

SFDR entity level disclosure 2023

Statement on principal adverse impacts of investment
decisions on sustainability factors

Notes to the reader

About Van Lanschot Kempen NV

Van Lanschot Kempen is an independent, specialist wealth manager active in private banking, investment management and investment banking, with the aim of preserving and creating wealth, in a sustainable way, for both its clients and the society. Through our long-term focus, we create positive financial and non-financial value. Listed at Euronext Amsterdam, Van Lanschot Kempen is the Netherlands' oldest independent financial services company, with a history dating back to 1737.

We act both as a Financial Market Participant and Financial Adviser as defined in the Sustainable Finance Disclosure Regulation (SFDR)¹. In the present statement we describe the principal adverse impacts of our investment decisions on sustainability factors as prescribed under the SFDR.

SFDR entity level disclosure

The SFDR is a European Union regulation introduced to improve transparency in the market for sustainable investment products by setting entity and product level disclosure requirements on how financial intermediaries integrate sustainability into their investment decisions and advice. This contributes to helping investors make better informed investment decisions, transparency in the market for sustainable investment products, to prevent greenwashing, and to increase transparency around sustainability claims made by financial market participants. Van Lanschot Kempen, acting as a financial market participant and as a financial advisor, and its legal entities are subject to this regulation.

This entity-level disclosure document aims to address the following legal requirements following from the articles included in the SFDR Delegated Regulation²:

- Article 4 (Statement by financial market participants that they do consider principal adverse impacts of their investment decisions on sustainability factors);
- Article 5 (Summary section);
- Article 6 (Description of the principal adverse impacts of investment decisions on sustainability factors);
- Article 7 (Description of policies to identify and prioritise principal adverse impacts of investment decisions on sustainability factors);
- Article 8 (Engagement policies);
- Article 9 (References to international standards).

¹ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

² Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports.

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Summary

Van Lanschot Kempen NV (LEI: 724500D8WOYCL1BUCB80) considers principal adverse impacts of its investment decisions on sustainability factors. The intensity with which such impact are considered may differ per product.

As a wealth manager with a long-term focus, we aim to help our clients to navigate their investments through in our view the fundamental transitions of this decade. By being active stewards on behalf of our clients, we aim to find the opportunities in these transitions and avoid the pitfalls. Our sustainability efforts focus on the themes: (a) climate change and biodiversity and (b) living better for longer, – and the following corresponding transitions: (a) the energy transition and (b) the food transition. Acting on these transitions also involves considering the other major transitions that are closely aligned, most notably the materials transition, which is necessary for the energy transition. At the very basis we require all of our investments to adhere to certain minimum criteria with regards to sustainability following from amongst others the UN Guiding Principles on Business and Human rights and OECD Guidelines for Multinational Enterprises. Both perspectives are reflected in the explanation section for some of the principal adverse impact indicators included in this disclosure.

More information on the legal structure of Van Lanschot Kempen as per year-end 2023 can be found in the 2023 Annual Report. Van Lanschot Kempen is a wealth manager that amongst others acts as a credit institution, financial advisor, and financial markets participant. The scope of this document is limited to how we consider the principal adverse impact indicators for the portfolios managed on a discretionary basis on behalf of Van Lanschot Kempen clients with the credit institution (Van Lanschot Kempen NV).

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023.

2023 results

As Van Lanschot Kempen, we reported on the mandatory Principal Adverse Indicators (PAIs), with the exception of PAI 17 and 18. The explanation and actions taken and planned to reduce any adverse impact are described per indicator below. Our main focus continues to be the reduction of greenhouse gas emissions, mainly through the engagements with investee companies.

