis Investments in the development of new SRI products.

**Karl-Henrik Robert:** "The SRI Advisory Committee considers that Fortis Investments' SRI team has made significant advances over the last year and has established a distinct and innovative SRI process. We can confirm that robust and appropriate SRI processes for defining the investment universes of the different SRI funds are currently in place."

## UN Principles for Responsible Investment

On 5 October 2007, Fortis Investments signed the 'Principles for Responsible Investment', a United Nations initiative. An overview of the principles can be found on [www.fortis.com/sustainability/investment](http://www.fortis.com/sustainability/investment). Fortis Investments will share the Environmental, Social and Governance (ESG) analysis produced by the SRI Investment Centre with all its other investment centres. The specially designed ESG database will be treated as an additional research resource, which will not interfere with current decision-making autonomy or individual investment processes. At the same time, Fortis Investments is looking at ways of incorporating ESG analysis when exercising voting rights, by including a focus on adequate ESG reporting in its proxy voting policy. It will also work to increase disclosure and the sharing of information within the investment industry, to raise awareness of the link between ESG issues and investment performance.

Our SRI Investment Centre in Frankfurt is one of the largest dedicated units of its kind in Europe. The centre is there to help private and institutional investors who want to align their financial goals with their values by taking responsibility for what their money is doing to the world around them. It thus aims to deliver superior long-term equity returns by investing in 'sustainability leaders' across a wide range of different sectors, and in strongly growing companies that offer sustainable products and services. The SRI Investment Centre has been through a strategic expansion phase in

2007. Sustainable assets under management amounted to EUR 2.2 billion at the end of 2007 – up by over 140 per cent year-on-year and the team has been increased to ten members from seven different countries, each with an average of ten years of experience in sustainability and finance. Fortis Investments markets an extensive range of SRI products in different asset classes (equities, balanced, bonds and money market) to meet the needs of investors like this. The range was further extended in 2007 to include the first sustainable climate change fund, several structured capital-protection products, and the first SRI money market institutional offering, rated AAA by Standard & Poor's.

As global financial markets continue to integrate, many international institutional investors view it as their fiduciary duty to exercise the voting rights associated with their investments in accordance with good governance principles. Fortis Investments considers proxy voting – the exercise of voting rights – to be an integral part of an active asset manager's investment process. That's why we offer worldwide proxy voting services for the portfolios, funds and institutional mandates under our management. Please refer to [www.sri.fortis.com](http://www.sri.fortis.com) for our proxy voting policy.

Industry magazine Global Pensions has shortlisted Fortis Investments for its 'SRI Provider of the Year' award. The Global Pensions Awards are held every year and give institutional investors the opportunity to pay tribute to the very best of the pensions industry. Fortis Investments has been nominated together with Pictet, Dexia, Morley, Insight and F&C. The winner will be announced in 2008.

### A selection of our SRI funds (in EUR million)

Sustainability strategies	Sustainability solutions	AuM 2007	AuM 2006	AuM 2005
<b>Core SRI Strategy</b>				
Equities	Fortis L Fund Equity SRI Europe	107	57	15
Bonds	Fortis L Fund Bond SRI Euro	78	4	-
Balanced	Fortis L Fund Strategy (Growth, Balanced, Stability) SRI Europe	253	290	326
Money market	Fortis Prime Money Euro SRI	294	-	-
<b>Environmental Sustainability Strategy</b>				
Equities	Fortis L Fund Equity Environmental Sustainability World	236	25	-
<b>Ethical Strategy</b>				
Equities	FutureVision	513	402	236
Balanced	AlterVision Balanced	48	47	44

## Highlight

# Environmental Footprint Calculator



Our SRI team has created an innovative web-based environmental footprint calculator ([www.footprint.fortis.com](http://www.footprint.fortis.com)). The tool enables people to measure their personal environmental footprint by answering a series of questions about their consumption patterns.

It is the first calculator capable of quantifying the environmental footprint of individual households in monetary terms. It is used as a brand-building and marketing tool by Fortis Investments. The calculator helps people to understand the financial cost of their environmental footprint and suggests ways of reducing it. It also shows how they can shrink their footprint by investing in the Fortis L Fund Equity Environmental Sustainability World.

Fortis L Fund Equity Environmental Sustainability World is a global environmental equity fund. It invests in companies that generate environmental benefits, and targets business opportunities in three key sustainability areas: Clean Energy, Water & Air, and Waste. The fund aims to deliver superior financial returns (measured against the MSCI World NR) and to make a measurable contribution to sustainability: every euro invested in the fund generated 14 euros of environmental benefits in 2007.

## Private Banking

Fortis Private Banking's flagship SRI line consists of the joint venture Triodos MeesPierson Sustainable Investment Management, which seeks to offer investors the best possible combination of financial and sustainability criteria. Fortis Private Banking (Fortis MeesPierson in the Netherlands) provides its investment know-how and systems, while Triodos Bank brings its years of experience and skill in sustainable investment. The partners also draw on the corporate CSR reporting produced by Dutch Sustainability

Research (DSR). Triodos MeesPierson will not invest in any company engaged in non-sustainable commercial activities and it actively seeks to compile an investment portfolio consisting of companies that positively contribute to sustainable development. For more information about Triodos MeesPierson Sustainable Investment Management, please refer to [www.fortis.com/sustainability/investment](http://www.fortis.com/sustainability/investment).

The past year has been a successful one for Triodos MeesPierson, with assets under management growing

## → What do our stakeholders say?

### Our business relation:

Willem van Eeghen, Director Van Eeghen Groep and business leader



The 'Future Leaders' programme is an initiative of Fortis MeesPierson that connects the most talented young leaders from Africa, Asia, South America and Europe. Coached by successful entrepreneurs, they seek to turn global social issues into entrepreneurial solutions. The programme, developed in cooperation with Better Future, aims to stimulate local entrepreneurship. It forges

links between future leaders from Europe and developing countries on the one hand, and established business leaders on the other, with a view to developing realistic plans to improve local living conditions. More information is available at [www.futureleaders.nl](http://www.futureleaders.nl).

**Willem van Eeghen:** "It is fabulous to see how much inspiration is created when young people from totally different backgrounds cooperate. The Future Leaders Programme has been very inspiring for myself as well, the impact is still there."

steadily to EUR 720 million, a 36% increase compared to 2006. This reflects our customers' growing interest in investing their money in a sustainable way. We also demonstrated our ability once again to contribute to sustainable development while achieving a healthy investment return. Our portfolio turned in an extremely satisfying performance, gaining 7.5% in 2007. That put us well ahead of the FTSE4Good index, which lost 4.2%, and the MSCI World, which shed 1.2%. Our portfolio has returned an annual average of 13% over the past three years.

### Insurance

As we stated in the introduction to this section, sustainable investment means offering specialised products and services, while simultaneously incorporating CSR criteria into our mainstream investment practices. Another good example of the latter is provided by recent developments at our Belgian and Dutch insurance businesses, for which we have drafted sustainability policies that will apply throughout their investment portfolios. The policies combine positive screening for best practices with the exclusion of certain controversial issues. We are currently finalising the policies, which will be implemented in 2008.

### Responsible financial services

There has been a significant and critical public debate in recent years regarding the transparency of banking and insurance products and the care financial institutions take of their customers. The discussion has focused in particular on the responsible provision of consumer finance products and on the clear presentation of the risks and costs associated with insurance products. Our customers, together with our shareholders and employees, are our most important stakeholders, which means the quality and honesty of our products is crucial in terms of CSR as well as commercially. In addition to our continuous focus on our customers and the quality of our products and services, we have launched two initiatives to address the issues raised here: the Fortis Code of Responsible Lending and the Insurance Transparency Working Group.

### Consumer Finance Code of Responsible Lending

Consumer Finance (CF) is a growth engine at Fortis. This business requires particular care in terms of responsible business conduct. That's why we drew up our 'Consumer Finance Code of Responsible Lending' towards the end of 2007, consisting of ten principles of responsible lending. The ten principles are grouped according to the four key commitments expressed in the code: inform our customers, care about our customers, assess credit risk and manage

loan delinquency. The Code of Responsible Lending will be implemented in 2008 and compliance with the principles will be continuously monitored.

### Transparency of insurance products

We stated our intention in last year's CSR Report to 'open our windows' in response to the critical public debate in the Netherlands regarding a number of our insurance products. Fortis Insurance Netherlands worked hard in 2007 to make its offering more transparent.

