VAN LANSCHOT KEMPEN

INVESTMENT MANAGEMENT

UK Stewardship Code Report covering 2024

UK STEWARDSHIP CODE

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Introduction

Scope of this report

Van Lanschot Kempen Investment Management is the in-house investment management entity of the Van Lanschot Kempen group, through which we manage client portfolios and deploy the activities described in our Stewardship & Engagement Policy and in this report.

Where group activities are included – such as stewardship and sustainable investment activities on behalf of private banking clients, for investment banking clients or at the corporate group level, this is made clear.

The organisational structure of the Van Lanschot Kempen group is detailed below.

In particular:

- This report covers **Van Lanschot Kempen Investment Management** across all client types and geographies (collectively known as "Investment Management Clients"**)**, including the UK entity Van Lanschot Kempen Investment Management (UK) Ltd, for the calendar year 2024.
- We include examples from our fiduciary management business as well as from the in-house funds managed by us directly, whether in a fund-of-funds structure or where expert investment teams select individual securities.
- In keeping with the current edition of the UK Stewardship Code 2020, we are maintaining the headings Context (where relevant), Activity and Outcome for each Principle.
- In addition to this report, the **Annual Report 2024** for Van Lanschot Kempen and our **Stewardship and Sustainable Investment Report** offers clients, shareholders and other stakeholders a detailed insight of what we have achieved in terms of sustainable themes and activities in 2024.

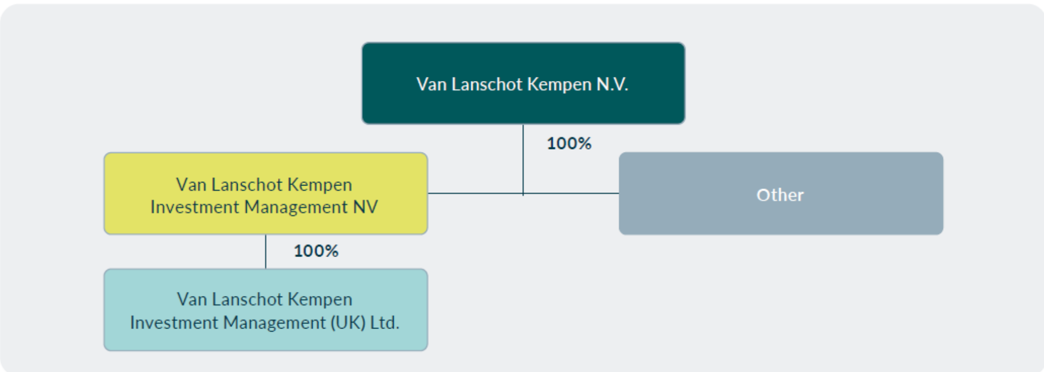
About Van Lanschot Kempen

Van Lanschot Kempen NV is a well capitalised, independent wealth manager with a strong specialist position in our chosen markets. We combine a private bank, investment manager and investment bank in one, building on a heritage dating back almost three centuries. We believe our knowledge, experience and approach, coupled with our unique combination of activities, are what set us apart.

Van Lanschot Kempen NV is a listed public limited company under Dutch law, governed by a two-tier board. The Management Board is responsible for managing the company, while the Supervisory Board oversees the policies pursued by the Management Board, and the general conduct of affairs at the company and its associated business. Further information on our governance structure is available online at https://www.vanlanschotkempen.com/en-nl/about-us/who-we-are/management-structure.

Van Lanschot Kempen Investment Management N.V. is a wholly owned (100%) subsidiary of Van Lanschot Kempen N.V (Van Lanschot Kempen group) and in the UK we operate as Van Lanschot Kempen Investment Management (UK) Ltd. A simplified legal structure is illustrated below:

Organisational structure



About Van Lanschot Kempen Investment Management

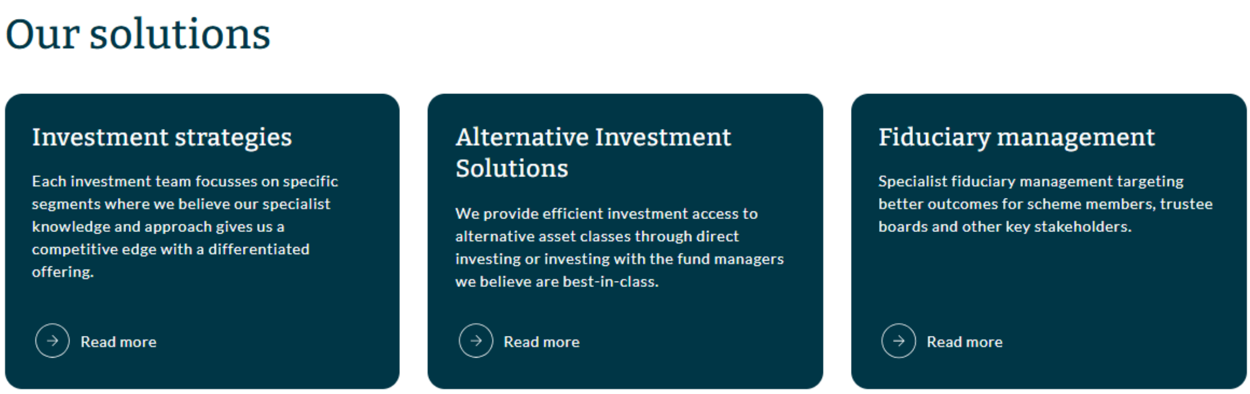
Van Lanschot Kempen Investment Management is a specialist asset management company and part of the Van Lanschot Kempen group.

Van Lanschot Kempen Investment Management has its own Management Board, led by Erik van Houwelingen, Ernst Jansen, and Damla Hendriks (pictured here). Erik van Houwelingen therefore has a dual role, serving both on the group Management Board as well as on the Board of the Investment Management entity.

Erik van Houwelingen
Chair of the Management Board

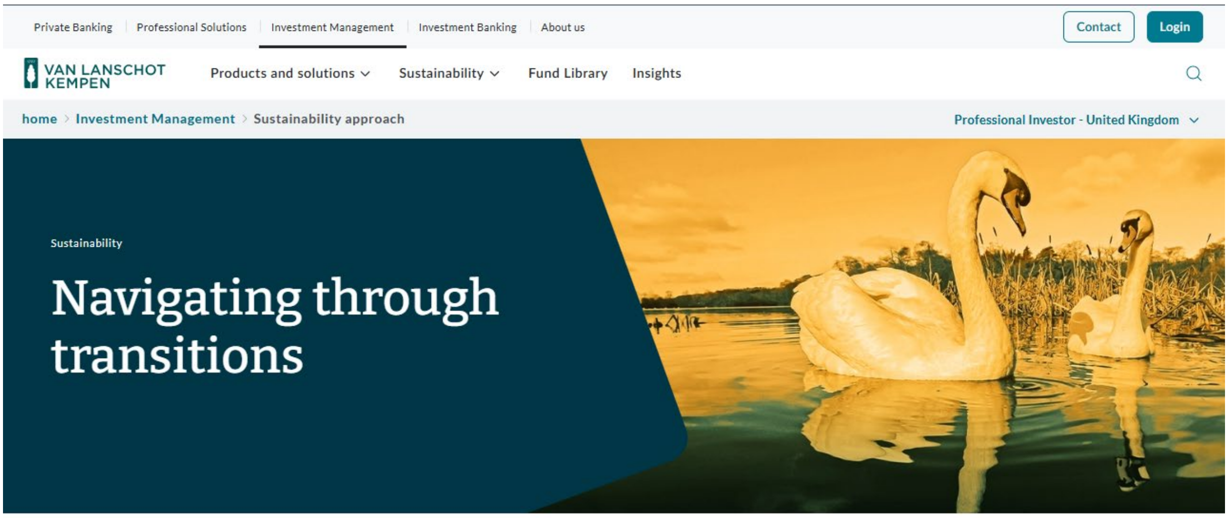
Ernst Jansen
Chief Operating Officer

Damla Hendriks
Chief Risk Officer



Further information: Sustainable Investment Policies & Publications

Read more about our approach, policies, annual reports, commitments and certifications online at https://www.vanlanschotkempen.com/en-gb/investment-management/sustainability-approach.



Highlights and milestones in 2024

We engaged directly with 106 companies and voted at 432 shareholder meetings. Together with peers, we participated in collaborative engagements with 272 companies.

We consider the theme of biodiversity by carefully choosing where to invest. In line with our commitment to the Finance for Biodiversity Pledge, we have set a key performance indicator (KPI) for our biodiversity engagements.

We refined our transition and impact investing framework, embedding it deeper into the manager due diligence, and entered a partnership with Collective Action.

Van Lanschot Kempen's impact funds and solutions have been listed in the FT interactive impact investing listing, raising broader awareness of our solutions

Our Infrastructure team designed a Social Engagement Framework which enables companies, civil society organisations, and investors to jointly address social issues. Tackling the 'S' in ESG, can enhance the sustainability profile of infrastructure companies.

For our institutional clients, our fiduciary management team embarked on a thorough evaluation of key risk indicators, which measure the financial and non-financial ESG risks to client portfolios.

For our private clients, we worked on the decarbonisation of the sustainability profile 'Strongly committed' and the Sustainable discretionary management proposition. By mid-2025, both will be fossil-free.

In 2024, several Van Lanschot Kempen funds increased their sustainable investment commitments, with more than half of these funds doubling their sustainable investment commitment.

Purpose and Governance

Principle 1 – Purpose, strategy and culture

Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

1.1 Context

Signatories should explain:

- the purpose of the organisation and an outline of its culture, values, business model and strategy; and
- their investment beliefs, i.e. what factors they consider important for desired investment outcomes and why.

Our Purpose – the Van Lanschot Kempen group

Our purpose is to preserve and create wealth for our clients and for society in a sustainable way. That's why everything we do is about building close relationships with our clients so that we can guide them in their financial decisions. We want to understand our clients: who they are, where they come from, their circumstances and ambitions. Only by putting ourselves in their shoes can we translate the opportunities and possibilities we see into relevant, responsible solutions.

Throughout this report, we detail how we fulfil our purpose, guided by our shared values, our sustainable entrepreneurial approach, and our strategic ambition and pillars.

As a group, **Van Lanschot Kempen** is an independent, well-capitalised wealth manager. We have a strong specialist position in our chosen markets, combining private banking, investment management and investment banking. We believe our knowledge, experience, and personal approach, coupled with our unique combination of activities, are what set us apart.

Our sustainability approach

At Van Lanschot Kempen, we see sustainability not only as an urgent need, but also as an unprecedented opportunity to create value over the long term. This is because preserving and creating wealth for generations to come is only possible when we make sure that growth is both profitable and sustainable.

We're focused on helping our clients navigate the food, energy and materials transitions, with an active, engaged approach based on our investment principles. Sustainability is therefore embedded throughout our solutions. We have set clear targets and regularly report on our progress against them, including in this report.

Our values

Our four values, shown here, steer the way we work together, make decisions and deliver on our strategy across the Van Lanschot Kempen group, helping us fulfil our promise: Onwards together (*Kom verder*). This promise encapsulates how we work with clients to tailor their investments, offering a uniquely personal and specialist service led by experts committed to them and their future success.

These values were shaped with input from stakeholders such as our employees, clients and the Works Council[1], to embed their perspectives within these principles.

Our values are underlined by our **Code of Conduct**[2],, which sets out the commitments we expect from our colleagues, including our three ethical principles:

– We are respectful towards others
– We act with discretion
– We think across generations

The Code of Conduct applies to all staff, across all client segments, including Investment Management Clients, and the Van Lanschot Kempen group Management Board expects employees to know the full

[1] Employee representation as required under the Dutch Works Council Act. https://business.gov.nl/regulation/works-council-staff-representation/.
[2] https://www.vanlanschotkempen.com/en-nl/about-us/who-we-are/purpose-values-and-strategy

content of the Code of Conduct and apply the principles. Employees are expected to comply with the letter and the spirit of the Code, exercising common sense in situations that are not explicitly covered by the Code. Each employee makes the difference in maintaining and strengthening our reputation.

Commitments

We've set several ambitious targets to help combat climate change across our business: for our own operations, our balance sheet and our assets under management. We are committed to become a net-zero wealth manager in 2050 and reduce our footprint with 50% in 2030. We have also set annual targets:

- Our own organisation: Reduce direct carbon emission via our own operations by 8% per FTE per year.
- Mortgages: Reduce the carbon footprint of our mortgages by 9.5% per m^2. We offer our Private Banking clients in the Netherlands residential mortgages that include incentives for improving the energy efficiency rating of their homes, thereby reducing carbon intensity.
- Assets under management (AuM): Reduce the carbon footprint of our discretionary assets under management with 7% per year weighted average carbon intensity (WACI) against a 2019 baseline in the case of most portfolios. We apply the full spectrum of our sustainability policies to our AuM and report extensively on this aspect of our activities in this document.

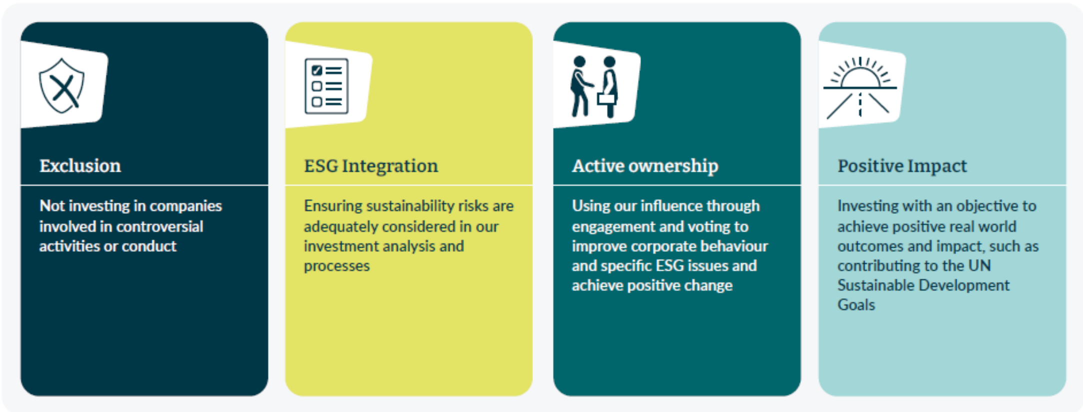
Our sustainable investment beliefs

As an independent, specialist wealth manager, our purpose is to preserve and create wealth for our clients and society in a sustainable way. Our purpose and ethical principles underline our sustainability beliefs:

- We help our clients to navigate the important transitions of our times by collaborating, sharing insights and developing solutions for future generations.
- We are active investors with a strong belief in responsible ownership through dialogue. We act as long-term stewards by engaging with companies to encourage progress on their own sustainability targets and drive sustainability performance.
- We lead by example, integrating sustainability into all our roles and expertise.

Tools for our sustainable investment efforts

We organise our sustainability-related efforts across four pillars: exclusion, ESG integration, active ownership and positive impact. These 'tools' allow us to take action and accelerate the transitions. Further details on integrating these tools in our investments are included in **Principle 7**.



1.2 Activity

Signatories should explain what actions they have taken to ensure their investment beliefs, strategy and culture enable effective stewardship.

As a wealth manager, investing is at the core of what we do. We are focused on preserving and growing the capital of our clients in a sustainable way, over the long term. A long-term approach requires both vision and discipline, which is why our investment engine is active and engaged, investing time in truly understanding what we own.

Themes and transitions in 2024

Across all client groups, we work on enabling the transitions by focusing on three themes where we believe we can achieve the biggest results, based on our scale, investment activities and specialist knowledge: climate, biodiversity and inclusion & diversity[3]. These themes provide the building blocks that bring the transitions to life.

In 2024, we assessed the risks and opportunities that transitions have to offer to investors. In three reports, we focused on three transitions:

1. Food transition: looking in more detail at what is needed to strengthen the transformation of the food production cycle into a more sustainable system, where food is produced in a healthy and sustainable way.

2. Energy transition: exploring how investors can help to accelerate the energy transition to bring climate goals within reach.

3. Materials transition: looking into the role investors can play in bringing about a more circular economy, with reduced levels of waste.

Our research on the transitions informs our investment process and our client advice. It helps us focus on relevant sustainability data points from our internal sustainability data engine and to integrate these throughout our investment process. This foundation means we're better equipped to track progress and report on it, for example in the fields of reducing carbon emissions and engagements with investee companies.

This research is also instrumental in providing more clarity for our clients on the need for and scope of these transitions – and in advising them on making sustainable and impactful investments.

Our approach to responsible business conduct

Van Lanschot Kempen's **Responsible Business Conduct Policy** highlights how we adhere to responsible business conduct practices, external guidelines, and commitments, and how we integrate sustainability into our investments through beliefs and four pillars.

Learn more about how we integrate responsible business conduct in our policy on how we comply with the OECD Guidelines for Multinational Enterprises online at https://www.vanlanschotkempen.com/-/media/files/documents/investment-management/esg/policies/oecd-guidelines.ashx.

[3] The theme of inclusion & diversity was added at the beginning of 2024, replacing the theme of living better for longer, based on our actual activities as Van Lanschot Kempen.

1.3 Outcome: Signatories should disclose:

- how their purpose and investment beliefs have guided their stewardship, investment strategy and decision-making; and
- an assessment of how effective they have been in serving the best interests of clients and beneficiaries.

We believe that if we – together with our stakeholders – contribute to a more sustainable world, everyone will benefit. The financial industry – and Van Lanschot Kempen, as a part of it – has a key role in ensuring that our economies do not operate at a significant environmental and social cost as this fundamentally undermines our success as a society and as a business.

Investment Management activities

Since the majority of our impact is made through our investments, we have a target of a 7% annual weighted average carbon intensity reduction for discretionary AuM. In 2024, this stood at 17%, far ahead of our target. See also **Principle 6 'Outcome'** for the carbon footprint of all listed Kempen funds (also in our **Stewardship and Sustainable Investment Report**.

- In 2024, our Investment Management Clients segment partnered with Collective Action, experts in private markets impact. Through this collaboration, we aim to further broaden our expertise in impact investing and grow our access to the impact solutions market. This involved embedding the framework deeper into the manager due diligence process for fiduciary management clients. See also **Principle 6.** https://www.vanlanschotkempen.com/en-gb/investment-management/insights/news/van-lanschot-kempen-partners-with-collective-action-to-strengthen-impact-proposition.
- In 2024, we developed a transition and impact framework to help our larger fiduciary management clients with their impact investing options.
  See also **Principle 2**.

- In line with our commitment to the Finance for Biodiversity Pledge, in 2024 we established and set a key performance indicator (KPI) for our biodiversity engagements.
- For clients who seek to include biodiversity in their sustainability or impact strategies, we developed a step-by-step plan for the integration of measurable key performance indicators (KPIs) and key risk indicators (KRIs). This enables our clients to set measurable and relevant goals, to better track negative impact, and improve transparency on biodiversity. See **Principle 7**.
- In 2024, as part of the ESG risk management process for institutional clients, we conducted more detailed research into the KRIs for the sustainability risk we identify as 'physical climate risk'.
- In the last quarter of 2024, the Kempen sustainable funds – these are our in-house managed funds that have a minimum commitment to sustainable investments – increased the minimum proportion of sustainable investments in their portfolios. This change comes from enhancing our definition of sustainable investments and their underlying components and shows our dedication to keeping up with market best practices while continuing to hold ourselves to high standards.
  See also **Principle 6'**.
- In 2024 our **Voting Policy** was updated to include applying a specific climate lens to all shareholder proposals we vote on. The fundamentals of our approach have not changed. In principle, all policies are reviewed at least every three years. In practice, many policies are reviewed more frequently, for example due to developments in legislation, regulatory guidance or evolution of our approach.
- Our listed infrastructure investment team designed a social engagement framework that enables companies, civil society organisations, and investors to jointly address social issues. Tackling the "S" in ESG benefits all involved parties and enhances the sustainability profile of infrastructure companies.
  See also **Principle 6**.
  https://www.vanlanschotkempen.com/en-gb/investment-management/insights/equity-focus/our-social-framework-whitepaper.

Group-level activities

- In 2024 we continued to reduce the annual average carbon intensity with regard to our own operations, with a 44% total reduction in our carbon footprint per FTE (since the baseline year 2019).
- We promote sustainable mobility choices for our business travel, such as train use (instead of flying) for international travel less than 700 kilometres, in compliance with our business travel policies. Where air travel is used, we decided, in addition to our current reduction measures, to purchase biofuel as a source of Sustainable Aviation Fuel (SAF) for all flights as of 2025, ensuring that 100% of our air travel is powered by SAF.
- In January 2024 the Van Lanschot Kempen group became an early adopter of the Taskforce on Nature-related Financial Disclosures (TNFD), which requires us to publish our first TNFD-aligned disclosures for the 2024 financial year. This report is available online at https://www.vanlanschotkempen.com/en-nl/about-us/sustainability/reporting-and-regulation.
- In 2024 we undertook preparations to implement the Corporate Sustainability Reporting Directive (CSRD) in our own group financials, which aims to create more transparency in sustainability reporting. This has resulted in our first sustainability statement, which provides further details on how we acted on ESG matters in 2024. The Sustainability Statement is part of our **Annual Report 2024** for the Van Lanschot Kempen group (page 25 onwards).
- 2024 was also the first year we conducted a Double Materiality Assessment (DMA) for the Van Lanschot Kempen group in accordance with the European Sustainability Reporting Standards (ESRS). The DMA is an essential step in implementing and complying with the CSRD. The objective of our DMA is to identify the sustainability matters and information that are material to our business. This includes both the topics that have an impact on our performance (outside-in, financial materiality) and those that we have an impact on (inside-out, impact materiality).
- In 2024, we aligned our client due diligence policy with the ECB's guidance on climate-related and environmental risks. This applies to all client segments across the Van Lanschot Kempen group.

Principle 2 – Governance, resources and incentives

Signatories' governance, resources and incentives support stewardship.

2.1 Activity

Signatories should explain how:

- their governance structures and processes have enabled oversight and accountability for effective stewardship within their organisation and the rationale for their chosen approach;
- they have appropriately resourced stewardship activities, including:
  - their chosen organisational and workforce structures;
  - their seniority, experience, qualifications, training and diversity;
  - their investment in systems, processes, research and analysis;
  - the extent to which service providers were used and the services they provided; and
- performance management or reward programmes have incentivised the workforce to integrate stewardship and investment decision-making.

Stewardship governance at Van Lanschot Kempen

Across the Van Lanschot Kempen group, sustainability is one of our top five strategic priorities. To ensure the effective delivery of our sustainability goals, as well as robust coordination, policy development, and risk management, we have an established sustainability governance structure.

At the heart of this structure lies the **Sustainability Board**, which plays a pivotal role in embedding and integrating sustainability throughout our organisation, and reports to Van Lanschot Kempen's Management Board.

In addition to the Sustainability Board, we have an established sub-committee that focuses on specific areas of sustainability. The **Sustainability Investment Council** is responsible for overseeing sustainable investments, ensuring alignment between our financial decisions and our commitment to sustainability.

For the purposes of this report, we focus on the **Sustainability Investment Council**, and how this structure interacts with the various committees, departments and officials involved in sustainability for investment management clients.

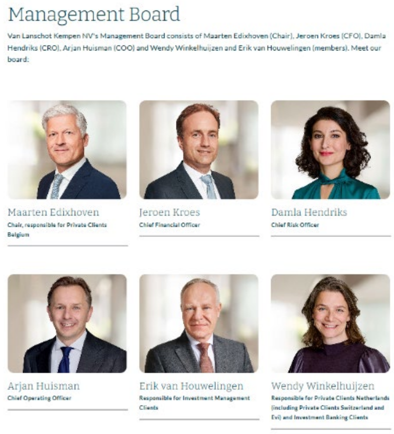
In addition, for our UK business, the **Board of Van Lanschot Kempen Investment Management (UK) Ltd** has oversight of stewardship and other matters relevant to our business and UK clients.

"Van Lanschot Kempen has an exceptionally structured and very diligent sustainability council process which regularly prioritises stewardship matters into the mind of top executives and subject matter experts, thereby resulting in a timely and forceful approach to stewardship and engagement impact.

Prof. Andreas G. F. Hoepner, Ph.D. | Professor of Operational Risk, Banking & Finance at UCD | Co-Inventor EU Paris-Aligned Benchmarks & EU Taxonomy-Aligning Benchmarks | Head of Data Science Hub, EU PSF2

Management Board

The **Management Board** is responsible for the overall strategy setting within Van Lanschot Kempen[4]. Whereas the Sustainability Board is accountable for developing, implementing, and embedding our sustainability goals, the Management Board has ultimate approval and steering rights for these goals.



For example, the Management Board approves the non-financial KPIs and adopts the Annual Report. In order to be able to perform their role with regard to sustainability, the members of the Management Board maintain frequent contact with internal and external stakeholders. At least one member of the Management Board attends the annual stakeholder dialogue, which, in addition to clients, employees, and shareholders also includes civil society organisations, peers, and external specialists. The Management Board delegates responsibility for driving and implementing the sustainability strategy for the whole of Van Lanschot Kempen to the Sustainability Board.

Profiles of the Management Board members are available online at https://www.vanlanschotkempen.com/en-nl/about-us/who-we-are/management-structure/profiles-management-board.

Sustainability Board

The **Sustainability Board** drives the sustainability strategy and is accountable for implementing and embedding sustainability at Van Lanschot Kempen. In their regular meeting cadence, the Board approves sustainability priorities and monitors the implementation of the strategy and these priorities.

