



VAN LANSCHOT BANKIERS

# RESPONSIBLE BANKING: REINVESTMENT OF DEPOSITS AND SAVINGS CERTIFICATION STATEMENT 2014

Van Lanschot has set out a policy on Corporate Responsibility. The evolution and results of its approach have been reported systematically since 2009. This fourth annual certificate<sup>i</sup> examines whether Van Lanschot manages the funds entrusted to it strictly in accordance with its own responsible banking principles.

*To all those interested in Van Lanschot,  
To the savers, borrowers and investors,  
To the public:*

Forum ETHIBEL asbl<sup>ii</sup> was appointed to independently audit Van Lanschot Bankiers (VLB) on the conformity of its principles and guidelines on Corporate Responsibility (CR) in relation to the management of the savings and its lending and investment policies.

## About Van Lanschot Bankiers

Van Lanschot describes itself as a specialised and independent wealth manager. Its services are aimed at high net-worth individuals, entrepreneurs and foundations and associations. The balance sheet shows a high, but decreasing percentage of loans and advances (from 78% in 2011 to 64% in 2014) and was strengthened during that period: the (Common Equity) Tier 1-ratio rose from 10.9% to 14.6%.

## Corporate Responsibility

Van Lanschot has set out an integral policy on Corporate Responsibility, which is based on stakeholder dialogue and on Van Lanschot's own core values. The policy concentrates on four areas of focus, for which the number of key performance indicators (KPIs) has since been limited to eight:

Core banking activities. The customer loyalty score; growth of the assets under screening in Private Banking and Asset Management.

Being a good employer. Enhancing employee involvement.

Environmental management and procurement. CO2 reduction per FTE of 2% per year on average.

Social involvement. Maintaining permanent transparency and stakeholder dialogue come first, together with support for social projects and donations.

Van Lanschot has signed up to ten external international guidelines, including UN Global Compact (UNGC), Principles for Responsible Investment (PRI) and the conventions of the International Labour Organization (ILO).

The CR policy has since been implemented at all relevant levels of VLB and is firmly rooted at a high level with the Board of Directors. The Environmental Social Governance (ESG) Council, the Credit Policy Risk Committee and the line managers formulate and implement the policy. The Corporate Responsibility department supports and coordinates where necessary. The Ethical Council deals with questions from the organisation and ethical and social issues.

## Responsible investment policy

The investment policy formulated in 2009 is being implemented step by step. It is based on the above-mentioned international guidelines. Since 2013 (thus financial year 2012) Forum ETHIBEL has monitored these processes and has drawn up a separate certificate to confirm compli-



ance with the defined policy.

### Responsible lending policy

In 2010 Van Lanschot formulated its responsible (corporate) lending policy and in April 2011 started its implementation. It assesses involvement in human rights and labour law violations, environmental breaches, corruption, weapons, furs, gambling, pornography, animal testing and nuclear energy. All existing and new corporate loans are subjected to a CR loan filter, which detects high risks in connection with the said sectors or activities. In the event of doubt an engagement process is started to gain clarity and bring about improvements.

### Framework and progress of the audit

Our audit aimed at verifying the compliance of the management of the entrusted funds with the lending and reinvestment codes. During the audit we examined whether the guidelines had been observed. Subsequently the results were assessed. This certification statement refers to the full financial year 2014. Our audit has been executed in accordance with the stipulations of the agreement.

### Audit of the lending policy

The bulk of the portfolio consists of Dutch mortgages, to which no direct sustainability issues are attached in the opinion of VLB. All corporate loans (still 3,000) are subject to the credit filter. There are few if any issues for business professionals, the medical sector in the Netherlands and commercial real estate: they are exempt from further screening. In this way the number of loans to be screened is limited. In 2014, six borrowers were identified as 'potentially high risk' (89 in 2012, 18 in 2013); five of them wholesalers with sensitive chains. After four years, in total 138 cases had been submitted as 'potentially high risk'. At the end of 2014, 72 of them remained. The other 66 have either been returned to low risk or the credit relationship has since ended.

### Results of the balance sheet audit\*

The total deposits at the end of 2014 were € 17.26 billion. The enclosed table gives the percentage distribution of the balance sheet items, both with regard to the inflow (the liability side of the balance sheet) and the outflow (the asset side of the balance sheet).

