Minutes

to the Van Lanschot Kempen NV annual general meeting

held on Thursday 28 May 2020, in Amsterdam, the Netherlands

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1. Opening

Chairing the Van Lanschot Kempen NV annual general meeting, the **Chairman** of the Supervisory Board, Mr Duron, opened it at 2.00 pm and welcomed all attendees, both those listening by audio webcast and those physically present in the room.

This year's meeting was adapted to the unusual circumstances related to the Covid-19 pandemic and held at the Van Lanschot Kempen offices at Beethovenstraat 300 in Amsterdam.

The **Chairman** noted that the room offered only a limited number of seats in view of the coronavirus measures. When invited to attend the meeting, Van Lanschot Kempen's shareholders and depositary receipt holders had been urged not to come in person so as to help limit the health risks as much as possible. Instead they had been asked to cast their votes prior to the meeting using an instruction form for their voting instructions. The **Chairman** observed that large numbers had heeded this request, for which he conveyed his thanks to the shareholders and depositary receipt holders. To enable them to follow the meeting, a live audio webcast was being broadcast from the Van Lanschot Kempen website. In addition, shareholders and depositary receipt holders had been given the opportunity to put to the company any questions they might have about agenda items prior to the meeting and in writing. Questions had been received from the Dutch Association of Investors for Sustainable Development (VBDO by its Dutch acronym), from the Dutch Investors' Association (VEB) and from Mr Rienks. Questions related to agenda item 2 – the 2019 annual report – were to be addressed by Constant Korthout after his agenda item 2b review. Questions concerning remuneration would be dealt with by Bernadette Langius after discussing agenda item 7a.

In addition to the Chairman, members of the Supervisory and Executive Boards in attendance were Bernadette Langius, Chair of the Remuneration Committee, Karl Guha, Chairman of the Statutory and Executive Boards, and Constant Korthout, Chief Financial and Risk Officer. The other members of the Supervisory and Executive Boards followed the meeting via webcast.

Those in attendance also included:
- Mr Van Adrichem on behalf of external auditors PwC;
- Mr Neuvel, Chairman of the Van Lanschot Kempen Works Council;
- Company Secretary Mr Meiss, serving as secretary to the meeting.

The **Chairman** requested that all those physically present adhere to the guidelines of the National Institute for Public Health and the Environment (RIVM), including social distancing at 1.5 metres.

He noted that all requirements on giving notice of and holding of the meeting had been observed in accordance with the law and the Articles of Association. He also noted that the meeting had been convened by way of an invitation posted on Van Lanschot Kempen's website on 16 April 2020. The agenda, its explanatory notes and appendices, the proposed amendment to the Articles of Association, and the procedure for attending the meeting had been published at the same time. The 2019 annual report had been released on 27 February 2020. In addition, these documents had been available for inspection at the Van Lanschot Kempen offices on Leonardo da Vinciplein 60 in ’s-Hertogenbosch and at Beethovenstraat 300 in Amsterdam, the Netherlands, since 16 April 2020.

On the registration date of 30 April 2020, the issued capital of Van Lanschot Kempen was €41,361,668, consisting of 41,361,668 Class A ordinary shares with a par value of one euro. Each Class A ordinary share represents one vote. No votes could be cast at this meeting for 405,854 Class A ordinary shares, as Van Lanschot Kempen itself held the depositary receipts at the registration date. Of total issued capital with voting rights, 100% had been registered for this meeting and a maximum 40,955,814 votes could therefore be cast at the meeting.

Prior to this meeting, both holders of depositary receipts and shareholders had been given an opportunity to issue voting instructions to an independent party, i.e. IQ EQ Financial Services BV, or to the Company Secretary. Voting instructions had been issued for 26,968,650 of the votes, i.e. 65.8% of the votes that could be cast, and these had been processed in the electronic voting system. The remaining voting rights were being exercised by Stichting Administratiekantoor and its votes had been entered in the electronic voting system shortly before this meeting. All votes so entered had been checked by Ms Struycken, notary public at Zuidbroek Notarissen. The outcome of the voting via the electronic voting system was to be displayed for every voting item.

The Dutch minutes of this meeting would be published on the Van Lanschot Kempen website within three months of the end of the meeting. Shareholders and depositary receipt holders would have the opportunity to react to these minutes in the subsequent three months, after which they would be adopted in the manner set down in the Articles of Association. The minutes would be published on the website in both Dutch and English.

2. 2019 annual report

2a Report of the Supervisory Board

The **Chairman** referred to the report of the Supervisory Board on pages 82 through 88 of the 2019 annual report, which provides an overview of the activities of the Supervisory Board and its committees in 2019.

The Supervisory Board was able to look back on a good year for Van Lanschot Kempen, with client assets sharply up on the back of net inflows of assets under management in 2019. Cost-saving measures had helped to cut operating expenses and kept cost levels below their target figure. Net profits had increased by €18.1 million to €98.4 million, while the robust capital position had enabled Van Lanschot Kempen to pay yet another capital return of €1.50 per share.

With the migration to the new payments platform, Van Lanschot Kempen’s strategic investment programme had been completed successfully, while the next steps had been taken in offering sustainable products and investment solutions to clients. In addition, the legal merger between Van Lanschot and Kempen & Co had simplified the company's legal structure, reflecting its strategy to operate as a single group – this also included the harmonisation of the HR policy.

The **Chairman** thanked all stakeholders and particularly clients for their trust and confidence in Van Lanschot Kempen. He also expressed his thanks to staff and the members of the Executive Board for their contributions to the results achieved in 2019.

The **Chairman** turned to agenda item 2b, the Statutory Board's report on the past year. This agenda item would see Karl Guha provide a review of 2019, after which Constant Korthout would take the meeting through the financial results.

After these explanations by Messrs Guha and Korthout, the latter would address written questions related to agenda item 2.

2b Report of the Statutory Board for 2019

Karl Guha thanked the meeting for allowing him to provide a brief review of the past year. 2019 had turned out to be a relatively good year, he observed, and he talked the meeting through the past year based on the company's core proposition and objectives. Van Lanschot Kempen is an independent, integrated wealth management house with the aim of preserving and creating wealth, in a sustainable way, for its clients and society at large. Van Lanschot Kempen seeks to achieve returns for its shareholders of between 10% and 12%, as well as a good working environment for its employees. Its financial targets are:
- A CET 1 ratio of between 15% and 17%;
- A RoCET of between 10% and 12%;
- A dividend policy that sees between 50% and 70% of the underlying profit attributable to shareholders paid in dividends;
- An efficiency ratio of between 70% and 72%.

Karl Guha noted that Van Lanschot had realised a net profit of approximately €100 million, with net assets under management (AuM) inflows close to €10 billion and client assets 26% up to over €100 billion. Capital and liquidity positions had also remained strong. And, in addition to organic growth, Van Lanschot Kempen was open to acquisitions that might help to accelerate the organisation's growth.

Van Lanschot Kempen is a leading wealth manager in the Benelux and in selected sectors in Europe. In 2019, big strides had been made that fitted in with this wealth management strategy. In 2019, Van Lanschot Kempen had chosen to transition from a responsible to a sustainable wealth manager – a key step.

The year had seen excellent collaboration between the various business lines, **Karl Guha** observed, with Private Banking and Asset Management rapidly producing customised products, such as the European Private Equity Fund and the Global Impact Pool. A greater focus on Evi's mass affluent clients had led to closer collaboration between Evi and Private Banking, resulting in more options for Evi clients. Merchant Banking and Private Banking had also worked together to effect successful transactions for clients. And 2019 had been a good year for Corporate Finance.

Big strides had also been made, **Karl Guha** noted, in the usage of advanced analytics and in digitalisation. Data and advanced analytics were increasingly being used in the organisation, while steps had also been taken to address the changes these moves implied for employees, with development, training and coaching being of great importance.

Karl Guha listed a number of themes that Van Lanschot Kempen was to focus or continue to focus on going forward. Compliance remained a key theme, including measures to prevent money laundering and financial crime. In addition, market volatility and low interest rates would continue to require attention, as both impact clients and required rapid development of customised products. The low interest rate environment would continue to have an impact on Van Lanschot Kempen's interest income.

Karl Guha gave the floor to Constant Korthout to clarify the annual results for 2019. **Constant Korthout** started off with a review of 2019 and then briefly touched on the first quarter of 2020.

2019 had been an intensive year, he noted, briefly listing a number of developments he would discuss in more detail later. In 2019, Van Lanschot Kempen had transitioned to a new payment platform and launched its payments app. Its private equity fund had reached its target ceiling of nearly €200 million, while the investment strategies had seen a net inflow of €0.7 billion. And Private Banking's sustainable assets under management now were more than €2 billion. Merchant Banking had had a good year, with many successfully completed transactions.

Constant Korthout provided an overview of Van Lanschot Kempen's results. In 2019, net profit had exceeded €98 million. In 2018, net profit had come in over €80 million. So, there was a sizable increase in net profit. Costs in 2019 had been below those of 2018 due to a cost-saving programme. Assets under management had increased significantly, to a total €102 billion. And the capital ratio had amounted to 23.8% by the end of 2019. These separate elements were then the subject of a more in-depth review.

