



Engagement report 2024

Belfius

TABLE OF CONTENTS

Foreword:

Social engagement in our distinctly future-oriented investments	03
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1. The implementation of our engagement policy and voting behaviour in 2024	05
1.1 ESG criteria analysed for each investment	05
1.2 Summary Of Our Portfolio	07
1.3 the voting behaviour of belfius insurance in each company where we hold a large stake	08
2. Monitoring Of Companies In Which We Invested In 2024, Regarding Strategy, Financial And Non-Financial Performance	09
3. Description of esg behaviour and key votes in 2024	11
4. Overview of our engagement reflected in the companies in which we hold a stake	13

FOREWORD:

SOCIAL ENGAGEMENT IN OUR DISTINCTLY FUTURE-ORIENTED INVESTMENTS

Belfius holds a unique position in the Belgian financial landscape: a 100% Belgian bank-insurer with activities exclusively focused on Belgium's socio-economic fabric, including individuals, self-employed professionals, liberal professions, SMEs, large enterprises, social institutions, governments, and local authorities.

Against this backdrop, in line with our strategy and to fully achieve our objective of being "Meaningful & Inspiring for Belgian Society. Together," Belfius Insurance is committed to playing a significant role by contributing to the economic growth of Belgian society. Together with our customers, employees, and long-term partners, we aim to make a difference in addressing ESG (Environmental, Social, and Governance) challenges and investing in long-term solutions that promote a society more mindful of our planet. The ESG challenges and sustainable development goals are [outlined in our Engagement Policy](#)

We empower our **customers** to achieve their sustainability ambitions by providing them with the necessary tools, financing, and expertise (whether existing or yet to be developed). We collaborate with our customers to tackle (including climate-related) challenges and shape the future responsibly. We uphold transparency and provide our customers with the necessary information to make informed decisions.

A dedicated **governance** framework has been established to specifically monitor this strategy and oversee its implementation. Various committees (notably for Investments) that were established in 2021 will continue in 2024 to support governance. Furthermore, the boards of directors of Belfius Insurance and Belfius Bank collaborate on regular monitoring.

Regarding **insurance products and services**, in line with our outlined strategy, we are convinced that we can guide and encourage all good practices among our customers while also reducing our own environmental footprint (taking into account the entire value chain). Among other things, we insure all forms of mobility (e.g., bicycles), encourage our customers to drive less (e.g., kilometer-based insurance, mobility budget for assistance to reduce the use of polluting replacement vehicles). We also offer products that protect homes, encouraging our customers to reduce their CO2 emissions while ensuring the best possible coverage for the various uncertainties of life they may face.

Regarding our **operations**, we pay close attention to our entire value chain. We work with a third party to evaluate and monitor the ecological and social performance of our various partners in terms of sustainability. We also measure and calculate our greenhouse gas footprint. To enhance the impact of our climate actions, we are committed to measuring our



greenhouse gas emissions, including those we finance, using a methodology that complies with PCAF (Partnership for Carbon Accounting) standards and by following a 'decarbonization pathway'.

In terms of **investments**, the basic principle of our investment policy comes down to compliance with specific (international) standards from our "[Transition Acceleration Policy \(TAP\)](#)" which was revised in December 2023 and the new version, applying to all our investments as of 1 August 2024.

Through our engagement policy, we are committed to transparently accounting for our ESG actions and progress. This engagement report aims to outline Belfius Insurance's implementation of its ESG commitment in 2024 through its voting behavior in the companies in which it has invested. In this regard, Belfius Insurance emphasizes that, as in 2021 and 2022, no proxy advisory services were used in 2023 and 2024.

This report aligns with and refers to Belfius' sustainable development strategy, as substantiated in its annual report, as well as the policies associated with this strategy (such as the Engagement Policy and the Transition Acceleration Policy, available on our website under 'Policies & Charters'). This report aims to provide insight into Belfius Insurance's ESG commitment implementation for 2024, structured around the following four components:

- The implementation of our engagement policy and voting behavior in 2024.
- The monitoring in 2024 of companies selected based on strategy, financial and non-financial performance, social and environmental impact, and corporate governance.
- An explanation of the key votes.
- A graphical overview of our engagement reflected in the companies in which we hold a stake



1.

