IMPACT INVESTMENT POLICY

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1. Introduction

Ethias places great importance on responsible investing that seeks to create a measurable and positive impact on society and the environment. Our approach to impact investing is driven by a commitment to deliver tangible, quantifiable social and environmental benefits while also realizing financial returns.

The Impact investing Policy, as part of our broader sustainable & responsible investment policy framework, underscores our commitment to add value and create measurable results in our investments. As responsible investors, we systematically incorporate environmental, social, and governance (ESG) considerations into our investment process. Ethias recognizes the transformative potential of impact investments in various sectors and regions with Europe, and more particularly Belgium, as our primary focus.

Our investment strategy transcends conventional risk/return analyses, emphasizing the creation of quantifiable social and environmental effects alongside financial returns. Ethias is equally committed to additionality, a principle that ensures that our impact investments bring about positive changes that would not have occurred without our involvement.

Our impact investing approach encompasses guidelines that are integrated into our investment strategy. The Impact Investment Policy is integrated into Ethias' governance and general investment processes. It is an appendix to the Sustainable and Responsible Investment Policy. The assessment of impact investments is conducted through the existing investment committees. These guidelines are subjected to a rigorous review process and validation by the Executive Committee and the Board of Directors, following assessment by the Audit and Risk Committee, reinforcing our commitment.

This Impact Investment Policy outlines Ethias' commitment to incorporating a broader range of impact considerations into our investment decisions, going beyond ESG factors, and defines our approach to impact investing.

The Impact Investment Policy is applicable to Ethias SA. It is reviewed every year, or more frequently if necessary.

1.1. Our purpose

At Ethias, we believe that social and environmental issues are intimately connected. Through our impact investment policy, we aim to:

- Work towards a **just transition** by addressing environmental issues without leaving anyone behind.
- **Prevent inequalities** while preserving the environment.

In this context, we want our investment efforts to contribute to the creation of a more **resilient and inclusive economy**. As an insurer and in line with **our long-term and prudent investment approach**, we favor projects focused on:

- Transitioning to a decarbonized, sustainable, and climate-resilient economy.
- Strengthening social cohesion, reducing inequalities, promoting health prevention, and improving the well-being of the population.

Concretely, this policy materializes through:

- **Investments contributing to environmental goals**: clean energy, building renovation, clean mobility, water management, recycling, territorial resilience, protecting biodiversity, etc.
- **Investments with societal added value:** housing accessibility, healthcare or education access, access to digital infrastructure, circular economy projects, etc.

2. Guiding principles

Ethias's approach to impact investing is firmly grounded in a comprehensive framework that incorporates three core elements:

1. **clarify our chosen definition of impact investing,**
2. **rely on the « Spectrum of Capital » framework as the foundation for determining our areas of focus and activity, and**
3. **outline our commitment to four key principles: profitability, intentionality, measurability, and additionality.**