The Sustainability Board representatives are appointed by the Management Board, and comprises:

- two Management Board members (including the Chair of the Management Board).
- senior representatives from all relevant business units, including but not limited to:
- Private Clients Netherlands, Private Clients Belgium,
- Investment Management Clients,
- Financial Risk Management, Strategy, Sustainability & Corporate Development, IT and Procurement & Facility Management

Each business line representative is responsible for implementation of the sustainability strategy and ambitions within their own line. In addition to implementation, the Sustainability Board members are also responsible for monitoring progress on sustainability targets relevant for their business line with the aim of ultimately meeting them.

With respect to sustainability goals directly relating to sustainable investing in the broad sense, direct accountability and responsibility is delegated to the **Sustainability Investment Council** (see below).

Sustainability Investment Council

The **Sustainability Investment Council** is tasked with defining and overseeing the implementation of investment-related sustainability priorities and goals. This Council ensures that group-level investment sustainability targets are met, and that sustainable investment policies and frameworks are drafted and approved for all client groups. The Council is accountable for the implementation of sustainability investment policies across all business lines and diligently monitors the progress achieved.

The Sustainability Board appoints members of the Council and include:

- representatives from Private Client Solutions, Wholesale Clients & Investment Strategies, Institutional Clients and internal ESG advisers.
- The Council is chaired by the Head of Business Management, Investment Management Clients.
- An external advisor is invited when relevant to provide insights into external trends and developments, such as EU sustainable regulation.

Each business line representative is responsible for implementing new sustainability strategies, policies, and regulations within their line and regularly monitoring progress on sustainability targets relevant to their business line, with the aim of meeting these targets.

Strategy, Sustainability & Corporate Development Team

The Strategy, Sustainability & Corporate Development Team is part of the CEO domain, reporting to Maarten Edixhoven, Chair of the Management Board. The team is responsible for a range of key activities including defining the corporate sustainability strategy and monitoring its execution, advising on embedding group sustainability ambitions into each business line and developing the sustainability roadmap and execution for the company. Additionally, the team provides input for corporate reporting, sustainability benchmarks and ratings, and orchestrate double materiality assessment, stakeholder engagement, and sustainability communication. This team also acts as secretary to the Sustainability Board.

[4] https://www.vanlanschotkempen.com/en-nl/about-us/who-we-are/management-structure

Investment Management Clients

Within the Investment Management Clients segment, dedicated ESG experts are responsible for overseeing compliance with sustainability regulations, ensuring unambiguous sustainable investment definitions and centralised sustainable data purchasing. The team advises on embedding sustainable and impact factors within the various Investment Management propositions. They drive the active ownership agenda, act as secretary to the Sustainability Investment Council, and provide sustainability content for client reporting and marketing purposes.

At Van Lanschot Kempen Investment Management, all our 153 investment professionals are expected to have ESG, climate change and sustainable investment fully integrated into their expertise and skill set, including fiduciary management teams. Key individuals are described below.

- The governance structure described here is designed to ensure that sustainability and climate strategy is implemented and embedded throughout the investment management organisation.
  For example, advising our pension scheme clients on climate and sustainability matters is part of our fiduciary management client team's responsibility. Our fiduciary management teams use their extensive experience in fiduciary and ESG advice to give substance to impactful investment portfolios for clients. We translate each client's impact themes into concrete objectives and effective solutions with the help of specialist external managers.
- Each business line representative is responsible for the implementation of new sustainability strategies, policies and regulations within their own line. Business line representatives should regularly monitor progress on sustainability targets relevant for their business line with the ultimately aim of meeting the targets. A key element in the governance structure and decision-making frameworks is the leadership from our Expertise Focus Groups (EFGs) for fiduciary management clients and ESG Champions for our in-house funds and strategies. See below for further details on each.
- While Van Lanschot Kempen's sustainability policies serve as a basis for client implementation, individual institutional clients may have their own sustainable investment policies.
- Portfolio Managers in our funds are in the lead on engagements and proxy voting when it comes to the security holdings in the listed funds. Manager Research Solutions engages with third-party investment managers on a range of climate and sustainable investment matters.

Further details are available online at: https://www.vanlanschotkempen.com/en-gb/investment-management/sustainability-approach.

Resources within each client segment

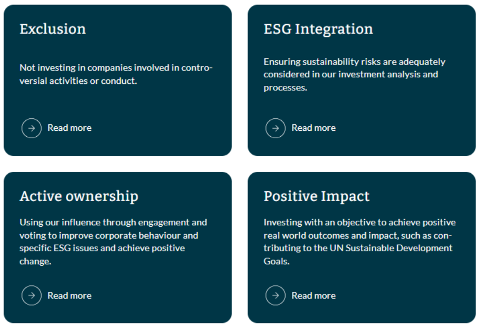
In addition to the regular cadence of board and committee meetings and sustainability action plans, each of our service groups have dedicated 'champions' who take a closer look at the implementation at client level and tackle any issues arising throughout the year. Members of these groups are expert in their client segments and investment areas, and work directly with colleagues across the business to ensure our sustainability policies are fully integrated into day-to-day business activities, including the investment solutions we provide for our clients. Issues can then be addressed via the Sustainability Investment Council, with decisions made in alignment with all client segment needs.

Expertise Focus Groups (EFGs) are a key part of the governance structure and decision-making framework in our **fiduciary management business**. These EFGs bring together our best ideas and ensure efficient implementation for clients, with the groups acting as project leaders within the business. EFG leads are not always heads of teams, but they are experts in their respective field, allowing the business to benefit in a structural way from their knowledge. For example, our Portfolio Construction & ESG group provides thought leadership for these clients on climate matters, and liaises closely with Manager Research Solutions to challenge, innovate and drive improvements in their respective areas of focus, including on prioritising engagements with third-party managers.

ESG Champions within our in-house Kempen funds and strategies come together on a regular basis to bring focus, fresh thinking and drive improvements on integrating stewardship and sustainable investment throughout the investment process. The group brings knowledge sharing and collaboration, facilitating the exchange of insights and best practices among experts to improve overall understanding. Examples of continuous improvement initiatives in 2024 have included a social engagement framework that enables companies, civil society organisations, and investors to jointly address social issues. Tackling the "S" in ESG benefits all involved parties and enhances the sustainability profile of infrastructure companies. See also **Principle 6 'Activity',** with more online at https://www.vanlanschotkempen.com/en-gb/investment-management/insights/equity-focus/our-social-framework-whitepaper

Policy governance

Van Lanschot Kempen Investment Management is an asset manager with a long-term investment approach. We strongly believe in engaged shareholdership that benefits all stakeholders. As a long-term responsible investor, we believe that active ownership and shareholder engagement contribute to positive change across the board.



We organise our sustainable investment efforts across four pillars. These tools allow us to take action on, and to bring forward the transitions. Our **Sustainable Investment Charter** summaries all our policies and framework for Sustainable Investment and consideration of Environmental, Social and Governance (ESG) issues in relation to our own investments.

At Van Lanschot Kempen, we adhere to the following (non-exhaustive): OECD Guidelines for Multinational Enterprises, United Nations Global Compact, UN Guiding Principles on Business and Human Rights (UNGP), and the Principles for Responsible Investment (UN PRI). These four key guidelines and principles together with our Conventions Library form the foundation of our sustainability approach.

All our ESG policies, including our PRI Assessment Reports, are available online at https://www.vanlanschotkempen.com/en-gb/investment-management/sustainability-approach/sustainable-investment-policies-and-publications.

Group risk policy and sustainability risk

When analysing sustainability risks for the Van Lanschot Kempen group, we distinguish between direct exposures (via our balance sheet and operations) and indirect exposures via our assets under management. The sustainability risks through our balance sheet are mainly manifested through credit risk, market risk and liquidity risk.

The main internal policy we have developed to manage the impacts, risks and opportunities of our business activities is our **Sustainability Risk Policy**. This policy describes our high-level sustainability risk strategy, our definitions of sustainability risk, our governance structure, roles and responsibilities, and the way we manage sustainability risks within our risk appetite.

Setting this policy is in line with our sustainability governance and stakeholder engagement process, as set out in "General disclosures" on pages 27-28 of the Van Lanschot Kempen **Annual Report 2024**[5].

Training on sustainability and stewardship

Embracing sustainability is one of our five key skills (the other four being collaboration, embracing technology, client-centricity, and adaptability) to continue to develop. In 2024, a substantial number of staff across the Van Lanschot Kempen group followed formal training courses aimed at developing new skills. Sustainability and compliance criteria are foundational elements in most of these courses.

Additionally, educational modules are available via our central eLearning hub, VLK Academy. Every employee is expected to complete 1-2 courses every 2 months (with a scope broader than sustainability).

Van Lanschot Kempen's in-house ESG experts organise regular and ad hoc sessions on ESG investment topics, including ESG risk management and sustainability regulations, and with external ESG thought leaders. The Sustainable Investment Council, along with key client group representatives, meet regularly on the topic of the training agenda, looking forward to the next 12 months and ad hoc where relevant.

The training agenda is based on industry dynamics/ regulatory changes, firm-wide initiatives and client requests. The Expertise Focus Group (EFG) for fiduciary management client teams is responsible for disseminating information and training to all investment colleagues within fiduciary management. This includes a wide variety of ESG topics, including climate, engagement, impact, and ESG investment topics. Most recently, this has been focused on climate change, net zero investing, Taskforce on Climate Related Financial Disclosures (TCFD), stewardship and voting policies, and increasingly biodiversity and Taskforce on Nature-related Financial Disclosures (TNFD). This team typically meets bi-weekly where training sessions and agenda items are discussed - these meetings cover more than internal ESG training agenda.

Employees are also encouraged to follow individual paths in gaining ESG-specific qualifications and experience, including involvement in academic research, qualifying for the CFA ESG Certificate or similar and this feeds into their annual assessment.

Employee development

Achieving our ambitions requires us to attract and develop top professionals. Performance development creates the best return on our investment in talent. Our transparent and decisive approach to performance enables us to deliver the best service to our clients through our expert colleagues. Our most specialised colleagues are trained through targeted development programmes that encompass training, mentorship and continuous learning opportunities to keep them at the forefront of their fields.

[5] https://www.vanlanschotkempen.com/en-nl/about-us/investor-relations/annual-reports

Talent retention is becoming more and more important within our company, and we have observed that career development is one of the key drivers of retention. We focus on keeping our employees engaged, providing flexible and inclusive working conditions, professional development and throughflow opportunities, and promoting inclusion and diversity. At the same time, the quality of our workforce has a direct impact on the experience of the clients we serve.

Across the Van Lanschot Kempen group, and across all client segments, our approach to employee learning and development on stewardship and sustainable investment topics in is designed to align with our mission to preserve and create wealth in a sustainable way. Our policies and processes focus on equipping employees with the knowledge and skills necessary to integrate sustainability into their roles effectively.

We measure engagement via a number of methods including our annual Employee Engagement Survey (EES), which received an 86% response rate in 2024 (2023: 84%). In addition, we organise focus groups, interviews and surveys to understand the employee and manager experience, to identify specific needs across various departments and to provide insights on where to focus attention.

- Embracing Sustainability is a core element in our comprehensive Learning & Development curriculum delivered via the VLK Academy in a mix of eLearning and in-person sessions provided in Dutch and English. The curriculum covers a wide range of sustainability topics, including integrating ESG criteria into client portfolios, sustainable investment strategies, and the impact of climate change on financial markets and often includes expert speakers from across industry. Different learning streams are customised to our client segments, for example a Private Banking team in the Netherlands might have a slightly different version of a course on integrating Biodiversity themes into a client's portfolio, as compared to a Client Director in our UK fiduciary management team who look after pension scheme investment portfolios.
- Mandatory Training: All employees are required to complete foundational sustainability training to ensure a baseline understanding across the organisation, from our Procurement Policies, regulatory compliance (such as anti-greenwashing) through to stewardship and sustainable investment. This includes online modules and interactive workshops.
- Role-Specific Training: Tailored sessions are provided for different roles, ensuring that employees receive relevant information that directly applies to their responsibilities. For example, Portfolio Managers in our Kempen investment funds are expected to participate in advanced training on sustainable investment within their respective strategies, and how to apply our proprietary Sustainability Risk Score for individual companies (see also **Principle 7**).
- Continuous Learning: We encourage ongoing education through seminars, webinars, and access to external courses. This ensures that our team stays updated on the latest sustainability trends and regulations.
- In addition, we embrace a 'learning by doing' approach to learning and development. The most impactful learning can extend beyond classroom training or courses and takes place through active engagement in one's job, alongside learning from and collaborating with colleagues.

Performance management and reward programmes

Performance management is measured by several KPIs, a balanced combination of quantitative and qualitative indicators, with stewardship and sustainability integral to investment decision-making.

- **Sustainability performance and innovation**: A combination of quantitative and qualitative factors relevant to the investment team, i.e. whether the investment team selects securities in companies or third-party investment managers. Examples include the level of Morningstar® Sustainability Rating for Funds, the number of active ownership (engagement) cases with concrete results for stakeholders and continuous improvement of the sustainability profile of the fund or investment portfolio in question. For other members in the Investment Management Clients department other qualitative and quantitative sustainability measures are incorporated into individuals' annual objective setting and performance measurement.
- **Financials**: This includes both quantitative and qualitative indicators, including the commercial success of the strategy, achievement of targets (including carbon reduction targets) and whether costs are within predefined budget (see below for details).
- **Work environment, culture, and talent development**: This includes both quantitative and qualitative indicators. Examples are the development of training and personal development plans for all team members and staff turnover. Training content also covers sustainability and sustainable investing. These sessions are delivered internally, through external training vendors or institutions such as the CFA Institute.

Sustainability targets at Van Lanschot Kempen group level

Van Lanschot Kempen has developed a set of KPIs applicable to the members of the **Management Board**, focusing on long-term value creation. These are in line with the company's values and are reassessed on a regular basis.

The KPIs are disclosed in the **Sustainability Statement** on page 25 onwards of the **Annual Report 2024** for Van Lanschot Kempen, based on based on the European Sustainability Reporting Standards (ESRS) as required by the Corporate Sustainability Reporting Directive (CSRD). The non-financial KPIs include sustainability ambitions, reductions in carbon emissions alongside employee engagement, diversity and inclusion, and other topics.

ESG KPIs are therefore included in the senior management performance structure, and these are linked to all departments across the firm; for investment professionals these are specifically around sustainable investment practices.

Sustainability targets overview

Material impact	Value chain	2024	2024 target	Short-term target	Long-term ambition
Environment					
Environmental impact (tCO_2e)					Net-zero
Own organisation (per FTE)	Upstream and own organisation[1]	1.43	<1.60	8% from baseline year 2019	
Mortgages (per m^2)	Downstream	22.61	<21.97	9.5% from baseline year 2023	
GHG emissions reduction					Net-zero
Own organisation (per FTE)	Upstream and own organisation[1]	11%	8% from baseline year 2019	8% annually	
Mortgages (per m^2)	Downstream	6.9%	9.5% from baseline year 2023	9.5% annually	
Assets under management (WACI)	Downstream	17%	7% from baseline year 2019	7% annually	
Social					
Inclusion and diversity	Own organisation				
Gender diversity in new hires		49%	50%/50% inflow		
Gender diversity in senior staff		21.1%	>21%		>30%/>30% male/female
Corrected gender pay gap		1.4%	<2.0%		
Quality of the workforce	Own organisation				
Employee turnover		9.5%	8-12%		
Throughflow		36.1%	≥30%		
Percentage of employees who believe they have the opportunity for personal development		83%	Up to 5% above last EES or above benchmark		
Working conditions	Own organisation				
Absence from work		2.9%	Lower than the financial sector average		
Governance					
Business conduct and compliance	Own organisation				
Percentage of employees that take the banker's oath within three months of their on-boarding		99.8%	100%		
Percentage of employees who believe they have a responsibility to behave ethically		92%	Higher than the sector average or higher than the last pulse EES if the last pulse EES was below the sector average		
Percentage of employees who believe the company culture holds everyone to the same standards of ethical behaviour and promotes transparent communication		87%	Higher than the sector average or higher than the last pulse EES if the last pulse EES was below the sector average		

[1] Scope of upstream emission is travel of our colleagues (employee commuting and international travel), water consumption and paper consumption.

2.2 Outcome

Signatories should disclose:

- how effective their chosen governance structures and processes have been in supporting stewardship; and
- how they may be improved.

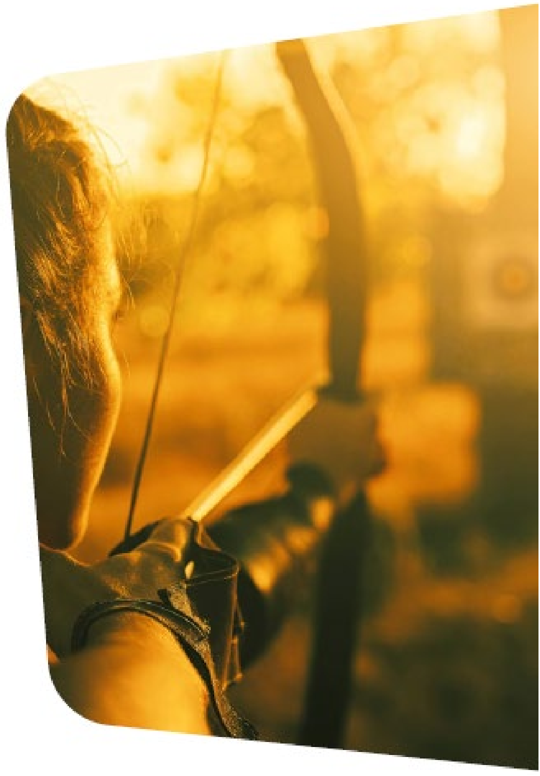
Fiduciary management clients

For our fiduciary management clients, delivering on stewardship responsibilities is primarily the role of our fiduciary management team who work directly with clients to understand clients' challenges and ambitions and then constructing an investment strategy that delivers.

This is across the Netherlands and the UK where we have over 200 investment professionals supporting fiduciary management clients. This includes manager research, selection and monitoring, which are key elements in the effective stewardship of client assets. This is a team of over 20 experienced investment professionals who research, select and monitor third-party asset managers on behalf of our clients where stewardship and ESG is a major factor in selection and monitoring (as detailed in **Principle 8**).

Case study: Positive impact for fiduciary management clients

Impact investing provides finance for solutions and opportunities that address and contribute directly to solving global challenges. At Van Lanschot Kempen, we believe that investing for impact is not only the right thing to do, but also the smart thing to do. By directing capital towards innovative and impactful businesses and real assets, we aim to generate both financial returns and meaningful social and environmental outcomes for our clients.

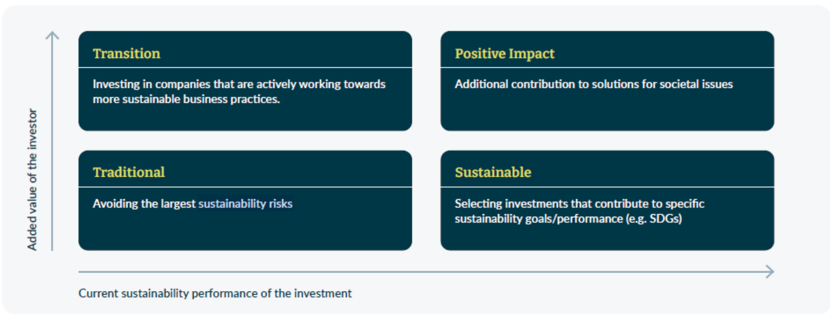


Transition and impact framework

We've seen increasing interest from clients in impact investing. In order to be able to serve our institutional and private clients in the best possible way, in 2024 we refined our transition and impact framework. This now allows us to differentiate more clearly between several types of sustainable and impactful investments: impactful transition investing; SDG aligned investing[6] and positive impact investing (see the graphic below).

This robust framework allows us to better score the investments and solutions we research for our clients, and to use a structured approach in serving our clients. It ensures consistency and clarity in the terminology used and lets us keep a firm eye on truly impactful solutions. We have also formalised the integration of impact throughout all the dimensions of our due diligence i.e. organisation, strategy, portfolio and track record.

Transition and impact framework



Case study: How we can improve

Van Lanschot Kempen offers two internally managed impact strategies:

The **Global Impact Pool (GIP)**[7] invests in funds or companies that seek to contribute to at least one of the four selected focus themes: basic needs and well-being; climate and energy; circular economy; and small and medium-sized enterprise development and decent work. Investments vary from companies working on accessible health care and clean energy generation to a company developing aircraft engines powered by hydrogen.

In 2024, we again saw increased interest in impact investing, with GIP receiving a total of €50 million in new commitments, from both institutional and private clients. The strategy reached its seven-year anniversary at the end of 2024, and we are excited about the successful conclusion of two new investments last year, bringing the total number of investments to 16 (15 funds and one co-investment).

The **SDG Farmland strategy**[8] is a natural capital solution that offers investors access to sustainable real assets and measurable impact. Agriculture can play a central role in addressing key societal issues such as food production, the need for healthy produce, deteriorating soil quality, biodiversity loss and global warming.

In 2024, we diversified our global farmland portfolio with acquisitions in Uruguay, New Zealand and other regions. To provide our clients with greater insight into the sustainable performance of our strategy, we introduced a data-driven KPI dashboard, showcasing our strategy's sustainable performance. An example of the farmland dashboard is shown below, indicating ESG performance of holdings in the fund relative to the most important KPI benchmarks.

We have also embarked on an exciting collaboration with **ClimateAI**, an artificial intelligence company that employs machine learning-based weightings of over 100 global climate models to determine the 'best fit' of type of crops for each region, forecasting critical farming parameters.

[6] SDG-aligned investing refers to investing in ways that make a positive contribution to the UN Sustainable Development Goals.
[7] Global Impact Pool AuM €265 million in committed capital, €235 million capital called, as at 31 December 2024.
[8] SDG Farmland Strategy AuM €457.4 million in committed capital, €414.4 million capital called, as at 30 September 2024.

Further details on both of these strategies are online at https://www.vanlanschotkempen.com/en-gb/investment-management/investment-strategies/alternative-investments.

Farmland dashboard

Principle 3 – Conflicts of interest

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

3.1 Context

Signatories should disclose their conflicts policy and how this has been applied to stewardship.

At Van Lanschot Kempen Investment Management (VLK IM), we are fully committed to professionalism and integrity in conducting our business and in treating our clients fairly. In our activities however, we may face actual and potential Conflicts of Interest, both between ourselves and our clients, and between two different clients.

Our objective is to minimise Conflicts of Interest arising as much as possible. In case these cannot be sufficiently mitigated, the Van Lanschot Kempen group has policies and procedures in place to manage the conflicts in a way that safeguards the interests of all clients (see below).

Investment Management

Our online Statement on Conflicts of Interest Policy summarises Van Lanschot Kempen Investment Management's approach for managing Conflicts of Interest, and is available at https://www.vanlanschotkempen.com/en-gb/investment-management/beleidsdocumenten.

It is not intended to provide an exhaustive account of the processes and procedures we adopt in connection with the management of Conflicts of Interest but is instead intended to be a statement of principles through which VLK IM seeks to manage such potential conflicts. It provides information to illustrate to our clients to understand the key measures we take to safeguard their interests.

Group policy

The policy of the Van Lanschot Kempen group (VLK) for managing Conflicts of Interest, intended to be a statement of principles through which Van Lanschot Kempen seeks to manage such potential conflicts, is available online at https://www.vanlanschotkempen.com/-/media/files/documents/investment-management/compliance-documents/im-statement-of-conflicts-of-interest.ashx.

Personal Conflicts	**Staff personal investments**	VLK has a strict policy in place to monitor and ensure that all employees' personal transactions and outside business interests are in compliance with the Code of Conduct and Regulations on personal transactions, which includes in its aims the prevention and management of actual and potential Conflicts of Interest. All VLK IM staff personal transactions [except for open-ended funds, ETFs and index-based products] require pre-clearance by the Compliance department.
	Remuneration	VLK has a remuneration policy where there is no direct link between the remuneration of employees in one business unit and the remuneration of, or revenues generated by, employees engaged in another business unit, where an actual or potential Conflict of Interest may arise in relation to the activities in those business units.
	Secondary Positions	Secondary positions must be assessed and approved by the relevant line manager and the Compliance department before taking up the position, in order to ensure that there is no Conflict of Interest.
	Gifts and Hospitality	Gifts and hospitality must be declared, and pre-approval is required in some circumstances. In addition, monetary parameters apply.
Organisational Conflicts	**Commercially sensitive information**	Following the Code of Conduct of VLK, all information that employees have access to must be treated prudently. More specifically, where it concerns information on clients, VLKIM or investment funds, the information is to be treated as confidential. Accordingly, where VLK has such confidential information under the terms of a confidentiality agreement, it has a duty to keep that information confidential, except where required by law, regulation or legal process or as requested by any governmental agency or regulatory authority or to prosecute or defend a claim brought by or against VLK.
	Unpublished price-sensitive information	In the VLK Code of Conduct, and the Market Conduct Policy, VLK has established strict policies and procedures with regard to non-public and inside information. VLK established information barriers between departments to further prevent the flow of confidential information.
Products and Services Conflicts	**Investment advice**	With regards to investment advice of collective investment schemes the advice of VLK is based on an analysis of a substantial number of collective investment schemes. This analysis can include collective investment schemes managed by VLK but is not limited thereto.