Samenvatting

Van Lanschot Kempen NV (LEI: 724500D8WOYCL1BUCB80) houdt rekening met de belangrijkste negatieve effecten van zijn beleggingsbeslissingen op duurzaamheidsfactoren. De mate waarin rekening wordt gehouden met deze effecten kan per product verschillen. Als vermogensbeheerder met een langetermijnfocus willen we onze klanten helpen om hun beleggingen door wat volgens ons de fundamentele transitie van dit decennium zijn te loodsen. Door namens onze klanten als actieve rentmeesters te handelen, proberen we de kansen in deze transitie te vinden en de valkuilen te vermijden. Onze inspanningen op duurzaamheidsgebied richten zich op deze thema's: (a) klimaatverandering en biodiversiteit en (b) langer beter leven, – en de volgende bijbehorende transitie: (a) de energietransitie en (b) de voedseltransitie. Om op deze transitie te kunnen inspelen, moeten we ook rekening houden met andere grote transitie die nauw met elkaar verwant zijn, vooral de materialentransitie die noodzakelijk is voor de energietransitie. Van meet af aan eisen we van al onze beleggingen dat ze voldoen aan bepaalde minimumcriteria op duurzaamheidsgebied waarbij we de leidende beginselen volgen van de Verenigde Naties inzake bedrijfsleven en mensenrechten en de OESO-richtlijnen voor multinationale ondernemingen. Beide gezichtspunten komen aan bod in de toelichting bij enkele van de belangrijkste negatieve impactindicatoren die in deze publicatie zijn opgenomen. Meer informatie over de juridische structuur van Van Lanschot Kempen per eind 2023 is te vinden in het jaarverslag 2023. Van Lanschot Kempen is een vermogensbeheerder die onder meer optreedt als kredietinstelling, financieel adviseur en deelnemer aan financiële markten. De reikwijdte van dit document is beperkt tot wat volgens ons de belangrijkste negatieve impactindicatoren zijn voor de portefeuilles die namens klanten van Van Lanschot Kempen op discretionaire basis bij de kredietinstelling (Van Lanschot Kempen NV) worden beheerd. Deze verklaring over de belangrijkste negatieve effecten op duurzaamheidsfactoren heeft betrekking op de referentieperiode van 1 januari tot en met 31 december 2023.

Resultaten over 2023

Als Van Lanschot Kempen hebben we gerapporteerd over de verplichte belangrijkste negatieve impactindicatoren (Principal Adverse Indicators, PAI's), met uitzondering van PAI 17 en 18. De verklaring en de ondernomen en geplande acties om eventuele negatieve effecten te verminderen staan hieronder per indicator beschreven. Onze belangrijkste focus blijft de samenwerking met de bedrijven waarin we beleggen om de uitstoot van broeikasgassen terug te dringen.

Description of the Principal Adverse Impacts on Sustainability Factors³

Indicators applicable to investments in investee companies									
Climate and other environment-related indicators									
Adverse sustainability indicator		Metric	Unit	2023	2022	Coverage 2023 ⁴	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Green-house gas emissions	1	GHG emissions	Scope 1 GHG emissions	tCO ₂ e	476,459	514,187	62.6%	As Van Lanschot Kempen, we are committed to help limit climate change to +1.5°C by the end of this century compared to pre-industrial levels (in accordance with the Paris Climate Agreement). For our AuM, we aim to be carbon neutral by 2050. To this end, we have stepped up our ambitions starting in 2024: Our goal is to reduce the annual weighted average carbon intensity (WACI) of our discretionary AuM by 7% per year for scope 1 and 2 (against a 2019 baseline, when this is not available we use the first year for which data is available).	
			Scope 2 GHG emissions	tCO ₂ e	173,150	174,759	62.6%		
			Scope 3 GHG emissions	tCO ₂ e	4,961,343	4,755,690	62.6%		
			Total GHG emissions	tCO ₂ e	5,595,646	5,249,222	62.5%		
	2	Carbon footprint	Carbon footprint	tCO ₂ e/m EUR of investments	321	330	62.5%		
	3	GHG intensity of investee companies	GHG intensity of investee companies	tCO ₂ e/m EUR of revenues	724	809	65.1%		
	4	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	Share of investments, %	4.4%	4.7%	65.5%		We increasingly face a dilemma: whether to continue to engage with oil and gas companies or to divest. Although alignment with the Paris Climate Agreement is important for all companies, we believe the oil and gas sector in particular plays an essential role in the energy transition, and we therefore urge oil and gas companies to be at its forefront. Over the last two years, many oil and gas companies have increased climate change reduction ambitions – though not yet enough to align with the Paris Climate Agreement. Through engaging with these companies, we aim to convince them to further raise their ambitions.

³ The required reporting scope of Van Lanschot Kempen is not complete for the Description of Principal Adverse Impacts on Sustainability Factors. The missing portfolios account for approximately 27.4% of the total portfolios that should have been considered in this section. Due to data complications, we were not able to integrate these figures into this disclosure. We do our best to resolve this issue for next reporting year.

