



VAN LANSCHOT
KEMPEN

Stewardship and Sustainable Investment Report 2022

Navigating through transitions



Navigating through transitions

While the summer of 2022 was the hottest ever recorded in Europe, the whole of 2022 will go into the history books as the second warmest year ever recorded on our continent. Forest fires, floods, heat waves... worldwide, we are being confronted with the facts: climate change is threatening the viability of our planet. In order to survive, we will soon have to be producing and consuming differently.

As a socially engaged wealth manager, we have the ability and the desire to contribute to the transition to a more sustainable economy. How our clients' assets are invested is critically important in this regard. We see it as our primary mission to help our clients navigate through the inevitable transitions of our time, including allocating capital to companies that are part of the transition, and recognising the winners and losers of the future in a timely manner.

Transitions: now is the time

We live in a world where climate change is only one of several crises that are crying out for attention. Russia's attack on Ukraine and the brutal war that ensued is gripping Europe. With the energy crisis that manifested itself in full at the same time as the start of hostilities, it can appear as if achieving our climate goals is the last thing on our minds. Nothing could be further from the truth for Europe. As we speak, in the medium term, the transition to more renewable energy will increase energy security and potentially achieve better stability in energy prices.

In our view the energy transition is not the only change needed to restore the viability of our planet. The depletion of natural resources and the growing global population

also require a food transition. At the same time climate change and the loss of biodiversity also stress the need for a materials transition - leading to a different way of producing and consuming.

Contribution to sustainable growth and impact

In 2022, our main focus was on the energy transition. In this report, we detail the goals we have set for this and the tools we are using to achieve them. In 2023 we will focus both on the energy and food transition, including further fleshing out our biodiversity policy. Together with our private and institutional clients, we will be paying close attention in the coming period to developing new solutions with a positive and very tangible impact.

Front and centre is how we carefully nurture our clients' assets. At the same time, we can contribute to ensuring that these assets grow in a sustainable way and thus realise positive impact and returns over the longer term. Being close to our clients means that it is easier to understand their sustainability ambitions even better. This applies to the companies and organisations we invest in as well: we enter into active dialogue with them. This is how we are designing and developing successful solutions in an entrepreneurially sustainable way.

We are delighted to be presenting this year's Van Lanschot Kempen Sustainable Investment Report, with the overview of what we have achieved in 2022 in terms of sustainable themes and activities. This year we are reporting on developments for both our institutional, semi-institutional and private clients. We hope you enjoy reading this report.



Maarten Edixhoven
Chair of the Management Board
Van Lanschot Kempen NV



Lars Dijkstra
Chief Sustainability Officer
Van Lanschot Kempen

About Van Lanschot Kempen

Van Lanschot Kempen is the oldest independent financial institution in the Netherlands. Founded in 1737 in 's-Hertogenbosch, Van Lanschot Kempen has brought several entities together over time. Our ability to continuously adapt to the changing needs of our clients is what allows us to succeed, now and in the future.

Wealth is not just about financial resources; it encompasses everything that is valuable in life. It's about safeguarding our clients' heritage for generations to come – or starting to build that heritage. It's about pursuing growth or handing over a business that has been built over the years. It's about seizing opportunities and creating peace of mind. In short: it's about security, dreams, ambitions, wishes and decisions – and all of these are specific to each individual.

At Van Lanschot Kempen, we're driven to understand the complete picture for our clients. We use our collective expertise and talents to present them with fitting solutions and products in support of their long-term goals.

Our purpose – to preserve and create wealth for our clients and for society in a sustainable way – informs everything we do. Our shared values (personal, specialised, entrepreneurial and decisive) provide a compass to help us achieve our purpose. They define how we work together, what our clients and other stakeholders can expect from us, and what we expect from each other.

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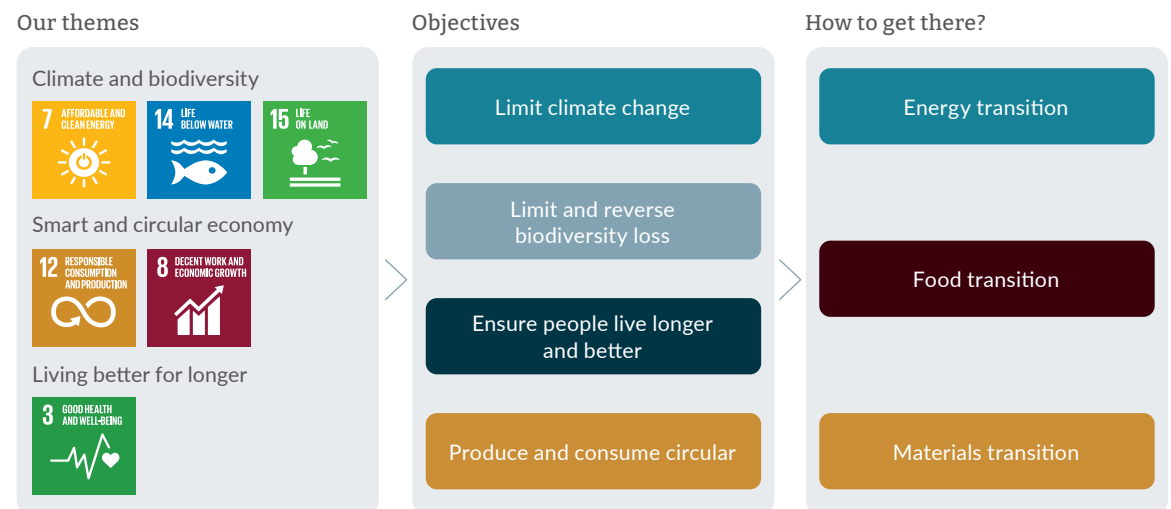
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1 Sustainable Investment at Van Lanschot Kempen

Themes and transitions

As a society, we need to find a more sustainable equilibrium between people, planet and prosperity. That's why at Van Lanschot Kempen, we aim to create value – not only financially but also for society and for the environment. Given the size of our assets under management, the biggest impact we make relates to how we invest our client's assets. We seek to act as stewards, by helping our clients allocate their capital to organisations and companies that are part of the transitions to a more sustainable economy, i.e. those who are at the forefront of more sustainable consumption patterns and business models.

In 2021, we defined three focus themes – climate change and biodiversity, living better for longer, and a smart and circular economy. In 2022, we recognised that these themes need to contribute to the three most important transitions of our age: energy, food and materials. These are the transitions that will have to mitigate the threat that is posed to our planet as a result of our production and consumption behaviours today. Please see our recent [white paper](#) (or [summary](#)) for a more detailed assessment.



Our sustainability story

Entrepreneurial people are decisive. From the founding of our company almost three centuries ago, we have been focused on solutions and possibilities. This mentality is essential for understanding and moving with the fundamental changes of our time, such as the energy and food transitions.

We help clients navigate through these transitions with our extensive in-house knowledge and expertise. We see sustainability as both a responsibility and as an opportunity for our clients and society to create positive impact and return over the long run.

To keep up the pace, we conduct proactive dialogue with our clients and the companies in which we invest on their behalf. Together, we set sustainable goals and work tirelessly to reach them - for us, and for future generations.

This requires active engagement, attention, creative thinking, decisiveness, all while developing active, strong and long-term relationships with our clients. Our employees take responsibility and use their specialist knowledge to co-create new products and innovative solutions.

We show initiative and decisiveness in rapidly changing times, to understand markets and social developments, and to capitalise on opportunities so that we are able to protect and grow the capital our clients have entrusted to us, in a sustainable way. We are entrepreneurially sustainable.

Focus on climate change and biodiversity in 2022

In 2022 and earlier, we focused most of our efforts on climate change and the energy transition. We have tightened our exclusion criteria and took a deep dive into the sustainability risks of the companies we invest in by putting into practice our proprietary Sustainability Risk Score. We also directed most of our engagement and voting efforts towards climate related issues, to be able to reach our annual carbon footprint reduction target of -7% for both our core strategies and our own organisation's balance sheet.

Of course, we cannot solve the climate crisis alone. In 2022 we co-drafted and signed a joint statement with six other Dutch asset managers, urging oil and gas companies to develop a decarbonisation strategy that supports short and medium-term targets aligned with the Paris Agreement to limit the global temperature increase to 1.5 °C and demonstrate how planned capital allocation will support that strategy.

Since the climate crisis is closely linked to the crisis of declining biodiversity, we also strengthened our biodiversity policy and the corresponding requirements for investments, engagements and external managers. This enables us to move forward quickly in 2023, developing new impactful solutions for our clients and executing focused stewardship activities.

Going forward, our intention is to make meaningful progress and impact on the food and materials transitions.

➤ **We want to help our clients navigate the transitions by allocation their capital to positive sustainability with positive financial returns. We therefore aim to move from the principle of 'Doing no harm', to the 'Doing good' principle, in order to become more impactful on the three above mentioned themes.**

Highlights 2022

Virtually all economic sectors and all companies are facing necessary and inevitable changes. This provides opportunities as well as genuine threats. At Van Lanschot Kempen, a major priority is helping our clients navigate through the transitions. What actions did we take?

We executed ambitious annual carbon footprint reduction targets for discretionary AuM (-7%).

We have also increased our climate related exclusion thresholds related to coal and tar sands.

73 engagement milestones have been achieved in 2022, across 106 engagements for change, foremost in environmental and governance areas.

2022 saw us engaging with 165 companies, amongst them: Alphabet, CEZ, Malaysia Airlines, Coats and Fujitec.

We have implemented SFDR level 2 for all our strategies well in advance of the regulatory deadline. Most of our strategies classify as Article 8 funds, with the exception of some less liquid strategies for which sustainability is hard to measure and control. We also offer two Article 9 funds.

We updated our biodiversity policy with a focus on the climate and food transitions and deforestation.

The Gift – about 100 colleagues went through a three-day programme activating sustainability leadership throughout Van Lanschot Kempen.

Van Lanschot Kempen is committed to becoming a net zero wealth manager by 2050, with a reduction of -50% by 2030.

In 2022, we defined our Green Bond Framework, to allow for the issuance of Green Bond instruments to finance and refinance green loans on Van Lanschot Kempen's balance sheet.

We develop and co-create sustainable impact solutions with our clients. In 2022 our Global Impact Pool and SDG Farmland Fund have seen further growth of their AuM through strong inflows from new and existing clients.

We have strengthened our Human and Labour Rights policy for more transparency and guidance. We are committed to respecting international human rights at all times and in all the different roles we fulfil.

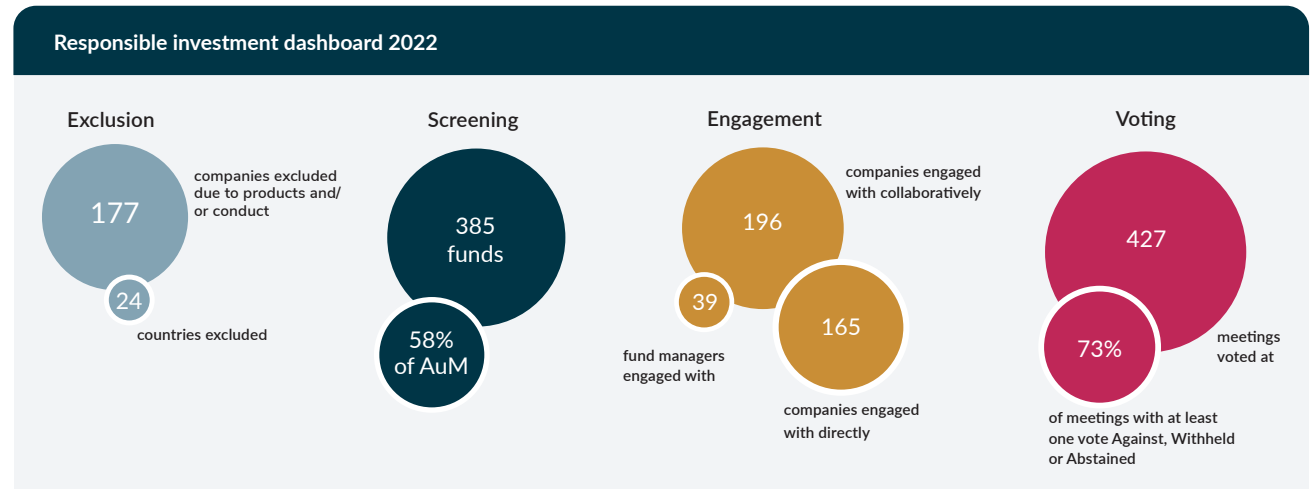
Our tools

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

 <p>Exclusion</p> <p>Not Investing in companies involved in controversial activities or conduct.</p>	 <p>ESG Integration</p> <p>Ensuring sustainability risks are adequately considered in our investment analysis and processes.</p>
 <p>Active ownership</p> <p>Using our influence through engagement and voting to improve corporate behaviour and specific ESG issues and achieve positive change.</p>	 <p>Positive Impact</p> <p>Investing with an objective to achieve positive real world outcomes and impact, such as contributing to the UN Sustainable Development Goals.</p>

Dashboard 2022

The dashboard below shows our activities in the areas of Exclusion, ESG Integration & Manager Screening and Active Ownership (Voting and Engagement) over 2022.



