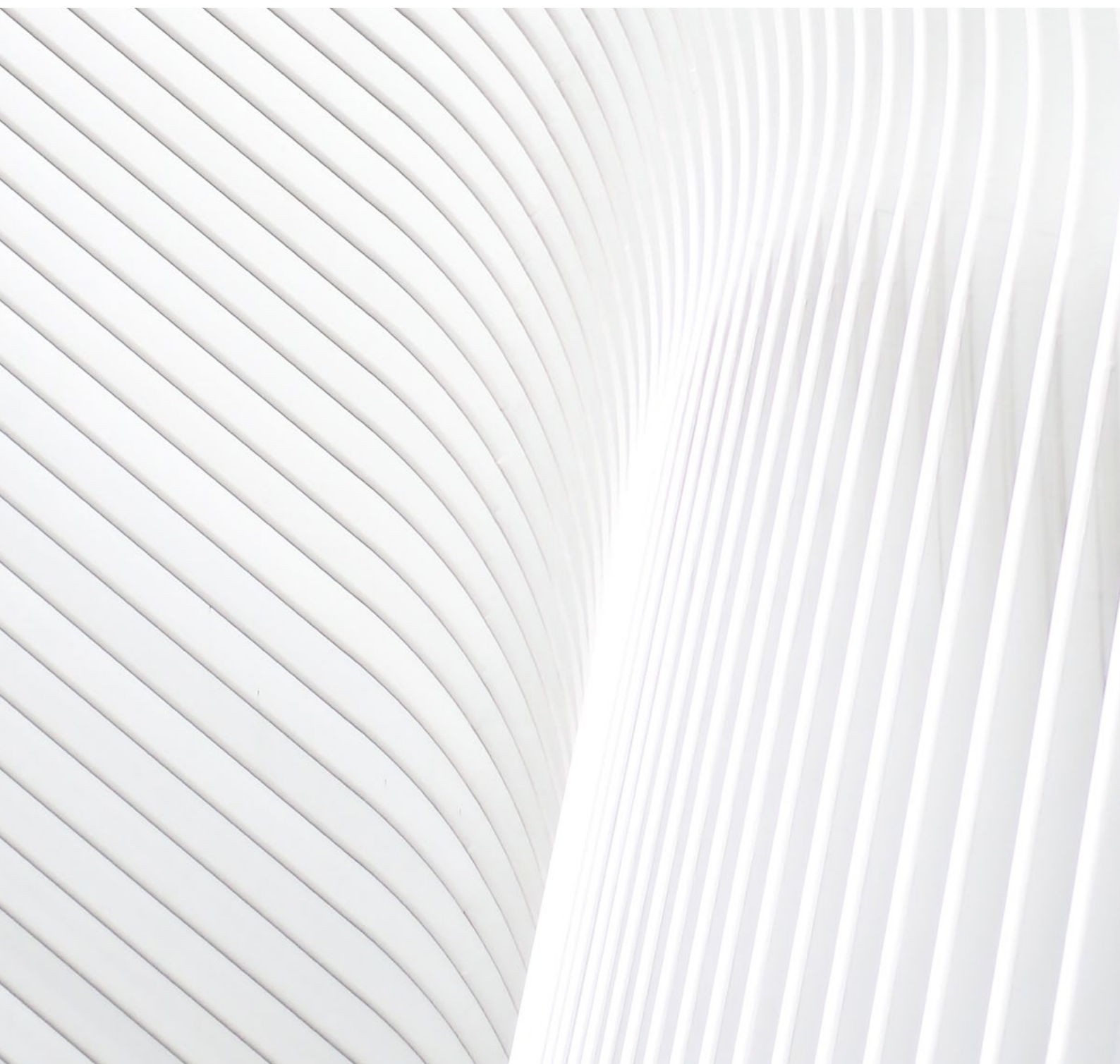


Make a Mark
2019 Annual Report



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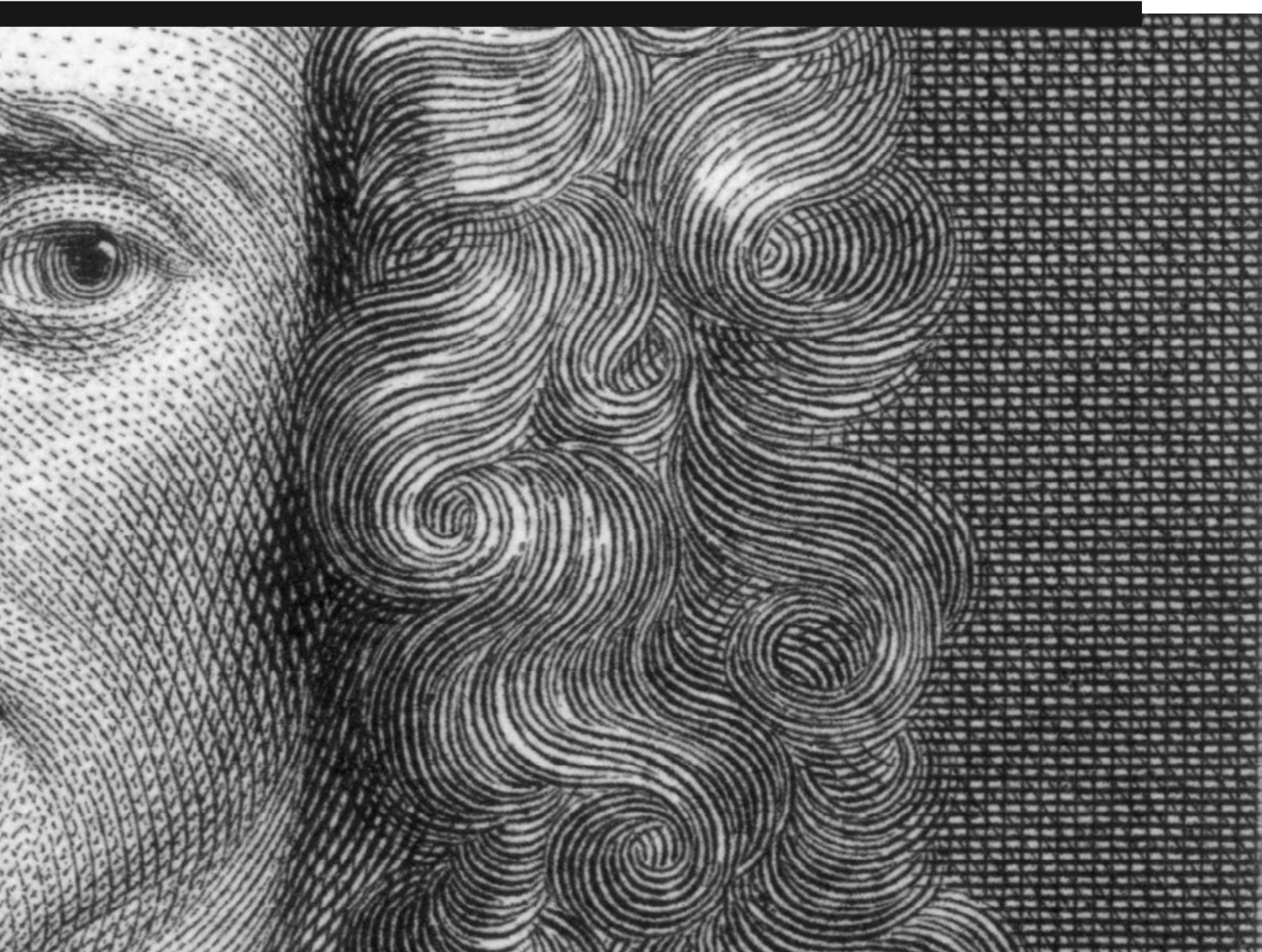
Message to shareholders

« If I have seen further
it is by standing on the
shoulders of Giants. »



Sir Isaac Newton was an English mathematician, physicist, astronomer, theologian, and author who is widely recognized as one of the most influential scientists of all time and as a key figure in the scientific revolution.

We make a mark for future generations fostering a sustainable economy by unlocking long-term economic and societal value. We build our expertise on a rich legacy combining visionary founders, successive generations of dedicated leaders and colleagues, and 150 years of bespoke client service.



A conversation with our Chairman, Ludwig Criel,
and our CEO, Bruno Colmant

“Since its foundation in 1871, Degroef Petercam has experienced many complex periods. Our strength today is based on that experience, together with the expertise and commitment of all our colleagues.”

You have been the new CEO since August 2019. As CEO, what is your initial impression of the group?

Bruno Colmant: It is an incredible honor to be called upon to be CEO of a company like Degroef Petercam, and I am fully aware of the responsibility that comes with the job. We are proud to rely on a rich history of nearly 150 years. The group always managed to consistently reinvented itself through the efforts of generations of inspiring, visionary entrepreneurs. We are the reference investment partner for institutions and companies. Throughout all these decades, we have been protecting what families have built up and passed on from generation to generation.

What are the highlights of the past year?

Bruno Colmant: Our performance in 2019 was moderate, with a number of ups and downs. Our clients enjoyed solid returns, our activities improved overall and institutional management set a new record in capital inflows during the year. 2019 was however also marked by some administrative headwinds.

Ludwig Criel: Like all Belgian financial institutions, we had to review certain procedures to ensure that they comply with increasingly stringent regulations, in particular those relating to the fight against money laundering. This obligation to carefully document our relationship with our clients implied that in certain





Ludwig Criel, Chairman, and Bruno Colmant, CEO

cases we had to complete their files with additional documents.

This was a cumbersome process for some clients, and we are sorry for that. We took a vigorous approach to the situation and today it looks like it is well under way to be solved. By the way, I remain convinced that these regulatory requirements further strengthen our relationship with our clients as we will know them even better, which will help us providing them with the best services.

Which developments have you seen in your commercial activities in 2019?

Bruno Colmant: As at 31 December 2019, total client assets amounted to 74.7 billion euros, up from 63.2 billion euros last year, an increase of more than 18%. While the general trend in assets managed for private clients lagged somewhat due to the administrative requirements that had to be met, fund distribution and institutional mandates set a new record in terms of net inflows, demonstrating the trust our clients place in us. Degroof Petercam Asset Management booked a net capital inflow of 2.1 billion euros and

received numerous awards for the quality of its management and the investment performances of its funds. Incidentally, I am pleased to note that the share of investments in our sustainability strategies has continued to rise this year.

In a climate of falling interest rates, our results are determined mainly by our fee-generating activities. In 2019, for example, our institutional asset management and Asset Services activities were the main drivers of our results. Revenue from Private Banking declined slightly compared to 2018, as did Investment Banking, which noted a slight decline compared to the record performance of the previous year. With 90 mandates in advisory, M&A and capital market transactions in 2019, Degroof Petercam consolidated its leading position in the field of investment banking, in particular for medium-sized companies. In addition, a significant exit transaction also generated strong growth for Private Equity.

How is the group's profitability and financial position?

Bruno Colmant: Let us not deny it: we faced an exceptional level of expenses in 2019. On 31 December 2019, our gross operating result amounted to 84.4 million euros. After taxes and extraordinary items, the consolidated net profit amounted to 20.2 million euros.

The significant year-on-year decrease is mainly attributable to a sharp increase in the cost of our technological transformation and expenses related to the regulatory remediation process.

Ludwig Criel: This does not detract from the fact that our group is still one of the most financially sound banks in Europe and that we have ample liquidity at our disposal. As at 31 December 2019, our legal core capital ratio amounted to more than 19%, well above the minimum ratios imposed by the regulatory authorities.

Our balance sheet total exceeds 8 billion euros, of which 5 billion euros of highly liquid assets. Our bank is extremely well capitalized, thanks to a conservative approach in the management of our group and our activities.

“Our bank is extremely well capitalized, thanks to a conservative approach in the management of our group and our activities.”

Imagine Tomorrow. Since 1871.

How is the group positioned in the context of the coronavirus pandemic and what do you see in the future?

Bruno Colmant: Markets have fallen sharply as a result of the coronavirus crisis and all countries in Europe have been in almost full lockdown. Since its foundation in 1871, Degroef Petercam has experienced many complex periods. Our strength today is based on that experience, together with the

expertise and commitment of our staff members.

During this period, virtually all of our employees have been able to work from home without any disruption to our business, thanks to the forward-thinking approach and the mobilization of our IT teams. Now more than ever, we remain calm and we are taking all the necessary precautions.

Ludwig Criel: We will overcome this unprecedented health crisis by demonstrating solidarity, by fully engaging alongside our clients, by demonstrating the perfect cohesion between our activities and by relying on our independence, which is essential to remain agile in these difficult times. I would like to thank our directors and family shareholders for their unwavering support. My confidence stems from my firm belief in our uniqueness and our core strengths, as well as from the conviction that we create added value for our clients, that our company can adapt and that we are ready for the future. We can be proud of who we are and what we stand for.

To conclude, I would like to express my sincere thanks to our clients for their trust in us. I would also like to express my heartfelt thanks to our 1,422 staff members, who work hard every day to make a difference for our clients.

We continue to
make a mark.

Together.
For our clients.
For society.
For future generations.
For ourselves.

II

Key Figures

Net income

in million EUR

480.6

2018: 454.8

Gross operating profit

in million EUR

84.4

2018: 111.9

Consolidated net profit

in million EUR

20.2

2018: 56.8

Total client assets

in billion EUR

	2019		2018	
	Gross	Net*	Gross	Net*
Assets under management **	60.0	60.0	50.5	50.5
Assets under administration ***	40.5	8.5	34.9	7.2
Assets under custody ****	89.3	6.2	78.1	5.5
Total client assets		74.7		63.2

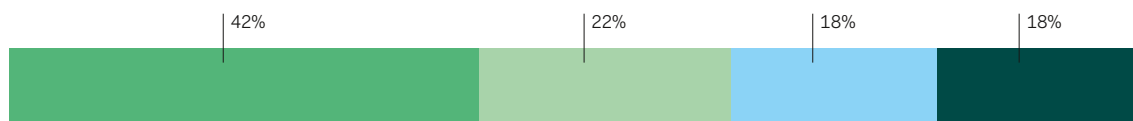
* Excluding double counting.

** Management and credit services.

*** Administrative services, including fund accounting, fund directing, registration and set up new funds, transfer agent, etc.

**** Custody services, including recording, holding and custody through securities and cash accounts.

Breakdown of operating income



- Private Banking (including Credits and Private Equity)
- Asset Management
- Asset Services
- Investment Bank

Capital structure at 31.12.2019



- DSDC*
- Petercam Invest*
- Financial partners
- Management and staff
- Own shares

Total number of shares: **10,842,209**

*Family and reference shareholders.

DSDC : families Philippon, Haegelsteen, Schockert and Siaens, CLdN Finance and Cobepa.

Petercam Invest: Peterbroeck and Van Campenhout families.

