



# **Engagement and voting report 2020**

**September 15, 2021**

*Supporter of your life*

ageas.

# Table of Contents

## ENGAGEMENT AND VOTING REPORT 2020 ..... 3

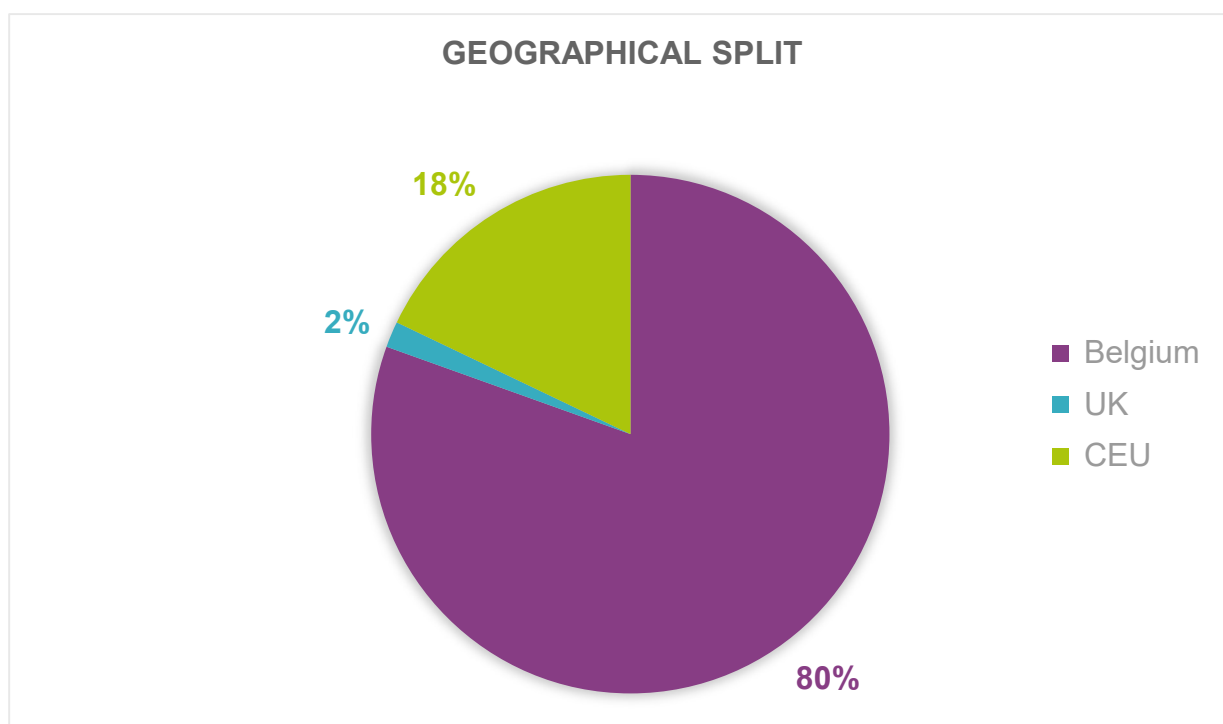
1	Our approach.....	5
2	Engagement .....	6
3	Voting.....	6

