
Consolidated non-financial statement

This document constitutes Degroof
Petercam's draft non-financial information
statement for the year 2017.

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Introduction

Today's challenges are tomorrow's opportunities

With the modernisation of our societies, climate change, demographic change and the exhaustion of natural resources that inexorably accompanies these trends, public authorities and companies, including Degroof Petercam, face new paradigms. This is further intensified by the recent financial crises and several major scandals that have led to the destruction of shareholder value and an unprecedented crisis in the financial and public sectors.

The integration of environmental, social and governance (ESG) criteria in the management of Degroof Petercam's activities is not only a priority but also an absolute necessity within the framework of a global vision, taking into account the long-term perspective for the environment in which the company operates.

The identification of risks related to ESG issues allows both a better understanding of risks and improved management planning. This means that risks represent investment opportunities and create value for all stakeholders.

Degroof Petercam believes that today's global challenges are tomorrow's opportunities. Adopting a disciplined and global vision of the world can bring benefit to the company's clients and partners, investors and employees.

These challenges are only worthwhile if they are shared by all. ESG considerations must be integrated at all levels and are not an isolated process. ESG performance is intrinsically part of a complex package that can generate a competitive advantage for companies.

Whatever challenges this presents in placing companies in their global context, sustainable development must be encouraged. More than ever, this is a prerequisite for a company's sustainability and therefore for its profitability and its ability to create long-term shareholder value.

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs”¹

ESG

ESG is an international acronym used to target environmental, social and governance issues that constitute the three fundamental pillars of non-financial information and corporate and banking social responsibility.



Environment

These criteria assess whether a company takes into account its environmental footprint in terms of priorities and performance (energy and water consumption, CO₂ and waste output, pollution, etc).



Society

These criteria refer to a company's societal impact on all its stakeholders, for instance the respect of labour rights, health and safety, non-discrimination, etc.



Governance

These criteria relate to the way a company is managed, led and controlled, by focussing on ethical rules and transparency, in particular with regards to the relationships between management, the board of directors and shareholders.

¹ Brundtland Report for the United Nations – 1987.

Non-financial statement

The objective of this non-financial statement is to explain Degroof Petercam's policy as a bank and financial group with regard to sustainable development issues and thus to analyse the progress and improvements to be implemented in order to achieve these objectives.

In this context, non-financial information concerning Degroof Petercam will be presented, as required by the Law of 3 September 2017 on the publication of non-financial information and information relating to diversity by certain large companies and groups, published in the *Moniteur belge* of 11 September 2017. This law amended Article 119 of the Belgian Company Code by requiring that a statement be included in the management report of the consolidated financial statements of the group concerned in order to describe the development of the business, the performance, the situation of the group and the impact of its activity relating at least to social, environmental and personnel issues, respect for human rights and the fight against corruption. Paragraph 2 of this article allows a parent company to prepare this consolidated non-financial statement in a separate report.

This statement constitutes such a separate report. Prepared by Bank Degroof Petercam nv|sa, this statement contains non-financial information concerning it and the Belgian subsidiaries of the group of which it is the parent company. In this respect, in this statement the name "Degroof Petercam" refers both to the company Bank Degroof Petercam nv|sa and to the group of companies of which it is the umbrella company.

After briefly describing Degroof Petercam's business model, the following information will be presented:

- its responsibility as a responsible investor;
- its social and human resources approach;
- its environmental approach;
- its approach to the fight against corruption; and
- employment and education aid through the Degroof Petercam Foundation.

In drawing up this statement, Degroof Petercam relied in particular on the following international benchmarks:

- the publication of the European Federation of Associations of Financial Analysts entitled *KPIs for Environmental, Social and Governance (ESG) Issues. A Guideline for the Integration of ESG into Financial Analysis and Corporate Valuation*;
- the UN Principles of Responsible Investment (PRI); and
- UN Sustainable Development Goals (SDG).

This statement incorporates, in the various sections mentioned above, the non-financial key performance indicators (KPIs) that Degroof Petercam has deemed necessary to understand the development of its business, its performance, its situation and the impact of its activity.

For topics for which it would not have been possible to provide all relevant key performance indicators in this first non-financial statement, the necessary assessments and quantifications will be made in the course of the 2018 financial year with a view to being included in the next non-financial statement.

Degroof Petercam – a bank, a group

With a history dating back to 1871, Degroef Petercam is a major financial institution based in Brussels. Degroef Petercam is an independent group owned by long-term family shareholders and offers its services to private and institutional investors.

Degroef Petercam's clients benefit from a unique combination of services based around four main divisions, in accordance with the business model currently in place:

- private banking;
- institutional management;
- investment banking (corporate finance and financial intermediation); and
- asset services.

At the end of 2017, Degroef Petercam directly or indirectly managed 55 billion euros in assets for individual investors, families, companies, pension funds, universities, insurance companies and governmental and non-profit organisations through its group entities.

On the same date, Degroef Petercam employed 1 371 experienced people² in Belgium, Luxembourg, France, Spain, Switzerland, the Netherlands, Germany, Italy and Hong Kong.

Its mission is to offer our private, professional and institutional clients the best services to help them achieve their ambitions.

To accomplish this, the group takes a cross-functional and international approach to business as part of its development strategy.

References

Topics	Documents
Organisation and structure of governance at Degroef Petercam	<ul style="list-style-type: none">• <i>Corporate governance – 2017 annual report</i> Available on the website www.degroofpetercam.be• <i>2017 in brief</i> Available on the website www.degroofpetercam.be• <i>2017 Management report</i> Available on the website www.degroofpetercam.be <p>7 <i>Remuneration policy</i> (pp. 6 and 7) 10 <i>Committees within the Board of Directors</i> (pp. 8 to 10)</p>
Trends and factors that may influence the future development of the Degroef Petercam group	<ul style="list-style-type: none">• <i>2017 Annual report</i> Available on the website www.degroofpetercam.be <i>Chapter 5 – Risk management</i> (pp.27 to 40)• <i>2017 Management report</i> Available on the website www.degroofpetercam.be <p>5 <i>Circumstances that could significantly influence the development of the group</i> (pp. 5 and 6)</p> <p>8 <i>Main risks to which the Bank is exposed</i> (p. 7)</p>

² Full-time equivalents (FTE).

