

United Nations Principles for Sustainable Insurance (UNPSI)

Principle 1: We will embed in our decision- making environmental, social and governance issues relevant to our insurance business.

Company strategy

- Establish a company strategy at the Board and executive management levels to identify, assess, manage and monitor ESG issues in business operations
- Dialogue with company owners on the relevance of ESG issues to company strategy
- Integrate ESG issues into recruitment, training and employee engagement programmes

Risk management and underwriting

- Establish processes to identify and assess ESG issues inherent in the portfolio and be aware of potential ESG-related consequences of the company's transactions
- Integrate ESG issues into risk management, underwriting and capital adequacy decision-making processes, including research, models, analytics, tools and metrics

Product and service development

- Develop products and services which reduce risk, have a positive impact on ESG issues and encourage better risk management
- Develop or support literacy programmes on risk, insurance and ESG issues

Claims management

- Respond to clients quickly, fairly, sensitively and transparently at all times and make sure claims processes are clearly explained and understood
- Integrate ESG issues into repairs, replacements and other claims services

Sales and marketing

- Educate sales and marketing staff on ESG issues relevant to products and services and integrate key messages responsibly into strategies and campaigns
- Make sure product and service coverage, benefits and costs are relevant and clearly explained and understood

Investment management

- Integrate ESG issues into investment decision-making and ownership practices (e.g. by implementing the Principles for Responsible Investment)

Belfius Insurance is a 100% subsidiary of Belfius Bank and provides insurance solutions to their clients. As a subsidiary, we follow Belfius Bank's strategy and benefit from initiatives realised at Group level.

Company strategy

Belfius' underlying strategy has been stable for the past decade: to be a digital leading, integrated bank-insurer, present in all segments of the Belgian economy and society that is committed to customer satisfaction and the creation of societal value with robust risk and financial management. This is further reinforced in Belfius' Inspire 2025 strategy.

Our purpose is **"Belfius, meaningful and inspiring for Belgian society. Together"**.

Belfius puts the customer at the heart of everything it does. As a universal, integrated bank-insurer, it brings differentiated value propositions to each customer segment, whilst leveraging synergies across those customer segments and product offerings, while also expanding into Asset Management and Financial Markets.

As a Bank-insurer, Belfius helps customers to protect and develop their assets, through cross-selling along the whole product range: payments, non-maturing savings, mortgages and consumer finance, non-life and life insurances, investments (such as maturing deposits, mutual funds or structured notes) and insurance-investments. Leveraging digital and data capabilities, Belfius also branches out to a beyond banking and insurance offering, simplifying its customers' lives and reinforcing its core business.

Belfius is committed to disciplined, robust and balanced risk and financial management, targeting further revenue growth and diversification, operational efficiency, a sound risk profile and a strong balance sheet with solid liquidity and solvency position. Belfius believes that these objectives are the best guarantors for a future-proof business model, solid operating profit expansion and long-term added value for Belfius' customers and the Belgian society as a whole.

To Belfius, all three components of sustainability (E,S&G) are equally important.

Sustainability is woven into our 2020-2025 "Inspire" strategy and is articulated around two guiding principles: **"Walk the talk"** and **"Customers in the driver's seat"**.

- Walk the talk: doing what we say in the area of sustainable business and aiming for maximum positive contribution in everything we do
- Customers in the driver's seat: we put our customers in the driving seat of their sustainability ambition and support them with an adapted range of products and services.

Within this 2025 "Inspire" strategy, Belfius put forward six commitments, on which is reported one last time in the [Sustainability Statement of 2024](#) as the 2030 Strategy is being defined:

- Reducing the footprint of own operations
- Opting for 100% renewable electricity
- Supporting Belgian society through Belgian charities
- Giving women every opportunity and guaranteeing equal pay
- Going for a 100% meaningful investment offer
- Giving priority to future-proof infrastructure for Belgian society.

Belfius conducts a comprehensive strategic review approximately every five years and is currently defining its strategy for 2030. Between these reviews, the strategy is implemented and, when necessary, refined through specific strategic sessions by the Board of Directors, which include progress assessments and adjustments based on changing contexts. For more information on Belfius' strategy see 1.3.2. of the 2024 Sustainability Statement.

