

BELINS LTD. MAIN FUND Br21 – Art.8

26/12/2022

**Disclosures
pursuant
To article 10
of EU Regulation
2019/2088 on
*Sustainability-
Related Disclosure
in the Financial
Services Sector
(SFDR)***

2022

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Summary

Scope of application of this disclosure

This document presents the disclosures required by Article 10 of the Sustainable Finance Disclosure Regulation (SFDR). It applies to the Article 8 products related to the Belins Main Fund.

The investments made by Belins to achieve the returns are managed globally in one large fund or Main Fund across different products (pension and life insurance, tax and non-tax insurance, etc.). These investments follow one common strategy, which is liabilities driven (as we need to intervene for our clients when they face life hazards), and aims at promoting environmental and social characteristics (= Article 8 products).

For a detailed view of these product-specific elements, please refer to the dedicated webpages that are accessible via DVV's website.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have sustainable goals as their objective.

Environmental and social characteristics of the financial product

The investments made by Belins are managed globally in one large fund, called the Main Fund, across different products (pension and life insurance, tax and non-tax insurance, etc.). In Belins, Main Fund, the assets we invest is allocated in different classes: real estate, mortgage, equities, fixed incomes and other funds.

Those Article 8 products covered by this disclosure aim at promoting environmental and social characteristics. All these Article 8 products seek to invest a minimum proportion of 10% of their assets in sustainable investments.

From November 1st, 2022, the Belfius Transition Acceleration Policy (TAP) has replaced the Portfolio 21 framework used since 2006. The Belins Main Fund aims at being 100% compliant with the TAP since December 31st, 2022.

The Belfius TAP promotes environmental and social characteristics o.a.:

- By requiring for all our investment that investees respect the 10 UN Global Compact Principles to operate in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labor,

environment and anti-corruption, without any social or environmental controversies.

- By excluding environmentally or socially harmful activities such as tobacco, gambling, coal and lignite mining, unconventional oil and gas extraction, speculative activities related to agricultural commodities;

Investment strategy

In order to meet the environmental or social characteristics, Belins's Article 8 products use an investment strategy that is liability-driven. The main objective is to meet the contractual liabilities towards policyholders.

To achieve this, the investment strategy employs a disciplined and comprehensive ESG framework. This strategy aims at reducing ESG risks as well as PAIs and at assessing the contribution of issuers to sustainability-related goals. Therefore, a due diligence before each investment is operated taking into consideration the different financial (annual report) and non-financial information (governance policies such as remuneration, human rights, anti-money laundering, exposure to controversies, etc..)

Belins's commitments generally relate to issues in one of the main focus areas identified in the Belins ESG strategy

- Environment (a.o. Green House Gas emission, GHG Intensity)
- Labour standards (a.o. Board Diversity, Remuneration Gap, violation of UN Global compact, severe injuries to employees)
- Quality corporate governance

Proportion of investments in ESG vs non-ESG assets

Based on the different type of products and asset class, we define dedicated criteria to define if they contribute to environment or social characteristics

For **Corporates**, they contribute by being the best in class in one or more of the following Principal Adverse Impacts:

- **Environmental:** Green House Gas Emission, Exposure active in the fossil fuel sector, emission of air pollutants, water consumption, Hazardous waste ration, non-recycle waste generation, energy consumption intensity
- **Social:** Gender Pay Out Gap ratio

We exclude them if they are not compliant to the Belfius Transition Acceleration Policy, with one of the UN Global Compact principles or if they are part of the worst in their industry or sector in at least one of the PAI mentioned above. In other words, they may significantly harm Environmental or Social Objectives

Investment in funds is considered if they are classified as at least Art 8 SFDR funds and if they fully comply to the Belfius Transition Acceleration Policy. **Mortgage and Real Estate** are considered from environmental characteristics.

Sovereigns and cash products are considered as not contributing to environmental or social characteristics. Nonetheless, we exclude investment in countries that are considered as not respecting the human rights or presenting Money Laundering issues.

