



Our approach to Procurement



INTRODUCTION, PURPOSE AND BACKGROUND

In order to run and to transform its activities, each business and function of all entities of the Group needs to acquire goods and services from external parties.

Next to the possible financial cost savings thanks to a good negotiation, a sound procurement practice defined by clear rules can reduce inherent risks: legal incorrectness, compliance issues, tax compliance, information security issues, business continuity issues, data protection issues,

Additionally, taking advantage of the Group dimension in negotiations with suppliers can bring additional added value, be it financial, flexibility, quality of service.

SCOPE

This policy applies to ageas SA/NV and to all its Subsidiaries (subsidiary means an entity in which ageas SA/NV, directly or indirectly, is a shareholder and holds operational control), worldwide (hereafter called "Ageas").

Should compliance with this Policy result in non-compliance with local legislation and regulations, the latter must take precedence over the Ageas Policy. Group Procurement must be consulted immediately in such circumstances.

In joint ventures where Ageas does not control the Affiliate (affiliate means any entity in which ageas SA/NV, directly or indirectly, is a shareholder and holds no operational control), the policy of the major shareholder is applicable.

All categories of goods and services to be acquired are in the scope.

OBJECTIVES

This Group policy describes a minimum but mandatory set of principles to be followed by entities in scope for the organization and execution of local procurement activities.

In addition, for certain categories of acquisitions, or when negotiating with suppliers already involved in Ageas subsidiaries, or when procuring goods or services that could or would be used in more than one subsidiary, a Group approach is indicated for the reasons mentioned above: this policy describes also when and how the Group procurement activities are executed at Group level.

LOCAL IMPLEMENTATION AND DEVIATIONS

This Group Policy - complemented by a Limits and Minimum Standards (LMS) document - describes a minimum set of principles to be adopted by the entities in scope. Its local implementation is documented in a Local Procurement Policy (LPP) complemented by a local Light & Minimum Standard (LMS) document if required.

A local transformation plan might be required to align the LPP and the local processes of an entity in scope to the Ageas group procurement policy.

Any local deviation in an entity in scope must be submitted to the Group Policy Owner.

LEGAL, REGULATORY AND ADDITIONAL REQUIREMENTS

Each LPP should contain the list of associated internal regulations to be compliant with. This list should include at least the following non-exhaustive list of Policies and LMS/Procedures/Manual/Guidelines:

- Outsourcing policy. Well applied Procurement processes at all phases are of the essence for the correct and complete application of this policy;
- Business Continuity;
- AML/CTF policy;
- Integrity policy;
- Information security policy;
- Personal data management limits and minimum standards;
- Compliance policy;
- Fraud Risk LMS;
- Anti-bribery policy;
- Legal Charter;
- Tax policy;
- Conflict of interest policy;
- Anti-trust statement;
- Sanctions Policy.

PRINCIPLES

1 A Procurement Function or Role is set up in each entity in scope.

To play the following roles:

- Define and maintain a Local Procurement Policy (LPP);
- Lead the transformation projects needed to implement it and to comply with;
- Operationally, coordinate the execution of the Procurement processes and activities across the entire entity with all its businesses;
- Operationally, execute some Procurement processes;
- On a regular basis, produce a reporting to the local management both on the progress of the transformation plan and on the Procurement activities managed by the businesses and by itself;
- Be active in the Group Procurement Board managing the activities conducted at Group level.

2 Operational Procurement processes happen in 3 phases

Before the acquisitions :

- The businesses must define as complement to their multi-year business plan, and maintain/refine during their business plan execution, a list of their planned acquisitions. This list has to be shared with Procurement allowing to plan the selection/negotiation activities and to decide, following local guidance rules, who (the business or Procurement) will be in the driving seat to conduct the acquisition process.
- These activities called **Procurement planning** are key as a procurement journey leading to a good contract requires adequate time to execute. Adequate time to negotiate enables to introduce competition in the process, which is the best ingredient to achieve a good acquisition with an adequate management of all associated risks.