We implemented a number of industry initiatives designed to give consumers more information about the total costs and returns of their investment-linked insurance policies. General information about investment-linked insurance was made available on the websites of Fortis Insurance Netherlands' different labels, and holders are provided with an annual statement of the movements in value of their policy. On surrendering a policy, meanwhile, the holder receives a breakdown of the surrender value, showing how it is structured.

We also concentrated on making customer information easier to read and understand, to help consumers decide whether or not a particular investment product is appropriate for them. Fortis Insurance Netherlands has produced a new brochure with the title 'Is investment-linked insurance for you?', containing all the important information about these policies. Intermediaries are requested to provide their customers with a copy of the brochure as soon as they express an interest in taking out an investment-linked insurance policy. In this way, we have been able to involve our intermediaries in our approach towards transparency and customer focus. The brochure can also be downloaded from our websites.

### Sustainable procurement

Our Central Purchasing Organisation (CPO) drew up its CPO Sustainability Policy in 2005. The primary aim of this group-wide policy is to gradually reduce the environmental impact of the goods and services we procure and to ensure that human rights are observed in all stages of our suppliers' production processes. Please refer to [www.fortis.com/sustainability/procurement](http://www.fortis.com/sustainability/procurement) for the policy document.

In 2007 we developed a sustainability questionnaire, asking our office supplies suppliers to provide us with information on the extent to which sustainability is incorporated in their business. We also developed a Supplier Code of Conduct, which will be finalised in 2008.

# Climate change



Climate change is one of the biggest challenges facing our future and that of our planet. We are happy at Fortis to embrace our share of the responsibility for reducing greenhouse gas emissions in order to halt the process of global warming. Our company can contribute to the battle against climate change by reducing our own carbon footprint, analysing our indirect environmental impact, proactively developing products and services that address climate change and developing business-driven policies in this area.



→ Performance and targets

**200**  
Carbon Banking  
customers

We have become  
a market leader  
in the European  
carbon arena...

→ Stakeholders

Our customer, Arthur  
Knipping, Executive  
Director Magic Boiler  
Company

We share an objective  
of contributing  
pragmatically to  
a sustainable  
living environment...

→ Dilemma

Addressing our  
indirect impact  
on climate change

Can financial  
institutions be held  
to account for their  
clients' emissions?

In this section

- Carbon Neutrality Programme
- Carbon Banking
- Energy financing
- Start Green Venture Capital
- Consumer products
- Internal environmental performance

## → Performance and targets

### Our performance

Indicator	Objectives 2007	Results	Future objectives
Fortis Footprint	Achieve carbon neutrality as of 2007  Reduce our worldwide energy consumption by 10% per FTE by the end of 2010	Successfully implemented Carbon Neutrality Programme and achieved carbon neutrality as of 1 January 2007	Reduce our worldwide energy consumption by 10% per FTE by the end of 2010
Carbon Banking	Roll out our successful Carbon Banking business plan to the US and Asia	Successfully rolled out our Carbon Banking business plan to the US and Asia  Significant growth in our Carbon Banking business	Move beyond carbon trading and strengthen our carbon finance activities
Renewable Energy Financing	Continue to play a leading role in Renewable Energy Financing	Significant growth in our Renewable Energy Financing business	Expand our renewable energy portfolio in absolute terms and as a percentage of our overall energy book
		Renewed our Groenbank business plan and achieved significant growth in Assets under Management	Become a top three player in the Dutch renewable financing market with a balance sheet of over EUR 1 billion in 2011
Start Green Venture Capital	*	Launched the Start Green Consumer Product Fund	Invest in at least ten sustainable technostartups by 2011

\* Added to our list of performance indicators in 2007.

### Carbon Neutrality Programme

Our focus on climate change led to Fortis's decision to introduce a global Carbon Neutrality Programme. This comprehensive initiative, which was launched in January 2007, confirms our commitment to be an environmentally sustainable financial services provider.

#### CO<sub>2</sub> emissions (in tonnes)<sup>(1)</sup>

	2007	2006
<b>Buildings</b>	<b>106,500</b>	<b>191,300</b>
Electricity	51,000	121,800
Other sources	55,500	69,500
<b>Mobility</b>	<b>41,800</b>	<b>27,600</b>
Road travel	28,300	16,400
Air travel	13,500	11,200
<b>Total CO<sub>2</sub> emissions</b>	<b>148,300</b>	<b>218,900</b>

(1) The figures are based on Benelux and Turkey, extrapolated to the total number of Fortis FTE (2006: 56,886; 2007: 62,010).

Please refer to page 31 and our website at [www.fortis.com/sustainability/internal\\_environmental\\_performance](http://www.fortis.com/sustainability/internal_environmental_performance) for a full review of our internal environmental performance.

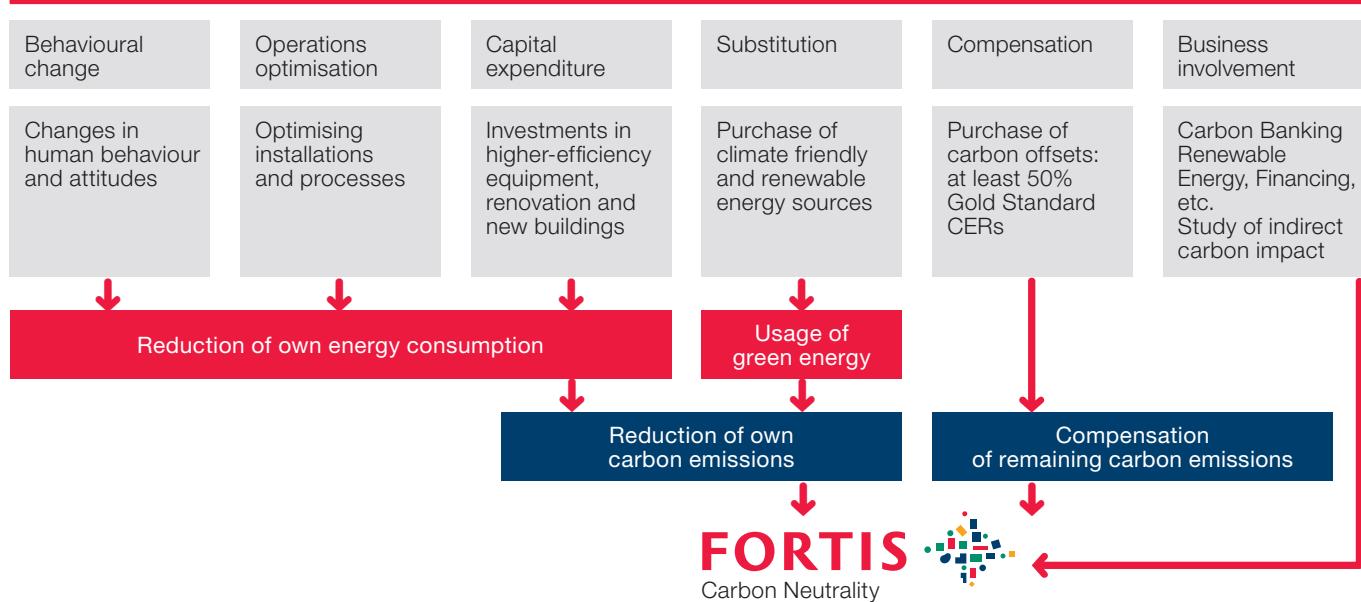
### Reducing our energy consumption

To meet our target of reducing our energy consumption by 10 per cent per FTE by 2010, we concentrated our efforts in Benelux and Turkey on:

- Behavioural change: several awareness-raising campaigns were held to encourage our employees in the different countries to help reduce Fortis's environmental impact.
- Operations optimisation: audits, scans and internal assessments helped us select the best measures to form the basis of our optimisation plan 2008-2010.
- Capital expenditure: we invested in energy-efficient measures in the daily operation of our premises and we also applied the best available techniques and energy concepts whenever renovating or designing buildings.

Fortis Luxembourg, for example, refurbished one of its branches in a sustainable way by opting for high-efficient technical systems and sustainable materials. Energy consumption is continuously monitored and displayed, demonstrating the low energy use to employees and customers. Another example is the planned renovation of the Chancellerie building in Brussels. See page 26 for more information.

