



AG INSURANCE

MONITORING & CERTIFICATION OF SRI INSURANCE PORTFOLIOS CERTIFICATION STATEMENT 1st SEMESTER 2019

To the Portfolio Managers of AG Insurance Financial Assets Department,
To the AG Insurance Certificate holders,

Forum ETHIBEL asbl is appointed by **AG Insurance** to execute independent monitoring and certification of the Socially Responsible Investment (SRI) investment products of **AG Insurance**. The portfolios subject to the screening process are "Caisse 43" and "Multicompany".

Set-up

AG Insurance performs autonomously a first internal screening process in accordance with the 'Fortis Defence Industry Policy', to exclude securities known to have investments linked with controversial weapons. This internal screening process and any potential consequences thereof are not in scope of the certificate. **Vigeo Eiris** nor **Forum ETHIBEL** have any responsibility in this stage of the process.

In a second stage, **Vigeo Eiris** is entitled to screen the concerned portfolios twice a year following an "Extended Exclusion" methodology defined by mutual agreement between **AG Insurance** and **Vigeo Eiris**. The Extended Exclusion Criteria can be divided in two main categories.

1. On the one hand AG Insurance chooses not to invest in companies that are majorly involved in the following Negative Screening Criteria: Animal Maltreatment, Tobacco, Sex Industry, Gambling and Armament.
2. On the other hand AG Insurance abstains of investing in companies with Significant Controversies on the following criteria: Complicity in Systematic and/or Gross Violation of Human Rights Conventions and Violation of ILO Conventions.

Additionally and according to two criteria regarding activities in the field of nuclear energy and dangerous chemical products, companies may be listed by Vigeo Eiris on the 'Orange List' (see below), in descending order of discouragement, depending on the level of involvement. This list is updated following the same schedule as the Extended Exclusion Screening.

The **Vigeo Eiris** analysis results in the following possible recommendations:

1. Acceptable (= *white*)
2. Negative advise (= *red*; exclusion advise)
3. Watch list (= *yellow*; close monitoring of companies is required)
4. Orange list (= *orange*; involvement in nuclear energy and/or dangerous chemical products)
5. Non advised (no pro-active advise requested)
6. Not transparent financial vehicle (= *blue*; lack of transparency, non-researchable due to considerable level of complexity or uncertainty)

As a guide to positive stock picking and in order to align with the principles of Socially Responsible Investments, Vigeo Eiris transfers twice a year the updated Ethibel EXCELLENCE Investment Register to AG Insurance, with the purpose of assessing and quantifying the portfolios' SRI conformity.

The "Multicompany" portfolio is subject to this positive screening and catalogued "SRI Plus".

The role of **Forum ETHIBEL** is twofold:

1. On the level of the "Extended Exclusion" portfolios: assure the conformity of the AG Insurance portfolios with the recommendations of **Vigeo Eiris** and the compliance with the ethical criteria, as explained above and for the 2 mentioned portfolios. In order to check this compliance, the portfolio's positions are



- screened on the reference dates of 31st of December and 30th of June, as well as all the transactions during the 6 previous months.
2. On the level of the “SRI Plus” approach: monitor and quantify the level of compliance of the investment positions of “Multicompany” with the **Ethibel EXCELLENCE** Register.

The 2019/1st semester verification

The audit has been executed in accordance with the contractual stipulations and determinations.

While processing the audit, additional inquiries were answered and the requested information has been provided by **AG Insurance** and by **Vigeo Eiris**.

This certification declaration is based on the portfolio positions of June 30, 2019. All positions have meticulously been investigated.

Extended Exclusion

The table below illustrates the level compliance of the respective portfolio positions with the Vigeo Eiris recommendations of December 2018.

