



Non-financial Report

2019

DELEN

PRIVATE BANK



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Risk management

Sustainability at Delen Private Bank

To be effective, a sustainability policy must be founded on measurable criteria, with which to objectively gauge progress and implement well-defined corrective actions. Delen Private Bank uses KPIs and SDGs to chart the performance of its sustainability policy.

KPIs

KPIs, or key performance indicators, are used to measure a company's operational performance, monitor progress, and make improvements where necessary.

Sustainable Development Goals

The United Nations set seventeen global objectives, called, Sustainable Development Goals, which must be achieved by 2030. These are translated into 169 specific actions to protect the planet and boost prosperity. Governments and businesses which subscribe to the SDGs commit to translating the goals into action plans. Whilst endeavouring to take account of all the goals, Delen Private Bank has identified four SDGs in particular on which it is able to have a material impact, either directly through the conduct of its business and as an employer, or through its investment policy.



Decent work and economic growth

In its dealings with its clients, Delen Private Bank promotes economic growth through its core business: protecting and growing its clients' assets. The recently launched Delen Family Services takes this aim up another level. By presenting a clear picture of a client's entire assets, Delen Family Services gives the client insight and, above all, peace of mind. Our satisfaction survey clearly revealed that our clients appreciate our approach: our strong Net Promotor Score of +43 is significantly higher than the average for the sector. In regard to its staff, Delen Private Bank wants to be a responsible and sustainable employer. To this end, the bank creates working conditions which enhance wellbeing at work, pursues an attractive and fair remuneration policy for its employees, and operates a recruitment policy which is actively geared towards gender equality and diversity. Headcount has increased by an average of 24 new employees per year over the last five years. Lastly, our long-term vision contributes to the stability of the financial system, and creates value for our shareholders. A strong core Tier 1 ratio of 36.7% places us above the sector average. Our low cost-income ratio and the high return on equity are further evidence of our efficiency.



Peace, justice, and strong institutions

Delen Private Bank is dedicated to doing business prudently and with integrity. Among other things, this approach ensures that anti-money laundering measures are taken very seriously. As well as strict compliance with the law, we give our employees the training they need to stay up to date. Delen Private Bank also encourages its clients to be sustainable and to act with propriety from a tax point of view. For its part, Delen Private Bank pays corporate taxes, banking taxes and operating fees to various market regulators. In 2019, various taxes totalling EUR 39.9 million were paid.



Responsible consumption & Climate action

The investment policy pursued by the bank and by fund manager Cadelam affords the bank a high degree of leverage to influence various SDGs. Overall, more than EUR 26 billion is sustainably invested, because the responsible investment policy applies to all our in-house funds. Investment decisions take into consideration both financial and non-financial parameters, such as the environment, respect for human rights, and good governance. We use this leverage to contribute to SDGs in very diverse areas, chief among them responsible consumption and production (SDG 12) and climate action (SDG 13).

The main KPIs

EUR 26.7 billion

Total funds to which the responsible investment policy is applied

STAKEHOLDERS: CLIENTS/LOCAL COMMUNITY
WITH RESPECT TO DELEN PRIVATE BANK,
DELEN PRIVATE BANK LUXEMBOURG AND DELEN SUISSE



+24

Average annual net employee growth over 5 years

STAKEHOLDERS: EMPLOYEES
AT DELEN GROUP
(EXCL. JM FINN & OYENS)



+43

Net Promotor Score

STAKEHOLDERS: CLIENTS
WITH RESPECT TO DELEN PRIVATE BANK



36.7%

Core Tier 1 ratio

STAKEHOLDERS: GOVERNMENT /
SHAREHOLDERS
WITH RESPECT TO DELEN PRIVATE BANK



43.48%

Cost-income
(excl. JM Finn & Oyens)

STAKEHOLDERS: SHAREHOLDERS
WITH RESPECT TO DELEN PRIVATE BANK



14.6%

Return on equity

STAKEHOLDERS: SHAREHOLDERS
WITH RESPECT TO DELEN PRIVATE BANK



39.9 million

Corporate taxes, banking taxes and operating fees paid

STAKEHOLDERS: GOVERNMENT
WITH RESPECT TO DELEN GROUP



Sustainability embodied in SDGs

Delen Private Bank recognises the importance of all seventeen SDGs and has a material impact on four of those goals in particular. Through its business activities, Delen Private Bank has an impact on SDG 8 and 16, while its pursuit of a responsible investment policy impacts on SDG 12 and 13. Below is an overview of the various activities and initiatives which have an impact on the SDGs. These subjects are discussed in detail further on in the report.

■ Our core SDGs





We invest in cutting-edge technologies.
Our profitability allows us to do so.

-Eric Lechien



INTERVIEW

“Our hands-on approach bears fruit”

Sustainability issues were *top of mind* in 2019, and were embraced by activists on a number of occasions. Meanwhile, Delen Private Bank stuck firmly to its pragmatic approach.

“We like to bring our influence to bear where it is greatest: through our investments,” says René Havaux, the bank’s CEO. Along with Eric Lechien (Executive Director responsible for sustainability policy) and Jean-Louis de Hasque (Investment Office, with shared responsibility for sustainability policy), he explains the key results in the area of sustainability.

2019 was the year of climate deniers, yellow vests, Extinction Rebellion ... does this resonate with you?

René: Of course I understand that people are worried or angry. But we lean more towards evolution, than revolution. Thanks to our in-house patrimonial funds, we have the right to make our own decisions about how to invest more than 26 billion euros. We can channel that capital to companies that are consciously committed to a beautiful, fair, healthy world. That leverage is powerful.

Jean-Louis: Absolutely. Particularly as the bank systematically applies its sustainable investment philosophy to each and every portfolio. It does this by excluding non-sustainable companies and, more especially, through dialogue with the business community and by incorporating non-financial parameters in the investment process. The upshot is that this huge amount of capital, all 26 billion euros of it, finds its way to companies that are shaping the future in a smart and sustainable way. Our emphasis is on companies that are making progress in the area of climate and sustainable consumption, such as oil companies that are committed to the energy transition, or technology companies offering solutions for infrastructure and telecommunication.



To achieve this, we work with two partners: Sustainalytics and Hermes EOS. They supply us with data, expertise, and analysis. Incidentally, the bank's efforts have been recognised by the United Nations, who gave us the highest possible score for the 'Strategy & policy' module. This is an incentive for us to forge ahead on the path we've taken.

Another bit of controversy that made headlines in 2019 were the (alleged) money laundering practices. Is the bank stepping up the fight?

René: The bank pursues a prudent strategy, including in regard to compliance. We steer well clear of intransparent fiscal structures. We have always been careful to establish the origin of our clients' assets. In the short term, this might be a handicap; you could argue that we miss out on some capital because of our stringent approach. But in the long term, it's a real benefit, for the client and for the bank. Why wouldn't we help our client prove that everything is in order? Thanks to the digital archive, the client has instant access to all the important documents about transactions. This transparency creates assurance and peace of mind.

Eric: Technology is important in combating money laundering. But let's not forget the human factor, by which I mean the careful and cautious mindset of our own people, and of our clients. Investing time and people in compliance has always been our priority, and it always will be.

Technology and people is doubtless a winning combination for data security too?

Eric: It is. In a sector where discretion and trust are core values, cybersecurity and data protection are of paramount importance. We continually recruit young IT talents who specialise in that area. And we invest in cutting-edge technologies. Our profitability allows us to do so. That brings us into a very comfortable position, because the obligations in regard to data security are – rightly – huge.

You talk about climate, sustainable consumption, justice. These are examples of the famous Sustainable Development Goals, or SDGs.

Eric: Indeed, the United Nations has set seventeen sustainable development goals which it wants to be achieved by 2030. Originally, they were aimed only at governments, but the business community has since jumped on the bandwagon too. We selected four SDGs on which the bank is willing and able to exert a material impact. Through our investments, we stimulate climate (SDG 13) and responsible consumption and production (SDG 12). For our organisation itself, we identified economic growth (SDG 8) and justice (SDG 16).

Jean-Louis: These four goals were selected by the bank's sustainability council. Our primary task is raising awareness throughout the organisation, because sustainability is everyone's business. In addition, the team reports on and monitors the

specific sustainability-related KPIs (Key Performance Indicators) and, since this year, the four SDGs, an approach in which our shareholder Ackermans & Van Haaren is fully involved.

What has the bank achieved in regard to goal 8, economic growth?

René: The launch of Delen Family Services is certainly one example. This new service reflects the essence of our mission: asset protection. It is an overview and planning tool which maps the client's entire assets. This enables the client to think ahead, over generations. The first step towards obtaining this overview of assets is the digital archive, where the client can safely keep all the important documents. Simulations give the client an insight into how his assets will develop in the future, and the inheritance tax he will have to pay. This insight is an incentive for the client to engage in rational inheritance planning, with the assistance of our lawyers and tax advisors.

Eric: Goal 8 also encompasses our role as an employer. The bank strives to create an environment in which employees feel happy. We create a warm and efficient organisation, where cooperation is the best route to success. I think that our general values of simplicity, transparency, and prudence also contribute to economic growth, for the bank, its clients and its employees.

Does the issue of sustainability resonate with clients?

