

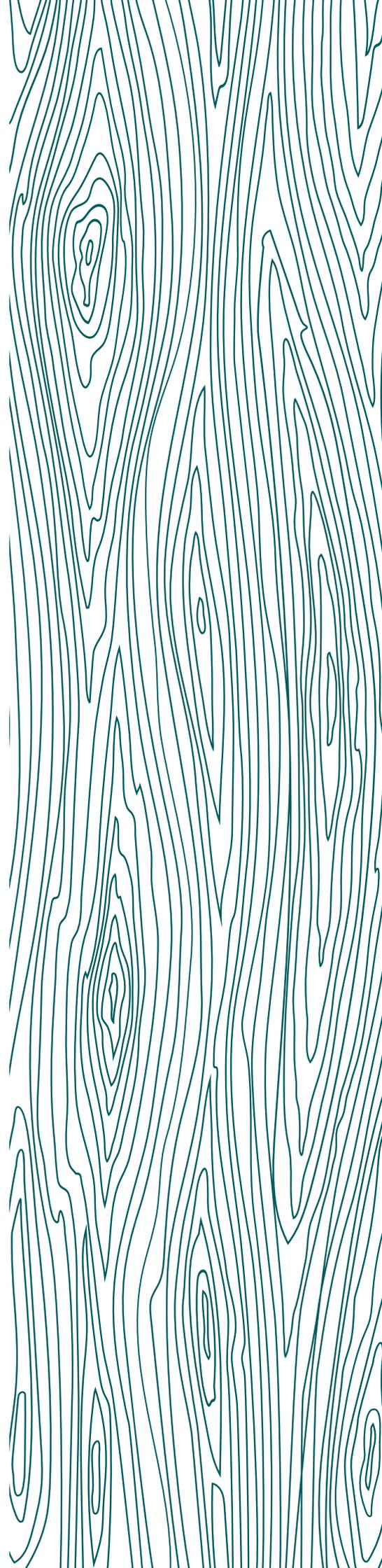
2017 Corporate Social Responsibility Supplement



**VAN LANSCHOT
KEMPEN**



2017
Corporate Social
Responsibility
Supplement



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About this supplement

Van Lanschot Kempen publishes an integrated annual report that includes both financial and non-financial information. The most material non-financial information is incorporated in the integrated report. Other less material non-financial information, or information only requested by a few stakeholders, is set out in this supplement or on our website at vanlanschotkempen.com/responsible.

1. FRAMEWORK AND OVERVIEW OF NON-FINANCIAL DATA

The framework set out below supplements our annual report and offers a more detailed overview of our corporate social responsibility policy. It shows the most important risks, targets (KPIs for the 2017-20 period) and achievements in each of the four focus areas.

Focus areas	GRI Material topics	Key risks	KPIs for 2017-2020	Achieved 2015	Achieved 2016	Achieved 2017	KPI achieved? ⁴	More info
1. Core banking activities – Client acceptance – Responsible/sustainable investments – Impact investing – Corporate Finance & Securities – Investments in associates – Responsible lending	1 through 4, 6-9, 11, 17	Reputational damage, e.g. via dishonest clients, irresponsible lending and investment	KPI 1: Higher client loyalty score than previous year (Net Promoter Score) ¹	-11 PB -17 Evi 32 AM	-3 PB -11 Evi	-4 PB -3 Evi 44 AM		AR p. 15
			KPI 2: Growth in assets under screening (AuS) ² – Total – Private Banking – Evi – Asset Management	73% ³ 79% ³ 94% ³ 70% ³	77% ³ 73% ³ 94% ³ 79% ³	75% ³ 73% ³ 95% ³ 75% ³		AR p. 48
			KPI 3: Screening balance sheet for responsible use of entrusted funds	Forum Ethibel certificate achieved	Forum Ethibel certificate achieved	Forum Ethibel certificate achieved		AR p. 70
2. Good employment practices – Training – Talent development – Employability – Diversity	15, 17, 19	Employees who are not sufficiently client-focused or sufficiently expert and engaged	KPI 4: Enhancing employee engagement	71%	No score; actions taken on health and engagement scan	81%		AR p. 60
3. Environmental management and purchasing – Carbon reduction – Responsible purchasing	17	Reputational damage – due to dishonest or irresponsible business partners – due to greenwashing	KPI 5: For the 2015-25 period: a carbon reduction per FTE averaging 2% p.a.	Carbon emissions 5,324 tonnes (-16.3%) Per FTE: 2.86 tonnes (-14.8%)	Carbon emissions 5,151 tonnes (-3.3%) Per FTE: 2.77 tonnes (-3.2%)	Carbon emissions 5,257 tonnes (2.1%) Per FTE: 2.76 tonnes (-0.5%)		CSR supplement p. 13
4. Social engagement and external assessment – Sponsorship and donations – Stakeholder dialogue – Transparency	14, 17	Reputational damage – due to insufficient attention to transparency and society's expectations – through donations to or sponsorship of dishonest	KPI 6: Transparency benchmark: top 20	16th in list of 245 companies	12th in list of 252 companies	9th in list of 253 companies		AR p. 15
			KPI 7: Sustainalytics: top 10 (peer group)	1st in peer group	1st in peer group	1st in peer group		AR p. 15

KPI fully achieved
 KPI largely achieved
 KPI stable; partially achieved
 KPI achieved to a small extent
 KPI not achieved

- Van Lanschot Private Banking in the Netherlands, Evi van Lanschot and Kempen Asset Management.
- AuM: The definition of AuM was revised in 2015 to exclude assets under administration (AuA) and in 2017 to also exclude assets under monitoring and guidance (AuMG). The latter is only relevant for Asset Management. AuS: AuS refers to assets that are screened on ESG criteria as a percentage of total AuM. Screening on assets per fund is taken into account when look-through and ESG data are available for the underlying companies (where it is possible that some companies in a fund do not have ESG data available). AuS figures have been calculated using the new AuM definition of 2017, and also include AuMG (for Asset Management).
- The comparative AuS figures have been adjusted due to several changes in the screened assets (aligning the allocation fund and fund of funds with the business units, and correcting for a mandate structure).
- For our assessment of the KPIs, see Reporting principles.

Our KPIs did not change in 2017. The table above shows that 43% of the KPIs – three out of seven – for corporate social responsibility were fully met. Two KPIs were largely met, one partially and one was not achieved. In 2017, we updated our materiality matrix, resulting in (partly) new material topics. Because the new materiality matrix was only drawn up in late 2017, we have not yet updated our corresponding non-financial KPIs. This will be done in 2018.

Overview of non-financial data

The following overview of non-financial data, broken down by division, is provided as a supplement to the non-financial key data in the annual report.

CSR data	Van Lanschot Kempen			Private Banking and Evi			Asset Management and Merchant Banking ⁴		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Employees									
Employees (FTEs)	1,658	1,670	1,666	1,292	1,192	1,208	366	478	458
Women (%)	36	37	39	39	40	42	27	30	30
Employee motivation and engagement (%)	81	No score; actions done on health and engagement scan	71	–	–	71	–	–	–
Sick leave (%) ¹	2.7	3.9	3.7	2.9	4.2	4.1	2.3	3.2	2.5
Investment in training (€ m)	4.3	3.7	4.3	3.3	2.8	3.2	1.0	0.9	1.1
Employment contract - internal staff - FTEs	1,658	1,670	1,666						
- Male / female (in %)	64 / 36	63 / 37	61 / 39						
Employment contract - external staff - FTEs	248	191	194						
- Male / female (in %)	80 / 20	n/a	n/a						
Employment contract - Internal staff / external staff (in %)	15.0	11.4	11.6						
Employment type - full-time - Number	1,274	1,307	1,255						
- Male / female (in %)	77 / 23	n/a	n/a						
Employment type - part-time - Number	473	457	503						
- Male / female (in %)	28 / 72	n/a	n/a						
Employees covered by collective bargaining agreements (in %) ²	74	76	80						
Ratio highest paid individual to median annual total compensation all employees ³	13.7	13.4	15.5						

1 The number of days lost to sick leave (excluding maternity leave) as a percentage of the potentially available number of working days in 2017.

2 For Van Lanschot Netherlands and Kempen.

3 The ratio reflects both fixed pay – defined as full-time salary, holiday allowance, the so-called 13th month payment and, at Kempen, market-related allowance – and variable pay. Variable remuneration is defined as discretionary payments and the tax value of shares vesting in 2016 and included in payroll tax. For specification of the highest-paid individual; see annual report, p.65.

4 Because all non-financial data for Kempen are only available on an aggregated level, we cannot report on underlying levels, i.e. Kempen Asset Management and Merchant Banking.

CSR data	Van Lanschot Kempen			Private Banking and Evi			Asset Management and Merchant Banking ⁴		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Environmental management and purchasing									
Energy consumption (million Kwh)	6.8	7.7 ⁵	8.1	4.6	5.0 ⁵	5.2	2.2	2.7	2.9
Green energy (%)	96	97	96	94	95	94	100	100	100
Natural gas consumption (m ³)	502,405	531,253 ⁵	509,067	439,403	484,563 ⁵	453,171	63,002	46,690	55,896
Water consumption (m ³)	24,034	22,158 ⁵	18,907	14,977	13,564 ⁵	10,553	9,057	8,594	8,354
Paper consumption (kg)	53,938	69,051	91,515	42,762	58,206	78,260	11,176	10,845	13,255
Paper recycling (kg)	70,402	97,850	121,430	42,816	68,006	92,243	27,586	29,844	29,187
Waste (kg)	163,480	157,033	157,667	94,539	101,545	112,881	68,941	55,488	44,786
Company cars A/B/C label (% of total)	88	89	92	86	86	91	98	99	98
Company car kilometres (million)	13.4	12.8	12.7	11.7	10.8	11.1	1.7	2.0	1.6
Company car petrol (litres)	408,885	369,965	410,057	325,973	269,626	312,134	82,912	100,339	97,923
Company car diesel (litres)	406,881	406,055	415,099	387,822	386,602	395,948	19,059	19,453	19,151
Company car LPG (litres)	1,071	863	999	1,071	863	999	–	–	–
Carbon emissions (tonnes)	5,257	5,151 ⁵	5,324	3,635	3,552 ⁵	3,786	1,622	1,599	1,538

Additional employee information

All employees (100%) receive a regular performance and career development review. In 2017, we continued to invest in the development of our employees' talents, in terms of both individual skills and performance. We offered training to develop hard and soft skills. We would mention the following training/development programmes specifically: Advanced Leadership programme 2018-20; Young Professional/Trainee programme; Table of XII; My Journey (which encourages employees to extend their capacities in their professional lives and enhances leadership ability); Dutch and English language courses; Insights training; agile working. We also continued our employability programme, including the show *Durf te gaan voor jouw loopbaan* ("Dare to go for your own career"). Moreover, employees were offered outplacement programmes to enable them to transfer onto other jobs/employers.

⁴ Because all non-financial data for Kempen are only available on an aggregated level, we cannot report on underlying levels, i.e. Kempen Asset Management and Merchant Banking.

⁵ Revised figures based on final 2016 data.

2. STAKEHOLDER DIALOGUE

Dialogue with our stakeholders is a key driver of the ongoing development of our corporate social responsibility policy. It tells us what our stakeholders expect of us, and what they genuinely consider to be most important.

We identify six groups within Van Lanschot Kempen's stakeholders: clients, employees, shareholders (and other capital providers), civil society organisations, government/regulators, and other banks. We have identified these stakeholders based on the degree of impact and influence they have on us, as well as vice versa. The table on pages 9-10 sets out the key expectations, discussion topics and forms of dialogue (including the frequency of this dialogue) for each stakeholder group. The final column shows the results of the dialogue with each group.

The table was compiled based on a variety of sources: discussions with clients and periodic client satisfaction surveys, meetings with shareholders, and analysis of recurring questions and comments from various external stakeholders, including civil society organisations and regulators. The abbreviations used are explained in the glossary at the end of this supplement.