Board of directors

Chairman of the board of directors

Ludwig Criel*

Chairman of the executive committee

Bruno Colmant

Directors-members of the executive committee

Nathalie Basyn

Gautier Bataille de Longprey

Benoît Daenen

Gilles Firmin

François Wohrer

Directors

Yvan De Cock*

Miguel del Marmol

Jean-Baptiste Douville de Franssu

Jean-Marie Laurent Josi

Véronique Peterbroeck

Alain Philippson**

Jacques-Martin Philippson

Kathleen (Cassy) Ramsey*

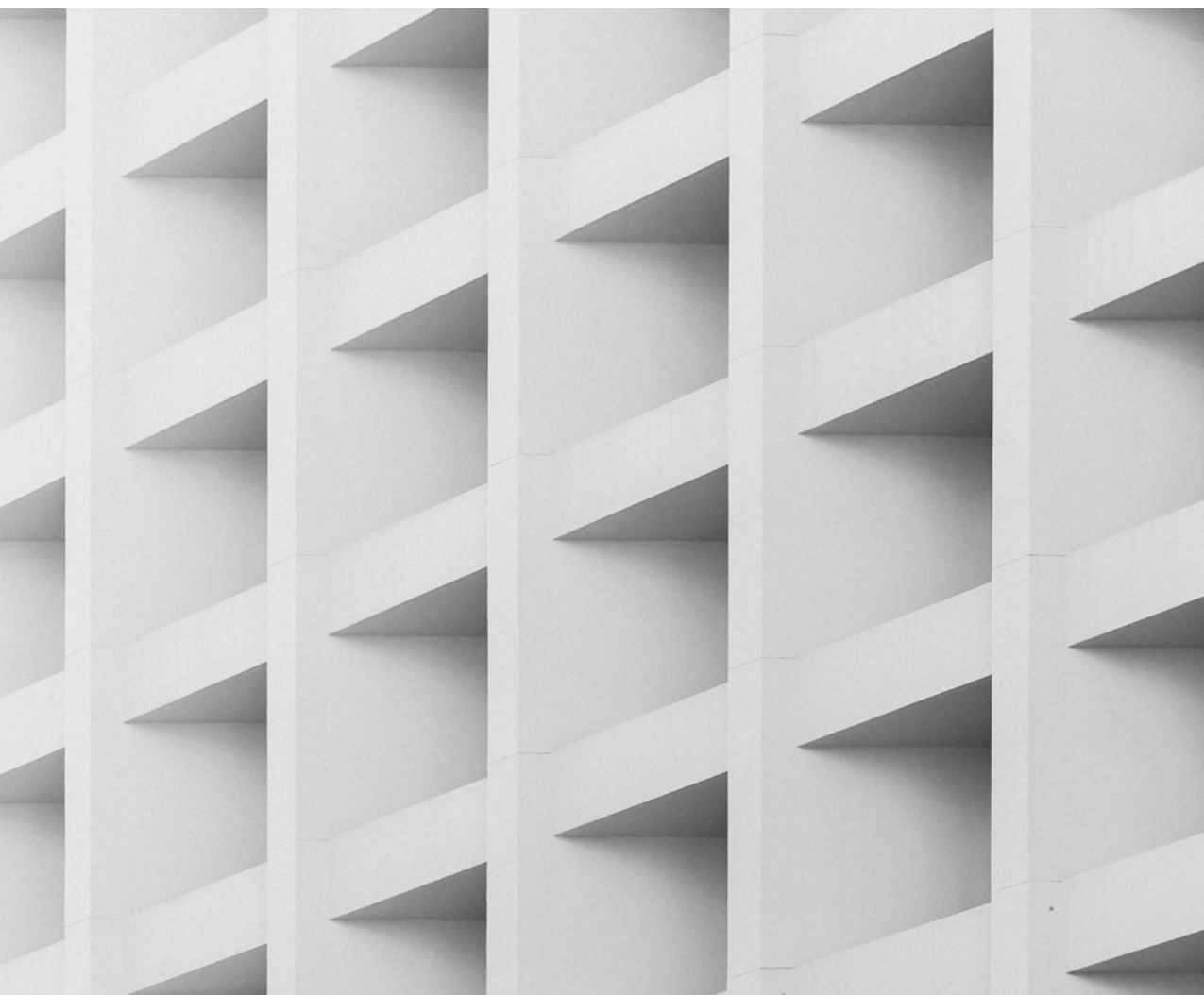
Alain Schockert

Frank van Bellingen

Guido Vanherpe*

*Independent director

**Until 31/12/2019



Staff count

in FTE

1,422

2018: 1,412

Breakdown by country of staff count

in FTE

	31.12.2019	31.12.2018
● Belgium*	887	896
● Luxembourg	357	345
● France	100	90
● Spain	57	59
● Switzerland	21	22

* Including branches in Germany, Italy and the Netherlands.

III

Highlights

Private banking

38.4 billion euros managed for private clients (gross).

Focus on continued improvement of the client documentation process and of the internal control framework.

Enlarged footprint through:

- the opening of two new offices in Wemmel and Turnhout and the recruitment of private bankers to support growth;
- the organization of major high-level events in the Degroof Petercam communities such as the eighth edition of Degroof Petercam Business Day for entrepreneurs, the Expert Highlights sessions to share views on financial markets and a trans generational event on Impact investing.

Launch of an advisory digital platform, enabling subscribers to adapt the composition and allocation of their fund portfolio on line.

Above-average returns of portfolios (first quartile).

Innovative services that contributed to growth:

- Private Equity projects;
- 100% socially responsible mandates for clients in discretionary management;
- Family Office service dedicated to large families with complex assets;
- Dedicated solutions for FBO (Family Business Owners), combining Private Banking and Corporate Finance.

“With our thirteen office in Belgium, we are moving closer to our clients.”

Opening of new offices in Wemmel and Turnhout



Credits

Net increase in the volume of the credit portfolio to 2.2 billion euros.

Slight decline in average credit margins despite the competitive credit environment.

Continued strong dynamics in credits in Belgium, Luxembourg and France.

Excellent quality of the credit portfolio.

Further development of the Lombard credits offering granted to Belgian, Luxembourg and French clients as an alternative to traditional mortgage loans.



2.2
billion euros

Credits

Degroof Petercam Asset Management

39.2 billion euros of assets under management (gross), with a net capital inflow of 2.1 billion euros.

Management of nearly 300 institutional mandates, including a new major mandate granted in France.

Ongoing international expansion, with almost 70% of net new cash stemming from outside Belgium.

Significant inflows in different European strategies and global equities, bonds (global unconstrained, high yield and emerging market debt in local currency) and sustainable strategies across different asset classes and themes.

Launch of a new aggregate bond strategy that focuses on sustainability in terms of climate trends.

Buy-side research team of equity and credit analysts drawing up a recommendation list for more than 100 European and US equities and covering more than 500 high yield and investment grade corporate bonds.

Numerous awards for quality of the management and investment performances:

- L'Echo/De Tijd in Belgium: Super Award for the best equity and bond manager over five years;
- Scope Awards in Germany: best asset manager bond fund;
- SRI Awards in Italy: best SRI assets management firm;
- ALFI in Luxembourg: European Distribution Award in the category Fastest Riser in ESG.

Super Award
for the best
equity and bond
manager over
five years

L'Echo/De Tijd
in Belgium

Best SRI
assets
management
firm

Scope Awards
in Italy

Best asset
manager
bond fund

Scope Awards
in Germany



Asset Services

40.5 billion euros assets under administration and/or custody (gross).

Cross-border migration of an additional sub-fund onto the proprietary custody platform (203 million euros).

Set-up of around 40 new funds under Luxembourg or Belgian law.

Launch of five private equity funds with total commitments of 306 million euros.

Operational onboarding of Belgian funds managed and distributed by Degroof Petercam Asset Management (8.5 billion euros) which were migrated on January 2, 2020.



40.5
billion euros

Assets under
administration
and/or custody

Investment Banking

90 mandates in mergers & acquisitions (M&A), capital markets transactions and advisory, confirming Degroof Petercam's leading position in investment banking services, especially for mid-size companies.

Expansion of sell-side research to a broader client base in Spain and the United States.

38 M&A mandates totaling 2.3 billion euros of which 13 in Belgium, 23 in France and 2 in Spain.

Launch of a new comprehensive derivatives offering and development of a new client base, including first structuring transactions with new institutional clients.

Landmark debt market capital transactions in Belgium and in France such as the bond issues of Gimv, Leasinvest and Befimmo, the debt financing of Biogroup, the private debt placement for Elis and Vilmorin and acquisition financing for French companies such as Legris, Apax and Axeréal.

Institutional seminars on healthcare, consumer and real estate sectors and Benelux roadshows in major international financial centers such as New York, London, Paris, Milan, Zurich, Brussels, Amsterdam, Luxembourg and Madrid.

6 equity capital market transactions, such as the capital increases of Aedifica, Montéa and TINC.

Double digit growth of stock option plans activities, adding 48 new clients in 2019 amongst which several BEL20 companies.

Ottobock
acquired
Vigo

Adviser to the Sellers
November 2019

GIMV
Public offering
of 7-year and
12-year bonds

€ 250 million
Co-Lead Manager
July 2019

Biogroup
LCD
Amend & Extend

€ 1,025 million
Adviser to the Company
July 2019

Substantial increase of the dealing desk business in major asset classes worldwide.

Successful launch of Corporate Finance activities in Luxembourg.

Publication of the annual Benelux Company Handbook, team of sell-side analysts covering more than 130 listed companies in the Benelux and distribution of more than 1 000 company updates and 60 detailed reports.

Elis

US Private Placement

€ 300 million
Adviser to the Company
April 2019

Aedificia

Secondary public offering with priority allocation rights

€ 418 million
Co-Lead Manager
May 2019

Xior

Student Housing

acquired

The Lofttown

Student Housing

Adviser to the Buyer
October 2019

Responsible Investment

58% asset increase into SRI funds, or more than 7.2 billion euros invested in sustainable portfolios.

Launch of a new active investment strategy in government and corporate bonds dedicated to the transition to a low-carbon economy. This strategy includes green bonds, companies responding to climate change issues through their services and products, as well as companies in so-called transition sectors.

Labeling of the full range of 11 sustainable strategies according to the Towards Sustainability criteria, defined by the Belgian financial sector.

Focus on climate and active shareholdership:

- Member of the collective engagement initiatives 'Responsible outsourcing of cobalt', 'FAIRR' and 'Climate Action 100+';

- Signatory of the Investor Charter 'Investor statement on deforestation and forest fires in the Amazon' via the UN backed Principles of Responsible Investment (PRI);
- Implementation of the recommendations from the Taskforce on Climate-related Financial Disclosures (TCFD);
- 171 letters of commitment with companies on their corporate governance through an active voting policy;
- Shareholder responsibility through Voting Advisory Board which participated in 650 general meetings of shareholders and voted on 9,266 resolutions.

Further international recognition:

- Third consecutive year of UN-PRI's highest rating (A+);
- Top 10 H&K Responsible Investment Brand Index published by Citywire ranking asset managers genuinely committed to ESG;
- ALFI European Distribution Award in the category of the Fastest Riser in ESG.

European
Distribution
Award in the
category of the
Fastest Riser
in ESG

ALFI in
Luxembourg

+58%

Asset increase
into SRI funds

Private Equity

Overall strong performance and pace of deployment of existing private equity investments in line with expectations.

Record fundraising with 250 million euros of new commitments raised across four new investment opportunities.

New initiatives in view of the development of the Private Equity offering in France.

Successful launch of Green Fund IV, a new fund in the renewable energy sector, aimed at pursuing a strategy similar to previous funds focused on onshore wind farm projects in France.

Completion of major exit transaction with the sale of ASL (aviation services), a participation of 3P Air Freighters.

Significant distributions in certain funds and feeder funds, such as Green Fund 2, CA2 Secondaries (Committed Advisors), CVC Capital Partners 6, Down2Earth, Sofindev IV and 3P Tangible Assets Fund.

250
million euros

New projects
in Private Equity



Philanthropy

2,970 hours of volunteer work performed by 396 colleagues during the seventh edition of Degroof Petercam Solidarity Days covering projects ranging from first aid trainings, tree planting, sporting with refugees and walking with disabled persons and many more initiatives all over Belgium and Luxembourg.

750,000 euros in micro donations gathered through the crowdfunding platform Gingo, supporting 49 projects in Belgium and Luxembourg.

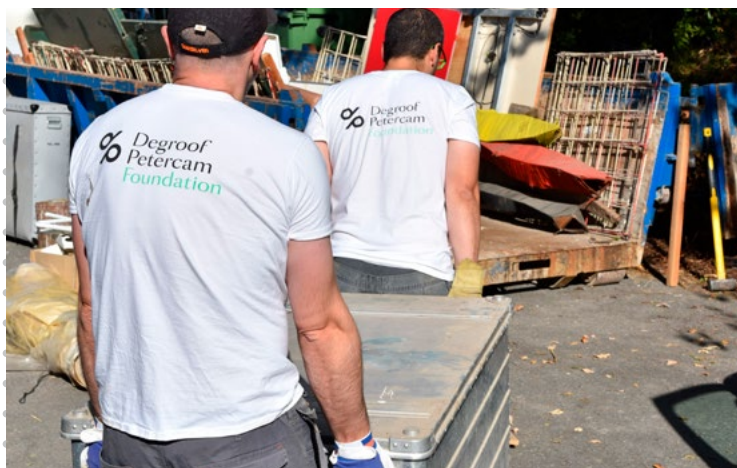
Launch of the skills based sponsorship program with over 50 colleagues involved by advising charity initiatives or mentoring job seekers, in France and Belgium.

20,904 euros awarded to 'Mobile Schools', a project delivering education to street children in developing countries, thanks to micro donations from colleagues in France, Belgium and Luxembourg.

Collection of funds by the Degroof Petercam Cycling Team for the Foundation against Cancer.

2,970
hours of volunteer work

396 colleagues
participated in the
Solidarity Days



Organization of a conference at the Belgian embassy in Lisbon on Portugal's pioneering role in social economy and social innovation in presence of Prof. Filipe Santos, dean of the Catolica University and world leader on this topic.

1 million euros grant awarded to 'DUO for a JOB' selected as the first winner of the new Degroof Petercam Foundation program. DUO for a JOB matches young job seekers with an immigrant background with senior people to accompany and support them in their job search.

Active participation to NetMentora (entrepreneurial network) and Fundació Banc Dels Aliments (food bank) in Spain.

Participation in the annual summit of the European Venture Philanthropy Association (EVPA) in The Hague.

Long-term advisory mission for a future philanthropist willing to tackle violence against women and children.

Organization of an inspiring conference on the topic of 'Invisible heroes' in collaboration with DUO for a JOB, the Lunt Foundation and social entrepreneur Julie de Pimodan, founder of Fluicity, an active citizenship app.

"This grant allows us to roll out our program in France."

The Foundation awards its first 1 million euros grant to DUO for a JOB



"What drives us? To facilitate more and more intercultural and intergenerational encounters."

Mentoring program

IV

Management Report

1 | Comments on business activity

In 2019, the various entities of the Degroof Petercam group were able to take advantage of rising equity markets.

In this environment, it is more specifically the fee-generating businesses, institutional management, private equity and fund administration (Asset Services) that posted especially solid results.

With this performance, all activities combined, total client assets grew significantly by more than 18% to 74.7 billion euros compared to 63.2 billion euros a year earlier. These are net amounts, after eliminating double counting between the different activities of the group, namely: management and credit services, administrative services and custodial services.

The Degroof Petercam Asset Management (DPAM) entity dedicated to the management of funds and mandates for major institutional accounts and the distribution of in-house funds recorded a record level of net asset inflows. Institutional asset management (DPAM and private client investments in funds managed by the group) saw gross assets under management increase from 44.7 billion euros to 53.8 billion euros at the end of 2019). In addition, DPAM continued its international expansion, with more than 70% of net inflows coming from outside France.

Private Banking focused much of its energy and resources on meeting the regulatory requirements for compliance in the fight against money laundering and experienced a slight decline in inflows but a largely positive market effect. Private client assets under management increased to 38.4 billion euros as at 31 December 2019 compared to 34.2 billion euros in 2018.

Credit portfolio as at 31 December 2019 amounted to 2.2 billion euros for a balance sheet of 8.5 billion euros.

As at 31 December 2019, Asset Services recorded 40.5 billion euros in assets under administration and/or custody, including 8.5 billion euros for mutual funds for third-party clients.

Results relating to financial markets activities were down mainly in foreign exchange

transactions, which had reached a record level in 2018, due to a lower volume of fees within the Luxembourg banking entity and the parent company.

Results from bond trading and the distribution of structured products were also lower than in the previous year. In addition, the results associated with the activity of hedging positions linked to the management of stock option plans were slightly lower than in 2018, but this was largely offset by the net increase in revenues linked to this same activity.

Lastly, the new equity hedge business launched at the beginning of 2019 posted encouraging results over the past year.

With the exception of brokerage fees generated by the dealing desk, which grew strongly in 2019, other revenues from investment banking activities were down, mainly in Corporate Finance, which was unable to repeat the record level achieved in 2018.

Summary

Institutional asset management and asset services activities were thus the group's main drivers of fee growth over the past year; as we have noted, revenues from these business lines grew strongly over the past financial year. For the reasons mentioned above, the performance of Private Banking in terms of assets under management recorded a slight decline in inflows compared to 2018 but a largely positive market effect; the performance of Investment Banking did not repeat the exceptional level of 2018, mainly with regard to Corporate Finance activity. Private Equity also received an exceptional performance fee following the conclusion of a major disposal transaction.

Assets under management increased significantly (+18.7% at the end of the period) in 2019 thanks to the positive market impact (+3.2% on average for the investment fund Global Strategy L Medium) combined with exceptional new capital inflows (distribution and institutional) to DPAM.

In addition, Asset Services fees also rose sharply, based on 5% annual growth in assets under administration.

Income from private client management (and related patrimonial funds) remained virtually at a similar level to 2018, as the positive market effect was partly offset by net capital outflows and pressure on asset profitability, notably due to increased liquidity positions in the portfolios as well as the pricing of funds on a sliding scale in line with the amounts invested.

Overall, net fee income from all business lines was up slightly compared to the previous year.

2 | Comments on the consolidated accounts

At the end of the financial year 2019, the consolidated net profit (group share) was 20,188,105 euros, compared to 56,763,853 euros for the previous financial year. There are two main reasons for this sharp decline. First, there was a significant increase in operating expenses. This was only partially offset by sustained growth in interest margin results, combined with a moderate increase in the overall level of commissions. Second, the level of asset impairments was exceptionally high (mainly at the level of foreign banking activities).

Consolidated comprehensive income (group share) was 24,930,734 euros as at 31 December 2019 compared with 51,448,785 euros a year earlier. Income is calculated by adding to consolidated net profit the unrealized gains and losses directly recognized in equity (revaluation reserves).

The net interest margin, for all activities, was close to the results posted for the previous

financial year. Treasury and balance sheet management (asset and liability management) activities benefited substantially from a downward movement in the yield curve mainly during the first half of the year (especially in the bond investment portfolio), while credit spreads moved downwards. Credit spreads remained under pressure while the credit portfolio rose slightly.