Source of all data in this report: Van Lanschot Kempen as of 31 December 2022, unless indicated otherwise

a. Exclusion

71 companies are currently on the exclusion list due to their involvement with controversial weapons or in very severe controversies. An additional 106 companies are excluded because of tobacco-related activities. In late 2022 the Sustainability Investment Council decided to streamline the exclusion and avoidance list policies, thereby reducing processes and complexities.

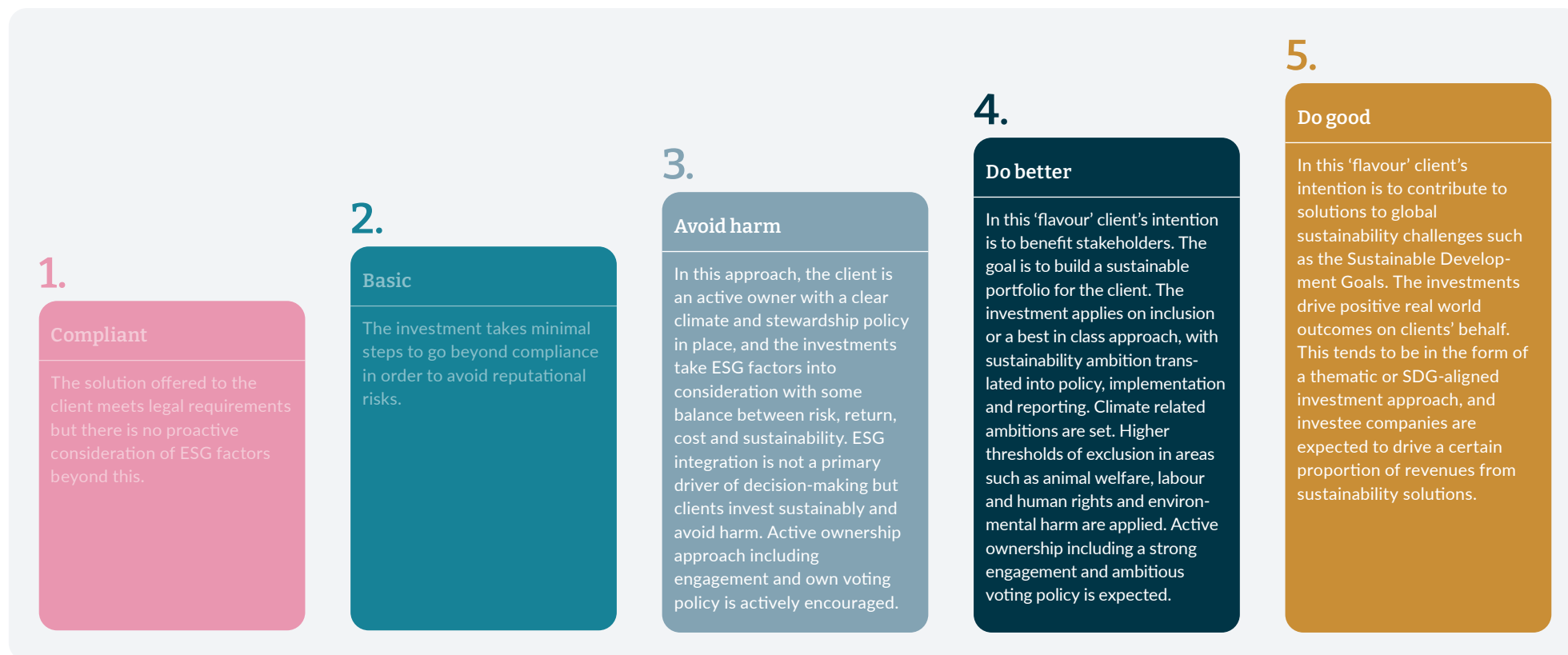
[Exclusion Policy](#)

[Exclusion list Q4 2022](#)

[Tobacco list Q4 2022](#)

[Government bond exclusion list Q4 2022](#)

The five flavours of the Sustainability Spectrum



b. ESG Integration - Screening

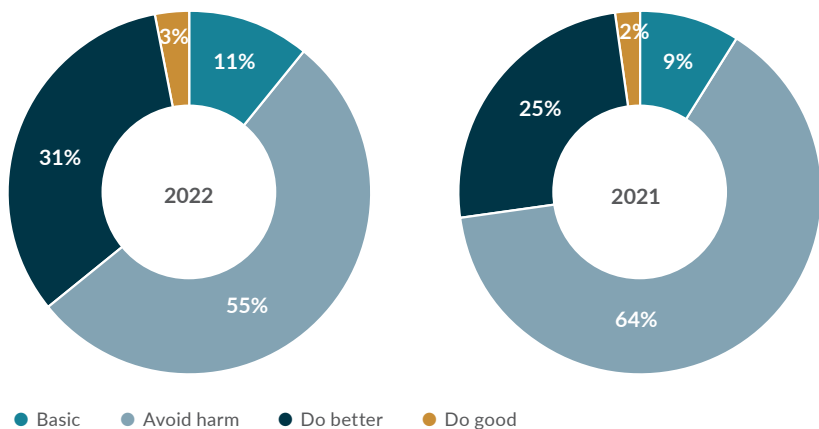
i. Manager scoring

We applied our Sustainability Spectrum scoring methodology to over 385 internally and externally managed funds, representing 58.4% of Van Lanschot Kempen's AUM. The Sustainability Spectrum methodology, as seen in the graph below, helps determine at what level of sustainability an investment solution stands. We do not offer flavour 1 and 2 proactively to our clients.

In 2022 we worked assiduously to ensure all parts of the group, from private equity to private banking, use the Sustainability Spectrum to score external managers or define client sustainability preferences. As part of this exercise the manager selection and monitoring team mapped the vast majority of the managers we work with, to define where their products are positioned on the Spectrum. The scoring methodology is reviewed and improved every year and subsequently made more ambitious. In 2022 we also worked on aligning it with the EU Sustainable Finance Disclosure Regulation.

The pie charts below show a breakdown of our external managers in listed asset classes by the five scores on the Sustainability Spectrum. Their Sustainability scores range from 'Basic' to 'Do Good'. We scored 385 listed funds by the end of 2022, which represent around 58.4% of our AuM. As a percentage of scored AuM, 11% of the funds scored Basic¹, 55% scored Avoid harm, 31% scored Do better and 3% of the AuM fell under managers scoring Do good on the Sustainability Spectrum.

Sustainability scores of external managers

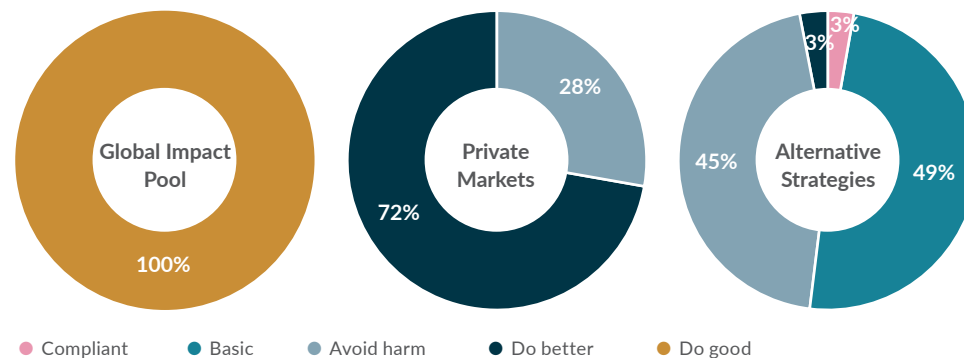


¹ In 2022 we have scored the LDI funds, which led on an increase of AUM scored 2 as these funds do not meet our minimum criteria for flavour 3.

ii. Scoring the funds of funds

In 2022, we continued to assess funds in private and alternative asset classes (our Kempen Pool solutions). Although the ESG scores are not completely aligned with the listed asset classes mentioned above, they do give a good indication about the sustainability approach in the underlying funds. In 2022, 91 funds have been assessed on ESG, of which 15 scored Basic; 28 scored Avoid harm; 38 scored Do better; and 10 scored Do good. As expected, the Global Impact Pool funds score mainly Do good, the Private markets funds scored mainly Avoid harm and Do better. The Alternative Strategies funds were assessed with scores of Basic and Avoid harm. This apparent disparity is not unexpected, it has historically been more challenging for alternatives to apply sustainability in a similar way to the listed funds. See the next page for more detail on how we engage with those managers.

Sustainability scores of Kempen Pool solutions



Scoring doesn't happen in isolation. In order to help fund of funds and external managers to improve their sustainability, we also engage with external managers including fixed income and equity managers, hedge funds, and private equity managers on their sustainability commitments and performance. In 2022 we proactively engaged with 80 managers which can be broken down to 39 listed external managers through our manager selection team, 31 private markets managers, all ten managers in in the Global Impact Pool, and ten managers for alternative strategies. Our expert Manager Research Solutions Team engages with external managers on compliance with our exclusion list, on alignment with our sustainability ambitions and those of our clients.

c. Active ownership: Engagement

Through our engagements we seek to encourage positive change at companies. In 2022, we engaged directly with 165 companies on environmental, social and governance themes.

Of these engagements, 106² were engagements for change carried out by our portfolio managers and responsible investment team. Over half of these engagements concerned environmental issues, followed closely by governance and a smaller number of engagements concerned social issues.

We also engaged with 87² companies for awareness on general sustainability issues.

Numbers of engagements 2022 per theme

	Engagements for awareness	Engagements for change
Environmental	47	56
Social	6	8
Governance	34	42
Total	87²	106²

› In collaboration with peers, we engaged with an additional 196 companies.

73 milestones achieved

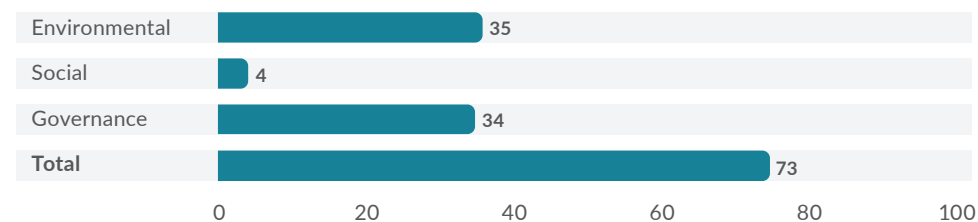
We measure the outcomes and results of our engagements with milestones, in a four-stage process. In 2022 we achieved 73 engagement milestones across 106 engagements for change.

² Companies can be engaged with on several themes at once and on both awareness and change issues, thus allowing for some overlap and a total number (106+87=193) that is higher than the 165 companies engaged with over 2022.

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.

Milestones achieved in 2022 in environmental, social and governance engagement



› Please see the section 'Investment Management Core Strategies' for an explanation of our milestone methodology and detailed information on our engagements and milestones achieved.

Engagement cases

Alphabet

E, S, G

Engagement on human rights – Milestone 3

Should YouTube simply broadcast everything its users upload, without oversight? Is a platform like Google allowed to publish anything? In 2022 we took another step in our engagement with Alphabet, the parent company of YouTube and Google, amongst others. Back in 2020, jointly with several other shareholders we co-filed a resolution asking for board oversight on human rights issues. The resolution received strong support, but was not adopted. However, the company did set up a board-level committee to monitor human rights issues. In 2022 we co-filed another resolution requesting an independent Human Rights Impact Assessment report to investigate whether the current policy is sufficient to prevent potential issues. This resolution did not receive a majority either, but the matter is now on the company's mind.



