General Responsible Investment Framework

AG's approach to sustainable and responsible investing

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1. Introduction

With EUR 73 billion in assets under management[1], AG is one of Belgium's largest institutional investors. As a defensive long-term investor, AG places a significant emphasis on responsible investing by integrating environmental, social, and governance considerations (the so-called 'ESG factors') and sustainability risks into its investment decision-making process. AG believes that these ESG factors and sustainability risks are crucial determinants of investment performance, influencing both returns and risks.

AG's commitment to responsible investing involves putting its investments to work as a catalyst for positive change and as an active contribution to the global shift towards a more sustainable economy. By aligning its investment strategies with ESG principles, AG not only aims to generate attractive returns for its clients but also to help shape a better, more sustainable world for future generations.

AG's commitment extends to the ambitious objectives outlined in the Paris Agreement, which seek to curb global warming to well below 2 degrees Celsius and ideally limit it to 1.5 degrees Celsius, compared to pre-industrial levels. As a direct outcome of this commitment, AG's goal is to achieve a net-zero investment portfolio by no later than 2050. This forward-looking target underscores its dedication to climate change mitigation, promoting a more sustainable and resilient future for all.

This General Responsible Investment Framework describes the context in which AG operates, its general approach to sustainable and responsible investing describing the way ESG factors as well as sustainability risks are embedded in AG's investment decision-making process.

AG aims to adapt this framework continuously to the current regulatory ESG framework, which is ever evolving, and to adjust it to its client's needs and sustainability preferences.

2. AG's achievements

AG has an extensive history of integrating sustainability within its investment strategy.

- **2007**: AG launches the first sustainable investment mandates, and all investments in controversial weapons were banned from the entire portfolio.
- **2008**: A wide range of thematic and sustainable Branch 23 funds for private clients was launched.
- **2012**: The 'Investing in the Real Economy' project begins, funding numerous infrastructure projects for societal benefit. Notably, the public-private partnership 'Schools of Tomorrow' built or extensively renovated 182 school buildings in Flanders in recent years.
- **2018**: AG aligns its corporate strategy with the United Nations Sustainable Development Goals (SDGs). AG selected 10 goals from the 17 SDGs that it believes can be achieved through its activities, services, and products. By integrating sustainable and responsible principles and practices into investment activities, AG also contributes to the SDG via its investments.
- **2018**: AG signs the United Nations Principles of Responsible Investment (UNPRI), affirming its long-standing commitment to sustainable and responsible investing. By underwriting the UN Principles of Responsible Investment, AG formally committed to incorporate ESG aspects as a fundamental cornerstone of its investment decision framework.
- **2019**: AG excludes all investments in the coal, tobacco and weapons industry and systematically considers ESG factors in its investment decisions. Since that time, exclusions of controversial activities and integration of ESG factors have been gradually and continuously developed.

[1] Figures year-end 2024, including unit linked funds.

- **2019**: AG receives the Towards Sustainability label for its responsible unit linked products (Branch 23). These products are managed according to a specific framework that is compliant with the requirements of the Towards Sustainability Quality Standard.
- **2020**: AG is the first insurance company to offer Branch 21 responsible products with the Towards Sustainability label.
- **2020**: AG joins "Climate Action 100+", an investor-led initiative to ensure that the world's largest corporate greenhouse gas emitters take necessary action on climate change.
- **2021**: AG joins the CDP (Carbon Disclosure Project), an initiative which urges companies to measure and publish climate related data and to implement strategies to tackle the environmental issues linked to climate change.
- **2021**: AG formally excludes all investments related to gambling, artic drilling, oil sands and shale oil & gas.
- **2021**: Ageas, the parent company of AG launched its corporate strategy Impact24, translated by AG in AG2024 strategy. The strategy explicitly makes sustainability a central priority and defines three targets for investments:
    1. 100% of ESG-integration in the investment decisions by 2024
    2. At least EUR 10 billion of investments making a positive contribution to transition towards a more sustainable world by 2024
    3. Net zero investment portfolio by 2050 at the latest
- **2022**: AG signs up, for the CDP Science-Based Target (SBT) Campaign that wants to incentivize high-impact companies to set science-based targets and accelerate the decarbonization of the real economy.
- **2022**: AG formally excludes from its investment universe companies that violate one or more UN Global Compact (UN GC) principles that are related to corruption, environment, human rights and labour rights including child labour, forced labour and discrimination.
- **2022**: AG joins the Net-Zero Asset Owner Alliance, a member-led initiative of institutional investors committed to transitioning their investment portfolios to net-zero GHG emissions by 2050. As this is a long-term target, AG also defined an intermediate trajectory to reduce the carbon intensity (scope 1&2) of its proprietary investment portfolios by 50% by 2030 for equities, corporate bonds, and infrastructure. For AG's real estate portfolio managed by its subsidiary AG Real Estate, the target is to decarbonize the portfolio in line with CRREM pathways of 1.5 degrees Celsius.
- **2023**: AG participates in the CDP Non-Disclosure Campaign (NDC) as a lead investor. The campaign selectively engages with high impact companies that have consistently failed or declined to respond to the CDP questionnaires.
- **2023**: AG joins "Nature Action 100" as a participating investor. This is a global investor-led initiative to drive the necessary corporate action to reverse nature loss.
- **2024**: AG announces its new strategy Elevate27 in which AG reinforce its commitment to responsible investment and set two targets for investments:
    1. At least EUR 15 billion of investments making a positive contribution to transition towards a more sustainable world by 2027
    2. Reduce GHG intensity (scope 1 & 2) in its proprietary investment portfolios for equities, corporate bonds and infrastructure by 55% by 2030 (base year: 2021) and decarbonize real estate investments based on CRREM 1.5°C national pathways by 2030.

