



2023 Climate Report

Argenta Bank- en Verzekeringsgroep



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Foreword

We live in a world which is and will remain unpredictable. Global warming is a fact: constantly rising temperatures and extreme weather conditions, the consequences for wildlife and biodiversity and the consequences for us as human beings. We will remember 2023 - once again - as an exceptional year for the climate, with average temperatures rising close to the 1.5°C limit and on some days even above 2°C warming ¹.

The changing climate presents financial institutions with major challenges. The need for an adequate sustainability and climate policy is increasing all the time. For our customers, too, the transition to a climate-neutral society is associated with many challenges. The world around us is becoming less and less predictable. We therefore put the interest of a socially just transition and the support of our customers at the heart of our sustainability policy.

In this climate report we clarify our focus on mitigating the consequences of climate change and the efforts we make to support the transition to a climate-neutral society. It contains concrete actions we intend undertaking now and in the coming years to mitigate the effects of climate change for our customers and society. Our approach must be authentic, but also pragmatic and realistic.

There is still some way to go before we can really deliver the radical change. So we must carry on resolutely. Together, for customers, in all simplicity.

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¹ • Source: Global climate highlights 2023, Copernicus



Executive summary

Argenta can make a positive impact on its environment and respond to new opportunities by adapting its business model to the transition to a climate-neutral society. We must be conscious of the impact of our business activities and our capital flows and we must make the effort to reduce our ecological footprint systematically. This is in line with the Paris climate objectives to limit global warming to 1.5°C.

In recent years we have made a considerable effort to analyse and manage the impact of climate change on our business model and the risks arising from it. We use the climate action plan to propose concrete actions that allow us to manage these risks adequately. We reached another important milestone in 2023 with the approval of the climate risk policy by the Board of Directors.

Also in 2023 we added physical climate risks to the risk appetite framework and regular risk monitoring. From now on the flood risks of the Belgian and Dutch mortgage activities will be monitored.

We also analysed our financed emissions, developed transition models and organised strategic workshops to define the level of ambition, the strategic KPIs and concrete actions in conjunction with the business departments. The result of this will be included in full in the 2024-2027 Sustainability Action Plan, which will be submitted to the Board of Directors for validation in the first half of 2024.

Argenta will report on the financed emissions and its ambitions to reduce them for the first time from 2025, as part of the sustainability report to be drawn up for the activities of the 2024 financial year in accordance with the Corporate Sustainability Reporting Directive.



About this report

Since 2021 Argenta has reported voluntarily on its climate efforts in its climate report. The report is part of the Activities and Sustainability Report. It is intended for all customers, branch managers, employees, cooperative and family shareholders, institutional investors, regulators, social representatives and other stakeholders who are interested in the strategy, the efforts and results in terms of climate policy, but also the business model of the Argenta Bank- en Verzekeringsgroep and all the underlying companies.

It covers the period from 1 January 2023 to 31 December 2023 and is based on the Task Force on Climate-Related Financial Disclosure standard (TCFD). This means that the report has the same structure as the TCFD framework proposes: with chapters on governance, strategy, risk management and risk indicators and objectives. The report also includes the qualitative reporting requirements relating to climate, social and governance risks as part of Pillar III, in accordance with Article 449a of the CRR (Capital Requirement Regulation). The report was made to the best of Argenta's ability and is based on the information currently available to it.

The new sustainability reporting directive - the Corporate Sustainability Reporting Directive (in short CSRD) - comes into force on 1 January 2024. This report will be published for the first time in 2025. The new directive contains a vast amount of generic and sector-specific reporting requirements in relation to ecology/climate. There are also various reporting requirements relating to social and governance. Consequently, the climate-related report from 2025 will be an integrated part of the sustainability report.

Argenta's climate efforts cannot be seen separately from the broader context of sustainability. For Argenta the "E" of ecology is inherently bound up with the "S" of social and the "G" of governance. This means that we, in addition to the need for a transition towards a climate-neutral economy, must also pay heed to the social consequences that go along with this. This climate report therefore regularly considers social topics such as accessibility, affordability and inclusion.

Governance

Looking after our stakeholders in a thoroughly responsible manner. We do this by accepting our responsibility in every part of our organisation. Argenta attaches great importance to corporate governance with total transparency:

- A clear strategy
- Effective governing bodies and internal control
- A healthy balance in the interests of all stakeholders and responsible company management

Diversity and a healthy remuneration policy without a bonus culture are also high on Argenta's agenda.

The framework of our corporate governance is contained in the Governance Memorandum and is set out in further detail in three charters:

- The Integrity Charter as the basis for the different codes of conduct
- The Suitability of Key Officers Charter (including a section on diversity)
- The Sustainability Charter

All Argenta entities and activities follow the same corporate governance. It's as easy as that.

Argenta puts a transparent management structure at the forefront. This supports a sound and prudent policy. As a company Argenta essentially consists of a bank pool and an insurance pool. Their management is in the hands of the Executive Committees of Argenta Spaarbank and

Argenta Assuranties. The independent control functions, HR policy and legal affairs are organised at Group level. Their management is in the hands of the Executive Committee of the Argenta Bank- en Verzekeringsgroep:

[More about governance at Argenta](#)

Sustainability operation

Board of Directors and Executive Committee

Argenta has opted for a centralised, company-wide operation because sustainability is a topic that affects every department and every employee.

The sustainability policy is laid down by the Executive Committee and approved by the Board of Directors. The Executive Committee has appointed the CEO as Chief Sustainability Officer (CSO). His mission is to give sustainability a prominent place in all of Argenta's departments, through the strategic business objectives, the sustainability action plan, the risk policy, the annual budgets and the business plans, etc. The CSO has the support within the Marketing & Sustainability department of the sustainability manager, who shares responsibility for implementing the policy and the sustainability plan across the different departments.



“ESG cannot be seen separately from strategy and is therefore part of the 2026 strategic update”.

Peter Devlies (CEO)

Green Bond Committee

The Green Bond Committee (GBC) manages the Green Bond Framework for Argenta. Argenta can use this framework to make green debt issuances and stimulate growth in sustainable home loans. In this way the Green Bonds facilitate the transition to a climate-neutral society. The GBC reports to the Asset & Liability Committee (Alco).

Risk management

In the financial world the climate risk and sustainability policy is subject to constant development. An adapted risk management process is therefore needed. Thorough, professional risk management is a prerequisite for sustainable, profitable growth. Argenta recognises this and therefore sees risk management as one of its core activities.

The risk management framework is constantly being updated and adapted in response to new regulations, the development of market standards, daily experiences and changes in Argenta's activities. Some of these changes are the direct consequence of the sustainable choices that Argenta

makes. To earn the trust of all stakeholders, we must show there are adequate risk management procedures in place. Our stakeholders are our customers, investors, branch managers, regulators and ratings agencies, but also directors, management and staff.

The Board of Directors and the Executive Committee take the lead in creating a healthy risk culture throughout the organisation. The Board of Directors has ultimate responsibility for good risk management in the organisation. To do this the Board directs the Executive Committee and in particular the CEO and CRO to make sufficient people and resources available.

The risk management function at Argenta is organised centrally at Argenta Bank- en Verzekeringsgroep (Bvg) level, with the exception of the risk management function of the asset managers, which is organised on a decentralised basis in the relevant management companies and the local aspects at Argenta Nederland.

This central risk management function provides a holistic, Group-wide perspective of financial and non-financial risks to ensure compliance with the risk strategy. This framework defines the entire spectrum of building blocks, practices and processes that Argenta uses for its risk management model. The Group risk management function is performed by the Risk & Validation (focus on financial risks) and Non-Financial Risk Management & Supervisory Office (focus on non-financial risks) departments.

The compliance function plays an important part in creating and enforcing Argenta's integrity policy. It ensures the monitoring of compliance with the statutory, regulatory and

ethical rules of integrity and conduct by the organisation or its staff.

The governance organisational chart in the context of climate and sustainability risks can be found in [Annex I.I](#).

Integrity and codes of conduct

Our operation is inextricably linked to ethics and integrity. We attach importance to fair and transparent selling methods and a no-nonsense culture. We therefore promote integrity throughout the organisation, at all levels. The Integrity Charter forms an important basis for Argenta's banking and insurance policy and serves as a guide for actions and decision-making at Argenta. Integrity means we are true to the generally accepted standards in the banking and insurance sector, but also to our purpose and specific company values: close to customers, enterprising, pragmatic and simple.

Having a good corporate governance framework significantly strengthens the commitment and dedication of all our staff. For this reason, in addition to the strategic objectives, the Board of Directors also defines Argenta's integrity policy and the internal codes of conduct or formal rules. These define how the company acts in a spirit of integrity and commitment towards all our stakeholders. We share these values and codes of conduct within Argenta. This framework is laid down in the Integrity Charter.

It sets out Argenta's own focus values and purpose and the ethical standards for ensuring the integrity of the banking and insurance sector. In addition to value-conscious and ethically responsible conduct by Argenta, it is also important

that employees safeguard their personal integrity. Given its model role, it is essential that management imposes strict rules of conduct on itself and sets a good example.

The ethical standards for the integrity of the banking and insurance sector outlined in the Integrity Charter are elaborated in greater detail in thematic policies. In 2023 the Conflict of Interest Policy, the Anti-Discrimination Policy, the Duty of Care Policy, the Market Abuse Policy, the Privacy Policy, the AML/CFT Policy, the Customer Acceptance Policy and the Sanctions & Embargoes Policy were updated. The ethical standards were also developed into codes of conduct that set out permissible or prohibited behaviour, such as the Incentives Code of Conduct, which was revised in 2023.

