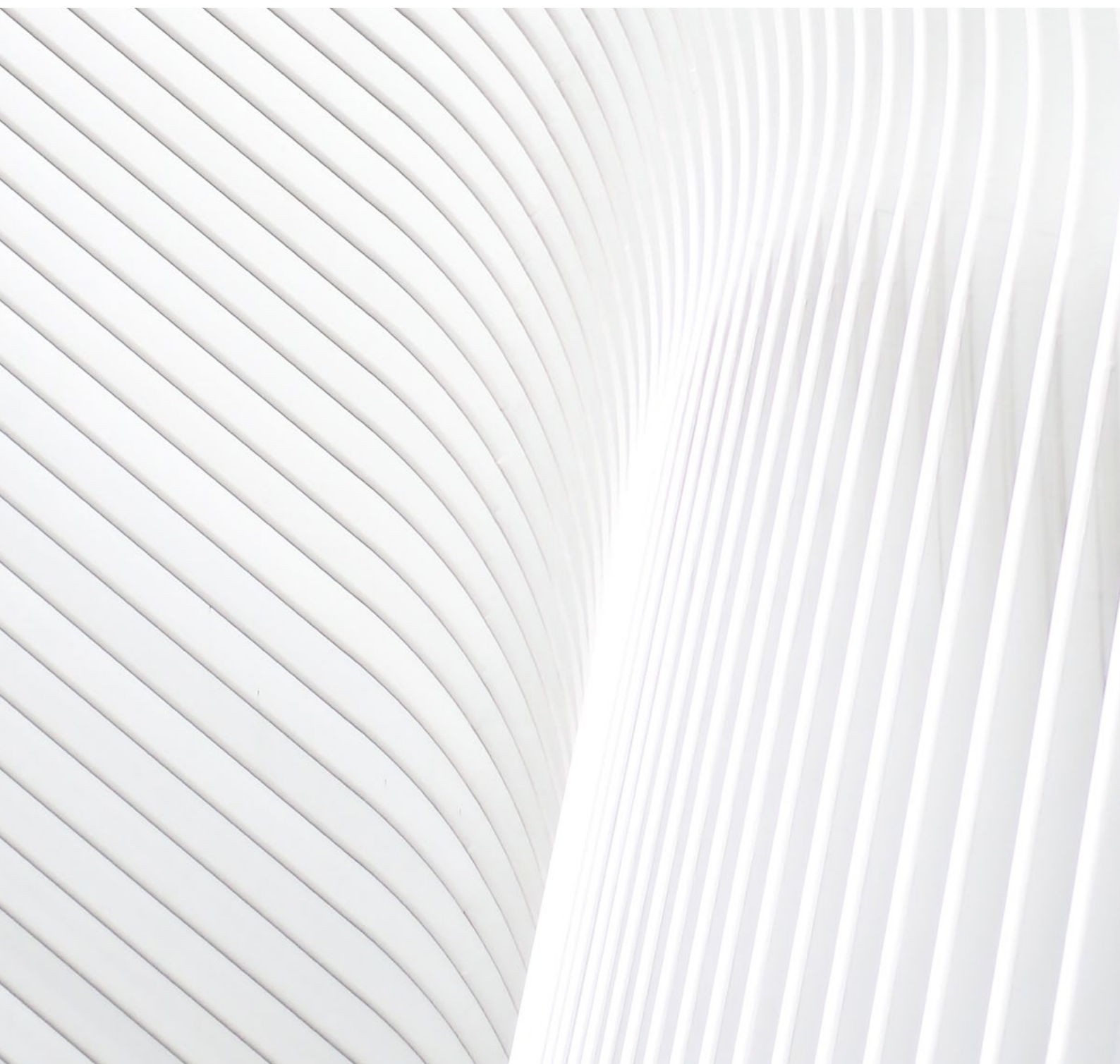


Make a Mark
Non-financial Report 2019



V

Make a Mark

Non-financial Report

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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