Risk management and underwriting

Introduction

The insurance sector is particularly exposed to climate-related risks. Traditionally, climate risks are mainly considered from the perspective of the non-life insurance business. However, although not yet assessed as material, there is an increasing focus on monitoring climate risks within the context of life insurance. The risks related to climate events are primarily managed via an appropriate risk (re)pricing based on historical data, and mitigated through a robust reinsurance program and the flexibility of annually renewable insurance contracts. To date, the mortality risk is not materially impacted in life insurance products.

Belfius Insurance has identified climate-related risks as one of the top five risks facing the group for several years now. Given the urgency for action to avoid climate tipping points and the increasing regulatory scrutiny, Belfius Insurance has decided to prioritize climate-related issues. However, the importance of the three components of ESG - Environmental, Social, and Governance - has become increasingly evident. This recognition has expanded the concept of climate risk to encompass a broader range of ESG risks. Consequently, ESG risks now encompass the direct and indirect effects that can impact Belfius through its business operations, financing, insurance, and investment activities.

Embed ESG in our risk management practices

In order to effectively identify, assess, manage and monitor ESG and climate risks, an ESG Risk Framework was progressively implemented since 2021 and is successfully finalized and documented in 2024. This Framework is based on the following principles:

- The concept of climate risk is extended to all ESG related risks. Climate risk remains however the main focus;
- A group approach is applied for topics with similar risk drivers (e.g. financial stress test, counterparty risk, mortgage loans, data collection, etc.);
- Since good practices, methods and data availability related to sustainability risks are still significantly evolving the framework and methodology are improved on ongoing basis.

At the end of 2024, key milestones of the ESG Risk framework have been implemented:

- A long-term climate stress scenario is calibrated for the first time;
- A short-term climate stress scenario was calibrated and the impact on the Solvency II ratio was determined. Since then, this climate stress test is updated on an annual basis;
- Sustainability features were progressively embedded in the risk management or business processes, namely risk taxonomy, investment risk framework and Real Estate Risk Framework, Risk identification and Control Assessment Process (RiCap), Risk and Control Self-Assessment (RCSA) for the Internal Control Report, ESG watch for risk purposes and methods, Risk Charter, Actuarial Function Charter, Remuneration Policy, inclusion in minimum standards on underwriting, inclusion in the mortgage acceptance criteria and pricing;
- A climate risk assessment is performed on a yearly basis and incorporated in the ORSA report.

Three ESG risk indicators have been added in the risk appetite framework and are reported in the quarterly risk report.

- ESG Regulatory requirements: risk of not respecting (ESG) regulatory requirements in due time;
- ESG Strategy: risk that targets related to sustainability are not reached on time or are deemed insufficient (by clients & other major stakeholders).
- Resilience Risk: risk that profitability and solvency are materially affected by ESG events.

The subsidence risk for Belfius Insurance's portfolio is now covered in our property insurance and the Transition Acceleration Policy (TAP) has been fully implemented in our financial assets and underwriting portfolio.

Incorporating ESG and climate considerations into business and risk practices is key to mitigate risk at the source. By integrating comprehensive climate mitigation strategies across its operations, insurance and investment activities, Belfius Insurance demonstrates its commitment to sustainability and strengthen its resilience in the face of climate change and the challenges related to the transition.

Product and service development

By essence, an insurance company has an essential social role. It is Belfius Insurance's mission to protect and insure clients against the financial risks related to serious life hazards (e.g. domestic or mobility accidents, natural catastrophes, illness, hospitalization, unemployment, disability or death). Since life is unpredictable, Belfius insurance seeks to help its clients prevent those risks, protect them and their loved ones and facilitate their access to insurance solutions. To this end, environmental, social and governance factors bi

In terms of insurance products, Belfius Insurance has adapted its processes, leading to the development of products incorporating ESG criteria and has facilitated the development of innovative insurance solutions. The aim is for each product and service to fully integrate Belfius Insurance's ambition and strategy.

