

Imagine Tomorrow since 1871

2020 Annual Report

15^{YEARS}
∞

% Degroof
Petercam
Imagine Tomorrow since 1871

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I

Message to shareholders



Bruno Colmant, CEO

A conversation with our CEO,
Bruno Colmant

“The considerable efforts made by our employees and the remarkable collective intelligence they have developed contributed to another year of progress.”

On the eve of Degroof Petercam's 150th anniversary, what does the past year mean to you?

2020 will be remembered as a historic year. As far as Degroof Petercam is concerned, the pandemic was not a moment of resignation but of resilience. And of determination to fulfill the mission entrusted to us as well as to remain faithful to our purpose: to create responsible prosperity for all, by opening doors to opportunities and accompanying our clients with expertise.

Degroof Petercam is a stable and solid company. How has the group dealt with the health crisis?

Surprisingly, COVID-19 has turned out to be a successful stress test for the group. A financially solid group with solvency and liquidity ratios well above

prudential requirements, but also largely immune to credit risk. Our financial strength remains one of the most robust in Europe, with a consolidated solvency ratio of 21.2% as at 31 December 2020, well above the minimum ratios imposed by the regulator. The balance sheet total now stands at 8.8 billion euros, of which more than 4 billion euros are highly liquid assets.

As a result, we continue to enjoy an excellent level of capitalization, resulting, as in the past, from a conservative policy in the management of our group and its component businesses.

This crisis has also been an operational test. We were prepared. It has allowed us to reinvent ourselves in order to maintain our privileged relationship with our clients, employees and other stakeholders.

Your unique business model combining niche and diversified investment services has enabled you to outperform. Can you tell us how the business performed in 2020?

As at 31 December 2020, our total client assets amounted to 75 billion euros, compared to 74.7 billion euros a year earlier.

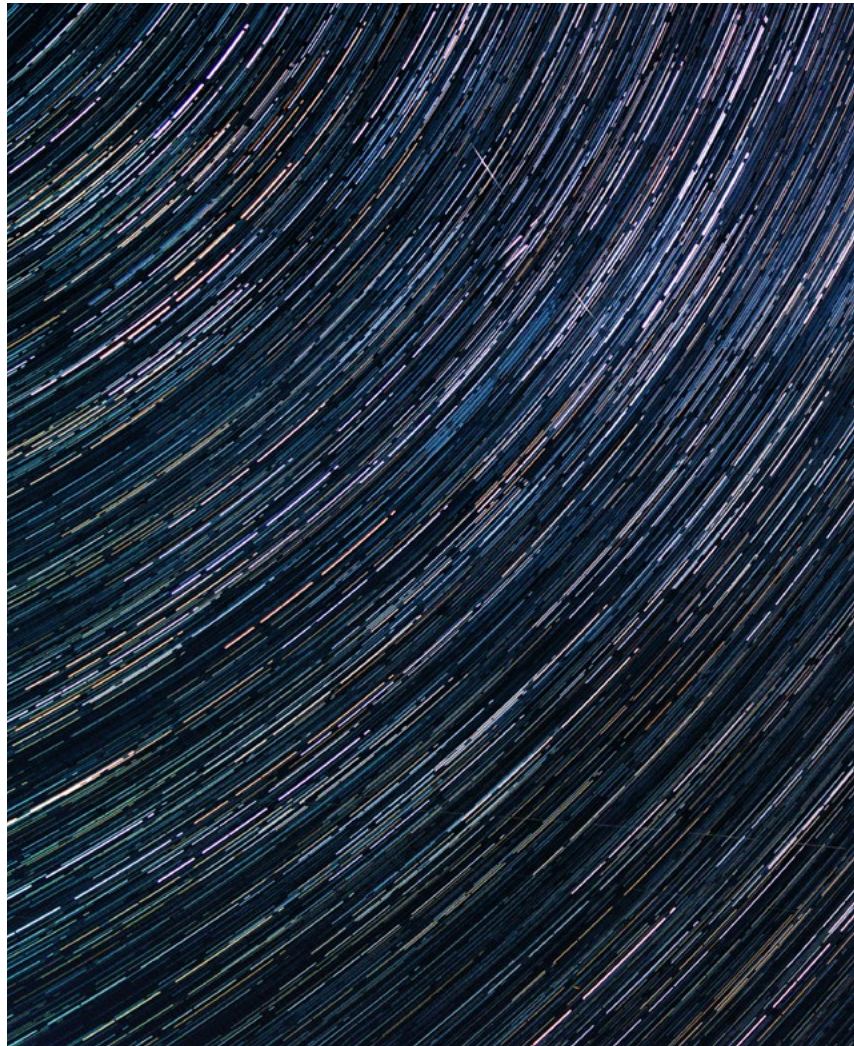
Private Banking saw a decline in assets under management to 35.9 billion euros following the sale of our Spanish subsidiary and an effort to meet regulatory requirements. There will be a rebound in 2021, as our multiple business and IT initiatives will gradually generate tangible results.

The Degroof Petercam Asset Management (DPAM) entity dedicated to the management of institutional funds and mandates and the distribution of in-house funds recorded a record level of net asset inflows (up to 2.5 billion euros). DPAM's international expansion strategy continues to bear fruit, with 88% of net capital inflows now coming from abroad. Institutional asset management (DPAM and private client investments in funds managed by the Group) saw gross assets under management increase from 53.8 billion euros to 58.1 billion euros at the end of 2020.

Our Asset Servicing activity based in Luxembourg continues to show good growth, with a record 51.7 billion euros under custody or administration, thus confirming its position as a major player in this market.

After a downturn in M&A, capital markets and research and advisory assignments in the first half of the year due to the pandemic, our investment banking business rebounded remarkably in the second half of the year, with a total of over 50 mandates during the year. This advisory activity, combined with the high volatility of the financial markets, which benefited our trading room, enabled our investment banking business to post a record performance.

“This crisis has also been an operational test. We were prepared. It has allowed us to reinvent ourselves in order to maintain our privileged relationship with our clients, employees and other stakeholders.”



In a context of falling interest rates, how is the group's profitability developing?

On 31 December 2020, our gross operating income stabilized at 83.0 million euros, compared to 84.4 million euros a year earlier. After taxes and exceptional items, the consolidated net income showed a profit of 40.0 million euros, compared to 20.2 million in 2019.

This significant increase in consolidated net income is explained not only by the exceptional items recognized in 2019, in particular following the sale of our subsidiary in Spain, but also by the increase in net commission income, as well as by a significantly lower tax expense in 2020.

How do you see the future?

Despite the positive signs we are seeing, we remain realistic. Even with large-scale vaccination, 2021 will be challenging, both socially and economically. Interest rates are likely to remain at historic lows, although sporadic bouts of inflation cannot be ruled out.

What are your strategic priorities for 2021?

We will remain focused on implementing our strategic plans, simplifying our governance and structure, business development and digitalization. Internationally, following the completion of the sale of our Spanish subsidiary, we continue to simplify our operations in France. In Belgium, we are strengthening our presence with the opening of new branches for Private Banking. We are moving forward with plans to modernize our infrastructure, including the development of a new IT platform.



“We will remain focused on implementing our strategic plans, simplifying our governance and structure, business development and digitalization.”

“We create responsible prosperity for all, by opening doors to opportunities and accompanying our clients with expertise.”



What progress was made in strengthening internal controls in 2020?

The efforts begun last year continue, and significant progress has been made. This should enable the project to be completed by the end of the year. We also continue to strengthen our internal control procedures and reinforce our control culture.

The considerable efforts made by our employees and the remarkable collective intelligence they have developed contributed to another year of progress. Despite the difficulties encountered during this unprecedented health crisis, their commitment has not wavered. I am extremely proud of and grateful for the commitment of all our teams.

This year you are celebrating the 150th anniversary of what is now the Degroof Petercam Group. What is the secret of the company's longevity? How do you plan to celebrate this milestone?

In celebrating our 150th anniversary, I would like to pay tribute to those who have preceded us and who worked to build this company, one of the oldest and most distinguished institutions in Europe. At the same time, this anniversary also serves as the launch pad for a group that is strongly oriented towards the future.

We are taking advantage of our historic anniversary to reflect on our purpose for the next 150 years. We create responsible prosperity for all, by opening doors to opportunities and accompanying our clients with expertise.

What does your reference to 'responsible prosperity for all' mean?

Combining expertise, responsibility and openness means ensuring that all our actions are ethical and that we contribute to the sustainable development of our economies and societies.

In our business, we do not look for quick gains by speculating on the markets. We seek fair and sustainable performance.

Our strong social commitment is also reflected in the initiatives of the Degroof Petercam Foundation, as well as in our growing commitment to sustainability. The share of sustainable investment

within DPAM's institutional asset management business has more than doubled in one year to a net amount of 14.9 billion euros compared to last year. In Private Banking, the sustainable strategy is also gaining acceptance among our clients, with assets under management now exceeding one billion euros.

With our core values and the full confidence and support of our shareholders and board of directors, we continue to ensure our future development. I would like to take this opportunity to express my deep appreciation to them.

With the departure of Mr. Ludwig Criel, whose term of office as chairman and director came to an end in 2021, I wanted to express once again our deepest gratitude for his contribution to and leadership of our organization.

We look forward to welcoming Mr. Gilles Samyn as our new chairman and benefiting from his extensive professional experience and impressive track record.

Finally, because without them none of this would have been possible, I would like to finish by thanking our clients for the trust they have continued to place in us, generation after generation, for...150 years.

Bruno Colmant
CEO Degroof Petercam

“I am deeply honored to be appointed Chairman of the Board of Directors of Degroof Petercam.”



In January 2021, the board of directors of Degroof Petercam appointed Gilles Samyn as chairman. He succeeds Ludwig Criel, whose term of office as chairman and director came to an end in 2021.

Gilles Samyn is an accomplished businessman and an experienced administrator. He holds a degree in business administration from the Université Libre de Bruxelles (ULB) - Solvay Business School, where he also held academic and scholarly positions from 1969 to 2016. He joined Groupe Bruxelles Lambert in 1974, where he held several different positions in finance until 1982. In 1983, after a year of independent entrepreneurship, he joined the Frère Bourgeois Group and the Compagnie Nationale à Portefeuille, where he served as managing director

until May 2019. He currently holds several non-executive directorships.

Gilles Samyn: “I am deeply honored to be appointed chairman of the Board of Directors of Degroof Petercam. Degroof Petercam's rich history, built up over the last 150 years, makes it one of the most renowned financial institutions in Belgium. I look forward to working closely with my fellow board members and the CEO to ensure the company's independent growth and leadership in its business activities.”

II

Key Figures

Net income

in million EUR

469.2

2019: 480.6

Gross operating profit

in million EUR

83.0

2019: 84.4

Consolidated net profit

in million EUR

40.0

2019: 20.2

Total client assets

in billion EUR

	2020		2019 ¹	
	Gross	Net ²	Gross	Net ²
Assets under management ³	60.8	60.8	60.0	60.0
Assets under administration ⁴	51.7	8.4	40.5	8.5
Assets under custody ⁵	98.4	5.8	89.3	6.2
Total client assets		75.0		74.7

1 The 2019 figures have been restated to reflect the sale of the Spanish subsidiary and to allow comparison with the 2020 figures which exclude the Spanish subsidiary.

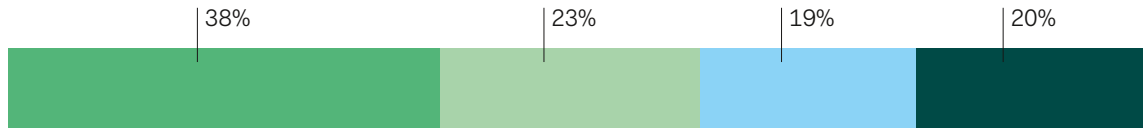
2 Excluding double counting.

3 Management and credit services.

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

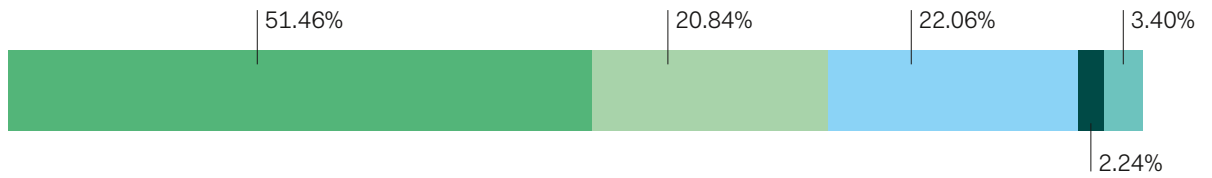
5 Custody services, including recording, holding and custody through securities and cash accounts.

Breakdown of operating income



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

Capital structure at 31.12.2020



Total number of shares: 10,842,209

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

*Family and reference shareholders.

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

Petercam Invest: Peterbroeck and Van Campenhout families.

Board of directors

Chairman of the board of directors

Ludwig Criel^{1/2}

**Managing director /
chairman of the executive committee**

Bruno Colmant

**Directors - members of the
executive committee**

Nathalie Basyn

Gautier Bataille de Longprey

Gilles Firmin

François Wohrer

Directors

Yvan De Cock¹

Miguel del Marmol

Jean-Baptiste Douville de Franssu

Jean-Marie Laurent Josi

Véronique Peterbroeck

Jacques-Martin Philippson

Kathleen (Cassy) Ramsey¹

Frank van Bellingen

Guido Vanherpe¹

Gaëtan Waucquez³

¹ Independent Director.