⁴ Coverage refers to the weighted average of coverage from the in-scope portfolios and refers to percentage of investee companies, institutions and governments for which the required PAI data are available.

Indicators applicable to investments in investee companies

Climate and other environment-related indicators

Adverse sustainability indicator			Metric	Unit	2023	2022	Coverage 2023 ⁴	Explanation	Actions taken, and actions planned and targets set for the next reference period
Green-house gas emissions	5	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	Weighted average, %	68.0%	73.8%	50.1%	We do not actively steer on this Principal Adverse Impact indicator. Although, for our sustainable and impact investment products and services we exclude companies that are involved in thermal coal and tar/oil sands (applying a >20% revenue threshold).	

Indicators applicable to investments in investee companies

Climate and other environment-related indicators

Adverse sustainability indicator			Metric	Unit	2023	2022	Coverage 2023 ⁴	Explanation	Actions taken, and actions planned and targets set for the next reference period
Green-house gas emissions	6	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Agriculture, forestry and fishing (GWh/m EUR of revenue)	0.00020	0.00013	53.1%	Our aim is to encourage companies in 'high impact climate sectors' to integrate climate risks and opportunities into their long-term business models and to enable them to thrive in the transition to a low-carbon economy.	
				Mining and quarrying (GWh/m EUR of revenue)	0.01796	0.01539	53.8%		
				Manufacturing (GWh/m EUR of revenue)	0.19355	0.26778	53.8%		
				Electricity, gas, steam and air conditioning supply (GWh/m EUR of revenue)	0.07061	0.06707	53.9%		
				Water supply, sewerage, waste management and remediation activities (GWh/m EUR of revenue)	0.00499	0.00407	53.7%		
				Construction (GWh/m EUR of revenue)	0.00110	0.00111	54.0%		
				Wholesale and retail trade, repair of automobiles and motor-cycles (GWh/m EUR of revenue)	0.00472	0.03304	53.9%		
				Transport and storage (GWh/m EUR of revenue)	0.02242	0.01816	53.9%		
				Real estate activities (GWh/m EUR of revenue)	0.01061	0.01599	53.7%		

Indicators applicable to investments in investee companies

Climate and other environment-related indicators

Adverse sustainability indicator			Metric	Unit	2023	2022	Coverage 2023 ⁴	Explanation	Actions taken, and actions planned and targets set for the next reference period
Bio-diversity	7	Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	Share of investments, %	0.1%	0.0%	65.5%	<p>For our financial products that aim to promote environmental characteristics related to biodiversity and ecosystems or those that are invested in sustainable investments with an environmental objective related to biodiversity and ecosystems, this principal adverse impact indicator is a key metric to determine whether issuers are adequately addressing biodiversity risk. We recognise that in general a limited number of issuers are adequately reporting on whether they have sites/operations in or near to biodiversity-sensitive areas. We encourage our investee companies to provide transparency around this.</p> <p>We also seek to increase the number of strategic engagements with investee companies on biodiversity.</p>	
Water	8	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Weighted average in tonnes per million EUR of revenue	38	25	0.7%	Emissions to water is a datapoint that has limited coverage through our ESG data provider MSCI. We encourage investee companies and external managers to provide more transparency around this, particularly for the sectors materials, consumer staples and utilities.	
Waste	9	Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	Weighted average in tonnes per million EUR of revenue	1	1	20.6%	A limited number of companies disclose information on hazardous waste and radioactive waste. Thereby this indicator has limited coverage through our ESG data provider MSCI. As (inadequate management of) these waste streams may have a significant impact on the environment, we encourage investee companies and external managers to provide more transparency around this to be able to better take this element into account.	

Indicators applicable to investments in investee companies

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability indicator		Metric	Unit	2023	2022	Coverage 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters	10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Share of investments, %	0.1%	0.1%	65.5%	Companies being involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises are generally excluded (see: Living better for longer and Our minimum criteria).
	11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Share of investments, %	34.4%	31.7%	65.4%	Compliance mechanisms are a pre-requisite for companies to be able to self-identify (potential) breaches with the UNGC principles or OECD Guidelines for Multinational Enterprises, we therefore generally require these from companies.
	12	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	Average % of gender pay gap	14.8%	13.8%	16.9%	Based on data from external data providers, we assess the average % of gender pay gap for the holdings of our listed equity Van Lanschot Kempen funds. We support shareholder proposals calling for equal pay or gender pay gap disclosure in our listed equity funds.
	13	Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	Average % of female board members	34.2%	33.2%	64.6%	Based on data from external data providers we assess the average ratio of female to male board members of investee companies in our liquid portfolios, as this is what we have more complete data on. For our own listed equity funds, we vote in line with local quota for board diversity and against Board Chair in cases there are no females on the board.

