



# Argenta Bank- en Verzekeringsgroep nv

Activities and sustainability report

# 2017



# Table of contents

<b>1. Simplicity and speed</b>	<b>6</b>		
<b>2. Milestones 2017</b>	<b>10</b>		
<b>3. Key figures and financial results 2017</b>	<b>18</b>		
3.1 Key figures 2017	18		
3.2 Consolidated balance sheet	22		
3.3 Income statement	24		
3.4 Consolidated statement of comprehensive income	25		
<b>4. Argenta group structure and activities overview</b>	<b>28</b>		
4.1 Shareholders Investar and Argen-Co	28		
4.2 Argenta Bank- en Verzekeringsgroep	28		
4.3 Argenta Spaarbank	29		
4.4 Argenta Assuranties	31		
<b>5. Customer experience the central focus!</b>	<b>34</b>		
5.1 Argenta as financial partner of families and individuals	34		
5.2 Argenta's product offering	35		
5.3 Branch network	39		
5.4 IT as the driving force for transaction processing and digitization	41		
5.5 Other initiatives for improving the customer experience	41		
<b>6. Organization &amp; Talent</b>	<b>44</b>		
6.1 Argenta's sustainable HR policy focuses on 'Healthy Growth'	44		
6.2 Overview of Argenta employees	46		
6.3 Remuneration policy	47		
6.4 Employee Opinion Survey	50		
6.5 Learning and development	50		
6.6 Equal Opportunities and Diversity	51		
<b>7. Argenta and sustainability</b>	<b>56</b>		
7.1 Argenta's sustainability policy in 2017	56		
7.2 Substantive issues and stakeholder consultation	59		
7.3 Sustainability Action Plan 2016-2020	62		
7.4 Sustainable approach to Argenta's own investment portfolio	67		
7.5 Sustainable approach of the investment funds	68		
7.6 Sustainable supplier policy	71		
7.7 Risk management	73		
7.8 Ethics and integrity	75		
		7.9 Taxes and contributions to the government, regulators and professional associations	76
		7.10 Endorsed principles on sustainability	76
		7.11 Memberships of sustainability organisations	77
		7.12 Interest representation in professional organizations	77
		7.13 Reporting basis	78
		7.14 Auditor verification of the content of GRI indicators	80
		<b>8. Corporate Governance</b>	<b>84</b>
		8.1. Operation and composition of the Boards of Directors	84
		8.2. Advisory bodies of the Boards of Directors	85
		8.3. Executive committees and effective management of Argenta	87
		8.4. Suitability and assessment	88
		8.5. External appointments and personal interests of the directors	88
		8.6. Remuneration of executive management	88
		8.7. Information about diversity within the Boards of Directors and the Executive Committees / effective management of Argenta as at 31/12/2017	89
		<b>9. Contact data</b>	<b>91</b>
		9.1 Information	91
		9.2 Complaints Management	91
		9.3 Overview of Argenta companies	91
		<b>10. GRI Content Index</b>	<b>92</b>

This combined activities and sustainability report covers Argenta Bank- en Verzekeringsgroep nv and its subsidiaries Argenta Spaarbank nv, Argenta Assuranties nv, and Argenta Asset Management sa, also the Argenta Netherlands Branch Offices, together the **Argenta Group** or **Argenta**.

The sustainability report is integrated into the activities and sustainability report. Sustainability-related content is shown framed in green.

The statutory annual reports of the individual Argenta companies are available on [www.argenta.be/overargenta](http://www.argenta.be/overargenta)



# 1. Simplicity and speed

## GRI 102-14

For the past year, Argenta has been a building site, in several meanings of the word.

On 6 November, in the presence of Minister of Finance Johan Van Overtveldt and Antwerp Mayor Bart De Wever, the first spade of earth was moved for the construction project with which Argenta intends to create a completely new or partly renewed office environment on Antwerp's Belgiëlei by 2021.

To this end, a number of agreements were concluded between Argenta and its main family shareholder Investar, in which Argenta sells all its Belgiëlei properties to Investar. Investar will link these with adjacent sites and buildings lying between the Belgiëlei, Lamoriniërestraat and the Van Diepenbeeckstraat to create a new campus.

The unified campus will become a kind of 'village in the city' with squares, green spaces, meeting centres and 35,000 m<sup>2</sup> of offices for a potential 1,400 employees, as architect Greet Draulans explained at the press presentation.

Once the campus is complete, Argenta will rent the site from Investar, creating room for growth and, especially, flexibility.

But Argenta has also become a building site in a less literal sense of the word.

The new Executive Committee has pulled

out all the stops to launch a transformation process. To this end, the Group's commercial and digital strategies have been adjusted and made more specific, with major organizational restructurings aimed at achieving results with speed and agility.

Argenta faces the challenge of catching up on digitalization and, in the process, rethinking its service model. Argenta is investing heavily here in a new high-performance IT platform, to be fully operational in 2018, on which new digital services can be built in the future.

Argenta wants to continue to do this on a basis of physical proximity and local anchoring. Also into the future, Argenta intends to remain the best financial services provider for individuals and families, with a broad network of local tied agents, but also taking into account evolving customer expectations with respect to advice and ease of use.

The challenge for 2018 is to evolve towards a more agile organization, which is essential for gaining speed and showing results.

Such a transformation is a challenge for any company, including Argenta. All available resources and people will have to be used for this purpose.

But regardless of all strategic and tactical projects and plans, Argenta wants to remain true to its basic philosophy and

core values: family, customer-driven, enterprising and close, transparent and simple. *Culture eats strategy for breakfast.*

Of all these enterprise values, one above all others is important for (re)gaining this speed and agility: simplicity! In his day, Karel Van Rompuy was a fanatical follower of that rule of simplicity, and it remains Argenta's ticket to success.

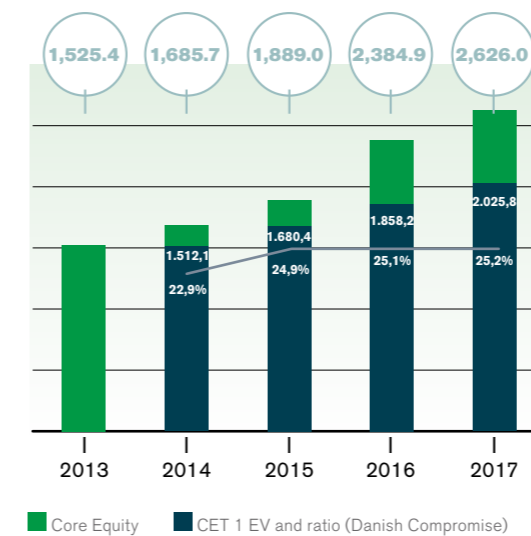
Simplicity and speed are, as they say in Flanders, two hands on one belly. What we do simply, we can also do fast. And what we want to do fast, we will have to do simply.

Assuralia, the professional association of insurers, published at the end of 2017 the results of a survey in which a broad audience was asked what is the most important characteristic of an ideal insurer. Apparently those surveyed did not have to think about it for long: "The ideal insurer acts quickly and with minimum hassle".

Fast and with minimum hassle: you cannot get closer to Argenta's image.

The results for 2017 were more than satisfactory. Argenta's net profit (IFRS) fell from EUR 246.3 million to EUR 193.4 million. The extremely low interest rate climate had a dampening effect on income, while the continued investment in digitization and in professionalism of the advisory services put pressure on expenses. Even so, the cost-income ratio

**Core Equity and Common Tier 1- ratio**  
(EUR in million and %)



remained under control at 58%. Excluding the bank levy, the cost-income ratio was 46%.

Regulatory core equity grew by 9% from EUR 1,858 million to EUR 2,026 million. The common equity tier 1 ratio (CRR scope) evolved from 20.1% to 19.3% (Basel III, phased in with floor) and from 25.1% to 25.2% (Basel III phased in without floor).

Argenta's equity position is the result of a sustained self-financing policy and forms the basis for its strong credit rating and its status as one of the safest banks under the supervision of the European Central Bank (ECB). In 2017, rating agency Standard & Poor's confirmed Argenta's A- rating, while improving the outlook from stable to positive.

The European Banking Authority (EBA) held the balance sheets of the 132 European systemically important banks

up to the light. Argenta is the most strongly capitalized retail bank in Belgium, and with a capital ratio of 24.3% at the end of June 2017, Argenta is one of the best capitalized banks in Europe.

At the end of 2017, Dirk Van Rompuy resigned his directorships at Argenta and Argenta said goodbye to its longest-serving director. Dirk was appointed a board member in 1971 and has been a director uninterruptedly since then, for 46 years.

Dirk was a particularly loyal director, focusing on the continuity of the family character and also on the unique philosophy of Argenta, without being blind to market developments and evolutions in customer preference.

He, of course, remains a director at Investar and is actively involved as a main shareholder of Argenta.

Dirk is succeeded by Marc van Heel, who was appointed in November 2017 as a non-executive director of the boards of directors of Argenta and Investar, and as a member of the risk committees.

Marc has over 30 years of experience in management and director positions in the Dutch financial sector (including PIMCO, GSAM, BlackRock and JP Morgan), and has been working as a consultant for De Nederlandsche Bank since 2016. With his knowledge and experience of the Dutch banking and insurance market, an important market for Argenta in the field of mortgages and related insurance prod-

ucts, as well as extensive knowledge of and experience with pension savings funds, institutional investments and asset management, he is a real reinforcement for the Argenta board.

Argenta is one of the strongest brands on the Belgian financial market, both for banks and for insurance companies. In the Netherlands too, the group will be concentrating on this brand awareness and reputation. Argenta has a stable shareholder, a particularly comfortable equity capital, and a large group of dedicated employees, both internally and in the branches.

Argenta cannot win the battle to achieve the complexity of its competitors, but if it can make simplicity and speed the starting point for its future operation, there are few competitors who will be able to beat Argenta.

**Jan Cerfontaine**  
*Chairman of the Board of Directors*



# 2

## Milestones 2017

## 2. Milestones 2017

### New CFRO Netherlands

**01/02/2017**

Sander Blommaert starts as a member of the effective management of Argenta Nederland. He is responsible for accounting, finance, financial and operational risk management, compliance and supplier management at Argenta's Dutch branch offices.



### New CIDO

**01/04/2017**

Geert Van Hove comes on board as a director and member of the Argenta Executive Committee. As Chief Information & Digital Officer, he is responsible for the group's IT infrastructure, architecture and applications, and for their security. His most important assignment is to place Argenta firmly on the digital map.

### Milestone for Argenta house funds

**29/06/2017**

Thanks to increasing customer confidence and good stock market results, the Argenta house funds passed the milestone of EUR 2 billion under management. Less than 3 years ago, the total of these funds under management was EUR 1 billion.



Product Management team

### Launch of cafeteria plan

**29/03/2017**

Argenta gives its employees the opportunity to join a cafeteria plan where they put together part of their own salary packages. Individual needs and wishes are central here. The menu includes a lease bike, a train season ticket or an upgrade of this, laptops, mobile phones, increased child benefit, training and additional holidays. Argenta gives extra support to sustainable options.

### 'Best buy' from Test-Aankoop for Argenta's Family Protection

**01/09/2017**

Based on 59 criteria that are important for the average consumer, 20 contracts were reviewed by Belgian consumer magazine Test-Aankoop.

Argenta's Family Protection gets the "best buy" label because of its good value for money.



### Update Argenta 2020 Strategy

**20/09/2017**

The Executive Committee reconfirms the Argenta 2020 Strategy: Argenta seeks to profile itself as an efficient, customer-driven organization with an innovative and digital product range tailored to families and individuals, with a greater focus on fee income, an organization in which branches take on a more advisory role than they do today, supported by digital servicing and by the head office. The branches, the head office and the digital channels are jointly responsible for providing the customer with the most efficient service possible.

### Merger of Argenta-Life Netherlands and Argenta Assuranties

**31/07/2017**

Argenta-Life Nederland merges with Argenta Assuranties and is converted into the Dutch branch office of Argenta Assuranties. The merger leads to a cost reduction and guarantees better service to the customer.

### Confirmation A- / A-2 with positive outlook

**19/09/2017**

Thanks to the bank's good general creditworthiness, Standard & Poor's confirms Argenta Spaarbank's A- / A-2 rating. The rating agency switches the outlook to positive, given the potential positive impact on the mortgage portfolio of the favourable development of the Dutch economy.

## Successful Green Apple securitization transaction

**03/10/2017**

With demand for home loans currently outstripping the growth in savings, Argenta Spaarbank issues a securitization transaction, the Green Apple 2017-I-NHG, using Dutch home loans with a Dutch mortgage guarantee as collateral. In this way, a total of EUR 1.2 billion of securities were placed with over 30 institutional investors.

This gives Argenta room to grow further with another form of financing in addition to the savings collected from households and private individuals.

## Anti-discrimination policy

**24/10/2017**

Argenta approves an anti-discrimination policy to ensure that:

- every Argenta employee has the same chances and opportunities to do his or her work and to develop within the organization;
- every Argenta customer receives equal treatment and respect.

And this is regardless of age, belief or ideology, marital status, gender, financial situation, political or trade union affiliation, language, health status, sexual orientation, social, cultural or ethnic origin or possible disability.

## Ground breaking for the renovation and expansion of the head office

**06/11/2017**

Antwerp's mayor Bart De Wever and Belgian Finance Minister Johan Van Overtveldt, together with Marc Lauwers and Bart Van Rompuy, move the first spade of earth for the renovation and expansion of the Antwerp head office. By 2021, a new campus will come into being with 35,000 m<sup>2</sup> of office space and 7,000 m<sup>2</sup> of squares and outdoor space.

The construction project will allow Argenta to bring all employees back together on a single campus, with plenty of attention for 'the new way of working', with meeting places, and lots of light and greenery. The decision has been taken to build energy-efficiently using sustainable materials and techniques.



## New app

**04/10/2017**

The new Argenta Banking app is enabling Argenta to respond to changing customer expectations. As part of the digitization process and its mobile-first strategy, Argenta intends to expand the app to provide customer-friendly access to all its banking and insurance services so as to assist customers even better. Since the beginning of October 2017, a number of additional functionalities have been delivered for the app: elimination of re-registration, initial registration with card, Touch-ID fingerprint, and possibility to pay in and manage pension savings.



## Sustainability strategy meeting

**25/10/2017**

The Executive Committee devotes a strategic meeting specifically to sustainability and defines Argenta's sustainability priorities, partly on the basis of the results of a sustainability survey among Argenta customers, employees, directors and shareholders.

## Argenta one of Europe's most robust banks

**24/11/2017**

The European Banking Authority (EBA) held the balance sheets of the 132 European banks from 25 countries up to the light. Argenta Spaarbank turns out to be the strongest capitalized retail bank in Belgium with a capital ratio of 24.3% based on end-June 2017 figures. This makes Argenta one of the best capitalized banks in Europe.

## Marc van Heel: new director

**21/11/2017**

In November 2017, Marc van Heel was appointed as a non-executive director of the Argenta Boards of Directors and as a member of the Risk Committees.

Marc van Heel has over 30 years of experience in management and director positions in the Dutch financial sector (including at PIMCO, GSAM, BlackRock and JP Morgan) and has been working as a consultant for De Nederlandsche Bank since 2016.



## Ecologische auto- en fietsleningen

**21/12/2017**

Om duurzame mobiliteit te ondersteunen lanceert Argenta een campagne met extra gunstige tarieven voor ecologische auto- en fietsleningen. De leningen worden aangeboden vanaf 2018.

## Hottest Week

**21/12/2017**

In December 2017, both Argenta head office employees and branch managers organize numerous initiatives in the context of the Argenta Hottest Week (Waarmste Week) (Music for Life). Thanks to these campaigns, Argenta was able to donate 25,000 euros to Cunina, Moeders voor Moeders, To Walk Again, Villa Clementina, the Alzheimer's Foundation, cancer charity Kom op tegen Kanker and Clinicoders.



## Argenta pension savings fund obtains the best return

**31/12/2017**

Argenta's dynamic pension savings fund produced the strongest performance in 2017, according to an analysis by Bankshopper, with an annual return of 9.78% for 2017.

## Contact centre opening times extended

**01/12/2017**

To serve its customers even better, Argenta extends the opening hours of the contact centre. This is now reachable from 8:30 to 20:30 on weekdays and from 9:00 to 12:00 on Saturday.

## Argenta wins Bank Award

**04/12/2017**

Spaargids presents four Bank Awards following its annual survey on customers' satisfaction with their banks. Argenta wins the Spaargids Bank Award for General Satisfaction with an attractive score of 8.7/10!



## Milestone for public banking

**31/12/2017**

In 2017, the public banking portfolio exceeded EUR 500 million for the first time. With this portfolio Argenta is financing numerous sustainable projects.