² Ludwig Criel was replaced by Gilles Samyn on 21 January 2021.

³ Gaëtan Waucquez was appointed director at the general meeting of 26 May 2020 with an effective date of 13 January 2021.

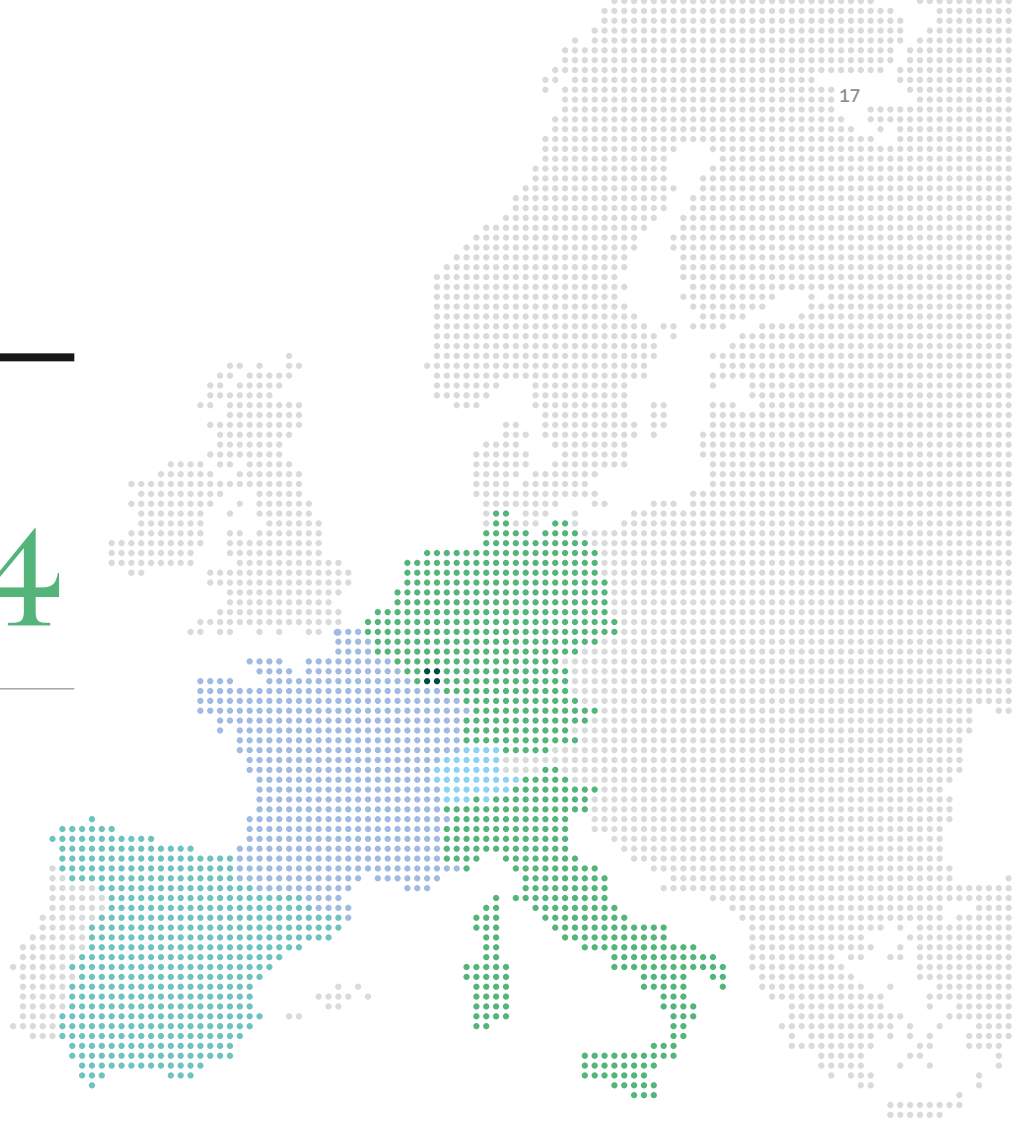


Staff count

in FTE

1,404

2019: 1,422



Breakdown by country of staff count

in FTE

	31.12.2020	31.12.2019
● Belgium*	911	887
● Luxembourg	368	357
● France	101	100
● Spain	—	57
● Switzerland	24	21

* Including branches in Germany, Italy, the Netherlands and Spain.

III

Highlights

Private banking

Our Private Banking activity consists of acting as a steward of all assets, for families as well as for corporate executives, pensioners and family business owners, but also for the non-profit sector. Our service model combines the experience of seasoned professionals with constantly evolving technology to meet six major challenges: making our clients' private or professional assets grow, protecting them from unforeseen events, financing their projects, diversifying their investments, giving them a societal and philanthropic dimension, and finally, when the time comes, ensuring their optimal transfer.

A multidisciplinary team accompanies our clients in the overall management of their assets on the long term. Our clients can therefore count on specialized services such as legal and inheritance structuring advice, credits, private equity investment as well as art advisory and philanthropy services. Our Private Banking activity is present in Belgium, Luxembourg, France and Switzerland.

35.9 billion euros managed for private clients (gross).

Continued improvement of the client documentation process and of the internal control framework.

Client service at heart with:

- The streamlining of the offering to better respond to the needs of our clients;
- The opening of new offices in Uccle and Woluwé-St-Pierre to improve client proximity;
- The organization of informative, educational and interactive webinar sessions with participation of several thousands of clients and prospects;
- The modernization of IT infrastructure.

Solid returns of investment portfolios and 30-year anniversary of patrimonial strategy.

Innovative services contributing to the development:

- Private equity projects, including the Inclusio project providing high-quality housing to the vulnerable populations;
- Sustainable investments, including new strategy exceeding the one billion euros assets under management milestone;
- Family office service dedicated to large families with complex assets;
- Dedicated solutions for FBO (Family Business Owners), combining Private Banking and Corporate Finance.

Strong social responsible commitment via the Degroof Petercam Foundation and Gingo community.

Credits

The Credit activity, including Structured Finance, allows us to accompany our clients in their projects, whether it be in real estate (in Belgium or abroad), investments in securities (such as private equity), or the financing of a donation, etc.

Besides these loans, Degroof Petercam also grants loans to entrepreneurs and company managers to finance operations such as stock option plans or a management buy-out. These loans are generally of the Lombard type, i.e. the main guarantee for these loans is constituted by a pledge on the client's securities portfolio managed by the Bank.

Slight reduction in the net volume of the credit portfolio compared to 2019 to 2.04 billion euros in-line with general economic slowdown.

No loss nor provisions booked on credit portfolio.

Continued strong dynamics in loan activity in Belgium, Luxembourg and France.

The commercial focus was carried on Lombard loans granted to customers in Belgium, Luxembourg and France as an alternative to standard mortgage loans.

Average credit margin maintained almost unchanged compared to last year, despite competitive credit environment.

Degroof Petercam Asset Management

Our Asset Management business consists of managing investment funds and discretionary mandates and providing specialized solutions for institutional clients and various distribution partners. DPAM's institutional clients include pension funds, foundations, insurance companies and non-profit organizations.

DPAM is an active asset manager and a sustainable investor, which integrates ESG factors across all asset classes and themes. In-house research is at the heart of DPAM's management, relying on several teams of fundamental and quantitative research analysts.

A true active owner and pioneer in sustainable and responsible investing since 2001, 50% of the funds managed by DPAM are now certified sustainable. DPAM has direct presence in Belgium, France, Spain, The Netherlands, Germany, Italy, Switzerland and Luxembourg.

Record growth with assets under management (gross) rising 10% to reach 43.3 billion euros with net capital inflow of 2.5 billion euros. Significant inflows in multi-thematic equity and emerging market debt strategies.

Sustainable assets under management (gross) more than doubled, ballooning from 7.2 billion euros to 15.3 billion euros.

Continued international expansion, with 88% of the growth stemming from outside Belgium.

Launch of new sustainable strategies: two focused on multi-thematic equities in Euroland and Asia Pacific, and one focused on convertible bonds worldwide.

Numerous of international awards rewarding quality of the management and investment performances:

- GRUPPO 24 ORE in Italy: 'Premio Alto Rendimento: Best Foreign Asset';
- QUANTALYS in France: 'Best regional Asset Manager: Equity';
- SCOPE ANALYSIS AG in Germany, Austria: 'Scope Award 2020: Best Asset Manager Fixed Income'.

Asset Services


Based in Luxembourg, our Degroof Petercam Asset Services (DPAS) division offers a comprehensive and scalable range of solutions from structuring to reporting on investment funds. These solutions are aimed at investment managers, distributors and other initiators of public or specialized investment funds. DPAS focuses on the creation and management of investment vehicles and offers fund administration, transfer agent, custodian bank (via Banque Degroof Petercam Luxembourg) and management company services.

Record high of 51.7 billion euros of assets under administration and/or in custody (gross) reached.

Creation of seven new investment funds in listed financial assets for external promoters for a total amount of 235 million euros.

Migration to the Asset Services fund administration platform of two Belgian mutual funds managed and distributed by Degroof Petercam Asset Management totaling 11.5 billion euros.

Administration of seven new private equity investment vehicles with total commitments from investors amounting to 357 million euros.



Investment Banking

Our Investment Banking activities offer a unique combination of advisory and capital markets services to assist entrepreneurs, companies and investors.

Investment Banking focuses on M&A transactions and financial engineering with the issuance of equity and debt securities for both private and listed companies. In terms of capital markets activity and intermediation (brokerage), we have one of the largest internal research teams in the Benelux. Thanks to its dealing room and its own trading room, Degroof Petercam is a key player in the field of specialized execution services for all listed and unlisted financial products, such as bonds, structured products, derivatives, customized risk hedging solutions, etc. Numerous corporate services, such as financial services, stock option plans, market making for listed companies, treasury or foreign exchange, are also offered by our intermediation services.

56 mandates in mergers & acquisitions, capital markets transactions and advisory, for a total of 5.6 billion euros, confirming Degroof Petercam's leading position in investment banking services for mid-size companies.

11 debt capital market transactions including the private placements for Elia, Cofinimmo, Retail Estates and FFP (family holding of the Peugeot family), confirming number two position in Europe for private placements according to Private Placements Monitor.

39 M&A and advisory mandates of which 16 in Belgium, 21 in France and 2 in Spain, for a total of 2.7 billion euros.

A role of board adviser for the take-over bids on Sioen, Zenitel and Orange Belgium.

Six equity capital market transactions, mainly in the Healthcare and Real Estate sectors, with the IPOs of Nyxoah, Unifiedpost and Inclusio on Euronext Brussels and the capital increases of Aedifica, Acacia Pharma and OSE Immunotherapeutics.

A record increase of the dealing desk business in all major asset classes worldwide despite lockdown measures and high volatility times.

A nice revenue growth of stock options & incentive plans activities, serving over 50,000 beneficiaries and the confirmation of our market positioning in derivatives services and a strong offering of hedging solutions for private clients and top executives.

The expansion of sell-side research to French and German companies in Healthcare and Real Estate sectors.

The best ever Forex Volume (Spot, Forward & Swap) for a notional amount of more than 100 billion euros in 61 different currencies.

The distribution of more than 50 detailed research reports and the publication of the annual Company Handbook.

The organization of more than 2,800 investor meetings and Extel recognition with 'Best Corporate Access' Award for successful virtual company roadshows and conferences in Benelux region.

Responsible Investment

Sustainable & Responsible Investment has been one of our guiding principle in our investment process for more than 20 years already. This conviction pushes us to continually invest in resources and research. As early as 2001, DPAM made the choice to develop and offer sustainable and responsible investment strategies. We believe that every investment decision has an impact, which means that we have a responsibility as investors to carefully consider the significance of our actions.

20 years anniversary since the launch of the first sustainable investment strategy.

More than doubling of gross assets into DPAM SRI funds with more than 15 billion euros invested in sustainable strategies, across various asset classes.

Focus on climate:

- Member of the collective engagement initiatives 'Responsible outsourcing of cobalt', 'FAIRR';
- 'Investor Alliance for Human Rights' and the 'Finance for Biodiversity Pledge';
- Signatory of the Investor Charter 'Investor statement on deforestation and forest fires in the Amazon' via the UN backed Principles of Responsible Investment (PRI);
- Implementation of the recommendations from the Taskforce on Climate-related Financial Disclosures (TCFD).

Active shareholder responsibility through:

- Voting Advisory Board which participated in 688 general meetings of shareholders and voted on 9,571 resolutions;
- Sending of 101 commitment letters to companies to incentive them for better corporate governance.

Further international recognition:

- ETICA NEWS in Italy: 'SRI Awards 2020: Best SRI Asset Manager';
- CITYWIRE / H&K RESPONSIBLE INVESTMENT BRAND INDEX 2020 in Europe 'Top 10 Asset Managers truly committed to ESG' 4th place – Avant-gardist;
- UNITED NATIONS - PRI: A+ rating for the 4th year in a row;
- ALFI European Distribution Award in the category of the Fastest Riser in ESG.

