



Sustainability
Score
Methodology
Disclosure

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1. Introduction

This document discloses information on the Van Lanschot Kempen Sustainability Score in accordance with Regulation (EU) 2024/3005¹ - hereafter referred to as the “ESG Rating Regulation” on the transparency and integrity of ESG (Environmental, Social, and Governance) ratings. Through this disclosure we aim to provide stakeholders with a clear and comprehensive overview of the objectives, scope, methodology and governance arrangements underpinning the Van Lanschot Kempen Sustainability Score, enabling an informed understanding of how ESG risks and opportunities are identified, assessed and aggregated in our investment-decision making process.

The Sustainability Score is designed to assess financially material environmental, social and governance risks and opportunities that may affect the long-term value and resilience of corporate issuers and financial instruments. The methodology applies a forward-looking approach over a medium- to long-term horizon, combining third-party ESG data with proprietary portfolio manager judgement. In line with regulatory expectations, this disclosure outlines the data sources, analytical processes, materiality framework, use of estimates and artificial intelligence, methodological limitations, and conflict-of-interest safeguards that govern the production of the Sustainability Score. The Sustainability Score is used within Van Lanschot Kempen Investment Management NV, a wholly owned subsidiary of Van Lanschot Kempen NV, that brings together the asset management activities.

¹ [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202403005]

2. Sustainability Score Methodology Disclosure

A. Rating Methodology Overview

The rating methodology applied is the Van Lanschot Kempen Sustainability Score. The Sustainability Score is used to assess corporate issuers and issuers of financial instruments, in other words investments in investee companies. The assessment is conducted over a medium- to long-term ESG horizon, typically spanning three to five years, and is designed to capture risks and opportunities that may affect the long-term value and resilience of corporate issuers.

The analysis is primarily forward-looking in nature and is supplemented by backward-looking information where relevant. The methodology combines third-party ESG data sourced from established providers, including MSCI and Sustainalytics, with proprietary Van Lanschot Kempen portfolio manager judgement. Data quality is supported through portfolio manager and ESG specialist oversight, internal governance review and periodic validation processes.

The Sustainability Score is expressed on an absolute ESG scale and is designed to be comparable across industries. The Sustainability Score serves as input throughout the entire investment process (exclusion, integration in the valuation models, engagement). A company's total Sustainability Score can range between 1 and 5. 1: severe ESG risk, 2: high ESG risk. 3: medium ESG risk, 4: low ESG risk, 5: negligible ESG risk.

The Sustainability Score is used to exclude high risk companies from the investable universe, to value companies through integration in the valuation models, and serves as a starting point for engagements. The foundation of our proprietary Van Lanschot Kempen Sustainability Score is based on Sustainalytics risk ratings that measures an individual company's exposure to 22 material ESG risks and also scores how well these risks are being managed. These ESG factors, are selected based on their materiality per industry.

The methodology is subject to periodic review to ensure methodological robustness, regulatory compliance, and continued relevance. Updates may be triggered by material changes in third-party data provider methodologies, internal validation findings or regulatory developments. Methodological changes are documented through version-controlled methodology papers and reviewed by ESG specialists prior to implementation. Historical scores are not restated unless a methodological change is considered conceptually fundamental.

B. Industry Classification

Industry classification is based on the Global Industry Classification Standard (GICS) as issued and maintained by MSCI. The most recent GICS version available (2023) through the licensed MSCI ESG Research dataset is applied at the time of assessment. Any future migration to updated GICS structures is implemented consistently across the rated universe in order to preserve cross-company comparability. Public documentation on the GICS framework is available via <https://www.msci.com/our-solutions/indexes/gics>.

C. Data Sources and Data Processes

The Sustainability Score draws on a combination of public and non-public data sources. These include issuer public disclosures, sustainability reports prepared under CSRD, SFDR disclosures, and third-party ESG datasets. Where issuer-reported data is incomplete or unavailable, estimation techniques are applied.

Estimation techniques include the use of Sustainalytics sub-industry exposure defaults, proxy indicators derived from comparable issuers within the same sub-industry, and rules-based metrics sourced from MSCI and ISS datasets, particularly for carbon-related indicators (Scope 3 GHG emissions). Estimated data points are flagged internally and subject to portfolio manager review and potential override.