For **non-life insurance products**, Belfius Insurance seizes every opportunity to encourage its clients in their transition towards a net-zero economy and society. Belfius Insurance offers a wide range of products and services that answer to the needs of a large number of people and have a positive effect on the environment:

- With regard to Property insurance, the coverage is widened to ensure all 'smart' installations that have a positive impact on reducing the Green House Gas (GHG) emissions of buildings (heat pumps, solar panels, batteries, etc.) are covered without an extra premium. As of 2022, drought risk is now embedded in our coverage. Furthermore, in order to support customers in their transition towards energy-efficient housing, Belfius Insurance offers pricing reductions for housing (less than 10 years) with EPC below 150 kW/m²/year. Belfius Insurance's property coverage also extends to customers looking for shared mobility solutions who do not own the car they drive. Supporting shared and circular economy initiatives are essential, as they will help maintain economic growth, while minimising GHG proliferation.
- In terms of Mobility Insurance, Belfius Insurance has adapted its pricing based on CO₂ emissions of the insured vehicle and the total distance driven, encouraging the transition to lower-carbon mobility. To further incentive clients to opt for lower-carbon transportation, Belfius Insurance offers policyholders an Assistance budget instead of a replacement car. In addition, when a vehicle is damaged or faulty, insurers can play a key role in ensuring that repairs are carried out in the most sustainable way possible. In this respect, together with other industry players, Belfius Insurance contributed to the development of standards for the future certification of actors in the repair chain that operate in an environmentally sensitive way. Moreover, Belfius Insurance offers a unique all-in bike insurance product, which covers for theft, personal injury and repair. This product has won the DECAVI prize for the best bike insurance for the past three years. Lastly, with the km insurance offered by Belfius Direct Insurance, people are incentivized to drive less as they are reimbursed for kilometres that are not driven.

The aim to become a more sustainable organization does not stop at offering insurance solutions. The underlying risk covered by insurance solutions should be universally understood, especially by the clients. That is why Belfius Insurance invests in prevention and clear communication. In 2022, Belfius Insurance

developed a communication prevention kit sending alerts and prevention tips before a natural catastrophe. This kit was activated six times in 2024.

With regard to our Life Insurance products, all our insurance based investment products comply with criteria defined by the Transition Acceleration Policy.

For more information on Belfius Insurance's product and service development please see 2.4.3 of the 2024 Sustainability Statement.

Claims management

Belfius Insurance believes that its efforts should carry on during the whole lifecycle of the product offerings. The easy-to-use MyBo platform is a clear reference for its efforts to facilitate the claims management process. MyBo serves as the preferred channel for claims communication, particularly in the event of a natural catastrophe. This innovative platform streamlines the claims process, allowing for timely and effective communication between clients and Belfius Insurance.

Furthermore, in the case of homes claims, Belfius Insurance collaborates with CED to expand the scope of remote expertise services. By leveraging technology, this collaboration has allowed Belfius Insurance to minimize the necessity for experts to physically travel to locations. This shift not only reduces travel time and costs, but also significantly lowers the ecological footprint associated with the on-the-road activities of the experts.

For all repair in kind, Belfius Insurance works with Jaimy by Belfius, its IT platform that puts clients in touch with reliable professionals. Of the 10,531 claims managed, the average timeframe was four days with client satisfaction up to 96%. In addition, Belfius insurance also includes ESG criteria in its partner selection process (distance, means of transport, materials used), so as to help limit the overall environmental footprint.

Even though many solutions are deployed, complaints can always arise and these are handled in line with the expectations of the related Service Level Agreement. These complaints are essential to improving Belfius Insurance's processes and allow its offerings to become even more meaningful for its clients in the future.

For more information on claims management and complaint management, see respectively 2.4.3.1.3 and 3.3.6. of the 2024 Sustainability Statement.

Sales and marketing

As Belfius Insurance's values revolve around customer-orientation, establishing transparent relationships with customers is an integral part of its mission. In addition to the ethics policies in place, Belfius Insurance adheres to Assuralia's code of conduct.

As from 2022, Belfius Insurance's sales forces were educated through various trainings to increase their understanding of sustainability so as to better advise the clients. Following the implementation of the amended Insurance Distribution Directive (IDD), integrating customers' sustainable preferences, the relevant employees followed a mandatory education program related to directive's changes. Annually, the sales teams are required to update their knowledge to further increase their understanding of sustainability.