# 3

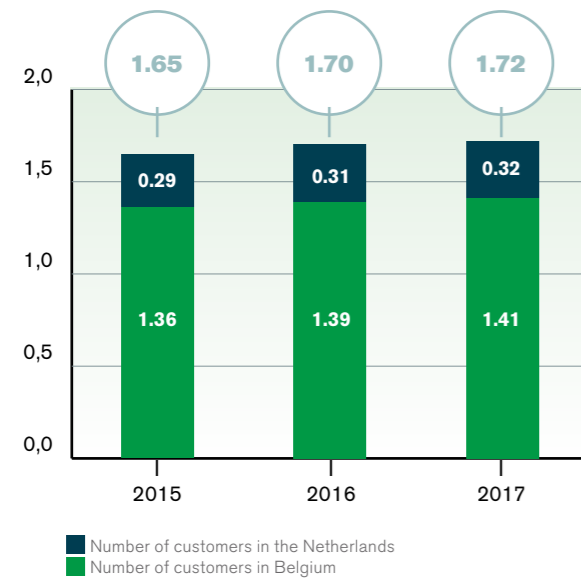
## Key figures and financial results 2017

# 3. Key figures and financial results 2017

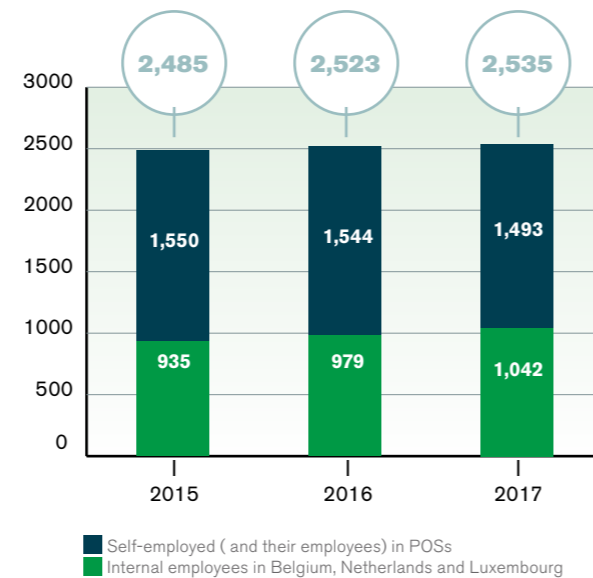
GRI 102-7, 201-1, FS 6

## 3.1 Key figures 2017

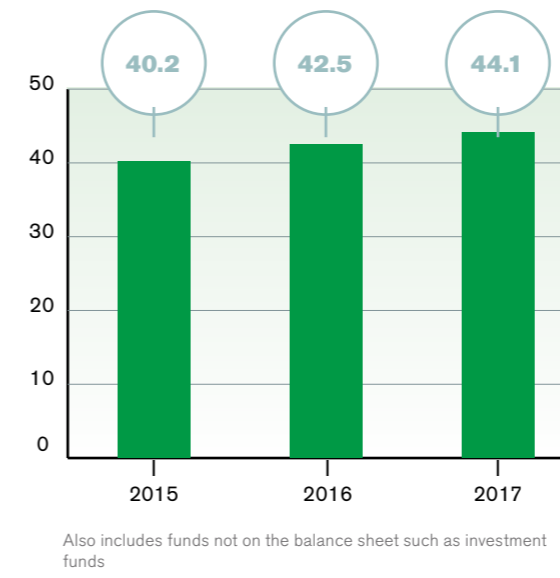
Number of customers (in millions)



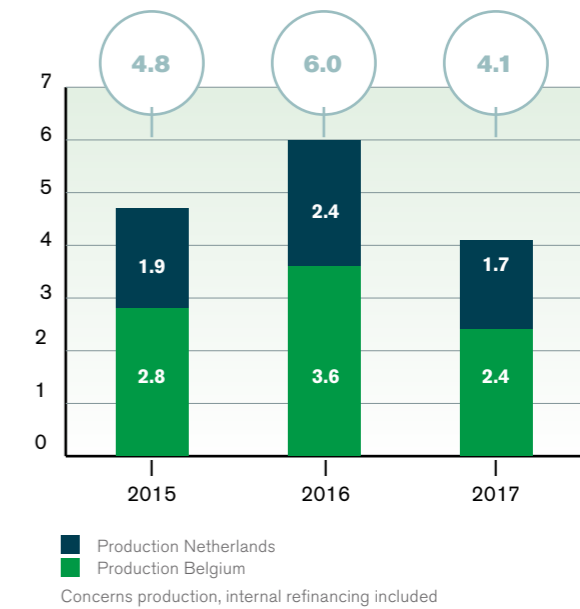
Employees



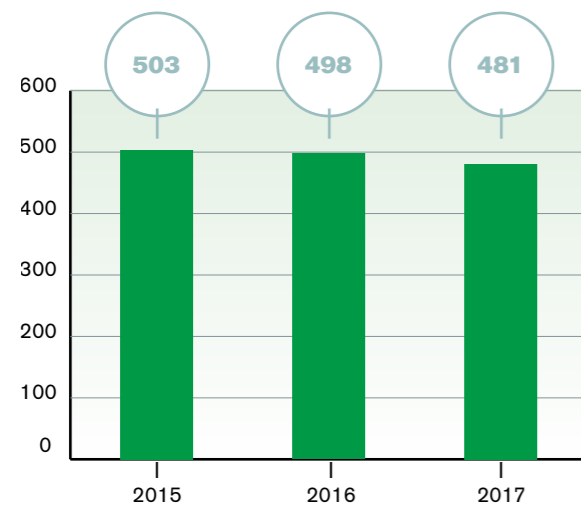
Funds collected from the public (EUR in billions)



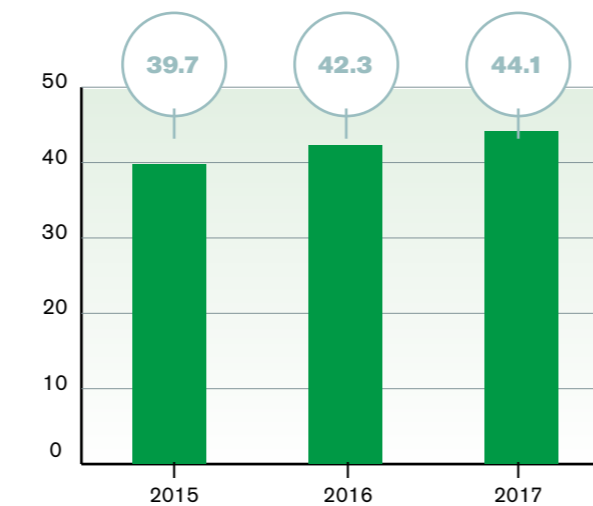
Mortgage production (EUR in billions)



Number of points of sale in Belgium



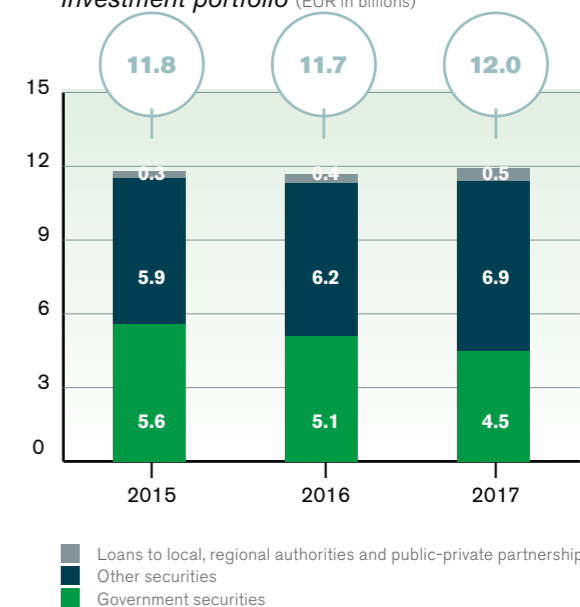
Consolidated balance sheet total (EUR in billions)



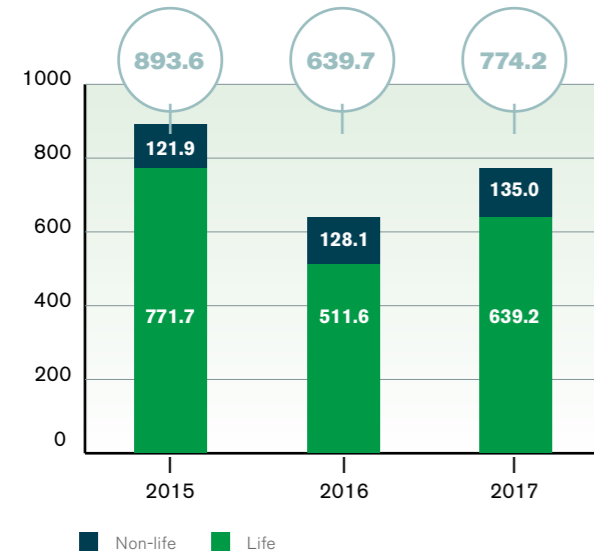
Retail lending (EUR in billions)



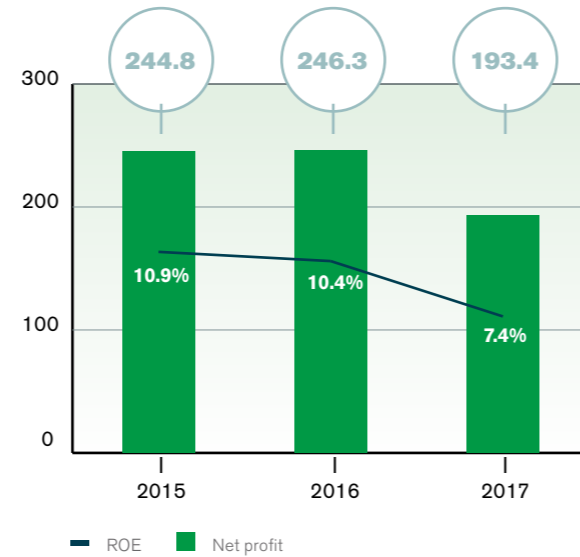
Bonds and other fixed-income securities in investment portfolio (EUR in billions)



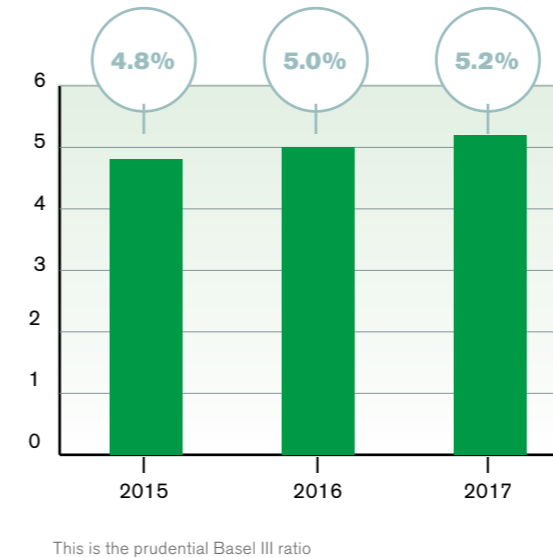
Insurance premium income (EUR in millions)



Net profit and ROE (EUR in millions and %)

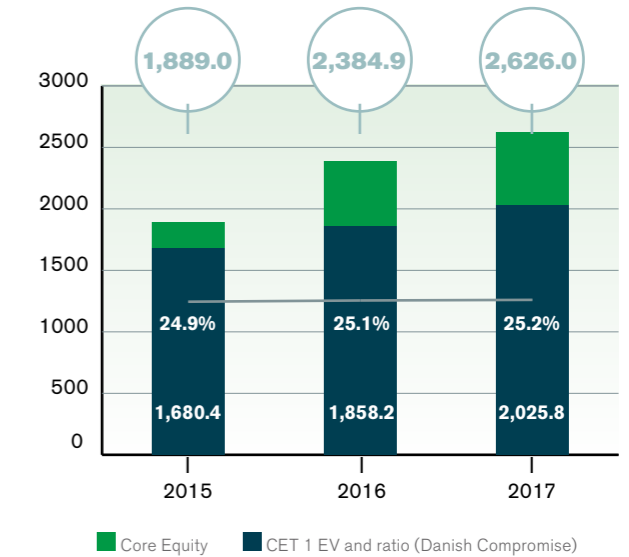


Leverage ratio (in %)

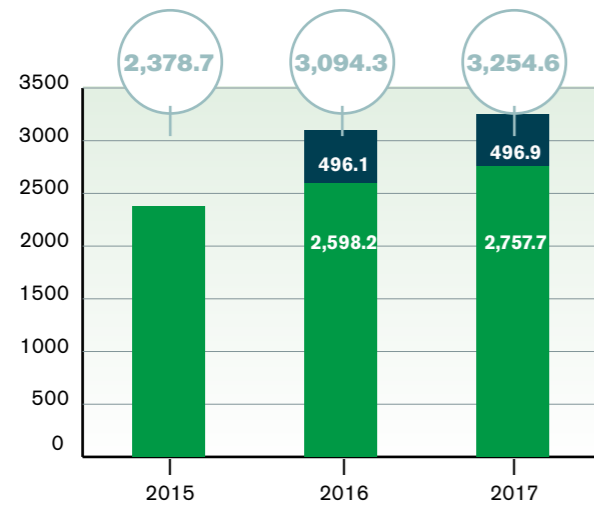


Core Equity and Common Tier 1- ratio

(EUR in million and %)

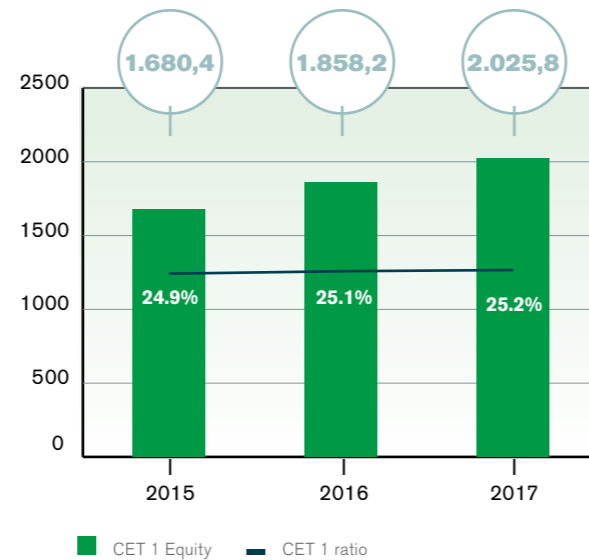


Equity (EUR in millions)



Common equity Tier 1 & ratio

(EUR in millions and %)



Taxes and contributions to government, regulators and professional associations

(EUR in millions)



### 3.2 Consolidated balance sheet

Assets	31/12/16	31/12/17
Cash, cash balances at (central) banks	919,220,829	<b>1,082,339,452</b>
Financial assets held for trading	9,322,870	<b>11,472,666</b>
Financial assets designated at fair value with valuation changes through profit or loss	1,838,776,145	<b>2,157,057,436</b>
Available-for-sale financial assets	10,697,092,080	<b>10,818,154,521</b>
Loans and receivables	27,493,503,668	<b>28,704,074,945</b>
Loans to and receivables from credit institutions	3,386,000	<b>25,166,000</b>
Loans to and receivables from other customers	27,490,117,668	<b>28,678,908,945</b>
Financial assets held till maturity	614,660,002	<b>651,172,929</b>
Derivatives: hedge accounting	49,455,484	<b>102,427,643</b>
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	310,184,988	<b>122,822,732</b>
Property, plant and equipment	14,502,513	<b>14,272,763</b>
Buildings, land, equipment	12,510,766	<b>12,721,727</b>
Investment properties	1,991,747	<b>1,551,036</b>
Goodwill and other intangible assets	158,015,549	<b>163,925,015</b>
Goodwill	98,150,460	<b>98,150,460</b>
Other intangible assets	59,865,089	<b>65,774,555</b>
Tax assets	6,149,310	<b>8,166,268</b>
Assets under insurance and reinsurance contracts	6,955,954	<b>16,001,856</b>
Other assets	174,083,744	<b>216,379,445</b>
Available-for-sale assets	17,709,200	<b>0</b>
<b>Total assets</b>	<b>42,309,632,336</b>	<b>44,068,267,670</b>

Liabilities and equity	31/12/16	31/12/17
Deposits from central banks	0	<b>0</b>
Financial assets held for trading	4,434	<b>3,408,123</b>
Financial liabilities designated at fair value with valuation changes through profit or loss	1,839,774,645	<b>2,157,057,436</b>
Financial liabilities measured at amortised cost	34,338,350,794	<b>35,743,060,891</b>
Deposits from credit institutions	273,689,986	<b>246,406,219</b>
Deposits from other than credit institutions	31,548,613,376	<b>32,348,444,684</b>
Debt securities, including retail savings certificates	1,209,485,536	<b>1,911,606,586</b>
Subordinated liabilities	660,464,000	<b>596,596,220</b>
Other financial liabilities	646,097,896	<b>640,007,181</b>
Derivatives used for hedging	557,592,276	<b>384,310,450</b>
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	0	<b>0</b>
Provisions	12,050,566	<b>4,817,537</b>
Tax liabilities	162,347,157	<b>88,943,036</b>
Liabilities under insurance and reinsurance contracts	2,593,229,768	<b>2,699,732,551</b>
Other liabilities	208,085,710	<b>229,252,193</b>
<b>Total liabilities</b>	<b>39,711,435,352</b>	<b>41,310,582,218</b>
<b>Equity attributable to shareholders of the company</b>	<b>2,598,167,691</b>	<b>2,757,673,371</b>
Equity attributable to the minority interests	29,293	<b>12,082</b>
<b>Total equity and minority interest</b>	<b>2,598,196,984</b>	<b>2,757,685,453</b>
<b>Total liabilities, minority interest and equity</b>	<b>42,309,632,336</b>	<b>44,068,267,670</b>

### 3.3 Income statement

Consolidated income statement	31/12/16	31/12/17
<b>Financial and operational income and expenses</b>	686,916,886	<b>627,470,356</b>
<b>Net interest income</b>	666,410,810	<b>575,021,489</b>
Interest income	1,053,001,389	<b>953,654,296</b>
Interest expenses	-386,590,579	<b>-378,632,807</b>
<b>Dividend income</b>	3,333,497	<b>3,404,169</b>
<b>Net income from commissions and fees</b>	-41,664,437	<b>-44,833,631</b>
Income from commissions and fees	97,302,330	<b>116,803,309</b>
Expenses related to commissions and fees	-138,966,767	<b>-161,636,940</b>
<b>Realised gains and losses on financial assets and liabilities not measured at fair value through profit or loss</b>	12,516,840	<b>30,142,016</b>
<b>Gains and losses on financial assets and liabilities held for trading</b>	-7,331,988	<b>-1,253,896</b>
<b>Gains and losses from hedge accounting</b>	4,084,285	<b>2,873,055</b>
<b>Gains and losses on derecognition of assets other than held for sale</b>	539,705	<b>43,023</b>
<b>Net technical profit/loss from insurance contracts</b>	666,417	<b>12,012,919</b>
Income from issued insurance contracts	375,087,329	<b>385,139,989</b>
Expenses relating to insurance contracts	-374,420,912	<b>-373,127,069</b>
<b>Other net operating income</b>	48,361,757	<b>50,061,211</b>
Income from operations	50,240,247	<b>52,060,430</b>
Expenses from operations	-1,878,489	<b>-1,999,219</b>
<b>Administrative expenses</b>	-319,935,354	<b>-348,988,064</b>
Employee expenses	-71,339,284	<b>-75,352,357</b>
General and administrative expenses	-248,596,070	<b>-273,635,706</b>
<b>Depreciation</b>	-27,901,341	<b>-24,902,106</b>
Property, plant and equipment	-6,239,733	<b>-5,299,355</b>
Investment properties	-38,883	<b>-35,783</b>
Intangible assets	-21,622,725	<b>-19,566,968</b>
<b>Provisions (additions and reversals)</b>	-1,643,778	<b>9,337,951</b>
<b>Impairments</b>	-753,756	<b>6,121,295</b>
Available-for-sale financial assets	4,212,714	<b>-222,504</b>
Loans and receivables	-4,966,470	<b>6,343,799</b>
Goodwill	0	<b>0</b>
<b>Result on assets classified as held for sale</b>	-3,710,057	<b>565,005</b>
<b>Net profit or loss before tax</b>	332,972,600	<b>269,604,438</b>
<b>Income tax expense</b>	-86,624,091	<b>-76,158,278</b>
<b>Net profit or loss</b>	246,348,508	<b>193,446,160</b>
<b>Net profit or loss attributable to shareholders</b>	246,347,347	<b>193,445,301</b>
<b>Net profit or loss attributable to minority interests</b>	1,161	<b>858</b>

### 3.4 Consolidated statement of comprehensive income

Note 'other elements of comprehensive income'	31/12/2016	31/12/2017
<b>Net profit or loss</b>	246,348,508	<b>193,446,160</b>
Attributable to shareholders	246,347,347	<b>193,445,301</b>
Minority interests	1,161	<b>858</b>
<b>Other elements of comprehensive income that cannot be later reclassified to the income statement</b>		
Actuarial results on liabilities under the defined benefits pension scheme	-1,415,782	<b>-1,415,782</b>
<b>Other elements of comprehensive income that can be later reclassified to the income statement</b>		
Revaluation at fair value	2,832,592	<b>-15,561,960</b>
Available-for-sale financial assets	-266,282	<b>-68,892,008</b>
Deferred taxes	3,098,874	<b>53,330,048</b>
Cash flow hedging	299,086	<b>3,038,690</b>
Fair value of the portfolio	398,781	<b>4,051,587</b>
Deferred taxes	-99,695	<b>-1,012,897</b>
	3,131,678	<b>-12,523,270</b>
<b>Total other comprehensive income</b>	3,131,678	<b>-13,939,052</b>
<b>Total profit or loss</b>	249,480,186	<b>179,507,107</b>
<b>Attributable to shareholders</b>	249,479,013	<b>179,506,279</b>
<b>Minority interests</b>	1,172	<b>828</b>

# 4

## Argenta group structure and activities overview





## 4. Argenta group structure and activities overview

GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-9, 102-10, 102-45, FS 14

### 4.1 Shareholders Investar and Argen-Co

The Company's shares are held 86.69% by Investeringsmaatschappij Argenta nv (hereinafter **Investar**), a mixed financial holding company, and 13.31% by Argenta Coöperatieve cvba (hereinafter **Argen-Co**).