		VLK does not provide the client with a periodic assessment of the suitability of the collective investment schemes VLK has recommended to the client.
	Voting/proxy voting	VLK treats all companies equally in engagement and voting activities, unless instructed otherwise by the client, regardless of whether the sponsor is a VLK client or where companies otherwise have a relationship with VLK, or if it concerns companies where VLK is an interested party (e.g., VLK's listed ultimate parent company and/or any listed investment fund offered by VLK held within clients' portfolios).
Client Vs. Client Conflicts	**Aggregation of transactions in investments**	Aggregation may result in different outcomes for certain clients, for instance in respect of the size of a client's exposure to such investment, and the price at which an investment may be acquired or disposed of. Depending on the circumstances, aggregation may be advantageous or disadvantageous to the client. VLK has established Trading Principles that provide clear guidelines for aggregation of transactions and the fair treatment of clients in it.
	Purchase of research and trade execution services	Third parties such as brokers may provide investment research and broker services to VLK. VLK covers external investment research costs itself. The supplier of research is not rewarded if it is through the execution of transactions for clients. In selecting a broker for trades, the best execution offered by brokers with regard to a client order always prevails.

3.2 Activity

Signatories should explain how they have identified and managed any instances of actual or potential conflicts related to stewardship.

We identify and manage potential conflicts in a number of ways:

– Separation and information barriers, restricting access to departments or activities between departments (for example, investment management teams are separated from investment banking teams) by means of a) physical access control with badges, b) ICT access limits, c) Code of Conduct, and d) department-specific policies.
– Segregation of duties for key functions, all of which are subject to monitoring by Group Risk Management, Compliance and Internal Audit, whose departments report directly to the Van Lanschot Kempen Management Board.
– Formal training on Compliance and related topics via online modules, in-person (or online) meetings.
– Periodic reviews conducted by our Compliance teams, including formal challenge sessions, for example during review of departmental policies and procedures.
– Each business line, including Van Lanschot Kempen Investment Management (UK) Ltd (VLK IM UK) for wholesale and institutional clients, maintains a conflicts of interest register of actual and potential conflicts and the procedures in place to manage them in accordance with our regulatory obligations. At least annually, the management team of each relevant business line must review their respective registers to ensure they capture all identified conflicts of interest and mitigating measures.

Employees based in the UK are required to complete a quarterly compliance attestation, which includes declaration of any conflicts of interest (such as those in the table above), and adherence to the group Code of Conduct. Employees also undertake training on a regular basis, by way of e-learning and face to face sessions.

Preventing conflicts of interest is an important aspect of day-to-day operations. Staff are reminded to be mindful of this consideration and always ensure a careful balance between the interests of all stakeholders of Van Lanschot Kempen. This concerns the interests of clients, shareholders, employees, and the society in which Van Lanschot Kempen operates.

If any conflict is identified, it is escalated to the senior management team of the relevant business unit and the Compliance department. Following initial assessment, Compliance (and Legal, as required) will provide advice on mitigating measures that need to be implemented in order to manage the conflict, or alternatively to decline to act (for a specific client).

3.3 Outcome

Signatories should disclose examples of how they have addressed actual or potential conflicts'

In 2024 we consolidated and updated our internal procedures for fund liquidation and mergers, where Van Lanschot Kempen Investment Management (VLK IM) is the investment manager for the funds or sub-funds. This involved clarifying roles and responsibilities for internal teams following some internal reorganisation and in keeping with regulatory requirements, whether from the AFM, ESMA or CSSF, among others, and designed to identify and mitigate conflicts of interest throughout the process.

In each case, potential conflicts of interest must be identified and addressed, among other criteria, as part of the proposal. All proposals must be reviewed by Legal, and subject to formal challenge by Compliance before being submitted to the relevant fund and Management Boards for approval.

Principles that underpin the updated procedures

The objective of VLK IM is to ensure a smooth and transparent process that aligns with our commitment to providing excellent service to our clients and investors, and to observe applicable legal requirements. Most notably, VLK IM must act in the best interests of the fund and its investors and ensure that it treats investors fairly.

The procedure is part of and aligned with the overall business development process, which ensures that all business developments, including ideas for new products or amendments in products follow a structured four-phase process as below. Each phase concludes with a decision gate to determine the continuation of the business idea.

- idea generation,
- opportunity development,
- execution/implementation, and
- feedback & monitoring.

Clear governance and decision-making structure

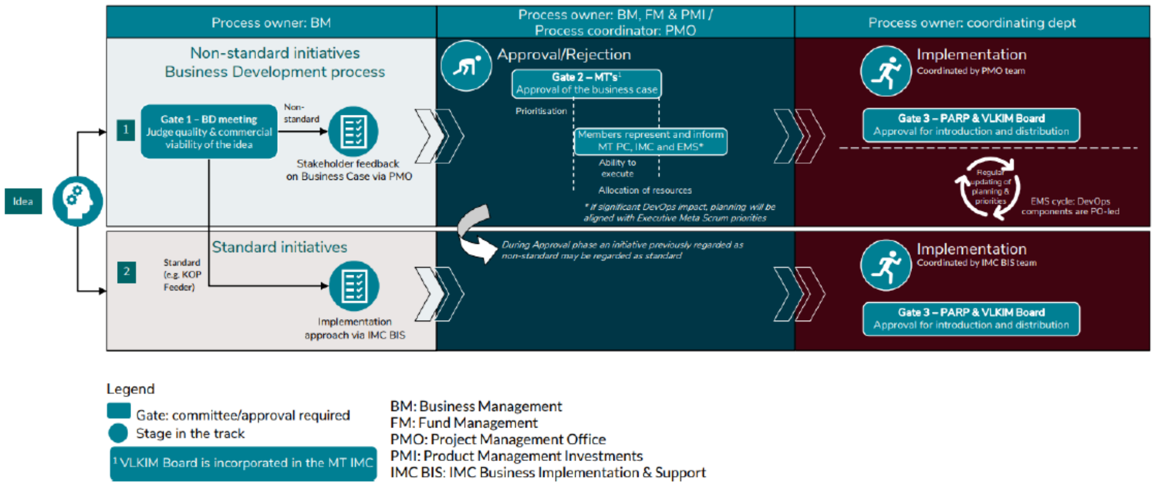
The Product Approval and Review Process (PARP) Committee for Investment Management Clients is charged with the responsibility to review existing products and to approve the termination of products, with the purpose to ensure that the following principles are adhered to (including, but not limited to):

- Products manufactured and/or distributed by Van Lanschot Kempen Investment Management (VLK IM) are consistent with the risk strategy established by the Van Lanschot Kempen group.
- Regulatory requirements applicable to products and services are met all times.
- Van Lanschot Kempen establishes the necessary resources, expertise and systems and control necessary to guarantee a safe and sound operation when developing and offering products and services; as well as
- Van Lanschot Kempen has adequate procedures and measures in place to ensure that the products and services manufactured and/or distributed meet, in a balanced manner, the needs, characteristics and objectives of the target group and that the distribution strategy is in line with the target group concerned.

Process description

Our updated procedures identify three tracks for ideas, or proposal for change. Triggers for these ideas come from periodic PARP review findings and conclusions (typically as part of the formal review cycle), reviews from the funds management departments or ideas from the organisation relating to potential liquidations and/or mergers of (sub)funds, and/or the discontinuation of share classes.

The process describes three tracks, or workstreams for such ideas, namely non-standard liquidations and mergers, standard liquidations and mergers, and minor fund changes. Each track follows a different series of steps, governance frameworks and quality controls, as broadly visualised below:



Non-standard liquidations and mergers follow the full business development cycle similar to the development of new products or services, whereas the standard liquidations and mergers and minor fund changes follow adapted versions of the business development cycle.

Principle 4 – Promoting well-functioning markets

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

4.1 Activity

Signatories should explain:

- how they have identified and responded to market-wide and systemic risk(s), as appropriate;
- how they have worked with other stakeholders to promote continued improvement of the functioning of financial markets;
- the role they played in any relevant industry initiatives in which they have participated, the extent of their contribution and an assessment of their effectiveness, with examples; and
- how they have aligned their investments accordingly.

Identifying market-wide and systemic risk is a fundamental part of risk management and extends not only to investment management, but the wider Van Lanschot Kempen group and the client segments that sit within this. It is crucial that we maintain and safeguard the integrity of the financial system and conduct our business in keeping with applicable laws and regulations.

As a gatekeeper of the financial system, we contribute to supporting well-functioning financial markets by managing the risks we are exposed to across the business, and in the investment portfolios we manage for clients.

Risk profile and risk appetite

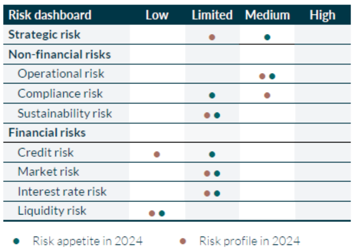
We seek to achieve a solid risk profile, expressed in transparent risk levels coupled with a robust liquidity and capital position. The risks we face are outlined in the following sections. More detailed descriptions are available in the financial statements, where these risks are also quantified in terms of their impact on our balance sheet.

We evaluate our risk appetite each year and this is communicated in a risk appetite statement, which contains both qualitative and quantitative elements. Our risk appetite represents our willingness to accept the risk of particular losses, decreasing buffers and reputational risks, and as such sets our operating boundaries. The statement is prepared by the Group Risk Committee, approved by the Management Board and is also subject to the Supervisory Board's approval.

Risk appetite and risk profile in 2024

Our risk dashboard and progress report are discussed by the Group Risk Committee every quarter, as well as by the Supervisory Board's Risk and Compliance Committee. Risk taking is inherent to our business model; low risks are not a means to an end. For a number of reasons, it may be appropriate to accept a higher risk – either temporarily or for a prolonged period. We always consider both gross and net – i.e. after mitigating measures – risk positions, paying extra attention to medium and high net risks.

The risk appetite and risk profile in 2024 for each individual risk type are shown in this simplified version of the risk dashboard (on the right).



Key risk themes for Van Lanschot Kempen

In 2024, the key risk themes were:

- **Rapid decline of markets**: responding to turns in the equity markets;
- **Interest rate decline**: responding to turns in the interest rate cycle and changing market circumstances;
- **Operational and digital resilience**: adapting operating frameworks to meet client expectations and evolving regulatory standards;
- **Cyber risk**: protecting against cybercrime;
- **Data management**: in response to the increased volume and complexity of our data;
- **Compliance risk**: risk-based client due diligence and integrating sustainability requirements into our products and services.

See also "Risk and capital management" on page 114 onwards of the Van Lanschot Kempen **Annual Report 2024** for more details on our risk themes.

Case study: Crowdstrike

In July 2024, Crowdstrike, a leading cybersecurity company, caused a major outage that affected businesses and organisations worldwide following an error in a software update. Van Lanschot Kempen does not use Crowdstrike's security software, but external suppliers in some cases do. Widespread media coverage on disruption on Windows computer based systems led to a range of potential implications, however our IT controls and cybersecurity teams were able to quickly identify issues and communicate relevant solutions.

Preventing cybercrime remains one of our key risk focus areas. Van Lanschot Kempen is conscious of the risks concerning information security and cybercrime, and has further invested in technological and process-related measures to mitigate them. We continue to strengthen our security measures to keep pace with increasing cyberthreats and external fraud attempts, such as help desk fraud. Our dedicated team monitors security incidents in the organisation to ensure we have appropriate coverage to mitigate potential threats. We have teams that simulate cyberattacks and conduct penetration testing for security purposes, including periodic phishing awareness tests and cybersecurity is a key topic in our mandatory training programmes for all staff. We monitor the risks involved in cybercrime using risk dashboards that include key performance and risk indicators. The metrics in the dashboard are overseen by the interdepartmental Corporate Information Security Board. Major issues related to cybercrime are reported directly to the Management Board.

Cybercrime risks such as ransomware, attacks through third parties and "zero day" attacks are an ongoing matter of importance to Van Lanschot Kempen, as well as to our clients. We apply a zero-trust approach; by significantly limiting the accessibility of sensitive data and systems, we ensure risks are mitigated within the organisation's appetite.

Risk management governance

We operate our risk management framework in accordance with the three lines of defence model. The management teams of individual departments (the first line) are responsible for managing their specific risks. When serving our clients, they must also assess client- and portfolio-related risks, adhere to all Van Lanschot Kempen policies, limits and procedures, and put processes and controls in place to remain in control of their operations.

The second line of defence is formed by Financial Risk Management, Non-Financial Risk Management and Compliance. They report to and advise the Management Board on risk-related matters. The second line also prepares policies and provides guidelines on risk-taking activities, monitors adherence to these policies and guidelines, and challenges the first line on the management of their risks.

Finally, the second line supports the Management Board by facilitating and challenging risk assessments and by providing relevant advice and assistance on applicable regulatory requirements and the design of controls and mitigating actions.

The third line of defence is the Internal Audit department, which monitors and gives assurance on whether the activities of the first and second lines are effectively mitigating the risks identified.

We use insurance to cover certain remaining risks. Furthermore, we are challenged by supervisors – for example in the Netherlands by De Nederlandsche Bank (DNB) and the Dutch Authority for the Financial Markets (AFM) – in our interpretation and adherence to laws and regulations and on whether we are in control of our organisation.

To manage our risks, we have risk and compliance policies and frameworks in place as well as a governance structure. The Management Board has mandated the Group Risk Committee to take certain decisions with regard to risk management. The Committee has mandated certain risk management decisions to specialised committees: the Compliance & Operational Risk Committee, Credit Risk Committee and Market Risk Committee.

Sustainability risk management

The management of sustainability risks is an integral part of our risk management framework and is incorporated in our regular risk management processes. For more information on how we consider sustainability-related risks within our risk management framework and risk assessments, see the "Risk and capital management" section in the integrated Van Lanschot Kempen group **Annual Report 2024**.

To monitor sustainability risks, we have an internal sustainability control framework in place. In addition, our internal reporting on sustainability-related risk metrics is incorporated in the risk reports of the applicable risk management departments. The metrics and corresponding risk appetite limits with regard to sustainability risk, which are set out in our risk appetite statement, are reported on in the quarterly risk appetite report. This report is created by Financial Risk Management with input from several business stakeholders. Lastly, an annual sustainability risk report is created by Financial Risk Management in collaboration with several first and second line of defence stakeholders, which includes a description of the most relevant sustainability risks for our business activities, a detailed account of all sustainability risks that are assessed, and an assessment of their materiality.

Although the sustainability risk report is an internal document, it is used in interactions with our external auditor and supervisors. Reviewed and approved by the Sustainability Board, the sustainability risk report currently only covers environmental risks, in line with the European Central Bank's (ECB) guidance on climate-related and environmental risks. In 2025, the European Banking Authority will provide guidelines on ESG risks, which will likely also steer towards assessment of social and governance items.

In our assets under management, climate change and nature-related risks are taken into account when investments are made, or investment managers are selected. Our net zero targets for reducing the carbon emissions in our investment portfolios, to be met by

2025, 2030 and 2050 respectively, are designed to enable us to cope with the transition risks related to climate change. This also enhances resilience to physical climate change risks, as the companies in these investment funds will take climate change into account.

Our value creation and stakeholders

For us, value creation means growth that is scalable, profitable and sustainable for the long term. We create this value through the long-standing relationships with our clients, colleagues and other value chain partners. In line with our strong focus on relationship building, we aim to contribute to growth for key groups, namely our clients, employees, shareholders and society. We want to contribute to sustainable growth of our clients' wealth, help our people grow by being an attractive employer, remain a smart investment choice for our shareholders and put wealth to work where we can for the benefit of society and the environment.

We engage with our stakeholders in different ways. For example, for private banking clients we organise client events, including lunches at or near our offices, often with a member of the Management Board. Feedback and input are also sought during these events.

For employees, we host regular town hall meetings with Management Board members, dialogue sessions on our values, strategy and code of conduct, and sessions related to our half-year and annual financial results.

For shareholders, activities include the annual general meeting (AGM) and one-on-one meetings. We have also participated in workstreams, and analyses prepared by financial sector associations such as the Dutch Fund and Asset Management Association and the Association of Securities-Issuing Companies. These activities help us assess the potential impact of new legislation packages on our business.

The outcomes of these stakeholder dialogues, which gather stakeholder views, including on sustainability-related topics, will be reported to the Sustainability Board and Management Board. Recent stakeholder events have covered topics such as Biodiversity and the food transition, Long-term transition thinking and how the financial sector can play a role in fighting climate change.

Case study: enhanced client engagement across a range of client types

Investment Management Clients: In 2024, we made improvements to safeguard our Investment Management Clients' interests and inform them appropriately about our products and services. Our marketing policy framework was updated to include new tools and to embed sustainability aspects. Due to rapid developments in regulatory priority setting and strong links to client protection, we placed emphasis on accurate and transparent sustainability claims. We prioritised the integration of sustainability risks into our compliance risk framework and continued to implement sustainability regulations and guidelines.

Moreover, the fund factsheet template for Van Lanschot Kempen Investment Management funds was updated to include sustainability information, such as performance reporting, ESG data and relevant disclosures based on EU guidelines. Our updated fund factsheets are available online at https://www.vanlanschotkempen.com/en-gb/investment-management/fund-library.

Memberships

As Van Lanschot Kempen we maintain contact with regulators, including De Nederlandsche Bank (DNB), the Dutch Authority for the Financial Markets (AFM), and the UK's Financial Conduct Authority (FCA) as well as with rating agencies.

We also hold memberships of trade associations, such as the Investment Management Association (IMA, and the Dutch Fund and Asset Management Association (DUFAS), representing the general interests of financial institutions and asset managers.

We have no lobbying offices or representatives in London, the Hague or Brussels; neither do we provide donations to support political parties or campaigns.

Van Lanschot Kempen is a member of:

- Climate Action 100+
- Coalitie Anders Reizen
- DNB Platform voor Duurzame Financiering
- Dutch Climate Coalition
- Dutch Fund and Asset Management Association (DUFAS)
- Eumedion – Dutch Corporate Governance Forum
- FAIRR Initiative
- Global Impact Investor Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Nature Action 100
- Netherlands Advisory Board on Impact Investing
- Net Zero Asset Managers Initiative
- Partnership for Carbon Accounting Financials (PCAF)

- Platform for Biodiversity Accounting Financials (PBAF)
- Platform Living Wage Financials
- PRI Advance
- Principles for Responsible Investment (PRI)
- Rainbow Finance Alliance
- UN Global Compact
- Vereniging Effecten Uitgevende Ondernemingen
- Women Inc Incubator
- Workplace Pride

Public policy engagement

In the context of increased stewardship and sustainability related regulation, we participate directly in working groups and advisory panels with the EU's EFRAG, the PRI, among others. A recent example was the **Investor Joint Statement** on the European Commission's 'omnibus legislation', where we were party to the call for the EC to preserve the integrity and ambition of the EU's sustainable finance framework, in view of the current discussions on an 'omnibus legislation' to amend key regulations. This Joint Statement was issued by the Institutional Investors Group on Climate Change (IIGCC), the European Sustainable Investment Forum (Eurosif), and the Principles for Responsible Investment (PRI), along with investment firms and service providers representing around €6.6 trillion of assets under management.

Other key organisations for us in 2024 have been **IIGCC Climate Action 100+**, **Nature Action 100** and the **Platform Living Wage Financials** and have been active in direct and collaborative engagements regarding living wages with apparel and textile companies, with the aim to ensure that employees are paid a living wage.

For many years we have been an active participant in **PRI Advance** – the PRI-led social issues engagement that is a collaborative stewardship initiative for human rights and social issues. In 2024 we also joined The Stichting (foundation, in Dutch) **Netherlands Advisory Board** on impact investing (NAB). NAB is an independent non-profit organisation that aims to accelerate the growth and improve the effectiveness of the impact investing market.

In the UK we are active members of the **Investment Association** (IA), participating in policy and decision-making on the senior Investment Funds Committee. This Committee provides strategic oversight of the Association's activities in relation to the management and distribution of authorised investment funds. As Van Lanschot Kempen Investment Management, we are the only investment manager with offshore only funds, giving an 'outside in' perspective on topics such as Consumer Duty, Sustainability Disclosure Requirements (SDR) and the Overseas Funds Regime, among others.

As fiduciary managers, we regularly engage with regulators including the UK's **Pensions Regulator** (tPR) and the UK's **Department of Work and Pensions** (DWP), through our work with clients such as Clara-Pensions, or more broadly by participating in consultations.

Options for Defined Benefit Schemes

In February 2024, the DWP launched a consultation on options for DB pension schemes, that included plans to help make surplus extraction easier, and plans for a public sector consolidator operated by the Pensions Protection Fund. The consultation builds on the principles in the revised Funding Regime.

In addition to VLK providing a response to the consultation, many of our fiduciary management clients asked us to help them navigate the options and potential implications for their schemes.

Surplus extraction can be useful to sponsors as it can relieve balance sheets, but we have seen that discretionary payments could also increase pensioner benefits.

We know that the endgame options for well-funded schemes with strong covenants are increasing, so we developed FM+ for just such schemes. It is intended to allow schemes to run-on productively, secure in the knowledge that the scheme will be managed by a highly experienced investment team and receive downside protection by a third-party insurer.

Fiduciary management & the UK's Mansion House reforms

Our view is that a 5% voluntary compact for pension schemes investing in UK productive assets such as unlisted equities makes sense.

For those schemes where it is appropriate, there are certainly relevant investment opportunities in some areas of private and growth capital.

Our approach as fiduciary manager to UK pension schemes is to assess each pension scheme on its own merits and context. Stewardship and sustainable investment commitments need not come secondary to this voluntary target; on the contrary, pensions investment portfolios can incorporate both.

4.2 Outcome
Signatories should disclose an assessment of their effectiveness in identifying and responding to market-wide and systemic risks and promoting well-functioning financial markets

Risk and capital framework for Investment Management Clients

At **Van Lanschot Kempen Investment Management**, we conduct periodic value chain risk self-assessments and carry out an annual Internal Capital Adequacy and Internal Risk Assessment Process (ICARAP) to ensure that we are well capitalised and hold sufficient liquidity buffers against relevant current and future risks. Controls are in place to ensure that the capital and liquidity buffer remain sufficient at all times. In the UK, we undertake a similar exercise for the Internal Capital Adequacy and Risk Assessment (ICARA) for the FCA.

The primary objective of our capital management is to ensure compliance with internal and external capital requirements. Our liquidity risk management aims to ensure that we can maintain or generate sufficient cash resources to meet our payment obligations in full as they come due, on acceptable terms. It is important that we maintain these levels regardless of market conditions.

In 2024 we further enhanced our Operational Risk Management framework, resulting in improvements in several key areas. One of the major milestones in the reporting yar was the recalibration of our risk appetite framework and risk taxonomy, enabling us to make more informed decisions about risk-taking and mitigation measures. We also strengthened our data-driven monitoring capabilities, reporting processes and scenario analysis quantification methods.

Sustainability risk in investment management

In our assets under management, climate change and nature-related risks are considered when investments are made, or investment managers are selected.

Our sustainable and impact investment policies are informed by our company's purpose, our clients' sustainability goals, external laws and regulations, and the international treaties that we collectively endorse.

Sustainability regulations:

- Throughout 2024, we focused on compliance with the EU's Sustainable Finance Disclosure Regulation (SFDR) as applicable to our funds domiciled in the EU (not applicable directly to the UK entity), and the Markets in Financial Instruments Directive (MiFID II).
- In addition to that in November 2023 the UK's FCA published its policy statement on Sustainability Disclosure Requirements and investment labels. Whilst this is not directly applicable to the UK entity, in 2024 we undertook a project to ensure that we labelled our fund documentation accordingly i.e. to ensure investors in the UK were aware that the SDR regime does not apply to non-UK funds which we distribute.
- In 2024 we also focused on compliance with the FCA's Anti-Greenwashing Rule which came into force on 31 May 2024. We continue to monitor all communications to clients to ensure that our material is clear fair and not misleading from a sustainability perspective. We also prepared a new online training module for employees to undertake to help them understand their responsibilities under this rule, so that employees based both in the EU and the UK receive appropriate training.
- TCFD disclosures: in July 2024 the UK entity published TCFD disclosures for the first time for the calendar year 2023, as the assets under management as at end December 2023 had exceeded £5 billion and this meant that the UK entity, Van Lanschot Kempen Investment Management (UK) Ltd, came into scope under the FCA rules. These disclosures were prepared and published as a group and are available online at https://www.vanlanschotkempen.com/-/media/files/privacy-statements/TCFD-disclosure-2023.ashx. They will be updated in June 2025 for the calendar year 2024.
- Reports for the Van Lanschot Kempen group are available online at https://www.vanlanschotkempen.com/en-nl/about-us/sustainability/reporting-and-regulation#sustainability%20supplement.

Our fiduciary management clients also implemented the applicable sustainability legislation, as applicable in their jurisdictions in the UK, the Netherlands or otherwise. We also set new sustainability-related key performance indicators (KPIs), focusing on biodiversity, and refined our sustainable investment approach.

- In 2024, together with peers, we participated in collaborative engagements with 272 companies (2023: 178)[9]. Approaching a company collectively means that the pressure on them to change or improve increases and therefore also the likelihood of success.
- Given both the growing risks associated with climate change and our thematic focus, the majority of our collective engagements were focused on **climate issues**. This covers additional emissions disclosures, emission mitigation efforts and the development of cleaner technologies. We expect companies to be aligned with the Paris Agreement and to have set emission reduction targets.
- Notable engagements with **Climate Action 100+** included interactions with **Shell** (see **Principle 11** for more details), **BP** and **Volvo**, where our Credit team took the lead in the engagement.
- In 2024, on the theme of biodiversity, we were a participating investor in engagements by **Nature Action 100** with the companies **Sysco** and **Novo Nordisk**. We also participated in a biodiversity-related engagement with **Unilever** through the Dutch investor organisation Eumedion.

[9] The significant increase in the course of 2024 can be attributed to our participation in Nature Action 100.