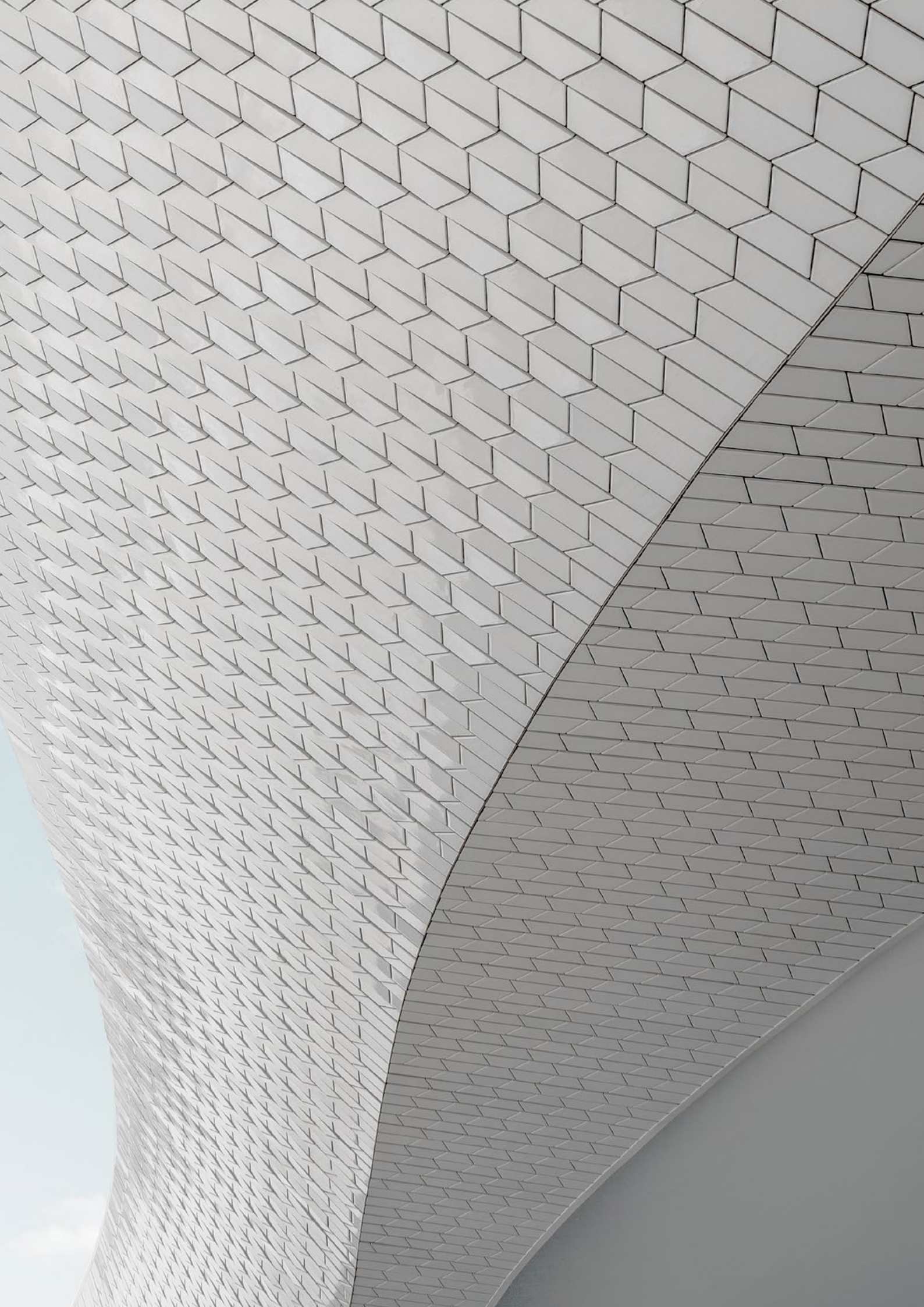
(1) <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