Investing responsibly – the group's responsibility

1 Principle

Degroof Petercam continuously takes into account all environmental, social and governance (ESG) issues related to its asset management and private banking activities and aims to ensure transparency and consistency in its approach, methodology, products and services.

In this context, the group is constantly mindful of the principles and dynamics of responsible investment principles that are rooted in its corporate culture and whose guiding principle is ESG issues.

Degroof Petercam is aware of the fact that the integration of these issues is part of an investor's fiduciary duty towards its clients and beneficiaries, and has developed clear and coherent policies in this respect, notably on the eligibility of specific products and services evaluated from the more general perspective of sustainable development. It regularly informs its staff about relevant ESG topics and controversial activities.

2 Scope

Degroof Petercam Asset Management nv/sa ("DPAM"), an entity of the Degroof Petercam group in charge of managing its investment funds, bears the main responsibility for developing and applying policies related to ESG issues.

However, they also serve as a guideline for all the entities of the Degroof Petercam group, which raises awareness and makes use of its resources to ensure that these policies are assimilated and applied consistently in each segment of its activities.

The data in this section therefore mainly concern DPAM, although the entire Degroof Petercam group actively implements the policies in question.

3 Policies, approaches and resources

a. United Nations Principles for Responsible Investment (PRI)

DPAM has been a signatory of the Principles for Responsible Investment (PRI) sponsored by the United Nations since 2011.

In this context, DPAM is committed to implementing the six principles for responsible investment of the United Nations and therefore to integrating ESG factors into its investment decision-making and shareholding practices as part of its active participation in shareholder meetings of positions held through the investment funds it manages.

These principles³ provide a framework for the global investment community to participate in the development of a more economically stable and sustainable financial system. This system aims to reduce short-term risks to corporate performance, investment returns and market attitudes and to reward responsible investment over the long term, benefiting both the environment and society as a whole.

³ The Principles for Responsible Investment were developed by an international group of institutional investors, reflecting the growing importance of environmental, social and corporate governance issues for investment practices. The process was organised by the Secretary-General of the United Nations. By signing the Principles, Degroof Petercam, as an investor, publicly undertakes to adopt and implement them, as long as they are in line with its fiduciary responsibilities. It is also committed to assessing the effectiveness and improving the content of the Principles over time. It believes that this will enable it to better honour its commitments to beneficiaries and better align its investment activities with the general interests of society.

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6 PRINCIPLES:

1. We will integrate ESG issues into our investment analysis and decision-making processes.
2. We will be active shareholders and integrate ESG issues into our share ownership policies and procedures.
3. We will, as far as possible, ask the entities in which we invest to be transparent about ESG issues.
4. We will encourage the adoption and implementation of the Principles in the investment sector.
5. We will cooperate to improve the effectiveness of our implementation of the Principles.
6. We will each report on our activities and progress in implementing the Principles.

Each year, an evaluation of the progress of all PRI signatories, including DPAM, in implementing these principles is conducted. Public reporting in this context is available on the UNPRI website (<https://www.unpri.org/>).

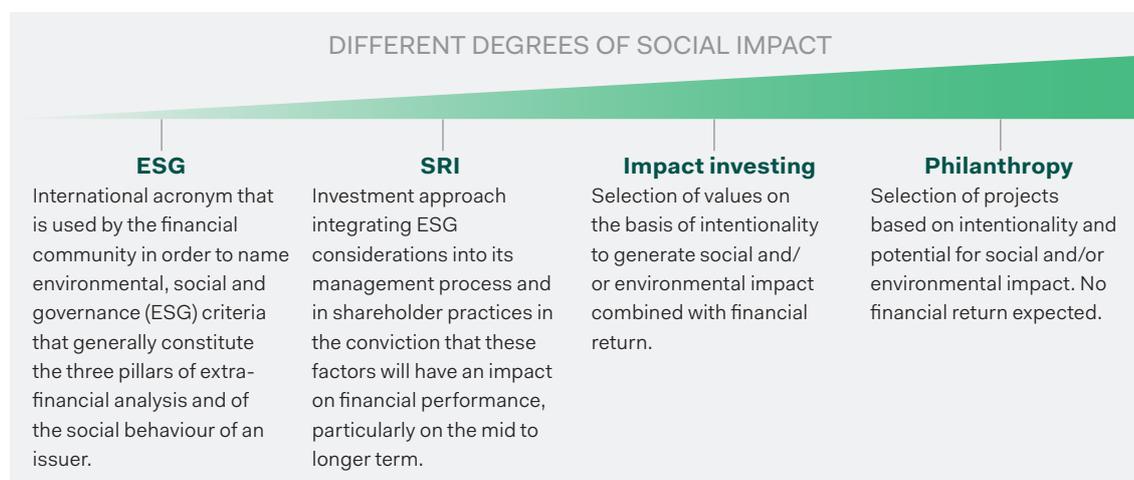
During its evaluation in 2017, DPMA obtained the top rating of A+, reflecting the progress made on the implementation of the six principles and in particular the seriousness of the integration of ESG factors (Principle 1) and its shareholder responsibility (Principle 2).

“ESG integration is the explicit inclusion by asset managers of ESG risks and opportunities in traditional financial analysis and investment decisions, based on a systematic process and appropriate research sources. This integration process includes the explicit consideration of ESG factors with financial factors in the overall investment analysis. It focuses on the potential impact of ESG issues on companies’ financial statements (positive and negative), which may affect the investment decision”

(Source : EUROSIF)

Environment	Social	Governance
✓ Climate change	✓ Working conditions, including slavery and child labour	✓ Executive compensation
✓ Greenhouse gas emissions	✓ Local communities, including indigenous communities	✓ Corruption
✓ Resource depletion, including water	✓ Conflicts	✓ Political lobbying and donations
✓ Waste & pollution	✓ Health and safety	✓ Management structure and diversity
✓ Deforestation	✓ Employee relations and diversity	

b. Investment decision-making process at DPAM level



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DPAM operates a gradation of its “social responsibility” on two levels in making its investment decisions:

I. Upstream integration of the investment process

ESG factors are integrated upstream into all DPAM funds by teams of DPAM analysts and portfolio managers as part of the investment process.

II. Sustainable & Responsible Investing (SRI)

1. Philosophy and approach

In the management of certain “sustainable” funds, DPAM is specifically prohibited from investing in certain sectors or issuers whose ESG profiles are not satisfactory, and demonstrates its willingness to invest mainly in issuers offering solutions to the various challenges of tomorrow, based on the following precepts:

- defending fundamental rights – United Nations Global Compact;
- formulating an opinion on controversial activities; and
- being a responsible stakeholder and promoting best practices and progress.