As **Constant Korthout** had pointed out, in 2019 net profit had gone up from €80 million to €98 million. A chart on the screen captured a number of larger elements that had influenced this, including a book profit locked in on the sale of Van Lanschot Kempen's 49% stake in VLC & Partners and a book profit resulting from the sale of the stake in AIO II. This was offset by a write-off of goodwill at Merchant Banking in the fourth quarter. These three items had had a major impact on net profit. Adjusted for these, profit had gone up by approximately 22%.

Constant Korthout now turned to cost levels. In 2018, costs had gone up and it had been decided to implement a range of cost-saving measures, accompanied by a target for 2019. This target cost level was set at a maximum of €390 million. In 2019, costs had totalled a below-target of €384.1 million.

Private Banking had seen assets under management (AuM) rise sharply. This jump from more than €30 billion to over €34 billion did not just reflect market performance, but also asset inflows. The first half of 2019 had been marked mostly by an inflow of savings and deposits, but assets under management had also risen later in the year. Private Banking's net result had gone from €38 million in 2018 to €44 million in 2019.

Constant Korthout referred to the investment programme announced in 2016. It was to invest around €60 million in digitalisation and a range of major projects over a few years, and had been completed according to plan in 2019. Private Banking, meanwhile, had undertaken a major digitalisation drive, with its mortgage administration business and payments outsourced and investments made in new technology. A little over €60 million had been invested and the programme successfully completed virtually on budget. That did not mean that Van Lanschot Kempen had stopped investing in digitalisation, he pointed out, and fresh digitalisation investment would be part of the regular budget.

In 2019, Asset Management had recorded net inflows of nearly €10 billion. Asset Management had welcomed a major new client in the year: PostNL's pension fund. In addition, the second half had seen inflows into small-cap funds, credit funds and real estate funds, while its European Private Equity Fund had had its final closing at an amount of nearly €200 million. 2019 had been a successful year for Asset Management, with a result that had increased from nearly €12 million to over €15 million.

Evi had seen a slight outflow in 2019. Including savings, Evi's assets totalled approximately €1.5 billion in the year. Its results had improved from nearly €7 million negative to a little over €2 million negative. The improved result had been achieved mainly through lower costs.

Merchant Banking had had a good year. Granted, 2018 had been even better, but that had been an exceedingly good year by Merchant Banking standards. In 2019, commission had exceeded €52 million and the net result had worked out at €7.5 million, with all Merchant Banking niche business contributing: real estate, life sciences & healthcare, infrastructure, maritime & offshore and financial institutions & fintech.

Constant Korthout then drew attention to a number of exceptional items. The low interest rate environment had long depressed interest income, he noted. In 2019, this fall would appear relatively minor, thanks in the main to a number of exceptional items. But pressure on interest margins persisted and Van Lanschot Kempen had had to take further steps in passing on negative interest rates to clients, to mitigate the squeeze on interest margins somewhat.

Client assets had risen to €102 billion, with assets under management up to €87.7 billion. The difference between client assets and assets under management concerned savings and deposits, which were only part of the former category. From a rather longer-term perspective, client assets had been staging impressive growth, from €63 billion in 2015 to €102 billion in 2019 (up 62%). And assets under management had increased even more. All told, Van Lanschot Kempen had seen a substantial increase in assets entrusted to the company in the past few years.

The loan portfolio increasingly consisted of Dutch mortgage loans, with these making up nearly 74% of the total loan portfolio by the end of 2019. Over the past few years, Corporate Banking had been wound down to a mere 4% of the total loan portfolio, **Constant Korthout** noted. In fact, the past three years had seen a net release from provisions. In 2019, this release had been a little over €12 million.

The capital position had increased from over 21% to nearly 24%. Of course, this had been partly driven by profit developments, but also by the company's credit quality. He noted that the increase factored in the extra capital return of €1.50 per share paid in December 2019. Van Lanschot Kempen had paid a total €390 million in dividends and capital returns since 2016, he observed.

Constant Korthout then touched upon Van Lanschot Kempen's financial targets for 2023. Noting that the Common Equity Tier 1 ratio target had been set at 15-17%, he observed that this ratio had been well above target by the end of 2019, at 23.8%. He also reiterated that a proportion of capital is available for acquisitions. Targeted dividend pay-out ratio was 50-70%, and the dividend proposal on the agenda of the meeting worked out at a 2019 pay-out ratio of 57%. Return on Common Equity Tier1 in 2019 stood at 10.5%, at the mid-point of the targeted range of 10-12%. And the efficiency ratio had been given a target of 70-72%, so there was still work to do, as the figure for 2019 had been 75.5%.

Constant Korthout then elaborated on the first quarter of 2020. Early in May, Van Lanschot Kempen had issued a trading update on the results for the first quarter. It had been an extraordinary quarter of exceptional market circumstances due to the Covid-19 pandemic, which had shook the financial markets in March. He talked the meeting through a number of graphs capturing developments in the equities and yields markets during this time as well as the volatility in these markets. Market conditions had affected Van Lanschot Kempen's results in the first quarter, which had been a successful one for the businesses, however: Private Banking had recorded net inflows of €0.5 billion and Asset Management inflows of €1.4 billion. Client assets had been stable at €9.5 billion and the loan portfolio had edged up by €0.2 billion to €8.8 billion. In these times of crisis, Van Lanschot Kempen had proved able to help its clients with tailor-made solutions and products. It had made a relatively modest €2.4 million addition to loan loss provisions in the first quarter. As noted, the bulk of the company's loan portfolio was made up of Dutch mortgage loans, with the corporate banking portfolio accounting for a mere €0.3 billion of the total loan portfolio. Which is why Van Lanschot Kempen's loan portfolio had a relatively low risk profile.

The net result for 2020's first quarter had been a loss of €10.5 million, he noted. Commission income had risen by 15% on the first quarter of 2019. Interest income remained under persistent pressure and the addition to loan losses had been relatively limited at €2.4 million. Costs had been slightly higher than in the first quarter of 2019, much in line with expectations. Q1's negative result was mainly due to two specific items: a loss of nearly €22 million on structured products and a loss of €10.5 million on investment in the company's own funds.

Constant Korthout noted that Van Lanschot Kempen was well positioned to weather the current challenging conditions. Sentiment among clients remained upbeat. Asset

Management had won two new mandates that will be booked later in the year, while Evi is set to welcome around 6,600 a.s.r. clients in the second quarter, bringing over €150 million in assets under management. The stock market declines of the first quarter had pushed down commission income to levels last seen at the start of 2019. In view of the current conditions, the company had decided to implement a package of cost-saving measures, which should help it end the year on a positive note under normal market conditions. The capital buffer had remained robust, he said. And the CET 1 ratio had been at 22.8% by the end of the first quarter. The liquidity buffer and 151.6% LCR ratio were also strong. Compared with the average own target of 15-17%, capital had included €290 million in excess capital by the end of the first quarter.

Constant Korthout concluded his explanation and turned to the written questions Van Lanschot Kempen had received related to this agenda item. He proposed first reading out loud the specific question and then providing the answer to this.

He started off with the questions received from the Association of Investors for Sustainable Development (VBDO by its Dutch acronym).

Question 1: On 10 July 2019, Mr Guha committed Van Lanschot Kempen to the Dutch government's climate-related targets, as did the leaders of around 50 other banks, insurers, pension funds and asset managers. In the extensive report it submitted to the Task Force for Climate-related Financial Disclosures (TCFD), Van Lanschot Kempen stated its intention to announce new climate action goals in 2020. Can we expect these new goals to cover scope 1, 2 and 3 emissions and to be aligned with the guidelines of the Paris Agreement as much as possible?

Constant Korthout replied in the affirmative, with two observations. The first related to the availability of science-based targets. As far as Van Lanschot Kempen was aware, these were not yet available for the financial sector, but were currently being developed. Van Lanschot Kempen intended to commit to these targets as soon as they become available – which may be beyond 2020. The second proviso concerned the availability of carbon data of investee companies. By no means all companies currently release their carbon data and robust scope 3 data at company level are very rare indeed. It was no use – yet – to agree goals where robust carbon data for investees were lacking.

Question 2: VBDO is curious to find out how Van Lanschot Kempen assesses the human rights and supply chain labour standards risks for loan applications and investments. Is Van Lanschot Kempen willing to give greater insight into its due diligence process and how this contributes to better supply chain labour standards in 2020?

Constant Korthout replied that Van Lanschot Kempen was very willing to provide the insight VBDO requested but that the company felt it already did. A few years ago, Van Lanschot Kempen had signed the international corporate social responsibility covenant (Internationaal Maatschappelijk Verantwoord Ondernemen Convenant voor Banken or IMVO-Convenant). For three years it had worked together with other financial institutions, various government bodies and NGOs on improving human rights and labour conditions in the supply chain for lending. Every year, Van Lanschot Kempen posted an IMVO report on its website describing

– in keeping with the covenant – the due diligence process and what progress had been made. The covenant might have ended, but Van Lanschot Kempen still continues – and has even expanded – its reporting on its website. The February 2020 issue posted on the website not only showed how Van Lanschot Kempen handled human rights and labour conditions in lending, but also included all other responsibility issues listed in the OECD Guidelines for Multinational Enterprises, such as the environment, taxation, corruption, etc. In addition, its reporting also describes how Van Lanschot Kempen has incorporated the various OECD themes in its due diligence for client investments.