## Carbon Neutrality at Fortis



### Using green energy

We announced in our previous report that Fortis intended to switch entirely to green electricity in Belgium in 2007, followed by the Netherlands and Luxembourg in 2008. We have already successfully completed the switch in all three countries, which means that as of 1 January 2008 more than 60 per cent of our electricity worldwide is purchased from renewable sources. The purchase of green electricity in Belgium and the Netherlands in 2007 led to a 66,000 tonnes CO<sub>2</sub> emissions reduction. We selected the sources of our green energy very carefully, consulting an independent research agency to ensure its sustainable quality.

### → What do our stakeholders say?

### The expert:

Michael Schlup, Executive Director of the Gold Standard Foundation



The Gold Standard Foundation – a labelling body created by a group of NGOs – has reviewed and fully endorses the strict quality criteria we use at Fortis when purchasing offsets.

### Offsetting our emissions

Our carbon neutrality targets required Fortis to become carbon neutral in its global operations with effect from 1 January 2007 – the date we adopted as the baseline for offsetting our remaining carbon emissions. We do this by purchasing carbon credits originating from projects like windmills and solar or biomass power stations, preferably in emerging economies. We only select credits that comply with the highest quality standards. They must represent new and real emission savings and support energy systems that are not based on fossil fuels. The credits must also make a valid contribution to local sustainable development by, for instance, facilitating small-scale projects that promote local employment.

**Michael Schlup:** "As a quality labelling organisation for carbon credits, the Gold Standard Foundation is happy with Fortis's choice of premium quality. This shows that Fortis takes its carbon neutrality programme very seriously. Furthermore, by choosing the Gold Standard, Fortis can be sure of making a real contribution to combating climate change, and to strengthening local sustainable development. We applaud Fortis's comprehensive and rigorous approach, as do the 38 non-governmental organisations that endorse the Gold Standard."

## Fortis wins prize for sustainable renovation

The project to restructure the cluster of Fortis buildings between Rue de la Chancellerie and Rue Royale in Brussels won the 2007 Bentley Empowered Award of Excellence for Sustainable Design. The prize was awarded in Los Angeles by an independent jury of leading industrial experts.

The project, initiated by Fortis Facility Management, was launched early in 2006. It involves renovating, rebuilding and refurbishing the Chancellerie cluster. The use of sustainable materials and environmentally friendly technical facilities was a firm requirement, not an option in this project. The design makes optimum use of solar energy and natural light, and incorporates systems utilising recycled rainwater, combined heat and power, geothermal energy, and cooling and heat recovery ventilation. The renovation will prepare the Chancellerie for the challenges of the 21st century. The work should be completed by 2010.

To make sure these requirements are met, our aim is that at least 50 per cent of our offset portfolio consists of credits bearing the internationally recognised Gold Standard label. The remainder of our credits have to undergo the rigorous selection procedure that Fortis CSR and Fortis Carbon Banking have established in close collaboration with the Gold Standard Foundation. Due to insufficient Gold Standard projects being available, we have not been able to meet the 50 per cent target in 2007. We strive to meet the target on aggregate, over the entire time horizon of the Carbon Neutrality Programme (2007-2010).

### Involving our business

We didn't take long at Fortis to identify the commercial opportunities offered by the need to combat climate change. And our Carbon Neutrality Programme includes a further heightening of our commitment to carbon-related business. We successfully expanded our carbon banking operations in 2007, and we also achieved significant growth in renewable energy financing. You can find more information about these and other carbon-related business activities in the following sections.

### Carbon Banking

The European Union responded to the threat posed by greenhouse gas emissions by introducing its EU Emissions Trading Scheme (EU ETS) in 2005. Fortis was quick to recognise the business opportunities presented by the EU ETS, since when we have become a market leader in the European carbon arena. We have the expertise to deliver

added value, making us more than a pure commodities trader. We offer our customers a range of carbon solutions, including trust, trading, finance, fund, clearing and escrow services.

Fortis now has over 200 Carbon Banking customers in sectors ranging from oil and gas, cement, ceramics, iron and steel, to refining, pulp and paper, and utilities. A dedicated, cross-business team works continuously to facilitate our customers' responses to a world that is increasingly carbon-constrained. Our goal is to promote the reduction of greenhouse gases by offering innovative solutions that generate low-cost abatement opportunities across the globe.

Our Carbon Banking team – which is, we believe, the biggest at any financial services provider – achieved some fine results in 2007 by significantly growing our business. The number of projects was up, as was our trading result.

We fulfilled the goal we set ourselves in the previous CSR Report of taking Fortis's successful European Carbon Banking business plan to the US and Asia. We now have Carbon Banking offices in Houston, Hong Kong and Japan, making Fortis the first to offer a round-the-clock carbon banking service. In the meantime, we have adopted a new target for 2008 and the years beyond. Fortis Carbon Banking aims to move beyond carbon trading and to strengthen our carbon finance activities. By investing in carbon reduction projects, we will enhance our contribution to the search for a solution to climate change.

## Outstanding Carbon Banking achievements 2007

- Fortis named financial services provider for the Millennium Development Goals (MDG) Carbon Facility of the UNDP
- Fortis wins the first ever carbon auction in Brazil, acquiring carbon credits from the Bandeiras Landfill project
- Swap EU allowances for Certified Emission Rights: value difference brought to the client at moment of transaction via an Interest Rate Swap
- Fortis agrees to act as market maker for the European Energy Exchange, the European Climate Exchange and ICE Futures
- Environmental Finance names the Yangquan Coal Mine Methane Project as its 'Carbon Finance Deal of the Year'
- Expansion of the Carbon Banking team to Japan

## Highlight

# Putting carbon finance to work for sustainable development

Fortis has been selected by the United Nations Development Programme (UNDP) as the Financial Services Provider (FSP) to the MDG Carbon Facility for its initial pipeline of compliance projects. This strategic partnership with UNDP aims to demonstrate that effective and efficient carbon abatement as required under the EU ETS can be employed to further social, environmental and economic progress in developing countries, in line with the Millennium Development Goals (MDGs) and Fortis's Corporate Social Responsibility (CSR) Agenda.

Former US Senator Timothy Wirth is President of the United Nations Foundation, which provided much of the Facility's start-up funding. "Harnessing the power of the marketplace is essential in the fight against harmful global climate change," he says. "The MDG Carbon Facility is a creative market-based strategy that promises to produce double dividends – carbon reductions and economic progress in the world's less-developed countries."

UNDP, as an established leader in technical assistance to environmental projects, will leverage its extensive country office network and strong local relationships to develop projects that create high-quality carbon credits which contribute to achieving

the Millennium Development Goals (MDGs). The MDG Carbon Facility has two key objectives:

- Broaden access to the global carbon market and carbon finance by enabling a wider range of developing countries to participate, particularly those countries that are presently under-represented.
- Promote carbon projects which contribute to the MDGs, yielding additional sustainable development and poverty reduction benefits and thus enhancing the quality and credibility of the carbon credits.

#### Kemal Dervis, UNDP Administrator:

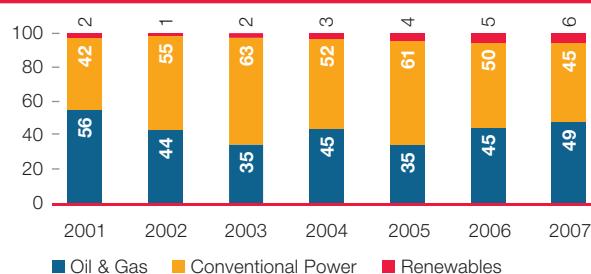


"As we reach the halfway point to the 2015 target for achieving the Millennium Development Goals, it is clear that business has a critical role to play in advancing sustainable human development. We are delighted to have an eminent partner like Fortis join us in working to use carbon finance to transform markets, help mitigate the effects of climate change and promote a more sustainable future for all."

## Energy financing

Fortis is involved throughout the complete energy value chain. We finance businesses active in oil and gas production, energy infrastructure, power generation and distribution, and water and waste. The two greatest challenges currently facing the energy market are climate change and security of supply. Conventional energy will remain crucial in this respect, while renewable power sources are set to grow exponentially.

### Credit facilities per sector (in %)



For these reasons, Fortis will continue to focus on both conventional and renewable energy. We believe that nuclear power will be part of the solution to the two key energy challenges too, although there will have to be an intense focus on safety and security. With respect to renewables, Fortis has been a financial pioneer in this market for over ten years now and we are determined to further expand this position. Renewable energy accounts for a steadily greater proportion of our growing energy portfolio.

