



POLICY

ENVIRONMENTAL POLICY

December 2024

TABLE OF CONTENTS

INTRODUCTION	3
ENVIRONMENTAL AMBITIONS	3
Titre 1.1 Climate change mitigation	3
Section 1.1.1 In our own operations	3
Section 1.1.2 Our procurement	4
Section 1.1.3 Our investments	5
Section 1.1.4 Our insurance activities	5
Titre 1.2 Climate change adaptation	5
Section 1.2.1 In our own operations	5
Section 1.2.2 Our investments	6
Section 1.2.3 Our insurance activities	6
Titre 1.3 Beyond Climate	6
COMMITMENTS	7
COPE	7
POLICY REVIEW	8
OWNERSHIP	8

INTRODUCTION

Fighting climate change is one of the greatest global challenges and a major issue for the insurance sector. Extreme weather events, which are becoming more frequent and intense, are increasing the frequency and severity of claims, ultimately threatening the profitability and financial stability of insurance companies.

At the same time, the loss of biodiversity is another major challenge, as it weakens ecosystems and increases the risk of natural disasters.

By fully integrating these issues into its strategy, Ethias can play a key role in strengthening the sector's environmental and economic resilience. By focusing on innovative and sustainable solutions and adapting its business model to these new realities, Ethias is reaffirming its mission to protect its customers from these emerging risks while actively contributing to the preservation of ecosystems, which are essential to building a more stable and sustainable future.

ENVIRONMENTAL AMBITIONS

TITRE 1.1 CLIMATE CHANGE MITIGATION

To reduce the negative impact of its activities on the environment, Ethias has been assessing the carbon footprint of its operational emissions since 2012.

In 2020, Ethias drew up its first Change Over transition plan in which it set out its ambition and trajectory to achieve a maximum reduction of its own CO2 emissions (scope 1 and 2) by 2030 using the GreenHouse Gas Protocol Standard method.

Ethias increases its ambitions every year. That is why, in December 2022, the company decided to go one step further by signing SBTi's Net-Zero 2050 commitment.

This strong commitment, which involves setting and monitoring decarbonisation targets in line with the Paris Agreement and based on internationally recognised scientific methods, reinforces Ethias' ambition to decarbonise its entire value chain by 2050. These long-term targets will have to be submitted to the SBTi scientific committees for assessment within 2 years of the publication of the standards relating to the financial sector, expected for Q2 2025.

Pending the official publication of the standards, Ethias has been actively working on an intermediate transition plan, looking forward to 2030 ("near-term targets"), in compliance with the SBTi criteria. With this plan, Ethias will better anticipate the necessary actions to achieve the transition by 2050.

SECTION 1.1.1 IN OUR OWN OPERATIONS

Ethias has implemented a strategy whose main objective is to eliminate the use of fossil fuels in its operations to reduce its CO2 emissions as much as possible by 2030.

Ethias relies on a 4-stage reference framework that will help the company to achieve an increasingly high level of decarbonisation:

- Reduce: reduce unnecessary energy consumption as much as possible, and use energy resources sparingly.
- Improve efficiency: improve the efficiency of what can't be eliminated.

- Shift technology: transform energy generators (motors, boilers, etc.) so we can stop using fossil fuels.
- Remove: any remaining carbon will have to be captured to reduce its presence in the atmosphere.

The two operational areas that currently rely the most on fossil fuels are mobility and buildings.

§1. Mobility

Ethias' decarbonisation strategy for mobility is based on:

- electrification of the vehicle fleet;
- ambitious homeworking policy;
- encouraging employees to change their behaviour in terms of mobility: car-pooling, multimodal mobility, cycling, public transport, etc.

§2. Buildings

Streamlining real estate portfolio

Ethias has been streamlining its real estate assets for many years, while maintaining excellent working conditions for its employees. This reduction in surface area helped to steadily reduce the building-related carbon footprint.

Increasing the energy efficiency of our buildings

In 2023, the Hasselt head office underwent a major renovation, achieving BREEAM Very Good certification, largely due to the installation of new geothermal heat pumps.

In 2025, the Liège head office will move to a carbon-neutral building at the heart of the new "Rives Ardentes" eco-district in Liège.

100% green electricity

Ethias signed electricity supply contracts providing electricity from 100% renewable sources (hydroelectricity, wind power, co-generation or solar energy).

