

Imagine Tomorrow since 1871

Non-financial
Report 2020

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Petercam
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Non-financial Report

Imagine Tomorrow since 1871

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Imagine Tomorrow since 1871

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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;

An aerial photograph of a modern city street, likely a roundabout or a wide boulevard, featuring a large, ornate fountain in the center. The fountain has a circular base with multiple tiers and a central column. The street is paved with asphalt and has several cars driving. A semi-transparent, historical map overlay is visible on the left side of the image, showing the same area as it might have looked in the past. The map overlay is a light beige color with dark lines representing streets and buildings. The text "Exactly 150 years ago, in 1871 our story began." is written in a white, serif font in the bottom left corner of the image.

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.

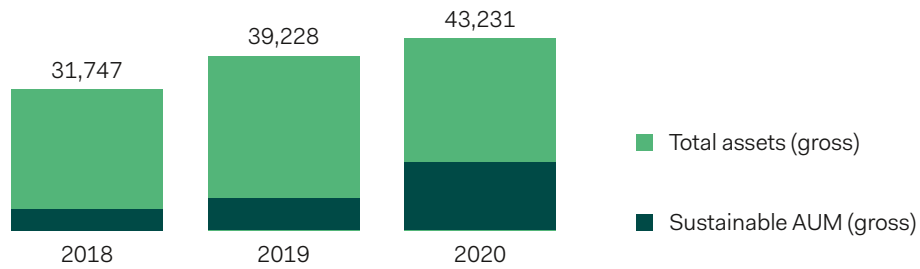
The different policies, their impact and the relevant links are described below. All of these policies are also [directly accessible](#).

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 visible eye, a white torso with black accents, and a white right arm raised in a fist-like gesture. The background is a blurred industrial or futuristic environment with warm lighting. A large white circular graphic element is 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

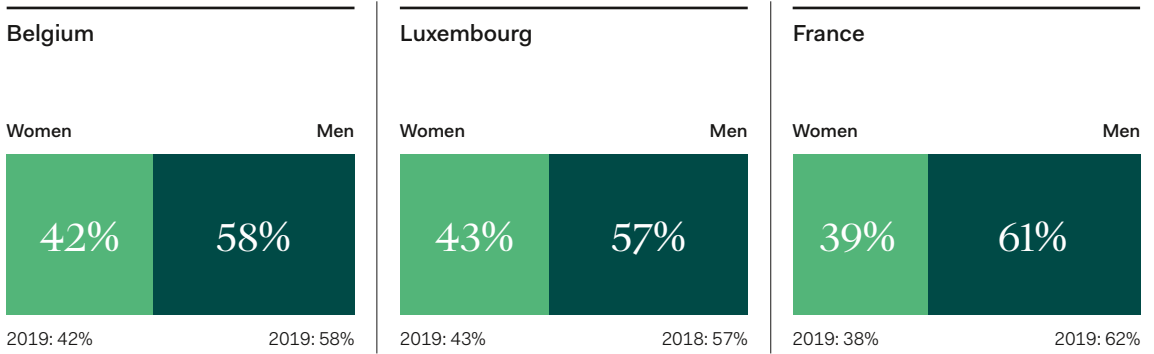
In June 2020, almost 1,000 employees exchanged ideas digitally on the lessons of the pandemic and its impact on the way employees work and their needs under the theme 'DP 2.0'. This exercise highlighted the demand to recognize and pursue the level of empowerment associated with remote working and the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

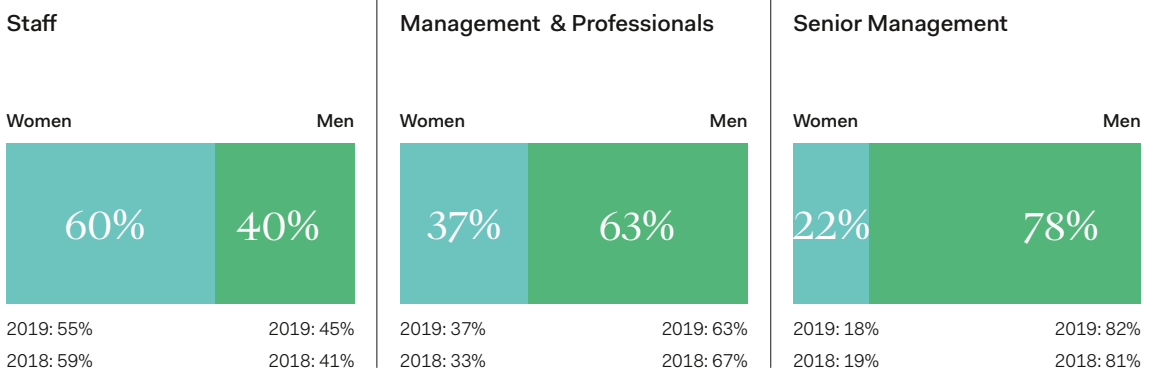
Progress in employee commitment can be attributed to a number of initiatives related to the pandemic and the DP 2.0 consultation (see above), regular communication by the CEO and management on priorities to all staff, and the expansion of the Fit@DP program. Apart from raising awareness of regular sport 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.

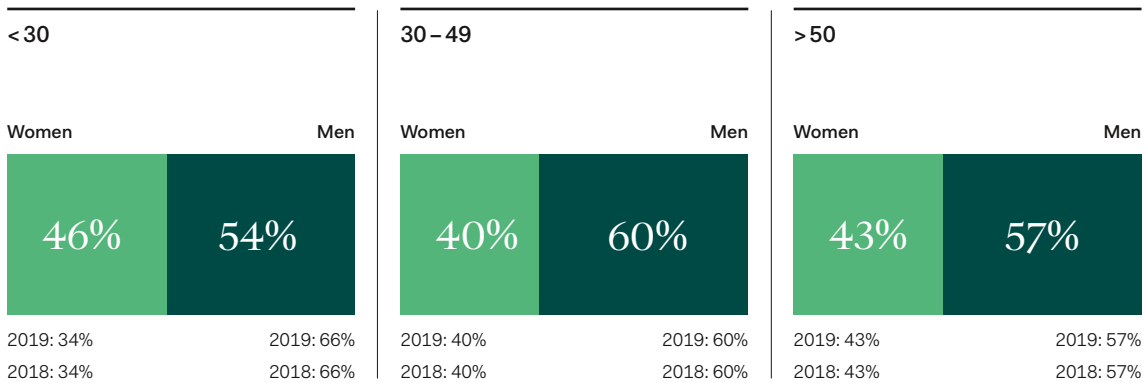


Group



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.



Degroof Petercam

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