

ESG METHODOLOGY OF AvH

A working group led by André-Xavier Cooreman, a member of the executive committee, monitors the ESG policy of the AvH group. The working group, in which investment managers, finance, legal, communication and HR are all represented, is in regular contact with the participations. They report to an ESG steering committee in which three other members of the executive committee sit, including the CEO, Jan Suykens. After discussion in the executive committee, the pursued ESG policy is reported annually to the audit committee and the board of directors of AvH.

- **Materiality analysis**

AvH carried out an analysis in 2019 to map its material ESG risks and opportunities. Inspiration was drawn for this from the GRI (Global Reporting Initiative) lists and from the points of attention mentioned by legislation, in particular the environment, personnel and social matters, human rights and the fight against corruption. In addition, a wide circle of stakeholders, including the CEOs of the participations and shareholders, were surveyed, and reports from regulators and specialised service providers ('rating agencies') were analysed. The relevant recommendations of ESMA and FSMA have also been taken into account.

AvH considers an element to be material if (i) it can have a material positive or negative impact on the shareholders' equity or recurring net profit of the group over a horizon of 5 to 10 years, and (ii) if a shareholder or stakeholder expects from AvH that management pays a lot of attention to it. This approach is in line with the recommendations of the market authorities and Euronext (January 2020) in this regard.

Based on this analysis, the materiality matrix of AvH as an investment company is presented (see p. 46 of the annual report). This was made on the basis of a general sector approach for companies with a similar profile to AvH and not from a company-specific point of view. The materiality matrix only shows potential risks and opportunities, to ensure these aspects get the necessary attention in the risk management. It helps AvH to focus on the relevant, material issues for the sector. They are not necessarily the risks or opportunities actually encountered by AvH. This insight for the stakeholders will emerge from AvH's reporting on the policy pursued.

The materiality matrix determines the long-term ESG policy of the group. This is not expected to change substantially on an annual basis. It is regularly reviewed whether the matrix needs to be refined or adjusted.

The identification and follow-up of material ESG risks and opportunities for the participations takes place at the level of the participations themselves. In this way, ESG considerations contribute to the determination of the market position that the participations occupy, and how they wish to distinguish themselves from their competitors. They thereby use the same underlying philosophy as AvH in their drafting.

Given the importance that certain ESG risks may have, both at the level of AvH and of the participations, it has also been opted to mention them in the chapter on risks and uncertainties (from p. 20 of the annual report).

ESG reporting cycle of Ackermans & van Haaren



• Sustainable Development Goals (SDGs)

AvH uses the internationally recognised 'Sustainable Development Goals' (SDGs) reference model of the United Nations for its sustainability reporting. The group thereby aims to embed its ESG policy in the 17 priorities (SDGs) of the UN, and to thereby contribute to the realisation of the global agenda. They provide a strategic lens to identify and appropriately manage market opportunities or risks. The SDGs are also linked to the GRI methodology.

The participations are also asked to link their own materiality analysis to SDGs. As a result of this, many SDGs are being worked on within the group.

• Monitoring the ESG policy via UN PRI

The ESG cooperation between AvH and the participations takes place at two levels. In addition to the relationship between the participation and AvH as its shareholder, participations of the group also work together on this theme. In this way, a continuous dialogue arises with and between the ESG managers of the participations. AvH thereby regularly organises workshops on various ESG themes. There, the latest trends and techniques are explained, experiences are exchanged, and group synergies are developed around themes that AvH considers important. Attention is drawn to these subjects at the executive level through events aimed at the CEOs or the management teams of the participations.

These workshops are attended and run by investment managers and members of the executive committee of AvH. This regular interaction at various company levels strengthens the relationship with the participations and the insight into their business activities. This approach is in line with the philosophy of decentralised management that is supported by AvH. The various ESG aspects reinforce each other, and lead to a corporate culture that aims to achieve the AvH business model and the associated strategies to the best possible extent. Sustainable behaviour must be embedded into a coherent corporate culture.

In order to support the ESG aspects in its relations with the participations, AvH has been drawing inspiration from the Principles for Responsible Investment (UN PRI), the framework of the United Nations that is working towards a more sustainable financial system, from 2020 onwards. AvH formally subscribed to the principles of UN PRI in 2020. A first external report on this will be published no later than the 2022 financial year.

The principles of UN PRI that are used are the following:

- processing ESG aspects in investment analyses and decisions. ESG forms part of the due diligence in every new investment decision;
- including ESG aspects in shareholder decisions as an active shareholder;
- checking that there is correct ESG reporting by group companies;
- promoting the application of ESG principles within its own sector;
- collaborating with others to give concrete form to these ESG principles;
- reporting annually on the activities and the progress made.

• ESG reporting

Perimeter

As a responsible shareholder, AvH analyses its participations on the basis of various parameters that a potentially material ESG impact for AvH. Examples of this are the relative investment value of a participation in relation to the consolidated equity of AvH, whether or not it has the character of an OPI (Organisation of Public Interest), or a particular focus of stakeholders on a specific issue or participation from an ESG perspective. Based on this analysis, DEME, CFE, Delen Private Bank, Bank J. Van Breda & C^o and SIPEF are considered to be material for AvH. Their ESG policy (including materiality matrix, ESG risks and opportunities), KPIs and objectives are therefore given greater attention by AvH. Among other things, it is checked whether these elements have been approved by their respective management bodies, to what extent their policy is in line with the group's ESG policy, and how this is reported to AvH.

Anima, Extensa and Leasinvest have been involved in this monitoring since 2020, in order to gradually apply this philosophy as well. The percentage of the consolidated equity of AvH with a specific ESG policy is monitored annually.

The ESG perimeter, consisting of the aforementioned 8 group companies, differs from the accounting consolidation perimeter used by AvH. Some participations are still not fully consolidated (Delen Private Bank, SIPEF). On the other hand, no specific reports are made on the fully consolidated participations of AvH (Agidens, Bioelectric, Green Offshore and Rent-A-Port), as they are not considered material from an ESG perspective. Where necessary, the above and the other participations will deal with the ESG topics that are material for them in their activity report.

Within the group, CFE, Delen Private Bank and SIPEF are also required to draw up their own statement in accordance with Article 3:32 of the CCA. Their individual statements can be consulted via their websites (www.cfe.be, www.delen.be, www.sipef.com).

Process

In order to further shape the ESG methodology and to be able to interact with the content in a structured way, AvH launched a new ESG reporting cycle in 2020. The illustration on the previous page outlines this annual reporting process.

Reported figures

Due to the diversity of the group activities, it is not useful to develop comprehensive action plans based on aggregated figures, nor to report these aggregated figures at the group level. It remains the ambition to do this in the future, as long as it provides readers with a meaningful insight. AvH also focuses on material issues that can make a difference in the sectors in which the group is active. In this sense, the figures are reported to and by the participations where relevant, according to their chosen methodology, which is often sector-specific, where this is available. Due to the evolution with regard to methodologies, all historical figures are therefore not always comparable with each other. Participations are increasingly inspired by the 'science-based targets' approach.

Legal criteria

The emphasis within the Social cluster is on human rights. The Governance cluster includes the policy for combatting corruption.

• Lexicon

An ESG-related glossary with definitions of the abbreviations and terms used is included at the end of the annual report.