Labeling of the two patrimonial strategies from Private Banking according to the Towards Sustainability criteria, defined by the Belgian financial sector.

Private Equity

Our private equity activity consists of offering to advised clients investments in non-listed assets on the financial markets, i.e. direct investments in companies, in the form of shares, bonds or other assets that are not available on the stock market. Most often, investments of this type take the form of a participation in a private equity fund, or a multi-investor structure whose objective is to invest capital according to a predefined strategy.

Despite challenging environment, robust performance and pace of deployment of existing private equity investments and dynamic fundraising momentum mainly driven by established players.

Completion of major transaction with the exit of Green Funds II and III, focused on the renewable energy sector (onshore wind farm projects in France) resulting in internal rate of return (IRR) in excess of 20%.

Overall strong resilience of our selected private equity funds, across all strategies.

Significant distributions from various other private equity funds.

Solid fundraising activity across all countries of the group with 175 million euros of new commitments raised for the newly placed private equity funds, in core strategies (buy-out, co-invest, secondaries) and including a mix of re-upping in successor funds and new partnerships.

Philanthropy

Through the Degroof Petercam Foundation, we support social innovations for employment by focusing primarily on three areas: skills, entrepreneurship and accessibility to employment. Adopting a participatory philanthropy model, the foundation selects one project each year with a grant of one million euros spread over five years. In addition to its main mission in favor of employment, the Degroof Petercam Foundation is also committed to promoting philanthropy within the group and among our employees through participative social engagement programs such as volunteering, sponsorship campaigns, etc.

Conference-debate on the theme of 'engaged shareholders', mobilizing 120 young people and leading to an awareness among the new generation of their role as responsible shareholders and investors.

Organization of a meeting with 60 Belgian philanthropists in the presence of the Armenian philanthropist Veronika Vardanyan, a world figure in the field of daring philanthropy.

One million euros awarded by the Degroof Petercam Foundation to 'Bayes Impact', an NGO that uses technology for social purposes. This amount is also complemented by a five-year support to enable 'Bayes Impact' to develop its 'Bob Emploi' programme, a platform that uses artificial intelligence to guide people in their search for a job.

Sustained mobilization of employees around social projects:

- 225 colleagues who took part in a sports challenge that raised 13,000 euros for six associations;
- 36 employees mobilized around the skills sponsorship program aimed at advising social initiatives or sponsoring job seekers in France and Belgium;
- Almost 30,000 euros collected through micro-donations by colleagues to 'MakeSense';
- Cycling trip sponsored by the Degroof Petercam cycling team to benefit the Cancer Foundation.

The milestone of one million donations collected over five years through Gingo, the crowdfunding platform dedicated to the financing of social projects in Belgium and Luxembourg, was exceeded.

Additional commitments during the Covid-19 crisis:

- Donation of 150,000 euros to 'Médecins du Monde' to support primary care efforts with the most excluded patients;
- 50,000 euros donated to the 'Fund for solidary care' initiated by the King Baudouin Foundation;
- 120,000 euros collected by the Gingo platform for the benefit of artists in precarious situations;
- Donation of computer equipment to children affected by digital and educational exclusion through the association 'Close the Gap'.
- Exceptional financing of three projects by the Degroof Petercam Foundation: 'Revival' which provides support to entrepreneurs facing bankruptcy, 'Microstart' which helps micro-entrepreneurs with loans, as well as a study project on a sustainable and inclusive revival of the economy valuing jobs with a social purpose.

IV

Management Report

1 | Comments on business activity

In 2020, despite the difficult market circumstances and the COVID-19 health crisis, Degroof Petercam's diversified business model showed robust resilience, with a record increase in assets within Asset Management and exceptional results from market activity in Investment Banking. In this environment, the fee-generating businesses, as well as the fund administration activities posted especially solid results.

Thus, all activities combined, total client assets increased slightly by 0.4% to 75 billion euros at the end of the year, compared with 74.7 billion euros a year earlier. These are net amounts, after subtracting double counting between the different activities of the group, namely: management and credit services, administrative services and custodial services. The significant decline in the markets in the spring of 2020 as a result of the pandemic was gradually and completely absorbed by the end of the year.

The **Degroof Petercam Asset Management (DPAM)** entity dedicated to the management of investment funds and mandates for major institutional accounts and the distribution of funds recorded a record level of net asset inflows (2.5 billion euros) despite the health crisis. In addition, DPAM continued its international expansion, with almost 88% of net inflows coming from abroad.

Institutional asset management (DPAM and private client investments in funds managed by the group) saw gross assets under management increase from 53.8 billion euros to 58.1 billion euros at the end of 2020.

Private Banking, having set in motion the transformation of its business organization and the simplification of its offer, as well as continuing to comply with measures against money laundering, experienced a decline in assets, with a net outflow of capital, but this was partly offset by a positive market effect. Private client assets under management increased to 35.9 euros billion as at 31 December 2020 compared to 38.4 billion euros in 2019. This decline is partly explained by the sale of the Spanish subsidiary and its private banking business.

Outstanding loans drawn as at 31 December 2020 were 2 billion euros (a slight decrease compared to the end of 2019) for a balance sheet of 8.8 billion euros.

As at 31 December 2020, **Asset Services** recorded 51.7 billion euros in assets under administration and/or custody, including 8.3 billion euros for mutual funds for third-party clients. The exceptional increase of 27.8% compared to the end of 2019 is mainly due to the internal incorporation of the administration of the ex-Petercam funds.

Investment Banking achieved an exceptional performance in its Global Markets activities, linked to the significant increase in revenues from brokerage activities (due to the high volume of transactions in an environment of high market volatility). In addition, the results associated with the activity of hedging positions linked to the management of stock option plans recorded a significant increase in 2020. This was accompanied by a significant increase in invoicing revenues linked to this same activity.

On the other hand, results from bond trading and the marketing of structured products were lower than in the previous year. The activity of Corporate Finance within Investment Banking declined significantly due to low business activity in the first half of the year as a result of COVID-19; some transactions were postponed or cancelled altogether. However, business activity rebounded in the second half of the year, with especially marked growth in the last quarter of the year.

Summary

In a year affected by a number of factors, the institutional asset management and asset services businesses were the main drivers of fee growth for the group. Revenues from these business lines grew strongly over the past financial year. The performance of Private Banking in terms of assets under management recorded a decline in inflows compared to 2019, partially offset by a positive market effect. The Investment Banking business achieved record results in capital markets activities, while Corporate Finance posted a decline in business, although it showed a clear recovery at the end of the year.

Institutional assets under management increased slightly in 2020 due to the positive market effect combined with exceptional new capital inflows (distribution and institutional mandates) to DPAM.

In addition, fund administration fees also increased significantly thanks to a higher level of average assets due to the integration of ex-Petercam funds previously administered externally.

Income from private client management was below the 2019 level.

2020 was another good year for Private Equity, with significant inflows into various funds and excellent performances, particularly in the renewable energy funds Green Funds II and III.

Overall, net commission income from all business lines was up by 2.7% from the previous year.

2 | Comments on the consolidated accounts

At the end of the financial year 2020, the consolidated net profit (group share) was 40,043,700 euros compared to 20,188,105 euros in the previous financial year. This significant increase is mainly due to three factors. Firstly, the increase in net fee and commission income supported by the growth in net interest income (all products). Secondly, a significantly lower level of non-recurring impacts in terms of impairments on non-financial assets (mainly goodwill of foreign entities, and the application of IFRS 5 for Degroof Petercam Spain). Net impairment losses on credits (both at individual and collective level) were also lower

than in 2019. Thirdly, tax expenses were significantly lower in 2020, mainly due to the implementation of tax consolidation in Belgium.

Consolidated comprehensive income (group share) was 41,399,834 euros as at 31 December 2020 compared with 24,930,734 euros a year earlier. Income is calculated by adding to consolidated net profit the unrealized income directly recognized in equity (revaluation reserves).

The net interest income from financial instruments increased notably due to two main factors. Firstly, the significant decrease in interest expenses on debts due to clients. This is mainly related to the decline in US interest rates, resulting in lower returns on deposits. Secondly, the decrease in net interest income from hedging derivatives (Interest Rates Swaps - IRS) as a result of the sharp decline in the yield curve.

The net interest margin including all revaluations of interest rate conditions on trading and hedging instruments, for all activities, was significantly lower than the previous year's results. This was mainly due to the sharp decline in gains on FX forwards as a result of the significant drop in USD interest rates (combined with lower volumes) and the decision to invest instead in government bonds issued in the same currency but with lower yields.

The item other net operating income showed a negative change compared to 2019 due to the creation of new provisions for expenses in 2020, whereas 2019 was mainly impacted by the reversal of provisions.

Staff expenses increased compared to the previous year due to the effects of increased payroll, variable pay provisions and an increase in the number of staff to support the growth of the business as well as the Risk & Compliance and IT functions.

Other general expenses remained broadly stable in 2020, mainly due to external services related to the technological transformation, the renewal of the core banking system and regulatory remediation. In contrast, marketing and travel expenses decreased substantially in the context of the health crisis.

Impairment of assets decreased significantly compared to 2019. This is mainly due to the fact that in 2019 the group recorded a high level of impairments on intangible assets, mainly on goodwill relating to the management of private clients with certain banking subsidiaries abroad. In addition, for financial assets this positive development is also due to a significant reversal in 2020 of an impairment on a former trade credit.

The tax expenses at the balance sheet date were down significantly compared to the previous year. The decrease in taxes can mainly be explained by the implementation of tax consolidation in Belgium, but also by the decrease in the tax rate of Belgian companies, the recovery of taxes from previous years in Luxembourg and the increased recognition of deferred tax receivables with the parent company.

The decrease in other components of comprehensive income is mainly due to the significant decrease in actuarial gains due to the revaluation of financial and other assumptions (mainly the decrease in the discount rate) on the pension plans in 2020. However, this negative impact is partially offset by the change in fair value revaluation reserves on equity instruments.

2.1 Appropriation of statutory profit/(loss)

At 31 December 2020, the statutory net loss of Banque Degroof Petercam SA totalled 22,903,654 euros. Taking into account the profit carried forward from the previous financial year of 220,955,903 euros, the profit base to be allocated amounts to 198,052,249 euros.

The statutory income statement shows a loss at the end of the year due to the absence of dividend payments by the main subsidiaries to the parent company, while pursuing the objective of implementing tax consolidation within the Belgian division.

The board of directors proposes to the general meeting to allocate the profit for the financial year as follows:

	(in EUR)
Profit/(Loss) for the year	-22,903,654
+ Carried forward	220,955,903
= Profit to be appropriated	198,052,249
- Allocation to other reserves	0
- Director's fee	1,359,750
- Dividends	5,312,683
- Profit bonuses	5,429,319
= Profit to be carried forward	185,950,497

Consolidated shareholders' equity, including minority interests, amounted to 939.1 million euros at the end of the financial year, an increase of 41.4 million euros compared to the previous year.

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

- distribution of the profit (40.0 million euros);
- the revaluation of financial assets at fair value during the financial year (1.5 million euros);
- the IAS 19 revaluation of the conditions of post-employment benefits (-0.2 million euros) and;
- changes in translation differences (0.1 million euros).

Regulatory capital amounted to 567 million euros and largely exceeded the requirements set by prudential standards. The Tier 1 (core capital) and Tier 2 (supplementary capital) solvency ratios stood at 21.2% at 31 December 2020. These ratios are well in excess of the regulatory SREP requirement (reviewed annually) and imposed by the ECB.

The return on equity ratio (ROE) increased to 4.4% at 31 December 2020. This represents the relative value of the consolidated net income for the year in relation to average consolidated shareholders' equity.

2.2 Assets under custody

At the end of the 2020 financial year, consolidated assets in open custody stood at 99 billion euros, up 15.0% compared to the end of 2019.

3 | Changes in capital

At 31 December 2020, share capital amounted to 34,211,634 euros. It is represented by 10,842,209 shares with no nominal value. All shares are fully subscribed and fully paid up. The accounting par value per share is 3.1554 euros.

4 | Treasury shares held by the group (Art. 7:220 of the Companies and Associations Code)

Banque Degroof Petercam SA does not hold treasury shares.

As at 31 December 2020, the sub-subsidiaries of Banque Degroof Petercam SA, Orban Finance SA, Industrie Invest SA, and Industrie Invest SA together held 368,206 Banque Degroof Petercam SA shares, representing 3.4% of the share capital.

The consolidated carrying amount of all treasury shares held by the sub-subsidiaries amounted to 49,626,736 euros as at 31 December 2020.

During the past financial year, the total number of treasury shares was unchanged.

5 | Circumstances likely to have a significant influence on the group's development

The group continued its multi-year IT transformation program, aimed at modernizing its IT infrastructure and providing the group's internal users and clients with modern and efficient IT tools.

Major progress was made in 2020, in particular through the completion and implementation of the IT2BE program to modernize the IT infrastructure. Our four former data centers were successfully migrated to Proximus/Telindus in Luxembourg. In addition, the new Enterprise Data Warehouse is also operational and is gradually being fed with more and more data (transactional, financial, client, etc.).

