



Statement on principal adverse impacts of  
investment decisions on sustainability  
factors Financial Market Participant

Belfius Investment Partners SA,

LEI : 5493006KHXBQR33GGR66

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## 1. SUMMARY

Belfius Investment Partners S.A. , LEI: 5493006KHXBQRQ33GGR66, considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Belfius Investment Partners S.A. ('Belfius IP').

This statement on Principal Adverse Impacts (PAIs) on sustainability factors covers the reference period from 1 January to 31 December 2022. Belfius IP considers the negative impacts of its investment decisions on sustainability factors or PAIs as part of its Responsible Investment Policy.

Our ability to report on the PAIs depends on data availability. In case of a lack of reliable data for specific PAIs, we will specify how we try to obtain the data on a best effort basis. We will also disclose the coverage ratio, i.e. the proportion of the total portfolio for which we obtained the necessary data.

The way Belfius IP can practically consider the PAIs in its financial products depends, amongst other things, on the investment set-up of Belfius IP. There are currently two distinct models of investing:

1. **Belfius funds managed by Belfius Investment Partners:** These are financial products that are invested in direct lines, such as individual stocks and bonds, in Exchange Traded Funds (ETFs), mutual funds managed by third-party asset managers, or a combination of all of these financial instruments..
2. **Belfius funds with delegated management:** These are financial products for which we have appointed an external manager to manage the assets. These are BlackRock Investment Management, Candriam, and JP Morgan Asset Management.

In addition, Belfius IP has been appointed as the delegated investment manager for Belfius Bank's service of **discretionary portfolio management**. For these mandates, the portfolio management teams can invest in funds, individual securities, alternative investments, and/or derivatives. This activity is out of scope of this report, but is instead considered in Belfius Bank's Statement of Principal Adverse Impact of investment decisions on sustainability factors.

When Belfius IP selects individual securities, such as stocks and bonds, PAIs are considered at investee company level. Where ETFs/funds are selected or the fund management is delegated to an external asset manager, Belfius Investment Partners has requirements in place that our external managers need to meet with respect to various aspects of responsible investment, including identifying, measuring, managing, and disclosing the PAIs of the investments. Belfius IP then takes into account the PAIs considered by the selected asset managers.

Where mitigating negative adverse impacts is a formal and binding element of the investment strategy, we expect our external managers to explicitly and structurally consider PAIs in their investment decision process. This includes, where possible and feasible, embedding the PAIs in their exclusion, engagement and proxy voting decisions, which is a fundamental part of our responsible investment approach. For further information about our Responsible Investment Policy and our Engagement Policy, please refer to <https://www.belfius.be/belfiusam-fr-esg> or <https://www.belfius.be/belfiusam-nl-esg>, as well as to sections 4 and 5 of this PASI Statement.

Belfius IP is currently considering the following PAIs:

- A. Mandatory PAIs (Table I – Annex I Regulation 2022/1288)
  - 1. Climate and other environment-related indicators
    - a. Greenhouse gas emissions: 1. GHG emissions 2. Carbon footprint 3. GHG intensity of investee companies 4. Exposure to companies active in the fossil fuel sector 5. Share of non-renewable energy consumption and production 6. Energy consumption intensity per high impact climate sector
    - b. Biodiversity: 7. Activities negatively affecting biodiversity-sensitive areas
    - c. Water: 8. Emissions to water
    - d. Waste: 9. Hazardous waste and radioactive waste ratio
  - 2. Indicators for Social and Employee, respect for human Rights, anti-corruption and anti-bribery matters
    - 10. Violations of United Nations (UN) Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
    - 11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
    - 12. Unadjusted gender pay gap
    - 13. Board gender diversity
    - 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)
  - 3. Indicators applicable to investments in sovereigns and supranationals
    - 15. GHG intensity
    - 16. Investee countries subject to social violations
- B. Optional PAIs
  - 1. Climate and other environment-related indicators (Table II – Annex I Regulation 2022/1288)
    - a. Emissions: Investments in companies without carbon emission reduction initiatives (optional environmental indicator nr. 4)
  - 2. Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters (Table III – Annex I Regulation 2022/1288)
    - a. Lack of anti-corruption and anti-bribery policies (optional social indicator nr.15)

More details on these indicators and the way they are considered by Belfius IP are provided in the next section. As Belfius IP is not investing in direct real estate, it does not take into consideration the indicators applicable to investments in real estate assets (i.e. indicator 17. Exposure to fossil fuels through real estate assets and indicator 18. Exposure to energy-inefficient real estate assets). In its PASI statement of 30 June 2022, Belfius IP also had indicated that it would aim to take into consideration the following optional indicators: optional environmental indicator 6. 'Water usage and recycling as well as optional environmental indicator', 13. 'Non-recycled waste ratio and optional social indicator' 12. 'Operations and suppliers at significant risk of incidents of child labour'. To our regret, data to adequately follow up on these principal adverse impact indicators are lacking. As such Belfius IP is also unable to report on these indicators and has decided to no longer include these in the list of principal adverse impact indicators that are considered by the entity.

