

GREEN BOND POST ISSUANCE REPORT

MAY 2024

We're here for you. **ethias**



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Table of contents

- 1. SUMMARY 4
- 2. ETHIAS SUSTAINABILITY STRATEGY 5
- 3. GREEN FINANCING FRAMEWORK 6
 - a. Use of Proceeds6
 - b. Process for Project Evaluation and Selection6
 - c. Management of Proceeds6
 - d. Reporting6
- 4. ALLOCATION REPORT 7

1. Summary

In early 2022, Ethias defined and implemented a new ESG strategy. As part of this strategy, Ethias issued its inaugural Green Bond on April 24, 2023. With this bond issuance, Ethias strengthens the alignment of its financing and investment policy with its ESG strategy and supports tangible projects, mainly located in Belgium, in areas such as sustainable housing, renewable energy and green mobility. In addition, Ethias aims to contribute to the development of the ESG financing market and to the growth of sustainable and impact investing.

The proceeds of the green bond amounted to EUR 250 million, and the bond matures in 2033. **One year after the issuance of the green bond, around 60% of the proceeds have been allocated to green investments meeting the eligibility criteria of Ethias's Green Financing Framework.**

The proceeds of the issuance are exclusively used to finance eligible projects based on the following eligibility criteria defined in Ethias' Green Finance Framework:

- Sustainable/green real estate, whether new buildings or existing buildings brought up to a higher standard (renovation)
- Renewable energies
- Green mobility & transport
- Projects improving energy efficiency, pollution prevention & control or sustainable management of soils and natural environments.

In accordance with the Framework, Ethias has committed to report annually and until full allocation on the allocation of proceeds and on the impact generated by the Green Financing Instruments. This report is to be made publicly available on our website, and covers allocation reporting for each project category. The impact of the proceeds will be reported in the next green bond report.

2. Ethias Sustainability Strategy

Ethias intends to have a positive contribution to today's major societal and environmental challenges by going well beyond risk-return analysis in its investment decisions and integrating ESG considerations. Ethias is particularly concerned about the impact its investments can have on the energy transition and the development of a more equal society. This role as a 'responsible investor' goes hand in hand with its long-term responsibility associated with its life insurance contracts, its management of statutory and supplementary pensions, and its support for the local economy.

Integrating sustainability into the company's strategy means, first and foremost, taking a 360-degree view and accepting that the thinking and decisions of Ethias must take into account consideration of its stakeholders: clients, employees, shareholders, suppliers and society.

Ethias Sustainability strategy is built around the three main pillars known as ESG. Each of these pillars involves Ethias' employees to set up a concrete action plan aimed at:

- further reducing Ethias' ecological footprint through ever more ambitious environmental management and even more sustainable investments;
- creating a modern governance that allows employees to actively participate in new forms of collaboration on sustainability projects;
- above all, remaining people-oriented by being continuously present alongside those who need assistance, clients or not (poverty, inclusion, health, assistance, prevention, diversity).

The strategy of Ethias is in line with the United Nations' Sustainable Development Goals (SDGs). We believe that we can make the greater difference by aiming at these goals. The goals are eradicating poverty, promoting health for all, creating more sustainable cities and communities, and fighting climate change. Other issues are also tackled, such as concrete commitments on ending hunger, access to reliable, sustainable and affordable energy services, and promoting more sustainable consumption and production methods.

As a signatory of the United Nations Global Compact (UNGC), the Principles for Responsible Investment (UNPRI) as well as the UN Principles for Sustainable Insurance (UNPSI), Ethias clearly communicates its ambition to reducing risk, developing innovative solutions, improving business performance and contributing to environmental, social and economic sustainability.

3. Green Financing Framework

Ethias has created a Green Financing Framework¹ based on the Green Loan Principles and the Green Bond Principles published and administered by the International Capital Markets Association (ICMA). This framework includes several sections, including use of proceeds (eligible project categories), the process for evaluating and selecting projects, the management of funds allocated to projects, and the “Reporting” section describing Ethias’s reporting obligations.

The Ethias Green Financing Framework has been established to support the future issuance of Green (‘Use of Proceeds’) Financing Instruments, including Green Bonds, private placements, loans and credit facilities. In this framework, Ethias demonstrates the alignment of its green bond with the four core components of the Green Bond principles:

a. Use of Proceeds

Ethias allocates an amount equal to the net proceeds of any Green Financing instrument issuance to Eligible Green assets that are subject to Ethias Sustainable and Responsible investment Policy, including the exclusion policy² (e.g., tobacco, weapons ...), the ESG integration policy, and the engagement and voting policy.

Furthermore, the proceeds of this green bond are used to finance and/or re-finance, in whole or in part, investments in new and/or existing assets falling within the Eligible Green Project Categories.

b. Process for Project Evaluation and Selection

Reviews of proposed eligible projects and assets are conducted by the Sustainable & Responsible Investment Committee³ (SRIC), which meets periodically to review and confirm eligibility of projects and assets for funding via matching allocation of proceeds from Green Financing Instruments. Investment opportunities are subject to a formal due diligence procedure. Any issues raised during the due diligence process are escalated to the relevant investment committees. The due diligence process informs the decision as to whether investments are eligible for the purposes of allocation in accordance with the Framework.

c. Management of Proceeds

Ethias manages the proceeds and aims to fully allocate it to a portfolio of eligible projects which matches or exceeds the balance of net proceeds from its outstanding Green Financing Instruments.