Fortis had another highly successful year in terms of renewable energy financing. We closed 16 new deals worth EUR 468 million of new production – significantly higher than the EUR 399 million recorded in 2006 and EUR 253 million in 2005. The majority of our deals are still wind-related, but our contribution to other technologies is growing too.

## Highlight

# Examples of renewable energy deals



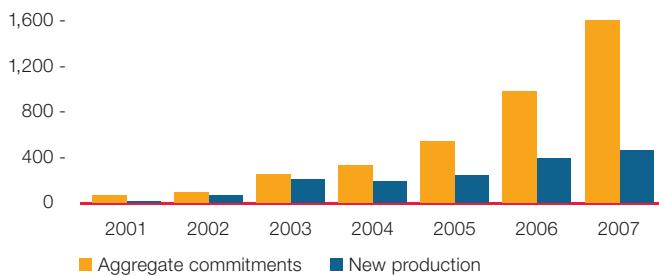
### CLP Envirogas acquisition

Fortis closed a major renewable energy portfolio financing deal totalling GBP 117 million in the first quarter of 2007 as part of Macquarie European Infrastructure Fund's acquisition of CLP Envirogas Group. The 70 MW portfolio consists of 24 landfill gas power generation sites in the UK at which power is generated by capturing the methane (a major greenhouse gas and contributor to climate change) from the landfills and using it as its fuel input.

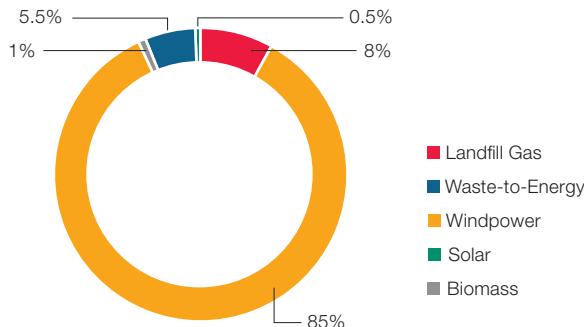
**NedPower Mount Storm LLC** We successfully closed the syndication of Phase I of NedPower Mount Storm LLC – the ground-breaking, non-recourse project financing of a 264MW West Virginia wind farm. The project is jointly owned by Shell WindEnergy, one of the largest wind farm owners in the world, and Dominion Resources, which is a leading US energy producer. This deal further enhances our reputation as a pioneer and leader in the US wind market.

**AES – Locust Ridge** Fortis closed and funded a USD 26 million tax equity investment (49.9% of total project costs) in Iberdrola's wind project in Locust Ridge, Pennsylvania. We were the sole tax equity provider for Locust Ridge, which is Iberdrola's first completed wind project in the US market. The tax equity product offering also differentiates Fortis from many of our competitors in the US renewable energy market.

### Deal volume renewable energy (in EUR million)



### Total by technology (2001-2007)



New Energy Finance Ltd., a specialist provider of information and research to investors in renewable energy, low carbon technology and carbon emission credits, published its 2006 clean energy league tables in June. Fortis, described as the 'clear leader in the space of clean energy financing,' came out top of syndicated lenders (by number of deals).

### Fortis Groenbank

At the beginning of 2007, senior management at Fortis gave the go-ahead for a new business plan enabling Fortis Groenbank to serve a sustainable energy-financing niche in the Netherlands. The unit provides funding for environmental projects using tax-friendly structures that are explicitly encouraged by the Dutch government. Fortis Groenbank now has a team of dedicated professionals that has already achieved a major turnaround. Assets under management stood at EUR 197 million at the end of 2007, up EUR 97 million on 2006.

We will go on expanding our renewable energy portfolio in 2008, both in absolute terms and as a percentage of our overall energy book. We aim to increase our activities in the waste and solar businesses significantly as a complement to our wind operations. Energy, Commodities & Transportation (ECT) will consolidate its role as a competence centre for transactions benefiting the environment: not simply

generating power from renewable sources, but also including water treatment, energy efficiency, carbon capture and storage. And we are developing business opportunities for other parts of the bank with our renewable energy clients.

We have ambitious growth plans for Fortis Groenbank too, with a target for new assets under management of EUR 150 million in 2008. Growth will be further accelerated in the years ahead, resulting in a balance sheet of over EUR 1 billion in 2011, making Groenbank a top three player in the Dutch market for sustainable investment.

### Start Green Venture Capital

We reported last year on the creation of the Start Green Venture Capital company and the launch of its first fund: Sustainable Innovation Fund (SIF) – a joint venture, initiated by Fortis Venturing, between Fortis, DOEN Participaties and Triodos Innovation Fund. Start Green SIF sets out to make a significant contribution to economic and ecological development by investing in early-phase sustainable technology initiatives that would not qualify for regular financing. Having pioneered this approach in the Netherlands, the fund remains one of the few that offers finance on this scale to sustainable ‘technostarters’.

The large number of green projects submitted to Start Green SIF quickly revealed a need for more support of this kind. Hence Start Green’s decision in 2007 to launch a second fund: Start Green Consumer Products Fund (CPF). The objective in this case is to help bring sustainable consumer products and applications to market. Consumers are increasingly committed to living, travelling, working and spending their leisure time sustainably. They are more and

### → What do our stakeholders say?

## Our customer:

Arthur Knipping, Executive Director Magic Boiler Company



One of Start Green’s most noteworthy investments is The Magic Boiler Company. The Magic Boiler Company distributes domestic heat and power products. Households can use the Magic Boiler to generate their own electricity and heat

more conscious of how their product choices impact society and the environment. CPF wants to respond to this market trend by financing the development of sustainable consumer products and applications relating to those products. Start Green Consumer Products Fund (CPF) is a joint venture between SR Capital Structures, DOEN Participaties and Fortis Venturing. For more information about Start Green, please refer to [www.startgreen.nl](http://www.startgreen.nl).

### Sustainable consumer products

We believe that awareness of sustainability issues among our clients is still growing and that this will raise demand for sustainable consumer products. Fortis seeks this business opportunity of offers a range of sustainable products in our various businesses. See the table below for an overview.

### Consumer products

- Energy Saving Credit
- Mortgage with energy-saving report
- Clean Car Credit
- Clean Car Insurance
- Innovative and sustainable agricultural finance
- Fortis Life Climate Change
- Sustainable Savings

For more detailed information about these products, please refer to [www.fortis.com/sustainability/consumer\\_products](http://www.fortis.com/sustainability/consumer_products).

with a single product. For more information, please refer to [www.magicboiler.com](http://www.magicboiler.com).

**Arthur Knipping:** “Informal, enthusiastic, fast-moving and strongly committed to the enterprise: those are the qualities we experienced when working with Start Green. We share the objective of contributing pragmatically to a sustainable living environment; that’s why Start Green and the Magic Boiler Company are natural partners.”

→ Dilemma

## Addressing our indirect impact on climate change

It was early in 2006 that Fortis identified climate change as one of the key themes for our CSR strategy. We recognised straight away that this was a complex issue with two dimensions: our direct impact on climate change and our indirect impact.

For a financial institution, the direct impact – often described as the environmental ‘footprint’ – of its own operations may seem relatively easy to understand and improve. And that’s true to certain extent: our direct impact on climate change is primarily a question of energy use, employee travel, water and paper consumption and reducing and processing waste. Much of this can be addressed within the procurement process or by investing in more efficient installations and facilities. A more challenging aspect is the need to change the behaviour of individuals and teams to get them to reduce their energy consumption. The same goes for pushing the opportunity side of the equation: the development of products and services that can help our clients in their pursuit of more sustainable investments and practices. This report contains a great deal of information regarding our progress in these areas.

Our indirect impact on climate change, by contrast, is a more complex and fundamental issue. Environmental and other activists realised in the 1990s that banks offer a powerful lever with which to realise their goals. They gradually shifted their approach from straightforward protest to seeking to influence investment and credit

decisions. In the context of climate change, this has given rise to the question of who is responsible for CO<sub>2</sub> emissions. Can financial institutions be held to account for their clients’ emissions? Many NGOs answer ‘yes’ to that question and want us to use our perceived influence to improve our clients’ environmental and social performance.