The compliance function continued to focus on sustainability in 2023. It issued opinions on topics such as greenwashing, sustainability and MiFID and sustainability reporting. Sustainability was further embedded in several policy documents. An analysis of the link to sustainability was also made for each compliance topic and additional sustainability key risks and tests were added where relevant.

[More about Integrity](#)

Remuneration policy

Argenta's remuneration policy is based on four principles:

- Argenta is committed to remuneration in line with market conditions. The salaries of Argenta's employees, administrative staff and management consist solely of a fixed amount. The fixed annual remuneration the executive directors also receive does not include any elements which could encourage the pursuit of short-term objectives inconsistent with the longer-term objectives. No variable remuneration, shares, stock options, entry bonus or deferred payment are granted. However, there is provision for a contractual severance payment for executive directors where the total of these payments cannot exceed 12 months' gross pay of the executive director concerned.
- The remuneration policy determines which remuneration package applies to which jobs. The degree of difficulty, responsibility, level of training or experience required and necessary specialisation of a particular job are taken into account.
- Argenta expressly pursues a gender-neutral remuneration policy. An employee's job alone determines the pay category and the pay category determines and comprises the remuneration package of the employee concerned. Employees with the same pay category therefore have a remuneration package comprising the same elements and fundamentals.
- There is no bonus culture among Argenta's management, staff or directors. So no annual variable remuneration, shares and stock options, deferred remuneration or other bonuses. Not even for achieving ESG objectives. This is a deliberate policy choice. We want to avoid pursuing short-term goals to the detriment of Argenta's longer-term objectives.

[More about Argenta's governance and sustainability operation](#)



Strategy

Understanding an unpredictable world

Climate change may have major consequences for the financial sector. The business model of banks, insurance companies and asset managers may come under pressure as a result of physical and transition-related effects that climate change may bring about.

At the same time, the strategic choices we make may also have an impact on the climate and our environment.

To arm ourselves against an unpredictable world, it is most of all a matter of properly understanding the impact, identifying and monitoring risks in good time and adequately adapting the business strategy by responding to the opportunities this transition may bring with it.

In recent years various climate and sustainability risk-related risk analyses and materiality assessments ² have been carried out, climate scenarios have been drawn up and various stress tests have been done. On the basis of these insights we have drawn up a climate action plan, which is monitored at regular intervals both internally and by the regulator.

In 2023 a double materiality analysis was carried out in preparation for the new CSRD reporting rules. This analysis allows Argenta to assess the main sustainability topics of ecological, social and governance-related themes on a sound

basis. The Board of Directors will validate these material themes in the first half of 2024.

Various sustainability topics have been assessed by an internal task force in terms of impact, risks and opportunities. The materiality of the topics has been examined in two respects:

- Impact materiality, that is the impact Argenta can have on a topic, and
- Financial materiality, that is the financial risks and opportunities for Argenta.

Ecological topics such as climate change (both climate adaptation and climate mitigation), ecological footprint reduction (operational activities), biodiversity and circular economy have also been examined. In the first half of 2024 an external stakeholder survey will be sent out and strategic sessions will be held with senior management and the Board of Directors.

The result of this exercise will form the basis of the new sustainability report to be published from 2025 and it will also be incorporated into the new sustainability strategy and the 2024 – 2027 sustainability action plan.

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² • including the materiality analysis of the ECB thematic review of climate and environment-related risks.

Our sustainability ambitions

‘In an unpredictable world, Argenta is doing what is exceptional in the financial sector: taking care of customers, staff, branches and society in a thoroughly responsible manner, in conjunction with the shareholders, to ensure they are better able to meet the financial challenges of this unpredictable world.’

Argenta aims to make a contribution to the larger whole, dealing with the world in a meaningful, sustainable and worthwhile way. To achieve this, we commit totally to the three pillars or ESG dimensions of sustainability: ecology (E), society (S) and good management and responsible entrepreneurship (G for governance).

The Sustainability Action Plan sets forth our concrete steps towards making a targeted impact. The 2020-2023 Sustainability Action Plan concluded in 2023. The new 2024-2027 Sustainability Action Plan is in preparation and will be submitted to the Board of Directors for validation in the first half of 2024.

[More about the achievements of the 2020-2023 action plan](#)

Our sustainability ambitions, set out in the Sustainability Charter, are the foundation of our sustainability policy. The United Nations’ sustainable development goals (SDGs)

form a general reference framework for reporting on our impact. Argenta is focusing on the five SDGs with which we can achieve the greatest impact. We are combining our aspirations in the three pillars or ESG dimensions of sustainability.

Banking and insurance should not cost the earth



Argenta wants to contribute to a climate-neutral society by exercising awareness when dealing with capital flows and business activities. We are committed to a smaller footprint for our headquarters’ activities. We also want to reduce our impact systematically by 2050 in line with the Paris climate objectives. We are therefore going for a sustainable housing supply for our customers and we choose to make a positive impact through our investments and investment portfolios.

A good climate policy starts with ourselves

By 2023, Argenta wants to reduce the ecological footprint of its Belgian headquarters’ operational activities and that of the branches in the Netherlands and Luxembourg by 50% compared to the initial measurements in 2017. Argenta wants to be climate-neutral by 2030. This ambition is supported by the management and the Board of Directors.

However, the target for 2023 was not achieved because of an increase in scope 2 emissions and more especially because of a temporary increase in electricity consumption emissions in 2023. This increase is the result of the fact that no green electricity was purchased in 2023.

Argenta has since taken action and concluded a new energy contract for 100% green electricity for the period 2024-2026. Electricity consumption emissions will again be carbon-free from 2024.

Nevertheless, we can record a positive development for the other emission items.

In recent years we have taken action to reduce our emissions:

- Our head office underwent major renovation to turn it into a sustainable, energy-efficient office building. We generate our own energy from geothermal heat and solar panels.
- We go for sustainable mobility with absolute conviction. We think first and foremost here about Argenta employees commuting to work, but also about ways to limit travel during the working day and about accessibility for visitors. We reward staff who come to work by public transport, by bicycle or on foot. Thanks to the new pay policy, a large group of our employees is entitled to a company car. From now on, anyone who orders a company car can only choose an electric one. And Argenta subsidises the purchase of a number of sustainable travel solutions such as a bicycle or a Velo subscription through the cafeteria plan.

- Argenta also launched its mobility budget in 2023. Employees can use it to purchase a bicycle (an ordinary bike, folding bike, mountain bike, cargo bike or electric bike). Or they can make use of all kinds of sustainable means of transport (public transport, shared solutions etc.) that are offered via the Olympus mobility app. Those who live close to their work or spend a minimum of 60% of their working hours at home can also finance their rent or mortgage capital repayments or interest with the mobility budget. This sustainable measure has had its intended effect: no fewer than 91.7% of employees entitled to a company car opted for the mobility budget.
- We systematically economise on the use of paper and reduce waste.
- As part of an exercise relating to the efficient use of our buildings, we closed an obsolete head office site in Belgium, representing around 9% of the total area used.

In 2023 the total ecological footprint was 2,033 tonnes. This is a fall of 20% compared to 2017. The ecological footprint per employee is 1.69 tonnes. This is a decrease of 30% compared to 2017.

[More about our ecological footprint](#)

What we do for our customers

We make efforts to reduce the ecological footprint of our operational activities, but we are aware that our impact as a service company is relatively limited. If we really want to make a difference, we therefore have to focus on the impact we make through our business activities. The CO2 emissions we generate indirectly through the projects in which we invest and which we finance are also called 'financed emissions'. We have the aspiration to restrict our negative impact in this area as much as possible and to generate a positive impact. By charting our financed emissions, we gain a better picture of our impact.

From 2025 onwards, Argenta will publish its financed emissions annually as part of the sustainability report.

Sustainable living

The mortgage lending activities in Belgium and the Netherlands represent the largest part of our business activities. We are therefore charting the impact of our mortgage activities as the first category in 2023. We can use this baseline measurement to determine the decarbonisation transition pathway. We have prepared a transition model based on the Science Based Targets Initiative (SBTi) to determine effective reduction targets. The SBTi supports companies in defining reduction targets that are scientifically based and in line with the Paris climate ambitions to restrict global warming to 1.5°C.

We can make the greatest impact for our customers, the environment and our society by systematically making the

loan and insurance offer more sustainable for our customers. A strategic exercise was launched in 2023 to outline the new strategy on sustainable living for the coming years. The decarbonisation transition pathway was the starting point to ensure our actions are efficient and effective in reducing the negative impact on the environment.

This is also associated with a social dimension, which is even more important to Argenta:

- How do we make sure that every customer can live in a sustainable, energy-efficient home by 2050?
- How do we ensure that sustainable living and renovation is affordable for everyone?
- How do we protect our customers from the consequences of climate change?

The coming years will be crucial if we are to be on schedule with the transition to decarbonisation by 2050. Argenta is focusing primarily on sustainable renovation projects in order to systematically grow the share of sustainable mortgages on its balance sheet.

Sustainable investment

In 2024, we also aim to add the impact of the bank's and insurance company's investment portfolios to the scope of our reporting. The intention is to publish these figures on 30 June 2024 via the Pillar III reporting.

The impact we generate through the funds we manage for our customers has been reported since 30 June 2023 through the [PAI reports](#) (Principle Adverse Impact), which are available at argenta.be.