Jean-Louis: If we are to believe our recent satisfaction report, yes. This reveals that 93% of respondents feel sustainability is important. This figure proves that our strategy of responsible investing appeals to our clients.

Eric: The biggest impact lies in our investment policy, that much is certain. But clients expect us to practice what we preach, which is why we are directly engaged. This year, we began working with Co2logic, which advises us on reducing our environmental footprint. We're looking, for instance, at the best way to encourage use of electric vehicles. And when refurbishing our offices, we seek a balanced mix between respect for the architectural legacy, comfort for the client, modern efficiency, and energy-efficient solutions.

Going back to where we started: society's demand for sustainable solutions has never been greater. Can the financial sector save the world?

René: It certainly can't save the world single-handed. But we mustn't underestimate our own responsibility. We absolutely can be part of the solution. Our sustainable investment policy is our most potent weapon. And we keep on refining it. We're just at the beginning of a long process.

“Through its investment policy, the bank has a lever of more than 26 billion euros at its disposal.

- René Havaux





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Delen Group

The Group's activities

Discretionary asset management

The Delen Group's core task chiefly involves managing and advising on its clients' assets. The Delen Group manages accrued assets prudently, and supports the client with his decisions about his accrued wealth (including gifts, legacies or other legal matters).

At Delen Private Bank, Delen Private Bank Luxembourg, Delen Suisse and Oyens & Van Eeghen, discretionary management of client assets is mainly centralised, through the medium of 'patrimonial' funds (undertakings for collective investments, UCITs) which are managed within the Group. The Delen group does not invest the clients' assets in individual equities, bonds or other securities, but in shares of one or more patrimonial funds.

A patrimonial fund is a diversified collection of equities, bonds or other securities. Delen Private Bank, Delen Private Bank Luxembourg, Delen Suisse and Oyens & Van Eeghen first divide the client portfolios according to the client's risk profile.

Next, they centrally fill in the portfolios, by investing the patrimonial funds managed within the Group.

Cadelam and Cadelux are responsible within the Delen Group for the financial and administrative management and risk management of the funds that are promoted by Delen Private Bank, Delen Private Bank Luxembourg, Delen Suisse and Oyens & Van Eeghen

In contrast, JM Finn does not undertake discretionary management centrally, but instead delegates it to each manager or group of managers, through investments in direct lines and funds of third parties. JM Finn also operates more independently than the other group entities.

Estate Planning and loans

As a supporting service for individual clients, the bank also offers Estate Planning. Since they both hold a banking licence, Delen Private Bank and Delen Private Bank Luxembourg can also extend temporary loans.

The Group's key figures

31/12/2019



Delen Group

Group structure

Delen Private Bank has three operational subsidiaries:

Delen Private Bank Luxembourg SA which has the status of a Luxembourg credit institution

Capfi Delen Asset Management NV an accredited Belgian management company for Undertakings for Collective Investments, or UCITs

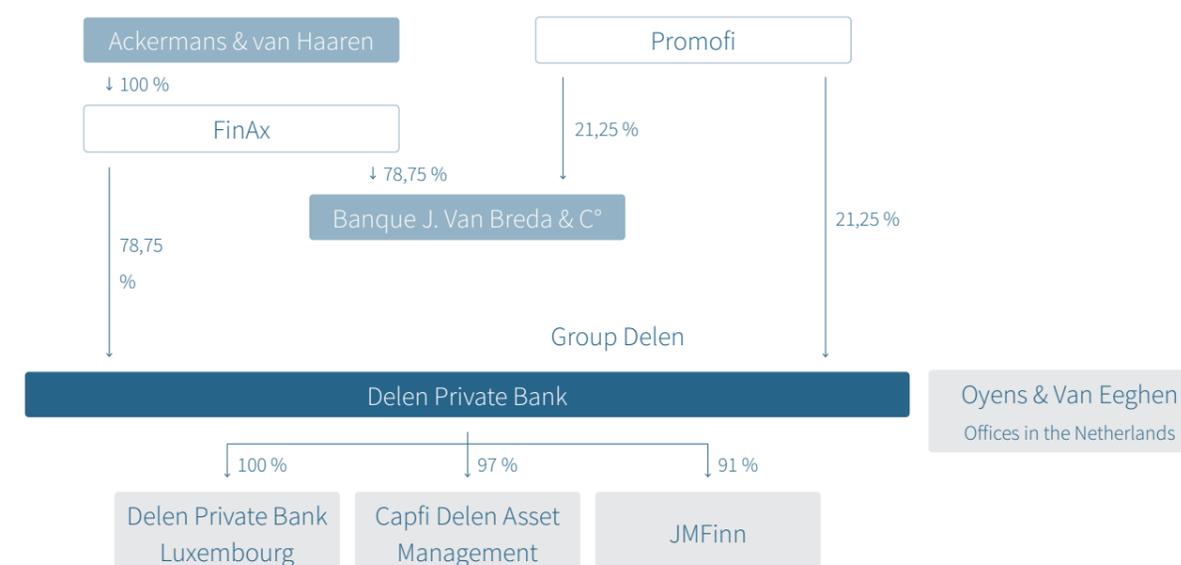
JM Finn & Co Ltd a UK-based investment manager.

Among other holdings, Delen Private Bank Luxembourg SA holds 100% of the shares in Delen Suisse SA (a Swiss asset manager) and Cadelux SA (an accredited Luxembourg management company).

On 1 July 2019, former subsidiary **Oyens & Van Eeghen NV**, a Dutch asset manager, became an official branch of Delen Private Bank.

Operational entities

31/12/2019	Delen Private Bank, Delen Private Bank Luxembourg and Delen Suisse	Oyens & Van Eeghen	JM Finn
Country	Belgium, Luxembourg, Switzerland	The Netherlands	UK
AuM (in '000,000 EUR)	31,489	629	11,448
Number of accounts	+/- 37,800	+/- 480	+/- 19,200
Headcount	385	33	311





Delen Group

Delen Private Bank's values

Delen Private Bank's values are its compass in everything it does. They determine what the bank does, and how it does it. There are five values: prudence, sustainability, personal contact, a family touch and efficiency. They form the character of the bank. They guide its mission, strategy and philosophy. That's how Delen Private Bank makes the difference.

Prudence

Managing your assets with due care: this has always been the credo of Delen Private Bank. Its approach focuses on the sustainable protection, growth and planning of assets. This implies an open, alert and risk-aware view of the long term. And clear, *no-nonsense* service. It is a guarantee of financial peace of mind, now and into the future.

Sustainability

Balanced growth in assets is a long-term story. After all, financial return is only sustainable if it is achieved with respect for the climate, people, and good governance. That is why all portfolios at Delen Private Bank are sustainable. That is why the bank and its fund manager Cadelam endorse the UN Principles for Responsible Investment (UN PRI). And that is why its legal advisors offer legally certain solutions, far removed from transient cutting-edge legal technology.

Personal contact

Private banking is a *people business*. Everything stands or falls on trust. This requires a personal approach. The bank must be both accessible and discreet. This is precisely the mindset of the trusted asset manager. He or she is the direct and personal contact person for clients. This way, they can be sure of fast, continuous and coherent follow-up.

Family touch

Over the past eighty years, Delen Private Bank has grown from a stockbroking company to a modern niche player in asset management. The secret lies mainly in a family shareholding (the Jacques Delen family) and the strategic participation of Ackermans & van Haaren. This combination results in a solid group, while also allowing the bank to pursue an autonomous and independent course.

Efficiency

Tailor-made, contemporary services go hand-in-hand with technology. And yet digitalisation is never a goal for the bank, but a means to serve its client even better: more conveniently, safer and faster. This is demonstrated by the digital solutions: the Delen app, Delen OnLine and Delen Family Services.

Delen Group

Governance

The Board of Directors of Delen Private Bank is responsible for setting the bank's general policy and for supervising the Executive Committee. The Board members all have a wealth of experience, and assess the bank's policies and performance from a range of different angles. Drawing on this experience, the Board of Directors sets the general policies on responsible asset management and issues an opinion on the annual non-financial report.

The Board of Directors is chaired by Mr Jacques Delen. The Board of Directors and the Executive Committee are discussed in greater detail in the Annual Report of Delen Private Bank.

Sustainable, active and stable shareholder structure

The Delen Group is managed by two groups of shareholders: the Delen family, and the holding company Ackermans & van Haaren. In 1992, Antwerp-based Ackermans & van Haaren (AvH) concluded a strategic cooperation agreement with the Delen family (Promofi). Since then, the company and the Delen family have been writing a sustainable growth story together. It is thanks in part to its stable shareholder structure that the Delen Group has been able to maintain its completely autonomous position. The long-term view also takes a front-row seat at AvH. Proper governance is key, and ESG (Environmental, Social and Corporate governance) is also gaining ground with the controlling shareholder. The non-financial aspects of doing business are acquiring greater prominence. Ackermans & van Haaren also prioritises the Sustainable Development Goals (SDGs), which set specific targets for sustainable development. Besides financial return, social impact is increasingly factored into the pursuit of all its activities.

Its clients also value the Delen Group's long-standing and sustainable shareholder structure: this continuity forms an extra layer in client trust. Moreover, this stability provides a strong foundation with respect to its employees and their development potential. This is because our two shareholder groups are heavily involved in the day-to-day management of our establishments.

