



POLICY FOR INTEGRATING SUSTAINABILITY RISKS IN THE INVESTMENT PROCESS

BELFIUS INSURANCE
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1. INTRODUCTION

Many investors want to have a precise idea of how their invested capital is being used.

In order to know the impact of their investments, these private, corporate or institutional investors are increasingly interested in the non-financial criteria used in the composition of their portfolios, mainly linked to respect for the environment, social issues and good governance, in other words “ESG” (Environmental, Social and Governance) criteria.

In other words, they want their investments to be more in line with their personal convictions on sustainable development, their corporate values or their vision of society.

At Belfius Insurance, we are fully aware of our role as an investor and our ability to use the capital we invest on behalf of our clients not only to generate financial returns, but also to create beneficial change. Belfius Insurance is committed to contributing to the economic growth of Belgian society. Together with our customers, staff members and long-term partners, we aim to play a significant role in addressing environmental, social and governance (ESG) challenges and to invest in long-term solutions which contribute to a fairer and more sustainable society.

In addition, the European Union has further increased investment transparency by adopting the Sustainable Finance Disclosure Regulation (SFDR) at the end of 2019. This European Regulation requires financial market operators offering their services within the European Union to publish additional information on the sustainability of their investment products when they meet certain criteria¹.

2. MANAGEMENT OF SUSTAINABILITY RISKS WITHIN BELFIUS GROUP ENTITIES

Over the past few years, the Belfius Group has gradually put in place the governance bodies needed to manage sustainability risks better.

The Group's savings mandate is to manage its customers' assets efficiently over the long term. Responsible investing is intrinsically linked to achieving this mission, and is in line with the decisions taken by the Belfius Group in 2020.

There are two key investment decisions:

- Six concrete engagements² for the period 2020-2025, with the ultimate ambition of offering only 'meaningful' investment products to customers.
- In May 2020, the Group also adopted a position on a list of controversial business sectors. Known as the TAP (“Transition Acceleration Policy”), this transversal policy, which applies to all the Group's activities, is designed both to exclude certain activities (tobacco or arms production, for example) and to support transition initiatives (energy sector, for example). It is implemented within the portfolios. All products and portfolios are therefore assessed based on this policy, which is updated as needed.

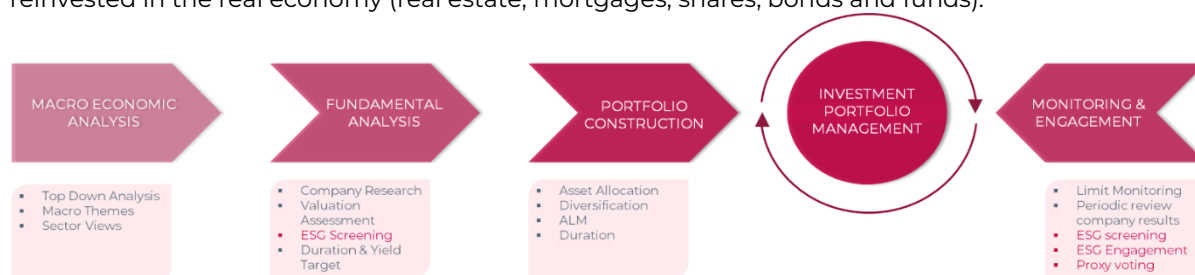
On a practical level, the internal organisation is carried out within an office of experts - the Sustainable Investment Desk - bringing together representatives from Belfius Bank (ESG, Legal Services and Compliance, Risk Management), Belfius Insurance and Belfius Asset Management. This committee will steer the concrete implementation of the decisions taken by the Belfius Group with regard to sustainability.

¹ Article 3 of the so-called “SFDR” Regulation.

² [Our sustainability strategy - Belfius in Society - Belfius](#)

3. INTEGRATION OF SUSTAINABILITY RISK IN THE BELFIUS INSURANCE INVESTMENT PROCESS

Like any insurer, Belfius Insurance maintains sufficient reserves to be able to meet its contractual obligations to pay capital, interest and compensation to customers. Most of the reserves are reinvested in the real economy (real estate, mortgages, shares, bonds and funds).



Above is an illustration of the investment process, including the integration of sustainability risk as applied at the level of Belfius Insurance.

Before investing, fundamental analysis is used. All issuers (companies or governments) of shares, bonds or investment funds are analysed on the basis of information and data gathered (both financial and non-financial).

In this fundamental analysis, the **first stage** of the ESG screening (as illustrated above) will be to verify that the investment creates value and that this investment is in line with our ESG values and criteria. In this respect, the Belfius Group has translated its values into a dedicated policy (Transition Acceleration Policy - known by the acronym TAP) - which aims, for all investments, to ensure that the ESG criteria are met,

- **To exclude controversial activities and sectors:** this policy aims both to exclude certain sectors (e.g. tobacco or gambling) and to support activities in transition (e.g. the energy sector). In November 2023, the Transition Acceleration Policy was amended to incorporate the latest scientific data, in particular from the IPCC and the International Energy Agency. In January 2025, the Transition Acceleration Policy was adjusted again. This time, to align the criteria for the defense sector with the EU's defense policy, following geopolitical tensions.
- **To respect the United Nations Global Compact.** One of the criteria for exclusion from TAP is compliance with the United Nations Global Compact. The Belfius Group will not support companies which seriously or systematically violate one or more of the Principles of the United Nations Global Compact³. A company's sustainable development begins with its value system and a principled approach to doing business. In other words, it must operate in a way that, as a minimum, fulfils its fundamental responsibilities in the areas of human rights, labour, the environment and anti-corruption. The Belfius Group will not support companies which do not respect these basic principles. The seriousness of the violation and the structural nature of the involvement will be taken into account in any necessary engagement process with the company.