### 4.2 Argenta Bank- en Verzekeringsgroep

Argenta Bank- en Verzekeringsgroep nv is the holding company of the Argenta Group. Its operational activities encompass Internal Audit, Legal Affairs, Organization

& Talent, Compliance & Integrity, Risk & Validation, Operational Risk & Supervisory Office, and Procurement & Facilities, which are organized centrally for all Argenta companies. Internal Audit, Compliance and Risk (risk management function, which manages the externally outsourced actuarial function) are the legally prescribed independent control functions.

Argenta Bank- en Verzekeringsgroep consolidates and is responsible for the joint management of its subsidiaries Argenta Spaarbank and Argenta Assuranties.

All shareholdings in Argenta are (quasi) 100% shareholdings, so that no (other than purely formal) minority interests need to be reported.



(31 december 2017)

### 4.3 Argenta Spaarbank

Argenta Spaarbank is a Belgian credit institution. Together with its branch office in the Netherlands and its subsidiary Argenta Asset Management, it forms the Argenta Group's 'Bank Pool'. Argenta Spaarbank offers banking products tailored to individuals and families.

#### Activities in Belgium

Argenta Spaarbank has four core activities aimed at individuals and families:

- Banking: the provision of means of payment: current accounts, payment cards, credit cards and securities accounts;

- Savings: attracting savings;
- Investing: offering investment funds managed by Argenta Asset Management or by external fund managers;
- Borrowing: the provision of home loans and installment loans.

Argenta offers the following basic banking services for free: payment services (current and savings accounts, bank cards and standard credit card) and securities custody.



77% of the funds raised by banking and savings from private individuals are reinvested in individuals and households in the form of home loans. Argenta Spaarbank invests another 14% in loans to international, national, regional and local governments, including the financing of local projects via direct investments in cities and municipalities, public companies and infrastructure (through public-private partnerships). Finally, Argenta Spaarbank invests in private residential care centres and other forms of healthcare real estate, as well as in liquid securities selected on the basis of sustainability criteria. See Note 7.4 below.

**Activities in Luxembourg**

Argenta Asset Management is a Luxembourg company that undertakes the management and central admin-

istration of Argenta-Fund sicav and Argenta Fund of Funds sicav, the group's variable-capital Undertakings for Collective Investments in Transferable Securities.

Argenta Fund of Funds is a fund of funds (also known as an umbrella fund). This means that assets of various sub-funds are invested in other mutual funds with varying risk and investment horizons.

The objective is to provide investors with attractive returns by investing in a selection of securities that match the customer's personal risk profile.

**Activities in the Netherlands**

Argenta Spaarbank has had a branch office in Breda (Netherlands) since 2003. This is responsible for the production of housing loans and attracting savings in the Dutch market.

The Netherlands is Argenta's second home market and an important growth area. During the past year, the branch office has made significant changes in its management, IT and processes to be able to continue to play a significant role on the Dutch market.

**4.4 Argenta Assuranties**

**Activities in Belgium**

Argenta Assuranties is a Belgian insurance company with the purpose of securing the financial capital of private individuals and households through fire, motor, legal expenses, family, hospitalization and outstanding debt balance insurance. Argenta Assuranties also offers insurance-based investment policies.

In addition to its insurance activities, Argenta Assuranties also contributes to stimulating the real economy by investing the insurance premiums received in mortgages, liquid securities and in stocks selected on the basis of sustainability criteria. See Note 7.4 below.

**Activities in the Netherlands**

Argenta-Life Nederland merged with Argenta Assuranties on 31/07/2017. From now on, the Dutch insurance activities are managed by Argenta Assuranties Netherlands branch office (Bijkantoor Nederland).





# 5

**Customer experience  
the central focus!**



## 5. Customer experience the central focus!

GRI 102-2, FS 6, FS 7

### 5.1 Argenta as financial partner of families and individuals

For the past sixty years, Argenta has always placed customers at the centre of its business, with the aim of helping them to live financially healthy lives. This did not alter in 2017. But the market environment and customer expectations are changing at lightning speed and Argenta is evolving in response to this.

The main focus in 2017 was on simplifying the product range, improving the customer experience, developing a digital product range, expanding the offering of instalment loans with major attention to sustainability, and competitively pricing products directed at young people.

Argenta customers' appreciation of this approach is visible every year in the metrics of the Net Promoter Score (NPS) and the customer satisfaction survey.

- For the NPS, Argenta customers are asked whether they would recommend Argenta to friends, family or colleagues. In Belgium, the score is no less than +41, which is high for the Belgian banking sector. The Netherlands also scores a strong +17;
- For customer satisfaction, Argenta scores 8.3/10 in the Netherlands and 8.7/10 in Belgium.

These scores motivate Argenta to raise the bar ever higher and to serve its customers even better through

the branches, digital channels and head office. Whatever communication channel the customer chooses, simplicity, transparency, correct pricing and expert service with a smile will remain Argenta's most important assets.

### 5.2 Argenta's product offering

#### 5.2.1 Banking & Savings

##### Product offering

- Today, customers can open savings products with Argenta Netherlands only via the online channel. The product is offered directly, with the customer able to make general changes, such as changing a contra account or address, via the secure banking environment. The customer can still also contact the head office in Breda by telephone or e-mail.

##### Improving the customer experience

- Many Belgian banks were confronted in 2017 with numerous attempts at phishing. Argenta and its clients did not escape. Argenta handles approxima-

tely 2,000 emails a month on this subject, and is working hard to raise awareness among its customers and to block fraudulent sites. Fraudulent outgoing payments were largely recovered, using a flexible fraud tool that detects and blocks phishing techniques at the source, and which is evolving as new fraud techniques appear. With the introduction of instant payments in autumn 2018, the importance of this fraud tool will increase;

- Since the autumn of 2017, cheques have been sent completely digitally and deposit slips have been abolished. This reduces paper consumption, workload at the branch and transport, with customers able to count on a faster and more flexible service;
- In Savings too, various processes have been automated, including the transfer processes for pension savings and securities;
- In 2017, a new bank platform was developed, to go live in spring 2018. This will form the basis for the development of the digital platforms.
- With the new app, customers can consult and manage their daily banking affairs and their pension savings.



- On 01/01/2017, Argenta Asset Management started a collaboration with Vigeo Eiris, an expert in sustainable research and sustainable solutions for investors. Argenta Asset Management worked out a sustainable investment policy for the Argenta-Fund sicavs/beveks based on analyses and data from Vigeo Eiris. Argenta subjects its entire investment offer to sustainability screening. See here chapter 7.5.
- Thanks to increasing customer confidence and good stock market results, the Argenta house funds passed the milestone of EUR 2 billion. Less than 3 years ago, they totalled EUR 1 billion. Argenta customers are keen to diversify their investment portfolios more and more with funds and shares. In addition, they are increasingly opting for sustainable and ethical investments. These policy choices, which focus on sustainability and the long term, also in the area of investments, fit seamlessly with Argenta's strategy and corporate culture.
- When giving advice, Argenta starts from the customers' needs, taking into account the key moments in their lives. Advisory discussions go further than product sales and seek to gauge customers' needs so as to be able to provide bespoke advice. With the advent of MiFID, numerous adjustments have been made to ensure that all information and reporting meets the strict MiFID requirements.

Evolution of the portfolio

- Current account deposits rose from EUR 3.4 billion at end- 2016 to EUR 4.0 billion at end- 2017. Individuals and families see the current account more than ever as a safe (waiting) port in anticipation of an interesting long-term investment.
- The total amount on regulated and non-regulated savings accounts increased from EUR 22.9 billion in 2016 to EUR 23.2 billion in 2017. E-Spaar (E-Savings) remains the most popular with EUR 13.5 billion at the end of December 2017.

2017 is characterized in particular by a historically high amount being parked, despite the low remuneration, on savings and current accounts. A lot of money remains on the current accounts, because the difference in earnings between a savings account and a current account is very low. The growth in savings and current accounts consists mainly of fresh money coming in from new customers, maturing fixed income products, wages and other income.

**5.2.2 Investing**

Argenta achieved some attractive performances in 2017: according to Bankshopper, Argenta's dynamic pension savings fund produced the strongest performance in 2017, with a return of 9.78%.

Expansion of product range

On 22/05/2017, Argenta Asset Management launched three new sub-funds in the Argenta-Fund sicav/bevek: Argenta-Fund Global Thematic, Argenta-Fund Global Thematic Defensive and Argenta-Fund Longer Life Dynamic. The three new sub-funds are proving a commercial success, with EUR 161.2 million already invested in the three funds together on 31/12/2017.

For Life, three new funds (branch 23 within Argenta Life Plan) were launched, which were already available in the banking section. These are Argenta Fund Flanders, Argenta Fund Belgium and Argenta Fund Europe.

To better meet customers' needs, Argenta-Flexx was repositioned and the non-tax part scrapped.

Improving the customer experience

In Investing, close attention is being paid to the European MiFID II regulations that have been in force since 3 January 2018. These tightened regulations provide greater transparency and clarity to protect the customer. In this way, the customer receives additional information as well as detailed overviews of the costs associated with investment services. A new advisory

tool will support the branch staff in providing suitable and appropriate customer advice. Customers can also opt to invest themselves via the online platform.

On 27/10/2017, Argenta Asset Management renewed its website to better support branch managers and provide better information to investors.

Evolution of the portfolio

The portfolio of banking and branch 23 products grew from EUR 7.5 billion in 2016 to 8.7 billion in 2017.

The investment funds remain an important alternative to savings accounts. There is a slight increase here, but the amounts invested remain considerably lower than the amounts on savings and current accounts. Many customers find the additional remuneration for longer-term fixed-rate risk-free savings products term too low - this is of course mainly a macroeconomic phenomenon, which is mainly determined by the interest rate policies of the central banks - which means that the volume of fixed-term deposits remains stable.

De laatste maandenThe last months of 2017 saw, however, a turnaround in saver behaviour. Savers are

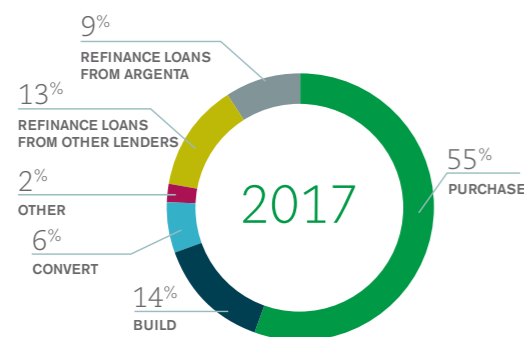
becoming increasingly aware that the period of low interest rates can last for quite some time yet and that they would do well to take steps to ensure that their savings do not decrease in value as a result of inflation. As a result, they are looking for a higher return and are prepared to invest part of their savings more dynamically.

### 5.2.3. Lending

Based on its strategy, Argenta mainly focuses on home loans for its customers, while keeping a careful eye on the profitability of the mortgage portfolio.

The chart below shows the purposes for which home loans were taken out (figures for Belgium).

Credit destinations 2017



#### Expansion of product range

In 2017, with the implementation of the European Mortgage Credit Directive, Argenta placed a new product on the market: "home loans without security". These are home loans without a mortgage or mortgage mandate, up to a maximum of EUR 50,000, for which no notarial deed is required. Argenta has already concluded around EUR 5 million of these loans.

In addition to home loans, Argenta also offers instalment loans.

For both home and instalment loans, Argenta focuses strongly on sustainable and energy-efficient investments.

For example, last year, ecological vehicles, electric bicycles and energy-efficient renovations and investments, including solar panels and heat boilers, were explicitly included in the acceptance framework. Argenta also provides for new forms of living together with loans for 'kangaroo homes' (two dwelling units in a single house, especially young families living with grandparents), service flats and assisted-living apartments. It is very important for Argenta that every family or private individual wanting to make a sustainable and/or energy-efficient investment can find what they want at Argenta.

Inspired by changes in consumer behaviour and digital developments, Argenta Netherlands introduced in July 2017 two additional personal and digital possibilities for taking out a mortgage. They complement the main distribution channel of 850 independent consultants. Customers have the opportunity to take out an Argenta Mortgage online and can, if they wish, also receive online advice.

#### Improving the customer experience

A new mortgage application procedure has shortened the lead time for credit applications in Belgium. At peak inflow times, employees from various departments jump in to help provide a rapid service to the customer.

#### Evolution of the portfolio

In 2017, Argenta sold EUR 2.37 billion in mortgages in Belgium (of which EUR 226 million is internal refinancing). This figure is 30% lower than in 2016, reflecting the sharp decline of internal and external refinancing, now that the refinancing peak of recent years is behind us.

The home loan portfolio again grew more strongly at Argenta than in the market in 2017: 8.2% compared with 5.6% for the market as a whole. In this way, the

portfolio expanded by EUR 854 million to EUR 11.3 billion at 31 December 2017.

In Belgium, apart from home loans, Argenta also offers instalment loans. Argenta sold approximately EUR 58 million of these, which is an increase of 26% compared to 2016.

In the Netherlands, Argenta granted in all EUR 1.71 billion of new mortgage loans. Production here was 25% lower than in 2016.

This reflects the sharply increased competition on the Dutch market. With overall mortgage production in the Netherlands totalling EUR 101 billion in 2017, Argenta has a market share of 1.7%.

The loans made in 2017 produced a net portfolio growth of EUR 149 million, bringing the total to EUR 16.5 billion at 31/12/2017.

### 5.2.4 Insurance

After an in-depth strategic exercise, Argenta is more than ever convinced of the added value of an integrated bank-insurance offering for its customers. Customers clearly opt for full support of their financial needs, and life and non-life insurance policies certainly fall under this heading.

In the September/October issue of the 'Budget & Law' magazine, 20 family insurances were compared on the basis of 59 criteria that, according to Test-Aankoop, are important for the average consumer (e.g. annual premiums, civil liability cover, legal aid cover). Argenta's Family Protection insurance received the 'best buy' label from Test-Aankoop.

#### Improving the customer experience

Improving the customer experience was a top priority in 2017.

#### • Non-life (casualty and property) insurance

For example, customers and branches receive clear information about the lead time between the claim and settlement. These lead times have been consi-

derably shortened for fire insurance.

For hospitalization insurance, customers receive a receipt message telling them that the application for reimbursement of their hospital invoice is being processed. Argenta offers victim support in serious cases. The portfolio of casualty, property and health insurance grew steadily. Premium income amounted to EUR 135 million. By the end of 2017, the total number of motor insurance policies had increased by 0.31% to 126,810.

The fire and family policies continued to grow. This reflects mainly the strong growth of the combined Insured Dwelling + (Verzekerd Wonen +) policy. This policy combines the 'Family Protection' policy with the 'Insured Dwelling plus' fire insurance. By the end of 2017, the total number of family policies had increased by 6.44% to 114,282. The total number of fire policies (172,933) also increased (+6.19%).

#### • Life insurance

For outstanding debt balance insurance, the redemption process has been shortened by 10 working days.

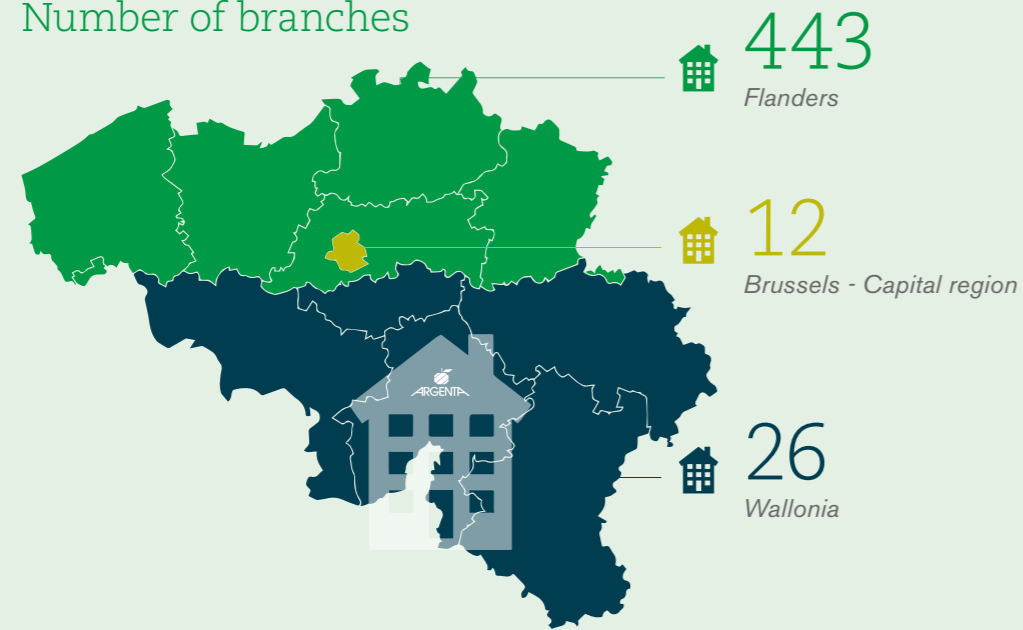
In the Netherlands, a new back office system provides greater efficiency and expanded administrative possibilities.

## 5.3 Branch network

At the end of 2017, **Argenta's Belgian branch network** consisted of 481 outlets. This is a slight decrease on previous years, following the "following the absorption of some smaller branches into larger ones".

Argenta also expects a similar evolution in the coming years.