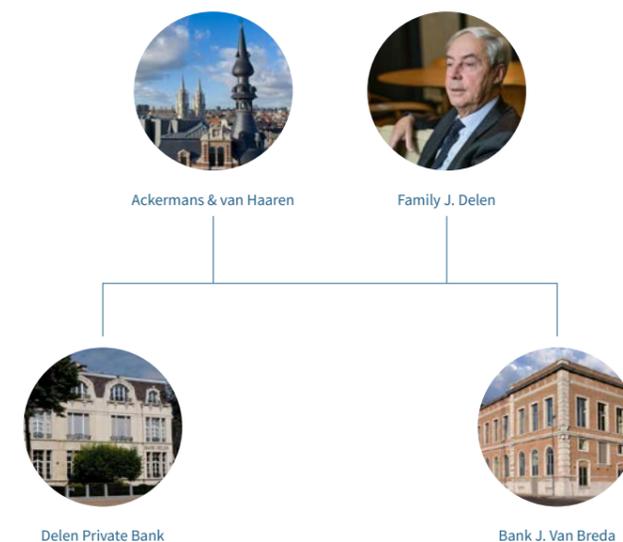
The Delen family

As the founding family of the whole group, the Delen family plays an exemplary role. Based on the guidelines laid down by the Delen family, the Delen Group's policies are set by the Board of Directors. As well as taking good care of the welfare of its clients and staff, the family also oversees the ethical standards and values that are applied within the group, and anti-money laundering, anti-corruption and anti-bribery measures.

Ackermans & van Haaren

As an 'active owner', Ackermans & van Haaren is represented on the Board of Directors of Delen Private Bank.

Through its role on the Board of Directors and on the advisory committees, Ackermans & van Haaren sees to it that, among other things, Delen Private Bank pursues a sustainable policy which takes account of the legal requirements and social trends in regard to the environment, social and personnel-related matters, human rights, and anti-corruption.



The Group's stakeholders

Delen Private Bank's mission is inherently sustainable: the balanced management and protection of clients' assets. To this end, it forms a long-term relationship with all of its stakeholders. Its relationship with those stakeholders is discussed in detail further on in this document.



Clients

- protecting the client's assets
- responsibly investing the client's assets
- tailoring financial, patrimonial and fiscal services to the client's needs
- preserving the authentic, family character of the bank
- continually investing in client relationships
- client proximity in 2 ways: investing in digital solutions, and in new offices



Staff

- continually investing in the future of employees by offering training and appropriate remuneration
- looking after the welfare and satisfaction of staff
- creating a pleasant atmosphere at work
- overseeing Delen's values: the family values as a compass



Local community

- calculating and actively reducing environmental footprint, both indirectly and directly
- incorporating non-financial parameters in investment decisions
- supporting and sponsoring local projects
- preserving cultural heritage: investments in (and preservation of) historic buildings and art



Government/Regulators

- correctly and meticulously observing the law
- remaining a valued partner of the various regulators of the Delen Group

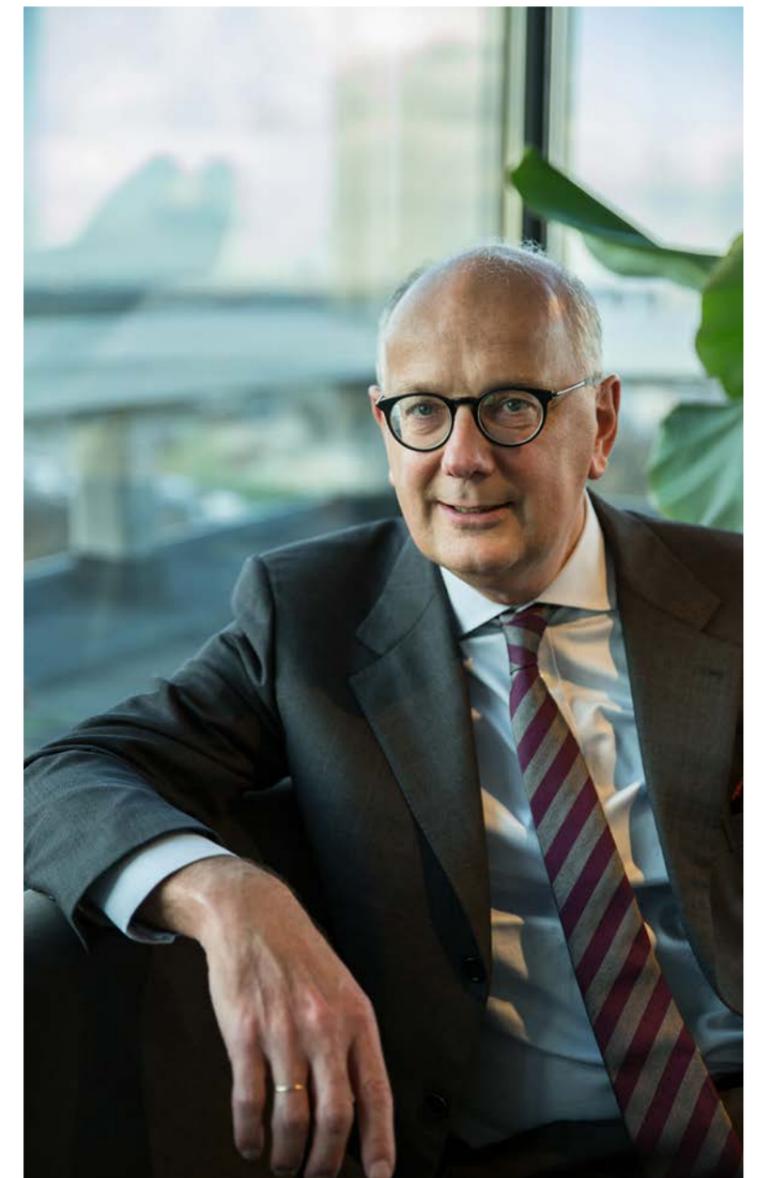


Shareholders

- unerring commitment to the close and active involvement of shareholders

“
If you have the best intentions for all stakeholders, you cannot fail to be sustainable.

- Paul De Winter



The Group's materiality matrix

This materiality matrix and index give an overview of the subjects which will be covered in the remainder of this report. The subjects have been divided into the three non-financial ESG parameters (Environment, Social and Corporate Governance).

The matrix illustrates their influence over, and importance to, the activities of the Delen Group (x-axis), and how important they are to stakeholders (y-axis). The index also explains the group of stakeholders for which a non-financial parameter is most relevant. Lastly, it also clarifies the SDG to which a particular subject relates.

The stakeholders	No.
Clients	1 4 6 7 10 16
Employees	3 11 12 13
Shareholders	5
Government/Regulators	1 2
Local community	4 8 9 14 15

SDGs	No.
1 NO POVERTY	14
3 GOOD HEALTH AND WELL-BEING	14
5 GENDER EQUALITY	13
8 DECENT WORK AND ECONOMIC GROWTH	5 6 10 11 12 16
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	7
11 SUSTAINABLE CITIES AND COMMUNITIES	15
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	4 8 9
13 CLIMATE ACTION	4 8 9
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	1 2 3

■ Governance ■ Environment ■ Community





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Risk management

Delen and its clients

The bank's core task is to manage its clients' assets in a prudent yet dynamic way. A very large proportion of the assets entrusted to the bank are managed under a discretionary mandate. The objectives are twofold: to protect assets, and to grow the assets in a sustainable way. For this, it is essential that the bank ascertains the client's risk appetite, which is the level of risk he is prepared to assume, taking account of his financial situation, future plans, and expectations. The bank accurately completes the risk profile, in order that it can fulfil the twofold objective (protection and return) in the most appropriate manner.

Determining the client's risk profile is vitally important, because each profile is translated into a specially built portfolio. The differences in risk level determine factors such as the maximum percentage of equities in the portfolio.

Protection and balanced growth

The launch of Delen Family Services in 2019 took the bank's core task, asset protection and asset growth, to another level. This new service gives the client a dynamic overview of all his asset components: not just his portfolio, but also his real estate, insurance, works of art and so on. A digital archive brings together all the client's documents in one, central and secure place, enabling him to quickly and easily maintain evidence of his transactions. Using simulations, the estate planners calculate possible inheritance tax, and advise the client on optimum estate planning. The result is oversight, insight and, above all, peace of mind for the client.