The increase in other net operating income for the past financial year is due to the reversal of several provisions for litigation by the parent company.

The accounting results for the revaluation and realization of financial assets in the long-term securities portfolio increased in 2019 thanks to the increase in the estimated value of financial instruments (valued through the income statement) held as part of the own portfolio.

Staff expenses increased compared to the previous year. This situation is due to the effects of the increase in payroll and social security charges following indexations and an increase in the number of employees (net group growth of 10 units compared to the end of 2018), partly mitigated by the decrease in provisions for variable remuneration.

Other general expenses recorded a net increase in 2019, mainly due to two major items: the technological transformation associated primarily with preparations for the renewal of the core banking system and the large-scale use of external service providers in the context of regulatory remediation.

Depreciation and amortization of property, plant and equipment and intangible assets for the year increased significantly compared to 2018, mainly due to the implementation of IFRS 16 on the capitalization of leasing contracts. IFRS 16 entails, among other things, the amortization of the right to use buildings and cars. The costs of these leasing contracts were reported at the level of other general expenses in 2018 before the implementation of IFRS 16.

In addition, the amortization of development costs (IAS 38) of strategic projects Finance Target Operating Model (FTOM¹) and Digital Acceleration, which became fully operational in the second half of the year, began in the fourth quarter of 2019.

Impairment of assets increased sharply compared to 2018. This mainly relates to the application of IFRS 5 in connection with the planned disposal of DP Spain, and to write-downs on goodwill relating to private client management at our foreign banking subsidiaries.

The tax expenses at the balance sheet closing date were down overall compared to the previous year. The decrease in taxes is in line with the fall in results and reflects the recognition of deferred tax receivables on part of the unused 'Revenus Définitivement Taxés' regime in Belgium ("dividend received deduction") in Banque Degroof Petercam. The tax charge and the average tax rate remain high due to a higher effective tax rate in Luxembourg and non-deductible amortization of intangible assets.

The increase in the other components of comprehensive income is mainly due to two factors: first, the positive change in the revaluation reserves for debt instruments measured at fair value through equity following the sharp fall in the yield curve, and second, the favorable change in the effects of revaluations of financial and other assumptions on pension plans.

These positive changes were somewhat offset by the negative change in revaluation reserves for equity instruments and by foreign exchange translation differences.

2.1 Appropriation of statutory profit

At 31 December 2019, the statutory net profit of Banque Degroof Petercam SA totaled 9,484,177 euros. Taking into account the profit carried forward from the previous financial year

(1) The FTOM is the central application for automating production methods and quality control of the Finance Department's regulatory reporting.

of 219,273,747 euros, the profit base to be allocated amounts to 228,757,924 euros.

The board of directors proposes to the General Meeting to allocate the profit for the financial year as follows:

	(in EUR)
Profit for the year:	9,484,177
+ Carried forward:	219,273,747
= Profit to be appropriated	228,757,924
- Allocation to other reserves	0
- Directors' fees:	1,277,500
- Dividends	0
- Profit bonuses:	6,524,521
= Profit to be carried forward	220,955,903

2.2 Consolidated shareholders' equity

Consolidated shareholders' equity, including minority interests, amounted to 897.7 million euros at the end of the financial year, an increase of 28.1 million euros compared to the previous year.

The decrease in consolidated shareholders' equity is the result of the following effects:

- in the context of the initial application of IFRS 16 in the opening balance sheet for the financial year (for a net impact of -0.1 million euros);
- as part of the movements during the financial year (for a net impact of -28 million euros):
 - the distribution (outside the group) relating to the previous financial year (-47.3 million euros);
 - distribution of the profit (20.2 million euros);
 - the revaluation of financial assets at fair value during the financial year (0.1 million euros),
 - movements in the purchase/sale of treasury shares (-5.0 million euros),
 - the IAS 19 revaluation of the conditions of post-employment benefits (3.8 million euros), and
 - changes in translation differences (0.8 million euros), and
 - changes in third-party interests (-0.6 million euros).

Regulatory capital amounted to 535 million euros and largely exceeded the requirements set by prudential standards. The Tier 1 (core capital) and Tier 2 (supplementary capital) solvency ratios stood at 19.48% at 31 December 2019. These ratios are well in excess of the regulatory SREP requirement (reviewed annually) and imposed on the institution by the ECB.

The return on equity ratio (ROE) was 2.27% at 31 December 2019. This represents the relative value of the consolidated net income for the year in relation to average consolidated shareholders' equity.

2.3 Assets under custody

At the end of the 2019 financial year, consolidated assets under custody stood at 86.1 billion euros, up 14.3% compared to the end of 2018.

3 | Changes in capital

At 31 December 2019, share capital amounted to 34,211,634 euros. It is represented by 10,842,209 shares with no nominal value. All shares are fully subscribed and fully paid up. The accounting par value per share is 3.1554 euros.

4 | Treasury shares held by the group (Art. 624 of the Companies Code)

Banque Degroof Petercam SA does not hold treasury shares.

As at 31 December 2019, the sub-subsidiaries of Banque Degroof Petercam SA, Orban Finance SA, Industrie Invest SA, and Industrie Invest SA together held 368,206 shares of Banque Degroof Petercam SA, representing 3.4% of the share capital.

The consolidated carrying amount of all treasury shares held by the sub-subsidiaries amounted to 49,626,736 euros as at 31 December 2019. The purpose of the treasury shares held in the group is to support employee profit-sharing plans.

During the past financial year, the total number of treasury shares increased by 42,575 shares.

5 | Circumstances that could significantly influence the development of the group

With an aim of gradually equipping the group's main business activities lines with cutting-edge technology, particularly in the digital area, substantial IT investments have been made and allocated to the implementation of integration projects, initiated over the 2016-2018 period.

The deployment of these new technologies that has already taken place will allow the group to continue to benefit from synergy effects and equip it with a state-of-the-art IT structure to promote the growth of its various businesses.

Major IT investments will have to be made over the next few years to renew and modernize our core IT infrastructure, while at the same time continuing to integrate new digital technologies.

6 | Research and development activities

The group continued its research and development activities through the progressive implementation of its operational and support application transformation program.

Development costs related to the FTOM¹ and Digital Acceleration projects were capitalized in 2018 and 2019. These two major projects became operational in the fourth quarter of 2019, which entails the end of the capitalization of new costs and results in the amortization of previously capitalized costs. Net fixed assets relating to FTOM and Digital Acceleration totaled 19.7 million euros at the end of the year.

There were no new plans to capitalize development costs in 2019.

7 | Remuneration policy

The remuneration policy, which is an integral part of the governance memorandum, came into effect on 24 September 2014.

It was determined by the management committee in consultation with the board of directors, the nomination and remuneration committee and the controlling functions.

This remuneration policy promotes sound and effective risk management and does not encourage any risk-taking that exceeds the level of risk tolerated by the group, while promoting the group's long-term objectives and interests and avoiding conflicts of interest.

In accordance with current legislation, the policy is published on the group's website. Its general principles are as follows:

- the total volume of variable remuneration granted does not limit the group's ability to strengthen its equity capital;
- variable remuneration is never guaranteed, except in the exceptional case of a newly recruited employee and for his/her first year of employment;
- the management committee, in accordance with the selection methodology and criteria set by the board of directors based on the significant impact of these individuals on the group's risk profile, has appointed the "Identified Staff" and drafted a remuneration policy for them.
- This policy also provides for a maximum ratio between the amount of fixed remuneration and the amount of variable remuneration as well as schemes to carry forward variable remuneration in cash or, possibly, in financial instruments, in accordance with the procedures provided for by the regulatory authorities;
- the remuneration of non-executive members of the board of directors consists solely of a fixed remuneration determined on the basis of market benchmarks. These members do not receive any form of variable remuneration.

(1) The FTOM is the central application for automating production methods and quality control of the Finance Department's regulatory reporting.

8 | Main risks to which the group is exposed

By the nature of its activities, in addition to strategic risk, Degroof Petercam is exposed to certain risks.

The main risks are as follows:

- market risks, mainly related to investment activities in securities portfolios (equities, bonds) and to interest rate transformation activity ('Asset and Liability Management');
- liquidity risk resulting from maturity differences between financing (generally short-term) and reuse;
- counterparty risk related to credit activity (which is severely limited by the use of collateral in the form of securities portfolios) and derivative intermediation transactions;
- risks related to the asset management business (risk of legal action by clients whose mandates have not been complied with, commercial risk of loss of dissatisfied clients and related reputational risks);
- risks related to the fund management activity, mainly arising from non-compliance with investment policies and restrictions or poor performance;
- the operational risk resulting from its activities, including banking (error in order execution, fraud, cybercrime, etc.), custodian bank (loss of assets) or wealth/fund manager (administrative error, non-compliance with constraints).
- reputational risk is essentially a derivative risk since it is generally related to one of the other risks mentioned above and could materialize at the same time as these risks, which could adversely affect, among other things, the bank's ability to retain existing clients, establish new business relationships, etc.

As they do every year, in 2019 the ECB, the BNB and the FSMA carried out several series of inspections within the financial sector — including with Banque Degroof Petercam — in order to assess the sector's compliance with the regulatory framework which is applicable to it. These inspections led Banque Degroof Petercam to improve and comply with some of its internal rules and procedures, in line with the requests of the competent authorities. As communicated in April 2019, one of these inspections by the BNB focused on internal control procedures in the area of the prevention of money laundering. This inspection resulted in recommendations, including those relating to the improvement of its internal rules and procedures in the area of the prevention of money laundering and the documentation of its client files. In close consultation with its regulators, Banque Degroof Petercam has worked actively to implement these recommendations. As of the date of this report, possible regulatory, legal and financial impacts following actions taken in response to the recommendations issued by the regulators cannot be ruled out. However, they cannot be determined at this stage.

As part of this update of file documentation, Banque Degroof Petercam is reviewing a number of situations of clients who have been granted loans.

Although this exercise has not led to the establishment of provisions at this stage, Banque Degroof Petercam cannot rule out the possibility that the review of certain files may have an impact on the acceptability of the funds used to repay the loans contracted by these clients and lead to a default in payment in some cases.

Finally, with regard to the general risk of litigation, it should be noted that investigations, proceedings or other claims could have an impact on Banque Degroof Petercam in the future. Due to numerous uncertainties, it is not possible to make a reliable estimate of the consequences or the potential financial impact, if any, of such events. Banque Degroof Petercam believes that, on the basis of the information available to it, it has made the appropriate declarations and set aside sufficient provisions to cover the risks of current or potential litigation.

9 | Policy on the use of financial instruments

Within the group, derivatives are used for own account in the following ways.

As part of asset and liability management (ALM), interest rate derivatives, mainly interest rate swaps, are used to hedge the group's long-term interest rate risk.

Derivatives of this type are used to hedge investments in bonds and loans granted to clients with a micro-hedge perspective. These transactions are recognized in the accounts as fair value hedges.

Interest rate swaps are also used for global hedging purposes from a macro-hedge perspective.

This use of derivatives is supervised by the Asset and Liability Management Committee (ALMAC).

Similarly, the group's treasury (interest rate risk < 2 years) uses interest rate derivatives and cash swaps to manage the group's interest rate risk and cash position.

The management of the group's foreign exchange position also involves the use of derivatives (forward foreign exchange contracts and currency swaps) to hedge commitments to clients and the financing of subsidiaries in the currency corresponding to their activities.

Degroof Petercam also has a derivatives intermediation activity for its clients, in particular in equity options.

10 | Significant events after the reporting date

In response to the health crisis linked to Covid-19, which occurred suddenly in Belgium in March 2020, Degroef Petercam has fully mobilized to protect the health of its employees, while preserving the assets of its clients and the functioning of its activities.

As soon as the first containment measures were implemented, the group immediately activated its teleworking processes — already largely operational before the crisis — thus ensuring total operational and IT continuity. In addition, the group's subsidiaries, in Belgium and abroad, are fully involved in supporting their clients.

During this containment period, the group is continuously monitoring the performance and valuation of its portfolios and the liquidity risk management of its funds. The main changes in the financial situation are estimated and analyzed on an almost continuous basis by the Finance Department. The management committee and the board of directors are regularly informed of these changes.

The accounting and prudential impacts of this extraordinary situation can only be reliably assessed at a later date. The lack of perspective on these events, as well as the lack of clarity in the short and medium term, prevents us from making reliable projections. Current forecasts need to be reviewed on a very regular basis. In addition, it is important to point out that the 2019 closing figures will not be impacted by the financial consequences of this crisis.

The historically high volatility of the markets has de facto led to a significant decrease in the value of assets under management and client assets under administration. To date, the value of its own portfolio (mainly bonds), largely hedged by derivatives, has held up well without the need to make forced disposals and record material losses.

Sales and profitability of the four main business lines are therefore expected to be

strongly impacted in the coming months, due in part to the slowdown in Corporate Finance operations.

Our treasury and intermediation activities should be less affected by the shock of the crisis, with intermediation activities benefiting from increased transaction volume in this volatile market context.

The current crisis should have little impact on credit activity given the very high level of collateralization of the Lombard loans, which represent the vast majority of loans to clients.

In a particularly difficult and unprecedented environment, the going concern principle is well established, both in terms of solvency, with a comfortable safety cushion compared to SREP bonds, and in terms of liquidity, with cash largely in excess of the main maturities of the group's commitments.

Therefore, even in the event of a significant negative impact on results for 2020, Degroof Petercam has sufficient consolidated equity to pass this test without weakening.

11 | Non-financial report

The non-financial declaration is the subject of a separate report attached to the annual report.

12 | Governance

At 31 December 2019, the governance bodies of Banque Degroef Petercam SA were comprised as follows:

	Board of directors	Management committee	Audit committee	Risk committee	Remuneration committee	Nomination committee	IT committee	Deadline
Ludwig Criel <input type="checkbox"/>	★		●		★	●		2021
Nathalie Basyn	●	●						2021
Bruno Colmant ¹	●	★						2021
Gautier Bataille de Longprey	●	●						2022
Gilles Firmin	●	●						2022
Benoît Daenen	●	●						2023
François Wohrer	●	●						2024
Véronique Peterbroeck	●					●		2021
Alain Schockert	●				●			2022
Alain Philippson ²	●					★		2022
Jean-Baptiste Douville de Franssu	●			●			●	2021
Miguel del Marmol	●		●					2021
Jean-Marie Laurent Josi	●		●			●	●	2022
Frank van Bellingen	●		●	★				2022
Jacques-Martin Philippson	●			●		●		2022
Guido Vanherpe <input type="checkbox"/>	●		●	●		●		2024
Yvan De Cock <input type="checkbox"/> (appointed 28 May 2019)	●		★	●	●			2022
Kathleen Ramsey <input type="checkbox"/> (appointed 28 May 2019)	●		●	●		●	★	2022

- Non-executive director
- Executive director
- ★ Chairman
- ☐ Independant director

(1) Bruno Colmant became Chairman of the management committee on 22 August 2019, replacing Philippe Masset, whose term of office ended on that date.

(2) The term of Mr. Alain Philippson ended on 31 December 2019.

12.1 The board of directors

The board of directors of Degroof Petercam includes the members of the management committee and the non-executive directors.

The composition of the board of directors is determined on the basis of the following rules:

- the composition of the Board as a whole must enable it to function effectively, efficiently, and in the best interests of the company. It must show a diversity of expertise together with a range of complementary experience;
- no individual member nor group of directors must be able to control the decision-making of the board;
- the majority of directors must be non-executive;
- the board includes four independent directors among its members as at 31 December 2019.

The mission of the nomination committee is to make periodic recommendations to the board of directors concerning the size and composition of the board, particularly when terms of office are renewed. The members of the Board all have the professional integrity and appropriate experience required by the legal provisions.

In its recommendations to the general meeting of shareholders for the appointment of directors, the nomination committee takes into account the balance of knowledge, expertise, diversity and experience on the board.

During the year, the following changes occurred in the composition of the board of directors and the management committee.

The ordinary general meeting of 28 May 2019 appointed for a three-year term ending after the 2022 general meeting, Ms. **Kathleen Ramsey** and Mr. **Yvan De Cock** as independent non-executive directors and renewed the mandates of Messrs. **Frank van Bellingen** and **Alain Philippson** as non-executive directors and Mr. **Gilles Firmin** as executive director for a period of three years expiring at the end of the general meeting of 2022.

The term of office of Mr. **Christian Jacobs** expired at the end of the ordinary general meeting of 28 May 2019 and could no longer be renewed as an independent director due to the fact that he has served three successive terms.

The board of directors considers as independent directors those of its members who meet the criteria mentioned in Article 7:87 of the companies and associations Code. As at 31 December 2019, the following persons should be considered as independent directors: Ms. **Kathleen Ramsey** and Messrs. **Yvan De Cock**, **Ludwig Criel** and **Guido Vanherpe**.

The board of directors also acknowledged the resignation of Mr. Philippe Masset effective 22 August 2019 as chairman of the management committee, director and chief executive officer, Mr. **Pascal Nyckees** effective 12 December 2019 as member of the management committee, director and managing director and Mr. **Alain Philippson** effective 31 December 2019 as non-executive director.

