

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 (*I. SFPIM a responsible investor – ESG Policy*), and in its own organisation (*II. SFPIM: a socially responsible company*).

SFPIM draws in particular on the OECD's Guidelines on Responsible Business Conduct for Institutional Investors¹, the United Nations Principles for Responsible Investment (PRI)², the Sustainable Development Goals (SDGs) set by the UN Member States³ and the Sustainable Finance Disclosure Regulation (SFDR)⁴.

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.

I. SFPIM: a responsible investor – ESG policy

SFPIM is convinced that social profitability is as important as financial profitability, and that it is essential for sustainable growth.

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.

As an active and committed shareholder, SFPIM also endeavours to improve corporate responsibility practices throughout the term of its investment. It supports companies invested in on their sustainable⁵ and inclusive growth⁶. SFPIM's approach is constructive and pragmatic.

1.1 Measuring non-financial performance

¹ 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>).

² <https://www.unpri.org>.

³ 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://www.un.org/sustainabledevelopment>.

⁴ Regulation (EU) 2019/2088 of the European Parliament and Council of 27 November 2019 on sustainable finance disclosure.

⁵ 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. For example, SFPIM will not push a company to make redundancies or use production methods that harm the planet, simply to maximise dividends.

⁶ In other words, an approach that benefits everyone, where everyone has in turn an opportunity to contribute. SFPIM encourages diversity in addition to certain projects that specifically contribute to inclusion.

SFPIM has defined a set of environmental, social and governance performance indicators (**ESG**). It has also developed a tool for measuring the non-financial performance of invested companies, both upstream and throughout the life of the investment, based on these indicators, and for reporting annually on this performance.

1.1.1 ESG questionnaire

SFPIM has identified fifty-four non-financial performance indicators, as follows (*1.2.2 Non-financial performance indicators*). These indicators are aggregated in an ESG questionnaire and classified into three categories:

- **Environmental indicators**, i.e. those that assess the direct or indirect impact of the activity of the companies in the portfolio on the environment, for example through greenhouse gas emissions, electricity consumption, waste recycling or respect for biodiversity.
- **Social indicators**, i.e. those that assess the direct or indirect impact of the activity of the companies in the portfolio on their stakeholders in terms of certain values considered to be universal, for example measures to promote diversity and inclusion, the rate of male/female representation, the employment of people from minorities or access to employee training.
- **Governance indicators**, i.e. those that assess the way in which the companies in the portfolio are managed and controlled, for example through internal rules of governance, internal control and compliance, or the ESG system.

When examining investment opportunities, the investment managers establish the ESG profile of each company using the ESG questionnaire. If certain sustainability risks are identified, this assessment may lead to the establishment of guidelines to be followed or an action plan to be implemented during the term of the investment⁷.

The manner and extent to which the ESG indicators are taken into account when analysing an investment opportunity may, however, 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 SFPIM'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.

⁷The aim is for the company concerned to identify significant exposure to one or more ESG risks, to assess the consequences, and to commit to implementing actions to mitigate them as far as possible.

Furthermore, in all cases, the investment managers check the investment restrictions listed below (1.3 *Investment restrictions*).

1.1.2 ESG monitoring

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 investments.

The non-financial performance of the companies in the portfolio is assessed annually, based on the ESG questionnaire. The aim is to help portfolio companies improve their sustainability practices. Once again, if certain sustainability risks are identified, this assessment may lead to the establishment of guidelines to be followed or an action plan to be implemented during the term of the investment.

If the company's level of ESG maturity stagnates or even declines, 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 regularly attunes its voice with those of other investors.

1.1.3 Tool

SFPI M has selected the digital tool developed by Greenomy to draw up its questionnaire. The companies in the portfolio have direct access to the questionnaire corresponding to their category. Each year, they are invited to update the questionnaire.

Thanks to this tool, the data collection and reporting processes are digitalised.

1.1.4 Reporting

From 2024, SFPI M will publish an annual report on the non-financial performance of its portfolio companies in its annual report.

1.2 Portfolio segmentation and non-financial performance indicators

1.2.1 Portfolio segmentation

In order to take into account both the heterogeneity of SFPI M's portfolio and the need to standardise reporting, the companies in SFPI M's portfolio are divided into three groups:

- 1) large listed and unlisted companies
- 2) other companies (i.e. all those not included in category 1) with the exception of investment funds.
- 3) investment funds.