SECTION 1.1.2 OUR PROCUREMENT

Ethias' Procurement department sees that sustainability criteria are integrated into their supplier selection process. Ethias is committed to a policy of responsible purchasing and to maintaining long-term relationships with its suppliers.

We updated our procurement policy in 2022. It specifies sustainability criteria for every new contract, such as energy consumption and savings, carbon footprint reduction, use of recyclable materials and consumables, waste reduction, etc.

By implementing such criteria Ethias can mitigate the risks involved in the supply chain.

When selecting its suppliers, Ethias ensures that calls for tender for products and services include ESG components. This takes the form of an ESG questionnaire sent to the contacted suppliers. The answers to this questionnaire are considered in the evaluation criteria for a call for tenders and form an integral part of the weighting leading to the selection of the supplier.

These criteria are set out in a charter that translates the principles in terms respect for human and environmental rights and to which each new supplier is asked to comply with. When suppliers sign a contract with Ethias, they agree to comply with this charter.

Ethias' commitment to the gradual decarbonisation of its activities also covers the scope of its procurement and involves setting and monitoring targets in terms of the proportion of its emissions linked to suppliers who share the same type of commitment to decarbonising their activities.

SECTION 1.1.3 OUR INVESTMENTS

Ethias also includes its investments in the decarbonisation scope, since they account for the largest share of its indirect emissions.

Making Ethias asset management carbon-free will be a key element of Ethias' transition. As a financial institution, Ethias is a catalyst that helps accelerate the transition in key sectors where long-term investment is essential (such as sustainable transport, green energy infrastructure, building renovation,...).

Considering the environmental strategy of companies is naturally an essential part of Ethias' ESG integration strategy with regard to all its investments. Through its exclusion policy (aligned with the exclusion criteria of Febelfin's Towards Sustainability label), Ethias ensures that thermal coal and non-conventional oil and gas, which involve complex extraction methods and have a particularly harmful impact on the environment, are completely excluded from its investments.

In the conventional oil and gas and power generation sectors, Ethias only invests in companies that are committed to moving towards a sustainable, low-carbon model.

Finally, Ethias supports several market initiatives, such as Climate Action 100+ and the Belgian Alliance for Climate Action, which aim to bring together financial players to reduce the emissions linked to their investments.

SECTION 1.1.4 OUR INSURANCE ACTIVITIES

Ethias aims to measure the baseline of its insured emissions in order to be prepared to act on this lever in the coming years, depending on sectoral and regulatory developments.

CO2 emissions linked to claims management are also being estimated, although Ethias, like other insurance companies, faces the challenge of the availability of the data needed to estimate these emissions.

At the same time, Ethias is positioning itself as a facilitator, supporting its clients in their transition, i.e. by offering advice on implementing preventive measures.

Ethias is also working to create an increasingly sustainable range of non-life insurance products.

Lastly, Ethias is actively raising awareness among its network of approved repairers and closely monitors market developments to identify courses of action that would promote the circular economy and reduce CO2 emissions.

TITRE 1.2 CLIMATE CHANGE ADAPTATION

SECTION 1.2.1 IN OUR OWN OPERATIONS

Identifying the discontinuity risks linked to climate change is a priority to ensure the operational resilience of our business. These risks, which are often complex and multi-dimensional, include physical threats such as natural disasters, such as floods, which can significantly affect critical infrastructure (premises, data centres, etc.) and business continuity.

An annual analysis of these risks is essential to:

- measure the impact of extreme weather events on key assets, such as data centres, critical equipment and strategic infrastructure;

- identify the specific vulnerabilities of installations and processes to unforeseen climatic variations.

Ethias regularly tests its resilience to potential scenarios that could affect its infrastructures.

However, climate change also requires long-term thinking about the sustainability of infrastructure. This includes designing buildings to withstand predicted future climate conditions and investing in environmentally responsible solutions. Ethias takes these factors into account in its building-related projects, both in the design phase and in infrastructure renovation projects.

SECTION 1.2.2 OUR INVESTMENTS

Ethias is aware of the importance of considering the physical and transitional risks that have a potential impact on its investment portfolio and performance. Climate change is creating financial risks for companies, particularly in terms of the transition to a low-carbon economy, and these risks can have an impact on the value of investments.