THE IMPLEMENTATION OF OUR ENGAGEMENT POLICY AND VOTING BEHAVIOUR IN 2024

1.1. ESG criteria analysed for each investment

To implement our engagement policy and consider ESG factors in our investments, we find it essential to oversee the ESG criteria of the companies in which we invest, both before and during each investment.



In 2024, we collaborated with our key partner within the Belfius group, Belfius Asset Management, which provides us with ESG data (from an external provider) and conducts a pre-investment screening. If the analyzed company is controversial, attention is drawn to this information to decide whether to invest, engage in discussions, or request corrective measures to comply with ESG standards.

Additionally, our investment department staff collect the necessary data to make informed decisions. The company's financial data, as well as its ESG score, are included in our analysis and then compared to our internal benchmark. As an insurer, we must operate with a long-term perspective, which explains why our investment portfolio may include companies that historically had lower ESG scores but have made significant efforts over the years to improve their ESG commitments.

To support and determine our voting behavior within a company, we believe that Belfius Insurance, as an engaged investor, has an obligation to strive for ESG "best practices" and greater transparency regarding the companies in which we invest.

We prioritize cooperation through constructive and ongoing dialogue with management or, where applicable, board members in companies where we have a representative.

Since September 2022, Belfius Asset Management has conducted an annual monitoring of TAP compliance (post-investment) to assess whether companies in which we have invested adhere to this policy. This monitoring is carried out independently of the investment teams by the ESG team, as well as second-line control teams responsible for investment oversight (the Compliance team regarding sector exclusions and the Risk department).

TAP monitoring is then reported to various governance bodies, namely the Asset & Liability Committee, the executive committee of Belfius Insurance, and the board of directors of Belfius Insurance.

If an analysis reveals that an investment in Belins' portfolio no longer meets TAP requirements, the following actions are taken:

- Belfius commits to bringing the issuer back into TAP compliance. Investments with this issuer are prohibited during the engagement period. If the issuer does not comply with the engagement procedure, Belins must divest from the investment.
- If divestment causes severe ALM or P&L consequences or liquidity issues (e.g., capital investment funds), the Investment department requests the Asset & Liability Committee to confirm whether the position can be retained in the portfolio and under what conditions.

This procedure did not have to be applied in 2024. Following a review by Investments and Risk, all issuers met all criteria.

These issuers are also subsequently screened by an external auditor to verify Belfius Insurance's adherence to TAP criteria for its investment portfolio.

An overview of these criteria can be found via: <https://www.belfius.be/aboutus/dam/corporate/corporate-social-responsibility/documents/policies-and-charters/nl/TAP-Policy-NL.pdf>



1.2 Summary of our portfolio

Regarding the implementation of our engagement policy at the end of 2024, Belfius Insurance invested a total of €15.10 billion in managed assets, including: €3.63 billion in mortgage loans, €816 million in real estate, and €6.35 billion in government bonds. As of 31 December 2024, the entire investment portfolio was 100% compliant with the TAP.

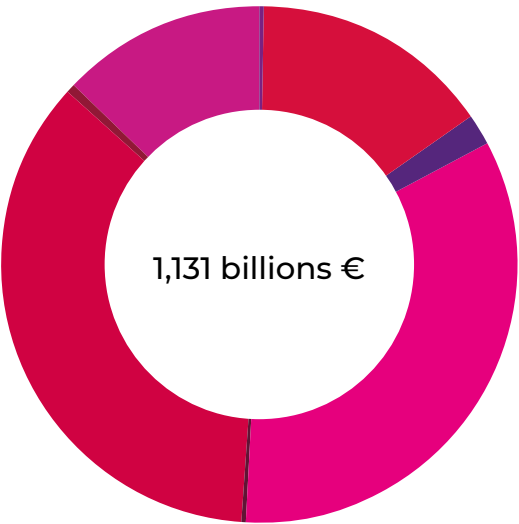
As an insurer deeply rooted in Belgian society, Belfius Insurance has invested the majority of its resources in Belgian assets. The contribution of Belfius Insurance to the Belgian economy is significant:

By the end of 2024, over €2.91 billion was invested in bonds issued by the Belgian State and the Regions. Through these investments, Belfius Insurance provides the State, the Regions, and consequently Belgian society with substantial resources, enabling them to strengthen their social engagement.