Indicators applicable to investments in investee companies

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability indicator			Metric	Unit	2023	2022	Coverage 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters	14	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacturing or selling of controversial weapons	Share of investments, %	0.0%	0.0%	65.5%	Companies being involved in controversial weapons are generally excluded (see: Our minimum criteria).	

Indicators applicable to investments in investee companies

Indicators applicable to investments in sovereigns and supranationals

Adverse sustainability indicator			Metric	Unit	2023	2022	Coverage 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15	GHG intensity	GHG intensity of investee countries	Weighted average tCO ₂ e million EUR of GDP	349	320	23.5%	Countries that have not ratified the Paris Climate Agreement are generally excluded from our most sustainable investment products and services.	
Social	16	Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	Number of countries invested #, (%)	7 (6.9%)	5 (5.7%)	23.7%	Countries being involved in violations of international treaties and conventions are excluded (see: Living better for longer and Our minimum criteria).	

Indicators applicable to investments in investee companies

Indicators applicable to investments in real estate assets

Adverse sustainability indicator			Metric	Unit	2023	2022	Coverage 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17	Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	Share of investments, %	Not available	Not available	Not available	Currently, ESG data availability on our illiquid assets is very limited and as a consequence, we have not been able to report these PAIs. We are working to improve the data quality and coverage for these portfolios in order to report these indicators in the future.	
Energy efficiency	18	Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	Share of investments, %	Not available	Not available	Not available		

Additional climate and other environment-related indicators

Climate and other environment-related indicators

Adverse sustainability indicator			Metric	Unit	2023	2022	Coverage 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Emmissions	4	Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	Share of investments, %	18.4%	25.3%	64.9%	Our engagements focus on these companies disclosing information on their GHG emissions, climate risks/opportunities, and implementing effective and ambitious strategies to align their operations with a Paris aligned reduction pathway. We will continue engaging with our investee companies.	

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability indicator			Metric	Unit	2023	2022	Coverage 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Human Rights	14	Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis	Weighted average, #	0.02	0.01	65.3%	Companies being subject to allegations of severe violations of the UNGC principles or OECD Guidelines for Multinational Enterprises are generally excluded (see: Living better for longer and Our minimum criteria).	

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Within Van Lanschot Kempen we consider Principal Adverse Impacts of investment decisions on sustainability factors. To this end, we have detailed screening policies in place and review the impact of investment decisions on sustainability factors, whether material or likely to be material. Sustainability factors “mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters”⁵. Van Lanschot Kempen’s policies are updated on a regular basis and date on which the governing body approved those policies is mentioned in the respective policies.

In this section we outline our overall sustainable investment policy house and our sustainability focus areas. The intensity with which we consider such impacts may vary per investment product. For more information, please refer to the SFDR precontractual disclosures for each such product.

Our sustainable investment policy house

Being a wealth manager with a long-term focus means that we proactively strive to prevent negative consequences for all stakeholders - while aiming to create positive long-term financial and sustainability value. We believe that we can achieve the most significant social and environmental impact via the investments of our clients. We are helping our clients to navigate their investments through - in our view - the fundamental transitions of this time, i.e. energy and food. Acting on these transitions also involves considering the other major transitions that are closely aligned, most notably the materials transition, which is necessary for the energy transition. By being active stewards on behalf of our clients, we aim to find opportunities in these transitions and avoid the pitfalls. This central ambition forms the basis of our policy house and follows from our [purpose](#). Our vision on helping our clients navigating the transitions is outlined in our white paper [Navigating through transitions](#).

Our focus themes and the transitions can be considered as the floors of our policy house. We have selected these themes/transitions based on an assessment of which are the most pressing sustainability issues (taking into account the probability of occurrence, severity of the impact, and irremediable character) and where we as Van Lanschot Kempen can have

the most meaningful contribution. This has mainly been an qualitative assessment, leaving somewhat of a margin of error in the sense that unsustainable development may also give rise to other (more) severe and irremediable impacts.