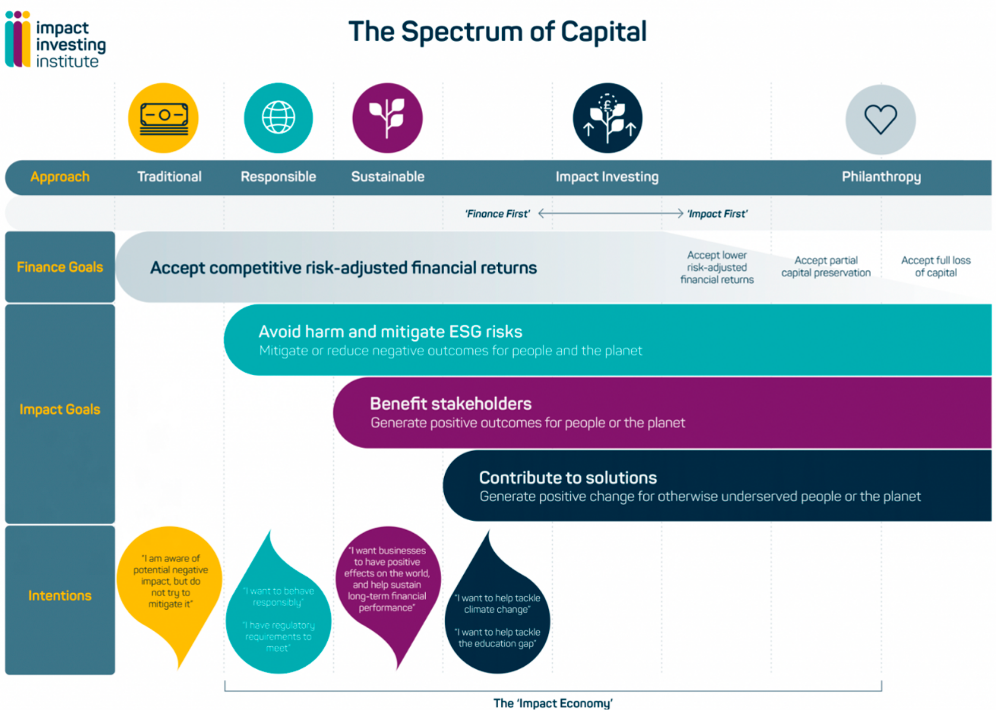
2.1. Our definition of impact investing

We adopted the definition by the Global Impact Investing Network (GIIN), which characterizes impact investments as those made with the deliberate intent to generate positive, measurable social and environmental impact alongside a financial return. This core definition underscores the dual commitment.

2.2. Spectrum of Capital framework

The second element draws from The UK Impact Investing Institute's « Spectrum of Capital » framework, which offers a valuable continuum for understanding the range of investment motivations and impacts. The spectrum extends from traditional investing, focused primarily on risk-adjusted returns, to philanthropy, which prioritizes impact delivery even at the potential loss of capital. This framework is further elucidated by the Impact Management Project's « ABC » framework.

- In the initial stage, labelled as « A », the focus is on avoiding harm through negative screening. This initial stage is covered by Ethias' exclusion and integration policies.
- The « B » stage involves actively seeking investments that benefit stakeholders by avoiding harm and considering positive impacts on people and the planet. This stage is covered by what Ethias considers as sustainable investment in accordance with SFDR.
- The ultimate « C » stage signifies investments that intentionally contribute to solutions for social or environmental issues, thereby earning the classification of true impact investments. This framework serves as the foundation for Ethias's impact investment policy, guiding our commitment to creating positive change while achieving financial returns. Ethias considers impact investing as a subset of the Ethias' responsible and sustainable investments. Our objective with impact investing is to contribute to solutions.



2.3. Profitability & risk-return balance

We seek a balanced approach to risk and return, ensuring that impact investments align with our overall financial objectives while delivering meaningful impact. We are set to give up part of the expected return or slightly increase the risk taken compared with a similar investment if the following criteria for impact investing are met.

2.4. Intentionality

Intentionality is the deliberate aim of Ethias to drive social and environmental change alongside the financial returns. It serves as the foundation for impact investing.

2.5. Measurability

This refers to the capability to quantify the social or environmental change resulting from an investment. Proper measurement ties back to intentionality, ensuring that the intended impact is being realized. However, choosing what to measure and how to interpret it involves subjective decisions. Collaboration between stakeholders can help make these decisions more balanced.

Additionality questions whether the investment is causing a unique positive change or if such an impact would have happened regardless. It's challenging to measure because it involves comparing real outcomes to hypothetical situations where the investment didn't exist.

2.6. Other key aspects of impact investing

Contribution: Derived from venture capital practices, contribution is about actively supporting and enhancing the impact of investees beyond just providing capital. This can involve mentorship, training, networking, or even holding board seats. Another aspect is the « signaling effect », where investors showcase the importance of impact, motivating enterprises to adopt impact-centric strategies.

Materiality: Materiality discerns which impact-related information is vital for investors' decisions and which isn't. It encourages dialogue about what constitutes significant impact data. Translating impact into monetary terms, like using « social return on investment » calculations, can be contentious as different stakeholders might value impacts differently.

Attribution: This is about crediting the positive change to a specific investor or entity. Recognizing the responsible party ensures that those making a genuine impact are acknowledged and rewarded. These principles and their understanding are vital, especially in the context of regulations like the EU's Sustainable Finance Disclosure Regulation. Recognizing these dimensions can guide stakeholder discussions, spotlight potential challenges, and highlight best practices, propelling impact investing into the mainstream financial domain.

