



# Statement on principal adverse impacts of investment decisions on sustainability factors

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## TABLE 1

### 1. FINANCIAL MARKET PARTICIPANT

Belfius Insurance S.A. - whose LEI code is 549300J5UIRMVZOJBV45 - is the financial market participant.

### 2. SUMMARY

Belfius Insurance S.A. - whose LEI code is 549300J5UIRMVZOJBV45 - takes into consideration the principal adverse impacts of its investment decisions on sustainability factors. This document is the consolidated statement on the principal adverse impacts on sustainability factors of Belfius Insurance S.A. This statement on the principal adverse impacts on sustainability factors covers a reference period from 1 January 2023 to 31 December 2023.

The term “principal adverse impacts” comes from the European regulation. “Principal adverse impacts” on sustainability are criteria included in the regulation to determine how they may impact sustainability factors and, therefore, our investments (criteria labelled “adverse”, inter alia under the EU Regulation 2019/2088, the so-called “SFDR regulation”).

These “principal adverse impacts” are the impacts of investment decisions which result in negative effects on sustainability factors. These sustainability factors are any environmental, social or governance issues, respect for human rights and combating corruption.

This document constitutes the statement in relation to the Principal Adverse Impacts (hereinafter referred to as “PAI”) on sustainability factors of Belfius Insurance as a financial market participant within the meaning of the aforementioned SFDR regulation. However, our ability to report these principal adverse impacts depends on the current availability of the related

data. It should be noted that unit-linked insurance (class 23) funds are not included in this statement as these funds are managed by external fund managers, who are subject to the same obligations in the PAI statement which those managers will publish.

When considering the principal adverse impacts in our investment process, it is important to recall the role of an insurer in the financial sector. From a general point of view, Belfius Insurance builds up a financial reserve in order to be able to meet its contractual obligations to pay out capital, annuities and benefits to its clients. This reserve mainly consists of the insurance premiums which the client has paid (through non-life, pension and life insurance policies). These premiums are now invested in the economy and society, mainly in Belgium.

In this respect, we have developed an investment policy specific to Belfius whose basic principle is the respect of particular (international) norms and standards which are included in our Transition Acceleration Policy (TAP) which has been implemented since the 31st December 2022. In its investment process, Belfius Insurance excludes controversial activities and includes ESG factors in accordance with the principles and criteria set out in this [TAP<sup>2</sup>](#). Consideration of the main negative impacts is therefore an integral part of our investment, engagement and proxy voting policies.

For more information on these ESG factors we apply within the Belfius group, we refer to the section “Belfius in the community” [on our website<sup>3</sup>](#).

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<sup>1</sup> “SFDR Regulation”: Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, published in the EU Official Journal on 9 December 2019, L 317/1-16

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<sup>2</sup> [TAP-Policy-EN.pdf \(belfius.be\)](#)

<sup>3</sup> [A responsible bank-insurer - Belfius in the community - Belfius](#)

### 3. DESCRIPTION OF THE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

**Most ESG factors can be analysed from the perspective of their impact on the financial position of an investment in a broad sense, on the one hand, and from the perspective of the external impacts of a company's activities or the investment on ESG characteristics, on the other hand.**

**Belfius Insurance's responsible investment process reflects both of these perspectives.**

The table below shows the PAI monitored and evaluated within Belfius Insurance when data on these PAI is available. The table shows the mandatory PAI, including two optional PAI, in the order in which they are presented, as they currently appear in the SFDR regulation, more specifically in the RTS (Regulatory Technical Standards) accompanying the SFDR Regulation as they are published to date.

The table shows the mandatory model in the SFDR regulation, supplemented by the PAI used within Belfius Insurance and those which are not used due to the lack of published data on them.

