

# ESG POLICY OF AvH

As a diversified investment company, AvH applies a business model of sustainable growth, as illustrated in its baseline 'Your partner for sustainable growth'. It thereby concentrates on a limited number of strategic participations with a significant potential for growth. The company values are long-term vision, entrepreneurial spirit, integrity, partnership, sustainability, respect, independence and teamwork, with attention to a strong competitive position and long-term profitability. These values reflect a focus on the broad spectrum of ESG, and not only on the environment. The mission and values of AvH are described in more detail on pages 6 and 7 of this annual report.

Relevant socio-economic challenges, such as climate change, energy transition, scarcity of raw materials, safeguarding of international free trade and population ageing, are also monitored. All of these factors can have an impact on the participations and their stakeholders in the short and long term, and may require strategy and operations to be adjusted, taking these changing circumstances into account.

Based on the materiality analysis performed in 2019, AvH has selected 4 themes that determine the group's ESG policy in the long term: responsible shareholding, business ethics, sound management, solvency and long-term profitability. These have a high impact on the business, and score highly with the important stakeholders, who include shareholders, participations, strategic partners, employees, government and local communities. In the context of AvH's decentralised decision-making model, each participation pursues its own ESG policy, which is explained in the sustainability report.

Based on its policy vision, AvH focuses on the following 4 SDGs, on which it can have the most material impact:

- 'SDG 3 Good Health and Wellbeing': well-trained and motivated employees,
- 'SDG 8 Decent Work and Economic Growth': financially sustainable business models and strategies,
- 'SDG 9 Industry, Innovation and Infrastructure': a sustainable policy supported by permanent innovation,
- 'SDG 16 Peace, Justice and Strong Public Services': priority areas for attention on business ethics (including the policy to prevent corruption), good governance and responsible shareholding.



# ESG policy of Ackermans & van Haaren

## SDGs as a reference model

### AvH as an investment company

1

- Definition AvH-specific ESG-aspect universe

2

- Materiality analysis

3

- For material ESG topics: policy, objectives, SDGs & KPIs

4

- Activities in reference year & evaluation



### AvH as a responsible shareholder

1

- Identification of material participations based on investment value, stock exchange listing, ESG attention of stakeholders

2

- Materiality analysis of participations (sector-specific)

Activity Report + ESG reporting for participations

3

- Materiality analysis at group level of priority topics of participations

4

- For material ESG topics of participations at group level: policy, objectives, SDGs & KPIs

5

- Activities in the reference year & evaluation



## • Responsible ownership

As a sustainable investor, AvH pursues an active (dis-)investment policy, in which ESG aspects are always part of the evaluation and decision-making process. The group ensures that the composition of portfolio, as well as the developments within this portfolio, evolve in line with a number of sustainable social or economic trends. For example, the performance of an ESG due diligence in investment files allows the group to better manage major risks in this area, or to take advantage of major opportunities more quickly. If AvH wishes to become or remain active in a certain sector and analyses show that the products or services respond meaningfully and efficiently to social needs, but are accompanied by an ecological or social cost, AvH uses a 'best in class' approach.

AvH considers its role as a responsible shareholder to be one of its most important levers in the context of its ESG policy. This is in line with the objectives of SDG 16, which supervise good governance. Each participation pursues its own ESG policy, while AvH acts as a partner and asks that relevant ESG aspects be taken into account. As a long-term investor, AvH monitors the strategy implemented, taking into account legal requirements, societal trends and efficient processes. This means that the policy proposals are presented by the management of the participations, and are implemented after approval by their board of directors. In this way, maximum account is taken of the specific characteristics of the sector in which the company operates.

The continuous attention to, and the increasing awareness of these ESG themes should lead to the undertaken actions becoming embedded in both the business strategies and operations of the participation, and thereby in AvH as a whole. As a result, the application scope of the ESG policy will be systematically expanded over the period 2019-2022. The aim hereby is to achieve a fully-fledged ESG policy among the 8 most important ESG participations by 2022, with the accompanying reports and actions. Their reporting with regard to the potential impact on the environment, as well as in terms of the impact of ESG factors on their business operations (double impact analysis) hereby receives priority, in line with the recommendations of the regulators and Euronext. The other participations are being encouraged and supported to reach that level in 2022. Progress in this regard, in line with UN PRI, will be reported annually by AvH.

## • Business ethics

AvH strives to offer its staff members a good working environment, in which ethical and respectful actions are central. Business ethics are considered to be a priority and material, in line with the values to which AvH attaches great importance. This means respect for people and society, for the legislation and the regulatory framework, and for acting with integrity. A lack of business ethics can also have a negative impact on business operations, for example, through sanctions, or by being excluded by public or private stakeholders.

This philosophy is reflected in the Integrity Code of AvH ([www.avh.be/en/about/leadership-and-governance/corporate-documents](http://www.avh.be/en/about/leadership-and-governance/corporate-documents)), which is inspired by the 10 key principles of the 'UN Global Compact'. The integrity code deals with important topics such as the anti-bribery and anti-corruption policy, the anti-discrimination policy and the freedom of association through the endorsement of the Universal Declaration of Human Rights. The group recommends the same commitment to its employees and participations. AvH aims to create a climate of openness and transparency, in which every staff member feels treated equally and with dignity and respect. For example, AvH prohibits any form of discrimination with regard to (future) employees or contractors on the basis of race, skin colour, gender, religious belief, sexual orientation, nationality, political vision or any other distinguishing characteristic. This code applies to all directors and employees of AvH.

The respect of business ethics is not limited to AvH. All participations are expected to issue and apply such guidelines. The management hereby form the driving force behind this. They discuss this with, and report about it to their respective boards of directors. In case of infringements or shortcomings, this can lead to adjustment of the processes and the application of sanctions.

## • Corporate governance

The 'Corporate governance statement' chapter of the annual report contains a full description of the corporate governance processes. AvH regularly updates its charters and codes with regard to social developments and legislative changes, and supervises their compliance.

The Corporate Governance Charter of AvH ([www.avh.be/nl/about/leadership-and-governance/corporate-documents](http://www.avh.be/nl/about/leadership-and-governance/corporate-documents)) deals with the matter of minimising conflicts of interest and also provides for a whistle-blower scheme. In order to avoid abuse related to outgoing payments at AvH level, the person who makes the payment must always be a different person from the one who initiated the payment. This is the subject of an annual internal audit.

In view of the decentralised management, AvH is, in principle, always represented on the boards of directors and in the audit or strategic committees of its participations. This process is coordinated by the board of directors at group level, which oversees the whole through appropriate processes and committees. In order to support and strengthen the governance principles, one of the ESG objectives of AvH is to have audit and risk committees in the participations that together form at least 80% of the equity of the group, and to be represented in these.

## • Solvency and long-term profitability

Both AvH and its stakeholders consider it a high priority to monitor solvency, the responsible use of credit, and financial discipline aimed at long-term profitability. This strategy enables AvH to make its own decisions about its fate in times of economic downturn or financial crisis, and to remain independent, and makes possible a counter-cyclic policy, aimed at value determination. Safeguarding a healthy financial structure requires transparent financial reporting and monitoring. Risk management thereby receives the necessary attention in this context. The existence of the aforementioned processes is related to 'SDG 16 Peace, Justice and Strong Institutions'. For this reason, equity and net financial debt are always reported in the activity report of each participation.