

SUSTAINABLE DEVELOPMENT AT THE HEART OF DEXIA STRATEGY

“Our objective is to place sustainable development firmly at the heart of our strategy, so that we are known as the benchmark bank for sustainable development”

Axel Miller

Chairman of the Management Board of Dexia

Dexia played a pioneering role in the banking world when it signed the United Nations Environment Programme’s “Statement by Financial Institutions on the Environment and Sustainable Development” in 1998, then the United Nations Global Compact in 2002 and the Equator Principles in 2003.

In May 2007, Dexia publicly expressed its positioning in favour of the fight against climate change by signing the United Nations Environment Programme’s “Declaration on Climate Change by the Financial Services Sector”.

This commitment to sustainable development, which falls within both the fundamentals, in the sense of the long-term and with a concern for the general interest, and the values of the Group, was acknowledged by the international financial community on several occasions in 2006: awards for “Global 100 Most Sustainable Corporations in the World”, “Sustainable Asset Manager of the Decade” and “European Renewable Solar Deal of the Year”

In 2006, Dexia adopted a sustainable development action plan with regard to a major concern, the fight against climate change and implementation of the Kyoto Protocol. It revolves around four axes enabling greater social and environmental value being attached to its activities: fighting climate change and respecting the environment; developing the range of SRI and “green” or “social” products; limiting the company’s direct environmental impact; promoting diversity, maintaining a high level of social dialogue and proving its citizen commitment.

- Today Dexia is one of the leading world operators in the renewable energy sector. In 2006, 57.7% of all project finance provided by Dexia to the energy sector was allocated to financing renewable energies, with 16 projects enabling 1.7 million tonnes of CO₂ emissions to be avoided.
- European market leader in SRI funds with EUR 14.1 billion in assets under SRI management at the end of December 2006 and one of the biggest dedicated teams in Europe, in 2007 Dexia undertook a policy of increased integration of environmental issues in its SRI products and developed a range of products responding to the social and environmental aspirations of its clients.

- Furthermore, from 2007 Dexia is following a policy leading to the Group becoming carbon neutral by combining a reduction of CO₂ emissions from its main establishments and offsetting the non-reducible margin of its CO₂ emissions.

Considering that the principal efforts in this field must be made by the developed countries, the Group has chosen an original strategy of reduction/offset, involving projects associated with Dexia's activity (projects for the installation of wind farms and solar energy plants) and located in the main European countries in which Dexia is established.

- As it is a large international group Dexia also has a major responsibility vis-à-vis its members of staff. For ten years now the Group has followed a policy of supporting corporate diversity (the place of women, development of the link between generations, support for the inclusion of disabled people).

Created in January 2005, Dexia Corporate University has now welcomed more than 2,000 participants. It is involved in the training of members of staff in the problems of diversity through a new training programme launched in 2006 and entitled "From individual to team coaching across diversity".

DEXIA SUSTAINABLE DEVELOPMENT ACTIONS IN BELGIUM

The three entities of Dexia located in Belgium (Dexia Bank Belgium, Dexia Insurance Belgium and Dexia Asset Management) are implementing positive actions at several levels and in several fields.

The fight against climate change is one of the key issues involved in the sustainable development strategy of those entities. Several actions implemented in this field since January 2007 should be highlighted.

In particular, Dexia Bank participated in the financing of the first offshore wind farm in Belgium, C Power. Developing more than 300 MW of power by 2010, corresponding to an annual production of almost 1 TWh, this project will enable Belgium to achieve one third of its obligatory green energy targets, namely 3.2 TWh.

The launch of a range of renewable energy solutions (Dexia Energy Line) enables local authorities to benefit from support in the installation of photovoltaic solar panels and co-generation plant.

With the launch of a carbon trading desk in June 2007, Dexia Bank is also keen to support the carbon quota exchange mechanisms under the Kyoto Protocol.

This commercial strategy is accompanied by a system aimed at making clients aware of the issues of climate change through two initiatives: support in the construction of the first scientific base in Antarctica, operating entirely with renewable energy, named "Princess Elisabeth", and the digitisation of client bank reporting documents within the context of the "Papyrus" scheme, aiming to achieve an 80% reduction in the volume of paper consumed over time.

A leader on the Belgian and European market for SRI funds, Dexia Asset Management is also involved in efforts to fight climate change, and will launch an SRI "environment" fund in June 2007 which integrates the issues of climate change.