To make the following table easier to interpret, we would like to specify the following:

- > We also indicate the coverage rate for each principal adverse impact. As we do not have data for part of the portfolio, we therefore indicate the proportion of our portfolio for which we do have data. This is the coverage rate for each principal adverse impact as stated in the table below.
- > We also modified the two optional Principle Adverse Impacts on Table 2 and Table 3.
  - First, on **table 2**, we took PAI 4 on Investments in companies without carbon emission reduction initiative. In November 2023, we modified the Investment Risk framework requiring the investment team to invest in listed companies with a decarbonization strategy. This PAI reflected more what we intend to do in terms of commitment to reduce our footprint throughout our financing activities.
  - Second, on **table 3**, we selected PAI 15 on Lack of anti-corruption and anti-bribery policies as it was more relevant in regards with the internal process and external commitment we had to respect the UN Global Compacts principles.

Adverse sustainability indicator	Metric	Impact (2024)	Impact (2023)	Explanation	Actions taken, and actions planned and targets set for the next reference period	
<b>Climate and other environment-related indicators</b>						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	72270,56	49677,56	Absolute result in tonnes % coverage of the portfolio: 19% (2022) % coverage of the portfolio: 23% (2023)	<p>Belfius Insurance and the entire Belfius Group have taken various measures to reduce our principal adverse impacts, particularly in terms of climate, throughout our value chain.</p> <p><b>Transition Acceleration Policy - Exclusion</b> Since 2021 progressively and in full from 31 December 2022, Belfius Insurance has implemented the Transition Acceleration Policy (TAP) which excludes controversial activities and includes ESG factors in accordance with the principles and criteria set out in this TAP policy.</p> <p><b>Thermal coal:</b> Coal assets are the most at risk of becoming stranded assets when limiting global warming to the goal of the Paris Agreement. The latest IPCC reports indicate that emissions from coal should reduce globally by more than 80% by 2030. The recent IEA Report "Net Zero by 2050" also confirmed that no new coal power plants or coal mines should be developed and that no new coal-fired power stations should be built if the world is to stay within safe limits of global warming and meet the goal of net zero emissions by 2050. In 2023 Belfius excluded all companies deriving 10% or more of their revenues from thermal coal extraction as well as companies with expansion plans relating to this industry. From 1 August 2024 onwards however all coal extraction companies are excluded as well as any company with expansion plans in coal mining or coal-based power generation (so 0% threshold). Moreover, from 2030 onwards all coal companies (i.e. companies that are involved in the value chain of thermal coal) will be excluded, in line with Belfius' energy vision (2022).</p> <p><b>Unconventional oil and gas extraction</b> poses unacceptable environmental, climate and societal risks. Investments in these industries delay investments in transitional and renewable energy sources, a much-needed shift to render Europe's climate neutral ambition a reality.</p> <p>In 2023 Belfius excluded all companies deriving 10% or more of their revenues from unconventional oil and gas extraction as well as companies with expansion plans relating to this activity. The 2024 version of the TAP prescribes that any company active in unconventional oil and gas extraction (shale gas, shale oil, tar sands, arctic drilling, deep water drilling, extra heavy oil) is excluded (so threshold 0%).</p> <p><b>- Conventional oil and gas extraction:</b></p>
		Scope 2 GHG emissions	27016,19	21443,97	Absolute result in tonnes % coverage of the portfolio: 19% (2022) % coverage of the portfolio: 23% (2023)	
		Scope 3 GHG emissions	306066,69	214966,47	Absolute result in tonnes % coverage of the portfolio: 19% (2022) % coverage of the portfolio: 23% (2023)	
		Total GHG emissions	634208,42	410670,34	Absolute result in tonnes % coverage of the portfolio: 49% (2022) % coverage of the portfolio: 52% (2023)	
	2. Carbon footprint	Carbon footprint	97,30	59,87	Carbon footprint 1, 2 and 3 expressed in millions of EUR  % portfolio coverage: 49% (2022) % portfolio coverage: 52% (2023)	
	3. GHG intensity of investee companies (of Belfius Insurance)	GHG intensity of investee companies	257,89	207,40	Average PAI value for level 1, 2 and 3 GHG intensity expressed in tonnes of CO2 per million of revenue  % portfolio coverage: 30% (2022) % coverage of the portfolio: 23% (2023)	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	7,30%	3,39%	Percentage investments in companies in the fossil fuel sector.  % portfolio coverage: 16% (2022) % coverage of the portfolio: 17% (2023)	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	65,43%	69,18%	Percentage of non-renewable energy consumption by companies receiving our investments  % portfolio coverage: 9% (2022) % coverage of the portfolio: 11% (2023)	