Monitoring of environmental or social characteristics

The continued monitoring of our Environmental or Social investments is crucial, and is ensured by:

- the daily diligence of the Belfius Investment Team catching different information,
- a dedicated monitoring system reassessing the Investment Portfolio at least each year based on the data available (towards Belfius Transition Policy for instance) and recalculating the proportion of Environmental or Social Investment
- a dedicated governance ensuring the periodic assessment of the data, the methodology and the results obtained through a.o the Sustainable Investment Desk and Belins Assets & Liabilities Committee

Methodologies

The methodology used takes into consideration inclusion criteria **based on centrally available data** to determine if the investment answers adequately to the environmental or social objectives. Those criteria's are based on environmental Principal Adverse Impact such as Green House Gas Emission intensity, emission of air pollutants, water consumption, hazardous waste ratio, non-recycle waste generation or energy consumption Intensity (forestry, fishing, real estate, electricity gas steam air conditioning) or excessive payout ratio.

If an investee company contributed positively to one of the indicator (by being one of the best in class) at least and without harming significantly another (worst in class, breach with UN Global compact, too high work related accident ratio, breach with the Belfius Transition Acceleration Policy, ...), it is considered as promoting environmental or social characteristics.

Following the Principal Adverse Impact it positively impact it will be considered as a social or environmental investment. It should be acknowledged that an investment may impact both, i.e. social and environmental

Data sources and processing

The main data come from Sustainalytics. Other data provider may be used to check the reliability of the data provided and mitigate the risk of erroneous assessment on the social or environmental characteristics of a company. Coherency checks are also embedded to limit the risk of errors

Limitation to methodologies and data

Limitations to methodologies and data are mainly due to the fact that only one data provider is used, that the process is partially manual, that data available from our data provider cover only a part of our investment portfolio and a limited number of Principal Adverse Impacts (necessary for the methodology defined).

Nevertheless, we defined controls and a dedicated governance to limit the risk of errors.

Due diligence

A due diligence is operated before each investment based on available financial and non-financial information by the Investment team considering environmental characteristics (e.g. Green House Gas intensity, Water Waste) and social characteristics (e.g. Gender representation at Board level, Labor representation). A dedicated governance is also in place to support and challenge the due diligence performed.

Engagement policies

Belins is focused on operating change where poor ESG practices place our investment at risk. Concretely, dialogue with investee companies is operated when voting at AGM's mainly via our representative in the Board of directors of the investee company and on subjects that are important to us. All principles are defined in a dedicated engagement Policy. Besides, different policies defined by Belins Board of Directors are also essential and support our daily engagement towards our investees (e.g. Human Right Policy, Anti Money Laundering, Anti bribery, etc..)

No designated reference benchmark

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

Article 8 products directly related to the Belins Main Fund, which has been built as of 2006, aim to promote social and environmental characteristics. It applied a series of exclusion criteria based on compliance with authoritative international norms and standards such as the International Labor Organization (ILO) (promoting social norms) and the Government Pension Fund of Norway (promoting environmental norms).

From November 1st, 2022, the Belfius Transition Acceleration Policy (TAP) has replaced the framework used since 2006. The Belins Main Fund aims at being 100% compliant with the TAP since December 31st, 2022.

The Transition Acceleration Position has been inspired and promotes:

- The 10 UN Global Compact Principles requiring from all our investment that investees respect to operate in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labor, environment and anti-corruption.

The TAP also promotes environmental and social characteristics:

- By excluding environmentally or socially harmful activities such as tobacco, gambling, coal and lignite mining, unconventional oil and gas extraction, speculative activities related to agricultural commodities;
- For other sectors (conventional oil and gas extraction, electricity production, nuclear energy), specific criteria determine which activities we exclude and which we do want to support towards a sustainable economic transition
- For yet other sectors (mining of ores and minerals, palm oil and soy cultivation), conditions are imposed that relate to the sustainability policy of companies. This normative filter must guarantee that a company respects the basic rights of workers, local residents, their living environment and livelihood, and the environment

Investment strategy

Our investment strategy is liability-driven. The main objective is to meet our contractual liabilities towards policyholders. Our investment approach is a buy and hold strategy, focused on fixed income assets. Belins aims at maximizing the investment returns for a given Risk Appetite and to achieve the Strategic Plan objectives.