Question 3: VBDO wants to commend Van Lanschot Kempen on setting KPIs related to the number of women in senior management positions, and for hitting its targets on the number of women serving on its boards. However, VBDO does not see any evidence of targets for any other type of diversity, either at board level or for the organisation as a whole. Van Lanschot Kempen's annual report and other documents do not yield any evidence of a comprehensive vision on diversity and inclusion, in which other types of diversity feature alongside gender. Is Van Lanschot Kempen willing to draw up a diversity policy encompassing its entire organisation in 2020?

Constant Korthout replied that Van Lanschot Kempen's 2019 annual report states the company's ambition to encourage a more diverse inflow of new employees than the outflow of employees. In other words, whenever a team is looking for a new employee, they will have to bring something new to the team in terms of gender, age, nationality, background etc. Van Lanschot Kempen is looking to hire a whole range of talents to create greater diversity in the long term, he said, and this ambition of a more diverse inflow of new employees is also a KPI for the Executive Board. At this point, no external policy to this effect is in place, but progress on the issue is measured and reported. The Supervisory and Executive Boards' diversity policy as posted on the website stipulates that all aspects of diversity should be factored in, such as age, education, gender, nationality and work experience.

Question 4: In the Netherlands, women typically earn 15% less than men. Our reading of the annual report revealed that Van Lanschot Kempen aimed to make equal pay for men and women a priority in 2020, and that it will analyse equal pay per job level. Can Van Lanschot Kempen please commit to include at least the following three employee levels in its analysis of the gender pay gap: workforce, senior management and executives? Also, is Van Lanschot Kempen willing to report on the results of its review in its 2020 annual report?

Constant Korthout replied that the analysis would indeed include the three levels workforce, senior management and executives. The 2019 annual report noted that Van Lanschot Kempen was planning to carry out the analysis and it is willing to report on this in its 2020 annual report.

Constant Korthout then moved to the questions received on agenda item 2 from Dutch Investors' Association VEB.

Question 1: Has Van Lanschot Kempen carried out any new stress tests sparked by the Covid-19 pandemic? If so, what impact does it expect the pandemic to have in terms of write-offs, profitability and capital ratios in the worst-case scenario?

Constant Korthout replied that Van Lanschot Kempen runs a standard range of stress tests including worst-case scenarios, and that it had intensified a number of stress tests related to market risk. The stress tests had revealed Van Lanschot Kempen to have ample buffer capital.

Question 2: In its trading update for the first quarter of 2020, Van Lanschot Kempen reported a pre-tax loss of €21.9 million related to structured products. This loss was caused by an inability to hedge due to a so-called "dislocation of markets". Can Van Lanschot Kempen please explain how such a shortage of hedging could emerge? In view of the turbulence in the financial markets, what is the risk that more losses will be recorded in the quarters ahead? What risk management measures is Van Lanschot Kempen taking to minimise the chances of incurring fresh losses? How does Van Lanschot Kempen assess the risk/return ratio of corporate activities in setting up these structured products – i.e. is their profitability in normal conditions high enough to offset these kinds of extraordinary losses?

Constant Korthout replied that structured products are not hedged on a case-by-case basis but are combined and then hedged, leaving a residual risk that had been easily managed in normal circumstances and previous stress scenarios. However, the extreme volatility in the stock markets in March had made such management impossible and a loss inevitable. He noted that Van Lanschot Kempen had significantly scaled back the risks of structured products-related activities, and that their basic risk had been reduced by this. However, it was impossible to completely eliminate all such risk at a reasonable expense.
To keep fresh losses to a minimum, the company had set new limits on selected basic risks and intensified its stress tests. Over the past few years, structured products had contributed an average €3-4 million to results per annum. Structured products are a key product for Private Banking clients and Van Lanschot Kempen wants to continue to offer them. That said, Van Lanschot Kempen was reviewing the extent to which it wanted to keep the risk of structured products-related activities on its balance sheet.

Question 3: Can Van Lanschot Kempen tell the meeting how many clients are in arrears on their interest payments and repayments for both the stable €8.9 billion loan book and the rather riskier corporate banking loans, now amounting to €300 million, that are being wound down? What is the default ratio as related to total portfolios and how does Van Lanschot Kempen see this percentage developing in the coming quarters?

Constant Korthout replied that Van Lanschot Kempen enjoys a stable loan book made up largely of Dutch mortgage loans. Refraining from providing numbers of clients in the loan book, he emphasised its stability. By the end of 2019, the impaired loan percentage had stood at 2.7%, below the figure for 2018 (3.8%). Although unable to make any forward-looking statements, it is reasonable to expect that the number of defaults will be edging up in the weeks and months ahead.

Question 4: Target levels for return on equity have been set at 10-12% for 2023. Does Van Lanschot Kempen intend to up this ambition in the interim if it finds it exceeds its ROE targets?

Constant Korthout replied that Van Lanschot Kempen had unveiled its 2023 targets at the beginning of 2019, covering its CET 1 ratio, efficiency ratio and return on equity, and that there are currently no plans to make any interim changes.

Question 5: Compared with many other banks, Van Lanschot Kempen is looking at robust capital buffers. To what extent will it have to return capital to meet its return target? Can Van Lanschot Kempen indicate whether a capital return is possible at all, in light of the express request of De Nederlandsche Bank and the European Central Bank to desist from such action?

Constant Korthout replied that Van Lanschot Kempen was seeking to further optimise its capital position, both by paying out capital and by acquisitions. Optimising the capital position was one way to help it achieve its return target. However, in March De Nederlandsche Bank and the European Central Bank had recommended that no dividend or additional capital be paid out prior to 1 October 2020. Van Lanschot Kempen had to wait and see what happened, but assumed that the 2019 dividend could be paid out after 1 October 2020. Constant Korthout emphasised that – as in previous years – any payment of additional capital, i.e. beyond regular dividend payments, always required the approval of De Nederlandsche Bank.

Question 6: On 24 April 2020, credit rating agency Standard & Poor's lowered to negative its outlook for Van Lanschot Kempen's issued debt securities. How does Van Lanschot Kempen explain its relatively low rating relative to the country's banking majors while it enjoys higher core capital ratios and itself describes its balance sheet as "very strong indeed"? To what extent does Van Lanschot Kempen expect this change in the outlook to make it more difficult to tap the markets for debt capital? Standard & Poor's had noted that it would downgrade if – in short – return on capital dips below 10% structurally. How great a risk does Van Lanschot Kempen think this is?

Constant Korthout replied that Van Lanschot Kempen does indeed have high core capital ratios and boasts a very robust balance sheet. His understanding was that diversification was one of the considerations for its relatively lower rating. After all, Van Lanschot Kempen focuses exclusively on its target groups in the specific countries in which it operates. Standard & Poor's had lowered the outlook for both Van Lanschot Kempen and a number of other Dutch banks. The current negative outlook had no direct impact on the company's ability to carry out capital market transactions, but investors might possibly demand a slightly higher credit spread on issues of uncovered bonds. Standard & Poor's decouples its covered bond rating from its bank rating. A 10% return on capital is among the company's targets for 2023, and there are currently no plans to make any interim changes to these targets.

Question 7: On 10 January, Van Lanschot Kempen announced it was writing off €35 million on its Kempen Merchant Banking cash-generating unit, as it was now factoring in higher risk premiums for the cost of capital and lower projections for growth. Does Van Lanschot Kempen feel that the lower assumptions, notably for growth, are still realistic or must shareholders brace for more write-offs?

Constant Korthout replied that the Merchant Banking assumptions are based on a normal economic cycle, in which lesser and better years alternate. The Covid-19 crisis was having an impact in the short term, but did not affect the prospects for Merchant Banking in the rather longer term, Van Lanschot Kempen believed. Every year, the company runs an impairment test of all outstanding goodwill, but he was unable to prejudge the outcome of this test.

Question 8: The cost level, expressed by Van Lanschot Kempen in its efficiency ratio of 78.1% excluding VLC book profit, remains high when compared with its sector peers. Van Lanschot Kempen previously posited an efficiency target of between 60% and 65%, and recently upped this figure to 70-72%. Is this new cost level target sufficiently ambitious to guarantee Van Lanschot Kempen's independence in the longer term? How realistic does Van Lanschot Kempen think this target is in a world that is likely to face pressure on earnings in the short term?

Constant Korthout replied that Van Lanschot Kempen had changed its efficiency target to 70-72% in early 2019 to better reflect its wealth manager profile and the environment in which it operates, observing that this cost level target is sufficiently ambitious to secure the company's independence. In fact, its independence is at the very heart of its strategy and this is precisely what its clients value in Van Lanschot Kempen. These clients seek a trusted adviser, whose only interest is their interests. Van Lanschot Kempen is aware that short-term earnings will be under pressure, notably because of Covid-19. The 70-72% cost level target is an ambition for 2023, and the efficiency ratio is driven by both costs and revenues. Van Lanschot Kempen had defined multiple steps to help it achieve this target in 2023.

Question 9: Your Evi business is still loss-making. The following questions probe this deeper: Can Van Lanschot Kempen explain why it is so important to attract clients early through Evi, and at a loss if need be? (Or so it seems.) What percentage of Evi's total assets under management is invested in Kempen funds and what does this cost? Can Van Lanschot Kempen comment on the changing competitive field, with the mass affluent – the clients Van Lanschot Kempen is targeting with its Evi label – appearing to increasingly manage their own assets through cheaper alternatives? 2019 spending on marketing and IT was significantly down on the previous year – why, and how structural is this? Does Van Lanschot Kempen believe it will ever generate a return on Evi activities that comes close to the return on equity achieved at group level?