	2011	2012	2013	2014
<b>Balance sheet total (x € 1 billion)</b>	18.45	17.99	17.67	17.26
<b>Equity and liabilities</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<u>Public and private sector liabilities</u>	71%	63%	58%	61%
<u>Issue debt securities</u>	13%	16%	24%	23%
<u>Equity</u>	9%	8%	7%	8%
<u>Due to banks</u>	2%	8%	7%	5%
<u>Other</u>	5%	4%	4%	3%
<b>Assets</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<u>Loans and advances</u>	<u>77.6%</u>	<u>75.1%</u>	<u>70.7%</u>	<u>64%</u>
- of which private clients (mortgages)	[51.1]	[48.9%]	[47,0%]	[43.8%]
- of which corporate loans	[26.4%]	[26.2%]	[23,7%]	[19.9%]
<u>Cash and due from banks</u>	<u>9.2%</u>	<u>11.7%</u>	<u>13.6%</u>	<u>9.3%</u>
<u>Financial instruments</u>	7.6%	8.9%	11.4%	22.0%
- already screened	[5.9%]	[7.8%]	[11,1%]	[21.7%]
- not screened/not auditable (trading book)	[0.4%]	[0.3%]	[0,3%]	[0.24%]
- due to be screened	[1.3%]	[0.8%]	[0,1%]	[0.03%]
<u>Other</u> (unscreenable)	5.4%	4.4%	4.5%	[5.2%]
<b>Total screened</b>	<b>92.9%</b>	<b>94.5%</b>	<b>95.4%</b>	<b>94.8%</b>

\* Where percentages do not completely add up it is due to rounding differences.

The 'loans and advances' are under control. Potential problems have been traced, monitored or where necessary remedied. The precise allocation of 'cash and due from banks' cannot be determined, but VLB does subject its banking relationships to a policy check, in order to prevent resources being placed with institutions that do not comply with the CR requirements. In that respect in 2014 the relationship was broken off with 4 banking institutions. The 'financial instruments' group (22.0%) is diverse. 21.7% of this has been screened. Screening is practically impossible for 0.24% (the trading book). For 0.03% an engagement process is ongoing. The balance sheet item ('other') consists of buildings, goodwill and tax receivables.

### Conclusion

On the basis of our audits we estimate that 94.8% of the allocation of the balance sheet has been screened by VLB on the basis of its codes (compared with 95.4% in 2013). Strictly speaking, this does not mean that each asset fully complies with all criteria, but that the socio-ethical risks have been identified and managed with due diligence. With our knowledge of the problematical files that were screened, we can certify that conformity with the codes is virtually complete. The 'screenability' has reached its optimum maximum, which seems to have a ceiling of 95%.

The structural efforts of VLB have led to a CR policy that is deeply embedded in the organisation. The depth and detail of the public reporting is excellent, including the results (whether or not realised) and a rich library of cases.

We (re)confirm that Van Lanschot has strictly and responsibly applied, constructed and monitored its CR lending and reinvestment policy.

For Forum ETHIBEL asbl,



Herwig Peeters, Director  
Brussels, 3 July 2015

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<sup>i</sup> For further background on the profile of Van Lanschot, for reviews, results and company positioning: see annual report 2014 (<https://corporate.vanlanschot.nl/nl/financieel/financi%C3%ABle-resultaten/2014>), Social Annual Report 2014 (<https://www.vanlanschot.be/nl/nieuws/2015/06/maatschappelijk-jaarverslag-2014>) and the Certification statements of Forum ETHIBEL for 2011 (the 'null point measurement'), for 2012 and 2013. (<https://corporate.vanlanschot.nl/vo-rapportages-en-externe-beoordeling>) and (<https://www.vanlanschot.be/nl/wie-is-van-lanschot/verantwoord-ondernemen/ethibel>)

<sup>ii</sup> Forum ETHIBEL is a Belgian association founded in 1992, and is recognised as an expert in the field of rating, independent auditing and certification of financial and non-financial products and services that meet precise ethical and social criteria and standards in the field of the environment and corporate governance ([www.forumethibel.org](http://www.forumethibel.org)).