



ETHICAL INVESTMENT CODE

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(cancels and replaces the previous versions)



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1. INTRODUCTION

The Ethias Group has always applied CSR (Corporate Social Responsibility) to all its businesses. Ethias uses it as a management tool that allows the company to align its activities with its values : human, commitment, enthusiasm and customer satisfaction. Through its CSR approach, Ethias assesses the progress made within the social, societal and environmental fields.

For the sake of a better, fairer, greener, more equal and united world, Ethias positions itself as a

- Trusworthy insurer
- Sustainable company
- Responsible investor

The non-financial report¹ provides in detail the actions, ambitions and results of the CSR strategy.

With that in mind, Ethias has followed a rigorous, moral and transparent approach for many years for managing its financial assets.

2. COMMITMENTS

The Asset Management Direction of Ethias SA commits itself to make all financial officers respect, in all direct investments executed on one's account or on account of the Group, the prohibition to invest in government bonds of the countries mentioned in the attached list as well as in shares and corporate bonds mentioned in the attached list of enterprises. Besides, all counterparties and intermediaries of the Asset Management Department will be requested to take note of the following principles which constitute this Ethical Investment Code.

The Ethical Investment Code is updated annually. The selection of the securities mentioned in the lists was operated and validated by the Ethical Investment Committee of Ethias. This Committee is composed of the CFO, the Head of Corporate Office, the manager and assistant manager in charge of the working group on CSR (internal and transversal committee), the financial representative within this working group on CSR and a legal expert. This Ethical Investment Code is sent to the Executive Committee of Ethias SA for approval and then to the Ethics Committee (internal national body jointly composed of representatives of the employees and of the management) for examination and advice.

The Ethical Investment Committee strives for best practices in terms of ethical and sustainable development, with a permanent learning commitment and the will to progressively broaden the application field. Proof lies in the integration of ecological, social and governance criteria (ESG) when establishing our lists of prohibited investments. Moreover, since 2017, we exclude coal from our investments because this is the fossil fuel that contributes the most to global warming. From 2019 onwards, we will exclude tobacco and the production of conventional weapons.

3. SCOPE OF OUR ETHICAL MANAGEMENT

The scope of our ethical management applies to the Ethias Group as well as the associated entities, in any manner, provided that the latter have entrusted the financial management of their assets to Ethias SA. It is specified that the scope of our ethical management also applies to the entities associated through a management mandate within the framework of the direct investments.

The investments in external funds which are not managed by Ethias SA are not subject to this code (Ethias cannot impose this code).

¹ www.ethias.be/content/dam/ethias-investors/INVESTORS/PDF/rapports-ethias/2017_RapportNonFinancier_EN_WEB.pdf

4. ANALYSIS OF THE COVER

The table below mentions per asset class whether it is included or not in the scope of the criteria mentioned in this document.

CLASS	
I. Land and buildings	Beyond the perimeter because of their nature
II.1 Associated enterprises	Within the perimeter: respected in first line (level issuer/counterparty)
II.2 Other enterprises with participating interest	Within the perimeter: respected in first line (level issuer/counterparty)
III.1 Shares, participations and other variable yield securities • Direct • Indirect (funds)	Within the perimeter when it concerns direct investments and beyond the perimeter when it concerns indirect investments (funds) which are not managed by Ethias (we cannot impose our code to other investors)
III.2 Bonds and other fixed income securities • Corporate - direct • Corporate - indirect (funds) • Governments • Covered • Other bonds	Within the perimeter when it concerns direct investments and beyond the perimeter when it concerns indirect investments (funds) which are not managed by Ethias (we cannot impose our code to other investors)
III.3 Mortgage loans and mortgage credits	Beyond the perimeter because of their nature
III.4 Other loans	Within the perimeter
III.5. Deposits with credit institutions	Within the perimeter: respected on the counterparty level (excluding collateral management)
III.6 Others (derivatives)	Within the perimeter: respected on the level of the underlying element (for derivatives)
IV. Deposits with ceding enterprises	Beyond the perimeter because of their nature

5. CRITERIA OF OUR ETHICAL MANAGEMENT

Two types of criteria are applicable within the framework of our ethical management: one for shares and corporate bonds and the other one for government bonds.

