



Consolidated
Non-Financial
Statement
2018



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Introduction



Sustainability at Degroof Petercam: Imagine Tomorrow

Our societies are on an unsustainable track, facing numerous interrelated 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 the poverty gap is widening.

Seeking to put many of these challenges on top of the global development agenda, the United Nations adopted 17 [Sustainable Development Goals](#) (SDGs) 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 the SDGs present a unique opportunity, not just a challenge, to achieve a better and more sustainable future for all. Companies like ours have a vital role to play in creating a more sustainable environment. We are therefore determined to make our voice heard and push for change through the impact we have on our internal and external stakeholders, such as our staff members, clients, shareholders, partners and society at large.

While our sustainable efforts are not yet aligned with the official SDGs framework, the inherent [E.T.H.I.C. values](#) of our group (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 set out in the SDGs. We continuously seek to further improve and to align our efforts with the SDGs in the future.

More than ever, the integration of environmental, social and governance (ESG) criteria in the management of our activities is a prerequisite for our viability and therefore for our profitability and our ability to create long-term shareholder value.



“ Companies like ours have a vital role to play in creating a more sustainable environment. We are therefore determined to make our voice heard and push for change through the impact we have on our internal and external stakeholders, such as our staff members, clients, shareholders, partners and society at large.

Jean-Marc Verbist – Group Chief HR Officer

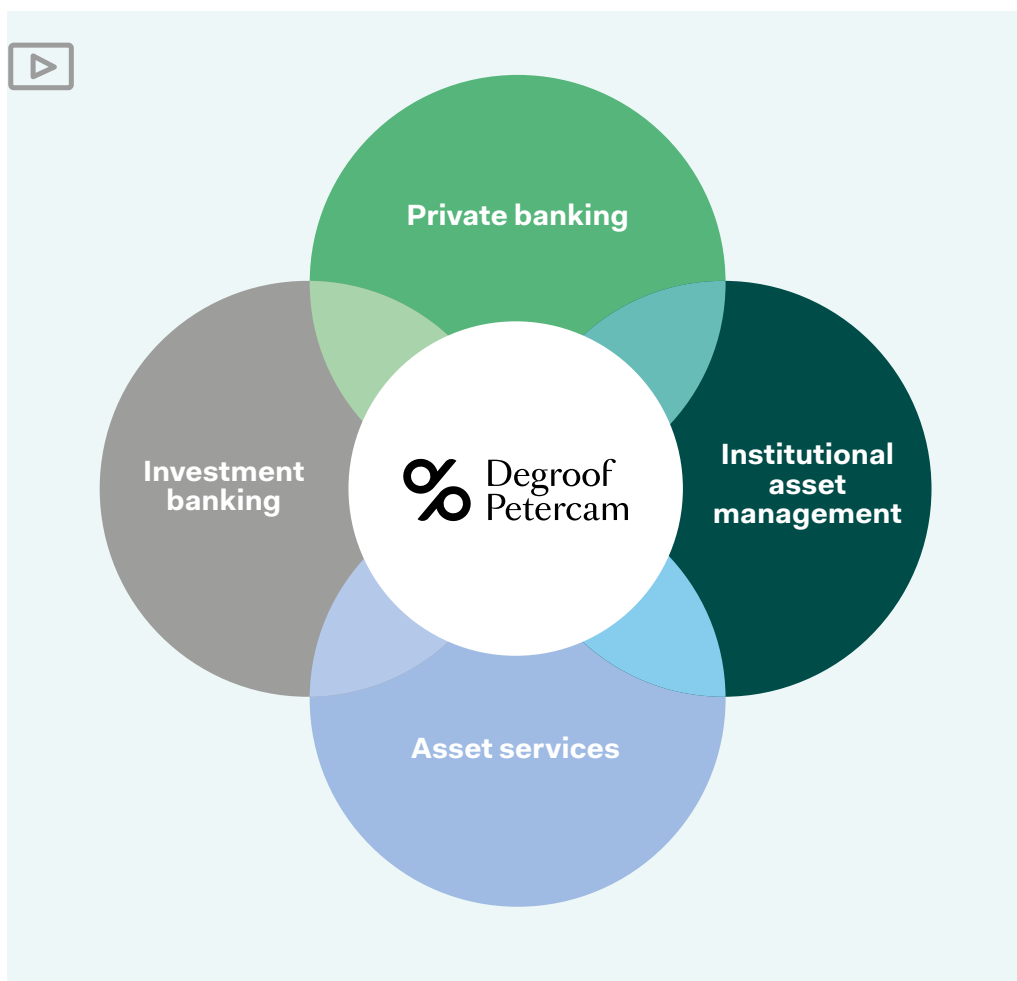
Degroof Petercam at a Glance

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 2018, total clients assets equaled more than 63 billion euros.





Extra-Financial Report

The Extra-Financial Report Practice

The objective of this extra-financial report is to share Degroof Petercam's main activities related to sustainable development and to analyze the progress and improvements to be implemented. It also reflects our commitment to respecting our people, clients, shareholders, partners, the communities in which we operate, and the planet we all share.

This report is presented in accordance with the Law of September 3, 2017 on the publication of non-financial and diversity information by certain large companies and groups, published in the *Moniteur belge* of September 11, 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 staff 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 was drafted on Degroof Petercam's values, from the notion that we must practice what we preach. This is why we take sustainability aspects into account in our decision-making processes when offering a wide range of financial services, ranging from environmental social and governance screening (ESG), social responsible investments, and impact investing to philanthropic advisory.