Case study: Identifying and responding to market-wide and systemic risks and promoting well-functioning financial markets

Last year, our UK-based Investment Strategy team took a deep dive into several tail risk events and their potential impacts on UK private sector defined benefit pension schemes where Van Lanschot Kempen Investment Management provides fiduciary management services. While risk models and metrics assist investors in determining asset allocation, they often fail to capture the forward-looking risk scenarios that may be the most relevant to consider.

These were not the team's main forecasts for 2024, but rather a collection of 'what if' scenarios to be aware of, or an exercise in separating the tabloid headlines from the real news that impacts our pension scheme clients' investment portfolios. The team updated their "Risky Risks" paper, originally published in 2023, "**Risky Risks 2.0**"[10] and focused on helping clients to understand the risk scenarios relevant to them as the first step to taking action with their portfolios. Our updated paper once again emphasised the importance of considering individual scheme situations and tailoring risk management accordingly.

- In our 2024 analysis, we highlighted two major risks: a US/China conflict over Taiwan and a US banking crisis, neither of which transpired. Meanwhile, the ongoing Middle East conflict, though highly newsworthy, did not impact UK pension schemes' investment performance much, as anticipated.
- Towards the end of the year, however, major risks including the potential bursting of the 'magnificent 7' tech stock bubble and a potential sovereign debt crisis in Europe's sluggish, debt-laden economies. Other risks included UK stagflation making a comeback, developments in mandatory Mansion House reforms, and the potential impact on global markets of US policy actions.

An additional risk for the UK DB pension sector would be a failure to appreciate the greater number of **strategic endgame options** available to pension scheme trustees when planning for the point in the future when their scheme is fully funded and can deliver benefits to pensioners with minimal risk. Careful consideration of these options and alignment to the one most suitable for an individual scheme could be the quickest way for trustees to reduce risk.

Our analysis underscores the importance of considering individual scheme situations and tailoring risk management approaches accordingly. While certain major market risks may not be significant for some schemes, less obvious events can present significant risks. The specific risks and the portfolio that effectively manages them will vary based on factors such as funding level and risk tolerance.

It is important to note that this paper primarily focuses on the funding level risks associated with market events and does not fully consider additional risks routinely monitored and managed by fiduciary managers on behalf of trustees nor individual circumstances of each scheme.

In working with our fiduciary management clients, we aim to act as a partner who communicates risks effectively and can adapt techniques as market conditions evolve. Scenario analysis which draws insights from historical and forward-looking market events has provided valuable guidance for future risk management.

Case study: Key risk indicators for physical climate risk

In 2024, as part of the ESG risk management process for institutional clients, we conducted more detailed research into the Key Risk Indicators (KRIs)for the sustainability risk we identify as 'physical climate risk'. We were looking to find which KRI by which provider would show what the actual portfolio impact of physical climate risk might be. If the indicator's coverage or scope is too narrow, losses incurred by the portfolio might exceed forecasts. This would also happen if the data provider underestimated climate-related hazards, e.g. the number of forest fires, hurricanes or floods.

Our investigation looked into eight data providers: three providers of ESG data, two larger providers of general data and three specialist providers of physical climate data. We applied the five criteria we also use for assessing other KRIs, complemented with a few additional risk-specific criteria:

- **Indicators:** Does the provider use specific indicators for physical climate risk? We prefer indicators that can also be linked to the portfolio's financial/non-financial risks.
- **Stakeholder expectations:** Does the indicator for physical climate risk meet the expectations of external stakeholders (such as DNB) and is it translated into financial/non-financial risk for the portfolio?
- **Reporting:** Is the indicator directly applicable for reporting purposes?
- **Costs:** Does the indicator involve any additional costs?

[10] This content has been prepared by Van Lanschot Kempen Investment Management (UK) Ltd. ("VLK Investment Management (UK)") for information purposes only. The information contained is of a general nature and should not be considered as the giving of investment advice by VLK Investment Management (UK) or any of its members, directors, officers, agents, employees or advisers. In particular, this document does not constitute an offer or invitation to enter into a transaction. Neither this document nor anything contained in it shall form the basis of any contract or commitment whatsoever. VLK Investment Management (UK) is authorised and regulated by the Financial Conduct Authority (Firm Reference No. 166063). No part of this document may be used without prior permission from VLK Investment Management (UK) Ltd.

Outcomes

Thus far, we do not rate any of the providers we investigated as adequate/good. The best performance was shown by the three providers of ESG data but even their scores didn't go beyond 'poor to neutral' or 'nearly neutral'. That said, the providers are making additional customisation to make climate data fit investment practice.

Having run this comparative exercise, our preference lies with ESG data provider MSCI, not least because the provider has concrete plans to further develop data and methodology.

In addition, a key consideration is that MSCI's 'Climate Value at Risk' indicator reveals a steeper impact on portfolios from physical climate risks than the climate risk indicators of any of the other ESG data providers. We consider this to be more in line with the composition of portfolios, climate change models and potential market developments.

We expect it to take at least a year or longer before any indicators become available that we could assess as good. We continue to keep a close eye on evolving trends in this area, in keeping with the Dutch National Bank's (DNB's) recommendation to regularly evaluate the management cycles for climate and environmental risks, as well as other regulators including the Financial Reporting Council in the UK.

Principle 5 – Review and assurance

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

5.1 Activity

Signatories should explain:

- how they have reviewed their policies to ensure they enable effective stewardship;
- what internal or external assurance they have received in relation to stewardship (undertaken directly or on their behalf) and the rationale for their chosen approach; and
- how they have ensured their stewardship reporting is fair, balanced and understandable.

Reviewing our policies

The Management Board is ultimately responsible for the policy framework at Van Lanschot Kempen (i.e. they approve the ''Policy of Policies'' framework under which all policies are approved).

Our approach to stewardship and sustainable investment continues to evolve in the context of updated international codes, best practices, or regulatory developments.

While our suite of stewardship and sustainable investment policies are formally reviewed at least once a year, in practice these are living documents that are updated more regularly in keeping with decisions made at the Sustainability Investment Council (see also **Principle 2**).

Recent updates to our stewardship and sustainable investment policies include applying a specific climate lens to all shareholder proposals we vote in our Voting Policy. The fundamentals of our approach to voting have not changed. Policy updates can be triggered by updated international codes, evolving best practice or regulations. All proposed changes are substantiated and discussed at the Council before proceeding to vote on the updates.

Internal assurance

The Sustainability Investment Council has ultimate responsibility for drafting and implementing the sustainable investment policies, as described in **Principle 2**. This includes representation from across the investment management business as well as an external adviser to bring expert advice on trends and developments as pertaining to, for example, EU sustainability regulatory frameworks.

Each business line representative is responsible for the implementation of new sustainability strategies, policies and regulations within their own line. Business line representatives are accountable for regularly monitoring progress on sustainability targets relevant for their business line, this includes integration of clients' stewardship and sustainable investment considerations into our solutions and investment funds, reporting that is relevant and insightful, and that clients can access the information they need.

This Council is accountable to the group Sustainability Board, which itself is led by **Maarten Edixhoven**, Chair of the Van Lanschot Kempen group Management Board. Part of the Sustainability Board's remit is to monitor the implementation of the group sustainability strategy and how its principles are embedded in the investment management business (as well as other business lines at the firm).

External assurance

The Van Lanschot Kempen group is periodically assessed by various organisations, including:

- **Principles for Responsible Investment** (PRI). In 2024, our responsible investment process was rated 5 stars (out of 5) by PRI for the Policy, Governance and Strategy module.
- **MSCI ESG**, a rating designed to measure a company's resilience to long-term, industry-material environmental, social and governance (ESG) risks. In 2023 (the most recent measurement), we received an AA rating (on a scale from AAA to CCC), the same as in 2022.
- **ISS ESG**, the responsible investment arm of Institutional Shareholder Services Inc. In 2024, we received a B– rating (on a scale from A+ to D-).
- **ISS Governance QualityScore:** In 2024 our scores were Governance: 1st decile, Environment: 3rd decile, Social: 3rd decile QualityScore uses a numeric, decile-based score that indicates a company's ESG risk relative to their index or region. A score in the 1st decile (QS:1) indicates relatively higher quality governance practices and relatively lower ESG risk. Conversely, a score in the 10th decile (QS:10) indicates relatively higher ESG risk.
- **The Dutch Ministry of Economic Affairs and Climate Policy**, which has developed its own tool to measure the transparency of sustainability reporting: the annual Transparency Benchmark (TBM). This was carried out once every two years, but for the final time in 2023. In the reporting year, our 2022 annual report, sustainability supplement and TCFD reporting earned us sixth place in a league table of 491 entrants.
- **Sustainalytics:** Research agency that assesses companies on sustainability 15th position out of 446 companies active in asset management (2024).
- **S&P Global**: in 2024 our score was 54/10 compared to the industry average 24/100.

The complete list of our sustainability ratings is available online at https://www.vanlanschotkempen.com/en-nl/about-us/sustainability/rankings-and-ratings.

In addition, PwC provided assurance on the Van Lanschot Kempen group **Annual Report 2024**, which includes our stewardship dashboard, citing our voting and engagements statistics. The Report is available online, and this year includes reporting aligned with the Corporate Sustainability Reporting Directive (CSRD), with integrated Sustainability Statement that goes deeper into non-financial performance, and the Global Reporting Initiative index.

Stewardship and Sustainable Investment Report 2024

Our Stewardship and Sustainable Investment Report offers clients, shareholders, and other stakeholders a detailed insight of what we have achieved in terms of sustainable themes and activities in 2024.

We believe we help our clients in the best possible way by acting as stewards and helping them to allocate their capital to companies or solutions that support the transitions and can make the most of them. https://www.vanlanschotkempen.com/en-gb/investment-management/sustainability-approach.

Our 2024 report includes our sustainability-related efforts across four pillars: exclusion, ESG integration, active ownership and positive impact, as well as detail for each client type, from clients in our pooled investment funds (for example, our voting and engagement statistics), fiduciary management clients (where we engage with third-party managers on our clients' behalf) and private banking clients (examples include how clients' sustainability views are incorporated into their discretionary investment portfolios).

5.2 Outcome

Signatories should explain how their review and assurance has led to the continuous improvement of stewardship policies and processes.

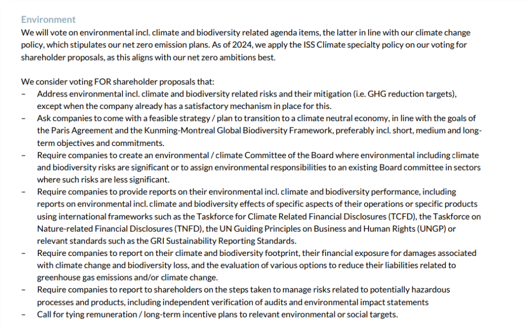
Reporting to the PRI annually as part of our assessment, and participation in industry associations is a tangible opportunity for us to review and update our stewardship policies and processes.

As the expectations and opinions of regulators, our clients and society on sustainability mature, we continuously adapt our approach and raise the bar on stewardship for ourselves.

Case study: updating our Voting Policy

Our **Voting Policy** is reviewed at the end of each voting season, where we track and review all instances where we have not voted in line with our policy, and update the policy with regulatory guidelines.

In 2024 we updated our Voting Policy to apply the ISS Climate Speciality Policy on our voting for shareholder proposals, as this aligns with our net zero ambitions best.



Environment

We will vote on environmental incl. climate and biodiversity related agenda items, the latter in line with our climate change policy, which stipulates our net zero emission plans. As of 2024, we apply the ISS Climate specialty policy on our voting for shareholder proposals, as this aligns with our net zero ambitions best.

We consider voting FOR shareholder proposals that:

- Address environmental incl. climate and biodiversity related risks and their mitigation (i.e. GHG reduction targets), except when the company already has a satisfactory mechanism in place for this.
- Ask companies to come with a feasible strategy / plan to transition to a climate neutral economy, in line with the goals of the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework, preferably incl. short, medium and long-term objectives and commitments.
- Require companies to create an environmental / climate Committee of the Board where environmental including climate and biodiversity risks are significant or to assign environmental responsibilities to an existing Board committee in sectors where such risks are less significant.
- Require companies to provide reports on their environmental incl. climate and biodiversity performance, including reports on environmental incl. climate and biodiversity effects of specific aspects of their operations or specific products using international frameworks such as the Taskforce for Climate Related Financial Disclosures (TCFD), the Taskforce on Nature-related Financial Disclosures (TNFD), the UN Guiding Principles on Business and Human Rights (UNGP) or relevant standards such as the GRI Sustainability Reporting Standards.
- Require companies to report on their climate and biodiversity footprint, their financial exposure for damages associated with climate change and biodiversity loss, and the evaluation of various options to reduce their liabilities related to greenhouse gas emissions and/or climate change.
- Require companies to report to shareholders on the steps taken to manage risks related to potentially hazardous processes and products, including independent verification of audits and environmental impact statements
- Call for tying remuneration / long-term incentive plans to relevant environmental or social targets.

Case study: Sustainability Risk Policy

The main internal policy we have developed to manage the impacts, risks and opportunities of our business activities is our **Sustainability Risk Policy**. This policy describes our high-level sustainability risk strategy, our definitions of sustainability risk, our governance structure, roles and responsibilities, and the way we manage sustainability risks within our risk appetite. Setting this policy is in line with our sustainability governance and stakeholder engagement process, as stated in "General disclosures" on pages 27-28 of the Van Lanschot Kempen group **Annual Report 2024**.

This policy is designed to assure that risks are assessed from an integrated/holistic perspective, taking all risk drivers and activities into account. In 2024, we made improvements to our sustainability risk assessment, particularly in the area of environmental risk (e.g. biodiversity risk). This has resulted in increased granularity of our risk analyses that provide further insight into our group risk profile. Sustainability risks could have an effect on our on- and off-balance sheet activities (see also page 205 onwards in the **Annual Report 2024**).

From a group sustainability risk perspective, investment management activities constitute the majority of the group's carbon footprint, there are extensive regulatory requirements such as SFDR, and these type of activities are susceptible to greenwashing risk. Incorporating the AFM's Guidelines on Sustainability Claims has been a key element in policy updates, most notably relating to marketing and promotional materials.

Investment Approach

Principle 6 – Client and beneficiary needs

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

6.1 Context

Signatories should disclose:

- the approximate breakdown of:
  - their client base, for example, institutional vs retail, and geographic distribution;
  - assets under management across asset classes and geographies;
- the length of the investment time horizon they have considered appropriate to deliver to the needs of clients and/or beneficiaries and why.

Client base

Van Lanschot Kempen's strategy is to be a leading wealth manager in Western Europe, focusing on private, wholesale, institutional and investment banking clients. **Van Lanschot Kempen Investment Management** plays an important role in the group strategy as a specialist investment manager with a focus on delivering strong investment returns. We serve clients from our offices in Amsterdam, London and Paris.

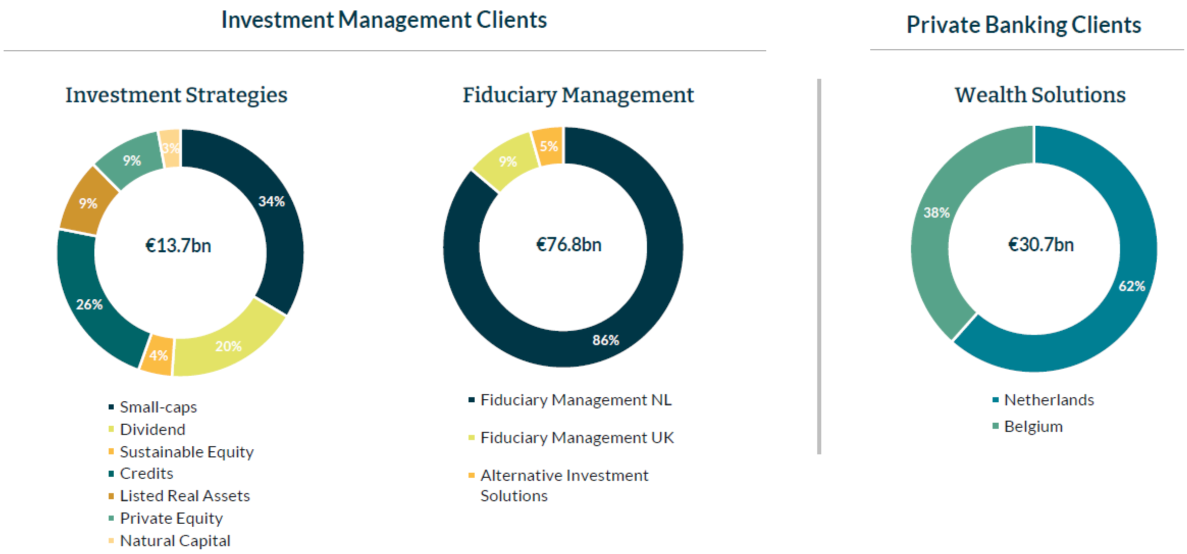
As leading fiduciary managers, we offer investment solutions for private clients (predominantly in Belgium and the Netherlands) as well as directly to pension schemes and other asset owners with large investment portfolios for our Dutch and UK clients – taking great care to facilitate good outcomes for our clients and wider stakeholders.

As a fund manager, we offer investment strategies such as Global and European equities (high dividend, small caps, listed infrastructure), Euro credits, and alternative investments to institutional and private clients in the form of segregated mandates and pooled investment funds.

Our services are offered to wholesale and institutional clients primarily in Europe and the UK. Private clients are predominantly served via Van Lanschot Kempen (the Netherlands) and Mercier Van Lanschot (Belgium).

Assets under management

At Van Lanschot Kempen Investment Management, we manage a total of €121.1 billion across a range of solutions and investment types designed to serve our clients.



Source: Van Lanschot Kempen. AUM of Van Lanschot Kempen Investment Management (our asset management division) as at 31 December 2024. Total may deviate due to rounding.

Investment time horizon

Case study: Bespoke mandates for fiduciary management clients

Our institutional clients, such as pension schemes, insurance companies and endowments, are by their nature long-term. As a result, they have a considerable advantage over many investors in being able to invest for a longer-time horizon.

As part of our fiduciary management services for these clients, we include careful allocations to third-party investment managers in private market asset classes, only where it fits within their timeframe. For clients with long timeframes, we tend to allocate to assets such as infrastructure equity or regenerative farmland, where the client's future cashflow requirements can be balanced and planned out in advance.

For pension schemes targeting settlement of scheme liabilities with an insurer by means of a buyout or similar endgame option, their investment time horizon is likely to be shorter. This is particularly the case for our UK pension scheme client base whose journey plans to the endgame reduced significantly following the marked increases in interest rates we have seen in recent years. In these cases, they are likely to be holding less in listed equities and more in government bonds, which diminishes their ability to influence companies via active engagement and stewardship. Over the past year there has been considerable thought given to alternative endgame options, including running-on the scheme for longer. This has allowed a greater breadth of options as pension scheme trustees consider sustainability and stewardship.

Case study: investment philosophy in our own funds

Where we invest directly in securities in listed equities or corporate credits, we know that to create value over time, conviction and a long-term focus are needed. As part of our investment philosophy, we focus on long-term shareholder engagement through a culture built upon a high performing team environment.

Where we hold securities directly in our funds, we measure investment performance over a minimum three-year period, but depending on the asset class, often hold the securities in our portfolios for a period of 5-10 years.

Our proprietary economic models for assessing the relative attractiveness of the companies we research and invest in incorporate a similarly long-term investment time horizon. Our wholesale clients likewise prefer longer term investments, with clients focused on sustainable wealth management.

We operate in niche markets where we can add value. Our diverse investment offering is bound by a consistent investment philosophy which is deeply embedded across our firm.

Active	Market dislocations and inefficiencies offer opportunities for well-informed investors. Often, the niche markets on which we focus are smaller, where market inefficiencies tend to be greatest.
Bottom-up	Understanding a company's quality is the foundation of our investment process. Granular analysis of return drivers, while diligently considering risk factors, allows us to develop holistic valuation models.
Future oriented	We take a long-term view when considering investments. This goes beyond financial return – we help clients navigate transitions to a more sustainable society, with ESG considerations integrated at every stage.
Collaborative	Our team-based investment processes means our specialised Portfolio Managers can focus their collective expertise towards excellence for our clients.

6.2 Activity

Signatories should explain:

- how they have sought and received clients' views and the reason for their chosen approach;
- how assets have been managed in alignment with clients' stewardship and investment policies;
- what they have communicated to clients about their stewardship and investment activities and outcomes to meet their needs, including the type of information provided, methods and frequency of communication to enable them to fulfil their stewardship reporting requirements.

Surveying our international client base

Our relationship with clients is one of our most important assets. To measure their satisfaction and loyalty, we conduct an extensive client survey every two years for investment management clients and use the Net Promoter Score (NPS), which provides insight into client loyalty and the number of promoters of the organisation.

The NPS that we measure is also known as the Relationship NPS. Satisfaction levels among our investment management clients are high. Our NPS in 2023 exceeded our target of 20 for investment management overall (as we do this every two years, the next survey is planned for 2025). Clients appreciate our dedicated and approachable team, along with our high-quality service. Among our UK fiduciary management clients, the satisfaction rating was consistently over 9 (out of 10) for rating their quality of customer service and a total NPS score of 57.

A Net Promoter Score (NPS) of over 20 is considered very good and, according to the theory, can lead to autonomous growth through word-of-mouth advertising[11].

The score lies within a range of -100 to 100 points. The formula is as follows: NPS = % promoters - % detractors. Promoters give the organisation a score of 9 or 10, whereas detractors award a score of between 0 and 6.

Clients across Europe in a dozen countries
Deep understanding of the European market

Diverse client base
Experience working with asset managers, pensions schemes, insurers, and family offices

Consistently-high client satisfaction
Our clients rate us highly on integrity, service delivery, and expertise

Delivering high-quality service, with our clients at the heart of everything we do

How our clients rate us (2023)		Net Promoter Score * Average: 33	
Integrity	9.0	2023	30
Service	8.7	2021	38
Expertise	8.7	2019	31

Managing client assets in alignment with their stewardship and investment policies

We continuously engage our clients to gauge their sustainability preferences and priorities. We encourage them to set clear targets (also in line with regulations), so that they also give us, the asset manager the mandate to use their capital for positive real-world outcomes.

In addition, an important element in our client team structure is the "executive involved", where a senior member of our management team provides challenge and oversight to the Van Lanschot Kempen team, and as an additional point of escalation for the client in relation to any aspect of our service. The executive involved will meet with the client at least once a year to gauge the quality of our service – this includes stewardship and investment policies.

We use Van Lanschot Kempen's **Sustainable Investment Charter** as the basis for the design of our clients' ESG/RI policies. Our Charter sets out the scope, aims, and guiding principles of our sustainable investment approach. It includes policies on exclusions, active

[11] Source: Market impact survey Van Lanschot Kempen 2013-2023, November 2023. The survey was conducted among a total of 129 respondents. Net Promoter Score (NPS) is a metric which gauges the likelihood of clients to recommend a service or product to others (range of NPS = 100 (max.) to -100 (min.). The next survey is planned for 2025.

ownership, stewardship, voting, human/labour rights, climate, biodiversity, and other sustainability issues. By default, all our clients have our policies fully integrated into their investments, including net zero targets and other ambitions.

In 2024 we also worked with a UK Master Trust for both DB and DC schemes to develop their Responsible Investment Charter.

Many of the organisations we work with have net zero as part of corporate policies on sustainability, and we see an increasing number of trustees wishing to reflect these in their schemes' investment principles and in their investment portfolios.

Case study: incorporating social factors into our sustainability review for Clara-Pensions

In 2024 we continued working with **Clara-Pensions**, the UK's first and only pension fund consolidator, to review and develop their ESG Charter and bring it in line with Van Lanschot Kempen's ESG Charter following improvements in our sustainability approach. A focus over the year was on social factors following the Taskforce on Social Factors being established by the Department for Work and Pensions. A guide was published for UK pension scheme trustees focusing on:

- 1.Social Factors and Pension Funds - the importance of considering material social factors in investments and how they align with trustees' fiduciary duties
- 2.Social Factor Data - data trustees can use to manage social factors in investment and introduces a materiality assessment framework
- 3.Addressing Social Factors in Pension Portfolios - Provides a framework for addressing social factors, with baseline, good, and leading practice indicators

We concluded the following which was appreciated by the Trustees:

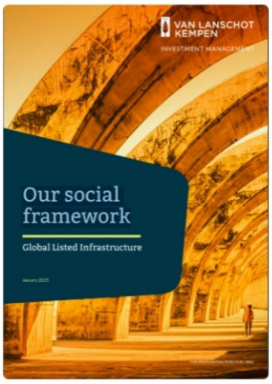
- **The recommendations may lead to new disclosure requirements in future**. Data has often been an issue in the S factor of ESG, particularly due to difficulties in having comparable data across industries and asset classes. There will be a consultation with industry on the feasibility of the proposed materiality assessment framework. Particularly whether the data permits sensible disclosure.
- **VLK's investment approach already embeds many of the factors suggested by the guidance**. We can provide a list of our current "in scope" issues on which we have a policy, and the areas we are continuing to develop. If the Taskforce makes a specific area a requirement, we can accelerate development in this factor so that our clients comply.
- S**ocial factors in general, is a positive area for Clara-Pensions**, due to its "member first" philosophy and the tangible social difference the first transactions have made, particularly with the Debenhams Retirement Scheme (Clara-Pension's second transaction in March 2024)[12]. We believe highlighting this area is a more powerful story in the near term in comparison to potential social data issues.
- With respect to **modern slavery**, which was highlighted in the guidance, VLK as an organisation commissioned an independent academic investigation into the possible involvement of VLK's legal predecessors in slavery and published its research and next steps in 2023.