Third-party ESG data is refreshed in line with provider update schedules, typically at least annually. Portfolio manager overrides and engagement-driven adjustments may occur on an ad-hoc basis when new material information becomes available. Direct engagement with issuers may inform forward-looking assessments. While not conducted on a systematic basis, such engagement may occur where a company's scores do not reflect the most accurate or recent information, where certain data points are missing, or where interaction with the company arises for other purposes.

D. Ownership Structure

Van Lanschot Kempen Investment Management forms part of Van Lanschot Kempen N.V., a publicly listed financial services group. ESG rating activities are embedded within regulated investment management operations and are subject to group-wide governance, compliance and conflict-of-interest policies. These arrangements are designed to ensure alignment with the requirements of Article 16 of Regulation (EU) 2024/3005.

Van Lanschot Kempen’s governance and ownership structure is explained here [Governance](#). Van Lanschot Kempen NV is a two-tier board company and is authorised as a credit institution. Van Lanschot Kempen NV performs banking activities and a broad range of investment services and activities. Van Lanschot Kempen Investment Management NV is a subsidiary of Van Lanschot Kempen NV and provides a limited number of investment services, in which connection it may also advise pension funds in developing sustainability, ESG and sustainability risks management strategies. Within the Van Lanschot Kempen group, two other (non-EU) subsidiaries provide investment services.²



For more information about Van Lanschot Kempen Investment Management NV please visit [here](#).

E. Scientific Evidence

The Sustainability Score methodology is informed by internationally recognised ESG research, climate science—including IPCC assessment reports—and relevant academic literature. We rely on standard setters and third-party ESG data providers to validate and integrate scientific insights into financial risk materiality. We continuously monitor academic developments in corporate sustainability disclosure standards and maintain regular dialogues with our ESG data providers to assess how these developments are reflected in ESG methodology, data and scores.

F. Objective and Materiality

The objective of the Sustainability Score is to assess ESG risks and opportunities that may affect the financial performance of rated corporate issuers and financial instruments. The methodology applies a double materiality perspective, with primary emphasis on financial risk materiality and secondary consideration of impact materiality.

In practice, the assessment is predominantly driven by financial materiality. This reflects the objective of measuring unmanaged ESG risks that may affect enterprise value over a medium- to long-term horizon. Scientific and regulatory developments are incorporated where they are assessed as relevant to financial risk materiality.

The Sustainability Score covers ESG factors, which may include topics mentioned in section G. It may furthermore include transition risks and opportunities, physical risks and opportunities, governance risks and opportunities, water risks and opportunities, and biodiversity risks and opportunities. The Sustainability Score both addresses both the financial impact of ESG factors on the investment value of the issuers covered (financial materiality: outside-in perspective) as well as the actual or potential adverse impacts of the issuers on ESG topics (impact materiality: inside-out perspective). An important element is the assessment of an issuer’s relative exposure to specific ESG factors, based on its activities, business mix, and geographical footprint—including its operational locations and supply chain—on the one hand, and the quality of its management of these issues on the other. This includes the extent to which adequate mitigating measures are in place, such as policies, governance

² Van Lanschot Kempen (USA) Inc. Is registered as an exempted investment firm in the Netherlands for the provision of the investment service consistent of receipt and transmission of orders in financial instruments. Van Lanschot Kempen Investment Management (UK) Ltd. Is authorised as an investment firm in the United Kingdom for a number of investment services.

and oversight structures, and independent audits. Both lenses are applied to the design and issuer-level outcomes of the Sustainability Score.

The Sustainability Score impacts investment decisions as it is, depending on the investment strategy, linked to the financial analysis via the Weighted Average Costs of Capital in the Discounted Cashflow modelling, explicit impact due to higher/lower revenues or costs, an adjustment to the fair value calculation and upside potential. Furthermore some investment strategies will avoid lower rates Sustainability Scores as part of their investment strategy and screening.

G. Scope of ESG Rating

The Sustainability Score is an aggregated ESG rating covering Environmental, Social and Governance factors. The rating encompasses all material ESG issues. Transition risks and opportunities are captured indirectly through the assessment of the management of transition-relevant ESG topics by the issuers, notably factors such as Land use and Biodiversity, Water use, and Carbon.

Environmental factors include: Land use and Biodiversity; Land use and Biodiversity – Supply Chain; Water use – own operations; Water use – supply chain; raw material use; Carbon – own operations; Carbon – products and services; E&S impact of products and services; ESG integration – financials; and Emissions, Effluents and Waste.