For some years now we have been applying a policy of not investing in businesses that exploit coal, oil and gas as their main activity.

Taxonomy reporting

Argenta wants to contribute to the transition to a sustainable, climate-neutral society by accelerating its sustainability strategy and integrating sustainability into its product range.

The taxonomy report supports Argenta's sustainability strategy. As regards risk management, the KPIs resulting from the taxonomy report allow Argenta to further identify and manage climate-related transition risks in the investment portfolio. At the same time, the technical screening criteria laid down in the taxonomy serve as an additional benchmark to verify and align our own criteria for sustainable mortgage loans and car loans to customers.

Argenta is also looking at how taxonomy can be integrated into the Green Bond Framework.

[View the Taxonomy Report](#)

Close by and simple

Argenta wants to be financially and digitally inclusive. We focus on social issues such as equality, inclusion, accessibility and security.

- We make banking and insurance accessible to our customers with a simple offering.

- We want to be able to reach more customers every year and further encourage the use of the mobile app.
- We are committed to simple and secure service delivery.



Argenta also wants to be close by - near to employees and customers. Because their commitment makes our organisation strong. By taking care of them we build long-term relationships. Consequently, we aim for a minimum NPS of 50 and want at least 80% of our employees to be engaged.

Close to our customers



Argenta is close to its customers. Simplicity is one of our priorities, including our product range. For customers, this means that they are more than ever the central focus, with a service delivery that stems from their specific needs. Four propositions have been created for this, which have been implemented in an internal transformation of the organisation: Family and protection, Home, Wealth and Business.

“Together, for the customer, in all simplicity”

Sustainable banking

Argenta considers it important for customers to understand their banking products and properly assess what they need in order to improve their financial health. We are therefore financially inclusive, by being accessible and lowering thresholds. We do this by allowing free use of Argenta internet banking and the Argenta app, for example. In this way, all our customers can easily manage their banking online on a computer, smartphone or other device.

Sustainable lending

Sustainable living is becoming increasingly important for our customers:

- We see growing interest in properties with A and B energy labels. 36% of the volume of lending goes towards the financing of such properties. This is again an increase compared to previous years.
- The demand for renovating existing, less sustainable properties is also increasing. 60% of the financed renovations (instalment loans) were renovations of a sustainable nature, such as insulation, solar panels or energy-efficient heating. We expect the share of renovations will only increase in the coming years as a result of the climate objectives of the Belgian authorities.

In 2023 we continued to focus on capturing EPC data and certificates of properties for our loan portfolio. This gives us an idea of the sustainability of our entire loan portfolio. We have also taken preparatory steps to give customers and

branches a better view of the impact of renovations and to support customers better in choosing finance for sustainable renovations.

These initiatives are being integrated into Argenta's general sustainability policy, on which we will continue to focus in 2024.

As a bank Argenta has a social responsibility. We therefore continued our collaboration with Passwerk as a way of supporting corporate social responsibility. Passwerk is an organisation that uses the qualities of people with an autism spectrum disorder (ASD) to test software and perform other quality assignments.

As in previous years, we accepted our responsibility to help families in financial difficulty. With curative management we have chosen a personal approach to provide these customers with a solution while at the same time keeping the risk for the bank to a minimum. We also continued to refine the 'Early Warning Signals' so that we can proactively detect credit risk signals.

Likewise in the area of mobility four out of ten customers are already opting for a sustainable solution, such as a hybrid or electric vehicle or an electric bicycle. By 'sustainable' we mean vehicles with a maximum CO² emission of 50 grams per kilometre (in line with the Taxonomy Regulation).

Close to our staff

Argenta can only grow by letting its people - its talents - grow. Conversely, the talents can grow only if we grow as an organisation. This is why we invest in committed employees who are ambassadors for Argenta. We call them Argentans. It is our ambition to support, strengthen, involve and inspire all Argentans.

That way, we will deliver strong results and create added value together. We promote Argenta actively and are proud of what we achieve for our customers. Sound growth, that is our focus. Argenta takes steps every year to deepen, widen and establish this vision under the leadership of the Organisation & Talent department. We also implemented important innovations in 2023.

Ethics and integrity as our guide

Sustainability is a fundamental part of what Argenta stands for, what it does and how. It is inextricably linked with ethics and integrity. We apply these principles in the way we act towards our customers, employees and society.

- As a financial institution, we can make a difference through the cash flows that we manage for our customers. Argenta therefore offers customers sustainable investments in compliance with the legal requirements. For example, we invest our customers' money responsibly and generate a positive impact for society.

- Argenta expects all its partners and suppliers to endorse the same sustainability principles. (SDG 11, 12)
- Argenta is also strongly committed to integrity among its employees and cybersecurity for customers and employees. (SDG 16)

The compliance function issued opinions in the sustainability field in 2023 on such themes as greenwashing, sustainability & MiFID and sustainability reporting.

[More about our sustainable ambitions](#)

Reporting and transparency

Argenta has reported on its sustainable activities since 2012 in the integrated Activities and Sustainability Report, which is audited by the company auditor (limited assurance) together with a number of material ESG topics. The [Sustainability Report is linked to the Sustainable Development Goals](#) (SDGs) of the United Nations and is based on the [GRI reporting](#) standards (Core option).

In recent years the statutory framework for climate and sustainability reporting has changed dramatically:

- **EU Taxonomy:** Annual reporting of taxonomy eligibility and alignment (e.g. green asset ratio) of our balance sheet at consolidated level. This includes the share Argenta invests in ecologically sustainable projects, cf. the taxonomy definition. Taxonomy reporting is part of the annual Activities and Sustainability Report. The EU Taxonomy is taking

effect gradually, initially coming into force on 1 January 2021.

You will find the taxonomy report of the Argenta Bank- en Verzekeringsgroep 2023 [here](#).

- **CSRD (Corporate Sustainability Reporting Directive):** New annual sustainability disclosure requirements that build on the NFRD (Non-Financial Reporting Directive), and are based on the ESRS, including a great many generic and sector-specific reporting requirements relating to ecology/climate, but also social and governance disclosure requirements. The CSRD came into force on 1 January 2024, with the first report on the activities of the 2024 financial year in 2025. The climate-related reporting requirements will then be integrated into the new sustainability report, which will be part of the annual report.
- **Pillar III:** Annual climate and sustainability disclosure requirements for the activities of Argenta Spaarbank. The quantitative reporting requirements are included in full in the separate Pillar III report, the qualitative reporting requirements have been included in this climate report (see summary table in the Annex). You will find the Pillar III report for 2023 [here](#).

- **TCFD (Task Force for climate-related Financial Disclosures):** This is an international framework for climate-related reporting. While it is not a mandatory or statutory framework, it is generally accepted in the sector as an efficient approach to analysing companies' climate efforts. You will find a summary of the TCFD reporting requirements in the Annex to the climate report.
- **SFDR (Sustainable Finance Disclosure Regulation):** This is also a framework for sustainability-related reporting in connection with investments. It requires specific qualitative information relating to our investment activities to be published from 1 January 2023. Since 30 June 2023 quantitative information has also been made available at regular intervals. You will find this [here](#).



Risk management

Risk management framework

Thorough, professional risk management is a prerequisite for sustainable and profitable growth. Efficient risk management is therefore part of Argenta's core activities.

The insights into climate and sustainability risks for the financial sector are in constant flux. The risk management framework is therefore constantly being updated and adapted in response to new regulations, the development of market standards and insights, daily experiences and changes in Argenta's activities. Some of these changes are the direct consequence of sustainable choices that Argenta makes. To earn the trust of all stakeholders, we must show there are adequate risk management procedures in place. These stakeholders are our customers, investors, branch managers, regulators and ratings agencies, but also directors, management and staff.

Organisation of the risk management function

The Board of Directors and the Executive Committee take the lead in creating a healthy risk culture throughout the organisation. The Board of Directors has ultimate responsibility for good risk management in the organisation. To do this the Board directs the Executive Committee and in particular the CEO and CRO to make sufficient people and resources available to adjust risk management.

The risk management function at Argenta is organised centrally at Argenta Bank- en Verzekeringsgroep (Bvg) level, with the exception of the risk management function of the asset managers, which is organised on a decentralised basis in the relevant management companies and the local aspects within Argenta Nederland. The central risk management function provides a holistic, Group-wide perspective of financial and non-financial risks to ensure compliance with the risk strategy. This framework defines the entire spectrum of building blocks, practices and processes according to which Argenta applies its risk management model.

The Group risk management function is performed centrally by the Risk & Validation (focus on financial risks) and Non-Financial Risk Management & Supervisory Office (focus on non-financial risks) departments, with a functional line to decentralised risk management in Argenta NL, AAM and Arvestar (asset management companies).

The risk management policy starts out formally from the Board of Directors. It determines the risk appetite, the risk tolerance and the risk policy for the different operational and business activities. The Board is meticulous about ensuring that Argenta's strategic, capital and financial plans are aligned. The Board is closely involved in supervising the development of Argenta's risk profile and the management of all significant risks and is advised on this by the Risk Committee and the Audit Committee. The Board is supported in performing this supervision by the independent risk management function which, together with the compliance and the actuarial functions, forms the second line control function within the "three lines of defence" governance model.

The Risk Management Charter lays down the status of the independent risk management function and also covers rights and prerogatives, methods, tasks and responsibilities and also reporting obligations.