Constant Korthout replied that Evi is Van Lanschot Kempen's online investment coach and that it takes scale to make Evi profitable. That was why Evi recorded losses in the first years of its existence, and why these losses had been increasingly smaller every year, in line with expectations. For the first quarter of 2020, a mere €0.2 million loss still remained. The aim is for Evi van Lanschot to contribute to Van Lanschot Kempen's profits over time. Evi has five Evi funds in place, whose risk profiles vary from highly defensive to highly aggressive. These Evi funds include both outside funds and Kempen Capital Management (KCM) investment funds. Of the total assets under management in the Evi funds, some 15% is currently invested in KCM funds. VEB was correct in saying that mass affluent clients have access to new and competitive alternatives to traditional players. Evi van Lanschot is marketed as an online wealth manager with a personal touch. Examples included Evi's approach, guidance and support, including all online information while clients are with the company, but also its highly accessible investment coaches – making Evi Van Lanschot an attractive option compared with a lot of other offerings out there. By enhancing its focus on a specific group of clients, Evi had been able to structurally reduce its marketing spend. Meanwhile, the costs of the IT platform were also expected to be lower going forward, as the past few years had seen a great deal of money invested in the development and launch of new products. The years ahead would see extra focus on further improving the client journey and optimising information as shared with clients. The Evi activities were expected to achieve returns close to ROEs at group level with time, but Van Lanschot Kempen did not provide any guidance as to when exactly it expected Evi van Lanschot to achieve this return.

Question 10: Van Lanschot Kempen has recorded NPS score improvements across virtually all its business lines, which it explains by referring to the generally improved investment performance. What does it mean that these NPS scores appear highly dependent on returns and less on soft factors such as client experience?

Constant Korthout replied that these scores most definitely reflected so-called softer factors such as client experience, but that investment performance was known to also impact NPS scores. For this reason, Van Lanschot Kempen always explicitly includes the return factor in its communications about NPS.

Question 11: The materiality matrix shows "dividend and capital return" at the bottom in terms of their relevance to stakeholders and potential influence of Van Lanschot Kempen. Had any shareholders/depositary receipt holders been invited to take the survey that had produced this outcome? What message should shareholders infer from this overview; are shareholders/depositary receipt holders really last on Van Lanschot Kempen's list of priorities?

Constant Korthout replied that shareholders and depositary receipt holders had indeed had their say in the survey that had resulted in the materiality matrix. This matrix provided insight into the issues deemed most material for an organisation to manage and report on in its business. The axes captured the materiality of an issue by two criteria. One axis reflected the extent to which an issue was factored in when stakeholders made a choice for Van Lanschot Kempen, while the other showed the level of Van Lanschot Kempen's economic, social and environmental impact. All issues featured in the materiality matrix were relevant to an organisation, or else they would not have made it into the matrix. Van Lanschot Kempen had developed KPIs for all materiality matrix issues, which were part of a quarterly report to the Executive Board.

Question 12: Van Lanschot Kempen has indicated that payment of a 2019 final dividend is still a possibility. Can Van Lanschot Kempen please indicate under what conditions – pertaining to capital buffers, for instance – it might move to pay a dividend after all?

Constant Korthout replied that dividend payment had been postponed at the recommendation of the European Central Bank, supported by De Nederlandsche Bank. In the opinion of the Statutory and Supervisory Boards the 2019 dividend could be paid to shareholders as soon as Covid-19 circumstances allow and as long Van Lanschot Kempen remains in compliance with its stated capital ratio targets, i.e. a minimum CET 1 ratio of 15-17%. The dividend will in any event not be paid before 1 October 2020.

Question 13: Van Lanschot Kempen is among the few remaining listed Dutch companies that still uses depositary receipts for (ordinary) shares. As a result, Stichting Administratiekantoor represented at least a quarter of the vote at recent shareholder meetings, making it a powerful voting force while not a provider of capital.
Question 13a: Would Van Lanschot Kempen not agree that this archaic structure is at odds with the premise of good governance, meaning that the annual general meeting should play a full role in the company's system of checks and balances?

Constant Korthout replied that Van Lanschot Kempen begged to differ. The system of depositary receipts aims to strike the right balance between the interests of small depositary receipt holders and those of larger depositary receipt holders at Van Lanschot Kempen. The issuance of depositary receipts for shares is a useful way to prevent a small number of depositary receipt holders from exerting a disproportionate influence on the annual general meeting of shareholders. When voting shares, Stichting Administratiekantoor is primarily led by the interests of depositary receipt holders, while taking into account the interest of the company and all parties concerned. Its board is independent of Van Lanschot Kempen and itself decides how it votes at the annual general meeting. The structure of the issuance of depositary receipts for shares at Van Lanschot Kempen fully complies with the Dutch Corporate Governance Code.

Question 13b: Under what conditions would Van Lanschot Kempen be prepared to discontinue the system of depositary receipts for shares and grant providers of capital real control?

Constant Korthout replied that Van Lanschot Kempen is not currently considering an end to the system and that the providers of capital have real control, as Stichting Administratiekantoor will in all cases allow the holders of depositary receipts to exercise their voting rights. Any depositary receipt holder can attend the annual general meeting in person, be represented by a third party or issue a voting instruction. Depositary receipt holders are therefore always able, at their own discretion, to vote the shares of which they hold the depositary receipts.

Question 13c: If Van Lanschot Kempen is unwilling to reconsider the system of depositary receipts for shares, why does it not trust its providers of capital with the decision-making?

Constant Korthout replied that the depositary receipt holders, who are the providers of capital, are able to exercise their voting rights at all times. The system of depositary receipts aims to strike the right balance between the interests of small depositary receipt holders and those of larger depositary receipt holders at Van Lanschot Kempen. In fact, often these small depositary receipt holders do not request a proxy from Stichting Administratiekantoor and their votes would be lost if Stichting Administratiekantoor did not cast those votes.

Constant Korthout noted that VEB also shared a number of “general areas of focus in times of crisis”. At VEB’s request, Van Lanschot Kempen would comment on these at this meeting. The first one, which concerned remuneration, was to be addressed by Bernadette Langius when covering agenda item 7a. Which is why he would now deal with areas of focus 2 through 4.

VEB area of focus 2: Additional review by auditors
It is imperative that investors have a full handle on the state of play at the company and the impact of the crisis on its operational and financial management. That was why Dutch Investors’ Association VEB is urging companies to extend the transparency they typically provide when releasing their annual result to their interim figures, covering such areas as liquidity projections, (any changes to) financing and forecasts, the sustainability of goodwill and provisions.VEB emphasised the importance of having this information reviewed by the external auditors, implying that the latter issue a review report on the half-year results, which must be commissioned by the audit committee. VEB also urged the auditors to issue a new continuity statement based on these half-year results, in which they should give their opinion on the viability of the company in the next twelve months.

Constant Korthout noted that Van Lanschot Kempen would ask PwC, the company’s auditors, to issue a review report on its half-year figures. When doing so, PwC would take under advisement Van Lanschot Kempen’s continuity, the assessment of which it bases in part on the continuity analysis drawn up by Van Lanschot Kempen.

VEB area of focus 3: Reducing external positions
The crisis is placing a heavy burden on the commitment and involvement of Statutory and Supervisory Board members. Now more than ever, the oft-criticised accumulation of additional directorships is causing a stranglehold and VEB is urging all directors to reduce the external positions they hold to one. It also requested that Supervisory Board members investigate which additional positions they could discontinue over time.

Constant Korthout explained that Van Lanschot Kempen keeps a list of any outside positions held by the members of the Statutory and Supervisory Boards, including an estimate of the number of hours this position requires from them every month. This list suggests that the number of outside positions is limited and that all of Van Lanschot Kempen’s Statutory and Supervisory Board members should have enough time – even in current circumstances – to do their work at Van Lanschot Kempen. This, he noted, was corroborated by the high attendance records of the members of the Supervisory Board. The precise percentages are provided on page 84 of the Report of the Statutory Board for 2019.

VEB area of focus 4: Climate commitments
In its annual priority objectives letter, VEB had urged companies to provide a detailed overview of climate-related risks and opportunities and their impact on the business model. The Covid-19 pandemic threatened to deflect companies’ focus on this transition, making for more serious repercussions and more expensive mitigating measures. VEB is adamant that

companies provide a detailed overview of the risks and opportunities related to climate change and that can be expected to affect the business model in the longer term. It is also seeking clarity on the consequences of the current crisis for the commitment to and timing of previously communicated climate-related objectives.

Constant Korthout pointed out that Van Lanschot Kempen is willing to provide a detailed overview of the risks and opportunities deriving from climate change and their impact on the business model. One appropriate channel to share this information will be Van Lanschot Kempen’s 2020 annual report, to be published at the beginning of 2021. In addition, information on climate-related risks and opportunities is also submitted in a document called Task Force on Climate-related Financial Disclosures. This is posted on the Van Lanschot Kempen website.

Constant Korthout then moved on to questions from Mr H. Rienks on agenda item 2.

Question 1: Van Lanschot Kempen owns 92.63% of the shares in Holowell Holding, a building materials company based in Tholen in the Netherlands. Holowell produces thresholds, windowsills, window profiles and wall covering elements made of composite stone under the Holonite brand. Why did you ever acquire these shares? Holowell is classed as a non-strategic investment, but why have you not sold it off by now? Why are you so keen to hold on to it? And can we look forward to substantial additional gains when you eventually do sell, as was the case on the sale of AIO II and Van Lanschot Chabot last year?