5.1 SHARES AND CORPORATE BONDS

Ethias SA has asked Vigeo Eiris Rating¹ to establish a list of enterprises which are not in line with the 10 principles of the Global Compact of the United Nations regarding the human rights, the right to work, environment and fight against corruption² and/or which are involved in (controversial and/or conventional) armament and/or in coal and/or in tobacco. These excluding conditions were transposed in screening criteria of Vigeo Eiris and this throughout their entire universe.

5.1.1. ETHICAL PRINCIPLES WHICH ARE RESPECTED

As a responsible insurer, Ethias will not directly invest in companies that, **for the criteria identified in the points 5.1.1.1., 5.1.1.2. and 5.1.1.3 below**

- are confronted with frequent and severe controversies for the analysis period³ and
- do not report transparently about these controversies and/or the implemented corrective measures.

Furthermore, all investments in armament (point 5.1.1.4.) as well as in coal (point 5.1.1.5.) and tobacco (point 5.1.1.6.) are prohibited.

5.1.1.1. Human rights and right to work

Respect of the fundamental rights within the company (as a whole, in other words on and outside of the workplace) and prevention of the violation of these rights

- respect of the private life
- respect of the right to security and the safety of people
- respect of the right to property
- prevention of cruel, inhuman and degrading treatments
- prevention of situations or acts of complicity regarding to the violation of the human rights

Respect of the trade union freedom and of the right to collective bargaining

- the right of employees to found trade union organisations and the right to join them
- free exercise of trade union rights
- the right to join trade union associations, local, regional or international federations and confederations
- respect of the right to strike
- facilities granted for the exercise of trade union rights
- protection against interference or anti-union discrimination
- respect of the right to collective bargaining
- promotion of the right to collective bargaining, especially the information given to the representatives of the employees

1 www.vigeo-eiris.com

2 <https://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>

3 Vigeo Eiris' database covers any controversy with minor or significant severity during 24 months after the last event identified and during 48 months for controversies with high or critical severity.

Non-discrimination on the workplace (regarding the work conditions, professional training, promotion, remuneration and other profits)

The identified main grounds of discrimination are:

- Gender
- Nationality, ethnic origin, race
- Religion
- Social origin
- Political opinion
- Age
- Medical condition
- Handicap
- Sexual orientation
- Family responsibility

Elimination of the prohibited labour practices

Abolition of child labour and/or abolition of forced labour.

Commitments in favour of the economic and social development of the settlement area

The engagement of the enterprise to contribute in a sustainable way to the economic and social progress of the host areas through the optimisation of the local economic benefits linked to the activity of the enterprise: local investments, tax payments, policy regarding the promotion of local employment, transfer of technologies and competences and taking into account the impact of the restructuring on the local labour market. This criterion is particularly relevant for the analysis of the behaviour of enterprises with great influence on the local labour market.

The integration of social factors in the supply chain

The integration by the enterprise of social standards in its purchasing process (suppliers and subcontractors) which are particularly related to:

- the freedom of association and the right to collective bargaining
- the abolition of child labour
- the abolition of forced labour
- non-discrimination
- hygiene and security
- decency of wages
- working hours
- ...

5.1.1.2. Environnement

The company makes environmental commitments aimed at:

- preventing and monitoring accidental pollution, in particular soil contamination
- protecting biodiversity and managing animal experimentation
- protecting water resources
- minimising the effects of energy consumption on the environment
- managing air emissions
- managing waste
- managing local pollution
- managing the effects of transport on the environment
- managing the effects of the use or removal of products and services
- integrating ecologic factors in the supply chain related to the production and distribution of the products or services by the suppliers and subcontractors concerned. The integration of ecologic factors in the purchasing process covers the whole of the business relation with the suppliers and the subcontractors.