We responded to this dilemma in 2007 by conducting dialogues with NGOs, clients, peers, external advisers and governments. These discussions were channelled back into Fortis, giving rise to in-depth analysis and an internal debate that is still ongoing. The emerging view at Fortis is based on the idea of ‘spheres of influence’, in which the various levels of influence and responsibility are related to the different stakeholders. At client level, influence can differ from one sector – and even one client – to another. It ranges from the position of a remote financial services provider and one of many, to that of a strong, dialogue-based, preferred partnership, in which it is possible to join forces to combat climate change. The latter relationship is exemplified by our Green Award partnership in the shipping sector (see page 15).

The debate is set to continue in 2008, both internally and externally. It will culminate in a comprehensive climate change strategy, with a clear and broadly accepted identification of risks, opportunities, responsibilities and priorities.

### Sustainable real estate investment

Fortis Insurance and its predecessors have been investing in Dutch real estate for over a century now. Today, with a portfolio running to over 30,000 hectares, we are the largest private landowner in the Netherlands, with properties spread all over the country.

Fortis recently made a substantial contribution to the Dutch government’s objective of creating new areas of greenery by twice exchanging land with the state (in 2005 and in 2007) in two of the largest real estate transactions in many years. Some of our former land has been reclassified to allow the reintroduction of traditional Dutch wetlands, to combat climate change and provide flood protection.

Our rural property unit, Fortis Rural Estate, is increasingly involved in integrated regional development projects – many of them complex – through tailored finance, land exchanges and estate management. The Utrecht Estate on the Belgian-Dutch border is a good example. With a total of 2,500 hectares, it is the largest single property in the Fortis portfolio. A development plan was drawn up in consultation with residents, business people, nature organisations and the planning authorities. By cooperating in this way, it was possible to combine the development of woodlands, nature, recreation, farming and new homes in attractive surroundings while respecting local culture, history and landscape.

## Internal environmental performance

We have developed and implemented a new web-based monitoring tool as part of our Corporate Environmental Management System (CEMS). This has enabled us to improve the reliability and consistency of our internal environmental data.

The global pattern of energy use in our buildings is attributable to three factors: electricity consumption rose with the expansion of capacity at our data centres; 2007 was an especially warm year; and there was an increase in the number of FTEs per square meter.

The increase in kilometres travelled in 2007 reflects improved data collection. The NS Business Card had a positive impact as part of the sustainability mobility policy in the Netherlands, especially in terms of visiting Brussels by train. Sustainable mobility policies will be implemented in other countries in 2008. The Fortis air taxi service between Luxembourg and Brussels will be discontinued in 2008 and travel policy will be adapted, with offsite meetings and events restricted, and greater encouragement given to tele- and videoconferencing rather than physical meetings.

The figures for marketing and other paper consumption rose in 2007 due to improved monitoring. We recognize the high environmental impact we have in this regard as an office-based organisation and will step up our efforts to reduce paper consumption.

### Energy use - buildings

	2007	2006
<b>Total energy consumption (GWh)<sup>(1)</sup></b>	<b>702</b>	<b>689</b>
<b>Energy consumption (GWh)<sup>(2)</sup></b>	<b>518</b>	<b>521</b>
Electricity	303	273
Other sources	215	248
<b>Energy consumption (MWh/FTE)<sup>(2)</sup></b>	<b>11.5</b>	<b>12.1</b>
Electricity	6.7	6.3
Other sources	4.8	5.8

(1) Scope: Benelux and Turkey, extrapolated to total number of Fortis FTEs (2006: 56,886; 2007: 62,010).

(2) Scope: Benelux and Turkey (72.3% of our FTEs in 2007).

### Mobility

	2007 <sup>(2)</sup>	2006 <sup>(1)</sup>
<b>Business travel (in millions km)</b>		
Road travel	120.6	84.8
Air travel	67.5	52.7
<b>Business travel (in thousands km FTE)</b>		
Road travel	2.7	2.2
Air travel	1.5	1.4

(1) Scope: Benelux.

(2) Scope: Benelux and Turkey and expansion of road travel using employee owned cars.

### Paper consumption<sup>(1)</sup>

	2007	2006
<b>Paper consumption (in tonnes)</b>	<b>6,800</b>	<b>5,300</b>
<b>Paper consumption (in tonnes/FTE)</b>	<b>0.15</b>	<b>0.12</b>

(1) Scope: Benelux and Turkey.

## → What do our stakeholders say?

### Our employee:

Erik Somsen, Director of Fortis Rural Estate



Fortis views land as a solid long-term investment. We offer it on long leases to rural businesses, some of it in perpetuity. We are confident about the future of the countryside: a place where farmers can continue to earn a good living from the sustainable production of food, bio-commodities, plants and flowers, but where there is still plenty of room for nature, recreation, homes and water storage.

A countryside, in other words, that is attractive, sustainable and full of vitality.

**Erik Somsen:** "Fortis contributes significantly to the sustainable future of an economically vibrant and attractive countryside and to effective planning in the Netherlands. Sustainable property investment also provides solid business opportunities. Our approach to rural property investment and management enables us to create sustainable added value for people and nature alike."

# Social inclusion



We believe at Fortis that no one should be excluded from full participation in society. That's why we created our Fortis Foundations. But that's not the only way we promote social inclusion. We also do it in our core banking and insurance activities by developing easily accessible products that allow people to benefit from the services we provide and to be part of the financial system. And we also strive to offer our employees an inclusive working environment. One in which differences in social and cultural background are accepted, respected and acknowledged as a valuable resource.



→ Performance and targets

**40%**  
of employees  
volunteered in the  
Netherlands

Fortis Foundations  
are now active in  
five countries and are  
the primary drivers  
of our company's  
commitment to social  
inclusion...

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→ Stakeholders

Hans du Prie,  
Care and Education  
Director at the  
Horizon Foundation

We're delighted that  
Fortis has brought  
its social  
entrepreneurship  
to the youth welfare  
sector...

page 35

→ Dilemma

The real impact  
of the work  
carried out by our  
Fortis Foundations

Everyone proudly  
proclaims that it's  
a win-win situation,  
but is it really?

page 35

In this section

- ➔ Fortis Foundations
- ➔ Access to financial services
- ➔ A diverse and inclusive working environment
- ➔ Training and development

## → Performance and targets

### Our performance

Indicator	Objectives 2007	Results	Future objectives
Community involvement	Further expand the Fortis Foundations into the countries in which we are active, starting with the UK, Turkey and Ireland	Slow progress in expanding Fortis Foundations Budget for donations: EUR 3,542,000 Number of projects: 649 Employees involved: 5,752	Expand the Fortis Foundations into other countries in which we are active, starting with the UK and Turkey in 2008
Access to financial services	*	Launch of microfinance services in the Netherlands	Explore international opportunities for microfinance
Diversity	Women at senior management level: 9% in 2007	Women at senior management level: 8.8% in 2007	Step up our efforts and achieve target of 9% women at senior management level in 2008
	Broaden the concept of diversity beyond gender	Launch of new Diversity and Inclusion Policy	Further implement new Diversity and Inclusion Policy
Training and development	Continue to increase development opportunities for our people	Drafted plans for Fortis University Stepped up the integration of CSR in training programmes	Establishment of the Fortis University Continue to improve inclusion of CSR components in training programmes

\* Added to our list of performance indicators in 2007.

### Fortis Foundations

Fortis Foundations are now active in five countries and are the primary drivers of our company's commitment to social inclusion. The key concept behind the Foundations is to contribute to the local communities in which we operate through a combination of philanthropy and volunteer work. Successful companies need a healthy society and vice versa.

Our focus on social outreach began in 1996, when we created our first Foundation in Belgium, followed by a second in the Netherlands in 2001. Impressed by the effectiveness of the approach, CEO Jean-Paul Votron ordered the rolling out of the Foundation concept to other countries in which Fortis is active on a substantial scale. Fortis Foundations were duly opened in Luxembourg in April 2006, Poland in October 2006 and France in July 2007. The UK and Turkey are next on the list.

Our Foundations aim to include members of vulnerable groups in the kind of social and economic interaction the rest of us take for granted. They do so through a combination of philanthropy and volunteer work by Fortis people. Although all the Fortis Foundations share their focus on global, concrete results, actual implementation is determined by the Foundation in each country. Funding and the selection of activities are decided locally, giving each Foundation its own distinctive flavour. For more information about the activities of

each of our Fortis Foundations, please refer to [www.fortis.com/sustainability/foundations](http://www.fortis.com/sustainability/foundations).