These principles are reflected in DPAM's sustainable and responsible investment policy.

ESG SCREENING			
Normative ESG screening <ul style="list-style-type: none"> • Exclusion of companies non-compliant with the 10 Principles of the Global Compact* 	Controversies and exclusions <ul style="list-style-type: none"> • Exclusion of tobacco, armament, pornography and gambling • Exclusion of the most controversial companies (highest severity) 	Quantitative ESG screening <ul style="list-style-type: none"> • Best in class approach: exclusion of the worst performing in term of ESG score 	Qualitative ESG screening <ul style="list-style-type: none"> • Sustainability themes included in top down and bottom up process • Pro-actively included in investment process • Active voting company

At the end of 2017, DPAM held more than 25.8 billion euros under management, including approximately 2.8 billion euros under the “Sustainable” name, i.e. more than 10% of total assets under management.

SRI (FUNDS) assets under management:

(change in EUR million)

	31.12.2012	31.12.2013	31.12.2014	31.12.2015	30.09.2016	31.12.2017
Equity	315.96	355.77	365.89	424.31	610.31	758.14
Fixed income	204.55	108.64	206.35	860.73	1 372.44	2 003.35
Multi assets	19.97	21.95	37.93	36.90	43.84	52.74
Total	540.48	486.36	610.16	1 321.93	2 026.59	2 814.23
Assets	540.48	486.36	610.16	1 321.93	1 890.11	2 588.27
Liabilities					136.48	225.97
Total	540.48	486.36	610.16	1 321.93	2 026.59	2 814.23

Number of funds:

(change in EUR million)

	31.12.2012	31.12.2013	31.12.2014	31.12.2015	30.09.2016	31.12.2017
Equity	2	2	2	3	6	7
Fixed income	1	2	2	3	3	3
Multi assets	1	1	1	1	1	1
Total	4	5	5	7	10	11

* The Ten Principles of the UN Global Compact offer a framework to develop and promote sustainable business models and markets. The principles have been universally validated and refer to four main areas: human rights, labour, environment and anti-corruption.

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Breakdown of sustainable investments by fund:

(change in EUR million)

	31.12.2012	31.12.2013	31.12.2014	31.12.2015	30.09.2016	31.12.2017
Equities World Sustainable	267.64	293.21	330.72	313.63	375.90	416.91
Equities Europe sustainable	48.32	62.56	35.16	35.85	32.07	25.39
L Bonds Government Sustainable	204.55	58.97	86.68	69.05	67.14	108.03
L Bonds Emerging Markets Sustainable		49.66	119.67	160.26	437.00	1 008.48
Sustainable Food Trends (formerly Agrivalue)				74.84	65.86	56.18
NewGems Sustainable (formerly World)						33.70
EUR Quality Sustainable				631.42	868.31	886.84
indexed SRI EMU					58.26	59.69
indexed SRI US					31.81	81.41
indexed SRI World					46.42	84.86
Glob Balanced Conservative Sust. (ex-Degroof Ethical)	19.97	21.95	37.93	36.90	43.84	52.74
Total	540.48	486.36	610.16	1 321.93	2 026.59	2 814.23

2. External recognition

In 2017, DPAM obtained the LuxFLAG⁴ label for 4 of the investment funds it currently manages (DPAM Equities World Sustainable, DPAM Europe Sustainable, DPAM L Bonds Government Sustainable and DPAM L Bonds EM Sustainable), thereby rewarding the responsible investment strategies implemented for these funds.

The main objective of the LuxFLAG ESG label is to reassure investors that the investment fund actually invests in assets that integrate ESG (environmental, social, governance) considerations throughout its investment process. The eligibility criteria for the LuxFLAG ESG label require that the applicant's fund selects 100% of its invested portfolio in accordance with one of the ESG strategies and standards recognised by LuxFLAG.

By the end of 2018, the objective is to have the 8 active management strategies certified.

⁴ The Luxembourg Finance Agency (LuxFLAG) is an independent, non-profit association created in Luxembourg in July 2006. It aims to promote the raising of capital for the Responsible Investment sector by awarding a recognisable label to eligible investment vehicles.

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3. DPAM – 15 years of experience in responsible and sustainable investment

SOLID TRACK RECORD

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

c. Role of DPAM as responsible shareholder

As part of its fund management activities, DPAM exercises the voting rights of the funds under management in more than 500 companies in Europe and North America, and voted on more than 8 000 resolutions in their shareholder meetings.

The Voting Advisory Board set up by DPAM, composed of 3 external members and 7 internal members, is responsible for:

- reviewing voting policies and voting instructions;
- ensuring proper implementation of voting directives;
- adopting voting instructions on practical matters not covered by the directives;
- making decisions in cases giving rise to potential conflicts of interest; and
- validating the activity report.

DPAM's commitment in figures

+ 500	In 2017, DPAM participated in the general and special shareholder meetings of more than 500 companies in Europe and North America.
+ 8 100	DPAM expressed its opinion on more than 8 100 resolutions and supported 85% of them included in shareholder proposals.
59	DPAM has engaged in a dialogue with 59 companies and continues its commitment to better governance, greater transparency and a response to tomorrow's challenges.

d. Resources implemented at Degroof Petercam group level

Various bodies and actions have been set up within the Degroof Petercam group, or more particularly, at DPAM level, in order to ensure compliance with the above principles.

I. Steering group for responsible investment

In order for the Degroof Petercam group to guide all responsible investment initiatives and to be proactive in its approach, the Responsible Investment Steering Group (RISG) brings together twelve professionals from different business sectors within the group. It aims to reflect ESG issues and to ensure transparency and consistency of approaches, methodologies, products and services and to ensure that the dynamics of responsible investment principles are in line with the 6 United Nations Principles for Responsible Investment.

II. Competence centre for responsible investment

The competence centre for responsible investment, set up within DPAM, is composed of four members. It guides all initiatives, methodologies and projects related to ESG aspects of investment processes and works closely with the various areas of expertise: bond management, credit research, equity management and equity research. It has access to independent ESG research from world leaders in these fields

In addition, the competence centre is responsible for acting as the focal point for the UN PRI and other parties involved in responsible investment (Beama, Eurosif, etc.) and reports to the DPAM Steering Committee.

