

Disclosure of non-financial Information

1. D'Ieteren Group

As the parent company, the impact of D'Ieteren Group is most visible in its investment decisions and the support it provides to its different activities.

The Group is investing in businesses which have the potential to become leaders in their markets. It currently has four activities: D'Ieteren Automotive (100% owned), Belron (54.85% of voting rights), Moleskine (100% owned) and D'Ieteren Immo (100% owned).

As reflected in its values of respect and care, sustainability has always been part of D'Ieteren Group's value creation approach. By the same token, its activities have been deploying CSR strategies for many years. However, in 2019 and 2020, a new impetus was given to the Group's Environmental, Social and Governance (ESG) approach.

In 2019, the Group formalized its mission to build a family of businesses that reinvent industries in search of excellence and meaningful impact. By doing so, the Group reaffirmed the positive impact that it aims to have by investing in purposeful companies and by supporting their development.

In addition to its mission statement, the Group also emphasizes its desire to create value for people, customers, society and for shareholders. This precision underpins the three non-financial aspects measured for each existing and future business: Employee satisfaction, Customer satisfaction, and – as a first KPI used to measure value for society – Carbon emissions (scope 1 and 2).

D'IETEREN GROUP'S 2020 NON-FINANCIAL REPORTING: STRUCTURE AND METHODOLOGY

The non-financial report of the D'Ieteren Group consists of five distinct disclosures. The first disclosure covers D'Ieteren Group, its responsible approach as an investment firm, and the way it integrates ESG aspects in its operating model.

This chapter is followed, like previous years, by a dedicated chapter for each of the Group's business disclosures. This year however, the structure of each disclosure has been adapted to match the businesses' new sustainability strategic framework. These strategic frameworks have all been built on the outcomes of the materiality assessment conducted by the activities in 2019-2020. For each strategic axis, the activities disclosed their ambitions and the way they intend to achieve these. However, the specificity of some strategic areas, as well as the decision to challenge some measurement processes, have led activities in certain cases to perform further analyses before setting ambitions and quantitative targets.

In terms of non-financial reporting framework, D'Ieteren Group aligned itself with the Global Reporting Initiative (GRI) Standards – Option Core. The GRI standards have been developed over the last 20 years and represent global best practice for reporting on economic, environmental and social issues. The GRI Content Index is available on p. 192.

This year, D'Ieteren Group also complemented its non-financial reporting with a separate table of ESG quantitative metrics (see ESG statement p. 185). As opposed to the metrics published in the disclosures (which are key indicators used by the businesses to assess their progress against a specific target, be they gross or relative KPIs), these metrics consist of generic ESG data aimed at further informing our stakeholders.

These metrics - the same for all businesses – cover three different ESG areas:

- **Environmental aspects** : greenhouse gas emissions, energy consumption and waste
- **Social aspects** : community engagement, employee turnover, health & safety data, and headcount of employees by type of contract, region, gender
- **Governance** : diversity in management, anti-corruption and ethics

In 2020, a first limited assurance has been obtained on a selected number of KPIs from three activities (see PwC assurance report p. 190). KPIs that obtained a limited assurance are indicated with a checkmark (✓) in the activities' disclosure and in the non-financial statement. This process was a first step towards D'Ieteren Group's wider ambition to obtain assurance for – at least – all business-specific KPIs and all Group non-financial KPIs (customer satisfaction, employee engagement and CO₂ emissions scope 1 and 2) by 2025. In 2021, the assurance scope will therefore be expanded to a broader set of KPIs as well as to D'Ieteren Immo which was not involved in the first round of external assurance.

D'IETEREN GROUP'S RESPONSIBLE INVESTMENT APPROACH

The responsible investment approach of D'Ieteren Group covers the whole investment cycle, from screening investment opportunities and formulating investment theses to the phases of due diligence, deal completion and ownership. Considering the specificities of D'Ieteren Group's investment strategy (value creation over the long term with no exit horizon), the general approach of the Group mainly consists of two phases:

- Origination and pre-ownership phase
- Active ownership

Signatory of:



Origination and pre-ownership

The Group's investment team, which consists of seven investment professionals, is supported by internal expert teams, including in the field of sustainability and ESG. The investment and sustainability teams work hand-in-hand to make sure that sustainability is considered in all relevant phases of the investment cycle in the most appropriate way.

The Group became a signatory of the UN Principles for Responsible investment in October 2020 and will perform its first reporting, on a voluntary basis, in April 2021. As first outcome of this commitment and reporting exercise, the Group is preparing a Responsible Investment Policy which will be published on the Group's website in the second semester of 2021.

Active ownership

As mentioned in the introduction, D'Ieteren Group gave a new impetus to its ESG approach in 2019-2020, starting with its active ownership practice. In particular, the Group decided to help its businesses revisit their sustainability approach by challenging the aspects on which their approach was focusing, through the facilitation of a materiality assessment. These new, in-depth and personalized analyses were based among others on market studies and on the standards of the Sustainability Accounting Standards Boards (SASB). The SASB has defined a set of 77 standards that identify a range of material sustainability themes for specific industries. These desktop researches were followed by a dialogue with the activities' main stakeholder groups, which enabled activities to set up a list of aspects specific to their own business and ecosystem. The material assessment was completed by a "maturity assessment". The latter consisted of discussions with activities' management to assess to which extent the material aspects were already well integrated in their current approach.