Furthermore, as of 31 December 2024, €5.66 billion was invested in other Belgian assets (corporate bonds, real estate, mortgage loans, credits, shares in Belgian companies, start-ups, etc.), contributing to the recovery and support of various economic sectors.

In addition to these assets, in 2024, Belfius Insurance continued to invest in funds specifically created in 2021 to help restart sectors in Belgium that were severely affected by the COVID-19 crisis or the devastating floods of mid-July 2021.

Belfius Insurance also invests in companies or organizations with a clear intention to generate not only financial returns but also a positive social, societal, and/or environmental impact. Belfius Insurance's key impact investments are in social housing and infrastructure (€401 million), the energy transition (€380 million), and elderly care (€144 million).



Environnement

- **Energy transition infrastructure:** affordable, reliable, sustainable and modern energy for all (380 mio €)
- **Environnemental protection and conservation:** supporting sustainable management of water, land and soil (170 mio €)
- **Agrifood:** Designing sustainable agriculture (4,1 mio €)
- **CO₂ reduction:** Actions against CO₂ emissions (6,7 mio €)

- **Global partnerships:** strengthen accross borders sustainable development (3,3 mio €)

Social

- **Social Housing & Infrastructure:** Ensure housing for all (401 mio €)
- **Elderly Care:** supporting well being for elderly (144 mio €)
- **Education:** qualitative education for all (21 mio €)

By the end of 2024, we estimate that a total of €1.13 billion had been invested in companies and infrastructure contributing to a fairer, more equitable, and more responsible world.



1.3 The voting behaviour of belfius insurance in each company where we hold a large stake¹

In 2024, this applied to 6 major holdings, which are detailed in the following chapter. The number of holdings decreased from 9 in 2023 to 6 in 2024. This decline was due to Belfius Insurance participating in a takeover bid for one holding. The other two holdings were partially or fully sold due to a change in investment strategy. For the holding that was partially sold, the stake fell below 5%, meaning it is no longer classified as a major holding.

For these holdings, one or more representatives attended board meetings and actively raised questions. For major holdings, these representatives participated in general meetings and extraordinary general meetings to implement the aforementioned voting behavior and express our ESG commitments.

For holdings below the 5% threshold (at which a stake is considered significant – see footnote 1), Belfius Insurance also engages in constructive and collaborative dialogue. For these smaller holdings, we use proxy voting at general shareholders' meetings. This proxy voting service is provided by a specialized service provider. Voting is conducted in line with the proxy voting policy of this provider. This policy ensures that votes are cast on various resolutions proposed by management, taking into account key principles of good corporate governance, the objectives of the TAP (including the 10 principles of the UN Global Compact), our views on actions needed to mitigate environmental and climate impact,

and the need for better gender representation in governing bodies.

In 2024, across our entire investment portfolio, we participated in 40 meetings, approving 63% of the 796 proposals submitted to a vote.

As in previous years, Belfius Insurance did not use the services of proxy advisors in 2024.

Our voting behavior at general meetings is based on the following general principles:

- **Approval of financial statements and management:** We assess overall management, financial and non-financial information, and ask questions where necessary.
- **Allocation of results, equity management, and capital operations:** We ensure that profit distribution policies also consider long-term ESG perspectives.
- **Board members:** When appointing or renewing board mandates, we assess competence, independence, and diversity before voting for or against a director.
- **Executive remuneration and employee involvement:** We evaluate transparency, consistency, and fairness in remuneration policies, and, where applicable, how sustainability risks are integrated into compensation structures.
- **ESG practices:** We analyze a company's environmental, social, and governance practices.

In every interaction with directors and executive leaders of our portfolio companies, we discuss these themes and their evolution.