Ethias has included environmental, social and governance criteria into its investment decisions and has made its ESG integration policy public. For all asset classes, Ethias applies the principle of double materiality, by identifying the likely impacts of sustainability risks on product performance and the risk of material adverse impacts on the sustainability (ESG) factors of each investment.

With this process, Ethias can identify companies that are better prepared to face these risks, such as those with a clear strategy for reducing their carbon footprint and adapting to climate change. Ethias believes that these companies are better positioned to generate solid long-term financial performance.

Integrating environmental criteria into investment decisions ensures a clear link between strategy and risk mitigation action.

SECTION 1.2.3 OUR INSURANCE ACTIVITIES

An insurance company must be able to cope with any kind of change in its external environment. Resilience is an important factor in guaranteeing clients a long-term service that will meet their new needs and current laws.

Ethias opted for a proactive management of climate risks, which deserves special attention and management given the potential material impact and increased likelihood of occurrence for this type of risk.

Firstly, for the forecasting of physical risks linked to climate, such as floods and storms, Ethias now uses tools based on climate change models to develop insurance rates and coverage that better suit the specific needs of Belgium and its regions.

Then, Ethias upgrades the range of prevention services for B2B customers, to help them manage their own ESG risks. In addition, a thorough understanding of environmental regulations helps Ethias to anticipate legislative changes for its clients too, and to offer advice and products tailored to their needs.

TITRE 1.3 BEYOND CLIMATE

Ethias aims to protect, preserve and restore biodiversity. Strengthening natural capital (air, water and soil, as well as forest, marine, freshwater and wetland ecosystems) is also a concern. The partnership with Natuurpunt since 2022 is a first step in this direction. The aim of this partnership is to purchase land around the Zwarte Beek valley to create a protected area. The goal of this project is to regenerate the soil and improve its absorption capacity in order to preserve water reserves and prevent the risk of flooding. This ecosystem is also unique in that it naturally captures CO₂.

This partnership was extended to the Natagora non-profit in 2024.

These various actions and partnerships are part of Ethias' desire to gradually develop climate risk prevention strategies based on nature-based solutions.

In addition to its philanthropic activities, Ethias' ambition is to measure, in the same way as for carbon, its impact on nature through the prism of its investment activity.

Finally, in its own operations, Ethias strives to reduce the use of resources such as water and paper.

COMMITMENTS

Ethias is actively seeking to join initiatives that bring together agents of the transition. As part of its **commitment policy**, Ethias has taken part in several collaborative engagement initiatives.

Partnership for Biodiversity Accounting Financials (PBAF)

PBAF is a partnership of 30 financial institutions working together to develop the PBAF standard, which enables financial institutions to assess and disclose the biodiversity impacts and dependencies of loans and investments. Understanding the impacts (positive and negative) of its investment portfolio on biodiversity is an important objective.

Ethias is the first Belgian player to join PBAF.

Belgian Alliance for Climate Action (BACA)

BACA is a Belgian initiative led by The Shift and WWF that aims to encourage the adoption of a science-based approach to reduce the environmental impact of companies.

Ethias is among the first Belgian insurers to join BACA in 2021.

Climate Action 100+

The Climate Action 100+ initiative, consisting of 617 global investors, aims to ensure that the (165) largest emitters of greenhouse gases take the necessary action on climate change. Ethias is among the first Belgian insurers to join Climate Action 100+

Science Based Targets Initiative (SBTi)

After joining BACA in 2021, Ethias has committed to SBTi in 2022. Ethias' ambition is to obtain an independent approval (within a maximum of 2 years) for its plan including intermediate decarbonisation targets (based on recognised scientific methods) to achieve Net Zero in line with the objectives of the Paris Climate Agreement.

COPE

This environmental policy applies to Ethias SA.

POLICY REVIEW

Unless there is a major change, Ethias' environmental policy is reviewed every three years to take into account any changes in the way it manages environmental issues arising from regulatory or market developments.

OWNERSHIP

The Executive Committee is responsible for approving the environmental policy. The Sustainability team coordinates its implementation. All actions arising from this policy are the responsibility of the different departments concerned.

FOR MORE INFORMATION

Ethias

voie Gisèle Halimi 10 - 4000 Liège

Tel. 04 220 31 11

Fax 04 249 63 10

info@ethias.be

ethias.be