During the acquisitions :

- Each item of the list of planned acquisitions will be actually acquired by the execution of the process **Source to Contract**, starting from a detailed description of the needs (what needs to be acquired), followed by the selection of a supplier via a request for proposal to the market, and ending by the signature of a contract.

After the acquisitions :

- The rights and obligations agreed in the contracts need to be managed. In that context, goods will be delivered and services rendered, invoices will be settled (**Procure to Pay**) and the relations with the suppliers need to be organized to make sure Ageas gets the goods and the services at the agreed level of quality and that all risks associated to the acquisition are well managed.
- All these activities are called: Contract Execution - Supplier Relationship Management & Supplier Performance Management (SRM/SPM).

3 Each supplier and acquired solution are subject of 3rd party risk assessment

Each supplier and acquired solution are subject to risk assessment. Scope of the assessment have to be proportional to the goods or services required, based on the criticality of the activity or process supported by the supplier, taking into account the criticality of data being processed. In particular, when applicable, the Outsourcing policy needs to be applied.

4 Group procurement of services and goods when it makes sense

When multiple entities need to acquire same services/goods or negotiate with common suppliers, Ageas considered as a Group, offers a more attractive potential of business for this supplier than each entity separately, resulting in:

- Potential better prices and/or negotiated scheme of Volume Discount seen the size of the Group;
- Synergy between entities on the efforts on negotiation, compliancy verification work and contract drafting;
- Better quality of service and care from supplier thanks managing vendor also at Group level and exchanges of feedback on Vendor Management;
- Specific clauses enabling more flexibility (e.g. pooling of licenses across the Group).

5 Periodic procurement management reporting is produced

Given the importance of having efficient and compliant procurement activities, a periodic reporting to the management committee of each entity in scope should be produced by Procurement.

6 ESG (Environment, Sustainability & Governance principles) are part of the supplier selection criteria

At Ageas, corporate sustainability means conducting business in a responsible manner, achieving sustainable economic growth while anticipating the legitimate interests of our stakeholders, and taking social and environmental responsibility into consideration. Ageas has signed up to the Principles of Sustainable Insurance, UN Global Compact and on the 15th of June 2021, the Sustainable IT Charter by ISIT (the Belgian Institute for Sustainable IT).

Ageas's Code of Conduct supports Ageas's integrity and aims to safeguard its reputation as a reliable business partner that lives up to its core values towards all its stakeholders.

Ageas expects vendors and their supply chain to adhere to these principles as well.

A questionnaire filled in by each vendor or candidate vendor will be used to assess their respect to ESG principles.

As described as follows in the LMS: Principles to be respected:

<p>Health & Safety</p>	<p>Vendors must provide goods & services that meet agreed or legally required standards for consumer health and safety, including those relating to health warnings and safety information.</p> <p>Vendors are expected to take all required health & safety measures (e.g. ISO45001) that are considered necessary based on experience, that can be applied based on the latest technological standards and that are appropriate given the circumstances prevailing within their company in order to protect the health of their employees.</p>
<p>Ban on discrimination</p>	<p>Vendors must provide equal opportunities for everyone in employment - free from prejudice and discrimination on the grounds of gender, gender reassignment, sexual orientation, disability (which can include both physical & hidden, and mental health conditions), pregnancy and maternity, marital status, creed, colour, race, ethnic origin, nationality, social-economic backgrounds, religion & belief, age, union status or political opinion.</p>
<p>Human Rights & Labour policy</p>	<p>Vendors must respect all internationally proclaimed human rights and to be guided in the conduct of business by the provisions of the United Nations Universal Declaration of Human Rights and the International Labour Organisation (ILO) core labour standards, including but not limited to:</p> <ul style="list-style-type: none"> • employees' freedom of association with regard to working conditions and their right to join trade unions, form works councils and conduct work-related negotiations, including pay scale negotiations. • the right of collective bargaining. • zero tolerance for modern slavery, child labour, forced labour. • providing wages, benefits and conditions of work, that represent just and fair remuneration with transparent payment terms within the framework of government policies and in compliance with the standards of the ILO. These wages, benefits and conditions should reflect the economic position of the vendor, but must also be sufficient to satisfy the basic needs of workers and their families. Vendors are expected to provide all workers with written and understandable information about their terms and conditions of employment, including payment. <p>Working hours should not be excessive and should comply with all applicable laws and industry standards and employees should have access to fair working conditions.</p> <p>Vendors must inform Ageas as soon as they become aware of a breach or possible breach of human rights within their companies or supply chains. Vendors must commit to remediating any potential rights violations should they occur.</p>
<p>Environment</p>	<p>Vendors must meet statutory requirements and any valid industry standards/guidelines regarding environmental standards and sustainability in full.</p> <p>Care must be taken to protect the environment. This includes applying the 5 R's: Refuse, Reduce, Reuse, Repurpose, Recycle.</p> <p>Goods that are particularly environmentally friendly or originate from environmentally certified manufacturers (e.g. ISO14000) are given priority over others if their product features and conditions are otherwise comparable.</p>