# ENGAGEMENT AND VOTING REPORT 2020

## Context

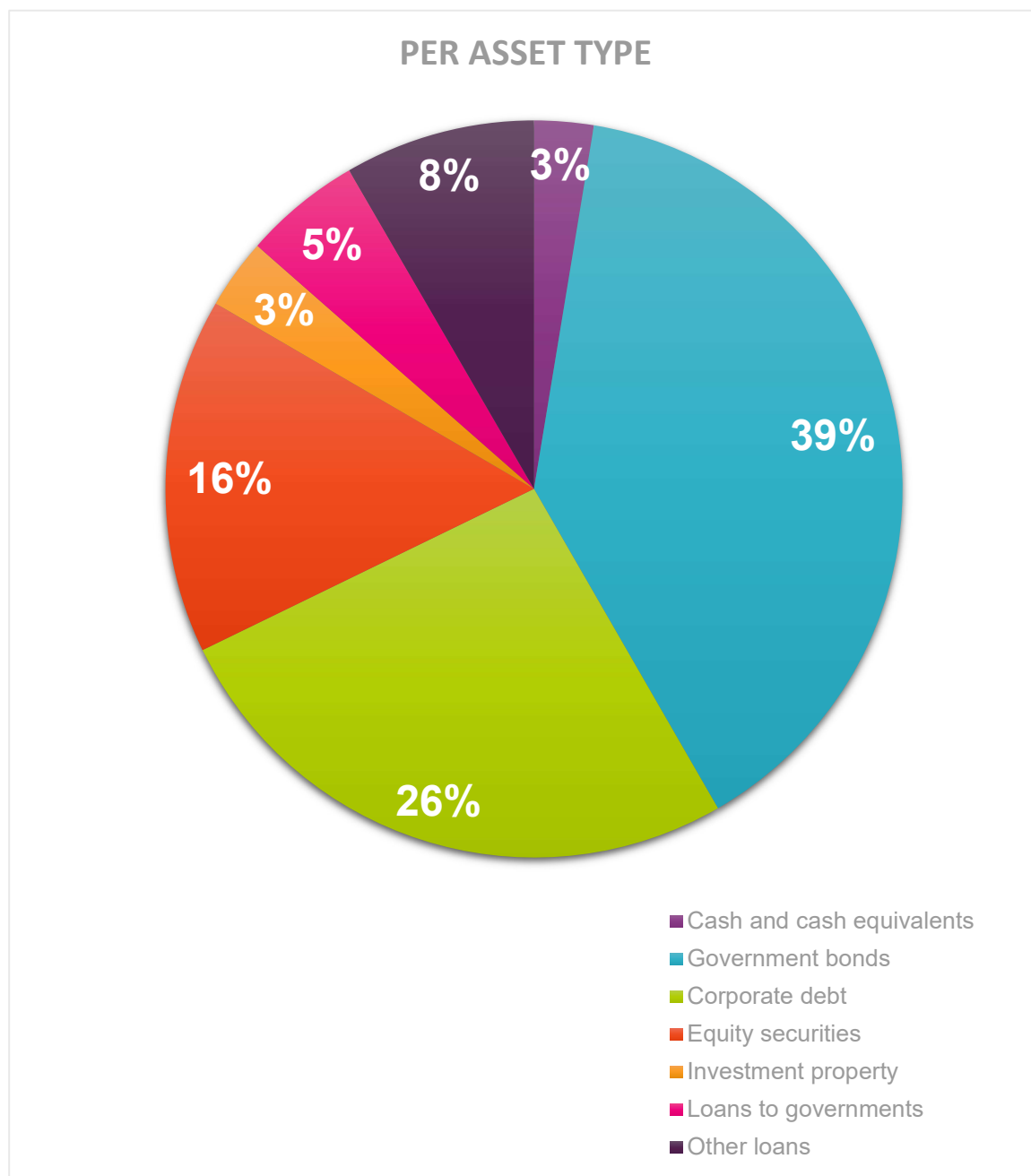
Ageas has become a signatory of UN PRI since the beginning of 2019, underlining its clear commitment and well embedded within its strategy to shape the group on a sustainable basis. Its investment strategy is one of the main pillars of this strategy, with clear objectives set.

Ageas is a global insurance group, active in Europe and Asia with Life and Non-Life activities mainly for retail customers. As per 31 December 2020, its total assets under management amounted to EUR 99.3 billion on a consolidated base. AG Insurance (Belgium), represents the largest part of the investment portfolio for a total amount of EUR 79.9 billion and is one of the largest Belgian institutional investors. The remaining material components of the portfolio are spread over Portugal and France (totaling CEU) and the UK. This amount does not include the assets under management of Ageas non-consolidated joint ventures in Asia and Turkey.



In terms of asset classes, AG Insurance has the most diversified portfolio with a nearly 45% of its portfolio invested in government bonds and loans but also a significant investment in corporate bonds and equities. The remainder is invested mainly in real estate via its subsidiary AG Real Estate and lastly some private

loans. In Portugal, the UK and France, the assets mainly consist of government bonds, some corporate loans and a limited position in equities managed by third part asset managers.



# 1 Our approach

Gradually the company is rolling out its sustainable investment strategy<sup>1</sup> according to the principles of UN PRI whereby active engagement towards companies invested has received a specific focus in 2020 with the aim to further extend the efforts in the coming years.

As a defensive long-term investor, Ageas manages its assets in a responsible and sustainable way in order to generate a stable long-term return for its various stakeholders, to mitigate and diversify risks and to contribute to the transition towards a more sustainable economy.

**Wim Vermeir, CIO Ageas:** "As an insurer, we mainly have long term commitments towards our customers. In managing the investments that guarantee these commitments, it is therefore natural for us to take into account the social and environmental risks of our investments, because these are typically risks that occur in the long term. Just think of climate change or the growing inequality in the world. Recognizing, acknowledging and evaluating these risks in all our investment decisions is therefore both a social duty and a form of efficient risk management and proof of good governance."

The company's actual approach to sustainable and responsible investment is based on three pillars:

- the **exclusion** of controversial activities
- the **integration** of environmental, social and governance factors (ESG) in investment decision
- the **engagement** with companies invested in

In 2020, Ageas has further developed its existing engagement framework with the aim of

- strengthening its ambitions as a responsible investor to fully integrate ESG factors in its investment management process and
- aligning it with the new regulatory framework following the entry into force of the EU Directive known as the Shareholders' Rights Directive II<sup>2</sup>.

The engagement<sup>3</sup> and voting<sup>4</sup> policies issued at AG level are specifically applied in the context of financial investments via equities, corporate bonds and loans. Overall, these types represent 50% of the Ageas' total asset portfolio.

Accordingly, Ageas takes at all times environmental, social and governance factors (the so-called ESG factors) into consideration when making investment decisions. Ageas believes that the ESG factors are key investment performance drivers, both from a return and risk perspective.