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.

Content and Structure of the Report

The extra-financial report is the second of its kind. The structure of this year's report has been slightly adapted compared to last year. Degroof Petercam decided to partially apply the Global Reporting Initiative Standards (GRI) to determine the content of its extra-financial report. The GRI is an international independent standards organization founded in 1997 by the United Nations and the Coalition for Environmentally Responsible Economics (CERES), with the aim to organize reporting on sustainability in a consistent manner. A recent study¹ shows that these standards represent the most widespread framework for Corporate Responsibility worldwide. As this is the first year our organization gets familiarized with these standards, the report is not fully in accordance with them yet. Nonetheless, the principles behind the standards were used to determine some of the content and the documentation supporting the GRI Standards, putting us on the right track to be compliant in the future.

Materiality Assessment

When following the GRI Standards, the materiality of organizational aspects is of primary importance. Material topics are those that may reasonably be considered relevant for reflecting the organization's economic, environmental and social impacts, or influencing the decisions of stakeholders, and therefore, merit inclusion in the report. Materiality is the threshold at which aspects become sufficiently important that they should be reported.²

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.

The reporting on these material topics of our organization is grouped in 4 sections throughout this report:

- A. Topics related to our clients
- B. Topics related to people and society
- C. Topics related to the environment
- D. Topics related to our governance

Topics related to our clients	Topics related to people and society
Product portfolio	Employment, diversity and equal opportunity
Customer privacy	Occupational health and safety
	Training and education
	Supplier social assessment
	Degroof Petercam Foundation
Topics related to the environment	Topics related to our governance
Energy and emissions	Socioeconomic compliance
Effluents and waste	Anti-corruption
Supplier environmental assessment	

¹ The road ahead, The KPMG survey of corporate responsibility reporting 2017

² GRI 101: Foundation 2016



“ The extra-financial report also reflects our commitment to respecting our people, clients, shareholders, partners, the communities in which we operate, and the planet we all share.

Jean-Marc Verbist – Group Chief HR Officer



2018 Report



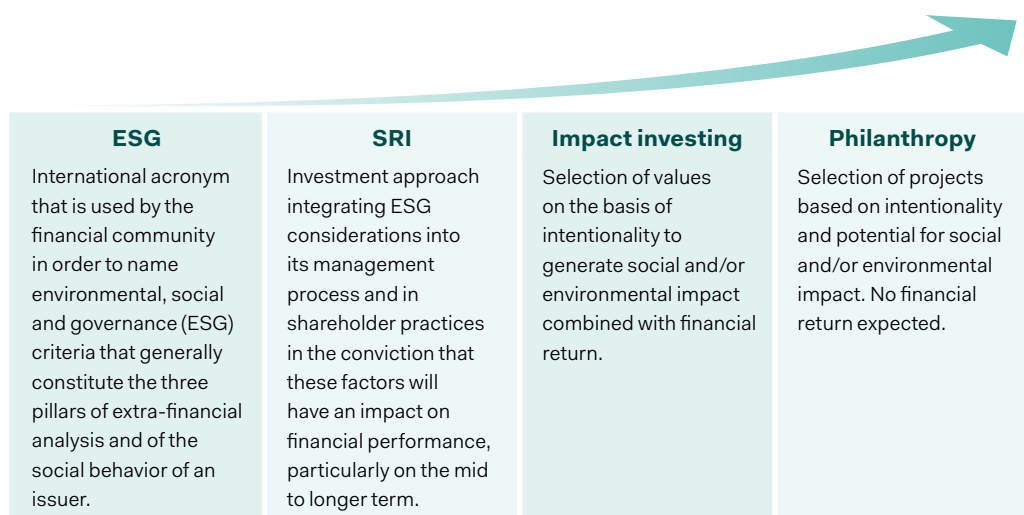
Topics Related to Our Clients

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

Our Offering

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, illustrated by the figure below:



Degroof Petercam Asset Management (DPAM): Sustainability Offering

1. Sustainability Offering Embedded in DPAMs History

For many years, DPAM uses ESG factors as the 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 DPAMs first sustainable strategy in 2001, it formalized its main processes and policies (engagement, voting, investments, etc.) and invested significant human and financial resources in it. A major milestone for DPAM was signing the United Nations-backed Principles for Responsible Investment (PRI) in 2011. Over the years, DPAM joined various international sustainable investments forums throughout Europe as illustrated in the figure below.

In 2018, DPAM resolved to divest from tobacco producers for all portfolios it managed. Furthermore, it has adopted a specific formal responsible strategy towards alcohol producers and retailers. Finally, DPAM has adopted a formal strategy to divest from companies which are involved in nuclear weapons for a significant part of their revenues. Furthermore, it is now supporter of the recommendations of the Task Force Climate-related Financial Disclosure (TCFD), which will influence its ESG integration in portfolio management.