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

The list below provides details on the PAIs considered by Belfius IP, their metrics, values as well as the actions taken to consider them.

### A. TABLE 1

| Adverse sustainability indicator | Metric                | Impact 2022 | Impact 2021 | Explanation  | Actions taken, and actions planned and targets set for the next reference period   |
|----------------------------------|-----------------------|-------------|-------------|--|--|
| <b>Greenhouse Gas Emissions</b>  |                       |             |             |  |  |
| 1. GHG emissions                 | Scope 1 GHG emissions | 1 324 316   | n.a.        | absolute number in tonnes<br>% of Portfolio Covered: 56,3%<br>% of Portfolio Eligible: 77,93%                | <b>Exclusions</b><br>Belfius Investment Partners applies the Transition Acceleration Policy (TAP), Belfius's sustainability policy, to all of its direct investments and requires its delegated asset managers to follow the same guidelines. For investments in ETFs (Exchange Traded Funds) and Third Party Funds (funds managed by external asset managers) underlying Belfius fund of funds, regular screenings are done on compliance of the portfolios with the TAP.<br>In the TAP a number of controversial sectors and activities are identified for which Belfius applies an exclusion. These exclusions are aligned with the PAIs 1-6 and have the objective to decrease the overall exposure of our portfolios to GHG emissions. The implementation of TAP on all of our managed portfolios, which was achieved by 31/12/2022, also allows to decrease the overall exposure to companies active in the fossil fuel sector. Where the exclusions apply thresholds, we envisage lowering them over the coming years.<br>The controversial sectors and activities and the applied exclusions concern a.o. the following:<br><ul style="list-style-type: none"> <li>• Thermal coal extraction and unconventional oil and gas extraction</li> </ul> Coal and unconventional oil and gas extraction pose 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. |
|                                  | Scope 2 GHG emissions | 314 642     | n.a.        | absolute number in tonnes<br>% of Portfolio Covered: 56,3%<br>% of Portfolio Eligible: 77,93%                |  |
|                                  | Scope 3 GHG emissions | 4 292 531   | n.a.        | absolute number in tonnes<br>% of Portfolio Covered: 56,6%<br>% of Portfolio Eligible: 77,93%                |  |
|                                  | Total GHG emissions   | 5 931 843   | n.a.        | absolute number in tonnes<br>Scope 1,2,3<br>% of Portfolio Covered: 56,7%<br>% of Portfolio Eligible: 77,93% |  |

|  |   |        |      |   |   |
|--|---|--------|------|---|---|
| 2.<br>Carbon footprint   | Carbon footprint  | 435,04 | n.a. | Carbon Footprint Scope 1, 2 & 3 Tonnes Per EURm<br>% of Portfolio Covered: 56,7%<br>% of Portfolio Eligible: 77,93%   | <p>Companies deriving 10% or more of their revenues from thermal coal extraction or unconventional oil and gas extraction (shale gas, tar sands, arctic drilling) are excluded, as well as companies with expansion plans relating to these industries.</p> <ul style="list-style-type: none"> <li>Conventional oil and gas extraction</li> </ul> <p>Conventional oil and gas products are key in the transition to a low-carbon economy. They must however 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.</p> <p>All companies active in the conventional oil &amp; gas extraction sector will be excluded if the revenue they generate from natural gas or renewable energy sources is less than 40%.</p> <ul style="list-style-type: none"> <li>Electricity production</li> </ul> <p>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.</p> <p>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 and was set for 2022 at 393 gCO<sub>2</sub> / kWh.</p> <p>If 'carbon intensity' is not available, companies are excluded if:</p> <ul style="list-style-type: none"> <li>o 10% or more of their production is coal-based or</li> <li>o 30% or more of their production is based on oil or gas or</li> <li>o 30% or more of their production is based on nuclear source. However, new Belgian energy projects will be examined within the context of the Belgian energy mix, especially towards securing the energy supply for the Belgian population</li> </ul> <p>As of today we have no specific exclusions linked to energy consumption intensity, biodiversity, water and waste.</p> |
| 3.<br>GHG intensity of investee companies                      | GHG intensity of investee companies   | 772,66 | n.a. | PAI GHG Intensity Scope 1, 2 & 3 Average Value (tonnes CO <sub>2</sub> /million of revenues)<br>% of Portfolio Covered: 69,39%<br>% of Portfolio Eligible: 77,93% |   |
| 4.<br>Exposure to companies active in the fossil fuel sector   | Share of investments in companies active in the fossil fuel sector  | 2,23%  | n.a. | Fossil Fuel % of Portfolio Involved<br>% of Portfolio Covered: 74,04%<br>% of Portfolio Eligible: 77,93%  |   |
| 5.<br>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 | 63,15% | n.a. | % non-renewable energy consumption<br>% of Portfolio Covered: 46,21%<br>% of Portfolio Eligible: 77,93%   |   |
|  | 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  | 21,04% | n.a. | % non-renewable energy production<br>% of Portfolio Covered: 16,63%<br>% of Portfolio Eligible: 77,93%  |   |