## Number of branches



For Argenta, despite the digitization wave, the branch network remains crucial for providing personal advice to customers. Argenta continues to place great store by proximity and human contact.

There are 443 branches in Flanders, 26 in Wallonia and 12 in the Brussels-Capital Region. 449 branches are managed by 404 branch managers and their 1,089 staff members. In addition, Argenta directly manages 32 branches with 103 employees.

The Argenta branch managers and their employees work exclusively for Argenta. This means they offer only products from Argenta and those of Argenta-selected partners.

Argenta pays great care and attention to the recruitment of new branch managers. Candidates are carefully assessed on their personal characteristics, skills, proven knowledge and experience, and also on whether they endorse

### Argenta's culture, values and standards.

Argenta provides a training programme directed at personal, technical and job-specific development. In this way, Argenta ensures that its branch managers give customers professional guidance on the range of banking and insurance products, tailored to their specific profiles and needs.

In 2017, 18 new branch managers started. These include 4 in family succession, 3 existing employees from independent branches and 2 employees from Argenta's own mobile team. The number of second and even third-generation branch managers stands at an impressive 84. This high number illustrates the long-term relationship between the branch office and its customers. Argenta is unique in this and is proud of it.

In the **Netherlands**, Argenta does not have its own branch network. Customers can obtain Argenta mortgages and insurance from more than 850 independent

consultants (self-employed persons who offer products from different banks) and Argenta's own digital channels. Savings products are available online.

## 5.4 IT as the driving force for transaction processing and digitization

Since the end of 2017, a new IT organization has provided an end-to-end, customer-focused and flat approach that stimulates co-entrepreneurship between business and IT, and increases flexibility.

In 2017, a new digital architecture was introduced and an environment set up to support the Argenta Digital platform.

Argenta renewed its app at the beginning of October. Since then, it has been adding new features once or twice a month.

In addition, IT supported in 2017, among other things, the data reconciliation needed to comply with the MiFID directive and the production of new legal reports, the cafeteria plan, the preparations for the new buildings, the launch of the updated Argenta Life Plan funds, project accounting, tactical improvements at Insurance, compliance releases at Payments and the development of a fraud prevention tool.

Central functions such as strategy and innovation strengthen the new IT framework. To counter increasing cybercrime, the security monitoring department has been further expanded and a multi-year security roadmap developed.

## 5.5 Other initiatives for improving the customer experience

In June 2017, the various Process & Project teams of the operational departments within Customer Service were merged to provide a uniform customer experience in all processes and products in close cooperation with Process Excellence.

At Process Excellence, a number of specific projects have been selected from the many improvement initiatives for particular attention. The topics concerned impact end customers, branch managers and internal staff. Points of emphasis include 'First Time Right' working, more efficient organization of processes, projects to strengthen the Argenta image and values, cutting lead times, and cost management.

Various sustainable improvements were carried out in the Mailroom in 2017. Unnecessary paper flows were avoided and operational efficiency increased. In addition, a number of contracts with suppliers were (re)negotiated to limit physical transport to the branch network from 2018 onwards.

In order to better meet customers' expectations, the contact centre opening hours were extended to 08:30 to 20:30 on weekdays and 09:00 to 12:00 on Saturday, starting on 1 December 2017. With the efficient use of the available capacity and continuous training and coaching, employees are able to answer the customer's questions quickly and accurately. If necessary, the customer can make a call-back appointment to receive a correct and clear answer on all occasions.





## 6. Organization & Talent

GRI 102-7, 102-8, 102-22, 102-41, 202-1, 401-1, 402-1, 404-1, 404-3, 405-1, 406-1

### 6.1 Argenta's sustainable HR policy focuses on 'Healthy Growth'

'Healthy Growth' is the name of the HR programme that Argenta has implemented since 2015. Behind the name lies a longer term ambition: *'Our ambition is to be able to grow together. Both the organization and our talents.'*

Argenta can grow only by enabling its people - its talents - to grow. Successfully picking up trends, keeping knowledge and expertise up-to-date, developing strong skills, and integrating learning as an attitude into the daily job: that is Argenta's ambition.

The other way round, talent can grow only if the organization grows. Meaningful, challenging jobs in which employees can give of their best and be permanently learning, can come into being and continue only if Argenta is growing as a whole.

The connection between organization and talent we also call **'commitment'**. And commitment is, by definition, mutual. Commitment supports, strengthens, engages and inspires people, and enables Argenta to achieve results and added value for customers, branch managers and partners. Engagement also expresses itself in **ambassadorship**: actively promoting Argenta and being proud of what is being achieved for customers.

Argenta's 'Healthy Growth' programme provides vital support for realizing the ambitions of the 2020 strategy. The 'Healthy Growth' programme focuses on the sustainable development of four core competences: **customer focus, results focus, collaboration, development.**

They flesh out and give direction to how Argenta works on a daily basis. Every employee knows that these are the same for all his colleagues, and each manager

coaches the talents in his team towards continuous improvement in these four core competencies.

In 2017, important steps were again taken towards Healthy Growth. This was done through the following initiatives:

- The new way of working was given a contemporary Argenta translation and was tested on some 100 employees in three departments. Flexibility, an adapted work environment with room for interaction but also concentration work, and a focus on effective collaboration, performance and well-being are the basis of the new concept. In 2018, this will be rolled out further to about a quarter of the workforce.

• In 2016, the new salary policy was developed conceptually. Social dialogue on this topic culminated in late December 2016 in an agreement on an updated 'function house' (job description system), an Argenta-specific 'pay house' (pay system), a system for awarding pay increases on performance basis, and a cafeteria plan. In 2017, the entire policy was implemented for all employees. Argenta conducted transparent communication on this salary policy for all employees.

- Argenta is keen to extend this flexibility, which is also visible in the design of the new workplaces, to the organization of teleworking (working from home). At the end of 2017, a collective labour agreement was concluded with the social partners for the phased introduction of teleworking in almost all departments.

• To assist employees in giving direction to their performance, Argenta implemented a company-wide feedback and valuation cycle in 2017. The cycle consists of formal and informal discussions, in which the employee and supervisor dialogue to agree on goals and expectations, to exchange feedback and to assess performance. All managers received training in carrying out

meaningful assessment interviews to ensure uniformity in these conversations. All Argenta headquarters employees and the staff of Argenta-owned branches had assessment interviews with their supervisors during the course of 2017.

- To facilitate the reintegration of employees after a long absence and to take a preventive approach to sick leave, Argenta has developed a new policy, in close cooperation with senior management and a working group (Social Medical Team). In 2017, this policy was implemented, including a larger role for the company physician, and more targeted communication to the employees involved. In this way, a tailor-made return to work can be facilitated through targeted reintegration processes and with awareness-raising workshops for supervisors.

• Vitality and well-being are important themes for Argenta. In 2017, a short training course (1.5 days) on active stress management and a long-term training course on vitality (4 x 0.5 days, spread over 3 months) was developed and tested. Both were enthusiastically received. Broader groups of employees will be able to register via the 2018 training calendar.

- At Argenta Nederland, the "High Performance Organization" ensures that employees are deployed even more in their areas of strength and are given increasing responsibility. There is room for growth and development, and demonstrating entrepreneurship. The effects are clearly visible in the organization. They are also reflected in the employee satisfaction survey, with the survey results significantly improved in all areas in 2017.

## 6.2 Overview of Argenta employees

Total workforce by type of work, employment contract and country:

		2015	2016	2017			
Total workforce by region	Belgium	883	928	983			
	The Netherlands	35	42	51			
	Luxembourg	17	9	8			
		Full time	Part time	Full time	Part time	Full time	Part time
Full time / Part time	Belgium	682	201	745	183	752	231
	The Netherlands	32	3	37	5	46	5
	Luxembourg	7	10	4	5	3	5
Contract type	Permanent	925	963	1.029			
	Temporary	10	16	13			

The Argenta employee count increased by a net 63. At the end of 2017, the number of employees in the three countries together was 1,042.

Beyond its salaried employees, Argenta also has an extensive network of self-employed tied agents (generally referred to as 'branch managers') with their own employees. In 2017, 1,493 people worked for Argenta daily in the self-employed branch network. In 2017, a total of 2,535 people were working for Argenta.

Employee turnover:

		2015	2016	2017
Departure by region	Belgium	107	126	104
	The Netherlands	5	6	5
	Luxembourg	2	9	1
Departure by gender	Male	54	71	49
	Female	60	70	61
Departure by age	< 30	24	26	20
	30 < 50	76	92	71
	≥ 50	14	23	19

This table contains all employees who left the Group's employment, including retirement, end of temporary contract, termination by the employer, etc. In Belgium, 31 employees moved from the head office to positions in the independent branch network. The voluntary outflow in 2017 was 4.49% of the total number of employees.



## 6.3 Remuneration policy

The Argenta Board of Directors establishes the general principles of the remuneration policy for employees, with the advice of the Remuneration Committee, and monitors its implementation (**'Pay Policy'**). The Pay Policy determines which reference salaries apply to which functions, taking into account the degree of difficulty, responsibility, level of required competence/experience and necessary specialization of a particular function. The Argenta Group strives to remunerate its employees in line with market conditions.

All Argenta salaries, for whatever category - employee, administrative staff member, manager or senior executive, consist solely of a fixed amount. There is no variable remuneration at Argenta (see also 8.2.6: Remuneration Committee).

The total Argenta salary bill amounted in 2017 to EUR 53,669,669.

The O&T (Organization & Talent) department communicated the remuneration policy in a transparent manner for all functions in all Argenta operating companies.

For *Identified Staff* (employees whose professional activities mean that they could materially influence the risk profile of an institution), the remuneration principles are the same as for other functions at Argenta. Their remuneration also consists solely of a fixed amount. In this way, the remuneration policy ensures that there are no material conflicts of interest for employees in control positions and that no excessive risks are taken.





whereby employees can put together a part of their salary packages themselves. Individual needs and wishes are central here.

From now on, employees can convert part of their thirteenth month - in a tax-friendly manner - into benefits of their choice and thus adjust their remuneration package flexibly and individually. Every employee who is eligible for the cafeteria plan receives an options budget. On the basis of this option budget, the employee can opt for specific benefits that suit his own personal situation. The options are structured around four basic pillars: mobility, technology, social protection and variables.

40% of employees took part in the first edition of the cafeteria plan. At the beginning of February 2018, a new edition will start, and from then on, employees will be able to enter or leave the cafeteria plan at the start of each new calendar year.

With the revised salary policy, a new wage house was also introduced, with ten pay categories for support, management and expert functions. Pay for experts can develop in the same way as for senior managers. This gives a fillip to employees who prefer a career as an expert rather than in a managerial position.

In accordance with the provisions of the collective labour agreement concluded at the end of 2016, a thorough update of the job descriptions was implemented in 2017, resulting in a new function house. Employees who disagree with the classification of their position can appeal, after which the jointly composed advisory committee makes a decision about the admissibility of their appeal. If necessary, a reassessment of the function will then also follow.

The total Argenta salary bill for identified staff amounted in 2017 to EUR 7,501,599.

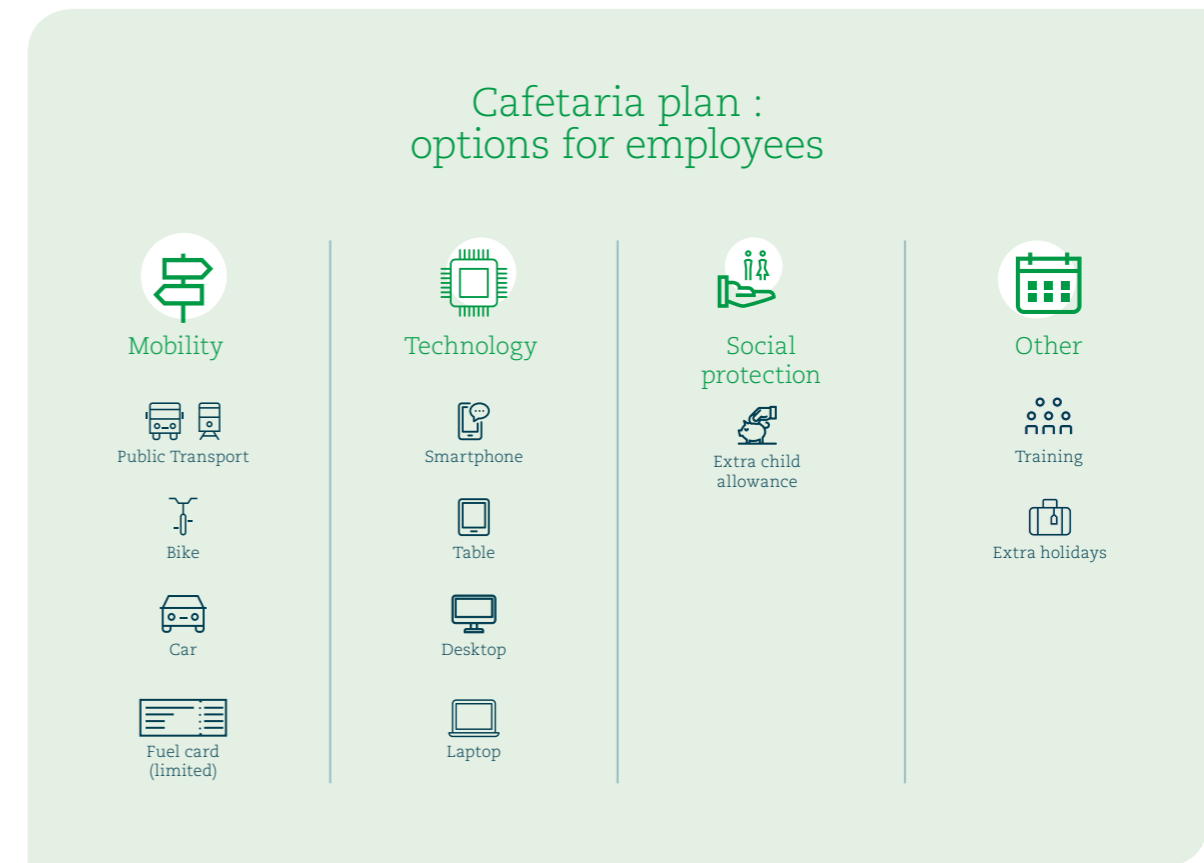
In determining the *compensation benchmarks* that are used in the pay policy for all employees, Argenta works with the Korn Ferry Hay Group.

Argenta's pay policy used to be aligned primarily with the savings banks collective agreement (CAO - PC 308). With the transition of the savings banks to PC (employer-employee committee) 310 of the general

banking industry in 2017, the pay policy was adjusted for all internal Argenta employees in Belgium, in accordance with the modalities laid down in the collective labour agreement.

In 2017, Argenta introduced a revised pay policy, with a clear focus on sustainability, market conformity, purchasing power and transparency. An important part of new policy, the introduction of a cafeteria plan for all staff members in Belgium, became a reality in April 2017. The cafeteria plan responds to a current trend

### Cafeteria plan : options for employees



The correct application of the pay policy calls for high-quality planning, feedback and assessment of employee performance. This assessment may or may not lead to a pay increase, via an annual wage round.

For Argenta Nederland too, pay policy underwent a thorough overhaul on the same basic principles as for Belgium.

Job classification and wage categories are translated into transparent wage rules in accordance with Dutch legislation and the collective agreement for banks. These were communicated at the end of 2017 and applied for the first time. The insurance section of the remuneration package has been updated. The introduction of a cafeteria plan in the Netherlands was not an interesting option given the current local legislation.

#### 6.4 Employee Opinion Survey

In October 2017, O&T launched a large-scale Employee Opinion Survey in close cooperation with Process Excellence. Argenta employees were given an oppor-

tunity, via an online survey, to express their opinions on a number of issues that are crucial to the engagement between employee and employer. On that basis, improvement actions were formulated.

#### 6.5 Learning and development

Argenta encourages employees to further develop their professional skills, so as to enable them to contribute to Argenta's long-term growth. They are helped here by courses, e-learning, coaching, training, exchanges of knowledge and experience between colleagues, and interactions with senior managers. In 2017, the average number of training hours in Belgium, Netherlands and Luxembourg rose from 39 to 41 per employee. This includes both job-specific technical training, and more general skills training for which each employee can enrol in consultation with his or her supervisor.

Education is organized and given not only internally at Argenta: employees are also given opportunities to participate in conferences, training courses and seminars outside of their own company walls.

	2015	2016	2017
Total training hours Men	17,760	20,095	23,625
Total number Men	432	449	493
Total average training hours Men	41	45	48
Total training hours Women	22,892	18,444	18,632
Total number Women	503	530	549
Total average training hours Women	46	35	34
Total training hours Men + Women	40,653	38,539	42,257
Total employees BE, NL, LUX	935	979	1,042
Total average training hours	43	39	41

The share of informal training in relation to the total is 10.10%.



#### 6.6 Equal Opportunities and Diversity

Argenta operates an equal opportunities policy in the recruitment and promotion of its employees. The primary concern is to attract the right people, and to have them working in the right place. Diversity is an added value here. For this reason, Argenta makes no distinction in its recruitment on the basis of age, religion or belief, marital status, gender, financial status, political or trade union affiliation, language, health status, sexual orientation, physical or genetic characteristics, social, cultural or ethnic origin or any disabilities. Candidates are assessed on skills, talents, knowledge and experience.

For Argenta, it is very important that all employees can handle diversity at all levels. Its workforce therefore consists of a healthy mix of male and female workers of different ages, ethnicities and beliefs, and the other aspects mentioned above. The above was confirmed in 2017 by the anti-discrimination policy approved by the Board of Directors on 24 October 2017. No cases of discrimination were reported in 2017.

### 6.6.1 Age groups at Argenta

The 30 to 50 group is by far the largest age group in the age pyramid at Argenta. The average age for the three countries together is 41. In the Netherlands, the population is slightly younger (average 38), in Luxembourg slightly older (average 45).

	2015	2016	2017	
Age	< 30	143	130	129
	30 < 50	630	664	698
	>= 50	162	185	215

### 6.6.2 Male/Female ratio

Just as in 2016, 53% of the Argenta workforce were women and 47% men.

Gender		2015		2016		2017	
		Full time	Part time	Full time	Part time	Full time	Part time
Male	Male	339	26	430	19	456	36
	Female	322	188	356	174	345	205

The number of persons in executive functions (Executive Committee members and directors) at the end of 2017 was 35. Of these, 37% were women.

Number of executive functions in the Argenta Group	2012	2013	2014	2015	2016	2017
<b>Number of men</b>	20	20	23	21	19	22
Age 30-50	15	12	14	15	11	12
Age > 50	5	8	9	6	8	10
<b>Number of women</b>	9	9	10	12	13	13
Age 30-50	8	8	8	10	8	7
Age > 50	1	1	2	2	5	6

Voor een rapportering over de diversiteit binnen de raden van bestuur, de directiecomités en de effectieve leiding van Argenta, zie hoofdstuk 8, Corporate governance.