<p>Partnerships</p>	<p>Each organization is only as sustainable as its upstream supply chain, and therefore a thorough look at potential suppliers becomes mandatory from an ESG-perspective. For all new contracts foreseeable, only work with partners that have communicated their intention about being more sustainably/socially responsible. For partners with a contract in place, make sure that when renewal time comes, they comply with this policy.</p> <p>Assessing ESG policies by potential partners via an external institution. At same level of performance/needs, prioritise companies that have earned green certifications.</p>
<p>Equipment</p>	<p>When purchasing new equipment, the environmental criteria must be included into the analysis. When applicable, always seek for equipment with at least one of the following ecolabels: TCO, EPEAT, Blue Angel, EnergyStar, 80Plus, FSC.</p> <p>According to the new March, 2021 EU 'Right to Repair' resolution, manufacturers must ensure repairability for up to 10 years. Therefore, an extended lifetime policy and a prioritisation for replacing parts must be sought rather than replacing the whole element.</p> <p>Based on Article L 541-2 of the Environmental Code in France, every company or administration is liable for managing any waste it produces and/or holds until final elimination or recovery, even when said waste is transferred to a third party for processing. Therefore, Ageas must hold itself to this high standard of waste management and complying with it by selling, reconditioning or giving away, or by engaging with companies that have demonstrated that they meet this requirement. Ensure an afterlife of the equipment. Sell, recondition or give away; or select a partner that can manage and ensure a correct afterlife of the equipment.</p>

7 Preferred suppliers list is established at Group level

List of suppliers that have demonstrated that they can deliver goods or services that meet expected quality standards at competitive prices is established in order to simplify, speed up acquisition process, and align the group on common solutions enabling further synergies.

8 Management of potential conflict of interest

Procurement processes must be compliant with the conflict of interest policy.

The joined implication of the Business Owners and of the Procurement team for acquisition projects is an important way to mitigate the impact of conflicts of interest.

Each Procurement Team should maintain a register documenting each possible conflict of interest and what mitigation actions have been taken.

GOVERNANCE

The Board of Directors (BoD) of ageas SA/NV is ultimately accountable for this Procurement Policy and the design, implementation and correct operation of the related controls.

The Executive Committee (ExCo) together with management teams of each Ageas Subsidiary is ultimately responsible for the implementation of the Ageas Group Procurement Policy complemented by its LMS including local governance and is liable to the shareholders, the customers, the staff and the public authorities for the effectiveness of the associated decision-making processes. The Exco assigns day-to-day responsibility for these arrangements to the Ageas Group Technology Development Director.

The Ageas Group Procurement Policy complemented by its LMS is translated into local policy and LMS. The Ageas Procurement Policy Owner together with Ageas ExCo reviews any local policy deviations from the Group policy, and endorses the deviations or formulates a recommendation.

The local Procurement Officers report relevant deviations from the Ageas Procurement Policy through the Ageas Group Procurement governance structure.