

## **AGEAS FEDERAL LIFE INSURANCE COMPANY LIMITED (AFLI)**

# **Anti-Controversial Weapons Policy**

Version 1.0

### **Purpose**

This policy sets the principles to ensure AFLI is not involved in financing, investing, and providing insurance services related to the development, production, maintenance, use, distribution, storage, transportation, trade or any other activity related to “controversial weapons”.

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## Introduction

AFLI believes that a strong culture of corporate governance and ethical behaviour is fundamental to the way we do business. This policy sets the principles to respect our commitment not to be involved in financing, investing, and providing insurance services related to the development, production, maintenance, use, distribution, storage, transportation, trade or any other activity related to “controversial weapons”.

For more implementation details, please consult the Anti-Controversial Weapons Standards (which includes the Due Diligence Standards.)

## Scope

This Policy applies to AFLI and all its employees, hereinafter referred to as “AFLI”. All staff members of AFLI, managers, employees, or any person directly or indirectly linked to AFLI by control, have a duty of vigilance towards controversial weapons.

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

## Principles

### General Principles

#### Principle 1: no involvement with controversial weapons

- **AFLI does not want to be involved directly or indirectly in financing, investing or providing insurance services to the development, production, maintenance, use, distribution, storage, transportation, trade or any other activity related to ‘controversial weapons’ (see infra for definitions).**

#### Principle 2: Exclusion Criteria

- **Excluded Companies meet any of the following Key Criteria:**
  - when a company develops, produces, maintains, use, distributes, trades a dedicated component (key component) for the controversial weapon or when the activity/service it provides is dedicated to the controversial weapon.

- When a company is strategically involved in controversial weapons, i.e.:
  - The activity takes place within the mother company or within a subsidiary in which the company has a majority stake.
  - The activity takes place within a subsidiary in which the company has a minority stake, but in which it holds a blocking minority of the voting rights. The meaning of a blocking minority depends on national legislation.
- When a company is involved in 'transportation' or storage, i.e. when it answers for storage or transport of listed weapons on structural basis (it forms a head activity of the company); occasional transport/storage do not fall in scope of this policy.

### Principle 3: Some Nuclear Exceptions

- **For nuclear weapons, AFLI can tolerate some local exceptions for companies that only contribute to government controlled nuclear weapon programmes in line with (inter)national interests.**

Exception can be granted for instance to companies that only contribute to government controlled nuclear weapon programmes in NATO countries that are permitted to possess nuclear weapons under the Nuclear Non-Proliferation Treaty.

### Principle 4: Control Framework

**AFLI implements an adequate Control Framework. It relies on:**

- **Due diligence** conducted on all potential customers, suppliers, and other business partners to assess the risks associated with doing business with them. If AFLI identifies a potential risk, AFLI will conduct enhanced due diligence and may request a Compliance Opinion. See Anti-Controversial Weapon Standards for further details.
- **Monitoring and Reporting**  
Any active or passive breaches are escalated to appropriate level and handled as per the policy principles.

## Principles tailored to specific operations

### Principle 5: Asset Management

- **AFLI prohibits any form of direct financial investment in Excluded Companies.**

- **AFLI ensures alignment, for any form of indirect financial investment (via funds, indices and other derivatives), with the general principles of this policy by means of proper diligence by:**
  - gaining understanding and ensure overall alignment with AFLI of those instruments considered by means of collection of pertinent data
  - ensuring regular monitoring and detection of flags indicating non-alignment with those principles

Management is responsible to liaise with Compliance in case of any doubt before operating any transaction.

### Principle 6: Underwriting

- **AFLI will not provide insurance services to an Excluded Company.**

This exclusion does not apply to Life products, Employee Benefit Products, Workmen's Compensation and HealthCare products.

Companies in financial conglomerate shall not be excluded on the sole account of the exclusion that would be in effect for its mother company or sister company(ies).

### Principle 7: Procurement

- **AFLI will not outsource any critical or important services to an Excluded Company.**

## Roles, Responsibilities and Reporting

### Roles and Responsibilities

#### **Board of Directors:**

- Responsible for defining and supervising the Anti-Controversial Weapons Policy, and for endorsing its principles, which is evidenced by their validation of this policy.

#### **Senior Management Committee (SMC):**

- Responsible for implementing this policy, as well as the related standards as herein described.

#### **Heads of Underwriting, Investment, Procurement**

- Responsible for implementing processes and procedures to adhere to the principles as laid out in this policy

#### **AFLI Defence Industry Advisory Committee (DIAC):**

- Ensuring adherence of the policy principles and formulate recommendations to Risk Management Committee of the Board in case of breaches.
- Provide guidance to AFLI employees on the implementation of the Policy.
- Ensure that all recommendation are duly documented, recorded and followed upon.

