

Pillar III disclosure  
on remuneration  
in 2015

In 2015, Van Lanschot Group changed its variable remuneration policies to reflect new laws and regulations on pay. Separate rules are in place for identified staff, whose activities can materially influence the financial organisation's risk profile, including staff in higher management, risk-taking or control functions or who receive total pay on a par with or in excess of that of colleagues with superior management or risk-taking positions. External advisers Allen & Overy helped us draft these new policies.

Our variable remuneration policy for identified staff applies to all identified staff of F. van Lanschot Bankiers (Van Lanschot Bankiers) and Kempen & Co (Kempen) with the exception of the members of the Statutory and Executive Boards, who are not eligible for variable remuneration.

## Vision

We implement a meticulous, restrained and long-term remuneration policy that is in line with our strategy and risk appetite, objectives and core values, complying with the rules and legislation in force such as the Dutch Banking Code and the Regulation on Sound Remuneration Policies (RBB Wft 2014 by its Dutch acronym). Our remuneration policy factors in the interests of both Van Lanschot and of our stakeholders. Variable remuneration seeks to reward outperformance, implying that employees who excel will be rewarded accordingly.

## Variable remuneration policy for identified staff: key elements

### Governance

- The Statutory Board sets the remuneration policy, taking into account the advice of Human Resource Management (HRM), Finance, Reporting & Control, Group Risk Management and Compliance. These departments also play a key role in designing, reviewing and adjusting, and implementing our variable remuneration policies, and they advise and report to the Statutory and Supervisory Boards on their findings. The Statutory Board is also responsible for our remuneration policy's implementation.
- The Supervisory Board approves our remuneration policies, including the general principles underpinning it, and also oversees its implementation. Its duty is also to approve the total remuneration amount and all individual variable remuneration to identified staff. The Remuneration Committee prepares the Supervisory Board's decision-making on remuneration. It met three times in 2015, its main focus in these meetings being the review of variable remuneration policies for both Van Lanschot Bankiers and Kempen.

### Performance management

- At Van Lanschot, variable remuneration rewards outperformance and performance management thus has a crucial role to play. At the start of the year, identified staff and their managers agree annual objectives, reflecting a mix of performance criteria, both financial and non financial, qualitative and quantitative, as well as objectives for the rather longer term. Performance criteria never encourage irresponsible risk taking.

- A performance review at the end of the year results in a final assessment, which will be the basis for any variable remuneration employees might receive.
- Identified staff in control functions mainly enjoy fixed remuneration. If they receive variable remuneration at all, this will be linked to job-specific performance criteria that do not depend on how well the business and Van Lanschot perform. What is more, assessment is primarily functional, and managers of the relevant area are not or only partly involved in the performance appraisal. Variable remuneration is only awarded in the event of outperformance and in keeping with conditions in the labour market. This should result in appropriate pay levels that enable us to recruit and retain qualified staff.

### Determination and distribution of variable remuneration

- Every year, the Statutory Board of Van Lanschot Bankiers sets the total amount available for variable remuneration at Van Lanschot, and the Executive Board does the same for Kempen. This is subject to the approval of the Supervisory Board and factors in the achievement of financial and non-financial results as specified in the pre-agreed annual plan.
- Based on operating results, the Statutory and Executive Boards determine whether variable pay will be awarded and what amount is available. If either Van Lanschot Bankiers or Kempen does not record a profit, no variable pay will be awarded within that particular organisation.
- Once it has been determined what amount is available for variable pay for Van Lanschot Bankiers and Kempen, the Statutory Board decides how this variable pay will be distributed at Van Lanschot Bankiers, while Kempen's Board decides on its distribution at Kempen.

### Award

- Variable pay will only be awarded if (i) Van Lanschot Group's financial position allows; (ii) it is justified by the performance of Van Lanschot Group, the relevant business unit and the individual employee; (iii) Van Lanschot Group meets the prevailing buffer requirements under the Financial Supervision Act (Wft) and its implementing legislation and (iv) the risks taken have been reassessed and no material risks have occurred that were not expected or factored in.
- Individual awards will reflect three aspects: individual performance, market standards and special factors (that staff have not taken excessive risks, for instance).
- Staff do not qualify for variable remuneration if their performance has been inadequate or poor, if they have failed to meet duty-of-care or compliance requirements, have displayed behaviour contrary to Van Lanschot's standards and values, are subject to disciplinary action or if they no longer work at Van Lanschot by the end of March of the subsequent year or have tendered their resignation.
- The average variable pay of any employee of Van Lanschot Bankiers and Kempen who works (mainly) in the Netherlands may not exceed 20% of their fixed pay. Variable pay of up to 100% of the fixed pay may be granted on special grounds in individual situations.