3. Investment strategy

3.1. Asset allocation

In terms of allocation, the following objectives are pursued:

Social return over investment return

Social return: Accept a decrease in expected return as compared to a similar investment in the traditional investment space. This intentional sacrifice is designated to be redirected towards a Social Return on Investment (SROI). This strategic move reflects our commitment to societal and environmental objectives. This transparent approach allows us to communicate to stakeholders the tangible and positive social outcomes resulting from this intentional allocation.

Long-term holding

Generating impact sometimes takes time. In this context, investments are made with a view to hold the investment for the term needed to generate the expected social impact and minimum return.

Asset class and specifications

Investments can be direct or indirect (via funds) depending on different factors such as access to specific markets or investment opportunities, total cost of ownership, risk diversification, liquidity, etc.

Investments made must comply with Ethias' general investment policy and its annexes except if specific conditions mentioned in this policy. In fact, we acknowledge that, in certain instances, Ethias may choose to relax specific criteria, such as fund size.

Geographic impact

An essential criterion in our investment strategy is maintaining a minimum anchor in Belgium. This strategic choice aligns with our broader investment policy.

Unless waived by the investment committee, the multiplier index must be minimum 1.5 euros invested in the Belgian economic and social structure for every 1 euro invested by Ethias.

Still, we recognize the importance of generating a positive societal impact wherever it exists, especially for the world's most disadvantaged populations. This is why we reserve a part of our strategy for investments outside Belgium.

Activity segment allocation

In general, impact investments must not reduce the competitiveness of Ethias' insurance activities. For this reason, impact investments are allocated to equity segments unless it is in the commercial or ALM interest to allocate them to Life or Non-Life segments.

3.2. Impact themes

The selected themes align closely with key Sustainable Development Goals (SDGs), reflecting a deliberate and strategic approach to impact investing. Specifically, the chosen themes are rooted in the SDGs: 1 « no poverty », 3 « Good health and wellbeing » 7 « affordable and clean energy », 11 « sustainable cities and communities », 12 « responsible consumption and production » , and 13 « climate action ». In the IRIS+ system, these SDGs translate into the following impactful domains:

1. **Climate (SDG 13)**
   - *Subthemes*: Climate change mitigation and climate resilience adaptation.
   - *Rationale*: Addressing the urgent global challenge of climate change is embedded in the focus on both mitigating its impact and adapting to ensure resilience. This theme acknowledges the critical role of investments in fostering a sustainable and climate-resilient future.
2. **Energy (SDG 7)**
   - *Subthemes:* Energy access and energy efficiency.
   - *Rationale:* Addressing SDG 7 underscores the commitment to ensuring access to affordable, reliable, sustainable, and modern energy for all. The subthemes highlight the dual focus on expanding energy access and promoting efficiency, contributing to a more sustainable energy landscape.
3. **Infrastructure (SDG 9 and SDG 11)**
   - *Subthemes:* Resilient infrastructure and infrastructure to promote accessibility.
   - *Rationale:* Encompassing both SDG 9 and SDG 11, this theme recognizes the crucial role of resilient infrastructure in fostering economic growth and ensuring sustainable urbanization. The focus on promoting accessibility further emphasizes the commitment to inclusivity in development efforts.
4. **Real Estate (SDG 1 & 11)**
   - *Subthemes:* Affordable quality housing and green buildings.
   - *Rationale:* Aligned with SDG 11, this theme focuses on creating inclusive, safe, and sustainable communities. The emphasis on affordable quality housing and green buildings reflects the commitment to fostering environmentally friendly and socially responsible urban development.

5. **Health (SDG 3)**
   - *Subthemes:* Access to quality health care and nutrition.
   - *Rationale:* Contributing to SDG 3 emphasizes the importance of access to quality healthcare and proper nutrition, essential elements for promoting well-being and sustainable development. These subthemes underscore the commitment to improving health outcomes for communities. At Ethias, we would translate the principle of additionality by focusing on preventive healthcare principles by promoting accessible and healthy food systems, by investing in preventive health care and clean air.