Constant Korthout replied that Van Lanschot Kempen had never actively bought shares in Holowell Holding. In the past, Van Lanschot Kempen had provided a loan to Holowell Holding and then, when the company ran into financial trouble, a debt-for-equity swap had been agreed, which is how Van Lanschot Kempen had acquired an interest in this maker of building materials. He pointed out that it continues to be Van Lanschot Kempen's intent to sell the stake in due course, to which end a competitive commercial opportunity would need to come up. Van Lanschot Kempen does not comment on any futures sales proceeds. If at any point it has concrete plans to sell its stake in Holowell Holding, it will advise the markets accordingly.

Question 2: Is Evi doing well? That was my question at last year’s meeting, as I reckoned its client numbers were way too low compared with the investment made, which is one of the reasons why the company does not turn a profit. I expressed doubts that Evi’s offering was attractive enough for a sufficiently large number of clients. We now have the outcome of a nice test: a.s.r. bank clients offered to switch. Only 6,600 of the 15,000 clients so approached actually took you up on your offer: 44%, which is disappointingly low in my book. What is your take on this percentage? You say Evi has grown into a mature organisation with a strong brand, but I don’t see any evidence in the figures you report. Why do you think that and what is your evidence? In addition, you note that Evi has embarked on a new phase in which you will enhance your proposition for mass affluent clients. It would appear you mean clients that want to use Evi to invest an amount of between €100,000 and €500,000, and you believe you can successfully do this by having Private Banking refer more clients to Evi. I very much doubt that this strategy will prove particularly fruitful. For one thing, these clients are much more likely to want to stay with Private Banking and they have many other options if they can’t, such as ING, Robeco, etc. Why do you believe this strategy will be successful? Is Van Lanschot Kempen not able to earn more from these clients at Private Banking than it would via Evi?

Constant Korthout replied that Van Lanschot Kempen was pleased with the percentage of clients who had made the switch from a.s.r. bank to Evi. Clients had been given an option to go with Evi. These percentage calculations did not factor in clients who had made no choice. Of those who did, around 70% chose Evi, whereas they did have an option to transfer to other financial services providers. At the start of January, the value of the total portfolio was still at €370 million, with assets under management accounting for €343 million. By the end of April, this AuM value had dropped to €190 million in the wake of stock markets falls – and of this €190 million some €150 million ended up with Evi. Van Lanschot Kempen was pleased with that. He noted that Evi had grown into a more mature organisation in the sense that it had narrowed its focus to a more specific group of mass-affluent clients. Also, the previous years had been about investing in new product launches, with these products and the client journey being fine-tuned and enhanced going forward. Van Lanschot Kempen was confident of the success of Evi’s mass affluent strategy, combining as it does the online wealth manager approach with a personal touch. Examples include Evi’s approach, guidance and support, including all online information, while clients are with the company, but also its highly accessible investment coaches – making Evi Van Lanschot an attractive option when compared with a lot of other offerings out there. Van Lanschot Kempen is keen to provide appropriate services to its clients. For clients with investable assets of between €100,000 and €500,000, Evi is typically the most appropriate solution.

Question 3: In December 2019, you paid €1.50 per share to depositary receipt holders, something which you are proud of. Van Lanschot Kempen has enough capital for its regulators to agree to it paying out such an amount, but it does not make me happy. I would rather have seen you use this money to boost the company’s growth. Or, alternatively, to help reduce the risks it runs. Aren’t those much more important objectives than giving some extra cash to depositary receipt holders? I think your normal dividend of €1.45 is enough, which makes for a fine dividend yield I’m quite content with. The rest of your capital should be earmarked for the company’s growth. Why do you feel paying out capital is so important? More important than growth?

Constant Korthout replied that Van Lanschot Kempen is seeking to optimise its capital position. It does this by paying out dividend and extra capital, and by keeping capital available for acquisitions. He pointed to the fact that acquisitions in the preceding few years had included Staalbankiers’ private banking activities and UBS in the Netherlands’ wealth management activities – two examples of inorganic growth.

Question 4: Your 7 May 2020 trading update notes that exceptional volatility and illiquidity in certain segments of the markets had led to pre-tax losses of €21.9 million in your structured products portfolio. It shouldn’t be possible for such a thing to happen, in my opinion. If Van Lanschot Kempen sells structured products to its clients, the stock market risks related to such products should be on the clients or other counterparties, who should hedge them. Those risks must not be Van Lanschot Kempen’s. You are about fees and commissions, that’s where you make your profits, not from taking risks in the stock markets.

I suspect this loss has wiped out the gains from many years of earning fees and commissions. How much in the way of fees has Van Lanschot Kempen made on average a year in the past few years on the sale of these structured products? Why didn't you discontinue the sale of these products when things went awry in the markets? Isn't it better to permanently stop the sale of these products now that we know the bank is running major risks on them?

Constant Korthout replied that the result on structured products does not just reflect commissions, as it breaks down into the two line items Commissions and Result on financial transactions. Over the past few years, structured products had contributed an average €3-4 million to results per annum. He noted that Van Lanschot Kempen does take on the risks of these products for its own account, but hedges them with market parties. For cost reasons, risks are not hedged on a case-by-case basis but are combined and then hedged, leaving a residual risk that had been easily managed in normal circumstances and previous stress scenarios. However, the extreme volatility in the stock markets in March had made such management impossible and a loss inevitable. Structured products are a key product line for Private Banking clients and Van Lanschot Kempen wants to continue to offer them. That said, Van Lanschot Kempen is reviewing to what extent it wants to keep the risk of structured products-related activities on its balance sheet.

No other questions were asked pertaining to agenda item 2. The **Chairman** thanked Karl Guha and Constant Korthout for their reviews and for responding to the questions that had been sent in prior to the meeting. No further questions were asked.

3. 2019 remuneration report

For a review of the 2019 Remuneration report, the **Chairman** invited Bernadette Langius, Chair of the Remuneration Committee, to speak.

Bernadette Langius observed that the 2019 Remuneration report had been posted on the Van Lanschot Kempen website and was included in the 2019 annual report, on pages 72 through 81. On 1 December 2019, the law under which the updated EU Shareholder Rights Directive (SRD II) has been implemented in the Netherlands, came into effect, its aim being to promote the long-term involvement of shareholders. Van Lanschot Kempen's 2019 Remuneration report had been drawn up in line with the law's new requirements. The Remuneration report had also taken on board the European Commission's draft non-binding guidelines on the standardised presentation of the remuneration report. Although still a draft, Van Lanschot Kempen's 2019 Remuneration report had been drawn up in the spirit of these guidelines as much as possible.

Bernadette Langius provided a brief review of the application of the remuneration policy for the Statutory and Supervisory Boards in 2019.

Salaries and other benefits paid to Statutory Board members in 2019 were based on the Statutory Board remuneration policy adopted at the annual general meeting of 31 May 2018. Since 2015, the remuneration of the members of the Statutory Board has consisted of fixed remuneration only and includes a significant proportion in shares, with a five-year lock-up period, in combination with share ownership guidelines. This remuneration structure creates a strong focus on the long-term continuity of the company.

The Remuneration report specified the dialogues Van Lanschot Kempen had had in the run-up to this annual general meeting with a large number of depositary receipt holders, proxy advisers, the Works Council, Dutch political parties and various groups of clients at Asset Management, Merchant Banking and Private Banking. During these meetings, explanations were given on the revised Shareholder Rights Directive, the remuneration policies for both Statutory and Supervisory Boards, the Supervisory Board's view on how remuneration policies can be set up to encourage long-term value creation, and the Dutch context. This dialogue with stakeholders had been very constructive. Gaining their views on executive pay in general, and Van Lanschot Kempen's remuneration policy in particular, had been very valuable. Their main feedback provided was outlined in the 2019 Remuneration report.

She reminded the meeting that agenda item 7 would set out the remuneration policy for both the Statutory Board and the Supervisory Board, which the annual general meeting would be asked to adopt. The Supervisory Board's views on remuneration would be discussed at greater length when the meeting got to that item.

Under the law implementing the revised Shareholder Rights Directive, the Remuneration report must be put to an advisory vote of the annual general meeting every year, with effect from the 2019 financial year. That is why the 2019 Remuneration report was being put forward for adoption to the shareholders and depositary receipt holders at this meeting.

The **Chairman** thanked Bernadette Langius for her account and asked if anyone wished to speak. No-one did and the **Chairman** turned to the advisory vote on the adoption of the 2019 Remuneration report. The outcome of the vote was displayed and the Chairman noted that the meeting had cast its advisory vote in favour of the 2019 Remuneration report, by 93.75% of the votes.

4. 2019 annual accounts

4a <u>Adoption of 2019 annual statements</u>

Prior to the adoption of the financial statements for the 2019 financial year, the Chairman gave the floor to Mr Van Adrichem, who is with PwC, the external auditors for the 2019 financial year. Mr Van Adrichem was invited to give a brief review of the work done by PwC in auditing Van Lanschot Kempen's financial statements.

Mr **Van Adrichem** explained that he was the PwC partner ultimately responsible for the audit of Van Lanschot Kempen's financial statements for 2019. PwC had issued its unqualified audit report statement on 20 February 2020, and had also included a limited assurance report on the sustainability information included in the annual report. PwC's full independent auditor's report could be found under Other information in the 2019 annual report, starting on page 205.