Large companies (category 1) are assessed on the basis of the full ESG questionnaire (54 indicators).

Other companies (category 2) are assessed on the basis of a reduced ESG questionnaire (38 indicators).

Investment funds (category 3) are assessed on the basis of a fund-specific ESG questionnaire (53 indicators).

A company is considered a category 1 large company if it meets two of the following three criteria: (i) 250 employees, (ii) €40 million turnover, and (iii) €20 million balance sheet total.

Eventually, companies falling under the Impact pillar will be subject to a specific assessment, for which a questionnaire has yet to be drawn up.

With the exception of the Impact pillar, there is no segmentation based on SFPI-M's priority investment pillars. The ESG questionnaire is identical. However, the level of ambition on certain indicators may vary depending on the pillar concerned.

1.2.2 Non-financial performance indicators

Indicators	Large companies (cat 1)	Other companies (cat 2)	Funds (cat 3)
Environmental indicators			
Greenhouse gas emissions	X	X	X
Greenhouse gas intensity	X	X	
Initiative to reduce CO ₂ emissions	X	X	
Active in the fossil fuel sector	X	X	X
Office owner	X	X	X
Energy consumption	X	X	X
Percentage of renewable energy consumption	X		
Energy consumption intensity	X		
Exposure to fossil fuels via property assets	X	X	X
Exposure property assets with low energy-efficiency	X	X	X
Policy for activities that may harm biodiversity	X	X	X
Activities that may harm soils	X	X	X
Active in chemical production	X	X	X
Water management policy	X		
Policy of marine resource use	X		
Water consumption and recycling	X		

Waste generation and recycling	X		
Water contamination	X		
Soil contamination	X		
Air contamination	X		
Environmental protection initiatives	X	X	X
Climate transition risks	X		X
Emission compensation			X
Social indicators			
Gender pay gap	X	X	
Number of employees by gender	X	X	X
Number of senior executives by gender	X	X	X
Diversity and inclusion strategy	X	X	X
Human capital management policy	X	X	X
Training hours per employee	X		X
Initiatives to support a work/life balance	X	X	X
Ratio between lowest salary and highest salary	X	X	X
Number of days of absence or work stoppage per year	X		
Prevention of work accidents	X		
Non-discrimination policy	X	X	X
Supplier code of conduct	X	X	
Promotion of transparency towards consumers	X	X	
Community-focused commitments	X	X	X
Employee who has left the fund			X
Replacement of leavers			X
Governance indicators			
Internal governance policies	X	X	X
Gender balance on the board of directors	X	X	X
Board of directors membership	X	X	X
Independent members of the board of directors	X	X	X
Specialist committees	X	X	X
Regular assessment of the governance structure	X	X	X
Internal control and compliance	X	X	X

Interactions with jurisdictions under sanctions	X	X	X
Compliance with international standards	X	X	X
ESG report	X	X	X
External audit	X	X	X
Regulatory supervision	X	X	X
GDPR compliance	X	X	X
Continuity plan	X	X	X
Whistleblowing system	X		X
Number of alerts	X		
Human rights due diligence process	X		X
Active in the controversial weapons sector	X	X	X
ESG considerations incorporated in pay targets			X
Certain investments ruled out based on the business sector			X
ESG training			X
Diversity and inclusion targets			X
Climate change targets			X
Art. 6, Art. 8 & Art.9 Funds			X
SFDR implementation			X
UCITS & AIFMD ESG adaptation			X
Taxonomy data collection			X
Number of jobs created			X
Number of jobs planned			X
PAI strategy			X
Integration of sustainability risks			X

1.3 Investment restrictions

In addition to the above, SFPI M has adopted investment restrictions that apply across the board, whether its involvement is direct or indirect, and irrespective of the asset class (equities, loans, profit shares, etc.) and geographical area concerned.

SFPI M ensures that the portfolio companies comply with the ten principles of the United Nations Global Compact covering human rights, the environment, international labour standards and the fight against corruption.

SFPI M will also make no further investment in a company whose activity is any of those 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,
- activities relating to the production of fossil fuels,
- activities related to cryptocurrencies and cryptocurrency mining,
- research or development of technical applications to support any of the above activities.