Our approach for achieving sustainability goals related to these focus areas and other topics, is organised along four pillars: (a) exclusion, (b) ESG integration, (c) active ownership and (d) positive impact. The various pillars of our policy house are summarised in our [ESG Policy & ambitions](#) document.

At the very basis we require all of our investments to adhere to certain minimum criteria with regards to sustainability (e.g., adhering to the UN Global Compact). For more details, see the section: [Our minimum criteria](#). These criteria are listed in our [Convention library](#) and result in [exclusions](#).

In general, our sustainable investment policies are reviewed and evaluated every year. These reviews are typically initiated by the leads for these policies within our Sustainable & Impact Investing Team and discussed in the Sustainability Investment Council. The last review of the Climate Change policy took place in January 2024, whereas our [Biodiversity policy](#) and [Living better for longer policy](#) have been reviewed in respectively February and June 2023.

Within Van Lanschot Kempen, the accountability for developing, implementing and embedding sustainability goals has been delegated from the Management Board to the Sustainability Board. The Sustainability Board representatives are appointed by the Management Board. The Sustainability Board has two sub-committees, including the Sustainability Investment Council. This Council has ultimate responsibility for drafting and implementing the sustainable investment policies. The members of this council are appointed by the Sustainability Board and consist of senior representatives of all relevant business units.

The Strategy, Sustainability & Corporate Development Team is part of the CEO domain. The team is responsible for several key activities including defining the sustainability strategy and monitoring its execution, advising on embedding the sustainability ambition in the strategy of the business lines and developing the sustainability roadmap for the company

⁵ SFDR article 2:24

including monitoring its execution. The department maintains contact with diverse stakeholder groups, both inside and outside the organisation. The Sustainable & Impact Investing Team is part of the Investment Management Clients segment and focuses on growing and expanding Van Lanschot Kempen's sustainable and impact investing offering. The team is responsible for Van Lanschot Kempens' Impact & Transition framework, investment and sustainability related policies, adherence to SFDR regulations and advising on active ownership. More information on how we have organised sustainability within Van Lanschot Kempen can be found on our [website](#).

Climate change and the energy transition

As a long-term investor, we believe climate change represents a systemic risk facing the economy, our society and environment, and we want to explicitly consider the risks and opportunities this presents to our investments in the coming decades.

Objective for 2025 is to strive to align the listed portfolios of private clients discretionary management with the Paris agreement and Dutch Climate Agreement (Klimaatakkoord) goals. The same applies for the listed funds where we advise clients.

To achieve these commitments and objectives, we use the following pillars.

- **Exclusion:** We do not invest in coal companies which obtain a significant part of revenues (>20%) from thermal coal mining, or tar sands (>20%).
- **ESG integration:** We prefer to invest in companies (via our internal and external fund managers) which integrate their climate risks and opportunities into their organisation, and are able to move towards a low carbon economy.
- **Active ownership:** We ask internal and external fund managers to engage with relevant investee companies and ask for Science Based Targets or equivalent, as well as scope 3 reporting. For funds that go the extra mile on sustainability, we expect fund managers to engage with their companies on how their activities relate to climate-related EU regulation and the UN Sustainable Development Goals.
- **Positive Impact:** We recognise that climate solutions will also be needed. We provide solutions to our clients for different asset classes where possible.

For more information, please consult our [Climate change policy](#) and/or [Climate change strategy & action plan](#).

Biodiversity and the food transition

Biodiversity is negatively impacted due to economic activities, but at the same time these economic activities are dependent on ecosystems. Similarly as for climate change, we therefore perceive biodiversity decline to be a systemic risk facing the economy, our society and the environment and we are considering the risks and opportunities this presents to our investments in the coming decades.

We are committed to limit climate change and to mitigate and reverse biodiversity loss by contributing to the energy and food transitions. In relation to biodiversity, the food system and subsequent food transformation are especially important as the food production system is the primary human activity responsible for biodiversity loss⁶.

In 2021 Van Lanschot Kempen signed the Finance for Biodiversity Pledge. Via this Pledge we committed ourselves to implement and drive biodiversity-related best practices, varying from collaboration to engagement and setting concrete targets by 2024 (similar as to listed above related to climate change and the energy transition).