On 22 August 2019, the board of directors approved the appointment with immediate effect, subject to the approval of the European Central Bank, of Mr. **Bruno Colmant** as chairman of the management committee for the remainder of his term of office in replacement of Mr. Philippe Masset.

12.1.1 Responsibilities and functions of the board of directors

The board of directors is responsible for defining strategy and general policy. It ensures the implementation of the strategy and general policy by the management committee and determines, on the basis of the management committee's proposals, the resources necessary

for this purpose. It determines the responsibilities and composition of the management committee and controls its actions. It ensures that adequate resources are implemented to guarantee the company's sustainability.

It deliberates on all subjects and matters within its competence, such as the approval of the annual accounts and management reports as well as the convening of general meetings. At each quarterly meeting, it receives adequate information on the development of the business and key figures, both for the company itself and for its main subsidiaries. It also approves the annual budget.

The board of directors meets at least four times a year. It met twelve times during the year.

In addition to reviewing the quarterly results and the activities of the audit committee, the risk committee, the nomination committee and the remuneration committee, as well as processing and taking decisions on the cases submitted by these committees, the board also dealt with, among other things, the following issues: following up on recommendations made by the regulators, remuneration policy, ICAAP-ILAAP reports, risk reports, compliance reports and the compliance function, IT strategy, etc.

The board of directors can only validly deliberate if at least half of its members are present or represented. No director may represent more than two of their fellow directors. Resolutions are passed by a simple majority of votes. In the event of a tied vote, the proposal is rejected.

The total remuneration allocated to the members of the board of directors is shown in the notes to the parent company financial statements. The full version of the parent company's financial statements is available at the company's headquarters.

12.2 Advisory committees created by the board of directors

Within the board of directors, Degroef Petercam has, in accordance with legal provisions, set up four specialized committees (audit, risk, nomination and remuneration), composed exclusively of non-executive directors, at least one of whom (and the majority in the case of the audit committee) is an independent director within the meaning of Article 7:87§1 of the companies and associations Code. Beyond the legal provisions, the board of directors has also set up an IT committee.

12.2.1 Audit committee

Members as at 31 December 2019

Yvan De Cock	Chairman, Independent director
Ludwig Criel	Independent director
Kathleen Ramsey	Independent director
Guido Vanherpe	Independent director
Miguel del Marmol	
Jean-Marie Laurent Josi	
Frank van Bellingen	

The chief executive officer, the chief risk officer and the chief audit officer are invited to the meetings of the audit committee without being members. The chief financial officer is invited

to attend meetings related to the analysis of the half-yearly and annual financial statements and the development of the results.

The company's auditor takes part in meetings that deal with the examination of the half-yearly and annual financial statements.

The audit committee met eight times during the year. It reported systematically on its activities to the board of directors.

Each member of the audit committee has professional experience in financial management, reporting, accounting and auditing, each member of the audit committee has professional experience as a director exercising executive functions, and the members of the audit committee have complementary professional experience in different sectors of activity and have collective competence in the area of the group's activities.

The audit committee is chaired by Mr. **Yvan De Cock** (replacing Christian Jacobs, whose term of office ended on 28 May 2019). Mr. De Cock has degrees in law and financial management. He has significant experience acquired through various executive positions he has held for over 30 years in the banking and financial sector, mainly within the BNP Paribas Fortis group. He also served as CEO of Fortis UK and Fortis Turkey.

Mr. **Ludwig Criel** has a degree in applied economics. He was chairman of the board of Petercam from 2011 to 2015, and has been chairman of the board of Degroof Petercam since 2018. He has extensive expertise and professional competence in accounting matters, having served as CFO and director of CMB for 24 years, as well as various non-executive mandates held within the Saverco group. In addition, he is chairman of the board of directors of De Persgroep.

Ms. **Kathleen Ramsey** holds a master's degree in business administration from ESADE and a master's degree in international management from the Thunderbird School of Global Management as well as a bachelor's degree from the University of Tulsa. She has extensive experience in the audit function at major financial institutions, having been a guest auditor for Citigroup.

Mr. **Guido Vanherpe** has a degree in applied economics and applied marketing. He also completed an MBA. He has been managing director of the La Lorraine Bakery Group since 1995. He is chairman of the audit committee of Resilux and was a member of the audit committee of Terbeke. During his career, in addition to his theoretical skills, he has acquired extensive professional experience in accounting and auditing.

Mr. **Jean-Marie Laurent Josi** has an MBA from the Solvay Business School and has a degree in tax accounting. He has acquired significant professional experience in accounting and auditing mainly through his role as CEO of Cobepa since 2004, as well as through his various roles as a director of companies in a number of sectors, and more particularly his role as a member of the audit committee of Carmeuse et Touring Club.

Mr. **Miguel del Marmol** has a degree in business engineering. He has acquired professional experience in auditing and accounting throughout his career with the Total Group, particularly as General Manager.

Mr. **Frank van Bellingen** has a bachelor's degree in philosophy, a master's degree in economics and a master's degree in international relations, but he was also certified as an accountant and tax expert until 2006. Director and CFO of CLDN-Cobelfret for more than 20 years, he brings significant experience and expertise in auditing and accounting.

The audit committee assists the board of directors in its supervisory function and more specifically in matters relating to

- financial information for shareholders and third parties;

- the audit process;
- functioning of the internal control system;
- monitoring the relationship with the auditor.

The meetings mainly focused on the review of the half-yearly financial statements, the annual financial statements and activity reports, the follow-up of the implementation of the group's internal audit recommendations and the approval of the planning of the internal audit missions, the follow-up of financial reporting projects and the correspondence/reports of the regulators. The committee is also informed of the conclusions of the audit and risk committees of the subsidiaries. Representatives of the group's main subsidiaries reported on their activities and challenges. The committee has taken note of the list of disputes.

12.2.2 Risk committee

Members as at 31 December 2019

Frank van Bellingen	Chairman
Yvan De Cock ⁽¹⁾	Independent director
Guido Vanherpe	Independent director
Jean-Baptiste Douville de Franssu	
Jacques-Martin Philippson	

The chief executive officer, the chief risk officer and the chief audit officer are invited to the meetings of the risk committee without being members.

The risk committee met 17 times during the year. It reported systematically on its activities to the board of directors.

Each member of the risk committee has professional experience as a director in executive positions, and has the necessary additional knowledge, expertise, experience and abilities to understand the group's strategy and risk tolerance level.

Mr. **Frank van Bellingen** has a master's degree in economics and a master's degree in international relations. He has acquired professional experience in risk management through his role as a director and chief financial officer of CLDN-Cobelfret, where he has been responsible for risk management since 1988. He has also chaired the risk committee of Degroof Petercam since 2015.

Mr. **Yvan De Cock** has degrees in law and financial management. He has gained significant experience through various executive positions he has held for over 30 years in the banking and financial sector, mainly within the BNP Paribas Fortis group. He also served as CEO of Fortis UK and Fortis Turkey. In these roles, he chaired credit committees and was closely involved in the management of other risks such as market risks, operational risks and compliance risks.

Mr. **Guido Vanherpe** has a degree in applied economics and applied marketing. He also completed an MBA. He has been managing director of the La Lorraine Bakery Group since 1995 and has gained relevant professional experience in risk management.

(1) Replacing Christian Jacobs.

Mr. **Jean-Baptiste Douville de Franssu** is a graduate of the École Supérieure de Commerce de Reims Group and the University of Middlesex (London) in Business Administration. He has a diploma in actuarial studies from Pierre and Marie Curie University (Paris). Until 2012 he was managing director of Invesco Plc, one of the world's leading asset managers. Since then, he has been a company director in the financial sector and notably chairman of the board of directors of L'Institut per le Opere di Religione (IOR) and vice-chairman of the board of directors and chairman of the audit and risk committee of the La Française Group.

Mr. **Jacques-Martin Philippson** has gained professional experience in risk management throughout his career as a director (executive and non-executive) of many companies since 1990. In addition, he has been a member of the risk committee of Degroof Petercam in Belgium and Luxembourg since 2012.

The risk committee assists the board of directors in assessing the level of risk tolerance and proposes action plans in this area. The committee assisted the board in defining the Risk Appetite Framework, Risk Appetite Statement and underlying policies. The risk committee paid particular attention to the monitoring carried out by risk management and more specifically to the impact of certain decisions on the group's risk profile. The committee also monitored the implementation of the RCSA within the organization.

The risk committee deals in particular with the group's main risk policies. It receives specific briefings from the relevant managers and examines the procedures for controlling material risks, including market risks and structural interest rate risks as well as credit, operational and reputational risks. The risk committee reviews risk policies annually and monitors management's implementation of processes to ensure that the Bank adheres to the approved policies.

The committee also ensured the proper application of the remuneration policy. It approved the ICAAP and ILAAP reports, the update of the recovery plan, the periodic risk management and operational risk reports, as well as the compliance officer's reports (quarterly and annual, Enterprise Wide Risk Assessment).

The meetings also focused on the AML/CFR, and on the development and updating of the various compliance policies, on the remediation plans, as well as on transfer pricing, and the implementation of DAC6.

The risk committee continued to address reputational, governance and regulatory/litigation risks on an ad hoc basis.

12.2.3 Nomination committee

Members as at 31 December 2019

Alain Philippson ⁽¹⁾	Chairman
Ludwig Criel	Independent director
Kathleen Ramsey	Independent director
Guido Vanherpe	Independent director
Jean-Marie Laurent Josi	
Véronique Peterbroeck	
Jacques-Martin Philippson	

(1) Term ended on 31 December 2019.

After obtaining his business engineering degree from ULB (Solvay Business School), Mr. **Alain Philippson** began his career at First National Citibank. He joined Banque Degroof in 1972 where he was active as a member of the management committee for over 30 years and as chairman of the board of directors for many years.

Mr. **Ludwig Criel** has a degree in applied economics. He was chairman of the board of Petercam from 2011 to 2015, and has been chairman of the board of Degroof Petercam since 2018. He has extensive expertise and professional competence in accounting matters, having served as CFO and director of CMB for 24 years, as well as various non-executive mandates held within the Saverco group. In addition, he is chairman of the board of directors of De Persgroep.

Ms. **Kathleen Ramsey** holds a master's degree in business administration from ESADE and a master's degree in international management from the Thunderbird School of Global Management as well as a bachelor's degree from the University of Tulsa. She specializes in technology and operations and has more than 25 years of experience in international management in large multinational companies such as Citigroup, Santander and American Express. She has extensive experience in managing large groups of diverse teams.

Mr. **Guido Vanherpe** has a degree in applied economics and applied marketing. He also completed an MBA. He has been managing director of the La Lorraine Bakery Group since 1995.

Mr. **Jean-Marie Laurent Josi** has an MBA from the Solvay Business School and has a degree in tax accounting. He has acquired relevant professional experience in accounting and auditing mainly through his role as CEO of Cobepa since 2004, as well as through his various roles as a director of companies in a number of sectors, and more particularly his role as a member of the audit committee of Carmeuse et Touring Club.

Ms. **Véronique Peterbroeck**, a candidate in economics and a state-certified stockbroker, has been a director of the group since 2011. She is also a director of various asset management companies and foundations/ASBLs for development in developing countries in the South, and also gained experience in human resources through her time as an employee at Petercam, in particular in the human resources department in 2006.

In addition to his directorships with Degroof Petercam in Belgium and Luxembourg since 2011-2012, Mr. **Jacques-Martin Philippson** has been a director of companies since 1990 in the areas of events, audiovisual, logistics, financial management, real estate development and asset management.

The members of the nomination committee have complementary professional experience in different sectors of activity and collectively have the necessary expertise to enable the committee to exercise a relevant and independent judgment on the composition and functioning of the group's management and administrative bodies.

The nomination committee is consulted in particular on matters relating to:

- the composition and size of the board of directors and executive committee;
- the definition of the profile of board and executive committee members and Identified Staff, and the selection process;
- proposals for appointing and re-electing directors and members of the executive committee.

The chief executive officer and the group chief HR officer are invited to the meetings of the nomination committee.

The nomination committee ensures that it applies the recruitment, appointment and renewal policy applicable to the functions of directors, acting directors and managers of the independent control function.

The nomination committee is responsible for making proposals for the composition of the board of directors and the management committee, define the profile of their members and participate in the selection process for them; It also makes recommendations concerning the appointment and re-election of directors and members of the management committee.

The directors are elected by the general meeting of shareholders, after approval by the supervisory authority, for a term not exceeding six years, and are eligible for re-election. For the renewal of a director's mandate, the nomination committee must analyze the individual contribution of the director concerned before recommending the renewal of the mandate to the Board of directors.

The members of the management committee are appointed by the board of directors, based on the proposal from the nomination committee, and after approval by the supervisory authorities. The chairman of the management committee is appointed by the board of directors from among the members of this committee after recommendation of the nomination committee and approval by the supervisory authority. The dismissal or non-renewal of the chairman's mandate is subject to the same procedure.

The nomination committee met ten times during the year. It reported systematically on its activities to the board of directors.

12.2.4 Remuneration committee

Members as at 31 December 2019

Ludwig Criel	Chairman, Independent director
Yvan De Cock ¹	Independent director
Alain Schockert	Independent director

Each member of the committee has professional experience as a director exercising executive functions and the members of the Remuneration committee have the necessary expertise to exercise competent and independent judgment on remuneration policies and incentives, taking into consideration the shareholders' equity and the liquidity management.

Mr. **Ludwig Criel** has a degree in applied economics. He was chief financial officer and Executive Officer of CMB for 24 years, and has held various non-executive positions within the Saverco Group. He is also chairman of the board of directors of De Persgroep. After having chaired the board of directors and the remuneration committee of Petercam from 2011 to 2015, he is now chairman of the board of Degroof Petercam, and has been a member of the remuneration committee since 2016.

Mr. **Yvan De Cock** has degrees in law and financial management. He has significant experience in accounting and auditing acquired through various executive positions he has held for over 30 years in the banking and financial sector, mainly within the BNP Paribas Fortis group. In these roles, he was closely involved in the implementation of remuneration policies.

Mr. **Alain Schockert**, who has a degree in applied economics and a master's degree in administration and management, has been chairman of the board of directors of Banque

(1) Replacing Christian Jacobs.

Degroof Petercam Luxembourg since 2015 and a director of the group in Belgium since 1998. He was also a member of the remuneration and appointment committee of Cofinimmo.

The remuneration committee is consulted in particular on matters relating to:

- the general remuneration policy;
- the total amount of variable remuneration;
- the remuneration of directors who are members of the management committee;
- the remuneration of identified staff and the independent control functions;
- profit-sharing plans for group employees.

The chief executive officer and the group chief HR officer are invited to the meetings of the Remuneration committee.

The remuneration committee met five times during the year. It reported systematically on its activities to the board of directors.

12.2.5 IT committee

Members as at 31 December 2019

Kathleen Ramsey	Chairman, Independent director
Jean-Baptiste Douville de Franssu	
Jean-Marie Laurent Josi	

The chief information officer is invited to meetings of the IT committee without being a member.

The IT committee met two times during the year. It reported systematically on its activities to the board of directors.

The IT committee helps the board of directors to promote the IT vision and its development within the bank and supervise the execution and implementation of the IT strategy approved by the executive committee, taking into account significant IT risks in order to guarantee a balance between regulatory impact, operational efficiency and commercial activity in a context of essential IT and operational transformation.

The IT committee supports the board of directors in order to facilitate the development, implementation, monitoring and periodic evaluation of the Bank's internal governance framework from an IT point of view and ensures that the IT strategy is aligned with the business objectives defined by the board of directors and takes into account the Bank's vision for innovation in the IT field.

The IT committee assists the risk committee in identifying, monitoring and evaluating operational IT risks inherent in all important products, activities, processes and systems in order to ensure that the risks and the incentives inherent in IT are well understood and managed; all relevant extracts from reports, minutes and conclusions of the committee of the board of directors on IT risks are communicated to the risk committee.

12.3 Management committee and day-to-day management of the group

In accordance with Article 17 of its Articles of Association and Article 24 of the Banking Act, the board of directors has set up a management committee from among its members. Within the framework of the general policy defined by the board of directors, the management committee ensures the effective management of the company and the group. He exercises all the powers conferred on him by law.

Members of the management committee as at 31 December 2019

Bruno Colmant ¹	Chief Executive Officer
Nathalie Basyn	Chief Financial Officer
Gautier Bataille de Longprey	Group Head of Business Development
Gilles Firmin	Chief Risk Officer
Benoît Daenen ²	Head of Private Banking
François Wohrer	Group Head of Investment Banking

The composition of the management committee is determined on the basis of the following principles:

- the complementarity of expertise (in financial matters, risk management, operational know-how, etc.) required to ensure the implementation of strategy as defined by the board of directors;
- changing requirements;
- the moral, ethical and conduct criteria applicable within the group.