Furthermore, Belins's Investment team is committed to systematically integrate ESG criteria at the heart of its investment decisions alongside the financial health of companies in which they decide to invest. Being meaningful & inspiring is the guiding principle in everything we do. In this way, we can create a sustainable and transparent environment for the Belgian economy and society as a whole.

Creating long-term value for our beneficiaries and the community in a responsible manner requires important decisions about what we choose to do or not. For that reason, a due diligence before each investment is operated taking into consideration the different financial (annual report) and non-financial information (governance policies such as remuneration, human rights, anti-money laundering, exposure to controversies, etc..)

Belins's commitments generally relate to issues in one of the main focus areas identified in the Belins ESG strategy

- Environment (a.o. Green House Gas emission, GHG Intensity)
- Labour standards (a.o. Board Diversity, Remuneration Gap, violation of UN Global compact, severe injuries to employees)
- Quality corporate governance

Therefore, Belfius Group has implemented an internal ESG policy called Belfius Transition Acceleration Policy (TAP) through which we carefully apply restrictions on specific sectors and activities that we consider not to be in line with our ESG principles.

Regarding the latter, we refer to the content of the "Belfius in the Community" section available on our [corporate website](#).

Proportion of investments in ESG vs non-ESG assets

For **Corporates**, we determine an issuer's compliance with the characteristics of a "sustainable investment" if they contribute by being the best in class in one or more of the following Principal Adverse Impacts:

- **Environmental:** Green House Gas Emission, Exposure active in the fossil fuel sector, emission of air pollutants, water consumption, Hazardous waste ration, non-recycle waste generation, energy consumption intensity
- **Social:** Gender Pay Out Gap ratio

We exclude them if they are not compliant to the Belfius Transition Acceleration Policy, if they are in breach with one of the UN Global Compact principles or if they are part of the worst in their industry or sector in at least one of the PAI mentioned above. In other words, they may significantly harm Environmental or Social Objectives

For **Funds**, we expect them to be classified as Art 8 or Art 9 and to comply with the Belfius Transition Acceleration Policy as sent through a dedicated side letter.

For **Real Estate**, we need to contribute to a social objective (care of elderly people) or to environmental objective as being energy efficient. For the **mortgage** portfolio, they need to contribute to environmental objective as being energy efficient (less than 150 kw/m²/year following the EPC certificate)

Other assets are considered as not compliant with characteristics of sustainable investment. Nevertheless, they are essential for the prudential management of Belins Main Fund:

For **Sovereigns**, they are not considered as contributing to any environmental or social objectives due to a lack of data. Nevertheless, Belfius Group has defined an exclusion list of countries presenting severe ESG risks (e.g. human rights). We also have cash positions required

Besides, we have cash positions essential for the liquidity management

Monitoring of environmental or social characteristics

The continued monitoring of environmental and social characteristics is crucial.

First, the investment team is responsible to identify changes through the information gathered on the investee and changes that may occur that may impact the environmental or social characteristics of the investee.

Second, we operate at least once a year a monitoring to recalculate the proportion of sustainable investment as new data will be available and as the Main Fund investment may have changed for the following Principle Adverse Impact:

- **Environmental:** Green House Gas Emission, Exposure active in the fossil fuel sector, emission of air pollutants, water consumption, Hazardous waste ration, non-recycle waste generation, energy consumption intensity
- **Social:** Gender Pay Out Gap ratio

Third, we operate at the same time a monitoring on the alignment of the Belins Main Fund with the Transition Acceleration Policy (TAP)

By January 1st 2023, the Belins investment portfolio will comply 100% with the TAP. In other words, Belfius group 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 group.

Belfius group also defined exclusion criteria for some sensitive or controversial sectors:

- For the tobacco sector
 - All companies deriving revenues from tobacco production will be excluded;
 - All companies deriving 10% or more of their revenue from the wholesale trading of tobacco will be excluded.