Actions arising from the stakeholder dialogue

We begin by taking the recommendations and suggestions that have arisen during the dialogue with our stakeholders and testing them against our strategy. The next step is to assess how other stakeholders would be affected if these were to be implemented. Recommendations and suggestions that are in line with our strategy and compatible with the interests of other stakeholders may result in new services or policy adjustments. Here are a few examples from 2017:

- In response to a growing demand for sustainable investment solutions we expanded our discretionary asset management service to Private Banking clients with Duurzaam+. Compared with other responsible investment solutions, Duurzaam+ excludes more ethical themes (tobacco and conventional weapons) and invests specifically in companies that are best-in-class from a sustainability perspective.
- At the request of institutional clients, a new impact investing pool was developed in the course of 2017. This Global Impact Pool, which only invests in impactful companies, was launched in early 2018. At a later date, it will be made available for non-institutional clients too.
- Given the ongoing focus of our stakeholders on climate change, we further developed our carbon measuring methodology, especially in relation to our clients' investment portfolios. As a result, our 2017 annual report contains for the first time a carbon emission estimate for – part of – our investment portfolios.

External assessment by stakeholders

Van Lanschot Kempen is assessed on sustainability by various stakeholders. More information on these external assessments can be found on our website under the heading "External assessment": vanlanschotkempen.com/responsible/external-assessment.

STAKEHOLDER EVENT 2017

We organised a stakeholder event in November 2017, as we have done in previous years. A large group of clients, employees, external specialists and civil society organisations came together with a member of our Statutory Board and other (senior) managers to discuss corporate social responsibility issues in relation to Van Lanschot Kempen's strategy. Three external sustainability experts were asked to present their views on Van Lanschot Kempen and came up with some concrete suggestions to further improve our sustainability profile:

- Maurits Groen (Wakawaka) advised us to offer more help to social entrepreneurs to find funding capital via our client network. He also suggested that we join forces with others in the financial sector to help make the homes of mortgage clients more sustainable.
- Simon Braaksma (Philips) advised us to further embed sustainability – in line with the SDGs – in our strategy and also in educational programmes for our employees.
- Angelique Laskewitz (VBDO) proposed adding sustainability as a selection criterion in our recruitment policy and increasing our external communications on our sustainability approach.

These three expert views sparked interesting discussions with other stakeholders in the audience. Some attendees suggested that sustainable (rather than responsible) investing should become the default investment proposition for Van Lanschot Kempen, though not everyone agreed. Another stakeholder proposed that Van Lanschot Kempen should embed its sustainability ambitions in its Articles of Association. At the end of the discussions, Executive Board member Richard Bruens summarised all the suggestions and listed a number of specific action points for 2018. These can be found in the more extensive summary of our 2017 stakeholder event at vanlanschotkempen.com/responsible/policy.

THREE EXTERNAL SPECIALISTS SHARE THEIR THOUGHTS

"I know Van Lanschot Kempen as an exceptional organisation that embraces a culture of commitment and debate around the UN's Global Goals for Sustainable Development (SDGs) on a daily basis. This level of commitment manifests itself in extended debates among senior executives on the meaning and priority of a large number of SDGs for the financial services sector. Similarly, the collection of extensive data assets on a per asset class basis, grounded in an advanced data infrastructure, is not only a clear sign of investment innovation but also of a commitment to a sustainable, data-driven organisational culture. Debates about the levels of accuracy offered by current GHG reporting standards are also commonplace at Van Lanschot Kempen. That said, the true commitment of the organisation is probably best visible in small details such as the charging rotas which allow employees and executives to recharge their electric or hybrid cars while at work."

Prof. Dr. Andreas Hoepner, Chair in Operational Risk, Banking & Finance, University College Dublin (UCD), Republic of Ireland

"We observe that Van Lanschot Kempen is continuously looking for possibilities to further enhance its overall corporate social responsibility. Forum Ethibel has been independently auditing Van Lanschot Kempen's conformity with their own lending and investment policies for a number of years. Each year, new developments have been observed that show how Van Lanschot Kempen acknowledges corporate social responsibility as an ongoing evolution. Some of these developments relate to carbon emissions and impact investing, which both have an increasingly important role in the world of asset management. We do hope that this ethos towards enhancing sustainability efforts remains embedded in their DNA and inspires others."

Ro Van den Broeck, Research Officer at Forum Ethibel

"The leading principle for Van Lanschot Kempen is consumer centricity. For that reason, more openness and clarity about its ambition and strategic targets with regard to sustainability and sustainable investments is of utmost importance. Let your consumers and stakeholders experience the added value Van Lanschot Kempen has to offer if it comes to sustainable investments, products and services. All employees have to live the brand Van Lanschot Kempen and what it stands for. This will contribute to creating shared value."

Angelique Laskewitz, Director Vereniging van Beleggers voor Duurzame Ontwikkeling (VBDO)

Stakeholder	Stakeholder expectations	Discussion topics in 2017
Clients	<ul style="list-style-type: none"> - Clients' interest first - Professional, expert, client-centric staff - Use of modern communication and service concepts - Responsible use of client assets - Financial solidity 	<ul style="list-style-type: none"> - Impact of strategy - Service quality - Client care - Investment performance - Responsible/sustainable/impact investment - Social entrepreneurship and charity - Winding down corporate loans - Introduction of omni-channel service offering - Impact of outsourcing mortgage services - MiFID II
Employees	<ul style="list-style-type: none"> - Personal and professional development - Employment terms - Clients' interests first - Clear communication - Financial solidity 	<ul style="list-style-type: none"> - Personal development - Investment in professional skills - Impact of strategy - Service improvement - Enhanced efficiency/efficacy - Changing employment terms - Well-being
Shareholders (and other capital providers)	<ul style="list-style-type: none"> - Strategy implementation - Profitability - Protecting reputation - Effective risk management - Financial solidity - Transparency - Corporate social responsibility 	<ul style="list-style-type: none"> - Strategy and financial targets - Financial and non-financial results - Capital strategy and dividend policy - Acquisition of private banking activities of Staalbankiers and UBS in the Netherlands - Funding strategy - Risk management - Remuneration policy - Impact of regulation - Shareholder base and liquidity of Van Lanschot Kempen shares
Civil society organisations (society at large)	<ul style="list-style-type: none"> - Active contribution to a sustainable and stable society - Openness to dialogue - Transparency - Financial solidity - Responsible remuneration policy 	<ul style="list-style-type: none"> - Sustainable Development Goals - Climate change - Tax avoidance - OECD guidelines - Controversial weapons
Government/ regulators	<ul style="list-style-type: none"> - Financial solidity - Clients' interest first - Compliance with laws and regulations - Controlled and sustainable remuneration policy - Professional risk management - Good governance 	<ul style="list-style-type: none"> - Financial solidity - Risk management - Client interests first - Compliance with laws and regulations (e.g. interest rate derivatives SME clients) - Climate change - Sustainable Development Goals - OECD guidelines and UN Guiding Principles on Business and Human Rights - Credit rating - Task Force on Climate-related Financial Disclosures
Other banks	<ul style="list-style-type: none"> - Constructive industry consultation - Financial solidity - Fair competition 	<ul style="list-style-type: none"> - Laws and regulations - Responsible and sustainable banking - Sustainable Development Goals

Stakeholder	Form of dialogue	Frequency	Result and related outcome of the dialogue
Clients	<ul style="list-style-type: none"> - Client meetings - Client events - Stakeholder events - Client surveys - Client portals - Client management 	D	<ul style="list-style-type: none"> - Financial ratios in order - Growth in AuM - Stable client satisfaction - Simplified product range - More online service provision (e.g. discretionary and non-discretionary investment apps) - Further winding down corporate loan book - Additional sustainable products, incl. Duurzaam+ and Global Impact Pool - More client information on responsible and sustainable investment - Charity Service & Impact Investing Service helped more clients - Product awards Kempen & Co and Evi - MiFID II
		W	
		A	
		A	
		D	
		D	
Employees	<ul style="list-style-type: none"> - Performance management system - Engagement survey - Work meetings - Works Council - Intranet - Training courses - Internal meetings 	SM	<ul style="list-style-type: none"> - Optimisation of organisation - Education and training - Further adjusted employment terms (more harmonised employee terms) - Well-informed and involved employees - Ongoing vitality programme - Positive employee engagement score
		A	
		W	
		M	
		D	
		A	
Shareholders (and other capital providers)	<ul style="list-style-type: none"> - General Meeting of Shareholders - Roadshows, conference calls and other bilateral consultation - Press releases, trading updates and annual reports - Website and social media - Stakeholder event 	A	<ul style="list-style-type: none"> - Good progress of strategy - Financial ratios in order - Clear capital strategy: capital return to shareholders - Successful acquisition of UBS's domestic wealth management activities in the Netherlands and successful integration of Staalbankiers - Diversified funding - Rabobank successfully sold its stake in Van Lanschot Kempen
		Q	
		Q	
		M	
		A	
Civil society organisations (society at large)	<ul style="list-style-type: none"> - Bilateral consultation - Participation in PRI, UNGC, MVO NL, VBDO, CDP, etc. - Research by civil society organisations - Website and social media - Stakeholder event - Accountant 	Q	<ul style="list-style-type: none"> - Selection of Sustainable Development Goals (five SDGs) - Further deepening of sustainable investment and starting impact investment - Follow up on assets under screening (AuS, as % of AuM) - Method for measuring carbon impact of balance sheet assets and method for assets under management further developed and applied - Lower carbon emissions per FTE - Social projects, donations, sponsorship - Higher score on Transparency Benchmark - Forum Ethibel certificate - Integrated report (GRI Standards and externally verified) - More tax disclosure
		Q	
		M	
		M	
		A	
		A	
Government/ regulators	<ul style="list-style-type: none"> - Consultation with Dutch Authority for the Financial Markets (AFM) and De Nederlandsche Bank (DNB) - Self-assessments, audits and controls - Credit rating reviews 	M	<ul style="list-style-type: none"> - Financial ratios in order - Various client-interest projects completed - Standard & Poor's credit rating confirmed at BBB+ (outlook unchanged and stable) and Fitch rating confirmed at BBB+ (outlook unchanged and stable)
		Q	
		A	
Other banks	<ul style="list-style-type: none"> - Bilateral consultation - Industry consultation¹ via NVB, DUFAS, E-RISC (UNEP FI), GRESB 	M	<ul style="list-style-type: none"> - Sustainability policy for financial institutions continued and update on climate progress - Sustainable Development Goals and sustainable development investing initiatives
		M	

Frequency: D: daily W: weekly M: monthly Q: quarterly SM: six-monthly A: annually

¹ Topics and activities discussed in industry consultation, such as NVB and DUFAS, are published via these industry organisations.

3. RESPONSIBLE INVESTMENT AND LENDING

It is important to many of our stakeholders that Van Lanschot Kempen uses client assets in a responsible way, in terms of both investment and lending. Our annual report contains a detailed description of how we go about achieving this, and some supplementary information is also provided below.

Responsible and sustainable investment

In addition to responsible investment, which centres around engagement with companies and investment funds, Van Lanschot Kempen offers clients the opportunity to invest in sustainable funds, in which the emphasis is more on exclusion.

Van Lanschot Private Banking and Kempen Asset Management have offered three sustainable investment funds since 2013: Kempen Global Sustainable Equity Fund, Kempen Euro Sustainable Credit Fund and Kempen Sustainable European Small Cap Fund. These sustainable funds, available for clients whom we advise on investments, are subject to more stringent exclusion criteria than apply to responsible investment solutions. For instance, they exclude companies that are active in nuclear energy, tobacco, fur, weapons and alcohol, or which are involved in animal testing or genetic modification. The funds are also prohibited from investing in businesses that contravene the UN Global Compact. For further information, see Kempen's website: kempen.com/en/asset-management.

In 2017, we also introduced the Global Sustainable Value Creation Fund, which focuses on long-term value via a sustainable investment strategy – including engagement and positive selection. In addition, we enabled Private Banking clients opting for discretionary management to invest in a broader range of (external) sustainable mutual funds via our new Duurzaam+ offering. See our annual report (p. 39) for further details.