¹For defining a large stake or significant voting power, we applied the thresholds (5% or more) set by legislation on the disclosure of major holdings. We also considered private equity funds where we can express our engagement through a representative on the board of directors of that fund, provided we hold at least a 5% interest. This threshold is set at 5% or more of the existing voting rights as defined in Article 6, §1 of the Act of 2 May 2007 on the disclosure of significant holdings in issuers whose shares are admitted to trading on a regulated market, as recently amended by the Act of 27 June 2021.



2.

MONITORING OF COMPANIES IN WHICH WE INVESTED IN 2024, REGARDING STRATEGY, FINANCIAL AND NON-FINANCIAL PERFORMANCE

In 2024, as previously explained, Belfius Insurance held major stakes in 6 companies. The Belfius Insurance Investment team oversees companies where we hold a significant stake or have a board representative.

The various representatives of Belfius Insurance attended all **board meetings**.

By maintaining regular contact with these companies, we can understand their concerns and expectations of us. During these regular board meetings, we actively ask questions and prepare for the general or extraordinary shareholders' meetings to which we are invited.

To highlight our voting behavior as described above and express our ESG commitments, in 2024: 6 representatives participated in one or more Board of Directors meetings, and 3 of the

6 Belfius Insurance representatives attended an **Annual General Shareholders' Meeting (AGM)**. Two representatives also participated in an **Extraordinary General Shareholders' Meeting (EGM)**.

As part of the monitoring of these companies, in addition to an ESG criteria screening by our aforementioned partner, we can state that, alongside the fundamental analysis of the company, we also consider a set of ESG-related KPIs listed in the following (non-exhaustive) overview:

- **For the Environmental aspect:**
 - Does the company set targets for reducing water, electricity, and other resource consumption?
 - Does it have a policy to encourage employees to act sustainably (e.g.,



sorting waste, reducing plastic use, printing fewer documents, etc.)?

- Are measures taken to reduce the environmental footprint, particularly in terms of CO2 emissions?

- **For the Social aspect:**

- What is the relationship between management and employees?
- What is the employee turnover rate?
- Is there a Health and Safety policy in place, especially for industrial companies?

- **For the Governance aspect:**

- What is the composition of the board of directors (including gender diversity)?
- To what extent are the roles of the Chair of the Board and the CEO separated?
- How many independent directors are there?
- Who are the majority shareholders?

There is no consensus or guideline that allows for direct comparisons between companies.

We primarily seek to determine whether a company operates according to an ESG plan, how ESG factors are integrated into its activities, and, if so, how progress and measures are tracked.

For smaller holdings and companies where we do not have a board representative, we vote by proxy, which, as in previous years, was entrusted in 2024 to an external partner specialized in proxy voting, to systematically communicate our position and express our ESG commitments.



3.

DESCRIPTION OF ESG BEHAVIOUR AND KEY VOTES IN 2024

In 2024, there were 6 major holdings. Since the information related to engagement cases often concerns these companies' strategies and may be sensitive, confidential, or protected by trade secret laws, we do not disclose specific details to maintain the confidentiality of these companies' affairs.

However, in our commitment to balanced transparency, we provide below an outline of the voting topics and trends for these companies. These companies are mainly active in the real estate, technology, media, and infrastructure sectors, and some operate as holding companies managing investments within a sustainability (ESG) framework.

Financial and non-financial performance matters, as well as topics related to social and environmental impact and good corporate governance, were formally raised by the 6 Belfius representatives during various board meetings held throughout 2024.

In one of the technology sector companies, various ESG themes were discussed during board meetings in 2024. For investment cases, the company's ESG objectives were always clearly specified. In another company operating in the infrastructure sector, a board-level ESG plan was developed, outlining the company's key ESG priorities for the coming years.



In all 6 companies, further efforts were made in 2024 to improve gender balance and increase board independence.

Of the 6 companies in which we hold stakes, 2 had no ESG items on their general shareholders' meeting agendas in 2024.

However, these 2 companies have not experienced any social conflicts, generally follow an internal sustainability policy (sometimes referred to as an ESG policy), and operate under sound internal governance principles, which did not raise any concerns in 2024, either at board meetings or during general shareholders' meetings.

Nearly all Belfius Insurance representatives (except in one company where the representative abstained from all resolutions) voted in favor of 5 resolutions concerning the approval of financial statements and long-term sustainable investment policies (profit allocation, equity assignment, and capital operations). Depending on the company, a dividend was or was not distributed.

