

CSR Charter

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CSR Charter

SFPIM-International believes that the consideration of social, environmental and governance issues is an essential contribution to economic progress and long-term value creation.

The desire of SFPIM-International to integrate societal concerns into its activities is reflected in actions both at the level of its investment and investment management activities, as at the level of its own organisation.

SFPIM-International is guided in particular by the OECD's Guide to Responsible Business Conduct for Institutional Investors¹, the United Nations' Principles for Responsible Investment (PRI)², the Sustainable Development Goals (SDGs)³ established by UN member states, and the Sustainable Finance Disclosure Regulation (SFDR)⁴.

The job designations (employee, administrator, director, etc.) mentioned in this charter refer to both sexes. For the sake of readability, the masculine form is used as a neutral form and refers to both women and men.

SFPIM-International as a responsible investor

Before investing

SFPIM-International is convinced that responsible investment is a driving force for social and environmental change.

In line with its statutory missions, it promotes responsible investments in companies that are concerned about the impact of their activities on society and the organisation of their governance, regardless of their sector of activity.

General criteria

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 adopted by the United Nations' General Assembly 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 of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

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

Societal criteria are defined as environmental, social and governance ("ESG") criteria, such as (*inter alia*):

- **Environment:** promotion of energy efficiency, reduction of greenhouse gas emissions, sustainable use of natural resources, transition to a circular economy, integration of climate change risks, respect for biodiversity, reduction of pollution and waste treatment.
- **Social:** attention to ethics, respect for human and workers' rights, job creation, development of a healthy and stimulating working environment, product and service safety and supplier relations.
- **Governance:** the separation of management and control functions, the fight against corruption, money laundering and the financing of terrorism, 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.

In general, SFPIM-International is interested in any innovative solution for sustainable and inclusive growth. Sustainability and innovation are key factors in assessing an investment opportunity.

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

- the economic activity, the nature of the company's products or services,
- the size of the company,
- the stage of development of the company,
- the business model of the company,
- the company's position in the supply chain,
- the type of intervention (equity investment, acquisition of shares, loan, subscription of bonds or profit shares, etc.),
- the percentage of shareholding and the ability of SFPIM-International to influence the behaviour of the invested company,
- the presence of other shareholders with common interests, and
- the geographical area concerned.

However, in all cases, investment managers shall verify at least the following investment restrictions (*tax evasion, money laundering and terrorist financing; investment restrictions*).

Furthermore, the *Société Fédérale de Participations et d'Investissement* [Federal Holding and Investment Company] has adopted more precise ESG criteria, derived in particular from the SFDR Regulation, as well as a tool that makes it possible to measure, on the basis of these criteria, the societal or non-financial performance of the companies in the portfolio of the *Société Fédérale de Participations et d'Investissement*, prior to its intervention and throughout the life of the investment. SFPI-International plans to progressively model its ESG framework on that of the *Société Fédérale de Participations et d'Investissement* to the extent that it is relevant. This should also eventually allow for the publication of relevant non-financial information in the annual report of SFPI-International

Tax evasion, money laundering and terrorist financing

SFPI-International pays particular attention to the prevention of risks related to investments in tax havens, as well as to the fight against money laundering.

In accordance with the provisions of the management contract of the *Société Fédérale de Participations et d'Investissement*, SFPI-International does not hold any direct or indirect shareholding of more than 25% of the capital and/or voting rights in a company located in a country included in the list mentioned in article 179 of the Royal Decree implementing the Belgian Income Tax Code (or in any other list that may be drawn up in implementation of article 307 of the Belgian Income Tax Code).

In addition, 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 of the company concerned by the potential investment, having up to more than 25% of the capital and/or voting rights, is located in a country which appears on the above-mentioned list; and/or
- the company concerned by the potential investment holds less than 25% of the capital and/or voting rights in a company located in a country on the above-mentioned list.

Moreover, SFPI-International refrains from carrying out significant operations in one of the countries on the list of non-cooperative countries drawn up by the Financial Action Task Force on money laundering and terrorist financing, or on the OECD list of non-cooperative countries.

SFPI-International promotes transparency in tax optimisation practices.

Investment restrictions

SFPI-International does not invest in any company that does not comply with the ten principles of the United Nations Global Compact covering human rights, the environment, international labour standards and anti-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 contribute to the elimination of all forms of forced and compulsory labour.

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

Principle 6: Businesses should contribute to 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-International does not invest in a company whose activities are one of the activities mentioned below:

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

Furthermore, SFPIM-International does not invest in any company whose activities are any of the activities mentioned below, except if the activity is in line with explicit Belgian policies:

- the manufacture of and trade in arms and ammunition or similar items,
- the manufacture of products and services related to betting and online gambling.

Finally, SFPI-International adopts a precautionary approach towards companies whose activities are one of the activities mentioned below:

- activities related to fossil fuel production,
- activities related to genetically modified organisms (GMOs),
- pulp and paper production and deforestation-related activities,
- research or development of technical applications to support any of the above activities.

These investment restrictions apply to all investments of SFPI-International, regardless of the type of intervention and the geographical area concerned.