We focus on biodiversity within our investment process through four pillars (exclusion, ESG integration, active ownership and positive impact). We believe that all pillars are needed to provide a robust framework on the integration of biodiversity in the portfolios.

⁶ IPBES (2019), Global Assessment Report on Biodiversity and Ecosystem Services. The report can be found [here](#). BCG (2021), The Biodiversity Crisis Is a Business Crisis. The report can be found [here](#). MSCI (2022), Biodiversity & Food: The Double Burden.

By means of these four pillars we aim to cease (via exclusion and active ownership), prevent or mitigate our adverse biodiversity impact (via ESG integration and active ownership) and contribute to positive solutions (via positive impact).

- **Exclusion:** One of the direct drivers of biodiversity loss is climate change. We have formulated exclusion objectives for coal mining and tar sands for all fund managers where we have influence⁷. See our [Climate change policy](#) for more details.
- **ESG integration:** The topic is included in our ESG monitoring as well in our assessments via ESG ratings, controversies and business involvement. We seek to integrate ESG both directly – through our funds' investments – as well as through our external solutions. The screens (including ESG ratings and controversies) are based on international standards and conventions, such as the OECD Guidelines, UN Global Compact and the Convention on Biological Diversity. With the screens, we aim to identify companies with activities negatively affecting biodiversity sensitive areas, and risks to water stress and waste. Using data vendors, we measure the impacts and risks related to issues of biodiversity loss, deforestation and land use within the companies' own operations and/or their supply chains. For non-listed assets, we have minimum certification standards and a no deforestation policy requirement in place for land investments.
- **Engagement:** We actively engage with companies on biodiversity-related controversies where applicable. Due to our size and resources available, we also aim to engage collectively to increase our leverage. Next to engagements we use our voting rights to express our views on biodiversity matters such as a company's performance regarding topics within this theme.
- **Positive impact:** We invest in strategies that support nature and climate next to providing solutions to our clients for different asset classes. We recognise that solutions with a positive impact on biodiversity are also needed.

For more information, please consult our [Biodiversity policy](#).

⁷ By 'influence' we refer to a broader term than active funds, we refer to: (1) we generally have influence where allocation amounts are high (for active and passive fund managers); (2) we have influence for mandates via BestSelect; (3) we have influence where the selected fund is a co-creation between Van Lanschot Kempen and the asset manager in question.

Living better for longer

As a long-term investor, we believe that risks and challenges that negatively impact human health and well-being pose a systemic risk to society, the economy and the environment and we want to consider these risks. Health and well-being is a sustainability focus area for us. This focus area includes the risks and issues which can pose threats or barriers to health and well-being as well as considering opportunities where we can contribute to progress and development in this field. We seek to act to avoid harm (do no harm), benefit stakeholders (being employees, the value chain, affected communities and end-users or consumers) as well as contribute to solutions.

Our [Human Rights and Labour Rights policy](#) forms part of the base of this theme and our approach to long-term value creation. Human rights and labour rights violations can create significant barriers to living better and living longer, therefore these controversies act as a obstructor to this theme. To underline our position on international human rights, we are a signatory to the [UN Global Compact \(UNGC\)](#), a global standard for companies to align their strategies and operations with universal principles on human rights, labour, environment and anti-corruption. We support the [UN Guiding Principles on Business and Human Rights \(UNGP\)](#), the [OECD Guidelines for Multinational Enterprises \(OECD\)](#), the [Principles for Responsible Investment](#) as well as a range of other International Labour Organization and UN Conventions, listed in our [Convention library](#). While many of these principles and conventions primarily target large listed companies, we explicitly apply these to our private markets investments as well. To understand how the OECD Guidelines for Multinational enterprises apply to Van Lanschot Kempen, consult our [OECD Guidelines Compliance statement](#).

Our minimum criteria

Our minimum standard is 'to do no harm'. As part of our sustainability approach, we therefore do not want to invest in companies and countries involved in activities with severe negative impact on people and/or the environment. The activities can be product/services based (weapons, tobacco, coal mining, tar sands) or related to conduct (government bond exclusions, MSCI red flags).