The risk management function ensures that all the material risks have been identified and are managed within the risk appetite laid down by the Board. Argenta's risk mapping therefore provides important guidance in the management of the risks: it identifies all the relevant financial and non-financial risks for Argenta that are allocated to the operational business activities and independent control functions within the framework of the "three lines of defence" model. This risk mapping is updated annually to establish appropriate ownership of the risks. Argenta has opted to make a clear distinction in its risk mapping, approved by the Board of Directors on advice by the Risk Committee, between (i) climate and sustainability (ESG) as a financial risk and (ii) brand and sustainability as a non-financial risk. The risks from the risk mapping are included in the Risk Appetite Framework (RAF), where a risk profile is drawn up and reported on for each risk type.

- **Climate and sustainability (ESG) risk** has been defined as the likelihood of impact as a consequence of events or circumstances in the area of environment (E), society (S) or governance (G) which, if they occur, may cause an actual or possibly essentially negative effect on the value of the assets and liabilities. It has been identified as a financial risk because of its strong link to a number of other linked and already recognised financial risks, mainly market, credit, liquidity and underwriting risks. For example, climate risk may have a crucial impact on the credit quality of

counterparties via the transition risk due to changes in technology or legislation. Consequently, these risks are monitored in the credit, insurance and proprietary investments portfolio as well as in the investment funds.

- **Brand and sustainability risk** involves the likelihood of impact as a direct or indirect consequence of strategic and operational decisions, their implementation and/or the internal and external influences on them. It has been identified as a non-financial risk and linked to brand risk. Argenta monitors a number of material ESG topics to improve its performance in the fields of ecological, social and governance policy systematically.

Climate risk

Risk identification

To align our strategy with the climate challenges, we must identify all the relevant climate risks and opportunities and properly understand the impact on the business model.

We have made considerable efforts in previous years, but we took further steps in 2023 too. An extensive materiality analysis of climate and sustainability risks was performed for the Argenta Group. We use this materiality analysis to assess the impact of climate and sustainability risks on the risk profile of our banking, insurance and asset management activities. We focus on both the financial risks, such as the credit risk, underwriting risk, market and liquidity risk and

business risk. But the non-financial risks were also examined. More specifically it is about the compliance risk, sourcing risk, business continuity risk and data management risk. The analysis takes account of different climate scenarios and time horizons (i.e. short, medium and long term). Apart from analysing the climate-related impact (E), the impact of social (S) and governance (G) risks was also included in the exercise.

This exercise shows there is material impact for our mortgage loan portfolios in Belgium and the Netherlands. We have established that they are sensitive to the transition-related effects of climate change, but material impact also exists in the area of physical climate risks. As the mortgage portfolios represent the largest share of our business activities, we must regard them fully as material.

The main findings of the materiality analysis are shown in the summary below. Our conclusions are based in each case on an analysis of the scope of the portfolios, the specific insights regarding the pockets of risk, the monitoring of risk metrics (or KRIs) and the results of the stress tests carried out.

The following picture was obtained for the financial risks:

	Climate risk - transition risk		Climate risk - physical risk		Other environmental risks		Social risks		Governance risks	
	KRIs available	Final assessment	KRIs available	Final assessment	KRIs available	Final assessment	KRIs available	Final assessment	KRIs available	Final assessment
Financial risk: credit risk										
Mortgages BE	X	Material	X	Material		Not material		Not material		N/A
Aspa	X	Material	X	Material		Not material		Not material		N/A
Mortgages NL Aspa	X	Not material	X	Not material		Not material		Not material		N/A
Mortgages NL Aras		Not material		Not material		Not material		Not material		N/A
LOA	X	Material	X	Material	X	Not material	X	Not material	X	Not material
Investment Ptf Aspa	X	Material	X	Not material	X	Not material	X	Not material	X	Not material
Financial risk: underwriting risk										
Insurances Non-life		Not material	X	Material		Not material		Not material		N/A
Insurances Life				Not material < €1 million		NVT		Not material		N/A
Insurances Health		Not material	X	Material		NVT		Not material		N/A
Financial risk: market risk & liquidity risk										
Wholesale funding & liquidity	X	Material		Not material		Not material		Not material		Not material
Financial risk: business risk										
Funds (Argenta AAM & Arvestar)	X	Material		Not material		Not material		Not material		Not material

The following conclusion was obtained for the non-financial risks.

Inherent risk assessment	E			S	G
	Climate risk - transition risk	Climate risk - physical risk	Other environmental risks	Social risks	Governance risks
Non-financial risks	Impact Assessment	Impact Assessment	Impact Assessment	Impact Assessment	Impact Assessment
Sourcing risk	Material	Material Impact: very high		Material	Material
Business continuity risk		Material			
Compliance risk	Material				Material
Data management risk	Material				Material
Brand & sustainability risk					Material

KRIs (key risk indicators) allow us to identify risks early, on the basis of concrete measuring points or metrics. These metrics are recorded on the risk dashboards and monitored within the RAF (Risk Appetite Framework) limits framework on the basis of which the risk status of the main financial and non-financial risk domains is reported, including climate and sustainability (ESG) risk (financial risk) and brand and sustainability risk (non-financial risk).

The materiality analysis will in the future too have to be carried out at least annually as part of the ICAAP and ORSA process. This can also happen ad hoc in the event that new data and calculation methods are available.

Risk management

Climate risk has been included in Argenta's risk mapping. This is updated annually, in accordance with our internal governance. Climate and Sustainability (ESG) risk is a financial risk and is defined as follows:

“Likelihood of impact as a direct or indirect consequence of events or circumstances in the area of climate and environment (E), society (S) or governance (G) that may have a negative effect on the financial performance (e.g. value, liquidity) of assets and liabilities.”

- Climate and environment risk (E): likelihood of financial losses as a direct or indirect consequence of the negative impact of climate and environmental factors on the financial risks associated with counterparties, investments and insurance contracts. Climate and environmental factors are aspects relating to climate warming, biodiversity, energy consumption, environmental pollution and waste management. Here we distinguish physical risk and transition risk. Physical risk refers to the direct physical effects of environment and climate on the counterparties, investments and insurance contracts. Transition risk refers to the risks associated with the timing and the speed of the transition to a more sustainable economy in the area of environment and climate, and its impact on the counterparties, investments and insurance contracts.

- Social risk (S): likelihood of financial losses as a direct or indirect consequence of the negative impact of social factors on the financial risks associated with counterparties and investments. Social factors relate to the rights, the well-being and the interests of people and communities and include factors such as (in)equality, health, inclusion, working relationships, health and safety at work, human capital and communities.
- Governance risk (G): likelihood of financial losses as a direct or indirect consequence of the negative impact of governance factors on the financial risks associated with counterparties and investments. Governance factors relate to administrative practices, including leadership, remuneration of directors, audits, internal controls, tax avoidance, independence of the Board of Directors, rights of shareholders, bribery and corruption, and also the way in which companies or entities include environmental and social factors in their policy and procedures.

From this the Board of Directors laid down the risk appetite statement:

“Argenta aims to manage climate and sustainability risk (ESG) appropriately and proactively within the associated risks and activities with a view to achieving the business objectives of the various business activities responsibly, in accordance with Argenta's sustainability policy and corporate purpose.”

A risk profile has been formulated within the Risk Appetite Framework (RAF) on the basis of specific risk indicators.

Over the past two years new risk indicators have been identified, as regards both the key performance indicators (KPI) and the key risk indicators (KRI) ³ for the retail mortgage portfolios in Belgium and the Netherlands and the non-retail investment portfolios of the bank and the insurance company. These climate risk indicators are defined in the relevant policy documents, discussed by the responsible committees and reported at regular intervals on risk dashboards, such as the RAF dashboard that is reported quarterly to the Risk Committee of the Board of Directors.

In 2023 the climate risk report was expanded to include flood risk metrics, for both the Belgian and the Dutch mortgage portfolios.

When the limits framework was updated in 2023, the average EPCs (energy performance certificates) of the mortgage portfolios were recorded as RAF limits (transition risk) and the monitoring of flood risk (physical risk) was started within these same mortgage portfolios as an RAF flashing light. For the non-retail investment portfolio, the carbon transition score and the E (environmental) score apply as the RAF limit or RAF flashing light.

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- 3 • The relevant KPIs and KRIs are based on the expectations of transparency under various European regulations and institutions, such as the European Green Deal (i.e. carbon transition), the EBA and EIOPA linked reporting expectations (i.e. emission volumes and transition pathways, temperature alignment, physical risk, green asset ratio), the ECB Climate Risk Guide and TCFD disclosures (i.e. focus on business strategy/business model, governance and risk appetite, risk management and reporting), UNPRI/GRI/SFDR (i.e. sustainable investments), the EU Taxonomy (i.e. GAR, taxonomy eligibility and taxonomy alignment)

Climate action plan

The climate action plan was developed in 2021 following the publication of the ECB climate and environmental risk guidelines. The action plan is based on the 13 expectations proposed by the regulator and monitored internally at regular intervals. The regulator also closely monitors the execution of the action plan by evaluating its implementation at regular intervals. There was again extensive reporting in 2023 in the form of regular status updates.

An important action plan milestone was reached with the approval of the climate risk policy by the Board of Directors. The policy, which has Group-wide application, translates the strategic objectives and the legislation and regulations on climate and sustainability risks into a concrete policy framework that controls the daily operation of Argenta's business activities.

Another important achievement of the climate plan was the analysis of the financed emissions of the mortgage loan portfolios in Belgium and the Netherlands, as well as the development of transition or decarbonisation pathways.