Over the years, AG's sustainable product range and responsible investing approach have further evolved with the following objectives in mind:

- to generate sustainable long-term returns by considering ESG factors
- to mitigate risks, including sustainability risks
- to meet the needs of AG's institutional and retail customers
- to actively take part in and have a positive impact on the development of a socially responsible and sustainable economy

3. AG's commitments

3.1 Principles for responsible investing

This independent United Nations-supported organisation is the largest advocate for responsible investment practices worldwide. By agreeing to uphold these principles, AG demonstrates its long-standing commitment to sustainable and responsible investing. By signing the PRI, AG committed to 6 principles:

1. Incorporate ESG issues into investment analysis and decision-making processes
2. Be active owners and incorporate ESG issues into ownership policies and practices
3. Seek appropriate disclosure on ESG issues by the entities in which it's invested
4. Promote acceptance and implementation of the principles within the investment industry
5. Work together to enhance AG's effectiveness in implementing the principles
6. Report on activities and progress towards implementing the principles

3.2 Sustainable development goals

Since 2018, AG has aligned its corporate strategy with the United Nations Sustainable Development Goals (SDGs) which the United Nations wants to achieve by 2030. AG has chosen 10 objectives out of the 17 Sustainable Development Goals (SDGs) that it believes it can actively contribute towards through its various activities, services, and products.

By integrating sustainable and responsible principles and practices into its investment activities, via its investments, AG contributes to SDGs such as:

- SDG 9 – Innovation and Infrastructure:
    - Diversified investments in various infrastructure projects with environmental and/or social benefits such as the public transport infrastructure.

- SDG 11 – Sustainable Cities and Communities:
    - Through AG Real Estate, managing a diversified real estate portfolio, including projects with BREEAM certification "very good", "excellent" or "outstanding" or via investments in social housing loans.

- SDG 13 – Climate Action:
    - Among other via AG's investments in renewable energy infrastructure, via exclusion of thermal coal related activities such as coal extraction, power generation based on coal.

3.3 Climate strategy

Climate change, a phenomenon characterised by the long-term shift of the Earth's climate patterns, is primarily a result of human activities, notably the emission of greenhouse gases (GHG). These emissions, caused by activities like the burning of fossil fuels and deforestation, have led to a substantial increase in global temperatures and an array of related consequences, including rising sea levels, extreme weather events, and ecological disruptions. Recognizing the gravity of this crisis, the global community has committed to urgently coordinate actions to mitigate and adapt to the impacts of climate change.

The Intergovernmental Panel on Climate Change (IPCC) serves as the preeminent scientific authority on climate change. It conducts comprehensive assessments of the latest research, offering invaluable insights into the causes and consequences of climate change. These assessments serve as a foundation for evidence-based decision-making, guiding the policies and actions necessary to address the multifaceted challenges of climate change.

Based on IPCC's no and low overshoot 1.5 degrees Celsius scenarios and its latest assessment report, the Net Zero Asset Owner Alliance (NZAOA) identified a global average absolute emissions reduction requirement in the range of -22% to -32% by 2025 and -40% to -60% by 2030 to be in line with a maximum temperature rise of 1.5 degrees Celsius above pre-industrial temperatures.

In 2021, AG has introduced a target to make the carbon emissions of its investment portfolio net zero by 2050 at the latest. As this is a long-term target, AG has translated it into a shorter-term target in 2022 when it joined NZAOA and committed to 3 targets:

- Emission target
    - Reduce GHG intensity (scope 1 & 2) in the equities, corporate bonds and infrastructure proprietary portfolios by 50% by 2030 (base year: 2021).
    - Decarbonize real estate investments based on CRREM 1.5 degrees Celsius national pathways by 2030.

