



**VAN LANSCHOT  
KEMPEN**

# Sustainable Investment Charter

May 2022



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## 1. Introduction

As an integrated, independent sustainable wealth manager, we strive for financial and non-financial value creation for all stakeholders. In order to uphold our purpose, sustainability is integrated throughout the organisation, in our balance sheet activities and across our investment activities as we keep innovating and advancing in our journey. In our investments, our objective is continuous improvement towards stewardship excellence, accountability, and transparency.

### 1.1 The aim of this policy

This policy summarises multiple documents and tools that together form Van Lanschot Kempen's N.V.'s (hereafter: Van Lanschot Kempen) framework for Sustainable Investment and consideration of Environmental, Social and Governance (ESG) issues in relation to our own investments. Readers of this charter will find references to other policies, intended to build the wider framework around our responsible investment approach and highlight the interrelations between these documents.

This document focuses specifically on Van Lanschot Kempen's investment policies as they relate to sustainability. For more information on Van Lanschot Kempen's corporate sustainability policies, value creation model, regulatory reporting, and other documents related to our balance sheet and own organization please visit our sustainability website.

<https://www.vanlanschotkempen.com/en/sustainability>

### Convention Library

At Van Lanschot Kempen, we have developed a comprehensive and holistic approach for avoiding harm and limiting negative impact through compliance with a number of international guidelines, standards and sets of corporate social responsibility principles. These commit us to incorporating key environmental, social, and governance (ESG) issues in our company processes and by focusing on our **three thematic areas (climate, circularity, and health)** - Chapter III - to achieve positive impact.

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

[https://www.kempen.com/-/media/Asset-Management/Convention-Library-UK-2019\\_new-style-final.pdf](https://www.kempen.com/-/media/Asset-Management/Convention-Library-UK-2019_new-style-final.pdf)

**Please click [here](#) or visit the [website](#) to see full versions of the policies mentioned below<sup>1</sup>.**

<https://www.kempen.com/en/asset-management/esg/policies-and-publications>

<https://www.vanlanschotkempen.com/en/sustainability/policy/banking-activities>

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<sup>1</sup> Full versions of policies are linked throughout the document, where possible. In some instances, it may be that updated policies below are available on the website, but the link herein is from an older version.

## 1.2 VLK Purpose Statement

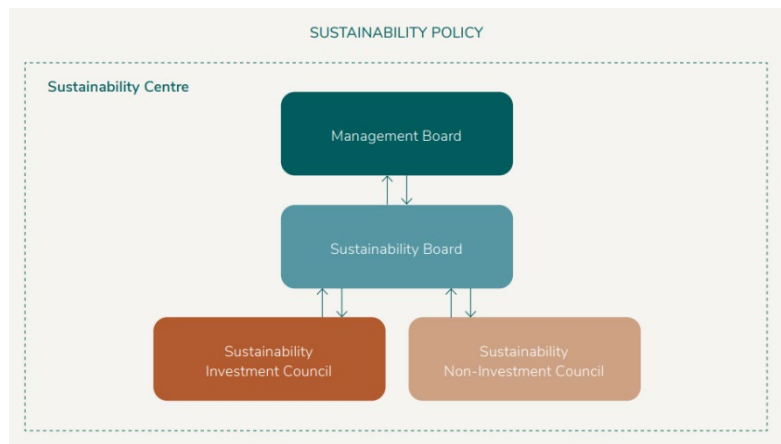
Van Lanschot Kempen is a specialist, independent wealth manager dedicated to preserving and creating wealth in a sustainable way, for our clients and the society we serve. Read our [full purpose statement](#) online at:

<https://www.vanlanschotkempen.com/media/5142/our-purpose-sustainability-van-lanschot-kempen.pdf>

## 1.3 Policy Oversight and Governance

Achieving our sustainability ambitions is one of our top five strategic priorities as an organisation. Our sustainability governance structure consists of a **Sustainability Board** and two committees;

The **Sustainability Board** representatives are appointed by the Management Board. During its monthly meetings, the Board approves sustainability priorities and monitors the implementation of the strategy and these priorities. The **Sustainability Centre** fulfils a group-wide role with regard to sustainability and facilitates quarterly council meetings.



The **Sustainability Investment Council** has ultimate responsibility for the drafting and implementation of the responsible investment policies (including stewardship and engagement policies) in a consistent manner across all business units, investment strategies and client mandates. The **Sustainability Non-Investment Council** drafts and implements the sustainability strategy for the balance sheet and own organisation.

For more information on how we organise sustainability within Van Lanschot Kempen, click [here](#).