5.1.1.3. Anti-corruption

Prevention of all forms of corruption and conflicts of interest.

Are prohibited:

- Bribes,
- Gifts and invitations,
- Extortion,
- Fraud,
- Misappropriation,
- Money laundering,
- Conflicts of interest,
- Illegal financing of political parties (in accordance with the national regulations).

The reference texts for all these criteria come from standards, conventions and treaties issued by organisations such as the ILO, the UN, the OECD, the EU, the WTO or UNESCO. These references are internationally recognized.

5.1.1.4. Armament

It concerns the identification of the companies (as well as their subsidiaries/joint ventures) that are involved in the production or sales of controversial weapons or their key components as well as the so-called conventional weapons. The types of controversial weapons covered are forbidden or controlled by international treaties, such as the Anti-Personnel Mine Ban Convention or the Convention on Cluster Munitions, or are otherwise subject to stakeholder criticisms and campaigns (depleted uranium and white phosphorus weapons). The controversial weapons covered are :

- Anti-personnel mines
- Cluster Munitions
- Weapons of Mass destruction:
 - » Nuclear weapons
 - » Chemical weapons
 - » Biological weapons
- Non-detectable fragments weapons
- Incendiary weapons,
- Blinding laser weapons
- Depleted uranium weapons
- White phosphorus weapons

Ethias shall not invest in companies that generate income from the production of controversial weapons.

Non-controversial, or conventional, weapons include e. g. light and small weapons, bombs and missiles (non-nuclear), shells, rockets, etc. The identified producers contribute to the realization of the weapon system and/or its platforms. Weapon system refers, for example, to warheads, shooting weapons, firearms and ammunition. Platforms refer to vehicles designed to deploy weapons, such as tanks, aircraft (e. g. bombers), ships, etc.

Ethias shall not invest in companies that generate more than 10 % of their income from the production of conventional weapons.

5.1.1.5. Coal

It concerns the identification of enterprises which are involved in the extraction of qualities of coals collectively termed thermal coal – or ‘steam’ or ‘energy’ coal – because they are mainly used as fuel for power generation. These coals include lignite and sub-bituminous coals. Metallurgical coals used in the production of steel, such as hard coal or anthracite, are not covered. Harder quality grades of coals are included only in those cases in which it is clear that they are being supplied as thermal coals, i.e. for power generation and not steel-making or other uses. Ethias will exclude from investment those companies deriving 5 % or more of their revenues from thermal coal.

5.1.1.6. Tobacco

The aim is to identify the companies involved in the production or distribution of tobacco. This includes the ownership of tobacco plantations and the manufacture of tobacco products, including the processing of tobacco leaves (such as sorting, processing, threshing and blending), as well as income from the wholesale and/or retail sale of these products by the producing company or by other companies.

Ethias shall not invest in companies that generate more than 10 % of their income from the production or distribution of tobacco.

5.2. GOVERNMENT BONDS

For the black list of countries we maintain two concepts:

- the fiscally advantageous countries
- the less quoted countries based on the environmental, social and governance dimensions as defined by Vigeo Eiris.

5.2.1. FISCALLY ADVANTAGEOUS COUNTRIES

All the countries on the list of “**fiscally advantageous countries**” as referred to in the Income Tax Code 1992 are prohibited. When a country is withdrawn from the list, it will not automatically be added to the list of authorized countries. A demand must be submitted to the Strategic Investment Committee in accordance with the investment policy of Ethias SA.

5.2.2. COUNTRIES THAT ARE THE LEAST RESPECTFUL OF INTERNATIONAL STANDARDS IN TERMS OF HUMAN RIGHTS, WORKERS' RIGHTS AND ENVIRONMENTAL PROTECTION

The objective is to not invest in those countries that are the least respectful of internationally recognised Human Rights, Workers' Rights and Environmental Conventions.