With the exception of the aforementioned representative, all other Belfius Insurance representatives voted in favor of board members' required competencies. In other words, the necessary competencies were well represented in each company where Belfius Insurance holds a significant stake.

Except for the previously mentioned representative and another representative who voted against, all other Belfius Insurance representatives supported executive and employee remuneration policies, confirming the transparency, consistency, and fairness of compensation. These remuneration policies accurately reflect the medium- and long-term requirements for executive leadership.

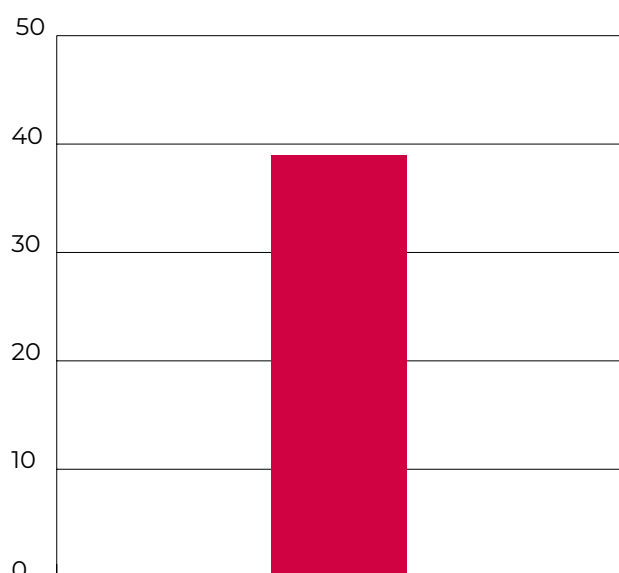
Regarding responsible business practices, only one technology sector company had an ESG-related agenda item at its AGM in 2024.

On the topic of diversity, two companies in the technology and real estate sectors adopted resolutions to strengthen diversity within their workforce and board of directors.



4.

OVERVIEW OF OUR ENGAGEMENT REFLECTED IN THE COMPANIES IN WHICH WE HOLD A STAKE



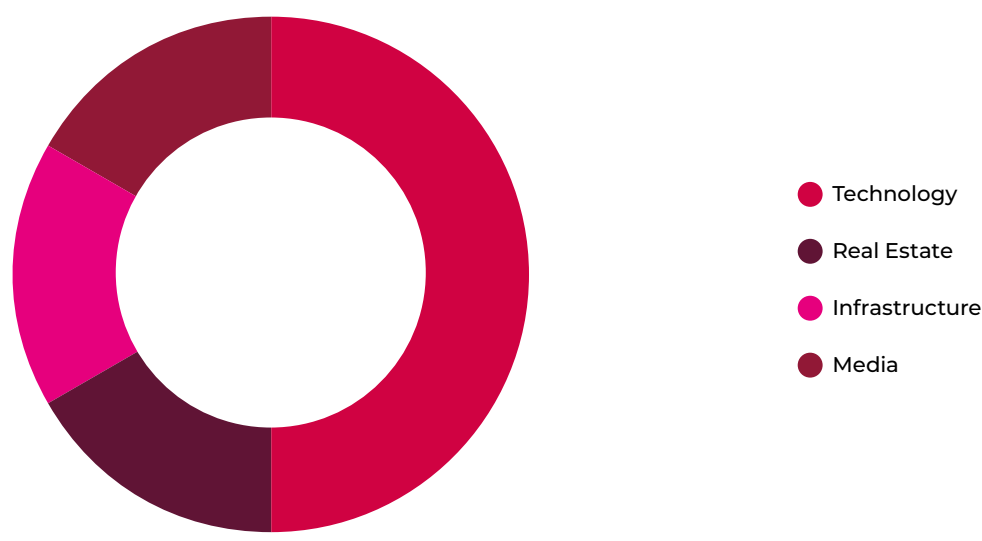
Number of participations in 2024

In total, Belfius Insurance participated in 39 board meetings and (ordinary or extraordinary) general shareholders' meetings in 2024 for companies where it holds a significant stake. The number of meetings decreased due to the reduction in the number of major holdings from 9 to 6, as previously explained.