E, S, G

Engagement on Climate – Milestone 3

Flying cleaner, paying less? In 2021, we talked to Malaysia Airports about setting lower landing fees for cleaner aircrafts. The aim would be to help reduce the Scope III emissions: emissions from other associated companies. In 2022, we continued our engagement with this company through a meeting with the Malaysian aviation regulator. In late 2022, we were informed that the regulator would hold a consultation round with the country's four largest airlines. The outcome is expected in 2023.





E, S, G

Engagement on Climate – Milestone 4

Until recently, Czech CEZ fired the vast majority of their power plants on coal. Intensive engagement from investors and other stakeholders has resulted in CEZ now having climate targets in line with the Paris Agreement and transitioning to other energy sources. While we started discussions with CEZ 5 years ago, engagement gained momentum when we joined forces with other equity and bondholders within the investor initiative Climate Action 100+. Among other things, we have taken the company on board over the past few years to test their climate plans against the SBTi (Science Based Target initiative) model, to ensure that the targets are effective and meet 'Paris'. CEZ has since committed, among other things, to stop mining coal by 2033, five years earlier than required by the Czech government. Our engagement is now finished, but we continue to follow the company on its path to climate neutrality.



FUJITEC

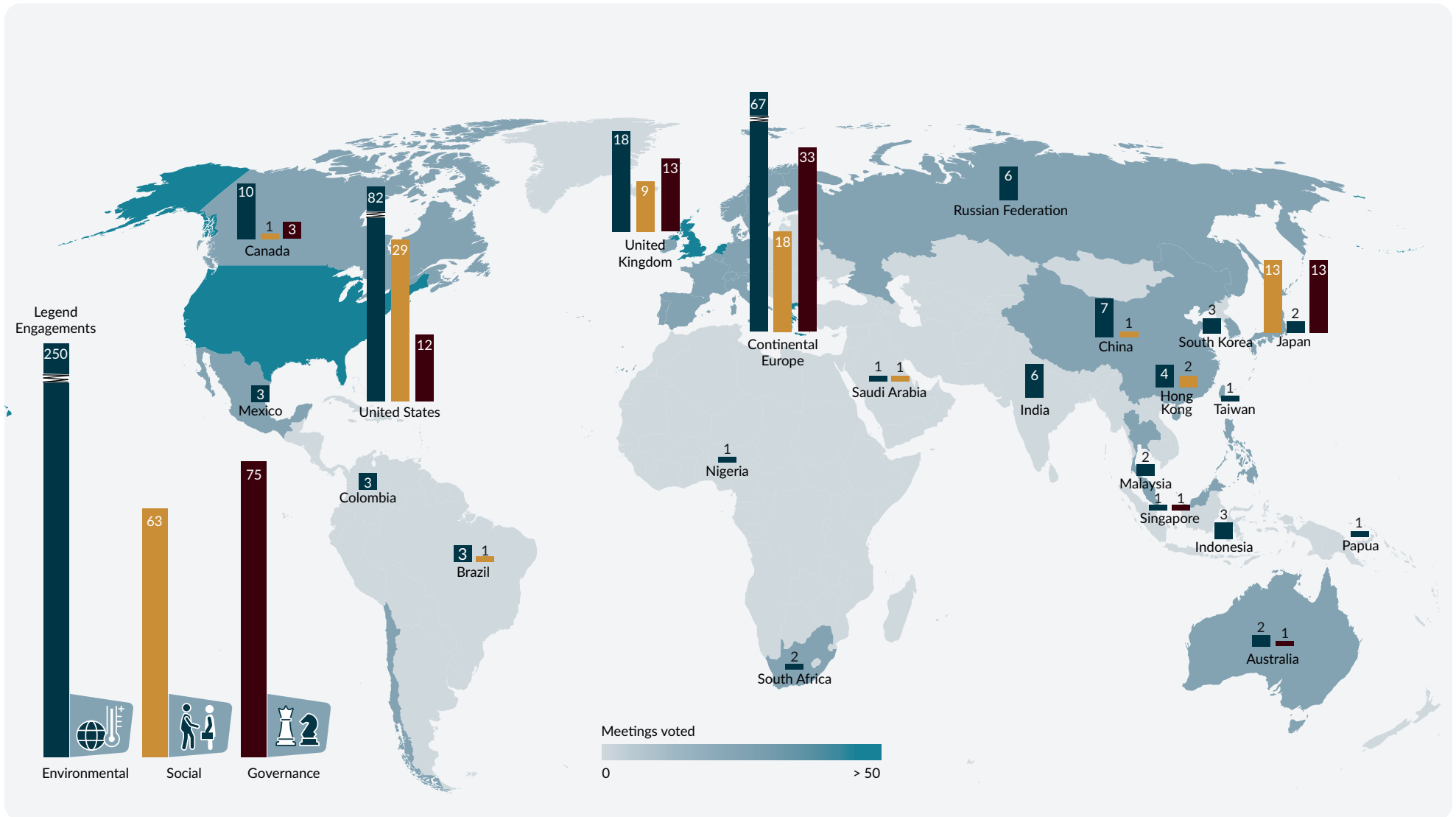
E, S, G

Engagement on Governance – Milestone 3

Fujitec is a Japanese company that designs and manufactures elevators, escalators etc. Twice in 2022, we took the unusual step of publicly expressing our concerns about the corporate governance policies of Fujitec. This step followed several years of one-on-one engagement with the company. In January 2022, in an open letter to Fujitec, we expressed our disappointment at the lack of corporate governance improvements in the company's mid-term plan. Fujitec subsequently published an improved plan in March 2022, but in May an investigation by another investor revealed evidence of financial and governance mismanagement, upon which we decided to vote against the reappointment of the board at the general shareholders' meeting in June. We again stated this intension publicly. We now look forward to the special meeting of shareholders to be held later this year at the request of a major shareholder. There, we will vote on a new independent board. We will therefore continue our engagement with Fujitec in 2023.



Voting and Engagement Map 2022



d. Active ownership: Voting

Voting at shareholder meetings of investee companies is a key tool in stewardship and active ownership. Throughout 2022 we voted at 427 company meetings, with 15% of our votes cast against management. We typically vote against management when we have concerns about board nominees due to their age, tenure, diversity or if we have concerns about the executive remuneration. We tend to abstain to give the management time to resolve an issue, but on the provision that we will vote against management in the future if no changes are implemented. Our criteria can be found in our [full voting policy](#).

Our voting in 2022

Number of meetings voted	427
Number of meetings with at least 1 vote against, withhold or abstain	325
Number of votes against management	942*

* This amounts to 15% of total votes cast

Putting pressure on oil majors

We voted on climate-related resolutions at the shareholder meetings of the six oil majors we hold shares in: Repsol SA, Equinor ASA, Phillips66, BP Plc, Shell Plc, and TotalEnergies SE. The shareholder resolutions put pressure on the companies to improve or define net zero targets. We supported the 'FollowThis' proposals to request that Shell, BP, Equinor and Phillips66 set short and medium-term targets, fully in accordance with Paris-aligned pathways and committed to absolute emissions reductions.

We also voted against the climate transition plan and remuneration plan from TotalEnergies' CEO – and against the re-election of five board members because the company has been reluctant to put the shareholder proposal calling for a Paris-aligned transition plan on their annual general meetings' agenda.



➤ Please see the section 'Investment Management Core Strategies' for more detail on how we voted at shareholder meetings in 2022.

Impact investing

Many of our most innovative investment solutions arise from close collaborations with our clients. Investors are increasingly looking for portfolio solutions with a sustainability policy or overlay, but we see more and more demand for explicit impact investing too.

Arguably it is in private markets where investors can have the greatest influence over how their invested capital makes a difference in sustainability terms. We have seen this for many years, that clients are increasingly allocating substantial amounts to longer-term, impact-focused projects, often related directly to their own sustainability priorities. With biodiversity high on the international agenda, with Taskforce on Nature-related Financial Disclosures (TNFD) and other disclosure regulations on the horizon, these investments have the potential to make a tangible difference over the long term.

Real world impact on climate change and more sustainable land and food chains

From an investment perspective, our Global Impact Pool is now in its maturing phase, following a period of building up capital after launch in 2018. This structure is a pool of managers with specific aims to contribute to alleviating climate change (for example by investing in renewable energy) and contribute to a more sustainable food chain (for example by extending loans to local farmers in emerging countries to make the production more efficient and more sustainable).

Similarly, our SDG Farmland Strategy has a clear focus on investments in sustainable agricultural land worldwide, and to make regenerative farming an important priority, through unique partnerships with local experts. Regenerative farming techniques allow for plants to store carbon in the soil and for biodiversity to thrive above and below the ground. In 2022 Van Lanschot Kempen for example purchased a vast territory in south-eastern Australia in a joint venture with the Clean Energy Finance Corporation and in cooperation with local farmers. The land was purchased from a Chinese mining company, thus securing the 'koala corridors' so that wildlife can roam freely in the area.

Developing new impact solutions in cooperation with clients

For some time we have been in active development of several new investment vehicles where there is either a lack of investment opportunity, or where our clients wish to go even further in their sustainability ambitions. In each case, the process starts with working

with clients on their sustainable investment beliefs and incorporating these into their own policy documents. From there, conversations evolve towards a bespoke portfolio, or a pool of managers such as those described above. The ideal structure is partnership with local experts, in a joint venture style investment for the long term.

We are currently looking at a range of options with clients who want to do more with their existing portfolio as well as with new capital allocations. The climate emergency is still high on agendas but the turbulent months of 2022 have highlighted the interconnected nature of social impact, climate and the environment around us. These are likely to be reflected in the forthcoming solutions.

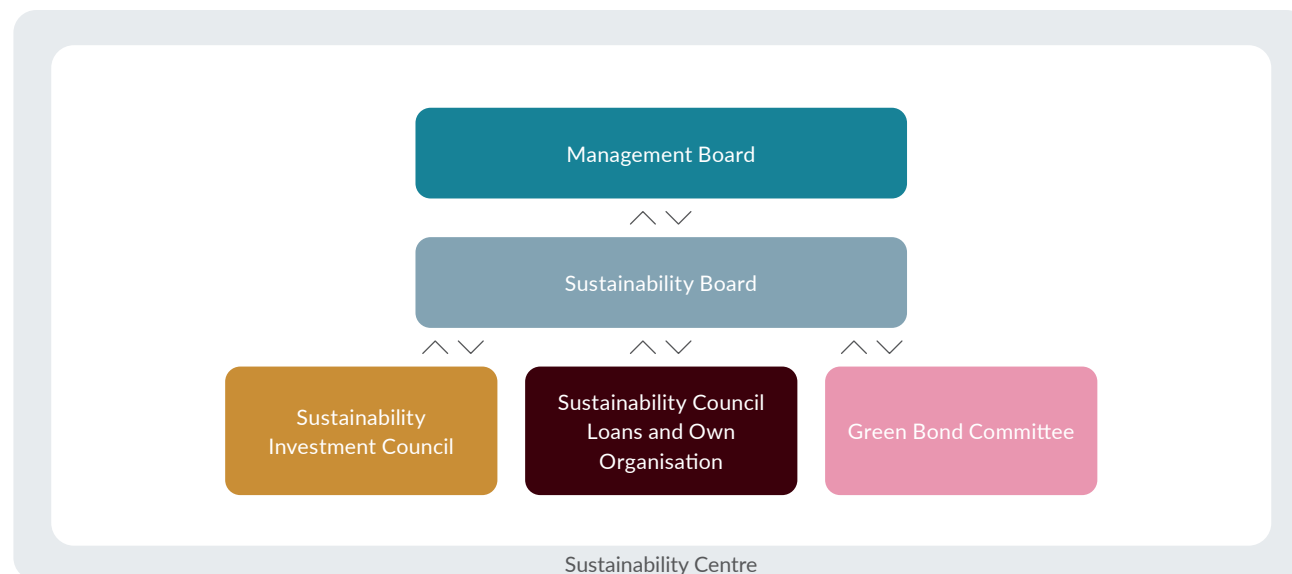


Sustainability Governance at Van Lanschot Kempen

To deliver on our sustainability ambitions, over the last two years we have been steadily expanding and revising our sustainability governance structure. By way of fully embedding and integrating sustainability throughout our organisation we created the Sustainability Board, chaired by the Chair of the Management Board. We created three sub-committees: the Sustainability Investment Council, the Sustainability Council Loans and Own Organisation and the Green Bond Committee.

To take efficient advantage of our inhouse knowledge and experience with sustainability matters we set up our Sustainability Centre, while more direct sustainability expertise resides within the business. Portfolio managers exercise their voting rights and are leading direct company engagements on sustainability issues. The various committees and departments involved in sustainability, are briefly summarised here.