For its existing shareholdings and investments, SFPI-International focuses on supporting its portfolio companies in their transition towards more sustainability, in line with the principles described below (*management of shareholdings and investments*). However, there is a timetable for progress:

- by the end of 2026, where relevant, companies should report on actions planned to comply with the above investment restrictions.
- by the end of 2030, SFPI-International and each company concerned will meet to review their progress and the outcome of actions taken to comply with the above investment restrictions.
- by the end of 2035, all companies in the portfolio of SFPI-International must fully comply with the above investment restrictions.

Throughout the life of the investment

As a committed investor, SFPI-International seeks to improve corporate responsibility practices throughout the life of its investment. SFPI-International seeks to support invested companies in their sustainable and inclusive growth. The approach of SFPI-International is constructive and pragmatic.

Presence in a management body or committee

When SFPI-International is in a position to propose directors, committee members or observers to the bodies or committees of the companies in which SFPI-International has a shareholding or interest, the representatives or observers appointed on the proposal of SFPI-International are invited, through their vote or recommendations, to be attentive to social, environmental and governance issues and to encourage the adoption and reinforcement of responsible practices in these matters.

In addition, these representatives and observers are expected to be mindful of the principles of non-discrimination and equality, particularly gender equality.

Dialogue with companies

SFPIM-International seeks to stimulate dialogue with its portfolio companies and the exchange of thoughts on ESG issues, with the aim of steering each other in the right direction.

In many cases, the dialogue with the companies in the portfolio of SFPIM-International takes place through interviews between the investment managers and/or the CEO and the managers of these companies. At least once a year, the investment managers and/or the CEO visit the registered office of the beneficiary company and the local environment in which it operates.

SFPIM-International regularly coordinates its votes with those of the *Société Fédérale de Participations et d'Investissement* and other investors with common interests.

Contractual documentation

SFPIM-International includes commitments on the following aspects, to the extent possible, in the investment protocols, shareholders' agreements and/or loan agreements it concludes:

- continuous improvement in corporate social responsibility practices, as far as the company's financial resources and operational constraints allow, and
- appropriate disclosure of information on corporate social responsibility by the company.

Management of shareholdings and investments

The way in which the societal dimension is taken into account by the portfolio companies guides the decisions of SFPIM-International in relation to the management of its shareholdings and investments.

Through the dialogue and commitments described above (*presence within a management body or committee, dialogue with companies, contractual documentation*), SFPIM-International encourages companies, as far as possible, to identify, assess and address the most significant ESG risks and opportunities related to their activities, and to communicate on this matter.

It is a continuous, proactive and evolving process. Where appropriate, expected areas of progress are identified and formalised.

Where approaches using dialogue and commitments are deemed unsuccessful, SFPIM-International may consider reducing its exposure or, as a last resort, divesting. SFPIM-International always favours constructive dialogue to try to change company practices and improve their long-term performance.

As part of its efforts, SFPI-International also works with other institutional investors.

SFPI-International a socially responsible company

At the same time, SFPI-International seeks at all times to improve its own behaviour.

SFPI-International brings its core values to life through its directors and employees, who are expected to act in their day-to-day life in accordance with the highest standards of ethics, compliance, sustainability and governance.

Well-being, health and safety of its employees

SFPI-International is committed to creating a working environment that is fulfilling, safe and respectful of its employees.

SFPI-International requires all its employees to treat the people they work with, with respect and dignity.

Relations with its suppliers

SFPI-International expects its partners and suppliers to be ethically beyond reproach and to comply with applicable fiscal, social and environmental legislations and regulations. In its supranational relations, SFPI-International refers to the principles recognised by the international community in the field 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-International includes in its contracts with its suppliers a clause requiring them to respect the best standards in social, environmental and governance matters.

Diversity

SFPI-International believes that diversity is an important element of good governance. It stimulates innovation and improves performance.

SFPI-International thus values the mixing and complementarity of know-how in its organisation.

In addition to linguistic parity, at least one-third of its board members must be of the other gender. In addition, directors should be appointed on the basis of their complementary skills. The adjustment of the gender composition of the board of directors will be addressed as soon as possible and at the latest at the occasion of the renewal of the term of office as director foreseen at the ordinary shareholders' meeting to be held in April 2024.

Rules of good conduct

SFPIM-International expects its members and employees to demonstrate irreproachable conduct and honesty in their work and in the use of the resources of SFPIM-International, in addition to the more general obligations arising from the applicable legislation and the work regulations.

Members and employees of SFPIM-International must strictly adhere to a set of essential rules on confidentiality, protection of company assets, processing of personal data, conflicts of interest and personal benefits, personal transactions and complementary activities.

Finally, SFPIM-International encourages its employees to constantly focus on recycling, minimising the use of water and energy and using environmentally friendly technologies.

Participation in discussions on ESG issues

When the opportunity arises, SFPIM-International takes part in initiatives and think-tanks on the promotion of socially responsible investment and corporate social responsibility.

This charter was first adopted on 16 March 2023.

The Board of Directors of SFPIM-International reviews the relevance of this charter on a regular basis and at least once a year. It updates it in particular according to changes in the activities of SFPIM-International and in the applicable legal, regulatory and good management provisions.

This document is not contractually binding and is intended for information purposes only.