

ENGAGEMENT POLICY



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1. Introduction

At Ethias, we view shareholder engagement as a transformative process in which investors seek to improve the company practices in which they invest, with a specific goal in mind. We do this on behalf of our share and bond portfolios.

The Ethias Engagement Policy is an integral part of the Ethias sustainable and responsible investment policy. The latter is available on www.ethias.be.

It specifies how Ethias implements its engagement in the companies in which it invests.

As a long-term investor, Ethias supports the development of a sustainable economy by generating stable returns for its various stakeholders while limiting and diversifying risk.

Ethias' investments incorporate this long-term vision based on prudence, sustainability and responsibility.

When Ethias decides to invest in a company, various criteria are taken into account (not only those related to environmental and social issues), including the company's strategy, financial performance over time, risk management, and corporate governance issues.

When making its investment decisions, Ethias bases its judgement on different sources of information and tools/methods:

- » reviewing the company's profile and positioning with colleagues, analysts and peers;
- » establishing contacts and developing trusting relationships;
- » gathering information from the company's website or from sources such as Bloomberg (annual reports, financial information, CSR reports, etc.);
- » participating regularly in company meetings/presentations attended by company management;
- » visiting the site's activities when possible.

Furthermore the sustainable and responsible investment policy and its implementation within Ethias certainly contribute to achieving a sustainable return for its clients.

Ethias' approach to sustainable and responsible investment is based on 3 general principles¹:

#1: ESG integration, a vehicle for Ethias' values

#2: ESG integration, four guiding conditions

#3: ESG integration as an inherent component of the investment strategy governance

Ethias believes that an active shareholding policy fits perfectly into this approach and complements the policies of exclusion and integration of ESG criteria in investment decisions.

1 See the document «Sustainable and Responsible Investment Policy», available on www.ethias.be

Moreover, as a signatory of the PRI (Principles for Responsible Investment)², Ethias is committed to

- » be an active shareholder and integrate ESG issues into its shareholding policies and procedures (principle 2) and
- » request, as far as possible, transparency on ESG issues from the entities in which it invests (Principle 3).

Ethias' engagement policy, which is integrated into its sustainable and responsible investment policy, makes it possible to respect these two principles.

The goal of Ethias' active shareholder policy towards the companies it owns is to have a positive impact on its beneficiaries, on its company and on society in general.

2. Scope

Ethias implements its active shareholder engagement policy with the listed companies issuing the share and bond holdings that Ethias directly holds.

In order to achieve its goals, Ethias focuses mainly on:

- » companies in which Ethias is a significant shareholder and
- » on ESG issues related to climate change

For the asset management companies selected by Ethias, the signature of the PRI and the existence of an active shareholder policy are two prerequisites for the selection process, which is subject to extensive due diligence. The agreements concluded between Ethias and these managers are in line with Ethias' investment policy. These agreements are concluded for an indefinite period of time, but Ethias has the right to terminate them upon request, with a minimum notice period or with immediate effect.

3. Implementation in practice

3.1. Direct engagement

Ethias is convinced that the role it intends to play in society can be achieved in a meaningful way through a constructive and continuous dialogue with its stakeholders.

Regular contact with stakeholders allows Ethias to understand their concerns and key expectations of the company.

In addition to the dialogue already established with several stakeholders (customers, employees, regions and regulatory bodies, rating agencies, etc.), Ethias strengthens its contacts with those companies in which it invests and for which it considers it necessary.

Through its ESG data provider, Ethias obtains information on ESG issues concerning the companies in which Ethias invests or intends to invest, with the aim of improving or influencing ESG practices and/or communication on this subject.

² www.unpri.org

This dialogue can also be initiated through direct contact (by e-mail, telephone or in a physical meeting) with the company in order to identify the sustainability risks related to that company and/or to prepare the general or extraordinary shareholders' meetings to which Ethias is invited.

For issuers that are not rated by Ethias' external data provider, we use other available sources of information. Further analysis is carried out for issuers whose sustainability risk score is in the high or severe risk categories.

3.2. Collaborative engagement

In order to address sustainability issues in an effective way, Ethias believes that collaborative engagement can be an excellent solution.

As a signatory of the PRI, Ethias has access to and uses the available platform to monitor important sustainability issues.

In addition, Ethias will join collaborative engagement initiatives (via PRI or others) and establish collaboration with selected asset management companies to align interests and influence the companies in which it holds shares.

4. Managing conflicts of interest

Ethias' engagement policy and voting rights are exercised in the best interest of our clients, i.e. with a view to increasing the value of their investments over the long term.

In the event of a conflict of interest in the context of a significant business relationship with an investee company, Ethias applies the same conflict of interest management policy as it applies to its other investments.

When Ethias works with asset management companies, Ethias requires a conflict of interest policy.

5. Publication, annual report and review of the policy

Ethias' engagement policy is available on its website www.ethias.be

Ethias will also publish an annual chapter on its engagement activities in its non-financial report.

The engagement policy is also subject to an annual review.