Sustainability Governance



- Management Board
- Sustainability Board
- Sustainability Investment Council
- Sustainability Council Loans and own Organisation
- Green Bond Committee
- Sustainability Centre

- Responsible for overall sustainability strategy
- Responsible for developing implementing and embedding our sustainability goals
- Drafting and implementing the sustainable investment policies
- Drafting and implementing the sustainability strategy for the balance sheet and own organisation
- Keeping our Green Bond framework in accordance with leading standards, pre- and post-issuance reporting
- Group-wide competence centre with regards to sustainability. Headed by Chief Sustainability Officer reporting directly to the Chair of the Management Board

Looking ahead

In the months to come, we will be focusing on several key areas in order to drive progress on the transitions and our goal of investing more sustainably. We will continue with the implementation of our Climate strategy and action plan – focusing on active ownership and investing in companies that are on their way in the climate and energy transition. We urge companies to lean in on the transition to a sustainable, affordable and secure energy system, in order to limit temperature rise to +1.5 °C.

With the aim of making our engagements more impactful and effective, we are examining our engagement strategy, for example by focusing on engagements on companies in greatest need of improvement in our view or companies where we have the biggest leverage.

We are also exploring how to put our strengthened biodiversity policy into practice and use the instruments of exclusion, ESG integration, engagement and impact to mitigate the risks to biodiversity loss. Biodiversity is being added as one of the selection criteria for our manager research and selection process, while our fiduciary clients will be able to add biodiversity as their sustainable focus theme.

Another important topic is the development of more impactful sustainable strategies and implementing these strategies, while at the same time exploring how to enhance the positive impact of our existing strategies. An example is our work on improving our offering in non-listed real estate.

In addition, we are examining how to bring forward our goal of becoming a net zero investment manager, rather than working towards 2050 as in line with the Paris Agreement.

For our private clients we are offering the possibility to register sustainability preferences, in line with EU regulatory requirements. This will help us to better align our investment decisions with the needs of our clients, a project that also involves improving our client communications and provide them with more transparent information about the sustainability performance of strategies, investment solutions and companies.



2

Investment Management: Core Investment Strategies

Introduction and highlights

2022 saw further enhancements in our core investment strategies, in particular looking at how we integrate sustainability factors into our decision-making processes, and enhancing the sustainability profile of some of our flagship funds.

- **Proprietary Sustainability Risk Score**
Building on the work we've been doing in recent years, we rolled out the implementation of our proprietary sustainability scoring method across all funds, to enable us to combine external ESG data with our own assessment of the sustainability profile of the companies we invest in. Particularly on items such as carbon emissions and corporate governance, we believe it is critical to formulate and incorporate our own opinions, so that we have a fully rounded picture, and are not too reliant on a potentially limited data set.
- **Improved ESG data infrastructure**
In 2022 we made significant progress in centralising all our sustainability data from external and internal data. This not only helped the development of the Sustainability Risk Score but is also proving to be instrumental in reporting regulatory required data for SFDR to our clients. As an example, we can now calculate Principle Adverse Impact indicators for all our listed strategies and also provides the percentage of sustainable investments and more specifically EU Taxonomy aligned sustainable investments.

› Engagement

An advantage of developing our proprietary score means that we have aligned our engagement efforts along a consistent set of sustainability factors – this has allowed us to bring more focus and intentionality to our engagement efforts. In 2022, there was a clear focus on carbon intensity in our engagement activities and in our conversations with company management. Looking at each of our listed investment strategies, we engaged with the companies responsible for 50% of each portfolio's carbon emissions. In total we engaged with 165 companies and filed over 350 engagement notes in 2022.

› Staying ahead of regulatory requirements

A great deal of focus across the industry continues to be on implementing regulatory requirements. We implemented the SFDR level 2 requirements ahead of the 1 January 2023 deadline and this included a refinement in our ambitions: for each main investment strategy we aim to have an Article 8 fund which involves a degree of commitment to sustainable investments. In addition, our two Article 9 funds, the Global Impact Pool and SDG Farmland Fund, have a clear impact ambition and are fully invested in sustainable investments.

› Ratings, targets and labels

While our Climate Change Policy and net zero targets apply to all of our investment funds and strategies, our sustainable equity and credit funds go even further than this and apply stricter exclusion criteria, and have targets in keeping with the Climate Transition Benchmark or the Paris Aligned Benchmark. With increasing demands for transparency and proof from clients and stakeholders, we were delighted that our sustainable funds maintained their high sustainability ratings from external rating agencies, including Morningstar's

Sustainability Globes, and we increased the number of funds with the international sustainability labels Febelfin (Belgium) and ISR (France).

Looking ahead

Last year we deliberately took time to solidify the foundations on which our investment teams integrate sustainability at every step in their decision-making. In 2023, we are continuing to monitor and improve the companies we invest in using our Sustainability Risk Score and perform corresponding engagements, focusing on achieving tangible improvements using our milestone approach. As a firm, and along with our stakeholders, we acknowledge our contribution to the successful functioning of financial markets around the world. As we look at delivering strong investment performance, we continue to support our clients by providing transparency both in regulatory terms but also by helping them to navigate the three most significant transitions facing us - Energy, Food, Materials.



Sustainability Risk Score

ESG ratings or 'scores' form part of our evaluation of companies for investment in all of our core investment strategies. However, off-the-shelf ratings are far from perfect, as we cannot see what factors are taken into consideration and how the companies' forward-looking plans are measured.

In 2022, we rolled out our proprietary Sustainability Risk Score that combines these external ratings with our own views and expertise on the companies involved, making the scores more forward looking and reducing our dependence on external scores. This results in a consistent score for each company across our investment teams, as relevant for the credit team as it is for the equity strategies we manage.

How it works

The basis of our Score is compiled through risk ratings sourced from an external, independent data provider that measures an individual company's exposure to around 20 material ESG risks and also scores how well these risks are being managed. Our portfolio managers use the external scores and sub-scores on how well ESG-risks are managed as the default scores which they can adapt and override if they have a differing view on the company, based on their in-depth assessment. This opinion can originate, for example, from engagement with the company or proprietary research that indicates likely improvements or deteriorations in sustainability status that are not (yet) reflected in the default scores. The Sustainability Risk Score is made possible through our longstanding commitment to being active managers and selecting stocks bottom-up, with high levels of conviction.

Carbon emissions and corporate governance

In formulating our proprietary Sustainability Risk Score, our investment teams put extra focus on carbon emissions and corporate governance. Given the importance of these issues, we use a more extensive combination of external data for a refined custom scoring framework based on precisely defined sub-issues. The framework thus reflects the targets the company has set, the way the company manages these targets, and how management is incentivised to reach these targets. This helps us to track how the companies we invest in are meeting decarbonisation ambitions – this links directly [to our own net zero goals](#).

The benefits

- › The Sustainability Risk Score now incorporates our own knowledge on a particular company. We can correct the externally-provided ESG data, if necessary, applying our own expertise and views.
- › The score gives clients a consistent view of the measures we are using to set our own exclusion and engagement thresholds for the companies we invest in.
- › The possible outcomes of our engagements with companies can now be incorporated into sustainability scores more quickly. This way the scores reflect the current and future situation of companies, allowing for a more forward-looking score.
- › The resulting Sustainability Risk Scores are absolute and can be used as a comparison of risk between companies and across industries.
- › The scoring methodology reflects how sustainability is integrated in our investment processes.

How are our sustainable funds aligned to the Sustainable Development Goals?

For the third year in a row, we assessed the alignment to the UN Sustainable Development Goals - SDGs - of some of the Kempen sustainable funds relative to benchmark. This is based on an assessment of an external data provider. The three funds considered are the Global and European Sustainable Equity Funds and the Sustainable European Small-cap Fund.

Overall the aggregated alignment of our sustainable equity funds to SDG related themes increased sharply in 2022. We distinguish between alignment to 'natural' and 'social' themes. Natural themes connect to SDGs 7 and 13, for example, that concern climate and clean energy. Social themes concern for example good health, education and fighting poverty and connect to SDG 1, 3 and 4.

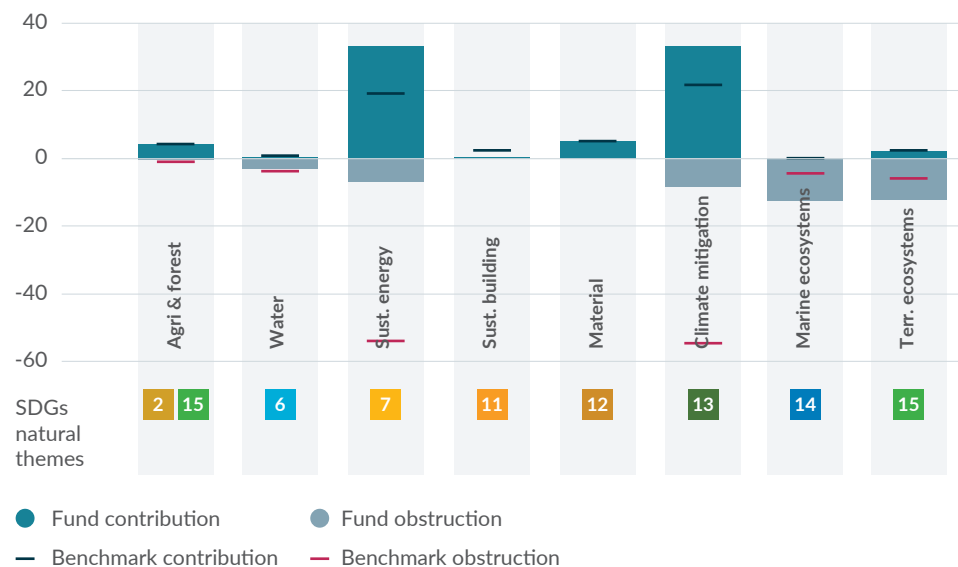
For this assessment we look at how the revenue from product and services of portfolio companies (in total and per million euros invested) supports the achievement of the SDGs. For example, organic and nutritious food would show positive alignment, while red meat or high sugar / salt content processed food would count as an obstruction.

Alignment to natural SDG themes

Of the aggregated AuM of the three funds – €731 million – €32.6 million was aligned to 'natural themes' in 2022. This compares to €7.3 million in 2021. If the €731 million had been invested in benchmarks similar to the funds instead, the natural capital alignment would be estimated at a negative -€49.1 million (2021: -€111.7 million).

As per every million euros invested in the three sustainable equity funds over 2022, the graph below shows a positive alignment of €33,260 with the natural themes of Sustainable Energy (connected to SDG 7) and €33,350 with Climate Mitigation (connected to SDG 13). The graph also shows obstruction towards some natural themes, sometimes the same themes as the funds contribute to Sustainable Energy (linked to SDG 7), Climate Mitigation (SDG 13), Marine ecosystems (link to SDG 14) and Terrestrial ecosystems (link to SDG 15). Some but not all of the impacts compare favourably with the benchmarks similar to these sustainable equity funds, as shown by the horizontal lines in the graph.

Alignment of our assets under management in our sustainable equity funds with natural themes (€1.000 per EURm invested)



Alignment to social SDG themes

If we look at the alignment to social themes, we see that our sustainable equity funds in aggregate (€731 million) made a net positive contribution of €37.4 million to seven social themes. If the €731 million had been invested in benchmarks similar to these sustainable equity funds instead, the social capital alignment would be estimated at €23.1 million.

As shown in the graph below, for every million euros invested in our sustainable equity funds over 2022, there was a positive alignment of €41,010 with Health (SDG 3) and €14,010 with basic needs such as no poverty, education, clean water and energy (a combination of SDG 1, 4, 6, 7). There was also one net negative impact, on Hunger (link to SDG 2).

Alignment of our assets under management in our sustainable equity funds with social themes (€1.000 per EURm invested)



Carbon intensity of our funds

To ensure the 7% annual carbon emission reduction in our portfolios, we use all the suite of responsible investing tools: tightening exclusion rules, reflecting carbon metrics in the Sustainability Risk Score, as well as voting and engagement. The investment teams have engaged with the most carbon intense companies following the WACI (weighted average carbon intensity) metric, accounting in aggregate for at least 50% of the respective portfolio.

