



VAN LANSCHOT
KEMPEN

Green Bond Framework

Van Lanschot Kempen N.V.

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1. Introduction

This Green Bond Framework ('Framework') has been established by Van Lanschot Kempen NV ('Van Lanschot Kempen'), to allow for the issuance of Green Bond instruments ('Green Bonds') to finance and refinance green loans on Van Lanschot Kempen's balance sheet. This Framework sets the basis for the identification, evaluation, selection and environmental impact of green loans that can be directly financed or refinanced by proceeds of the Green Bonds issued by Van Lanschot Kempen, and the management and reporting of such proceeds. This Framework also includes how we create value and explains our sustainability strategy which suits the rationale for the development of this Framework.

Van Lanschot Kempen is a specialist wealth manager, focussing on the preservation and creation of wealth, for our clients and society in a sustainable way. We believe that in serving the long-term interests of our clients and other stakeholders, we can contribute to a sustainable world and societal stability.

Wealth is not just about financial assets; essential as these may be, wealth is about all the things that we value in life. In a broader sense, wealth represents the collective wisdom of a society and the cultural norms and values that sustain it. Although our primary objective is to help our clients with the financial aspects of wealth, we endeavour to serve their broader objectives as well.

We serve clients across the social spectrum and in several segments: Private Clients, Wholesale & Institutional Clients, and Investment Banking Clients.



Our purpose is the preservation and creation of wealth, in a sustainable way, for our clients and the society we serve

We are convinced that our purpose can only be fulfilled in a sustainable world. We prevent and mitigate negative impact for all stakeholders via, for example, our responsible and sustainable investments.

We contribute to a stable society by creating wealth, economic growth, jobs and tax income via our services to entrepreneurs, while contributing to the realisation of societal goals via the preservation and creation of wealth for asset owners, including private individuals and pension funds.

To realise our ambition, we introduced five strategic pillars. All these strategic pillars are interlinked and mutually reinforce each other:



Achieve our sustainability ambitions

Being a sustainable wealth manager with a long-term focus means that we proactively strive to prevent negative consequences for all stakeholders in line with the UN Global Compact, while aiming to create positive long-term financial and non-financial value. We can achieve the most significant social and environmental impact via our client investments. Our ambition is therefore to move towards more sustainable investing, together with our clients. In the future, we intend to raise the bar even higher and make sustainable investing the new normal. To achieve this, we will increase employee awareness and expand our expertise in sustainable investing.

Accelerate growth organically and inorganically

To remain relevant for our clients and accelerate our organic growth, we believe that we have to truly understand our clients, anticipate their needs, and help them to fulfil these needs in a sustainable manner. We aim to engage in further bolt-on acquisitions and larger acquisitions in order to accelerate our growth, increase our scale and benefit from revenue, cost and/or funding synergies. We focus on acquisition opportunities that support our positioning as a specialist player while keeping a balanced asset mix and consider acquisitions in existing and contiguous markets.



Advance through digitalisation and advanced analytics

Technology and digitalisation allow us to improve our productivity and service, by speeding up processes, reducing operational errors and improving the availability, quality, and interpretation of data. We invested and will continue to invest, heavily in our capabilities in this area.

Act as one to leverage our full potential

We believe that by providing clients access to the full range of services and products across our segments, we can meet client needs in a sustainable manner. We have adjusted our organisational structure to fully benefit from knowledge sharing, to make optimum use of resources across the organisation, and to reduce overlap.

Attract, develop and retain the workforce

We facilitate and encourage development and training of our existing workforce. Together, we need to optimise the use of advanced analytics, to embrace new technology and to work in a more agile manner. We will also hire new people with the requisite skills and capabilities to help drive our development and the changes needed to stay ahead.



2. Sustainability at Van Lanschot Kempen

2.1 Our sustainability strategy

In line with our purpose, our vision on sustainability is to generate long-term value for all our stakeholders. This means that creating financial and societal returns must go hand-in-hand. We therefore have embedded sustainability considerations into our products and services, and continuously work improving their sustainability profile.