Carbon footprint assets under management

We measured the aggregated carbon footprint of our clients' managed assets for the first time in 2017; see our annual report (p. 50) for the results. This was based on three different metrics: absolute footprint; relative footprint; and carbon intensity.¹ These are defined as follows:

- Absolute footprint measures a portfolio's absolute carbon footprint (in tonnes of CO₂) based on its shareholdings in the underlying companies. The shareholding in each company is taken as part of the enterprise value and multiplied by the carbon footprint of that company. For companies and bonds, the absolute footprint is based on the enterprise value methodology, and for countries largely on the Platform for Carbon Accounting Financials methodology (see carbonaccountingfinancials.com).

- Relative footprint shows how many tonnes of CO₂ an investor is financing in relation to their ownership in a certain company or portfolio. This metric captures the carbon intensity of an investment amount and is measured by dividing the absolute footprint of the portfolio by the total amount invested in the portfolio.
- Carbon intensity calculates a portfolio's exposure to the carbon intensity of companies (expressed in tonnes of CO₂/€ million revenues) multiplied by the percentage of the company in the portfolio.

Responsible lending

Van Lanschot's corporate loan portfolio stood at €2.0 billion at year-end 2017 (2016: €2.3 billion²). We had virtually zero corporate credit exposure in sectors such as agriculture and fishing, chemicals, utilities, and oil and gas, all of which are more sensitive in sustainability terms. The same goes for borrowers with production located in low-wage countries, which likewise barely feature in our portfolio. For the past six years, a risk filter has been used to screen the sustainability of corporate loans. This process did not identify any material sustainability issues in the portfolio. The number of corporate loans for which screening is required stood at 51 at the end of the year.

Progress in implementation of responsible lending policy (corporate loans)	2017	2016	2015
Corporate loans (number)	2,011	2,479	2,785
- Of which exempt from responsible lending policy ³	1,960	2,398	2,663
Loans to be screened	51	81	122
- Of which "potentially high risk"	19	27	42

Of all the loans screened over the past five years, 143 were designated as "potentially high risk". Of these, 19 remained in the portfolio at year-end 2017 (2016: 27). In the other 124 cases, the loan relationship has since been redesignated as "low risk" or has been terminated altogether.

Most of the remaining 19 "potentially high risk" corporate borrowers are businesses in "sensitive sectors" (e.g. clothing, wood-based products and other manufacturing sectors) which import from or have production facilities in non-western countries. Potential risks include illegal logging, poor working conditions, human rights violations and serious environmental pollution. Only two of the 19 above cases relate to borrowers with an indirect involvement in the arms sector. In all 19, we engaged the borrower on the precise risks and how the company in question might go about mitigating them. Many borrowers appreciated our engagement and have already responded by taking the necessary measures. There is a small group for which further improvement is still possible, and it is these that we will continue to monitor particularly actively.

¹ The assets covered by our carbon footprint measurement comprise equities, bonds and government bonds only.

² Adjusted 2016 figure, see our annual report for more information, p. 30.

³ Relates to business professionals, commercial real estate, the Dutch medical sector and other relationships regarding which the risk is zero, due for instance to the nature and location of the business operations. These are screened, however, for involvement with financial crime (customer due diligence).

Complaints management

Our aim at Van Lanschot Kempen is to offer our clients the high-quality service and personal attention they expect and demand. If clients feel that we have not lived up to these expectations, we urge them to let us know, either through their bankers or via the Complaints department. We want to make it easy to submit complaints and we do our best to pick up any signs of dissatisfaction. In addition to the issues that clients raise with us directly – personally or in writing – we keep a close eye on social media.

Our objective when dealing with complaints is to put things right between ourselves and the dissatisfied client. Like our clients, we want to pursue a long-term and mutually rewarding relationship, and an important principle is that equal cases must be treated equally in practice. The members of our Statutory Board and senior management play an active role in dealing with complaints. They are readily approachable by clients, and place great importance on responding in person to complaints addressed to them.

The Complaints department analyses the cases we receive to identify trends and developments, which it then reports to the Statutory Board and senior management. Complaints provide us with valuable signals for improving our service and we set out to learn as much from them as we can. The department constantly talks to colleagues elsewhere in the bank in order to improve our processes and products.

Kempen follows the same principles as Van Lanschot when it comes to dealing with complaints: members of the Management Board are involved and investigations are also made to see whether other clients might be in a similar position. The Compliance and Group Risk Management departments are notified about complaints, so that the wider organisation can learn from them as well.

SCREENING OUR CORPORATE LOAN PORTFOLIO: AN EXAMPLE

In June 2017, we received a potential high-risk alert on a Dutch trading company (our client) importing batteries from Hong Kong. Because the production of batteries can have substantial negative environmental and social impacts, our responsible lending policy required an additional assessment of our client and its supply chain. Our assessment revealed that our client was sourcing all its batteries from one Hong Kong-based production company and that the latter held various international social and environmental certificates (e.g. ISO 14001 and SA 8000). In addition, we found that the Hong Kong company only produced the more environmental friendly rechargeable NiMH batteries, had an internal environmental committee in place and had already received a number of prizes.

However, we also learned that the company had been involved in a serious negative incident back in 2004, when a number of employees fell ill because of cadmium pollution. It appeared that the company had responded correctly: it provided compensation to sick workers (exceeding the minimum local/Chinese compensation requirements), stopped the production of nickel-cadmium batteries, and strengthened its environmental health and safety facilities and training. The battery company has not been involved in any further incidents of this sort since 2004.

On the basis of our findings, we ultimately issued a positive internal recommendation and continued the relationship with our client.

4. ENVIRONMENTAL MANAGEMENT AND PURCHASING

As a financial services provider, Van Lanschot Kempen's direct environmental impact is relatively limited. All the same, we have worked hard in recent years to reduce our environmental footprint. If we encourage our clients to decrease their environmental impact then it is logical that, even though this does not directly affect our material impact, we should do ourselves what we demand of others. Although we made a clear contribution towards a carbon neutral economy in the 2011-17 period, 2017 itself was a less fruitful year and showed a minor rise in our absolute carbon emissions.

Calculating our environmental footprint

We began to calculate Van Lanschot Kempen's carbon footprint in 2011, in line with the international Greenhouse Gas Protocol. Our footprint shows at a glance where the most material emissions occur, making it a useful guide when drawing up carbon reduction measures.

Environmental policy objective

We have an environmental policy objective in place and are implementing it to reduce our environmental impact. Our objective is to reduce our average carbon emissions per FTE by 2% a year in the 2015–25 period.

At the moment, there are no science-based financial sector targets we can use to relate our own targets to the Paris Agreement on climate change. We will investigate updating our targets when these sector targets become available.

Policy implementation

Van Lanschot Private Banking set up a Green Team in 2008 to implement our environmental policy, consisting of employees from Purchasing, Contract Management & Facilities, Human Resource Management, Corporate Social Responsibility and our branch office network. The Sustainability Team at Kempen is a similar multidisciplinary group. Because our environmental policy has become more and more integrated, the relevance of these environmental teams has diminished over the last few years. In 2017, the teams did not meet; all 2017 environmental measures to reduce our environmental footprint (and carbon emissions) were carried out by our regular teams and departments (e.g. Purchasing, Contract Management & Facilities). We will continue this approach in 2018. Examples of reduction measures can be found at vanlanschotkempen.com/responsible/environment.

Results for 2017

Although we made a clear contribution towards a carbon neutral economy in the 2011-17 period (31% carbon reduction), 2017 itself was a less fruitful year and showed a minor rise in our absolute carbon emissions. In 2017, our total calculated carbon emissions grew by 107 tonnes (2.1%) to 5,257 tonnes. Emissions per FTE decreased slightly, by 0.5% to 2.76 tonnes. This was mainly the result of growth in international air flights due to higher international client numbers, more fuel consumed by company cars and an increase in the conversion factor for

the use of non-green energy. Unfortunately, our carbon reductions in 2017 – which were mainly related to gas and paper consumption – were not large enough to offset these increases. During 2017, we investigated a switch to green gas to reduce our carbon footprint but concluded that the costs were too high. We aim to investigate further measures to reduce our carbon footprint in 2018. For more details on the carbon emissions calculations for our own organisation, see vanlanschotkempen.com/responsible/environment.

Indirect carbon emissions

In 2017, we made good progress in calculating our indirect carbon footprint: we further refined – and applied – our methodology for measuring the emissions via our balance sheet, although the results are still estimates. Moreover for the first time we calculated the footprint of (a part of) our assets under management (see also p. 50). In 2018, we will further develop our methodologies and continue to explore opportunities to reduce our indirect footprint.

Carbon offset

Since 2011, we have also focused on offsetting carbon emissions (in addition to our carbon reduction measures). In 2017, our offsetting percentage remained stable (43%).

Offsetting measures in 2017

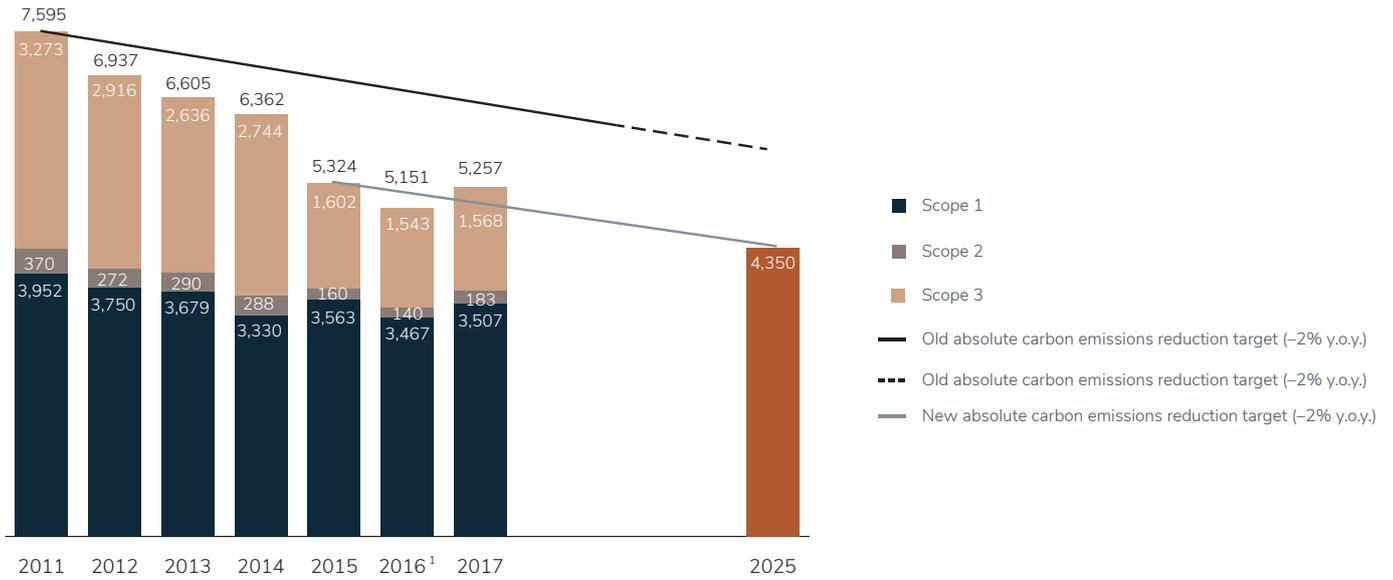
- Gas consumption (Van Lanschot in the Netherlands): Fully offset via voluntary emission-reduction units from emission-reducing projects.
- Company cars (Van Lanschot in the Netherlands): Fully offset by planting trees or by sustainable energy projects.
- Postal deliveries (Van Lanschot in the Netherlands and Kempen): Fully offset by international sustainability projects designated as Gold Standard.

Moreover, we made a contribution to carbon mitigation (not a carbon offset measure) via our sponsoring of Justdiggitt, an organisation aimed at making dry areas in Africa greener. Our sponsorship has helped achieve 3,000 tonnes of carbon mitigation via the organisation's Kuku project; for more information see justdiggitt.org.