III. External experts

It is also important for the members of the Degroof Petercam group to be able to rely on numerous independent experts specialised in environmental, governance or social issues. As a member of the scientific councils created within the group (voting policy, sustainability of countries) or as a guest of the Responsible Investment Corners (see below), they contribute significantly to the improvement of the processes and methodologies applied at group level.

IV. Fixed Income Sustainability Advisory Board (Fisab)

This committee, created at DPAM level, is composed of 4 external experts and 4 internal experts.

Its role is to:

- define the sustainability of each country;
- provide assistance on criteria and model construction (emerging country model and OECD model);
- discuss and make recommendations for change; and
- approve the methodology and final ranking.

V. Responsible Investment Corners

Degroof Petercam organises internal events on a quarterly basis at which an external expert presents ESG-specific topics for Degroof Petercam group employees. The purpose of these actions is to:

- increase staff awareness of ESG issues;
- make each employee responsible for his or her role within the group; and
- make informed investment decisions.

e. Transparency

The ESG policies and activity reports are all available on the Degroof Petercam website (www.degroofpetercam.com), including the voting policy, the sustainable and responsible investment policy, the controversial activities policy and the commitment programme.

Degroof Petercam is actively working on the determination of priority Sustainable Development Goals (SDGs)⁵ to be formalised in the course of 2018. These will be accompanied by relevant key performance indicators (KPIs) for the purpose of reporting on the results achieved in this respect, with a view to increasing transparency.

⁵ Sustainable Development Goals (SDG) is the name commonly used for the seventeen goals established by the UN Member States and which form Agenda 2030, which was adopted in September 2015. This agenda sets targets to be achieved by 2030, defined by SDG. There are 169 targets and they are common to all the countries involved. They meet the following general objectives: eradicating poverty, protecting the planet and ensuring prosperity for all. These goals replace the 8 Millennium Development Goals, which ended in 2015. <https://sustainabledevelopment.un.org/>

Human resources

1 Principles

As at 31 December 2017, Degroof Petercam provided good jobs to 882 employees in Belgium⁶, in functions as diverse as private banker, financial analyst, asset manager or administrative staff.

Degroof Petercam aims to provide its employees with competitive remuneration, training programmes and opportunities for personal and professional development within the group. It wants to be seen as an attractive employer within its environment. 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.

2 Scope

This section contains data on the following Belgian companies, which employ staff in Belgium:

- Bank Degroof Petercam nv|sa;
- Degroof Petercam Asset Management nv|sa (DPAM);
- Degroof Petercam Corporate Finance nv|sa (DPCF); and
- Imofig nv|sa.

3 Policies, risk management, results and objectives

a. Staff status and turnover

- ESG 5 – Age of employees

The average age of Degroof Petercam's employees is 44.9 years, 45.2 for women and 44.6 for men.

- GSS 5-1 Age structure/distribution (number of employees by age group, 10-year intervals)

Age group	20-29	30-39	40-49	50-59	60-69	Total
Women	25	82	115	114	19	355
Men	40	116	196	139	36	527
Total	65	198	311	253	55	882

- ESG 3-1 Percentage of employees leaving the company per year/total employees (FTE)

60 departures in 2017 out of 882 employees at the end of the year, which represents 6.8%, and was largely offset by more than 70 new hires during the same period.

NEW HIRES 2017

Age group	20-29	30-39	40-49	50-59	Total
Women	8	8	5	4	25
Men	13	17	13	3	46
Total	21	25	18	7	71

⁶ This figure represents the total number of persons employed by Degroof Petercam as at 31 December 2017, including early retirees, employees on long-term disability and independent directors. These are not included in the social balance sheet, which explains the headcount difference of 21 between the social balance sheet and this report.

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EMPLOYEES LEAVING THE COMPANY 2017

Age group	20-29	30-39	40-49	50-59	60-69	Total
Women	3	4	8	1	3	19
Men	4	13	8	12	4	41
Total	7	17	16	13	7	60

- GSS 5-2 – Percentage of workforce expected to retire within next 5 years

Retirement expected in 2023, based on age

Age	60	61	62	63	64	65	67	70	Total
Women	5	3	1	2		1			12
Men	13	6	7	3	2		1	1	33
Total	18	9	8	5	2	1	1	1	45

Over the next 5 years, over 40 Degroof Petercam employees who have reached the retirement age of 65 are expected to retire.

b. Sustainable employee commitment

In 2017, a staff commitment survey was conducted for the first time after the merger between Degroof and Petercam, based on the Willis Towers Watson methodology and focusing on sustainable staff commitment and baseline data collection at national and sector level. 650 employees participated in Belgium (out of approximately 1 100 participants at group level), which represents a response rate of 76%. This participation reinforces the relevance of the survey findings, but also shows employees' hope that the survey will bring about change.

The overall commitment score was 73%, i.e. 4 points below the Belgian National Standard⁷.

Compared to the Belgian National Standard, the 5 domains that delivered scores above the average are:

- the "wellness" dimension and the fact that Degroof Petercam offers a working environment free of discrimination and harassment, and that employees do not often feel overwhelmed by their work;
- the "customer orientation" dimension at all levels of Degroof Petercam;
- the proximity of our management team and the freedom to express their opinions and vision;
- the degree of commitment demonstrated to meet the company's ambition;
- the importance attached to ethical issues.

Besides these positive results, the results obtained in several areas are not in line with Degroof Petercam's ambitions. Specifically, these include:

- understanding the company's vision and strategy;
- the aspect of excellence, particularly in relation to operational excellence;
- training and development (the information and resources provided to manage one's career effectively);
- the issue of "wellness": is employee wellness an important issue for management?

Group-wide results identified 5 key areas for improvement:

1. communication from management to employees, through the chain of command;
2. workload and flexibility;
3. the culture of excellence;
4. commitment to Corporate Social Responsibility;
5. the personal development culture.

Some of the topics highlighted in this report, particularly in priority areas 2, 4 and 5, show that we have already made progress.

⁷ This score represents the percentage of employees who answered "agree" or "somewhat agree" to a series of 8 Towers Watson survey questions corresponding to their baseline measure of sustainable commitment.

