

## CSR Charter

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## CSR Charter

The *Société Fédérale de Participations et d'Investissement* [Federal Holding and Investment Company] (hereinafter referred to as "**SFPIM**") believes that taking social, environmental and governance issues into account makes an essential contribution to economic progress and the creation of long-term value.

The willingness of SFPIM to integrate social concerns into its activities is reflected in its investment and equity management activities, as well as in its own organisation.

SFPIM draws in particular on the OECD's Guidelines on Responsible Business Conduct for Institutional Investors<sup>1</sup>, the United Nations Principles for Responsible Investment (PRI)<sup>2</sup>, the Sustainable Development Goals (SDGs) set by the UN Member States<sup>3</sup> and the European Parliament Resolution on Sustainable Finance of 29 May 2018<sup>4</sup>.

The designations of positions (employee, administrator, director,...) mentioned in this charter refer to both sexes. For the sake of readability, the masculine is used as a default for both men and women.

### SFPIM: a responsible investor

#### **Preliminary step to investment**

SFPIM is convinced that responsible investment is an engine for social and environmental change.

In line with its legal missions, it favours responsible investments in companies that are concerned about the impact of their activities on society and the organisation of their governance, irrespective of their line of business.

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<sup>1</sup> OECD (2017), Responsible Business Conduct for Institutional Investors: Key Considerations for Due Diligence under the OECD Guidelines for Multinational Enterprises (<https://mneguidelines.oecd.org/RBC-for-Institutional-Investors.pdf>).

<sup>2</sup> <https://www.unpri.org>.

<sup>3</sup> 2030 Agenda for Sustainable Development launched by a UN Summit on 25 September 2015 ([https://unctad.org/system/files/official-document/ares70d1\\_fr.pdf](https://unctad.org/system/files/official-document/ares70d1_fr.pdf)) ; <https://www.un.org/sustainabledevelopment>.

<sup>4</sup> [https://www.europarl.europa.eu/doceo/document/TA-8-2018-0215\\_FR.pdf](https://www.europarl.europa.eu/doceo/document/TA-8-2018-0215_FR.pdf).

### *General criteria*

All financial operations are decided on the basis of a project assessed against both **financial and social criteria**. The aim is to strike a fair balance between financial and social performance and to prioritise responsible investments.

Social criteria refer to environmental, social and governance ("ESG") criteria, such as (but not limited to):

- The **Environment**: the promotion of energy efficiency, the reduction of greenhouse gas emissions, the sustainable use of natural resources, the transition to a circular economy, the integration of the risks associated with climate change, respect for biodiversity, the reduction of pollution and the treatment of waste.
- The **Social** dimension: attention to ethics, respect for human and workers' rights, job creation, the development of a healthy and stimulating working environment, the safety of products and services and relations with suppliers.
- **Governance**: the separation of management and oversight functions, the fight against corruption, the appropriateness and transparency of executive remuneration, the presence of independent directors, respect for the rights of minority shareholders, the promotion of diversity and fiscal transparency.

SFPI M is in general interested in any innovative solution that promotes sustainable and inclusive growth. Pursuant to its 2020-2025 strategy, **sustainability and innovation are key factors** in assessing an investment opportunity.

The manner and extent to which the ESG criteria are taken into account when analysing an investment opportunity may vary from one case to another, depending in particular on the following factors:

- the company's business activity and the nature of its products or services,
- the size of the company,
- the type of operation, direct or via an investment fund,
- the type of asset (shares, bonds, profit shares, etc.),
- the percentage of shareholding and SFPI M's capacity to influence the behaviour of the company invested in,
- the presence of other shareholders with common interests,
- the geographical area concerned,
- the stage of the company's development,
- the company's business model, and
- the company's position in the supply chain.

Nevertheless, investment managers check in all cases at least the restrictions listed below (*tax evasion, money laundering and the financing of terrorism; investment restrictions*).

*Tax evasion, money laundering, and the financing of terrorism*

SFPIM pays particular attention to the prevention of risks associated with investments in tax havens and the fight against money laundering.