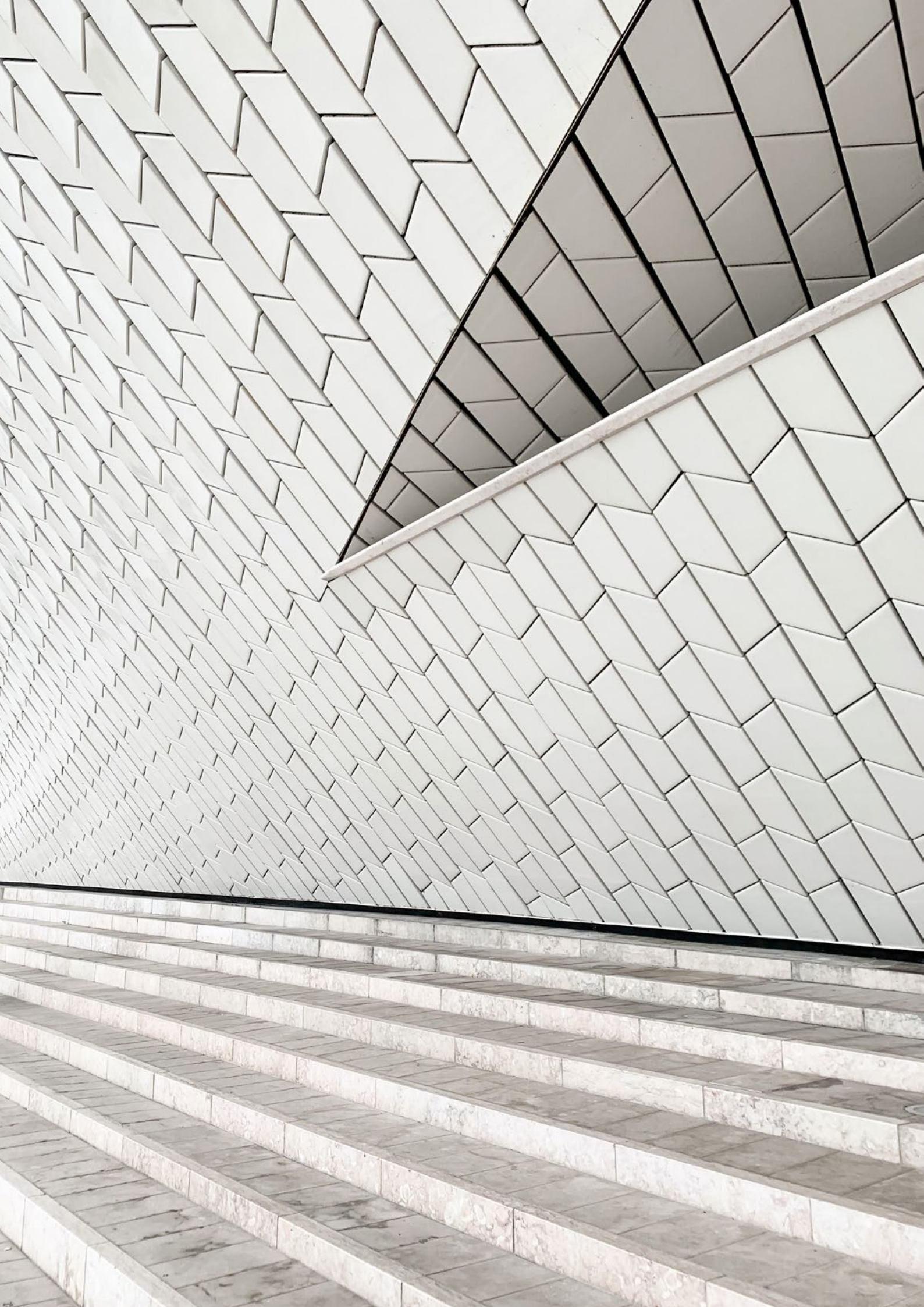
the 2019 European elections, the new European Commission wasted no time to share its ambitions on sustainability. While new initiatives remain fairly broad and require some further fine-tuning, some of them will however be already partially put into force in 2020.

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.