Case study: S is for social in listed infrastructure

Climate and biodiversity often take centre stage in Van Lanschot Kempen's engagement activities, but they are certainly not the only topics in our discussions with companies. We believe that the 'S' in ESG – the social component – also holds long-term societal as well as financial importance and should not be overlooked. This is particularly true for infrastructure companies, which typically own significant tangible assets and often serve the communities they connect, whether for power, transport or communication needs.

In 2024, to enable companies and their stakeholders to address social issues, the Van Lanschot Kempen Infrastructure team designed a Social Engagement Framework that provides clear and structured guidance for a successful and meaningful dialogue with these companies. It promotes a collaborative approach to address social issues and can be applied across different parts of the infrastructure asset class. This framework aligns with our broader commitment to respect human rights and labour rights, which is integrated into our governance frameworks, management systems, investment beliefs, policies, and strategy.

We shared our framework with **Rumo**, a Brazilian rail company that was experiencing theft of cargos as trains traversed economically disadvantaged communities, resulting in substantial negative financial impact. We encouraged the company to engage with local communities and invest in them. Rumo has acknowledged the usefulness of the engagement framework and said that it will use it when working with communities in the Baixada Santista area.



This engagement is part of our broader strategy to proactively assess and engage with companies on human and labour rights issues, ensuring they have the necessary tools and systems to mitigate risks. Our policies, including a human rights, labour rights and OECD policy, guide our efforts to prevent harm and foster positive social outcomes. We expect investee companies to adhere to these standards, preventing child labour, forced labour, and discrimination.

Further details are in our recent white paper online at https://www.vanlanschotkempen.com/en-gb/investment-management/insights/equity-focus/our-social-framework-whitepaper.

[12] https://www.vanlanschotkempen.com/en-gb/investment-management/insights/fiduciary-management-uk/clara-pensions-wins-second-pension-mandate

Case study: Increased minimum proportion of sustainable investments in our own funds

In the last quarter of 2024, we increased the minimum proportion of sustainable investments in the Kempen sustainable funds. This change comes from enhancing our definition of sustainable investments and their underlying components and shows our dedication to keeping up with market best practices while continuing to hold ourselves to high standards.

The definition is informed by the way we measure the proportion of sustainable investments in our portfolios. These investments now include those with a combination of SDG thematic contributions, sustainable impact revenue contributions, and alignment with the EU taxonomy that classifies sustainable business practices.

Consequently, all Kempen funds that previously committed to partially investing in sustainable investments have now increased their commitments. See the **table below** for an overview of the previous and new commitments of the funds in scope. The rise in the minimum proportion of sustainable investments did not result in any change to the investment process, nor did it impact the investment universe or investments held.

Sustainable investment commitment per fund

Fund	Previous Commitment	New Commitment
Kempen (Lux) Global Property Fund	>25%	>50%
Kempen (Lux) European Property Fund	>50%	>75%
Kempen (Lux) Global Small Cap Fund	>15%	>30%
Kempen (Lux) Sustainable European Small Cap Fund	>15%	>30%
Kempen (Lux) Euro Sustainable Credit Fund	>20%	>45%
Kempen (Lux) Euro High Yield Fund	>20%	>30%
Kempen (Lux) Global Sustainable Equity Fund	>20%	>40%
Kempen (Lux) European Sustainable Equity Fund	>25%	>45%
Kempen Sustainable Global High Dividend Fund	>15%	>40%

* As of 31/8/2024. Sources: MSCI, ISS, VLK IM

How equities and bonds qualify

Our new definition incorporates three critical filters to determine whether equities and corporate bonds qualify as sustainable investments:

Good governance

We assess whether the investee company adheres to good governance practices, particularly in terms of sound management structures, employee relations, staff remuneration, and tax compliance. This is evaluated through our proprietary Van Lanschot Kempen Sustainability Risk Score, which filters out the highest risk categories. Governance performance is assessed across various categories, including board/management quality and integrity, board structure, ownership and shareholder rights, remuneration, audit and financial reporting, stakeholder governance, and human capital.

Do no significant harm (DNSH)

This filter ensures that the investment does not significantly harm any environmental or social objectives of the EU taxonomy. We exclude companies involved in controversial weapons, nuclear weapons, thermal coal, tobacco, and unconventional oil and gas. Additionally, companies with severe ESG controversies (MSCI red flags) and those failing to meet specific indicators on principal adverse impacts on sustainability (PAI) factors are excluded.

Sustainability contribution

We evaluate whether the economic activity in which we are invested contributes to an environmental or social objective. This assessment is based on three factors:

- **1. EU taxonomy alignment:** The reported or estimated percentage of total revenue from a company's aligned activities under the EU Taxonomy Regulation. Our source is MSCI.
- **2. Sustainable impact revenue contribution:** At least 20% of revenues from products or services targeting environmental or social impact themes. Environmental impact themes include alternative energy, energy efficiency, green building, pollution prevention, sustainable water and sustainable agriculture. Social impact themes include nutrition, sanitation, major diseases treatment, SME finance, education, affordable real estate and connectivity.
- **3. SDG thematic contribution:** The share of net sales generated by a company with products/services contributing to the achievement of an SDG thematic objective, with a 5% threshold for the SDG thematic contribution.

Our updated Sustainable Investment definition is designed to be more aligned with market best practices, ensuring that our funds remain competitive and comparable with those of our peers. This approach allows us to maintain a high standard of sustainability, while broadening the scope of eligible investments. We recognise that our current definition does not yet measure positive real-world outcomes and see potential for greater ambition here in the future.

Regular ESG reporting for fiduciary management clients

For fiduciary management clients where we manage a multi-asset portfolio for pension schemes, insurance companies and other long-term investors, clients receive a comprehensive suite of ESG reporting, as set out below.

Our approach to reporting, like our portfolio construction, is to be bespoke to each client, and many of our clients already have a range of bespoke ESG reporting elements.

Name of report	Description
Quarterly Investment Report	Containing a wide range of ESG data and commentary, including UN Global Compact Screening, MSCI ESG Ratings, exposure statistics to certain sectors (e.g., coal mining), carbon emissions and intensity (WACI).
Supplementary Quarterly Report	Customised to each client.
Annual Implementation Statement	Complying with the Statement of Investment Principles, includes details of VLK's engagement with external managers and industry collaborations with respect to responsible investment and ESG criteria and details of the engagement activities and voting records (including details of significant votes) of the underlying fund managers.
TCFD Report	We provide our clients with Taskforce for Climate-related Financial Disclosure (TCFD) reporting data (if requested) to support them in their disclosures.
ESG Newsletter "Sustainability in Action"	Covering a variety of topics across investment. Available online at https://www.vanlanschotkempen.com/en-gb/investment-management/insights.
Annual Stewardship & Sustainable Investment Report	Comprehensive information on Van Lanschot Kempen's ESG focus areas, engagements, and the progress we have made in the reporting year.

Case study: investors in our own funds

Clients receive a wide range of communications; each fund has its own sustainability policy, prospectus, and fund factsheet, updated monthly, on the website.

- The fund sustainability policy covers the exclusion and avoidance approach, ESG integration, voting and engagement, and includes sustainability-related disclosures under SFDR.
- The monthly factsheets, updated extensively in 2024, cover the carbon intensity of the fund (relative to benchmarks) and the sustainability rating of the fund, among other information online at https://www.vanlanschotkempen.com/en-nl/investment-management. Alongside the factsheets, client receive regulatory data feeds relating to sustainability data on our funds.
- Each fund's investment team provides a quarterly update to clients. These also cover stewardship updates, most notably on engagements and voting (after the voting season).
- Our Annual Stewardship & Sustainable Investment Report (also referred to above) aims to cover all client and service types. This includes a summary of our engagements relating to the OECD Guidelines for Multinational Enterprises and a summary of our most significant votes.
- Clients in segregated mandates in our strategies (for example, Global Small-cap equities) received tailored reports covering exclusion, avoidance, integration, voting, engagements, carbon intensity metrics and SDG alignment, relative to the benchmark.

All our ESG related publications – including our Annual Stewardship and Sustainable Investment Report – are available online at https://www.vanlanschotkempen.com/en-gb/investment-management/insights.

6.3 Outcome

Signatories should explain:

- how they have evaluated the effectiveness of their chosen methods to understand the needs of clients and/or beneficiaries;
- how they have taken account of the views of clients and what actions they have taken as a result;
- where they have not managed assets in alignment with their clients' stewardship and investment policies, and the reason for this.

Reflecting on our clients' views

Stewardship and sustainable investment are topics of conversation with our clients, and we regularly seek out, and hear feedback on how we are managing client investments to align with their own views and policies, as described in the previous section on client surveys.

On climate change specifically, we are encouraged that our global net zero objective is in line with many of our clients' own commitments to achieving net zero emissions. We also believe that our 2025 target is market-leading amongst our peer group of fiduciary managers, particularly in the UK.

Climate change is a focus area for the Van Lanschot Kempen group, and we have ambitious short and medium-term targets as steps on our way to becoming a net-zero investor. These apply across all our investments:

- - 2050: Net zero.
- - 2030: Aligned with a Paris Agreement 1.5°C pathway (listed and non-listed investments).
- - 2025: Aligned with a Paris Agreement 1.5°C pathway (listed investments).

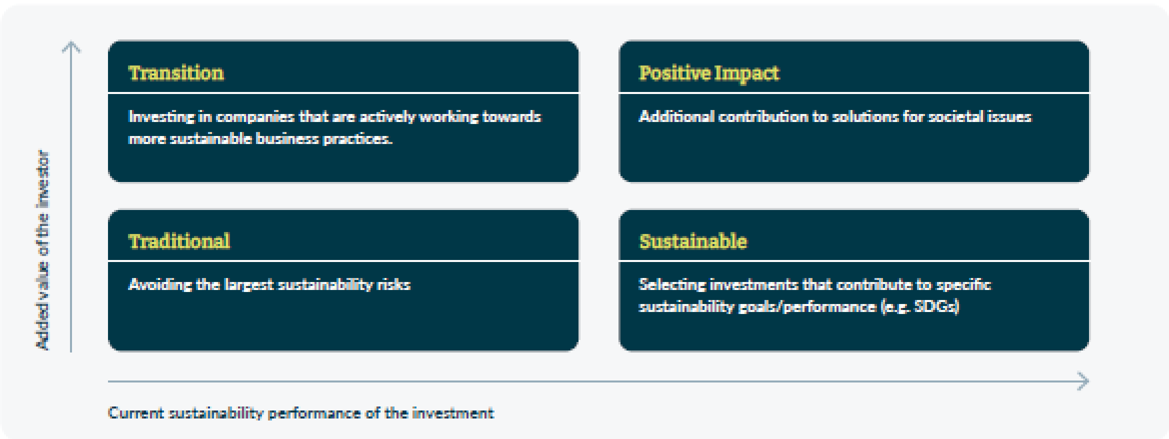
As advocates of effective stewardship on climate change, we welcome clients who help to push our ambitions further. In 2024 we have been working with third-party managers in the industry to expand coverage across all listed assets, as well as with the investee companies in our in-house strategies and funds.

For details on our progress towards net zero in our own funds, please see **Principle 7.2.**

Case study: structured impact investing approach for fiduciary management clients

As advisers on our clients' assets, we see that impact investing is increasingly becoming a focus area among our major fiduciary clients. To advise and guide them in this area, we use the transition and impact framework pictured here and draw on our in-depth expertise in alternative investments.

Transition and impact framework



We also adhere to strict standards on impact measurement and reporting. Over the past year, we have refined our approach, policies, and practical experiences, and documented these (among other ways) in a series of articles.

In 2024 , we entered into a partnership with **Collective Action**, the profit with purpose organisation for institutional investors in order to further enhance our institutional advisory services around impact investing. This will further broaden our expertise in impact investing, while we also gain better access to the impact solutions market – enabling us to provide clients with additional opportunities to invest in high-quality impact investments.

For clients who seek to include biodiversity in their sustainability or impact strategies, we have developed a step-by-step plan for the integration of measurable key performance indicators (KPIs) and key risk indicators (KRIs). This enables our clients to set measurable and relevant goals, to better track negative impact, and improve transparency on biodiversity.

A fundamental impact investing approach for institutional investors

Institutional investors can put their assets towards making a meaningful investment in solutions for social issues. The appetite for this type of impact investing is growing. The challenge is to pull this off without losing focus on key factors such as risk and return, and to make agreed sustainability targets measurable. In 2024, our fiduciary experts designed a clear process to firmly embed impact investing in our investment process.

Principles and impact objectives: measuring what matters

Impact investing starts by identifying investment principles and the sustainability themes a client is looking to make an impact on, e.g. climate, biodiversity, health & wellbeing, objectives that we subsequently translate into real-world investment themes and sub-themes.

As part of this, a broad theme such as 'climate' may be split into sub-themes such as 'energy transition' and 'adjusting to climate change', while a theme identified as 'basic needs' could break down into 'affordable housing' and 'access to clean water'.

All themes and sub-themes are then further developed by establishing appropriate and solidly measurable impact indicators (KPIs) to measure and test the targeted impact of the invested assets. One example of such a KPI could be 'the percentage of land cultivated without pesticides' or 'the number of patients treated'.

We test potential impact indicators/KPIs on a range of criteria:

- **How relevant?** Does the indicator adequately capture progress on the theme or sub-theme?
- **How investable?** Are there enough investment opportunities at the right risk/return and impact profiles?
- **How measurable and reliable?** Is the methodology standardised and science-based?
- **How well-covered?** Is there enough reporting available about the indicator?

We have defined multiple indicators for a large variety of impact themes, allowing individual clients to make their own selections at their own discretion and reflecting their own priorities.

Steps towards measurable impact investing

1. Advice on investment classes and guidelines

Working closely with our clients, we decide together which investment classes best match their impact objectives. Not all classes are suited for all objectives identified, and some fail to make the grade for other investment reasons, such as risk, return, cost or governance burden.

We draw up an impact investment plan by asset class, factoring in such (financial) elements as regional and sector allocations and further diversification for the overall portfolio. Next, we construct a target portfolio and draw up guidelines that clients can use for managing and monitoring.

2. Manager selection

Drawing on our clients' implementation criteria, we set out to find suitable impact managers, a selection that we take beyond a simple desk search.

Our experience has given us a great deal of insight into the strengths of many managers, and we've developed partnerships with specialist impact players, giving us access to solutions not open to others. As a result, we're in a great position to provide solid advice towards our clients' selections. In addition, where necessary we join forces with managers to design new solutions that better fit our clients' criteria.

3. Structuring and implementation

After manager selection, we advise on the optimum investment structure and proceed to implementing the impact solution. Many of these solutions feature in the illiquid/alternatives arena, requiring strict governance and disciplined execution of contracts and cash flow management, along with other operational challenges that are not typically associated with standard liquid investment classes. Combining our experience with and knowledge of alternative investments, we can make these things a lot easier for our clients.

4. Monitoring and reporting on impact objectives

From implementation, we then move to investment management, which involves reporting on managers' impact performances on a quarterly basis, and continuous independent measurements designed to ensure quality.

Professional investors need to keep a close eye on their general impact objective in addition to the impact results by manager. This is why we also report every quarter on the impact achieved on selected impact themes at aggregate portfolio level, enabling our clients to keep full control of their portfolios. In addition, we're happy to contribute to communications to fund members and other stakeholders.

Case study: Carbon intensity in our own investment funds

With the aim of a 7% annual carbon emission reduction in our portfolios in terms of weighted average carbon intensity (WACI), we use a full set of responsible investing tools: tightening exclusion rules and reflecting carbon metrics in the Sustainability Risk Score, as well as voting and engagement.

Overall, the figures show that almost all Van Lanschot Kempen funds are less carbon-intensive than similar benchmarks, indicating that the companies in the portfolios have a lower carbon intensity than their industry peers. In line with the goals of the Paris Agreement, a relatively lower carbon intensity – besides an absolute carbon level – is required.

Carbon footprint breakdown for all listed Kempen funds

	Weighted average carbon intensity (tCO_2e) EURm Revenues 2024	Carbon intensity compared to similar benchmark	Weighted average carbon intensity (tCO_2e) EURm Revenues 2023
Kempen (Lux) Euro Credit Fund	83	Lower	87
Kempen (Lux) Euro Sustainable Credit Fund	63	Lower	64
Kempen (Lux) Euro High Yield Fund	91	Lower	100
Kempen European High Dividend Fund	69	Lower	69
Kempen (Lux) European High Dividend Fund	68	Lower	68
Kempen Global High Dividend Fund	133	Higher	123
Kempen (Lux) Global High Dividend Fund	133	Higher	123
Kempen Sustainable Global High Dividend Fund	51	Lower	48
Kempen (Lux) Global Value Fund	91	Lower	82
Kempen (Lux) Global Small-cap Fund	79	Lower	92
Kempen (Lux) Sustainable European Small-cap Fund	35	Lower	59
Kempen Orange Fund	47	Lower	41
Kempen (Lux) European Sustainable Equity Fund	14	Lower	15
Kempen (Lux) Global Sustainable Equity Fund	15	Lower	14
Kempen (Lux) Global Property Fund	43	Lower	62
Kempen Global Property Fund	43	Lower	62
Kempen (Lux) European Property Fund	29	Lower	32
Kempen (Lux) Global Listed Infrastructure Fund	1074	Higher	963

Source: Van Lanschot Kempen. The table contains preliminary portfolio data from end of 2024 based upon ISS ESG data that can be compared with carbon data for benchmarks that are relatively similar to the funds. The numbers may differ from the data disclosed under SFDR Annex IV covering 2024, which originates from MSCI datapoints. We refer to Annex IV as published on the documents section of the fund information on our website for the 2024 figures, which are based on MSCI datapoints. https://www.vanlanschotkempen.com/en-gb/investment-management/investment-strategies/fund-library.

Principle 7 - Stewardship, investment and ESG integration

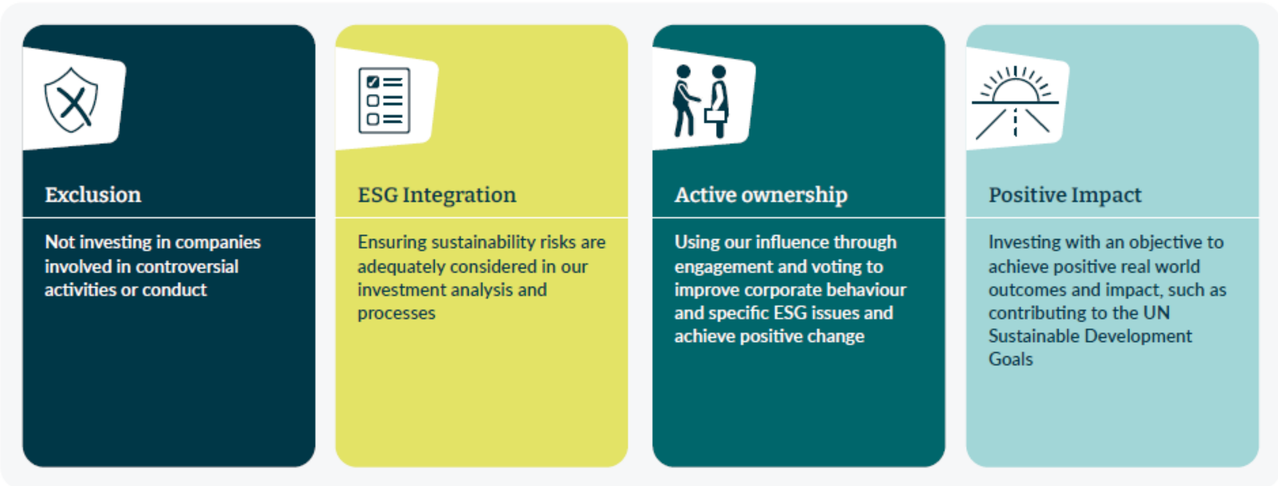
Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

7.1 Context

Signatories should disclose the issues they have prioritised for assessing investments, prior to holding, monitoring through holding and exiting. This should include ESG issues of importance to them.

Tools to guide our decision-making

We organise our sustainable investment efforts around four pillars. These tools allow us to take action on and bring forward the transitions.



Exclusion

Exclusion is a vital part of our sustainability approach in all our client groups. While for our Van Lanschot Kempen strategies we are active owners and prefer inclusion over exclusion to drive the sustainability performance of a company, our minimum standard is to 'do no significant harm'. This means we do not want to invest in companies and countries involved in activities with severely negative impacts on people and/or the environment. These activities may be product/service-based or related to conduct.

There are 273 companies currently on our Exclusion List due to their involvement in controversial weapons or tobacco-related activities (among other areas), or their negative impact on people and/or the environment. We do not invest in countries under EU/UN arms embargo sanctions either (19 countries on the Exclusion List at the end of 2024).

The Exclusion List is based on our adherence to international guidelines and standards, and our support for the OECD Guidelines for Multinational Enterprises, the United Nations Global Compact, the UN Guiding Principles on Business and Human Rights, and the Principles for Responsible Investment. These key standards form the foundation of our convention library, which includes 22 conventions, treaties and initiatives.

We use the same Exclusion List for our private clients and institutional clients as a basis for our offering.

– **Exclusion Policy**
– **Exclusion List end of 2024**

ESG integration and screening

Sustainability Risk Score for individual companies

In our investment process for the Kempen investment funds, we employ a proprietary Sustainability Risk Score approach for individual companies. This score combines external ratings – used as default – with our own perspectives and in-depth knowledge about the firms in which we invest.

These scores become forward-looking by allowing for a swift integration of the outcome of our own engagement and research: our view can indicate likely improvements or deteriorations in sustainability status that are not (yet) reflected in the default scores.

In the score, we put extra focus on carbon emissions and corporate governance, using a more extensive combination of external data and resulting in a custom scoring framework for these issues. The framework reflects the targets the company has set, the way these are managed, and how management is incentivised to reach them.

The benefits:

- Our Sustainability Risk Score can correct external ESG data.
- Quick integration of the outcomes of engagement in the score, making it more forward-looking.
- Resulting scores are absolute and can be used to compare risk between companies.
- Scores give a consistent view of how certain exclusion and engagement thresholds are set.

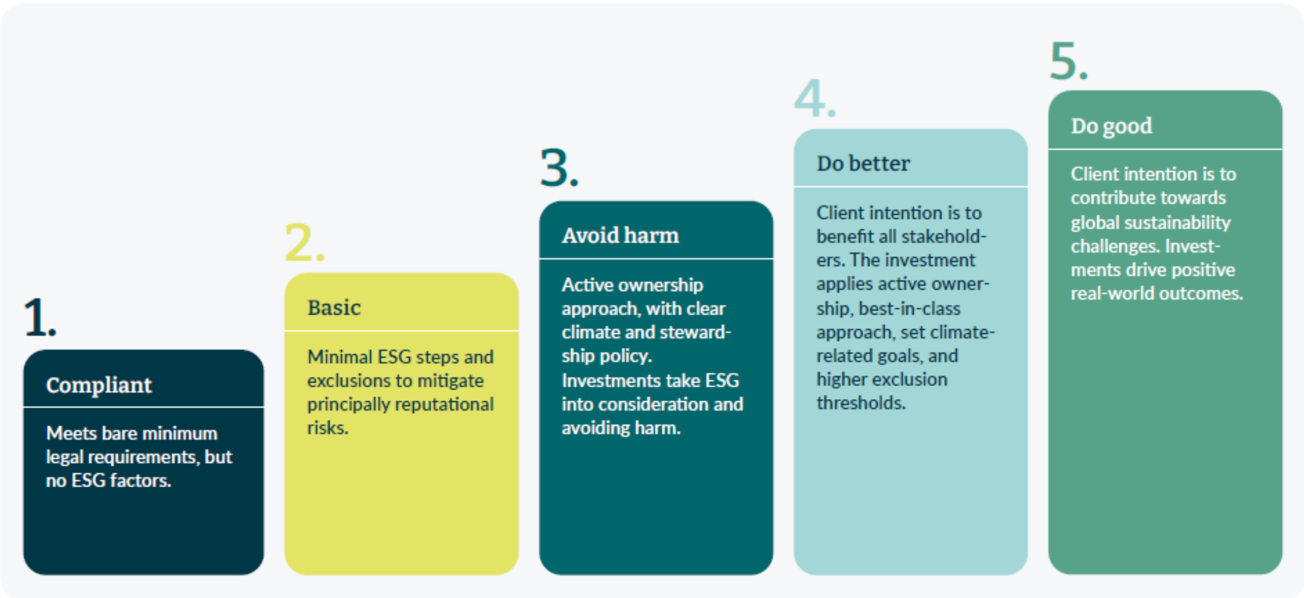
Scoring of internal and external funds

To determine at which level of sustainability an investment solution stands, we apply our proprietary **Sustainability Spectrum methodology**, shown in the figure below. In 2024, we scored over 390 (2023: 600)[13] internally and externally managed investment funds, representing in total 58% of Van Lanschot Kempen Group AuM (2023: 64%).

As part of this exercise our Manager Research Solutions team (MRS) mapped the vast majority of the managers we work with, to define where their products are positioned on the sustainability spectrum. The scoring methodology is reviewed and improved every year and subsequently made more ambitious.

The scoring of funds and solutions enables us to assess the sustainability of funds which we may propose to our private and institutional clients, and to provide a proxy for the sustainability of private clients' overall portfolios.

The five flavours of the Sustainability Spectrum



Active ownership: engagement and voting

We are active investors and active owners. To drive the sustainability performance of a company, we prefer inclusion over exclusion. Engagement and voting are crucial to encourage positive change at the companies we invest in and achieve real world change.

We engage on a broad range of strategic, financial, corporate governance, environmental and social aspects, while differentiating between:

- Engagement for awareness to raise awareness about a certain issue among companies.
- Engagement for change when we have concrete objectives with specific timelines set in advance, specifying what we would like to achieve. Progress is measured via milestones achieved.
- Public policy and collaborative engagements.