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The goal for 2018 is to conduct a similar baseline survey on sustainable employee commitment to measure progress in these 5 areas of improvement and increase our sustainable employee commitment score. This specific measure is integrated into the performance evaluation used to measure and reward the performance of the members of the Executive Committee of the Degroof Petercam group.

c. Diversity

ESG 15 – Diversity

- ESG 15-1 – Percentage of employees in total
- GSS 15-2 Percentage of female managers in total

According to the 2017 social balance sheet, the percentage of women in the organisation is 41.69%. In management, the proportion of women is 38.45%. This proportion is 28.22% in people management roles.

Age group	Groups	
Women	293	38.45%
Men	469	61.55%
Total	762	

d. Wellness

ESG 6 – Absenteeism rate

- ESG 6-1 – Number of working days lost per employee per year

In 2017, an average of 6.94 working days per employee was lost due to illness or accident, which is well below the sector average. If long-term illnesses (more than one year) are excluded, the figure for Degroof Petercam employees on sick leave was 2.63% in 2017, down from 2016, compared to a sector average calculated on the same basis of 4.10% in this category.

Degroof Petercam is committed to creating a healthy environment and makes significant efforts to promote wellness at work and eliminate work-related health risks.

To this end, Degroof Petercam has a workplace prevention and protection committee (WPPC) which meets at least once a month and is responsible for the Degroof Petercam business unit in Belgium. Its mission is to research and propose all relevant measures that actively contribute to everything that is undertaken to promote the wellness of all employees (100%) as they carry out their work. Members of the employee delegation attend all visits by the workplace physician in order to be able to propose improvements.

In 2018, Degroof Petercam will pay particular attention to long-term absences, and will initiate a reintegration policy, defined in agreement with the social partners.

In 2017, there were no fatal accidents or accidents resulting in permanent disability. There were 2 workplace accidents resulting in temporary disability for a total of 23 calendar days lost, calculated from the date after the accident. The disabilities involved one man and one woman.

The most important risks for Degroof Petercam staff members are psychosocial risks and risks related to IT work.

Various specific measures were taken in 2017 to promote or ensure safety and wellness at work, such as: the complete renovation of the main buildings, the fitting-out of the new furniture platforms, the Tell Us commitment and wellness survey (see above), individual preventive and curative stress coaching sessions, stress management training sessions as part of our Summer Academy (see below) for employees and team leaders.

Degroof Petercam employs a small number of manual workers. They have the required safety equipment. A small number of employees also have a special uniform. Specific individual agreements have been concluded with the workers in question concerning the conditions of use. No additional formal agreements (with trade unions) have been concluded on health and safety.

e. Flexibility of work – Introduction of teleworking

One of the main measures implemented in 2017-18 in terms of work flexibility is the gradual deployment of teleworking at the rate of one day per week of home work for all employees, with the exception of those whose function does not allow remote work (nature of the function or access to data or systems). To date, 88.3% of the 350 or so employees who have been offered this flexibility have accepted it. The deployment of teleworking is being continued in 2018 to cover all departments in 2018. Only about twenty people, representing less than 10 functions, were excluded due to constraints related to the nature of their work (security, access, etc.).

f. Social relations

Degroof Petercam supports the principle of collective bargaining in a constructive and transparent manner.

When Degroof and Petercam merged in October 2015, a new social consultation model was introduced and new members of the social delegation were appointed to represent the interests of all staff members (100%). Social relations are exercised in the following consultative bodies: the social delegation, a works council and a workplace prevention and protection committee. These bodies are in place until the new social elections in 2020. Regular meetings are organised to ensure constructive social consultation within Degroof Petercam.

Several collective labour agreements (CLAs) were negotiated in 2017, always with a specific term or with a negotiated notice period (usually 6 months). Degroof Petercam is convinced of the value of lasting relationships with its staff.

Specific information sessions were organised to inform our staff of the changes made to their working conditions.

In addition, Degroof Petercam's intranet (Wallstream) serves as a communication tool, enabling employees to easily find information.

Notice of operational changes that are significant to employees and their representatives is given in a timely manner and always before the decision is made public.

In the case of individual employment contracts, management complies with the statutory notice period in the event of termination, as well as the legislation on job placement assistance.

g. Non-discrimination

(GRI 406 – Disclosure 406-1)

Conflict, bullying, discrimination, sexual harassment and assault in the workplace are forms of harassment. This unacceptable behaviour endangers workers' wellness, including their mental and physical health, the quality of their work and the organisation's results. The prevention and treatment of harassment in the workplace is essential for the psychosocial wellness and physical integrity of all employees. For this reason, Degroof Petercam has set up a specific complaint mechanism, allowing an individual to lodge a complaint with an external prevention advisor. Its internal prevention advisor can assume the role of confidential advisor or first contact in order to advise on the measures likely to be taken.

In 2017, Degroof Petercam did not record any formal cases of discrimination based on race, colour, sex, religious or political beliefs or national or social origin, as defined by the ILO. This fact was highlighted by employees as a strong point in Degroof Petercam's 2017 "Tell Us" Wellness survey.

h. Training and personal development⁸

ESG 4 – Training & qualification

- ESG 4-1 – Percentage of employees trained per year/total employees (FTE)
- GSS 4-2 Average training expenditure per employee per year

According to the 2017 social report figures, 763 employees participated in training activities in 2017, totalling 21 350 hours of training. On average, each employee received 26.6 hours of training (25.5 on average for women and 27 for men) at an average cost per employee of 1 625 euros per year.

Following the merger of Degroof and Petercam at the end of 2015 and the integration of the two entities' IT platforms, training activities in 2017 focused on professional, technical and leadership skills.

A particular effort was devoted to the introduction of new colleagues with the organisation of 2 international days for new colleagues, totalling no less than 130 participants in 2017 and aimed at familiarizing them with the group's businesses.

One highlight is a "Summer Academy" programme which has been established covering four weeks of training with free access to all employees around 4 selected themes.

71 training courses were organised in this framework, totalling more than 2 500 hours of training. 368 employees participated in this program, with a total of approximately 1 000 registrations (each employee can undertake multiple training courses).

Selected themes:

- Personal Balance, covering both personal effectiveness and wellness;
- Know Our Bank, dedicated to knowledge of our internal business; and
- Digitalisation, covering new trends in the banking sector.

A leadership development program has also been initiated for 250 employees at group level, including 2 days in 2017 and 3 days in 2018.

In addition, all employees have an annual performance review in which skills development and training needs are discussed.