We amongst others offer a green mortgage solution, Groenhypotheek, to help private clients finance home improvements to make their properties more sustainable at a lower interest rate. By extending the services we offer to our mortgage clients and the conditions of our green mortgage product, we encourage clients to take energy-efficient measures, such as installing solar panels. In addition we offer a wide range of responsible, sustainable and impact investment funds. In line with various standards in the market place, we differentiate between five levels of sustainable investing: (1) compliant, (2) basic, (3) responsible, (4) sustainable and (5) impact. We have set targets to annually increase the percentage of assets under management in sustainable and/or impact wealth management solutions (levels 4 and 5).

By enhancing the sustainability profile of our products and services, we aim to move towards more sustainable investing together with our clients. In the future, we intend to raise the bar higher and make sustainable investing the new normal. In improving the sustainability profile of our products and services, over the coming years we will focus on three key sustainability themes. These relate at least to the United Nations Sustainable Development Goals (UN SDGs) 7, 14, 15, 12, 8 and 3:

1. **Climate change and biodiversity:** helping the environment to recover faster by contributing to the energy transition and preservation of biodiversity;
2. **Smart & circular economy:** helping our investee companies to contribute to a smart, circular, and inclusive economy – and;
3. **Living better for longer:** helping society to live longer and in better health.

We work on advancing on these themes in a sequential order. In aggregate, our three themes and progress result in our contribution to economic development against the background of a new sustainable equilibrium. Meaning that economic development can only be sustainable if it falls within social and ecological boundaries. We have started with the climate and biodiversity theme and besides this theme, will work out the other sustainability themes the upcoming year(s).



We have significantly strengthened our climate policy in 2020, with a long-term commitment to be a net-zero investor (by 2050), a mid-term ambition (2030) and shorter-term objectives (2025). To monitor our progress on our objectives to align with the goals of the Paris Agreement, in 2021 we translated our climate objectives into Key Performance Indicators (KPIs) across the organisation for 2022. Furthermore, we believe biodiversity loss represents a systemic risk to society and the environment. We are determined to consider both the risks and opportunities this presents to our clients, and to human and planetary well-being. In 2021, we therefore formulated an explicit biodiversity policy and are committed to enhance our approach on this topic, which includes working together with industry groups on methodologies and metrics, further integrating biodiversity into our investments, and developing our policies to explore more risk assessments.

Our ambitions are also underlined by our endorsement of various commitments. Amongst others we have signed the Net Zero Asset Managers (NZAM) initiative to confirm our commitment to be a net-zero investor by 2050. In 2021, together with other asset managers, we reconfirmed our commitment and ambition via the NZAM initiative, which was published during COP26 in Glasgow. Another example is that we are a signatory of the Climate Commitment of the Dutch Financial Sector (part of the 'Klimaatakkoord'). On biodiversity, we have joined the De Nederlandsche Bank's Biodiversity working group and signed the Finance for Biodiversity Pledge.

In line with our strategy, targets, and commitments we track and disclose the carbon footprint associated with our own organisation, balance sheet and assets under management. We evaluate our progress against our targets and commitments at least annually.

2.2 We aim to be a good corporate citizen

Next to embedding sustainability considerations into our products and services, we continuously work on reducing the environmental footprint of our operations and supporting our local communities.

With regards to our environmental footprint, we particularly focus on reducing our own carbon footprint. We aspire to cut our greenhouse gas emissions (on an absolute level and per FTE) by an average of 7% per annum, towards climate neutrality by 2050. Annually we offset the remainder of our carbon emissions through voluntary carbon offsetting instruments. Since 2011, we have compensated our emissions through CDM Gold Standard certificates. Via these certificates we support projects to reduce / store carbon emissions by generating more renewable energy, improve end-use energy efficiency, or afforestation / reforestation – mainly in emerging countries.



3. Green Bond Framework

The ICMA Green Bond Principles¹ are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market by clarifying the approach for issuing a green bond. This Framework follows the Green Bond Principles, which provides guidelines in the form of five core components:

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting
5. External review

For any Green Bond issued by Van Lanschot Kempen these five core components will be applied subject to and in accordance with this Framework as amended from time to time.