Mr **Van Adrichem** devoted specific attention to three aspects of the audit. The impact of the coronavirus was considered a "non-adjusting post-balance sheet" event for annual accounts with a year ending on 31 December 2019. This implied that the 2019 financial statements would not be adjusted for the repercussions of Covid-19. The latter's possible impact would become visible in the financial reporting for 2020.

He observed that PwC had determined overall materiality at €4.1 million, primarily based on 5% of profit before tax. When determining materiality, PwC considered both qualitative and quantitative factors. In addition, PwC had reported to the Supervisory Board all deviations in excess of €200,000. It had recorded three deviations with a net impact on pre-tax results of €100,000. The limited number of three deviations and subdued net impact pointed to Van Lanschot Kempen having a robust financial reporting system in place.

He then discussed the group audit scope, which comprised the company and its subsidiaries in the Netherlands, Belgium and Switzerland. All audit activities had been carried out by PwC accountants. The scope of the audit implied direct coverage of 99% of total assets, 95% of profit before tax, and 98% of revenue flows.

Mr **Van Adrichem** next discussed four key audit matters, which also featured in the audit report statement. These were matters that the auditors had devoted extra attention to and concerned items for which management had been required to make key assumptions. The first concerned the impairments of loans and advances to the public and private sectors, i.e. the provisions for loans and advances with a focus on adequate provisioning for expected credit losses and the correct interpretation and application of IFRS 9. PwC rated as adequate the provisions taken for loan losses. The second key audit matter concerned goodwill valuation. PwC had reviewed the projected cash flows as well as the discount rate used. Based on its work, PwC was able to agree with Van Lanschot Kempen's €35 million write-off on its Merchant Banking activities. The third key audit matter concerned the fair value measurement of financial instruments, more specifically the valuation of Level 2 and 3 instruments, i.e. those that are not listed and for which no objective market price is available. As examples, he cited the derivatives position, private equity investments and investments in the Kempen Dutch Inflation Fund. The fourth key audit matter concerned the reliability and continuity of IT systems, specifically in financial reporting processes.

In addition to these key audit issues, he also discussed work by PwC on compliance with laws and regulations, making a distinction between laws and rules that directly affect the financial statements, such as IFRS and tax laws, and laws and rules that have no direct influence on the financial statements, e.g. rules governing anti-money laundering, know-your-client, MiFID and PSD II. The first category was in scope of the audit, while for the second category PwC had carried out specific tasks to ascertain whether the organisation met key legislation and rules, but had not carried out any audit. PwC had ascertained that Van Lanschot Kempen had the processes, functions and management attention to continue to meet key legislation and rules and regulations, including its role as gatekeeper.

In addition to its independent auditor's report, PwC had also issued a limited assurance report on the sustainability information in Van Lanschot Kempen's integrated annual report. This assurance report outlined the sustainability information that PwC had assessed. The annual report, comprising the reports by the Supervisory and Statutory Boards and other information, had been reviewed, which meant that PwC had carried out a careful scrutiny of the annual report. Based on this work, PwC had stated its opinion that the annual report was compatible with the financial statements and did not contain any material deviations. PwC had also established that the report contained all legally required information. These final observations concluded Mr **Van Adrichem**'s account of the work carried out by PwC.

The **Chairman** asked if attendees had any questions. No-one did and the **Chairman** moved to the vote on the adoption of the 2019 annual statements. The outcome of the vote was displayed and the **Chairman** noted that 100% of the meeting had cast its vote in favour of the proposal to adopt the 2019 financial statements and that the 2019 annual report had thus been adopted.

4b Payment of a cash dividend of €1.45 per Class A ordinary share

The **Chairman** put forward for discussion the proposal to pay a cash dividend of €1.45 to holders of Class A ordinary shares. The Statutory Board had decided, with the approval of the Supervisory Board, to add to the reserves the amount remaining from the net profit available for shareholders.

Based on the number of shares in issue and shares Van Lanschot Kempen kept in treasury shares on 31 December 2019, this would mean a total dividend payment of €59.3 million and the addition of €33.6 million to reserves. Based on the number of shares in issue at 31 December 2019 – and excluding treasury shares – this brought the pay-out ratio to 57.4% of underlying profit attributable to shareholders. For more information about Van Lanschot Kempen's dividend policy, the **Chairman** referred to pages 68 and 69 of its 2019 annual report.

The **Chairman** observed that dividend payment had been postponed at the recommendation of the European Central Bank, supported by De Nederlandsche Bank. In the opinion of the Statutory and Supervisory Boards, the 2019 dividend can be paid to shareholders as soon as Covid-19 circumstances allow and as long as Van Lanschot Kempen remains in compliance with its capital ratio targets. The decision about the timing of the dividend payment will be made by the Statutory and Supervisory Boards, and the relevant dates disclosed in the manner prescribed in the Van Lanschot Kempen Articles of Association. The dividend will in any event not be paid before 1 October 2020.

With no-one wanting to speak on this agenda item, the **Chairman** turned to voting on the proposal to set a dividend payment of €1.45 per share in cash on ordinary shares. The outcome of the vote was displayed. The Chairman noted that 100% of the votes at the meeting had been cast in favour of paying out a dividend of €1.45 per Class A ordinary share and that the proposal had been carried.

5. Discharge of the Statutory and Supervisory Boards

5a Discharge of the members of the Statutory Board from liability for their conduct of Van Lanschot Kempen's affairs in the 2019 financial year

The **Chairman** observed that it was proposed that the members of the Statutory Board be discharged from liability for their conduct of Van Lanschot Kempen's affairs during the 2019 financial year. This concerned the management in as much was apparent from the financial statements or from information that had been submitted to the annual general meeting in any other way prior to the adoption of the financial statements. Members of the Statutory Board throughout the 2019 financial year were Karl Guha, Constant Korthout, Arjan Huisman and Richard Bruens.

No-one wished to speak on this agenda item and the **Chairman** moved to the voting. The outcome of the vote was displayed. The Chairman noted that 99.99% of the votes at the meeting had been cast in favour of the proposal to discharge the members of the Statutory Board from liability for their conduct of Van Lanschot Kempen's affairs in the 2019 financial year.

5b Discharge of the members of the Supervisory Board from liability for their supervision of Van Lanschot Kempen's affairs in the 2019 financial year

The **Chairman** observed it was proposed that the members of the Supervisory Board be discharged from liability for their supervision of Van Lanschot Kempen's affairs during the 2019 financial year. This concerned the supervision of the conduct of affairs in as much was apparent from the financial statements or from information that had been submitted to the annual general meeting in any other way prior to the adoption of the financial statements. Members of the Supervisory Board throughout the 2019 financial year were Frans Blom, Jeanine Helthuis, Bernadette Langius, Lex van Overmeire, Maarten Muller, Manfred Schepers and the Chairman.

No-one wished to speak on this agenda item and the **Chairman** moved to the voting. The outcome of the vote was displayed. The Chairman noted that 99.99% of the votes at the meeting had been cast in favour of the proposal to discharge the members of the Supervisory Board from liability for their supervision of Van Lanschot Kempen's affairs in the 2019 financial year, and that the proposal had been carried.

6. Proposed amendment to the Articles of Association

The **Chairman** observed it was proposed to amend the Van Lanschot Kempen Articles of Association on some points to reflect the law that has implemented the revised Shareholder Rights Directive in the Netherlands and which largely took effect on 1 December 2019. The purpose of the proposed changes to the Articles of Association was to align them with the new legal situation under SRD II. The proposed amendment to the Articles of Association and explanatory notes were included in the agenda to this meeting as Appendix 1. It could also be found on the Van Lanschot Kempen website. In addition, it had been available for inspection at the Van Lanschot Kempen's offices in 's-Hertogenbosch and Amsterdam. The decision to amend the Articles of Association also implied that all members of the Statutory Board and all lawyers and paralegal staff at Zuidbroek BV were authorised to execute the Deed to amend the Articles of Association.

With no further questions about the proposed amendment to the Articles of Association, the **Chairman** moved to the voting. The outcome of the vote was displayed. The **Chairman** noted that 100% of the votes at the meeting has been cast in favour of the proposed amendment to the Articles of Association, and that the proposal had been carried.

7. Remuneration policy

7a Adoption of Statutory Board remuneration policy

For an account of the proposed remuneration policy for the Statutory Board, the **Chairman** gave the floor to Bernadette Langius, Chair of the Remuneration Committee.

Bernadette Langius observed that the remuneration structure for the Statutory and Supervisory Boards would remain unchanged. In line with the law implementing the revised Shareholder Rights Directive, the Statutory Board's remuneration policy had been expanded to provide additional information to explain the company's remuneration approach in keeping with the requirements imposed by the law.

As noted under agenda item 3, a delegation of the Remuneration Committee had conducted various engagements about the proposed remuneration policy, in the autumn of 2019 and the spring of 2020. A large cross-section of Van Lanschot Kempen's stakeholders had been seen both in the Netherlands and abroad, from shareholders to clients and political parties. All were invited to reflect on the policy. A review of the main feedback was included in the 2019 Remuneration report.