SFPIM adopts a precautionary approach⁸ towards companies that engage in one of the activities mentioned below:

- activities relating to genetically modified organisms (GMOs),
- activities with high greenhouse gas emissions,
- industries that contribute to deforestation,
- industries that consume large quantities of water,
- research or development of technical applications to support any of the above activities.

Finally, SFPIM 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 gambling.

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 (FATF) on Money Laundering and the Financing of Terrorism, on the OECD list of non-cooperative countries, or in jurisdictions subject to economic sanctions imposed by the United Nations or European Union.

SFPIM promotes transparency on tax optimisation practices.

For its existing investments as at 14 December, SFPIM has focused on supporting its portfolio companies in their transition towards greater sustainability, in line with the principles described above. A timetable for measuring progress must nonetheless be respected:

⁸ Ensuring that the company is committed to the energy transition and the fight against global warming.

- 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.

1.4 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),
- reporting on the social performance of the companies in the portfolio on the basis of ESG criteria defined by SFPI M, and
- the option for SFPI M to exit the company if its commitment to sustainable development remains unfulfilled.

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.).

1.5 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 actively ensure that social, environmental and governance issues are addressed 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.

1.6 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.

This dialogue 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.

Through this dialogue and tools described above 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.

The companies in which SFPI M holds at least 20% are also asked to draw up and adopt a CSR charter. All the other companies in the portfolio are also encouraged to consider adopting a CSR charter, in line with their size and specific characteristics.

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

As part of its efforts, SFPI M is also working with other institutional investors.

1.7 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.

1.8 Stimulus and ecological transition

SFPI M played an active part, on behalf of the Government, in the setting up and financing of a subsidiary, SFPI M Relaunch, 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, at the end of 2022, SFPI M was tasked with investing on behalf of the federal government in companies whose activities contribute to the ecological transition from a budget specially dedicated to this theme.

All investments under this budget must contribute to accelerating the transition of the Belgian economy towards a carbon-neutral society. Four environmental challenges and five sectors of activity were identified as priorities. These environmental challenges are water consumption, water pollution, waste production and greenhouse gas emissions. These sectors are chemicals, petrochemicals, energy, agriculture and household activity. The Investment Charter for this envelope dedicated to the ecological transition is available on the SFPI-M website.

II. SFPI-M: a socially responsible company

At the same time, SFPI-M is seeking to improve its own behaviour.

SFPI-M 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.

2.1 Well-being, health and safety of its employees

SFPI-M 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.

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

2.2 Relations with its suppliers

SFPI-M 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, SFPI-M 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.

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

2.3 Diversity

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

SFPI-M therefore values diversity and complementary expertise at all levels of its organisation. In 2018, SFPI-M 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. It is also committed to contributing to the objectives set by the Belgian Venture Capital & Private Equity Association in its gender equality charter (www.bva.be/codes/gender-equality-charter/).

In addition to respecting linguistic 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.

In the membership of its Executive Committee, particular attention is also paid to diversity in terms of professional experience and gender.

More generally, SFPI-M's staff come from a wide range of backgrounds.

SFPI-M's activities require a variety of talents, professions and functions, which contributes to sound financial interventions based on general and multidisciplinary assessments.

2.4 Rules of good conduct

SFPI-M 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 all its directors and employees to be completely loyal in this respect.

Finally, SFPI-M 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.

SFPI-M has carried out its own carbon assessment and is committed on this basis to adopting concrete actions in favour of the ecological transition. It is also promoting sustainable mobility practices, with a fully electrified car policy from 30 June 2023, and the introduction of a mobility budget.

2.5 Participation in discussions on ESG issues

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

It regularly discusses and collaborates with various government departments and public bodies at regional, national, European and/or international level with a view to defining a sustainable strategy for Belgium's finances and investments.



SFPIM has also contributed to the creation of a Belgian institute for impact (*Impact Finance Belgium*) and the launch of the first Belgian *Impact Week*. The aim is to raise awareness of financing with a societal impact among economic, financial and political players.

It is also a member of the Belgian association of private equity and venture capital players active in Belgium, and as such contributes to the work and exchange of best practice in ESG.

This charter was initially adopted on 14 December 2021. It was edited on 20 February 2024. The most recent version of this charter is dated 20 February 2024.

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.