- For the gambling sector
 - All companies deriving 10% or more of their total revenues from ownership or operation of gambling-related business activities are excluded.
- For the weapon sector
 - Companies active in controversial or unconventional weapons are excluded;
 - Companies deriving more than 10% of their total revenues from activities related to conventional weapons are excluded.
- For the energy sector
 - 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;
 - All companies active in the conventional oil & gas extraction sector will be excluded if the revenue they generate from natural gas or renewable energy sources is less than 40%.
- For the electricity production
 - It is necessary that the 'carbon intensity' (expressed in gCO₂/kWh) of these companies be below a certain threshold (Paris Agreement). This threshold is progressively decreasing and is currently set at 393 gCO₂ / kWh.
 - If 'carbon intensity' is not available, companies are excluded if:
 - 10% or more of their production is coal-based or
 - 30% or more of their production is based on oil or gas or
 - 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.
- For nuclear plants
 - Belfius group will not directly finance or insure the construction or maintenance of nuclear power plants outside of the EU.

- For mining
 - Mining companies are excluded unless they have an adequate policy to control and limit their adverse impact on the environment, people living and/or working in the mining areas, ecosystems, climate and governance risks. Their policy should be based on the United Nations Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines on Multinational Enterprises. '3TG' companies must respect the EU Conflict Minerals Regulation, which entered into force on 01/01/2021.
- For palm oil
 - Belfius group is only prepared to finance/insure activities in this sector on condition that the principles and criteria of the Roundtable on Sustainable Palm Oil (RSPO) are respected
- For soy
 - Belfius group is only prepared to finance/insure activities in this sector on the condition that principles and criteria of the Roundtable on Responsible Soy (RTRS) are respected.
- For agricultural commodities
 - Belfius group excludes agricultural commodity derivatives in their portfolio that involve speculation at the expense of agricultural and food commodities. In December 2013, Belfius group permanently removed investment funds that invest in food commodities.

If, after this analysis, it appears that an investment in the Belins portfolio is no longer TAP compliant, the following actions must be taken:

- Belins with Belfius Investment Partners (through the Sustainable Investment Desk – group committee in charge of sustainable investment) enter in engagement with the issuer, the asset manager or distributor when a position is not or no longer compliant with the Transition Acceleration Policy.
- The issuer, asset manager or distributor can initiate the "opt-In process", where they have to provide additional Information (based on a standard survey) . The Information provided will be analyzed by Belfius Investment Partners, responsible Investment team. Besides, for positions where a **side letter** was asked or a questionnaire was sent at inception, once a year, Team

Invest will check with the fund manager if the fund is still compliant with the questionnaire or the signed side letter.

- During the engagement period new investments linked to that issuer are forbidden.
- If no positive reaction by the issuer after the engagement procedure, then Belins should disinvest. If disinvesting causes severe negative ALM or P&L impacts or problems of liquidity (e.g. private equity funds), then investment department will ask a confirmation that the position can be kept in the portfolio to the ALCO and to the SID.
- If no decision can be taken, the Information is presented to the Strategic Sustainable Committee.

Methodologies for environmental or social characteristics

A dedicated methodology to assess Article 8 criteria has been defined. In the calculation of the proportion of E or S Investment following SFDR Art 8, we take into consideration all investments made in line with the liabilities we have towards our clients.

The methodology used takes into consideration inclusion criteria **based on centrally available data** to determine if the investment answers adequately to the environmental or social objectives. Those criteria's are based on environmental Principal Adverse Impact such as Green House Gas Emission intensity, emission of air pollutants, water consumption, hazardous waste ratio, non-recycle waste generation or energy consumption Intensity (forestry, fishing, real estate, electricity gas steam air conditioning) or excessive payout ratio.

If an investee company contributed positively to one of the indicator (by being one of the best in class) at least and without harming significantly another (worst in class, breach with UN Global compact, too high work related accident ratio, breach with the Belfius Transition Acceleration Policy, ...), it is considered as promoting environmental or social characteristics.