In 2020, building on the outcomes of the materiality and maturity assessments, the activities have developed or challenged their sustainability strategy. In particular, they set a limited number of strategic axes for which they defined, or started to define, ambitions and quantitative targets. Where appropriate, they also developed new measurement processes aimed to follow the progress towards achieving these targets.

Aside from the business-specific sustainability strategy, the Group continued to support its businesses in becoming or remaining top-performers regarding its three non-financial aspects (customer satisfaction, employee engagement, carbon emissions) and therefore supported them in implementing a strong measurement process in each of these fields.

OUR ESG APPROACH AS A GROUP

Environment

D'Ieteren Group's main environmental impact occurs as a result of the strategy it pursues with its activities. D'Ieteren Group makes sure that each activity takes care of its environmental footprint through responsible use of natural resources, production and consumption of renewable energy, and sustainable waste management, according to the materiality of these aspects.

Considering the emergency of finding solutions to limit climate change, D'Ieteren Group has made sure that all its activities initiate in 2021 a program of carbon emission reduction aimed to set science based targets (i.e. target aimed to contribute to holding temperature rise to 1.5°C above pre-industrial levels). The reduction programs will be based on the carbon emission reporting that has been performed by all activities over the last years.

Social

D'leteren Group sees it as essential to offer to all its people a safe and fulfilling work environment which enables them to reach their full potential. In this perspective, the Group encourages its activities to build tools and mechanisms to support their employees welfare and development and is monitoring employee satisfaction rate as a Group KPI.

The Group also supports its activities in developing strong management approach for their most material social aspects, be they linked to Health and Safety, diversity and inclusion, or talent development. These aspects are further detailed in the disclosure of each activity.

Ethics and Corporate Governance

D'leteren Group complies with the 2020 Belgian Code of Corporate Governance. This code is structured under ten principles, considered as essential pillars of good governance (governance structure, board and committee compositions, remuneration, etc.). In case of deviation from the principles in the code, D'leteren Group provides an explanation in its Corporate Governance Declaration (available on page 94).

D'leteren Group also attaches great importance in sharing with its activities a deep sense of ethics and integrity. It makes sure that employee's right to decent working conditions are fulfilled (minimum wages, working hours, health and safety and right to collective bargaining) and that human rights are respected throughout the value chains. The Group also ensures that businesses implement a policy against corruption and that no sort of discrimination is tolerated within their operations.

More information about the businesses' approaches or policies related to diversity & inclusion, fight against corruption and respect for human rights is to be found in their own disclosure.

PHILANTHROPY

D'leteren Group has at heart to contribute to meaningful non-profit projects. Next to joining its businesses' fund raising initiatives (like the yearly Spirit of Belron Challenge or the D'leteren Automotive Give and Gain Challenge), D'leteren Group initiated in 2019 a new philanthropic approach. This approach is aimed at streamlining the philanthropic initiatives occurring at the Group level, by bringing together the energies of its people around a common purpose.

A variety of projects was supported in 2020 in order to support people in need. In addition, an extraordinary budget funded by personal donations from Group staff members was dedicated to helping entrepreneurs and artists whose activities had been impacted by the first lock-down.

A Solidarity Programme to help employees in the context of the Covid-19 crisis

In April 2020, the Board of Directors of D'leteren SA decided to build a solidarity programme to help employees of D'leteren Group suffering hardship as a consequence of the Covid-19 crisis. To that effect, the Board of Directors decided to modify its profit distribution proposal and to propose to the General Meeting a stable gross dividend per share compared to the previous year in order to allocate the initially planned dividend increase to the programme. The programme was also open to personal contributions from Board members, managers and employees of the Group, which brought the total amount to approximately EUR 8.8m.

STAKEHOLDER DIALOGUE

We aim to create value for all our stakeholders and we are therefore keen to learn about their expectations and needs. Keeping an honest and open dialogue with them is paramount in our quest for excellence.

As a majority stakeholder of large companies, we are conscious that our main impact occurs as a result of our active ownership approach. This is the reason why we decided to, first and foremost, support our activities in performing a formal approach of dialogue with their own stakeholders. In 2019-2020, this dialogue took the form of materiality and maturity assessment for each of our activities. The results of these dialogues underpinned the main axes of their sustainability strategy.

When it comes to the Group's stakeholders, as a family-controlled listed company, engaging with our shareholders and investors, and answering their questions is part of our day-to-day business (investor calls, roadshows, general assemblies, ...). A new approach to this dialogue was however taken in 2020. We started performing more specific talks on ESG topics with investors and analysts, as well as with authorities and civil society representatives (including by sending a questionnaire, standardizing the interviews, and analyzing the answers). This new comprehensive approach of dialogue is aimed at challenging our non-financial focus areas and at ensuring that the expectations of our stakeholders are not taken for granted. In this perspective, any new or emerging concerns are escalated to the executive team.

The outcomes of this dialogue enabled the Group to list the following UN Sustainable Development Goals, as the Global challenges on which the Group can have a significant impact according to its stakeholders.



DECENT WORK AND ECONOMIC GROWTH

Fostering long-term growth and providing a fair work environment



INDUSTRY INNOVATION AND INFRASTRUCTURE

Encouraging and supporting innovation within our businesses in the interest of their stakeholders



RESPONSIBLE CONSUMPTION AND PRODUCTION

Helping our businesses in the production of responsible products and services



CLIMATE ACTION

Helping our businesses to monitor and reduce their environmental footprint



PEACE, JUSTICE AND STRONG INSTITUTION

Applying responsible governance, and providing transparent and reliable information to our stakeholders