In its asset management, the group combines a prudent approach and lucid analysis with an alert attitude, in order that it can respond wisely to the opportunities which present themselves in the long term. The Delen Group mainly pursues a buy-and-hold strategy, guided by common sense, which does not allow any room for fads or impulsive hunches.

see KPI 1

Personal contact as the best guarantee of satisfied clients

At Delen Private Bank

Delen Private Bank conducts a regular client satisfaction survey to gauge client experience of the service provided. Various aspects of the service are surveyed. One important indicator is the Net Promotor Score (NPS), a widely used yardstick for measuring client satisfaction. The score indicates how likely the client is to recommend the bank to somebody else.

see KPI 2

The last client satisfaction survey was carried out in November 2019. A total of 1,137 clients completed the questionnaire. One of the questions asked was: "How likely are you to recommend Delen Private Bank to a friend, colleague, or family member?" Clients give a score of 1 to 10. Those who give a score of 9 or above are called 'promoters', and those who give a score of 6 or lower are 'detractors'. The Net Promotor Score calculates the difference between the two. For the survey, Delen Private Bank achieved an NPS score of +43. This is a little lower than in 2017 (score: +47), but not significantly so. Crucially, the score is significantly higher than the sector average. This reaffirms the bank in its conviction that it is on the right track, and that it must remain true to its basic principles. The report also points out a number of areas requiring attention. The bank greatly values this feedback, as it is the best way to keep itself in check and continuously improve. These are some of the findings of the report:

- Clients chiefly associate the bank with words like personal contact, expertise/professional, family-oriented, and efficient. These associations tie in very strongly with the five values which the bank emphasises.
- Clients are particularly satisfied with their relationship manager and their estate planner.
- The more contact the client has with the bank, the higher the score he gives the bank.
- If the client also has an account with another private bank, the score is even higher than it is with clients who are exclusively clients of Delen Private Bank.
- Sustainability and responsible asset management are rated as important by 93% of clients.
- More than 40% of clients use the Delen app once or more each week. The bank feels this score could be higher, as the app is growing increasingly powerful and functions are being continually expanded.
- Clients greatly value information, and over 90% feel they are sufficiently well informed. Clients greatly value clear information, particularly when market conditions are volatile. This is a priority on which the bank will continue to focus in various ways, including information sessions, distributing investment bulletins and video messages, and so on.

At JM Finn

JM Finn also organised a client satisfaction survey in March 2019. JM Finn achieved a NPS of +70, which is significantly higher than the sector average and is an increase compared with the score of +59 achieved in 2015.

Responsible investing

At Delen Private Bank

Asset management is the bank's core activity. Investment decisions affect society, that much is certain. Investing in sustainable companies means helping to build a better, green, human society. From a financial perspective too, it makes sense to fill in the investment portfolio with conscious companies. After all, responsible investing reduces investment risks, strengthens participation in forward-looking investment themes and, in this way, offers the prospect of a balanced return.

As a member of the UN PRI, Delen Private Bank consistently strives to make its investment process fundamentally sustainable. This is a binding engagement. Each year, the bank provides a thorough report to the UN PRI about efforts in regard to responsible investing. Following a detailed assessment, in mid-2019 the bank was awarded the maximum A+ score for the 'Strategy & Policy' module. This result is an important accolade for the work it has done, and spurs the bank along its chosen course.

The bank invests more than 26 billion euros through its investment funds. All investment funds, without exception, have been applying the responsible investment policy since 2017. Delen Private Bank, Delen Private Bank Luxembourg and Delen Suisse invest in these funds to build portfolios in discretionary asset management.

see KPI 3

The responsible investment policy is founded on three pillars: exclusion, dialogue, and integration of non-financial parameters.

1. Exclusion: what does not belong in our portfolios

Fund manager Cadelam excludes companies whose policies are not consistent with our sustainable values. Under no circumstances are they included in the portfolio.

- First and foremost, these are companies involved in the production of controversial weapons, such as cluster munitions and antipersonnel mines. The supervisory authority FSMA (Financial Services & Markets Authority) and the sector federation rigorously check that the bank is abiding by this exclusion requirement, which is enshrined in Belgian law.
- Nor will one find in our portfolios any companies that flout Delen's standards with regard to the Environmental, Social and Corporate Governance criteria. Some examples of companies that violate ESG standards are those that take a lax approach to laws on protecting the climate, humane working conditions, or the proper functioning and independence of the Board of Directors.

An exclusion decision is based on both external research and internal analysis. Reference organisations, including Noors Pensioenfond, undertake thorough sustainability research into numerous companies. If a majority of these reference

KPI 1

Key figures on discretionary asset management*

During 2019, **81.91%** of assets under management were placed under **discretionary management**.

Historical returns per risk class

The **annualised returns** of various risk profiles over various terms provide insights into the protection of capital and well-considered asset management. As the management outlook is long term, the returns over an extended period give the best indication of the quality of investment decisions.

In contrast with the returns during the turbulent stock market climate in 2018, the returns for 2019 were strong, and are in line with the main benchmark indices. Although returns in 2019 were attractive, investors had to contend with occasional short-lived fluctuations in share prices. In such circumstances, relationship managers had to keep a cool head and make clients aware of the underlying economic developments which affect the stock markets over the long term.

	Return				
31/12/2019	1 year	3 years	5 years	10 years	15 years
Defensive	7.16%	0.82%	1.58%	2.36%	2.51%
Neutral	10.52%	1.81%	2.50%	3.27%	3.28%
Dynamic	13.88%	2.80%	3.42%	4.18%	4.05%
Very dynamic	22.45%	5.12%	5.40%	6.01%	5.14%

* With respect to Delen Private Bank (excl. other group companies)

KPI 2

Net Promotor Score (NPS)

% Promoters - % Detractors = NPS (w)



52% Promoters - 9% Detractors = NPS Delen Private Bank 43



KPI 3

Funds with monitoring of responsible investing

	2017	2018	2019
Total amount of funds with monitoring of responsible investing (in euro)	23,567,721,730	21,944,189,399	26,676,898,182
number of mentions on exclusion lists 3+	0%	0%	0%
number of mentions on exclusion lists 0	98.5%	99.3%	99.8%

organisations have sustainability objections, Cadelam, the bank's fund manager, does not invest in equities or bonds of the company or government concerned. In addition, Sustainalytics, the bank's partner for ESG integration, provides Cadelam with specialised data, which the fund managers at Cadelam use to analyse potential controversies and risks, investigate the potential for progress through dialogue (engagement), and decide whether or not to exclude a particular company. In the energy sector, for instance, a number of energy companies have been removed from the portfolio because they were not making the transition from fossil fuels to renewable energy sources, or at least not quickly enough.

2. Engagement: constructive dialogue as an active shareholder

Being an active shareholder yields better financial and non-financial results. Although a drastic step, sadly it is sometimes necessary to exclude or sell companies because of their unsustainable activity. However, this may be a missed opportunity to steer the company in the right direction - which, again, is a long process.

Twin aims

Engagement is the term that describes continuous and constructive dialogue between the investor and its investments. The aim is to combine financial return with sustainable improvement for people, the environment, and society. Thus engagement goes one step further than exclusion: the aim is to positively influence companies' policies.

Hermes EOS – our partner in engagement

Delen Private Bank and Cadelam have partnered with Hermes EOS – a first in Belgium. With advisory mandates worth more than 700 billion euros and an independent team of experienced experts in ESG (Environment, Social and Corporate Governance), Hermes EOS has plenty of leverage. Cadelam and Hermes EOS set priority sustainability themes together, then initiate dialogue with the companies concerned. The tone is tough, but fair: positive and constructive to begin with, critical and firm if improvements are not forthcoming. The vote at general meetings can also be used to encourage certain strategic choices, or, indeed, to prevent them.

Three-way win

A clear strategy and open communication establish a dynamism in which everyone wins: the companies (sustainable growth), the investors (profitable investments) and the wider setting (positive impact on people, environment and society).

- **Environment:** tailoring business models to the Paris climate agreements, in which members of the UN commit to limiting global warming to a maximum of 2°C, and to taking drastic action to tackle air, land and water pollution.
- **Social policy:** entering into dialogue with companies that have global supply chains. The client may be king but, for

long-term success, a company must take account of all its stakeholders, not least its workforce.

- **Corporate governance:** fine-tuning a company's organisational checks & balances. An effective board of directors, for instance, and the right balance between remuneration and sustainable value creation create the perfect impetus for targeted decision-making.

Link with SDGs

The SDG framework serves as a useful compass for monitoring progress in sustainability. The bank strives to influence all the sustainable development goals, albeit with the greatest emphasis on climate action (SDG 13) and responsible production and consumption (SDG 12).

Leverage

The leverage afforded by large numbers must not be underestimated. With Hermes EOS, for instance, we are also part of ClimateAction100+, a group of more than 370 investors who represent 35 billion dollars. They spur the world's biggest greenhouse emitters on to take measures to combat climate change and accelerate the energy transition.

[see KPI 4](#)

3. ESG integration: injecting non-financial parameters

A company's financial health is dependent on it scoring well for ESG parameters. A company that fails or falls short in its efforts to tackle its risks in the area of environment, social parameters and governance will, sooner or later, run into difficulties. This creates a reputation problem, as well as being indicative of a lack of long-term vision. Conversely, a fully-fledged awareness of ESG within a company can open its eyes to new opportunities and competitive advantages, with the attendant financial impact.

Sustainalytics, partner in ESG integration

Specialist data provider Sustainalytics supports Cadelam with the task of incorporating non-financial data in the investment policy. Sustainalytics is a leading research and analysis agency with more than 180 analysts, and supplies sustainability data on all listed companies worldwide. Specifically, it deals with:

- **ESG risks:** analysing sustainability parameters can flag up opportunities, while also exposing pain points. ESG risks can have an adverse impact on a company's future. As an investor, therefore, it is important to detect a violation of environmental standards or a problem in regard to governance early on, both when selecting investments and when monitoring the portfolio.
- **Controversial activities:** via Sustainalytics, Cadelam has access to the detailed revenue distribution of all companies.