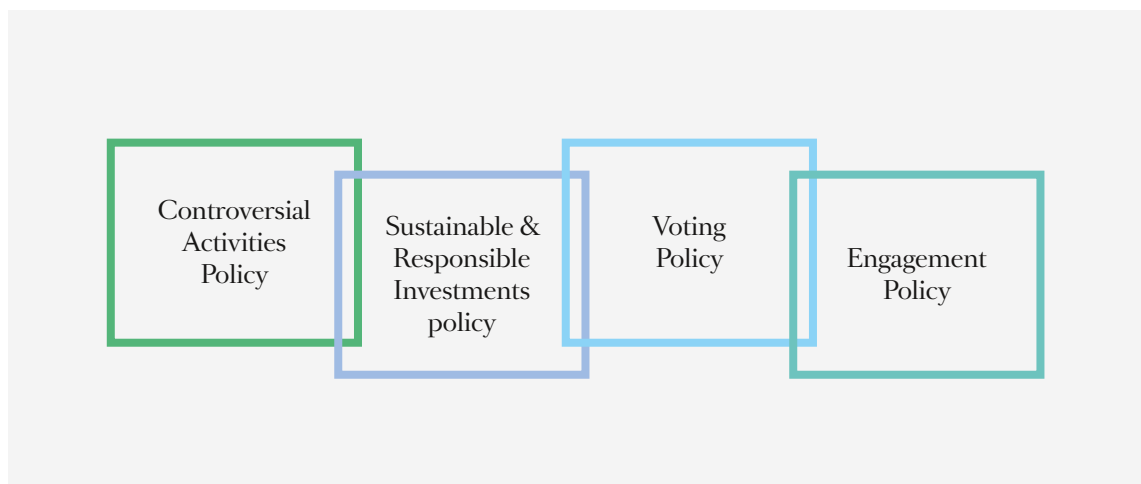
DPAMs objectives are threefold:

- 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

Degroof 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		

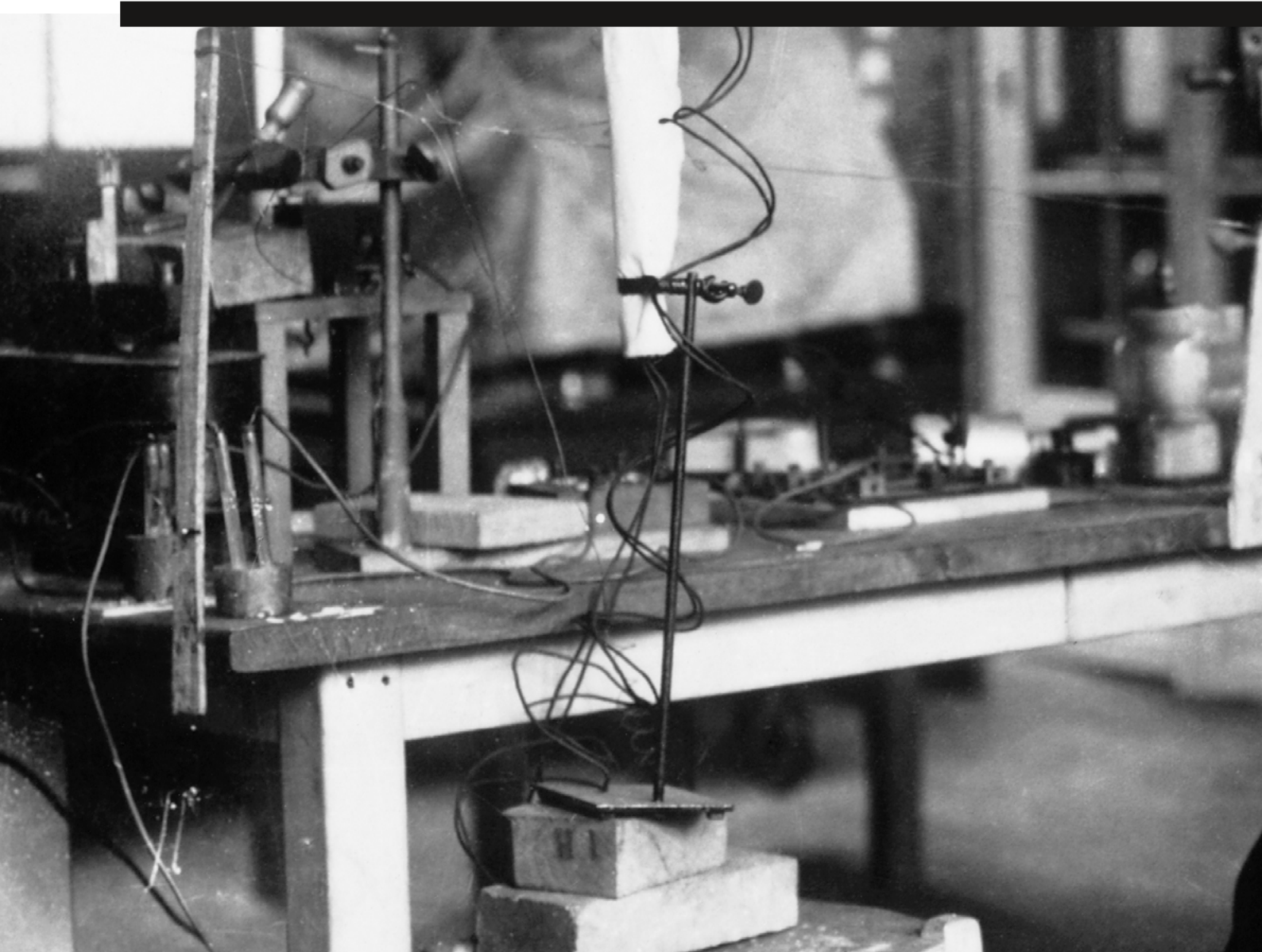
In 2020, we will renew our Travel Policy which aims at stimulating our travellers to think first and travel only if really needed, and use alternatives if possible (e.g. phone, video conference, combine multiple appointments). We also discourage flights for short distances. The introduction of a new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