Degroof Petercam particularly supports the continuous training of its experts by offering them the financing of long-term certification courses directly linked to the exercise of their function.

i. Staff engagement in community relations

Through Solidarity Days, 275 volunteer employees gave a day of their working time to support various associations. For 2017, this spontaneous effort represented 2 200 hours of work donated to social causes.

Degroof Petercam's ambition does not stop there; in 2018, together with its employees, the company will take part in various major actions:

- the implementation of a micro-donation policy among employees in Brussels;
- the launch of a skills patronage program whereby its employees will be able to donate two hours per month of their working time and skills to associations in need; and
- the launch of volunteering and micro-donations in Luxembourg.

Degroof Petercam's objective is to devote a budget of 1 day per employee per year to volunteering by 2022.

⁸ Source: Belgian social balance sheet (bilan social belge).

Environment

1 Principles



Every year, Degroof Petercam receives the “CO2 Neutral” label, an international climate responsibility certification in accordance with the PAS2060 standard⁹. The label is also validated by Vinçotte¹⁰.

In addition, Degroof Petercam is gradually putting in place appropriate consumer policies and technical means to significantly reduce the ecological footprint of its activities.

2 Scope

This section contains data relating to the following Belgian companies:

- Bank Degroof Petercam nv|sa;
- Degroof Petercam Asset Management nv|saA (DPAM);
- Degroof Petercam Corporate Finance Snv|sa (DPCF); and
- Imofig nv|sa

3 Policies, risk management, results and objectives

a. Reduction and offsetting of CO2 emissions



In order to obtain the “CO2 Neutral” label, Degroof Petercam calculates, on the basis of its own statistics, its CO2 emissions and its climate impact with the help of CO2logic, a compensation company¹¹.

Degroof Petercam leads environmentally friendly initiatives by reducing its energy consumption and CO2 emissions. Amongst other things, it is currently planning major measures to reduce its CO2 emissions and more specifically the impact of mobility

within the company, which accounts for most of these emissions.

At the same time, Degroof Petercam offsets the residual CO2 emissions in order to become a CO2-neutral company and not to make the community bear the consequences of its climate impact.

The main objective for 2018 is to create a scoreboard to measure, monitor and reduce Degroof Petercam's carbon footprint and to establish a concrete action plan for the coming years on this basis.

“By choosing CO2 neutrality, Degroof Petercam has decided to take responsibility for the real impact of its CO2 emissions instead of passing them on to society and future generations.”

⁹ PAS 2060 is a specification detailing how to demonstrate carbon neutrality produced and published by the British Standards Institution.

¹⁰ Integrated video: www.youtube.com/watch?v=shn3dh7xfhw (online version)

¹¹ www.co2logic.com.

b. Support for climate projects - Saving Trees

Degroof Petercam pays back an amount proportional to its impact by supporting Gold Standard¹² certified climate projects, in partnership with CO2logic.

The environmental project "Saving Trees" in Uganda (Africa), supported by Degroef Petercam, contributes to the fight against deforestation through the use of efficient ovens. 3 billion people (out of 7.5 billion on the planet) still cook every day with charcoal or wood. The significant population growth in Africa is putting increasing pressure on local biodiversity (forests, ecosystems...). Poverty prevents people from accessing renewable energy solutions.

With financial support from Degroef Petercam, CO2logic enables the distribution of efficient and affordable ovens that reduce the amount of wood and charcoal needed by approximately 50%. This is an essential contribution to the vital fight against deforestation¹³.

The environmental project supported contributes to several United Nations Sustainable Development Goals (SDGs)¹⁴ such as :



SDG1- Poverty Eradication

This project helps people reduce the amount of coal they have to buy on a recurring and intensive basis. It also saves families money that can be invested in added value such as education and food.

SDG3- Health and Wellness

Efficient ovens reduce exposure to toxic fumes and reduce respiratory diseases.

SDG8 - Decent Work and Economic Growth

The project creates jobs in the construction, distribution and sale of ovens in the communities.

SDG11- Sustainable Cities and Communities

Ovens contribute to the development and reduction of air pollution in densely populated areas.

SDG13- Fight against climate change

Reducing deforestation prevents high amounts of CO₂ emissions.

SDG15- Protection of terrestrial flora and fauna

Tackling the problem of deforestation also helps to preserve life on Earth.

¹² Gold Standard is a standards and certification body whose mission is to ensure that every financial contribution to climate and development is effectively allocated to the objectives that have been set - <https://www.goldstandard.org/>

¹³ Avoiding deforestation is often considered to be more effective than reforestation projects in addressing the root causes of the problem. Reforestation is a positive objective but if the cause of the problem is not addressed, trees will continue to be felled near protected/reforested areas.

¹⁴ See above, footnote 9.

c. Other actions to reduce Degroof Petercam's environmental footprint

I. Energy/water consumption

Degroof Petercam has signed renewable energy contracts and aims to reach 100% renewable energy use by 2020. Degroof Petercam strives to install the most environmentally friendly technologies to reduce its water and electricity consumption when renovating buildings that it owns.

All offices are equipped with water coolers to reduce the amount of plastic containers and bottles.

II. Mobility

In July 2017, Degroof Petercam launched its new mobility plan for employees benefiting from a company vehicle. This new mobility plan is based on 3 pillars: sustainability, comfort and safety.

Degroof Petercam's objective is to reduce the environmental impact and improve work-life balance for its employees.

Degroof Petercam has selected company cars with reduced CO₂ emissions in each category. Employees can opt for smaller cars (petrol/diesel/hybrid/electric) and combine them with an alternative form of mobility such as public transport, (electric) bicycle, electric scooter...

With the help of its leasing partners, Degroof Petercam has developed and redefined the entire process in order to reduce all possible inconveniences when ordering an all-electric vehicle. Degroof Petercam will thus be able to significantly reduce its carbon footprint associated with mobility.

Degroof Petercam also authorises its employees to exchange their vehicles for an all-electric model in the event of emissions exceeding 145 g/km.

Starting in 2018, a dashboard will be created to monitor the fuel consumption of petrol vehicles and analyse the impact of hybrid and 100% electric models on average CO₂ emissions.

Since 2015, the average CO₂ emission (g/km) based on the actual fuel consumption of each car has steadily decreased.

	01.01.2015	01.01.2016	01.01.2017	01.01.2018
Average total CO ₂ emissions DPCF	136	133	133	123
Average total CO ₂ emissions DPAM	126	121	119	110
Average total CO ₂ emissions BDP	130	119	121	117

In 2018, charging stations for electric and hybrid vehicles will be installed in two regional offices and at the Bank's headquarters.