2001	2003	2008	2009	2011	2012
<ul style="list-style-type: none"> • First sustainable balanced expertise 	<ul style="list-style-type: none"> • First sustainable European equities expertise 	<ul style="list-style-type: none"> • First proprietary country sustainability model 	<ul style="list-style-type: none"> • Founding fixed income sustainability advisory board 	<ul style="list-style-type: none"> • Founding Responsible Investment Steering Group • UN PRI Signatory 	<ul style="list-style-type: none"> • Membership national sustainable investment forum
2018	2017	2016	2015	2014	2013
<ul style="list-style-type: none"> • External recognition – Luxflag label • Sustainable thematic strategies: food trends and NEWGEMS 	<ul style="list-style-type: none"> • ESG factsheets for all investment funds • Carbon footprint disclosure of sustainable portfolios 	<ul style="list-style-type: none"> • Launch indexed SRI series • Second independent research provider 	<ul style="list-style-type: none"> • ESG integration for EUR IG credit 	<ul style="list-style-type: none"> • Formalization ESG process in global equity • Engagement program • Best-efforts added to sustainable European equity strategy 	<ul style="list-style-type: none"> • Launch sustainable EM debt fund • ESG integration in research for European equities • First independent research equities • Voting policy

2. DPAMs Sustainability Policies and 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 of the 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 are selected for their appreciable contribution to solving the world's most social and environmental challenges. DPAMs objectives are threefold:

1. Maintaining our position as reference European actor regarding Responsible Investment (cfr. topic Active Ownership).
2. Integrating ESG aspects in clients value proposition and investment management strategies (cfr. results of our sustainable policies).
3. Having more than 25% of DPAM clients' Assets Under Management invested in sustainable strategies.

When looking at the Assets Under Management in specific sustainable strategies, DPAM registered an increase by more than 30% (market effects included) compared to last year.

	30.09.2016	31.12.2017	31.12.2018
	(In millions of EUR)		
Equities World Sustainable	375.9	416.91	494.11
Equities Europe Sustainable	32.07	25.39	104.92
L Bonds Government Sustainable	67.14	108.03	335.19
L Bonds Emerging Markets Sustainable	437	1 008.48	1 341.90
L Bonds EUR Quality Sustainable			922.38
Sustainable Food Trends (formerly Agrivalve)	65.86	56.18	59.01
NewGems Sustainable (formerly World)		33.7	141.06
EUR Quality Sustainable	868.31	886.84	
Indexed SRI EMU	58.26	59.69	49.04
Indexed SRI US	31.81	81.41	116.42
Indexed SRI World	46.42	84.86	102.92
Glob Balanced Conservative Sust. (ex-Degroof Ethical)	43.84	52.74	58.35
I.I. equities Europe SRI			19.32
I.I. Global Bonds SRI			12.35
Total	2 026.59	2 814.23	3 756.97

For additional information on the policies used by DPAM in terms of sustainability, we refer to the following documents:

- [Sustainable and responsible investment policy](#)
- [Controversial activities policy](#)
- [Engagement program](#)
- [The Eurosif Transparency code](#) (detailing the approaches and processes for each of the eight active specifically sustainable strategies)

3. Resources Allocated to Sustainability Practices and Offering

Along this learning curve of 17 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.

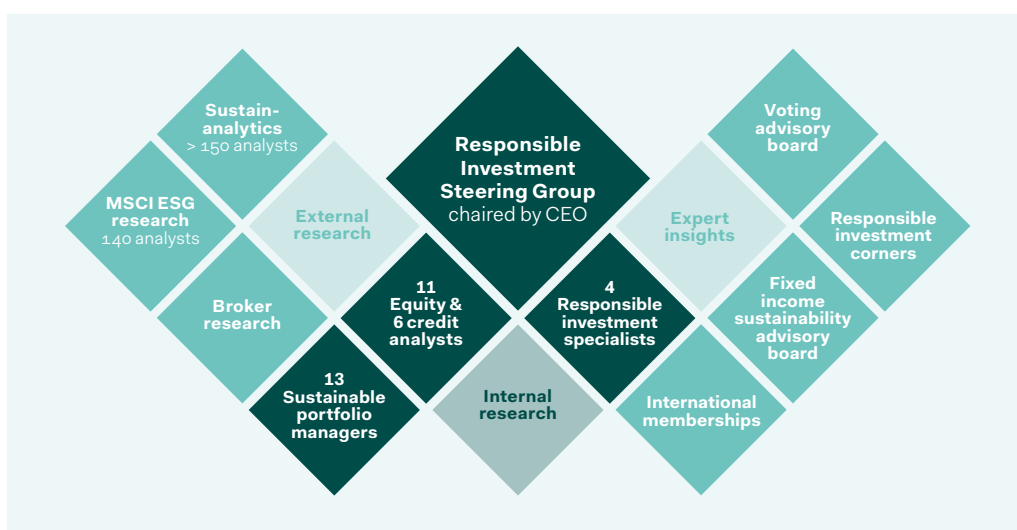
- External research is executed by worldwide leaders in terms of extra-financial rating, which is reflected in over 300 analysts who offer daily insights to the internal research teams of DPAM.
- Internal research is carried out by more than 28 professionals, with a core team of 4 responsible investment specialists (also known as the Responsible Investment Competence Center). These experts guide all initiatives, methodologies and projects related to ESG aspects of investment processes and work closely with the various areas of expertise: bond management, credit research, equity management and equity research.
- The Responsible Investment Steering Group (RISG), headed by the CEO of DPAM is the official advisory board regarding sustainable investments at Degroef Petercam level. The Voting Advisory Board determines the role of DPAM as active owner (additional information can be found in the topic active ownership).



“ Our sustainable objectives are threefold. First, maintaining our position as reference European actor regarding Responsible Investment. Second, integrating ESG aspects in clients value proposition and investment management strategies. Third, having more than 25% of DPAM clients Assets Under Management invested in sustainable strategies.