|   |   |       |      |   |   |
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| 6.<br>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 | 5,20  | n.a. | GWh per million EUR of revenue<br>% of Portfolio Covered: 0,20%<br>% of Portfolio Eligible: 77,93%  | <b>Engagement &amp; proxy voting</b><br>In terms of engagement Belfius Investment Partners engages directly with investee companies it invests in through Belfius Equities Bel=Go. As the focus of Belfius Equities Bel=Go is more on social than environmental factors, engagement was done with all companies in the portfolio, but not specifically focused on climate-related subjects throughout 2022. In terms of proxy voting, there were no specific climate related resolutions on the agenda of the shareholder assemblies for the companies in the portfolio. For other Funds it manages, which are fund of funds, engagement takes place with the external asset managers that manage the underlying funds. Engagement with investee companies and proxy voting are done by the external asset managers themselves.<br>When fund management is delegated to an external asset management partner, Belfius IP requires the asset manager to undertake engagement activities on its behalf.<br>Candriam is our largest external partner and was responsible as such for the management of € bln 19.6 of assets under management at the end of 2022 (> 85% of total AuM in scope of this reporting). Candriam does the engagement and proxy voting for investee companies in the portfolios of these funds. Candriam monitors investee companies on relevant matters, including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance. Where Candriam considers that its influence could be useful, it conducts dialogues with investee companies, exercises voting rights and other rights attached to shares, cooperates with other shareholders, and communicates with relevant stakeholders of the investee companies.<br>Candriam engaged, primarily via collaborative initiatives, on behalf of Belfius IP with 1,611 companies in 2022, which covers 77% of all companies in the portfolios. The focus of these engagement initiatives was mainly on environmental topics (71% of the cases), either through collaborative engagement or through direct engagement. All in all, Candriam actively worked to reduce the impact of PAI 1-6 via its various types of engagement, for the assets managed for Belfius Investment Partners.<br>In terms of direct engagement, Candriam has worked on three specific campaigns :<br>- Net Zero : this engagement is destined to support the alignment of investee companies' activities to the 1.5° C limitation of global warming. Candriam has concentrated its efforts on the largest contributors in terms of GHG emissions in the portfolios (based on GHG intensity).<br>- Campaign Scope 4 (avoided emissions) : Candriam has contacted a number of |
|   | Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector NACE B | 12,04 | n.a. | GWh per million EUR of revenue<br>% of Portfolio Covered: 0,84%<br>% of Portfolio Eligible: 77,93%  |   |
|   | Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector NACE C | 8,29  | n.a. | GWh per million EUR of revenue<br>% of Portfolio Covered: 31,05%<br>% of Portfolio Eligible: 77,93% |   |
|   | Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector NACE D | 3,05  | n.a. | GWh per million EUR of revenue<br>% of Portfolio Covered: 1,98%<br>% of Portfolio Eligible: 77,93%  |   |
|   | Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector NACE E | 0,55  | n.a. | GWh per million EUR of revenue<br>% of Portfolio Covered: 0,40%<br>% of Portfolio Eligible: 77,93%  |   |

|   |       |      |  |  |
|---|-------|------|--|--|
| Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector NACE F | 19,83 | n.a. | GWh per million EUR of revenue<br>% of Portfolio Covered: 0,19%<br>% of Portfolio Eligible: 77,93% | investee companies in the Capital Goods sector that have developed methodologies to calculate their scope 4 emissions. The objective of this engagement was to better understand the calculation methodologies and next steps, as well as to discuss potential future evolution of the industry.<br>- Specific campaign for green bonds : objective of this engagement is to request more transparent, public and to the point information on the environmental indicators used to measure the performance of green bond-financed projects.  |
| Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector NACE G | 1,18  | n.a. | GWh per million EUR of revenue<br>% of Portfolio Covered: 1,59%<br>% of Portfolio Eligible: 77,93% | In terms of collaborative engagement CA 100+ (including the Paris Accounting initiatives) remains the initiative with the largest potential impact on investee companies. Next to CA100+ Candriam also subscribes to the CDP Climate and Science Based Target Campaigns to support enhanced transparency on GHG emissions.<br>In 2022, Candriam voted 14.620 proposals across 515 meetings for the range of funds managed on behalf of Belfius IP. 31,78% of all proposals were voted against management's recommendation. For climate-related subjects Candriam analyses all resolutions in line with its ESG methodology and has voted in majority for climate related shareholder resolutions and against most management supported Say-on-Climate proposals. More information on Candriam's engagement can be found in their engagement report, available on <a href="https://www.candriam.com/en/professional/SysSiteAssets/medias/publications/sri-publications---candriam-policies/engagement-report-2022.pdf">https://www.candriam.com/en/professional/SysSiteAssets/medias/publications/sri-publications---candriam-policies/engagement-report-2022.pdf</a> |
| Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector NACE H | 1,67  | n.a. | GWh per million EUR of revenue<br>% of Portfolio Covered: 0,58%<br>% of Portfolio Eligible: 77,93% | The second external asset manager to whom Belfius Investment Partners delegates the investment management for a part of its fund range is BlackRock Investment Management, that manages on behalf of Belfius IP € bln 0.7 of assets under management at end of 2022. The following data illustrate BlackRock's engagement statistics over the course of 2022 . BlackRock has engaged with 56% of the companies in the Belfius portfolios managed by them, of which 28% of engagements was on environmental topics, mostly linked to climate. BlackRock has voted on 96% of votable meetings (which represents 5298 meetings). No specific data on climate-related resolutions.   |
| Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector NACE L | 0,73  | n.a. | GWh per million EUR of revenue<br>% of Portfolio Covered: 2,16%<br>% of Portfolio Eligible: 77,93% | <b>Monitoring</b><br>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.  |