Based on the methodology defined, to be considered as social or environmental, an investee may promote:

- environmental and social objectives as they contribute to at least one environmental and at least one social objective
- social objective if they are considered as best in class in only the defined social criteria
- environmental objective if they are considered as best in class in only environmental criteria.

Data sources and processing

DATA SOURCES:

Belfius Investment Partners (BIP), as competence center in sustainable investment for the Belfius Group in general and Belins in particular, is responsible for the monitoring of the Art 8 criteria. This monitoring is based on the data collected by Sustainalytics, processed by them and made available to Belfius Investment Partner.

Other data sources may be consulted such as Bloomberg, Vigeo (Moody's) for quality check, and the company's website.

MEASURES TAKEN TO ENSURE DATA QUALITY

Different measures are taken to ensure data quality:

- When data is integrated in the Belfius Investment Partners tool, a coherency check is operated to identify changes and evolutions;
- When data is processed through our different Key Performance Indicators / Principle Adverse Impacts, we monitor the evolution and try to identify potential discrepancies

Other data sources may be consulted such as Bloomberg or Independent screening agencies for quality check.

DATA PROCESSING

From collection until processing and use, manual intervention is necessary to ensure the overall quality of the process.

Focus will be put on more automation in the future

PROPORTION OF DATA THAT ARE ESTIMATED

At the time of the current disclosure, this information was not available from our data source(s).

Limitations to methodologies and data

We see different limitations in the methodology, process and data to measure the proportion of sustainable investment as defined:

- We currently use only **one data provider** to assess the sustainability characteristics and measure the proportion of sustainable Investment. The focus for the future is to increase the number of sources.
- An opt-In policy also allows the issuer to provide Belins with additional information that will be analyzed. This opt-In process allows a period where some Investment positions (which are potentially not in line with the Transition Acceleration Policy) are kept in portfolio in order to allow the Investee / Issuer to collect and provide the necessary information.
- We also invest in the Belgian society and economy, in small and medium enterprises **where data are not centrally available**. Nevertheless, it is essential to assess, measure and monitor the sustainable characteristics of this part of the portfolio (circa 20% of the total portfolio). A methodology in line with the methodology defined where data are centrally available has been developed to analyze, measure and monitor the sustainability characteristics based on available information such as their commitment to the realization of the sustainable development goals, their main activities, exposure to controversies leading to breaches with the UN global compact principles or the Belfius Transition Acceleration Policy.
- As Insurance company, we have a defensive investment profile as we need to financially intervene when life hazards happen (pensions, death, claims). Therefore, we invest mainly in sovereign bonds and other local authorities debts instruments, which as such do not affect the promoted environmental and/or social characteristics of Belins main fund. We do operate a screening on countries subject to social violation.

- The calculation is processed based on an End User Computer program. Nevertheless, documentation and controls are implemented to mitigate the risk of errors.
- Changes may occur between two monitoring periods. In between data may change. The methodology may be finetuned based on remarks of the regulator. Nevertheless, a margin has been taken into consideration to mitigate this risk.

Nevertheless, dedicated measures (quality checks on data and results, continued monitoring, sporadic coherency checks with other data providers) are taken to mitigate efficiently the risk of errors while assessing the E & S characteristics of the Belins Main Fund.

If data are deemed insufficient, a cautious approach is taken and the investee will not be considered in scope.

Moreover, methodologies and data are two key attention points of the sustainable investment desk

Due diligence

For each investment and as mentioned in the Belins investment policy, the investment team will perform a due diligence process and gather the required information (such as governance policy, sustainable policy, annual report) on the investee in regards with their good governance practices. They will analyze among others, and in line with the Principal Adverse Impact, indicators such as the remuneration gap, gender diversity at Board level and worker representation or the exposure to controversies.

Before each new investment, Risk Management operates a challenge on the due diligence operated by Belins Investment team. An advice on ESG criteria may be asked to Belins ESG Team and to Belfius Investment Partner. The due diligence analysis should be validated by the Belins Asset & Liability Committee.