Ophélie Mortier - Responsible Investment Strategist

- The responsible investment corner consist of internal events on a quarterly basis at which an external expert presents ESG specific topics for Degroof Petercam staff members in order to raise awareness on ESG issues and engage staff members into making informed investment decisions.
- Fixed Income Sustainability Advisory Board (Fisab) is composed of 6 experts among whom 4 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.
- Finally, throughout our international membership and participation, we are able to be on the forefront of sustainability trends. Recent examples of our participation and membership are [FIR](#) in France, [Spainif](#) in Spain, [FNG](#) in Germany, [PRI](#) by the UN, [TCFD](#) supporter with an international scope, and many more.



4. Active Ownership

Active ownership is the second principle of the UN-backed PRI which DPAM has committed to since 2011. This principle consists in being active owners and incorporating ESG issues into the ownership policies and practices. DPAM adopted a voting policy in 2013 and set up a Voting Advisory Board to ensure its appropriateness and the right implementation through its holdings. DPAMs voting instructions are by default supportive of any environmental shareholder proposal to ensure high adoption of requirements for more climate-related financial disclosure and for climate strategy adoption by the company management.

In terms of corporate governance, the investment funds managed by DPAM have delegated the voting rights attached to their holdings to DPAM. The composition and roles of the Voting Advisory Board can be found in the voting policy of DPAM, which is publically available here.

Moreover, this board is responsible for updating and upgrading the voting policy to ensure its alignment with the latest regulatory changes and best practices in terms of corporate governance.

In 2018, we participated in a total of 538 general and extraordinary meetings for a total of 7 794 resolutions, statistics which are in line with last year. We made our voice heard in 465 companies, mainly in Europe and North America.

Voting activity reports of 2018 have been published on the website, detailing the activity in terms of participation, the geographical sector and market capitalization breakdown of the voting instructions given throughout the year. These reports confirm that the voting policy is:

- **Systematic:** the DPAM Management Board can testify that the voting process is well set up and that it is actively voting in the holdings held by its investment funds.
- **Consistent and coherent:** The Voting Advisory Board can check compliance with the guidelines and the voting policy and justification in case of deviation from this voting policy can be delivered to DPAM Management Board and to the board of directors of the investment funds.

5. Monitoring Process for the Sustainable Practices

In order to ensure the continuous application of DPAMs policies, a thorough monitoring process has been put into place, demonstrated by the figure below.

Eligible universe check	Business involvement screening	Controversy review	Brokers and data providers
<p>Updated quarterly</p> <ul style="list-style-type: none"> • Update of the investable universe and generation of a whitelist. • Distribution of the whitelist to the investment teams and fund administrators to screen the investments within the investable universe. • 4 screening criteria (in line with the sustainable strategy): <ol style="list-style-type: none"> 1. Norm-based screening 2. Controversies screening 3. Exclusions screening 4. Quantitative screening 	<p>Quarterly</p> <ul style="list-style-type: none"> • Analysis of any position involved in the adult entertainment, nuclear weapons, gambling and tobacco sector. • Exclusion of companies exceeding the threshold of maximum 10% of their revenues coming from these sectors. • Active dialogue with the extra-financial rating agencies and the companies with any involvement above 5% of their revenues. 	<p>Bi-weekly</p> <ul style="list-style-type: none"> • Monitoring and follow-up of any evolution of the controversies companies may face. • Thorough controversy review per sector on a yearly basis (for the companies with a controversy score of 4 or 5 according to the Sustainalytics of that year). 	<p>Continuously</p> <ul style="list-style-type: none"> • The members of the Responsible Investment Competence Center as well as the fund managers and buy-side analysts are subscribed to several daily broker and data provider newsletters concerning ESG topics. • When serious controversies are identified, internal decisions are made to either hold or sell the position.

Moreover, we publish quarterly ESG factsheets for any investment fund managed by DPAM to assess the level of compliance regarding the fundamental rights promoted by the UN Global Compact, the severity of controversies specific holdings may face, the level of ESG quality in the portfolio and its carbon footprint. Furthermore, quarterly sustainability reports explain the philosophy and comment any new position in our sustainable strategies as well as their ESG impact in terms of opportunities and risks, notably the carbon footprint and the ESG impact themes breakdown.

6. External Acknowledgement of Our Sustainable Offering

All our sustainable strategies are submitted to an annual internal and external audit. The 2018 audits confirmed that the holdings in our sustainable investment funds have been invested over the year according to the sustainable investment rules.



In 2018, the independent association [Luxflag](#) (Luxembourg Finance Labelling Agency) granted the ESG label to all DPAM sustainability strategies.



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

Finally, external companies like Morningstar screen investment funds according to their commitment and integration of ESG factors in an independent manner.

Degroof Petercam: Sustainable and Responsible Mandates, Philanthropic Advice and Impact Investing

1. 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.

We also play a pioneering role in offering our clients philanthropic advice. Created over 10 years ago, the Degroof Petercam Philanthropy department provides 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 collaborative philanthropic platform of the group, [Gingo Community](#), was able to redirect close to 500 000 euros to small-scale philanthropic projects. Our clients that wish to make small donations, can always give a financial backing to the qualitative projects proposed on the online platform.