| Biodiversity   |  |       |      |  | <u>Exclusions</u><br>As of today we have no specific exclusions linked to biodiversity, water and waste.<br><br><u>Engagement &amp; proxy voting</u><br>In 2022 Candriam has taken part in a number of (mostly) collaborative engagement initiatives linked to biodiversity and water, such as the Investor Mining & Tailings initiative, the Marine Microplastic Pollution, the Plastic Solutions Investor Alliance and the Biodiversity initiative launched by FAIRR.<br><br>In terms of voting there were no specific resolutions votable linked to PAIs 7, 8 and/or 9 in Belfius IP's portfolio.<br><br><u>Monitoring</u><br>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. At this moment the data availability and the quality of data is still sub-optimal for the effective follow-up and action plans that can be linked effectively to these PAIs. |
|--|--|-------|------|--|--|
| 7.<br>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 | 4,70% | n.a. | % of investments<br>% of Portfolio Covered: 74,06%<br>% of Portfolio Eligible: 77,93%                  |  |
| Water  |  |       |      |  |  |
| 8.<br>Emissions to water   | Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average   | 2,00  | n.a. | Emissions To Water Tonnes Per EURm<br>% of Portfolio Covered: 8,77%<br>% of Portfolio Eligible: 77,93% |  |
| Waste  |  |       |      |  |  |
| 9.<br>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  | 5,65  | n.a. | Hazardous Waste Tonnes Per EURm<br>% of Portfolio Covered: 31,91%<br>% of Portfolio Eligible: 77,93%   |  |

| Adverse sustainability indicator   | Metric   | Impact 2022 | Impact 2021 | Explanation   | Actions taken, and actions planned and targets set for the next reference period  |
|--|--|-------------|-------------|---|---|
| <b>Social and Employee Matters</b>   |  |             |             |   |   |
| 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 | 0,11%       | n.a.        | % of investments<br>% of Portfolio Covered: 74,06%<br>% of Portfolio Eligible: 77,93% | <p><b>Exclusions</b></p> <p>Belfius Investment Partners applies the Transition Acceleration Policy (TAP), Belfius's sustainability policy, to all of its direct investments and requires its delegated asset managers to follow the same guidelines. For investments in ETFs (Exchange Traded Funds) and Third Party Funds (funds managed by external asset managers) underlying Belfius fund of funds, regular screenings are done on compliance of the portfolios with the TAP.</p> <p>The TAP states that :</p> <p>Belfius will not support companies that systematically or seriously violate one or more of the UN Global Compact principles. Corporate sustainability starts with a company's value system and a principles-based approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, the environment and anticorruption. Companies that do not respect these basic principles, will not be supported by Belfius.</p> <p>The severity of the violation and the structural character of the involvement will be taken into account in any necessary engagement process towards the company.</p> <p>To determine which companies to exclude Belfius Investment Partners relies on data from by Sustainalytics.</p> |

|  |  |        |      |   |   |
|--|--|--------|------|---|---|
| 11.<br>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 | 44,00% | n.a. | % of investments<br>% of Portfolio Covered: 70,05%<br>% of Portfolio Eligible: 77,93% | <p>As there are differences in interpretation between different data providers on this subject, and not all of the external asset managers we work with apply the same data, there might still be a small number of non-compliant names in Fund of Funds or ETFs we use in our investment solutions. In these cases, we engage with the external asset managers and request them to take the company out. In 2022 we successfully engaged with some of our external managers (such as Candriam) on a number of companies not deemed in line with UN Global Compact, which were subsequently removed from our portfolios.</p> <p><b>Engagement &amp; Proxy voting</b></p> <p>For direct investments in investee companies, we ask all companies in our portfolios to put in place the necessary processes and procedures in order to respect the 10 UN Global Compact Principles.</p> <p>For our indirect investments, either via delegated asset managers or via ETFs and third party funds, we engage with our asset managers on both the respect of the UNGC principles as the request for investee companies to put the necessary processes in place if not yet achieved.</p> <p>To determine which companies to exclude Belfius Investment Partners relies on data from by Sustainalytics. As there are differences in interpretation between different data providers on this subject, and not all of the external asset managers we work with apply the same data, there might still be a small number of non-compliant names in Fund of Funds or ETFs we use in our investment solutions. In these cases, we engage with the external asset managers and request them to take the company out. In 2022 we successfully engaged with some of our external managers (such as Candriam) on a number of companies not deemed in line with UN Global Compact, which were subsequently removed from our portfolios.</p> <p><b>Monitoring</b></p> <p>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.</p> <p>We also screen all of our portfolios on the respect of international norms and standards, amongst which the UN Global Compact and OECD guidelines for Multinational enterprises as part of our sustainable investment-methodology and as part of the good governance principle to be respected for investments that promote Environmental and Social characteristics as defined by SFDR.</p> |
|--|--|--------|------|---|---|