Finally, the group's board of directors decided in September 2020 to launch the Kairos program, aimed at replacing the group's core banking system and portfolio management system. This program is now fully operational. It has targeted a phased migration for Belgium in 2021 and 2022, followed by Luxembourg in 2023. Plans call for this transformation to be completed with an overhaul of our digital platform and web and mobile tools. This project is in the scoping phase.

6 | Research and development activities

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

Development costs related to the FTOM and Digital Acceleration projects were capitalized in 2018 and 2019. These two major projects became operational in the fourth quarter of 2019, which entails the end of the capitalization of new costs and results in the amortization of previously capitalized costs. Net fixed assets relating to FTOM and Digital Acceleration totaled 14.5 million euros at the end of the year.

There were no new plans to capitalize development costs in 2020.

7 | Remuneration policy

The remuneration policy is an integral part of the governance memorandum, which entered into force on 24 September 2014 and is reviewed at regular intervals. It was agreed upon by the executive committee in consultation with the board of directors, the nomination committee and the remuneration committee and the independent controlling functions.

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

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

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

8 | Main risks to which the group is exposed

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

The main risks are as follows:

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

As communicated in April 2019, an inspection by the BNB focused on the bank's internal control procedures in the area of the prevention of money laundering.

This inspection resulted in the improvement of its internal rules and procedures in the area of the prevention of money laundering and the documentation of its customer files.

In close consultation with its regulators, Degroof Petercam has worked actively to implement these recommendations. As part of this update of file documentation, Degroof Petercam is reviewing a number of situations of clients who have been granted loans.

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

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

9 | Policy on the use of financial instruments

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

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

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

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

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

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

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

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

10 | Significant post-balance sheet events

In view of the extension of the protective measures introduced in 2020 by the federal government as part of the fight against the health crisis, Degroof Petercam is now actively pursuing the continuous application of its remote working processes in order to protect the health of its employees, while at the same time preserving the assets of its clients and the functioning of its activities. The experience of providing services remotely on a large scale since March 2020 has shown that all of the group's activities can be properly carried out under good conditions and can be adjusted as needed.

For 2021, for its annual budget, Degroof Petercam no longer foresees the health crisis having a major impact on the revenues and profitability of its main business lines.

In addition, the closing procedure for the sale of Degroof Petercam Spain and its two subsidiaries was completed on 25 February 2021.

On 22 April 2021, the board of directors decided to propose to the general meeting of 25 May 2021 to distribute a gross dividend of 0.49 euro per share to the shareholders, in compliance with the recommendations of the European Central Bank requesting extreme caution in the distribution of dividends in 2021, and authorized the publication of the financial statements.

11 | Non-financial report

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

12 | Governance

At 31 December 2020, the governance bodies of Banque Degroof Petercam SA were comprised as follows:

	Board of directors	Executive committee	Audit committee	Risk committee	Remuneration committee	Nomination committee	IT committee	Deadline
Mr. Ludwig Criel [◇]	★		●		★	●		2021
Ms. Nathalie Basyn	●	●						2021
Mr. Bruno Colmant	●	★						2021
Mr. Gautier Bataille de Longprey	●	●						2022
Mr. Gilles Firmin	●	●						2022
Mr. François Wohrer	●	●						2024
Ms. Veronique Peterbroeck	●					●		2021
Mr. Jean-Baptiste Douville de Franssu	●			●			●	2021
Mr. Miguel del Marmol	●		●		●			2021
Mr. Jean-Marie Laurent Josi	●		●			●	●	2022
Mr. Frank van Bellingen	●		●	★				2022
Mr. Jacques-Martin Philippson	●			●		●		2022
Mr. Guido Vanherpe [◇]	●		●		●	★		2024
Mr. Yvan De Cock [◇]	●		★	●	●			2022
Ms. Kathleen Ramsey [◇]	●		●	●		●	★	2022

- Non-executive Director
- Executive Director
- ★ Chairman
- ◇ Independent Director

(1) Mr. Ludwig Criel was replaced by Mr. Gilles Samyn as chairman of the board of directors on 21 January 2021.

12.1 The board of directors

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

The board of directors is composed of at least eight members, who may or may not be shareholders and who are exclusively natural persons. The general meeting of shareholders shall determine their number and the duration of their term of office, which may not exceed six years. Directors are eligible for re-election.

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

- the composition of the board as a whole must enable it to function effectively, efficiently, and in the best interests of the company. It must show a diversity of expertise together with a range of complementary experience;
- no individual member nor group of directors must be able to control the decision-making of the board;
- the majority of directors must be non-executive;
- at least two of the non-executive directors are independent, in order to meet the requirements of the Banking Act. As at 31 December 2020, however, the board includes four independent directors.

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

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

During the year, the following changes occurred in the composition of the board of directors and the executive committee:

The ordinary general meeting of 26 May 2020 appointed Mr. **Gaëtan Waucquez** as a non-executive director for a three-year term ending at the end of the general meeting of 2023, subject to the approval of the European Central Bank and with an effective start of the term of office from the date of this approval. The European Central Bank confirmed Mr. Gaëtan Waucquez in this role on 13 January 2021.

The general meeting also took note of the resignation of Mr. **Benoit Daenen** in his capacity as non-executive director with effect from the general meeting of 26 May 2020 and of the fact that Mr. Benoit Daenen's term of office as managing director and member of the executive committee had ended on 16 March 2020. Finally, the general meeting took note of the resignation of Mr. **Alain Schockert** as non-executive director, with effect from the ordinary general meeting of 26 May 2020.

The board of directors considers as independent directors those of its members who meet the criteria mentioned in Article 7:87(1) of the Companies and Associations Code.

As at 31 December 2020, the following directors should be considered independent:

Kathleen Ramsey and **Yvan De Cock**, **Ludwig Criel**, **Guido Vanherpe**.

12.1.1 Responsibilities and functions of the board of directors

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

its actions. It ensures that adequate resources are implemented to guarantee the company's sustainability.

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

The board of directors meets at least four times a year and whenever the interests of the company so require. It met 11 times during the year.

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

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

12.2 Advisory committees created by the board of directors

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

12.2.1 Audit committee

Members as at 31 December 2020

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

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

The audit committee meets at least five times a year. It met nine times during the past financial year. It reported systematically on its activities to the board of directors.

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

The audit committee is chaired by Mr. **Yvan De Cock**, who has degrees in law and financial management. He has significant experience acquired through various executive positions he has held for over 30 years in the banking and financial sector, mainly within the BNP Paribas Fortis group. He also served as CEO of Fortis UK and Fortis Turkey.

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

Ms. **Kathleen Ramsey** holds a master's degree in business administration from ESADE and a master's degree in international management from the Thunderbird School of Global Management as well as a bachelor's degree from the University of Tulsa. She has extensive experience in the audit function at major financial institutions including Santander, Citigroup and American Express, where she was involved in the implementation of an internal control framework. She has also been a guest auditor for the US and international subsidiaries of Citigroup.

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

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

Mr. **Jean-Marie Laurent Josi** is a graduate of the Ecole de Commerce Solvay. He has acquired significant professional experience in finance, accounting and auditing mainly through his role as CEO of Cobepa since 2004, as well as through his various roles as a director of companies in a number of sectors, and more particularly his role as a member of the audit committee of Carmeuse and Van Oord.

Mr. **Frank van Bellingen** has a bachelor's degree in philosophy, a master's degree in economics (UCL) and a master's degree in international relations (LSE), and he was also certified as an accountant and tax expert until 2006. After working in the banking sector in London and Chicago he brings significant experience and expertise in auditing and accounting through his role as director and chief financial officer of CLDN-Cobelfret for over 30 years.

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

- financial information for shareholders and third parties;
- the audit process;
- functioning of the internal control system;
- monitoring the relationship with the auditor.

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

12.2.2 Risk committee

Members as at 31 December 2020

Mr. Frank van Bellingen	Chairman
Mr. Yvan De Cock	Independent director
Ms. Kathleen Ramsey	Independent director
Mr. Jean-Baptiste Douville de Franssu	Director
Mr. Jacques-Martin Philippson	Director

The risk committee meets at least five times a year. It met 11 times during the year. It reported systematically on its activities to the board of directors.

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

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

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

Ms. **Kathleen Ramsey** holds a master's degree in business administration from ESADE and a master's degree in international management from the Thunderbird School of Global Management as well as a bachelor's degree from the University of Tulsa. She has significant experience in financial services as an operations manager for major financial services companies, including Santander, Citigroup and American Express. In these roles, she has developed expertise in risk management, including operational risk, the internal control framework and risks related to outsourcing, IT and cyber risk.

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

Religione (IOR) and vice-chairman of the board of directors and chairman of the audit and risk committee of the La Française Group.

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

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

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

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

The meetings held also addressed issues such as anti-money laundering (AML)/client file review (CFR), the development and updating of various compliance policies, remediation plans, transfer pricing and the implementation of the EU DAC6 directive.

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

12.2.3 Nomination committee

Members as at 31 December 2020

Mr. Guido Vanherpe	Chairman, independent director
Mr. Ludwig Criel	Independent director
Ms. Kathleen Ramsey	Independent director
Mr. Jean-Marie Laurent Josi	Director
Ms. Véronique Peterbroeck	Director
Mr. Jacques-Martin Philippson	Director

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

Mr. **Guido Vanherpe** has a degree in applied economics and a special degree in applied marketing. He also completed an MBA in finance in the United States. He has been managing director of the La Lorraine Bakery Group since 1995, where he has gained extensive experience in the professionalization and governance of his family group. He is also chairman of the Family Business of Excellence Award, an initiative dedicated to recognizing family businesses that excel in governance and sustainability vision.

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

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

Mr. **Jean-Marie Laurent Josi** is a graduate of the Ecole de Commerce Solvay. He has acquired relevant professional experience in finance, accounting and auditing mainly through his role as chief executive officer of Cobepa since 2004, as well as through his various roles as a director of companies in a number of sectors, and more particularly his role as a member of the nomination committee of Carmeuse and Socotec.

Ms. **Véronique Peterbroeck**, a candidate in economics and a state-certified stockbroker, has been a director of the group since 2011. She is also a director of various investment companies and development foundations/NPOs, active both in the north and south of the country, and also gained experience in human resources through her time as an employee at Petercam, in particular in the human resources department.

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

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

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

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

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

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

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

The nomination committee meets at least twice a year. It met 16 times during the year. It reported systematically on its activities to the board of directors.

12.2.4 Remuneration committee

Members as at 31 December 2020

Mr. Ludwig Criel	Chairman, independent director
Mr. Yvan De Cock	Independent director
Mr. Miguel del Marmol	Director
Mr. Guido Vanherpe	Independent director

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

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

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

Having had general management responsibilities for more than 15 years in Belgium and internationally at companies of approximately the same size as Degroof Petercam, **Miguel del Marmol** brings to the committee the benefit of his experience in the field of team remuneration.

Mr. **Guido Vanherpe** has a degree in applied economics and a special degree in applied marketing. He also completed an MBA in finance in the United States. He has been managing director of the La Lorraine Bakery Group since 1995, where he has gained extensive experience in the professionalization and governance of his family group. He was also an independent director at Resilux NV and Terbeke NV, where he gained experience in various remuneration policies.

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

- the general remuneration policy;
- the total amount of variable remuneration;
- the remuneration of directors who are members of the executive committee;
- the remuneration of 'Identified Staff' and the independent control functions;
- profit-sharing plans for group employees.

The remuneration committee meets at least twice a year. It met six times during the year. It reported systematically on its activities to the board of directors.

12.2.5 IT committee

Members as at 31 December 2020

Ms. Kathleen Ramsey	Chairwoman, independent director
Mr. Jean-Baptiste Douville de Franssu	Director
Mr. Jean-Marie Laurent Josi	Director

The IT committee meets at least five times a year. It met six times during the year. It reported systematically on its activities to the board of directors.

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

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

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

12.3 Executive Committee and day-to-day management of the group

In accordance with Article 17 of its Articles of Association and Article 24(1)* of the Banking Act, the board of directors has set up an executive committee from among its members. Within the framework of the general policy defined by the board of directors, the executive committee ensures the effective management of the company and the group. He exercises all the powers conferred on him by law.

Members of the executive committee (and their management responsibilities within the executive committee) as at 31 December 2020

Mr. Bruno Colmant	Chief executive officer (PB, DPAM, Luxembourg/Asset Services, credit, human resources, legal, communication, facilities, IT, operations and CEO office)
Mrs. Nathalie Basyn	Chief financial officer (finance)
Mr. Gautier Bataille de Longprey	Group head of business development (Private Equity, Family Office en Group Business Development)
Mr. Gilles Firmin	Chief risk officer (Risk, AML en Compliance)
Mr. François Wohrer	Group head of investment banking (Investment Banking)

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

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

Each of the current members of the executive committee has the title of managing director. In principle, the executive committee meets once a week. It met 85 times during the year.

12.4 Profit allocation policy

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

12.5 Governance memorandum

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

- the personal integrity and financial soundness of major shareholders;
- a transparent management structure with a focus on sound and prudent management;
- the definition of the expertise and responsibilities of each segment of the organization;
- the collegial nature of effective executive management;
- the independent control functions;
- the suitable profiles and qualities of its senior managers;
- the remuneration policy for senior managers;
- the determination of the strategic objectives and values that the group sets for itself;
- the familiarity of senior management with the operating structure and activities of the group;
- adequate communication regarding management and control with the various parties concerned.