- **Engagement target**
    - Engage directly or indirectly, through asset managers and/or collective engagement initiatives with companies and focus on the portfolio's 20 highest GHG emitters and encourage them to take action to meet the European Commission's net-zero ambition.
- **Financing transition target**
    - Invest EUR 10 billion towards making a positive social and environmental impact by 2024 and dedicate at least EUR 5 billion towards climate related investments.

In the new strategy Elevate27, AG has reinforced its commitment to responsible investment. The reduction of GHG intensity target has been revised to -55% and the financing transition target to EUR 15 billion.

The carbon emissions of the investment portfolio of AG are part of AG's scope 3 emissions. They are calculated using the scope 1 and 2 emissions of the companies AG is invested in. The calculations of the carbon intensity are aligned with the Partnership for Carbon Accounting Financials (PCAF) methodology.

Through its climate related commitments, AG also aims to support the transition to a low carbon economy and contribute to the energy transition. The energy transition requires not only moving away, or extensive decarbonization from and of, carbon intensive activities but also the rapid deployment of decarbonized or low carbon alternatives and solutions. In this context, AG has adopted the following approach:

- **Exclude**: AG does not finance thermal coal and unconventional oil and gas related activities, coal expansion plan nor new infrastructure related to oil as described in the exclusion section
- **Invest**: AG invests in renewable energy infrastructures such as solar panels and on shore and offshore wind farms and will increase the energy efficiency of its real estate portfolio overtime to align it with a pathway in line with a maximum temperature rise of 1.5 degrees Celsius above pre-industrial temperatures
- **Support**: AG supports companies that have a credible strategy to make the energy transition happens

AG will monitor and publicly disclose its progress.

3.4 Biodiversity

Biodiversity is the variability among living organisms from all sources, including, inter alia, terrestrial, marine, and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species, and of ecosystems (Convention on Biological Diversity (1992), Article 2). The significance of biodiversity lies in its multifaceted contribution to human well-being and the overall stability of the environment. Firstly, diverse ecosystems provide essential services such as clean air and water, fertilization of crops, and the regulation of climate. Secondly, a wide array of species, from microscopic organisms to majestic animals, play unique roles in maintaining ecosystem functions.

Biodiversity is embedded in AG's ESG integration pillar. AG monitors which companies have sites or operations located in or near to a biodiversity sensitive area as defined for example by Natura 2000 network of protected areas or UNESCO World Heritage sites. It is also integrated in the ESG risk score AG uses where it is considered whether a company has a formal policy to either avoid operating in areas with the highest biodiversity value, commit to "no net loss" or having "net positive impact" on biodiversity, or minimize impact on biodiversity or to consider biodiversity in planning.

In 2023, AG joined "Nature Action 100", a collective engagement initiative working to drive the necessary corporate action to reverse nature loss. Via AG's membership to Nature Action 100 AG wants to engage with companies to protect biodiversity.

3.5 Human Rights

AG is committed to upholding human rights as a fundamental part of its corporate mission. It is at the very core of AG's commitment to responsible business. AG firmly believes in a world where the dignity and well-being of every individual are upheld.

AG's approach to sustainable and responsible investing gives the possibility to guard the respect of human rights through both exclusions and ESG integration pillars.

Exclusions

The UN Global Compact (UN GC) principles cover corruption, environment, human rights and labour rights including child labour, forced labour and discrimination. Companies in breach of one or more of the ten UN GC principles are excluded from AG's investment universe as described in the section related to the exclusion implemented in AG investment portfolios.

Countries subject to international sanctions, financial embargoes, and social violations among other for reasons related to the non-respect of human rights are excluded from AG's investment universe.

ESG integration

When addressing the "S" in ESG, a focus on human rights is critical to ensure that a company respects the rights and dignity of its employees, stakeholders, and the broader community. Companies are tasked with upholding equitable labour practices, encompassing fair wages, safe working conditions and the safeguarding of labour rights. This approach contributes to a more equitable and just society. The respect for human rights is embedded in AG's ESG analysis.