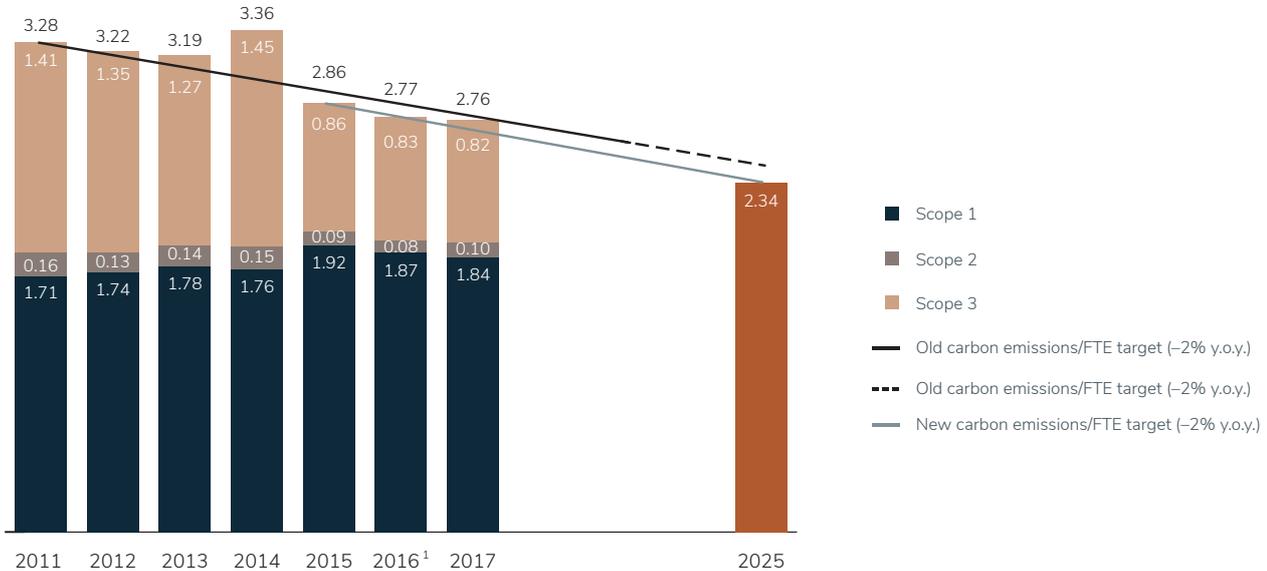
CDP

We also report our annual carbon data to CDP (formerly the Carbon Disclosure Project). This provides institutional investors affiliated to CDP with access to harmonised climate data, which they can then use to make their own investment policy more sustainable. In 2017, we were awarded an A rating – their highest designation. For more information, see cdp.net.

Carbon emissions (in tonnes)



Carbon emissions (in tonnes per FTE)



1 Revised figures based on final 2016 data.

Carbon reporting according to Greenhouse Gas Protocol	2017 tonnes CO ₂	2016 tonnes CO ₂	2015 tonnes CO ₂
Scope 1 (direct emissions)	3,507	3,467	3,563
Heating	1,072	1,120 ³	1,074
Company car use	2,435	2,347	2,489
Scope 2 (indirect emissions electricity)	183	140	160
Electricity consumption	183	140	160
Scope 3 (other indirect emissions)	1,568	1,543	1,602
Business air travel	1,250	1,141 ³	1,088
Business car use (non-company cars; petrol)	110	123	154
Business public transport	12	34	33
Paper	175	224	305
Goods transport (couriers)	14	14	16
Water	7	7 ³	6
CO₂ total (tonnes) – own organisation	5,257	5,151	5,324
FTE internal	1,658	1,670	1,666
FTE external	248	187	194
CO₂ (tonnes) per FTE	2.76	2.77³	2.86
Supplement on Scope 3			
Indirect carbon emissions (in tonnes) via balance sheet ¹	99,660	103,951	n/a
Indirect carbon emissions via assets under management (x million tonnes) ²	3.9	n/a	n/a

Offset CO ₂ emissions	2017	2016	2015
Offset as % of total CO ₂ emissions	43%	44%	46%
CO ₂ -emissions offset (in tonnes CO ₂)	2,277	2,289 ³	2,426

PURCHASING

Since 2009 Van Lanschot Kempen has been assessing the sustainability of its suppliers, with a key role played by Procurement. Van Lanschot Kempen works with a variety of business partners, comprising individuals and companies with a commercial relationship with the bank – in areas such as purchasing. The purchasing processes at Van Lanschot Kempen are subject to specific CSR monitoring. Procurement provides annual purchasing training aimed especially at employees who are regularly involved in procurement.

Since 2015, we have incorporated our responsible purchasing policy within our business partner due diligence (BPDD) policy. This policy ensures that we only work with business partners who meet our integrity and CSR standards. It is used to analyse and manage risks prior to and during collaboration. A supplier's statement enables us to identify the stability, country, industry, integrity, reputation and other risks associated with a business partner. We do not enter into relationships with business partners that fail to satisfy our BPDD policy. In 2017, we started further improving the integration of our responsible purchasing policy in existing management systems. We also introduced key supplier management to deepen our relationships with some of our key suppliers and gain further insights into possible benefits and risks associated with our collaboration. We will continue to develop key supplier management in 2018.

- 1 The carbon footprint via the assets on our balance sheet is estimated for the second time (based on 2016 data). All material assets are in scope: cash and cash equivalents and balance at banks; financial instruments; loans and advances; and other. Our carbon footprint measurement covers 63% of our balance sheet assets. We fine-tuned our method in 2017 and will further refine it in 2018.
- 2 The carbon footprint via our Assets under Management (AuM) is estimated for the first time. Our carbon footprint measurement covers 55% of our AuM, comprising equities, bonds and government bonds only. The aggregated carbon footprint is based on the absolute footprint metric; for the definition of this metric and the two other metrics we have used (relative and carbon intensity), see p. 11.
- 3 Revised figures based on final 2016 data and adjusted flight data (Kempen).

5. REPORTING PRINCIPLES

Purpose of the report

Our 2017 annual report (including this supplement) is intended to inform our stakeholders on our corporate social responsibility policy and the associated efforts and results recorded in 2017.

Scope

The report will, as far as possible, cover the entire Van Lanschot Kempen organisation in the Netherlands, Belgium, the United Kingdom, the United States, France and Switzerland. Where acquisitions or disposals have occurred, these are explicitly reported and it is stated whether or not they have been included for reporting purposes. One acquisition was completed in 2017 (the wealth management arm of UBS in the Netherlands), the data for which have been fully incorporated in the 2017 annual report and this supplement.

Reporting period

The report covers the period from 1 January 2017 to 31 December 2017, while also including data from previous years in order to provide a clearer picture of developments over time. Brief reference is made in a number of places to relevant developments following the closure of the reporting period; where this is the case, it is explicitly noted that the development in question occurred during the first months of 2018.

Reporting process

We have set out Van Lanschot Kempen's annual reporting process in an internal reporting protocol. This specifies who is involved in the drafting of the report, how the subjects to be covered in the report are determined, how the data for the report is collected, what definitions are used for this data, how the collected data is verified, processed and consolidated, and how the final report is published. The reporting protocol is updated annually.

Global Reporting Initiative (GRI)

Van Lanschot Kempen has been following the guidelines of the Global Reporting Initiative (globalreporting.org) for its corporate social responsibility reporting since 2009. GRI is the international standard for transparent CSR reporting. The GRI table showing how the various GRI themes have been incorporated in our 2017 annual report can be found on our website (vanlanschotkempen.com/responsible/external-assessment). This report has been prepared in accordance with the GRI Standards: Comprehensive option.

Stakeholder engagement

The dialogue with our stakeholders is the most important source of information on what our stakeholders expect of us. In our annual report and in this supplement we set out how we engage our stakeholders in the development of our policies. We also describe the topics that stakeholders raised with us in 2017 and how we responded to them. We warmly invite you too to share your opinions and views with us – contact details can be found on the final page of this supplement.

Materiality

Our 2017 annual report mainly contains information on material topics. A topic is deemed to be material if it is important to our stakeholders (i.e. it substantively influences the assessments and decisions of stakeholders) and is also important for reflecting our economic, environmental, and social impacts (which can be positive or negative).

Material topics are relatively stable over time, and for this reason the identification of material topics is done once every two years. The most recent identification of material topics was carried out in the last months of 2017. The identification process comprised two steps as described in the box below, and resulted in a so-called materiality matrix.

For 2017, the materiality matrix (see annual report, p. 20) shows that the topics "Responsible investment", "Sustainable investing and impact investing" and "Ethics and integrity" score the highest on both axes. Some way behind these are the topics "Fit, professional and knowledgeable staff", "Added value" and "Fair pricing, marketing and labelling". Given their position in the matrix, these topics are the most material for our stakeholders. GRI standards specify that these topics must be expressly included in the annual report. There is no need to include topics with a relatively low score on both axes in the annual report; these can instead be presented in this supplement or on our website.

At our annual stakeholder event on 3 November 2017, we discussed the new materiality matrix in detail with clients, employees, civil society organisations and other interested parties. Overall, attendees recognised the material topics in the matrix. The Executive Board approved the materiality matrix in January 2018. A more detailed report on the stakeholder event can be found on our website at vanlanschotkempen.com/responsible/policy.

IDENTIFICATION OF MATERIAL TOPICS

Step 1: Gathering data

In Step 1, we gathered relevant data from a large number of information sources that became available in the year, e.g.: the results of client satisfaction surveys and client panels (Kroonadviesraad, KAR); client feedback during client meetings; complaints submitted to the Complaints department; employee feedback (through employee surveys and ideas committees); shareholder feedback during face-to-face discussions and the Annual General Meeting of shareholders; responses and suggestions from regulators; feedback from various stakeholders directly to our CSR department; results of Van Lanschot Kempen's own research (Vermogend Nederland); feedback from third parties (via vanlanschot@vanlanschot.com, verantwoordondernemen@vanlanschotkempen.com or social media); analysis of other banks' annual reports (best practices); external benchmarks and rating results, e.g. from the Transparency Benchmark, Sustainalytics, the Fair Bank and Insurance Guide, Eumedion and the Dutch Association of Investors for Sustainable Development (VBDO).

Step 2: Identification of material topics

In Step 2, the list drawn up during Step 1 was further structured and condensed to create a more concise one that is in line with the structure of GRI. This list contained 22 different topics, structured under five main themes: products and services, client-centricity, financial management, operating practices, and giving back to society. The 22 topics were incorporated in a survey presented to a large cross-section of our stakeholders, i.e. clients, employees, shareholders, civil society organisations and other banks.

The survey invited stakeholders to indicate:

1. Which of the 22 topics they consider to be of most/least influence on their assessments and decisions; and
2. Which of the 22 topics they consider to be most/least significant to the impact Van Lanschot Kempen can make, in economic, environmental and social terms.

Our stakeholders' responses resulted in a materiality matrix (see annual report, p. 20). The vertical axis in this figure corresponds with the first survey question (influence on stakeholder assessments and decisions) and the horizontal axis with the second (impact of Van Lanschot Kempen).

Please note that, as a result of a simplification in the methodology of the materiality matrix, an analysis of material topics through time is hard to make. In 2017, the following methodological changes were made:

- In Step 1 the ISO 26000 framework is no longer used as the basic structure from which to select potential material topics. As a result, some topics no longer appear in the most recent matrix.
- We no longer map material topics to "GRI Aspects" as the latter no longer exist in the most recent version of GRI ("Standards").
- Every topic has been defined so as to make it clear whether it relates to our own organisation, our lending to clients or to our clients' investments.
- For every topic, the horizontal axis in the materiality matrix reflects the expected economic, environmental and social impact Van Lanschot Kempen can generate. In previous matrices, this axis reflected the expected impact – of every topic – on Van Lanschot Kempen.

Choices made when reporting activities in the value chain

Our 2017 annual report incorporates a value creation model (see annual report, p. 12), which is an improved version of the model presented in earlier years. The same elements have been included in the model, with materiality – as defined by the GRI – being an important selection criterion. The Executive Board had the final say in deciding the model.

As was the case for the value creation model, we use materiality as the basic principle for further reporting our activities in the value chain. What this means in practice is that we chiefly report on topics within our own organisation, topics within our sphere of influence, and topics that are material to our stakeholders. We do not generally report on chain issues or other topics that are otherwise situated outside Van Lanschot Kempen, over which we have no direct influence, or which our stakeholders do not consider material.

In line with GRI, we have assessed – for each material topic – the so-called boundaries; see the table below. A boundary indicates 1) where the impact (most likely) occurs (in or outside Van Lanschot Kempen) and 2) what Van Lanschot Kempen's involvement with these impacts is. We can be involved because we a) caused the impact, b) contributed to the impact, or c) are directly linked to the impact through business relationships. Further details of these boundaries can be found in the table below.