2. Impact Investing

Impact Investing – Renewable Energy

Degroof Petercam is one of the pioneers in Belgium in impact investing. We launched a first green fund in renewable energy in 2008 and two additional green funds were launched in 2011 and 2015, respectively. These three funds deployed a combined capital of around 150 million euros, which in turn allowed to build and operate more than 750 million euros in renewable energy assets. Through these impact offerings, we enable our high-net-worth clients and institutional clients to invest in renewable energy technology (wind, biomass, hydro) located in France (predominantly), Spain and Belgium.

Impact Investing – Social Housing

In 2011, Inclusio was launched together with Degroof 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.

Impact Investing – Regenerative Economy

In February 2018, Degroof Petercam entered into a partnership with Quadia, a Swiss-based asset manager and European leader in impact investing. Since 2010, Quadia developed significant knowhow in impact evaluation and management through its direct investments and dedicated fund advisory mandates.

Within the framework of the partnership, Degroof Petercam acquired a minority equity stake in Quadia, while Quadia brings impact investing expertise to propose new investment opportunities to Degroof Petercam's private and institutional clients.

Degroof Petercam and Quadia are developing a diversified European closed-end impact investment fund to sustain the companies that move towards the regenerative economy. The regenerative economy provides a new framework for an economy that is restorative and regenerative by design, achieving innovation, autonomy, resilience and efficiency.



“ The regenerative economy provides a new framework for an economy that is restorative and regenerative by design, achieving innovation, autonomy, resilience and efficiency. Together with Quadia, a Swiss-based asset manager and European leader in impact investing, Degroof Petercam is developing new impact investing opportunities.

Catherine Champagne - Group Impact Investing Coordinator

Customer Privacy

Data privacy is a key element in today's digital world. Processing and protecting private information in accordance with our clients' expectations and legal constraints is not only a regulatory issue, it is also an ethical duty Degroof Petercam is committing to fulfill.

Degroof Petercam therefore developed a Data Privacy Policy detailing how personal data are managed. A Data Privacy Officer provides advice to the group on how to best ensure the appropriate implementation of the regulation. The Data Protection Officer is in charge of monitoring the regulation and developing controls in order to ensure the respect of the regulation. Degroof Petercam staff members have also been trained and tested to ensure their understanding of the regulation.

It should be noted that Degroof Petercam did not identify any substantial complaints related to privacy in 2018. Additional information on our policy on the protection of personal data or the protection of personal data of our staff members is publically available on a [dedicated section](#) on our website.



Topics Related to the Environment

In this section, we explore our organization's environmental impact. The goal is to evaluate where we stand regarding several indicators related to 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 after year. This section is only applicable for the group's activities in Belgium, as exact figures for the other countries are not available yet.

Energy and Emissions

In 2018, 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 and is a guarantee for measurable climate action. Based on the negative impact generated, we support several Gold Standard certified climate projects, in a partnership with CO₂logic. The Saving Trees climate project in Uganda (Africa) and Malawi (Africa) helps to stop deforestation. Next to the CO₂ offset, we continuously take actions to reduce our emissions:

- Renewable energy contracts aiming to achieve 100% renewable energy by 2020.
- The installation of video-conference equipment in all our regional offices, enabling both our staff members and our clients to avoid redundant travelling.
- [BREEAM](#) (Building Research Establishment Environmental Assessment Method) certification of one of our main buildings in Brussels.



Company vehicles are the second biggest source of emissions at Degroof Petercam, after the emissions related to electricity usage. Degroof Petercam's Mobility Plan offers staff members alternative mobility options along 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 on next page shows the increase in hybrid and electric vehicles (amount of cars by type) compared to the year before.

Number of cars in units (Belgian pool)

	2017	2018
Petrol	9	11
Diesel	591	604
Hybrid (petrol)	13	21
Electric	3	12
Total	616	648

As shown in the table below (average CO₂ emission g/km by type of car), the increase in hybrid and electric vehicles by our staff members was not translated in a decrease in the average CO₂ emissions. The increase that we noted is due to the different standards that are being used in defining the emission of fuel combusted cars (NEDC 2.0) which were applied in 2018. The use of these standards induce a higher emission for all fuel combusted cars.

Average CO₂ emission in g/km (Belgian pool)

	2017	2018
Petrol	131	132
Diesel	110	117
Hybrid (petrol)	50	50
Electric	0	0

* PAS 2060 (Publicly Available Specification): Specification for the demonstration of carbon neutrality

Effluents and Waste

This paragraph discusses some key effluents and waste that our organization emits (except for emissions, which has been covered previously) and the measures we take to reduce them. Waste management is crucial as it constitutes a significant portion of our environmental impact.

While we still need to define a comprehensive waste management strategy, we are currently already taking punctual actions to facilitate a more efficient and more sustainable waste management. Hereunder an overview of the actions that were undertaken in 2018:

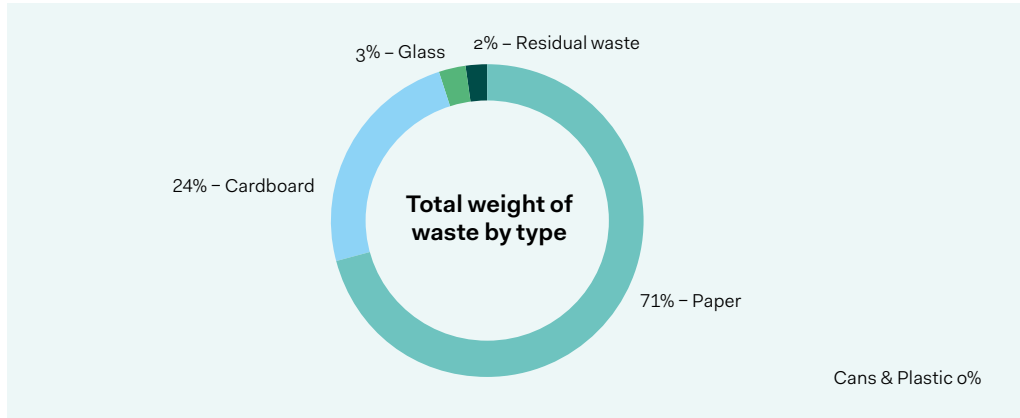
- The daily waste collection of confidential paper has been reduced to once a week by introducing steel containers instead of plastic bags. We try to implement the same principle of confidential paper shredding in our regional offices.
- Our waste disposal is managed in a more environmental friendly way in collaboration with our main waste removal supplier MCA. 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.
- Used batteries are fully recycled.
- Plastic spoons at the coffee corners were replaced by wooden spoons.
- Cleaning services use ecological friendly cleaning products whenever possible or with the least abrasive substances.
- The company restaurant in our Brussels head office launched the 'Veggie Thursday' and introduced the use of seasonal vegetables.



“ Instead of a ‘car policy’, Degroof Petercam offers a ‘mobility policy’. This offers staff members alternative mobility options along their company car, such as public transport passes, (electric) bikes, electric steps, temporary cars, etc. We are pleased to see that the number of electric cars among our staff members have quadrupled.

Nico Bécu – Group Head of Facilities Management

The figure below provides the different type of waste generated by the Brussels' office in 2018. These data are only applicable for the waste treated by our supplier MCA.



Based on the table below, the total environmental costs, the total energy and the greenhouse effect for the waste generated by the Brussels' office in 2018 are drastically lower than the figures in 2017.

2018

	Greenhouse effect (kg of CO2 equivalents)	Total energy (MJ)	Total environmental costs (EURO envi)
Plastic	611	6 953	262
Cans	869	12 860	2 408
PMD	N/A	N/A	N/A
Paper	1 475	129 100	(5 637)
Cardboard	1 657	301 172	(296)
Mixed waste	N/A	N/A	N/A
Glass	783	7 656	478
Toners	56	359	19
Neon lamps	4	106	194
Organic waste	N/A	N/A	N/A
Total 2018	5 454	458 206	(2 572)
Total 2017	9 917	722 089	(3 648)

Supplier Environmental Assessment

Degroof Petercam introduced its first Procurement Policy in 2018, which describes the group's procurement principles. 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 in 2018. 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.



Topics Related to People and Society

The topics below all relate to people, ranging from our staff members 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.

Degroof Petercam Foundation Tomorrow's Employment Solutions

The Degroef Petercam Foundation (hereinafter the "Foundation" or "DPF") celebrated its 10th anniversary in 2018 and is now one of Belgium's top 10 largest foundations. Its mission is to support the job creators of tomorrow on their road to growth. The Foundation identifies solutions that create future jobs, invests in the creators of these solutions and supports them by providing them with the resources and networks necessary for their success.

We support the **makers** of tomorrow's **employment solutions** on their path of **scale**.

Support	Makers	Solutions	Scale
<ul style="list-style-type: none"> • DPF provides makers with a mix of financial and non-financial support services. • Support services are defined based on individual support needs, extend over a sustained period of time, and are partially provided by BDP employees. 	<ul style="list-style-type: none"> • DPF works with incubators, 'architects', or creators of new employment solutions. • Beneficiaries can be pioneers inside large institutions, or (social) entrepreneurs who independently bring these solutions to the market. 	<ul style="list-style-type: none"> • DPF supports innovative programs and services with significant impact potential. • Solutions are selected for their ability to help unemployed and/or 'underemployed' citizens land the jobs that fit their path and potential. 	<ul style="list-style-type: none"> • Despite a focus on innovative solutions, DPF seeks out those models that are ready to scale. • As part of its selection process, makers are asked to prove the effectiveness of their solution as well as their organizational capacity to achieve scale.

The Foundation has defined several objectives to be achieved by 2023. The achievement of these objectives would consist in having:

- Committed 5 million euros in aid
- Contributed to the creation of 3 000 jobs
- Engaged 30% of Degroof Petercam's staff members and clients in the activities of the Foundation

The Foundation in Action

Every year, the Foundation selects one new project that receives a 1 million euros grant and will be supported for 5 years. Next to the financial support, the project will also receive non-financial support and access to the network of the group. At the time of writing, the selection process for the laureate of 2019 was just finished.

The assets of the Foundation are managed by Degroof Petercam. In essence, the Foundation has a societal impact, which means that it must address this theme in all its dimensions, including its assets and investments. The investments of the Foundation are now for 95% invested in Sustainable and Responsible Investments (SRI).

In this respect, the Foundation invests through direct lines of action or via funds with the Sustainable and Responsible Investment (SRI) label. It has a very good offering within Degroof Petercam via DPAMs range of SRI funds, but also makes use of third-party funds. Next to SRI, the Foundation also invests in impact investing and in mission-related investment, such as two Social Impact Bonds.