III. Certification of buildings

One of Degroof Petercam's main buildings in Brussels is BREEAM certified¹⁵ and the future flagship office in Ghent will be predominantly energy neutral.

IV. Pollution / Waste Management

In collaboration with suppliers, selective waste treatment is organised throughout the Bank's premises. Starting in 2018, a dashboard will be created to monitor the quantities of waste produced and recycled.

¹⁵ Building Research Establishment Environmental Assessment Method.

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V. Paper

All paper used in centralized and decentralized printers is FSC¹⁶ or PEFC¹⁷ certified. Paper from confidential or non-confidential documents and destroyed archives is recycled. The volumes of this recycled paper will be included in the waste dashboard.

All decentralised printers are checked for excess printing. In addition, an awareness campaign will be launched on this subject in 2018.

VI. Suppliers

A group procurement policy (Global procurement policy) promoting sustainable purchasing is currently being drafted.

¹⁶ Forest Stewardship Council.
¹⁷ Program for the Endorsement of Forest Certification.

Anti-corruption policies, procedures and standards

1 Scope of data

In compiling this section, Degroof Petercam relied solely on data relating to Bank Degroof Petercam nv|sa.

2 Detection of indications of corruption among clients

a. Generally speaking

Degroof Petercam's Compliance Department is responsible for ensuring compliance with various legal provisions, including the Law of 18 September 2017 on the prevention of money laundering and terrorist financing and on limiting the use of cash¹⁸.

These legal provisions are intended to identify and report movements of money from criminal activities. Participation in the commission of an offence related to embezzlement by public officials and corruption¹⁹ are among the criminal activities listed by law. The whole system put in place by Degroof Petercam is therefore also applicable to money derived from corruption.

This system is based on different types of actions: identifying future clients before opening their account and monitoring their transactions. The law requires that special attention be paid to account openings and transactions by politically exposed persons (PEPs). A special mention is therefore added to the electronic file of these clients in order to allow appropriate monitoring of their transactions.

As at 31 December 2017, Degroof Petercam had 158 clients identified as PEP.

If the Bank has a suspicion of money laundering related to these criminal activities, it must report it to the Financial Information Processing Unit (CTIF)²⁰.

b. In practical terms

The problem of corruption is dealt with in the internal procedure for accepting clients and capital.

Each country is subject to an internal scoring by Degroof Petercam (Country Risk Assessment) in order to determine whether entering into a relationship with a natural or legal person from that country could present an increased risk. This scoring takes into account, amongst other things, the corruption index established by Transparency International²¹.

Any contact with natural or legal persons established in countries with a high level of corruption and all funds from these countries are monitored by the Compliance Department and, depending on the risk, are subject to prior agreement at an appropriate hierarchical level.

Degroof Petercam has put in place a procedure to detect any contact with PEPs from a country with a high level of corruption and/or other countries with a high level of risk. This procedure (the so-called red line procedure) was reinforced in September 2017.

Degroof Petercam management and the Compliance Department are involved in this reinforced procedure.

¹⁸ Moniteur belge of 06/10/2017.

¹⁹ Active and passive corruption and influence peddling are offences referred to in Articles 246, 247, 504 bis and 504 ter of the Belgian Criminal Code.

²⁰ <http://www.ctif-cfi.be/website/>

²¹ <https://www.transparency.org>

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In 2017, entries into relationships with domestic PEPs are subject to the prior approval of the Compliance Department, and since the new onboarding procedure of 2017 came into force on 9 April 2018, these entries into relationships must ultimately be approved by the group Due Diligence Committee.

A similar procedure is applied for legal persons and their beneficial owners.

A second line control to monitor these account openings and the transfer of funds from abroad is performed consistently.

Remittances from PEPs are monitored with particular attention.

3 Detection of indications of corruption among employees

a. Generally speaking

Degroof Petercam has implemented various policies and procedures to detect and prevent attempted corruption by its employees.

The Code of Business Conduct contains provisions that frame different behaviours that could be indicators of corruption:

- Degroof Petercam employees may not have proxies on customers' accounts;
- acceptance of gifts is limited and subject to prior approval;
- accepted gifts are generally pooled within the department and drawn at random; and
- the exercise of directors' mandates both in group companies and in the private sphere is supervised and subject to prior authorisation.

b. In practical terms

Enforcement procedures for each of these provisions are in place and the Compliance Department issues recommendations in the majority of these cases.

It also monitors gifts and external mandates.

4 Employees dedicated to this work

Within the Compliance Department of Bank Degroef Petercam nv/sa, 4 full-time workers (FTE) are dedicated to the prevention and detection of money laundering. Detecting corruption is one aspect of this work.

Degroof Petercam Asset Management nv/sa (DPAM), the group entity in charge of fund management, dedicates a team of 4 full-time employees (FTE) to this task.

5 Appropriate employee training

Each new employee receives a document entitled "Welcome Pack Compliance" which explains the various areas of responsibility of the Compliance Department, including the fight against money laundering resulting from criminal activities and the preventive measures taken by the Bank.

Thematic training courses were organised in 2017.

An e-learning course on money laundering prevention is planned for 2018.

An information page dedicated to the Compliance Department's activities will be put online in 2018. This page will contain the different policies and procedures regarding the matters covered by the Compliance Department.

6 Whistleblowing procedures

In order to complete this system, a whistleblowing policy has been implemented within Degroof Petercam. This procedure offers an alternative to employees who wish to report a fraudulent practice and who cannot use hierarchical channels to do so.

Whistleblowing allows them to report their suspicions anonymously and with protection to either the Group Compliance Officer or the Chief Human Resources Officer. The policy provides for the intervention of the Risk Committee if the person targeted by the whistleblowing is an effective member of management.

7 Reporting

Degroof Petercam is currently examining ways of improving its reporting in this area and determining the most relevant key performance indicators (KPIs), with a view to reporting even more specifically on the results obtained in future reports.

Philanthropy – Degroof Petercam Foundation

1 Vision and mission

The Degroof Petercam Foundation (hereinafter the “Foundation”) celebrates its 10th anniversary this year and is now one of Belgium’s top 10 largest foundations.

The Foundation believes in a sustainable and inclusive society, where everyone has the opportunity to prosper. Its mission is to support the job creators of tomorrow on the road to growth.