This lead is followed by Dexia Insurance Belgium which now includes in its investment policy criteria under the Portfolio 21 project, which until now has targeted respect for human rights, a principle of exclusion of companies causing environmental damage in breach of applicable international standards.

In addition, Dexia Bank has launched a whole range of environmental action products intended for its individual clients: home eco-loan, car eco-loan with variable-mileage car insurance.

Dexia is also and will continue paying particular attention to the **social aspirations of its clients**: indeed it is the only bank in Belgium which offers a range of products specific to the services of Public Social Action Centres. It should also be noted that its internet banking application, Dexia Direct Net, has been granted the 'AnySurfer' label for its accessibility to the partially sighted.

With the aim of **limiting the direct environmental impact** of its own operations, several initiatives have been set in motion.

Dexia Bank has developed a sustainable mobility plan favouring the use of public transport by its members of staff via a 100% reimbursement of the costs of using it for journeys to and from work.

The renovation of Dexia Bank's Galilée building has been granted the "Eco-Dynamic Company" label by the Brussels Institute for Management of the Environment for all the energy optimisation work carried out.

CO2 emissions from the energy consumption of buildings have also been the subject of intense monitoring. At its Meise offices, Dexia Insurance installed one of the largest solar energy plants in Belgium in August 2006. The 458 m² of panels installed produce some 43 MWh of free electricity per annum.

In the social field, Dexia Bank is pursuing an **active policy of promoting the place of women** through the Wings programme, which unites women of different professional horizons around two values: the leadership role of women and their capacity for innovation.

Finally, Dexia Bank also plays an **important citizenship role** through its Foundation which offers two sorts of social loans to more disadvantaged populations: a micro-credit granted to provide finance aid to entrepreneurs who wish to launch or to develop their freelance professional activity and who do not have access to traditional bank credit, and accompanied social loans intended for individuals with low professional income.

DEXIA CREDIT LOCAL: ACCOMPANYING SUSTAINABLE DEVELOPMENT THROUGHOUT THE COUNTRY

Through its territorial proximity and its competences, the local public sector is particularly concerned by the issues relating to sustainable development. As the leading financial operator in the French local public sector, Dexia Crédit Local is naturally well aware of those problems and has long had sustainable development at the heart of its strategy.

This commitment is manifested first of all in its commercial strategy within the context of its activity of financing infrastructures and public utilities (renewable energy finance, development of carbon finance, public transport finance). Dexia Crédit Local has also launched a "Social Range" to support the reception and insertion of weaker members of the population. Finally, the bank follows a policy of active citizen engagement, in particular through partnerships with major French nature protection networks.

Today Dexia Crédit Local is one of the most innovative banks involving itself in the fight against climate change. The NGO **Les Amis de la Terre** classifies it as "*one of the most proactive banks when it comes to the fight against climate change*" in its report published in March 2007 dedicated to assessing the energy and climate policies of French banks.

During 2006 and since the beginning of 2007, Dexia Crédit Local has set positive actions in place in relation to the four axes of the Dexia Group's sustainable development strategy:

1. The fight against climate change, one of the key strategic issues for Dexia Crédit Local:

- Dexia Crédit Local contributes to the exploitation of timber energy for the development of the programme "1000 wood burners in the rural setting", within the framework of a partnership agreement signed in May 2007 with FNCOFOR (the National Federation of Forest Municipalities).

This programme, which falls within the measures of the National Climate Plan, enables 80,000 Tonnes Equivalent of Oil to be substituted and avoids the emission of 3 million tonnes of CO₂ over the life span of its installations. This is **the first global offer with regard to sustainable development** since it not only relates to the preservation of the environment but also enables the maintenance and development of jobs in rural areas.

- Dexia Crédit Local offers financial packages with a view to **developing Energy Saving Certificates** and promoting the establishment of Energy Performance Contracts in order to foster energy savings in public utilities.

- In 2007, Dexia Location Longue Durée launched an **innovative carbon neutrality scheme** involving fleets of cars for the public sector through a global offer aimed at the prevention, reduction and offsetting of CO₂ emissions.

- From the end of June 2007, Dexia Crédit Local will offer its clients a new **thematic SRI fund integrating climate change issues**, managed by Dexia Asset Management.

This strategy also has a citizenship vocation and is accompanied by **a scheme for raising awareness** of the issues of climate change:

- Since 2003, Dexia Crédit Local has organised **Sustainable Development Awards, which promote sustainable development throughout the country** by the development of exemplary processes.