4. AG's approach to sustainable and responsible investing

4.1 General approach

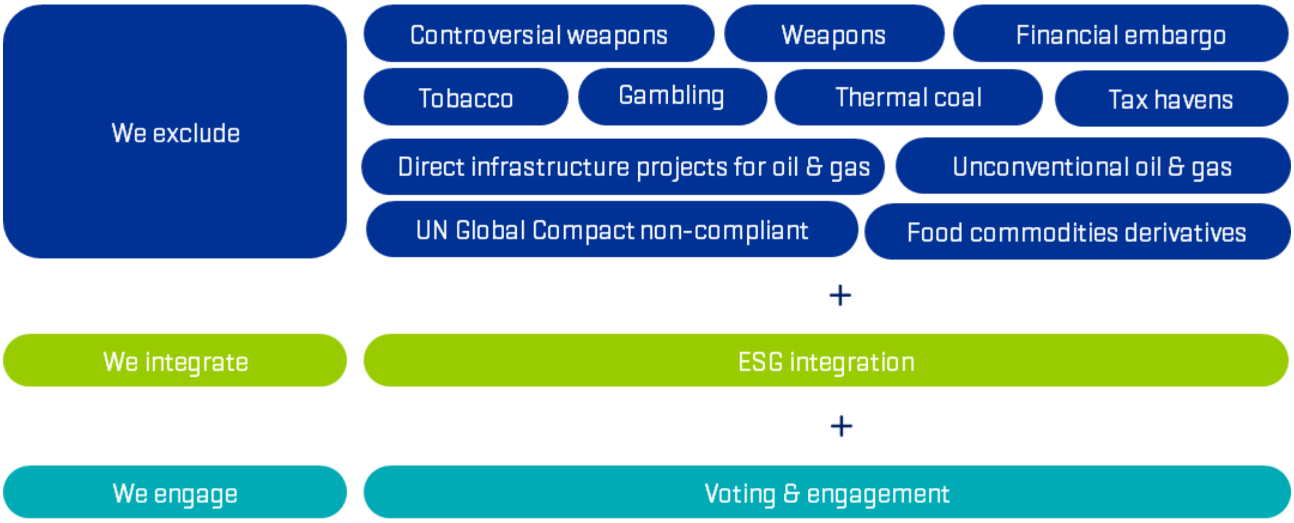
As a defensive long-term institutional investor, AG supports the development of an inclusive and sustainable economy to generate a stable long-term return for its various stakeholders, to mitigate and diversify risks, such as sustainability risks, and to support the shift to a more sustainable world and economy.

In terms of managing its investments, AG applies a long-term vision based on prudence, responsibility and sustainability.

AG's approach to sustainable and responsible investing, applied to all its investments, is based on three pillars:

1. the **exclusion** of controversial activities
2. the **integration** of ESG factors in investment decisions
3. the **voting** and **engagement** with companies

The diagram below depicts AG's approach to managing investment activities with a focus on sustainability.
and responsibility.



When applying this three-pillar approach illustrated above, an important focus is being put on the potential sustainability risks of the investment portfolios. AG is convinced that sustainability risks can affect the returns on its investments. Examples include climate change, resource scarcity, ecological transition risks, or human rights controversies. Such risks can negatively affect the value of investments both directly and indirectly (through their influence on other risks, such as regulatory risks, technological risks, market risks, and reputational risks). Therefore, AG is committed to identifying and mitigating relevant sustainability risks.

However, the impact of sustainability risks is difficult to quantify, as they often only play out in the long term and there is currently insufficient high-quality data available to make actual calculations. Therefore, the likely effect of sustainability risks on the return of an investment cannot be quantitatively assessed. However, AG estimates the potential financial impact of the largest sustainability risks, just as it also looks at possible ESG opportunities. Such analysis is not only being conducted before deciding to make a particular investment, but it also continuously monitored whether the analysis remains correct or if new elements have emerged that require adjustments.

Scope

The general responsible investment framework is applicable to the General Account (managed in-house or entrusted to an external manager) and to the Unit-Linked products (managed externally via mandates through a fund structure created for AG).

For assets managed by external managers either via mandates or via third party funds, AG performs a due diligence including ESG considerations and AG privileges asset managers that have signed the UN Principles for Responsible Investments, which have responsible investment policies as well as voting and engagement policies. For the exclusion pillar, the consolidated exclusion list of AG is fully implemented by external managers that manage AG's assets via mandates.

The general responsible investment framework covers the following asset classes:

- cash and cash equivalents
- equities
- corporate bonds
- government bonds
- loans including infrastructure loans
- real estate

For all deposits and assets on cash accounts managed in-house for the General Account, AG evaluate the financial institution based on the ESG integration approach described in section 4.3. For the real estate portfolio managed by AG Real Estate, a fully consolidated entity of AG, given the specific nature of the assets, the general framework is complemented by a specific sustainable development policy implemented at AG Real Estate. More information can be found at: [AG Real Estate sustainable development policy.]

4.2 Exclusion of controversial activities and countries

4.2.1 Which controversial activities does AG exclude from its investment portfolio?

AG refers to a list of countries, sectors and activities to identify where investments are banned. The list is created on the basis of statutory requirements and international treaties, which AG naturally upholds, as well as on the basis of its own convictions and values. By doing so, AG combines negative screening and normative screening strategies and aims to promote investments that do no significant harm.

Financial Embargo Policy and tax havens[2]

AG has developed a company-wide policy with regard to financial embargoes on countries, sectors and people that is stricter than the Belgian legal requirements. The embargo includes tax havens and regimes and individuals considered to engage in corruption. The exclusion list of AG respects the official exclusion lists such as United Nations, European Community, Financial Action Task Force, etc and has been extended to a.o. existing grey lists (Transparancy and tax havens).