## 1.4 Investment and Risk Beliefs

At Van Lanschot Kempen we are responsible, long-term stewards of our clients' capital, using our influence to stimulate responsible business conduct. Our 'why' behind this vision lies within our **Investment and Risk Beliefs**:

<https://www.kempen.com/-/media/Asset-Management/ESG/2021-KCM-Investment-and-Risk-beliefs.pdf>

1. We believe in investing with a long-term horizon using a dynamic approach.
2. We believe in sustainable value creation through long-term stewardship.
3. We believe in alignment of interest, openness and partnership with our clients.
4. We believe in investing with expertise, focus and conviction.

## 1.5 Our approach to Responsible Business Conduct

### Responsible Business Conduct Policy

<https://www.kempen.com/-/media/Asset-Management/ESG/Polocies/RBC-Public-Version-March-2021-public.pdf>

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

### External Guidelines and Commitments

In addition to the international guidelines and principles mentioned above (see 1.1.), Van Lanschot Kempen is a signatory of the 11 principles of the **Dutch Stewardship Code** and a supporter of the 12 principles of the **UK Stewardship Code**<sup>2</sup>. Our compliance statements are available online at ([here](#)), alongside the **UK Corporate Governance Code (2018)** and the **Dutch Corporate Governance Code (2016)**. More information on how we comply with these codes can also be found in the **Stewardship and Engagement Policy** ([click to jump to chapter](#)) or:

<https://www.vanlanschotkempen.com/en/sustainability/policy/memberships>

As a responsible wealth manager, we are committed to respecting international human rights at any time and in all the various roles we fulfil. Further details are found in our [human rights statement](#) and statement to comply with [The UK Modern Slavery Act](#) – the UK's legislation supporting the prevention of human trafficking and modern slavery.

*To view a complete list of external guidelines and a full list of memberships, please see Van Lanschot Kempen's [Policy Page](#).*

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<sup>2</sup> Application process is ongoing.



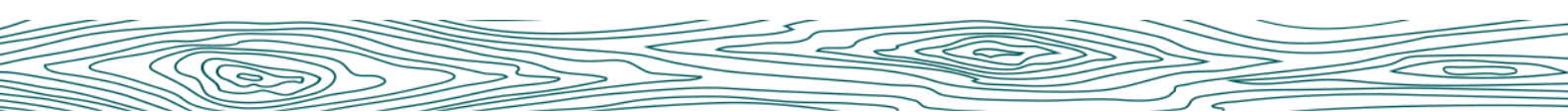
### Sustainability in our investments and our pillars

We are committed to an integrated sustainable investment approach, and our approach is based on our four pillars and our beliefs. At Van Lanschot Kempen we have integrated ESG-criteria into our investment processes and into the selection and monitoring of external managers. The main pillars of our policy are Exclusion, ESG Integration, Active Ownership and Positive Impact and summarised further in [Chapter II \(Our Approach – Four Pillars\)](#).

In our Kempen investment processes and products we therefore adhere to the following five (sustainability) investment beliefs that shape our sustainability approach.

## Our sustainability beliefs

<b>We act as long-term stewards</b>	<b>We integrate ESG factors throughout our investment process</b>	<b>We prefer inclusion over exclusion</b>	<b>We engage as active owners</b>	<b>We allocate capital towards sustainable companies</b>
to generate attractive returns while considering the interests of all stakeholders	to achieve better risk adjusted returns	to more efficiently bring about change by working with companies	to drive the sustainability performance of a company	to achieve positive real world impact





## 2. Our Approach (four pillars)

We are committed to an integrated sustainable investment approach, based on four pillars. At Van Lanschot Kempen, we have integrated ESG-criteria into our investment process and into the selection and monitoring of external managers. The main pillars of our policy are summarised below and in explained with further detail in this chapter.



### 2.1 Exclusion and Avoidance Policy

<https://www.vanlanschotkempen.com/media/5221/exclusion-and-avoidance-policy-van-lanschot-kempen.pdf>

Our Exclusion & Avoidance approach focuses on excluding companies involved in, among others, controversial weapons and tobacco and avoiding investing in companies with the most severe controversies and misconduct. There are several instances where we directly exclude companies from our investable universe. The minimum standard is to 'do no harm' and, as part of our sustainability approach, Van Lanschot Kempen's investment teams do not want to invest in companies and countries involved in activities with severe negative impact on people and/or environment.