Additionally, in 2024, several Climate Fresks were organized for Belfius and Belfius Insurance employees to further increase awareness of climate challenges.

Investment management

As an insurer with deep roots in Belgian society, a large part of Belfius Insurance's resources are invested in Belgian assets.

In 2024, a total of EUR 15.10 billion has been invested in the real economy, primarily in Belgium, with 2.9 billion invested in bonds issued by the Belgian State and Regions. Thanks to these investments, Belfius Insurance provides the Belgian society with significant resources. For more details, please refer to Belfius Insurance's [Engagement Report](#).

Belfius Insurance also seeks to limit its impact on the environment while maximizing its impact on the society and its resilience. Since January 2022, Belfius Insurance's investment portfolios in scope¹ fully complies with the principles outlined in the TAP (see 2.4. of the 2024 Sustainability Statement).

Finally, Belfius acts as a responsible investor through its engagement strategy. Belfius Asset Management is in charge of screening the Branch 21 Investment Portfolio.

For further details on meaningful management of Belfius Insurance's reserves, see 2.4.3.2. of the 2024 Sustainability Statement.

Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

¹ The Transition Acceleration Policy does not apply to mortgages.

Clients and suppliers

- Dialogue with clients and suppliers on the benefits of managing ESG issues and the company's expectations and requirements on ESG issues
- Provide clients and suppliers with information and tools that may help them manage ESG issues
- Integrate ESG issues into tender and selection processes for suppliers
- Encourage clients and suppliers to disclose ESG issues and to use relevant disclosure or reporting framework

Insurers, reinsurers and intermediaries

- Promote the adoption of the Principles
- Support the inclusion of ESG issues in professional education and ethical standards in the insurance industry

Clients

Belfius is aware of the increasing environmental, social and economic challenges that the society is facing. To this end, Belfius Insurance integrates ESG considerations into its decision-making processes to prevent and manage sustainability risks that might impact its strategy. The group also takes these considerations into account when engaging with different stakeholders to understand their expectations, but also to ensure the path towards a sustainable future.

Belfius Insurance continuously informs customers on ESG-related risks and, to support them with their daily operations, regularly develops sustainable solutions to help them prepare for the potential negative effects of climate change. Increasing customers' awareness is a key priority for Belfius and to do so additional information on investment products (Life Invest products) is provided to increase the clients' knowledge of ESG risks and to match their sustainability preferences with dedicated products. With regard to property products and mortgages, Belfius Insurance regularly informs clients through bank mails and newsletters on the different climate associated risks they may face (flooding and drought for instance) and how to help mitigate these.

Suppliers

Business partners also play a key role in the transition to a low-carbon economy. Belfius Insurance is aware of the need to manage its supply chain in a sustainable manner and to ensure that it maintains a constant dialogue with its suppliers so that they may take appropriate mitigating actions. Integrating ESG criteria in procurement activities and actively engaging with suppliers are key to make this meaningful transition. Hence,

Belfius applies its Sustainability Code of Conduct to all of its suppliers (see 4.2. of the 2024 Sustainability Statement).

Within this context, Belfius has selected EcoVadis as its partner to screen the most important existing and new suppliers and advocate for these changes. Modifications have been made accordingly, including to the tender process, to screen new suppliers so as to embark on the sustainability journey together from the very beginning. In the event that vendors did not immediately respond to the ESG assessment invitation, Belfius actively interacted with them.

With regard to its claims management process in particular, Belfius Insurance developed solutions with its privileged partner in repair in kind, Jaimy by Belfius, embedding sustainable criteria in the selection of its partners.

For more information on sustainability within the supply chain, see 4.2 of the 2024 Sustainability Statement.

Insurers, reinsurers and intermediaries

In order to maintain the quality standards of the Insurance industry, Belfius Insurance works together with other organizations to increase expertise in the sector. To this effect, Belfius Insurance played a central role together with Assuralia members in the development of the ESG Action Plan aimed at helping the entire sector to endorse more sustainable behaviours. The Action Plan has been validated and Belfius Insurance continues working with its peers to strengthen sustainability in the sector and further implement this action plan.