Of the 176 countries included in Vigeo Eiris’ “**Sovereign Sustainability Rating**”, the last quartile of the worst performing countries as to the following analysis criteria is excluded :

In terms of the Environmental dimension:

- Participation in international environmental conventions (such as the UNFCCC, the Paris Agreement, the Cartagena Protocol to the Convention on Biological Diversity,...)
- Mitigation of and adaptation to Climate Change
- Reduction of Air Emissions
- Protection of water ressources
- Protection of Biodiversity
- Transition to green growth

In terms of the Social dimension:

- Promotion of social protection (poverty, social inequality and unemployment)
- Promotion of education (public education expenditure, level of primary and secondary school education, literacy rate)
- Promotion of public health (child and maternal mortality rate, nutrition, access to water, HIV, malaria and tuberculosis rates)
- Promotion of gender equality
- Infrastructure management
- Participation in international solidarity
- Level of population's safety and security (crime rates and participation in controversial weapons conventions)

In terms of Governance dimension:

- The respect, promotion and protection of civil rights through the participation in International Human Right Conventions, International Conventions on labour rights (such as the ILO core conventions) and International Conventions on the prevention of discrimination
- The promotion of democracy and stability (indicators related to political freedom and stability, control of corruption, independence of justice, market regulation and press freedom)

6. DESINVESTMENT CRITERIA

If, when updating the Ethical Investment Code, new names appear which are held in the portfolio, **the following policy will be applied:**

- the shares may be held as long as the stock market price is below the acquisition price
- the bonds may be held to maturity in order to fulfil their obligations in terms of yield and asset/liability management («ALM»).

However, the acquisition of new positions of the security involved is strictly forbidden.

Taking into account the dispositions mentioned in the points 5.1.1.1., 5.1.1.2., 5.1.1.3., 5.1.1.4., 5.1.1.5., 5.1.1.6. for the enterprises and the points 5.2.1, 5.2.2. for the countries, the two lists attached constitute the list of direct investments which are prohibited for Ethias SA.

This list will apply from 1 January 2019 and can be revised at any time by Ethias SA.

ATTACHMENT TO THE ETHICAL INVESTMENT CODE ETHIAS SA

LIST OF THE FORBIDDEN DIRECT INVESTMENTS

BLACK LIST ENTERPRISES

ISIN CODE	NAME OF THE ENTERPRISE
US0028241000	Abbott Laboratories
GB00B61D2N63	Acacia Mining
ID1000111305	Adaro Energy
US00766T1007	Aecom
US0078001056	Aerojet Rocketdyne Holdings
ROAEROACNOR5	Aerostar
ROAROBACNOR1	Aerotech SA
CNE100000Q43	Agricultural Bank of China
NL0000235190	Airbus
CA01626P4033	Alimentation Couche-Tard
US02079K3059	Alphabet
US02209S1033	Altria Group
US0231351067	Amazon.com
GB00B1XZS820	Anglo American (UK)
ZAE000043485	AngloGold Ashanti
FR0011027143	Arab Organization for Industrialization
IL0005870147	Areva
TRAASELS91H2	Aryt Industries Ltd
ID1000122807	Aselsan Elektronik Sanayi Ve Ticaret
AU000000ASB3	Astra International
GB0009697037	Austal
GB0002634946	Aviation Industry Corporation of China
IT0005218752	Avibras Indústria Aeroespacial
ES0113900J37	Babcock International Group
CNE1000001Z5	BAE Systems
TH0148010R15	Banca Monte Dei Paschi Di Siena
CA0679011084	Banco Santander
DE000BAY0017	Bank of China
KR7282330000	Banpu Public
INE171Z01018	Barrick Gold
INE258A01016	Bayer
INE263A01016	Bechtel Group
AU000000BHP4	BGF retail
GB0000566504	Bharat Dynamics Limited
DE0005190003	Bharat Earth Movers Limited (BEML)
US0970231058	Bharat Electronics Limited
GB0007980591	BHP Billiton (Australia)
GB0002875804	BHP Billiton (UK)
MYL416200003	BMW
XS0989152573	Boeing
ID1000068703	BP
US05605H1005	British American Tobacco
US1475281036	British American Tobacco Malaysia
	Bulgarian Energy Holding
	Bumi Resources
	BWX Technologies
	Caseys General Stores