Weapons

Van Lanschot Kempen does not invest in companies that have ties to controversial weapons, defined as cluster munitions, landmines, biological/chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments. In addition, companies involved in the production and/or storage of fissile materials used in/for nuclear weapons are classified as controversial weapons. As a policy, Van Lanschot Kempen will exclude investments in companies that trade weapons and ammunition (both conventional and controversial) if there is a substantial risk that the weapons will be used for violence against civilians (in fragile or failing states, countries that are in civil war), terrorist organisations and (organised) crime.

Tobacco

Van Lanschot Kempen follows a principle-based framework, which is explained in the [exclusion](#) policy. Based on that framework, Van Lanschot Kempen is committed to not investing in companies involved in tobacco products. Overall, tobacco has severe negative impacts on people (deaths and diseases) which are reflected in the first worldwide (legally binding) health treaty for tobacco use reduction.

Climate related exclusions: coal mining and tar sands

Van Lanschot Kempen has assessed several activities which are likely to be detrimental to the transition towards a low-carbon economy and to meeting the Paris Agreement goals. Within the transition, Van Lanschot Kempen believes that coal mining and tar sands have the most adverse impact on climate change and environment and can be substituted (oil and gas are still needed in the transition, albeit ideally in diminishing quantities). As part of its climate change policy, Van Lanschot Kempen is therefore committed to not investing in companies with most of their revenues coming from coal mining and/or tar sands. The full [climate change policy](#) can be found on Van Lanschot Kempen's website.

Government bond exclusions

As a minimum, Van Lanschot Kempen does not want to provide financial means to governments that, as indicated by sanctions, violate the basic rights of their own inhabitants or those of other countries. Additionally, countries which are involved in severe adverse human rights issues and not captured by sanctions will be excluded. As climate change is one of Van Lanschot Kempen's focus areas, it further only considers government bonds of countries which have ratified the Paris Agreement for investments. For the more sustainable investments, Van Lanschot Kempen only invests in governments bonds of countries which do not have adverse environmental impact (including climate change), do not have adverse human and labour rights issues and do not have weak governance/institutions.

MSCI Red Flags

There are a number of companies that face very severe controversies based on the way they conduct business and impact labour or human rights or the environment. This risk can be either from a reputational perspective or from an investment perspective. These are companies that structurally violate international conventions and standards and/or have demonstrated no improvement over the past years.

Sustainability objectives, promoted environmental/social characteristics, considered principal adverse impacts per product

More information on the sustainability objectives-, promoted environmental/social characteristics, and/or considered principal adverse impacts of each product/service can be found in the respective SFDR pre-contractual disclosure via either:

[Duurzaamheidsinformatie | Van Lanschot \(NL\)](#),
[Duurzaamheidsinformatie | Van Lanschot \(BE\)](#),
[Duurzaamheidsinformatie | Evi van Lanschot](#), or
[Vermogensbeheer voor Vennootschappen | Van Lanschot](#).

Calculations & data

For the purpose of reporting this annex, the formulas stipulated in Annex I of the Commission Delegated Regulation (EU) 2022/1288 have been incorporated, and the PAIs have been aggregated at the entity level using appropriate methods for their calculation. The disclosed PAI values are based on the figures from the dates of 31st of March 2023, 30th of June 2023, 30th of September 2023 and 31st of December 2023. To monitor the impact that can be associated with investment portfolios in particular in terms of the principal adverse impacts we primarily make use of data provided by MSCI ESG. It is important to note that the quality and coverage of data may vary across different asset classes and PAIs. To provide our stakeholders with a meaningful context, we offer coverage information for the different PAIs throughout the year 2023. We have limited data coverage for our illiquid asset classes and we are working to improve this in order to report these indicators in the future.

Our engagement policies

We consider engagement to be an important policy instrument for us in managing principal adverse impacts on sustainability factors in our investment portfolios. If issuers we invest in, do not comply with the international norms and standards we endorse (e.g., UN Global Compact, OECD Guidelines) we may initiate an engagement process. When issuers do not adhere to such norms, based on our [stewardship and engagement policy](#), we select the most severe cases for “engagement for change”. A case becomes more severe if it negatively impacts a larger group of people, if it creates impact that can no longer be remediated and/or if it is the result of structurally weak company policies or systems. When external fund managers invest in such issuers, we may enter into an engagement with these fund managers on their reasons for investing in these. If there is evidence that issuers or external funds are breaching international norms and are not able or willing to address the issue, we will seek to divest.