A task force was set up to calculate the financed emissions (scope 1, 2 and 3 emissions of the counterparty, in tonnes of CO₂ equivalent). More specifically, the focus was on data collection, assessing the data quality and the data processes. As far as possible we rely on internal data, which is supplemented where necessary with data proxies, on the basis of the PCAF methodology ⁴.

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- 4 • PCAF stands for Partnership for Carbon Accounting Financials. PCAF focuses on developing a uniform methodology for measuring the CO₂ footprint (scope 1, 2 and 3) which is generated through the capital flows of financial institutions.

The model for the transition pathways for the mortgage portfolios was based on the CRREM (Carbon Risk Real Estate Monitor) methodology. The CRREM modelling takes account of SBTi (Science Based Targets Initiative) ⁵ and provides insights relating to the emissions of buildings. Argenta uses the 1.5°C emission routes because they are in line with the Paris climate targets.

Strategic workshops have been/are being organised in conjunction with the business departments of the Belgian and Dutch mortgage loan portfolios to define the level of ambition, the strategic KPIs and concrete action. The Sustainability Action Plan sets forth our concrete steps towards making a targeted impact. The 2024-2027 Sustainability Action Plan is in preparation and will be submitted to the Board of Directors for validation in the first half of 2024.

The financed emissions of our mortgage portfolios will be published for the first time on 30 June 2024 via the Pillar III report. Our strategic objectives, KPIs and actions will be included in the 2024 Sustainability Report, which will be published for the first time in 2025.

Argenta participates in the “Fit for 55” climate risk scenario analysis. The ECB will identify the climate sensitivity of the banking sector in 2024. The results will be published early in 2025.

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- 5 • SBTi is an international initiative that allows companies to formulate reduction targets in line with the latest climate science. It is a collaboration between the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The SBTi is helping companies to halve their emissions by 2030 and achieve net zero emissions in 2050. As part of the methods for determining these goals, SBTi provides emission reduction pathways for a number of sectors that companies must use in calculating their scientifically supported goals.



“In 2023 Argenta once more increased its efforts in relation to climate risk, which was again described by the Executive Committee as an absolute risk priority. Together with all the departments concerned, we continued to work actively on implementing the robust policy designed for suitable climate risk monitoring and management on the basis of both KPIs and KRIs.”

Gert Wauters

Stress tests

Climate risk was further integrated into the risk management framework through the stress tests. Specifically, the existing stress test scenarios were supplemented with climate-specific scenarios.

A climate stress test was performed for Argenta Spaarbank in 2023 within the ICAAP ⁶, inspired by the “Disorderly Scenario” proposed by the ECB and the NGFS (Network for Greening the Financial System). The focus was on identifying the consequences of transition risks. In this scenario it is assumed that the policy adapts too late to make the transition to a carbon-neutral world. Physical climate risks, such as the flood risk, will be integrated in 2024.

Stress test scenarios were also calculated within ORSA ⁷. The short-term climate scenario was based on the disorderly scenario from the IORP (Institution for Occupational Retirement Provisions) climate stress test. Account was taken of both the impact of transition risks on the assets of the balance sheet and the impact of physical climate risks on the liabilities of the balance sheet of Argenta Assuranties. A qualitative description and analysis were also made for two long-term climate scenarios: in particular for a “Disorderly” variant and for a “Hot House” variant. These long-term scenarios will be fleshed out further and calculated in 2024. Further information about the different scenarios can be found in [Annex I.IV](#).

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6 • The Internal Capital Adequacy Assessment Process evaluates the bank’s capital adequacy under different stress scenarios.

7 • The Own Risk Solvency Assessment evaluates the insurance company’s capital adequacy under different stress scenarios.

Risk management processes

Managing climate risks adequately requires the provision of robust processes. Management processes are provided in the context of:

Investment activities:

- Argenta wants to use the investment exclusion policy to limit the negative impact in the area of ecological, social and governance aspects as much as possible. The exclusion policy is based on international initiatives and standards such as the UN Global Compact Principles. Argenta excludes controversial sectors and activities and companies that become discredited on account of ESG-related controversies (e.g. violations of human rights, employment rights, unethical business practices, etc). Further information about Argenta’s exclusion policy can be found [here](#).
- Exclusion lists are drawn up and monitored on a half-yearly basis. The process for producing these exclusion lists has been worked out in detail.
- The exclusion policy was updated in 2023. An energy transition framework has been worked out, based on the principle that businesses that are necessary in and/or focus strongly on the energy transition, are no longer ‘de facto’ excluded and therefore can be part of the investable universe. And can do so within a clearly defined, transitory and transparent framework. The new exclusion policy comes into force from 30 June 2024.

- Investment analyses are being carried out at individual counterparty level on the basis of ESG information and scores that are being provided through an external ESG data provider - in which the possible impact of ESG factors on the credit quality is being examined.
- The identification and monitoring of climate risk takes place through a combined portfolio score: Carbon Transition Score (RAF limit) and via the Environmental score (in the area of, for example, use of water, waste management, topics relating to circular economy, RAF indicator); Financial Risks Policy - transition risk.
- “Carbon Majors”, published by the Climate Accountability Institute, are used to analyse the top 20 most polluting companies (for instance as part of Pillar III reporting).
- Financed emissions: the calculation of the financed emissions forms the basis for plotting decarbonisation pathways with which Argenta wishes to align as regards the mortgage portfolios and the investment portfolios. Argenta uses the PCAF (Partnership for Carbon Accounting Financials) methodology if there is no accurate information available about the GHG (GreenHouse Gas) emissions of companies, so that theoretical estimates can nonetheless be made. PCAF is also used for calculating the financed emissions of the mortgage portfolios in accordance with the available data and information.

Other relevant processes relate to:

- Identification and monitoring via EPC score (Kwh/m²) on home loans production and portfolios (RAF indicator) and also monitoring pockets of risk (EPC vs LTV, EPC vs DSTI/LTI) and follow-up (% EPC labels D or worse);
- Determination of Materiality Assessment (qualitative and quantitative) for the different business lines, with attention for identification of pockets of risk through the action of climate and climate-related factors. Such assessment is the object of regular analysis.
- Identification and monitoring of the temperature alignment process inspired by the IEA NZE2050 scenario on the basis of sector-related emission pathways, with follow-up of such factors as carbon emission intensity and taxonomy alignment. This is a process that will be worked out in further detail in 2024 in accordance with Pillar 3 reporting.
- Identification of physical risk, relating to both the mortgages portfolio and the investment portfolio. This monitoring will also be worked out in further detail in 2024.
- Analysis and monitoring of the degree of taxonomy alignment of counterparties and portfolios (in the context of determining the degree of greenness, and the extent of contribution to EU climate objectives).
- Reporting of RAF limits and indicators, in particular in the context of keeping pockets of risk under control and monitoring them.
- Determining and calculating climate scenarios within ICAAP/ORSA and within the stress test framework.

Importance of reliable data

Accurate and reliable data is needed to understand climate risks properly and to manage them adequately. Data is also needed if we wish to meet all our sustainability reporting obligations. This is why Argenta is putting a lot of effort into improving both the access to data and its quality.

- We rely on external ESG data providers (Moody's) to consult climate and ESG-related information, identify controversial companies or companies that become discredited on account of controversies or find information about physical climate risks.
- We rely on the PCAF methodology to calculate the emissions we generate through our financing activities when individual data is absent.
- We use publicly available flood data to identify physical climate risks and collaborate with Rock Estate (BE) and Calcasa (NL) to collect this data. This was used in the development and definition of risk metrics for flood risk for the Belgian and Dutch mortgage portfolios.
- Claim sizes and frequencies are monitored within the insurance portfolio, which are further increased with specialised catnat model calculations.
- Desktop valuations, based on statistical models, are used for valuing our mortgages. For mortgages in Belgium, this is done with the help of Rock Estate. Calcasa Portfolio Services is used for mortgages in the Netherlands.
- Obtaining and supplementing EPC data and energy scores for the mortgage portfolios is another key process in data collection.

Brand and sustainability risk

Risk identification

Argenta wants to be credible as a sustainable organisation. This means that we want to pursue a strong internal ESG policy. Being credible is an important condition for Argenta to be distinctive for its customers.

By identifying brand and sustainability risk as a non-financial risk, we are able to look critically at this credibility. We can also monitor important social and governance-related risks that may result from our business operations.

Brand and sustainability risk (RAF limit) is monitored together with other non-financial risk topics such as compliance, legal & regulatory, human resources, sourcing, process, fraud, strategic & change, data management, information security & cybersecurity, IT and business continuity risk.

A range of risk indicators are considered for the monitoring of sustainability risk, including:

- Corporate governance: with focus on topics such as ESG governance and performance targets, environmental policy, whistleblowers' scheme, tax transparency, antidiscrimination policy, GHG reduction programmes, lobbying practices, anti-money laundering and corruption policy, etc
- Human capital: with focus on topics such as diversity policy, gender pay, employee turnover, human capital development and training, etc

- ESG integration: with focus on topics such as socially responsible investment policy, financial inclusion, etc
- Data privacy & security: with focus on topics such as privacy and cybersecurity
- Product governance: with focus on topics such as responsible marketing and product policy, access to basic services, quality and security
- Business ethics: with focus on topics such as code of conduct, anti-money laundering and corruption, compliance, etc

We measure our performance on the basis of an independent ESG risk rating. Sustainalytics is one of the biggest ESG rating agencies in the world and with its ESG risk rating methodology provides useful insights into the most material ESG risks and the management ability of companies to manage these risks.