ISIN CODE	NAME OF THE ENTERPRISE
GB00B45C9X44	Chemring Group
US1667641005	Chevron Corporation
CND100006HP7	China Aerospace Science & Technology Corporation
CNE100000528	China Coal Energy
CNE1000002H1	China Construction Bank
CND100003805	China National Precision Machinery Import and Export Corporation
CNE1000002Q2	China North Industries (Norinco)
CNE1000002R0	China Petroleum & Chemical
CNE1000002R0	China Poly Group Corporation
FR0000053399	China Shenhua Energy
KYG2352X1262	China Shipbuilding Industry Corporation
INE522F01014	Cnim
US2036681086	CNNC International
ES0105027009	Coal India
US20825C1045	Cockerill Maintenance & Ingénierie
US20854L1089	Community Health System
US2186811046	Compañía de Distribución Integral Logista Holdings
CH0012138530	ConocoPhillips
DE0007100000	Consol Energy
FR0000121725	Core Mark Holding Co Inc
DE0005140008	Credit Suisse Group
US25179M1036	Daimler
PHY2088F1004	Dassault Aviation
KR7000150003	Day & Zimmermann
US2641471097	Deutsche Bank
CH0023405456	Devon Energy
IL0010811243	DMCI Holdings
US29286C1071	DMD Group
IT0003132476	Doosan
PLEURCH00011	Ducommun
ZAE000084992	Dufry
US30231G1022	Elbit Systems
US30303M1027	Engility Holdings
US3434121022	ENI
US35671D8570	Eurocash
US3695501086	Exxaro Resources
US3696041033	Exxon Mobil
US36162J1060	Facebook
JE00B4T3BW64	Fluor
CA3809564097	Freeport-McMoRan
MXP370841019	General Dynamics
CNE1000006R1	General Electric
ID1000068604	Geo Group
ID1000074008	Glencore
KR700088K015	Goldcorp
KR7012450003	Grupo Mexico
US4138751056	Guangdong Orient Zirconic
US4385161066	Gudang Garam
BMG4639H1227	Hanjaya Mandala Sampoerna
US4464131063	Hanwha
KR7005381009	Hanwha Techwin
	Harris
	Heliopolis Company for Chemical Industries
	Honeywell International
	Huabao International Holdings
	Huntington Ingalls Industries
	Hyundai Motor
	IMI Systems

ISIN CODE	NAME OF THE ENTERPRISE
GB0004544929	Imperial Brands
CNE1000003G1	Indian Ordnance Factories
IL0011275471	Industrial and Commercial Bank of China
IL0002810146	Israel Aerospace Industries
INE154A01025	Israel Chemicals
US4698141078	ITC
JP3726800000	Jacobs Engineering Group
PLJ5W0000015	Japan Tobacco
US4781601046	Jastrzebska Spolka Weglowa
US4835481031	Johnson & Johnson
KR7047810007	Kaman
KR7033780008	Korea Aerospace Industries
US5024131071	KT&G
INE018A01030	L3 Technologies
JP3982100004	Larsen & Toubro
US5253271028	Lawson
IT0003856405	Leidos Holdings
US5398301094	Leonardo
KR7023530009	Lockheed Martin
US57636Q1040	Lotte Shopping
GB00BJ3VW957	Makina ve Kimya Endustrisi Kurumu (MKEK)
US5801351017	MasterCard
GB00BZ1G4322	McColls Retail Group
US6153942023	McDonald's
US6174464486	Melrose Industries
RU0006763570	Moog
DE000A0D9PT0	Morgan Stanley
US6295791031	Motovilikh Plants / Motovilikhinskiye Zavody
US6372151042	MTU Aero Engines
AU000000NHC7	Myanmar Defence Products Industries
GB00BZ02MH16	Nacco Industries
JP3762600009	National Presto Industries
US6668071029	New Hope Corporation
US68557N1037	NEX Group
US7045511000	Nomura Holdings
US69331C1080	Northrop Grumman
US7181721090	Northrop Grumman Innovation Systems
US7185461040	Ordtech Military Industries
KR6103141265	Peabody Energy Corp.
DE000PAH0038	PG & E
KR7005490008	Philip Morris International
INE863B01011	Phillips 66
ES0175438003	Poongsan Corporation
US74737V1061	Porsche Automobil Holding
US7551115071	POSCO
DE0007030009	Premier Explosives
GB0007188757	Prosegur
AU000000RIO1	Pyxus International Inc
US7743411016	Raytheon
GB00B63H8491	Rheinmetall
GB00B03MLX29	Rio Tinto
KR7003570009	Rio Tinto (Australia)
	Rockwell Collins
	Roketsan
	Rolls-Royce Holdings
	Rostec (Russian Technologies State Corporation)
	Royal Dutch Shell
	S&T Dynamics