### 6.6.4 Networking

Argenta attaches great importance to cooperation. Relationships and contact moments change with the company's permanent growth. The way we work together reflects this situation. Argenta is strongly committed to networking, so as to garner and make optimal use of the initiatives and ideas that are spread across different departments and levels. These networks must be springboards for entrepreneurship, allowing Argenta to continue to grow from its own strength.

Three networks are active at Argenta:



#### Argenta Innovative Network

The Argenta Innovative Network seeks to bring headquarters and branch employees into contact with each other and have them think along with the company from

an innovative perspective and with a healthy critical approach. Every year, this network organizes four official activities for employees who have been with Argenta for no more than three years.

#### Ambassadors for Healthy Growth

'Healthy Growth' is a duty for all Argenta employees. For this reason, Argenta brings together a *community* of enthusiasts who want to be an example of the ambitions behind Healthy Growth, and help shape and communicate it.

#### Nexus

The Nexus gives departmental heads an opportunity to talk to each other on matters outside the remit of their own departments. They do this at a monthly half-day meeting, at which the entire Executive Committee plus all department heads together examine topics such as strategy, performance, key goals, leadership and healthy growth.





## 7. Argenta and sustainability

GRI 102-09, 102-11, 102-12, 102-13, 102-14, 102-15, 102-16, 102-17, 102-21, 102-40, 102-42, 102-43, 102-44, 102-45, 102-46, 102-47, 102-48, 102-49, 102-50, 102-51, 102-52, 102-54, 102-55, 102-56, 103-1, 103-2, 103-3, 203-1, 205-1, 418-1, FS 7, FS 10, FS 11

### 7.1 Argenta's sustainability policy in 2017

In 2017, the Executive Committee further defined the 2020 Strategy in line with its mission to support families and individuals simply, honestly and close at hand in living financially healthy lives. Argenta wants to be the bank-insurer of choice for families and individuals who value sustainable financial advice without frills.

In this context, the Executive Committee has specifically emphasized the sustainable nature of Argenta. At Argenta, sustainability is not just a concept, but an attitude lived out by the entire organization, in which every employee at his level assumes responsibility for a good and sustainable relationship with the customer.

The Argenta Executive Committee placed 'Sustainability' high on its agenda in 2017. In October

2017, for example, it devoted an off-site meeting entirely to sustainability. For the Executive Committee, care for people, the environment and society is inextricably linked to striving for stable business results, motivated employees, loyal customers and healthy business development. Based in part on the results of the stakeholder survey in 2017 (in which the request was expressed to take on even more social responsibility), the Executive Committee made the following decisions:

- Argenta confirms its policy of making financial services accessible to everyone by providing a simple

and well-organized palette of high-quality banking and insurance products at a fair price that meets the needs of its customers, both individuals and families.

- Each customer is entitled to a basic package of services consisting of mobile and Internet banking and a high degree of self-service. Payment services (current and savings accounts, bank card and standard credit card) and securities deposit are free of charge.

#### Number in thousands

Pillar	Free banking infrastructure	Belgium - 2015	Belgium - 2016	Belgium - 2017	Netherlands - 2015	Netherlands - 2016	Netherlands - 2017
Savings and payments	Number of current accounts	1.071	1.119	1.158			not offered
	Number of savings and term accounts	1.250	1.271	1.274	145	149	149
	Number of debit and credit cards	1.493	1.539	1.591			not offered
Payments	investing	143	150	156			not offered



play a variety of themes in its communication with customers that are particularly important to it, such as mobility, housing and energy consumption.

In 2017, Argenta published its sustainability policy on the Argenta website. This document explains in detail how sustainability is being implemented at Argenta. This policy document will be regularly updated and supplemented in the future.

- Argenta confirms its policy, as the bank-insurer of retail customers in Belgium and the Netherlands, of sustainably supporting and stimulating the real economy. Argenta collects funds from families with surplus savings via current accounts, traditional savings accounts, pension savings and insurance. In this way, 77% of the funds collected were channelled back into loans to households.

	2015	2016	2017
<b>Household savings and insurance contracts</b>			
in euro millions	34.303	36.162	<b>36.506</b>
as % of total equity	86%	85%	<b>83%</b>
<b>Loans to customers, mainly families</b>			
in euro millions	24.872	27.132	<b>28.140</b>
as % of total equity	73%	75%	<b>77%</b>
in % of total Argenta assets	63%	64%	<b>64%</b>
<b>Loans to local and regional authorities and investments in public-private partnerships</b>			
in euro millions	308	359	<b>539</b>
as % of total equity	1%	1%	<b>1%</b>
in % of total Argenta assets	1%	1%	<b>1%</b>
<b>Reinvestment in government bonds</b>			
in euro millions	5.604	5.115	<b>4.541</b>
as % of total equity	16%	14%	<b>12%</b>
in % of total Argenta assets	14%	12%	<b>10%</b>

In addition, the Executive Committee has formulated three new ambitions:

- Sustainable investment policy:** the Executive Committee has commissioned the development of a policy vision for sustainable investment, whereby investments both for its own investment portfolio and for customers are tested against the exclusion list of the Norwegian state fund and the VigeoEiris exclusion list (see below);
- Support for social projects:** the Executive Committee is keen to support projects that align with its mission to support families and individuals, in a simple, honest and close-at-hand way, in living financially sound lives. This includes social housing, supporting projects that enable people to live longer at home, and lending for ecological purchases and projects at preferential rates. The vision for this was elaborated in 2017, and in 2018 it will become even more concrete;
- CO<sub>2</sub> neutrality:** the Executive Committee has commissioned an investigation into CO<sub>2</sub> neutrality as an ambition for Argenta. In addition to charting and raising awareness about the company-wide ecological footprint, this ambition also allows Argenta to

## 7.2 Substantive issues and stakeholder consultation (GRI-102-40, 102-42, 102-43, 102-44)

Argenta believes it to be important to gauge its stakeholders' expectations as to sustainability. These expectations can then be taken into account in Argenta's social choices. With these expectations rapidly evolving, Argenta organizes a stakeholder survey on sustainability every two years. The survey was sent out in 2017 to customers, Argen-Co cooperative members, branch managers and their employees, head office employees, interest groups and directors.

The survey was completed by:

- 931 customers
- 156 Argen-Co cooperative members
- 220 branch managers and their employees
- 435 head office employees
- 5 directors
- 3 interest groups

As in 2015, five major themes were surveyed:

Ethics and integrity

1. Fair sales methods, honest advertising, product transparency
2. Corporate governance
3. Correct and transparent pay policy, no bonus culture
4. Combating corruption, fraud and money laundering
5. Ethical conduct by Argenta employees

Customer care

14. Product offering
15. Offering of sustainable investments
16. Argenta's closeness to customers
17. Innovation
18. Basic banking services offered free of charge
19. Each customer treated with respect
20. Protection of personal data
21. Encouraging financial literacy

Responsibility for our employees

29. Diversity and equal opportunity
30. Training opportunities and talent development
31. Well-being at work
32. Consultation, participation and employee dialogue
33. People-friendly entrepreneurship
34. Opportunity of social involvement
35. Attention to work-life balance

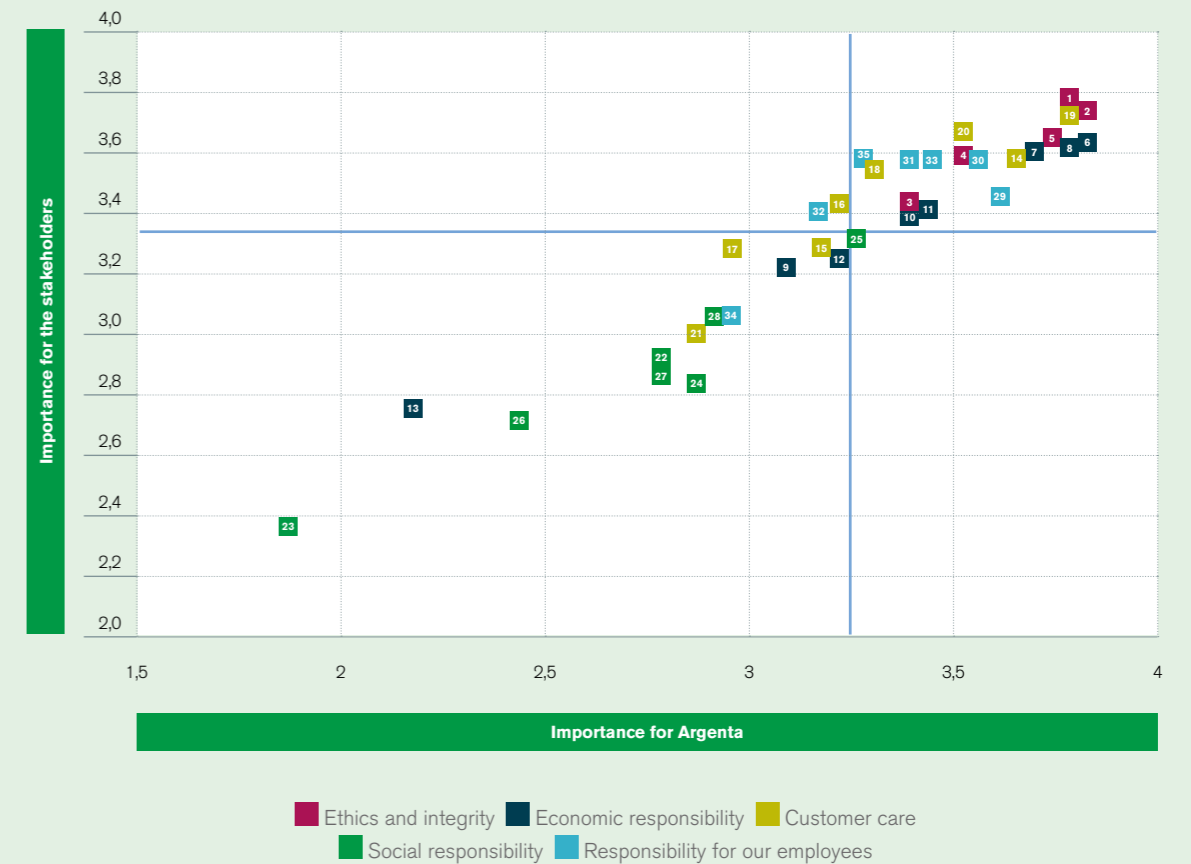
Economic responsibility

6. Financial stability
7. Quality of service and transparency in all areas
8. Long-term strategy
9. Access to financial services for everyone
10. Investing savings sustainably in the real and local economy
11. Correct payment of taxes and bank levies
12. Sustainable purchasing with supplier screening
13. Offering microcredit

Social responsibility

22. Combating poverty
23. Support for sports events
24. Support for social initiatives
25. Attention to climate and environment
26. Sustainable investment policy
27. Encouraging financial literacy
28. Mapping the impact of investments and financing

Materiality matrix 2017  
Argenta Bank- en Verzekeringsgroep



The results of the 2017 stakeholder survey are largely in line with the 2015 findings and show that Argenta and its stakeholders continue to find the same themes relevant.

A more in-depth analysis shows that stakeholders are asking Argenta to take even more social responsibility. Argenta will therefore focus on this in the coming years.

The items at the bottom left of the graph are those that Argenta stakeholders regard as less relevant in the context of sustainability. The items at the top right are considered to be very relevant and it is these that Argenta sees as its main focus.

### 7.3 Sustainability Action Plan 2016-2020

Based on the results of the 2015 survey, Argenta drew up its 2016-2020 sustainability action plan. All departments in Argenta are now working hard to realize this ambitious sustainability action plan step by step.

With no significant shifts emerging during the 2017 sustainability survey, the sustainability action plan remains unchanged.

The following action points were handled in the course of 2017 and further developed in the context of the implementation of the action plan:



#### Ethics and integrity



Action	Target date	Status at end-2017	Further details
Extending automatic monitoring in the field of preventing money laundering and terrorist financing	31/12/2017		The existing financial crime detection software was refined in 2017 and it was decided to introduce additional software. In addition, Argenta decided to expand and professionalise the teams involved in 2018. The scope was extended to phishing.
Reworking the Ethics Charter and create awareness about ethics and integrity	31/12/2018		In the context of the revision of the Argenta strategy in 2017, the Argenta values were revised. The Ethical Charter is being rewritten on this basis. The new deadline is 31/12/2018.
Continuous testing of the internal investment portfolio against the criteria of the Norwegian Sovereign Wealth Fund	31/12/2017		Today, the Argenta investments are already being tested against the exclusion list of the Norwegian Sovereign Wealth Fund. For 2018, the objective is to even better align these criteria with the VigeoEiris sustainability criteria that apply to Argenta's investment funds and in this way to achieve a broader and in-depth ethical alignment of the investment decisions.
Working towards an overarching integrity policy and transition from a compliance to an integrity culture	31/12/2018		We are working hard on an overarching integrity policy. This is framed within Argenta's values-oriented culture and will be integrated into the Ethical Charter. Argenta is also developing a diversity policy. In October 2017, the Board of Directors approved the anti-discrimination policy.

fully realized partially realized



#### Clients



Action	Target date	Status at end-2017	Further details
Evaluating and implementing measures on personal data protection (General Data Protection Regulation - GDPR)	25/05/2018		Argenta has taken the necessary measures to bring the critical privacy processes into line with the General Data Protection Regulation, also to respond to the requests from its customers regarding their personal data prior to the GDPR coming into force on 25/05/2018.
Setting up an IT security unit to monitor the IT systems	31/12/2017		In the reorganization of the IT department, Information Security & Risk Management was placed in a separate unit in 2017. This is developing, implementing and managing a well-organized IT information security policy and ensures proper operational risk management in the first line.
Improving the online FAQ to share information transparently	30/06/2017		In 2017, the Contact Centre provided Product Management with feedback on various topics, starting from customers' questions. The Online FAQ list is permanently supplemented and adjusted on this basis.
Developing of a full digital product range in combination with personal service in the branches	31/12/2018		Argenta launched its new app in 2017 and is working full speed ahead on new features. Work continues on preparing and optimizing the digital product offering.
Improving financial and digital literacy	30/06/2019		To raise financial literacy among students, Argenta supports schools and universities by providing training courses and making internships available.  In 2017 Argenta started a collaboration with KU Leuven by sponsoring a chair on 'Loss Modeling and Reserving analytics for general insurance'. KU Leuven will both develop the scientific thinking and elaborate and test the new ideas in practice, based on data from the Argenta portfolio.  In addition, Argenta organized twelve info evenings on healthy investment in 2017.
Optimizing accessibility of branches for disabled people	31/12/2019		Accessibility is now included in the policy for the design of the branch. Every newly-opened branch has to be accessible to persons with reduced mobility.





**Role in the economy**

Action	Target date	Status at end-2017	Further details
Asset allocation that seeks to reinvest incoming funds in the local economy	jaarlijks		In 2017, Argenta again used its customers' savings to reinvest in the real economy. See 7.1 and 7.4.
Collecting co-operative capital via cooperative members in order to diversify the capital base	31/12/2017		In June 2017, Argen-Co launched a new share issue to raise EUR 25 million of fresh capital. This issue proved a great success. 18,904 people accepted the public offering, with Argen-Co welcoming 1,883 new partners. The issue closed early after 14 days.
Offering of products to older customers with a view to care and ageing	31/12/2017		With its Live Longer at Home (Langer Thuis Wonen) project, Argenta is keen to offer solutions to the societal issue of aging. Argenta wants to make customers aware in time and, in cooperation with other partners, to help people to live longer at home. A preparatory study was conducted in 2017. It is Argenta's ambition to roll out a limited pilot phase in 2018.
All suppliers endorsing the sustainability charter	31/12/2018		The sustainability charter that was added to all standard contracts in 2015 is signed by every new supplier. In 2017, suppliers were questioned about their sustainability principles and actions at every request for a quotation (RFP) where a link to sustainability could be made.  By the end of 2018, Argenta also wants to map out all existing suppliers according to the sustainability principles they work by.
Expanding the service model with a digital channel	30/03/2019		Office of the future: Argenta is committed to digitization and is working on a digital strategy that meets customer expectations and that will enable branches to play their advisory role even more.



**Role in the society**

Action	Target date	Status at end-2017	Further details
Developing a social vision for supporting projects with a social contribution	31/12/2018		As a bank-insurer, Argenta is keen to support social projects that align with its mission: social housing, supporting projects to allow people to live longer at home, very favourable pricing for ecological lending, and so on. The vision was developed in 2017, and will be implemented in 2018.
Structuring environmental activities: paper use, renovation of the head office with energy-efficient technology	31/12/2019		Argenta is environmentally pro-active. Paper consumption is limited, waste is separated, plastic water drums with plastic beakers have been replaced by drinking water taps and glasses. Argenta is consciously choosing environmentally friendly options for renovating the head office. To limit the energy footprint, a network of pipes is being installed to a depth of 150 metres below the building. This will turn the soil under the building a huge energy buffer. In the winter, this buffer will serve as a heat source, in the summer as a source of cooling.  In 2017, Argenta decided to investigate how to become a CO <sub>2</sub> -neutral enterprise.
Promoting and supporting sustainable mobility	31/12/2019		Argenta is actively promoting its employees' sustainable mobility. Mobility choices are stimulated as part of the cafeteria plan. The choice of company cars is aimed at more ecological cars, while electric bicycles and train subscriptions are being offered.  In 2017 Argenta also provided a healthy breakfast for employees who come to work sustainably.  Ecological car and bicycle loans have been developed for Argenta customers. These will be offered from 2018 onwards.
Growing sustainable funds from niche to core products	31/12/2020		Sustainable investment involves transparency on the contribution to society or on the environment of the companies or projects being invested in. The offering of the following theme funds is being investigated: - Focus on climate (alternative energy production) - Focus on the medical world (combating cancer, combating HIV) - Focus on environmental balance (water-climate balance, organic farms) - Focus on corporate social responsibility

For the themes 'Role in society' and 'Employees', there were no specific action points in 2017 with 2017 as an end date. Many steps have already been taken and in 2018 Argenta will make extra efforts to emphasize its social responsibility even more. The Executive Committee also formulated the ambition to invest

in a sustainable investment policy, in supporting social projects and in CO<sub>2</sub> neutrality.

Specific reporting here will follow in the coming years' annual reports.



Employees

Action	Target date	Status at end-2017	Further details
Development of sustainability actions in consultation with all employees	jaarlijks		In 2017, Argenta organized a sustainability week. Every day, a member of the Executive Committee sent employees a personal email in order to explain a specific sustainability theme, based on the sustainability action plan. In this way, employees are fully aware of developments in the action plan on ethics, Argenta's role in society, its role in the economy, and sustainability for employees and for customers.
Attention to employee well-being	31/12/2018		Based on the Employee Opinion Survey, Organization & Talent is working on 'Healthy Growth' action points for themes that achieved lower scores.
Development of a framework to facilitate regular teleworking	31/12/2018		A teleworking policy is being developed. In 2017, a collective labour agreement was concluded with employee representatives on this subject. It will come into force no later than 01/04/2018.
Mapping and encouraging social commitment by employees	31/12/2019		Argenta encourages employee to commit to society (for example: team activities to support a project with a social character, contributions to projects and non-profit organizations, participation in the Warmest Week) in line with Argenta's strategy for sustainability and support for society.



