SRD II disclosure document

Bank Degroof Petercam S.A.
12, rue Eugène Ruppert
L-2453 Luxembourg
TVA LU 13413108
R.C.S. Luxembourg: B 25459
degroofpetercam.lu

In accordance with the Luxembourg law dated 10 July 2019 amending the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders in listed companies and implementing Directive (EU) 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 (the "Law"), Banque Degroof Petercam Luxembourg S.A. (the « Bank »), in its quality of asset manager of a number of clients under discretionary portfolio management, has to comply with the Law requirements relating to the asset managers transparency.

According to the Law, when investing in Listed companies (as defined below) for managed clients, asset managers have to develop and publicly disclose an engagement policy that describes how they integrate shareholder engagement in their investment strategy, or publicly disclose a clear and reasoned explanation why they have chosen not to comply with one or more of the Law requirements.
Particularly with regard to the "engagement policy" requirements, the Bank has elected to explain herein why it has decided to not develop and disclose an engagement policy describing how the Bank integrates shareholder engagement in its investment strategy.

In its quality of discretionary assets manager, the Bank's investment strategy consists of investing clients' portfolio under management in (among others) i) units or shares of undertakings for collective investment, ii) companies' shares admitted to trading on a regulated market, iii) companies' shares not admitted to trading on a regulated market, iv) bonds, v) derivatives vi) and other transferable securities.
According to the Law only investments in EU companies' shares admitted to trading on a regulated market situated or operating within a EU member state ("Listed companies") trigger the obligation to develop and disclose an engagement policy describing how the Bank integrates shareholder engagement in its investment strategy.
At present investments in Listed companies carried out by the Bank as part of its portfolio management mandate equates to less than 0.5% on average per issuer capitalization.

At the light of these figures the Bank believes non-material holdings (such as the Bank's stake) in Listed companies would not grant a shareholder the necessary powers to allow effective exercise of the essential rights of an engaged shareholder, such as (without limitation) conducting dialogues with investee companies, or cooperating with other shareholders and communicating with relevant stakeholders of the investee companies.

The Bank believes that doing so does not contravene the purpose of, and the aim pursued by the Law as a result of a proportional application of the regulation.

The Law rationale behind the "comply-or-explain principle" is to grant flexibility in the application of regulatory and code provisions, which is one of the features of codes as soft law instruments. In this context, the Bank believes that the intention of the Law is not to have all companies apply and adhere to the same provisions when particular conditions are not suitable for a specific organizational structure, where company size and investments ratio have an impact on the company itself.

Therefore it is important to highlight that lack of engagement policy does not imply non-compliance with the Law.