	Share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	12,84%	11,27%	Percentage of non-renewable energy production by companies receiving our investments  % portfolio coverage: 4% (2022) % coverage of the portfolio: 5% (2023)	<p>Although gas will have to play a role in the transition to a low-carbon economy, conventional oil &amp; gas companies must reduce energy-related emissions in line with international climate targets in order to have a place in a socially responsible portfolio and – at least partially – make a shift towards renewable energy production. In 2023, Belfius excluded all companies active in the conventional oil &amp; gas extraction sector if the revenue they generate from natural gas or renewable energy sources is less than 40%. The 2024 version of the TAP prescribes that companies operating in the conventional oil &amp; gas extraction sector are only accepted by Belfius if they meet the following cumulative conditions: 1) the company's capex for renewable energy activities is higher than 20% 2) the company has no expansion or exploration plans in relation to fossil fuels.</p> <p><b>- Electricity production,</b> Belfius sets clear criteria for companies active in electricity generation, guaranteeing a path to transition towards more renewable energy sources. The exclusion of companies active in electricity generation is based on specific metrics and focuses on the company's energy mix and transition path. It is required that the 'carbon intensity' (expressed in gCO<sub>2</sub>/kWh) of these companies is below a certain threshold (Paris Agreement). This threshold is progressively decreasing. In 2023, the applied threshold was set at 393 gCO<sub>2</sub> / kWh and if 'carbon intensity' was not available, companies were excluded if: either 10% or more of their production was coal-based or 30% or more of their production was based on oil or gas or 30% or more of their production was based on a nuclear source.</p> <p>The 2024 version of the TAP prescribes that the current threshold is lowered to 346 gCO<sub>2</sub>/kWh for assessment of FY2023 and to 312 gCO<sub>2</sub>/kWh for assessment of FY2024.</p> <p>If carbon intensity data are not available companies are excluded if either 5% or more of their production is coal-based or if 20% or more of their production is based on oil or gas.</p> <p><b>Evolution</b></p> <p>For the PAI (1 to 5), we seen an increase of those Principal Adverse Impacts due to:</p> <ul style="list-style-type: none"> <li>- An increase in coverage</li> <li>- An increase in exposure</li> </ul> <p>We have seen large swings in the Scope 3 emissions numbers reported by individual companies, which can be related to the companies' efforts to increase the accuracy of their numbers.</p>
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector - NACE A	0,00	0,00	GWh per million of revenue in EUR  % portfolio coverage: 13% (2022) % coverage of the portfolio: 15% (2023)	
	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector - NACE B	0,00	0,00	GWh per million of revenue in EUR  % portfolio coverage: 13% (2022) % coverage of the portfolio: 15% (2023)	
	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector - NACE C	0,11	0,08	GWh per million of revenue in EUR  % portfolio coverage: 13% (2022) % coverage of the portfolio: 15% (2023)	
	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector - NACE D	0,18	0,20	GWh per million of revenue in EUR % portfolio coverage: 13% (2022) % coverage of the portfolio: 15% (2023)	

	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector - NACE E	0,00	0,00	GWh per million of revenue in EUR % portfolio coverage: 13% (2022) % coverage of the portfolio: 15% (2023)	For most high impact sectors (section 6), the evolution in energy consumption was positive, however given the low coverage percentage, this evolution is not really significant
	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector - NACE F	0,05	0,07	GWh per million of revenue in EUR % portfolio coverage: 14% (2022) % coverage of the portfolio: 15% (2023)	
	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector - NACE G	0,01	0,02	GWh per million of revenue in EUR % portfolio coverage: 13% (2022) % coverage of the portfolio: 15% (2023)	
	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector - NACE H	0,00	0,00	GWh per million of revenue in EUR % portfolio coverage: 13% (2022) % coverage of the portfolio: 15% (2023)	
	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector - NACE L	0,00	0,00	GWh per million of revenue in EUR % portfolio coverage: 13% (2022) % coverage of the portfolio: 15% (2023)	

Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	4,81%	4,12%	Percentage of our investments % portfolio coverage: 16% (2022) % coverage of the portfolio: 17% (2023)	<p><b>Transition Acceleration Policy - Exclusion</b> Since 2021 progressively and in full from 31 December 2022, Belfius Insurance has implemented the Transition Acceleration Policy (TAP) which excludes controversial activities and includes ESG factors in accordance with the principles and criteria set out in this TAP policy. Biodiversity,</p> <p><b>-Mining</b> may cause irreversible impacts on the environment and local populations with severe violations of human rights and irreversible damage to nature as a consequence.</p> <p><b>For ALL activities :</b> &gt; Mining companies are excluded unless they have an adequate policy to control and limit their adverse impact on the environment, people living and/or working in the mining areas, ecosystems, climate and governance risks. Their policy should be based on the United Nations Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines on Multinational Enterprises. '3GT' companies must respect the EU Conflict Minerals Regulation, which entered into force on 01/01/2021.</p> <p>- Without proper safeguards, PALM OIL is a major driver of deforestation and hence a considerable threat to biodiversity. The production process also releases huge amounts of carbon emissions into the air, releasing 61% of the carbon stored in the forests replaced with palm plantation. In relation to this, there also exist some serious associations with child labour and corruption</p> <p>&gt; For ALL activities : &gt; Belfius is only prepared to finance/insure activities in this sector on condition that the principles and criteria of the Roundtable on Sustainable Palm Oil (RSPO) are respected.</p> <p><b>Evolution:</b> The % of investments involved in activities negatively affecting biodiversity sensitive areas increased slightly</p>
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0,00	0,19	Emissions per tonnes of water per million EUR % portfolio coverage: 2% (2022) % coverage of the portfolio: 0.1% (2023)	<p>We refer to our commitment and proxy voting commitment to positively impact these elements.</p> <p><b>Evolution:</b> Emissions to water also declined, but the percentage of the portfolio covered is very low and not representative due to a lack of data</p>
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0,73	1,76	Tonnes of dangerous waste per million EUR % portfolio coverage: 7% (2022) % coverage of the portfolio: 15% (2023)	<p>We refer to our commitment and proxy voting commitment to positively impact these elements.</p> <p><b>Evolution:</b> The hazardous waste numbers declined considerably. As portfolio coverage increased significantly as well, this is encouraging.</p>

**Indicators for social and employee, respect for Human Rights, anti-corruption and anti-bribery matters**

Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development(OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	2,15%	2,75%	Percentage of our investments % portfolio coverage: 16% (2022) % coverage of the portfolio: 17% (2023)	We refer to our Transition Acceleration Policy, where we exclude any company that has violated the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. If, after investment, it is revealed that these companies no longer respect these principles, then we will launch a dialogue and commitment process with our partners.  <b>Evolution:</b> We acknowledge a slight decrease. Engagement is key.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	45,34%	51,75%	Percentage of our investments % portfolio coverage: 1% (2022) % coverage of the portfolio: 16% (2023)	We refer to our engagement and proxy voting commitment to positively impact these elements.  <b>Evolution:</b> We acknowledge a slight decrease. We will keep monitoring this through our engagement and proxy voting commitment.



	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	14,91%	7,24%	Difference between the average gross hourly compensation for men and women employees expressed as a percentage in relation to the average gross hourly compensation for men % portfolio coverage: 0.3% (2022) % coverage of the portfolio: 0.2% (2023)	Equal opportunities and compensation regardless of gender is a key element of our strategy. We refer to our engagement and proxy voting commitment to positively impact these elements in order to develop this aspect in the companies in which we have invested.  <b>Evolution:</b> The reported figure for the unadjusted gender pay gap rose in 2023 versus 2022. It is however hard to read too much into these figures as the % of the portfolio covered by the measure is very low.: As a consequence, only a minor change in the % of the portfolio that is covered can lead to big swings in the reported number.  The board gender diversity of the companies in which we invested has slightly increased, a moderately favourable evolution.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	38,52%	37,40%	Percentage of female Board of Directors members in relation to the total % portfolio coverage: 12% (2022) % coverage of the portfolio: 14% (2023)	
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0,02%	0,00%	Percentage of our investments % portfolio coverage: 16% (2022) % coverage of the portfolio: 17% (2023)	Exposure to controversial weapons is an integral part of our Transition Acceleration Policy. Although weapons may be necessary for peacekeeping or to enable the police to protect the population, their ultimate objective of destroying or threatening human life is contrary to the most fundamental human rights.  For investments: > Companies in the controversial or non-conventional arms industry are excluded. > Companies deriving more than 10% of their total income from conventional arms-related activities are excluded