This year, the fifth awards programme received 64 candidature files and the awards will be announced on 13 September 2007 at the Cities Conference.

To date, 43 local authorities have received awards. Examples from the 2006 programme are **the municipality of Narbonne** for “*its environmental diagnosis, a starting point for the launch of its pole of energy excellence, the flagship of which will be the development of its sustainable positive energy district*”, the **municipality of Orléans** for “*its action ‘to be an eco-actor and to promote responsible consumption’ falling within its 21 agenda both in the management of its public purchases and making its inhabitants aware of and encouraging ‘eco-citizen’ behaviour*”, and the **urban community of Nantes Métropole** for “*the launch of its 21 works for the 21st century, the fruit of a powerful dynamic launched some time ago among all local actors*”.

- Dexia Crédit Local was a partner in the first Festival of Nature organised by the International Union for the Conservation of Nature (IUCN) on 19 and 20 May 2007 and in which more than 150,000 people participated throughout France and overseas with the aim of discovering or rediscovering **the richness of biodiversity** and creating the desire to protect it.
- Finally, in 2007 Dexia Crédit Local undertook a publishing policy oriented to training in and awareness of sustainable development through Dexia Editions.

With the aim of limiting the direct environmental impact of its own operations, Dexia Crédit Local has introduced various measures:

- Dexia Crédit Local covers 60% of the public transport costs in Paris and the provinces for all its members of staff in order to **limit the impact of journeys to and from work. This goes well beyond the legal obligation** fixed at assuming responsibility for 40% and only in the Ile de France region.
- Dexia Sofaxis, a subsidiary of Dexia Crédit Local, has set itself the target of using 15% renewable energy by 2010. It has installed **the largest photovoltaic solar energy plant in the Central region** on its buildings in order to achieve a better control of CO₂ emissions from its energy consumption. This equipment covers a total area of 105 m², and delivers 14 MW of power.
- In order to involve employees in reducing the environmental impact of the company, Dexia Crédit Local organised an **internal competition during Sustainable Development Week** with the best proposals being implemented in the company.

2. The social field, one of the greatest issues for the local public sector:

- Since the beginning of 2007, Dexia Crédit Local has implemented a consistent “**Social Range**” combining subsidies, financing, low-interest loans and the awareness of operators in the local public sector, in order to improve the accessibility of public buildings and to support the social and professional insertion of disabled persons under the Law of 2005.

- Since the end of 2006, Dexia Crédit Local has been a partner in UNAPEI for the **financing of establishments receiving disabled persons** and the management of a fleet of converted vehicles.

- Dexia Crédit Local is also the **only bank partner to the ANRU convention** in favour of local authorities promoting the National Urban and Social Renovation Programme and thereby the first distributor of Social Housing Loans for real estate projects intended for disadvantaged populations.

It is within this context that in April 2007 it signed a partnership agreement with the city of Mulhouse with regard to one of the largest urban renovation programmes in France benefiting several districts in Mulhouse: Vauban Neppert, Cité-Briand, Franklin-Fridolin, Wolf-Wagner-Mertzau, Bourtwiller and les Coteaux, and affecting some 34,000 inhabitants (close to one Mulhouse inhabitant in three).

3. Dexia Crédit Local guarantees its social responsibilities vis-à-vis its members of staff through an active policy of promoting diversity in the company:

- The think tank led by Dexia Crédit Local on recruitment methods was run in partnership with specialist bodies (associations, employment sites, the UNEA and so on) and accompanied by an awareness campaign for all HRDs and members of staff with regard to the issues of disability.

- Furthermore, partnerships were fostered with protected workshops, like that of the UNEA, in order to enable them systematically to pass external orders to the company.

Dexia Crédit Local also follows a strict policy of citizen engagement:

- In March 2007, the Dexia France Foundation created the Citizenship College. The objective of this initiative is to enable some sixty young people each year, from deprived neighbourhoods throughout France, to learn the principles of citizenship, to live them and to express them.

- Furthermore, since 2006, all members of staff of Dexia Crédit Local have had the opportunity to sponsor young people from Sensitive Urban Areas with the aim of helping them to find jobs.



Sustainable development

Initiatives taken by Dexia Banque Internationale à Luxembourg

The range of initiatives taken by Dexia BIL in the field of sustainable development has earned it a number of awards so far this year: Dexia Private Banking was elected Best Private Bank for ethical investments for the third consecutive year by the Euromoney private banking survey. On 27 February 2007, Dexia Sustainable Euro Bonds was nominated as one of the eight best SRI bond funds by the Novethic agency.