Each of the current members of the management committee has the title of managing director. In principle, the management committee meets four times a month. It met 47 times during the year.

12.4 Earnings appropriation policy

The dividend is determined with reference to consolidated net profit and retained earnings, as well as the strategy of the group.

12.5 Governance Memorandum

Degroef Petercam has developed a governance memorandum assessing the basic characteristics of its relative management structure:

- the personal integrity and financial soundness of major shareholders;
- a transparent management structure with a focus on sound and prudent management;
- the definition of the expertise and responsibilities of each segment of the organization;

(1) Since 22 August 2019, replaced Philippe Masset.

(2) Benoît Daenen ceased being a member of the management committee, managing director, in charge of Private Banking on 16 March 2020, but he has retained his mandate as non-executive director until the bank's next general meeting.

- the collegial nature of effective executive management;
- the independent control functions;
- the suitable profiles and qualities of its senior managers;
- the remuneration policy for senior managers;
- the determination of the strategic objectives and values that the group sets for itself;
- a sound knowledge of senior management of the operating structure and activities of the Bank;
- adequate communication regarding management and control with the various parties concerned.

This information is transmitted to the National Bank of Belgium and is periodically updated.

13 | Conflicts of Interest

Under article 7:96 of the Companies and Associations Code (CAC) which describes the procedure in matters of conflicts of interest within the board of directors and the management committee, the board of directors must describe in the minutes of its meetings:

- the nature of the decision or planned transaction
- the economic consequences for the company
- the justification for the decision taken

The minutes must be published in the management report or in a document filed at the same time as the annual accounts.

In 2019, the board of directors managed situations of conflict of interest as described in article 7:96 of the CAC whose extract from the minutes of the board of directors of 19 September 2019 is reproduced below.

"Furthermore, Bruno Colmant declares that he has a conflict of interest within the meaning of article 523 of the Companies Code concerning item 10 on the agenda, insofar as this relates to the fixing of his remuneration. He will leave the meeting when the point is raised and will not participate in the deliberations or the vote.

In addition, Gilles Firmin, Pascal Nyckees, François Wohrer and Bruno Colmant declare that they have a conflict of interest within the meaning of article 523 of the Companies Code concerning item 8 on the agenda, insofar as this also relates to the ratification of decisions to increase their remuneration made in March 2019. They will leave the meeting when the point is raised and will not participate in the deliberations or the vote.

Remuneration of the CEO

Ludwig Criel presents the salary proposed by the remuneration committee for Bruno Colmant in his capacity as CEO, which represents an increase in his current overall remuneration equivalent to 0.25% of gross operating income. This increase is justified by the new responsibilities which Bruno Colmant will have to assume. It will take effect on the day of his approval by the European Central Bank as chairman of the management committee.

[...]

On the recommendation of the remuneration committee, the board of directors approves the increase in the overall annual remuneration of Bruno Colmant in his

capacity as chairman of the management committee, subject to the approval of this appointment by the European Central Bank. The amount of the increase does not exceed 0.25% of the gross operating income.

Ratification of salary increases for certain members of the management committee

Ludwig Criel recalls that in March 2019, on the recommendation of the remuneration committee, the fixed salary of certain members of the management committee was increased at a total cost for the bank not exceeding 0.14% of gross operating income. This increase was justified either by an upgrade compared to the benchmark, or by contractual indexation. For all intents and purposes, it is proposed to ratify these decisions to increase the fixed salary.

Yvan De Cock and Kathleen Ramsey clarify that they abstained from taking part in the remuneration committee to vote on the recommendation to be issued for the board of directors because they were not yet directors of the bank in March 2019 when the remuneration committee recommended that the board of directors approve the salary increases for certain committee members.

On the recommendation of the remuneration committee, the board of directors, with the exception of Yvan De Cock and Kathleen Ramsey, who abstain, ratifies the increases in the fixed salary of certain members of the management committee granted in March 2019 and whose total cost to the bank does not exceed 0.14% of the gross operating income."

14 | Discharge to directors and auditor

In accordance with the law and the Articles of Association, the General Meeting is requested to grant discharge to the directors and the auditor of Banque Degroof Petercam nv/sa for the performance of their duties for the past financial year.

15 | List of mandates exercised by the directors in accordance with the Law of 25 April 2014 on the status and supervision of credit institutions and brokerage companies ("Banking Law")

The list of external mandates held by senior managers of Degroof Petercam and which are subject to publication, is available at www.degroofpetercam.com.

Brussels, 23 April 2020.

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Sustainability at Degroef Petercam

Imagine Tomorrow



Our societies are on a dangerously unsustainable track, facing numerous inter-related economic, social and environmental challenges. Natural resources are being depleted, the world population is growing increasingly urbanized; the effects of climate change are felt around the world; and extreme poverty remains a global issue.

Seeking to put many of these challenges on top of the global development agenda, the United Nations adopted 17 Sustainable Development Goals (SDGs)¹ in 2015. The SDGs are creating a common framework towards eradicating poverty, protecting the planet and advancing prosperity by 2030. They bring forward several paradigm shifts for public authorities, civilians and companies alike.

At Degroof Petercam we believe that these challenges present a unique opportunity to pursue a better and more sustainable future for all. The private sector and companies like ours have a vital role to play in implementing and promoting these goals. We are therefore determined to make our voice heard and push for changes through our everyday actions and the impact we may have on our stakeholders.

The release of a new Statement on the Purpose of a Corporation, signed by 181 CEO's in the US, who committed to lead their companies for the benefit all stakeholders is further evidence that this shift towards more sustainability can also be observed across the Atlantic. In Europe this shift in making businesses accountable for the impact of their activities on the wider ecosystem has become a reality. Shortly after

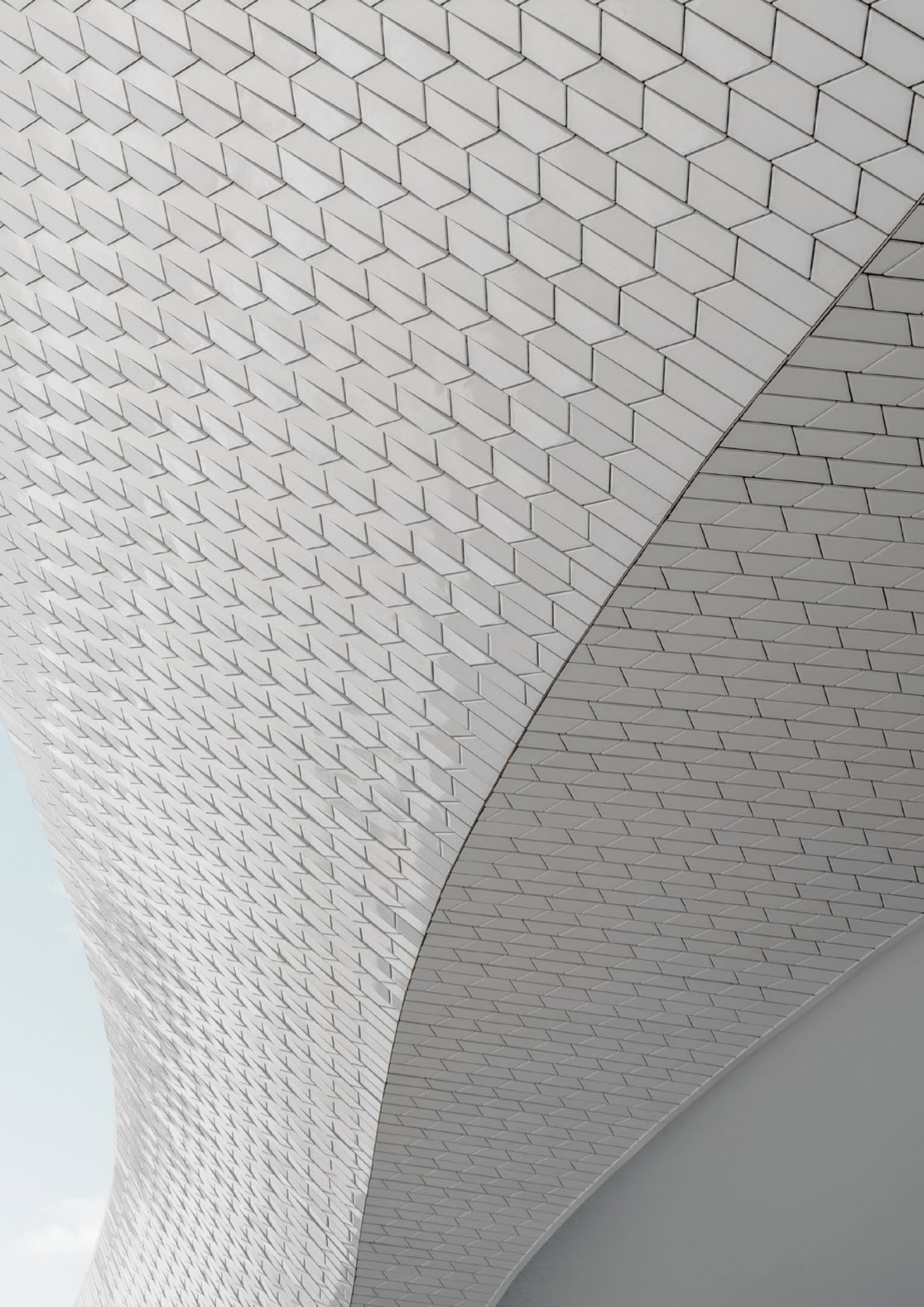
(1) <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

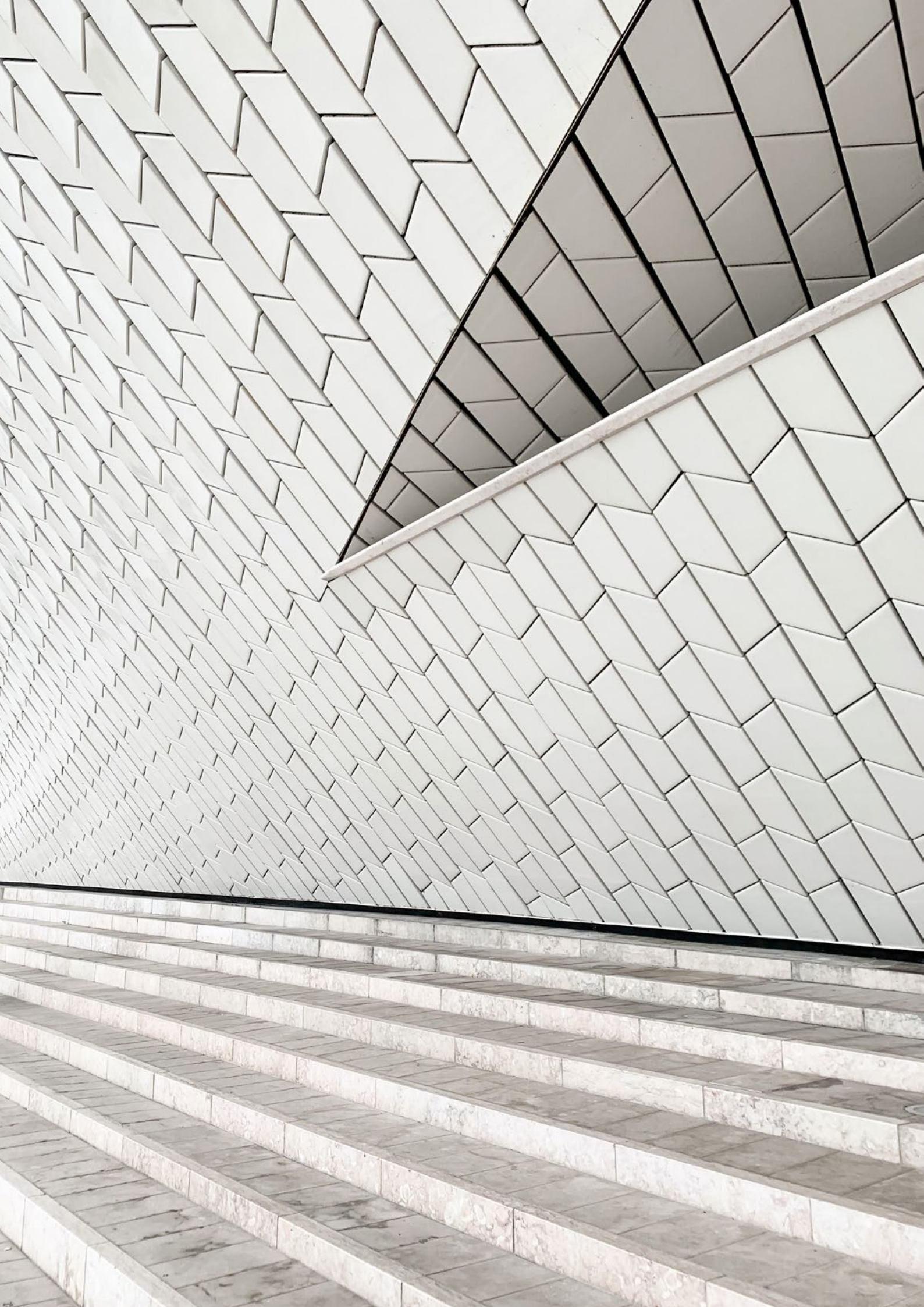
the 2019 European elections, the new European Commission wasted no time to share its ambitions on sustainability. While new initiatives remain fairly broad and require some further fine-tuning, some of them will however be already partially put into force in 2020.

The inherent E.T.H.I.C. values of our group¹ (Excelling, Teaming up, Humane, Intrapreneurial and Client-centric) already led to a wide array of initiatives in our organization over the past years. As illustrated by our pioneering role in philanthropy, sustainable and responsible investments and impact investing, we already address many of the targets which are also casted in the UN's SDGs. We continuously seek to further improve our positive impact on our stakeholders and decrease any negative externalities our activities may cause.

We are convinced that our largest sustainable impact lays in the qualitative products and services that we bring to our clients, which

(1) <https://www.degroofpetercam.be/en/about-us/our-values>





is why a large part of this report is dedicated to our sustainable product offering.

We are aware that assessing the societal role of a business is a continuous and evolving learning process. We conducted in 2019 a thorough sustainability assessment of the Group. In this context we defined several key actions that will be rolled out or be further extended in 2020. Some of these actions cover a wide spectrum of activities of the group and are detailed below.

- Ramp up our assets under management in sustainable finance.
- Set quantifiable reduction targets for our facilities.
- Strive for a more diverse workforce across staff and management.
- Accelerate the uptake of our mobility plan.
- Ensure procurement processes that take a wide array of stakeholders into consideration.

More than ever, the integration of environmental, social and governance (ESG) criteria in the management of our activities is an integral part of our strategy and an essential contributor to our profitability and our ability to create long-term shareholder value.

1 | Degroof Petercam at a Glance

Degroof Petercam is a reference financial institution **with a history dating back to 1871**. As an independent group owned by family shareholders with a long-term commitment, we serve both private and institutional investors. Thanks to our long-term vision, we have the opportunity to have a greater focus on durable shareholder value, which is inherently connected to sustainable practices.

Headquartered in Brussels, we employ over 1,400 professionals through offices in Belgium, Luxembourg, France, Switzerland, Spain, The Netherlands, Germany and Italy.

Our clients benefit from **a unique combination of services** in Private Banking, Institutional Asset Management, Investment Banking (Corporate Finance and Financial Intermediation) and Asset Services. We offer asset management services, as well as administration and custody activities to private investors and families, corporates, pension funds, universities, insurance companies, governmental and non-profit organizations.

At the end of December 2019, total clients assets equaled ca. 74.7 billion euros.



2 The Extra-Financial report

2.1 The Extra-Financial Report Practice

The objective of this extra-financial report is to share Degroof Petercam's main activities relating to sustainable development and to take the pulse on progress made and improvements to be considered. It also reflects our unwavering commitment to our people, our clients, our shareholders, our partners, the communities in which we operate, and the planet we all share.

This report is presented in accordance with the Law of 3 September 2017 on the publication of non-financial and diversity information by certain large companies and groups, published in the *Moniteur belge* of 11 September 2017. This law amended Article 119 of the Belgian Company Code by requiring the disclosure of significant information about a company's activities, the policies pursued and due diligence in relation to environmental, social and employee matters, respecting human rights, anti-corruption and bribery matters. Paragraph 2 of this article allows a parent company to prepare this consolidated non-financial statement in a separate report.

Apart from regulatory requirements, this report also reflects Degroof Petercam's values which lean on the notion that we must practice what we preach. Our sustainability ranges from environmental, social and governance screening (ESG), social responsible investments, and impact investing to philanthropic advisory. We also believe that, based on the extra-financial performance of Degroof Petercam, our stakeholders can make better informed decisions when partnering up with us.

Prepared by Bank Degroof Petercam nv|sa, the report consolidates extra-financial information from the Belgian parent company, as well as its Belgian subsidiaries. In this respect, the name 'Degroof Petercam' mentioned in the report refers both to the legal entity Bank Degroof Petercam nv|sa as well as to the group of companies of which it is the umbrella company, unless explicitly specified.

