



AG INSURANCE

MONITORING & CERTIFICATION OF SRI INSURANCE PORTFOLIOS CERTIFICATION STATEMENT 1st SEMESTER 2018

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 2018/1st semester verification

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

While processing the audit, all our 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, 2018. 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 June 2018.

Multicompany Portfolio	Total AUM (€) 30/06/2018	AUM (€) covered by VIGEO EIRIS advice	% of total AUM
Accepted (white)	117.170.543	99.765.733	85,15%
Discouraged (orange)		9.811.792	8,37%
Watch List (yellow)		2.567.464	2,19%
Exclusion (red)		3.331.729	2,84%
Not transparent (blue)		0	0,00%
Non advised corporate		1.693.826	1,45%
Caisse 43 Portfolio	Total AUM (€) 30/06/2018	AUM (€) covered by VIGEO EIRIS advice	% of total AUM
Accepted (white)	2.230.765.497	860.594.940	38,58%
Discouraged (orange)		76.164.507	3,41%
Watch List (yellow)		24.441.745	1,10%
Exclusion (red)		29.883.320	1,34%
Not transparent (blue)		140.126.818	6,28%
Non advised corporate		12.545.538	0,56%
Non advised non corporate bonds		1.087.008.629	48,73%

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

ISIN	Name	Quantity	Market value (€)
Multicompany Portfolio			
FR0000031122	AIR FRANCE-KLM	16.500	115.236
XS1117297785	BLACKROCK 1,25 06/05/25	500.000	508.450
XS1329671132	EXOR 2,125 02/12/22	500.000	525.100
DE000A1Z0TA4	JAB HOLD 1,625 30/04/25	1.500.000	1.512.000
FR0011832039	KERING 2,75 08/04/24	500.000	559.450
DE0005937007	MAN SE	1.150	111.493
Caisse 43			
XS1140054526	BG ENERGY 2,25 21/11/29	3.000.000	3.275.100
XS0526811384	BG ENERGY 3,625 16/07/19	6.000.000	6.232.800
XS0451457435	ENI 4,125 16/09/19	4.000.000	4.195.600
XS1174211471	EUROFINS S 2,25 27/01/22	5.000.000	5.158.500
XS1329671132	EXOR 2,125 02/12/22	2.000.000	2.100.400
XS1119021357	EXOR 2,50 08/10/24	3.000.000	3.162.300
XS0466670345	INVESTOR 4,875 18/11/21	3.950.000	4.558.300
DE000PAH0038	PORSCHE AUTOMOBIL HLD PFD	22.000	1.200.320

SRI Plus

The Multicompany portfolio has a total value of € 117.170.543.
39,71 % of this portfolio (€ 46.523.898), 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 VigeoEiris.

Restriction should be made for:

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

Caisse 43: Eurofins corporate bond has been advised for exclusion with regard to cases of animal maltreatment. The corporate bonds of BG Energy and ENI have been advised for exclusion following the observation of gross violations on human rights. The stock of Porsche as well as the corporate bonds of Exor, and Investor have been advised for exclusion based on military involvement.

Multicompany: Both JAB Holding and Kering corporate bonds have been advised for exclusion referring to cases of animal maltreatment as well. The stock Air France – KLM has been advised for exclusion following the observation of violation of international labour rights violations. The corporate bonds of Blackrock and Exor together with the stock Man have been advised for exclusion based on military involvement.

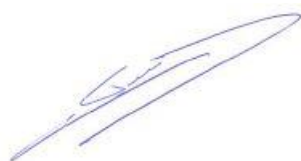
In accordance with the stipulations of the Audit contract and in line with its long term buy and hold strategy, **AG Insurance** may keep bonds in the portfolios, given that these have been acquired before **Vigeo Eiris’** exclusion advice notification. All eleven positions in corporate bonds meet this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

However, the contract states that **AG Insurance** is obliged to remove stocks that have been detected as non-compliant. This is ought to be done within a period of six months starting from the communication date. Thus, AG Insurance will have a period of six months to remove three positions in the stock “Air France - KLM”, “Man” and “Porsche”. The communication date is December 4, 2018.

- 2) Some 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			
NL0000334118	ASM INTERNATIONAL NV	2.000	94.720
US02156K1034	ALTICE USA INC- A	5.411	79.183
BE6305166694	DUVEL 2,15 05/06/26	1.500.000	1.519.923
Caisse 43			
FR0000978371	AXA IM EURO LIQUIDITY	267	11.985.081
US02156K1034	ALTICE USA INC- A	38.299	560.457

Brussels, December 4, 2018
Forum ETHIBEL asbl



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