Pursuant to the provisions of its management contract, SFPIM does not hold any direct or indirect interest of more than 25% of the capital and/or voting rights in a company located in a country that is on the list mentioned in Article 179 of the Royal Decree implementing the Belgian Income Tax Code (or on any other list that may be drawn up pursuant to Article 307 of the Belgian Income Tax Code).

Furthermore, in cooperation with the company concerned by the potential investment, it carries out an assessment to ensure that there is no illegitimate transfer of taxable income, in the following cases:

- one of the co-investors in the company concerned by the potential investment, with more than 25% of the capital and/or voting rights, is located in a country on the aforementioned list; and/or
- the company concerned by the potential investment holds an equity interest of less than 25% of the capital and/or voting rights in a company located in a country on the aforementioned list.

SFPIM moreover refrains from carrying out any significant operations in any of the countries on the list of non-cooperative countries drawn up by the Financial Action Task Force on Money Laundering and the Financing of Terrorism, or on the OECD list of non-cooperative countries.

SFPIM promotes transparency on tax optimisation practices.

### *Investment restrictions*

SFPIM does not invest in companies that do not comply with the ten principles of the **United Nations Global Compact** covering human rights, the environment, international labour standards and the fight against corruption.

#### **Human Rights**

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

#### **Labour:**

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should work towards to the elimination of all forms of forced or compulsory labour.

Principle 5: Businesses should work towards to the effective abolition of child labour.

Principle 6: Businesses should work towards the elimination of discrimination in respect of employment and occupation.

#### **Environment**

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

#### **Anti-corruption**

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

SFPIM will make no further investment in a company that engages in any of the activities listed below:

- economic activities that are illegal under the laws and regulations applicable to the company concerned,
- the production of and trade in tobacco and distilled alcoholic beverages and similar products,
- the manufacture of products or provision of services relating to pornography,
- activities relating to coal mining,
- activities relating to oil extraction,
- activities relating to gas extraction,
- research or development of technical applications to support any of the aforementioned activities.

Moreover, SFPI M does not invest in companies that engage in one of the activities mentioned below, except where the activity is in line with explicit Belgian policies:

- the manufacture of and trade in arms and ammunition or similar objects,
- the manufacture of products and provision of services relating to betting and online gambling.

Finally, SFPI M adopts a precautionary approach towards companies that engage in one of the activities mentioned below:

- activities relating to the production of fossil fuels,
- activities relating to genetically modified organisms (GMOs),
- the production of pulp and paper,
- research or development of technical applications to support any of the aforementioned activities.

These investment restrictions apply to all of SFPI M's investments and equity interests, whether directly or indirectly via investment funds, and irrespective of the asset class (shares, loans, profit shares, etc.) and geographical area concerned.

For its existing equity interests and investments, SFPI M focuses on supporting its portfolio companies in their transition towards greater sustainability, in line with the principles described below (*management of equity interests and investments*). A timetable for measuring progress must nonetheless be respected:

- By the end of 2026, companies must, where relevant, report on the actions planned to comply with the aforementioned investment restrictions.
- By the end of 2030, SFPI M and each company concerned will meet to go over the progress made and the results of the actions taken to comply with the aforementioned investment restrictions.
- By the end of 2035, all the companies in SFPI M's portfolio must comply fully with the aforementioned investment restrictions.

## Throughout the term of the investment

As an active and committed shareholder, SFPI M endeavours to improve corporate responsibility practices throughout the term of its investment. SFPI M endeavours to advise and support companies invested in on their **sustainable<sup>5</sup> and inclusive growth<sup>6</sup>**. SFPI M's approach is **constructive and pragmatic**.

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<sup>5</sup> In other words, an approach that will improve profitable in the long term by taking due account of the impact on society and the environment. SFPI M will not push a company to be financially profitable directly if the company has to resort redundancies in the short term in order to do or use production methods that damage the planet.