|  |  |        |      |  |  |
|--|--|--------|------|--|--|
| 12.<br>Unadjusted<br>gender pay<br>gap | Average unadjusted<br>gender pay gap of<br>investee companies  | 17,56% | n.a. | difference between average gross<br>hourly earnings of male paid employees<br>and of female paid employees as a<br>percentage of average gross hourly<br>earnings of male paid employees<br>% of Portfolio Covered: 2,57%<br>% of Portfolio Eligible: 77,93% | <p><b>Engagement &amp; proxy voting</b></p> <p>For portfolios managed directly by Belfius Investment Partners in investee companies PAIs 12 and 13 are a focus for engagement. Transparent remuneration policies, equal pay and clear performance-linked remuneration are focus areas. We engage with the companies in our portfolio directly based on a yearly survey as to the investee companies' practices and request disclosure or adaptation where required.</p> <p>In our proxy voting activities for portfolios where we invest directly in companies, we pay a lot of attention to remuneration practices as well as board gender diversity. In case these are not up to standard, we have voted against the remuneration policies, against board of director discharge and board member nominations. Our external asset manager partners also pay close attention to these topics and have regularly voted against management on remuneration policies, reports and Board structure-related topics.</p> <p>For our invested assets which we have delegated to our external partners, PAIs 12 and 13 are both considered as being part of the good governance practices we and our partners expect from investee companies.</p> <p><b>Monitoring</b></p> <p>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.</p> |
| 13.<br>Board<br>gender<br>diversity    | Average ratio of<br>female to male board<br>members in investee<br>companies, expressed<br>as a percentage of all<br>board members | 35,11% | n.a. | % of female board members in total<br>% of Portfolio Covered: 67,83%<br>% of Portfolio Eligible: 77,93%  |  |

|   |  |    |      |   |   |
|---|--|----|------|---|---|
| 14.<br>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% | n.a. | % of investments<br>% of Portfolio Covered: 74,06%<br>% of Portfolio Eligible: 77,95% | <p><b>Exclusions</b></p> <p>Belfius Investment Partners applies the Transition Acceleration Policy (TAP), Belfius's sustainability policy, to all of its direct investments and requires its delegated asset managers to follow the same guidelines. For investments in ETFs (Exchange Traded Funds) and Third Party Funds (funds managed by external asset managers) underlying Belfius fund of funds, regular screenings are done on compliance of the portfolios with the TAP.</p> <p>Companies active in controversial or unconventional weapons are excluded. We consider the following weapons as controversial : cluster munitions, anti-personnel mines, biological weapons, chemical weapons, depleted uranium, nuclear weapons.</p> <p>To identify companies we wish to exclude we use both data from ISS Ethix and Sustainalytics.</p> <p>We apply the TAP to our entire investment portfolio.</p> <p><b>Engagement</b></p> <p>As we do not allow investments in controversial weapons, involved companies cannot be selected by our fund management teams directly, nor by the external asset managers to whom we delegate part of our portfolios or from whom we have selected ETFs or third party funds to invest in.</p> <p>Whenever an investee company is detected after screening in a portfolio not managed by Belfius IP itself, engagement is started with the external asset manager immediately. If the company is not removed from the portfolio in a period of three months after the engagement, the ETF or Third Party Fund will be disinvested.</p> <p><b>Monitoring</b></p> <p>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. Before selecting a new investment, PAI 14 is verified. If the investment is not fully in line, it is not withheld.</p> |
|---|--|----|------|---|---|