Theme	Material topic	Boundaries Where will the impact occur/Type of involvement			
		Inside VLK	Type of involvement	Outside VLK	Type of involvement
Financial management	Economic performance (1)	•	Causing	•	Directly linked
	Risk management (2)	•	Causing	•	Directly linked
Client-centricity	Added value (3)			•	Causing
	Fair pricing, marketing and labelling (4)			•	Causing
	Customer privacy & data security (6)			•	Causing/Contributing
Products and services	Responsible investment (7)			•	Directly linked
	Sustainable investing and impact investing (8)			•	Directly linked
	Responsible lending (9)			•	Directly linked
	Prevention of financial economic crime (11)			•	Contributing
Operating practices	Transparency and reporting (14)	•	Causing	•	Causing
	Ethics and integrity (15)	•	Causing	•	Causing
	Stakeholder involvement (17)	•	Causing	•	Causing
	Fit, professional and knowledgeable staff (19)	•	Causing	•	Causing

Data collection process

The non-financial data for the 2017 annual report were collected in the same way as in previous years. The CSR department played a leading role in this process, using qualitative and quantitative surveys based on a variety of external guidelines endorsed by Van Lanschot Kempen and on internal policy principles. The surveys were sent to all relevant divisions and/or departments within the organisation. A specific individual was designated within each division and each department to collect the data and report it to the CSR department. Some of the data are drawn from central management information systems and some from local sources. The CSR department performs a plausibility check on the data supplied and collates them.

Accuracy

Most of the data in our annual report and this supplement were drawn from standard reporting systems and supplier invoices. Assumptions or estimates have, however, been made in a number of cases where hard data were lacking. This is particularly the case for our carbon calculations:

- Because no final annual accounts were available at the beginning of 2018 for Van Lanschot Kempen's gas, electricity and water consumption in the Netherlands, these figures have been partially estimated for 2017.
- Diesel consumption when testing emergency systems within Van Lanschot Kempen in the Netherlands was estimated.
- Average fuel consumption of non-company cars for business travel is not known. We therefore used a figure equal to the average petrol consumption of company cars.
- Several assumptions and estimates were used for all business travel using public transport when converting expense claims into kilometres travelled.
- Total transport in kilometres for the delivery of office supplies and catering relates solely to Van Lanschot Kempen's activities in the Netherlands and is based in part on estimates.

There is very little likelihood that potential errors or inaccuracies in the estimates and assumptions referred to above would have a significant impact on the final results, given that the elements in question only account for a limited proportion of total calculated carbon emissions.

Carbon emissions were calculated and reported in line with the Greenhouse Gas Protocol (ghgprotocol.org), using the conversion factors set out by internationally recognised organisations. Having used conversion factors dating from 2011 for a number of years, we updated these in 2015 to current levels and will update them yearly if applicable.

The achievement of the KPIs has been assessed on a quantitative and qualitative basis. KPIs 2, 3, 6 and 7 speak for themselves; the other KPIs need more clarification. KPI 1: NPS has been assessed as largely achieved, as Evi and Asset Management showed higher NPS scores and the score for Private Banking was stable. KPI 4: Our employee engagement target was largely achieved, as we maintained our position in line with the benchmark. KPI 5: Our carbon emissions KPI was partially achieved as our carbon footprint per FTE decreased, but our absolute carbon footprint increased.

Balance

To ensure that our own annual report is balanced, we report both positive and negative financial and non-financial performance. We capture the development of our performance by showing historic figures.

Clarity

In this report we present information that is understandable, accessible, and usable by our stakeholders. Our annual report gives the financial and non-financial impact of our organisation for our material topics. This supplement provides additional information, based on our CSR framework. We have also added a reference table in response to new legislation on disclosure of non-financial information to make it easier for our stakeholders to see how we comply, see pp. 20-21. In addition, we include a

GRI content index in which we state, for instance, our material topics and where to find relevant information in our annual report, CSR supplement and/or website.

Comparability

For the third year running, we are publishing an integrated annual report this year. This means that the most material information is covered in our annual report; less material topics are discussed in this supplement or on our website.

Our policy and objectives in terms of the societal aspects of doing business have not changed from the previous reporting period. The definitions we use are still in line with our report for 2016 as far as possible, so that the data remains readily comparable. Where earlier definitions or figures have been adjusted in 2017, this is expressly stated in the text or in the footnotes. The most prominent example is the definition of assets under management; see page 4.

Ambition for reporting policy

We intend to continue reporting in line with GRI Standards in 2018 and beyond, and to further improve our integrated report. In 2018, we will seek, for instance, to refine several aspects of our value creation model and work on an update of our non-financial key performance indicators (i.e. better alignment with our list of material topics). We will again invite our stakeholders to contribute constructively to our thinking.

Verification

Earlier versions of the annual report and this supplement were submitted for comments to internal departments, the Statutory Board and the Supervisory Board. The final version of this report has been approved by the Statutory Board.

Non-financial information included in the annual report and this supplement, as well as the underlying data collection and data aggregation processes, have been reviewed by our independent, external auditors, PricewaterhouseCoopers (PwC). For more information on the scope of this verification, the activities performed by PwC and the results of these activities, please refer to PwC's assurance statement (p. 229-230 in our annual report). The Statutory Board is closely involved in the verification process and related findings. The findings of the audit are shared with the Statutory and Supervisory Boards.

Other relevant publications on corporate social responsibility

In addition to Van Lanschot Kempen's 2017 annual report and this supplement, detailed public information on our corporate social responsibility policy can be found on the Van Lanschot and Kempen websites.

6. GRI CONTENT INDEX – MATERIAL TOPICS

Our management of material topics, as described in GRI 103 of the GRI Standards, is discussed in the table below.

GR 103: Material topics Van Lanschot Kempen		
1. Economic Performance		Reference: Annual Report (AR), Supplement (S), or Website (W)
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	<p>Why this topic is material: Our economic performance is very important to (most of) our stakeholders. Our clients need a financially healthy financial services provider able to meet its obligations; they should be able to count on their savings and investments being safe with us. Our shareholders benefit from robust financial results; they're looking for profits, dividend payments and positive share price trends, while our employees want our bank to be financially robust for reasons of job security, personal income and development opportunities. Lastly, governments, regulators and society at large benefit from a financially healthy bank; failing banks may cause countless ills, including declining economic growth, social unrest and state aid.</p> <p>Boundary for this material topic: The impacts can occur on all the above described stakeholders. We distinguish between potential impacts inside and outside Van Lanschot Kempen. We cause the impact inside Van Lanschot Kempen - think of costs (e.g. employee costs). We are directly linked to the impact outside Van Lanschot Kempen, such as the performance and development of the financial markets and wider economy, which can be (partly) reflected in our economic performance.</p>
	103-2 The management approach and its components	<p>We manage this topic by consistently implementing our strategy. We position ourselves as a specialist, independent wealth manager as we strongly believe that wealth management offers attractive growth opportunities and enables us to distinguish ourselves from our peers in our markets. An ageing population, high level of prosperity, capital surplus and a low rate of economic growth generate strong demand for wealth management in the Netherlands. We are building on three strong brands – Van Lanschot, Evi van Lanschot and Kempen & Co – and our experience in our three core activities Private Banking, Asset Management and Merchant Banking. Drawing on our multi-year forecasts, we have set 2020 financial targets for our Common Equity Tier I ratio, our return on Common Equity Tier I capital ratio and our efficiency ratio. Our annual budget cycle sees us set the annual targets for all Van Lanschot Kempen departments. These budgets are devised bottom-up, with the input of the businesses challenged and where necessary made more rigorous in sessions with the Statutory Board. Target achievement is measured monthly and reported to the Statutory Board using management reports – including KPI dashboards – and analyses of financial and non-financial data and trends.</p>
	103-3 Evaluation of the management approach	<p>Multi-year forecasts are regularly recalibrated and measures taken in the event of deviations. Annual targets are measured every month and changes made in the event of interim deviations.</p>
2. Risk management		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	<p>Why this topic is material: Our risk management is very important to (most of) our stakeholders. Risk management supports our front office, clients and other stakeholders in ensuring that the risks incurred by our organisation are controlled and with conform our risk appetite and legal requirements. Our clients need a financially healthy wealth manager that manages its risks in order to meet its obligations. Our shareholders expect us to manage and weigh our risks and returns in pursuing robust performance (dividends and positive market value trend). For our employees, a robust risk management framework means income, job security and opportunities for personal development. For governments, regulators and society at large, sound risk management is essential to mitigate negative societal impact.</p> <p>Boundary for this material topic: The impacts can occur on all the stakeholders described above. We distinguish between potential impacts inside and outside Van Lanschot Kempen. We cause the impact inside Van Lanschot Kempen - think of operational risks (e.g. employee costs and IT systems). We are directly linked to the impact outside Van Lanschot Kempen, such as the performance and development of the financial markets and economy, which can be (partly) reflected in our risk management.</p>
	103-2 The management approach and its components	<p>We have a robust risk management framework to manage our risks. The purpose of our risk management framework is to identify, analyse, mitigate and monitor our risks. The organisation of the risks management framework is based on the three lines of defence principle. Day-to-day responsibility for risk control lies with the front office and/or operational departments (the first line of defence). Compliance, Group Risk Management and Finance, Reporting & Control form the second line of defence for financial and non-financial risks. These departments are responsible for initiating risk policies and the supervision of risk controls within Van Lanschot Kempen. The third line of defence comes from Group Audit, and is responsible for performing independent audits on the risk framework. The set-up creates a clear, balanced and appropriate division of tasks, responsibilities and powers, and ensures independent and effective execution of the risk management function.</p> <p>Our robust risk and capital management approach is overseen by several governance bodies:</p> <ul style="list-style-type: none"> – Supervisory Board: Oversees the risks and capital requirements in relation to our operations and portfolio composition, with a Risk Committee and Audit & Compliance Committee; – Statutory Board: Responsible for formulating and executing the strategy, including taking into account risk and capital management; its committees include the Credit Risk Committee, Asset & Liability Committee, Compliance & Operational Risk Committee and Credit Committee; – Second line of defence: Implementation and review; – First line of defence: Execution.
	103-3 Evaluation of the management approach	<p>The management approach is reviewed by the Supervisory Board, with its Risk Committee assessing the organisational structure of the risk framework (results are captured in the Supervisory Board minutes, which are confidential).</p>

GR 103: Material topics Van Lanschot Kempen

3. Added value

GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	<p><u>Why this topic is material:</u> To provide our clients with maximum added value, we should only offer financial products and services that they really need. Products that do not meet these requirements are unacceptable to us, as they might damage both us and our stakeholders.</p> <p><u>Boundary for this material topic:</u> Impacts can affect our clients, and indirectly also Van Lanschot Kempen itself if we do not add value for our clients with our services and products. We are responsible for the usefulness of our products and for whether clients are offered the appropriate product.</p>
	103-2 The management approach and its components	<p>We apply an approval process for new products and services, the new product approval (NPA) procedure, and have put in place a product review procedure for existing products (PR). A new product will not be launched if the NPA procedure finds it does not meet the criteria. Existing products are discontinued if they no longer comply. These decisions are the domain of the Product Board, in which members of the Statutory Board are also represented. And it is not just the product itself that is important; our people who provide advice also have a key part to play. They need to have the appropriate knowledge and expertise, and to always put their clients' interests first. In line with our general Code of Conduct, this also implies that employees have to look beyond what clients want: if a product does not sit well with a client's objectives and risk appetite, it is up to employees to point this out clearly. Client-centricity is a standard regular element in the annual appraisals of all employees. Putting clients centre stage also means that we should prevent conflicts of interest, to which end Compliance has designed our policies to prevent such conflicts. These policies comprise a range of organisational measures and rules on conduct, and aim to ensure that Van Lanschot Kempen's interests and those of our clients do not get mixed up.</p> <p><i>Additional information</i> Information requested in the GRI sector supplement on financial education initiatives: We try to increase the financial knowledge of our clients and others in various ways. Examples include our wealth planning service, which provides insight into clients' financial positions in the longer term; client presentations on financial topics (investment view meetings); and a range of research publications and updates. Additionally, part of our Van Lanschot Kempen Foundation focuses on financial education and entrepreneurship, particularly for young people.</p>
	103-3 Evaluation of the management approach	<p>These policies are reviewed periodically. Depending on the type of policy, reviews are carried out by the Product Board, the Statutory Board, the Compliance and Risk Committee or other committees created for this purpose. Group Audit also has a part to play: the Dutch Banking Code requires Van Lanschot Kempen to perform an annual audit of the effectiveness of our NPA and PR procedures. The results of the review will be incorporated in the management approach if applicable. Effectiveness implies careful consideration of the risks and careful tests of other product aspects, such as our duty of care towards clients.</p>