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

13 | Conflicts of Interest

Article 7:96(1), indent 1 of the Companies and Associations Code (CAC) specifies that when the board of directors is called upon to take a decision or decide on a transaction falling within its competence in which a director has a direct or indirect interest of a pecuniary nature which is opposed to the interests of the company, that director must inform the other directors before the board of directors takes a decision. His declaration and explanation of the nature of this conflicting interest must be included in the minutes of the board meeting at which this decision is taken.

Article 7:96(1), indent 1 of the CAC further states that the board of directors shall describe in the minutes the nature of the decision or transaction referred to in indent 1 and the financial consequences for the company, and shall justify the decision taken. This part of the minutes shall be included in full in the management report.

In 2020, the board of directors managed situations of conflict of interest as described in article 7:96 of the CAC whose extract from the minutes of the board of directors of 12 March 2020 is reproduced below.

Individual bonuses for members of the executive committee

The executive directors present leave the meeting. L. Criel then commented orally on the proposal of the remuneration committee. For the members of the executive committee, the remuneration committee recommends that no bonus be granted for the year 2019.

However, the remuneration committee recommends to the board that B. Colmant be granted the pro rata of his target bonus for the period from 22 August 2019 to 31 December 2019 due to his outstanding results as CEO.

The board of directors approves the recommendations of the remuneration committee for the granting of the 2019 bonus to the members of the executive committee and the CEO.

14 | Discharge of the directors and auditor

In accordance with the law and the Articles of Association, the general meeting is requested to grant discharge to the directors and the auditor of Banque Degroof Petercam SA for the performance of their duties for the past financial year.

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

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

Brussels, 22 April 2021.



V

Non-financial Report

Imagine Tomorrow since 1871

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Imagine Tomorrow since 1871

15^{YEARS}
∞

% Degroof
Petercam
Imagine Tomorrow since 1871

Faced with many interrelated economic, social and environmental challenges, society has become increasingly aware of the need to take sustainable criteria into account. Natural resources are running out, the world's population is becoming increasingly urbanized, the effects of climate change are being felt around the world and poverty remains a global problem.

In 2015, the United Nations adopted 17 Sustainable Development Goals (SDG's)¹ in an effort to put many of these challenges at the top of the global development agenda. These goals address global challenges, including poverty, inequality, climate, environmental degradation, prosperity, peace and justice. They create a framework for advancing prosperity by 2030.

On the environmental front, 2020 saw a range of regulatory and voluntary developments that underline the importance of investor responsibility for climate change, including:

- the Climate Action 100+ group, which brings together more than 450 investors, representing over 40 trillion dollars in assets under management;
- the initiative of global central banks and supervisors (NGFS - Network for Greening the Financial System), which recognizes carbon risk as a formal element of their responsibility;
- the European Commission's taxonomy, which focuses on two purely environmental objectives;
- the European regulation on low-carbon benchmarks;
- the return of the United States to the Paris agreement,

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

a major political shift for the world's second largest emitter of greenhouse gases;

- the 'Green Deal', the action plan launched by the European Union which aims to redirect capital flows towards sustainable investments to support the objective of the Paris climate change agreements (COP21). One of the first initiatives of this plan was the introduction of the Sustainable Finance Disclosure Regulation (SFDR), which will come into force in March 2021.


This list is only an extract of the latest developments in 2020 and provides just a glimpse of the regulatory wave that will affect our sector in 2021.

On the social front, stimulated by the COVID-19 pandemic, a wide range of new initiatives were started and strengthened in 2020. The European Commission has already announced that it will look into a taxonomy of social issues. More recently, Didier Reynders, the European Commissioner for Justice, raised the possibility of a fiduciary obligation for companies, cementing their responsibility to defend human rights. The pandemic and the subsequent health crisis have returned social factors to the forefront, with an emphasis on the human aspect. In addition, several regulations - such as the Duty of Vigilance Law in France and the Modern Slavery Act in the UK - have focused on social issues along supply chains.

1 Sustainable development at Degroof Petercam

At Degroof Petercam, we remain convinced that the economic, social and environmental challenges represent a unique opportunity to prepare a better and more sustainable future for everyone. We believe that the private sector and companies like ours have a crucial role to play in implementing and promoting these objectives. For this reason, we are determined to make our voice heard and promote change through our daily actions and the influence we can have on our stakeholders.

All our teams, regardless of their jobs and locations, are driven by the same sense of purpose:



We create responsible prosperity
for all, by opening doors to
opportunities and accompanying
our clients with expertise.

'Responsible' means that we take responsibility, not just for not causing harm, but also for having a positive impact. We take a long-term view and look for sustainable solutions that span generations.

'Collective', because we are an inclusive company. Our footprint goes beyond the benefits we generate. We care about the environment, social values and good governance. This is why we have chosen to integrate these aspects into our offer and processes, for the benefit of our clients, our employees and the community in which we operate. The economy and society as a whole benefit from our work as a sustainable and responsible investor. Our social responsibility initiatives and the activities of our Foundation are also tangible examples of our desire to contribute to a better world for all.

Furthermore, the intrinsic values of the E.T.H.I.C. policy followed by our group (Excelling, Teaming up, Humane, Intrapreneurial and Client-centric) reinforce the many initiatives taken within our organization in recent years.

We are convinced that our main influence on sustainable development lies in the quality solutions and services we provide to our clients. That is why this report is largely devoted to our sustainable offer.

We recognize that assessing a company's role in society is a continuous and evolving learning process. In 2020, we continued to roll out the key actions identified in 2019. Some of these actions cover a wide range of the group's activities and are explained in detail in the report below.

More than ever, the integration of environmental, social and governance criteria into the management of our activities and processes is an integral part of our strategy and an essential contribution to our ability to create long-term value for all our stakeholders.

2 Degroof Petercam's non-financial report

2.1 Non-financial reporting practice

The objective of this non-financial report is to share Degroof Petercam's main activities relating to sustainable development and to take the pulse on progress made and on improvements to be considered. It also reflects our unwavering commitment to our colleagues, 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 information and information related to diversity by certain large companies and groups, published in the Belgian Official Gazette on 11 September 2017. This law amends Article 119 of the Belgian Companies Code by requiring the publication of material information relating to a company's activities, policies and due diligence in environmental, social and personnel matters, respect for human rights, and the fight against corruption and bribery. Paragraph 2 of this article allows parent companies to prepare this consolidated non-financial statement as a separate report.

Beyond the regulatory requirements, this report also reflects Degroof Petercam's values which lean on the notion that we must practice what we preach. Sustainability is embedded in our decision-making processes when we provide financial services to our clients. This ranges from ESG (environmental, social and governance) analysis to philanthropic advice, socially responsible investments and impact investing. We also believe that Degroof Petercam's non-financial performance enables our stakeholders to make better informed decisions when choosing to work with us.

This report, prepared by Bank Degroof Petercam sa|nv, consolidates the non-financial information of the Belgian parent company and its Belgian subsidiaries. In this report, unless explicitly stated otherwise, the term "Degroof Petercam" refers to both the legal entity Banque Degroof Petercam sa|nv and the group of companies for which it is the umbrella structure.

2.2 Contents and structure of the report

This report follows the structure of last year's report, as we believe that keeping the same structure with similar standards will allow a comparative view. We have used the principles underlying the Global Reporting Initiative (GRI) standards to determine the materiality of this report.

2.3 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 impact, or to influence the decisions of stakeholders. Materiality is the threshold at which an issue becomes important enough to be reported on¹.

The internal materiality exercise was based on extensive desk research and a series of interviews with key decision-makers within our organization. We have identified several material aspects that coincide with those of the main players in the Belgian financial sector and that relate to our clients, people and society at large, the environment and our governance.

This is reflected in the structure of the report which focuses on four subsections covering topics related to:

- clients;
- people and society;
- environment;
- governance.



(1) GRI 101: Foundation 2016

2020 Report

1 Clients

In this chapter, we describe non-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 Product offering

At Degroof Petercam, we constantly pay attention to all environmental, social and governance (ESG) issues related to our Degroof Petercam Asset Management (DPAM) and Private Banking divisions.

Degroof Petercam Asset Management (DPAM)

Being a responsible investor involves more than offering responsible products, it is a global commitment at company level. We are convinced that integrating environmental, social and governance (ESG) criteria adds value in general and that sustainable investments do so in particular. For this reason, DPAM initiated its roadmap towards excellence in terms of sustainable and responsible investments in 2001. DPAM has been a signatory of the Principles for Responsible Investment (UN PRI) sponsored by the United Nations since September 2011. By adhering to these principles, DPAM commits itself to adopting and implementing the six UN PRI guiding principles, namely:

1. take ESG issues into account in investment analysis and decision-making processes;
2. be active investors and take ESG issues into account in our shareholder policies and practices;
3. ask the entities in which we invest to publish appropriate information on ESG issues;
4. promote the acceptance and application of the Principles among asset management stakeholders;



Exactly 150 years ago,
in 1871 our story began.



5. work together to increase our effectiveness in implementing the Principles;
6. report individually on our activities and progress in implementing the Principles.

a) Mission

DPAM publicly expresses its commitment at the highest level to integrate ESG criteria in a systematic way and to be an active shareholder, integrating ESG criteria in its shareholding policy and practices, for a long-term, sustainability-oriented investment approach.

DPAM's commitment is reflected at three levels:

1. defending fundamental rights arising from respect for human rights, the right to work, anti-corruption laws and environmental protection;
2. assessing the seriousness of controversies in which issuers may be involved and ceasing or avoiding funding companies that are regularly or consistently involved in controversies, particularly where these may affect the company's reputation, long-term growth and investments;
3. promoting best practices and encouraging ongoing efforts.

b) Policies in place within DPAM

Sustainable and responsible investment is governed by four main policies, which have been approved by DPAM's Board of Directors. The main policy – Sustainable and Responsible Investments policy – provides an overview of the threefold commitment to sustainable strategies, how ESG risks are defined and monitored, and provides additional information on how the other policies fit into a holistically responsible and sustainable approach.

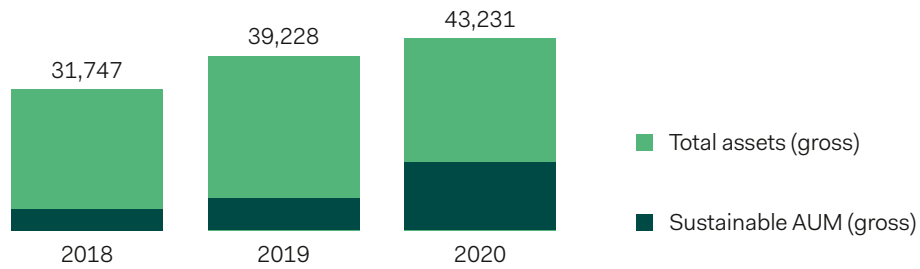
The different policies, their impact and the relevant links are described below. All of these policies are also [directly accessible](#).

1. [Sustainable and Responsible Investments policy](#) ↗



The policy describes the approach developed to integrate environmental, social and governance (ESG) challenges from a risk and opportunity perspective. This 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 appear to be 'unsustainable' by definition. There is no dominant sustainable dimension, meaning that environmental sustainability should not take precedence over social or governance dimensions. Its dynamic process and critical and constructive approach enable DPAM to provide its own definition of environmental, social and governance (ESG) factors and how they are integrated into the investment process. The effect of this policy is reflected in the distribution of DPAM's assets under management (AUM), as shown in the chart below. It shows clearly that sustainable AUM doubled in 2020, representing 35.4% of DPAM's gross assets under management. It is important to note that the majority of assets under management that are not invested in sustainable strategies are subject to a thorough ESG integration approach.

Total assets under management in million EUR



2. [Voting Policy](#)



The voting policy that has been adopted seeks to uphold the values and principles of corporate governance that DPAM intends to defend and promote with the companies in which it invests. The application of this policy is illustrated in the 2020 voting activity report. Overall, DPAM attended 688 ordinary and extraordinary general meetings of shareholders and represented a total of 9,571 resolutions. These figures are up compared to 2019.

3. [Controversial Activities Policy](#)



In this policy, DPAM transparently describes the activities and sectors it excludes from its investment strategies and sets out its position on controversial investment issues. This policy will be reviewed in 2021, with a view to further deepening and broadening its scope.

4. [Engagement Policy](#)



The policy describes when and how DPAM engages with companies, the expectations that go along with this, as well as the channels it uses and, if applicable, the escalation steps. This ranges from formal dialogue arising through collaborative or individual engagements to more informal dialogue in the many meetings with company management organized by the research and investment teams.

c) Governance bodies and dedicated resources

Several advisory bodies and councils drive sustainable and responsible investment initiatives. Relying regularly on the added value of experts, they provide advice on controversial or potentially conflicting issues and insight through critical thinking and an independent expert view on sustainable finance.

The added value of external experts

As members of DPAM's scientific committees (VAB and FISAB) or as guests at thematic sustainability events organized by DPAM, external experts play an important role in the optimization of processes and methodologies. Being able to benefit from the knowledge of various independent experts specialized in environmental, social and governance issues adds significant value to DPAM.