[13] The difference is explained by an adjusted terminology: counting on fund level instead of share classes.

Voting at shareholder meetings of investee companies is a key tool in stewardship and active ownership. In 2024, we voted at 432 different company meetings, with 14% of our votes cast against management. We use Institutional Shareholder Services (ISS) as a voting platform and votes are based on our custom voting policy.

There were 334 meetings (73%) at which we voted against or withheld/abstained on at least one agenda item. We tend to abstain in order to give a company's management time to resolve an issue, but on the understanding that we will vote against management in the future if no changes are implemented.

We voted against management on 123 of the 242 shareholder proposals tabled at general meetings in 2024. Of these 123 votes, 12 were related to corporate governance, 7 called for gender pay gap disclosure, 6 called for an independent chair, 23 focused on climate change and circularity, 10 were votes on social proposals around labour and human rights, and 11 related to political lobbying disclosure. The remaining 54 votes were primarily concerned with the election of directors, company governance, and routine or non-routine business matters.

We vote based on our voting policy, which stipulates our expectations regarding (amongst others) good governance, such as board diversity and meaningfully structured remuneration.

See under '**Activity**' below for case studies on how we voted at oil and gas companies' AGMs in 2024.

Positive impact

Impact investing finances solutions and opportunities that address and contribute directly to solving global problems. At Van Lanschot Kempen, we believe that investing for impact is not only the right thing to do, but also the smart thing to do. By directing capital towards innovative and impactful businesses and real assets, we aim to generate both financial returns and meaningful social and environmental outcomes for our clients.

See also **Principle 2** for details of our enhanced impact investment framework.

7.2 Activity

Signatories should explain

- how integration of stewardship and investment has differed for funds, asset classes and geographies
- processes they have used to:
  - integrate stewardship and investment, including material ESG issues, to align with the investment time horizons of clients and/or beneficiaries; and
  - ensure service providers have received clear and actionable criteria to support integration of stewardship and investment, including material ESG issues.

Integrating stewardship and investment

There are several nuances on how stewardship and investment across different types of funds and geographies should be approached to ensure effective progress in one's sustainability ambitions. Understandably, significant equity ownership across listed and non-listed assets are where one has the greatest access and influence for change over management. On the listed side, corporates are subject to greater regulatory scrutiny whereas uniformity and reporting norms are less well-understood or available in the non-listed space.

While fixed income does not come with ownership and therefore on a platform where one is able to exert their influence through voting, we see significant scope for fixed income investors to engage with underlying companies. Indeed, our Kempen fund credit investment team engages with companies and issuers on a regular basis on stewardship and other matters; recent engagements with **BP** and **Volvo** have been led by our credit investment team.

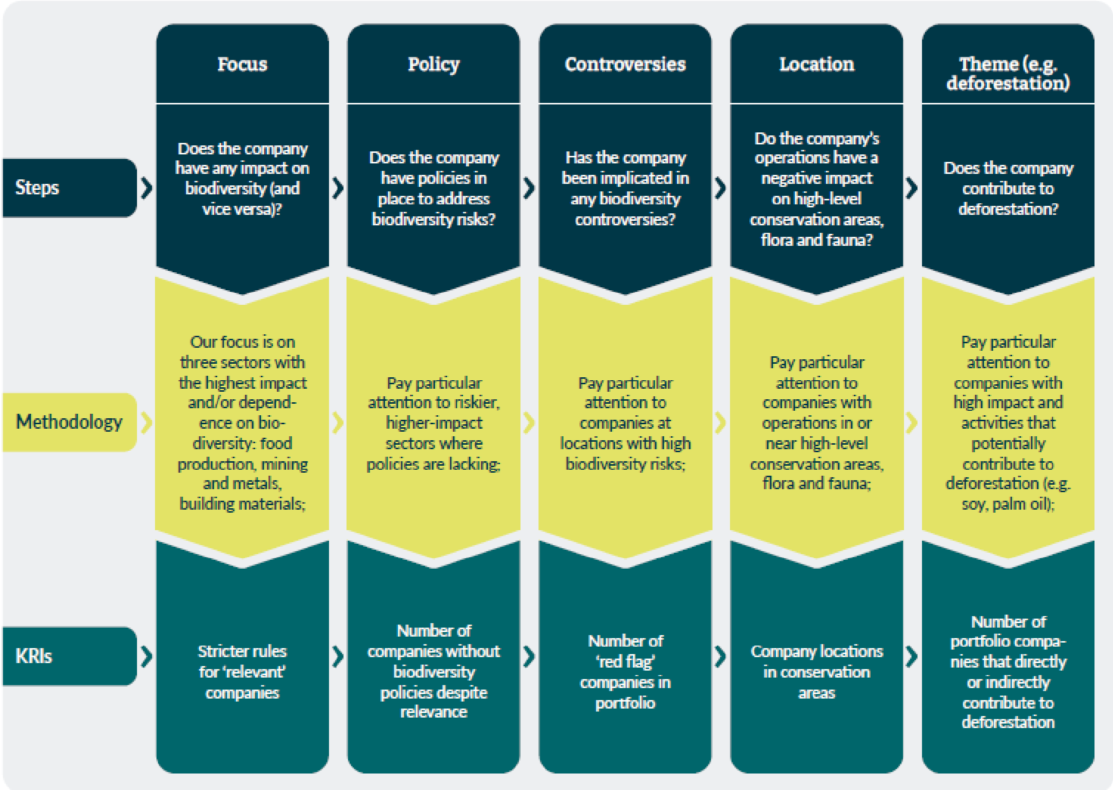
Between regions, developed markets typically provide greater scope for engaging on environmental and biodiversity matters whereas greater amount of resources are spent on social and governance matters when engaging and integrating stewardship requirements in emerging markets. This can take the form of better disclosures and more transparent reporting with science-based targets for achieving climate ambitions in developed markets while influencing composition of management boards and remuneration packages across emerging markets.

Case study: How to measure biodiversity risks

Many of our fiduciary management clients choose to include biodiversity as one of the sustainability themes in their responsible investment policies. This theme requires appropriate key risk indicators to measure the risks involved when investing in particular companies or sectors. This encompasses both types of risk: the risk of biodiversity loss itself and the risk to clients, which can manifest as reputational risk or operational risk.

Our aim is to measure the impact of companies on biodiversity, for instance in terms of pollution and degradation of ecosystems. At the same time, we want to determine the risk that loss of biodiversity poses for companies which rely on the availability of healthy agricultural land, for instance, fish stocks or clean water.

To identify appropriate KRIs for biodiversity, we spent 2024 enhancing and refining our methodology. Our approach breaks down into the following steps, which can be paired with appropriate KRIs:



Meanwhile, we're also on the lookout for companies that help preserve or restore biodiversity. Unlike physical climate risk, we anticipate that biodiversity will require the selection and monitoring of multiple KRIs. This will encourage identification of more aspects of the impact on, and the consequences of, loss of biodiversity, and provide a clearer idea of and broader insight into the issues.

Case study: Big Oil, big votes

Big oil companies are typically a key target audience of our engagement and voting efforts. Throughout the year, we engage with these companies to drive positive change. Then, during the proxy season, we can put our words into action and make our voice heard on issues that are important to us.

In our Van Lanschot Kempen funds with sustainable investment targets there has been very limited to no exposure to oil and gas companies. Where other funds do have exposure to this sector, the investments are mainly in companies willing to be part of the energy transition. We engage with these companies and provide transparency on progress through reports and milestones.

If no progress is made, we can escalate our engagements and ultimately divest. By way of example, the Kempen strategies are no longer invested in **Exxon Mobil**, which has refused to develop credible climate plans, or to address issues raised in engagements (individual and collective), and has disregarded dissenting votes in recent years. See also our ongoing engagement with **Shell** later in the document (**Principle 11**).

Equinor

We consider **Equinor** as a sector leader in the transition to a zero-emission future. The Norwegian company has a clear strategy to achieve net-zero by 2050 and has ambitious intermediate goals and investment plans aligned with this objective. However, we voted in favour of a shareholder resolution asking Equinor for a more detailed update of its strategy, particularly regarding required investments. We also want Equinor to set absolute emissions targets.

Repsol

We voted against a management resolution seeking advice on the company's climate policy. The Spanish firm **Repsol** has strong climate related objectives and partially aligns executive compensation with the achievement of these goals. However, we still found it justified to vote against, because the company does not include the emissions from sold products in its scope 3 reduction targets, which is the largest source of emissions. Additionally, the calculation of emissions reduction lacks clarity.

7.3 Outcome

Signatories should explain how information gathered through stewardship has informed acquisition, monitoring and exit decisions, either directly or on their behalf, and with reference to how they have best served clients and/or beneficiaries

Case study: Engagements with third-party managers in our fiduciary management client portfolios

We also engage with external fund managers who manage solutions in which our private banking or institutional clients can invest. We engage with managers on their sustainability approach in fixed income and equity, hedge funds, and private equity.

In 2024, we proactively engaged with 38 different managers, covering 162 funds (as some engagements cover complete fund ranges) through our Manager Research Solution team (MRS). We also discussed impact data delivery with all 10 managers in the Kempen Global Impact Pool.

The engagement activities which the Manager Research Solutions (MRS) team undertake have been largely centred around the upcoming fund naming guidelines of the European Securities and Markets Authority (ESMA). The ESMA guidelines aim for transparency and consistency in requirements for funds whose names include sustainability terms (such as 'sustainable', 'ESG' or 'climate').

Using the Sustainability Spectrum to structure our engagements

Our Sustainability Spectrum methodology, as illustrated in this **Principle 7**, helps determine at what level of sustainability an investment solution as provided by an investment manager, stands.

Funds within the scope of these guidelines are, among other things, required to adhere to exclusion criteria outlined in the Paris-Aligned Benchmark (PAB). The team engaged with about 100 funds which fall into our category 4 'Do better', to make sure that these funds will become compliant with the Paris-Aligned Benchmark (PAB) exclusions or remove reference to sustainability in their names.

The outcome of our engagement efforts has been that a large majority of funds that we currently rate as category 4 'Do better' will indeed comply with the PAB exclusions, either by the nature of the investment universe or through additional criteria which will be added by the managers.

We also engaged with a smaller number of funds which fall into our category 3 'Avoid harm', but whose names contain sustainability-related words. The outcome of this exercise was that most of these funds will remove reference to sustainability in their names and will remain in category 3 'Avoid harm'.

For examples of our engagement with managers, please see **Principle 8**.

Case study: Scoring Coty in our Kempen funds

The case of **Coty** – a French beauty company –illustrates our scoring method. We noticed that Coty's ESG policies, in particular its goals for using recycled materials, looked less ambitious when compared with their peers. We overwrote the default score and started an engagement with the company on the theme of biodiversity and recycling.

It's important to note that the sustainability scores ensuing from the Sustainability Risk Score approach have a direct impact on the valuation scores we calculate.

Principle 8 – Monitoring managers and service providers

Signatories monitor and hold to account managers and/or service providers.

8.1 Activity

Signatories should explain how they have monitored service providers to ensure services have been delivered to meet their needs

Monitoring service providers in data

We have an ongoing dialogue with service providers such as MSCI, Sustainalytics and ISS.

As described in **Principle 4**, we undertook an investigation into the key risk indicators for the sustainability risk that we have identified as ‘physical climate risk’.

Having run this comparative exercise, our preference lies with ESG data provider MSCI, not least because the provider has concrete plans to further develop data and methodology. In addition, a key consideration is that MSCI’s ‘Climate Value at Risk’ indicator reveals a steeper impact on portfolios from physical climate risks than the climate risk indicators of any of the other ESG data providers. We consider this to be more in line with the composition of portfolios, climate change models and potential market developments.

We expect it to take at least a year or longer before any indicators become available that we could assess as good. We continue to keep a close eye on evolving trends in this area, in keeping with DNB’s recommendation to regularly evaluate the management cycles for climate and environmental risks (as well as other regulators such as the Financial Reporting Council in the UK).

Working with external managers

Our Sustainability Spectrum methodology, as illustrated in **Principle 7**, helps determine at what level of sustainability an investment solution as provided by an investment manager, stands.

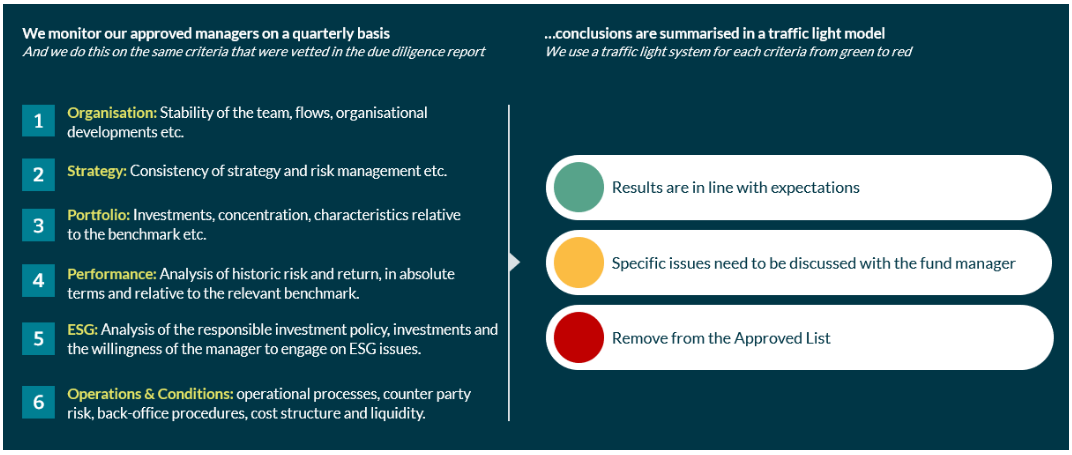
The scoring methodology is reviewed and improved every year and subsequently made more ambitious (see below for improvements to our detailed framework).

Currently the minimum standard for our operations and investments remains ‘avoid harm’ on our Sustainability Spectrum and, as an organisation, our aim is to reach beyond this to make sure society and the environment can benefit, and that we enable an accelerated transition towards a sustainable economy.

A closer look at monitoring the managers

The selection of managers represents only around half of the work undertaken by our Manager Research Solutions team, and in our view constitutes only half, at best, of the added value potential. The remainder is focused on monitoring the managers in our clients’ portfolios, and on our Approved List. The Manager Research Solutions team is responsible for selection, monitoring and de-selection of all investment manager and we subject every fund manager – internal or external – to the same rigorous selection and monitoring process.

The Manager Research Solutions team continuously monitors all managers with findings presented to the investment committees described above on a quarterly basis using a ‘traffic light model’ (red/amber/green), aligned to the topics – Organisation, Strategy, Portfolio, Performance, ESG and Operations - covered in the due diligence process.



Where there are issues flagged as part of the monitoring, the Manager Research Solutions team will engage with the manager in order to understand the issues and whether this is likely to be a fundamental point that will impact the researcher's investment thesis. This could be a result of changes at the firm and personnel, investment process or performance.

If a decision is taken to de-select the manager, it is agreed and ratified by the investment committee and communicated to the client team. This will then result in changes to client portfolios in order to reflect the firm's updated views on these investment managers while accounting for timing, transaction costs and other nuances.

Detailed framework for assessing sustainability

The areas in green show the six areas of focus which are assessed when deciding where each manager and strategy lies on our Sustainability Spectrum.

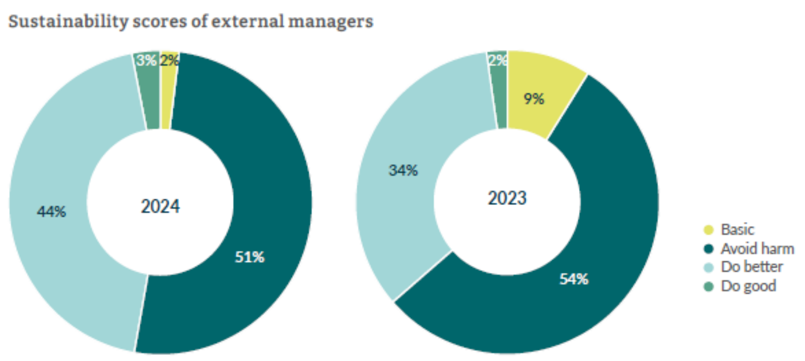
1. Commitment to RI	SBTi objectives
	Policy on Arctic drilling/ Shale oil
	Commitment to biodiversity
	Policy on Deforestation & Food transition
2. ESG Integration	Portfolio construction tilted towards higher ESG & SDG ratings
	Incorporate climate metrics with decarbonization objective into investment process
	Target allocation to Green, Social, Sustainable or ESG-labelled bonds
3. Active Ownership	Engage on climate risk and (energy transition) opportunities
	Engage on biodiversity risk and (food transition) opportunities
	Litigation part of escalation when engagement efforts inadequate
4. Evidence & Transparency	Firm-wide engagement reports
	Impact of investments on biodiversity
	Periodic fund specific voting report
5. Exclusions	Conventional weapons, MSCI red flags (or equivalent recognised alternative)
	Lower (ESG) rated firms
6. Impact	Utilize Impact Management Project framework or equivalent alternative
	Ability to report realized impact in detail for each portfolio holding

8.2 Outcome

Signatories should explain the action they have taken where signatories' expectations of their managers and/or service providers have not been met

The pie charts below show a breakdown of our AuM by the five scores on our sustainability spectrum. We score and assign each fund a rating from 1 to 5, and only those investment managers who meet our minimum rating of '3. Avoid harm' are offered to clients. A small number of clients is however still invested in funds with a 'Basic' score (2% of scored AuM).

'Rating 1. Compliant' is therefore absent from the pie charts. Out of the 394 funds which we had scored by the end of 2024, as a percentage of scored AuM, 2% scored 'Basic' and 51% scored 'Avoid harm'. 44% of the screened assets were invested in 'Do Better' sustainable investment solutions and 3% in 'Do Good' solutions.



Case study: engagements with third-party managers in our fiduciary client portfolios

Northern Trust

- **Topic**: Environmental (Climate)
- **Date**: Q2 2024

Van Lanschot Kempen (VLK) engaged with **Northern Trust** (NT) to address its lack of a dedicated climate policy. NT acknowledged it does not have a separate climate policy but emphasised that climate considerations are integrated into its broader sustainable investing, voting, and engagement policies. For example, most of its sustainable investment policies make explicit mention of climate-related frameworks and commitments. Furthermore, NT explained its firmwide climate efforts are detailed in its TCFD report, which includes a baseline assessment of portfolio-level carbon emissions.

Outcome: VLK prefers external managers to have dedicated climate policies but recognises NT's strong commitment to climate action, particularly in reporting and transparency. VLK continues to encourage NT to create a dedicated climate policy and will monitor its environmental sustainability ambitions.

State Street Global Advisors

- **Topic**: General
- **Date**: Q1 2024

State Street Global Advisors (SSGA)'s World TPI Climate Transition Index Fund has been widely used in Van Lanschot Kempen's fiduciary management client portfolios.

Previously, the Fund offered a single voting policy for all clients. VLK engaged with SSGA to explore options for offering tailored voting policies for investors in the Fund, emphasising a desire for a more-ambitious voting policy.

Following conversations with SSGA, they have since provided all clients invested in the Fund with the possibility to opt-in to a number of specific Institutional Shareholder Services (ISS) voting policies. VLK has deemed ISS Socially Responsible Investing (SRI) Voting Policy to be the most aligned with our own stewardship ambitions.

Outcome: VLK is now in the process of switching its UK clients invested in the Fund to the ISS SRI Voting Policy. This means that client's proportionate shareholdings in the Fund will vote in line with this more ambitious policy going forward.

- **Topic**: General
- **Date**: Q2 2024

Van Lanschot Kempen engaged with SSGA to provide feedback on their sustainability commitments and discuss the launch of SSGA's new stewardship programme. VLK identified areas for improvement for SSGA, such as more transparent reporting and strong biodiversity commitments. SSGA acknowledged the feedback. It explained that it will launch a new stewardship programme which offers clients an "opt-in" to a more ambitious stewardship approach, with optional policies focusing on Climate Change, Nature, and Human Rights, and potential additions like Diversity, Equity, and Inclusion (DEI). This new sustainability framework will be managed by a dedicated team. It will be rolled out to clients in 2025.

Outcome: SSGA's new sustainability framework is more closely aligned with VLK's sustainability ambitions. VLK will continue to monitor SSGA's implementation of this new framework as it rolls it out to clients

Insight Investments

- **Topic**: Environmental
- **Date**: Q3 2024

Van Lanschot Kempen's fiduciary management clients are invested in Insight's Buy & Maintain Credit Funds, which had significant holdings in bonds issued by **Equinor**, a Norwegian company flagged for "Unconventional Oil & Gas" operations. See also Principle 7 where we describe our own engagement with Equinor directly, as a holding in some of our own funds.

VLK enquired about this classification. Initially, MSCI ESG (a provider of ESG data) had flagged Equinor based solely on the location of its operations in the Arctic Circle, without considering actual extraction methods. The updated MSCI ESG policy now flags companies as "Unconventional Oil & Gas" only if they operate in the Arctic Circle *and* drill directly through ice. Since only about 1% of Equinor's revenue comes from such operations, MSCI ESG reclassified Equinor as "Conventional Oil & Gas."

Outcome: VLK appreciated Insight and MSCI ESG's nuanced approach and believes the new classification is more accurate. VLK will continue to monitor all funds for exposure to controversial sectors.

Engagement

Principle 9 – Engagement

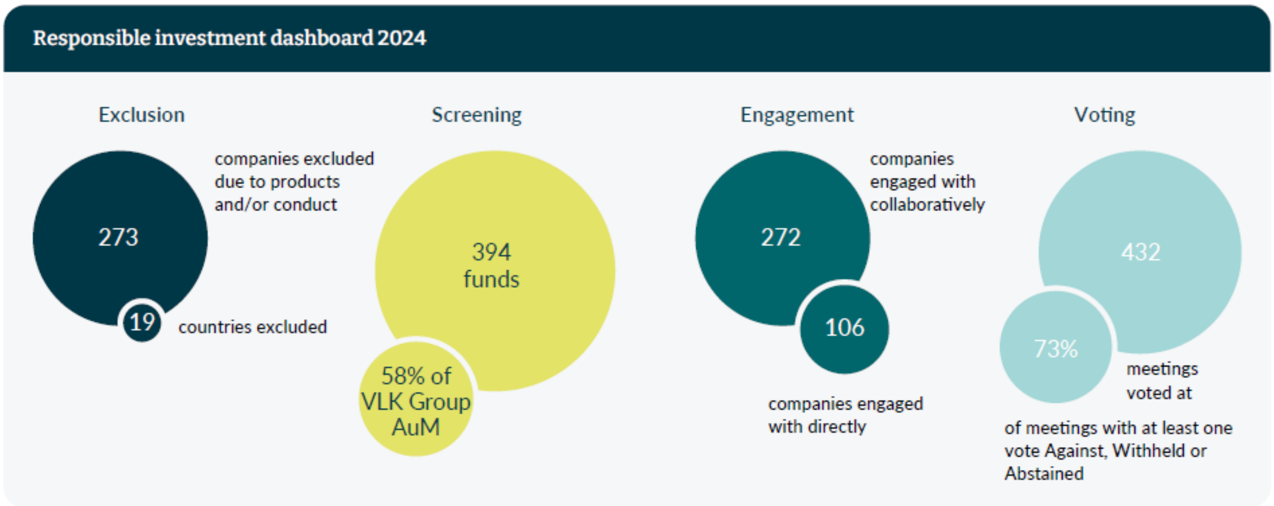
Signatories engage with issuers to maintain or enhance the value of assets.

9.1 Activity

Signatories should explain

- how they have selected and prioritised engagement (for example, key issues and/or size of holding)
- how they have developed well-informed and precise objectives for engagement with examples;
- what methods of engagement and the extent to which they have been used;
- the reasons for their chosen approach, with reference to their disclosure under Context for Principle 1 and 6; and
- how engagement has differed for funds, assets or geographies.

The dashboard below shows our activities in the areas of exclusion, ESG integration and manager screening, and active ownership (voting and engagement) in 2024.



Our approach to engagement

Engagement with individual companies in 2024

Our investment teams proactively enter into dialogue with companies in order to encourage positive change. In 2024, we engaged directly with 106 companies on environmental, social and governance themes. The total number of engagements was 121.[14]

Of this total, 88 were engagements for change carried out by our portfolio managers and our Sustainable & Impact Investing team. Close to half of these engagements concerned environmental issues, followed equally by engagements on governance and social issues. For examples of our engagements, please see '**Outcome** below.

We engage in order to:

- Be informed about corporate strategy, policies and programmes, and increase our understanding of a company;
- Ensure that companies' boards and management teams have proper oversight and management of sustainability risks, and that companies sufficiently embrace environmental and social opportunities;
- Encourage companies to adopt corporate governance best practices; and
- Set more ambitious environmental and/or social targets.

[14] Companies can be engaged on several themes at once and on both awareness and change issues, thus allowing for some overlap.