***EXCLUSIONS ARE  
PREDOMINATELY BASED ON  
PRODUCTS AND SERVICES,  
WHEREAS THE AVOIDANCE LIST  
IS BASED ON BUSINESS  
CONDUCT.  
QUARTERLY-UPDATED  
EXCLUSION/AVOIDANCE LISTS  
FOUND [HERE](#).***

The policy provides further transparency on the why and the how (i.e., criteria) behind exclusions, and to which specific Van Lanschot Kempen policy it is derived from. The policy is currently divided into four main sub-sections; **Weapons, Tobacco, Climate-related exclusions, government bond exclusions, and avoidance.**

At Van Lanschot Kempen, our starting point is to perform due diligence and identify companies which have the most severe and widespread controversies and which can be eligible for the Avoidance List. Companies which have controversies with the highest

negative impact are identified via external data providers. Exclusion criteria cover both the ability and willingness of the company to change its negative impact. Companies are formally reassessed every year, but can also be reassessed on an ad hoc basis, depending on the research agenda, among other factors. Depending on the progress made, companies are added or removed from the Avoidance List.

Furthermore, based on our **climate change policy**, we exclude pure coal players and companies only involved in tar sands, as these activities have an adverse impact on climate change.

### **Weapons:**

We will not consider weapon related companies for investment unless:

- I. these companies comply with the international weapons-related conventions / treaties as mentioned in the Convention Library and;
- II. these companies operate in compliance with local laws and regulations with regard to the production, storage, trading and use of weapons and;
- III. the weapons involved are not controversial weapons and;
- IV. the weapons are not provided to countries (or non-state actors) in the EU and/or on the UN sanctions list, government violence against citizens (in fragile or failing states, countries in civil war), terrorist organisations and (organised) crime.

### **Tobacco:**

Contributing significantly to death and disease, tobacco has severe negative impacts on people and this is reflected in the first worldwide (legally-binding) health treaty for tobacco use reduction (WHO Framework Convention on Tobacco Control (WHO FCTC, 2005<sup>3</sup>); tobacco is not considered essential (no harm if product/service is not there). In addition to following international guidelines and standards, we follow a principle framework consisting of five criteria, leading to an overall conclusion to exclude tobacco.

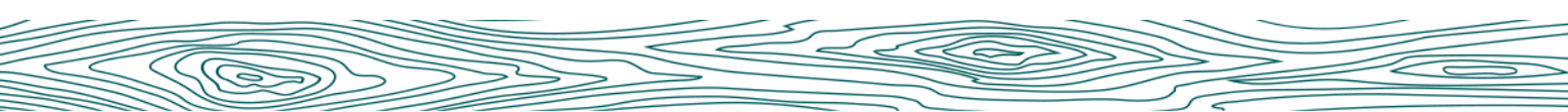
## **2.2 Integration and Sustainability Spectrum**

At Van Lanschot Kempen, ESG criteria are an integral part of the investment process. This means that portfolio managers conduct in-depth analysis of ESG data and material ESG risks and opportunities, and weigh this into how they select and monitor the companies they research and invest in. We also embed ESG into third-party manager selection, with our *proprietary manager scoring framework*. When selecting external managers, we assess their responsible investment policy and implementation capabilities and classify according to our **Sustainability Spectrum**.

The introduction of our **Sustainability Spectrum** across all parts of the Van Lanschot Kempen group has already laid the foundations for our alignment with the Sustainable Finance Disclosure Regulation and towards a shared understanding of sustainability across the whole of our business. The Sustainability Spectrum is used to classify our own niche investment funds, in the scoring of external managers and in defining client sustainability preferences. Please see our latest Kempen Stewardship and Sustainability Report for more information and a breakdown of our external managers in listed asset classes by scores on the Sustainability Spectrum.

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<sup>3</sup> <https://www.who.int/news-room/fact-sheets/detail/tobacco>







## 2.3 Active Ownership

As a long-term steward of sustainable investment, we believe it is important to engage with our counterparties about sustainability in order to unlock value and reduce risk. We aim to open the conversation about sustainability performance and ESG-related data disclosures with our stakeholders. This forms the basis of our Stewardship and Engagement Policy.

### Stewardship and Engagement Policy

<https://www.kempen.com/-/media/Asset-Management/ESG/Polocies/December-2021-Kempen-Stewardship-Policy.pdf>

Our policy is available online and reviewed at least annually. This policy summarises our stewardship commitments and oversight, as listed in the introduction of this document. Clients receive detailed updates on the main engagement developments on a quarterly basis. On an annual basis, a more detailed [stewardship and engagement report](#) is published.

The policy sets out our approach in fund management including our proxy voting policy. All our Kempen funds in listed equity, fixed income, alternatives and private markets are covered by our policy. In the case of funds-of-funds, we acknowledge that we have a more limited influence on the implementation of the policy by the external managers, but we do assess them on their ESG policies and implementation and engage with them on our concerns.