The table below shows the aggregated emissions broken down for all internally-managed Van Lanschot Kempen funds over 2021 (numbers for 2022 not available at the time of calculation, as carbon data generally has a slight delay). Overall, the figures show that our Van Lanschot Kempen funds are less carbon intensive than similar benchmarks, indicating that the companies in the portfolios have a relatively lower carbon intensity compared to their industry peers. In line with the goals of the Paris Agreement, a lower carbon intensity – besides an absolute carbon level – is required. We encourage companies in their journey towards a lower carbon economy via our active ownership approach.

Compared to last year the two carbon metrics of most funds decreased, especially for the WACI, the weighted average carbon intensity. This is in line with our climate policy, as the WACI is our leading metric.

Carbon footprint breakdown for all listed Kempen Funds

	Carbon emissions (tCO ₂ e) per EURm invested	Carbon emissions (tCO ₂ e) per EURm invested compared to similar benchmark	Weighted average carbon intensity (tCO ₂ e) EURm Revenues)	Carbon intensity compared to similar benchmark
Kempen (Lux) Euro Credit Fund	48	Lower	118	Lower
Kempen (Lux) Euro Sustainable Credit Fund	43	Lower	103	Lower
Kempen (Lux) Euro High Yield Fund	176	Lower	215	Lower
Kempen European High Dividend Fund	103	Lower	193	Lower
Kempen (Lux) European High Dividend Fund	106	Lower	196	Lower
Kempen Global High Dividend Fund	110	Lower	291	Lower
Kempen (Lux) Global High Dividend Fund	111	Lower	293	Lower
Kempen Sustainable Global High Dividend Fund	50	Lower	85	Lower
Kempen (Lux) Global Small-cap Fund	55	Lower	129	Lower
Kempen (Lux) Sustainable European Small-cap Fund	54	Lower	99	Lower
Kempen Orange Fund	63	Lower	154	Lower
Kempen Oranje Participaties	23	Lower	39	Lower
Kempen (Lux) European Sustainable Equity	13	Lower	49	Lower
Kempen (Lux) Global Sustainable Equity	8	Lower	40	Lower
Kempen (Lux) Global Property Fund	9	Lower	134	Lower
Kempen Global Property Fund	9	Lower	135	Lower
Kempen (Lux) European Property Fund	3	Lower	64	Lower
Kempen (Lux) Global Listed Infrastructure Fund	171	Lower	1.194	Lower

➤ The table contains preliminary portfolio data from end of 2021 based upon ISS ESG data that can be compared to carbon data for benchmarks that are relatively similar to the funds. The numbers may differ from the data disclosed under SFRDR Annex IV covering 2022, that originate from MSCI datapoints. We refer to annex IV as published on the document section of the fund information on our website for the 2022 figures, based on MSCI datapoints.

Engagement

a. Our approach to engagement

Through our engagements, we seek to encourage positive change at companies. We engage on a broad range of strategic, financial, corporate governance, environmental and social aspects 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; and
- Encourage companies to adopt corporate governance best practices.

We differentiate between:

- › Engagement for awareness: Aim to raise awareness about a certain issue among our investee companies or to get more information on a particular company
- › Engagement for change: Have concrete objectives with specific timelines set in advance specifying what we would like to achieve. Progress of these engagements is measured via milestones achieved in a 4-stage process
- › Public policy and collaborative engagements: Aim to improve the overall landscape of (financial) markets and general level of Sustainability performance in particular sectors, markets and geographies

b. Engagement in 2022

In 2022, we engaged directly with 165 companies on environmental, social and governance themes through our core strategies. Similar to last year, this again represents nearly 50% of our equity holdings in terms of number of investee companies.

Of these engagements, 106 were engagements for change carried out by our portfolio managers and responsible investment team. These were mainly focused on environmental (56 engagements) and governance issues (42).

We also engaged with 87 companies for awareness on general sustainability issues, for a large part on governance and often around their AGM agenda items.

Number of engagements 2022 per theme

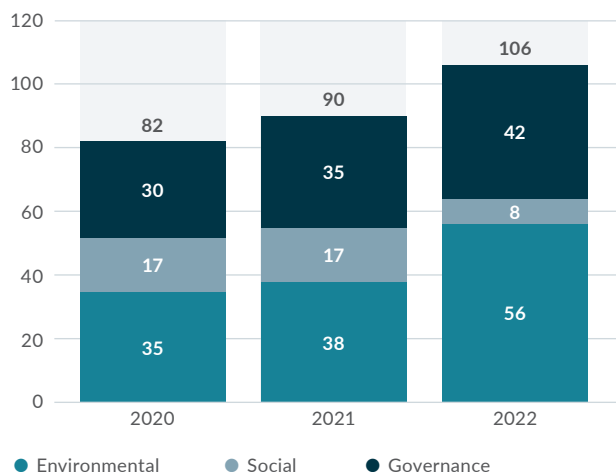
	Engagements for awareness	Engagements for change
Environmental	47	56
Social	6	8
Governance	34	42
Total	87 ³	106 ³

- › We also engaged with an additional 196 companies in collaboration with peers. Please see page 29 for more information on our collaborative engagements.

³ Companies can be engaged with on several themes at once and on both awareness and change issues, thus allowing for some overlap and a total number (106+87=193) that is higher than the 165 companies engaged over 2022.

Total number of engagements we performed increased again in 2022. This can be attributed to the focus of investment teams on proactive engagements for change on environmental issues.

Engagements for change per end of 2020, 2021 and 2022



Thematic breakdown of our engagement in 2022

Thematically, the total of 106 of our environmental, social and governance engagements for change can be further broken down into the following categories.

Environmental (56)

- Carbon emissions reduction
- Environmental impacts of products and services
- Waste reduction
- Resource use
- Integrating climate metrics in executive compensation
- Biodiversity

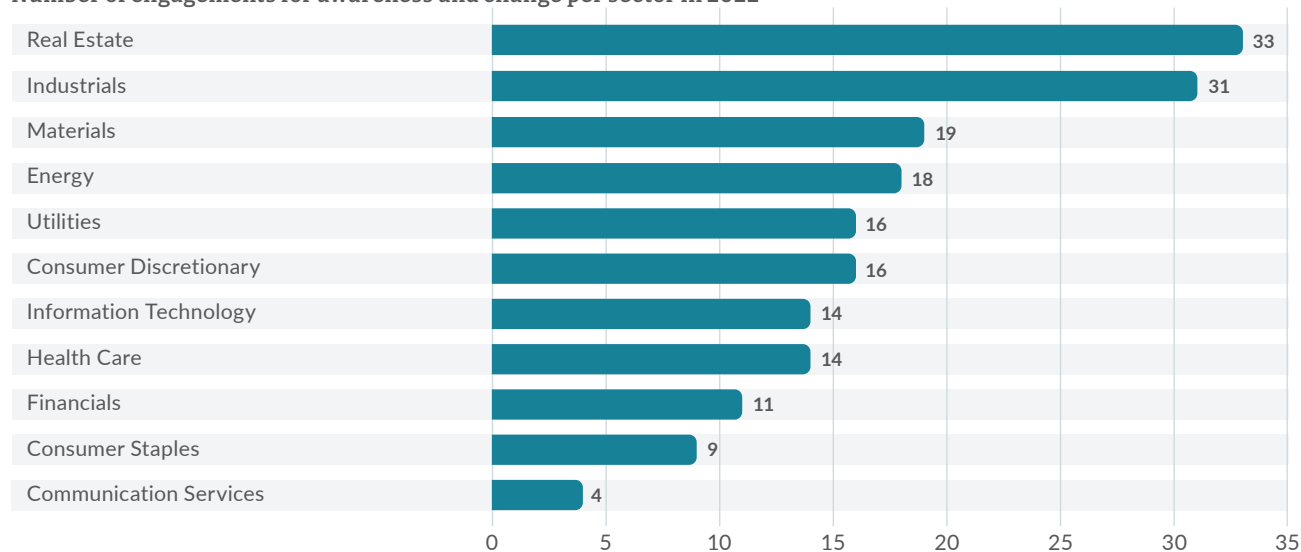
Social (8)

- Living wage
- Decent working conditions
- Product responsibility
- Community relations

Governance (42)

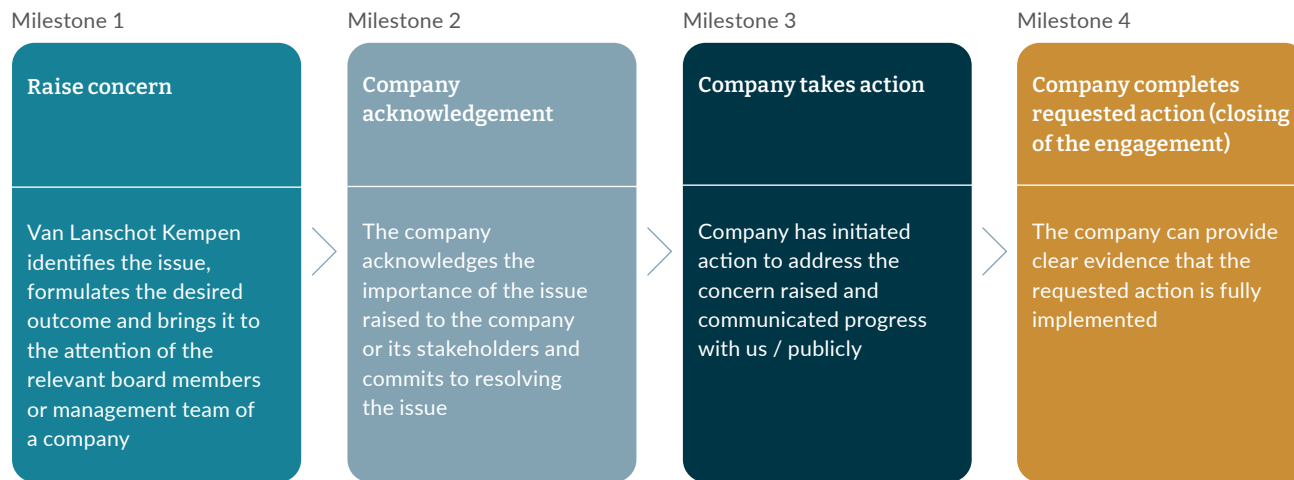
- Management quality
- Remuneration
- Ownership & Shareholder rights

Number of engagements for awareness and change per sector in 2022



c. Our milestone methodology

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



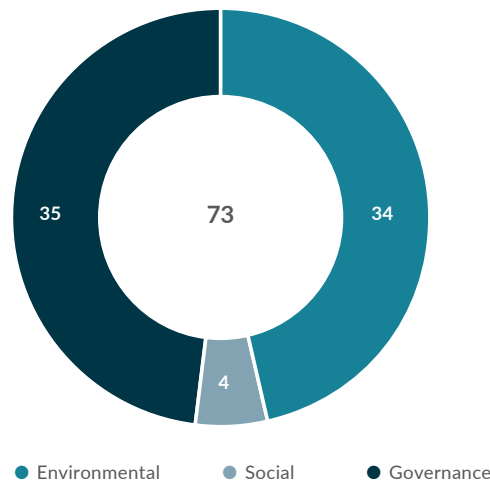
Engagement for Human Rights

We updated our Human Rights and Labour Rights policy in late 2022. Here we describe how we, in all of our roles, seek to respect international human rights and labour rights. This includes, but is not limited to, forbidding child labour, forced labour, human trafficking, discrimination as well as respecting freedom of association, equal remuneration, the right to collective bargaining and other rights. We also expect the parties with which we interact, whether it be in our role as an investor, lender purchaser, service provider or employer, to do the same. We do not invest in companies that face very severe allegations of human rights controversies unless we engage with the company to understand the allegations and work towards change.

d. Engagement milestones in 2022

In 2022, we achieved 73 Engagement Milestones across 106 engagements for change, foremost in the environmental and governance areas, highlighting the concrete results our engagement delivered during this year.

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



The table on the right shows how the total of 106 engagements for change are split across four milestones as of the end of 2022.

We engaged more frequently on environmental and governance issues than on social issues. Our commitment to engage with the highest emitters in all portfolios and our target to achieve a 7% annual emission reduction, and the goals of the Paris Agreement, drove our climate-related engagements. 19 engagements have reached milestone 4 this year, which means engagements were successfully completed.

Engagements milestones 2022

Current engagements are at	Milestone				Total
	1	2	3	4	
Environmental	17	19	13	7	56
Social	0	2	4	2	8
Governance	14	8	10	10	42
Total	31	29	27	19	106

e. Engagement milestones progress

Figure below shows how 'engagements for change' progressed across our four milestones in 2022. Around half of the engagements showed no progress during the year – some we only initiated recently, others because in some cases progress has stalled. Furthermore, some engagements take more time before company can

implement our request for change and the engagement can progress to the next milestone.