<sup>6</sup> In other words, an approach that benefits everyone, where everyone has in turn an opportunity to contribute. SFPI M encourages diversity in addition to certain projects that specifically contribute to inclusion (BeCentral/Be Code, etc.).

### *Presence in a management body or committee*

Following a proposal from SFPI M, the authorised representatives on the bodies or committees of companies in which SFPI M has a stake or equity interest, are asked to be attentive to social, environmental and governance issues and to encourage the adoption and strengthening of responsible practices in these areas.

Each of its authorised representatives is also expected to be attentive to the principles of non-discrimination and equality, particularly between the sexes.

### *Dialogue with companies*

SFPI M seeks to stimulate dialogue with its portfolio companies and the exchange of ideas on ESG issues so as to guide one another in the right direction.

SFPI M has prepared guidelines for the companies in its portfolio for which it intervenes, in which it reiterates the importance of taking a long-term view of the social and environmental implications of their activities. The companies are thereby encouraged to develop a corporate social responsibility strategy in line with their size and specific characteristics, and to integrate this strategy into their priorities. This process should include consultation with stakeholders. SFPI M expects companies to report annually on their activities and prospects with regard to these guidelines.

The companies in which SFPI M holds at least 20% are also asked to draw up and adopt a CSR charter. SFPI M plans to extend this measure to all the companies in its portfolio, depending on their size and specific characteristics, of course.

In many cases, dialogue with the companies in SFPI M's portfolio also takes the form of interviews between the investment managers and/or members of SFPI M's Executive Committee and the managers of these companies, or meetings of SFPI M's Board of Directors.

SFPI M regularly attunes its voice with those of other investors with common interests.

### *Contractual documents*

SFPI M includes to the greatest possible extent commitments on the following aspects in the investment protocols and/or shareholder agreements it concludes:

- continuous improvement of corporate social responsibility practices (the company's financial resources and operational constraints permitting), and
- appropriate disclosure of information on corporate social responsibility.

As SFPI M's portfolio is highly heterogeneous, the nature and extent of these commitments vary depending on the company concerned (nature of activities, size, stage of development, possible stock market listing, country of operation, severity of ESG-related risks, etc.), as well as on the degree and methods of SFPI M's involvement in the company (minority or majority shareholding, presence of other shareholders with common interests, direct involvement or via investment funds, asset class, etc.).

#### *Management of equity interests and investments*

The way in which the societal dimension is taken into account by the companies in the portfolio guides SFPI M's decisions on the management of its equity interests and investments.

Through the afore-described dialogue and commitments (*presence on a management body or committee, dialogue with companies, contractual documentation*), SFPI M encourages companies to the greatest possible extent to identify, assess and deal with the risks and opportunities relating to the most significant ESG issues associated with their activities, and to communicate on the matter.

It is a continuous, responsive and ongoing process. Areas for improvement are identified and formalised as and where necessary.

When the dialogue and engagement processes are deemed unsuccessful, SFPI M may consider reducing its exposure or, as a last resort, divesting. There is nothing automatic about this process, however. SFPI M always favours constructive dialogue to try to change the practices of companies and to improve their long-term performance.

SFPI M's efforts extend also to working with other institutional investors.

## **Impact Investment**

SFPI M has made impact investment one of its **priority investment areas for 2020-2025**. Beyond socially responsible investment, SFPI M reserves part of its investments for companies dedicated specifically to developing solutions intended to have an environmental and social impact.

The companies targeted are those whose business model shows financial profitability and whose activity is aimed specifically at attaining one or more of the SDGs and improving certain aspects of society, for example reducing poverty, finding employment for vulnerable people, combating global warming or promoting the energy transition.

SFPI M is currently working on a uniform approach to measuring how the companies and funds in its *Impact* portfolio contribute to attaining the SDGs. A system for assessing financial and non-financial performance will be put in place.