Responsible Investment Steering Group (RISG)

This group consists of 12 professionals from different departments of DPAM. Its objective is to reflect on ESG challenges and to ensure that DPAM's approach, methodology, processes, products and services remain transparent and consistent. It also ensures that DPAM's approaches and processes in terms of responsible investment are in line with the six Principles (PRI) established by the United Nations.

Responsible Investment Competence Centre (RICC)

This center comprises three responsible investment specialists and is led by the responsible investment strategist. The center oversees all initiatives, methodologies and projects related to ESG aspects of the investment process and works closely with the different areas of expertise: equity, bond and credit research and management. It also ensures that the actions taken by the different governance bodies working on responsible investment policies are aligned. Finally, it is the point of contact for the UN PRI and other responsible investment actors (Beama, Eurosif, etc.)

Fixed Income Sustainability Advisory Board (FISAB)

It is composed of seven voting members, the majority of whom are external experts. The role of the FISAB is:

1. to select sustainability criteria as part of the sustainability assessment of the universe;
2. to determine the weighting of each indicator;
3. to review the model and ratings to ensure continuous improvement;
4. to validate the list of countries that can be considered.

The decisions of the FISAB are reported to RISG and risk management, which is responsible for ensuring that the strategies submitted to the FISAB universe comply with the eligibility criteria.

Voting Advisory Board (VAB)

It is composed of ten voting members, three external and seven internal. The role of the VAB is:

1. to ensure that the voting policy adopted by DPAM is accurate and complies with legal and regulatory requirements and corporate governance developments;
2. to ensure proper implementation of the voting policy;
3. to address practical issues during the ordinary and extraordinary general meeting season;
4. to decide on the voting strategy to be adopted when a conflict of interest arises during a meeting;
5. to adopt recommendations and engage in dialogue with the management of target companies to promote voting policy principles and good corporate governance practices;
6. to validate the voting activity report of DPAM and DPAS.

The Voting Advisory Board emanates from the Executive Committee of DPAM. It advises the Executive Board in the context of its responsibility as a shareholder. It therefore reports to both the Executive Committee and the Board of Directors of the investment funds in which DPAM exercises its voting rights.

Task Force on Climate-related Financial Disclosures (TCFD) Committee

The TCFD Committee is composed of several members of the Executive Committee and the RISG. The committee reviews and, where necessary, updates DPAM's climate change strategy and risk management process. The objective is to integrate climate change risks and opportunities into DPAM's investment decision-making process and to try to assess both the impact of climate change on DPAM's investments and the impact of DPAM's investments on climate change. More information is available in the [TCFD 2020](#).

In addition to these various governance bodies, DPAM invests significant financial and human resources in the implementation of its sustainable approach. The table below provides an overview of these resources and is commented on below.



External research is conducted by the world's leading non-financial rating agencies, with more than 300 analysts providing daily insights to DPAM's internal research teams. It is also important to note that the RICC does not operate alone. It works closely with the various credit and equity analysts and portfolio managers. In order to ensure individual commitment to the sustainable policy of these teams, variable remuneration incentives are linked to the ESG aspects of the work they perform.

d) External recognition

The quality of DPAM's sustainable approach and offer has been recognized by relevant external authorities. All the sustainable strategies are subject to an annual internal audit as well as an external audit by the labeling bodies. The 2020 audits confirmed that the sustainable investment funds have adhered to the sustainable investment rules detailed above.

Sustainable assets under management (gross amounts) more than doubled during 2020, from 7.2 billion euros to 15.3 billion euros, further demonstrating the merits of this sustainable approach.




For the investment funds concerned, DPAM has obtained the Luxflag label, which highlights the quality of its sustainable strategies.



As a signatory to the UN PRI, DPAM is required to report annually on its progress in implementing the six principles. In 2020, DPAM once again achieved the highest rating of A+.



DPAM has been awarded the "Towards Sustainability" label by Febelfin for the funds concerned. Together with Luxflag, this label is considered one of the most ambitious sustainability labels in Europe.

A humanoid robot with a white and black color scheme is shown from the waist up. It has a rounded head with a single large eye-like sensor on the left side. Its right arm is raised, showing a hand with multiple fingers. The robot is standing in a blurred, industrial or futuristic environment. A large, semi-transparent white circle is overlaid on the right side of the image.

What the future will bring,
nobody knows. But we strongly
believe that our achievements
will outlive us.





The Hirschel & Kramer Responsible Investment Brand Index (RIBI) label is considered one of the most ambitious sustainability labels in Europe. In 2020, DPAM continued to receive international recognition in ESG, winning numerous awards.

Private Banking

For private clients who invest in our sustainable offer (Sustainable and Responsible Investments), we combine in-house and third-party expertise.

The bank's private clients can benefit from a diversified offer with several levels of social impact.

ESG	ISR	Impact investing	Philanthropy
International acronym used by the financial community to designate the environmental, social and governance (ESG) criteria that generally constitute the three pillars of the extra-financial analysis and/or the social behavior of an issuer.	Investment approach that integrates ESG criteria into its management process and its role as a shareholder with the conviction that these factors will have an impact on financial performance, particularly over the medium and long term.	Stock selection based on the desire to generate a social and/or environmental impact combined with a financial return.	Selection of projects based on the will and potential to generate a social and/or environmental impact, but without expecting a financial return.

a) Sustainable and responsible investment offer

The consideration of ESG criteria and the concept of the responsible investor are an integral part of the investment process of the investment funds managed in the private bank. These are largely based on the group's in-house expertise with a main base composed of different DPAM strategies. This base is supplemented by external expertise from third parties with the aim of diversification and consistency.

Private banking's traditional investment offer fully integrates ESG dimensions.

These dimensions are expressed in three ways:

1. exclusion, which consists of defining a set of controversial sectors or activities that are not eligible for the investment universe;
2. the application of ESG criteria, which makes it possible to identify risks or opportunities that would not always be detected by conventional fundamental analysis. Engagement and voting are ways to make one's point and to push companies in the right direction;
3. exposure to sustainable strategies that enhance the ESG impact of the portfolio (via thematic or best-in-class strategies). This step provides exposure to the best players in terms of sustainability.

In 2020, the integration of ESG dimensions within traditional funds was strengthened in various ways. First, the passive equity segment where funds replicate traditional indices was replaced by ESG Leaders type indices. This represents an additional approximately 800 million euros that integrate ESG dimensions. In addition, the weighting of sustainable strategies was increased in the equity segment, but also in the bond segment, notably via thematic fund investing in Green Bonds.

This commitment is reflected in the external recognition received, as the traditional asset management offering has been awarded four 'Sustainable Globes' by Morningstar, which is a higher sustainability rating than the average fund in the universe. At the end of 2020, the offer represented more than 9.3 billion euros of assets under management.

The private bank's sustainable investment offer applies sustainability through ESG screening. This means that a security with an ESG score that is too low or without sufficient sustainable impact will not be included in this offer. The process defines three main steps:

1. the exclusion of controversial sectors and activities, such as tobacco, gambling, armaments, adult entertainment and companies that do not comply with the UN Global Compact;
2. positive selection via the thematic as well as the best-in-class approach. The thematic approach aims to select tomorrow's sustainable leaders with environmental and social solutions such as the development of solutions in green energy, water treatment, waste management, etc. The objective of this thematic approach is to identify smaller cap companies with significant exposure of their revenues to the mentioned themes. The best-in-class approach aims to select the best in class in terms of sustainability. This approach will mainly select large-cap companies with a strong and credible focus on ESG dimensions;
3. engagement and voting are carried out in a targeted manner where necessary to support companies moving towards sustainable practices.

The sustainable investment offer collected considerable assets during the year 2020 reaching more than 1.1 billion euros under management as at 31 December (versus 500 million euros at the start of the year, confirming the interest of private clients in this approach). This investment commitment is reflected in external recognition, as the private bank's sustainable wealth management offering has been awarded the Towards Sustainability Label and has been awarded five 'Sustainable Globes' by Morningstar, the highest sustainable rating.

b) Impact investments

Renewable energy

In Belgium, Degroof Petercam is one of the pioneers of impact investing. We launched our first impact fund investing in renewable energy in 2008, and three more followed in 2011, 2015 and 2019.

These four impact funds represent a combined capital of over 270 million euros, which will continue to develop to over 2 billion euros of renewable energy assets. Through these initiatives, Degroof Petercam is positioning itself as a leader in offering wind funds to Belgian private and institutional clients.

At the end of 2020, we completed the disposal of all wind assets held by Funds 2 and 3. This transaction generated an IRR of over 20% for investor clients, demonstrating that financial performance and environmental impact can go hand in hand in the renewable energy sector. This impact investment offer allows our clients to invest in renewable energy technology (wind, biomass, hydro) in France (mainly), Spain and Belgium.

Real estate with a social aspect

In 2014, Degroof Petercam, Revive and Kois Invest joined forces to launch Inclusio.

Inclusio is now the leading private investment company in Belgium that focuses on the rental of affordable and quality housing for vulnerable people, housing adapted for people with disabilities and social infrastructure (crèches, schools, reception centers for migrants, etc.). Inclusio, which has been 'B Corp' certified since its inception, continued to grow in 2020 and its property portfolio consisted of more than 700 homes worth more than 150 million euros at 31 December 2020.

At the end of 2020, Inclusio obtained the status of Regulated Real Estate Company (RICS) and launched its IPO on Euronext Brussels via a capital increase of 60 million euros. The first listing took place on 10 December 2020 and the market capitalization amounted to 163 million euros on 31 December 2020.

Regenerative economy

In 2018, in order to offer impact solutions to retail and institutional clients, Degroof Petercam entered into a partnership with Quadia, a Swiss-based asset manager and a European leader in impact investing. In this partnership, a new fund focusing on the regenerative economy was launched in 2019.

This fund invests in companies that seek to address today's environmental and social challenges in the areas of energy transition, sustainable food and the circular economy. These companies, through their products and services, contribute to a regenerative economy that favors local, participatory, circular, functional and organic-inspired approaches. They distance themselves from the conventional linear model (harvest, produce, discard) and offer a new framework for an economy that restores and regenerates nature to foster innovation, self-reliance, resilience and efficiency.

So far, ten investments have already been made, totaling about 18 million euros. These investments cover a wide range of companies active in sectors ranging from the production of biodynamic and organic fruit to the repair and refurbishment of smartphones and electronics or clothing, to sustainability education and the production of customized solar panels. The launch and private placement of this fund raised awareness of impact investing among target clients. The last closing of this fund took place in February 2021 and the fund's commitments amount to 52.6 million euros, which will ensure a good diversification between the different selected projects.

c) Philanthropic advice

Degroof Petercam also plays a pioneering role in offering philanthropic advice to its clients. Our Philanthropy department, established over ten years ago, provides sound and structured advice to our clients who wish to contribute their capital and time to a more sustainable world through philanthropic initiatives.

In addition, Gingo Community, our philanthropic crowdfunding platform for financing social projects in Belgium and Luxembourg, has passed the one-million-euro mark in donations in five years. Our clients who wish to make smaller donations can still financially support the quality projects offered on the online platform.

Awareness-raising

We organized a conference on the subject of shareholder engagement in collaboration with a family investment company. Three speakers under the age of 40 opened the debate with 120 young people on their role as responsible shareholders and investors.

The evening led to an awareness and willingness on the part of the 'next gen' to structure a shareholder approach in this sense.

We invited the Armenian-Russian philanthropist Veronika Vardanyan, a world figure in philanthropy, to a dinner meeting with 60 Belgian philanthropists. This provided an opportunity for her to share her journey towards a more ambitious and structured philanthropy. The aim was to inspire our clients to bold philanthropy and to exchange best practices.

d) The sustainable future and the new generations

The European Green Deal, the forthcoming SFDR legislation, the UN Principles for Responsible Investment, the EU Action Plan, the change in consumer behavior, the structural shift in US energy and climate policy... the way forward is sustainability, and we want to reflect this in all our investments.

The proportion of investments with explicit sustainability screening was increased from 20% to 33% in the fund portfolios of our private banking clients. The proportion of socially responsible

funds that integrate an in-depth ESG analysis into the investment process has been increased to 80%. Under the forthcoming SFDR legislation, sustainability will become the norm in all discretionary portfolios.

In 2020, in-depth training on ESG, SRI and SDG issues was organized for private bankers, portfolio managers, middle managers and assistants. Convinced of its social responsibility, Degroof Petercam wants to reflect the awareness of sustainable development, not only in its discretionary investment portfolios, but also in all our solutions.

For the new generation of investors, You Are Tomorrow, Degroof Petercam organized a popular webinar explaining its sustainable investment process. Participants not only gave the top score for a webinar in 2020, but also often convinced their (grand)parents to include more sustainability in their investment portfolios.

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 clients, prospects and suppliers and to enable its human resources to function optimally. Degroof Petercam pays particular attention to the confidentiality of its clients' data.

In today's digital world and as a financial institution, we are required to process sensitive or highly personal data such as the economic and financial data of our clients. This is why data protection is at the heart of our business. We ensure that we manage our clients' data lawfully and fairly, in full compliance with the relevant regulations.