It should be noted that the investment process is yearly audited assessing the respect of the different ESG rules. The Belins Audit department ensure a periodic independent and objective assessment on the investment process.

Engagement policies

11.1 Active engagement and Interaction towards Investee companies

Belins believes that the role it wants to play in society can be fulfilled in a meaningful way through constructive and continuous dialogue with its stakeholders. By regularly contacting them, we can understand their concerns and their main expectations towards us.

Beside the fact that we already conduct a dialogue with a number of stakeholders (customers, employees, governments & regulators, rating agencies...), we also maintain a regular dialogue with companies in which we are investing in preparation of the meetings of general or extraordinary shareholders' meetings to which we are invited.

From a practical point of view, Belins is focused on operating change where poor ESG practices place our investment at risk.

Concretely, dialogue with investee companies is operated when voting at AGM's mainly via our representative in the Board of directors of the investee company and on subjects that are important to us. Also, when we clearly see that there is an issue between the company and our own TAP policy, we will analyze the situation and report our opinion to the company.

We continuously monitor our ALM portfolio on ESG issues for long-term financial performance and impact on the society while expecting strong governance standards from our investee companies. Investment decisions and risk-taking are in line with our ALM, risk appetite and long-term vision.

We are convinced that our active engagement policy towards investee companies has a positive impact on our beneficiaries, our company and on the society in the broader sense.

When we decide to invest in a company, different criteria are taken into account (not only related to environmental and social issues) and cover the company's financial performance over the years, risk management, strategy and corporate governance matters.

To this end, we use different practices:

- Gathering information on the company's website or Bloomberg (annual reports, financial information, CSR reports...);
- Attending regular meetings/company presentations with the company's management; Discussing company's profile and positioning with colleagues, analysts and peers;
- Making connections and build on trustworthy relationships;

- Visiting site operations when possible;
- Building up a solid investment case and making this information accessible for our internal investment teams.

11.2 Voting and proxy-voting policy

When voting at AGM's, we can have 3 situations:

- Case 1: One of our Executive committee members or executive staff members has been appointed as a director in the investee company's Board of Directors, in that case we exercise the right of vote;
- Case 2: Belins does not have a representative appointed as a Board member of the investee company, BUT has either a significant stake or influence on the company and/or the company represents a strategic choice in supporting the Belgian economy, then we could vote;
- Case 3: we make use of proxy voting when we do not have a member at the Board but we still want to express our opinion on topics discussed on the general meeting's agenda

When voting, we make independent and informed voting decisions by applying judgment and diligence in our investment portfolio and this in the best interests of our clients. When we do have a director in the company's Board of Directors or a significant stake in the company, we make sure that our ESG principles are well respected.

Belins is committed to disclose for the first two situations (Case 1-2) the number of active engagements undertaken by type/topic and the related progress status, mostly on ESG matters. As Belins' investment portfolio is considered as sensitive and confidential, we will not disclose examples of engagement cases with specific companies.

Concerning our communication and cooperation towards other shareholders and/or company directors in investee companies, the only contacts we maintain are when the AGM's are held and limited to the framework of the meeting's agenda.

At Belins, we believe that keeping both financial and non-financial factors in mind in our investment decisions provides us better insight on potential risk and/or opportunity that can have an impact on the long-term value and reputation of the investments we make on behalf of our clients

Our Engagement policy can be found under the following link:

[Engagement-Policy-BelIns-EN.pdf \(belfius.be\)](#)

11.3 Other Policies

To be meaningful and inspiring for the Belgian Society, we developed [different policies](#) that guide us in our investments:

- Human Rights Policy
- Anti Bribery Policy
- Anti-Fraud Policy
- Anti-Money Laundering Policy
- for Belfius Employees : Code of Conduct, Whistleblowing, Anti-discrimination, ESG & remuneration policy, health & safety policy

NO DESIGNATED REFERENCE BENCHMARKS USED

We do not use any reference benchmark.