This makes it possible, for instance, to select players in the energy sector who are fully committed to renewable energy, rather than controversial forms of oil extraction (Arctic, tar sands, shale).

- **Intrinsically sustainable activities:** a revenue distribution makes it possible to track down niche companies who generate most of their revenue from products and services that make a positive contribution to society and the environment. The UN's sustainable development goals, along with the UNPRI's Impact Investing Market Map, provide the reference framework.

[see KPI 5](#)

At Oyens & Van Eeghen

Oyens & Van Eeghen employs a management formula which involves structuring patrimonial funds with external components. These underlying investment funds are managed by external managers. Oyens & Van Eeghen thus does not exercise direct control over the companies ultimately included in the portfolio. Nonetheless, the three levels of the Delen policy are incorporated in the management process.

- External managers who have not endorsed the UN's Principles for Responsible Investment are excluded.
- In the selection and monitoring process for external managers, Oyens & Van Eeghen relies on engagement with the external managers to achieve sustainable management wherever possible.
- Lastly, ESG parameters are a fundamental criterion in the general assessment of external managers.

At JM Finn

JM Finn does not usually work with centrally managed patrimonial funds. It chiefly invests directly in securities and in third-party funds, on its clients' behalf. Because of this, JM Finn is able to propose selective exclusions tailored to the client. As for engagement, like Delen Private Bank, JM Finn has formed a partnership with Hermes EOS.

KPI 4

Engagement scope

In its engagement programme, the bank sets priorities according to the urgency of certain issues, the openness of the company in question, and the potential impact of a particular engagement action. The engagement scope shows the ratio of the number of companies with which an engagement procedure is ongoing to the total number of companies in the portfolio.

The scope of the engagement programme is more than 70% of the assets managed in the bank's in-house funds.

The aim is to maintain an engagement scope of more than 60% in the future.



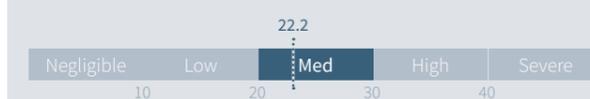
KPI 5

ESG risk score

Sustainalytics analyses and quotes companies for ESG risks. The spectrum ranges from 0 to 100. The lower the score, the fewer the ESG risks for the company. Company scores higher than 40 are designated as 'severe', and are kept out of the portfolio as far as possible.

The weighted average ESG risk score of Delen Private Bank's portfolios is 22.2.

The aim is to maintain an ESG risk score of less than 40 in the future.



Data protection and security

Its core task – asset management and Estate Planning – involves that Delen Private Bank has access to confidential information about its clients. The bank's responsibility for the trust its clients place in the bank cannot be underestimated. The launch of Delen Family Services – the tool for inventorising and planning the client's entire assets – has intensified that challenge. Therefore, the bank sets itself the highest standards in regard to the correct management, storage and protection of client information. The legislator also keeps a stern watch over this area.

Management of data centers

Ever since Delen Private Bank was founded, the process of organising and accruing knowledge of information technologies has been predominantly internal. Consequently, there is a wealth of expertise and experience within the bank. This enables the bank to be largely independent when organising data storage and data protection. For instance, the bank has its own dedicated data center for the secure use and storage of data. This also enables it to make sure that the hardware satisfies all the technical requirements. Moreover, the bank can guarantee that unauthorised persons do not have access to client data.

Furthermore, the bank has hired a second location where it has set up an additional data center according to its own, rigorous norms and standards, in order to safeguard continuity. Lastly, cloud services are also used for supporting, non-business-critical matters.

Data management

Delen Private Bank also sets itself apart in regard to data management, with its efforts to achieve maximum transparency in its dealings with clients. Where technically feasible, the bank uses a model whereby the client has admin rights over his own data, enabling him to independently decide and monitor which data are visible for which department or employee of the bank.

Control measures

Trust is everything in Delen Private Bank's line of business. Therefore, procedures and measures in the field of data protection are continually reviewed and, where necessary, adjusted. Evidently, technology is an important weapon in the fight against cyber attacks and data breaches. Yet no matter how strong and sophisticated the technology is, the success of data protection is, and will always be, dependent on interplay and cooperation between processes, people and technology.

First defence strategy: technology

- Delen Private Bank works with external parties to regularly perform 'penetration tests'. These technical tests are used to periodically check for any vulnerabilities in the bank's systems. In addition, a 'bug bounty program' has been set up, whereby the bank engages with a global network of ethical researchers who continually investigate the bank's systems for potential vulnerabilities. This is done within very strict, pre-defined guidelines, to ensure that there is no way clients' confidential data can be exposed. As soon as a vulnerability is detected, it is reported to Delen Private Bank and the bank pays a fee (*bounty*) to the ethical researcher who found the *bug*.
- Various detective control measures are designed to unearth data breaches and confidential information. The regular Internet and the 'dark web', as it is known, are continually scanned in the search for confidential client information, such as e-mail addresses, passwords and so on. Importantly, the data breaches need not necessarily originate at Delen Private Bank: anybody could leave sensitive data on certain sites without being fully aware they are doing so.

Second defence strategy: processes

As regards work processes, the bank employs a few simple, yet highly effective procedures which protect our clients against attacks from outside. Suppose a certain amount is transferred by a client: the bank will always telephone the client to verbally confirm the payment instruction. Furthermore, it is only possible to make a transfer to an account that is already known to, and authorised by the bank. The bank uses this procedure to thwart attempts at phishing.

Third defence strategy: people

The bank also takes responsibility for raising its clients' awareness in regard to data protection and cyber security. To do this, it stages regular information sessions for its clients on these topics, at which the bank informs clients about the risks, shares practical tips, and warns them about pitfalls. Clients can also contact IT Services, a technical helpdesk which assists clients with computer problems affecting their personal accounts, such as their private mailbox.

[see KPI 6](#)

Delen and its employees

The family values that are characteristic of Delen Private Bank are perfectly embodied in its Human Resources policy. The bank's long-term outlook is reflected in its efforts to ensure a safe and secure future for every employee, with scope for each individual's uniqueness, talent, and ambitions. Trust and respect are key. This is also the case at our subsidiaries.

Talent management

Delen Private Bank's employees are a driving force in creating sustainable value for the various stakeholders. It is therefore crucial that the bank continues investing in human capital as a matter of course. From the very first meeting, Delen Private Bank conveys its convictions and long-term vision to potential employees. The recruitment process is, first and foremost, getting to know each other through various conversations. Besides expertise and competencies, the bank attaches a great deal of importance to attitude and personality. These conversations are essentially two-way, an opportunity for the candidates to make clear their wishes, expectations, and ambitions. The candidate's place of residence is also an important factor, both from an environmental perspective and to prevent stress.

[see KPI 7](#)

Delen Private Bank continues investing in its personnel after the recruitment phase, including through the training it provides for its employees. Training for staff gains in importance with each year. In 2019, the HR department registered 5,479 hours of training at Delen Private Bank.

[see KPI 8](#)

A lot of trainings were attended in 2019, including a training session for all staff members on responsible investing. The bank also runs a lot of training in soft skills, some examples being courses to improve employees' presentation skills, and individual coaching trajectories for soft skills. Substantially more language training was also offered. Around 50 employees attend language lessons in Dutch and French on a weekly basis.

In 2019 the bank set up the 'Learning Management System' project. This system allows the bank to broaden its training offering and to look at each employee's training needs on a more individual basis.

JM Finn registered 27 different external trainings, with an average duration of half a day (3 to 4 hours). Various internal trainings were also organised, and in 2019 their primary focus was the management level, with sessions on honest and appropriate conduct.

Oyens & Van Eeghen also devotes attention to the development of its employees, by organising internal and external training. In 2019, four employees attended training in Estate Planning over several days.

KPI 6

Investments in IT

The table below summarises the total investments in IT developments. NB: this percentage only includes the development costs of new software and applications. Therefore, it does not show total IT expenditure. The Belgian Science Policy Office (BELSPO) recently also deemed that the development of the *in-house* Delen IT platform can be considered an innovative technological development.

	Percentage profit
2017	6.09%
2018	6.28%
2019	6.02%

KPI 7

Headcount

Net growth in headcount

Over the last 5 years, an average of 24 extra employees net have been recruited by the Delen Group (excl. JM Finn) each year.

Headcount	DPB Belgium	Cadelam	DPB Lux	Cadelux	DPB Suisse	Oyens	Total	Net Growth
2014	237	12	43	2	4		298	19
2015	255	17	45	3	4		324	26
2016	287	19	47	3	4		360	36
2017	306	19	43	3	4		375	15
2018	337	18	48	3	5	19	430	36
2019	336	16	45	3	4	33	439	9

KPI 8

Hours of training

Total	Internal	External	Per employee
5479	1353	4126	15.6

Employee satisfaction

Delen Private Bank wants its employees to feel good at work. Two parameters already suggest that employee satisfaction is high at Delen Private Bank. Compared with the sector as a whole, sickness-related absence is low, and the number of employees leaving the bank of their own accord is small.

For the 2019 calendar year, sickness absenteeism was 3.12%. This can be broken down into 1.93% paid sick leave (less than 1 month) and 1.19% unpaid sick leave (more than one month). According to figures from Febelfin, for the sector as a whole, annual absenteeism due to sickness was 4.44%, of which 2.20% was less than 1 month, and 2.24% more than 1 month. In 2019, 13 employees decided to leave the bank, representing 3.6% of the total headcount.