Future changes to the Green Bond Principles may be implemented in future versions of the Van Lanschot Kempen Framework. Any future version of this Framework will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external party (External Review).

3.1 Use of proceeds

Van Lanschot Kempen intends to allocate the net proceeds of the Green Bonds to a loan portfolio (thereafter called “Eligible Green Loan Portfolio”) of new and existing mortgages for energy efficient residential buildings in the Netherlands (Residential Green Buildings). The eligible loans are to be funded in whole or in part by an allocation of the bond proceeds.

The eligibility criteria for the inclusion for the financing of mortgages with the proceeds from Green Bond are based on construction year and Dutch residential Energy Performance Coefficients (EPC). The Dutch Energy Performance Coefficient System for new buildings is a result of the Dutch government’s implementation of the revised 2010 EU Energy Performance Building Directive (EPBD). The EPC is replaced by the BENG (Bijna Energie Neutrale Gebouwen) system in 2020 for near energy neutral buildings. Energy labels classify existing residential buildings from “A” to “G”, with “A” indicating the best energy performance.

The Eligibility Criteria for qualification on the Van Lanschot Kempen Green Bonds are stated below. Van Lanschot Kempen has taken into account the Green Bond Principles and the EU Taxonomy², with the intention to implement them, on a best effort basis. As long as there are clear EU Taxonomy Technical Screening Criteria (TSC) and feasible practical applications in the geographies where Van

¹ Please see here [ICMA Green Bond Principles](#)

² Please see here [EU Taxonomy Regulation Delegated Acts \(Annex 1\)](#)



Lanschot Kempen's assets are located, any Eligible Category to be included in future versions of this Framework will follow the criteria as outlined in the EU Taxonomy, on a best effort basis.

Eligible Green Loans: defined as loans that meet one of the following Eligibility Criteria:

1. For Dutch residential properties built prior to 31 December 2020:
 - Existing residential buildings in the Netherlands with an Energy Performance Certificate "A", or it belongs to the top 15% low-carbon residential buildings in the Netherlands³
2. For Dutch residential properties built as of 1 January 2021:
 - New or existing residential buildings that have a primary energy demand at least 10% lower than the one resulting from the local Nearly Zero Energy Buildings (NZEB)³
3. For Refurbished Dutch residential properties with at least a 30% improvement in energy efficiency. In terms of EPC labels, this corresponds to a two-step EPC label improvement
4. For individual measures aimed at energy efficiency improvement and the installation of renewables onsite in residential buildings:
 - Eligible lending activities include, but are not limited to installation of cavity wall, roof and / or floor insulation, heat pump, infrared panels, solar boilers and solar panels, installing energy efficient frames and doors and 'double glazing' or HR ++ glazing

3.2 Process for project evaluation and selection

Loans financed and/or refinanced through the Green Bond proceeds are evaluated and selected based on compliance with the Eligibility Criteria. When identifying Eligible Green Loans and their non-financial impacts Van Lanschot Kempen relies on external consultants and their data sources. In the event Van Lanschot Kempen decides not to use external consultants it will use its own database including all residential building records and match this data with publicly available data to identify Eligible Green Loans. Van Lanschot Kempen will use the same publicly available data sources as the external consultants.

A Green Bond Committee will manage any future updates to the Framework, including expansions to the list of Eligible Categories, and oversee its implementation. The Green Bond Committee will be composed of representatives from Treasury, Sustainability Centre, Risk Management and Finance, Reporting and Control as well as subject matter experts from the various sectors of allocated assets.

Van Lanschot Kempen takes care that all selected Eligible Green Loans comply with local laws and regulations and on a best effort basis comply with national and international standards. It is part of the transaction approval process of Van Lanschot Kempen to take care that all activities comply with internal environmental and social standards.

Van Lanschot Kempen is aware of the fact the EU Taxonomy requires that Eligible Green Loans should not only contribute to at least one of the EU Environmental Objectives, but should also not significantly harm ('DNSH') any other EU Environmental Objective. Van Lanschot Kempen's due diligence processes

³ We refer to our Green Residential Buildings Methodology Assessment document prepared by the real estate consulting company CFP



support the mitigation of environmental and social risks potentially associated with the Eligible Green Loans through their basis in supporting compliance with national and meeting international best market practice or standards.