Occupational Health and Safety

Degroof Petercam wants to create a safe and healthy work environment for its staff members and is engaged to improve the wellbeing of its staff members further with several programs. The group goes beyond its mere obligation by ensuring compliance with the social legislations and sector rules that apply in the field matter. Degroof Petercam informs and consults its staff members' representatives on a regular basis and is in continuous search for improvement.

In this context, Degroof Petercam has developed numerous initiatives to ensure a safe and healthy work environment, where staff members love to work. Major initiatives undertaken in 2018:

- **Regular and professional reporting to the CPPT:** Degroof Petercam organizes monthly meetings with the staff members' representatives in the CPPT (Comité pour la Prévention et la Protection au Travail). The committee's main goal is to identify and define all necessary measures and propose improvements related to the general wellbeing of staff members at work. This committee has been further professionalized during 2018, installing regular reporting on accidents at work, safety exercises and trainings, quarterly visits of the company doctor, the yearly flue vaccination, control visits of our offices, etc. Based on their reports, a yearly global action plan is set up.
- **Internal prevention advisor:** Degroof Petercam has taken the opportunity to convert the role of the internal prevention advisor to a full time in-house role with clearly defined tasks and responsibilities. In addition, the internal prevention advisor is supported by the expertise of an external prevention advisor specialized in offering support with respect to psychosocial risks for staff members.
- **Measures to prevent stress and burn out:** Different measures have been developed to make staff members and/or management aware of problematic symptoms in order to prevent increased stress situations and burn out. Different trainings on the matter have been provided with tips and tricks for identification and prevention. Moreover, leadership trainings offered to team managers envisages better communication and people management skills. Individual coaching with external specialists is offered to certain staff members for prevention. The table hereunder provides an overview of the type of trainings provided on Health & Safety¹.

¹ These numbers are only representative for Belgium.



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The Foundation has defined 3 main objectives to be achieved by 2023. The achievement of these objectives would consist in having committed 5 million euros in aid, having contributed to the creation of 3 000 jobs and having engaged 30% of Degroof Petercam’s staff members and clients in the activities of the Foundation.

Silvia Steisel – Head of Philanthropy

Type of training on health & safety	Amount of participants	Length of training (h)
Energy management	24	3
Annual study day	2	6
Mindfulness (Resilient Mind)	23	2
Prevention of stress/burnout	1	4
Psychosocial risks and reintegration	1	5
Company first aid	4	5
Company first aid (recyclage)	3	4
Stress Management	26	4
Stress/Burn out	2	4
Grand Total	86	

- New policy for the reintegration of long-term absentees due to illness:** The group developed a new policy allowing staff members that return to work after a long-term illness to reintegrate in an adapted and gradual manner. Moreover, staff members whose illness has been related to stress at work, can request a free coaching offered by our insurance company in cooperation with the [Centre for Resilience](#) in view of a work reintegration.
- Access to non-occupational medical services:** In line with last year, staff members receive free yearly flu vaccinations on a voluntary basis. Moreover, the required yearly legal medical checks for certain types of work are offered. For staff members above 35 years a bi-yearly medical check by Medicis is offered on a voluntary basis.

The abovementioned initiatives appear to be effective when looking at the overall degree of absenteeism of 2.92% in 2018, well below sector level and stable compared to the degree of 2017. Nonetheless, 2018 was marked with 17 work-related injuries. Also, no mortal accidents on the work floor have been reported in 2018.

Training and Education

“ Our ‘Summer Academy’ program has been set up again, offering a total of 1 350 courses to 500 staff members. On top of that, our colleagues have access to other talent development programs, such as Leadershift & Next generation, e-learning, technical programs and business certifications.

Jean-Marc Verbist – Group Chief HR Officer

Average yearly training hours per staff member¹: 22.62 hours

In addition to providing its staff members with a competitive compensation, Degroef 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 Degroef Petercam, but also on topics specific to each expertise and each profession.

¹ For the staff members in the offices in Belgium, France and Luxembourg.

Our training efforts focus in particular on regulation, communication, languages, IT tools (especially digital technologies), as well as team management in a context of change. A particular effort has been made on this point, which explains the higher number of hours of training for managers and executives. In 2018, a training effort was made again to integrate new staff members, both at local and at group level.

Emphasis was also placed on aligning the executive committee and strengthening the team coaching management skills of all group leaders. A 4-day training program reached 240 team leaders in the group within 15 months (Q4 2017 - Q4 2018) and supported the transition from expert leader to coach leader. This program has distinguished itself by its innovative nature, combining a bottom-up approach to identify areas for improvement, the strengthening of cross-functionality in group composition and the implementation of peer coaching, and finally, a network of ambassadors for this approach (elected by their peers) who are responsible for linking the program to other initiatives in terms of corporate culture and strategy. Members of the executive committee also participated in the program, as did all other leaders.

Furthermore, a series of e-learning courses on money laundering and GDPR (General Data Protection Regulation) were launched in the group in 2018. We will continue this effort on these themes and new topics in risk management and compliance in 2019.

Finally, it can be noted that our **'Summer Academy'** program has been set up again, covering four weeks of training with free access to all staff members around four chosen themes. This year, the Summer Academy was also made accessible to colleagues from France and Luxembourg (through a reduced local program).

Employment, Diversity and Equal Opportunity

Our Staff Members Are at the Heart of Our Business

As mentioned above, 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.