Welfare

Delen Private Bank's welfare policy is geared towards health, safety, stress prevention, ergonomics, hygiene, and a pleasant working environment. External prevention service Provikmo assists the bank in all these areas. Some examples of initiatives which help create a pleasant working environment are: fruit baskets providing healthy snacks, a salad bar with fresh produce in the company restaurant in Antwerp, a free flu vaccination, the advice of an external specialist on measures to prevent burnout, and so on.

Oyens & Van Eeghen invests similarly in its staff members. It provides a pleasant working environment by having an external caterer deliver a healthy lunch twice a week, while on other days fresh bread and toppings are provided. Employees aged 50 and over at Oyens & Van Eeghen have the option of a general health checkup.

The health and welfare of its personnel is also a priority for JM Finn, and it offers employees a flu vaccine if they wish. A detailed *Wellbeing Questionnaire* was circulated to employees in the *Investment Administration department*. The topics covered included mental health, financial health, job satisfaction, culture, management, and welfare policy and strategies. Although the results of this survey were good, there were some clear variations depending on gender or age of the respondents. The insights obtained from the questionnaire enable JM Finn to plan a more specific, bespoke welfare policy.

Remuneration policy

Employee remuneration serves as an acknowledgement of our employees' past performance, and motivation for their commitment going forward. Here too, Delen Private Bank places the emphasis on clear and comprehensible solutions, rather than tax-optimised formulas.

Cooperation and togetherness is the fastest route to success. Therefore, we do not have variable remuneration based on individual performance, which is sometimes at the expense of the other team members or the client. This approach stimulates the sharing of knowledge, seeking together the best solution, consultation, and dialogue. Delen Private Bank Luxembourg, Delen Suisse and Oyens & Van Eeghen operate according to a similar philosophy, and nor do they pay a variable bonus. However, JM Finn does have a variable remuneration system, as this practice is firmly entrenched in the British financial world. For the same reason, the bank does not set individual targets for employees. All employees at Delen Private Bank, Cadelam and Oyens & Van Eeghen who have been in employment for at least six months are, however, offered an option scheme, which they can choose to participate in if they wish. This offers an additional long-term reward, dependent on a collective goal, i.e. the profit of the Delen Group at the end of the financial year. The options must be held for a minimum of four years, and a maximum of eight years. If the employee leaves the bank before the minimum four-year period, the options are worthless. This method of compensation is ideally suited to rewarding an employee's engagement, long-term commitment, and mutual cooperation. In this sense, therefore, the option policy dovetails perfectly with the bank's fundamental values.

see KPI 9

JM Finn does not take part in the option scheme set up by Delen Private Bank, but has its own option scheme instead. In addition, all employees of Delen Private Bank are regularly invited to a performance review. Again, the emphasis is on cooperation, and on asking how we can assist the employee to perform even better. Rather than having a fixed structure, these meetings evolve naturally. If the manager becomes aware that employees are consistently reluctant to attend the review, he invites them to one to gauge the situation.

Diversity

Delen Private Bank strives to assemble the best possible teams, and diversity is a key instrument in this. The bank seeks complementarity in competencies and personalities. Background, gender, religious beliefs or skin colour are completely irrelevant at the bank. The bank selects people who support the bank's values one hundred percent. In line with the bank's long-term vision, HR goes to extra lengths to stabilise the average age of its employees, which traditionally is relatively high in the financial sector. The intention is to achieve the ideal mix at the bank of experience and youthful enthusiasm. Since 2018, the bank has been organising a 'hackathon', a programming marathon which familiarises young IT professionals with the bank. The aim is to attract young talents in a competitive job market, in a sector which they often perceive as less interesting.

see KPI 10 and 11

Mobility policy

As mentioned earlier, distance from the office is an important consideration when selecting future employees, as this is a first step towards minimising commuting. Furthermore, there are also a number of initiatives which encourage employees to get to work in a more environmentally responsible manner. Various steps have already been taken to make the vehicle fleet more environmentally-friendly. If an employee has a company car, he is encouraged to choose a less polluting vehicle. A higher budget is allowed for electric vehicles, and the bank is helping with the rollout of charging stations in the vicinity of the offices.

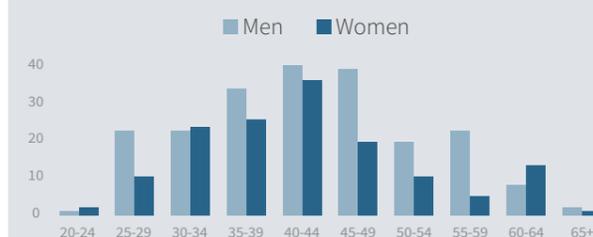
KPI 9

Total variable remuneration (excl. JM Finn & option scheme)

2019	2018
€ 0	€ 0

KPI 10

Age pyramid by gender (at DPB)



KPI 11

Key figures on personnel of DPB

Average age

The average age of Delen Private Bank's employees was 42.44 years as at 31 December 2019.

2015	2016	2017	2018	2019
42.56 years	42.27 years	42.07 years	42.54 years	42.44 years

Delen and society

Sustainability is no longer an academic or ideological subject. In 2019, it became a subject that affects people. Young and old took to the streets for the climate, equal opportunities, and human rights. Society is making all participants – citizens, companies, governments – aware of their responsibilities. And rightly so. Delen Private Bank recognises the importance of its role in society, and is stepping up its efforts in regard to its:

- environmental footprint
- protection of Belgium's cultural heritage
- support for social projects

The bank's environmental footprint

Delen Private Bank mainly exerts an indirect influence over the environment, through its investments in other companies. In addition, Delen Private Bank exerts a direct influence on the environment through its business practices, such as the lighting in its buildings, the use of data centers, its vehicle fleet, and so on. In 2019, cooperative ventures were established with external parties to gain a better picture of our direct and indirect environmental impact. To ascertain the direct impact of our business operations, we formed a partnership with CO2logic, which helps the bank quantify our environmental footprint and suggests specific action points for keeping it as low as possible. As regards our indirect environmental impact, a partnership has been launched with Sustainalytics, a data supplier of non-financial information and analyses covering a wide range of companies. This enables us to incorporate clear and accurate non-financial parameters in our investment policy. Moreover, it enables the bank to quantify the environmental impact of its in-house funds.

Quantifying the environmental footprint

Thanks to the aforementioned partnerships, it is possible to pinpoint an exact figure for the bank's environmental footprint, and to gain an understanding of the relative importance of the direct impact versus the indirect impact. Given the great leverage that the bank has through its in-house funds, it is clear that they are the medium through which the bank achieves the greatest environmental impact. For 2019, it was calculated that the indirect environmental impact amounts to 99.87% of the bank's total impact.

see KPI 12

Reducing the environmental footprint

The actions being set up by the bank to minimise its indirect impact have already been discussed at length in the section on the responsible investment policy. It is important to mention here that, thanks to its partnership with Sustainalytics, the bank is able to monitor a number of major non-financial parameters of the investment policy. One of these parameters is the carbon intensity of the managed portfolios, where the bank is trying to score better than the global benchmark index (MSCI World AC).

see KPI 13

Although the relative importance of the bank's direct environmental impact is rather low, it is not overlooking this – as demonstrated by the partnership it entered into with CO2logic in 2019. There are a number of separate elements to the direct environmental impact, such as the use of buildings, the vehicle fleet, commuting, and business travel. For these elements, various initiatives are in place through which the bank is attempting to reduce its environmental footprint:

Delen Private Bank

- Delen Private Bank has developed a number of green initiatives in its day-to-day operations. It urges its clients and employees, for instance, to be mindful in their consumption of paper and water. In the first instance, it tries to send most of its communication with its clients via the digital channel. The portfolio statements sent out each quarter are an important aspect of client communication. Thanks to IT investments and investments in the Delen app, clients can always receive this information in digital form. With simple calls to action in the quarterly portfolio update, the bank tries to steer its clients as much as it can towards the digital solutions. It will be continuing this exercise in the future.

see KPI 14

- The bank is also tackling the paper mountain in its internal business processes. Since this year, its onboarding project has allowed new clients to sign up entirely via the digital channel. Using the digital process means the data are even more secure, because everything is stored in the secure IT system. Moreover, the process is more efficient, and does not require any paper, since everything is signed digitally.

- In 2019, a water purification system was installed in the Brussels office. This system provides employees and clients of Delen Private Bank with filtered tap water instead of water from bottles. In this way, the bank is appreciably reducing the transport and use of glass bottles. This system will also be rolled out at the head office in Antwerp.
- This year, a *responsibility council* was founded at the bank. This is a consultative body which monitors developments relating to sustainability and subjects the policies pursued to critical scrutiny. The aim is to propose concrete sustainability-related actions and working points to the members of the Executive Committee. This working group is made up of employees from different departments, who are joined by two executive directors. This 'grassroots' involvement enables the board to propagate sustainability as a topic throughout the organisation.
- As the Delen Group also operates outside Belgium, it is inevitable that a number of employees will have to make regular trips to foreign branches. The most common destinations are JM Finn (UK) and Oyens & Van Eeghen (Netherlands). For 2019, these journeys were made more frequently by train than by air. The bank endeavours to use the train wherever possible, because it is more environmentally friendly.