As the below table shows, 32 engagements reached one milestone in 2022, 7 progressed two milestones, and 9 reached a delta of three milestones, meaning they were initiated and successfully completed in 2022⁴.

Milestone progress in 2022

	Milestone delta (progress)				Total
	0	1	2	3	
Environmental	33	16	2	5	56
Social	5	3	0	0	8
Governance	20	13	5	4	42
Total	58	32	7	9	106

⁴ The number of 73 Milestones overall is calculated as follows: Milestone change 1 + Milestone change 2 (x2) + Milestone change 3 (x3). I.e: Milestone 1 = progressed 1 step in 2022. Milestone 2 = progressed 2 steps in 2022, counting as 2 milestones. Milestone 3 = progressed 3 steps in 2022, from 1 to 4, counting as 3 milestones.

f. Stronger together: collaborative engagements

By participating in collaborative engagement initiatives, we can increase the effectiveness and leverage of our engagement activities. When investors approach a company collectively, the pressure increases and so is the likelihood of success.

We initiate a collaborative engagement or join existing engagement initiatives, such as Climate Action 100+. We assess which collaborations fit best with our values and engagement targets on a case by case basis. In addition, we collaborate with other asset managers and asset owners with whom our engagement objectives are aligned. In 2022 we became a supporter of the newly launched PRI collaborative effort on social themes, called Advance.

An example of cooperation in a voting initiative would be FollowThis. We annually assess the proposals put forward by FollowThis and tend to vote in favour if meaningful proposals are put forward.

With the tangible effects and growing risks associated with climate change, we have prioritised engaging on climate related issues under 'E'. This covers additional emissions disclosures, emission mitigation efforts, or the development of cleaner technologies. We expect companies to be aligned with the Paris Agreement and set emission reduction targets.

In 2022, together with peers, we participated in collaborative engagements with 196 companies. We were an active member of several initiatives, most notably:

1. IIGCC Climate Action 100+ (leading the engagement effort with CEZ)
2. Platform Living Wage Financials (we were lead engager with Coats and Abercrombie & Fitch)
3. FAIRR
4. Access to Medicine Foundation
5. Investor Alliance on Human Rights

Our [Stewardship and Engagement Policy](#) is available online.

In terms of our involvement in industry initiatives, we are an active member of PRI and several of its working groups (Corporate Reporting Reference Group, SDG Advisory Committee, Hedge Fund Advisory Committee), the GIIN (Global Impact Investing Network), and the ICGN (International Corporate Governance Network). More locally, we are an active member of Dufas and Eumedion in the Netherlands and a signatory to the Dutch and UK Stewardship Codes.

Our main [memberships and collaborative engagements](#).

g. OECD RBC engagements

For an overview of our most significant 2022 engagements on themes covered by the OECD Responsible Business Conduct (RBC) guidelines, please click [here](#). It covers engagements on both actual and potential adverse impacts of business conduct and how these are mitigated.



Voting

Voting at shareholder meetings of investee companies is a key tool in stewardship and active ownership. Throughout 2022 we voted at 427 distinct company meetings, with 15% of our votes cast against management. We make use of ISS as a voting platform and votes are based on our [custom voting policy](#).

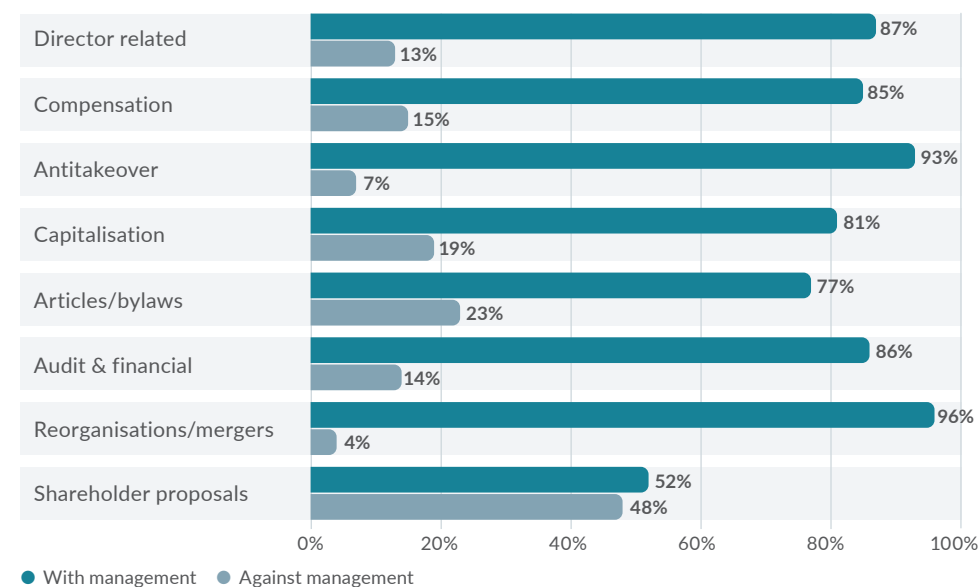
There were 325 meetings (73%) where we voted against at least one agenda item, or withheld/abstained on at least one point. We tend to abstain to give the management time to resolve an issue, but on the provision that we will vote against management in the future if no changes are implemented.

We voted against management in 91 out of the 191 shareholder proposals tabled at the general meetings. Of these 91, 32 related to corporate governance, three called for gender pay gap disclosure, two required independent chairperson, 14 focused on climate change and circularity, 29 on social proposals around labour and human rights, one on shareholder rights, and 10 related to political lobbying disclosure. Our full voting records are published in full [here](#).

Voting statistics

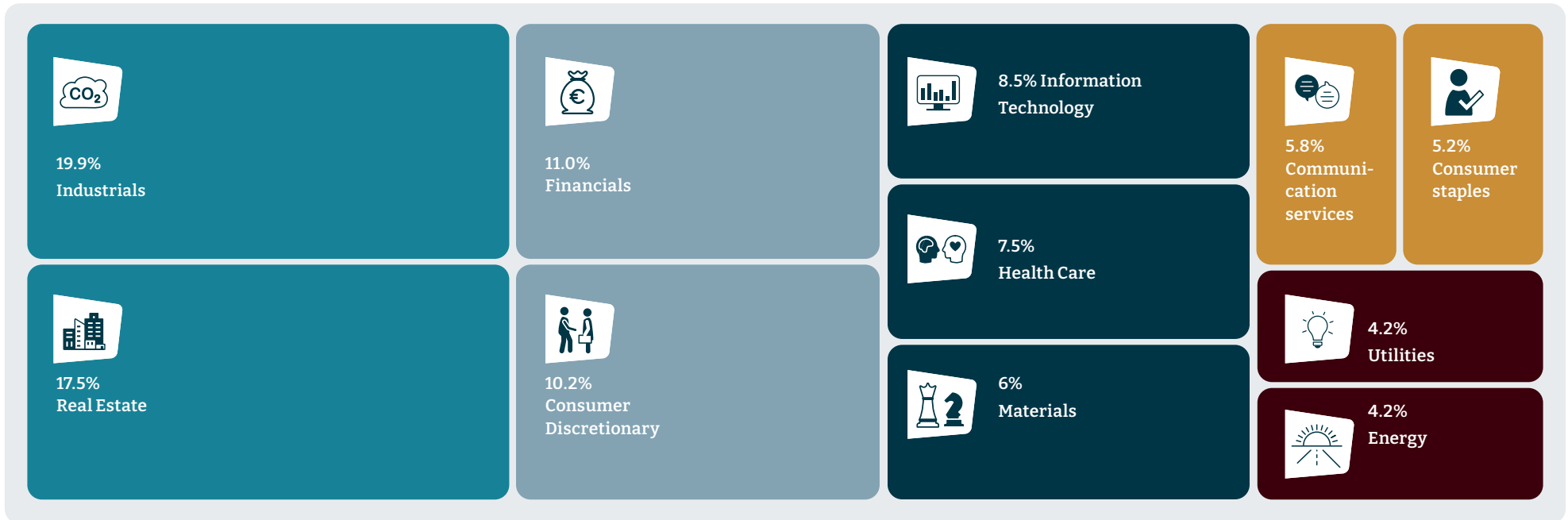
Category	2022		2021	
	Number	%	Number	%
Number of votable meetings	445		453	
Meetings voted	427	96	432	96
Meetings with at least 1 vote Against, Withhold or Abstain	325	73	299	66
Votes with Management	5,231	85	4,991	86
Votes against Management	942	15	788	14
Votes on Shareholder Proposals	191	3	102	2
Votes against management on shareholders proposals	91	20	56	1

Breakdown of votes with and against management



➤ An overview of our most significant votes of 2022 can be found [here](#).

Meetings by sector



* Source: <https://vds.issgovernance.com/vds/#/NzcyMA==/>

3

Investment Management: Fiduciary Management

Introduction

Against a backdrop of increasing regulations, societal change and the climate emergency, we see that our clients are making a difference through their sustainable investment policies. Many of our pension fund and insurance clients are aligning themselves more closely to the Paris Agreement and the UN SDGs, with the aim of bringing clarity and accountability to an increasingly complex area.

Customised indices

This year we have developed customised indices for the equity portfolios of several of our fiduciary clients, combining the best of highly rated external managers with explicit CO₂ reduction goals, if targeted by our clients. Clients use these indices to have more detailed control on how their exclusion criteria are met, as well as the investment themes and SDGs they are targeting.

Monitoring sustainability goals

Together with one of our clients, we developed an ESG Dashboard, which is now available for all our fiduciary clients. This brings clients greater insights into the performance of their portfolio's across a range of ESG specific KPIs following each client's sustainability goals.

Going forward, like climate in the past years, biodiversity will be an increasingly important topic for our clients. We can advise clients on the impact that biodiversity loss could have on their portfolio and examine what dependencies there are.

Country policy

In 2022 we have assisted our clients in formulating their preferences in investing in sovereign bonds. For example: clients can exclude sovereign bonds of certain countries involved in severe violations in E, S or G matters (or indeed more than one), such as human rights abuses, endemic corruption or materially derailing the global alignment to the Paris goals. On top of countries that are enshrined in sanctions list, clients often aim to identify countries that are not on those lists, but are still involved in controversies or violations. Investing in these countries could involve high risks.

Our fiduciary management team helps clients to translate their sustainable investment beliefs into clear objectives, to allow for tailoring the portfolio accordingly. We provide advice at every step of the process, from drafting the responsible investment policy to evaluating external managers to invest with.



Highlights 2022

Introduction of client portfolio ESG Dashboard.

Deepening research to advise clients on broader access to sustainable illiquid investment strategies.

Enhanced communication possibilities for clients: introduction of brief Sustainability Report, reflecting clients preferences and allowing clients to enhance information accessibility for pension fund participants.

Comprehensive client support in implementing sustainable legislation applicable to them.

Supported clients with advice on how to formulate their preferences in investing in sovereign bonds.

Introduced full range of customised indices for equity strategies developed and emerging markets and listed real estate for several of our pension fund clients. Thus facilitating clients in controlling their portfolios against these indices.

We're proud of the improved ranking of Pensioenfond PostNL, of which we are the fiduciary manager, on the VBDO Benchmark Pension Funds. PF PostNL is now ranked 6 out of 50 (from 21 out of 50 in 2020), which makes it the highest ranked pension fund in the category of €10-30 billion in AuM, and the highest-scoring corporate pension fund in the Netherlands.

We advised clients on how to sharpen their sustainability goals, for example by setting KPIs for CO₂ reduction and biodiversity conservation.



ESG Dashboard

We see a lot of pension funds struggling with the translation of their responsible ambitions to full-fledged implementation and integration of sustainable Investing. An important aspect is the measurement of the portfolio's responsible performance against set targets. In 2022 we therefore introduced an ESG dashboard for one of our largest pension fund clients that provides at-a-glance views of how the pension fund scores on its various sustainability targets.

Why this dashboard?

- Easy and frequent monitoring of the portfolio, providing overview of ESG performance and all KPIs and scores
- Insights on weak spots of portfolio implementation and governance
- Transparency of ESG outcomes

What clients gain

- Greater monitoring gives more control in terms of guidance and progress in meeting ESG ambitions
- Incentive to take action and continuously focus on improvements
- Standardisation of ESG review

This unique tool allows for better monitoring of the implementation of the sustainability strategy and process, ensuring the pension fund meets its sustainability ambitions. It also shows the effects of active portfolio management: how changing only one allocation within the portfolio can

significantly reduce CO₂ emissions, SDG impact or alignment with the predefined policy of the fund. The ESG Dashboard has four subsections – Governance, Policy, Implementation and Accountability – with a maximum of 10 goals.