Argenta has the ambition to be in the top 10% most sustainable companies within its peer group – cf. the worldwide Sustainalytics screening universe.

In 2023 Sustainalytics carried out a new ESG rating analysis and a high score was again obtained. According to this score, Argenta is in the top 10% most sustainable companies in its peer group.

Risk management

Brand and sustainability risk has been included in Argenta's risk mapping. Each year risk mapping is updated in accordance with internal governance.

Brand and sustainability risk is a non-financial risk and is defined as follows:

Likelihood of impact as a direct or indirect consequence of how Argenta positions itself (reputationally) as a brand (with the emphasis on 'simplicity' and 'close by') and in relation to sustainability, the activities it undertakes for this and how the steps it takes to implement the strategy are perceived.

Brand risk:

Likelihood of impact as a direct or indirect consequence of how Argenta positions itself as a brand (with the emphasis on 'simplicity' and 'close by'), the activities it undertakes for this and how the steps it takes to implement the strategy are perceived.

Sustainability risk:

Likelihood of impact as a direct or indirect consequence of the way in which Argenta takes social responsibility in its core activities and communicates honestly and transparently about them. Likelihood of impact as a direct or indirect consequence of how Argenta's actions are assessed by its stakeholders with regard to the environment (environmental), society (social) and healthy corporate culture (governance) and of the way in which it invests (in particular whether this happens in sustainable products, companies or activities).

Risk indicators & targets

The 2020-2023 Sustainability Action Plan ended in 2023. The 2024-2027 Sustainability Action Plan will be validated by the Board of Directors in the first half of 2024.

Climate risks are monitored on the basis of specific risk indicators.

2020-2023 Sustainability Action Plan

Climate risk indicators

The following climate risk indicators are reported quarterly within the RAF dashboard, that is via specific dashboards within the committee system: the credit risk dashboard, the Alco and VRC dashboard.

It should be noted that the EPC data is largely provided through the use of proxy values because the actual EPC values are not (yet) known. In the meantime work continues on better capturing the (actual) EPC values with a view to improved EPC data quality, for both the Belgian and the Dutch loan portfolios.

Business activities	Risk indicator	Detail	31/12/2023	31/12/2022	31/12/2021
Retail credit risk Mortgages BE					
(evolutionary): <= 281	Average EPC score mortgage production	RAF indicator Average Kwh/m ² of the production	302	319	308 (06/2022)
Target figure (evolutionary): <=336	Average EPC score mortgage portfolio	RAF limit Average Kwh/m ² of the portfolio	322	344	346 (06/2022)
Target figure: <= 15%	Flood risk	RAF indicator High and Medium risk (% of portfolio)	12,24%	12,29% (09/2023)	

Retail credit risk Mortgages NL Argenta Spaarbank					
(evolutionary): <= 216	Average EPC score of mortgage production	RAF indicator Average Kwh/m ² of the production	201	201	207 (06/2022)
Target figure (evolutionary): <= 223	Average EPC score of mortgage portfolio	RAF limit Average Kwh/m ² of the portfolio	211	215	218 (06/2022)
Target figure: <= 15%	Flood risk	RAF indicator High and Medium risk (% of portfolio)	19,41%	19,37% (09/2023)	
Retail credit risk Mortgages NL Argenta Assuranties					
(evolutionary): <= 216	Average EPC score of mortgage production	RAF indicator Average Kwh/m ² of the production	222	248	219 (06/2022)
Target figure (evolutionary): <= 223	Average EPC score of mortgage portfolio	RAF limit Average Kwh/m ² of the portfolio	225	226	226 (06/2022)
Target figure: <= 15%	Flood risk	RAF indicator High and Medium risk (% of portfolio)	18,80%	18,87% (09/2023)	
Non-retail credit risk Argenta Spaarbank					
Target figure: <= 2.0	Average carbon transition score (*)	RAF limit Average carbon transition score portfolio average (score 1 to 4)	2,16	2,37	2,33
Target figure: > 50	Average environmental score (**)	RAF indicator In accordance with environmental factors: portfolio average (score 1 to 100)	56,48	54.46	54,42

Non-retail credit risk Argenta Assuranties					
Target figure: <= 2.0	Average carbon transition score (*)	RAF limit average carbon transition score portfolio average (score 1 to 4)	2,13	2,35	2,29
Target figure: > 50	Average environmental score (**)	RAF indicator In accordance with environmental factors: portfolio average (score 1 to 100)	56,33	51,79	53,15
Funds (AAM & Arvestar)					
	SFDR article 8	Operational limit % sustainable assets SFDR article 8 funds: i.e. investments in companies that generate positive impact in terms of SDGs or taxonomy alignment, minimum 20%	Arvestar: 56,55% AAM: 56,08%	Arvestar: 51,31% weighted AUM AAM: N.a.	N.A.
	SFDR Article 9	% sustainable assets SFDR article 9 funds: i.e. investments in companies that generate positive impact in terms of SDGs or taxonomy alignment, minimum 80%	AAM: 99,49%	AAM: 96.11 % weighted AUM on Argenta responsible funds (Art. 8 in 2022)	N.A.

(*) this is an indicator or score on a portfolio basis that indicates how strongly the companies in our portfolio are performing in the area of transition to a low-carbon economy. Not only is account taken of the current emissions profile (CO2 emissions), but also of the transition profile (risks and opportunities of this transition). The metric is calculated as the weighted average score of all counterparties at portfolio level (1 to 4; 1 = strongest score)

(**) this is an indicator or score on a portfolio basis that evaluates how strongly the companies in our portfolio are performing in the area of environment-related aspects, broader than climate and emissions. Account is taken of factors such as availability and quality of a strategy for environment-related topics, performance in relation to dealing with raw materials, energy, waste management, pollution, biodiversity, transport and circular economy. The metric is also calculated as the weighted average score of all counterparties at portfolio level (1 to 100; 100 = strongest score)

Other risk indicators

Business	Indicator	Detail	31/12/2023	31/12/2022	31/12/2021
Retail credit risk Mortgages BE					
	Risk LTV/EPC production	High Loan to value (LTV) in combination with low EPC: in % of the production YtD	11,34%	11,22%	11,04% (06/2022)
	Risk DSTI/EPC production	High Debt Service to Income (DSTI) in combination with low EPC: in % of the production YtD	2,83%	1,79%	1,55% (06/2022)
	Risk LTV/EPC portfolio	High Loan to value (LTV) in combination with low EPC: in % of the portfolio	1,95%	3,23%	2,77% (06/2022)
	Risk DSTI/EPC portfolio	High Debt Service to Income (DSTI) in combination with low EPC: in % of the portfolio	2,15%	2,40%	2,51% (06/2022)
Retail credit risk Mortgages NL Argenta Spaarbank					
	Risk LTV/EPC production	High Loan to value (LTV) in combination with low EPC: in % of the production YtD	8,59%	7,10%	6,96% (06/2022)
	Risk LTI/EPC production	High Loan to Income (LTI) in combination with low EPC: in % of the production YtD	0,99%	4,71%	5,62% (06/2022)
	Risk LTV/EPC portfolio	High Loan to value (LTV) in combination with low EPC: in % of the portfolio	2,55%	1,10%	1,10% (06/2022)
	Risk LTI/EPC portfolio	High Loan to Income (LTI) in combination with low EPC: in % of the portfolio	3,02%	3,36%	3,65% (06/2022)

Retail credit risk Mortgages NL Argenta Assuranties					
Risk LTV/EPC production	High Loan to value (LTV) in combination with lower EPC (EPC D and lower) ⁸ : in % of the production YtD limited to loan increases in 2022 – and based on limited amounts)	15,76%	6,99%	0,95% (06/2022)	
Risk LTI/EPC production	High Loan to Income (LTI) in combination with lower EPC ⁸ : in % of the production YtD limited to loan increases in 2022)	1,14%	4,52%	7,27% (06/2022)	
Risk LTV/EPC portfolio	High Loan to value (LTV) in combination with weak EPC: in % of the portfolio	1,69%	0,16%	0,23% (06/2022)	
Risk LTI/EPC portfolio	High Loan to Income (LTI) in combination with weak EPC: in % of the portfolio	0,66%	0,94%	1,01% (06/2022)	
Non-retail credit risk Argenta Spaarbank					
Exposure to transition risk	Portfolio pocket of risk with weak (> 3) Carbon Transition profile score (% of corporates)	4,47%	5,38%	n.a.	
Exposure to transition risk	Portfolio pocket of risk with weak E (Environmental) score (% of corporates)	5,97%	9,56%	n.a.	
Exposure to acute physical risk	% of corporate portfolio, take into account in EBA Pillar 3, template 5	4,33%	4,38%	n.a.	
Exposure to chronic physical risk	% of corporate portfolio, take into account in EBA Pillar 3, template 5	6,17%	5,75%	n.a.	
Exposure to top 20 most carbon emitting companies	In m EUR. Top 20, in accordance with Climate Accountability Institute	0	0	0	

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8 • In 2023 there were only a limited number of transfers of Dutch home loans.