To ensure a high level of protection of personal data, Degroof Petercam has developed policies and procedures to implement the principles and requirements of the General Data Protection Regulation (GDPR). For example, we have a Personal Data Protection policy, which details how personal data is managed within the group, and a Personal Data Governance Policy, which sets out roles and responsibilities in this area. A Data Protection Officer (DPO) ensures that internal data protection rules and policies are properly implemented throughout the organization in compliance with the GDPR. The DPO advises the organization on all matters relating to the protection of personal data and ensures that the rules in this area are applied.

It should be noted that Degroof Petercam did not record any major privacy complaints in 2020. Further information on how Degroof Petercam handles personal data can be found in the ['Privacy Charter'](#) on our website.

2 | Environment

This chapter examines the environmental impact of our organization. The objective is to assess our situation by taking into account several indicators related to energy, emissions, waste and our suppliers. This evaluation will allow us to further improve each of the selected items and to mitigate our negative impacts on the environment year after year. As exact figures for other countries are not yet available, this chapter only applies to the group's activities in Belgium.

2.1 Energy and emissions

| Buildings

In 2020, Degroof Petercam reiterated its commitment and confirmed its 'carbon neutral' label by earning an international certification for climate responsibility, in accordance with the PAS 2060 standard. This label is also confirmed by Vinçotte, a Belgian inspection and certification body, and offers the guarantee of measurable climate action. Depending on the negative impact generated, we support several Gold Standard certified climate projects in partnership with CO₂logic. The 'Saving Trees' project in Uganda and Malawi helps combat deforestation.

In addition to our CO₂ offsetting efforts, we continue to take concrete steps to reduce our emissions:

- 100% of the electricity purchased by Degroof Petercam is green and renewable, as guaranteed by the supplier;
- We have begun the widespread use of video-conferencing equipment in all our regional offices and an effective and reinforced system of additional distance working measures;
- We had solar panels installed on our building in Liege and double glazing installed in our building in Antwerp;
- We have installed electric vehicle charging stations in our main buildings and, where possible, our new offices are consistently equipped with them. These efforts will continue. A study is underway to determine whether these measures can be rolled out to all our regional offices.

Green electricity generation

In 2012, Degroof Petercam decided to support two entrepreneurs who wished to develop renewable energies, both in wind power and biomass. We financed a first project of five wind turbines in the Saint-Vith region, partly with subordinated debt and partly with equity.

Today, eight years later, Degroof Petercam still owns 20% of this wind farm, which has kept all its promises in terms of electricity production combined with a good financial return of over 10% per year.

In 2020, our participation in the project contributed to the equivalent of more than 23 million kilowatt hours of annual production. This represents the consumption of 600 electric vehicles travelling 15,000 km per year (according to the Belgian average), with the effect of reducing CO₂ emissions by around 1,000 tons per year.

Fleet

Company cars are Degroof Petercam's second largest source of emissions, after emissions from electricity consumption. Degroof Petercam's mobility plan provides alternative mobility options to our staff members in addition to their company car, such as public transport passes, (electric) bicycles, electric scooters, etc. If their vehicle emits more than 145 g/km, we also offer our staff members the opportunity to exchange it for an electric vehicle. The table below shows the development of our fleet:

	2018			2019			2020		
			CO ₂			CO ₂			CO ₂
Petrol	11	1.7%	132	32	4.5%	129	51	7.4%	127
Diesel	604	93.2%	117	636	88.8%	116	556	81.3%	116
Hybrid (gas)	21	3.2%	50	31	4.3%	48	53	7.7%	44
Hybrid (petrol)							3	0.4%	45
Electric	12	1.9%	0	17	2.4%	0	22	3.2%	0
Total	648			716			685		



We want society at large to benefit from our work because we have the power to invest consciously.



The proportion of electric and hybrid vehicles in our fleet has steadily increased in recent years. This trend continued in 2020, with a decline in diesel vehicles. Electric vehicles have seen a steady increase over the last year, while hybrid vehicles experienced real acceleration in 2020. This results in lower average CO₂ emissions per vehicle.

As a result of the COVID-19 pandemic, the use of cars and transport in general has decreased considerably, with the immediate result that fuel consumption has dropped significantly.

As part of the Mobility Plan, employees can also opt for an (electric) bicycle or a scooter. By the end of 2020, 80 bikes or scooters had been provided. To encourage the use of bicycles, the Brussels bike park has been improved and equipped with a repair stand.

In order to stimulate the choice of green mobility in 2021, the Mobility Plan provides for a significant increase in the budget available to employees who opt for an electric or hybrid car.

Travel

Due to the COVID-19 pandemic, the amount of travel has been substantially reduced and the philosophy of how meetings are organized has changed. Our colleagues have found that digital communication is a good alternative to face-to-face meetings, thereby reducing the need to travel. The new 2020 version of our Travel Policy encourages our employees to do just that - travel only when necessary and find an alternative when possible (e.g. telephone, video conferencing, combining several appointments, etc.). We also promote alternatives to short-haul flights. We are raising the awareness of travelers with the introduction of a new travel booking platform, which in the near future will also show the CO₂ cost of travel. The reports issued by this tool will also allow us to learn more about our travelers' habits and, in so doing, optimize their choices.

2.2 Effluents and waste

This section covers the main effluents and wastes emitted by our group (with the exception of the emissions presented above) and the measures taken to reduce them. The waste we generate is a significant part of our environmental impact, so managing it is particularly important.

Due to the COVID-19 pandemic, the amount of waste collected in 2020 decreased significantly because of the limited presence in our offices. The figures are therefore not representative.

While we have yet to define a comprehensive waste management strategy, we continue to undertake specific actions to promote more efficient and sustainable waste management. Here is an overview of the measures taken, improved or extended in 2020:

- The daily collection of confidential paper documents was reduced to once a week by introducing metal containers. Waste collection has also been reduced in our regional offices. It is now carried out on request and no longer systematically, as volumes have fallen sharply.
- We continue to work with the company MCA, which supervises our provider for waste collection. This company is ISO 14001 certified and is responsible for the disposal or recycling of eligible materials such as paper, mixed plastics, organic waste, PMC, cans, glass, ink and toner cartridges and neon lights.
- Cleaning services use environmentally friendly products whenever possible or at least with as few abrasive substances as possible. They use a minimum amount of products.
- All used batteries are recycled.
- We are reducing the consumption of single-use plastic. In order to reduce the amount of disposable PET bottles, we have introduced more water coolers in our various offices. In our VIP meeting area, we now offer our clients drinking water in glass bottles, rather than disposable bottles.
- The company restaurant at the Brussels headquarters has launched its 'Veggie Thursday' and introduced the use of seasonal vegetables.

2.3 Environmental assessment of suppliers

The purchasing policy introduced in 2018 describes the group's principles for the environmental assessment of its suppliers. These principles cover a wide range of issues, including economic, ethical and environmentally responsible criteria, i.e. the purchase of products containing sustainably produced materials.

In line with the company's vision, we work hand in hand with our suppliers and partners to reduce our environmental footprint. This is why we have started to systematically integrate environmental criteria (energy, emissions, products and services) into the selection process of our key suppliers and partners. We will extend this approach to all externally purchased goods and services whose negative impact on the environment can be avoided or mitigated.

In implementing these new sustainable procurement practices, we have started by focusing on those products and services that have the greatest impact on the environment, namely building management services, catering, office supplies, paper and company cars. In 2020, we completed the migration of our data center to an external partner, offering a more environmentally friendly solution powered by zero-emission hydroelectricity.

More than a quarter of our expenditure goes to suppliers and partners who are committed to the same environmental and ethical principles that we observe.

3 | People and society

The topics listed below are all people-related, ranging from our colleagues to our external stakeholders. In our business, we strive to bring out the best in our people, encourage our suppliers to adopt a sustainable approach and generate a positive impact on society.

3.1 The Degroof Petercam Foundation

The Degroof Petercam Foundation's mission is to support tomorrow's job creators in their development and growth. It works with leaders who are implementing solutions to unemployment or underemployment, and has set a number of targets to be achieved by 2023, as follows:

- supplying 5 million euros in assistance;
- participation in the creation of 3,000 jobs;
- 30% of Degroof Petercam's employees and clients involved in its activities.

| The Foundation in action

Each year, the Foundation selects a new project to receive a one million euro grant with a commitment of support for five years. In addition to financial resources, the project receives non-financial support and access to the group's network. In 2020, the 'Bayes Impact' initiative was chosen after an extensive selection process.

Bayes Impact is an NGO that uses technology for social purposes with its flagship program 'Bob Emploi', a platform using artificial intelligence to guide job searches. Bayes Impact has a presence in Belgium and France, and is also planning to expand internationally.

In the context of COVID-19, the Degroof Petercam Foundation has also released an exceptional envelope to finance three projects in response to this health crisis:

- the 'Revival' program was launched in collaboration with the Pulse Foundation to support entrepreneurs facing bankruptcy;
- 'Microstart' has been selected to support the most fragile micro-entrepreneurs through the creation of a dedicated loan fund;
- finally, in view of the recovery period, the Foundation is financing a study project on an economy that promotes 'social purpose' jobs (health, care, etc.) and allows for a sustainable recovery of the economy and a more inclusive working world.

Since the Foundation's aim is to have a social impact, it must address this issue in all its dimensions, including in the assets and investments it holds. The Foundation's assets are managed by Degroof Petercam and are allocated to sustainable and responsible investments (SRI). These include investments via direct equity lines or funds that pursue an SRI strategy. In addition, the Foundation also makes investments directly related to its mission, such as investing in a social impact bond and providing interest-free loans.

During the COVID-19 crisis Degroof Petercam has also been involved at group level.

In response to the emergency, the group decided to allocate 150,000 euros to Médecins du Monde in their frontline effort with the most excluded patients. The group also wished to support the King Baudouin Foundation's 'Solidarity Care Fund' initiative with 50,000 euros. The resources collected were made available to hospitals and other residential care facilities (elderly sector, youth care, people with disabilities, etc.)

The group is also partnering with the social enterprise initiative 'Close the Gap' by providing computer equipment to children impacted by digital and educational exclusion during the months of distance learning.

With Bibliothèques Sans Frontières, a group of employees produce educational video modules on financial and economic topics to feed the demand for digitized courses.

And finally, '[Gingo](#)', the crowdfunding platform for financing social projects in Belgium and Luxembourg, launched a campaign to help artists in precarious situations due to COVID-19 and raised 121,732 euros.

3.2 Health and safety at work

Degroof Petercam is committed to creating a healthy and safe working environment for its employees, whose well-being remains a priority. Degroof Petercam regularly informs and consults its staff representatives and is constantly seeking to improve.

Below is an overview of the initiatives we have taken, improved and expanded in 2020:

- **Regular and professional reporting to the Committee for Prevention and Protection at Work (CPPT)**
Degroof Petercam holds monthly meetings with its staff representatives. Some improvements were made to the committee in 2020, including the quarterly participation of the occupational physician and regular reports on the situation in a number of areas, including work accidents, safety exercises, training, office monitoring visits, etc. In 2020, the CPPT was closely involved in the management and monitoring of the COVID-19 health crisis at group level.

- **The internal prevention advisor**

This full-time in-house function, with clearly defined roles and responsibilities, also benefits from the external expertise of an advisor specializing in psychosocial risks for workers. In order to ensure transparency, the new job description of the internal prevention advisor, as well as the applicable procedures and policies, are now included in the new work rules.

- **Tell us - staff engagement survey**

The management of Degroof Petercam decided to relaunch an internal employee engagement survey in 2020, allowing employees to express their views on issues such as their perception of their own health, safety and well-being at work. The results of this survey show an improvement compared to previous results. Separate action plans will be drawn up for each department to continue efforts in this area.

- **Prevention of stress and burnout**

Various measures have been put in place to make employees aware of the symptoms of this problem in order to better prevent and deal with such situations. The group offers a number of training courses on the subject in order to raise the awareness of each of its employees and to provide them with advice and tips to better identify the warning signs. In addition, training courses are offered to team leaders to improve communication and talent management. Some employees benefit from individual coaching with external specialists as a preventive measure. Finally, several webinars and e-learning were dedicated to the management of stress related to the COVID-19 pandemic and the ensuing prolonged remote working situation.

In 2020, a total of 633 hours were spent on occupational health and safety training. The table below gives an overview of the type of training provided in this area¹.

Type of training	Number of participants	Length of training (h)
How to organize myself for a healthy and productive telework	19	38
Mental capital in times of Corona	8	16
Nutrition - Health: from thought to action	241	361
Online Master Class on Mental Resilience	28	29
Sleep well without stress	26	39
Stress Management	52	143
Mental health care (conference)	1	7
Total of participants	375	633

Since 2018, Degroof Petercam has implemented a policy aimed at allowing employees who return to work after a long period of incapacity to reintegrate into the company gradually and with certain adaptations. In addition, employees whose disability is connected with work-related stress can apply for free coaching as part of their reintegration, offered by our insurance company AG Insurance in collaboration with 'huis voor veerkracht/centre de résilience'.

In 2020, the overall absenteeism percentage (2.09%) decreased compared to 2019 (3.05%). There were no serious workplace accidents in 2020.