**Payment**

- 50% of the variable remuneration of identified staff is paid in cash and 50% in depositary receipts for Van Lanschot shares (Van Lanschot shares), while the variable pay of identified staff of Kempen Capital Management NV (KCM) is paid 50% in cash and 50% in a flexible mix of Van Lanschot shares and investments in funds managed by KCM.
- In all cases, 60% of both parts of the variable remuneration is awarded immediately and unconditionally and 40% conditionally and deferred.
- Once it becomes unconditional, this deferred remuneration is then paid out over a period of three years following the year of award. Whether an award becomes unconditional depends on the reassessment of the criteria as listed under (i) through (iv). If this leads to a review of the deferred remuneration, a 'malus' penalty system is applied. A lock-up period of one year applies to Van Lanschot shares that have become unconditional.

**Other conditions**

- Guaranteed variable pay is only allowed in exceptional circumstances and if all variable pay policy conditions have been met.
- Employees are prohibited from implementing personal strategies to secure variable remuneration or to cover the risks involved in receiving shares.
- Severance pay is only provided if it reflects past performance and does not reward failure.

**Remuneration data**

Article 25 of RBB Wft 2014 requires annual publication of selected aggregate quantitative remuneration data. For information about remuneration in 2015, see our 2015 annual report and disclosures in the appendix.

## Appendix

## Van Lanschot (including subsidiaries)

Table A (€ million)	Total remuneration
Private Banking	4.6
Asset Management	10.0
Merchant Banking	8.3
Other	9.2
Corporate Banking	0.5
<b>Total</b>	<b>32.6</b>

Table B: Remuneration (€ million)	Statutory Board	Senior management	Other identified staff	Total
Fixed pay	3.5	10.4	11.8	<b>25.7</b>
Variable pay	–	2.0	4.9	<b>6.9</b>
Number of staff	4	38	62	<b>104</b>

Table C: Type variabele remuneratie (€ million)	Statutory Board	Senior management	Other identified staff	Total
Cash	–	0.8	2.4	<b>3.2</b>
Shares	–	1.2	2.5	<b>3.7</b>
Share-based instruments	–	–	–	–
Other	–	–	–	–
<b>Total</b>	<b>–</b>	<b>2.0</b>	<b>4.9</b>	<b>6.9</b>

Table D: Conditional remuneration at 31/12/15 (2015 inclusive, € million)	Statutory Board	Senior management	Other identified staff	Total
Vested	0.4	2.6	1.8	<b>4.8</b>
Unvested	0.4	4.2	4.1	<b>8.7</b>
<b>Total</b>	<b>0.8</b>	<b>6.8</b>	<b>5.8</b>	<b>13.5</b>

Table E: Conditional remuneration granted in 2015 (€ million)	Statutory Board	Senior management	Other identified staff	Total
Granted in 2015	–	0.8	2.0	<b>2.8</b>
– Of which paid in 2015	–	–	–	–
– Of which performance-related reduction in 2015	–	–	–	–

Table F: Sign-on bonus	Statutory Board	Senior management	Other identified staff	Total
Sign-on amounts (€ million)	–	–	0.1	<b>0.1</b>
Number of recipients	–	–	1	<b>1</b>

Table G: Severance pay	Statutory Board	Senior management	Other identified staff	Total	Highest amount agreed
Severance amounts (€ million)	–	1.1	0.4	<b>1.4</b>	0.4
Number of recipients	–	3	3	<b>6</b>	1

Table H: Remuneration pay > €1 million	Statutory Board	Senior management	Other identified staff	Total
€1.0 - €1.5 million	1	–	–	<b>1</b>
€1.5 - €2.0 million	–	–	–	–
> €2.0 million	–	–	–	–