She explained that the Supervisory Board believes in rewarding long-term sustainable performance to help achieve Van Lanschot Kempen's strategy. This is reflected in the remuneration policy governing the Statutory Board. Since 2015, the remuneration of the members of the Statutory Board has consisted of fixed remuneration only (no variable remuneration) and includes a significant proportion in shares, with a five-year lock-up period, in combination with share ownership guidelines. The rules stipulate that Van Lanschot Kempen shares held by Statutory Board members must be equivalent to the cash portion of two years' gross salary for as long as they remain in office.

The Statutory Board's remuneration policy had been set up in such a way that the interests of the directors are in line with those of the shareholders. This remuneration policy enables Van Lanschot Kempen to attract and retain talented and qualified directors to develop and successfully execute the company's strategy. In this way, the remuneration policy also contributed to the long-term value creation of the company, she noted.

When determining the Statutory Board remuneration package, pay ratios within the company had been factored in, while the views of the Works Council had also been considered. The Supervisory Board will continue to monitor the development of the pay ratio in the years ahead, ensuring that the ratio remains below the industry average. The latest pay ratio will be disclosed in the annual remuneration report.

After reflecting on the feedback received from stakeholders, the Supervisory Board had moved to adjust or eliminate some provisions in the proposed policy. When asked to advise on the Statutory Board's remuneration policy, the Works Council had issued a positive advice (see Appendix 2 to this agenda).

The proposed remuneration policy for the Statutory Board was included as Appendix 3 to the agenda of this meeting. It would be adopted if a majority of at least three-quarters of the votes cast were in favour of the proposal.

On the issue of remuneration, Van Lanschot Kempen had received two written questions and one in the list of "general areas of focus in times of crisis", all three from Dutch Investors' Association VEB.

VEB's **first question** was**:** Many other financials argue that a variable incentive in cash is a precondition to attract and keep exceptional talent. Is Van Lanschot Kempen facing the same challenges and how does it succeed in remaining an attractive employer?

Bernadette Langius replied that the Supervisory Board believes in rewarding lasting long-term achievement to help realise Van Lanschot Kempen's strategy. The Statutory Board's remuneration policy had been set up in such a way that the interests of the directors are in line with those of the shareholders. This remuneration policy enables Van Lanschot Kempen to attract and retain talented and qualified directors.

The Netherlands imposes a ceiling of 20% on all variable remuneration in the financial sector, coupled with the obligation to defer a significant proportion over a period of five years. This means that a director's performance on individual targets translates into relatively modest variable remuneration payments. With its focus on the long term and combination of a fixed salary in cash and in shares, the current set-up helps Van Lanschot Kempen to keep on board qualified directors.

VEB's **second question:** Two years ago, a majority of depositary receipt holders – excluding those votes cast by Stichting Administratiekantoor – voted against the adoption of the Statutory Board's remuneration policy. If the same breakdown of votes were to emerge at the next annual general meeting, what will Van Lanschot Kempen infer from this outcome?

Bernadette Langius replied that the Supervisory Board had arrived at the conclusion that it was crucially important to get stakeholders involved in the preparation of the company's remuneration policy. In 2018, the Supervisory Board had evaluated the process and after the annual general meeting she had consulted with shareholders and proxy advisers. This time around, and prior to the shareholder meeting, a large cross-section of stakeholders both in the Netherlands and abroad had been consulted in the autumn of 2019 and the spring of

2020, from shareholders to clients and political parties. The purpose of these dialogues was to explain Van Lanschot Kempen's proposed remuneration policy and to ask these stakeholders for their feedback. Having reflected on the feedback so obtained, the Supervisory Board had made a few changes to the proposed policy. The Works Council was likewise consulted on the proposed policy and given an opportunity to advise on the matter. The Works Council's positive advice as given to the Supervisory Board had been included with the remuneration proposal. The Supervisory Board hoped that these extensive pre-meeting dialogues would contribute to the social acceptance of its proposal.

From its "general areas of focus in times of crisis" document came VEB's request that companies "refrain from granting variable remuneration". VEB argues that shareholders, like all stakeholders, have an interest in companies keeping their business models going as much as possible. Shareholders are able to understand measures that need taking, even if that means that previously outlined vistas and forecasts fall by the wayside and that different decisions are made in terms of capital allocation in the short term (such as dividends being deferred). But shareholders also expect companies to demonstrate commitment, which is why VEB was urging all listed companies not to grant any variable remuneration this year. With the discretion that members of the Supervisory Board have in this matter, it was relatively easy to put in place such a measures.

Bernadette Langius observed that, at Van Lanschot Kempen, the Statutory Board's remuneration policy already stated that Statutory Board members do not receive any variable remuneration. The availability of any budget for variable remuneration for employees depends on how well the company performed, she pointed out. Covid-19 was bound to impact on this performance and might make for lower or even no variable remuneration grants. Only in the event of a positive group result would a variable remuneration pool be available, based on the group result so achieved – and this might be reduced at the discretion of the Statutory and Supervisory Boards if they saw fit. And of course, the Statutory and Supervisory Boards would factor in the circumstances when deciding whether or not to grant any variable remuneration.

The **Chairman** thanked Bernadette Langius for her account. No-one wished to speak on this proposal and the Chairman moved to the voting. The outcome of the vote was displayed. The **Chairman** noted that 93.72% of the votes at the meeting had been cast in favour of the proposed remuneration policy for the Statutory Board, and that the proposal had been carried.

7b Adoption of Supervisory Board remuneration policy

For more on the proposed remuneration policy governing the Supervisory Board, the **Chairman** invited Bernadette Langius to speak again.

Bernadette Langius observed that in compliance with the law implementing the revised Shareholder Rights Directive, certain textual additions had been made to the Supervisory Board remuneration policy in keeping with the requirements as imposed by law. This remuneration policy, too, was being put to the annual general meeting for adoption, even if no changes were being proposed. The proposed remuneration policy governing the

Supervisory Board had also been discussed at the consultations with stakeholders previously mentioned. The Works Council had likewise been consulted on the proposed policy and given an opportunity to advise on the matter. The Works Council's positive advice was the subject of Appendix 2 to the agenda of this meeting. The proposed remuneration policy for the Supervisory Board was included as Appendix 4. It would be adopted if a majority of at least three-quarters of the votes cast were in favour.

The **Chairman** thanked Bernadette Langius for her account. No-one wished to speak on this proposal and the Chairman moved to the voting. The outcome of the vote was displayed. The **Chairman** noted that 100% of the votes at the meeting had been cast in favour of the proposed remuneration policy for the Supervisory Board, and that the proposal had been carried.

8. Appointment of the auditors

The **Chairman** reminded the meeting that PricewaterhouseCoopers Accountants (PwC) had been reappointed as external auditors to Van Lanschot Kempen for the 2020 financial year at the annual general meeting on 22 May 2019.

At the end of 2019, Van Lanschot Kempen had assessed the way the auditors had functioned in the 2019 financial year. The outcome of the assessment was that there were no objections to reappointing PwC as external auditors. Based on this conclusion, PwC had been put forward for appointment as the external auditors for the 2021 financial year. Assessment, conclusions and recommendations had been discussed in meetings of the Audit and Compliance Committee. Based on these, the committee had advised the Supervisory Board to recommend that the general meeting appoint PwC as the auditors for the 2021 financial year. This recommendation had been arrived at through an independent process. The Supervisory Board had adopted the advice and recommended to the annual general meeting that PwC be reappointed as external auditors to Van Lanschot Kempen NV for the 2021 financial year.

No-one wished to speak on this agenda item and the **Chairman** moved to the voting. The outcome of the vote was displayed. The **Chairman** noted that 100% of the votes at the meeting has been cast in favour of the proposal to reappoint PwC as external auditors for the 2021 financial year, and that the proposal had been carried.

9. Composition of the Supervisory Board

9a <u>Notification of vacancy and profile; opportunity to make a recommendation</u>

The **Chairman** observed that in 2019, at the special request of the Supervisory Board, he had consented to make himself available for reappointment for a period of two years, and that he had been duly reappointed for that term on 22 May 2019. The Supervisory Board had since found a candidate it would like to put forward for appointment as a member of the Supervisory Board – a nomination that was the subject of agenda item 9b. Also, the

Supervisory Board had decided to appoint Frans Blom as Chairman of the Supervisory Board upon the closure of this annual general meeting. Frans Blom had been a member of the Supervisory Board since 2018. The **Chairman** explained that he had decided to step down as a member of Van Lanschot Kempen's Supervisory Board after this annual general meeting, after 13 years.

The individual profile for the vacancy arising in the Supervisory Board is the subject of Appendix 5 to this agenda. Key elements of the profile include broad managerial experience at a listed company, and knowledge and experience of the financial sector. The vacancy comes with an enhanced right of recommendation for the Works Council. Article 23 (3) of Van Lanschot Kempen's Articles of Association describes what this enhanced right of recommendation entails.

The annual general meeting also had the right to make recommendations to fill the vacancy that had arisen in the Supervisory Board. No written recommendation had been received prior to the meeting, and the **Chairman** now asked if the meeting wished to put forward someone for the Supervisory Board to nominate for appointment as a member of the Supervisory Board. No-one came forward and the Chairman duly noted that no persons had been recommended by the meeting.

9b Appointment of Karin Bergstein as a member of the Supervisory Board

The **Chairman** notified the meeting that the Works Council had advised the Supervisory Board it would use its enhanced right of recommendation to put forward Karin Bergstein for appointment to the Supervisory Board. The Supervisory Board had adopted the recommendation and was putting forward Karin Bergstein to be appointed by the annual general meeting.