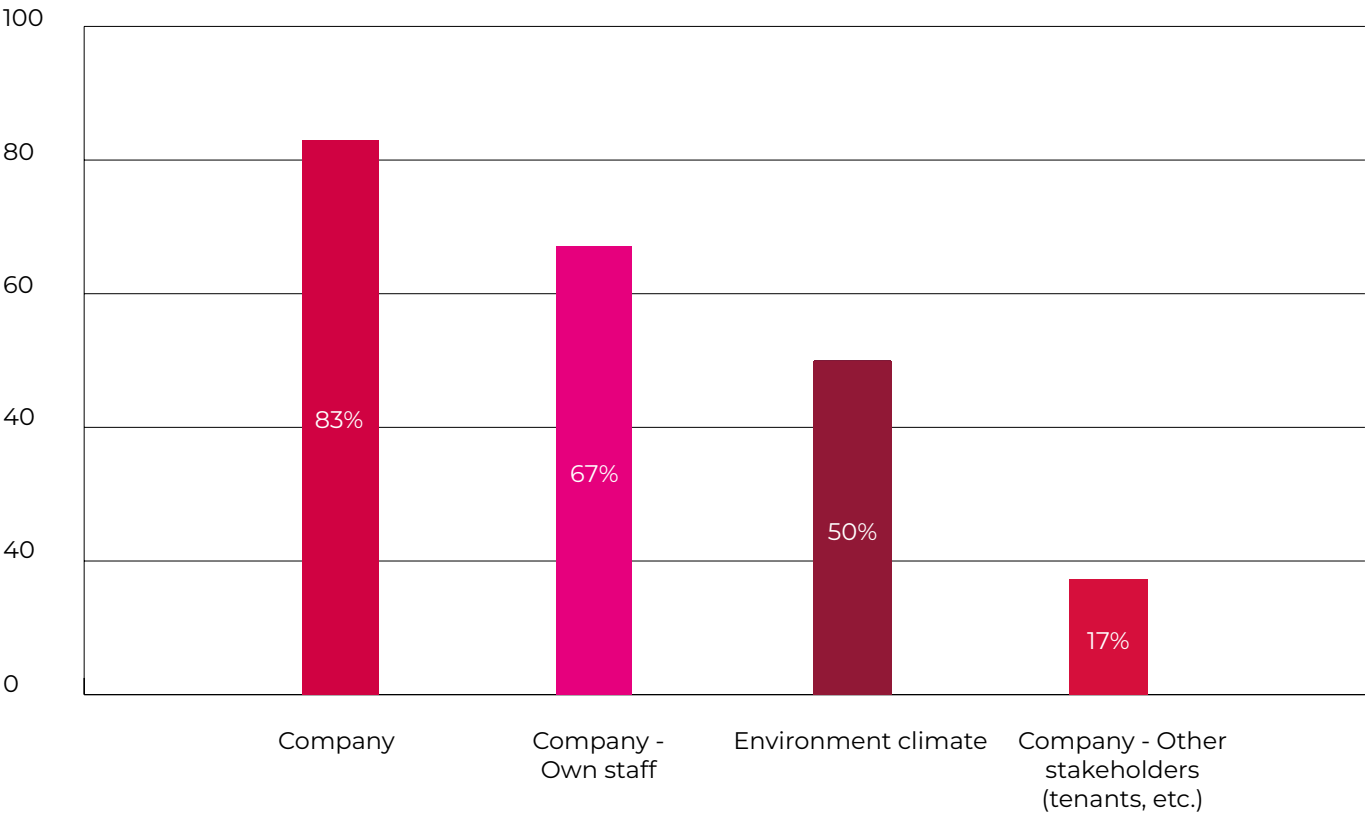
This graph is updated annually to reflect participation in regular board meetings and ordinary or extraordinary general shareholders' meetings.