4. Fair Pricing, marketing & labeling

GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	<p><u>Why this topic is material:</u> To put our clients' interests first, we need to provide correct, clear and non-misleading product information. The prices of our services and products are transparent and cost-efficient. Products that do not meet these requirements are unacceptable to us, as they might damage both us and our stakeholders.</p> <p><u>Boundary for this material topic:</u> Impacts can affect our clients, and indirectly Van Lanschot Kempen itself, if the information is not clear and correct, or is misleading. We are responsible for the pricing, marketing and labelling of our products and services to our clients (we cause the impact).</p>
	103-2 The management approach and its components	<p>We apply an approval process for new products and services, the new product approval (NPA) procedure, and have put in place a product review procedure for existing products. A new product will not be launched if the NPA procedure finds it does not meet the criteria. Existing products are discontinued if they no longer comply. These decisions are the domain of the Product Board, in which members of the Statutory Board are also represented. Note that this is in line with material topic 3, but the difference is that this topic focuses on how we price, communicate and present our products and services to our clients (is the product clear, transparent and cost-efficient?). And it is not just the product itself that is important; our people who provide advice also have a key part to play. They need to have the appropriate knowledge and expertise, and to always put their clients' interests first. Client-centricity is a standard element in the annual appraisals of all employees. Putting clients centre stage also means that we should prevent conflicts of interest, to which end Compliance has designed our policies to prevent such conflicts. These policies comprise a range of organisational measures and rules on conduct, and aim to ensure that Van Lanschot Kempen's interests and those of our clients do not get mixed up.</p> <p><i>Additional information</i> Information requested in the GRI sector supplement on financial education initiatives: We try to increase the financial knowledge of our clients and others in various ways. Examples include our wealth planning service, which provides insight into clients' financial positions in the longer term; client presentations on financial topics (investment view meetings); and a range of research publications and updates. Additionally, part of our Van Lanschot Kempen Foundation focuses on financial education and entrepreneurship, particularly for young people.</p>
	103-3 Evaluation of the management approach	<p>These policies are reviewed periodically. Depending on the type of policy, reviews are carried out by the Product Board, the Statutory Board, the Compliance and Risk Committee or other committees created for this purpose. Group Audit also has a part to play: the Dutch Banking Code requires Van Lanschot Kempen to perform an annual audit of the effectiveness of our NPA and PR procedures. The results of the review will be incorporated in the management approach if applicable. Effectiveness implies careful consideration of the risks and careful tests of other product aspects, such as our duty of care towards clients.</p>

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6. Customer privacy and data security

GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	<p><u>Why this topic is material:</u> Banking is all about trust. Our clients need to be able to trust that Van Lanschot Kempen handles their personal details safely, transparently and with integrity. Our clients also expect us not to use their personal details for purposes other than they provide them for.</p> <p><u>Boundary for this material topic:</u> Impacts are on our clients and indirectly on Van Lanschot Kempen itself due to the reputational/financial risks involved. Our involvement comes from both potentially causing and contributing to the impact. We cause the impact in the case of the disclosure of client data and breaches of data privacy (although we need to take into account legal requirements from legislation). In the case of data security, we contribute to the impact although we are not the cause of (client) data attacks, e.g through cybercrime. But while the attackers cause the impact, we could contribute to it via an insufficient level of protection and/or risk mitigation.</p>
	103-2 The management approach and its components	<p>Van Lanschot Kempen is subject to the Dutch Personal Data Protection Act, or Wbp by its Dutch acronym, and endorses the code of conduct for processing personal data by financial institutions, which takes Wbp a step further and takes account of the specific features of the financial sector. Van Lanschot Kempen is currently implementing the General Data Protection Regulation (GDPR) requirements in its own policies on processing personal data and the specific processes and procedures. GDPR will be applicable from May 25th 2018. We regularly pay attention to building and increasing employee awareness on this issue. To reflect the importance of this topic, we have appointed a Privacy Compliance Officer and created a framework for managing personal data protection. Reporting on this topic is included in our compliance reports and is reviewed in the various committees discussed under Compliance (see topic 11).</p>
	103-3 Evaluation of the management approach	<p>Group Audit regularly reviews the design, presence and operation of this topic's management. Results of the review serve as input for the management approach by the Compliance department.</p>

7. Responsible investment

GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	<p><u>Why this topic is material:</u> As a financial services provider Van Lanschot Kempen has an intermediary role. We attract financial resources from clients and other providers of capital and then lend them on. We do this both on- and off-balance sheet. For on-balance sheet, see material topic 9. Off-balance sheet, Van Lanschot Kempen manages client investments. We typically invest these assets under management in our own investment funds, those of others, in individual companies and in government paper. Both the owners of these client assets and our other stakeholders should be able to trust that we do not take our intermediary responsibilities lightly. This means, first of all, that we will check the origin of client assets entrusted to us, so as not to become party to money laundering or objectionable tax practices. Secondly, we need to invest client assets responsibly, and we need to screen investee companies as well as mutual fund managers, again both prior to and after investment. If we do not fulfil this intermediary role in a responsible manner, we run the risk of losing the trust of our stakeholders and run a reputational risk, which is why client acceptance policies, as well as responsible investment policies, rank as material topics.</p> <p><u>Boundary for this material topic:</u> Impacts can occur at investee companies, their stakeholders, via our own funds and external fund managers; and indirectly also at our clients and our other stakeholders. We are directly linked to our client investments as we invest in companies, via our own funds and via external funds. Our client investments can be seen as involvement in our value chain.</p>
	103-2 The management approach and its components	<p>We have extensive policies in place to manage this topic and report on our management of it in our annual report – including CSR supplement – and on our website. A high-level summary of our responsible investment policies is as follows:</p> <p>Van Lanschot Kempen observes a responsible investment policy for assets under management (off-balance sheet). This policy is fleshed out and implemented by KCM, and features a long-term focus coupled with active ownership. What this means is that our investments are informed by the belief that a – partially – actively managed investment portfolio will add most value in the long term, in both financial and non-financial – social, environmental and governance - terms. Underpinned by active ownership and proxy voting and on behalf of our investors, we engage with fund managers and investee companies on a broad range of ESG topics (based on international conventions and treaties) – e.g. human rights, labour conditions, anti-corruption and the environment – and exercise our votes at AGMs. Engagement is all about dialogue, of course, but we will not invest in companies involved in the production, sale or use of controversial weapons. For a description of our policy, see AR: p. 47 (Asset Management). For a description of our voting policy as well as our voting records, go to KCM's website at kempen.com/en/asset-management/responsible-investment.</p> <p>We use assets under screening (AuS) as our KPI to indicate which part of Assets under Management (AuM) can be screened (using available ESG research data). As AuS does not provide information on the sustainability content of our AuM, we aim to extend our disclosures in 2018. Van Lanschot Kempen's employees are periodically informed about and/or trained in the application of these policies and any changes to them. See our annual report, p. 15 (Non-financial objectives).</p>
	103-3 Evaluation of the management approach	<p>At Van Lanschot Kempen, the ESG Council is responsible for devising, implementing and reviewing our responsible investment policy (active ownership). To evaluate this policy, the ESG Council, which meets four times a year, uses information from a wide range of sources, such as general and individual client meetings, civil society organisations (e.g. Eumedion, VBDO, PRI, UN Global Compact and consultants and advisers) and other banks and asset managers. If these contacts suggest a necessity for policy changes, these will first be prepared in the Engagement Working Group (EWG) and subsequently approved by the ESG Council.</p>

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8. Sustainable investment and impact investment

GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	<p><u>Why this topic is material:</u> Sustainable and impact investment business is developing strongly. This is demonstrated by increasing adoption of the Sustainable Development Goals (SDGs), a common framework to which all parties (governments, private and financial sector, civil society, civilians) can contribute. A long-term focus on a sustainable society is what the SDGs are all about, with economic, social and environmental impacts. As a wealth manager with a focus on the longer term, we support and encourage these sustainability goals. More and more of our stakeholders are asking and expecting us to come up with services to contribute to (long-term) sustainable goals, particularly via our client investments.</p> <p><u>Boundary for this material topic:</u> Impacts can occur at investee companies, their stakeholders, via our own funds and external fund managers; and indirectly to our clients and our other stakeholders. We are directly linked to our client investments as we invest in companies, via our own funds and via external funds. Our client investments can be seen as involvement in our value chain.</p>
	103-2 The management approach and its components	<p>We want to make a contribution to society, and the SDGs, with our investments, which is why sustainability and impact investing are part of our investment service:</p> <ul style="list-style-type: none"> – At the start of 2017, we introduced Duurzaam+, a sustainable discretionary management offering. This, together with our other sustainable investment opportunities, Duurzaam+ Maatwerk, helped the total value of Private Banking's assets under sustainable discretionary management grow to over €1 billion. AR: p. 39. – We extended our impact investing services in 2017. In addition to the opportunities to invest in impact investment funds that we already offered, our clients are now able to invest in individual companies with high impact scores. AR: p. 39. – We have started the Global Impact Pool in the beginning of 2018 for our institutional clients. AR: p. 49.
	103-3 Evaluation of the management approach	The evaluation is a joint effort of Van Lanschot's Private Banking (via Investment Office) and KCM (for products / investment funds), with advise if needed from the CSR department.

9. Responsible lending

GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	<p><u>Why this topic is material:</u> As a financial services provider Van Lanschot Kempen has an intermediary role. We attract financial resources from clients and other providers of capital and then lend them on. We do this both on- and off-balance sheet. For off-balance sheet, see material topic 7. In addition to savings and deposits, our balance sheet also includes debt capital through the issue of bonds. These funds are then provided to clients in the shape of loans – mainly mortgages and business loan facilities – and used in our own investment portfolio, where they are kept for liquidity purposes.</p> <p>Both the owners of these client assets and our other stakeholders should be able to trust that we do not take our intermediary responsibilities lightly. This means, first of all, that we will check the origin of client assets entrusted to us, so as not to become party to money laundering or objectionable tax practices. Secondly, we need to invest client assets responsibly, and borrowers will need to be assessed on corporate social responsibility both before they are granted loans and during the term of the facility. If we do not fulfil this intermediary role in a responsible manner, we run the risk of losing the trust of our stakeholders and run a reputation risk, which is why client acceptance policies, as well as responsible lending and investment policies, rank as material topics.</p> <p><u>Boundary for this material topic:</u> Impacts can occur at the financed companies (our clients) and their stakeholders. We are directly linked to our clients as we lend to them, and they cause (directly) or contribute to (via their value chain) the impacts. We are then directly linked to the impact via our lending.</p>
	103-2 The management approach and its components	<p>We want to make a contribution to society as an independent and specialist wealth manager. AR: p. 11 (Strategy). We have extensive policies in place to manage this topic and report on our management of it in our annual report – including CSR supplement – and on our website. A high-level summary of our policies is as follows:</p> <ul style="list-style-type: none"> – We investigate the origins of any financial resources we attract; this is a standard and key feature of our client acceptance policy (client due diligence). AR: p. 75 (Risk and capital management) – Our responsible lending policy ensures that we screen existing and new business for sustainability. We will engage all borrowers falling short of our requirements and urge them to improve; this is done in-house by what we call a CSR filter. Companies involved in controversial weapons – e.g. cluster bombs – are not eligible for loans in any form. AR: p. 70 (Risk and capital management); S: pp. 11-12 (Responsible investment and lending) – Our own on-balance sheet investment portfolio is also periodically screened for sustainability, using largely the same methodology as for our responsible lending policy. AR: p. 73 (Risk and capital management)
	103-3 Evaluation of the management approach	The above policies are periodically reviewed by an internal committee set up for this purpose, the Credit Risk Policy Committee. Additionally, external parties are involved, e.g. Forum Ethibel. This external, independent not-for-profit association annually tests the application of our responsible lending and investment policies. A Forum Ethibel certificate confirms that Van Lanschot Kempen has the described policies in place and applies them in practice. Periodically, we also sit down and review the substance and implementation of our policies with clients, civil society organisations, other banks and other stakeholders to gauge whether existing policies still match the expectations of such stakeholders. After careful consideration of all input and interests, we may change our current policies or come up with new ones.