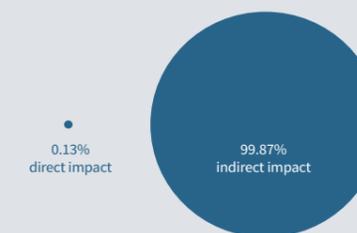
JM Finn, Oyens & Van Eeghen and Delen Private Bank Luxembourg

JM Finn, Oyens & Van Eeghen and Delen Private Bank Luxembourg are also continually stepping up their environmental efforts.

- To precisely calculate its CO2 footprint, JM Finn has entered into a partnership with Briar Associates, which assists JM Finn with its CO2 calculations and proposes specific working points for lowering environmental footprint.
- Oyens & Van Eeghen decided to ban staff from using water in plastic bottles and recently began sorting waste at its head office in Amsterdam.
- Delen Private Bank Luxembourg focuses on the smaller, day-to-day initiatives which have an impact on the environment in the longer run: completely shutting down computers at the end of the working day, encouraging staff to keep printing of digital documents to an absolute minimum, and so on.

KPI 12

Relative impact of CO2 emissions



KPI 13

Carbon intensity

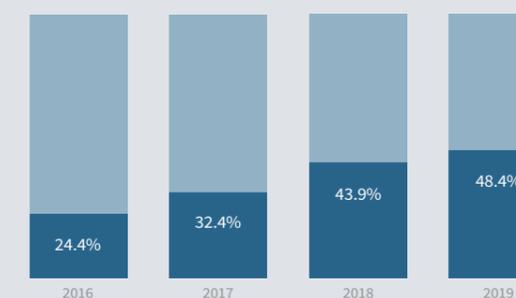
CO₂ emissions are a measurable and efficient parameter for gauging companies' good intentions in the environmental sphere. Cadelam's portfolio managers calculate carbon intensity as a yardstick: carbon emissions (in tonnes of CO₂) divided by a company's turnover. If we take into account the weighted average of all companies in the portfolio, we can work out the carbon intensity of the whole portfolio.

The carbon intensity of our portfolios is 149 (tonnes of CO₂ per million euros turnover). The global benchmark (MSCI World AC) is 179, which is 20% higher.

The aim is to maintain a lower carbon intensity than the global benchmark in the future.

KPI 14

Percentage of portfolio statements sent out digitally



Investing in Belgium's cultural heritage

Average investments in buildings of the Delen Group

Delen Private Bank seeks proximity to its clients. Therefore, it is gradually expanding its network of offices. In existing offices, renovation work delivers modern comfort, and efficiency. Personal client contact is essential in the Private Banking niche. It is the basis for establishing trust. With this in mind, the bank opened a new office in Waterloo in 2019.

Oyens & Van Eeghen is also conscious of the importance of personal client contact, and followed the bank's lead in Belgium by opening two new offices in Dutch Limburg (Valkenburg) and Friesland (Heerenveen) in 2018. In addition, in 2019 the renovated premises in 's-Hertogenbosch were opened. Thanks to these developments, Oyens & Van Eeghen is now present in four different locations in the Netherlands.

Just as Delen Private Bank protects clients' assets, it is also keen to help protect Belgium's cultural heritage. Therefore, the bank purposefully chooses for its offices historic buildings with a rich history: in Antwerp, Gent, Brussels, Liège and Leuven, we welcome clients in striking buildings with a historical background. Needless to say, each renovation project (in 2019: Westerlo) meets all the requirements under energy performance and indoor climate legislation. However, the bank also looks into ways of combining protecting Belgian cultural heritage with energy-efficient initiatives.

see KPI 15

Partner to Belgian art

Delen Private Bank is passionate about Belgian art, and enjoys sharing that love with its clients. For this reason, the bank sponsors the world-renowned art and antiques fair Brafa, as well as interiors fair Biënnale Interieur. Mr Filips De Ferm (former executive director of Delen Private Bank) and the Delen family, specifically mother-daughter duo Marie-Alix and Anne-Sophie Delen, are the main driving force behind these partnerships.

Support for social projects

Delen Private Bank

Driven by a desire to nurture, educate, and promote art, each year Delen Private Bank rallies behind a number of good causes. Often, the bank not only provides funds, but also gets actively involved, such as by publicising the subject through a lecture or event. The following are just some of the organisations and good causes sponsored by Delen Private Bank in 2019:

Financial adoption in India: Vreugdezaaiers VSKO vzw (Joy for Kids)

Joy for Kids is an organisation that seeks to improve the opportunities for development of disadvantaged children and young people in India. The projects are carefully selected and monitored based on four criteria: actual need, the sustainable nature of their impact, the finite nature of help, and the measurability of the results. By liaising closely with reliable contacts, the organisation is able to closely monitor the progress of each child and each project.

Digital communication platform for palliative home care: the IRIS Palliative Care File

The IRIS Palliative Care File developed an electronic communication platform for palliative home care. The platform provides a secure environment in which the various professionals involved in care provision can exchange information, 24/7, about the patient's medical and psychosocial situation. For urgent and important notifications, the system automatically sends a text message or e-mail to the people concerned, and there is also a coordinated system for the doctors on call.

All in the same boat: competition for sailors with, and without handicaps

Since 2010, the Royal Yacht Club Belgium has staged the annual Antwerp City Cup, an international competition in the 2.4mR class at which experienced sailors and sailors with a handicap compete together for the trophy. Sailing is not physically demanding, the emphasis is on tactics, strategy, and sail trim (the actions involved in getting the yacht to sail better or faster). In May, RYCB also stages the Belgium Flanders Sailability Cup championship, at which a sailor with a handicap is also accompanied by an experienced sailor. The emphasis is on taking part and the sailing experience. Delen Private Bank sponsors one of the boats for this event.

Prevention of and care for diabetic feet: D-Foot

D-Foot works globally to prevent diabetic feet. In the worst case, diabetes results in amputation of the foot but, with good care – or, better still, prevention – it need not come to that. D-Foot's aim is to halt the spread of diabetes foot, through awareness-raising, education, research, and professional development. They also promote recognition of podology as a medical specialism.

Keep learning, even when you're sick: School na Ziekenhuis (School after Hospital)

School na Ziekenhuis provides free learning support to ill or convalescing children, ensuring that they don't have to contend with a learning deficit on top of their illness. The tutors are volunteers, often with an educational background, such as teachers, speech therapists, and translators. They put their heart and soul into getting the child's knowledge back up to speed.

An overview of total investments in art events and sponsorship can be found in KPI 16.

see KPI 16

Oyens & Van Eeghen

Oyens & Van Eeghen also invests in art and culture. At the start of 2019, for instance, Oyens & Van Eeghen once again organised its 'art series', which gives young and/or unknown artists the opportunity to exhibit their works of art for one month in the Amsterdam office. In addition, Oyens & Van Eeghen is a member of the Rijksmuseum's 'Rijksclub', and sponsors the Royal Concertgebouw Orchestra. Finally, Oyens & Van Eeghen also sponsors the 'Opera on the Parade', an open-air opera on Paradeplein in s'-Hertogenbosch. This event is free to all.

JM Finn

Each year, JM Finn raises funds for two good causes, at least one of which benefits the local community in the vicinity of JM Finn's head office in London. To really make a difference, JM Finn endeavours to support each of the chosen good causes for a period of three years.

JM Finn also supports various art initiatives, including the Royal Academy of Arts, which is home to a large number of young, promising artists. Since 1769, this Academy has staged an annual exhibition, open to any artist who wants to exhibit their work.

KPI 15

Investments in buildings of the Delen Group

Average investments in buildings over a ten-year period (expressed as a percentage of average net profit).

Percentage of net profit	
2010 - 2019	11.19%

KPI 16

Art events and sponsorship by Delen Private Bank

The table below gives an overview of total investments in art events and sponsorship (including good causes) as a percentage of Delen Private Bank's profit. The figures shown are an average percentage, measured over ten years. The majority of these investments were in sponsoring the art events Brafa and Biënnale Interieur.

Percentage of net profit	
2010 - 2019	2.45%

Delen and the government

This section discusses the relationship between Delen Private Bank and the government and its regulators. Honest and prudent business operations are a priority for the bank. It closely monitors the applicable developments for future legislation, and implements them in its day-to-day operations.

The banking sector is very strictly regulated. Rapidly changing legislation calls for regular adjustments to the manner in which the bank conducts and organises its business. The bank sees this as an opportunity to keep refining its service, and prioritise the client's interests.

Digitalisation of the sector also means that digital applications must comply with an increasingly rigorous legislative framework. Such regulatory adjustments require the bank's various departments to work closely together. The Executive Committee closely oversees the correct implementation of new developments, in accordance with the regulatory requirements and the bank's own high standards.

The key regulations and their impact on Delen Private Bank

Every year brings new legislative initiatives or adjustments which impact on the financial sector. This year was no exception. A few of the subjects are explained below.