To this end, before making an investment, Belfius Insurance relies on information from an external supplier of ESG data, captured and analysed by our internal sustainability partner Belfius Asset Management.

In concrete terms, on the basis of the information gathered, if an issuer in which we wished to invest was active in coal extraction or was involved in a controversy linked to child labour, this issuer would be purely and simply excluded from our investment universe.

The **second stage** of this ESG screening, integrated into the fundamental analysis, aims to identify sustainability risks in order to anticipate them, or even mitigate them, given that these elements can have an impact on the return on our investments.

³ <https://pactemonial.org/decouvrir/dix-principes-pacte-mondial-nations-unies/>



In order to mitigate these risks, two factors need to be taken into account:

- The Risk Management department of Belfius Insurance has defined limits in terms of asset allocation and sectors in order to maintain a diversified portfolio while limiting our exposure to these risks.
- The portfolio manager measures the intrinsic value of the security by analysing the related economic, financial and non-financial factors (ESG analysis). Basic information gathering (via Belfius Asset Management and our data provider) is supplemented by in-depth information gathering based on :
 - The company's website or Bloomberg (annual reports, financial information, CSR/sustainability reports, and so on).
 - Discussion of the company's profile and positioning with colleagues, analysts and peers.
 - Establishing contacts and developing trusting relationships.
 - Visiting site operations where possible.

After investment, monitoring is carried out. All issuers (companies or governments) of shares, bonds or investment funds are analysed with regard to the ESG criteria set out above (TAP, UN Global Compact).

When issuers, on the basis of the data at our disposal, do not appear to respect the TAP criteria or the UN Global Compact principles (human rights (e.g. violence against the person, degrading treatment of the person, lack of decent living conditions, slavery, and so on) in the workplace, labour rights, environmental protection, anti-corruption), Belfius Insurance has undertaken through Belfius Asset Management or Candriam to ask them for explanations and to improve the situation.

The result of this dialogue and research determines whether the share (i.e. securities, bonds, private equity or investment funds) in question is proposed for acceptance or retained in the portfolio. The result of this dialogue is, however, submitted to the Belfius Sustainable Investment Desk for advice. The result is then submitted to the Asset & Liability Committee (ALCo) within Belfius Insurance for validation.



4. GOVERNANCE

Several decision-making bodies help structure the decision-making process for sustainable investments:

- **Belfius Sustainable Investment Desk:**
 - monitors and ensures compliance with the APR,
 - in the event of non-compliance with TAP criteria, presents additional information obtained from issuers. If the information presented is not sufficient to respond to the pitfalls encountered, the issuer's exclusion will be confirmed.
- **The Asset & Liability Committee of Belfius Insurance**
 - makes investment and divestment decisions,
 - monitors the risks and performance of the investment portfolio.
- **The Belfius Insurance Management Board**
 - in charge of the day-to-day management of Belfius Insurance, may be required to handle investment files directly.

5. SUSTAINABILITY RISK EXPOSURE

Through our investment portfolio, we are exposed to the various ESG risks set out above. These risks are mitigated by:

- The **global analysis** as set out above, which includes the TAP criteria and compliance with the principles of the UN Global Compact.
- An **investment risk framework** (Assets & Liabilities Management policy) defined by the Risk Management department, which limits our exposure in line with our risk appetite and long-term vision.
- Our **engagement policy**, which includes active participation in the Boards of Directors and Shareholders' Meetings of companies in which we hold a stake. Each year, Belfius Insurance presents the results of the implementation of this policy in its [Engagement Report](#).
- Our **proxy voting policy**, in which we strive to promote positive transitions and limit the negative impacts of our activities by discontinuing or limiting our support for unsustainable activities. Just like its engagement policy, each year, Belfius Insurance presents the results of the implementation of this proxy voting policy in its Engagement Report.
- **Monitoring** carried out in order to verify on the one hand the performance of issuers, as well as the reliability and exhaustiveness of the data and, on the other hand, the relevance of our investment framework (TAP) as well as the analysis methods used to ensure this monitoring.

6. FINAL CONSIDERATION

Belfius Insurance is determined to play a major role in sustainability by contributing ethically, responsibly and inspiringly to the economic growth of Belgian society. Together with our customers, staff members and long-term partners, our aim is to have a significant influence on environmental, social and governance (ESG) challenges and to invest in long-term solutions that contribute to a more sustainable society.

7. PUBLICATION OF THE POLICY AND FREQUENCY OF REVISION

The above information was published for the first time in March 2021 and last updated on 30 June 2025, always taking into account the regulatory requirements directly or indirectly linked to the implementation of the SFDR Regulation and the accompanying European or National Regulations. We will continue to update them at least once a year.