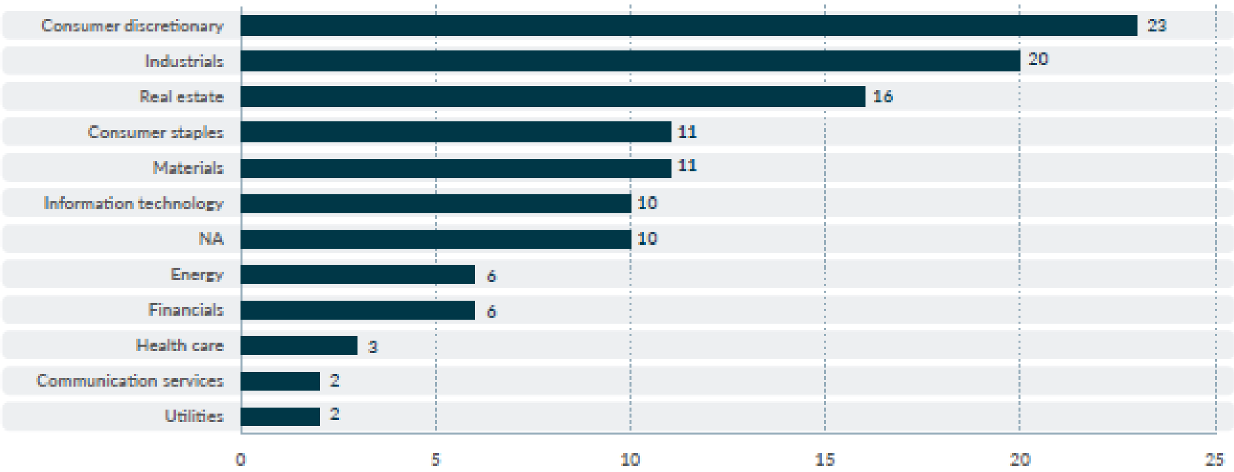
Engagements 2024 companies

Companies	Engagements		
	Awareness	Change	Total
Number of companies (unique)	32	78	106
Number of engagements	33	88	121

Engagements 2024 per theme

Theme	Engagements		
	Awareness	Change	Total
Environmental	11	42	53
Social	14	23	37
Governance	8	23	31
Total	33	88	121

Number of engagements for awareness and change per sector in 2024



Measuring our engagements

We measure the outcomes and results of our engagements with milestones:

Milestone 1

Raise Concern

Van Lanschot Kempen identifies issues, formulates the desired outcome and informs management at the company of the concern

Milestone 2

Company Acknowledgement

The Company acknowledges the importance of the issue and commits to resolving the issue

Milestone 3

The Company takes action

The company initiates steps to address the issue and is communicating progress either directly with VLK or via public channels

Milestone 4

The Company resolves the issue

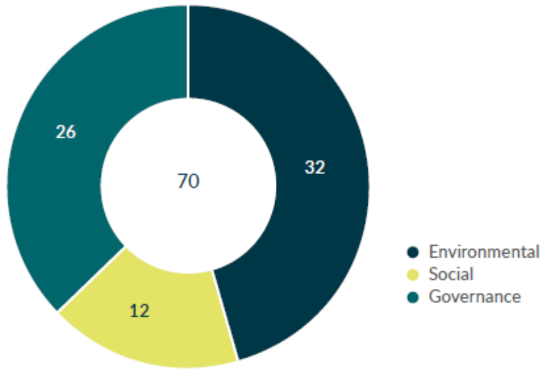
The company can provide clear evidence that the steps taken have resolved the issue and that the requested action is completed

9.6 Outcome
Signatories should describe the outcomes of engagement that is ongoing or has concluded in the preceding 12 months, undertaken directly or by others on their behalf

Engagement milestones in 2024

In 2024, we achieved 70 engagement milestones across 88 engagements for change, highlighting the concrete results our engagement delivered during the year.

Milestones achieved in environmental, social and governance across all four milestones



The table below shows how the total engagements for change are split across the four milestones as at the end of 2024. In this past year, 23 engagements reached milestone 4, which means these engagements were completed successfully.

Milestones for engagements (2024)

Theme(s)	Milestone				
	1	2	3	4	Total
Environmental	8	11	12	11	42
Social	12	3	5	3	23
Governance	3	5	6	9	23
Total	23	19	23	23	88

Milestone progress

The figure below shows how engagements for change progressed across our four milestones in 2024. A little less than half of the engagements showed no progress during the year – some we only initiated recently, while in other cases progress has stalled. In addition, some engagements take more time before a company can implement our request for change and the engagement can progress to the next milestone.

Milestones progress in 2024

Theme(s)	Milestone delta (progress)				
	0	1	2	3	Total
Environmental	17	19	5	1	42
Social	15	5	2	1	23
Governance	9	5	6	3	23
Total	41	29	13	5	88

As the table above shows, 29 engagements reached one milestone in 2024, 13 progressed two milestones, and 5 reached a delta of three milestones.

The number of 70 milestones reached overall is calculated as follows: progressed by 1 counts as 1 milestone, progressed by 2 counts as 2 milestones; progressed by 3 counts as 3 milestones. So, an engagement that was at milestone 2 at the beginning of 2024 and milestone 4 at the end of 2024 counts as 2 milestones achieved for the year. For 2024 this means: 29 + (13x2) + (5x3) = 70

Numbers of engagements 2023 per theme

	Engagements for awareness	Engagements for change
Environmental	27	62
Social	3	9
Governance	13	39
Total	43	110

Case study: engagement with companies in our own funds

To enhance transparency and accountability, we have established a KPI for our biodiversity engagements for 2025, following extensive analysis undertaken in 2024. This KPI, in line with our Finance for Biodiversity Pledge, specifies our commitment to initiate and maintain engagements in 2025 with all companies in our Van Lanschot Kempen funds with sustainable investment objectives that have received an MSCI orange flag on 'biodiversity & land use' and have a scoring of 'low management & medium/high exposure' on biodiversity with a data provider.

Mines and plastics

Van Lanschot Kempen believes the preservation of biodiversity is not just an environmental concern but is also of great economic importance. This is evidenced by the fact that nearly half of global GDP is linked to nature.[15] Our engagement approach aims to raise awareness among companies, encourage clear policies and transparent goals, and ensure comprehensive reporting. We believe that companies that manage biodiversity and other sustainability issues well will be more resilient in the long term.

Can a mining plant take care of its surroundings?

In 2024, we engaged with multiple companies on their biodiversity goals and efforts. One of our most extensive engagements was with **Anglo American**, a mining giant operating mainly in Latin America and South Africa. We aimed to understand how the company aims to achieve their goal of a net positive impact on biodiversity for 2030 and how they measure progress in this area.

Within the mining industry, which is notorious for its adverse impacts on biodiversity, climate and external stakeholders, Anglo American stands out as a frontrunner in the area of carbon reduction and biodiversity measures. The company accounts their fully renewable electrical supply across all their South American operations as an important example of being serious about sustainability.

The company is also actively seeking to mitigate adverse impacts on biodiversity brought upon surrounding areas by their mining operations and has set a goal to deliver a net positive impact on biodiversity by 2030. Our extensive engagement with Anglo American in 2024 focused on understanding their measurements and benchmarks with regard to their biodiversity goals.

We discussed the challenges of measuring biodiversity in detail, collecting data and drawing up science-based metrics. We also discussed their water use and their land rehabilitation efforts. For 2025, the company is aiming to fully align their practices with industry standards related to waste products. They have also set the goal of a 50% reduction in the use of fresh ground water but acknowledged our concern that this would not be enough for the NPI target to be met. We are continuing our engagement with the aim of further encouraging current sustainability efforts and monitoring the development of the company towards their goal of a net positive impact on biodiversity.

Against plastic waste

Last summer we also initiated engagements with some of the biggest consumer staples companies, with the aim of raising awareness about plastic pollution. Our engagement focused on **Coca Cola**, **Nestlé** and **PepsiCo**, major players which are all flagged for enabling plastic pollution.

Nestlé pointed to their ambitious goals set for reduction of new plastic production, as well as targets to increase recyclable packaging. The company is also initiating waste management projects in over a dozen countries. We have closed our engagement on awareness as we believe the company is well aware of the issue.

PepsiCo answered our queries via email, detailing their commitment to reducing plastic waste through less packaging, recycling and developing low- or no-packaging business models. They support consumer education and industry partnerships such as the Fair Circularity Initiative. We will compare PepsiCo's efforts with those of its peers before following up.

Coca Cola informed us that they recognise their responsibility to reduce plastic waste and highlighted their achievement of several milestones last year, such as making 90% of packaging available for recycling and recovering 62% for recycling. We are considering how to proceed with this engagement.

First steps in biodiversity awareness

We also engaged with **Deere & Co**, a leading agricultural machinery producer, aiming to assess their awareness of the impact of agricultural machinery on biodiversity, and their plans for a biodiversity policy. Deere & Co acknowledged the absence of such a policy, but they are now conducting a double materiality assessment to understand the impact of their activities on biodiversity, and vice versa. This assessment will guide their future actions, and we continue to monitor their progress.

[15] According to a calculation by the World Economic Forum ('Nature Risk Rising', 2020).

ENGAGEMENT FACTSHEET

Deere & Co

Development
Positive

Milestone
1 | 2 | 3 | 4

"Deere's proactive commitment and action are crucial for biodiversity preservation on the journey to a sustainable future in agriculture."

Ivo Kuiper, Senior Portfolio Manager

Engagement rationale
As agricultural activities are closely connected to biodiversity, we believe that a biodiversity policy from John Deere would contribute to global efforts in preserving and restoring biodiversity. Such a policy would also enhance John Deere's reputation as a market leader.

Background
After successfully engaging with John Deere on the topic of emission reduction targets in 2022, we reached out in the first quarter of 2024 to understand if the company plans to research its impact on biodiversity and develop a biodiversity policy. We believe that John Deere, with its technological expertise and commitment to sustainability, has the potential to become an industry leader in biodiversity preservation. We are convinced that it is possible to successfully align business goals with such a commitment.

Theme for engagement
- Environmental – Land Use and Biodiversity

E | S | G

Engagement objectives
- To understand whether biodiversity is a topic being discussed at the senior management level.
- To understand if the company plans to study its impact on biodiversity.
- To assess the company's commitment to developing a biodiversity policy.

Engagement results
- Following our initial engagement letter, we have had two meetings in which we discussed their sustainability strategy. The company's representatives, including the CFO and the Head of Sustainability, were present.
- We understand that the corporate sustainability team regularly reports to the board, with direct involvement from the CEO.
- The company acknowledges the absence of a biodiversity policy at the moment and recognizes the need for improvement in this area. Currently, they are conducting a double materiality assessment and plan to conclude it before deciding on the next steps.
- The company believes that their focus on reducing the use of pesticides has a positive impact on biodiversity. However, they also admitted to facing challenges in measuring the biodiversity footprint due to its complexity.

Next steps
- We will continue to engage with the company to monitor the progress on the double materiality assessment and its outcomes.

Company
Deere & Co is an American company that manufactures agricultural machinery and equipment.

Country
USA

Sector
Capital Goods - Machinery

Market cap
Large Cap

Materiality
Through its ubiquitous footprint and being the market leader, Deere & Co has unique power and influence within our society.

ESG Research
MSCI ESG Rating: AA
Sustainalytics: 16.0 (low risk)

Engagement initiated
Q1 2024

Latest update
Q2 2024

Fund / Mandate
Global Sustainable Equity Fund
VLKMF North America

DiamondRock Hospitality

The US hotel sector is one of the biggest laggards when it comes to its willingness to decarbonise and setting sustainability targets. However, the **DiamondRock Hospitality** group has been pursuing climate initiatives voluntarily and has asked us for advice. In our engagement with them, we worked along the lines of our environmental framework and provided management with concrete and relevant steps to set their goals, work towards these goals, and demonstrate commitment and accountability.

The effort has paid off: DiamondRock is now committed to reducing Scope 1, 2 and 3 carbon emissions by 50% by 2030, compared with their base year 2019. This will be verified externally. Not a small feat, since Scope 3 involves indirect emissions in the company's value chain and thus would entail, for example, sourcing sustainable material for construction projects, steel procurement, as well as products used in the hotels and more.

In addition, DiamondRock has introduced ESG targets set as part of the remuneration schemes of its management, and is discussing ambitious targets that would align with the goal of limiting global warming to 1.5°C. The company has also set targets for improving biodiversity on its hotel grounds and for reductions in energy and water usage. It also has plans to identify further opportunities for improvements, such as optimising air conditioning systems, procuring more green energy and improving lighting options.

See below for our Engagement Factsheet

ENGAGEMENT FACTSHEET

DiamondRock Hospitality

Development
Positive

Milestone
1 | 2 | 3 | 4

We have engaged with DiamondRock Hospitality (DRH) since 2022. In the US Hotel cluster, DRH is one of the few that takes ESG goals seriously. Goal of the engagement was to set a high bar with DRH versus its Hotel peers and improve the sector towards that level. With a scope 1-3 target of -50% in 2030 we successfully close the engagement.

Egbert Nijmeijer, Co-Head Real Assets

Engagement rationale
DiamondRock Hotels (DRH) is a medium-sized US Hotel owner and operator of >30 upper upscale hotels. It takes ESG targeting seriously which makes it the perfect bar-setter in the US hotel industry which is lagging in general.

Background
DRH did not have Environmental targets and neither does its US Hotel peers back in 2022 when we started the engagement. DRH, through its Corporate Responsibility report of 2023, now sets a 2030 carbon emission target of -50% versus base year 2019. It also set energy reduction, waste, water and biodiversity goals.

Theme for engagement
Environmental

E | S | G

Engagement objectives
Have DRH set carbon emission targets that can act as a bar for US hotel peers.

Engagement results
Since 2022 DRH has been working on setting measurable ESG targets in-line with the Paris agreement. For 2030 it now has set a scope 1-3 -50% carbon emission target versus base year 2019 which is externally verified. The management team continues to work on a 2050 target inline with the Paris agreement and the 1.5 degrees scenario. Management follows TCFD recommendations on climate risk, scores high on GRESB (86) and has 12.75% of management's bonus schemes set on ESG targets including its GRESB score.

Although not perfect, DRH's approach is way better than US Hotel average and serves as the bar for the other hotel REITs to aim for. That was exactly our goal, we close the engagement successfully and will aim for further sector-wide improvement of ESG targets for the US Hotel industry in future engagements.

Next steps
We close our engagement successfully with DRH being the bar-setter for the US Hotel industry. Further sector-wide engagements is aimed at improving the lagging US Hotel industry.

Company
DiamondRock Hospitality

Country
USA

Sector
Real Estate

Market cap
2bn USD

Materiality
Improving ESG efforts can lead a lower risk profile and multiple benefits for all stakeholders.

ESG Research
MSCI ESG Rating: BB
Sustainalytics: 14.8 (low risk)

Engagement initiated
Q1 2022

Latest update
Q1 2024

Kempen Fund
Kempen (Lux) Global Property Fund

Case study: Engagement examples with external managers

DMFCO Asset Management; Advancing sustainability in mortgage portfolios

Making homes more sustainable is a key societal issue, and mortgage providers can play a crucial role; some of our Dutch fiduciary management clients have exposure to this asset class in their investment portfolios. We engaged with mortgage portfolio managers on various environmental and governance issues to better understand the challenges these specific managers are facing.

In late 2024, we engaged with **DMFCO Asset Management** and inquired about measuring concrete sustainability results and the carbon footprint of their portfolios. DMFCO predominantly focuses on removing barriers for consumers to engage in energy saving measures (ESMs). Consequently, the percentage of ESMs within their mortgage portfolios is one of DMFCO's most important key performance indicators (KPIs) related to sustainable goals.

Additionally, DMFCO is exploring measures to raise homeowners' awareness of biodiversity protection and energy use, collaborating with a partner company for education. During earlier due diligence we noted the absence of an engagement policy. We were delighted to see that DMFCO followed up on this quickly and now has a policy in place. This allows them to engage in more focused discussions with service partners. The steps taken by the company are encouraging and we will continue discussions on their progress towards their own sustainability goals.

Paris-Aligned Benchmark exclusion alignment

In 2024, our Manager Research Solutions team engaged with multiple managers on the topic of Paris-Aligned Benchmark (PAB) exclusions for funds that have names alluding to ESG or sustainability themes. We found most of the funds fully compliant with the upcoming new guidelines in relation to PAB exclusions. However, a handful of funds will need to upgrade their exclusion policies to stay compliant going forward.

For example, two of **Northern Trust**'s ESG index funds included companies with significant exposure to oil sands activities which were on the Van Lanschot Kempen's Exclusion List. We engaged with the manager, prompting them to remove several companies from the fund, and they have upgraded their screening criteria to avoid overlap with our Exclusion List.

Please also see Principle 7 for examples of engagements with third party managers.

Principle 10 – Collaboration

Signatories, where necessary, participate in collaborative engagement to influence issuers.

10.1 Activity

Signatories should disclose what collaborative engagements they have participated in and why, including those undertaken directly or by others on their behalf

Collaborative engagement

We encourage our clients and peers to implement a responsible investment policy and to integrate sustainability into the investment process. We also have thematic discussions with NGOs and network organisations, such as the PRI, IIGCC, ICGN and others. Furthermore, we approach credit rating agencies and promote the embedment of sustainability criteria in their rating process of companies and countries. If and when appropriate, we also communicate with the stakeholders of the companies we invest in.

To increase focus and efficiency in the engagement process, Van Lanschot Kempen Investment Management joins collaborative engagement initiatives, for example through PRI Advance, Eumedion, the Dutch Corporate Governance Forum or other networks.

In addition, we collaborate with other asset managers and asset owners with similar engagement objectives. The collaborative engagement initiatives need to be aligned with our engagement approach. Moreover, we need to carefully assess the consequences and accompanying responsibilities of joining an initiative.

We have established guidelines to assess on a case-by-case basis which collaboration fits best with our company values and the engagement targets. For example, climate change is a focus theme for voting and engagement and, as a result, we joined Climate Action 100+. Clients are kept up to date on the main engagement developments on a quarterly basis through our comprehensive ESG reporting package. See also **Principle 6**.

On the theme of biodiversity, we were a participating investor in engagements by Nature Action 100 with the companies **Sysco** and **Novo Nordisk**. We also participated in a biodiversity-related engagement with **Unilever** through the Dutch investor organisation Eumedion.

ENGAGEMENT FACTSHEET

Unilever PLC (1/2)

"Unilever has always been a clear leader on sustainability and as an industry benchmark their continued sustainability efforts are crucial for Climate and Biodiversity."

Herman Kleeven, Senior Portfolio Manager

Engagement rationale

Considering the urgent need to address climate change and the necessity to adequately manage the exposure to climate risks, we advocate for Unilever to prioritize the reduction of Scope 3 emissions, which is representing the majority of the company's carbon footprint. Globally, 22% of greenhouse gas (GHG) emissions are derived from forestry, agriculture, and other land uses.

Background

After publishing the first Climate Transition Action Plan in 2021, detailing climate targets and some key actions to reduce greenhouse gas (GHG) emissions in the business and across the value chain, Unilever has made progress on achieving their climate targets for emissions coming from their operations (Scope 1 & 2). Achieving significant absolute reductions in Scope 3 GHG emissions has proven more challenging for Unilever and the plan to reduce GHG emissions across the value chain remained relatively vague, with an unclear roadmap towards the net-zero ambition by 2039.

Theme for engagement: Environmental – Climate Action

E S G

Development

Positive

Milestone

1 2 3 4

Engagement objectives

- To understand how the company is ensuring to stay on track on their ambition to become net-zero by 2039 and to ask for better scope 3 targets.

Engagement results

- The updated climate transition action plan has seen significant enhancements including following the SBTi FLAG (Forest, Land, Agriculture) guidance and shows a clear path to significant reduction of Scope 3 GHG emissions, including identification of key actions and their %-contribution to a reduction.
- Additional actions planned to take to reduce emissions from forest risk commodities, such as a reduction of other agricultural & processing emissions associated to these commodities beyond deforestation
- Farm level traceability is still very low (no % mentioned), mainly as Unilever does want to continue to work with smallholders where traceability is more challenging. The company does use other tools for mill-level / regional traceability to achieve relatively high degree of confidence of compliance of products and they continue strengthening the depth of monitoring with the aim to increase farm level traceability.

Next steps

- Engagement step 4 (company implements program) reached.
- We will continue to engage with the company to monitor the progress on their Climate Transition Action Plan and additional actions on forest risk commodities and farm level traceability and ensure re-baselining ambition level adapted to ice cream spin off.

Company

Unilever is a British consumer staples company, active in Beauty & Wellbeing, Personal Care, Home Care, Nutrition, and Ice Cream

Country

UK

Sector

Consumer Staples – Personal Care

Market cap

Large Cap

Materiality

As a large consumer staples company Unilever has been the industry benchmark for a long time. They can be a transformational leader in the industry.

ESG Research

MSCI ESG Rating: AAA

Sustainalytics: 22.2 (medium risk)

Engagement initiated

Continuous, Q1 2024

Latest update

Q2 2024

Fund / Mandate

Global Sustainable Equity Fund

European Sustainable Equity Fund

VLKMF Developed Europe

10.2 Outcome
Signatories should describe the outcomes of collaborative engagement

Case study: Collaborative engagement with Unilever

We have also engaged with Unilever on plastic pollution in 2024. Unilever has an MSCI Orange Flag on biodiversity and land use. This is mainly due to plastics pollution. According to a 2019 report from Break Free from Plastic (BFFP) Unilever was the fifth biggest polluter of single-use plastics. Unilever has high EM exposure and sells its products in small packages. The plastic sachets have become a major source of pollution, and the company should increase its efforts reduce its plastic distribution in these markets.

Every year we have a continuous collective dialogue with **Unilever** facilitated by **Eumedion**, the Dutch corporate governance foundation. This year we have continued our conversations on Corporate Governance: remuneration & strategy, Biodiversity and Climate. This slide describes the biodiversity engagement, in particular Plastics. We also discussed Zero deforestation. Unilever is struggling to make sufficient progress to reduce plastics pollution, especially in emerging markets.

Engagement objectives

Ask for specific targets to reduce plastic footprint in markets with high leakage into the environment (especially sachets in EM).

Engagement results

- Through a collective engagement via Eumedion, we have had two pre-AGM meetings with Unilever, in which Unilever's biodiversity policy, zero deforestation and reduction of plastic pollution were discussed. Also, in a third meeting the company's chair had a meeting with representatives of the collective group of investors.
- Unilever's individual business units have recently developed unit specific plastics reduction roadmaps, which each include regional focuses hoping to address especially higher leakage markets.
  Additionally, the company will do efforts to collect more plastic than sold in high-risk regions, e.g. India, were mentioned with the ambition to tackle the issues in high leakage countries.
- However, Unilever postponed flexible packaging target (100% of flexible packaging to be reusable, recyclable or biodegradable by 2035, compared to the previous 100% of all packaging to be reusable, recyclable or biodegradable by 2025).

Next steps

The answer provides the opportunity to follow up into regional roadmaps and will be a good starting point to continue to dialogue on flexible packaging.

OECD RBC engagements

For an overview of our most significant 2024 engagements on themes covered by the OECD Responsible Business Conduct (RBC) guidelines, please see online at https://www.vanlanschotkempen.com/-/media/files/documents/investment-management/esg/esg-data/oecd-engagements.ashx. Some examples are described below.

The guidelines cover engagements on both actual and potential adverse impacts of business conduct, and on how these are mitigated.

BMW Group: Action on a just transition

BMW Group has made progress in decarbonisation by setting long-term carbon reduction targets, increasing electric vehicle (EV) sales, improving efficiency and reducing supply chain emissions. As they transition, it's important to consider the social impact on stakeholders such as employees and communities dependent on carbon-intensive activities. This should be part of the company's just transition approach[16].

We began engaging with BMW in 2023, discussing their just transition and how this considers the social impact of climate goals. In 2024, we saw progress when their annual report stated that they are actively facilitating a socially responsible transformation for their employees, as part of their integrative just transition approach. This involves training and education activities for employees, helping them adapt to more sustainable business activities.

We reached the third milestone as BMW stated in their 2023 Annual Report (published in April 2024) that they actively facilitate a socially responsible transformation of their employees as part of their integrative approach to a just transition. In a follow-up call with investor relations, BMW confirmed that their approach aligns with their overall HR policy, which follows ILO and Global Compact principles. Engaging with communities is part of their Supplier Code of Conduct. They do not expect to publish a separate paper on their just transition approach, but from next year onwards, ESRS/CSRD reporting will provide more transparency on ESG matters.

BMW is also in dialogue with the CA100+ group, with fruitful discussions expected to include more recent data in the next report. The 2023 Annual Report highlighted BMW's commitment to developing expertise for the future, with comprehensive qualification and

[16] The concept of a just transition is described as 'greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind' (www.ilo.org)

training measures, including the "Digital Boost" training campaign. The number of training participants increased to around 1.4 million in 2023, with an average of 23.7 training hours per employee.

The 2023 Climate Action 100+ (CA100+) assessment included a just transition indicator, which evaluates companies’ efforts to mitigate adverse social impacts on stakeholders. Many companies, including BMW Group, did not meet the CA100+ just transition indicator criteria (as of May 2023). We continue our engagement to encourage the company to disclose more detail on their commitments and plans for a just transition.

Banco Santander, S.A.: Setting out strategy / commitment to improve (milestone 3)

We engaged with **Banco Santander, S.A**. to address labour management relations and employees' wellbeing in response to allegations of abusive goal collection practices in Brazil from 2010 to 2014. Our goal was to ensure that Banco Santander implements best practices in labour management and employee wellbeing, and to understand the steps taken or planned by the bank to address and remediate adverse impacts on employees.

Banco Santander provided detailed responses to the allegations, highlighting that the claims were based on interviews with former employees with low performance and that the cause of workers' illness is multifactorial. The bank emphasised its commitment to employee wellbeing through various programs and initiatives, such as PAPE, Retorne Bem, and Be Healthy Program.

Santander Brazil has been recognised as one of the best companies to work for, indicating a positive organizational climate. The bank has appealed the court decision and expects a favourable outcome that could motivate a reassessment of MSCI's evaluation.

Principle 11 – Escalation

Signatories, where necessary, escalate stewardship activities to influence issuers.