Exposure in GHG-sensitive sectors	According to ECB classification (22 sectors), as % of the total investment portfolio	39,7%	39,6%	42,4%
Exposures in Energy and Fossil Fuel	As % of the investment portfolio	5,5%	5,7%	4,8%
Exposure in ESG instruments	Green, Social, Sustainable, Sustainability-linked, % of the portfolio	11%	10,2%	3,46%
Volume obligatory to sell exceedances Exclusion policy	In m EUR	0	0	10
Non-retail credit risk Argenta Assuranties				
Exposure to transition risk	Portfolio pocket of risk with weak (> 3) Carbon Transition profile score (% of corporates)	2,29%	2,47%	n.a.
Exposure to transition risk	Portfolio pocket of risk with weak E (Environmental) score (% of corporates)	5,76%	11,70%	n.a.
Exposure to acute physical risk	% of corporate portfolio	4,71%	4,65%	n.a.
Exposure to chronic physical risk	% of corporate portfolio	6,38%	6,48%	n.a.
Exposure to top 20 most carbon emitting companies	In m EUR. Top 20, in accordance with Climate Accountability Institute	0	0	0
Exposure in GHG-sensitive sectors	According to ECB classification (22 sectors), as % of the total investment portfolio	44,8%	49%	48,5%
Exposures in Energy and Fossil Fuel	As % of the investment portfolio	8,2%	9,3%	7,2%

Exposure in ESG instruments	Green, Social, Sustainable, Sustainability-linked, % of the portfolio	11,3%	11,7%	2,01%
Volume obligatory to sell exceedances Exclusion policy	In m EUR	0	0	8
Wholesale funding & liquidity				
Volume of green bonds issued under the Green Bond Framework	In m EUR Issued by Aspa	0	1.100	n.a
Annual energy consumption of the green eligible assets under the Green Bond Framework	In KWh/m ² - Belgian mortgages - Dutch mortgages	Not available	60 98	60 103
Annual reduction and/or avoided CO2 emissions of the green eligible assets under the Green Bond Framework	In tonnes - Belgian mortgages - Dutch mortgages	Not available	19.105 25.617	18.878 16.590

Annex

TCFD Disclosures

Topic	Detail	Section
Governance		
Supervision by the Board of climate-related risks and opportunities	Process and frequency of the Board and/or related bodies	Governance Risk management Annex I.II
	Integration of climate-related risks as part of business strategy, action plans, risk management, annual budgets and investments, business plans, etc	Governance
	Summary and monitoring of KPIs and KRIs	Governance
Responsibility of the management regarding climate-related risks and opportunities	Organisation and responsibility of the management with regard to climate-related risks	Governance Risk management Annex I.II
	Description of governance structure	Governance Risk management Annex I.I Annex I.II
	Description of informing process management	Governance Risk management
	Process of risk monitoring	Governance Risk management

Strategy		
Identification of climate-related risks and opportunities in the short, medium and long term	Description of short, medium and long term horizon	Risk management Climate risk
	Description of the material risks that may become apparent in the short, medium and long term	Risk management Climate risk Annex I.III Annex I.IV
	Description of the process for determining risks and opportunities	Risk management Climate risk
	Description of the risks and opportunities per sector and/or region	Risk management Climate risk
	Description of the significant credit risk concentrations with regard to carbon-intensive investments and also the transition and physical risks associated with lending activities	Risk management Climate risk
Impact of climate-related risks on the business model, the strategy and the financial planning	Description of the impact on product and services, value and supply chain, investments in R&D, operational activities, takeovers or disinvestments, access to funding	Risk management Climate risk
	Description of how climate risks are included in the financial planning, how risks and opportunities are prioritised and according to which time dimension	Risk management Climate risk
	Description of the impact on the financial performance and position and to what extent different scenarios have been mapped out	Climate risk
	Description of future plans for reducing the greenhouse gases emitted	Strategy Environment
	Description of impact of climate-related risks and opportunities on the insurance company	Climate risk
	Description of the impact on investment products and investment strategies	Climate risk

Robustness of the strategy and the business model with regard to the different climate scenarios	Description of the robustness with regard to the climate scenarios	Climate risk I.IV Stress tests
	Description of the robustness with regard to the climate scenarios, specifically for the insurance company	Climate risk I.IV Stress tests
Risk management		
Business processes for identifying and assessing climate-related risks	Description of processes for identifying and analysing climate-related risks	Risk management Climate risk
	Description of existing and future statutory environmental regulations taken into account	N.A.
	Description of risk classification frameworks used	Risk management Climate risk
	Description of processes for evaluating the impact of climate-related risks	Risk management Climate risk
	Description of climate-related risks specifically for the financial sector	Climate risk Annex I.III
	Description of climate-related risks specifically for the insurance company	Climate risk Annex I.III
	Description of climate-related risks of businesses in which investments are made	Climate risk Annex I.III
Business processes for managing climate-related risks	Description of decision-making method for managing climate-related risks	Risk management
	Description of the process for prioritising climate-related risks	Risk management
	Description of criteria for managing climate-related risks in respect of product development and pricing	Risk management
	Description of criteria for managing climate-related risks in respect of investments	Risk management

Integration of business processes for identifying, assessing and managing climate-related risks in the general risk policy	Description of integration method	Risk management
Metrics and goals		
Metrics for identifying climate-related risks and opportunities associated with the business strategy and the risk policy	Description of methods used for measuring and managing climate-related risks and opportunities	Risk metrics & targets
	Description of integration in remuneration policy	remuneration policy
	Description of income from sustainable products	N.A.
	Trend analysis of criteria in the past	N.A.
	Description of criteria for assessing climate-related risks in the banking activities	Risk metrics & targets
	Description of risk exposure in the real estate portfolio	Risk metrics & targets
	Description of criteria in investment products	Risk metrics & targets
Scope 1, 2 and 3 greenhouse gas emissions	Description of scope 1, 2 and 3 emissions	N.A.
	Description of emissions emitted by lending and other banking activities	N.A.
	Description of emissions emitted for the insurance company	N.A.
	Description of emissions emitted of investment products	Environment
Goals for managing climate-related risks and opportunities	Description of the main climate-related goals	Risk metrics & targets
	Description of time period and KPIs	Risk metrics & targets
	Description of interim goals	Risk metrics & targets
	Description of methodology	Risk metrics & targets

Pillar 3 – qualitative note in context of climate-related risks

According to Article 449a CRR

Topic	Information	Section
Business context and strategy	Description of business strategy for integration of ecological factors concerning business environment and model, strategy an financial planning	Strategy Sustainability ambitions
	Description of objectives for assessing climate-related risks in the short, medium and long term	Risk identification
	Description of current measures for achieving environmental objectives and taxonomy activities	Strategy
	Description of policy on counterparties and their environmental strategy	Sustainability ambitions Climate risk
Governance	Description of responsibility for managing risk policy and implementing goals, strategy and policy	Governance Annex I.I
	Description of management integration of short, medium and long term environmental effects	Climate risk
	Description of committee roles, tasks and responsibilities	Governance Risk management
	Description of quantity and method of sustainability reporting	Sustainability reporting
	Description of remuneration policy with regard to climate-related goals	Remuneration policy

Risk management	Description of integration of short, medium and long term effects in the risk policy	Annex I.III Risk management Climate risk
	Description of definitions, methodology and standards on which risk management is based	Risk management
	Description of processes for identifying, measuring and monitoring activities and exposures sensitive to climate risk	Climate risk
	Description of activities and commitments for reducing climate risk	Climate risk
	Description of implementation of methods for identifying, measuring and managing climate-related risks	Climate risk
	Description of impact and results of implemented methods on climate-related risks	Climate risk
	Description of data availability, quality and correctness and actions to improve this	Climate risk
	Description of climate-related risk limits and procedures if these limits are exceeded	Climate risk Risk metrics & targets
	Description of relationship between climate-related risks and credit, liquidity, financing, market, operational and reputational risk	Climate risk Annex I.III

Pillar 3 – qualitative note in context of social risks

According to Article 449a CRR

Topic	Information	Section
Business context and strategy	Description of business strategy for integration of social factors and risks concerning business environment and model, strategy and financial planning	Strategy
	Description of objectives for assessing socially related risks in the short, medium and long term	Strategy Brand and sustainability risk
	Description of policy in respect of counterparties and their commitment to avoiding socially undesirable side effects	Sustainability ambitions Brand and sustainability risk
Governance	Description of responsibilities for management regarding risk policy and implementing goals, strategy and policy, with regard to: <ul style="list-style-type: none"> • Social efforts • Relationship with staff and employment rights • Relationship with customers, their protection and product responsibilities • Human rights 	Brand and sustainability risk
	Description of measures for integrating social factors and risks in internal governance, the tasks and responsibilities and the evaluation processes	Brand and sustainability risk
	Description of reporting efforts with regard to social risks	Sustainability reporting
	Description of remuneration policy with regard to socially related objectives	Remuneration policy

Risk management	Description of definitions, methodology and standards on which risk management is based	Brand and sustainability risk
	Description of processes for identifying, measuring and monitoring activities and exposures with regard to social risks	Brand and sustainability risk
	Description of activities and commitments for reducing social risks	Brand and sustainability risk
	Description of implementation of methods for identifying, measuring and managing social risks	Brand and sustainability risk
	Description of socially related risk limits and procedures if these limits are exceeded	Brand and sustainability risk
	Description of relationship between socially related risks and credit, liquidity, financing, market, operational and reputational risk	Brand and sustainability risk