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11. Prevention of financial economic crime

GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	<p><u>Why this topic is material:</u> One of the biggest risks to the reputation of a financial institution is to become involved in criminal activities such as money laundering, terrorist financing, fraud and corruption. That is why Van Lanschot Kempen wants to know its clients and not establish relationships with individuals and organisations that can damage trust in the financial enterprise. We do this via our customer due diligence (CDD).</p> <p><u>Boundary for this material topic:</u> Impacts can occur on our clients (outside Van Lanschot Kempen) and indirectly on us via the reputational risk. We could contribute to such impacts not as the cause of such criminal activities - which are carried out by the criminal entities themselves - but by failing to ensure that we are not involved in such criminal activities via our clients.</p>
	103-2 The management approach and its components	<p>Van Lanschot Kempen has various instruments in place to prevent involvement in financial economic crime. Responsibility for these policies and their implementation lies with Compliance. We have an extensive client due diligence (CDD) policy. This policy ensures that information about the client, for example about the origin of the assets, is assessed and properly recorded. Moreover, it prevents us from providing services to clients involved in financial economic crime such as money laundering or terrorist financing. We have identified cybercrime as a key risk; see our approach in our annual report: p. 68 (Risk and capital management). Part of the corporate responsibility policy is also underpinned by our CDD policy. For example, new business borrowers are tested "at the front door" via the CDD policy against the criteria of the responsible lending policy.</p> <p>Furthermore, we have a Code of Conduct to which all employees need to adhere to prevent their involvement in fraud and corruption (see our Code of Conduct, under the headings "Nevenfuncties" and "Giften en amusement"). See also our annual report (Risk and capital management).</p> <p><i>Additional information</i></p> <p>Trust in financial services companies has been very slow to recover, and it is partly for this reason that lawmakers frequently opt for a rule-based rather than a principles-based approach. These rule-based laws aim to strengthen the financial system, increase transparency and offer greater protection to clients. Our compliance function should ensure a sustainable and robust framework as well as a systematic approach to implementing these laws and rules in practice. We have devoted a lot of time to compliance with laws and regulations in the past couple of years. In fact, Van Lanschot Kempen more than ever has to actually prove that it is compliant. "Comply plain and simple" is how we run our compliance at Van Lanschot Kempen, meaning that our Compliance department translates the key legal and regulatory requirements into unambiguous, effective and efficient requirements for processes, procedures and employee actions. The Statutory Board is responsible for the design, effectiveness and execution of policies to address Van Lanschot's compliance risks and has set up a Compliance and Risk Committee for exactly this purpose. Members of the committee include the Chairman of the Statutory Board, the member of the Statutory Board responsible for Private Banking, as well as the heads of Compliance and Group Audit. The Compliance and Risk Committee determines policies to manage compliance risks – prompted by changes in relevant laws and regulations among other things, or changes at Van Lanschot Kempen itself – and is in charge of the annual review of these risks and policies. This committee also decides on measures to manage compliance risks and defines compliance risk appetite. The Compliance department advises on the implementation of relevant law and regulations, and monitors compliance. It reports directly to the chairman of the Statutory Board and also has reporting lines to the the chairman of the Audit and Compliance Committee and the Compliance and Risk Committee. Mission, objectives and scope (financial supervision laws) of the Compliance department are set down in the Compliance Charter.</p>
	103-3 Evaluation of the management approach	<p>We meet periodically with regulators, for instance about the effectiveness of the management of compliance risks in the Van Lanschot Kempen organisation. This effectiveness also regularly features on the agendas of the Compliance and Risk Committee, the Statutory Board and the Audit and Compliance Committee. Group Audit regularly reviews the design, presence and operation of our management approach.</p>

14. Transparency and reporting

GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	<p><u>Why this topic is material:</u> Communicating transparently on our policies and results is an important element of corporate social responsibility, as only then can external stakeholders assess our performance effectively. Reporting should be transparent and in line with the highest international reporting standards.</p> <p><u>Boundary for this material topic:</u> Impact can occur on all stakeholders. We cause the impact as we need to report in a transparent manner to our stakeholders.</p>
	103-2 The management approach and its components	<p>We are committed to the highest international reporting standards and report via the GRI Standards: Comprehensive option. We have a (non-financial) target on transparency and reporting: to be in the top 20 of the Transparency Benchmark created by the Dutch Ministry of Economic Affairs.</p>
	103-3 Evaluation of the management approach	<p>We follow the highest standards as set out in GRI, and if these change, we will assess the change and act upon it. For instance, in this annual report we follow the updated GRI guidelines (GRI Standards).</p>

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15. Ethics and integrity

GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	<p><u>Why this topic is material:</u> The financial sector is built on trust and an ethical culture is needed to sustain this trust with all our stakeholders. We need, as our stakeholders expect, to act with integrity and meet society's norms and values. An ethical culture is also embedded in laws and regulations, which reflect a society's general standards and values. Anyone wishing to be accepted and trusted in a community will have to at least abide by these laws and regulations. The very essence of a bank makes it a community organisation and it has no licence to operate without its community's acceptance and trust. And so it's only logical that Van Lanschot Kempen will always abide by relevant laws and regulations, and maintain an ethical culture, even while the environment is growing increasingly complex and changing ever more rapidly.</p> <p><u>Boundary for this material topic:</u> The impacts occur within our organisation (our employees) and outside our organisation (via the behaviour of our employees to our stakeholders). We risk causing the impact, both within and outside our organisation, as our ethical culture consists of the behaviour of our employees.</p>
	103-2 The management approach and its components	<p>Van Lanschot Kempen has various instruments in place to maintain an ethical culture. Responsibility for these instruments and their implementation lies with our Compliance department. Ethical culture is about corporate conduct and consists of accepted norms and values. We have at least to abide by the ones which have been reflected in laws and regulation. Our compliance function should ensure a sustainable and robust framework as well as a systematic approach to implementing these laws and rules in practice. We have devoted a lot of time to compliance with laws and regulations in the past couple of years. In fact, more than ever we have to actually prove that we are compliant. "Comply plain and simple" is how we run our compliance at Van Lanschot Kempen, meaning that the Compliance department translates the key legal and regulatory requirements into unambiguous, effective and efficient requirements for processes, procedures and employee actions. The Statutory Board is responsible for the design, effectiveness and execution of policies to address our compliance risks and has set up a Compliance and Risk Committee for exactly this purpose. Members of the committee include the Chairman of the Statutory Board, the member of the Statutory Board responsible for Private Banking, as well as the heads of Compliance and Group Audit. The Compliance and Risk Committee determines policies to manage compliance risks – prompted by changes in relevant laws and regulations among other things, or changes at Van Lanschot itself – and is in charge of the annual review of these risks and policies. The Committee also decides on measures to manage compliance risks and defines compliance risk appetite. The Compliance department advises on the implementation of relevant law and regulations, and monitors compliance. It reports directly to the chairman of the Statutory Board and also has reporting lines to the the chairman of the Audit and Compliance Committee and the Compliance and Risk Committee. The Compliance department's mission, objectives and scope (in terms of the financial supervision laws) are set down in the Compliance Charter.</p> <p><u>Code of Conduct, Banking Code and Banker's Oath</u> We have several instruments to maintain and encourage an ethical culture: Banking Code, the Banker's Oath and Code of Conduct. The Banking Code sets out principles for sound and controlled business operations, corporate governance, risk management policies, audit and remuneration policies, and includes the integrity of the organisation. We comply with the Banking Code. As stated in the Banking Code, the Statutory and Supervisory Boards are responsible for developing and maintaining standards of integrity and morality. We have a Code of Conduct to which every employee has to adhere. This Code goes further than complying with relevant legislation, it includes guidelines to help employees act with integrity and to make a careful assessment between the interests of all stakeholders, in which our own norms and values and those of society are taken into account. We also include the Banker's Oath in our Code.</p> <p><u>Mechanisms for advice and concerns about ethics</u> Employees have various ways for getting advice and raising concerns about ethical issues, e.g. via their managers, the Legal department, the Compliance and/or CSR departments, and via our Ethical Council. We also have a whistleblower policy in place and have appointed a confidential adviser employees may turn to.</p>
	103-3 Evaluation of the management approach	<p>The effectiveness of our management approach regularly features on the agendas of the Compliance and Risk Committee, the Statutory Board and the Audit and Compliance Committee. For 2017 it has not resulted in significant changes. We continue to evaluate these topics within these committees.</p>

17. Stakeholder involvement

GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	<p><u>Why this topic is material:</u> For Van Lanschot Kempen, corporate social responsibility means "doing business honestly with respect for the world around us and with an eye to future generations". Active dialogue with stakeholders is central to this. As our strategy states, "we strive to achieve our objectives in harmony with all our stakeholders". If we take this lightly, we run a reputational risk.</p> <p><u>Boundary for this material topic:</u> Impact occurs on all stakeholders. We cause the impact as we have ongoing dialogues with our stakeholders.</p>
	103-2 The management approach and its components	<p>To understand the position of our stakeholders, we organise all kinds of engagements. These take different forms. Apart from meetings and events (e.g. with clients, investors, regulators or NGOs) we also use questionnaires on various sustainability topics. Our annual report (Shareholders' expectations, pp. 20-21) as well as our CSR Supplement (Stakeholder dialogue, pp. 7-10) give an extensive overview of our approach to the stakeholder dialogue. We have not developed specific indicators for this topic because it is mostly process-related.</p>
	103-3 Evaluation of the management approach	<p>Our stakeholder dialogue is an integral ingredient of our corporate social responsibility policy. As the ownership of this policy lies with the Executive Board, so does the evaluation. See our website vanlanschotkempen.com/responsible/policy.</p>

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19. Fit, professional and knowledgeable staff

GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	<p><u>Why this topic is material</u>: People make the difference in a knowledge and service-based organisation such as ours. Their professionalism, personalities, competences, expertise, values and integrity determine the quality of our service. If we are to achieve our ambitions, we will have to create the right conditions for our workforce to excel, and education, training and vitality are key. In addition, regulators demand specific levels of knowledge on the part of our staff. The Financial Supervision Act (Wft) stipulates that employees providing advice or information need to have specific knowledge about banking, consumer behaviour and ethics.</p> <p><u>Boundary for this material topic</u>: The impacts can occur on our employees. We risk causing impact inside Van Lanschot Kempen (as it is our organisation) and on employees, to whom this topic primarily relates.</p>
	103-2 The management approach and its components	<p><u>Training and education</u> Our HR Talent Attraction and Development department offers a wide range of courses and training sessions under the umbrella of our learning management system. This online learning application is accessible to all Van Lanschot Kempen employees and provides an integrated educational programme matching our strategy and presented in logical order. Together with their managers, employees can select the training courses that help them improve their knowledge and development. Employee education and development are a standard feature of the job appraisal system, e.g. planning, progress and appraisal meetings. Practically all Van Lanschot Kempen advisors comply with their certificate requirements. If one does not comply, suitable measures will follow. In addition, regulators demand specific levels of knowledge on the part of our staff. The Financial Supervision Act (Wft) stipulates that employees providing advice or information need to have specific knowledge about banking, consumer behaviour and ethics. The study load for the Financial Supervision Act is quite demanding and we help our people with this where we can. A number of our employees, many of them at Private Banking, have to achieve minimum education requirements under the Financial Supervision Act, and these have been translated into study paths in the learning platform. The platform helps both them and their managers to easily see what is expected of them and what knowledge and skills they have yet to attain or develop. Managers receive periodic updates on their people's study progress.</p> <p><u>Engagement and well-being</u> We organised an engagement survey in 2017 to assess the extent to which our employees are engaged, energised and enabled. Our approach is to have a yearly survey to measure these, using its results to define and/or fine-tune our company-wide initiatives. It's a powerful tool for change as both employees and managers can, based on the outcomes of the survey, jointly work on maintaining strengths and on the topics that require improvement. This fact-based approach also enables us to better align our (HR) strategy, communication, process and tooling. This also applies for our vitality initiatives.</p>
	103-3 Evaluation of the management approach	<p><u>Training and education</u> Van Lanschot Kempen follows the changes and updates of lawmakers in the legally compulsory part of the Academy programme, and participates in interbank consultations in this area. Education and exams are provided by a specialist external provider. In the section of the Academy programme that is not compulsory under Dutch law, we have a greater level of freedom and adopt a different approach. Both courses on offer and the list of preferred suppliers are reviewed periodically to reflect the needs and requirements of our workforce. We also review which courses and suppliers are sought after and which less so, adjusting our existing offering where relevant.</p> <p><u>Engagement and well-being</u> The Executive Board assesses the process of the employee engagement survey and vitality programme. In 2017, we started working with an external consultant on both of these.</p>

7. REFERENCE TABLE: DISCLOSURE OF NON-FINANCIAL INFORMATION ACT¹

In 2017, a new Dutch regulation came into force that made reporting on a number of non-financial themes compulsory for companies that qualify as a large public interest entity (*grote organisatie van openbaar belang*) with more than 500 employees. These themes comprise environmental, social and employee issues, human rights, anti-corruption and bribery. For each of these themes, companies are obliged to report on the relevant policies, results, risks (including management of these risks), and

non-financial key performance indicators. The regulation also requires companies to describe their business models in their annual reports.