2.2

2.3 Content and Structure of the Report

The structure of this year's report is aligned with last year's document. We believe that using a similar structure with comparable standards will enable a comparative view. The principles behind the GRI (Global Reporting Initiative) standards were used to determine the materiality, content of this report.

2.4 Materiality Assessment

Central to this report is the criteria of materiality which determines topics that may reasonably be considered relevant to assess the organization's economic, environmental and social impacts, or to influence the decisions of stakeholders. Materiality is the threshold at which matters become significant enough that these should be reported.¹

The internal materiality exercise was performed by extensive desk research and several interviews with key decision-makers inside our organization. We identified several material aspects, which are in line with those of the main players within the Belgian financial sector and relate to our clients, people and society, the environment and our governance.

This is reflected in the structure of the report which focuses on 4 sub-sections covering topics related to:

- A. Our clients
- B. People and society
- C. The environment
- D. Our governance



(1) GRI 101: Foundation 2016

« We all have dreams.
But in order to make
dreams come into reality,
it takes an awful lot of
determination, dedication,
self-discipline, and effort. »



Jesse Owens made a mark as an American track-and-field athlete who set a world record in the long jump that stood for 25 years and who won four gold medals at the 1936 Olympic Games in Berlin. His four Olympic victories were a blow to Adolf Hitler's intention to use the Games to demonstrate Aryan superiority.

We all have dreams to fulfill. We go the extra mile to service our clients with dedication and with the utmost care to empower them to realize their ambitions and make their projects come true. We are determined to manage their assets with the highest degree of integrity and professionalism, according to their objectives and bring more value to their assets. Today and tomorrow.





2019 Report

1 | Make a Mark on Our Clients

In this section we describe extra-financial topics which have a direct impact on our clients and our service offering. These topics have a group-wide scope, except if specified otherwise.

1.1 Our Product Portfolio

At Degroof Petercam, we continuously take all environmental, social and governance (ESG) issues related to our Asset Management and Private Banking divisions into account and aim to ensure transparency and consistency in our approach, methodology and services.

In this context, our private and institutional clients can benefit from an extensive offering with different degrees of social impact.

DPAM: Sustainability offering

Degroof Petercam Asset Management (DPAM) signed in September 2011 the United Nations Principles for Responsible Investment ("UN PRI") to foster the integration of ESG factors into the investment decision-making process. As part of this, our fundamental analysts take into account the most relevant and material ESG aspects in their research work in general and when formulating specific recommendations. In doing so, our analysts are supported and advised by DPAM's Responsible Investment Competence Center, the RICC. This allows our research and management teams to be continuously informed on ESG issues and topics relevant to the various issuers under consideration. In the event of controversy or specific issues, our investment teams interact with the RICC, which assists with ESG analysis of securities and decision-making. Recurring meetings are continuously organized between the RICC and the various analysis and management teams to promote exchanges and sharing of expertise.

Below we offer a deep dive on the SRI offering provided by DPAM and the main principles backing them.

Sustainability Offering Embedded in DPAMs History

For many years, DPAM uses ESG factors as key principles in their fundamental research. The buy-side research and portfolio management teams directly integrate these factors at the start of the investment research and portfolio management construction.

Since the launch of DPAM's first sustainable strategy in 2001, DPAM formalized its main processes and policies (engagement, voting, investments, etc.) and invested significant human and financial resources to support it. Over the years, DPAM joined various international sustainable investment forums throughout Europe as illustrated in the figure below.

Engagement has been a priority for DPAM and next to individual engaged dialogues we may have with companies' management, we have joined important collaborative engagement initiatives of which some are listed below:

- **Climate Action 100+** is an international, PRI-backed initiative led by investors to engage systemically with important greenhouse gas emitters on the improvement of governance on climate change, curbing the emissions and strengthening climate-related financial disclosures.
- **FAIRR** is an investor coalition focus on ESG risks linked to protein supply chains, specifically in the livestock and aquaculture sectors.
- **COBALT** brings together investors to push for adoption of more responsible cobalt sourcing practices.

DPAMs Sustainability Objectives

DPAM has adopted a formal policy regarding sustainable and responsible investments, describing the process and the resources dedicated to ESG integration and engagement.

Integration: ESG criteria are integrated into the assessment of a company's fundamentals when evaluating the feasibility of a long-term investment. This additional and complementary research is aimed at enabling the research and portfolio management teams to make better-informed investment decisions. In other words, all 39.2 billion euros of assets managed by DPAM are subjected to an ESG screening prior to each investment decision.

Engagement: for the specific sustainable strategies, ESG criteria are mandatory, as they constitute the screening tool used to build up the eligible investment universe for the relevant sustainable strategies. Furthermore, investments

2001

Launch of sustainable balanced strategy

2003

Launch of sustainable European equity strategy

2008

Launch of Sustainable DM Government Bonds strategy

Set up of proprietary country sustainability model

2009

Set up of Fixed Income Sustainability Advisory Board (FISAB)

2010

Member of FIR 2010

2011

Signatory of UN PRI

Set up of RI Steering Group (RISG)

2012

Member of various National Sustainable Investment Forums (SIF)

2013

Launch of sustainable EM Government Bonds strategy

ESG integration in European equity research

Formal adaption of Voting policy

2014

Formalization ESG process in global equity

Engagement program

2015

Launch of sustainable euro investment grade credit strategy

2016

Launch of indexed SRI series Rating A UN PRI

2017

Launch of the sustainable thematic expertise

ESG factsheets for full fund range

Carbon footprint disclosure of sustainable portfolios

Top rating A+ UN PRI

2018

External recognition – Luxflag label

Top rating A+ UN PRI

2019

Impact assessment

Top rating A+ UN PRI

Launch of Climate thematic expertise

TCFD Recommendations supporter

are selected for their appreciable contribution to solving the world's most social and environmental challenges.

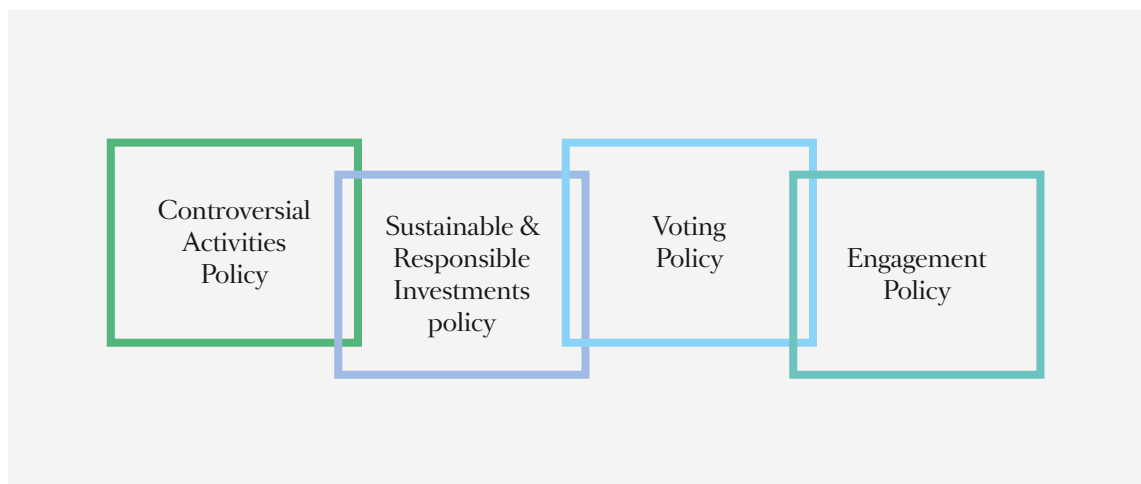
DPAMs objectives are threefold:

- Be a reference actor regarding Responsible Investment
- Maintain the highest PRI rating, testifying its commitment to the Principles for Responsible Investment at top level
- Increase Assets Under Management in specific sustainable strategies

Consistent with the first objective, the external acknowledgement of our sustainable offering shows the pioneering role our group is playing in the responsible investment ecosystem. As far as our objective of maintaining the highest ranking is concerned, 2019 was marked again by a top A+ rating from PRI. Finally, when looking at the Assets Under Management in specific sustainable strategies, DPAM registered an increase of around 58% (market effects included) compared to last year. We defined a target amount of Assets Under Management to reach that follow a sustainability strategy. With a total of 7.2 billion euros Assets Under Management in SRI-funds only, we clearly outperformed our objective of 5 billion euros.

DPAMs sustainability policies

The shareholders right directive II led to a substantial review of our policies; our willingness being ahead of regulatory requirements.



We have reviewed our engagement program as the cornerstone of the impact we create as a responsible investor.

- Our **Voting Policy** ([available in English here](#)): The voting policy adopted by DPAM seeks to uphold the values and principles of corporate governance that DPAM intends to defend and promote with the companies in which it invests.
- Our **Controversial Activities Policy** ([available in English here](#)): As a responsible partner for more sustainable finance and a transition to a low-carbon economy, DPAM describes its position on controversial investment issues. In the event that a company—in which we invest or which we intend to buy—becomes involved in a controversial activity as mentioned in our controversial activities policy, we will engage in a dialogue with the company's management teams. Involvement may be indirect, such as possible interaction with the defense and arms sector for IT or technological companies developing security software.
- Our **Engagement Policy** ([available in English here](#)): Our vision of a responsible company is based on three pillars:
 - a. Asking relevant and critical questions about the consequences of our economic activities (controversial activities policy);
 - b. Being a shareholder that engages in constructive dialogue with the companies

- and ensuring that shareholder rights can be fully exercised (voting policy); and
- c. Being committed to sustainable finance and long-term objectives (commitment and investment).

To this end, DPAM is engaged in dialogue with the various stakeholders at the heart of its investment process and approach. The engagement program describes the different channels used by DPAM to engage with companies on the one hand and to increase its net positive impact on these companies on the other.

- Finally our **Sustainable and Responsible Investments Policy** ([available in English here](#)): this policy describes the approach developed by DPAM to integrate environmental, social and governance (ESG) challenges from a risk (responsibilities of economic player) and opportunity perspective. The approach is based on pragmatism and dialogue and is intended to be holistic and comprehensive in the sense that all economic sectors are included without specific exclusion of sectors that might seem unsustainable by definition. No sustainable dimension dominates in the sense that environmental sustainability must not take precedence over the social dimension or governance. Through a dynamic process and a critical and constructive approach, DPAM can share its own definition of environmental, social and governance (ESG) factors and how they are integrated into the entire investment process, from the desire to integrate factors to the engagement perspective.

Resources Allocated to Sustainability Practices and Offering

Along this learning curve of 18 years, DPAM invested significant financial and human resources in implementing its sustainability approach. Those resources are shown in the figure below and detailed further on.



Substantial resources are currently actively enforcing, assisting and implementing the sustainable strategy and contributing to the sustainable offering of DPAM.

- External research is executed by worldwide leaders in terms of extra-financial rating, which is reflected in over 300 analysts who offer daily insights to the internal research teams of DPAM.
- Internal research is carried out by more than 28 professionals, with a core team of 4 responsible investment specialists (also known as the Responsible Investment Competence Center).
- The responsible investment corners consist of internal events on a

quarterly basis at which external experts present ESG specific topics for Degroof Petercam employees in order to raise awareness on ESG issues, engage employees into making informed investment decisions.

- Fixed Income Sustainability Advisory Board (Fisab) is composed of 6 experts among whom 4 independent external experts which role is to:
 - define the current level of sustainability of each country;
 - provide assistance on criteria and model construction (emerging country model and OECD model);
 - discuss and make recommendations for progress; and
 - approve the methodology and final ranking.

Monitoring Process for the Sustainable Practices

A thorough monitoring process ensures the rigorous application of DPAM's policies. These monitoring mechanisms occur differently according to each sustainability strategy. Additional information is available in our Sustainable and Responsible Investments Policy ([available in English here](#)).

External Acknowledgement of our Sustainable Offering

All our sustainable strategies are submitted to an annual internal and external audit conducted by the respective labeling authorities. The 2019 audits confirmed that the holdings in our sustainable investment funds have been invested over the year according to the sustainable investment rules, with addition of a new label from Febelfin.



We opted to use the Luxflag label due to its coverage of all asset classes for the quality assessment of our sustainability strategy.



As signatory of UN-backed PRI, DPAM has to report every year on its progress to implement the six principles¹. This report is assessed externally by PRI administration and compared to peers. For the third consecutive year, DPAM has achieved the top highest rating A+, including the commitment from its management to sustainable investing.



All our funds following an SRI strategy have been labeled "Towards Sustainability" from Febelfin. This label is considered among the most ambitious labels in Europe for sustainability.

Degroof Petercam: sustainable and responsible mandates, philanthropic advice and impact investing

Sustainable and Responsible Mandates and Philanthropic Advice

For private clients who invest in our sustainable offering (Sustainable and Responsible Investments), we combine in-house and third-party expertise. In order to enhance our sustainable conviction, we maintain a strong focus on climate change through specific thematic funds. One of our flagship patrimonial sustainable fund has witnessed a surge of 100% in 2019, showing the ever growing interest in sustainable products by our private clients.

Our client's standard offering in private banking now fully integrates an ESG analysis. Moreover sustainable investments as described for DPAM SRI approach, now

(1) <https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment>

« With the new day
comes new strength
and new thoughts. »



Anna Eleanor Roosevelt made her mark as an American political figure, diplomat and activist. She served as the First Lady of the United States from March 4, 1933, to April 12, 1945, during her husband President Franklin D. Roosevelt's four terms in office. President Harry S. Truman later called her the "First Lady of the World" in tribute to her human rights achievements.

Today's challenges are tomorrow's opportunities. We value creativity and are convinced that innovation increases the ability to acquire, create and make the best use of competencies, skills and knowledge. It brings new solutions to existing problems with a sustainable positive impact. We help investors contribute to a better world and to sustainable development while generating solid long term returns.



represent approximately 20% of our default client proposition. In order to further develop our offering in sustainable strategies, we strongly believe that more internal trainings on our sustainable propositions are key.

On the international front, we introduced SRI fund mandates in Luxembourg and France to meet growing client demand in sustainable products.

We also play a pioneering role in offering our clients philanthropic advice. The Philanthropy department has been created over ten years ago, and is able to provide sound and structured advice to our clients who wish to leverage their capital and time in order to create a more sustainable world through philanthropic initiatives. Moreover, the group's collaborative philanthropic platform, **Gingo Community**, was able to donate close to 720 000 euros to small-scale philanthropic projects over the last 4 years. This crowdfunding platform enables small-scale projects with a large societal impact to reach out to philanthropists wishing to help support social innovations.

Impact Investing

Renewable Energy

Degroef Petercam is one of the pioneers in Belgium in impact investing. We launched a first green fund investing in renewable energy in 2008 and three additional green funds were launched in 2011, 2015 and 2019.

Launched in 2019, the fund raising in our latest renewable energy strategy was a great success with more than 110 million euros of commitments.

These four green funds represent a combined capital of more than 270 million euros, which in turn allowed to build and operate more than 900 million euros in renewable energy assets, compared to 750 million euros last year. Through these impact offerings, we enable our high-net-worth clients and institutional clients to invest in renewable energy technology (mainly onshore wind and solar) located in France (predominantly), Spain and Belgium.

“Capital can make a difference on our most pressing challenges by investing in companies strengthening the transition towards a regenerative economy that offers a new framework to achieve autonomy, and resilience.”

Catherine Champagne,
Group Impact Investing Coordinator

Social Housing

In 2011, **Inclusio** was launched together with Degroef Petercam, Revive and Kois Invest.

Inclusio is now the leading privately-funded investment company in Belgium focusing on providing affordable and qualitative rental housing solutions to people in need.



Xavier Mertens and Lionel Van Rillaer, CEO and Chief Development Officer of Inclusio, respectively.

Inclusio has been certified by the not-for-profit association B Lab as a B Corp for meeting stringent requirements for social and environmental performance, accountability and transparency.

Regenerative economy

In February 2018, Degroof Petercam entered into a partnership with **Quadia**, a Swiss-based asset manager and European leader in impact investing to jointly offer impact solutions to private and institutional clients. As part of this collaboration, a new fund was launched focusing on the regenerative economy in February 2019.

The fund targets companies requiring growth in clean energy, sustainable food and circular economy. Through their products and services these companies contribute to a regenerative economy which emphasizes local, collaborative, circular, functional and bio-inspired approaches. It moves away from the traditional linear model (Take-Make-Dispose) and offers a new framework for an economy that is restorative and regenerative by design, achieving innovation, autonomy, resilience and efficiency.

The aim of the fund is to invest in transformative companies in key sectors that are reinventing our economy and which provide impactful business solutions while strengthening the transition towards a regenerative economy within the means of one-planet.

The impact is actively managed and the impact progress will be monitored over the investment period. The achievement of impact targets at exit will be assessed by independent expert Steward Redqueen.

Up to now, six investments were already made for a total of circa 9 million euros. These investments cover a wide array of companies active in industries ranging from biodynamic and organic fruit production, off-grid solar modules to the refurbishment of smart phones and electronic devices.