### Fortis Foundations

	2007	2006
Budget for donations (in EUR)	3,542,000	3,731,000
Volunteers involved in projects	5,752	3,766
Number of projects	649	398
Number of FTEs in Foundations	26	17

The creation of Fortis Foundations in other countries has been slower than we hoped. We intended, for instance, to have the Foundations in Turkey and the UK operating by the end of 2007. The problems lay primarily in the need to obtain a clear and sustained commitment from the local Fortis operations in a period of major structural change for the company, not to mention occasionally challenging market conditions.

With an annual budget of EUR 2 million and over 270 volunteers, Fortis Foundation Belgium supported nearly 250 projects in 2007. Noteworthy activities were a conference on 'Corporate giving – to communicate or not?', events for disadvantaged youngsters as part of Anderlecht football club's annual 'Fan Day' and the organisation of 'Caring Week' to promote

## → Dilemma

# What is the real impact of the work carried out by our Fortis Foundations?

Now that employee volunteering is well-established, there is a growing need to measure its impact. For society, and for the company itself. Everyone proudly proclaims that it's a win-win situation, but is it really? Is project A more effective than project B? And if you've already organised five painting projects for a particular institution, is it still worthwhile doing it for the sixth time?

Employee volunteering is measurable. Fortis Foundation Nederland asked Lucas Meijjs, Professor of Voluntary Work, Civil Society and Business at RSM Erasmus University in Rotterdam, to help develop a tool capable of measuring the results of socially responsible enterprise. In 2006, this resulted in the MBO-Monitor – since renamed Wellventure Monitor™.

It's far from easy to measure the influence of a volunteer project on society as a whole. There are all sorts of variables influencing the final impact, creating a complex mix. All the same, it is vital to determine whether a project can really be labelled a 'win-win situation'.

The Wellventure Monitor™ measures whether a project meets the

objectives of all the parties involved. Companies can use a questionnaire to find out what a project has delivered in terms of both the employees who worked on it and the people on the receiving end. The Monitor identifies six performance fields to that end. If the results on either side of the scale are positive and more or less equal, you can genuinely speak of a win-win situation.

Fortis Foundation Nederland applied the Wellventure Monitor™ to 15 of its completed projects in 2007. The preliminary results were very positive for the social organisations involved and for Fortis too. The Wellventure Monitor™ is available free of charge at [www.wellventuremonitor.nl](http://www.wellventuremonitor.nl).

**Lucas Meijjs, Professor of Voluntary Work, Civil Society and Business at RSM:** "More and more companies are recognising their responsibilities and enabling their employees to engage in voluntary work. Now that employee volunteering continues to grow, it is vital to measure its impact."

the Foundation's activities among Fortis employees in Belgium.

In 2007 in total 5,466 Dutch Fortis employees volunteered in 353 community programs organised by Fortis Foundation Nederland in close cooperation with 260 social partners. Examples of successful programmes organised last year were 'Assured of Youth Welfare', in which Fortis Insurance

partners with Youth Welfare Work, and Retail Banking's financial educational programme, in which bank employees volunteered in secondary schools. During the 'Make a Difference Days' Fortis employees walked 3,280 miles for their favourite charity. Fortis Foundation Nederland was actively involved in the development of internships for young people. Fortis signed a letter of intent to offer 300 internships in 2008. As a tribute to the expertise we have built up in this

## → What do our stakeholders say?

### The NGO:

Hans du Prie, Care and Education Director at the Horizon Foundation



We focused in our previous report on the launch of a structural partnership between Fortis Insurance Netherlands and Youth Welfare Work Netherlands. Our successful collaboration continued in 2007 with a number of projects in which Fortis employees were involved.

**Hans du Prie:** "We deal every day in our sector with special young people who find themselves in difficulty. We help them learn how to take back control over their lives. We're delighted that Fortis has brought its social entrepreneurship to the youth welfare sector. It's been an inspirational partnership right from the start. Contact with the commercial sector can help us strike a better balance between speaking from the head and from the heart. And for our part, we believe we can inspire our Fortis colleagues in their contacts with their own customers."

area, we acted as a discussion partner for the Dutch government.

Fortis Foundation Luxembourg supported nine projects in 2007, which was its first year of operation. These included the ongoing 'Gambia Project' on which we reported last year. The main aim of this Foundation is to encourage employee volunteering, which has yet to take off in the way it has at the older Foundations.

The Polish Foundation also completed its first year of activities. It is concentrating in the first instance on working with a charity called the 'Children's Friends Society', which offers entertainment together with cultural and ecological initiatives to deprived youngsters in four Polish cities.

The new Fortis Foundation in France was launched in 2007. It plans to focus on helping sick and socially disadvantaged children by organising films for young hospital patients, supporting a charity that houses children who can't live with their parents and helping volunteers who promote reading at a young age.

## Access to financial services

We are equally committed to developing products and applications that bring the benefits of our financial services within everyone's reach. Our multichannel distribution approach gives each customer the freedom to choose how to interact with Fortis. And to further enhance that access, we pay particular attention to vulnerable groups within society. We are proud, for instance, to have brought online banking to blind and partially sighted people in Belgium, with a special device that helps them enjoy secure access to their accounts. Having pioneered the service in Belgium, we rank among the top three banks in the world when it comes to providing online banking services to the visually impaired market.

By ensuring access to our services and enabling people to be part of the financial system, we aim to give them opportunities they might not have had if the market was left to its own devices. Our Start Green investment fund likewise offers finance to sustainable technostarters that would not ordinarily qualify for a loan or investment. They then get the chance to turn their sustainable technology ideas into a profitable business. You can find out more about Start Green on page 29.

Microfinance is an increasingly established approach to providing low-income entrepreneurs with access to financial resources. Fortis launched a microfinance pilot in 2007, and we now offer services in this area in the Netherlands, one of our domestic markets. We are convinced that there is still plenty of scope for improvement in this field. As we grow our company internationally, we will explore the potential for expanding the scope of our microfinance services on an international scale, taking it to less-developed regions in which we are present in 2008.

## ➔ What do our stakeholders say?

### Our employee:

Elwin Groenevelt, Deputy director Northeast region



"The microfinance project in the Netherlands owes its success to two factors. The first is the enthusiastic, Fortis-wide collaboration between staff from Retail Banking, Fortis Foundation, Fortis ASR, de Amersfoortse and CSR. Branch and account managers provide vital coaching on a voluntary basis. Using their know-how and commercial network, they give the entrepreneurs the chance

to prove themselves. In return, they receive a valuable insight into how hard it can be to create and sustain a business of your own. The second factor is that Fortis is doing this under its own banner. That raises the project's visibility and enables the microentrepreneurs to use the normal facilities of the bank. Far from being second-class customers, they actually get something extra, most notably a coach. Despite the early euphoria, 2008 will be crucial for this project. The challenge now is to scale it up and extend it throughout the major Dutch cities."

## Highlight

# Welcoming our new ABN AMRO colleagues

The expertise and experience of ABN AMRO people are key reasons why their businesses are so highly valued. Fortis is successful because our people are talented, motivated and rewarded. We want the same for the ABN AMRO staff who are now joining us. Our 'People Principles' will underpin our approach to the integration of the two companies.

They will apply to all employees of the combined businesses and will support our creation of new, even stronger operations with enhanced growth prospects. Fortis is committed to working constructively with Works Councils, trade unions and other representative bodies, and to honouring existing Social Plans and Collective Labour Agreements. We aim to retain the best talent via

a fair appointment process based on merit and skills, while fully respecting all our legal obligations. An employment office has been created to identify and manage redeployment opportunities for staff across all the two banks' operations – in the Netherlands and elsewhere too, where applicable. You will find details of our People Principles at [www.future.abnamro.com](http://www.future.abnamro.com).

ABN AMRO's excellent performance in terms of diversity and inclusion was clearly demonstrated during the initial integration phase. A wide variety of highly vibrant networks is active within the organisation and Fortis is eager to build on these successful practices.

We have also launched a number of initiatives to improve the accessibility of our products for Muslim customers, further demonstrating our commitment to our diverse group of stakeholders. For several years now, Fortis has been offering sharia-compliant 'takaful' products (insurance products based on Islamic principles) in Malaysia. A review of products is shared within Fortis's, making it accessible to other businesses and countries.