**Indicators applicable to investments in sovereigns and supranationals**

Environmental	15. GHG intensity	GHG intensity of investee countries	0,16	0,16	GHG intensity of sovereign investments % portfolio coverage: 57% (2022) % coverage of the portfolio: 57% (2023)	As such, this criterion is not currently considered in our investment policy.  <b>Evolution</b> GHG intensity of investee countries remained unchanged, with a low % of the portfolio covered.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	0,00	0,00	Number of portfolio countries that have violated international social standards % portfolio coverage: 53% (2022) % coverage of the portfolio: 53% (2023)	This element is an integral part of our exclusion policy - Belfius Transition Acceleration Policy. We do not accept any investments in violations of social standards.
<b>Indicators applicable to investments in real estate assets</b>						
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0	0	-	Belfius Insurance has no exposure to buildings used for the extraction, storage, transport or production of fossil fuels.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	No result	No result	Percentage of the property portfolio not aligned with the Paris Agreements	An internal study initiated in 2023 by our Direct Property Team is currently carried out to this effect. This study aims at assessing our different buildings and define the work to be done to be aligned with the Paris Agreements.

## 4. DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITISE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

**The Belfius Group's ambition is to create long-term value in a responsible manner while aiming to be useful and inspiring to Belgian society in a credible way. An important part of this ambition is to reduce the negative impact of our investments by using our influence as an investor to change the behaviour of the companies and countries in which we invest, or by ceasing or limiting our investments in unsustainable activities.**

Belfius Insurance uses, for this purpose, the sector exclusions in the above-mentioned TAP policy to identify and manage the main negative impacts of its investments. The TAP has led us to identify eight controversial or sensitive sectors that could significantly harm the environment or society. Objective exclusion criteria have been defined for each sector identified (tobacco, gambling, arms, energy, mining, palm oil, soya and agricultural commodities). These sector exclusions are the starting point for our investment process.

These principal adverse impacts leading to this exclusion policy have been identified by taking into account relevant legislation (such as the Mahoux Act, relating to various types of controversial weapons), international standards for sustainable development (such as the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises), international best practices, input from experts and dialogues with our stakeholders. In addition, Belfius' Sustainability strategy is an important factor in defining the adverse impacts we are trying to mitigate, to which the Sustainable Development Goals (SDG) have been a key contribution.

While all the main negative impacts identified need to be considered in a consistent and rigorous manner, we prioritise the negative impacts related to violations of the UN Global Compact, investment countries subject to social violations, exposure to controversial arms, climate change (in particular Greenhouse Gas Emissions) and gender diversity within the Board of Directors. In 2019, we made a commitment both to gender equality and to Climate Action. These commitments stem from our own convictions established with a range of stakeholders (scientists, representatives of the sectors concerned), such as the definition of our vision of Belgium's energy needs, determined and validated by the Board of Directors in August 2022. They also stem from our double materiality assessment exercise, which makes it possible to identify both the environmental and social risks that would impact Belfius, and the

impact that Belfius' activities may have on the environment and society.

These factors can and must evolve over time in accordance with the available data and our knowledge of the different environmental and social themes. We collect this data from data providers, mainly Sustainalytics, Morningstar and Bloomberg. This data is currently incomplete.

These factors are also reflected in our investment policy and our Transition Acceleration Policy so that we can contribute to a fairer and more responsible world.

In practical terms, Belfius Insurance relies on data published by the companies on the one hand and from external ESG data providers on the other. PAI's are generally identified and assessed using ESG factors such as carbon emissions or respect for human and labour rights. However, such ESG data is not widely available for certain asset classes such as unlisted assets.