3.3 Management of proceeds

The Green Bonds proceeds will be managed by Van Lanschot Kempen in a portfolio approach.

Van Lanschot Kempen intends to allocate the proceeds from the Green Bonds to a Eligible Green Loan Portfolio that meet the use of proceeds Eligibility Criteria and in accordance with the evaluation and selection process presented above. The projects financed via Eligible Green Loans can be newly built or existing properties, but can also include refurbishments. To ensure proceeds are allocated in accordance with the Framework, Van Lanschot Kempen's Treasury Funding Management will track allocation of proceeds to Eligible Green Loans.

Van Lanschot Kempen will strive, over time, to achieve a level of allocation for the Eligible Green Loan Portfolio which matches or exceeds the balance of net proceeds from its outstanding Green Bonds. Additional Eligible Green Loans will be added to the issuer's Eligible Green Loan Portfolio to the extent required to ensure that the net proceeds from outstanding Green Bonds will be allocated to Eligible Green Loans.

Whilst any Green Bond net proceeds remain unallocated, Van Lanschot Kempen will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other short-term and liquid instruments or to pay back a portion of its outstanding indebtedness, the balance of net proceeds not yet allocated to the Eligible Green Loan Portfolio.

3.4 Reporting

The Green Bond Principles require Van Lanschot Kempen to provide information on the allocation of proceeds. In addition to information related to the projects to which Green Bond proceeds have been allocated, the Green Bond Principles recommend communicating on the expected impact of the projects.

Van Lanschot Kempen will align, on a best effort basis, the reporting with the portfolio approach described in "*Handbook – Harmonised Framework for Impact Reporting (June 2021)*"⁴.

Van Lanschot Kempen will report the allocation of the Use of Proceeds to the Eligible Green Loan Portfolio on aggregated basis for all of Van Lanschot Kempen's Green Bonds.

Van Lanschot Kempen will make and keep readily available reporting on the allocation of net proceeds to the Eligible Green Loan Portfolio after a year from the issuance of the applicable Green Bonds, to be renewed annually until full allocation of the Green Bond net proceeds. Reporting will be available on Van Lanschot Kempen's website: <https://www.vanlanschotkempen.com/en/financial/debt-investors>

⁴ Please see here [Handbook Harmonised Framework for Impact Reporting \(June 2021\)](#)



Allocation Reporting

The allocation report will contain at least the following details:

- The total amount of proceeds allocated to Eligible Green Loans
- The number of Eligible Green Loans
- The balance of unallocated proceeds
- The amount or the percentage of new financing and refinancing

Impact reporting

Where feasible, Van Lanschot Kempen may report on the environmental impacts of the Eligible Green Loan Portfolio funded with the Green Bond proceeds, or refer to existing sustainability and CSR reporting. Key impact reporting indicators for Van Lanschot Kempen's use of proceeds may include:

- A description of the Eligible Green Loans
- The breakdown of Eligible Green Loans by nature of what is being financed (Financial assets)
- Metrics regarding the Eligible Green Loan Portfolio environmental impacts as described below:
 - Estimated ex-ante annual energy consumption in kWh/m²
 - Estimated annual reduced and/or avoided emissions in tons of CO₂ equivalent
 - Estimated annual absolute emissions in tons of CO₂ equivalent and emission intensity (CO₂ equivalent / m²).

3.5 External review

Second party opinion

This Van Lanschot Kempen Framework has been reviewed by ISS Corporate Solutions who has issued a Second Party Opinion. The Second Party Opinion as well as the Framework will be made available to the Green Bond investors and can be found on Van Lanschot Kempen's website <https://www.vanlanschotkempen.com/en/financial/debt-investors>.

Verification

Van Lanschot Kempen intends to request, one year after issuance and until full allocation, a limited assurance report on the allocation of the Green Bond proceeds to the Eligible Green Loan Portfolio, provided by its external auditor or any other qualified party.



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