

# Portfolio News

## Accelerating sustainability in credit: aligning with the Paris climate goals

### Kempen Euro Sustainable Credit strategy

From 1 July, the Kempen (Lux) Euro Sustainable Credit Fund will adopt the iBoxx EUR Corporates Net Zero 2050 Paris-Aligned ESG Index. This is more than a benchmark change. It is a strategic move that strengthens our commitment to climate action, while preserving the core of our investment philosophy.

### Strategic benchmark change

We believe sustainable investing in credit markets must go beyond exclusions and labels. It should be forward-looking, data-driven and aligned with global goals. This change helps us do exactly that.

### Why we are switching benchmarks?

The new benchmark, known as the Paris-Aligned Benchmark (PAB), is designed to support the goals of the Paris Agreement. It starts with 50% lower carbon intensity than the broad market index and reduces emissions by 7% each year. It also includes a higher allocation to green bonds and a stronger ESG risk profile.

This is not a cosmetic change. It reflects our belief that climate risk is investment risk. By aligning with the PAB, we are positioning the fund to better manage long-term risks and capture opportunities in the transition to a low-carbon economy.

The portfolio impact is modest, around 5%\* of holdings changing. This underlines that the new benchmark is already closely aligned with our current sustainable positioning, making the transition both smooth and meaningful. This is a natural next step in our journey as a leader in sustainable credit.

### What stays the same?

While the benchmark is evolving, our investment approach remains consistent. We continue to apply our alpha-by-control strategy, combining rigorous credit analysis with deep sustainability integration.

The fund already excluded many of the business activities now formally removed under the PAB guidelines. These include fossil fuels, controversial weapons, tobacco and companies with poor social or environmental practices. As a result, the transition to the new benchmark is smooth and aligned with our existing philosophy.

### A smarter way to assess ESG risk

To support our investment decisions, we developed our own proprietary Sustainability Risk Score. This tool combines external ESG data with our in-house analysis to create a forward-looking view of sustainability risks.

We do not rely solely on backward-looking ratings. Instead, we adjust external data with our own insights to assess how companies are likely to perform in the future. This helps us determine the right risk premium and identify both risks and opportunities that may not yet be priced in.

We place particular emphasis on carbon emissions and corporate governance. Our scoring framework evaluates company targets, management incentives and progress over time. It is used consistently across our investment teams, ensuring a disciplined and integrated approach.

### Biodiversity: the next frontier

Climate is not the only environmental challenge we face. Biodiversity loss is rapidly becoming a material risk for investors. That is why we are exploring how to integrate biodiversity into our investment process.

\*Source: Van Lanschot Kempfen Investment Management 2025

We are developing key performance indicators (KPIs) to assess both the impact companies have on biodiversity and the risks they face from biodiversity loss. This includes identifying companies that contribute positively to nature preservation.

Although data is still evolving, we believe this is a crucial next step. Our clients are asking for it, and we are ready to lead.

## What this means for investors

This benchmark change enhances the fund's alignment with global climate goals, while preserving its core strengths. It strengthens our ability to support clients in meeting their own sustainability objectives, without compromising on financial performance.

We are not just reacting to regulation or market trends. We are actively shaping the future of sustainable credit investing. Our approach is grounded in research, driven by data and focused on outcomes.

Whether you are a fiduciary manager, institutional investor or consultant, this is an opportunity to align your credit exposure with the transition to a more sustainable economy.

## Ready to take the next step?

If you are looking for a credit strategy that combines robust financial discipline with genuine sustainability leadership, we invite you to learn more about the Kempen (Lux) Euro Sustainable Credit Fund.

Visit our fund library for detailed documentation, or contact our team to discuss how this strategy can support your investment goals.

**Let's take the next step towards a more resilient and sustainable future.**

### Portfolio News author



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### Credits: general risks to take into account when investing in Credit strategies

Investing in a credit strategy may be subject to interest rate securities risk, credit risk and bond market risk, which could negatively affect the performance. Under unusual market conditions the specific risks can increase significantly. Potential Investors should be aware that upgrades or downgrades of the issuing institution's credit rating may affect the value of the fixed-income security. The issuing institution may not be able to meet its interest and repayment liabilities, which may result in the strategy sustaining losses. The value of your investment may fluctuate, past performance is no guarantee for the future. Do not take unnecessary risks. Before you invest, it is important that you are aware of and are informed about the characteristics and risks of investing. This information can be found in the available documents of the strategy and/or in the agreements that are part of the service you choose or have chosen.

### Profile of the typical investor in Credit strategies

The strategy may be suitable as a core or supplemental investment for those:

- interested in a convenient way of gaining exposure to international (below) investment grade corporate bond markets;
- seeking long-term growth of their investment (3-5 years or longer);

- who can bear the possibility of losses, especially in the short term; and
- who have experience with the risks and rewards investing in fixed income securities issued by corporates.

For more information about the sustainability features of the fund, please visit the Sustainability-Related Disclosures page at <https://www.vanlanschotkempen.com/en-nl/investment-management/fund-library>

Kempen (Lux) Euro Sustainable Credit Fund (the "Sub-Fund") is a sub-fund of Kempen International Funds SICAV (the "Fund"), domiciled in Luxembourg. This Fund is authorised in Luxembourg and is regulated by the Commission de Surveillance du Secteur Financier. Van Lanschot Kempen Investment Management NV (VLK Investment Management) is the management company of the Fund. VLK Investment Management is authorised as management company and regulated by the Dutch Authority for the Financial Markets (AFM). The Sub-Fund is registered with the Dutch Authority for the Financial Markets (AFM) under the license of the Fund. The information in this document provides insufficient information for an investment decision. Please read the Key Investor Document (available in Dutch, English and several other languages, see website) and the prospectus (available in English). These documents of the Fund are available at the registered office of the Fund located at 60, avenue J.F. Kennedy, L-1855, Luxembourg and on the website of VLK Investment Management ([www.kempen.com/en/asset-management](http://www.kempen.com/en/asset-management)). The information on the website is (partly) available in Dutch and English. The Sub-Fund is registered for offering in a limited number of countries. The countries where the Sub-Fund is registered can be found on the website.

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