## Indicators applicable to investments in sovereigns and supranationals

| Adverse sustainability indicator                       | Metric   | Impact 2022 | Impact 2021 | Explanation   | Actions taken, and actions planned and targets set for the next reference period   |
|--|--|-------------|-------------|---|--|
| <b>Environmental</b>                                   |  |             |             |   |  |
| 15.<br>GHG intensity                                   | GHG intensity of investee countries  | 0,20        | n.a.        | GHG intensity of sovereigns (definition: please refer to Annex 1 of SFDR RTS)<br>% of Portfolio Covered: 9,05%<br>% of Portfolio Eligible: 11,02% | <p>There is still a lack of reliable data on this PAI which makes it very difficult to structurally take this into account. Belfius IP currently does not manage direct exposure in sovereign issuers and only invests through ETFs, Third Party Funds or investment management delegation.</p> <p>Our largest external partner, Candriam, has created a proprietary ESG methodology for sovereign issuers that allows them make an estimation on the GHG intensity. A high GHG intensity and low potential for decarbonization create a decrease of the ESG rating (Candriam's proprietary model for sovereigns) and thereby mechanically decreases its portfolio exposure to low rated sovereigns.</p> <p><b>Monitoring</b><br/>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. For this PAI in particular data is however limited.</p> |
| <b>Social</b>  |  |             |             |   |  |
| 16.<br>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 | 1           | n.a.        | Number of Investee Countries With Violations  | <p><b>Exclusions</b><br/>As part of its Sustainability Approach Belfius Investment Partners has identified a list of countries it does not wish to invest in (Country Watch List). This list of countries is based on several criteria, such as whether or not a country is considered to be subject to social violations. Government bonds issued by these countries are not allowed in the portfolios. An exception has been made for Ukrainian Government Bonds.</p> <p><b>Monitoring</b><br/>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.</p>  |

### Indicators applicable to investments in real estate assets

| Adverse sustainability indicator                           | Metric   | Impact 2022 | Impact 2021 | Explanation    | Actions taken, and actions planned and targets set for the next reference period |
|--|--|-------------|-------------|----------------|--|
| <b>Fossil Fuels</b>  |  |             |             |                |  |
| 17.<br>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 | n.a.        | n.a.        | not applicable | Belfius Investment Partners is not invested in direct real estate                |
| <b>Energy Efficiency</b>                                   |  |             |             |                |  |
| 18.<br>Exposure to energy-inefficient real estate assets   | Share of investments in energy-inefficient real estate assets  | n.a.        | n.a.        | not applicable | Belfius Investment Partners is not invested in direct real estate                |

### 3. OTHER INDICATORS FOR PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

3.1. Information on one or more additional climate and other environment-related indicators.

As indicated in the summary, we take into account optional environmental indicator 4 “Emissions: Investments in companies without carbon emission reduction initiatives”. Details are set out in table 2.

3.2. Information on one or more additional indicators for social and employee matters, respect for human rights, anti- corruption and anti-bribery matters,

As indicated in the summary, we take into account optional social indicator 15 “Lack of anti-corruption and anti-bribery policies”. Details are set out in table 3.

3.3. information on any other indicators used to identify and assess additional principal adverse impacts on a sustainability factor.

Not applicable. No additional indicator is used.



## B. TABLE 2

| Adverse sustainability indicator  | Metric  | Impact 2022 | Impact 2021 | Explanation  | Actions taken, and actions planned and targets set for the next reference period   |
|---|---|-------------|-------------|--|--|
| <b>Emissions</b>  |   |             |             |  |  |
| 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 | 29,36%      | n.a.        | % of companies in portfolio Lacking Carbon Reduction Policy<br>% of Portfolio Covered: 69,95%<br>% of Portfolio Eligible: 77,93% | <p><b>Engagement &amp; proxy voting</b></p> <p>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 forward.</p> <p><b>Monitoring</b></p> <p>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.</p> |

C. TABLE 3

| Adverse sustainability indicator                      | Metric   | Impact 2022 | Impact 2021 | Explanation   | Actions taken, and actions planned and targets set for the next reference period   |
|---|--|-------------|-------------|---|--|
| <b>Anti-corruption and anti-bribery</b>               |  |             |             |   |  |
| 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 | 0,69%       | n.a.        | % of investments<br>% of Portfolio Covered: 73,87%<br>% of Portfolio Eligible: 74,06% | <b>Engagement &amp; proxy voting</b><br>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.<br><b>Monitoring</b><br>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. |

The data has been sourced from Morningstar which calculates PAI values and coverage rates, based on the fund's holdings and PAI data provided by Sustainalytics. The yearly average values reported below reflect the average of the holdings as of March, June, September and December multiplied by the PAI values as of 31 December 2022.

% of portfolio covered: The proportion of the portfolio that is held in securities for which the underlying data is available for the calculation.

% of portfolio eligible: The proportion of the portfolio that is held in securities the PAI in question is relevant to.

Note: Morningstar calculates portfolio weights based on the proportion of a portfolio a holding represents once any fund holdings have been "looked through." The weights are based on the market value of the securities. For the EU principal adverse impact calculations, some additional steps are taken to calculate the final portfolio weight:

1. Any securities that have both long and short positions will be "netted out"—that is, the short position weight will be subtracted from the long position weight.
2. Any remaining short positions will be removed.
3. Any currency offsets will be removed.
4. The portfolio weight will then be recalculated on the netted-out long positions only.

The portfolio following these amendments is referred to as the adjusted portfolio.

The definition for % of portfolio covered thus becomes: The proportion of the adjusted portfolio that is held in securities for which the underlying data is available for the calculation.