The principles related to countries, jurisdictions, entities and individuals with which/whom AG is not allowed to or does not wish to do business with are contained in the Financial Embargo Policy, which is updated at least once a year.

Furthermore, AG includes in its negative screening countries subject to social violations as referred to in international treaties and conventions, United Nations principles and, where applicable, national law.

Weapons industry

AG's policy on financing and other types of involvement in the weapons sector are subject to strict compliance with the applicable legislation and regulations. However, AG has established its own standards based on its own values or on international consensus on specific key points, which go beyond strict legal enforcement.

AG's Defence Industry Policy is a company-wide policy on financing, investing and any other form of relationship between AG and the controversial weapons industry. AG does not wish to be involved in financing or investing in the manufacturing, trade or any other activity related to "controversial weapons".

AG considers "controversial weapons" to include:

- anti-personnel mines,
- cluster munitions,
- biological and chemical weapons including white phosphorous,
- depleted uranium munitions
- nuclear weapons[3].

The company-wide rules are accompanied by further restrictions for both direct investments as well as investments in unit-linked products in the weapons industry.

So are excluded companies generating more than 10% of revenues out of the following activities:

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[2] Tax havens have the meaning as determined by the EU.

[3] An exception is made for companies that only contribute to government controlled nuclear weapon programmes in NATO countries that are permitted to possess nuclear weapons under the Nuclear Non-Proliferation Treaty.

- Military Weapons: companies active in the manufacturing of military weapons systems and/or fully custom-designed components of such weapons and custom-designed products, and/or services that support military weapons and
- Arms: companies active in the manufacturing and/or sale of assault weapons and small arms for civilians, small arms for military/law enforcement, and/or key components of small arms.

Companies generating more than 10% of revenues out of the retail distribution of assault weapons and small arms are also excluded.

The defence industry is also excluded. However, AG recognises the need to finance the European defence sector in order to protect its citizens and infrastructure. AG therefore might indirectly invest in this sector through defence-related investment initiatives initiated by the Belgian government or by any other government within the European Union or by any government institution of the European Union or by the UK government.

Tobacco

AG excludes the financing of companies that are heavily involved in the manufacturing of tobacco and related products. AG has defined specific thresholds and rules to come up with an exclusions list that is binding on all portfolio managers, for both its own assets under management as well as for assets managed externally via mandates.

To this end, AG applies the following rules:

- Tobacco production: companies that derive revenues from the production of tobacco products are excluded
- Tobacco-related products and/or services: companies that derive more than 10% of their revenues from the supply of tobacco-related products/services are excluded
- Tobacco retail: companies that derive more than 10% of their revenues from the distribution and/or retail sale of tobacco products are excluded.

Gambling

AG excludes the financing of companies that are heavily involved in the gambling sector. AG has defined specific thresholds and rules to arrive at an exclusion list that is binding on all portfolio managers, for both its own assets under management as well as for assets managed externally via mandates.

To this end, AG applies the following rules:

- Operations: companies that derive more than 10% of their revenues from ownership and operation of a gambling estblishment are excluded
- Specialized equipment: companies that derive more than 10% of their revenues from the manufacture of specialized equipment used exclusively for gambling are excluded
- Supporting products and/or services: companies that derive more than 10% of their revenues from products and/or services related to gambling operations are excluded.

Thermal coal

AG excludes the financing of companies that have a business model based on thermal coal, either via extraction or via electricity generation. AG has defined specific thresholds and rules to arrive at an exclusions list that is binding on all portfolio managers, for both its own assets under management as well as for assets managed externally via mandates.

To this end, AG applies the following rules:

- Thermal coal extraction: companies active in thermal coal mining and exploration that derive more than 5% of their revenues from these activities are excluded
- Supporting products and/or services: companies that derive more than 5% of their revenues from products and/or services related to thermal coal are excluded.
- Thermal coal power generation: companies with an electricity generating capacity based on thermal coal that derive more than 10% of their total revenue from this activity are excluded.

Furthermore, AG will not finance, contribute to build, develop or plan any new thermal coal projects including thermal coal plants, coal mines and related infrastructures. AG will phase out all existing coal-fired electricity generation in accordance with 1.5 degrees Celsius pathways by 2030.

Unconventional oil & gas

AG excludes the financing of companies involved in the extraction of unconventional oil and gas such as artic drilling, oil sands and shale oil and gas extraction because of their adverse environmental impacts. AG has defined specific thresholds and rules to arrive at an exclusions list that is binding on all portfolio managers, for both its own assets under management as well as for assets managed externally via mandates.

So are excluded companies generating more than 10% of revenues out of the following activities

- Artic drilling: companies active in oil and natural gas extraction in the Artic and/or
- Oil sands: companies active in the extraction of oil sands and/or
- Shale oil and gas: companies active in the extraction of shale oil and/or gas.