After collecting this data, the investment department carries out an internal analysis and verifies, in collaboration with our partner Belfius Asset Management, the compliance of these companies with the criteria of the Transition Acceleration Policy (TAP). All new investments will also be submitted to the Asset & Liability Committee (ALCo) of Belfius Insurance.

However, if an investment subsequently deviates from the TAP criteria, the Belfius Sustainable Investment Desk will engage in a dialogue to mitigate the risk. If, after several interactions, this committee believes that the company is in breach of our own TAP policy, the company in which we have invested may be excluded from our portfolio and investment universe.

In concrete terms, for an existing participation, if it turns out that, after having acquired it, the company in which we have this participation has a potentially negative impact on the Belfius Insurance portfolio, the file will be forwarded to the Sustainable Investment Desk of Belfius Insurance and in fine to the ALCo, which will be responsible for ruling on the problematic cases. If measures are subsequently to be taken with regard to our ESG policy, the Sustainable Investment Desk, at the request of the investment team, will initiate a dialogue process with the company in order to reduce the sustainability risk as much as possible.

The company in question is given a “watch list” status for the duration of the dialogue process and the checks undertaken on it. Then, after an internal investigation, the Sustainable Investment Desk decides whether or not the investment is authorised, whether to divest and to what extent to sell our stake. The companies in the portfolio are continuously monitored and, at least once a year, a new selection is made for each company with the help of Belfius Investment Partners. Furthermore, each year, Belfius Insurance asks an independent auditor to check that the investment portfolio has been managed in accordance with the Belfius Group’s TAP and to certify the monitoring.

As every year since 2020, we published, for 2023, our [annual report on the engagement policy](#) in relation to the monitoring of investee companies on issues of strategy, financial and non-financial performance, social and environmental impact and corporate governance. For more information, you can consult our investment policy, our engagement policy, the policy for integrating sustainability risks into the investment process and the 2023 commitment report under the heading «Belfius in society».

REMINDER OF THE DIFFERENT POLICIES IN FORCE INCLUDED BELOW:

TRANSITION ACCELERATION POLICY	JANUARY 2024	BELFIUS BANK AND BELFIUS INSURANCE MANAGEMENT BOARDS
ENGAGEMENT POLICY	July 2024	BELFIUS INSURANCE MANAGEMENT BOARD
POLICY FOR INTEGRATING SUSTAINABILITY RISKS INTO THE INVESTMENT PROCESS	July 2024	BELFIUS INSURANCE MANAGEMENT BOARD
INVESTMENT RISK FRAMEWORK	NOVEMBER 2023	BELFIUS INSURANCE ASSET & LIABILITY COMMITTEE

## 5. ENGAGEMENT POLICIES

**Belfius Insurance carries out various engagement activities within the companies in which it has a stake in order to support and improve the ESG practices of those companies.**

The tools used actively to advocate our Engagement policy within these companies include :

1. **Voting and participating** in annual general meetings (AGM) in companies in which we have significant shareholdings as defined in our Engagement policy.
2. The **direct engagement** with companies and the lodging of written shareholder resolutions, as a as a shareholder in various companies,
3. **Proxy voting** (the exercise of our voting rights by a proxy according to our instructions) for the small participations held in the portfolio companies. In this respect, Belfius Insurance has entered into an agreement which under certain conditions delegates to Candriam the power to represent us and exercise our voting rights according to our instructions in the meetings held by the companies in which we keep those holdings in our investment portfolio.

Belfius Insurance's engagements generally address issues related to one of the main focus areas identified in the Belfius Insurance ESG strategy :

- Environment
- Working standards
- Quality corporate governance

This Belfius Insurance engagement policy is reviewed annually to identify any necessary updates (regulations and investment practices).

## 6. REFERENCES TO INTERNATIONAL STANDARDS

The application of Belfius Insurance's PAI is based on the United Nations Sustainable Development Goals (SDG) and the relevant international conventions and standards.