ISIN CODE	NAME OF THE ENTERPRISE
SE0000112385	Saab
FR0000073272	Safran
KR7028260008	Samsung C & T
KR7005930003	Samsung Electronics
US8085411069	Schweitzer-Mauduit Intl
GB0007973794	Serco Group
JP3422950000	Seven & I Holdings
HK0363006039	Shahid Bagheri Industries
SG1F60858221	Shanghai Industrial Holdings
NL0000817179	Singapore Technologies Engineering Ltd.
JP3663900003	Sligro Food
AU000000S320	Sojitz
US8485741099	South32
ZAE000109815	Spirit Aerosystems
SE0000310336	SPLAV State Research and Production Enterprise
INE245A01021	Standard Bank Group (South Africa)
INE081A01012	Swedish Match
PLTAURN00011	Tata Power
XS0695144567	Tata Steel
US8832031012	Tauron Polska Energia
FR0000121329	Temasek Holding
US1912161007	Textron
CA8911605092	Thales
CA89346D1078	The Coca-Cola Company
US90184L1026	Toronto-Dominion
IT0003487029	TransAlta Corporation
US9130171096	Twitter
ID1000058407	Union of Military Industries
US9134561094	Unione di Banche Italiane
BRVALEACNOR0	United Technologies
US92240M1080	United Tractors
INE205A01025	Universal
GB0033277061	Vale
DE0007664039	Vector Group
INE711A01022	Vedanta Limited
US9311421039	Vedanta Resources
AU000000SOL3	Volkswagen
US9608781061	Walchandnagar Industries Limited
AU000000WHC8	Wal-Mart Stores
CNE1000004Q8	Washington H. Soul Pattinson
	Westmoreland Coal
	Whitehaven Coal
	Yanzhou Coal Mining
	Yugoimport SDPR

BLACK LIST COUNTRIES ONLY APPLICABLE TO GOVERNMENT BONDS

Abu Dhabi	Haiti	Qatar
Afghanistan	India	Ras al Khaimah
Ajman	Iraq	Saint Barthelemy
Anguilla	Iran. Islamic Rep of	Saint Lucia
Bahamas	Isle of Man	Saint Vincent and the Grenadines
Bahrein	Jersey	Samoa (Western)
Bangladesh	Kuwait	Saudi Arabia
Bermuda	Lebanon	Sharjah
British Virgin Islands	Liberia	Solomon Islands
Cayman Islands	Libyan Arab Jamahiriya	Somalia
Central African Republic	Malaysia	South Sudan
Chad	Marshall Islands	Sudan
China	Mauritania	Swaziland
Comoros	Monaco	Tonga
Djibouti	Montenegro	Turkmenistan
Dubai	Myanmar (Birma)	Turks and Caicos Islands
Equatorial Guinea	Nauru	Uganda
Eritrea	Nigeria	Umm al Qaiwain
Federated States of Micronesia	Oman	United Arab Emirates
Fujairah	Pakistan	Uzbekistan
Gambia	Palau	Vanuatu
Guernesey	Papua New Guinea	Wallis and Futuna
Guinea-Bissau	Pitcairn Islands	Yemen