Ethias will prioritize financing of new projects or assets that meet the relevant criteria and will aim, on a best-efforts basis, to allocate all proceeds within 2 years following the issuance. As indicated in the green financing framework, loans and investments that qualify under the relevant criteria that are made up to 1 year prior to the issuance are also eligible for ‘refinancing’ under this Framework.

Pending full allocation, any unallocated proceeds will be utilized, managed or held by Ethias on a temporary basis, at its own discretion, in cash and/or Government Treasury securities.

The SRIC acts as the relevant internal decision-making body responsible for the management of proceeds, and green projects are flagged in our management system to monitor the allocation of proceeds.

d. Reporting

Ethias reports annually and until full allocation on the allocation of proceeds and on the impact of our Green Financing Instruments. The reporting will be made publicly available on our website and will cover allocation and impact reporting for each project category.

Ethias also follows the key recommendations of the Principles with regards to External Review. Ethias has obtained a Second Party Opinion from Sustainalytics to evaluate the Green Financing Framework, its transparency and governance, as well as its alignment with the relevant voluntary market standards. The SPO states that the framework is credible and impactful, and aligns with the four core components of the Green Bond Principles and Green Loan Principles. Furthermore, the annual green bond reports will also be subject to an external review.

1 https://www.ethias.be/content/dam/ethias-investors/INVESTORS/PDF/Debt_Issuance/2023/2023_GreenFinancingFramework_EN.pdf

2 https://www.ethias.be/corporate/fr/Sustainability/Vision_Strategie/Sustainability.html

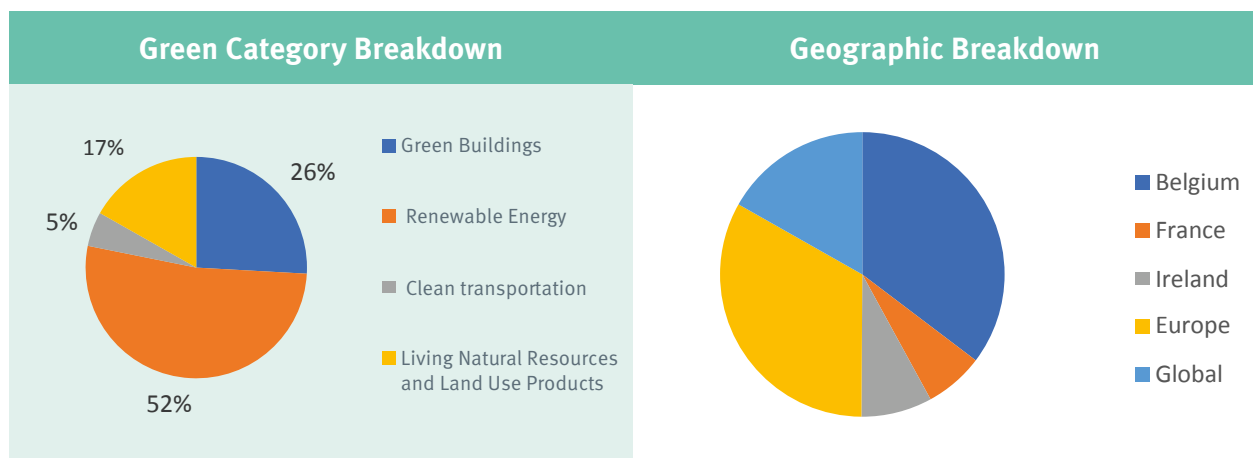
3 This committee was renamed in 2024 and is referred as the SRIMM in the Green Financing Framework

4. Allocation Report

This post issuance report set out the projects that have been financed by Ethias with capital raised and which therefore meet the criteria of the Green Financing Framework. Ethias intends to allocate all proceeds to eligible assets and projects within two years of issuance. Pending full allocation, unallocated proceeds are invested, managed or held in cash or government securities. All temporary holding arrangements are subject to Ethias' Exclusion Policy.

Instruments issued under the Framework may include multi-tranche loan facilities. Ethias has identified only those tranches of such facilities whose proceeds is allocated according to the eligibility criteria in the Framework.

The graphs below show the allocation breakdown per green category and per geographical zones⁴ of the projects invested. **One year after the issuance of the green bond, around 60% of the proceeds have been allocated to green investments meeting the eligibility criteria of our Green Financing Framework.**



This breakdown will evolve over time, as the proceeds of the green bond are further allocated to eligible green projects defined in the Framework. The table below shows the current allocation of the proceeds. For each investment, it provides a short description and indicates the eligibility criteria of the Green Financing Framework.

⁴ Investments in the 'global' geographical zone category refers to an investment that finance a company active globally or a portfolio of projects, which may be located all over the globe.