Social factors include Access to basic services; human rights – supply chain; human rights; human capital; product governance; Occupational Health and safety; Employees – Human Rights; Data privacy and Cybersecurity; and Community relations.

Governance factors include Corporate governance; Business ethics; Community relations; Bribery and Corruption; Stakeholder governance; and Resilience.

H. Weighting of E, S and G Factors

No fixed ex-ante numerical weights are assigned to the ESG pillars. Instead, weighting emerges endogenously from the exposure-based risk model of Sustainalytics. For each subindustry, a set of E, S, and G issues is determined, based on their materiality. An ESG issue is material if it is believed that this issue could have a significant effect on the enterprise value of the issuer and its presence or absence in financial reporting is likely to influence the decisions made by investors. ESG risk issues with higher assessed financial materiality contribute more strongly to the aggregated Sustainability Score. The ESG issues are being mapped to E, S and G topics. As an example, utilities companies will in general have more exposure to environmental issues, while real estate companies will have more exposure to governance issues.

For issuers assessed under the core or default framework, E, S, and G pillars are weighted by using the industry average. Sector-specific risk considerations may lead to deviations where deemed financially material.

I. ESG Topics

The ESG topics assessed under the Sustainability Score broadly align with the European Sustainability Reporting Standards (ESRS). These include climate change, pollution, workforce, value chain workers, business conduct, and governance. While this alignment facilitates interoperability with ESRS reporting, it does not constitute a one-to-one ESRS compliance assessment.

J. Absolute or Relative Nature

The Sustainability Score is expressed as an absolute ESG risk measure rather than a relative ranking within peer groups.

K. Use of Artificial Intelligence

Artificial intelligence techniques may be used for large-scale data collection, screening and aggregation. AI outputs do not autonomously determine final ratings. Portfolio manager oversight, validation checks and explainability controls are applied to mitigate risks related to data bias, model opacity, automation error and limited transparency.

L. Fees and Business Model

The Sustainability Score is embedded within investment management services and provided on a subscription-paid basis. ESG ratings are not marketed as standalone products. Fee-setting principles are designed to be fair, reasonable, transparent and non-discriminatory. Non-rating services do not influence rating outcomes, and organisational separation mitigates commercial conflicts.

M. Methodological Limitations

Methodological limitations include data availability, comparability across issuers, timeliness of disclosures and reliance on estimates and proxy indicators. The use of assumptions and estimation techniques is unavoidable in certain cases and is subject to portfolio manager review.

N. Conflicts of Interest

Potential conflicts of interest may arise due to group-wide financial activities or relationships with ESG data providers. These risks are mitigated through organisational separation, internal policies, restricted information flows and independent oversight by the ESG Advisory team, compliance and risk functions.

O. Environmental Agreements

Where environmental factors are assessed, the objectives of the Paris Agreement are taken into account. The assessment focuses on transition risk rather than formal alignment. Other relevant international environmental frameworks, such as the Convention on Biological Diversity and international pollution control agreements, are considered where relevant. The Sustainability Score takes the consideration of multilateral environmental agreements into account through the raw ESCG scores of the third-party ESG data providers.

P. Social and Governance Agreements

Relevant international standards, including the UN Global Compact, OECD Guidelines for Multinational Enterprises and core ILO conventions, are considered where applicable in the assessment of social and governance-related risks. The Sustainability Score takes the consideration of multilateral social and governance agreements into account through the raw ESCG scores of the third-party ESG data providers.

Q. Information Limitations

Information limitations include the availability, consistency, completeness and accuracy of issuer data, as well as reliance on estimates and proxy indicators.

Disclaimer

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Additional information

Van Lanschot Kempen NV has its registered office at Hooge Steenweg 29, 5211 JN 's-Hertogenbosch, the Netherlands, COC no. 16038212 with VAT identification number NL001145770B01, is registered as a bank with the Netherlands Authority for the Financial Markets (AFM) and De Nederlandsche Bank N.V. (DNB) in the Financial Supervision Act (Wft) register. If you have any complaints, please feel free to contact Van Lanschot Kempen NV or the Complaints Management department at the principal office, P.O. Box 1021, 5200 HC 's-Hertogenbosch.

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