## 7.4 Sustainable approach to Argenta's own investment portfolio

For Argenta Spaarbank's and Argenta Assuranties' own investment portfolios, local anchoring and sustainability are key factors when making investment decisions, in addition to conservative policies that shun risks as much as possible. This is reflected in the various areas of activity.

### 7.4.1 Public banking - lending

In order to make its social impact even more tangible, Argenta has for the past three years been focusing on financing local projects through direct investments in cities and municipalities, government companies and infrastructure (through public-private partnerships). By investing in the world that its customers live in, Argenta seeks to make the social return even greater.

In 2017, Argenta's public banking portfolio exceeded EUR 500 million for the first time. This included financing a school renovation in Zemst, various residential care centres in the Bruges area, the firefighting zone in the Antwerp periphery, various eco parks in Flemish Brabant, and the new Roeselare swimming pool. This is in addition to Argenta's existing focus on social housing, urban development, mobility, sports, welfare and

the environment. Major projects are also on the agenda for the coming years.

### 7.4.2 Commercial real estate portfolio

In its commercial real estate portfolio, Argenta also has an eye for sustainability by integrating social and environmental aspects into its investment policy.

The ageing of the Belgian population is creating important needs in terms of senior housing. Argenta is contributing here with over EUR 100 million in financing for private residential care centres and other kinds of healthcare real estate.

Argenta is also contributing to a local green electricity supply by investing in Belgian and Dutch logistics real estate, the flat roofs of which lend themselves perfectly to installing solar panels. Argenta invested EUR 90 million in companies active in this sector that generate 90 megawatts of green electricity.

### 7.4.3 Management of investment portfolio

Argenta always tests new investment portfolio investments against sustainability criteria. Argenta takes as its basis here the exclusion list of the Norwegian State Fund and does not invest in companies that appear on this list. The Norwegian State Fund list excludes com-



panies from its investment universe on the basis of product or behaviour-related criteria. Product-related exclusions involve companies that themselves - or through entities under their control - produce energy from coal, produce tobacco, produce weapons or which, by using weapons, violate humanitarian principles, produce cluster weapons or sell military equipment to certain countries. Behaviour-related exclusions involve companies that act in unacceptably unethical ways that result in human rights violations, serious environmental damage, severe corruption, serious violations of individual rights in war or conflict situations, or other serious violations of fundamental ethical standards. In addition, Argenta will continue to expand this list in 2018 in line with the ethical principles applicable to our investment funds.

#### 7.4.4 Management of share portfolio

Customers can take out branch 21 pension savings insurance at Argenta. To comply with the legal requirements to make the contract tax-deductible for the customer, a certain minimum amount of incoming premiums have to be invested in shares.

In selecting these shares, we take into account the sustainable character of the underlying company.

Companies that are active in the circular economy, renewable energy, have sustainable business models, are active in cleantech and so on, are very attractive here to Argenta. In recent years, Argenta has also been working on concrete actions to reduce CO<sub>2</sub> emissions linked to the equity portfolio. Our positions in oil-related companies or companies with heavy ecological footprints are being phased out and replaced by positions in companies that work, for example, on sustainable mobility (electric bicycles), renewable energy or a *cradle-to-cradle* business model.

In summary, Argenta's investment strategy aims to have a major impact on the real economy, on the living environment and on the future of the next generation of customers.

### 7.5 Sustainable approach of the investment funds

Argenta subjects its entire investment offering to sustainability screening.

Through the partnership with the research and rating agency VigeoEiris, which specialises in ESG

(Environmental, Social, Governance) research, companies that fail to meet the sustainability criteria are excluded from Argenta's investment offering.

VigeoEiris assesses companies on the basis of:

- their impact on the (living) environment;
- their social involvement;
- their general corporate behaviour;
- their respect of human rights;
- their organizational structure;
- their personnel policy.

Argenta uses 3 levels of sustainability criteria for its investment offer:

#### Exclusion list (level 1)

Argenta does not want to offer financial support to companies that base their earnings or business models

on unethical activities, nor to companies that are discredited for serious breaches of ethical standards.

The Argenta investment offer consists of investment funds and unit-linked insurance policies. The imposed legal framework for these products provides for an exclusion policy. For its investment offer, Argenta supplements the statutory framework with additional exclusion criteria based on:

- the principles of the UN Global Compact
- an additional screening on arms, countries and agricultural raw materials
- a more stringent list based on specific exclusions regarding certain areas of activity

Argenta excludes companies that (to a certain extent) are involved in controversial activities or are active in certain controversial sectors. The targeted sectors are



the tobacco industry, the nuclear sector, the gambling industry, the arms industry, producers of hazardous chemicals, the 'adult entertainment' industry and companies guilty of animal abuse.

The criterion for exclusion is not comparative but absolute. This means that the number of companies in the exclusion list can vary.

The involvement in controversial activities and the degree of involvement are measured by VigeoEiris. The degree of possible involvement in a controversial activity is measured by the extent to which the income from this activity contributes to the total income of a company.

Based on this exclusion list, 142 companies (from an investment universe of 3,500 companies) were excluded on 31/12/2017. This led to eleven divestments in 2017, totalling thirty million euros.

#### Best-in-class methodology (level 2)

Argenta is keen to support companies whose services and products within their sector are created in the most sustainable way. In this way, Argenta wants to encourage companies to make step-by-step improvements in the field of sustainability.

This is done through a combination of the exclusion list (level 1) with a *best-in-class* methodology.

The Forum Ethibel **Investment Register** forms the basis for company selection and country selection in the sub-funds carrying an Ethibel label. This index is compiled by Forum Ethibel, which applies its own criteria to the research data of VigeoEiris. These criteria are taken over by Argenta.

The following domains are intensively investigated here:

- environment;
- social anchoring;
- market behaviour;
- human rights;
- healthy governance;
- personnel policy.

#### Impact investing (level 3)

Argenta wants to support companies that contribute to the habitability of the planet and, for example, focus on a drastic reduction of CO<sub>2</sub> emissions.

The investments focus on utility companies in the broad sense of the term and on enabling technologies that contribute directly or indirectly to a decrease in CO<sub>2</sub> emissions

This is done through a substantive screening of the business activity, a stricter exclusion list and minimum quotas for the best companies.

The 'Argenta-Fund Responsible Utilities' sub-fund is invested according to precisely defined criteria. The investment criteria are available on request from Argenta. On the basis of semi-annual audits, Forum ETHIBEL vzw ensures that the portfolio meets the defined ethical criteria.



At the end of 2017, 1,350 of the 3,500 companies in the investment universe were excluded from this fund. Argenta-Fund Responsible Utilities grew by 43.3% in 2017.

## HEALTHY INVESTMENT MANAGEMENT

### Argenta Spaarbank - Investment Funds

Assets under management, in EUR millions	2015	2016	2017		2015	2016	2017
'Exclusion criteria", before including companies in own funds	681.1	856.7	1,202.9	'Best in class' approach. Companies meet sustainability criteria	97.5	139.3	192.8
External fund managers screened for application of a sustainability policy	2,603	3,016.9	3,616.3	'Thematic approach' companies assessed on a specific sustainability theme	31.8	34.0	72.3

### Argenta Assuranties - Insurance-based investments

Assets under management, in EUR millions	2015	2016	2017		2015	2016	2017
'Exclusion criteria", before including companies in own funds	442.8	463.7	608.2	'Best in class' approach. Companies meet sustainability criteria	55.8	69.9	92.6
External fund managers screened for application of a sustainability policy	1,005.6	1,137.5	1,293.5	'Thematic approach' companies assessed on a specific sustainability theme	15	15.1	31.8

For those funds for which Argenta works with external fund managers (Carmignac Gestion, Degroof Petercam, Edmond de Rothschild Asset Management and GS&P), it has checked which minimum criteria are applied in compiling and tracking their funds. Additionally, Degroof Petercam, Carmigac Gestion and Edmond de Rothschild Asset Management have also endorsed the UN Principles for Responsible Investment (UNPRI). Manager GS&P has not endorsed these criteria as it invests only in European family enterprises, which are sustainable by their nature.

#### Policy on agricultural raw materials

In 2017, Argenta developed an explicit policy that rejects investment products that directly or indirectly have a negative impact on the price of agricultural raw materials and thus endanger the basic food supply of vulnerable groups.

## 7.6 Sustainable supplier policy

Argenta insists that its suppliers place a high priority on 'sustainable entrepreneurship' and take part in this story as partners. The suppliers are therefore asked by Argenta to endorse a sustainability charter on good governance, social engagement, open communication, human-friendly entrepreneurship, risk management, sustainable investment, sustainable purchasing and sustainable product and service development, supply chain management, climate change, sustainable logistics and mobility, and combating corruption.

### 7.6.1 Sustainable office equipment

Argenta has chosen its supplier of office materials based on the sustainable nature of the products and on the service:

- The chosen supplier has developed its own label for



sustainable products so that it can offer a fully-fledged green range of office equipment. This label tests both house brand articles and the top-name brands and budget brands on the basis of established environmental criteria (recycled material, working on solar energy, refillable, no heavy metals, etc.);

- The purchase of office equipment follows the principle of sustainable purchasing that groups purchases, and chooses environmentally-conscious products that contribute to CO<sub>2</sub> reduction through the *Plant a Tree* programme;
- Orders are packaged in 100% environmentally-friendly material;
- Deliveries are made periodically (weekly to the branches and fortnightly to Argenta's head office) and are CO<sub>2</sub> neutral;
- Office materials packaging, empty ballpoint pens, broken scissors, empty toners and other materials are processed according to the ISO 14001 certified recycling programmes.

### 7.6.2 Sustainable office furniture

Argenta looks critically at its processes and those of its service providers and suppliers. Efficient (logistical) processes are part of this. Argenta is open to creative

and innovative long-term solutions and invites service providers to think together with it about a sustainable future.

The chosen supplier has been involved in circular economy for 25 years, leading, among other things, to its *Cradle to Cradle* certification and its joining 'The Circular 100'. The supplier invests heavily in five quality categories: healthy materials, reuse of materials, renewable energy and CO<sub>2</sub> management, water use and social responsibility. In concrete terms this means:

- a long life of the furniture;
- the use of healthy materials during production (for example: non-toxic powder coatings);
- production with renewable energy and a production process that saves water;
- proactive maintenance to extend the life of the furniture;
- complete products or parts are reused and do not join the waste mountain.

In addition, the supplier invests heavily in innovation. In collaboration with a Technical University, a new comfort workplace has been developed that enables individual adjustments to heating, cooling and light. This reduces

the energy bill by 25 to 45% while increasing employee comfort.

## 7.7 Risk management

Professional risk management with an eye for all possible risks is an essential condition for achieving sustainable, profitable growth. The Argenta Group recognises this and considers risk management as one of its core activities.

The risk management framework is constantly updated and adjusted on the basis of new regulations, daily experiences and changes in Argenta's activities, including changes resulting from sustainable choices made by Argenta (and which always tie in with Argenta's activities as a bank-insurer). Demonstrating that adequate risk management procedures are in place is a key condition for acquiring and retaining the trust of all stakeholders: customers, investors, branch managers, supervisory authorities and rating agencies, as well as directors, managers and employees.

The dynamics of the financial world call for require a

permanent, proactive development of the risk management process. Risk management consists of managing risks, comprising the cycle of identifying, evaluating, managing and monitoring risks to which Argenta or one of the Argenta entities can be exposed. This risk management is based on:

- a clearly described management strategy that is consistent with the overall corporate strategy of the Company. The objectives and fundamentals of that strategy, the approved risk tolerance limits and the division of responsibilities between all the activities of Argenta are established in charters and related documents;
- a well-defined procedure for the decision-making process, including a hierarchy of limits and an escalation framework;
- written policies that effectively describe and classify by category the material risks to which the Company is exposed, and which specify the approved risk tolerance limits for each risk category. These policies implement Argenta's risk strategy, provide for control mechanisms and take into account the nature, scope and timing of the business activities, as well as the associated risks;
- reporting procedures and processes that ensure



that the information on the material risks to which Argenta is exposed and the effectiveness of the risk management system are actively monitored and analysed, and that appropriate changes are made to the system if necessary. This also includes processes (e.g. Risk Appetite Framework - reporting and specific dashboards) for establishing any deterioration of the financial and non-financial risk conditions and for informing the relevant stakeholders, including the regulator, immediately when such a deterioration occurs;

- coordination between the independent control functions Compliance, Risk Management, Actuarial function and Internal Audit, which are centrally organized at the Argenta Bank- en Verzekeringsgroep level.

A detailed description of Argenta's risk management can be found in the IFRS annual report on the Argenta website.

## 7.8 Ethics and integrity

Sound management significantly supports the commitment and dedication of all Argenta employees. Therefore, in addition to the strategic objectives, the Board of Directors also determines the Argenta values and the internal codes of conduct or formal rules, which determine how the company acts in a spirit of integrity and involvement with all of Argenta's stakeholders. These values and codes of conduct, which include respect for human rights and combating corruption, are communicated and promoted within Argenta. In addition, it is essential that the management imposes strict rules of conduct on itself and sets a good example ('*tone at the top*').

For this reason, there is no bonus culture among Argenta's management and employees: no variable remuneration is paid out. Not awarding variable remuneration is a deliberate governance choice, made to avoid the pursuit of short-term goals to the detriment of Argenta's longer-term objectives.

For directors and Identified Staff (employees whose professional activities could materially influence the risk profile of an institution), the remuneration principles are the same as for other functions at Argenta.

Their remuneration, in combination with the product framework, is structured in such a way that it cannot lead to taking irresponsible risks

for the customer, reputational risk for Argenta or irresponsible sales practices.

In addition to the usual checks at the time of recruitment, Argenta permanently verifies compliance by its employees with the internal, legal and regulatory provisions relating to integrity and conduct. The compliance function plays an important role in the enforcement of the policy set by Argenta.

The Argenta Group compliance officer, who also heads up the Compliance & Integrity department, has a coordinating and initiating role in the implementation of the integrity policy and reports to the Executive Committee of Argenta Bank- en Verzekeringsgroep.

Argenta has established a policy and procedures for employees to report complaints directly or indirectly (Complaint Management, Compliance, Internal Audit) to senior management outside the normal hierarchical channels.

No incidents were reported in 2017.

Whistleblowers are protected against direct or indirect disciplinary measures or decisions with a similar effect.

Argenta offers its customers the opportunity to report complaints. The complaints handling turnaround time reduced in 2017 to 5.13 days, compared with 6.20 days in 2016.

### Total number of complaints Belgium and Netherlands

	2015	2016	2017
Total complaints received	2,231	2,946	2,606
Total number of complaints received regarding privacy violation	6	6	51

## 7.9 Taxes and contributions to the government, regulators and professional associations

The effective tax rate for Argenta is 28% excluding bank levies, and 56% including bank levies. The bank levy rose by 13%. Argenta insists on paying taxes and other contributions and levies to the government in a correct and timely manner.

Countries	Activities	31/12/2016						
		Yields (1)	Result before taxes	Actual taxes	Deferred taxes	Total corporate taxes	Received subsidies	Average number of FTE employees
EU Member State		686,916,884	332,972,596	-78,941,617	-7,682,476	-86,624,093	0	894
Belgium	Bank and insurances	412,240,732	125,275,414	-23,864,118	-7,682,476	-31,546,594	0	850
Luxembourg	Other financial services	22,508,376	4,999,910	-1,501,655	0	-1,501,655	0	8
The Netherlands	Bank and insurances	252,167,776	202,697,272	-53,575,844	0	-53,575,844	0	36
Third country		0	0	0	0	0	0	0
<b>Total</b>		<b>686,916,884</b>	<b>332,972,596</b>	<b>-78,941,617</b>	<b>-7,682,476</b>	<b>-86,624,093</b>	<b>0</b>	<b>894</b>

Countries	Activities	31/12/2017						
		Yields (1)	Result before taxes	Actual taxes	Deferred taxes	Total corporate taxes	Received subsidies	Average number of FTE employees
EU Member State		627,470,357	269,604,436	-75,485,818	-672,460	-76,158,278	0	0
Belgium	Bank and insurances	381,760,532	88,520,006	-25,078,464	12,558,970	-12,519,494	0	892
Luxembourg	Other financial services	30,137,719	8,381,474	-2,490,103	0	-2,490,103	0	7
The Netherlands	Bank and insurances	215,572,106	172,702,956	-47,917,251	-13,231,430	-61,148,681	0	49
Third country		0	0	0	0	0	0	0
<b>Total</b>		<b>627,470,357</b>	<b>269,604,436</b>	<b>-75,485,818</b>	<b>-672,460</b>	<b>-76,158,278</b>	<b>0</b>	<b>0</b>

### 7.10 Endorsed principles on sustainability

In 2017, Argenta signed the **Belgian SDG Charter for International Development**. This charter outlines the commitment of the Belgian private sector, civil society and the public sector on the basis of the five P's of the SDGs (Sustainable Development Goals): People, Planet, Profit, Peace and Partnership. Argenta takes the relevant themes into account in the implementation of its strategy.

Argenta has opted for the **UN Global Compact Principles** as a guideline because these principles are supported worldwide and are based on international treaties and conventions. The UN Global Compact binds companies to ten principles in the fields of human rights, working conditions, the environment and anti-corruption. The principles are derived from the Universal Declaration of Human Rights, and from internationally recognized declarations, such as those of the International Labour Organization, and conventions of the United Nations.



Argenta links its sustainability action plan with the **17 Sustainable Development Goals of the United Nations (SDGs)**. These 17 goals are linked to five P's: People, Planet, Profit, Peace and Partnership. The 17 objectives form a universal framework for the reporting of sustainability. Argenta integrates these in its reporting.

Argenta respects the **Equator Principles**. These principles provide an important means of measurement in the financial sector for defining, assessing and managing environmental and social risks in large industrial and infrastructure projects. The Equator Principles are based on the clearly defined policies and guidelines of the IFC (International Finance Corporation, the private sector department of the World Bank group) and the World Bank.

**IFC Environmental, Health and Safety Guidelines** are sector-specific guidelines that can be used to assess projects in these sectors on their environmental, health and safety aspects. Argenta takes these guidelines into account in its sustainability policy.

The **IFC Performance Standards** are used by the International Finance Corporation in financing decisions. These endorse the four fundamental **ILO Principles** and rights at work:

- freedom of association and recognition of the right to collective bargaining;
- the ban on all forms of forced labour;
- the ban on child labour;
- the prohibition of discrimination (based on ethnicity, gender or social origin) with regard to the provision of work or specific functions.