Furthermore, Belfius Insurance has always seen reinsurance as an indispensable risk mitigator. Reinsurers help to measure and assess, amongst others, risks associated with natural catastrophes. In this regard, discussions with reinsurers on climate risks and impacts in Belgium remain essential.

Principle 3: We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

Governments, regulators and other policymakers

- Support prudential policy, regulatory and legal frameworks that enable risk reduction, innovation and better management of ESG issues

- Dialogue with governments and regulators to develop integrated risk management approaches and risk transfer solutions

Other key stakeholders

- Dialogue with intergovernmental and non-governmental organisations to support sustainable development by providing risk management and risk transfer expertise
- Dialogue with business and industry associations to better understand and manage ESG issues across industries and geographies
- Dialogue with academia and the scientific community to foster research and educational programmes on ESG issues in the context of the insurance business
- Dialogue with media to promote public awareness of ESG issues and good risk management

Governments, regulators and other policymakers

The European Commission has developed an ambitious action plan that makes the European Union the first in the world to answer to the commitments made during the Paris Agreement in 2015. The first regulations that have been issued in that regard are the Sustainable Finance Disclosure Regulation (SFDR) and the EU Taxonomy for sustainable activities. Other existing regulations have been amended, such as the Insurance Distribution Directive (IDD), Solvency II and the Non-Financial Reporting Directive (NFRD), which is replaced by the Corporate Sustainability Reporting Directive (CSRD). These regulations are mainly aimed at redirecting financial flows where they can have a positive impact, enhancing risk management and increasing transparency in the financial sector.

To this effect, Belfius developed dedicated project organisation to adequately respond to the different regulatory requirements (cf. supra) it is subject to. Therefore, a dedicated legal team operates the legal watch. Belfius Insurance contributes to policy making through regular dialogue with different stakeholders, such as Assuralia, Insurance Europe, the European Insurance & Occupational Pensions Authority (EIOPA) and Financial Services & Markets Authority (FSMA), aiming at facilitating the implementation of these regulations.

Academia

Through Assuralia, Belfius Insurance supports a PhD from the University of Antwerp. The PhD investigates how sustainable non-life products can be developed and promoted.

Internal communication

In 2024, Belfius organized a Sustainability week featuring a variety of awareness activities. One of the highlights was a session on “Après la pluie”, a documentary focusing on 2021 floods in Belgium and how such events should be prevented in the future. Furthermore, Belfius organized an escape game, held conferences and

more. More than 450 employees of Belfius Bank and Belfius Insurance participated in one of the activities of the Sustainability Week. Moreover, Belfius hosts regular Climate Fresk workshops to its employees, with over 400 participants taking part in 2024.

Principle 4: We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

- Assess, measure and monitor the company's progress in managing ESG issues and proactively and regularly disclose this information publicly
- Participate in relevant disclosure or reporting frameworks
- Dialogue with clients, regulators, rating agencies and other stakeholders to gain mutual understanding on the value of disclosure through the Principles

As from 2025, Belfius publishes a consolidated Sustainability Statement in line with the CSRD regulation. Additionally, Belfius Insurance is a signatory to the UNEP FI Principles for Sustainable Insurance (PSI), where further information on our annual accomplishments is provided. Furthermore, SFDR forces us to be transparent, enabling investors to properly assess how sustainability risks are integrated into the investment decision process. All our reports and continuous progress are available on the Belfius website.

In addition, Belfius completes the annual CDP questionnaire to assess the environmental impacts of its direct operational activities, value chain, and financial decisions. Since 2023 we disclose annually with the aim of providing transparency and accountability regarding our environmental impact and the actions we take to limit it, our responsible business practices and the management of our environmental risks.

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 has decided to pursue an alternative carbon reduction framework for now 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.

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Belfius also collaborates with external stakeholders such as non-governmental associations or environmental, social & governance (ESG) rating agencies, with the ambition of increasing transparency, enhancing our existing policies and increasing transparency within the insurance sector.

Finally, we have a complaint service that aims at addressing issues clients may have and maintaining a positive dialogue to gain mutual understanding and looking for appropriate solutions (see 3.3.6. of the 2024 Sustainability Statement).