MiFID II

The revised Markets in Financial Instruments Directive (MiFID) entered into force in 2018. Two years after it took effect, the practical implications of the provisions on enhanced protection for investors have become routine for the bank and the client. The MiFID provisions had an impact on how the bank operates, both front-of-house and behind the scenes. Delen Private Bank is committed to proper monitoring of any future changes to the law or changing interpretations of how to apply laws.

Anti-money laundering legislation

Anti-money laundering legislation has a major impact on Delen Private Bank's activities. This legislation provides the financial sector with a tool for combating money laundering practices and terrorism financing. The bank insists on strict compliance with this legislation, and the supervisory authority is taking an increasingly tough line. Specifically, compliance with this legislation entails:

- client identification and acceptance
- investigating the origin of assets
- tracing and monitoring transactions

Privacy and data protection

The Delen Group takes the utmost care to ensure compliance with the laws on privacy and data protection, and informing the client. All personal data to which an entity of the Delen Group, or an employee has access, are processed, used and kept within the confines of the law and the internal policies of the entity concerned. The bank also gives detailed answers to questions or concerns of clients about data processing.

Heightened attention to cybersecurity is also a response to the legislation on privacy and data protection. The bank devotes a lot of resources and people to securing its IT systems. The legislator is planning various legislative initiatives relating to cybersecurity, and the bank is already preparing for these.

Society attaches particular importance to sustainable business practices and investing, and this translates into mushrooming legislation and regulation. Additional tests, reports, and communications are the result. Delen Private Bank is a pioneer in sustainable investing, through its investment and exclusion policy (see the chapter on sustainable business practices).

Capital requirements

The legislator and supervisory authorities are developing more initiatives and subjecting the financial resilience of financial institutions to mounting scrutiny. They are stepping up prudential supervision through specific mechanisms for capital accumulation, risk management, and the valuation of assets. The bank keeps a particularly close eye on the practical implications of this supervision, from a European and Belgian perspective. Some examples are the development of recovery scenarios, and keeping track of regulations on settlement mechanisms. Delen Private Bank has had a solid balance sheet structure for many years, even in the current climate of low to negative interest rates.

Tax

Regulators continue to broaden the regulatory framework for tax structures. In the future, certain players, financial institutions among them, will have more extensive reporting obligations in regard to tax structures. The bank has always pursued a cautious policy on tax advice. It automatically advises its clients against complex structures and high-tech tax evasion techniques.

Contributions to corporate tax and deposit protection scheme

As major financial players, Delen Private Bank, Delen Private Bank Luxembourg, Delen Suisse, Cadelam, Cadelux, Oyens & Van Eeghen and JM Finn contribute to government revenue in the form of corporate taxes, and to the national schemes developed to protect deposits. In 2019, corporate taxes paid by the Delen Group totalled 34,439,964 euros. The Delen Group also paid banking taxes totalling 3,804,226 euros to protect and develop the financial system. This amount includes, for example, the contribution to the Deposit Guarantee Fund and to the European Resolution Fund. Lastly, operating fees were paid to the various market regulations, amounting to 1,665,486 euros.

see KPI 17 & 18

KPI 17

Overview of corporate taxes, banking taxes and operating fees paid (in euros)

	2018	2019
Corporate taxes	37,964,384	34,439,964
Banking taxes	2,809,563	3,804,228
Operating fees	1,750,177	1,665,486
Total	42,524,123	39,909,679

KPI 18

Average amount of corporate taxes paid (in euro)

	Average amount of taxes paid	As a % of average profit
2010 - 2019	30,666,271	36.16%



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Risk management

Risk management and the core values

The bank's values are our compass in everything we do, says René Havaux, CEO of Delen Private Bank. We have five values: prudence, sustainability, personal contact, a family touch, and efficiency. These core values are what constitute the bank's character, and they guide our mission, strategy and philosophy. Prudence and sustainability are also reflected in Delen Private Bank's risk management. After all, caution is in the bank's DNA and it believes a sustainable approach is the only way to keep all stakeholders happy. The Delen Group is faced with certain risks on a daily basis, which is why it is important to identify those risks and assess their potential impact, and specify exactly how they should be handled. Reliable risk management is essential. The Delen Group has a cautious, pragmatic, long-term vision, which prioritises client satisfaction and transparency. It only takes risks that are linked to its core activity of responsible asset management, and which contribute to the company's objectives. This risk-aware corporate culture permeates the top-down approach to risk management within the Group. At Group level, the Board of Directors decides the exact risk appetite, i.e. the extent to which the organisation is prepared to accept certain risks. This exercise is performed for the various risk categories:

- credit risk
- financial risk
- operational risk
- business and strategic risk
- reputation risk

Therefore, when determining the risk appetite, consideration is given to the business strategy and the core values, achieving the corporate goals, as well as financial and non-financial factors. This risk appetite is then translated into policy choices, procedures, and specific risk limits for each entity. The bank's risk management system continually identifies, reviews and reports these risks to the Executive Committee. As soon as a risk exceeds the pre-set tolerance threshold, a state of increased vigilance begins, and actions are taken to reduce the risk to an acceptable level. The relevant risks for each entity, and the risk-mitigating actions are periodically reported to the bank's Executive Committee. Thanks to the flat organisational structure and short communication channels within the Group, heads of department and control functions at each entity have direct access to their management.

The responsibility of the entire organisation and of every employee

At Delen Private bank, the operational departments, together with internal control services operate according to the legal principle of 'three lines of defence'. In this system of control, the first line (operational departments) are monitored by the second line (compliance and risk management). Both the first and second line are monitored by audit, the third line. At the same time, the audit and risk committee oversees the risks at Delen Private Bank in a structured way, based on the input from all departments involved. With regard to non-financial matters (such as environment, employees, social matters, human rights, and anti-corruption), the following risks have the greatest relevance to the Delen Group:

1. Compliance risks

Given the highly regulated sector in which the Delen Group operates, one of the main risks facing the Group's entities is a compliance risk with regard to the existing legislative framework, including insofar as this relates to non-financial matters. If, despite best efforts, the relevant supervisory bodies believe that compliance with certain regulations falls short of expectations, this may result in sanctions such as negative publications and penalties. Therefore, the whole Delen Group must continually invest in its efforts to prevent corruption (such as money laundering or fraud). To manage this risk as effectively as possible, the bank has a compliance team as well as legal and specialised employees with specific areas of expertise (tax, financial planning, corporate governance). Regulations are closely monitored and, if necessary, clarified and implemented throughout the organisation. There is also very close cooperation with the bank's extensive IT department, which has the benefit of enabling us to smoothly and swiftly implement new legislation in the bank's systems. In this way, the bank ensures that both its clients and itself always comply with the relevant legal obligations.

2. Reputation risks

Reputation is about the impression that external stakeholders have of an organisation. Consequently, a reputation risk may arise from a variety of situations and factors. For the Delen Group, this means that all entities must, of course, be extremely vigilant to the quality of the service they provide, as well as other factors that may influence perception of the Delen Group among its stakeholders.

a) Reputation risk due to deterioration in service level

Naturally, client satisfaction is one of the most important objectives for the Delen Group. It is also the reason why trust and integrity are two crucial fundamental principles. If, however, it were to lose the trust of its clients, for any one of a number reasons, the Delen Group runs a substantial reputation risk.

b) Reputation risk due to non-compliance with legislation

In addition to the compliance risk that the entities of the Delen Group may run if they fail to properly comply with the regulations, non-compliance also engenders a reputation risk. This might happen if, for instance, one of the institutions attracts negative press coverage.

c) Reputation risk due to negative perception

Aside from service provision, and efforts to properly comply with regulations, the Delen Group always runs the risk that one of its stakeholders might have a negative perception of one or more entities of the Delen Group. Therefore, the companies within the Delen Group set great store by adopting a correct, responsible stance in dealings with all stakeholders. The bank greatly values the reputation it has built, which is the result of many years of consistently prioritising client satisfaction. The Delen Group will continue doing everything in its power to uphold its core values, along with the bank's good reputation.

3. Data security and cyber risks

In light of the growing risk of cybercrime on the one hand, and risks of theft or misuse of personal data on the other, the security of client data and the security of IT systems are two vitally important factors. When it comes to clients' personal data, discretion is paramount at Delen Private Bank. Handling confidential data with caution is one of its priorities. Therefore, the bank manages and protects its clients' personal data with the utmost care. Risk management in the area of data security involves, among other things, procedures for physical and system-related access control, the anonymisation of client data in the systems, and a classification system for files. As regards cyber risks, the bank has an extensive range of detective and preventive control systems at its disposal which protect the security of its applications, software and infrastructure against external threats. Furthermore, the bank uses tools such as external penetration tests and ethical researchers, with the aim of continuously measuring and improving the quality of its protection against cybercrime.

4. Stagnating growth and motivation within the company

Non-compliance with the law, or reputation damage could, in turn, contribute to a stagnation in the growth of the Delen Group's entities. At the same time, the growth of its companies depends on the commitment, motivation and experience of its employees. For this reason, it is steadfastly committed to their welfare, offers them the training they need, and endeavours to maintain a balance in its workforce between experienced and youthful employees. One of the ways it does this is by organising events for younger people, such as the Delen Hackathon and the Delen Academy.

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Our branch in the Netherlands

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Our subsidiaries

Delen Private Bank Luxembourg
www.delen.lu

JM Finn UK
www.jmfinn.com