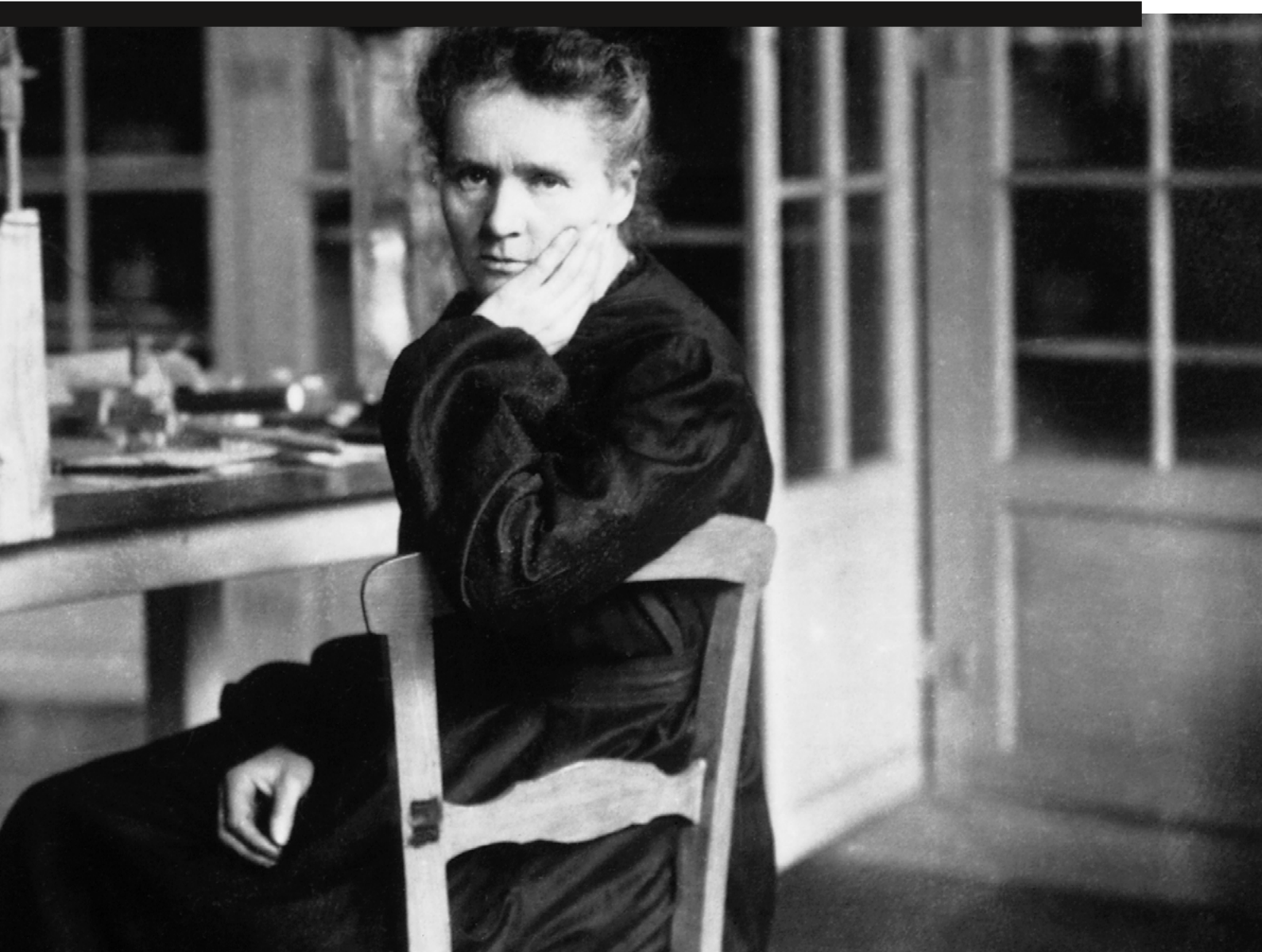
- We continued our collaboration with MCA, our waste removal supplier for recyclable waste. This supplier is ISO 14001 certified and disposes or recycles the eligible materials including paper, mixed plastics, organic waste, PMD, steel and aluminum cans, glass, toners and ink cartridges and neon lamps. 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 Degroof Petercam Foundation