The definition for % of portfolio eligible thus becomes: The proportion of the portfolio that is held in securities the PAI in question is relevant to.

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

Our ambition is to create long-term and sustainable value and be meaningful and inspiring for the Belgian society in a credible manner. An important part of this is the reduction of the negative impact of our investments by using our influence as an investor to change the conduct of the companies and countries we invest in, or else discontinuing or limiting our investments in non-sustainable activities. We have identified a range of PAIs that are considered in different ways across our financial products.

These PAIs have been identified by considering relevant laws (such as the Law Mahoux, relating to various types of controversial weapons), international sustainable business standards (such as the UNs Global Compact principles, and the OECD Guidelines for Multinational Enterprises), international best practices, inputs obtained from experts and dialogues with our stakeholders. In addition, Belfius' strategy is an important factor in defining the adverse impacts that we try to mitigate.

While all identified PAIs should be considered consistently and rigorously, we prioritise adverse impacts related to violations of the UNGC principles, investee countries subject to social violations, exposure to controversial weapons, climate change (especially GHG emissions), and board gender diversity. The way these are prioritised can differ between financial products, depending on the specific nature (such as asset class, or type of investment instruments that are used) and investment objectives of the financial product. Overall, the prioritization of certain adverse impacts over others is guided by our ESG policies, and notably the TAP, with the adverse impacts being considered the most severe being subject to the strictest exclusion measures applied over all of our portfolios

For the funds we manage ourselves, Belfius IP considers PAIs in a manner that is in line with the specific nature and investment objectives of the financial product. Belfius IP applies a policy that excludes or limits exposure to controversial activities for the funds we manage. Details on this Belfius policy, the controversial activities we exclude, and the thresholds we apply can be found in our Transition Acceleration Policy (TAP)<sup>1</sup>.

When investing directly in individual securities for our managed funds, Belfius IP also practices active ownership. Since early 2022, we engage directly with investee companies on a number of sustainability topics and vote at General Assemblies (proxy voting).

In addition, when selecting ETFs/funds or delegating the management of a fund to an external manager, we carry out a due diligence process. Throughout the due diligence process, we review the capabilities, policies, and approach of our external managers in relation to responsible investment. We assess the external managers' Environmental, Social and Governance (ESG) policy and governance, ESG integration approach, exclusion policy, as well as the way the managers integrate PAIs in their investment process.

Moreover, we verify to what extent the exclusion policy of the external managers is coherent with Belfius IP's own exclusion policy, as we feel the latter is an important tool to help mitigate a significant

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<sup>1</sup> For further information, please refer to our Transition Acceleration policy at <https://www.belfius.be/about-us/dam/corporate/corporate-social-responsibility/documents/policies-and-charters/en/TAP-Policy-EN.pdf>

number of negative PAIs. We are constantly working on further improving and expanding this due diligence process in order to better address our evolving requirements related to the way our external managers are considering PAIs.

We expect our external managers to consider PAIs in a manner that is in line with the specific nature and investment objectives of the financial product. Specifically, we expect that a clear link exists between the choice of methods to address PAIs (such as exclusion, engagement, and proxy voting) and the mitigation that we want to achieve. As a result, we have structural due diligence, monitoring, and reporting mechanisms in place regarding the adverse impacts that are binding elements of the financial product. As part of our own due diligence and monitoring of external managers, we review the periodic reporting of the external managers for each financial product and regularly review holdings of the financial products to ensure consistency between the commitments and results.

We currently note a lack of reliable and uniform data on the adverse impacts on sustainability factors of our investee companies. Discrepancies and gaps in the data sets used by ourselves and our external fund managers may limit the effectiveness of ESG screening, exclusion and engagement initiatives. Instead of being able to rely on publicly reported data, we currently resort to obtaining the necessary information on a best effort basis.

For the monitoring of the principal adverse impact indicators. Belfius IP uses the following data sources:

- for individual securities: PAI data from Sustainalytics;
- for funds:
  - PAI data from Morningstar, calculated by Morningstar using Sustainalytics input data and data on the funds' holdings. (preferred data source);
  - PAI data provided by the external managers of the fund (where applicable and available);

In addition to the metric linked to each considered PAI indicator, we disclose the percentage of the portfolio for which we acquired the necessary data ("coverage ratio"), as well as the proportion of the portfolio to which a PAI indicator applies ("eligibility ratio").

Day to day monitoring of the principle adverse impact indicators is performed by Belfius IP's Responsible Investment Team, but ultimate responsibility for adherence to our policies lies with Belfius IP's management committee. Belfius IP's Proxy Voting Committee takes ownership of the voting process for all direct investments through Belfius IP managed funds and uses Glass Lewis as research provider to support the voting process.

Please refer to our Responsible Investment Policy at <https://www.belfius.be/belfiusam-fr-esg> or <https://www.belfius.be/belfiusam-nl-esg> for further information.