These goals can have corresponding short-, mid- and long term KPIs. The dashboard can be customized and implemented for any other pension fund, depending on the required data. Van Lanschot Kempen provides the input for the dashboard.

ESG Dashboard



Advising on sustainability themes

Climate, decent working conditions and health & well-being are the main key themes our clients use to shape their sustainable investment ambitions. Within the chosen themes, they can then select different levels of ambition: is it enough not to cause significant damage to environmental or social objectives, or are you aiming to make a positive real world contribution with your investments?

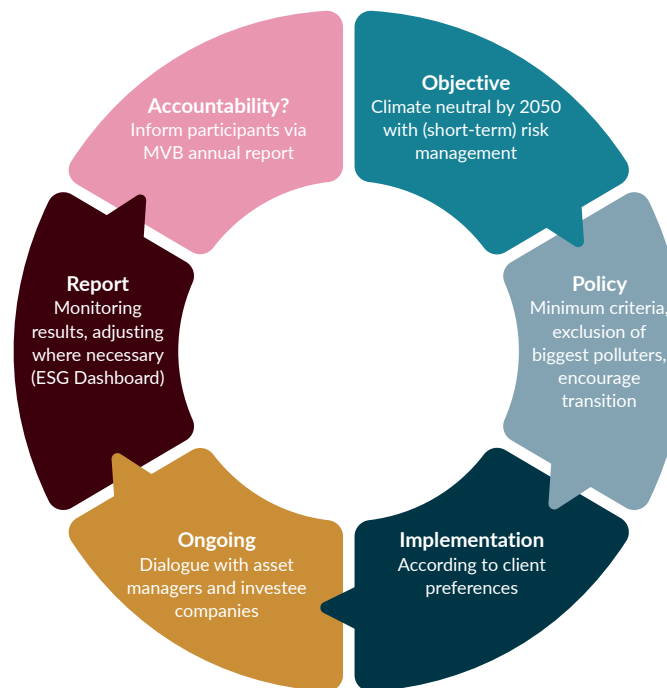
Choosing themes and setting objectives

Questions investors can ask themselves include: 'How far do my sustainability aspirations extend and what position do I want to adopt within my sector in this regard? Within which timeframe do I want to achieve my ambitions and which instruments are important for me to do so?' The choice of a (sub-)theme is often a reflection of the background of the participants, combined with the social role of the company or sector, the social relevance of the topic and the ESG risk that certain topics may pose.

We advise our clients on the selection and deepening of sustainable themes. Implementation and investment possibilities play an important role here. We offer advice for each ambition level, taking into account multiple client perspectives, such as administrative burden (board time for investment solution), SRI-policy, implementation options and accountability.

The graph shows how we go about the integration of a climate target into our advice process.

From objective to result



4

Private Banking

Introduction

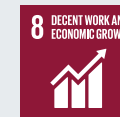
Wealth creation is not so much about today's world as the world of tomorrow. Our clients know they can have an impact on tomorrow's world via their investments, so we aim to earn not just a financial return but a social and sustainable return for them as well.

Our strategy is to guide our clients through the transitions and to meet our clients' sustainability needs in the best possible way. This is why in 2022, we took steps to align our investment solutions even more closely with the sustainability criteria of our clients. Van Lanschot Kempen has previously used client preferences as a basis for selecting a number of sustainability themes to focus on in our business operations and investment policy: **Climate and biodiversity**, **Smart & circular economy** and **Living better for longer**. Six of the United Nation's seventeen Sustainable Development Goals (SDGs) also relate to these themes.

Climate and biodiversity



Smart and circular economy



Living better for longer



Positive impact on (climate) themes

In 2022 we placed even greater emphasis on these themes when selecting our investment solutions. One example is the addition of a new sustainable emerging markets fund to this asset class. This fund has been developed especially for Van Lanschot Kempen private clients over the past few years and allocates a larger weight to companies that contribute positively to the themes of climate and living better for longer.

In 2022 we also took steps to align our active and sustainable management propositions more closely with the climate goals we have set ourselves, i.e. the Paris Agreement. This resulted in the carbon emissions from the equity funds in the Active proposition being 25% lower than those of the general equity market and the emissions in the Sustainable proposition being 74% lower than the general equity market.⁵

Moreover, in the Active proposition we started to select the equities of European and North American companies ourselves rather than invest in equity funds. This gives us better control over the sustainability characteristics of the equities held in our proposition.

As in previous years, the integration of ESG (Environmental, Social and Governance) factors and active ownership were again important components of the investment policies for all our investment solutions in 2022.

Further on in this report you will find more information on the adjustments made to individual investment propositions in 2022.

We help clients invest in ways that meet their needs and objectives. We offer a variety of investment propositions, carefully crafted by our selection specialists.

- › Sustainable proposition
- › Active proposition
- › Smart proposition
- › Index proposition

⁵ The percentages relate to the neutral profile in the 3rd quarter of 2022.



Highlights 2022

Country policy tightened

- We do not invest in countries that are subject to UN or EU sanctions relating to peace and security, human rights or compliance with international law, democracy and the rule of law;
- We only invest in countries that have signed up to the UN's Paris Agreement.

Call to accelerate the energy transition

Together with other investors, Van Lanschot Kempen has called on oil & gas companies to act more quickly to combat climate change.

Stricter exclusions in Smart proposition

All the Xtrackers sector trackers have been replaced with more sustainable Amundi sector trackers, which exclude companies from e.g. the tobacco, oil & gas and weapons sectors.

Funds with financial and social objectives added to the Sustainable investment proposition

- Addition of a sustainable emerging markets fund, set up especially for Van Lanschot Kempen clients. This fund distinguishes itself through its focus on SDGs and themes such as climate and healthy living;
- Addition of a new impact opportunities fund, that invests globally in the equities of companies that are expected to profit from the climate transition and solving social problems;
- Addition of Green Bonds and Social Bonds to the portfolios.

Lower emissions, a higher sustainability score

Sustainable proposition in more detail

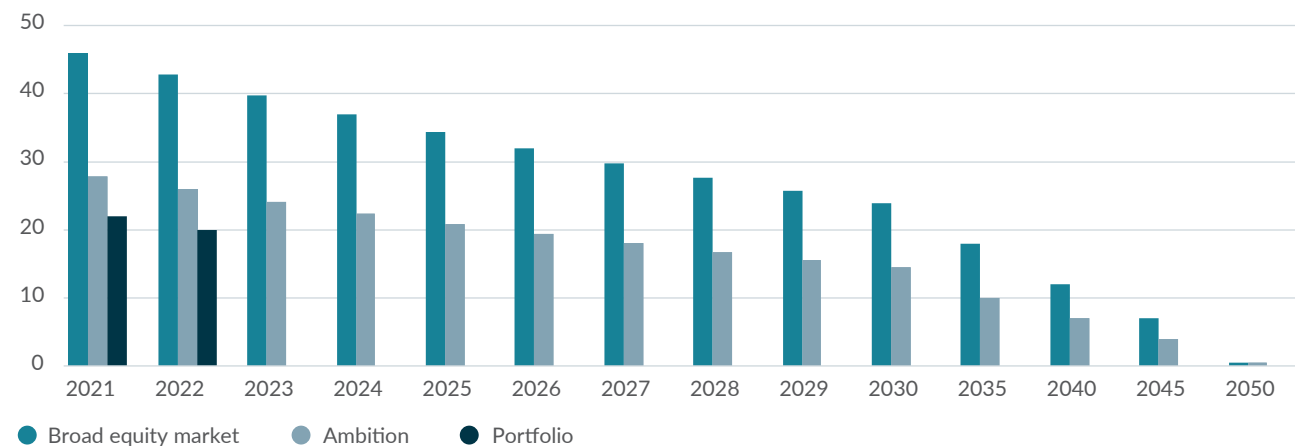
Features of the proposition that contribute to a more sustainable world.

- The equities included in our Sustainable proposition have a CO₂ emission that is 74% lower than the general equity market⁶.
- The selected companies lead the way on restricting carbon emissions, as can be seen in the graph below.
- 63 percent of the selected companies have a higher sustainability scores (MSCI ESG score) than a similar benchmark⁷.
- The companies we invest in have 20% more positive impact on the UN's Sustainable Development Goals (SDGs) than average. We focus mainly on the themes of Climate, Circular economy and Living better for longer. Companies with a negative impact are underrepresented in the portfolio⁸.
- Our sustainable portfolio does not hold any companies that score poorly in the UN Global Compact screening.
- Van Lanschot Kempen conducts active dialogue with companies to encourage them to bring about sustainable change (engagement).

Please find examples of how we improved the sustainability aspects of our propositions in 2022 further in this report.



Comparison of direct CO₂ emissions included companies (equities) with broad market



Source: Van Lanschot, ISS ESG South Pole. Portfolio composition of Sustainable neutral Q2 2022 with a size of €1 million, annual (direct) scope 1 and 2 carbon emissions of selected companies (equities) in tons per million euros invested. The general equity market is represented by an equity benchmark. The ambition relates to the general equity benchmark with an accelerated reduction in CO₂ emissions of the Climate Transition Benchmark.

⁶ Source: Van Lanschot, ISS ESG South Pole

⁷ Source: MSCI ESG, data as of Q2 2022

⁸ Source: ISS DataDesk, data as of Q2 2022

More sustainable investment in emerging markets

We have added a new sustainable emerging markets fund to the Sustainable proposition. This further improves the sustainability of our offering:

- The fund invests in companies that are among the best-scoring 50% in their sector on sustainability;
- The fund portfolio's carbon emissions are 88% lower than the general market for emerging market equities⁹;
- Exclusions: producers of alcohol and coal and/or companies involved in gambling, corruption, environmental offences or human rights violations are excluded from investment. These exclusions are on top of those that apply to the whole of Van Lanschot Kempen's investments, such as tobacco and controversial weapons. In addition, the fund does not invest in those companies that are among the top 20% biggest emitters of CO₂;
- Companies that contribute positively to e.g. SDG 3 and SDG 7 are allocated larger weights in the portfolio.

Living better for longer



Climate and Biodiversity



Real world impact via Green Bonds

A further step in 2022 was the addition of a 'Green Bond' fund to the Sustainable proposition. This fund invests in green corporate bonds, or Green Bonds. The proceeds of these bonds are used exclusively for demonstrably sustainable projects. Some features of this fund:

- Extensive checks are carried out on how the proceeds from these investments are spent. An investment in Green Bonds offers a direct and measurable impact on the environment.
- The bonds' issuing companies and projects for which the proceeds are used must comply with the Green Bond Principles (see textbox);¹⁰
- The expected return is in line with the average market return on credits. The fund has a moderately high credit rating (BBB).¹¹

Bonds are selected in part based on the Green Bond Principles. The companies or governments that issue these bonds must:

- Be clear about which green projects will be funded using the proceeds from these bonds;
- Apply a transparent process for selecting, identifying and evaluating the green projects that are funded via the bond issue;
- Systematically manage the proceeds from the bond issue and ensure that these are spent on the relevant projects;
- Regularly report on the use of proceeds and environmental impact of the green projects funded by the bond issue.

Zero-emission buses in Madrid

Spain's capital city is working towards zero-emission public transport. In 2027, at least one third of all the city's buses will be electric and the rest will run on LPG (Liquefied Petroleum Gas). Madrid's public transport authority has issued Green Bonds to fund this project. These Green Bonds are held in the NN Corporate Green Bond Fund.

⁹ Source: Northern Trust, data as of Q2 2022

¹⁰ Source: www.Greenbond.org

¹¹ Source: NN Investment Partners, data as of Q2 2022

Positive impact on Social goals

To make a positive contribution to several social sustainability objectives as well, we added a Social Bond fund to the Sustainable proposition in 2022. Features of this fund are:

- The fund invests in bonds issued by institutions that spend the proceeds on projects with positive measurable social impact.
- These include job creation, affordable housing and healthcare, (micro-) loans and education.
- The fund has a positive impact on a large number of social themes, including the theme of Living better for longer, on which Van Lanschot Kempen also focuses (SDG 3: Good health and well-being), but also on the theme of a Smart and Circular Economy (linked to SDG 8).¹²

Living better for longer



Smart and Circular Economy



¹² Source: NN Investment Partners, data as of Q2 2022

Funding social housing, school renovations and new hospitals

The European Bank for Reconstruction and Development (EBRD) is one of the holdings in the newly added Social Bond fund, so clients investing in that fund are contributing to developing education, jobs and social housing. The bonds issued by the EBRD are used for projects such as investing in social housing in Dublin and renovating schools in Belgium and hospitals in the Netherlands.