1.2 Customer Privacy

In the course of its activities, Degroof Petercam is required to process personal data both in the context of its relations with its customers, prospects and suppliers and to enable its human resources to function optimally. Degroof Petercam pays particular attention to the confidentiality of its customers' data.

The Executive Committee of each Group entity is responsible for the proper management of personal data. In this context, it ensures that the appropriate measures to guarantee the proper management of personal data are taken within the different entities in accordance with the internal policies and European and national regulations applicable to them.

Degroof Petercam has put in place governance and policies to ensure that the applicable principles for the protection of personal data are respected by its employees. The Data Protection Officer is in charge of monitoring the implementation of the regulation and developing controls in order to ensure the respect of the regulation. Second-line controls are conducted by the Data Protection Officer to verify compliance with policies and procedures.

Degroof Petercam staff members have also been trained and tested to ensure their understanding of the regulation.

In this way Degroof Petercam undertakes to ensure compliance with the data protection rules and to demonstrate the effectiveness of the measures taken. It should be noted that Degroof Petercam did not identify any substantial complaints related to privacy in 2019.

2 | Make a Mark on Our Environment

In this section, we explore our organization's environmental impact. The goal is to evaluate where we stand regarding our energy and emissions, and waste and supplier assessment. This evaluation will allow us to further improve these aspects and mitigate our negative environmental impacts year over year. This section is only applicable for the Group's activities in Belgium, as exact figures for the other countries are not available yet.

2.1 Energy and Emissions

In 2019, we renewed our CO₂ neutral commitment and label through the international certification for climate responsibility in line with the PAS 2060 standard. The label is also validated by Vinçotte, a Belgian accredited inspection and certification institution, and is a guarantee for measurable climate action. We also continuously take actions to reduce our emissions:

- Renewable energy contracts achieving 100% renewable energy.
- The installation of video-conference equipment in all our regional offices, enabling both our staff members and our clients to avoid redundant travelling, has been rolled out and completed in 2019. This results in 14 video-conference rooms in our regional offices and 14 in our Brussels' headquarters.
- Finally this year we were able to introduce 46 bikes or steps to our fleet.

Company vehicles are the second biggest source of emissions at Degroof Petercam, after the emissions related to electricity usage. Degroof Petercam intends to remedy this in the future and has therefore set up a mobility plan that offers employees alternatives to their company car, such as public transport passes, (electric) bikes, electric steps, etc. We also give our staff members the possibility to trade cars that emit more than 145 g/km for an electric one. The table below shows a growth in the number of hybrid and electric cars, showing a gradual replacement of diesel and petrol cars, while the average CO₂ emission per type of car slightly decreased. The increase in the total number of vehicles observed is related to the increase in the number of employees.

	2017			2018			2019		
	CO ₂			CO ₂			CO ₂		
Petrol	9	1.5%	131	11	1.7%	132	32	4.5%	129
Diesel	591	95.9%	110	604	93.2%	117	636	88.7%	116
Hybrid (petrol)	13	2.1%	50	21	3.2%	50	31	4.3%	48
Electric	3	0.5%	0	12	1.9%	0	18	2.5%	0
Total	616			648			717		

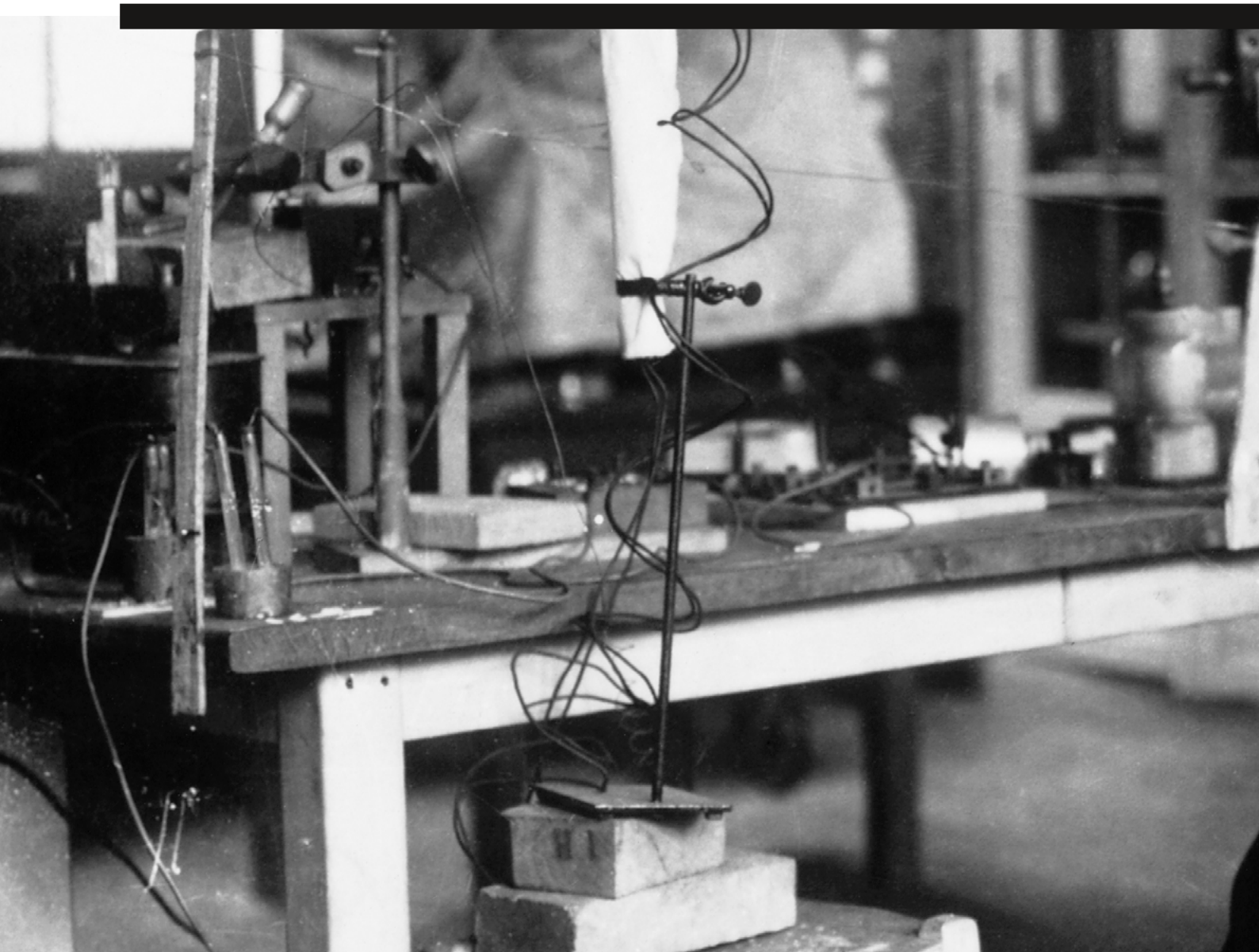
In 2020, we will renew our Travel Policy which aims at stimulating our travellers to think first and travel only if really needed, and use alternatives if possible (e.g. phone, video conference, combine multiple appointments). We also discourage flights for short distances. The introduction of a new Travel booking platform which also indicates the CO₂ consumption of the travel choice, will contribute to increase our travellers' awareness.

2.2 Effluents and Waste

This paragraph discusses some key effluents and waste that our organization generates (except for emissions, which has been covered previously) and the measures taken to reduce them. Waste management is crucial as it constitutes a significant portion of our environmental impact. While a comprehensive waste management strategy still has to be developed, we are currently already taking individual actions to facilitate a more efficient and more sustainable waste management. You will find hereunder an overview of the actions that were undertaken, improved and extended in 2019:

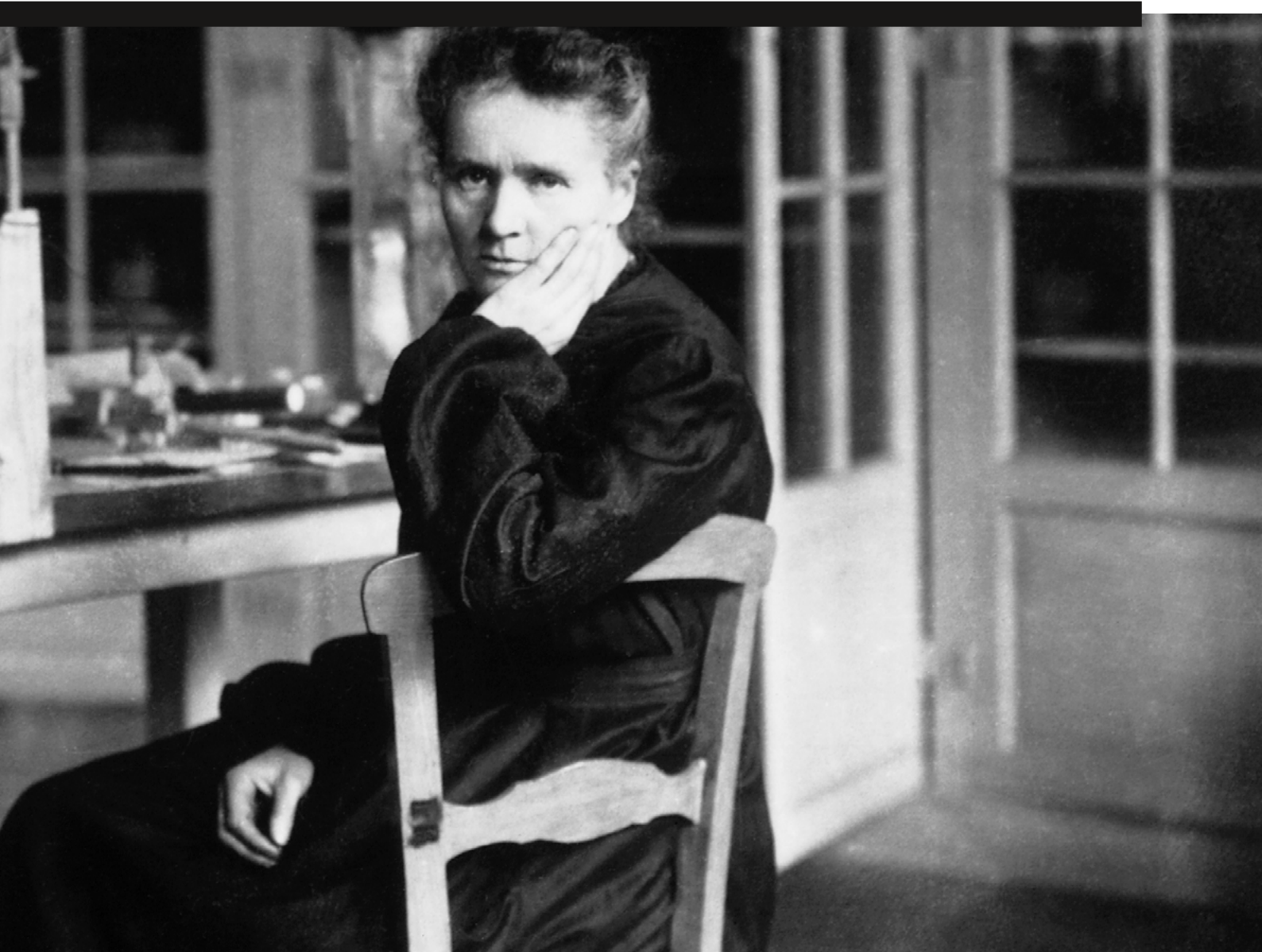
- We continued our collaboration with MCA, our waste removal supplier for recyclable waste. This supplier is ISO 14001 certified and disposes or recycles the eligible materials including paper, mixed plastics, organic waste, PMD, steel and aluminum cans, glass, toners and ink cartridges and neon lamps. The volume of the recyclable waste between 2018 and 2019 has decreased, due to a higher awareness and a better sourcing policy (avoid waste). The only increase that can be analysed is in organic waste, as we introduced this type of recycling in 2019. It should be noted that these trends only apply to our Brussels office and do not take into account the trends in our local offices or our offices in France or Luxembourg. Moreover, it should be noted that we don't have any significant figures for our residual waste in 2019 and thus we do not know whether this decrease in recyclable waste in our Brussels office originates from an increase in residual waste. We are aware that this lack of information makes it more challenging to steer our Group's waste-policy towards an increased efficiency. For this reason we decided to entirely review our waste policy in 2020. Nonetheless, in the meanwhile we put in place some adhoc policies to lower our waste and increase the awareness around recycling.

« You cannot hope to build a better world without improving the individuals. To that end, each of us must work for our own improvement. »



Marie Curie made a mark as a physicist and chemist who conducted pioneering research on radioactivity. She was the first woman to win a Nobel Prize, the first person and the only woman to win the Nobel prize twice, and the only person to win the Nobel Prize in two different scientific fields.

As an investor and as a corporation we are open to the wider world realizing that our footprint goes beyond business. We are a sustainable investor, pioneer and innovative in responsible and sustainable investing. More than ever, the integration of environmental, social and governance criteria in the management of our activities is an integral part of our strategy and an essential contributor to our continuous improvement, our profitability and our ability to create long-term shareholder value.



- At our headquarters in Brussels, we use a large number of paper but still disposable cups for hot drinks (mainly coffee and tea). To reduce our waste we started a testing environment using reusable mugs on one floor. If the test is positive, we have the intention to roll out these reusable mugs throughout the whole Brussels' office.
- Cleaning services use ecological friendly cleaning products whenever possible or with the least abrasive substances, and the cleaning supplier uses the less possible amount of products.

2.3 Supplier Environmental Assessment

Degroof Petercam introduced its first Procurement Policy in 2018, which describes the group's procurement principles. These principles cover a wide array of topics, ranging from economic, ethical and environmentally conscientious principles, e.g. the procurement of products containing materials produced in a sustainable manner.

In alignment with the company's vision, we collaborate with our suppliers and partners to reduce our environmental footprint. Therefore, we started embedding environmental criteria (energy, emissions, products and services) in the selection process of our critical suppliers and partners. We will extend this approach to all externally purchased goods and services where negative impact on the environment can be avoided or mitigated.

In implementing these new sustainable practices in procurement, we started by focusing on products and services generating the most environmental impact, i.e. facility services, catering, office suppliers, paper and company cars. In 2019 we started the migration of our Data Centre to a third party, offering a more environmentally friendly solution, powered by hydroelectricity.

More than one fourth of our expenditures is with suppliers and partners that are committed to the same environmental and ethical principles we strive for; as provisioned last year, a platform to assess our supply base sustainability programs and respect of Degroof Petercam's procurement principles will be implemented in 2020. This platform will also include a pilot to monitor in real time any negative event occurring to our suppliers.

3 | Make a Mark on People and Society

The topics below all relate to people, ranging from our employees to external stakeholders. Through our activities, we strive to bring out the best in our people, encourage our suppliers to have a sustainable approach and generate a positive impact on society.

3.1 Degroef Petercam Foundation

Tomorrow's Employment Solutions

Degroef Petercam Foundation's mission is to support job creators of tomorrow on their growth path. The Foundation is working with leaders that are scaling solutions providing support to un(der)employment.

The Foundation has defined several objectives to be achieved by 2023, and consisting in having:

- Committed 5 million euros in aid
- Contributed to the creation of 3,000 jobs
- Engaged 30% of Degroef Petercam's employees and clients in its operations as a foundation.

The Foundation in Action

Every year, the Foundation selects one new project that receives a 1 million euros grant and benefits from a 5 years support commitment. Next to the financial means, the project receives non-financial support and access to the group's network. In 2019, DUO for a JOB was selected after an in depth selection process.

DUO for a JOB pairs young job-seekers having a migrant background with experienced workers (50 years and older) who can assist them in finding a job. The non-profit organization serves both young people and potential mentors. It was founded in Brussels in 2013, and is now also active in Antwerp, Ghent and Liège.

As the Foundation's purpose is to have a societal impact, it must address this theme in all its dimensions, including its assets and investments. The assets of the Foundation are managed by Degroof Petercam and are invested in Sustainable and Responsible Investments (SRI).

These include investments through direct equity lines or via funds following an SRI strategy. Moreover, the Foundation also executes mission-related investments, such as investing in two Social Impact Bonds.



Since 2013, DUO for a JOB has contributed to the creation of 2600 duos, helped organise unlikely encounters and offered access to a source of mutual enrichment.

3.2 Occupational Health and Safety

Degroof Petercam wants to create a safe and healthy work environment for its employees and considers the wellbeing of its workers as a priority.

Degroof Petercam informs and consults its employees' representatives on a regular basis and is in continuous search for improvement.