Tomorrow's Employment Solutions

Degroof 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 Degroof 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.

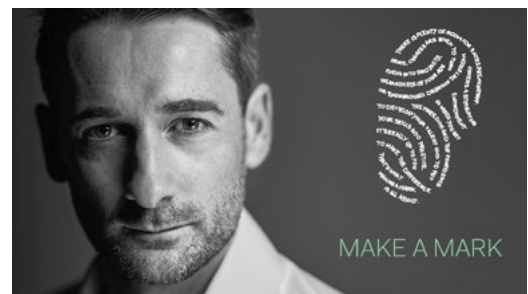
Degroof Petercam bases its staff member management on social and sector legislation and regulations and on its values of humanity and collaboration. Degroof Petercam supports the principle of collective bargaining in a constructive and transparent manner.

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.

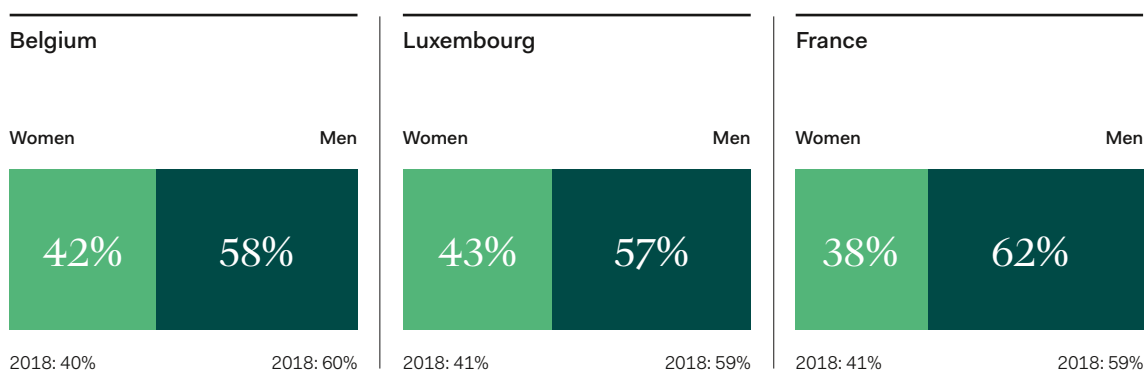
The results of the survey serve as a compass for HR and management actions, such as our top management communication, the simplification of our processes, our strategic focus and our people & fun initiatives. In 2019 in particular, effort has been put on employee pride with our Make a Mark campaign to 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.