The **OECD Guidelines for Multinational Enterprises** are recommendations by governments to multinational companies. They contain voluntary guidelines and standards for responsible business conduct in compliance with relevant legislation. These guidelines require companies to respect the human rights of those who are affected by their activities.

The **UN Principles for Responsible Investments (UN PRI)** offer a guideline for (institutional) investors in the field of socially responsible investing.

### 7.11 Memberships of sustainability organisations

Argenta considers it important to engage in organizations that focus on sustainability and social responsibility. Argenta has since 2015 been a partner of CIFAL Flanders, a training centre affiliated to UNITAR, the United Nations Institute for Training and Research. Argenta is a member of the board of directors and the advisory committee.

### 7.12 Interest representation in professional organizations

Argenta is a member of ESBG (European Savings and Retail Banking Group), an organization of European savings and retail banks. Through its ESBG membership, Argenta is also a member of the WSBI (World Savings Bank Institute). The WSBI brings together savings and retail banks from 80 countries and in this way represents the interests of approximately 6,000 banks worldwide.

In Belgium and the Netherlands, Argenta defends its positions in Febelfin, the umbrella federation for the Belgian financial sector; in Assuralia, the overarching organization of the Belgian insurance sector; and in NVB (the Dutch Banking Association). In Febelfin, Argenta is a member of various working groups and committees, including the Sustainable Finance Committee.

### 7.13 Reporting basis (GRI 102-45, 102-46, 102-47, 102-48, 105-49)

Every year since 2012, Argenta has published a sustainability report as part of its full annual report. In 2014, Argenta decided to weave its sustainability reporting into the rest of the annual report, with sustainability no longer being the subject of a single specific chapter. This form of reporting is in line with the Argenta philosophy, in which sustainability is viewed as an integral part of the banking and insurance activities.

The scope of the 2017 sustainability report consists of Argenta Bank- en Verzekeringsgroep nv, and the underlying companies (Argenta Spaarbank nv and its branch office in the Netherlands, Argenta Asset Management sa, Argenta Assuranties nv and its branch office in the Netherlands). This is in line with the companies that are consolidated in the 2017 financial statements.

The network of independent branches is not included since these fall under the direct responsibility of the self-employed branch managers. Argenta nonetheless encourages them to endorse the commitments set out in this report. In this they are also supported by Argenta.

This Activities and Sustainability report is intended for all customers, branch managers, employees, cooperative and family shareholders, community representatives and others who are interested in the performance of Argenta Bank- en Verzekeringsgroep and all underlying companies in the field of sustainability.

It covers the period from 01 January 2017 to

31 December 2017. This Activities and Sustainability report is based on external standards and guidelines. The statutory auditor has (partially) checked whether the report has been prepared in accordance with GRI Standards - 'Core' Option. In addition, GRI has carried out the materiality audit to check the correct linkage between the GRI reference table and the Activities and Sustainability Report. The indicators of the Financial Sector Supplement (FSSS) have also been included.

#### 7.13.1 Data collection and validation

The information was gathered from the following Argenta departments: Marketing, Branch Network, Product Management, ICT, Financial Management, Organization & Talent, Legal & Procurement, Compliance & Integrity, and Internal Audit. The subsidiaries and the branch in the Netherlands were also consulted.

We worked mainly with data taken from internal reports. The information used for reporting on sustainability in this annual report has been monitored by the Secretary-General, reporting directly to the Chief Executive Officer (CEO). The CEO is also the director with designated responsibility for corporate social responsibility and its daily monitoring.

In addition, the Board of Directors is involved in corporate social responsibility and reporting thereon. Each director has proofread the report and, where necessary, given feedback.

During the preparation process, the annual report was also checked for full compliance with the sustainability reporting requirements and principles prescribed in the GRI standards (including the indicators of the Financial Sector Supplement (FSSS)).

This report was approved by the Board of Directors.

#### 7.13.2 Reporting Standards

This Activities and Sustainability report is based on external standards and guidelines. The statutory auditor has (partially) checked whether the report has been prepared in accordance with GRI standards - 'Core'

option. In addition, GRI has carried out the materiality audit to check the correct linkage between the GRI table and the annual report. The indicators of the Financial Sector Supplement (FSSS) have also been included.

#### 7.13.3 Scope (GRI 102-45)

The scope of the 2017 Activities and Sustainability report consists of Argenta Bank- en Verzekeringsgroep nv, and the underlying companies (Argenta Spaarbank nv and its branch office in the Netherlands, Argenta Asset Management sa, Argenta Assuranties nv and its branch office in the Netherlands). In comparison with the companies consolidated in the 2016 financial statements, Argenta Life has merged with Argenta Assuranties and has been converted into the Netherlands branch of Argenta Assuranties.

As already mentioned, the independent branches are not included since they are fall under the direct responsibility of the self-employed branch managers (tied agents). Argenta nonetheless encourages them to endorse the commitments set out in this report. In this they are also supported by Argenta.

#### 7.13.4 Differences in comparison to 2016 (GRI 102-48, 102-49)

The reporting for 2017 follows the GRI Standards in their 'Core' option form, whereas reporting in the 2016 annual report still followed the 'Comprehensive' option. The GRI reference table was consequently also structured in accordance with the GRI 'Core' option *standards*.

As a result of this conversion from GRI 'Comprehensive' to GRI 'Core', the substantive reporting is more focused. With the application of GRI 'Core', only selected disclosures of at least one indicator per substantive item need to be reported, as against full reporting on each proposed GRI indicator in the previous financial year. With regard to the substantive scope and area of application, there are no significant differences compared to last year. For CO<sub>2</sub> and energy performance indicators, we are looking at designing a new reporting format as a function of the CO<sub>2</sub> neutrality ambition confirmed by the Executive Committee.

The Executive Committee emphasizes that the sustainability ambitions and reporting on the actions taken (and results) must remain an integral part of this report. However, the Executive Committee wishes to place its energy first and foremost into initiatives that shape the sustainability of Argenta. Care for people, the environment and society is inextricably linked to striving for stable business results, satisfied employees, loyal customers and healthy business development. Ultimately, the Executive Committee always wants to undertake sustainability initiatives for their substantive relevance, and not for their publicity value.

Finally, Argenta is keen to conduct a two-yearly stakeholder consultation. A new consultation took place during 2017, the results of which are included in this report.



## 7.14 Auditor verification of the content of GRI indicators

### Argenta Bank- en Verzekeringsgroep NV

Statutory auditor's report on the limited review conducted on selected CSR performance indicators published in the Activities and Sustainability Report of Argenta Bank- en Verzekeringsgroep NV for the year ended 31 December 2017

### Statutory auditor's report on the limited review conducted on selected CSR performance indicators published in the Activities and Sustainability Report of Argenta Bank- en Verzekeringsgroep NV for the year ended 31 December 2017

To the board of directors

In our jurisdiction of statutory auditor of the company and pursuant to your instructions we have performed review procedures in order to obtain limited assurance concerning a selection of CSR indicators marked with a symbol "X" in the GRI index table ("the Data") published in the Activities and Sustainability Report of Argenta Bank-en Verzekeringsgroep NV for the fiscal year ended at 31 December 2017. Argenta Bank- en Verzekeringsgroep NV reports according to the guidelines of the "Global Reporting Initiative" (GRI) ("GRI Standards") - option "Core".

The Data are applicable to Argenta Bank- en Verzekeringsgroep NV as well as the underlying entities (Argenta Spaarbank NV and its branch office in The Netherlands, Argenta Asset Management SA, Argenta Assuranties NV and its branch office in The Netherlands). The independent branches are not incorporated as they are subject to the direct responsibility of the independent branch managers.

The scope of our work is limited to the Data relating to 2017. The statement mentioned below is therefore only applicable on these Data. The other indicators and information included in the Activities and Sustainability Report are not part of this assurance review. Furthermore, we do not provide any assurance concerning the achievability of the in the annual report included future-oriented information such as objectives, expectations and ambitions of Argenta Bank- en Verzekeringsgroep NV.

#### Responsibility of the board of directors

The board of directors of Argenta Bank- en Verzekeringsgroep NV is responsible for the preparation of the Activities and Sustainability Report in accordance with the applicable legal terms. Furthermore, the Board is responsible for the reported efforts and achievements within the domain of sustainability, the preparation of the Data itself as well as applying the GRI Standards.

This responsibility entails the selection and application of appropriate measurement methods used to prepare the Data, the reliability of the underlying information as well as the application of assumptions and reasonable estimations. In addition to this, the responsibility of the board of directors also entails the design, implementation and maintenance of an internal control system and procedures relevant to the preparation of the Data.

1

### Argenta Bank- en Verzekeringsgroep NV

Statutory auditor's report on the limited review conducted on selected CSR performance indicators published in the Activities and Sustainability Report of Argenta Bank- en Verzekeringsgroep NV for the year ended 31 December 2017

#### Scope of the limited audit (opinion)

We have conducted a limited review in accordance with the International Standards on Assurance Engagements (ISAE) 3000 "Assurance Engagements other than Audits or Reviews of Historical Information" to assess whether the Data has been prepared in accordance with the GRI Standards. Our most important review procedures entailed:

- Obtaining an understanding of the design and the operational structure of the systems and methods used to collect and process the Data, the classification, consolidation and validation of these Data as well as assessing the operational effectiveness of these systems used to determine the Data;
- Conducting interviews with responsible persons;
- Examining on a sample basis, internal and external sources of information in order to evaluate the reliability of the Data and performing consistency checks on the consolidation of these data.

The scope of a limited review is substantially less. Therefore, the limited review will not allow us to obtain reasonable assurance that we will receive information concerning all matters of significant importance that potentially may be identified following an audit. As a consequence of this, we do not express an audit opinion.

#### Statement

We have, based upon the limited review that we conducted, no knowledge of any facts which cause us to believe that the Data are not in all material aspects prepared according to the GRI Standards.

Zaventem, 22 March 2018

The statutory auditor



**DELOITTE** Bedrijfsrevisoren / Réviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Dirk Vlamincx

**Deloitte.**

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# 8. Corporate Governance

GRI 102-18, 102-22, 102-24, 402-1

The composition of the Boards of Directors and the remuneration paid to the directors concerned are given below.

## 8.1. Operation and composition of the Boards of Directors

The Boards of Directors of the Company and of the other Argenta Group companies have similar structures. They include in each case:

- the members of the Executive Committee of the company concerned (the executive directors);
- a number of independent directors;
- a number of directors representing the shareholders (together with the independent directors, the non-executive directors).

The Boards of Directors are composed in such a way that none of the three distinct groups in them (the directors representing the shareholders, the independent directors, and the directors on the Executive Committee) has a majority. The majorities of the Boards are always formed by non-executive directors.

The number of directors in each Board of Directors should preferably not exceed fifteen.

Members of the Boards of Directors are exclusively natural persons.

In principle, directors' mandates are for six years and are renewable. The board can allow deviations from this rule in individual cases.

Independent directors are appointed with a view to attracting competencies in the Argenta Group's core activities, namely banking and insurance. Independent

directors need to demonstrate broad experience in at least one of these core fields on the basis of their former or current activity. They must meet all the requirements stipulated in Article 526ter of the Companies Code.

The governance rules concerning independent directors seek to ensure an appropriate balance in the management of the various companies of the Argenta Group between the representation of the group's interest and the protection of the interests (of the stakeholders) of the individual Group companies.

The division of tasks between the Boards of Directors and the interaction with the various committees are documented in the Internal Governance Memorandum.

At the end of 2017, the Boards of Directors of Argenta were composed as follows:

- Jan Cerfontaine, chairman of the board (BVg, Aspa and Aras), member of the Appointments Committee (BVg) and the Risk Committee (Aspa and Aras)
- Geert Ameloot, executive director and CFO (BVg, Aspa and Aras)
- Ann Brands, executive director and COO (Aspa and Aras)
- Anne Coppens, executive director and CCO (Aspa, Aras and AAM)
- Stefan Duchateau, non-executive director (AAM)
- Carlo Henriksen, non-executive and independent director (BVg and Aspa), member of the Audit Committee (Aspa), member of the Risk Committee (Aspa)
- Marc Lauwers, Executive Director and CEO (BVg, Aspa and Aras), Chairman of the Board (AAM)
- Marie Claire Pletinckx, non-executive and indepen-

dent director (Aras), member of the Audit Committee (Aras), member of the Risk Committee (Aras)

- Marc van Heel, non-executive director (BVg, Aspa and Aras), member of the Risk Committee (Aspa and Aras), non-executive director Investar
- Geert Van Hove, executive director and CIDO (Aspa and Aras)
- Cynthia Van Hulle, non-executive director (BVg, Aspa and Aras)
- Walter Van Pottelberge, non-executive and independent director (BVg, Aspa and Aras) member of the Audit Committee (Aspa and Aras), chair of the Remuneration Committee (BVg), chair of the Appointments Committee (BVg). In 2018, Walter Van Pottelberge will resign his mandates and be replaced.
- Bart Van Rompuy, non-executive director (BVg, Aspa and Aras), member of the Audit Committee (Aspa and Aras), member of the Appointments Committee (BVg), executive director Investar
- Raf Vanderstichele, non-executive and independent director (BVg and Aspa), member of the Audit Committee (Aspa), chair of the Risk Committee (Aspa)
- Dirk Van Rompuy, non-executive director (BVg, Aspa and Aras), member of the Appointments Committee (BVg), member of the Remuneration Committee, executive director Investar. On 31/12/2017, Dirk Van Rompuy resigned his mandates in BVg, Aspa and Aras
- Emiel Walkiers, non-executive director (BVg, Aspa and Aras), member of the Audit Committee (Aspa), non-executive director Investar
- Gert Wauters, executive director and CRO (BVg, Aspa, Aras and AAM)

## 8.2. Advisory bodies of the Boards of Directors

### *Audit committees and risk committees*

Separate audit and risk committees have been set up within the boards of directors of Argenta Spaarbank and Argenta Assuranties. At Argenta Spaarbank, both committees are chaired by an independent director not belonging to the Board of Directors of Argenta Assuranties. At Argenta Assuranties, both committees are chaired by an independent director not belonging to the Board of Directors of Argenta Spaarbank. The (limited) specific activities of Argenta Bank- en Verzekeringsgroep are overseen by the Audit Committee and the Risk Committee set up within the Board of Directors of Argenta Spaarbank. The Audit Committee supports the Board of Directors in fulfilling its duty of oversight of the financial reporting process, the internal system, the audit process and the process for monitoring compliance with legislation and regulations.

The Risk Committee assists the Board of Directors in monitoring the implementation of the strategy by the Executive Committee. In accordance with the Governance Memorandum, this includes determining the nature, scope, form and frequency of the information on the risks that the Board of Directors wishes to receive.



Board of Directors : from left to right  
 In front: Emiel Walkiers, Anne Coppens, Marc Lauwers, Jan Cerfontaine, Gert Wauters, Walter Van Pottelberge, Marie Claire Pletinckx, Bart Van Rompuy, Cynthia Van Hulle, Carlo Henriksen, Ann Brands, Bianca Maenhout  
 Upper row: Geert Van Hove, Geert Ameloot, Elke Vanderhaeghe, Marc van Heel, Raf Vanderstichele



Executive Committee : from left to right:  
 Gert Wauters, CRO, Geert Ameloot, CFO, Anne Coppens, CCO, Marc Lauwers, CEO, Ann Brands, COO and Geert Van Hove, CIDO.

### Remuneration Committee and Appointments Committee

One remuneration committee and one appointment committee are active within Argenta. These are set up within the the Board of Directors of Argenta Bank- en Verzekeringsgroep. Based on a waiver granted by the supervisory authority, they operate at group level. No separate appointment committees have been set up within the Boards of Directors of either Argenta Spaarbank or Argenta Assuranties.

The Remuneration Committee advises on the remuneration policy of the members of the Board of Directors, of those employees whose professional activities can have a material impact on Argenta (the "identified staff") and on that of all other employees of the Argenta Group. It monitors the evolution of compensation within the Argenta Group, ensures that the remuneration

policy promotes a solid risk culture and makes general recommendations to the Board of Directors. For this, it also examines annually whether remuneration of the Argenta Group is in line with the remuneration policy.

The Appointments Committee is tasked with assisting the Boards of Directors of the Argenta Group companies, advising them on assuming their responsibilities and on taking the necessary decisions with regard to the composition, structure and functioning of the Board and of the Executive Committee. For this, the Committee examines the performance of the Boards of Directors and of the Executive Committees of the Argenta Group companies, as well as the performance of the individual members, and prepares the succession planning in the two bodies.

### 8.3. Executive committees and effective management of Argenta

The Executive Committee of Argenta Bank- en Verzekeringsgroep stipulates the limits within which the various group companies can perform their activities and exercise their responsibilities. The Executive Committees of the Argenta Group companies met regularly during the past year, in principle weekly. At these meetings, various relevant topics were on the agenda, including the development, approval and regular update of the mission, vision and values as these relate to economic, social and environmental issues.

The Executive Committee consists of the chairman, Marc Lauwers (CEO - *chief executive officer*), Geert Ameloot (CFO - *chief financial officer*), Gert Wauters (CRO - *chief risk officer*), Ann Brands (COO - *chief*

*operations officer*), Geert Van Hove (CIDO - *chief information & digital officer*) and Anne Coppens (CCO - *chief commercial officer*).

Policy decisions related to corporate social responsibility (including economic, environmental and social impact) are monitored directly by the CEO.

The mission and the composition of the Executive Committees are defined with a view to the maximum operational integration of the individual companies in the interest of the group.

The Netherlands branch offices (banking and insurance) are headed by Marinka van der Meer (CEO) and Sander Blommaert (CFRO).

The Luxembourg subsidiary (AAM) is headed by Grégory Ferrant (CEO) and Michel Waterplas.

On 31/01/2017, Dirk Van Dessel resigned as CIO. He was succeeded by Geert Van Hove as CIO with effect from 01/04/2017.

#### 8.4. Suitability and assessment

The 'Suitability of Key Executives' Charter produced for the Argenta Group, including the foreign subsidiary AAM and the Dutch branch offices, sets out the governance and structured framework that Argenta has put in place to ensure the suitability of its key executives.

'Suitability' means that the person in question has the expertise (fit) and professional integrity (proper), as specified in the NBB Circular of 17/06/2013 on the 'expertise' and 'professional integrity' required of executive committee members, directors, heads of independent control functions and effective senior managers of financial institutions.

'Key executives' refers to directors or statutory auditors, Executive Committee members, senior managers, and heads of independent control functions (internal audit, risk management, compliance, and actuarial function), in accordance with the above NBB circular.

In addition to assessing the suitability of individual directors based on the stated eligibility criteria, the Board also periodically evaluates its operation, its performance and the performance of individual directors.

An assessment of the working and effectiveness of the Board of Directors took place at the end of 2016. The results were presented in April 2017 and the necessary actions taken. A further assessment is planned for 2018.