#### **Risk Management Committee (RMC):**

- Signs off on the AFLI DIAC's recommendations.

#### **Compliance:**

- Monitors and reports on the implementation of this policy.
- Ensures the policy remains in line with internal and external requirements

### Reporting

The Head of Compliance is responsible for reporting actual breaches to their management and to Group Compliance immediately.

## Appendices

### Definitions

- **Controversial Weapons.** This is a dynamic concept susceptible to changes in time, determined by international laws, international consensus, or developing insights. At present Ageas/ AFLI considers as “controversial weapons” all weapons of mass destruction and all illegal weapons, as well as their key components, such as, but not only:
  - Anti-personnel mines,  
A mine that is designed to be exploded by the presence, proximity, or contact of a person and that will incapacitate, injure, or kill one or more persons.
  - Cluster munitions and non-detectable fragments weapons,  
A container or dispenser with many submunitions, also called "bomblets," which is free falling and blankets large areas of territory with submunitions.
  - Nuclear weapons  
A device that can release nuclear energy in an uncontrolled manner and which has a group of characteristics that are appropriate for use for warlike purposes.
  - Biological weapons  
A weapon that uses living organisms, such as bacteria, viruses, or fungi, or their toxic products to cause disease or death in humans, animals, or plants.
  - Chemical weapons  
A weapon that uses toxic chemicals to cause death, injury, or incapacitation in humans, animals, or plants.
  - Depleted uranium ammunition  
Ammunition containing depleted uranium, a heavy metal that is a by-product of uranium enrichment.
  - Blinding laser weapons  
Laser weapons specifically designed to cause permanent blindness.
  - Incendiary weapons and white phosphorus weapons.  
Weapons primarily designed to set fire to objects or cause burn injury to persons through the action of flame, heat, or combination thereof, produced by a chemical reaction of a substance delivered on the target.
  - White phosphorus weapons  
Weapons containing white phosphorus, a chemical substance that ignites when exposed to atmospheric oxygen.

- **Key component:** Components primarily developed or designed for use in the weapon system and that play a direct role in the lethality of the weapon system.

- **AFLI Defence Industry Advisory Committee (DIAC)**

The AFLI Defence Industry Advisory Committee to the Risk Management Committee ensures alignment and consistency of decisions related to controversial weapons and adherence to treaties and conventions.

- **Members:**

- Chief Compliance Officer (Chair)
- Chief Investment Officer
- Chief Risk Officer
- Chief Financial Officer

- **Standing Invites**

- Head of Procurement
- Head of Underwriting

## Legal and Regulatory References

### Indian law:

- Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005
- Prevention of Money Laundering Act, 2002 and Rules, as may be amended from time to time.

### Other International/European conventions/laws, to the extent applicable:

- The United Nations Arms Trade Treaty (ATT) (2013)
- The International Cluster Munitions Convention (2008)
- The International Convention on the prohibition [...] of anti-personnel mines (1997)
- The Nuclear non-proliferation treaty (1968)
- The Biological and Toxin Weapons Convention (1972)
- Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (1993)
- The Belgian law banning all weapons containing uranium (11 May 2007)
- The Belgian Weapon of 2006 placing places cluster munitions, as well as anti-personnel mines, in the category of prohibited weapons

## Related Documents

Key related Policies/Charters and Standards that support the principles set out in this Policy include:

- The Anti-Controversial Weapons Standards (which includes the Due Diligence Standards)



## Document Control

### 1. Ownership

| Authors    | Department | Owner                    | Owner Department |
|------------|------------|--------------------------|------------------|
| Compliance | Compliance | Chief Compliance Officer | Compliance       |

### 2. Validation procedure

| Validation Authority  | Status   | Version | Date           |
|-----------------------|----------|---------|----------------|
| New - Current version |          |         |                |
| Board of Directors    | Approved | 1.0     | August 8, 2024 |
|                       |          |         |                |
|                       |          |         |                |

### 3. Version History

| Version no. | Version date   | Requester of change    | Change description  |
|-------------|----------------|------------------------|---|
| 1.0         | August 8, 2024 | Ageas Group Compliance | Ageas Group Policy version 1.1 adopted by Ageas Federal Life Insurance Co Limited |
|             |                |                        |   |
|             |                |                        |   |
|             |                |                        |   |

### Change Mechanism

Any requirement for change is to be addressed to the Document Owner.

Updated Policies will be submitted via a formal approval process usually on a triennial basis according to Board's decision of August 8, 2024 but can be more frequent if necessary.