This is reflected in the recent launch of Belgium's first sharia-compliant investment fund – the Fortis B Fix 2008 Islamic Index 1. Fortis views this as a first step towards a full range of sharia-compliant structured products.

## A diverse and inclusive working environment

Fortis is striving to become the preferred employer in the financial services industry. We aim to strengthen our competitive advantage by developing a culture that helps our people reach their full potential and by deploying our human capital to accomplish our company's goals.

Number of employees	FTEs	Headcount
	2007	2007
Belgium	23,551	24,716
The Netherlands	12,904	14,065
Turkey	5,561	5,561
United Kingdom	3,706	3,955
France	2,846	2,885
Luxembourg	2,840	3,029
Poland	2,735	2,776
Rest of the world	6,867	7,986
<b>Total worldwide</b>	<b>62,010</b>	<b>64,973</b>

You can find a complete survey of workforce indicators, including breakdown by age, country and contract, at [www.fortis.com/sustainability/workforce](http://www.fortis.com/sustainability/workforce).

Breakdown by gender	Female	Male	Female as % of total	Female as % of total (2006)
Senior Management	24	250	8.8%	8.2%
Management	933	3,325	21.9%	19.9%
Middle Management	5,612	10,021	35.9%	33.8%
Lower Management	2,684	2,793	49.0%	47.5%
Employee	21,873	17,458	55.6%	55.3%
<b>Total</b>	<b>31,126</b>	<b>33,847</b>	<b>47.9%</b>	<b>47.1%</b>

## Highlight

# Employee satisfaction: Fortis voted best employer in the Netherlands

Intermediair, a leading Dutch management and careers weekly, has selected Fortis as Best Employer in the Netherlands in its annual survey of 120 companies. The survey ranks businesses on two criteria. The first looks at employment terms and fringe benefits, social policy, HR policy and corporate culture, while the second reflects the views of employees themselves. Four hundred Fortis people were asked to rate their employer and their scores were combined to produce the winning total.

The survey found that Fortis offers the best overall package. We scored well in terms of employment including the employer's contribution to pension and life-cycle schemes, and our programmes to help people achieve a good work-life balance. The activities of the Fortis Foundation and health initiatives like BRAVO, which encourages staff to pursue a healthy lifestyle, also contributed to the strong overall score. Fortis employees – on both the banking and insurance sides – were found to have higher satisfaction levels than their counterparts at other financial institutions in the Netherlands.

## Diversity and inclusion

We firmly believe at Fortis that a workforce that reflects the diverse group of customers we serve and the communities in which we operate makes us stronger as a company. We value the differences each individual brings and see them as an asset. Which is why we encourage our people to think and act differently, to be themselves and to contribute their individual skills.

To demonstrate our commitment to diversity and inclusion, we are currently developing an e-learning module that will be offered to our employees all over the world. We develop tools to support the businesses as they build an inclusive workplace which, together with our employment policies, ensure that our people are treated fairly. We also encourage our employees to take part in a variety of networks in order to broaden their horizons and enhance their professional growth.

We announced in our previous report that we intended to broaden the scope of our diversity approach beyond gender. And we have done just that, launching a new Diversity and Inclusion Policy. We have also set up a new website as a practical guide. It offers our employees tips and ideas for developing diversity and inclusion, a platform for engaging in diversity networks, and the opportunity to raise questions that will be answered within 24 hours. You can find our new policy document at [www.fortis.com/sustainability/diversity](http://www.fortis.com/sustainability/diversity).

We also set ourselves the target last year of raising the proportion of women at senior management level to 9 per cent. We nearly achieved this target, with our senior management now consisting of 8.8% women.

## Training and development

Fortis strives to create top-performing teams. We motivate our people and help them realise their full potential by actively encouraging them to 'Be Mobile' and 'Develop Yourself', and by constantly presenting them with new challenges.

Our successful management development programmes continued to shape our talented future leaders in 2007. A total of 1,368 managers completed our 'Leadership for Growth' programme, with 64 more receiving 'Next Generation Leadership' training.

We've planned some major initiatives in further improving the training and development opportunities for our employees. Not only will we offer a variation of our successful 'Leadership for Growth' programme to welcome our talented new ABN AMRO colleagues called 'Connecting for Growth', but 2008 will also be the year of the establishment of the Fortis University. This will create an integrated group-wide education institute in which we will offer a series of newly designed business-focused training and development programmes.

## *Highlight*

# Fortis holds International Challenge and supports SOS Children's Villages

On Saturday 2 June 2007, Jos Clijsters, a former member of the Fortis Executive Committee, presented a cheque for EUR 280,000 to SOS Children's Villages, the international charity for orphans and abandoned children. The presentation took place at the Fortis Challenge – a special weekend for Fortis employees from all over the world.

Fortis staff from 20 different countries met in the Austrian resort of Mayrhofen to participate in the Fortis Challenge, comprising a range of outdoor sports and tests of strategic skills and intelligence. In addition to boosting employee involvement and company pride, the underlying aim of the Challenge was to position Fortis as a single, international company to its workforce.

At the same time, Fortis was looking to give greater visibility to its CSR profile. We asked the people who signed up for the Challenge to raise money for SOS Children's Villages and they responded en masse. A total of 160 teams competed in the qualifiers, with 75 actually making it to the Challenge in Austria. We were thrilled by the drive and enthusiasm our colleagues displayed in raising money for the charity.

### **Richard Pichler, Secretary General of SOS Children's**

**Villages:** "On behalf of the children and families, we applaud this initiative by Fortis. What makes this international team-building event so special is that you are reaching out to the children of

SOS Children's Village Hemeiusi. You will have an impact not only this year, but for the next 10-15 years, when today's children walk out of the village having experienced a childhood, a mother and an education on which to build their futures."

The money raised by the Fortis Challenge will go towards building the Hemeiusi Children's Village in Romania. It will finance the construction of a Fortis family home and activity centre, and will also support an educational programme.



### **CSR awareness training**

One of the ways we are embedding CSR throughout our organisation is by including sustainability in our regular training and development programmes, paying particular attention to new employees and young people at Fortis. We stepped up our efforts in 2007, with 1,611 employees taking part in CSR training, including all new management trainees.

You can find a complete overview of our CSR-related Human Resources policies and initiatives – including employee satisfaction, health and safety policies, absenteeism rates and social consultation – on our website [www.fortis.com/sustainability/workforce](http://www.fortis.com/sustainability/workforce).

## Overview of performance and targets

Indicator	Objective 2007
Human rights	*
Equator Principles	Extend implementation beyond project finance into other relevant areas of our business
Sector policies	Implement Palm Oil Sector Supplement and roll out across other agricultural product areas Screen entire Shipping portfolio
	*
Sustainable investment	AuM Private Banking: EUR 1 billion by 2010 AuM Asset Management: EUR 5 billion in the medium term
Responsible financial services	*
Fortis Footprint	Achieve carbon neutrality as of 2007 Reduce our worldwide energy consumption by 10% per FTE by the end of 2010
Carbon Banking	Roll out our successful Carbon Banking business plan to the US and Asia
Renewable Energy Financing	Continue to play a leading role in Renewable Energy Financing
Start Green Venture Capital	*
Community involvement	Further expand the Fortis Foundations into the countries in which we are active, starting with the UK, Turkey and Ireland
Access to financial services	*
Diversity	Women at senior management level: 9% in 2007 Broaden the concept of diversity beyond gender
Training and development	Continue to increase development opportunities for our people

\* Added to our list of performance indicators in 2007.