#### 8.5. External appointments and personal interests of the directors

Each director is encouraged to organize his personal and professional activities in such a way as to avoid conflicts of interest with the Argenta Group. The Boards of Directors of the Argenta companies have, in their internal rules of procedure, established policies, including organizational and administrative arrangements (including keeping information on the application of the same), and procedures for identifying and forestalling conflicts of interest or, where this is not reasonably possible, managing the conflicts of interest without jeopardizing the interests of customers.

In 2017, Jan Cerfontaine took up a director's mandate as chairman of the Pensioenfonds Metaal OFF.

For a complete overview of the internal and external mandates per director, see the Argenta website.

#### 8.6. Remuneration of executive management

The remuneration of the executive and non-executive directors of the Argenta Group companies is established by the respective Boards of Directors following a proposal from the Remuneration Committee. This proposal is also presented to the general meetings of the respective companies for ratification.

##### *Remuneration of the non-executive directors*

The remuneration of the non-executive members of the Board of Directors of the Argenta Group companies consists solely of a fixed remuneration established by the respective general meetings. They do not receive variable remuneration of any kind. This remuneration is the same for all independent directors and directors representing the shareholders.

Non-executive directors receive an additional fee for each meeting attended when participating in special committees set up within the Board of Directors (Audit Committee, Risk Committee, Appointments Committee,

Remuneration Committee). This fee is the same for all members of such a committee, but with the chair receiving a higher fee.

The chair of the respective Boards of Directors is a director representing the family shareholder. He receives a fixed remuneration which differs from that of the other non-executive directors. He receives no additional fees per attended meeting. Besides the fixed annual remuneration, the Chairman of the Board also enjoys the benefits of an IPT (Individual Retirement Commitment).

No severance pay exists for non-executive Board members.

##### *Remuneration of executive directors*

Executive directors receive a fixed annual remuneration. They do not receive variable remuneration of any kind. In this way their pay does not contain elements that could encourage the pursuit of short-term objectives inconsistent with the Argenta Group's long-term objectives.

The remuneration meets the provisions of the CBFA Regulation of 8 February 2011 concerning the remuneration policies of financial institutions, as well as the provisions of the Banking Act. The remuneration is the same for all members of the Executive Committees, with the exception of the Chairman.

In addition to the fixed annual remuneration, executive directors also benefit from three group policies (pension capital, disability, and hospitalization insurance).

##### *Severance pay*

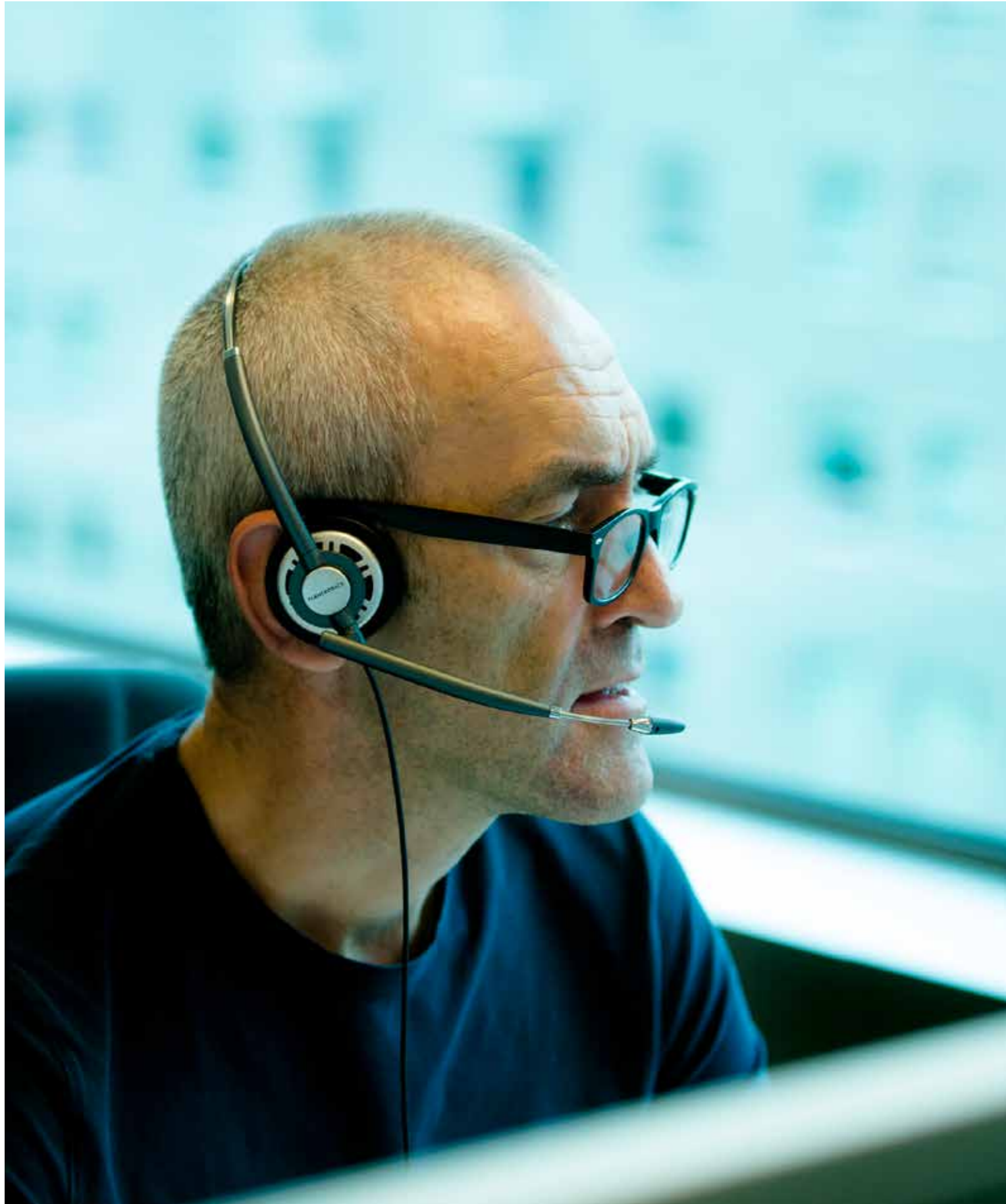
In 2017 severance payments totalling of EUR 476,625 were made to Executive Committee members (EUR 656,130 in 2016).

Executive directors are entitled to a severance payment which, except for withdrawal of the mandate due to serious misconduct, is equal to 18 months' remuneration. The amount of this remuneration is based on the annual gross remuneration, calculated over the 24

months prior to the decision to terminate the contract, or calculated over the entire period of the mandate if less than 24 months.

#### 8.7. Information about diversity within the Boards of Directors and the Executive Committees / effective management of Argenta as at 31/12/2017

- 4 out of the 16 directors at Argenta are female (25%). Argenta has targeted having at least 30% female directors by 2020.
- Of the ten members of the Executive Committee or senior management, three are female (30%). Argenta maintains its target of having at least 30% female directors by 2020.



## 9. Contact data

### GRI 102-53

#### 9.1 Information

The annual report of Argenta Bank- en Verzekeringsgroep nv is published in Dutch, French and English. The French and English versions are translations of the original Dutch version. In the event of any disparity between language versions, the Dutch language version takes precedence. Questions related to these reports can be directed to [secretariaatdc@argenta.be](mailto:secretariaatdc@argenta.be) or by telephone at +32 3 285 50 65.

#### 9.2 Complaints Management

If you have a complaint or comment concerning the Argenta Group's services, we request that you first get in touch with the branch where you are a customer. Our branch managers are always ready and willing to do all they can to help resolve your problem.

If you are not satisfied with the outcome, you can then contact Argenta Group's Complaint Management service.

Complaints Management  
Belgiëlei 49-53  
B-2018 Antwerp  
Tel: +32 3 285 56 45  
Fax: +32 3 285 55 28  
[klachtenbeheer@argenta.be](mailto:klachtenbeheer@argenta.be)

#### 9.3 Overview of Argenta companies

##### HOLDING COMPANY

**Argenta Bank- en Verzekeringsgroep**  
public limited company (naamloze vennootschap)  
Belgiëlei 49-53  
B-2018 Antwerp  
RPR Antwerpen VAT BE 0475.525.276  
Tel: +32 3 285 51 11  
[info@argenta.be](mailto:info@argenta.be)

##### CREDIT INSTITUTION

**Argenta Spaarbank**  
public limited company (naamloze vennootschap)  
Belgiëlei 49-53 – B-2018 Antwerp  
RPR Antwerpen VAT BE 0404.453.574  
Tel: +32 3 285 51 11  
[info@argenta.be](mailto:info@argenta.be)

##### Netherlands branch office

Stadionstraat 2 – NL-4815 NG Breda  
Chamber of Commerce: 34193645 VAT number:  
NL812949717B01  
Tel: +31 76 543 30 85  
[secretariaat.nederland@argenta.nl](mailto:secretariaat.nederland@argenta.nl)

##### INSURANCE COMPANY

**Argenta Assuranties**  
public limited company (naamloze vennootschap)  
Belgiëlei 49-53 – B-2018 Antwerp  
RPR Antwerpen VAT BE 0404.456.148  
Tel: +32 3 285 51 11  
[info@argenta.be](mailto:info@argenta.be)

##### Netherlands branch office

Stadionstraat 2 – NL-4815 NG Breda  
Chamber of Commerce: 68915136  
Tel: +31 76 543 30 85  
[secretariaat.nederland@argenta.nl](mailto:secretariaat.nederland@argenta.nl)

##### MANAGEMENT COMPANY

**Argenta Asset Management**  
public limited company (naamloze vennootschap)  
under Luxembourg law  
27, Boulevard du Prince Henri  
L-1724 Luxembourg  
R.C. Luxembourg B 35185  
Tel.: +352 22 26 55  
[info@argenta.lu](mailto:info@argenta.lu)

# 10. GRI Content Index

The GRI Materiality Disclosure Service verifies that at the time of publication of the Report, these disclosures were correctly located in both the content index and in the text of the final report. GRI Materiality Disclosure Service does not verify the content of these disclosures. All the GRI Disclosures and Topic-specific Standards included in the GRI Content Index below are the most recent ones, being version 2016.



Disclosure Number	GRI standard description	Reference 2017 annual report
<b>100 Universal Standards</b>		
<b>GRI 101 Foundation 2016</b>		
<b>GRI 102 General</b>		
<b>1. Profile of the organization</b>		<b>Chapter</b>
102-1	Name of the organization	4
102-2	Primary products, activities and services	4.3 4.4 5.2
102-3	Country where the headquarters is located	4
102-4	Operational structure (list of countries where the organization operates, or that are relevant for sustainability)	4
102-5	Nature of ownership and legal form	4
102-6	Markets (including geographic locations where products and services are offered, sectors and types of customers).	4.3 4.4
102-7	Scale of the organization (including total number of employees, operations, net sales, total capitalization and quantity of products or services)	3.1 6.2
102-8	Total number of employees - Number of employees by type of employment contract (permanent or temporary) and gender - Number of employees by type of employment contract (permanent or temporary) and region - Number of employees by type of work (full-time / part-time) and gender - Please report whether a substantial part of the work of the organization is carried out by people who are not employees. If applicable, the nature and extent of the work done by non-Argenta employees. - Please report significant deviations in the workforce - Explain how the data were collected including assumptions	6.2
102-9	A description of the supply chain, including the main elements relating to activities of the organization, primary brands, products and services.	4 7.6
102-10	Significant changes during the reporting period regarding the organization's size, structure, ownership or its value chain. - Changes in the place of, or changes in activities, including openings, closings and expansions - Changes in the share capital structure and other assets - Changes in the location of the structure of the value chain, or in supplier relationships, including selection and termination.	2 4.4
102-11	Information on the application of the precautionary principle at Argenta	77
102-12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or which it has endorsed	7.10
102-13	An overview of key memberships in associations (such as professional associations) or national/international advocacy organisations	7.11 7.12
<b>2. Strategy</b>		
102-14	Statement by the Chairman of the Board of Directors about the relevance of sustainability to the organization and to its strategy for addressing sustainability	1 7.7
102-15	Description of key impacts, risks and opportunities.	7.7

<b>3. Ethics and integrity</b>		
102-16	Overview of the organization's values, principles, standards and norms of behaviour, such as dress codes and ethical codes	7.8
102-17	Report internal and external mechanisms for reporting: - unethical or illegal behavior (e.g. help lines or advice lines) - issues that impact organizational integrity (e.g. escalation to line management, whistleblower mechanisms and hotlines.)	7.8
<b>4. Governance</b>		
102-18	Report the following information: Governance structure of the organization, including committees of the highest governance body - Committees responsible for decision-making on economic, environmental and social issues.	8
102-21	Process for consultation between stakeholders and the highest governance body on economic, ecological and social topics. If consultation is delegated, describe the feedback process to the highest governance body.	7.1
102-22	Composition of the highest governance body and its committees: - Executive or non-executive - Independence - Duration of mandates - Each individual's other significant positions and commitments and the nature of those commitments - Gender - Membership of under-represented social groups - Competences relating to economic, social and environmental impacts - Stakeholder representation	6.6.2 8
102-24	Nomination and selection process for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members (diversity, independence, knowledge and experience relating to economic, environmental and social topics, how stakeholders (including shareholders) are involved.)	8
<b>5. Stakeholder Engagement</b>		
102-40	List of the organization's stakeholder groups	7.2
102-41	Percentage of employees covered by collective bargaining agreements	6.3
102-42	Basis for identification and selection of stakeholders with whom to engage	7.2
102-43	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of this engagement was undertaken as part of the preparation of the Sustainability Report	7.2
102-44	Key topics and concerns that have come up through stakeholder engagement, and how the organization has responded (including through its reporting). Report the stakeholder groups that raised each of the key topics and concerns.	7.2
<b>6. Reporting</b>		
102-45	List of the entities included in the organization's consolidated financial statements (or equivalent documents) List of the entities that are not included in the sustainability report compared with the entities in the consolidated financial statements (or equivalent)	4 7.13
102-46	Process for defining the report content and topic boundaries Explain how the reporting principles have been implemented in defining report content.	7.13
102-47	List the material aspects identified in the process of defining report content	7.13
102-48	Restatement of information provided in previous reports, and the reasons	7.13
102-49	Significant changes from previous reporting periods in the list of material topics and topic boundaries.	7.13
102-50	Reporting period	7.13
102-51	Date of most recent previous report	7.13
102-52	Reporting cycle	7.13
102-53	Contact person	9
102-54	If a report has been prepared in accordance with the GRI standards, either: i. 'This report has been prepared in accordance with the GRI standards: Core Option'; ii. 'This report has been prepared in accordance with the GRI standards: Comprehensive Option '.	7.13

102-55	The GRI reference table in which each of the GRI standards is included and an overview of all the disclosures in the report is displayed, containing: For each disclosure, the content index shall include: - The number of the description (for the explanation under the GRI Standards - The page number(s) or the URL(s) where the information can be found, either within the report or in other published materials) - If applicable, and where allowed, the reason(s) for default where a mandatory disclosure can not be made.	7.14
102-56	A description of the organization's policies and current practices regarding the external validation of the report. Where the report has been validated externally, the following items are included: - A reference to the assurance report, the statements or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; - The relationship between the organization and the assurance provider; - Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report	7.13
<b>GRI 103 : Management approach</b>		
103-1	Explanation fo the material topic and its Boundaries	7.2
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
<b>200 Economic Indicators</b>		
<b>GRI 201 Economic performance indicators</b>		
103-1	Explanation fo the material topic and its Boundaries	3
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
201-1	Direct economic value generated and distributed	3
<b>GRI 202 Market presence</b>		
103-1	Explanation fo the material topic and its Boundaries	7.2
103-2	The management approach and its components	6
103-3	Evaluation of the management approach	
202-1	Ratio between the standard starting salary compared with the local minimum wage at significant locations of operation.	6.2
<b>GRI 203 Indirect economic impact</b>		
103-1	Explanation fo the material topic and its Boundaries	7.4
103-2	The management approach and its components	7.1
103-3	Evaluation of the management approach	7.5
203-1	- The extent of the development of major infrastructure investments and services - The current or expected impacts on the communities and the local economy, including positive and negative impacts where relevant. - Whether these investments and services are commercial, in-kind, or pro bono engagements.	7.4 7.1 7.5
<b>GRI 205 Anti-Corruption</b>		
103-1	Explanation fo the material topic and its Boundaries	7.8
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
205-1	Total number and percentage of operations analysed for risks related to corruption.	7.8 7.4.3 7.4.4
<b>400 Social performance indicators</b>		
<b>GRI 401 : Employment</b>		
103-1	Explanation fo the material topic and its Boundaries	6.2
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
401-1	Total number and rate of employee turnover by age group, gender and region	6.2

<b>GRI 402 Labour relations</b>		
103-1	Explanation fo the material topic and its Boundaries	6.3
103-2	The management approach and its components	8.6
103-3	Evaluation of the management approach	
402-1	Minimum notice period(s) in respect of operational changes, including whether this is specified in collective agreements	6.3 8.6
<b>GRI 404 Training and Education</b>		
103-1	Explanation fo the material topic and its Boundaries	6.5
103-2	The management approach and its components	6.1
103-3	Evaluation of the management approach	
404-1	Average hours of training per year per employee by employee category and gender	6.5
404-3	Percentage of employees receiving regular performance and career development information.	6.1
<b>GRI 405 Diversity and equal opportunity</b>		
103-1	Explanation fo the material topic and its Boundaries	6.6
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
405-1	Composition of governance bodies and breakdown of employees according to gender, age group, minority group membership and other diversity indicators.	6.6
<b>GRI 406 Non-discrimination</b>		
103-1	Explanation fo the material topic and its Boundaries	6.6
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
406-1	Total number of incidents of discrimination and measures taken	6.6
<b>GRI 417 Product and service labelling</b>		
103-1	Explanation fo the material topic and its Boundaries	
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
417-1	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	
<b>GRI 418 Customer data privacy</b>		
103-1	Explanation fo the material topic and its Boundaries	7.8
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
418-1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	7.8
<b>Financial Sector Supplement</b>		
FS6	Percentage of portfolio by business line by region, size and sector.	5.3 3.1
FS7	Monetary value of products and services developed in order to obtain specific social benefits by business line and goal	5.2 7.1
FS10	Percentage and number of companies in the business portfolio with which the reporting organization has communicated with regard to environmental and social issues.	7.5
FS11	Percentage of assets that have undergone positive or negative environmental and social screening.	7.5
FS14	Initiatives to improve access to financial services for socially disadvantaged persons.	4.3



\* Product sheets for Argenta's banking products are always available on the website in Dutch and French.





Argenta Bank- en Verzekeringsgroep nv  
Belgiëlei 49-53  
B-2018 Antwerpen  
RPR ANTWERPEN 0475.525.276  
[www.argenta.be](http://www.argenta.be)