Eligible Category	Asset name	Description	Eligibility Criteria	Country	Investments at 24/04/2024 in Million EUR
Renewable Energy	Green4You	Green4You is a joint venture created by Ethias and Luminus in 2021. It is a turnkey energy solution for financing sustainable energy projects such as photovoltaic panels to a lesser extent wind turbine and electric charging stations.	Solar Photovoltaic (PV) Energy	Belgium	2,6
	Power Capital Renewable Energy	Ethias invested in a financing facility with a consortium of lenders managed by Eiffel Investment Group. This construction equity facility will finance the construction of solar assets managed by Power Capital Renewable Energy (PCRE) mainly in Ireland. The company PCRE builds large scale photovoltaic solar farms to produce electricity and is one of the leading solar independent power producers in Ireland.	Solar Photovoltaic (PV) Energy	Ireland	12,0
	Epico II Wind	Ethias invested in Epico II Wind, a co-investment vehicle with a partner infrastructure fund (Epico II). The sole purpose of this vehicle is to acquire onshore wind parks developed by the Belgian company Storm NV in Belgium, one of the largest Belgian actors that develops, builds and operate onshore wind park. The investment in Epico II Wind finance the construction of new wind parks in Belgium.	Wind Energy	Belgium	4,0
	INFRABRIDGE III	Managed by RGreen, the strategy of Infrabridge III is to make short-term investments (bridge financing) to finance companies whose main purpose is to acquire, develop, finance, build, operate or dispose of infrastructure projects in the renewable energy, environment and related technologies sectors, in any infrastructure project linked to the ecological and climate transition (reducing CO2 emissions and optimising the use of natural resources). The fund mainly invests in companies that develop solar energy infrastructure projects (solar and wind).	Solar Photovoltaic (PV) Energy	Europe	17,8
	INFRAGREEN IV	Managed by RGreen, the strategy of this fund is to invest in project companies whose main purpose is to acquire, finance, build and operate infrastructure projects, mainly in the renewable energy or environmental sectors and related technologies: storage, network stabilisation, smartgrids, energy saving, waste-to-energy, waste and wastewater treatment and recycling, low-CO2 logistics and mobility platforms and any infrastructure project linked to the ecological and climate transition (reducing CO2 emissions and optimising the use of natural resources). The projects financed are at various stages of development, construction or operation and are mainly in the European Economic Area. The fund mainly invests in companies that develop energy storage, energy efficiency, as well as solar, wind and hydraulic energy infrastructure projects.	Solar Photovoltaic (PV) Energy Wind Energy	Europe	15,5

Eligible Category	Asset name	Description	Eligibility Criteria	Country	Investments at 24/04/2024 in Million EUR
Renewable Energy	Capenergie 4	Capenergie 4 and Capenergie 5 are two infrastructure funds that support the energy transition in the European Union and the OECD. The funds are managed by Omnes Capital and focus on renewable energy developers with greenfield projects and ready-to-build assets. These funds target mainly unlisted companies specialised in the production of electric or thermal energy from renewable and/or holding energy-producing assets at project, construction or operation stages.	Solar Photovoltaic (PV) Energy Wind Energy	Europe	13,5
	Capenergie 5		Solar Photovoltaic (PV) Energy	Europe	2,5
	Eiffel Energy Transition Fund II		Solar Photovoltaic (PV) Energy Wind Energy	France	10,0
Green Buildings	Wood Hub	<p>WOOD HUB is a 7,300m² office building located in the periphery of Brussels. This office project is built with a mixed wood/concrete CREE structure. This technology combines a PEFC-certified wooden bearing structure, exclusively sourced from sustainably managed forests, with concrete.</p> <p>In December 2023, the WOOD HUB received the Climate Future Project Award at the Belgian Construction Awards making it one of the most sustainable buildings of the Benelux. The building technology makes it possible to reduce CO2 emissions linked to building structures by almost 30%, while creating a perfectly insulated envelope.</p> <p>Furthermore, Wood Hub is 79% below the NZEB (Nearly Zero Energy Building) standard, compliant with the European Taxonomy, Smart Building, future proof. The building will be heated and cooled by geothermal energy and heat pumps coupled with photovoltaic panels. It will not require any fossil fuels to operate.</p>	<p>New Building meeting the criteria below:</p> <ol style="list-style-type: none"> 1. Wood Hub is 79% below the NZEB (Nearly Zero Energy Building) standard. 2. Wood Hub meets the highest standards: <ul style="list-style-type: none"> • EPC score Class A • BREAAAM Outstanding certification • WELL Platinum certification 	Belgium	38,5
Clean Transportation	Sparki	Sparki is a Belgian start-up specialising in ultra-fast charging points for electric vehicles. The investment is aimed at supporting the roll-out of 600 ultra-fast charging stations by 2025 in Belgium, with a focus on Wallonia.	Infrastructure required for zero direct emissions transport	Belgium	7,5
Environmentally sustainable management of living natural resources and land use	Biobest	Biobest is one of the largest businesses in biological crop protection worldwide. The company offers organic products that replace the use of chemicals and therefore contributes to the development of organic agriculture.	Sustainable management of living natural resources and land use	Global	25,0
Total					148,8