The reference table below shows where the required non-financial information can be found and also whether this information relates to our material topics. Links to these topics, which are in line with the GRI framework, have been added to the table in keeping with the decree's requirement to report on activities if they are "relevant and proportional".

Scope	Dutch legislation themes	Our interpretation	Link to material topics ²	Information per theme: 1: Policy (including due diligence) 2: Results; 3: Risks and their management; 4: Key performance indicators (KPIs)
<i>Reference: Annual Report (AR), CSR Supplement (S)</i>				
Van Lanschot Kempen	Business model	Business model	n/a	AR: pp. 11-12 (Our strategy, How we create value).
Own organisation of Van Lanschot Kempen	Environmental	Environmental impact of own operations (such as buildings, lease cars, electricity)	-	1-2) See AR: p. 26 (Financial performance) and S: pp. 13-15 (Environmental management and purchasing). 3) Not mentioned in AR (as topic is not material), but in S: pp. 13-15 (Environmental management and purchasing). 4) We impose a carbon reduction target per FTE; see AR: p. 26 (Financial performance) and S: p. 13 (Environmental management and purchasing).
	Social and employee	Social and employee impact of own operations	15, 19	Within our material topics, Ethics and integrity (15) and Fit, professional and knowledgeable staff (19) relate most to this theme. Ethics and integrity (15) 1-3) See AR: p. 75 (Risk and capital management). 4) Because the new materiality matrix was only drawn up in late 2017, we have not yet updated our corresponding non-financial key performance indicator for this material topic. We aim to do this in 2018, see AR: p. 21 (Stakeholders' expectations). Fit, professional and knowledgeable staff (19) 1-4) See AR: p. 60 (The people behind Van Lanschot Kempen).
	Human rights	Human rights impact of own operations	15, 19	We interpret human rights in our own organisation as labour-related rights; see "Social and employee" above.
	Anti-corruption and bribery	Anti-corruption and bribery impact of own organisation	15	Within our material topics, Ethics and integrity (15) relates most to this theme; see "Social and employee" above on our material topic Ethics and integrity. Our Compliance department helps to ensure that our staff adhere to the Code of Conduct. This Code requires compliance with relevant laws and legislations, and forbids corruption and bribery (see our Code of Conduct).

¹ Disclosure of Non-financial Information Act (*Besluit bekendmaking niet-financiële informatie*)

² Materiality for the scope is based on our materiality matrix, in which topics relate to our client activities or our own activities. For details of our material topics, see annual report 2017, p. 21.

Scope	Dutch legislation themes	Our interpretation	Link to material topics ²	Information per theme: 1: Policy (including due diligence) 2: Results; 3: Risks and their management; 4: Key performance indicators (KPIs)
Reference: Annual Report (AR), CSR Supplement (S)				
Balance sheet-related activities	Environmental	Lending and proprietary investments: screening of and engagement with borrowing clients and investees	9	Responsible lending (9) 1-3) See AR: p. 70 (Risk and capital management) and S: p. 11 (Responsible investment and lending). 4) See AR: p. 15 (Strategy), p. 70 (Risk and capital management) and S: p. 4 (Framework and overview of non-financial data).
	Social and employee	Social and employee screening and engagement for lending and proprietary investments	9	See "Balance sheet-related activities / Environmental" above on our material topic Responsible lending (9).
	Human rights	Human rights screening and engagement for lending and proprietary investments	6, 9	Within our material topics, Customer privacy & data security (6) and Responsible lending (9) relate most to this theme. For material topic Customer privacy & data security (6): 1-3) See AR: p. 75 (Risk and capital management). 4) Because the new materiality matrix was only drawn up in late 2017, we have not yet updated our corresponding non-financial key performance indicator for this material topic. This will be done in 2018. See "Balance sheet-related activities / Environmental" above on our material topic Responsible lending (9).
	Anti-corruption and bribery	Anti-corruption and bribery screening and engagement for lending and proprietary investments	9, 11	Within our material topics, Responsible lending (9) and Prevention of financial economic crime (11) relate most to this theme. Responsible lending (9) See "Balance sheet-related activities / Environmental" above on our material topic Responsible lending (9). Prevention of financial economic crime (11) 1-3) See AR: p. 76 (Risk and capital management). 4) Because the new materiality matrix was only drawn up in late 2017, we have not yet updated our corresponding non-financial key performance indicator for this material topic. This will be done in 2018.
Assets under management (AuM)	Environmental	Client investments: environmental screening and engagement with companies and funds	7-8	Within our material topics, Responsible investment (7) and Sustainable investing and impact investing (8) relate most to this theme. 1-3) See AR: pp. 47-50 (Kempen Asset Management). 4) See AR: p. 15 (Our strategy).
	Social and employee	Client investments: social and employee screening and engagement with companies and funds	7-8	See "Assets under management / Environmental" on our material topics Responsible investment (7) and Sustainable investing and impact investing (8).
	Human rights	Client investments: human rights screening and engagement with companies and funds	7-8	See "Assets under management / Environmental" on our material topics Responsible investment (7) and Sustainable investing and impact investing (8).
	Anti-corruption and bribery	Client investments: anti-corruption and bribery screening and engagement with companies and funds	7-8	See "Assets under management / Environmental" on our material topics Responsible investment (7) and Sustainable investing and impact investing (8).

² Materiality for the scope is based on our materiality matrix, in which topics relate to our client activities or our own activities. For details of our material topics, see annual report 2017, p. 21.

8. GLOSSARY

This glossary provides insight into the definitions used in the main corporate social responsibility indicators that are relevant for Van Lanschot Kempen. Please refer to the GRI table and the pages indicated for further details on the implementation of these indicators and the measurement methods used.

Assets under screening (AuS) (p. 4)

AuS refers to assets that are screened on ESG criteria as a percentage of total AuM. Screening on assets per fund is taken into account when look-through and ESG data are available for the underlying companies (where it is possible that some companies in a fund do not have ESG data available).

Carbon Disclosure Project (CDP) (pp. 10, 13)

The Carbon Disclosure Project is a not-for-profit organisation that collects, harmonises and publishes environmental data. Van Lanschot Kempen affiliated to the CDP in 2014 and also supplies it with environmental data. cdp.net

CSR Netherlands (MVO Nederland) (p. 10)

Dutch knowledge and networking organisation for corporate social responsibility (CSR), set up in 2004. Van Lanschot Kempen was a member until 2017. mvonederland.nl/csr-netherlands

De Nederlandsche Bank (DNB) (p. 10)

The Dutch central bank. dnb.nl

DUFAS (p. 10)

Dutch Fund and Asset Management Association. DUFAS is an industry association for asset managers and investment institutions active in the Netherlands. dufas.nl

Dutch Authority for the Financial Markets (AFM) (p. 10)

The regulator for financial institutions in the Netherlands. afm.nl/en

Engagement (p. 11)

A sustainability strategy that seeks, through active dialogue, to persuade companies, fund managers, borrowers and other stakeholders that their sustainability policies should be made compatible with international treaties and conventions.

Fair Bank and Insurance Guide (pp. 10, 17)

(Eerlijke Bank- en Verzekeringswijzer, EBVW)
The Fair Bank and Insurance Guide is an initiative of Oxfam Novib, Amnesty International, Friends of the Earth Netherlands, trade union FNV, World Animal Protection and peace movement Pax. The organisation evaluates and compares the sustainability of Dutch banks and insurers. eerlijkegeldwijzer.nl

Fitch (p. 10)

Credit rating agency. fitchratings.com

Forum Ethibel (p. 10)

A Belgian consultancy in the field of corporate social responsibility and socially responsible investment. forumethibel.org

Global Reporting Initiative (GRI) (p. 4)

An independent organisation which develops guidelines for sustainability reports. Van Lanschot Kempen's integrated annual report is based on GRI. globalreporting.org

Gold Standard (p. 13)

The Gold Standard is an independent sustainability label for carbon offset projects. Several of Van Lanschot Kempen's carbon offset projects qualify for the label. cdmgoldstandard.org

Greenhouse Gas Protocol (p. 13)

The Greenhouse Gas Protocol is the worldwide standard for accounting and reporting greenhouse gas emissions by companies. ghgprotocol.org

Green Team (p. 13)

A team that identifies and implements potential environmental improvements within Van Lanschot.

ISO 26000 (p. 17)

An international standard for corporate social responsibility. It offers practical guidance on integrating socially responsible behaviour into a company's existing strategies, processes, systems and working practices.

Kroonadviesraad (KAR) (p. 17)

An advisory council made up of a representative selection of our clients, which takes part in Van Lanschot's digital client surveys.

NVB (Nederlandse Vereniging van Banken) (p. 10)

The Dutch Banking Association. nvb.nl/en

Principles for Responsible Investment (PRI) (p. 10)

The Principles for Responsible Investment consist of six guidelines to which financial institutions can sign up, and which are aimed at encouraging responsible investment. Kempen Capital Management signed the PRI in 2009. unpri.org

Sociaal-Economische Raad (SER) (p. 10)

The SER advises the Dutch government and parliament on the main outlines of social and economic policy.

Standard & Poor's (p. 10)

Credit rating agency. spratings.com

Sustainable Development Goals (SDGs) (p. 10)

In 2015, the United Nations set out the Sustainable Development Goals (SDGs) for 2030: a set of 17 highly ambitious goals relating to climate, poverty, healthcare, education and other challenges.

Sustainalytics (pp. 4, 17)

A Dutch research agency that rates the sustainability of companies worldwide. Sustainalytics reports are widely commissioned by institutional investors, banks and asset managers. sustainalytics.com

Transparency Benchmark (pp. 4, 10, 17, 24)

A benchmark constructed by the Dutch Ministry of Economic Affairs to provide insight into how Dutch businesses report their activities in relation to corporate social responsibility. transparantiebenchmark.nl/en

UN Global Compact (UNGC) (p. 10)

The UN Global Compact is a United Nations initiative geared towards corporate social responsibility. It consists of ten sustainability principles to which companies are invited to sign up. unglobalcompact.org

VBDO (pp. 7, 8, 10, 17)

The Dutch Association of Investors for Sustainable Development (VBDO) has set itself the goal of making the capital market more sustainable. The VBDO has over 700 individual and institutional members. vbdo.nl/en

Text and editing

Van Lanschot Kempen NV

Design

Capital Advertising

Dtp

JARGO design

Photography

Cover: Bert Teunissen

English translation and editing

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We welcome your views and opinions – please see our contact details above.

This annual report was published on 28 February 2018.