Results	Future objectives
Drafted Fortis Human Rights Statement	Implement Fortis Human Rights Statement in 2008 and action plan in 2008-2009
Approved project finance transactions: 67 Declined project finance transactions: 6 Non-project finance assessments: 17	Incorporate sustainability framework in existing procedures to support business operations across the whole of Merchant Banking in 2008
Implemented Palm Oil Sector Supplement. Policy development in other agricultural areas slower than planned  Screened 15% of our Shipping portfolio	Draft agri Sector Supplements for cocoa, soya, cotton and coffee in 2008  Screen entire Shipping portfolio
Revised Defence Industry Policy and critically assessed its implementation	Monitor implementation Defence Industry Policy
AuM Private Banking: EUR 720 million AuM Asset Management: EUR 2,181 million	AuM Private Banking: EUR 1 billion by 2010 AuM Asset Management: EUR 5 billion by 2010
Developed Fortis Consumer Finance Code for Responsible Lending	Implement Fortis Consumer Finance Code for Responsible Lending across all consumer finance activities in 2008
Successfully implemented Carbon Neutrality Programme and achieved carbon neutrality as of 1 January 2007	Reduce our worldwide energy consumption by 10% per FTE by the end of 2010
Successfully rolled out our Carbon Banking business plan to the US and Asia  Significant growth in our Carbon Banking business	Move beyond carbon trading and strengthen our carbon finance activities
Significant growth in our Renewable Energy Financing business	Expand our renewable energy portfolio in absolute terms and as a percentage of our overall energy book
Renewed our Groenbank business plan and achieved significant growth in Assets under Management	Become a top three player in the Dutch renewable financing market with a balance sheet of over EUR 1 billion in 2011
Launched the Start Green Consumer Product Fund	Invest in at least ten sustainable technostarters by 2011
Slow progress in expanding Fortis Foundations  Budget for donations: EUR 3,542,000 Number of projects: 649 Employees involved in projects: 5,752	Expand the Fortis Foundations into other countries in which we are active, starting with the UK and Turkey in 2008
Launch of microfinance services in the Netherlands	Explore international opportunities for microfinance
Women at senior management level: 8.8% in 2007	Step up our efforts and achieve target of 9% women at senior management level in 2008
Launch of new Diversity and Inclusion Policy	Further implement new Diversity and Inclusion Policy
Drafted plans for Fortis University  Stepped up the integration of CSR in training programmes	Establishment of the Fortis University  Continue to improve inclusion of CSR components in training programmes

# Reporting process and principles

## Report structure, criteria and selection of issues

This is our fourth CSR Report, setting out our progress in the area of Corporate Social Responsibility and reporting in 2007. We have adopted a different approach this year, with a large amount of information presented via the CSR section of the Fortis corporate website ([www.fortis.com/sustainability](http://www.fortis.com/sustainability)). This report is shorter than the previous editions, as it now focuses purely on Fortis's CSR performance and progress in 2007 and the main challenges facing us. This CSR Report is structured around our three main strategic themes; Sustainable supply chains, Climate change and Social inclusion.



We again applied the G3 guidelines of the Global Reporting Initiative (GRI), while also calling on third-party questionnaires, feedback from dialogues and internal discussion and strategy to determine the content of the report. The G3 guidelines have different application levels, of which Fortis applies level B+. We report on the profile disclosures, the disclosures on management approach and at least 20 performance indicators, and the report is externally verified. For further information regarding the G3 guidelines and how they are applied, please refer to the GRI Index on our website [www.fortis.com/sustainability/GRI](http://www.fortis.com/sustainability/GRI).

## Reporting boundaries

This CSR Report covers our entire organisation unless otherwise indicated. It includes quantitative and qualitative data about the calendar year 2007. Where appropriate, we also mention actions taken in the first part of 2008. Joint ventures are only included in the non-financial information if we hold more than 50 per cent of the shares and have management control.

## Information systems and quality of data

Fortis has no overall information system for corporate social responsibility. For environmental data, we have developed a data system as part of our Corporate Environmental Management System. For other information, our primary sources are corporate systems, such as our financial reporting system, and the Global Data Warehouse for Human Resources information. For other relevant indicators that are not covered by existing systems, we use local information systems.

To get the most relevant and up-to-date information, we have interviewed several representatives from our different businesses in order to provide us with anecdotal evidence and data. We also worked with an editorial board to test our findings and obtain additional organisational input. While we have made significant progress in data gathering, we

recognise the need for continuous improvement of our information systems. We are also working on global coverage of systems that do not yet represent our entire organisation.

## External assurance

We asked KPMG Sustainability to provide limited assurance on the information in this report. The report itself, including the identification of material issues, is our responsibility. KPMG is responsible for developing and carrying out an appropriate programme of work as described in their assurance report and reporting their conclusions. KPMG's assurance report can be found on pages 43-44.

## Disclaimer

This report is exclusively intended for information purposes. It aims to provide an overview of our current status with respect to corporate social responsibility only. Policies, procedures, expectations and ambitions may change over time. All policies and procedures we refer to are intended for internal use. This document, including all policies, procedures, statements, expectations or ambitions referred to herein, is not intended to vest any independent right, claim or course of action in our clients, shareholders, employees or other parties' relations, nor to create any liability whatsoever.

In addition to our own statements, we have included some external parties' opinions about our institution or our cooperation. We thank these stakeholders for their contributions which we appreciate, but obviously we cannot take responsibility for their statements.

This report only covers limited aspects of Fortis. To obtain a more complete picture of the company, please consult our Annual Report, other corporate publications and the information available on our website: [www.fortis.com](http://www.fortis.com).

## Scope of the report

The units marked in blue are included in this report, 'green units' are partly covered.<sup>(1)</sup>



(1) Based on organisation structure 2007.

# Assurance report

## To the readers of the Fortis Corporate Social Responsibility Report 2007

We were engaged by Fortis N.V. to provide assurance on the information in the Corporate Social Responsibility Report 2007 (further referred to as The Report). The Report, including the identification of material issues, is the responsibility of the company's management. Our responsibility is to issue an assurance report on The Report.

### What was included in the scope of our assurance engagement?

Our engagement was designed to provide the readers of The Report with limited assurance on whether the information in The Report is fairly stated.

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and are less extensive than those for a reasonable level of assurance. To obtain a thorough understanding of the financial results and financial position of Fortis N.V. the reader should consult the Fortis audited financial statements for the year ended 31 December 2007.

### Which reporting criteria did Fortis use?

There are no generally accepted standards for reporting sustainability performance. Fortis applies its own sustainability performance reporting criteria, derived from the G3 Sustainability Reporting Guidelines of the Global Reporting Initiative as detailed on page 42 of The Report. We believe that these criteria are suitable in view of the purpose of our assurance engagement.

### Which assurance standard did we use?

We carried out our engagement in accordance with Standard 3410N 'Assurance engagements relating to sustainability reports' of the Royal Netherlands Institute of Register

Accountants. This Standard requires, amongst others, that the assurance team possesses the specific knowledge, skills and professional competencies needed to understand and review the information in The Report, and that they comply with the requirements of the IFAC Code of Ethics for Professional Accountants to ensure their independence.

### What did we do to reach our conclusions?

To determine whether the information in the report is fairly stated we:

- performed a media analysis and internet search to obtain information on relevant sustainability issues for Fortis in the reporting period;
- reviewed the results of stakeholder engagement processes such as the minutes of the CSR Advisory Board, the results of the CSR Report user survey and correspondence with other parties;
- reviewed the corporate level systems and processes for information management, internal control and processing of the qualitative and quantitative information in the report;
- interviewed relevant staff at corporate and business level in the Netherlands and Belgium responsible for the reported information on specific issues in the report including CSR Strategy, Carbon Banking, Human Rights Statement, Equator Principles, Defence Industry policy, Agri-commodities, Renewable Energy Financing and the environmental and HR data;
- collected and reviewed internal and external documentation to determine whether the qualitative and quantitative information in the report is supported by sufficient evidence.

During the assurance process we discussed changes to the various drafts of The Report with Fortis and reviewed the final version of The Report to ensure that it reflected our findings.

### What are our conclusions?

Based on the above work we conclude that the information in The Report does not appear to be unfairly stated.

### What else did we observe?

Without affecting the conclusions presented above, we would like to draw readers' attention to the following:

- In 2007 Fortis has responded to stakeholder concerns by further developing its CSR policies and codes for the defence industry, responsible lending, human rights and diversity and inclusion. We recommend Fortis to work on implementation of these policies and codes in 2008 to ensure that they are fully embedded in the working procedures across the whole organisation and to develop appropriate monitoring and reporting systems.
- Fortis has identified three key themes within its CSR strategy and has further developed its stakeholder engagement in 2007 through, for example, the establishment of the new CSR Advisory Board. However, we believe the link between the stakeholder inputs to the material topics and the themes covered in the report could be strengthened. We recommend Fortis to further develop its materiality analysis in conjunction with its stakeholders and to report on this in the next report.
- Fortis recently acquired parts of ABN AMRO. During the integration process, we recommend that Fortis pay specific attention to the alignment of the CSR agendas of the respective businesses and to report on this process and the result in next year's CSR Report.

Amsterdam, 14 March 2008  
KPMG Sustainability B.V.



Drs. W.J. Bartels RA (director)

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