Conventional Oil & gas

AG excludes financing of direct infrastructure assets for oil & gas where the emissions cannot be aligned with the net-zero ambitions i.e., aligned with a 1.5 degrees Celsius pathway.

Food commodities derivatives

On top of the sectorial exclusions, AG does not allow investment transactions in food commodities derivatives. Food commodities includes a.o. grains, dairy, meat, sugar, fruits and vegetables, etc.

UN Global Compact

AG excludes the financing of companies that violate the UN Global Compact (UN GC) principles.

All companies are expected to respect the ten principles of the UN Global Compact (UN GC) around human rights, labour rights, environment, and business ethics.

International norms, principles, standards and conventions such as the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises (OECD MNE Guidelines), the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the International Labour Convention (ILO) conventions are used by Sustainalytics to assess whether a company violates or is at risk of violating one or more UN GC principles.

4.2.2 How does the Exclusions Policy work in practical terms?

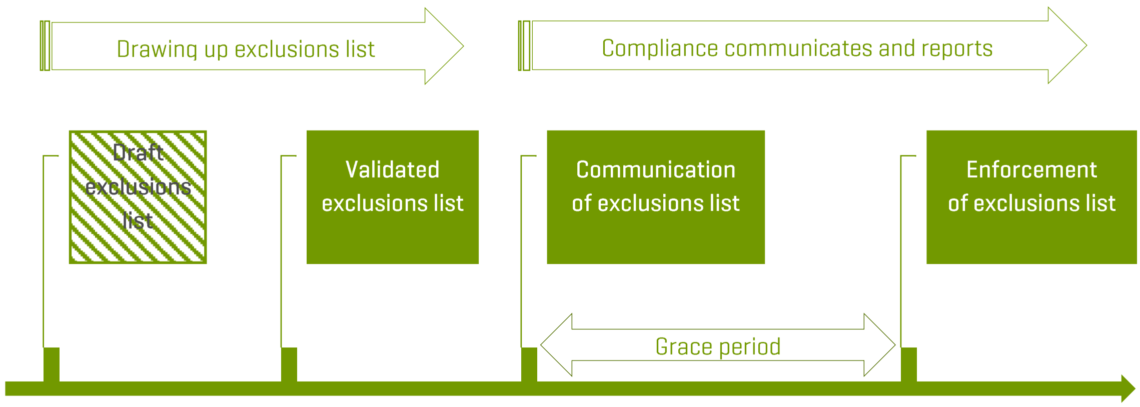
The exclusion lists for AG's Defence Industry Policy, Financial Embargo Policy and tax havens are drawn up by the Compliance Office.

The exclusion list containing the issuers barred from investment consideration for AG Insurance due to their involvement in controversial sectors is drawn up by the SRI team, reviewed by Compliance CIO and validated by the SRI Monitoring Committee. This exclusions list is usually reviewed at least twice a year.

All exclusions related to AG's Defence Policy, weapons, tobacco, gambling, coal and unconventional oil & gas are included and consolidated in a single common exclusion list.

As soon as the exclusion list has been released, both the internal and external managers that manage AG's assets via mandates must comply with the exclusions list once a specific transition period ("grace period") has elapsed. This means that equities and bonds of issuers that are on the exclusions list must be sold at the latest before the end of the quarter after the list has been released, with a minimum delay of one month.

Given AG's policies on Assets & Liabilities Management and on Cash flow matching, its bond positions managed internally and externally for the general account are allowed to mature. These positions are grandfathered.



For the exclusion of controversial weapons, AG uses the research of a third party appointed for this purpose.

To conduct ESG screening on non-controversial weapons, tobacco, gambling, coal, unconventional oil & gas, UN Global Compact and countries subject to social violations, AG's CIO uses ESG data provided by an external provider of ESG data. As of today, it is Sustainalytics.

For the exclusions related to the thermal coal expansion plan, AG's CIO uses Urgewald Global Coal Exit list. AG keeps a watchful eye on the activities of issuers active outside its research universe. All investments in these issuers are closely monitored, and any breaches that are detected will be systematically reported and resolved internally.

Internally managed assets: the exclusions list is incorporated in AG's portfolio management system. The portfolio managers are prohibited from trading in any financial instruments issued by a company on this list.

Externally managed assets: for assets managed externally through mandates, the external managers must comply with the investment guidelines of AG. They stipulate, *inter alia*, that it is prohibited to invest in financial instruments of a company on the exclusions list.

For the limited number of assets managed via third party funds, AG cannot enforce its exclusions list. For this reason, AG prioritizes asset managers that have signed the UN PRI and have a responsible investment policy in place. Furthermore, in the due diligence process, AG looks carefully at the exclusion policy implemented by the asset managers to see if it is aligned with AG's exclusion philosophy.