In 2018, a telework program was rolled out across all entities in Belgium. More than 85% of staff members can now work one day a week from home or in one of our regional offices. A similar program will also be rolled out in France in 2019.

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

Degroof Petercam bases its staff member management on social and sectoral 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, 2018, Degroof Petercam offered quality jobs to more than 1 400 staff members in Belgium, Luxembourg and France, in positions as diverse as private banker, financial analyst, asset manager or administrative staff.

	2017				2018			
	BE	LU	FR	Group	BE	LU	FR	Group
%♀/country	40%	42%	41%	41%	40%	41%	41%	40%
%♂/country	60%	58%	59%	59%	60%	59%	59%	60%

Satisfaction of Our Staff Members

In 2018 (as in 2017), 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. In 2018, 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.

The survey results showed clear progress in terms of commitment, in particular when it comes to pride of belonging: 84% of staff members are proud to work for Degroof Petercam and 91% say they work beyond expectations to contribute to the group's success. Among our strengths, 85% of staff members consider Degroof Petercam to be a particularly client-centric organization. 75% of them highly appreciate the proximity of the management. There was also a significant improvement in two of the themes chosen in 2018: 9 points of progress on understanding the strategy and 8 points of progress on staff member training and development. However, further progress is needed to develop commitment beyond the average of national and sectoral reference standards. Degroof Petercam's management will engage in new improvement projects in 2019.

Demographics of Our Staff Members

The percentage of women in Degroof Petercam Belgium, France and Luxembourg is 40%, a slight decline compared to 2017 (41%) with little difference between countries. Within the executive population, the proportion of women is 33%, 59% among staff members and 19% in management roles. There are no significant changes in this distribution compared to 2017.

	2018				Group 2017			
	Spread of ♀	Group of ♂	% ♀	% ♂	Spread of ♀	Spread of ♂	Group % ♀	Group % ♂
Staff	49%	23%	59%	41%	49%	24%	59%	41%
Management & professionals	47%	65%	33%	67%	45%	62%	33%	67%
Senior management	4%	12%	19%	81%	6%	14%	20%	80%

In terms of age distribution, the lowest proportion is found among the youngest staff members (under 30 years of age), with 34%, which is slightly lower than in 2017.

Staff member's demographics	Group 2018					Group 2017				
	♀	♂	Grand Total	% ♀	% ♂	♀	♂	Grand Total	Group % ♀	Group % ♂
<30	7%	10%	9%	34%	66%	7%	8%	7%	36%	64%
30-49	58%	60%	59%	40%	60%	59%	60%	60%	40%	60%
50+	35%	30%	32%	43%	57%	34%	32%	33%	43%	57%

In 2018, Degroof Petercam experienced growth in its employment volume, particularly in Belgium and Luxembourg. The decline in France was mainly due to a lag between departures and recruitments. In 2018, there was a stagnation in the average age.

Social Engagement of Our Staff Members

2018 was the year in which several staff member engagement programs were launched and the existing programs were extended.

Three different action plans are proposed to staff members willing to have a social impact:

First, 340 colleagues were engaged in the **Solidarity Days** organized by Degroof Petercam. 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 2018 a total of 2 400 hours were invested and 27 associations received help. Moreover, we were able to extend the Solidarity Days program to our colleagues in Luxembourg. As a response to its success, the Solidarity Days will be expanded from two days to one week in 2019.

Second, we launched a pilot program on **skills-based sponsorship** whereby staff members are able to donate two hours per month of their working time and skills to associations or people in need. Ten colleagues participated to the pilot in Belgium. The program will be open to colleagues in Belgium, France and Luxembourg as from January 2019.

These programs were set out to reach our objective of devoting a budget of 1 day per staff members per year to volunteering by 2022. The figures of 2018 paint a positive picture in reaching this objective.

Third, the **micro-donation program** has been launched, where we encourage our staff members 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 2018 we launched the program in Luxembourg, where 31 staff members participated and collected a total of 8 000 euros after being doubled by Degroof Petercam. The project has been launched in Belgium in the beginning of 2019.

Supplier Social Assessment

As mentioned in the topic on supplier environmental assessment, 2018 was the year in which Degroof Petercam launched its first Group Procurement Policy. Next to the environmental criteria, it should be noted that the 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 Labour Organization Convention 138
- United Nation's Convention on the Rights of the Child
- In 2019, we will assess our current mechanisms to further enforce the abovementioned provisions with all our suppliers.



Topics Related to Our Governance

As a substantial financial institution, a 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.

Socioeconomic Compliance

As is the case every year, the ECB, NBB and FSMA in 2018 carried out 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. Pursuant to these audits Bank Degroof Petercam proceeded to improve and render certain of its internal rules and procedures in compliance with the applicable legal framework, an assignment that it has been carrying out in accordance with the requests of the competent regulators. As at the date of this report, the possible regulatory and financial impacts that may result from any actions the regulator may decide to take cannot be determined.

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 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.

The Compliance Department, dedicated to the prevention and detection of money laundering, has seven full-time staff members, which is a significant increase compared to last year. Detecting corruption is one aspect of their work. Moreover, Degroof Petercam Asset Management nv/sa (DPAM), the group entity in charge of fund management, dedicates a team of two FTEs to this task.

In order to control the origins of our financial flows, systems are in place to identify, report and prevent movements of money from criminal activities. 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 the Degroof Petercam has a suspicion of money laundering related to these criminal activities, it must report it to the Financial Information Processing Unit (CFI)20.

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