Improving the sustainability profile of the Smart proposition

We also improved the sustainability profile in the Smart portfolios, by replacing ten sector trackers with new solutions that are subject to stricter exclusion criteria. Sector trackers are investment funds that mimic economic sectors as closely as possible.

While the original line-up of tracker funds did not have any explicit sustainability criteria, the new ones do: producers of weapons, tobacco and companies that score insufficiently on the UN Global Compact screening are now excluded. This is in line with Van Lanschot Kempen's broader exclusion policy.

The new trackers also exclude companies operating in the Coal, Oil Sands, Oil and Gas and Power Generation sectors. As an additional sustainable investment criterion, these trackers exclude the 5% least sustainable equities in the sector (according to the best-in-class principle). The portfolio's carbon emissions are about 30% lower than those of the broad market.



Factoring in sustainability through direct selection

In 2022 we began to select the individual equities of European and North American companies ourselves directly, rather than indirectly via equity funds. Because we select the stocks ourselves, we can keep a close eye on the level of sustainability within the stocks and include sustainability criteria and risks in the selection process. We place the emphasis on high-quality companies that occupy robust market positions and enjoy relatively stable and predictable revenues. We only select low carbon intensity companies, in line with the reduction targets in the Paris Agreement and Dutch National Climate Agreement. Among other things, this means that the companies need to have set interim reduction targets and adopt the long-term goal of being net zero in 2050.



Ilse Ebbens, CEO Concorp

The family business headed by Ilse Ebbens has clear-cut sustainable values and goals, she herself tries to make 'green' choices together with her family and the family's assets are sustainably invested at Van Lanschot Kempen. How did she arrive at her sustainable insights and how does she convey her own convictions to her family and company? An interview with Ilse Ebbens, CEO of confectioner Concorp, and her private banker Walther Kuppens.

Sustainable choices in life, business and investments

Awareness is something that grows over many years, Ilse Ebbens says. It is a combination of the prevailing zeitgeist, reaching the stage where you know you can change something and the books you read. 'Yuval Noah Harari describes in his book how the advent of money – after the era of hunters and gatherers – triggered economic development and growth. Then everything started to revolve around even greater levels of consumption. That book made a big impression on me.'

What do you focus on in your own life in terms of sustainability?

Ilse: 'We recently had our house renovated and insulated with sustainability in mind. I drive an electric car and as a family we are also eating less meat. On top of that, we're trying to buy fewer new things and more second-hand. This of course presents the occasional dilemma. One can always do more! But at the same time I'm very aware that ours is a position of luxury. What if you have to choose between eating and heating?'

How do you incorporate sustainability into your company and leadership?

Ilse Ebbens: 'You can have ideals but you definitely still need to take into account a volatile market and changing economic climate. You also see that many people think about the short-term, for example that sustainable targets don't add any value or that that's not part of their job. I want to embed sustainability into the organisation properly. To achieve this we are trying to make the people who are part of our company aware of the importance of thinking about sustainability, to inspire them. We literally organise inspirational sessions. 'Worldly' is one of the company's core values and that includes passing everything the world has to offer onto future generations.'



Walther Kuppens
Private banker Van Lanschot

'We are also tackling sustainability in a very tangible manner: we've now set KPIs for sustainability as well the usual targets and each department needs to make a contribution, however large or small. Major steps have also been taken in replacing the water purification system used to cleanse our waste water and by making our drying rooms more energy-efficient. And naturally we are measuring our carbon footprint.'

In Walther's opinion as well, talking to colleagues is extremely important: 'This feels like a mission to me. My hope is that as Van Lanschot Kempen we can then make sure sustainability is more firmly on the agenda and discuss it with our clients. Some are concerned about future generations, others about nature conservation and biodiversity. A client's own finances can be a positive driver for making sustainable choices too.'

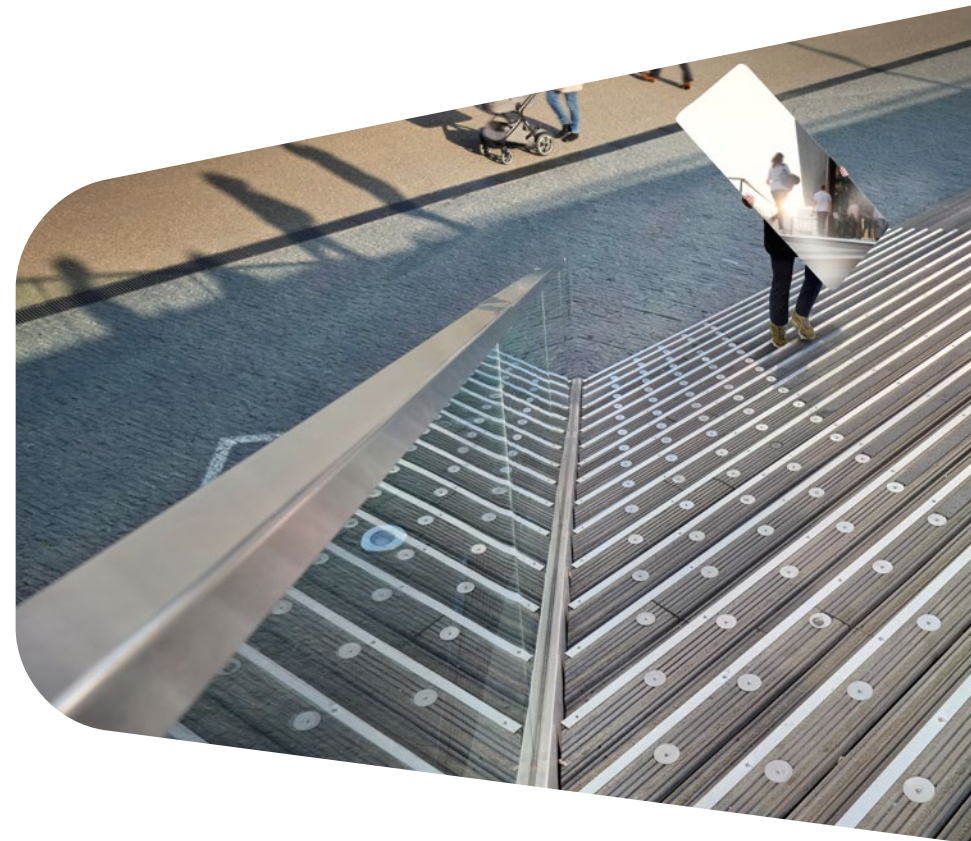
And how do your investments reflect your sustainable ideas?

'The family's assets are invested sustainably. I've never had any doubts about that myself but of course my family needed to be on board as well', Ilse says. Naturally we also looked at the financial return.'

Walther Kuppens adds: 'People always weigh up the arguments: what will it yield and how will it be invested? As a banker I can make suggestions, show how it works. As Ilse needed no convincing, we didn't have to talk about this

because the decision had already been taken. For me personally, sustainable investment is a wonderful outcome. I strongly support the idea of making the right personal choices and consuming less in order to enable the transition to a more sustainable future. I think it's great that at Van Lanschot Kempen we can be relevant and contribute positively to that choice in favour of a sustainable world. Social returns then go hand-in-hand with financial performance.'

Both are optimistic about the future. Ilse Ebbens: 'I've travelled a great deal. The world is so beautiful and we're ruining it with money, our consumerism and the concept of 'more, more, more'. Yet I'm convinced we can come up with solutions. We don't have to be defeatist.'



5 Professional Solutions

A sustainable partnership

Wealthy families with or without a family office, foundations and social organisations have very similar capital objectives to institutional parties. This means that they demand a highly personalised approach, including when it comes to sustainability and Socially-Responsible Investment (SRI). Their sustainability principles are often based on individual values and norms, or – in the case of charities – on the organisation's ideal goals or mission.

Advisor on sustainability journey

Semi-institutional clients attach growing importance to their investments being aligned with their sustainability convictions. This is driven by concerns for future generations but also because the stakeholders of the foundations and social organisations explicitly demand this. At the same time, they often find it difficult to define their sustainability ambitions in practical terms and then embed them in their investment policies.

Our experience of sustainable investment solutions means we do everything we can to guide our clients on their sustainability journeys. In doing so, we set ourselves up as a dialogue partner and advisor. For example, we offer educational sessions and customised analyses but can also help to draw up a sustainability policy as part of the investment policy document.

Tailor-made sustainable solutions

When implementing the policy clients can choose from a wide range of investment solutions. In 2022 this product range was expanded to include both actively and passively-managed investment solutions that focus on having a positive SDG impact and sharply reducing carbon emissions. Furthermore, our customised asset management portfolios enable us to implement highly specific exclusions in equities and bonds.

Clients can also expect to receive detailed sustainability reports, which for example can be used to render account to employees or members. These reports were revised in 2022 and now include insight into the portfolio's ESG ratings and carbon emissions and contain a screening in accordance with UN Global Compact principles (UNGC) for equities and credits. Our ambition is to expand these sustainability reports even further in 2023. Moreover, in 2023 climate risks will be incorporated into the scenario analyses when calculating the feasibility of our clients' investment objectives.



Jacob Tas, director KNRM

Every day, over 1,400 volunteers at the Royal Netherlands Sea Rescue Institution (KNRM) stand ready to assist people and animals at sea, to save lives. They helped and rescued more than 4,000 people in 2022. Every minute counts. Thorough training and high-quality equipment are essential here. The whole organisation and all the rescue operations are funded entirely from donations and bequests. That money needs to be well spent. And even if it is not immediately needed for boats or training, the money has to do good: via responsible and sustainable investments. Jacob Tas, director of the KNRM, tells us why and how the organisation does this.

‘The KNRM’s capability for saving lives, now and in the future’

Everyone at the KNRM, from the rescuers to the board of directors has a strong affinity with the sea, with water. And with the local communities from which they operate. ‘There’s a general sense of concern about people and the world around us,’ Tas says. ‘And concern about the future. We at the KNRM are convinced that we need to do everything we can to prevent sea levels from rising further and to meet the goals of the Paris Agreement.’

The organisation wants to achieve that as early as 2035 rather than in 2050. This means being net zero in about 12 years’ time. Tas: ‘It’s about our footprint as an organisation, which means our boats and vehicles as well as our investments. We’re currently replacing our fleet and making it more sustainable. But we can’t do that overnight.’ Donations therefore cannot always be spent immediately: the money is then held as a buffer and for future expenses. This is where investment comes in.

Greater impact

‘As a charity, we believe the money that is donated to the KNRM also has to do good, even if it’s not yet being spent on boats or training,’ Tas explains. ‘This is why we also want to invest in a sustainable manner. The question is how you can best align the way you invest with the organisation you represent and what it stands for. Look, safety is our number one priority. We apply that in banking as well. In fact we’re reasonably conservative when it comes to investing. We hold good discussions on this with Ruud (Ruud van de Ven, the KNRM’s banker at Van Lanschot Kempen, ed.): which instruments do we use to earn a return that is both stable and sustainable?’

Stability is therefore important, but Tas also wants to go further. 'Van Lanschot Kempen has helped us to make the portfolio more sustainable and tie it more closely to the United Nations' Sustainable Development Goals (SDGs) that are important to us. We not only want to earn a financial return on our capital but also have an impact. At the moment the latter relates to a relatively small portion of the portfolio, but we now want to push on with this and examine together how we can achieve more in this respect.'

No napping

SDG 14 – Life below water – is by far the most important for the KNRM. Tas: 'At the moment there are few diversified investment options for this. We're therefore also focusing on SDG 13 (Climate action). Social factors are also important to us. We certainly don't want to be caught napping and in Van Lanschot Kempen we have a partner who is eager to explore the options for making an impact with us. Our aim is not to achieve maximum impact at the expense of liquidity and financial return but we do want to set full steam ahead with our investments and accomplish our goal.'



The KNRM rescues and assists people at sea and on the major inland waterways. It was set up in 1824 as a private initiative and continues to be funded entirely from voluntary donations and bequests. The KNRM has 45 lifeboat stations along the Dutch coast. Its 75 lifeboats are crewed by 1,400 volunteers.

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Other information

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