(1) These numbers are only representative for Belgium.

3.3 Training and education

The European financial industry is subject to strict regulations on staff training and retraining, particularly when it comes to knowledge of the products, procedures and regulations specific to the sector.

Degroof Petercam offers training programs and opportunities for personal and professional development. Our training policy allows employees to be trained, both internally and externally, on subjects that are in line with Degroof Petercam's strategy, but also on subjects that are specific to each expertise and each business. This training policy is also available to colleagues from France and Luxembourg (reduced local program).

Over the past year, training efforts have focused in particular on regulations, management of remote teams, IT tools, etc.

2020 also saw the start of a wide-ranging risk and internal control awareness program, which resulted in extensive e-learning training on market abuse, the MiFID II regulation, and IT security awareness, in addition to those related to money laundering and the GDPR. The program, which continues in 2021, highlights 11 themes to raise awareness among employees of their role in risk management.

Despite the particular context of the COVID-19 pandemic, Degroof Petercam has maintained its training initiatives, in a 'remote' or digital format. The 'e-Summer Academy' was created, covering almost three months of free access to training on current themes: future trends, remote working, change management, personal balance.

However, the training mode offered resulted in a lower number of training hours than in previous years, as the distance or e-learning mode is not necessarily suitable for long training sessions.

The technology implemented has also made it possible to hold training sessions in webinar mode with a large audience on topical issues or well-being, followed by several hundred employees.

3.4 Employment, diversity and equal opportunities

Our colleagues at the heart of our business. This section contains data on the group's Belgian, Luxembourg and French subsidiaries. The figure given below represents the total number of persons employed by Degroof Petercam as at 31 December 2020, including early retirees, employees on long-term disability and independent directors.

As at 31 December 2020, Degroof Petercam provided quality jobs to 1,531 employees in Belgium, Luxembourg, France, Spain, Italy, the Netherlands, Germany and Switzerland for functions in line with our business areas, such as private banker, financial analyst, asset manager or administrative staff, but also for expertise as diverse as compliance, risk and audit.

Degroof Petercam aims to provide its employees with competitive remuneration, training programs and opportunities for personal and professional development within the group. The group wants to be seen as an attractive employer in its sector. With this in mind, Degroof Petercam strives to attract, develop and retain top-level employees by offering them attractive and stimulating leadership roles that open up new prospects for development.

The year was, of course, marked by the COVID-19 pandemic. Since mid-March 2020, the majority of employees have been working remotely thanks to efficient telecommunication tools. Concerned about their well-being during the pandemic, Degroof Petercam reinforced its internal communication initiatives in 2020. A specific intranet space was created to keep employees informed of health measures, which is updated daily and then weekly with messages from the CEO. A psychosocial support hotline has also been set up to address the needs and remedy the isolation of employees or their families.



Our impact goes beyond
generating profit.



Degroof Petercam bases its staff member management on social legislation and sectorial regulations and on its values of humanity and collaboration. Degroof Petercam supports the principle of collective bargaining in a constructive and transparent manner. Measures concerning the employment of personnel are supervised by various group bodies, such as the remuneration committee of Degroof Petercam Belgium, the remuneration committee of Degroof Petercam Luxembourg and the joint bodies specific to each of the countries in which we are present.

Satisfaction and commitment

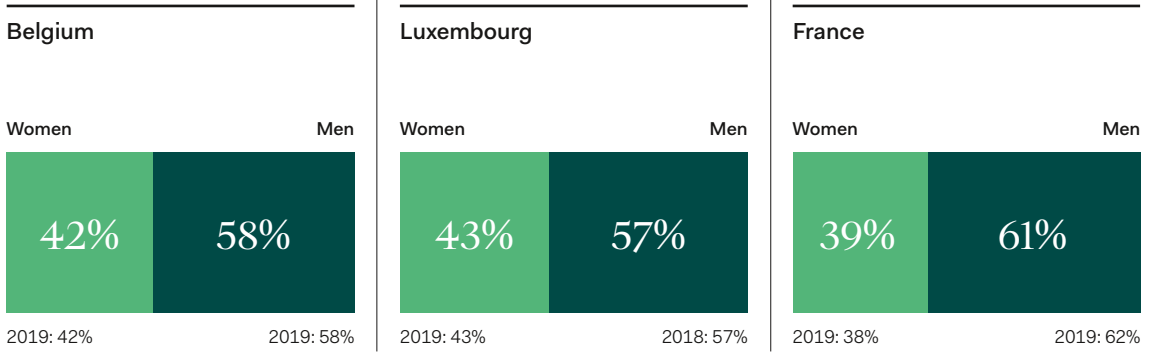
In June 2020, almost 1,000 employees exchanged ideas digitally on the lessons of the pandemic and its impact on the way employees work and their needs under the theme 'DP 2.0'. This exercise highlighted the demand to recognize and pursue the level of empowerment associated with remote working and the success of a new model of working, born of circumstances.

At the end of 2020, a staff commitment survey based on the Willis Towers Watson methodology and focusing on sustainable employee commitment was conducted in all countries of the group. More than 1,100 employees responded on topics related to employment, personal development, working conditions and company values. The results of the survey showed progress in terms of commitment, especially on human values, well-being and vision and direction (trust in leadership). However, there is still progress to be made in developing employee commitment beyond the average national and sector benchmarks. During 2021, the management of Degroof Petercam will embark on new improvement initiatives, particularly in the areas of staff development and client service.

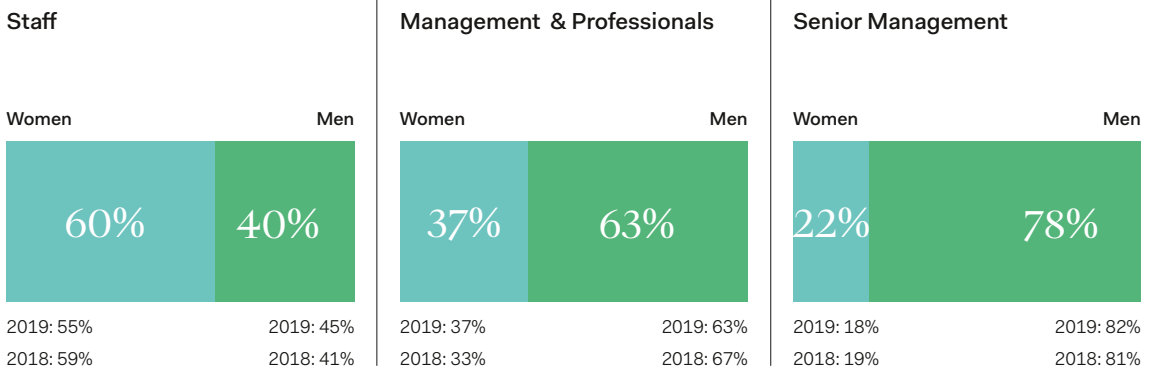
Progress in employee commitment can be attributed to a number of initiatives related to the pandemic and the DP 2.0 consultation (see above), regular communication by the CEO and management on priorities to all staff, and the expansion of the Fit@DP program. Apart from raising awareness of regular sport and daily physical activity, there were also lectures and awareness-raising actions on mental well-being, sleep and nutrition and training related to personal productivity for when working remotely and the golden rules of remote working to be observed.

Demographic statistics

In 2020, Degroof Petercam experienced an increase in the number of its employees in Belgium, Luxembourg and France. Recruitment activities continued despite the circumstances, with volumes similar to previous years.

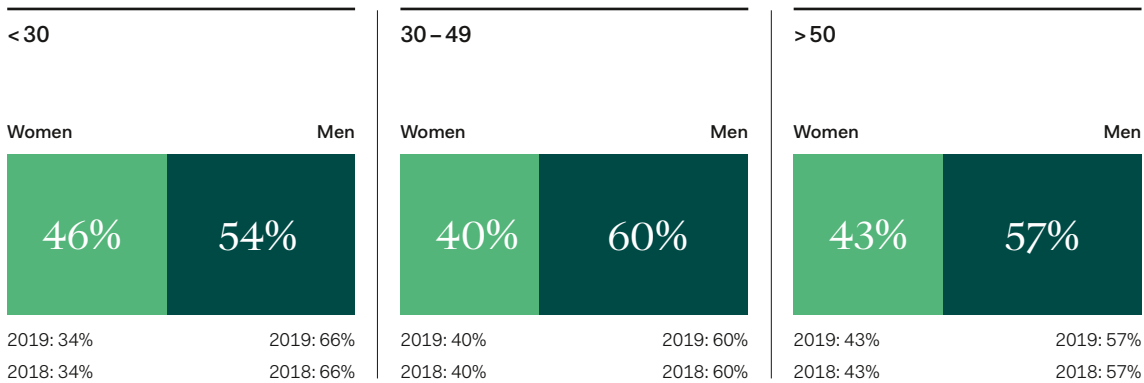


Group



Of the total number of employees of Degroof Petercam, the percentage of women in Belgium, France and Luxembourg is 42%, the same level as in 2019, with few differences between countries. Among managers, the proportion of women is 37%, 60% among employees and 22% in senior management positions.

In terms of age distribution, we continue to see an improvement in the proportion of women under 30. This is mainly due to an almost 50/50 recruitment of young talent. The lowest proportion remains among employees aged between 30 and 49, at 40%, a stable figure. 2020 saw an additional effort in the recruitment of women, with 49% of new recruits being women.



Engagement

Degroef Petercam encourages the engagement of its employees to social causes. Three initiatives have been proposed:

1. An entirely virtual sports and solidarity challenge spread over a period of one month brought together 225 colleagues around a common objective: to cover as many sports kilometers as possible in order to raise funds for associations. These 'Solidarity Games' raised 13,000 euros for 6 different projects.
2. The skills sponsorship program gives 36 employees the opportunity to devote some of their working hours to social initiatives or to sponsor job seekers in France and Belgium.
3. The micro-donation program, which allows employees to have a monthly amount deducted from their paycheck to make a donation, raised 28,438 euros. The participants decided to donate the funds to the association 'MakeSense', which mobilized thousands of volunteers during the COVID-19 crisis.

3.5 Social assessment of suppliers

In addition to the environmental criteria described in chapter 2.3 'Environmental assessment of our suppliers', it should be noted that our purchasing policy also includes criteria in the selection of suppliers that promote greater diversity within their teams by avoiding any form of discrimination, whether physical, intellectual, social or cultural.

In addition, our terms and conditions require suppliers to comply with the following provisions:

- The United Nations' Supplier Code of Conduct;
- SA8000 (social accountability standard developed by Social Accountability International);
- International Labor Organization Convention 138;
- United Nations' Convention on the Rights of the Child.

4 Governance

As Degroof Petercam is a major financial institution, it is essential for it to adopt strong governance. For this reason, we have a comprehensive anti-corruption policy in place and systematically incorporate new laws and regulations in our activities.

4.1 Socio-economic compliance

As they do every year, the ECB, the BNB and the FSMA carried out several series of inspections within the financial sector — including with Degroof Petercam — in order to assess the sector's compliance with the regulatory framework which is applicable to it. Remedial plans have been established to improve internal procedures and regulations and to bring them in line with the applicable legal framework. They are implemented in accordance with the requirements of the various competent regulatory bodies.

At the same time, in 2020 Degroof Petercam continued to strengthen the human resources of its Compliance department, which was created in 2019. Socio-economic compliance remains one of Degroof Petercam's central points of attention and no effort is spared to make it a top priority.

4.2 Anti-corruption

Preventing and fighting corruption is part of Degroof Petercam's ethical values, which aim to preserve integrity, professionalism and our reputation among clients, counterparties and

supervisory authorities, in strict compliance with the rules in force. These values are reflected and embodied in the Group's Code of Ethics and Integrity Policy.

Degroof Petercam takes the necessary measures to prevent, as far as possible, the materialization of corruption-related risks that could damage its integrity and reputation. To this end, the group has implemented an 'Anti Bribery and Corruption Program'.

It includes an anti-corruption policy, appropriate governance, adequate controls, staff awareness and a whistleblowing system that gives staff the opportunity to report potential cases of corruption in confidence.

The anti-corruption policy and any other related policy or procedure (gifts, conflicts of interest, sponsorship, prevention of money laundering, etc.) are duly communicated to all staff, implemented and monitored throughout the Degroof Petercam group. Entities within the group adopt the principles and requirements of these policies, *mutatis mutandis*, taking into account their respective activities as well as any stricter local legal or regulatory requirements.

Degroof Petercam applies a zero-tolerance policy with regard to all possible forms of corruption and formally prohibits any member of its management, any member of its permanent or temporary staff, any service provider or supplier from engaging in corrupt practices. Any employee who acts contrary to the anti-corruption policy is liable to disciplinary action, as provided for in the work regulations.

There were no incidents related to corruption in 2020.



We continue to write our story.
Generation after generation.



VI

Consolidated financial statements

The 2020 consolidated and statutory financial statements exist in French and Dutch only and can be downloaded from our corporate website ([FR](#), [NL](#))

VII

Statutory financial statements

The 2020 consolidated and statutory financial statements exist in French and Dutch only and can be downloaded from our corporate website ([FR](#), [NL](#))

VIII

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The annual report is available at
annualreport.degroofpetercam.com/2020

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