4.2.3 How is compliance with the Exclusions Policy monitored?

For assets of the General Account either managed in-house or entrusted to an external manager via mandate, controls are performed daily by Compliance CIO. Breaches are resolved as they occur and are part of a quarterly compliance report.

For assets managed via mandates by external managers through the fund structure created for AG, controls are performed by the compliance department of these managers and by the management company of the funds. As a third line of defence, the AG CIO Compliance function performs a sanity check throughout those controls.

4.3 Integration of ESG factors

AG aims to enhance its financial analysis and improve risk management through the integration of ESG factors and sustainability risks, ensuring a comprehensive approach to responsible and sustainable investment practices.

AG considers that the ESG factors and sustainability risks can create both opportunities and risks for companies and impact their long-term value. Therefore, AG integrates ESG factors and sustainability risks in all new investment decisions.

4.3.1 What is involved in the ESG integration Policy?

In addition to the above-mentioned policy of excluding certain activities, AG also has a policy of integrating ESG factors in its investment analysis.

Portfolio managers within AG's Chief Investment Office (CIO) use ESG research of Sustainalytics, including ESG risk scores and research on principal adverse sustainability impact, as well as other external ESG research and information based on analysts' reports, company presentations and all other publicly available sources of information, when drawing up their integrated financial analysis to form their own judgment and make informed investment decisions. More concrete, portfolio managers identify the most relevant and material ESG factors in their due diligence of an issuer and consider them when making their investment decisions.

Examples of ESG factors used in the ESG risk scores and ESG analysis of companies and projects are:

Environmental	Social	Governance
renewable energy use	respect of human rights	governance practices
pollution and waste	diversity programs	reporting and disclosure
biodiversity	employee matters	prevention of corruption and anti-bribery
water use	community relations	executive compensation
carbon emissions	product quality and safety	Regulatory risk or exposure to litigation

4.3.2 How does integration of ESG factors work in practical terms?

In its ESG integration approach, AG privileges the lowest ESG Risk rated companies. AG adopts a "Comply or Explain policy" for all new internally managed investments.

The ESG risk score of a company calculated by Sustainalytics measures and adds up the unmanaged risks of a company compared to a set of ESG issues that are considered financially material. The ESG risk score distinguishes five levels of risk:

1. Negligible

2. Low
3. Medium
4. High
5. Severe

The "Comply or Explain policy" of AG means that all new investments with an ESG Risk Score "High Risk" or "Severe Risk"[4] or new investments with no ESG Risk Score available must be documented by the CIO portfolio manager who invests in such company or project. The dedicated ESG analysis covering relevant ESG risks and opportunities of the investment are presented by the portfolio manager during an Investment Committee or a SRI Monitoring Committee that reviews and validates the investment. If the ESG Risk Score for an issuer is "Negligible", "Low" or "Medium", the SRI Monitoring Committee validates the investment.

An ESG risk analysis is also performed for the investments in infrastructure based on information collected via internal and/or external ESG due diligence questionnaires. As part of their ESG analysis, the portfolio managers consider ESG factors such as the controversies that might impact the long-term value of a company and the commitment and strategies of companies to tackle issues such as climate change, biodiversity loss and non respect of labour and human rights.

4.3.3 Monitoring of the investments

This ESG integration approach described above is applicable to all assets managed internally. All asset classes and issuers, from top tier listed issuers to non-publicly traded and unrated issuers, fall in the scope of this ESG integration approach. For real estate assets managed by AG Real Estate, more information can be found in the AG Real Estate Sustainable development policy.

On a quarterly basis, any new investment in "high" and "severe" ESG risk scores companies and/or in companies with severe controversies, that were validated as described in the previous section, will be reviewed during the SRI Monitoring Committee, and all new investments that took place over the last quarter will be formally approved and/or rejected by the Committee. Furthermore, these investments will be reviewed at least on a yearly basis.

For assets managed externally, either via mandates or via third party funds, AG prefers asset managers that have signed the UN PRI. In any event, they must have a responsible investment policy that is compatible with AG's responsible investment framework. When performing the due diligence, ESG characteristics and capabilities of external asset managers are evaluated and considered in the manager selection process. External managers are reviewed at least once a year in SRI Monitoring Committee.

Furthermore, AG has developed specific reports to monitor sustainability indicators and the principal adverse sustainability impacts of its investment portfolios. Currently, these reports cover equities, corporate bonds and loans of listed corporate issuers, and government bonds. Where data is available, investments in non-publicly listed companies are also covered. This monitoring is carried out by the SRI Monitoring Committee.

4.4 Voting and engagement with companies

AG strives to guide the activities of the companies in which it invests, towards a more sustainable direction. AG engages with companies and chooses to take responsibility in guiding them towards a more sustainable future by voting and/or engaging with them according to the approach and rules described in its voting and engagement policies.