The Foundation identifies solutions that create future jobs, invests in the creators of these solutions and supports them by providing them with the resources and networks necessary for their success.

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

4 Support, i.e.,

- DPF provides makers with a mix of financial and non-financial support services.
- Support services are defined based on individual support needs, extend over a sustained period of time, and are partially provided by DPB employees.

1 Makers, i.e.,

- DPF works with incubators, ‘architects’, or creators of new employment solutions.
- Beneficiaries can be pioneers inside large institutions, or (social) entrepreneurs who independently bring these solutions to the market.

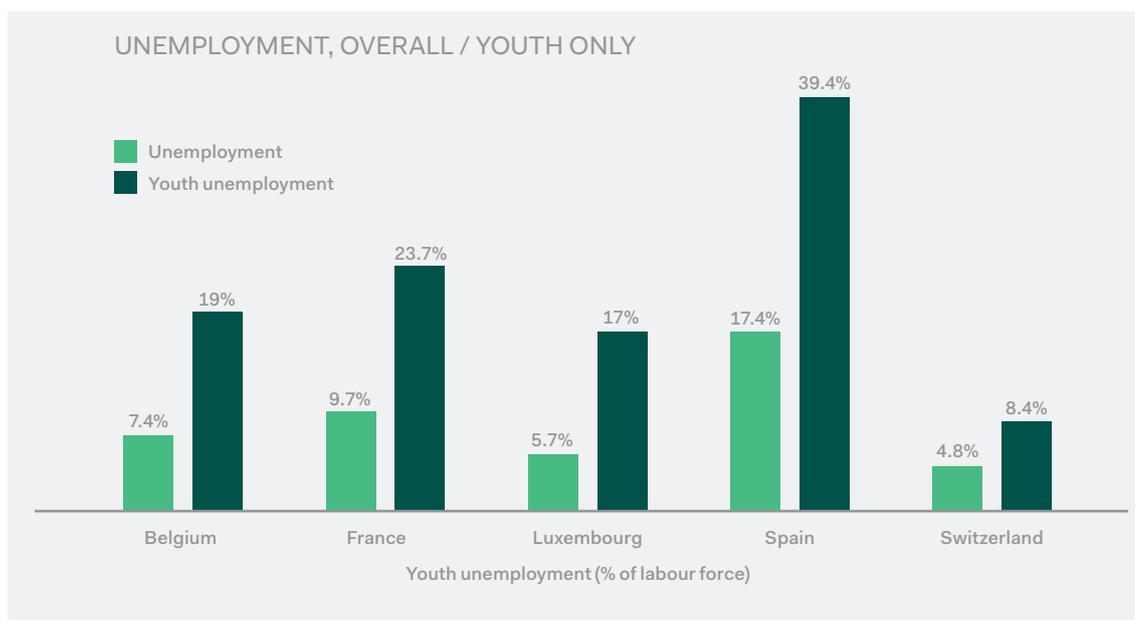
2 Solutions, i.e.,

- DPF supports innovative programs and services with significant impact potential.
- Solutions are selected for their ability to help unemployed and/or ‘underemployed’ citizens land the jobs that fit their path and potential.

3 Scale, i.e.,

- Despite a focus on innovative solutions, DPF seeks out those models that are ready to scale.
- As part of its selection process, makers are asked to prove the effectiveness of their solution as well as their organizational capacity to achieve scale.

The Foundation is active in the countries where Degroof Petercam is established: Belgium, France, Luxembourg, Spain and Switzerland. The table below illustrates the unemployment situation it faces in these 5 countries.



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Another major mission of the Foundation is to promote education through the improvement of general, technical and vocational education. More specifically, the Foundation supports education by helping to reduce the number of school dropouts. It focuses mainly on children from low-income and socially disadvantaged households.

It contributes to quality, equitable education by supporting students and teachers through coaching sessions, guidance, information and education workshops.

In addition to these missions, the Foundation seeks to create value for Degroof Petercam and its clients by:

- strengthening the legacy and position of Bank Degroof Petercam as a credible and inclusive institution.
- offering concrete opportunities with high impact for clients and employees of Bank Degroof Petercam.

In fulfilling its mission, the Foundation intends to integrate Degroof Petercam's values of excellence, teamwork, humanity, entrepreneurship and customer focus into everything it undertakes.

2 How it works

The Foundation receives 0.30% of the net results of the Degroof Petercam group, with a minimum of 250 000 euros per year. In addition, it receives bequests from clients of Degroof Petercam, now with an annual budget of around one million euros.

Its own assets are now managed by Degroof Petercam.

In essence, the Foundation has a societal impact, which means that it must address this theme in all its dimensions, including its assets and investments. The Foundation limits its impact on society by eliminating investments in certain sectors and/or investments that do not meet certain ESG criteria. The objective is to be 100% invested in socially responsible investment (SRI) by the end of 2018.

In this respect, the Foundation invests through direct lines of action or via funds with the socially responsible investment (SRI) label. It has a very good offering within Degroof Petercam via DPAM's range of SRI funds but also makes use of third-party funds.

The Foundation ensures that Degroof Petercam's clients can get involved as a coach or mentor in the projects it selects. In addition, when a Foundation project needs access to new capital, the Foundation also opens its network to it.

3 Achievements

In 2017, 13 projects were supported by the Foundation. The amount committed in donations amounted to 570 000 euros.

Over the last 10 years, the Foundation has supported 30 projects and received 2.5 million euros in donations. The growth of the Foundation in terms of budget amounted to 25% and in terms of human resources to 50%.

In terms of results, as there was no benchmark in place from the time when support began to be provided, the success rate cannot currently be measured. This reference and "impact measurement" framework is one of the main objectives of 2018 for all projects included in the Foundation's programme from 2019.

4 UN Sustainable Development Goals (SDG)²²

The Foundation is active in the 2 areas defined by the SDG to solve employment problems and contribute to decent work and sustainable economic growth:

- Objective 8: Promoting sustained, shared and sustainable economic growth, full and productive employment and decent work for all; and
- Objective 4: Ensuring access for all to quality education on an equal footing and promoting lifelong learning opportunities;



5 The Foundation's long-term objectives

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

- committed 5 million euros in aid;
- contributed to the creation of 3 000 jobs;
- engaged 30% of Degroof Petercam's employees and clients in its work as a foundation.

²² See above, footnote 9.