The Belfius Group is a signatory to the following texts:

### At an international level:

- The United Nations Global Compact (UNCG))
- United Nations Environment Programme Sustainable Insurance Principles (UNEP FI PSI)
- United Nations Environment Programme Principles for Responsible Banking (UNEP FI PRB)
- United Nations Principles for Responsible Investment (UN PRI) - The Climate Change Financial Reporting Working Group

### At a Belgian level :

- The Women in Finance Charter
- The Institute for Sustainable IT Charter (ISIT-BE)

As part of its commitment to take concrete actions towards reducing its carbon footprint, Belfius committed in 2022 to set near-term science-based targets with SBTi. In 2024, Belfius group has decided to pursue an alternative carbon reduction framework which is not endorsed by the SBTi for now and that aligns with our long-term sustainability goals. This framework is being designed to enable us to identify key areas where we can make meaningful contributions towards a decarbonized economy while taking due consideration of the communities we serve. In line with Belfius' mission to be "Meaningful & Inspiring for Belgian Society. Together", we endorse a fair transition with specific attention towards social impact. We remain committed to transparency and will continue to report on our progress towards achieving our ambition in reducing our carbon footprint

On this subject, cf. the link to the Belfius website:

- [Norms and standards](#)
- [Our sustainability report 2023](#)

Our commitment to apply the principles of a sustainable company:

Our six commitments for 2025-2030 set out concrete ambitions in the transition to a more sustainable society (on these commitments, see our annual report 2023 on p. 10).

Lastly, the sustainable finance action plan provides for measuring the alignment of our assets with European taxonomy. The Belfius Insurance Green Asset Ratio (GAR) is also available in our sustainability report 2023 (p. 213)

## 7. HISTORICAL COMPARISON

In table 1, 2 and 3 in attachment to the present Statement, we specified the historical evolution of the different Principal Adverse Impact.

Compared with 2022, we noticed a light improvement in terms of data available from our investees. It led into an increase mainly in absolute value of the Green House Gas emissions of our investees (mainly in scope 3 – i.e. emissions emitted from their value change).

Nonetheless, the overall coverage ratio is too low to lead to consistent conclusions on their evolution.

The above information is published as at 30 June 2024 and may be updated or adapted to take account of future regulatory requirements directly or indirectly related to the implementation of the SFDR and the regulatory technical standards resulting from the accompanying European or national regulations.

TABLE 2

**Additional climate and other environmental-related indicators**  
**Indicators applicable to investments in investee companies**  
 CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse sustainability indicator	Metric	Impact (2024)	Impact (2023)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	0	Not calculated in 2023 % of companies in portfolio Lacking Carbon Reduction Policy % of Portfolio covered: 16%	<p><b>Engagement &amp; proxy voting</b>                      The Belfius Transition Acceleration Policy privileges the selection of investee companies that are not part of traditional energy-related high carbon emissions industries. In line with the exclusion policy, through engagement and proxy voting investee companies are encouraged to set carbon reduction initiatives. Belfius Investment Partners is considering further enhancing its transition criteria in the TAP going forwards.</p> <p><b>Monitoring</b>                      Belfius Investment Partners monitors its positioning in terms of the identifies PAIs through the use of its data management system which allows to capture these data for the financial instruments it has in its portfolio.</p>



## TABLE 3

**Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**  
**Indicators applicable to investments in investee companies**

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse sustainability indicator	Metric	Impact (2024)	Impact (2023)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Anti-corruption and anti-bribery policies	15. Lack of anti-corruption and anti-bribery policies  Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption	0	not calculated in 2023	%of investments % of Portfolio covered: 16%	<p><b>Engagement &amp; proxy voting:</b> The Belfius Transition Acceleration Policy attaches a lot of importance to investee companies' alignment with the principles of the UN Global Compact and the OECD guidelines for Multinational Enterprises. In line with that policy, through engagement and proxy voting investee companies are encouraged to put in place anti-corruption and anti-bribery policies.</p> <p><b>Monitoring</b> Belfius Investment Partners monitors its positioning in terms of the identified PAIs through the use of its data management system which allows to capture these data for the financial instruments it has in portfolio. Candriam, our largest external partner, specifically takes this PAI into account as part of its ESG-analysis.</p>