11.1 Activity

Signatories should explain:

- how they have selected and prioritised issues, and developed well-informed objectives for escalation
- when they have chosen to escalate their engagement, including the issue(s) and the reasons for their chosen approach, using examples; and
- how escalation has differed for funds, assets or geographies.

In **Principle 9** we cover our approach to prioritising engagement topics, and measuring progress.

Our first milestone of an engagement for change is to raise awareness with the company. Milestone 2 is reached when the company acknowledges the concern. At Milestone 3 the company is taking action to address our concern and at Milestone 4 we complete the engagement as the company has delivered on our ask.

Escalating engagement with companies

We assess if there is a realistic chance that the engagement can positively influence the company's operations. Based on the input from MSCI ESG Research and Sustainalytics complemented by other assessments, the portfolio managers and the responsible investment department define engagement targets. In case the engagement with our investees is not successful we will consider escalation actions which may include:

- Writing a letter to the executive and/or supervisory directors in which we explain the issues of our concern
- Holding additional meetings with the executive and/or supervisory directors, specifically to discuss the issues of our concern
- Holding meetings with other stakeholders of listed companies
- Attending the annual general meeting of the company to express our concerns
- Collaborating with other institutional investors on specific of issues of concern
- Issuing a public letter to draw attention to our concern more broadly
- Supporting relevant shareholder proposals
- Co-filing shareholder proposals
- Participating in class action
- Selling the shares

We also ask companies to use their influence (as much as possible) to prevent or mitigate adverse impacts in cases where they are directly linked to other laggard companies' operations, products or services by their business relationships, even if they have not contributed to those impacts.

Consistent approach across sectors and geographies

Our escalation is sector and geography agnostic. By having a consistent process and methodology our investee companies know what they can expect from us.

Our escalation strategies take into account the leverage we have as an investment manager. We are more likely to escalate an engagement directly in cases where we own a larger proportion of outstanding shares, and our voice can influence the decision of management.

In the case of larger companies, we would escalate and engage in collaboration with peers, such as via **Climate Action 100+** or the **PRI** (further information under **Principle 10**). The same logic of leverage applies across asset classes and with external managers. We give more detail on this in our answer under **Principle 8**.

11.2 Outcome

Signatories should describe the outcomes of escalation either undertaken directly or by others on their behalf.

All our stewardship and sustainable investment activities are undertaken in-house. Where we collaborate with peers this is undertaken through established frameworks including PRI Advance, Climate Action 100+, Nature Action 100 and similar.

If no progress is made, we can escalate our engagements and ultimately divest. By way of example, the Kempen strategies are no longer invested in **Exxon Mobil**, which has refused to develop credible climate plans, or to address issues raised in engagements (individual and collective), and has disregarded dissenting votes in recent years.

Case study: a much-discussed climate strategy

We take the main oil and gas firms' climate policies and their responses to our engagement during the year into account when deciding on how to vote. When voting, we are more critical of firms that lag behind and/or are unwilling to engage in dialogue and set concrete targets for reducing emissions. If a promising dialogue does emerge, we can adjust our vote accordingly.

Shell

We have engaged with **Shell** on their climate goals and strategy through direct conversations with management and collaboration with groups such as the Dutch Climate Coalition, FollowThis and Climate Action 100+.

In 2024, we challenged the company on the dilution of their mid-term emission goals, which raised doubts about their 2050 net-zero target. As part of a collaborative engagement, Shell explained this decision, citing the uncertainty of the transition's pace.

Due to their weakened goals, we abstained from voting on Shell's climate strategy at their annual general meeting. We supported an alternative resolution brought forward by the NGO FollowThis.

In multiple conversations with their management, we also discussed the impact of geopolitical and local changes, such as the election of the new US president and the dismissal of a ruling against Shell by the Dutch climate action group Milieudefensie. Shell indicated no change in their strategy, with the development of liquefied natural gas (LNG) remaining their main focus going forward. The company says LNG will be vital in powering the transition. We will continue to engage with Shell on their sustainability standards and goals.

TotalEnergies

We abstained from voting on the resolution proposed by the management regarding **Total's** climate plan during the 2024 voting season. We had done the same in the previous year, and since then, no updates to the strategy had occurred. While Total has net-zero goals and directs investments to meeting these goals, there is insufficient transparency on how the goals can be achieved. Moreover, Total has announced an increase in oil and gas production until 2030, which raises doubts about goal attainment and will increase Scope 3 emissions.

ExxonMobil

The struggle to urge major oil companies to transition away from fossil fuels took a dark turn in 2024 when **ExxonMobil** sued FollowThis and Arjuna Capital, another climate-focused activist shareholder group.

The case against FollowThis was quickly dismissed as the US court had no jurisdiction over the Dutch NGO. However, the case against Arjuna Capital continued, even after Arjuna agreed not to submit a climate resolution during the shareholders' meeting in late May 2024. Together with several major shareholders and Dutch asset managers, Van Lanschot Kempen expressed concerns about this step.

Exercising Rights and Responsibilities

Principle 12 – Exercising rights and responsibilities

Signatories actively exercise their rights and responsibilities.

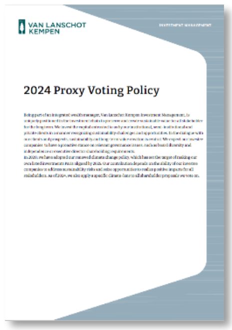
12.1 Context

Signatories should explain how they exercise their rights and responsibilities, and how their approach has differed for funds, assets or geographies

In addition, for listed equity assets, signatories should:

- disclose their voting policy, including any house policies and the extent to which funds set their own policies;
- state the extent to which they use default recommendations of proxy advisors;
- report the extent to which clients may override a house policy;
- disclose their policy on allowing clients to direct voting in segregated and pooled accounts; and
- state what approach they have taken to stock lending, recalling lent stock for voting and how they seek to mitigate 'empty voting'.

Voting Policy



Our **Voting Policy** is available online[17] and is aligned across all listed equity funds, in all geographies. We believe we can raise the bar in geographies with less mature corporate governance codes by stating our expectations and voting in alignment with the Corporate Governance Code of the ICGN[18].

Exercising voting rights is an important instrument of engagement and stewardship and is central to a well-functioning governance system. This policy is reviewed annually. It provides non-comprehensive guidelines for voting, which we complement with our own in-depth assessment of the meetings' agenda items.

Our full Voting Policy includes detailed guidelines on the following:

- Accountability and transparency
- Board structure, diversity, tenure, and independence
- Remuneration
- Capital structure
- Organisational restructuring, mergers, and acquisitions
- Shareholder rights
- Votes on shareholder resolutions
- Workplace diversity, equity and inclusion and other social matters
- Operations in zones of conflict
- Payments to governments & political contributions
- Environment

In 2024 we updated our Voting Policy to apply the ISS Climate Speciality Policy on our voting for shareholder proposals, as this aligns with our net zero ambitions best (see also **Principle 5**).

Case study: our own funds

We vote at annual and extraordinary meetings at investee companies globally for all investment funds and discretionary mandates (if instructed by the client to vote), unless voting is not feasible or not in the best interest of our clients. Proposals on issues not covered in our Voting Policy are assessed on a case by-case basis.

Owing a fiduciary duty to our clients, we ensure that the exercise of voting rights is in accordance with the investment objectives and policy of the relevant investment fund or – where applicable – in accordance with the requirements pursuant to the respective discretionary (or segregated) client mandates.

Voting and engagement are considered essential components in our active ownership approach. Our Portfolio Managers and the Sustainability and Impact Investing team collectively engage with companies on a wide array of strategic, financial, environmental, social and governance (or sustainability) topics to mitigate sustainability related risks and unlock opportunities. We aim for an integrated approach of working closely across investment teams and strategies.

We make use of **Institutional Shareholder Services** (ISS) as a voting platform, and our voting is based on our voting policy, which sets out our expectations regarding themes such as board diversity, meaningfully structured remuneration and good governance. We review company meetings individually and in depth and make our own decisions rather than always following the default recommendation. ISS is

[17] https://www.vanlanschotkempen.com/en-gb/investment-management/sustainability-approach/sustainable-investment-policies-and-publications
[18] International Corporate Governance Network https://www.icgn.org/

a member of the Best Practice Principles Group (BPPG)[19]. Our voting records are published in full online at https://vds.issgovernance.com/vds/#/NzcyMA==/.

The custodian bank for our funds feeds our positions through Broadridge to ISS. In the ISS platform, for each company at each meeting see an overview of the number of shares / % of all outstanding shares per company.

We can always choose to vote part or all the shares across our strategies. Each fund receives a separate ballot, getting full oversight of what funds votes for what shares. In most of the cases, Portfolio Managers vote all votable shares, unless share-blocking applies. In some cases, we vote through a proxy card, outside of the electronic system, where market conditions do not permit voting through the ISS proxy voting platform. Our proxy voting platform also clearly indicates the voting rights associated with our shareholdership, per company, per meeting.

Client-specific voting policies

Where clients are invested in pooled vehicles, there is limited scope to provide customised voting. However, we find that many of our clients' wishes are aligned with our own policies. Where we manage segregated mandates, we can vote differently in line with our clients' views.

If clients ask us to, we will vote on their behalf following our voting policy. Should the client have a preference for applying their own policy, that is also possible through our proxy voting provider. In some cases, the client asks a third party to vote on their behalf. In this case, we set up a weekly vote feed where Portfolio Managers compare how they vote according to the Van Lanschot Kempen voting policy and how this differs from the third-party vote instructions. If any material differences occur, we flag this with the client periodically. This applies to listed equity assets, but also our other strategies.

Securities lending

As detailed in our **Voting Policy**, Van Lanschot Kempen Investment Management does not engage in securities lending in the context of our own investment funds, without exception. Securities lending programmes can reduce the level of voting activity as the exercise of voting rights may be hampered when securities are on loan at the time of a shareholders meeting.

Case study: working with external managers

As a general principle, we ask the external managers we work with not to engage in securities lending; our preference is to work with the manager to create a fund or solution that incorporates all of our sustainable investment policies, including on securities lending. This has been very successful with third-party managers in Emerging Markets Equity, for example.

Where clients have equity investments in passively managed vehicles such as iShares or Exchange Traded Funds (ETFs), there can be a degree of securities lending in those vehicles. One initiative we have been exploring with these managers is potential innovation around the time of shareholder meetings, and whether recalling lent securities during that period would allow for the exercise of voting. We anticipate being able to report further on this topic in the future.

Securities lending is therefore part of our formal investment due diligence for third-party investment managers, including verifying the managers' collateral, recall and related processes. We regularly ask managers about their voting rationale on significant agenda items, including shareholder proposals, in order to gain insights into the motivations behind their decisions, and how the manager's corporate governance and stewardship beliefs and policies are implemented.

Proxy voting is part of our proprietary ESG scoring framework for third-party managers – the **Sustainability Spectrum**. We review the quality and detail in the policy, in some cases implementation of the policy to assess how well it aligns with our own voting policy and corporate governance principles, which are aligned with the ICGN Global Governance Code. See also **Principle 8** for examples of engaging with third-party managers on voting policies.

[19] https://bppgrp.info/

12.2 Activity

For listed equity assets, signatories should

- disclose the proportion of shares that were voted in the past year and why;
- provide a link to their voting records, including votes withheld if applicable;
- explain their rationale for some or all voting decisions, particularly where:
  - there was a vote against the board;
  - there were votes against shareholder resolutions;
  - a vote was withheld;
  - the vote was not in line with voting policy.
- explain the extent to which voting decisions were executed by another entity, and how they have monitored any voting on their behalf; and
- explain how they have monitored what shares and voting rights they have.

For fixed income assets, signatories should explain their approach to:

- seeking amendments to terms and conditions in indentures or contracts;
- seeking access to information provided in trust deeds;
- impairment rights; and
- reviewing prospectus and transaction documents.

Listed equity assets

Voting activity in 2024

Voting at shareholder meetings of investee companies is a key tool in stewardship and active ownership. In 2024, we voted at 432 different company meetings, with 14% of our votes cast against management. We use Institutional Shareholder Services (ISS) as a voting platform and votes are based on our custom voting policy.

– There were 334 meetings (73%) at which we voted against or withheld/abstained on at least one agenda item. We tend to abstain in order to give a company's management time to resolve an issue, but on the understanding that we will vote against management in the future if no changes are implemented.
– We voted against management on 123 of the 242 shareholder proposals tabled at general meetings in 2024. Of these 123 votes, 12 were related to corporate governance, 7 called for gender pay gap disclosure, 6 called for an independent chair, 23 focused on climate change and circularity, 10 were votes on social proposals around labour and human rights, and 11 related to political lobbying disclosure.
– The remaining 54 votes were primarily concerned with the election of directors, company governance, and routine or non-routine business matters.

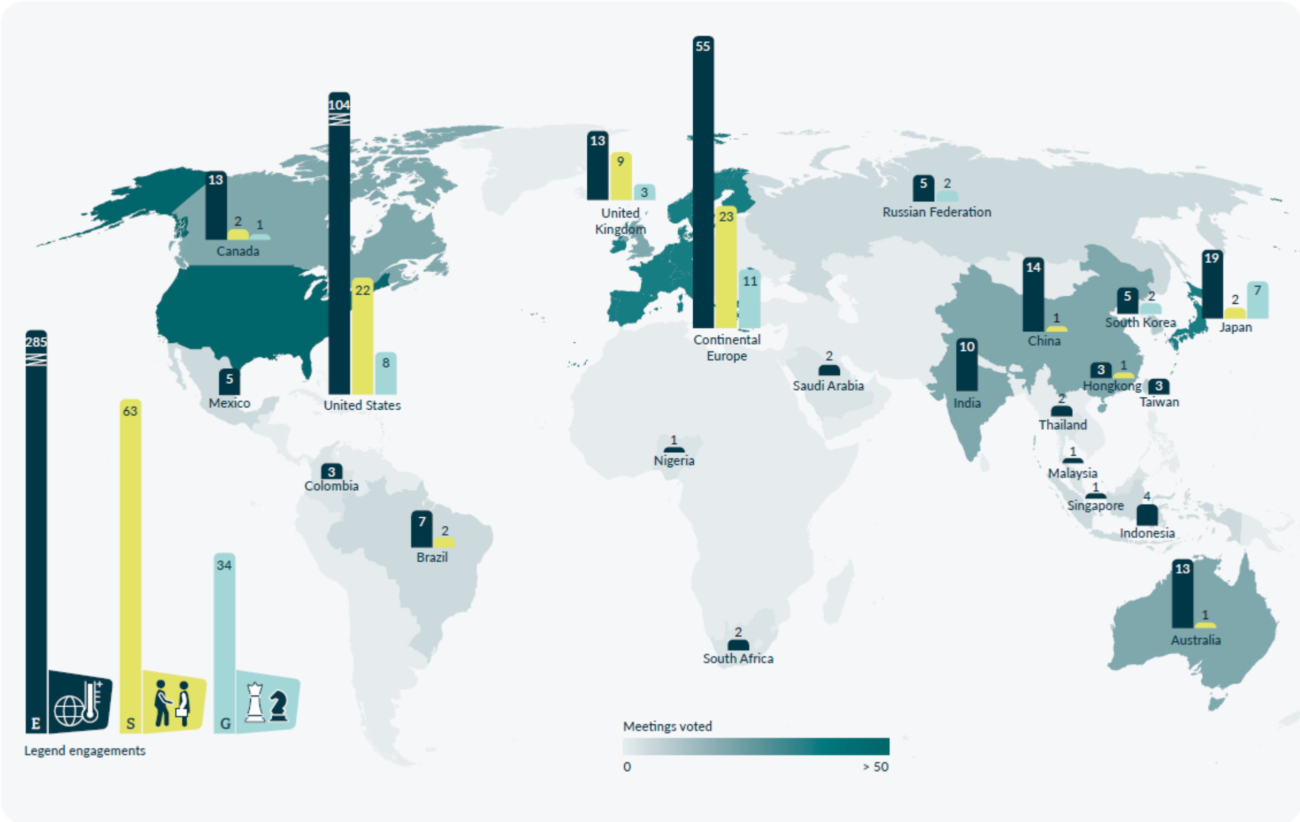
Our voting is based on our voting policy, which stipulates our expectations on themes such as good governance, such as board diversity and meaningfully structured remuneration (among others).

Our voting records are published in full online at https://vds.issgovernance.com/vds/#/NzcyMA==/.

Voting statistics 2024 and 2023

Category	2024		2023	
	Number	%	Number	%
Number of votable meetings	460		496	
Meeting voted	432	94	468	94
Meetings with at least 1 vote Against, Withhold or Abstain	334	73	346	70
Votes with management	5,551	86	5,764	85
Votes against management	950	15	1,057	15
Votes on shareholder proposals	222	3	265	4
Votes against management on shareholders proposals	123	50	124	20

Voting and Engagement Map 2024 | Engagement one-on-one and collaborative



Listed fixed income assets

We review the terms and conditions in indentures and contracts prior to investing in a company's credit securities. Should we consider the terms and conditions to be punitive in any way, we generally refrain from investing in that company's bonds.

With regard to green bonds, we consider the use of proceeds and look-back period for eligible investment. For sustainability-linked bonds, we review the timing and magnitude of any step-up in coupons in the event of not meeting key performance indicators. We provide feedback to syndicates with the aim of effecting changes in the indenture and contracts.

Case study: exercising our rights in listed Euro Credit

Stewardship is relevant for us as credit investors with respect to the Kempen funds. Companies need access to the credit market for funding and as such, credit investors can have significant influence.

We see it as our duty as active investors to help companies navigate the transition to a more sustainable economy. It is our belief that in the end, companies that take ESG risks and opportunities seriously will be the winners of the future.

Our ESG approach is a key differentiator. ESG is integrated in our fundamental analysis of companies, taking a forward-looking approach and considering both ESG risks and opportunities. Also, we actively engage with some of the companies that face higher ESG risks in our opinion. Our experience has shown that credit investors can have an edge here, because we can also engage with non-listed companies. Furthermore, weak ESG ratings lead to higher financing costs than peers. As credit investors we can have a positive impact through engagement.

Terms and conditions in indentures and contracts

We review the terms and conditions in indentures and contracts prior to investing in a company's credit securities. Should we consider the terms and conditions to be punitive in any way, we generally refrain from investing in that company's bonds. We provide feedback to syndicates with the aim of effecting changes in the indenture and contracts, if considered necessary.

A recent example was the inclusion of a carve out **exit put option** in the indenture of bonds issued in April 2024 by chemicals distributor **Brentagg Finance BV** at par, compared to put options for asset sales that are typically at 101. This exit put option does not provide sufficient protection in a declining interest rate environment.

For sustainability-linked bonds, we review the timing and magnitude of any step-up in coupons in the event of not meeting key performance indicators. Key performance indicators on sustainability-linked bonds need to be sufficiently ambitious, in order to avoid any greenwashing by applying lower targets. When companies issue sustainability-linked bonds, we also consider the key performance indicators pertaining to outstanding sustainability linked-bonds.

Case study: External managers exercising rights on our behalf in Private Markets

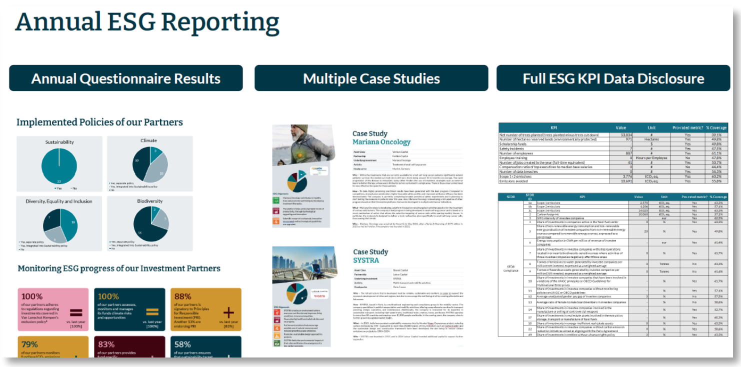
At Van Lanschot Kempen, we provide a range of solutions – bespoke portfolios or pooled funds – in Alternative Investments, including in a Diversified Private Markets Solution, comprising a range of Private Equity, Private Debt, Infrastructure and Real Estate managers. This is a diversified portfolios of 'underlying' funds run by third-party investment managers, managed by a dedicated Van Lanschot Kempen team in asset classes that can be challenging to access for many asset owners, with the appropriate levels of governance, monitoring and oversight.

Before and after selecting any of these underlying funds, the investment team follows an in-depth due diligence process that incorporates sustainable investment factors (see also **Principle 8**). This can help to enhance long-term risk adjusted returns for investors, in accordance with the investment objectives of the Fund. We look at each company on a case-by-case basis, taking into account both material risks in a given industry and the company's respective risk exposure, practices and disclosure. This includes:

- an assessment of good governance practices. The investee companies are rated for governance aspects using external research and internal assessments.
- the company's exposure to past controversies and future ESG opportunities
- Based on fundamental ESG analysis we form an opinion on the quality of a company's ESG profile and award a score on our proprietary Sustainability Spectrum (see also **Principle 8**).

This structure means that the Van Lanschot Kempen investment team can not only influence the investment policy of each of these funds, but also set sustainability guidelines, including on impact objectives, ESG ratcheting in general and detailed reporting. The nature of the investments in this asset class means that investments are typically made through partnerships, or co-investment partnerships. Testing the ESG policy of these partnerships is an essential part of our due diligence, both at the outset and on an ongoing basis.

In addition to applying the four pillars of Van Lanschot Kempen's sustainable investment approach, the relationship that the Van Lanschot Kempen investment team has with each of the partnerships in the portfolio means that engagement is frequent, and often centres on the underlying investments that each partner specialises in. In 2024 we further enhanced the reporting framework with our partners so that we can in turn provide appropriate levels of information and reporting to our investors.



12.3 Outcome

For listed equity assets, signatories should provide examples of the outcomes of resolutions they have voted on over the past 12 months

Case study: voting records published in full

An overview of our most significant votes in listed equity assets is available online using the below link. We include both the vote rationale as well as the outcome, and link to our engagement efforts, where applicable.

https://www.vanlanschotkempen.com/-/media/files/documents/investment-management/esg/esg-data/significant-votes.ashx

Examples of relevant votes supporting shareholder proposals in 2024

Main themes: Diversity, Equity and Inclusion (DE&I), occupational health and safety (OHS), human rights, political spending, animal welfare.

Kinder Morgan Greenhouse gas disclosures	**The Home Depot** Biodiversity risk assessment	**PepsiCo** Biodiversity loss risk reporting; Assessment on safety of non-sugar sweeteners	**Royal Bank of Canada** Report on clean energy and circularity loans
BlackRock Disclose proxy voting record on climate	**Amazon** Report on plastic pollution reduction; Board committee on AI	**McDonalds** Adopt antibiotics policy	**NextEra Energy** Report on climate lobbying
Meta Disclosure of voting results based on class of shares	**Alphabe** Report on child safety and AI-generated misinformation	**Citigroup, JP Morgan, BlackRock** Require independent Board Chair	**Multiple** Reduce ownership threshold to call special meeting; hold AGMs in person

About this report

About this report

Contact details

This report was prepared by Van Lanschot Kempen Investment Management in April 2025 covering the calendar year 2024 (the reporting year). For further information about this report and our approach to stewardship and sustainable investment, please contact:

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Our regulators

Van Lanschot Kempen Investment Management N.V. (VLK IM) is a limited liability company incorporated in the Netherlands with number FC032822 and licensed as a manager of various investment institutions under UCITS and AIFMD, and to provide investment services. As such, VLK IM is subject to supervision by the Netherlands Authority for the Financial Markets (AFM). Its registered office is at Beethovenstraat 300, 1077 WZ Amsterdam, The Netherlands, Tel: +31 (0)20 348 8000.

Van Lanschot Kempen Investment Management (UK) Limited is registered in England & Wales with registration number 02833264. Registered office at 20 Gracechurch Street, London EC3V 0BG, Tel: +44 (0)20 3636 9400. Authorised and regulated by the Financial Conduct Authority (FCA) with reference number 166063.

Our parent company **Van Lanschot Kempen N.V.** is a public limited liability company incorporated in the Netherlands with number 16038212, supervised by both the AFM and the Dutch central bank (DNB). Registered office at Hooge Steenweg 29, 5211 JN 's-Hertogenbosch, the Netherlands, Tel: +31 (0)20 354 45 90.

Report creation and review

This document is subject to the established procedures for creating regulatory submissions and marketing literature. The creation process is efficient with clear roles and responsibilities for everyone involved.

- Formal reviews are conducted in keeping with the established procedures and focus on overall content, alignment with stewardship and sustainable investment policies, and approval for distribution (or request to make changes before further review).
- Use of Artificial Intelligence: Generative AI tools have been developed by the company for employee use. Use of generative AI in this report is limited to operational efficiency, for example, reformatting text from prose to bullet points, and subsequently reviewed as described above.

SRD II disclosures

The Shareholders Rights Directive (EU) 2017/828 ("SRD II") includes a requirement for asset managers to disclose and make publicly available their policies on how they engage with the companies they invest in and how their strategies create long-term value.

Van Lanschot Kempen complies with SRD II, as set out in our **Stewardship & Engagement Policy**[20] and this **UK Stewardship Code report**. Van Lanschot Kempen either invests in funds and/or outsources the investment management to external asset managers. As a result, the firm uses its influence where appropriate. Van Lanschot Kempen believes that its adherence to the Stewardship & Engagement Policy and the UK Stewardship Code meets the objectives of the SRD II's Engagement Policy as they work towards a common goal.

[20] Available online at https://www.vanlanschotkempen.com/en-nl/investment-management/sustainability-approach/sustainable-investment-policies-and-publications

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