The fight against climate change is one of the key aspects of Dexia BIL's sustainable development strategy.

- In the **renewable energy source** arena, the bank participated in the financing of four of the six cogeneration power plants built in Luxembourg since the 1990s. Recently, two wind farm projects with a total capacity of 14.6 MW have been financed, along with biogas and bioethanol plants.
- This policy of fighting against climate change is also shared by the bank's retail activities. Dexia BIL is the **leading financier of photovoltaic installations in private homes** thanks to loans combining a variable interest rate, financing of the unsubsidised capital with a repayment period of up to 10 years and pre-financing of an amount equal to the amount currently granted by the State.
- Dexia BIL is also **joint manager of the climate obligation** initiated by the European Investment Bank, the aim of which is to collect between EUR 60 million and EUR 1 billion for the purpose of financing renewable energy and energy-reduction projects.
- With the aim of **limiting the direct environmental impact of its operations**, 24% of the power consumed in Dexia BIL buildings is supplied by co-generation.
- The "Terres Rouges" building (head office of RBC Dexia IS Bank) complies with **High Environmental Quality standards** and "**sustainable development management**" has been adopted for thermal insulation, air-conditioning, heating, lighting, environmental protection and waste management in the Esch/Beval building.
- The systematic scanning of customers' ID documents and the digitalisation of all paperwork is a further part of the **policy to reduce paper consumption**, customers benefiting from this measure in terms of speed of processing.
- A **new technical concept is being applied in retail branches in Luxembourg** involving the removal of halogen bulbs, the installation of metal ceilings, movement detectors, special window panels, ergonomic furniture, the use of green energy to power the head office and collaboration with the Luxembourg Energy Office (LEO).
- The bank has undertaken several initiatives to **raise awareness among the general public of the importance of climate change**. With a view to motivating customers to fight against climate change, the ninth "Landmarks" conference was held in March, with Mr. Al Gore, former Vice-President of the United States and militant anti-global warming campaigner, as guest speaker.



- The first **“Ribbons of sustainable development”** award is the fruit of the partnership between Dexia BIL, the Ministry of the Environment, the Ministry of the Economy and External Trade and Syvicol (Syndicat des Villes et Communes Luxembourgeoises). This event, which aims to identify and reward exemplary sustainable development initiatives by awarding a prize to both a local authority and a company, will be initiated in autumn 2007.
- Dexia BIL is also actively **raising the awareness of its workforce** to sustainable development via various internal communications campaigns such as “When man protects the Earth, the Earth protects man”, launched in April 2007.

The bank also remains highly attentive to its customer’s expectations in terms of social responsibility.

- The Dexia Micro Credit Fund, set up in 1998 by Dexia BIL, valued at USD 160 million and present in 24 European countries is currently **the biggest private banking-sponsored microfinance investment fund in the world.**
- Dexia BIL is also a leading player **in the financing of the hospital sector** with six projects completed to-date and plays an important part in the financing of local infrastructure (old people’s homes, schools, waste water treatment plants, swimming pools, drinking water treatment, etc).

As a responsible organisation, Dexia BIL also promotes the importance of sustainable development for society at large to local decision-makers and to its workforce.

- The bank is a founder member of Luxembourg’s Institut pour le Mouvement Sociétal (IMS) promoting the **importance to society of sustainable development in corporate governance** to key figures in Luxembourg and the Greater Region, through its think tank and knowledge-sharing hub and by backing corporate social responsibility projects or policies.
- The bank is also involved in the “Fondation Grand-Duc Henri Grande-Duchesse Maria Teresa” initiative supporting the services of ALUPSE (Luxembourg Child Abuse Agency) which opened a **“parenting support” in February 2007.**
- Dexia BIL is supporting the Legs Kanning foundation, which is celebrating its 20th anniversary, in its **fight against cancer** initiative by providing significant finance for research.
- To **promote the role of women in the Luxembourg economy**, Dexia BIL is sponsoring the second “Woman Business Manager of the Year” award.
- Dexia BIL plays an **active role in promoting a policy of corporate human relations diversity** through programmes such as the “Butterfly Programme” aimed at developing the employability of employees over 40 with more than 10 years service within departments due to undergo significant change.
- New measures have been taken to **improve the working environment within Dexia BIL in 2007**, such as guaranteed 80% minimum part-time working for young parents and a ban on smoking in all Dexia BIL premises since 30 June 2006.