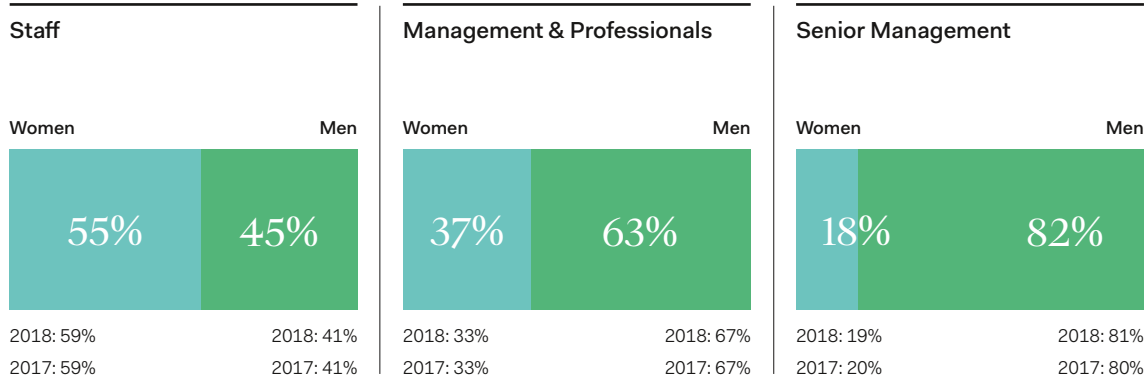
With our "Make A Mark" campaign, we bring the inside out. In 2019, we shared the stories of our colleagues in their own words. These testimonials truly show how staff members at Degroof Petercam can make an impact in their job that goes beyond profit.

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



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? »

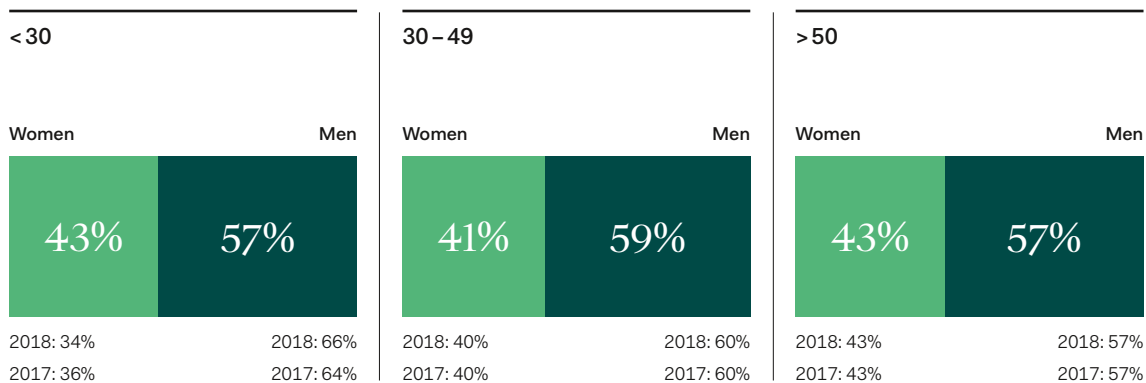


Amelia Earhart made her mark as the first female aviator to fly solo across the Atlantic Ocean. She set many other records, wrote best-selling books about her flying experiences, and was instrumental in the formation of The Ninety-Nines, an organization for female pilots.

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 30, 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.

Degroof Petercam

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