Degroof Petercam has developed numerous initiatives to ensure compliance and to guarantee a safe and healthy work environment, where employees love to work. The following is an overview of some initiatives that have been undertaken, improved and extended in 2019:

- **Regular and professional reporting to the CPPT/CPBW:** Degroof Petercam has monthly meetings with the employees' representatives in the CPPT (Comité pour la Prévention et la Protection au Travail). Also a yearly general action plan is adopted. The committee's main goal is to identify and define all necessary measures and propose improvements related to the general wellbeing of employees at work.
- **The internal prevention advisor:** Degroof Petercam has taken the opportunity to redefine the role of the internal prevention advisor to a full-time in-house role with clearly defined roles and responsibilities. In addition, the internal prevention advisor is supported by the external expertise of an external prevention advisor specialized in offering support with respect to psychosocial risks for workers.
- **Prevention of stress and burn out:** Workers are sometimes confronted with increased stress or situations related to a burn out. Different measures have been developed to make employees and/or management aware of problematic symptoms in order to be able to prevent it. The group offered different trainings on the matter in order to create awareness and allowing employees tips and tricks for identification and prevention. Moreover, the leadership trainings offered to team managers envisage better communication and people management skills. Individual coaching with external specialists is offered to certain employees for prevention. In total 673.5 hours were given on trainings on occupational health and safety during 2019. The table hereunder provides an overview of the type of training provided on Health & Safety¹.

(1) These numbers are only representative for Belgium.

Type of training	Amount of participants	Length of training (h)
Stress Management	12	4.5
Better Minds @ Work	13	1
Fysical health scans	94	0.75
Mindfulness	29	3
First aid course (medium)	14	7.5
Stress Management for top management roles	8	1
Stress Management for people managers	24	4
Stress Management (global)	72	3
First aid course (long)	1	24
Total of participants	267	

- **Access to non-occupational medical services:** In line with last year, the group offers free yearly flu vaccinations on a voluntary basis. Moreover the required yearly legal medical checks for certain types of work are offered. For employees above 35 years a bi-yearly medical check is offered on a voluntary basis.

2019 was marked with 12 work-related injuries, a strong decrease compared to last year's figure of 17.

3.3 Training and Education

In addition to providing its staff members with a competitive compensation, Degroof Petercam strives to provide training programs and opportunities for personal and professional development. Our training policy allows staff members to be trained, both internally and externally, on topics that support the strategy of Degroof Petercam, but also on topics specific to each expertise and each profession.

In 2019, our training efforts focused in particular on regulation, project management, languages, IT tools and team management. We have particularly focused on compliance and stress management, to cope with the business evolution. We have strengthened our training organization with the implementation of a Learning Management System (LMS) tool for the different countries we operate in. A training effort was made again to integrate new staff members, both at local and at group level with a fully digitized onboarding process and the launch of a training track for newcomers.

2019 witnessed a further increase in Compliance & Regulation trainings. Next to the e-learning courses launched in 2018 on money laundering and GDPR (General Data Protection Regulation) which are mandatory for all newcomers, we completed the series with a Market Abuse course for all people in frontline positions. Besides, a series of classroom courses were also delivered to bespoke groups of employees in the respective operational chains where these legislations are applicable.

Finally, our **'Summer Academy'** program, covering four weeks of training with free access to all staff members in Belgium, France and Luxembourg totaled more than 1000 subscriptions.

Taking into consideration the offices in Belgium, France and Luxembourg, these programs have lead to an average training hours per employee per year of 23.65.

3.4 Employment, Diversity and Equal Opportunity

Our Employees compose the Heart of our Business

Degroof Petercam aims to provide its staff members with a competitive remuneration, training programs and opportunities for personal and professional development within the group. It wants to be considered as an attractive employer within its environment. With this in mind, Degroof Petercam strives to attract, develop and retain top-level staff members by offering them attractive and stimulating leadership roles that open the way to new development opportunities.

Besides the finalization of our telework program, in 2019 we launched Fit@DP-campaign, a set of initiatives aiming at reinforcing the resilience of our staff. Concretely, these initiatives intend to promote regular practice of sports and movement on a daily basis, as well as additional stress management courses for management and employees to better understand stress factors and coping mechanisms.

Measures concerning the employment of our staff members are supervised by committees of the group, such as the nomination and remuneration committees of Degroof Petercam Belgium and Degroof Petercam Luxembourg.

Degroof Petercam bases its staff member management on social and sector legislation and regulations and on its values of humanity and collaboration. Degroof Petercam supports the principle of collective bargaining in a constructive and transparent manner.

As of December 31, 2019, Degroof Petercam offered quality jobs to more than 1400 staff members.

Satisfaction and engagement of our employees

In 2018 a survey on staff member commitment was conducted based on the Willis Towers Watson methodology in all countries of the group and focused on sustainable staff member commitment. More than 1 100 staff members (82% of the group) gave their feedback on topics related to employment, personal development, working conditions and corporate values. A new survey will be taken in 2020.

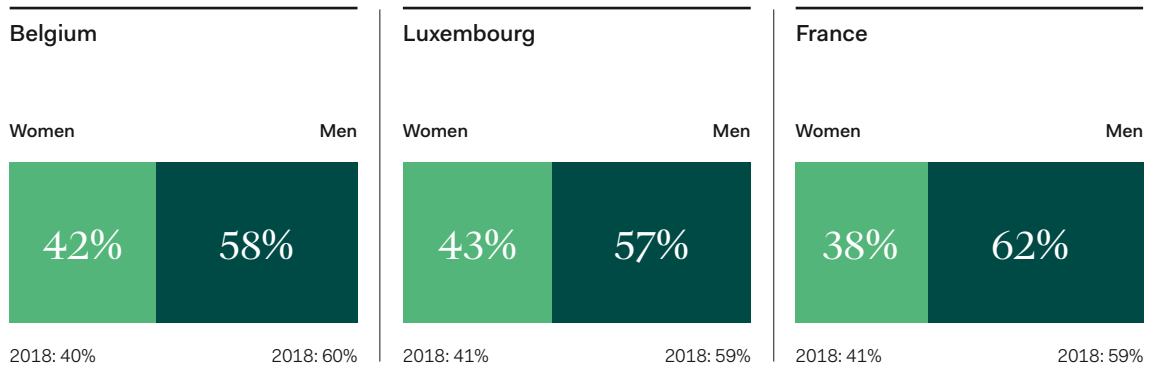
The results of the survey serve as a compass for HR and management actions, such as our top management communication, the simplification of our processes, our strategic focus and our people & fun initiatives. In 2019 in particular, effort has been put on employee pride with our Make a Mark campaign to attract and retain talent and our career management workshops for employees. A major initiative has been deployed to develop specific training tracks per employee group, with a first focus on newcomers onboarding and front line compliance training sessions and e-learning. However, further progress is needed to grow people development and commitment beyond the average of national and sector reference standards. Degroof Petercam's management will engage in new improvement projects in 2020, with again simplification, focus and compliance as key levers.



With our "Make A Mark" campaign, we bring the inside out. In 2019, we shared the stories of our colleagues in their own words. These testimonials truly show how staff members at Degroof Petercam can make an impact in their job that goes beyond profit.

Demographics of our employees

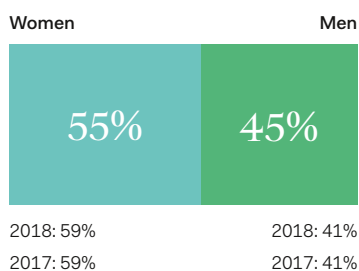
The percentage of women in Degroef Petercam Belgium, France and Luxembourg is 42%, a slight improvement compared to 2018 (40%) with limited difference between countries. Within the executive population, the proportion of women is 18%, 37% in management roles and 55% among staff members.



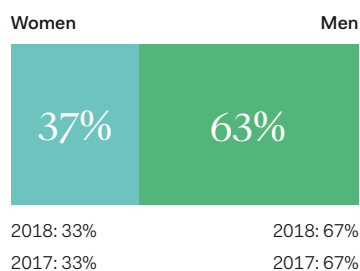
Group



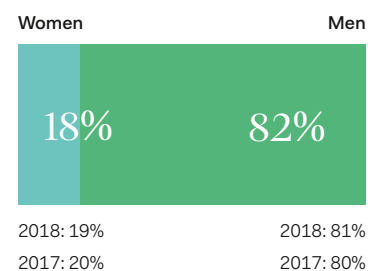
Staff



Management & Professionals



Senior Management



In terms of age distribution though, there is a major improvement in the proportion of women under 30. This is mainly due to an almost 50/50 recruitment of young talents. Yet, the lowest proportion is found among the staff between 30 and 49 years old, with 41%, slightly improving. 2019 has seen additional effort put on the recruitment of women, with 46% of women among new hires.

« Everyone has oceans to fly, if they have the heart to do it. Is it reckless? Maybe. But what do dreams know of boundaries? »

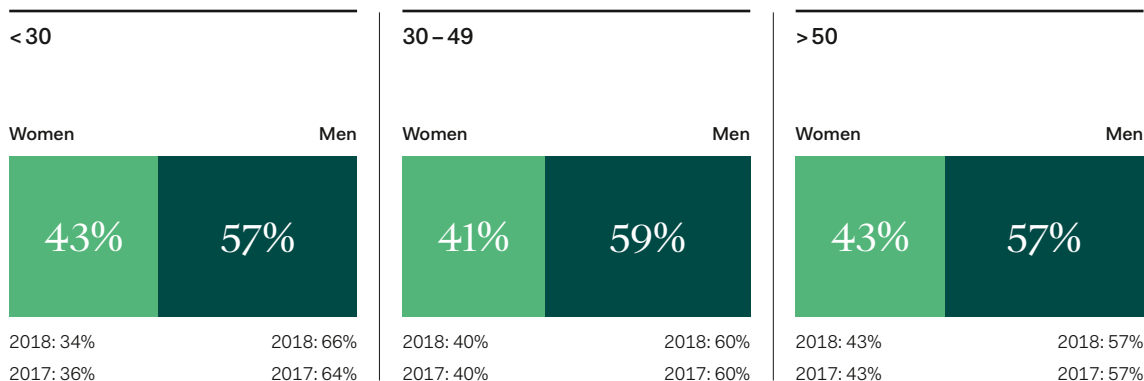


Amelia Earhart made her mark as the first female aviator to fly solo across the Atlantic Ocean. She set many other records, wrote best-selling books about her flying experiences, and was instrumental in the formation of The Ninety-Nines, an organization for female pilots.

People are at the center of our business. We encourage trust, openness and wellbeing and help our staff to develop their talent. We believe in a sustainable, all-inclusive society, where everyone has a chance to thrive and meets its dreams. We strive to bring out the best in our people, encourage our suppliers to have a sustainable approach and generate a positive impact on society.



In 2019, Degroof Petercam recorded an increase in its employment volume, particularly in Belgium and France.



Engagement of our Employees

Employees with the ambition to make a mark in society can do so through 3 corporate initiatives:

First, a total of 396 colleagues were engaged in the **Solidarity Days**. During these days, coworkers can voluntarily offer a day of their working time to support various associations. We are glad to disclose that we saw more coworkers taking part this year than last year. In 2019 a total of 2970 hours were invested on the Solidarity Days, by helping around 35 social organizations across Belgium and Luxembourg. This represents an increase of around 25% compared to 2018 in amount of hours dedicated to social organizations. Second, after launching the pilot project of the **skills-based sponsorship** whereby employees are able to donate two hours per month of their working time and skills to associations or people in need, we continued this initiative this year. We also opened up the program to our colleagues in France. In both countries we can observe that over 70 employees take part in this initiative.



These programs were set out to reach our objective of devoting a budget of 1 day per employee per year to volunteering by 2023. The figures of 2019 continuously paint a positive picture in reaching this objective.

Third, in our **micro-donation program** we encourage our employees to make a fixed monthly micro-donation that is deducted automatically from their salary. At the end of the year Degroof Petercam doubles the pooled budget and the overall budget is granted to a democratically elected project. In 2019 we were able to collect a total of around 20,000 euros after being doubled by Degroof Petercam. Everybody that took part with the program voted on the social entrepreneur that would be able to enjoy all these donations. The 2019 winner is Mobile schools, an organization that specializes in empowering street educators worldwide.

“Many good associations are looking for top-professionals in various fields. The skill-based sponsorship program started two-years ago at Degroof Petercam and helps bringing talent and expertise to social initiatives. In many ways, this program is beneficial for the three parties involved: the association, the company and the employee.”

Concepción Moreno,
Advisory Portfolio Manager

3.5 Supplier Social Assessment

Next to the environmental criteria, which are described under the chapter “2.3 Supplier Environmental Assessment” on page 82, it should be noted that our procurement policy also embraces social criteria, i.e. diversity, disadvantaged background, disability, training, mobility. Moreover, all of the group's suppliers shall not engage in—or support the use of—child labor and shall conform to the following provisions:

- UN Supplier Code of Conduct
- SA8000 (a standard relating to the social accountability developed by Social Accountability International)
- International Labor Organization Convention 138
- United Nation's Convention on the Rights of the Child

4 Make a Mark Through Our Governance

As a substantial financial institution, strong governance is key for Degroof Petercam. This is why we have an exhaustive anti-corruption policy in place and consistently incorporate new laws and regulations in our activities.

4.1 Socioeconomic Compliance

As is the case every year, the ECB, NBB and FSMA carried out in 2019 a series of different audits within the financial sector—including at Bank Degroof Petercam—to assess the sector's compliance with the applicable regulatory framework.

Remediation plans have been established to support the Bank to improve and render its internal rules and procedures in compliance with the applicable legal framework, an assignment that it has been carried out in accordance with the requests of the competent regulators. In parallel, Degroof Petercam has significantly increased its human resources in Compliance department. Socioeconomic Compliance is one of today's key focus points at Degroof Petercam which uses all the means to establish it as one of the highest priority.

4.2 Anti-corruption

The board of directors of Degroof Petercam has implemented an internal code of conduct that includes the values and ethical behavior that it wishes its staff members to respect. Some of the aspects defended in the code of conduct are clearly intended to ensure that all staff members maintain their independence at all times. The chapter on the prevention of conflicts

« Obstacles are those
frightful things you see
when you take your eyes
off your goals. »



Henry Ford made his mark as a visionary American industrialist and a business magnate, the founder of the Ford Motor Company, and the sponsor of the development of the assembly line technique.

As a financial institution we operate within a strictly regulated sector and respect rigorous procedures. Through strong governance we build and maintain trust through a shared commitment to ethical behavior and to act with integrity in everything we do. We proactively adapt to continuous change and are open to new ways of thinking and working. We facilitate initiative-taking and efficient decisions and processes and make progress by building on each other's achievements.



of interest and the chapter on the management of gifts given or received from clients are examples of this. For example, the gift policy provides that both staff members and clients can give or accept only modest gifts (with a fixed maximum value stipulated in the policy). This process is embedded in and enforced by an internal tool.

In addition, a new Integrity Policy has been implemented. This policy defines how the corporate values are articulated with the strategic objectives of Degroof Petercam. In this regard, the policy lists the following objectives to be priorities:

- Compliance with legal and regulatory obligations
- The Provision of quality services to clients
- The respect of the deontological principles
- The prevention of all acts not justified in the normal and correct exercise of the activity of Degroof Petercam
- Adequate cooperation with competent authorities as required by Law
- Compliance with contractual commitments of any kind

Degroof Petercam has also identified some areas sensitive to the risk of integrity or reputation damage. This covers the compliance with the rules on transactions in financial instruments, the prevention and management of conflict of interest, the implementation of standards for personal transactions, the prevention of the use of Degroof Petercam for money laundering and terrorism financing purposes, the prevention policy in tax matters, measures taken with regard to the whistleblowing protection directive, the application of ethical standards and the protection of Privacy.

Degroof Petercam is implementing the appropriate means with a view to effectively implement the Integrity Policy and to prevent as far as possible the materialization of risks damaging its integrity or reputation. In order to do so, Degroof Petercam is continuously ensuring to keep an adequate internal organization to cover the exercise of its activities. In addition, Degroof Petercam is establishing appropriate internal control measures. Degroof Petercam is also paying particular attention to raise awareness and train the staff members.

In the context of the Client File Review, Degroof Petercam like all banks has the legal obligation to identify and control the origin of its clients' funds and to ensure that all client information is kept up to date. Given the long and rich history of the bank, the knowledge on the customers was not always timely kept up to date in the paperwork on file with the bank. So there is a considerable amount of work to be done to complete some of these files. Systems are in place with the bank to identify, report and prevent movement of money from suspicious origins. The system is based on different types of actions: i.e. identifying future clients before opening their account and monitoring their transactions. The law requires that special attention is paid to account openings and transactions by politically exposed persons (PEPs). A special mention is therefore added to the electronic file of these clients in order to allow appropriate monitoring of their transactions. If Degroof Petercam has a suspicion of money laundering related to criminal activities, it must report it to the Financial Information Processing Unit (CFI)²⁰.

Within the Compliance Department, the team dedicated to the prevention and detection of money laundering (including detecting corruption) has significantly increased compared to last year.

VI

Consolidated financial statements

The 2019 consolidated and statutory financial statements exist in French and Dutch only and can be downloaded from our corporate website ([FR](#), [NL](#))

VII

Statutory financial statements

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VIII

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The annual report is available at
annualreport.degroofpetercam.com/2019

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