The Supervisory Board believed that Karin Bergstein matches the profile drawn up for the vacancy, as the required knowledge and experience in the fields mentioned in the profile is clearly evidenced in her curriculum vitae.

Karin Bergstein is a very experienced director with a wealth of experience in banking and insurance, having served as Chief Operating Officer at a.s.r. Nederland, Executive Board member at ING Bank Nederland and Executive Board member of ING Lease Holding. She also serves as a member of the non-executive boards at Utrecht University and at Sanquin. Her curriculum vitae was included in Appendix 6 to the agenda of this meeting. Karin Bergstein qualifies as an independent Supervisory Board member within the meaning of best practice provision 2.1.8 of the Dutch Corporate Governance Code. De Nederlandsche Bank had agreed to Karin Bergstein's appointment as a member of the Van Lanschot Kempen Supervisory Board.

The **Chairman** observed that Karin Bergstein was not physically present at this meeting due to Covid-19 measures. To introduce herself to shareholders and depositary receipt holders, she had recorded a brief message that was then screened at the meeting and was also available to view via webcast.

Upon Karin Bergstein's appointment as a member of the Supervisory Board, the board was to consist of three women and four men and would thus meet Van Lanschot Kempen's diversity policy ambition to have at least 30% female and 30% male representation in its Supervisory Board.

Karin Bergstein was to be appointed for a period of four years, with her first term of office ending on the day of the 2024 annual general meeting.

No-one wished to speak on this proposal and the **Chairman** moved to the voting. The outcome of the vote was displayed. The **Chairman** noted that 100% of the votes at the meeting had been cast in favour of the proposal to appoint Karin Bergstein as a member of the Supervisory Board, and that the proposal had been carried. He congratulated Karin Bergstein on her appointment.

9c Notification of vacancies that will arise at the 2021 annual general meeting

The **Chairman** advised the meeting that, in accordance with the Supervisory Board's retirement rotation schedule, the terms of office of Manfred Schepers, Jeanine Helthuis and Lex van Overmeire would end on the day of the annual general meeting to be held in 2021. The Works Council has an enhanced right of recommendation with regard to the vacancy arising on the ending of Jeanine Helthuis's term of office, in keeping with Article 23 (3) of Van Lanschot Kempen's Articles of Association.

He also noted that the annual general meeting will be given the opportunity to make recommendations with regard to the vacancies arising in the Supervisory Board in 2021.

10 Grant of authority to repurchase own shares and/or depositary receipts for such shares

The **Chairman** noted that the Statutory Board's general authority to repurchase shares or depositary receipts will expire in November 2020. This agenda item therefore proposed that the Statutory Board be granted fresh authority to repurchase ordinary shares and/or depositary receipts for a period of 18 months as from the date of the annual general meeting. For the full extent of the grant of authority being sought, the Chairman referred to the verbatim text as included in the notes to the agenda. The authority means that the Statutory Board may repurchase paid-up Class A ordinary shares and/or depositary receipts for such shares in Van Lanschot Kempen's capital on the stock markets or elsewhere, up to 10% of the issued capital from the date of the authority so granted (28 May 2020). The approval of the Supervisory Board is required for the repurchase, he observed, and the price of the ordinary shares or depositary receipts to be repurchased has to be at least equal to the nominal value of the Class A ordinary shares; and might not exceed the highest price at which the depositary receipts for Class A ordinary shares in Van Lanschot Kempen trade on the stock market on the day of purchase.

No-one wished to speak on this agenda item and the **Chairman** moved to the voting. The outcome of the vote was displayed. The **Chairman** noted that 100% of the votes at the meeting had been cast in favour of the proposal to grant authority to the Statutory Board to repurchase own Class A ordinary shares or receipts for such shares for a period of 18 months, and that the proposal had been carried.

11. Authorisation of the Statutory Board to (i) issue ordinary shares and (ii) limit or exclude pre-emption rights

The **Chairman** pointed out that, on 22 May 2019, the annual general meeting had authorised the Statutory Board to decide to issue ordinary shares, including the power to grant rights to acquire shares. At the same time, it had agreed to authorise the Statutory Board to have the power to limit or exclude pre-emption rights when ordinary shares are issued, including the power to limit or exclude pre-emption rights when granting rights to acquire shares. All these powers were to expire in November 2020, and that is why Van Lanschot Kempen proposed that the powers of the Statutory Board in relation to ordinary shares be extended. A decision by the Statutory Board to issue shares or to limit or exclude pre-emption rights requires the approval of the Supervisory Board.

11a Authorisation of the Statutory Board to issue ordinary shares

The **Chairman** discussed the proposal to authorise the Statutory Board to decide on issuing Class A ordinary shares for a period of 18 months from the date of this annual general meeting, in keeping with Article 6 of Van Lanschot Kempen's Articles of Association. This proposal also includes the power to grant rights to acquire these shares. The **Chairman** explained that this proposal will restrict the powers of the Statutory Board to issue Class A ordinary shares and to grant rights to acquire such shares to 10% of the issued capital at the date of the meeting (28 May 2019). If and when this authorisation was granted, it would replace the one granted by the annual general meeting in 2019. For a more detailed discussion of this proposal, the **Chairman** referred to the notes to the agenda of the meeting.

No-one wished to speak on this proposal and the **Chairman** moved to the voting. The outcome of the vote was displayed. The Chairman noted that 100% of the votes at the meeting had been cast in favour of the proposal to authorise the Statutory Board to issue ordinary shares, and that the proposal had been carried.

11b Authorisation of the Statutory Board to limit or exclude pre-emption rights when Class A ordinary shares are issued

The **Chairman** put to the meeting the proposal to authorise the Statutory Board to be able to decide to limit or exclude pre-emption rights when Class A ordinary shares are issued for a period of 18 months from the date of the annual general meeting, in keeping with Article 7 of the Articles of Association. This also includes the power to limit or exclude pre-emption rights when granting rights to acquire shares. These authorisations are restricted to 10% of the issued capital at the date of the meeting (28 May 2020). If and when this authorisation was granted, it would replace the one granted by the annual general meeting in 2019.

No-one wished to speak on this proposal and the **Chairman** moved to the voting. The outcome of the vote was displayed. The **Chairman** noted that 100% of the votes at the meeting had been cast in favour of the proposal to authorise the Statutory Board to limit or exclude pre-emption rights when Class A ordinary shares are issued, and that the proposal had been carried.

12. Any other business and closure of meeting

The **Chairman** asked if anyone had any other business they wished to discuss.

Mr **Thijssen**, the Chairman of the board of Stichting Administratiekantoor of ordinary shares A Van Lanschot Kempen, asked to speak. He explained that he did not have any questions but that he wanted to take this opportunity to say a few words to the Chairman himself, as this was his last meeting in his capacity as Chairman and member of the Van Lanschot Kempen Supervisory Board. Mr **Thijssen** reminded the meeting that the Chairman had served as a member of the Van Lanschot Kempen Supervisory Board during a long and eventful period, as the financial crisis had erupted shortly after he joined as member of the Supervisory Board. Mr **Thijssen** noted that Mr Duron can look back with great satisfaction on his years as member of the Supervisory Board with Van Lanschot Kempen: the company had emerged from the crisis well under his watchful eye. Mr **Thijssen** also expressed his appreciation that Mr Duron had been willing to take on the Supervisory Board chairmanship from Mr De Swaan a few years prior, and that he had been willing to stay on in this position as Chairman and member of the Supervisory Board in 2019 at the request of the Supervisory Board, which needed more time to find a successor – and he thanked Mr Duron on behalf of the company’s depositary receipt holders. He observed that Mr Duron was leaving Van Lanschot Kempen at a time when the company is doing well and he was leaving behind a thriving company – for which he also thanked him on behalf of the depositary receipt holders. Many of them had greatly appreciated the personal and casual way in which Mr Duron had always chaired the annual general meetings, displaying competence and a sense of humour, but also giving serious consideration to the questions and concerns of small depositary receipt holders attending these meetings. Mr **Thijssen** ended by saying that he was loath to see Mr Duron go, even though he had every confidence in his successor.

The **Chairman** thanked Mr Thijssen for his kind words.

The floor was given to **Karl Guha**. He, too, wished to mark the fact that this was the final time the Chairman, Mr Duron, would chair a meeting. After 13 years as a member of the Van Lanschot Kempen Supervisory Board, Mr Duron would step down that day. Over the previous four years Mr Duron had excelled at running Supervisory Board meetings, leading with equanimity, wisdom and a great deal of humour. On behalf of the full Supervisory Board and all the members of the Executive Board, Mr Guha expressed deep thanks to Mr Duron for his key contribution to Van Lanschot Kempen. Bringing a wealth of financial knowledge and experience as well as a clear vision of Van Lanschot Kempen’s development, Mr Duron had been invaluable for the transformation Van Lanschot Kempen had gone through in the past years. He thanked Mr Duron for taking on the chairmanship of the Supervisory Board in 2016 and expressed his appreciation for the way in which the latter had always chaired the annual general meetings, for which he had always been greatly appreciated by shareholders and depositary receipt holders alike. Mr Duron would be greatly missed and Karl Guha wished him all the best.

The **Chairman** thanked Karl Guha for these fine words. The Chairman asked if anyone else wished to speak. No-one did and, after thanking all those present for their engagement and those following the live webcast for their attention, the Chairman closed the meeting.