6. **Economic Empowerment (SDG 1, SDG 8 and SDG 10)**
   - *Subthemes:* Financial inclusion.
   - *Rationale:* This impact theme is anchored in the principles of SDG 1, which aims to end poverty in all its forms, SDG 8, which emphasizes inclusive and sustainable economic growth and SDG 10, which focuses on reducing inequalities. At Ethias, we recognize that financial empowerment is a key driver for breaking the cycle of poverty. By focusing on financial inclusion and offering micro-credits to underprivileged populations, we strive to empower individuals and communities economically. Providing micro-credits serves as a catalyst for entrepreneurship, enabling individuals to establish or expand small businesses, generate income, and uplift their overall economic well-being.

3.3. Impact measurement

To justify the intentional sacrifice of yield, precise measurement is crucial. We place significant emphasis on metrics, particularly those aligned with the IRIS+ themes to which funds or investments are positioned. These metrics serve as the quantitative foundation for justifying the divergence from standard returns.

The assessment of impact investments based on intentionality, measurability, and additionality is a key framework for determining the quality and effectiveness of impact investments. These three dimensions help understand the depth of commitment to positive social or environmental impact. Here's how the assessment levels break down based on these criteria:

Intentionality

» *Low Level:* Investments are made without a clear intention to generate positive social or environmental impact. Investment decisions are primarily driven by financial returns, with no explicit consideration of ESG or sustainability factors.

» *Medium Level:* Investments are motivated by a positive intention, but this intention is not necessarily at the core of the investment strategy. Investors may seek to align their personal values with their investments but without a strong commitment to impact.

» *High Level:* Investments are deliberately designed to generate positive social or environmental impact. Intention is at the core of the investment strategy, and investors actively seek opportunities that address specific sustainability or social inclusion needs.

Measurability

» *Low Level:* Investments are not measured or evaluated in terms of impact. There is no system in place to track or quantify the social or environmental outcomes of investments.

» *Medium Level:* Investments are accompanied by basic measures to assess impact, but these measures are not necessarily thorough or sophisticated. Investors may have basic performance indicators without in-depth evaluation.

» *High Level:* Investments come with a robust impact measurement. Investors use quantitative and qualitative metrics to continuously assess the social and environmental outcomes of their investments. Data is collected, analyzed, and transparently communicated.

Additionality

» *Low Level:* Investments are not necessarily designed to be additional, meaning they may not necessarily contribute to outcomes that would not have occurred otherwise. They may follow a « business as usual » approach without seeking to generate additional impact.

- *Medium Level:* Investments aim to have an impact, but they could still be considered « additional » only to a certain extent. They seek to improve sustainability or social responsibility compared to non-sustainable alternatives but without bringing about radical changes.
- High Level: In*vestments are designed to be clearly additional, meaning they aim to solve problems or create social or environmental benefits that would not have occurred without this investment. They go beyond the tradi*tional approach and contribute to significant positive change. As example, this covers investments that go beyond traditional approaches, actively contributing to significant positive change by empowering underprivileged populations through financial inclusion and micro-credits.

By evaluating impact investments across these three dimensions, investors can better understand the nature and effectiveness of their sustainability and social responsibility investments. This ensures that investments are aligned with desired impact goals and maximizes their contribution to positive outcomes.

For an investment to qualify as an impact investment, it should be classified under at least Medium Level under the three dimensions.

4. Monitoring, reporting and communication

Reporting standards are paramount in our fund investments. We require a minimum reporting threshold, and beyond financial metrics, we insist on impact reporting. This dual reporting approach ensures a comprehensive understanding of both financial performance and the broader societal and environmental implications of our investments.

5. Governance

The Policy is drafted by Asset Management and validated by the Sustainable and Responsible Investment Management Meeting (SRIMM). It is then validated collegially by the Executive Committee, following validation and proposal by the ALCO, and approved by the Board of Directors.

When considering impact investments, decisions are made on a case-by-case basis. These decisions are not made in the SRIMM but rather in the dedicated investment committees that are specific to the asset class being considered. This approach ensures that the investment decision-making process is tailored to the specific needs and characteristics of each asset class.

Asset Management is responsible for the execution of the Policy. Compliance is verified by the 1st and 2nd lines of controls.

Any deviation from this policy is reported to Risk Management as soon as it is detected. The ALCO decides on the appropriate corrective action when required.