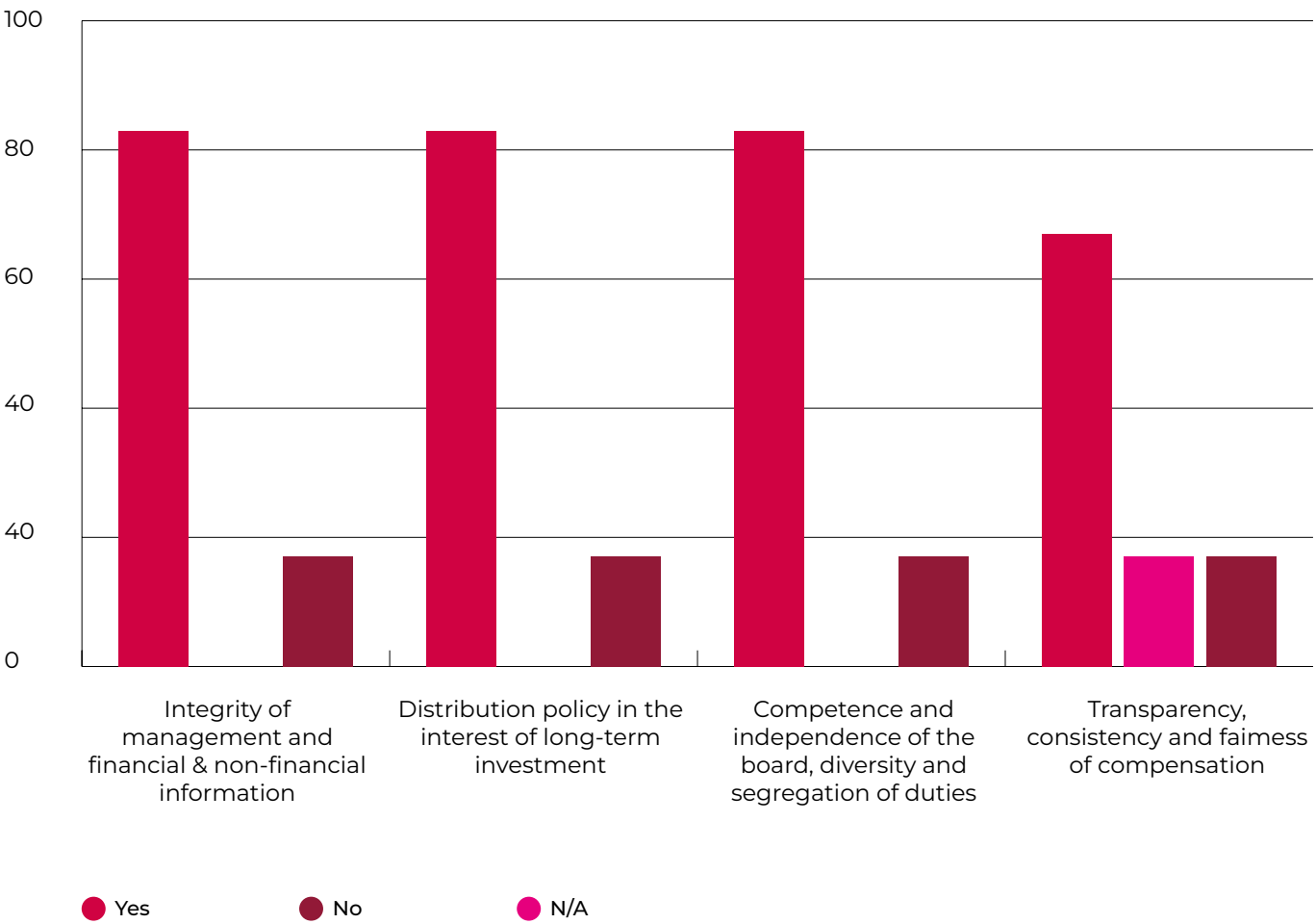
The following breakdown relates to the sectors in which Belfius Insurance holds a significant stake in 2024:



The main ESG topics discussed, along with their representation percentage during our participation in board meetings and even ordinary or extraordinary shareholders' meetings, are outlined below:



The table below provides an overview of the ESG criteria applied by the companies in which Belfius Insurance holds a significant stake. Based on an internal survey of these companies, it was estimated that ESG topics were addressed in 70% to 80% of cases in the relevant companies.





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