Multicompany Portfolio	Total AUM (€) 30/06/2019	AUM (€) covered by VIGEO EIRIS advice	% of total AUM
Accepted (white)	112.214.890	95.862.845	85,43%
Discouraged (orange)		6.923.748	6,17%
Watch List (yellow)		2.291.823	2,04%
Exclusion (red)		3.771.995	3,36%
Not transparent (blue)		1.614.665	1,44%
Non advised corporate		1.749.814	1,56%
Caisse 43 Portfolio	Total AUM (€) 30/06/2019	AUM (€) covered by VIGEO EIRIS advice	% of total AUM
Accepted (white)	2.352.696.225	854.653.062	36,33%
Discouraged (orange)		59.762.726	2,54%
Watch List (yellow)		14.187.439	0,60%
Exclusion (red)		28.515.425	1,21%
Not transparent (blue)		184.621.657	7,85%
Non advised corporate		33.733.349	1,43%
Non advised non corporate bonds		1.117.222.567	50,04%

Regarding the compliance with the recommendations issued by Vigeo Eiris in December 2018, the following positions have been detected as non-compliant:

ISIN	Name	Quantity	Market value (€)
Multicompany Portfolio			
FR0011651389	ARKEMA 3,125 06/12/23	500.000	556.245
XS1117297785	BLACKROCK 1,25 06/05/25	500.000	532.150
XS1329671132	EXOR 2,125 02/12/22	500.000	529.050
DE000A1Z0TA4	JAB HOLD 1,625 30/04/25	1.500.000	1.585.050
FR0011832039	KERING 2,75 08/04/24	500.000	569.500
Caisse 43			
XS1140054526	BG ENERGY 2,25 21/11/29	3.000.000	3.475.500
XS0526811384	BG ENERGY 3,625 16/07/19	6.000.000	6.009.000
XS0451457435	ENI 4,125 16/09/19	4.000.000	4.036.400
XS1329671132	EXOR 2,125 02/12/22	2.000.000	2.116.200
XS1119021357	EXOR 2,50 08/10/24	3.000.000	3.279.900
XS1238902057	GEN ELEC 1,875 28/05/27	5.000.000	5.168.500
XS0466670345	INVESTOR 4,875 18/11/21	3.950.000	4.429.925

SRI Plus

The Multicompany portfolio has a total value of € 112.214.890.
38,21% of this portfolio (€42.874.122), is in line with Ethibel EXCELLENCE.

Conclusion

Based on the above listed controls and observations, we declare that **AG Insurance** invested the « Caisse 43 » and « Multicompany » portfolios to a significant extent in compliance with the “Extended Exclusion” criteria researched by Vigeo Eiris.

Restriction should be made for:

- 1) Twelve positions have been detected as non-compliant.

Caisse 43: The corporate bonds of BG Energy and ENI have been advised for exclusion following the observation of gross violations on human rights. The corporate bonds of Exor and Investor have been advised for exclusion based on military involvement. General Electric’s corporate bond has an involvement in animal maltreatment which led to an advice for exclusion.

Multicompany: Both JAB Holding and Kering corporate bonds have been advised for exclusion referring to cases of animal maltreatment. The observation of involvement in human rights led to the advice to exclude Arkema’s corporate bond. The corporate bonds of Blackrock and Exor have been advised for exclusion based on military involvement.

In accordance with the stipulations of the Audit contract and in line with its long term buy and hold strategy, **AG Insurance** may keep bonds in the portfolios, given that these have been acquired before **Vigeo Eiris’** exclusion advice notification. All twelve positions in corporate bonds meet this requirement and may be held until maturity.

During the previous certification, a non-compliant position in the stock of “Porsche” had been observed. AG Insurance removed this position before the stated six months’ time period.

- 2) Several positions were not yet advised by Vigeo Eiris (“Non-advised corporate”). **Forum ETHIBEL** requests AG Insurance and **Vigeo Eiris** to provide written evidence on the nature of these non-advised positions in the scope of this certification.

ISIN	Name	Quantity	Market value (€)
Multicompany			
XS1781401085	GR CITY P 1,50 22/02/27	500.000	512.550
XS1909057645	LOGICOR 3,25 13/11/28	500.000	553.300
XS1854166078	VESTEDA 2,00 10/07/26	500.000	541.500
FR0011981968	WORLDLINE SA	2.226	142.464
Caisse 43			
DE000A11QW68	7C SOLARPARKEN AG	150.000	451.500
BE6314646439	BPOST 20/09/2019	3.500.000	3.502.285
BE6311525263	FRBRTC 1,554 29/03/34	10.000.000	10.958.513
LISEA01	LISEA 2,692 31/12/48	7.934.176	8.897.875
XS2005578757	SNAM 01/08/19	9.500.000	9.501.800
FR0011981968	WORLDLINE SA	6.584	421.376

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Forum ETHIBEL asbl



Kenny Frederickx,
General director



Ro Van den broeck,
Research officer