Engagements with issuers may be effected and conducted on our behalf alone, or (with a view to increasing leverage) in collaboration with other asset managers and/or asset owners. Moreover, we challenge clients, industry peers and rating agencies to pursue responsible investment and other policies. For more information please see our [stewardship and engagement policy](#).

We focus in particular on engaging with the companies in which we invest via our own investment funds: (a) with companies representing the top 50% of the carbon footprint of the total portfolio (to thereby address the principal adverse impact indicators ‘1. GHG emissions’, ‘3. GHG intensity of investee companies’), and (b) on social and/or governance issues (to thereby address the principal adverse impact indicators ‘10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises’, ‘12. Unadjusted gender pay gap’ and ‘13. Board gender diversity’).

We generally review our topical sustainability policies, such as our climate change policy on an annual basis, and then amongst others evaluate whether we need to refocus our engagement efforts and/or increase our engagement targets.

Reference to international standards

We align our sustainability investment policies with relevant international standards. Within the quarterly screening on [Our minimum criteria](#) of our investment portfolios and those of external managers, we examine on an issuer-level whether issuers meet the requirements of the international treaties and conventions as listed in our [Convention library](#) (which is aligned with the conventions screened against by our data provider MSCI ESG via their ESG ratings and issuing of 'red flags'). In addition, the following policies align with the listed respective international standards:

Climate change policy

- the Paris Agreement goals;
- the Climate Commitment of the financial sector of the Dutch Climate Agreement (Klimaatakkoord);
- the ambition laid out by the European Commission to become a net-zero economy by 2050;
- the IPCC's +1.5°C climate scenarios, and;
- the Net Zero Asset Managers Initiative.

Biodiversity policy

- the COP 15 UN Biodiversity Conference

We aim to address climate change by amongst others: (i) aligning our listed portfolios with the EU Climate Transition- or Paris Aligned Benchmark (i.e., tracking the carbon intensity in terms of scope 1 and 2 GHG emissions per € m of revenue – via our data provider ISS ESG), (ii) maintaining an engagement with the top 50% largest contributors to the carbon footprint of our Van Lanschot Kempen listed funds (i.e., in terms of scope 1 and 2 GHG emissions – via our data provider ISS ESG), and (iii) excluding investments in coal companies which obtain a significant part of revenues (>20%) from thermal coal mining, or tar sands (>20% ; provided by our data provider ISS ESG).

We do not yet apply forward-looking climate scenarios for all our products and services. Although we acknowledge these can provide valuable insights, we currently find there are limitations in applying these to portfolios that contain investments in asset classes beyond listed-equity in developed markets.

In addition, we want to further address biodiversity loss by amongst others engaging with companies to lower their impact in or near to biodiversity-sensitive areas and a selection of other principal adverse impact indicators. However, we currently find that in general a limited number of issuers adequately report on this. We encourage our investee companies to provide transparency around this.

Remuneration policies in relation to the integration of sustainability risks

We take sustainability risks into account in our remuneration policy for investment professionals and other senior staff by aligning their financial incentives with the long-term interests of our clients and the long-term success of our own organisation. Therefore, the scorecards we use for the allocation of variable remuneration to employees working for our various client segments therefore include KPIs linked to sustainability aspects. The specific KPIs that are considered depend on the client segment and specific area of expertise of the investment professional/senior staff, an illustrative example is the reduction of the carbon intensity of a portfolio.

Our remuneration policy also promotes a sound and effective risk management culture that protects the value of the investment portfolios. Sustainability risks are defined as environmental, social or governance events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of the investment. These risks are part of the risk management policy and culture, in the same way as all other forms of risk (i.e. strategic, operational, compliance, interest rate and liquidity risk). To promote the adequate consideration of sustainability risks, since these might materialise in the long-term future, we have included the possibility for the Risk Management department to make corrections in the determination of variable remuneration (pools) for such risks.

Specifically, the remuneration of the Management Board consists of fixed remuneration only, and includes a relatively large proportion in shares (with a five-year lock-up period). By abolishing variable remuneration and paying a relatively large proportion in shares, we aim to design a balanced and sustainable remuneration structure that is focused on the long term. More information on the remuneration of our Management Board can be found in our [Remuneration policy](#).

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