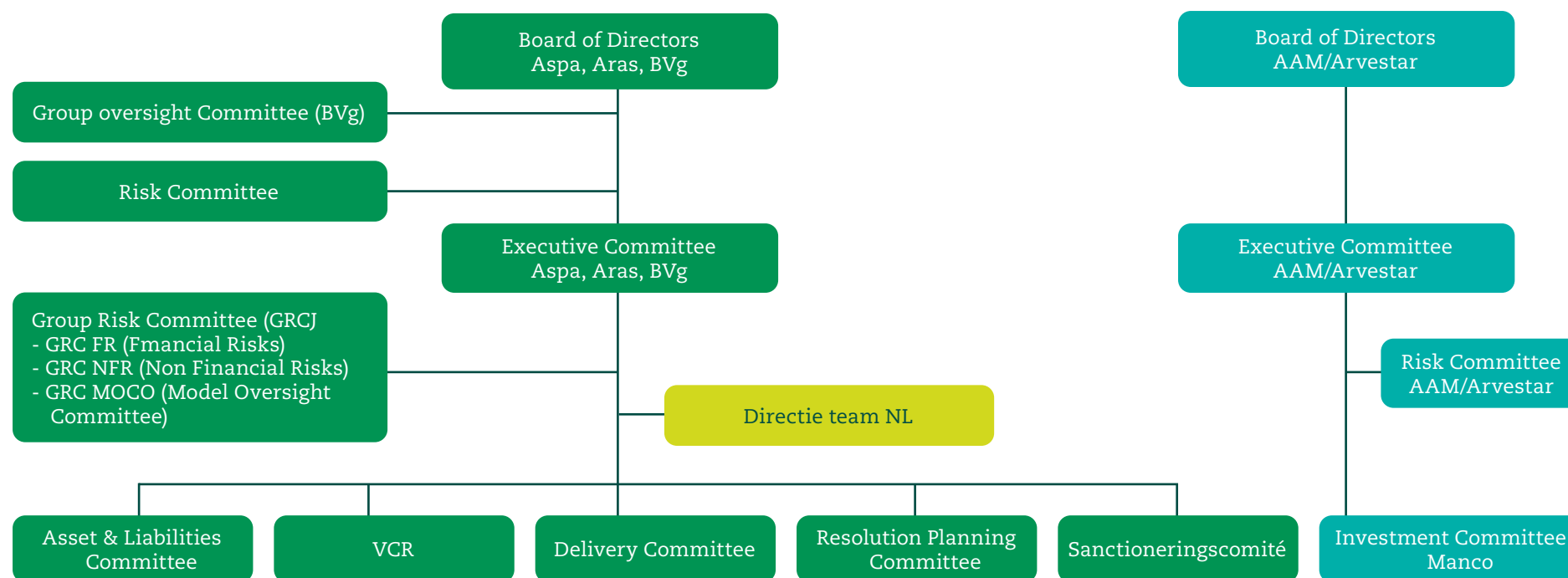
Pillar 3 – qualitative note in context of governance risks

According to Article 449a CRR

Topic	Information	Section
Governance	Description of the governance policy in context of relationships with counterparties, the management organisation, committee roles, tasks and responsibilities with regard to economic, ecological and social risks	Governance
	Description of the responsibilities in respect of counterparties in context of non-financial reporting	Strategy
	Description of integration of governance considerations in respect of the governance performance of counterparties <ul style="list-style-type: none"> • Ethical considerations • Strategy and risk management • Inclusivity • Conflicts of interest • Internal communication with regard to controversies 	Risk management
Risk management	Description of the integration of risk management in respect of the governance performance of counterparties <ul style="list-style-type: none"> • Ethical considerations • Strategy and risk management • Inclusivity • Conflicts of interest • Internal communication with regard to controversies 	Risk management

I.I. Governance organisational chart

Governance bodies where climate and sustainability risks are addressed



I.II. Responsibility of governance entities

Governance entities that monitor sustainability and climate risks (board level)	Responsibilities	Evaluation indicators used
Board of Directors	Confirming Approving sustainability policy Approving policies: Climate and sustainability risk, Financial risks, Non-financial risks, Retail credit risks	
Risk Committee (RC)	Monitoring financial and non-financial RAF dashboard Approving risk mapping and appetite statements Monitoring progress of climate implementation plan Monitoring results of climate risk stress tests	Carbon transition score Environmental risk score EPC score Brand and sustainability score Results of scenario analyses
Group Supervisory Committee (GSC)	Monitoring ICAAP at Argenta Bank- en Verzekeringsgroep level.	
Group Risk Committee (GRC)	Discussing financial and non-financial RAF dashboard Discussing results of stress tests, ICAAP and ORSA Monitoring status of climate implementation plan Monitoring climate KRIs within the retail portfolio (from 01/10/2023).	Carbon transition score Environmental risk score EPC score Brand and sustainability score Results of scenario analyses
Executive Committee (EC)	Determining sustainability policy Approving risk mapping and risk appetite statements Approving policies Approving climate action plans and assessment letters	
Insurance Risk Committee (IRC),	Monitoring climate risks within the insurance portfolio/ reinsurance	Flood sensitivity
Green Bond Committee (GBC)	Managing Green Bond Framework. The GBC reports to the Alco.	
Credit Risk Committee (Creco)	Monitoring climate KRIs within the retail portfolios. Proposing climate risk management framework in the retail credit risk management policy.	EPC values and pockets of risk
Asset & Liability Committee (Alco)	ng climate KRIs within the investment portfolios to 01/10/2023). Proposing climate risk management framework in the financial policies.	Carbon transition score Environmental risk score Exclusion lists

I.III. Climate risk identification in short, medium and long term

Risk type	Subtype	Climate risk	Risk description	Term	Significance
			Impact this risk has		
Transitional risk	Legal	Rising prices of gas, electricity, etc	E.g.: impact of rising energy prices on the financial health of families	ST	Limited
		Increased emission reporting legislation	E.g.: risk of more legislation for reporting scope 1, 2 and 3 emissions for the financial sector	ST/MT	Material
		Regulation and supervision of the financial sector	E.g.: possible obligation to allow auditing of sustainability reports, climate reports, etc	ST/MT	Material
		Regulations for existing products	E.g.: obligation to change product characteristics	ST/MT	
	Technology	Unsuccessful investments in new technologies by businesses in portfolio	E.g.: credit risk: stranded assets, businesses in difficulty	MT/LT	Material
		Shift to low emission technologies	E.g.: credit risk: energy-intensive businesses perform poorly, businesses get into difficulty	MT/LT	Material
		Costs associated with green technologies	E.g.: credit risk: falling profitability of businesses with weak transition profile	MT/LT	Material

Market	Uncertainty in market signals	E.g.: market and liquidity risk: rising credit spreads at businesses that are seen as high risk by the markets	ST/MT	Limited
	Increased costs of raw materials	E.g.: credit risk: retail customers in payment difficulties, businesses that are raw material-dependent become less creditworthy	ST/MT	Material
	Change in consumer behaviour	E.g.: price impact on housing with a weak EPC value: weakly positioned businesses lose market share and creditworthiness falls	ST/MT	Material
Reputation	Negative advertising through activities harmful for the environment	E.g.: credit risk: stranded assets of businesses concerned	ST/MT	Limited
	Increased pressure from stakeholders or negative feedback from stakeholders	E.g.: market risk: pressure on share prices	ST/MT	Limited

Physical risk	Acute	Growing likelihood and impact of forest fires	E.g.: businesses with production and other sites in affected areas have a hard time	ST/MT	Limited
		Increasing intensity of extreme weather conditions	E.g. credit risk: falling creditworthiness of agricultural and food industry businesses whose business model is dependent on weather conditions; more claims in insurance activities	ST/MT	Material
		Drought	E.g.: credit risk: falling creditworthiness of businesses; fall in house values because of ground problems	ST/MT	Limited
		Floods	E.g.: Risk of falling real estate prices if too high a percentage of mortgages for homes in flood area; increasing claims in insurance sector	ST/MT	Material
		Heatwaves	E.g.: credit risk: falling creditworthiness of businesses active in countries concerned	ST/MT	Material

Chronic	Extreme changes in precipitation and weather patterns	E.g.: increasing claims in insurances, rising reinsurance premiums	MT/LT	Material
	Deforestation	Vb.: harmful impact on biodiversity, upsets balance, resulting in increase in physical risks	MT/LT	Limited
	Rising temperatures	E.g.: agricultural businesses, food industry gets into difficulty	MT/LT	Material
	Rising sea levels	E.g.: credit risk: fall in real estate values in sensitive areas because of more floods	MT/LT	Limited
	Soil erosion	E.g.: landslides, businesses with production and other sites in sensitive areas experience problems	MT/LT	Limited
	Water shortages	E.g.: credit risk: water-intensive businesses see profitability fall	MT/LT	Limited

I.IV. Stress tests

Scenario	Description	Impact
ICAAP Climate Risk	Calculation based on NGFS Disorderly Scenario: mixed scenario with impact on the investment portfolio and the mortgage portfolio.	Significant impact through increased impairments on the investment portfolio (transition risk)
ILAAP Climate Scenario	Ad hoc ESG Nature catastrophe stress test	No impact on AER and NSFR, and limited fall in LCR
ILAAP Climate Scenario	Calculation based on NGFS Disorderly Scenario: mixed scenario with impact on the investment portfolio and the mortgage portfolio; focus on transition risks.	Impact through falling LCR and AER, NSFR rises
ORSA Climate Scenario	Calculation based on NGFS Disorderly Scenario: mixed scenario with impact on the investment portfolio, the mortgage portfolio and the insurance activities (non-life, health, reinsurance); both transition risk and physical risk are taken into account.	Solvabiliteit: beperkte impact – P&L: significante impact Leven en Niet-Leven (nog)
ECB Climate Scenarios	Transition risk (Short and Long term) and Physical risk (drought, heat)	Limited impact on impairments