[4] as defined by Sustainalytics

Furthermore, AG firmly believes that voting and engagement with companies, together with the exclusions and the integration of ESG factors in its investment decision process, allows to mitigate the adverse impacts of its investments on environment and society. It also allows to reduce the sustainability risks of its portfolios.

As a responsible investor, AG will exercise its voting rights at certain general shareholders' meetings and will engage with some selected companies about ESG practices. The objective is to impact the behaviour of a company.

AG engages a.o. with oil and gas investee companies to encourage their transition towards sustainable and renewable energy solutions, fostering a shift away from traditional oil and gas activities.

For investments either entrusted to external managers (for General Account) or managed externally via mandates[5], AG does not impose to use its engagement policy nor its voting policy but instead, allows external managers to exercise voting rights in accordance with their own voting policy. The external managers must report to AG the exercise of voting rights. The external managers will also inform AG about the engagement performed.

AG's engagement policy and voting policy explain how it proceeds.

[5] through a fund structure created for AG (which is the case for the Unit-Linked products)

5. Organisation of sustainable and responsible investing

AG's approach to sustainable and responsible investing is fully integrated in the investment policy of its Chief Investment Office (CIO). All portfolio managers, among which ESG specialists, are assisted by the SRI team. In support of the daily management, CIO created the following two dedicated committees.

- **The SRI Steering Committee**

  is responsible for the continuous monitoring and updating of the sustainable and responsible investing policy, in reference to the evolution of the regulation related to sustainable finance and the market standards.

  This committee meets quarterly. Its members include Its members include the Chief Investment Officer, Head of SRI, Head of Risk, Internal Control & Compliance, Head of Front Office General Account, Head of Front Office Unit-Linked, Head of Systems and Information Management, SRI managers and portfolio managers.

  This Committee oversees setting up and continuously reviewing the general responsible investment framework.

  The SRI Steering Committee is a supporting Committee to the Investment Committee B21 and to the Investment Committee Unit Linked

  This includes, *inter alia*:

  - the criteria used to draw up the exclusion lists
  - the approach for integrating ESG factors
  - the frameworks applied to the products having the Towards Sustainability label
  - the strategy related to climate change
  - the engagement and voting policy.

- **The SRI Monitoring Committee**

  is responsible for monitoring all investments that have already been made.

  This committee meets quarterly. Its members include Its members include Its members include the Chief Investment Officer, Head of SRI, Head of Risk, Internal Control & Compliance, Head of Front Office General Account, Head of Front Office Unit-Linked, SRI managers and portfolio managers.

  This Committee oversees:

  - reviewing and validating all investments.
  - validating the exclusions list (sustainable and traditional), which includes a.o. weapons, tobacco, gambling, thermal coal and unconventional oil and gas extraction (artic drilling, shale oil and gas, oil sands).
  - monitoring the sustainability indicators and the principal adverse sustainability impacts
  - reviewing and/or validating engagement and voting decisions.

The ESG specialists inform the Investment Committee and Risk Committee about main ESG topics addressed in the SRI Committees.

The Framework for Sustainable and Responsible Investing as well as the associated policy documents have been endorsed by AG's Management Committee.

6. Glossary of terms

- BREEAM: Building Research Establishment Environmental Assessment Method
- CIO: Chief Investment Office (AG's asset management department)
- ESG: Environmental, Social and Governance
- ESG factors: Environmental, social and governance matters that are integrated in the investment process as further detailed in this framework
- General Account: All AG investments other than investments in Unit-Linked products (such as Branch 21 products and own investments funds)
- NZAOA: Net Zero Asset Owner Alliance
- PRI: Principles for Responsible Investment
- SDG: Sustainable Development Goals
- SRI: Sustainable and Responsible Investing
- Sustainability risk: An environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment
- Sustainalytics: Sustainalytics, a Morningstar company, an independent ESG and corporate governance research, ratings and analytics provider
- UNGC: United Nations Global Compact
- Urgewald: Urgewald, a non-profit environmental and human rights organization based in Germany. The Global Coal Exit list a database is compiled by Urgewald. This list provides information about companies involved in the coal industry globally.
- Unit-Linked: Life insurance investment funds divided into units of ownership (commonly known in Belgium as Branch 23 funds)

Disclaimer:

Disclaimer: Towards Sustainability certification is awarded for a period of two years and is continuously monitored. For Branch 23 structured funds, certification is awarded for the duration of the fund. Towards Sustainability is a quality standard under the supervision of the Central Labelling Agency of the Belgian SRI Label (CLA). To meet this standard, financial products must respond to a number of minimum requirements in relation to sustainability, both at the portfolio level and in the investment process. More information about the quality standard can be found on www.towardssustainability.be/en/quality-standard.

Earning this certification does not mean that this financial product meets your own sustainability objectives or that the certification fulfils the requirements of future national or EU regulations. You can find more information on this subject at www.fsma.be/fr/finance-durable (in French).