## Stimulus and ecological transition

SFPIM is actively participating, on behalf of the Government, in the setting up and financing of a subsidiary specifically dedicated to investing in **stimulus projects**, linked in particular to the following themes:

- the digital transformation (#BeDigital),
- mobility and public works (#BeMobile),
- the social dimension and living together (#BeInclusive), and
- productivity (#BeProductive)

Similarly, SFPIM is supporting and contributing, on behalf of the Government, to the creation of an investment fund aimed at making investments in the **ecological transition** (#BeSustainable),

These projects should come to fruition in 2021-2022.

## SFPIM: a socially responsible company

At the same time, SFPIM is seeking to improve its own behaviour.

SFPIM lives up to the fundamental values it espouses through its directors, managers, employees and associates, who are asked to act daily in accordance with the principles enshrined in its code of ethics and professional conduct, its regulations governing transactions in financial instruments, and its governance charter, in addition to the more general obligations arising out of the applicable legislation and work regulations.

## Well-being, health and safety of its employees

SFPIM pursues an inclusive human resources policy based on talent, in which the well-being of its employees takes pride of place.

It attaches the utmost importance to equal opportunities and offers rewarding personal and professional development opportunities at all levels of the company.

It is committed to creating a working environment that is fulfilling, safe and respectful of the privacy of its employees.

SFPIM asks all its employees to treat the people with whom they work with dignity and respect.

## **Relations with its suppliers**

SFPIM expects its partners and suppliers to demonstrate irreproachable ethical standards and to comply with applicable tax, social and environmental legislation and regulations. In its supranational relations, SFPIM refers to the principles recognised by the international community in terms of human rights, equality and non-discrimination, environmental protection, the fight against money laundering and corruption and the prevention of the financing of terrorism.

SFPIM includes a clause in its contracts with suppliers requiring them to comply with the highest social, environmental and governance standards.

## **Diversity**

SFPIM is convinced that diversity constitutes an important element of sound governance. It stimulates innovation and improves performance.

SFPIM therefore values diversity and complementary expertise at all levels of its organisation. In 2018, SFPIM for that matter acceded to the "Gender Diversity in Finance" charter. It is thus committed to supporting the advancement of women for management positions in the financial sector.

In addition to language parity, at least one third of the members of its Board of Directors must be of the opposite sex. Directors must also be appointed on the basis of their complementary skills.

Particular attention is also paid to diversity in terms of professional experience and gender for the composition of its Executive Committee.

SFPIM's staff is more generally made up of a wide range of profiles.

SFPIM's activities require a variety of talents, professions and tasks, which contributes to sound financial actions based on global and multidisciplinary assessments.

## **Rules of good conduct**

SFPIM has voluntarily adopted very strict internal rules on conflicts of interest, confidentiality, the treatment of benefits that could be perceived as a form of corruption and securities transactions. It expects complete loyalty from all its directors, managers and employees in this respect.

Finally, SFPIM encourages all its employees to give priority at all times to recycling, minimising the use of water and energy to the utmost and using environmentally friendly technologies.

## Participation in discussions on ESG issues

SFPIM plays an active role in initiatives and discussions to promote socially responsible investment and corporate social responsibility.

It takes part in particular in the "Belgian Sustainable Finance Strategy" workgroup which is geared to defining, with assistance from the European Commission, a sustainable strategy for Belgium's finances and investments.

SFPIM also funds two Academic Chairs, one at the Académie royale de Belgique [Royal Academy of Belgium]<sup>7</sup>, and the other at the *Koninklijke Vlaamse Academie van België voor Wetenschappen en Kunsten* [Royal Flemish Academy of Belgium for Arts and Sciences]<sup>8</sup>.

One of the themes selected for the period 2019-2021 concerns public investment as a lever for governments to promote sustainable development.

*This charter was initially adopted on 14 December 2021.*

*The Board of Directors of SFPIM shall review the relevance of this Charter regularly, and at least annually. It shall update it in particular in the light of developments in SFPIM's activities and the applicable legal, regulatory and good management provisions.*

*This document has no contractual value and is intended for information purposes only.*

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<sup>7</sup> <https://www.academieroyale.be>

<sup>8</sup> <https://kvab.be>