In terms of managing its investments, Ageas applies a long-term vision based on prudence, responsibility and sustainability.

The engagement and voting principles developed at AG have been endorsed by Ageas and when and where relevant will be implemented locally.

Ageas expects these principles to evolve in time together with its Sustainability strategy and ongoing EU initiatives as set out in the EU Action Plan on Financing Sustainable Growth.

This report describes the implementation of the engagement and voting policy at AG. Although endorsed at Ageas level, the efforts in 2020 were concentrated on the investments made by AG Insurance in Belgium. Going forward the intention is to include other countries, Portugal, UK and France within this implementation, albeit taking into account the composition of the local portfolios and evaluating carefully in which cases active engagement can be relevant and meaningful.

Already today, AG invites its external fund managers to apply the same voting and engagement principles in the sustainable savings products and for some of the traditional savings products. As of 2021 these efforts will be extended towards the more traditionally managed funds as well.

1 <https://headless-api.ageas.com/sites/default/files/2021-03/Responsible%20Investment%20Framework%202021.pdf>

2 The (EU) Directive 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.

3 Engagement policy only available in Dutch and French: [https://ag.be/over-ag/content/dam/transversal/aboutus/documents/nl/Betrokkenheidsbeleid\\_NL.pdf](https://ag.be/over-ag/content/dam/transversal/aboutus/documents/nl/Betrokkenheidsbeleid_NL.pdf); [https://ag.be/a-propos-d-ag/content/dam/transversal/aboutus/documents/fr/Politique\\_engagement\\_FR.pdf](https://ag.be/a-propos-d-ag/content/dam/transversal/aboutus/documents/fr/Politique_engagement_FR.pdf)

4 Voting policy only available in Dutch and French: [https://ag.be/over-ag/content/dam/transversal/aboutus/documents/nl/Stembeleid\\_NL.pdf](https://ag.be/over-ag/content/dam/transversal/aboutus/documents/nl/Stembeleid_NL.pdf); [https://ag.be/a-propos-d-ag/content/dam/transversal/aboutus/documents/fr/Politique\\_exercice\\_des\\_droits\\_de\\_vote.pdf](https://ag.be/a-propos-d-ag/content/dam/transversal/aboutus/documents/fr/Politique_exercice_des_droits_de_vote.pdf)

## 2 Engagement

In line with the above, hereafter a report on the active engagement of AG Insurance in 2020 :

The main objectives of AG's engagement are:

- To ask more transparency from companies in order to better understand their business and specifically their exposure to ESG risk and opportunities
- To influence companies' behaviour in order to favour good business practices and reporting in terms of ESG
- To tackle societal and/or environmental issues such as climate change.

With the pursuance of its engagement, Ageas also intends to improve the ESG profile of the companies in which Ageas invests in order to reach its long-term investment objectives.

The engagement can take the form of a direct engagement or a collaborative institutional engagement initiative.

### Direct engagement

In 2020, AG started direct engagement, for example with 2 companies, in which it has an important exposure, a Belgian

holding company and a Belgian electricity and gas operator. In both cases, the main focus of the engagement was about the need for more ESG disclosures.

### Collaborative institutional engagement

Collaborative engagement takes place when several investors group their resources and join their efforts to address the same ESG topics. By doing so, the investors increase the influence they might have on a company.

In 2020, AG has joined the Climate Action 100+, an investor-led initiative that urges the largest greenhouse gas emitters to take necessary action on climate change in order to achieve the objectives of the 2015 Paris Agreement. AG supports the engagement performed by Climate Action 100+ with 167 focus companies that have been selected, accounting for over 80 percent of industrial greenhouse gas emissions.

## 3 Voting

As a responsible and long-term institutional investor, Ageas is fully aware of the entrustment by its customers to protect and enhance the value of their savings, which requires good stewardship. Ageas takes an active role – either directly or through external asset managers – to monitor and (where necessary) to intervene as shareholder on matters which may affect the long-term value of investee companies, including ESG/SRI-related matters.

By implementing a voting policy, AG ensures that voting rights are exercised in an informed and consistent manner. This policy was actively executed upon by AG in 2020. Other Ageas group entities with important equity positions will follow this approach when relevant, i.e. in case of owning equity positions meeting the criteria as mentioned hereafter.

AG will always exercise its shareholder rights when AG holds at least 1 % of a company's equity capital. For holdings representing less than 1%, AG will consider voting on a case-by-case basis.

For investment funds managed by external managers, (which is the case for the Unit-Linked products), AG does not impose to use its voting policy but instead, allows external managers to exercise voting rights in accordance with their own voting policy, policy which encompass ESG/SRI best practice in the market. The external managers must report to AG the exercise of voting rights.

The consolidated voting statistics of AG for 2020 are summarized in the table below.

2020 – Voting statistics for AG			
Number of meetings attended	195		
Number of items	4,102		
Votes in favour	3,860		94.1%
Votes against	231		5.6%
Abstention	11		0.3%