Date of approval of Belfius IP's policies relevant to the identification and prioritisation of principal adverse impact indicators:

| Policy                         | Approval date of latest version |
|--------------------------------|---------------------------------|
| Transition acceleration policy | 12/2022                         |
| Responsible Investment Policy  | 06/2021                         |
| Engagement Policy              | 06/2021                         |
| Proxy Voting Policy            | 12/2022                         |

#### Belfius' Transition Acceleration Policy (TAP)

With this policy Belfius wants to encourage and support businesses in their shift towards more sustainable activities. While supporting transition, Belfius also intends, by means of the TAP, to reduce the negative impact of its activities by discontinuing or limiting its support of non-sustainable activities. The policy is based on the 10 Principles of the UN Global Compact and includes restrictions on sensitive sectors and business areas, more specifically tobacco, gambling, weapons, fossil fuels, mining, palm oil, soy and agricultural commodities.

#### Responsible Investment Policy

The aim of the Responsible Investment Policy (hereafter: RI policy) is to provide a framework for the set-up, governance, and execution of Responsible Investment within Belfius Investment Partners. The policy details its scope and governance and describes Belfius IP's general approach to responsible investing (RI), its various RI methods and the RI requirements, as well as its sustainability risk management.

#### Engagement Policy

The Belfius Investment Partners Engagement policy describes our approach to engagement and voting, which is also referred to as active ownership. This Policy is a sub-policy of the Belfius Investment Partners Responsible Investment Policy.

#### Proxy Voting Policy

The Proxy Voting Policy describes the general principles Belfius IP uses when voting at the General Assembly of investee companies for which one of our funds is a direct shareholder.

#### Discretionary Portfolio Management Activities

For our discretionary portfolio management activities, we have started to structurally consider PAIs from the start of 2023 onwards for all mandates, but already did so before for our Tailor-made ESG-mandates, which promote environmental and social characteristics. For more information on the discretionary portfolio management activities policies please refer to the website disclosures at [Verklaring over de "belangrijkste ongunstige effecten" op de duurzaamheidsfactoren - Belfius](#) or [Déclaration relative aux «Principales incidences négatives» sur les facteurs de durabilité - Belfius](#)

## 5. ENGAGEMENT POLICIES

We fully recognize the role we have as an investor and our ability to use the capital we invest on behalf of our clients to not only generate financial returns, but to also create beneficial change. We put this commitment into practice through our Engagement Policy, as well as our TAP and Responsible Investment Policy. Given our investment set-up, our engagement is primarily aimed at engaging with our external managers, in order to ensure that they operate in line with our requirements and expectations related to responsible investment and investment stewardship.

We expect our external managers to structurally engage with investee companies in relation to sustainability aspects that may be material to the financial value of the investment, as well as to identified PAIs (where possible and feasible, in line with the nature of the investments, such as asset class, or type of investment instrument, and the investment style, investment strategy, and

investment objectives of the financial product). We also expect them to periodically report on their engagement activities and results. In addition, for financial products that invest in listed equities, we expect that the external managers will use their voting rights to vote at shareholder meetings.

We also engage with our external managers to ensure that the PAIs are or will be structurally considered in our financial products, in line with the type of financial product. Where needed, we give the external managers a grace period of up to 12 months to meet our requirements. In addition, we actively work with them on formally including more binding environmental and social characteristics in their financial products, as well as to further expand and improve their stewardship activities and transparency. Our engagement in this regard is a.o. focused on the principles enshrined in our TAP and the exclusions listed therein, which aim to eliminate the adverse impacts of PAI 4, 10 and 14 and limit the adverse impacts of a range of other PAIs, as described in the “actions taken” column of Tables 1, 2 and 3. In addition, our engagement is targeted on the minimum exclusions listed in our Responsible Investment Policy.

Please refer to the Belfius Investment Partners Engagement Policy at <https://www.belfius.be/belfiusam-fr-esg> or <https://www.belfius.be/belfiusam-nl-esg> for further information about our engagement approach.

## 6. REFERENCES TO INTERNATIONAL STANDARDS

As part of our investment approach in general, as well as specifically in relation to the mitigation of adverse impacts, Belfius IP considers various national and international standards and codes. We expect our external managers to apply these standards - or equivalent standards, as relevant - in their investment decision making, engagement and proxy voting activities.

Furthermore, we are a signatory of the UN-supported Principles for Responsible Investment (PRI)<sup>2</sup>. The PRI is the world’s leading proponent of responsible investment. The PRI helps its international network of investor signatories to understand the investment implications of Environmental, Social and Governance (ESG) factors, and to integrate those factors into their decisions related to investment and active ownership.

## 7. HISTORICAL COMPARISON

Not applicable. No data on the year prior to 2022 are available.

***This information was published on June 30, 2023 and may be updated or adapted to take into account future regulatory requirements directly or indirectly related to the implementation of the SFDR and the RTS resulting from related European or national regulations.***

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<sup>2</sup> For further information about the PRI, please see [www.unpri.org](http://www.unpri.org).