We also offer tailored solutions to large and smaller clients, pension funds, insurance companies, trustees and family offices. We believe that the consideration of material ESG risks and opportunities is part of the fiduciary duty of institutional investors and to help our clients embed considerations of sustainability into their investment approach. We undertake a thorough ESG scoring due diligence of external managers.

The aim of the engagements are to create value for the company, shareholders and society. In order to improve the impact and success rate of our engagement efforts, we aim to measure and monitor

the progress of our engagements by setting clear goals and timeframes, and by monitoring milestones for in-depth engagements<sup>4</sup>.

**The engagements are divided into three pillars:**

Engagement for awareness	Aims to improve understanding of a certain issue among companies or gather information on a particular company case.
Engagement for change	Aims to set out a specific goal with a specific timeline, while fostering change within a company.
Engagement for public policy and collaboration	Aims to improve the overall landscape of (financial) markets and general level of ESG performance in particular sectors, markets and geographies.

We focus our engagement on the most material or most salient cases with the highest impact on society and environment (and those which have best alignment with our engagement strategy). There are several levels of engagement. For example, we engage with fund managers, with companies we invest in, and with other stakeholders, such as: clients, credit rating agencies, benchmark providers, peers and NGOs, network organisations or even stakeholders of investees.

We use milestones to track and measure the progress of engagements towards their SMART objectives, set on one the topics below (engagements can start at any milestone). The topics cover among others: long-term strategy and risk management; transparency and communication; governance and environmental management including, climate change; social and ethical issues, such as labour rights or living wages.

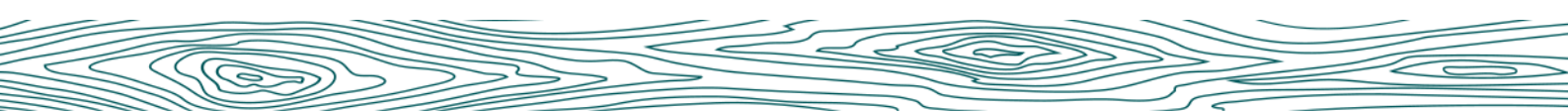
**Proxy Voting Policy & Conflicts of Interest Policy**

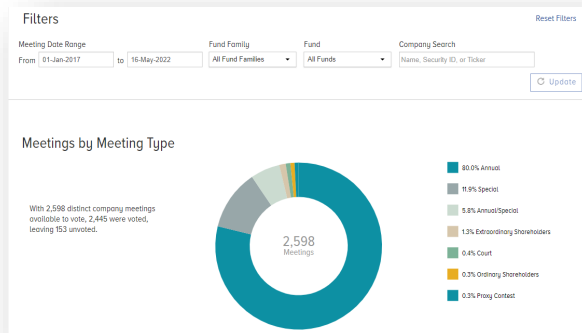
<https://www.kempen.com/-/media/Asset-Management/ESG/Polocies/2022-Kempen-Voting-Policy.pdf>

Our Voting Policy is available online and is reviewed annually. For transparency, our full voting records are published online via the [Kempen Voting Dashboard](#) which is updated on an ongoing basis, providing an overview of how Kempen voted at each meeting and on each agenda item.

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<sup>4</sup> In case the engagement with our investees is unsuccessful, we will consider escalation actions - covered in more detail in the full policy.





The voting policy is a part of the **stewardship and engagement policy** and outlines our approach and guidelines, including statements on oversight of the policy, our expectations and company dialogues, description of our service providers (Institutional Shareholder Services – ISS), share blocking, securities lending, and **conflicts of interest policy**. The policy details the criteria and guidelines specific to the categories such as accountability, transparency, board structure, diversity, shareholder rights, resolutions and more. The policy also stipulates in greater detail our approach towards voting on shareholder resolutions. While we vote on shareholder proposals on a case-by-case basis, we use Van Lanschot Kempen’s Sustainable Investment Approach, including our **Convention Library** to review the impact of shareholder proposals.

We expect our investee companies to have a proactive stance on a wide array of strategic, financial, environmental, sustainability, social and governance topics. At Van Lanschot Kempen, we vote at annual (and extraordinary) meetings at investee companies for all Van Lanschot Kempen listed equity investment funds and discretionary mandates worldwide (if instructed by the client to vote), unless voting is not feasible or not in the best interest of our clients. We call on companies to report on their relevant sustainability metrics using internationally recognised frameworks and standards including Task Force on Climate-Related Financial Disclosures (TCFD), the Global Reporting Initiative (GRI) Standards or Sustainability Accounting Standards Board (SASB). Companies should set measurable and ambitious sustainability targets and measure progress against these.

### Litigation Policy

The litigation policy can be found within our Stewardship and Engagement Policy and lays out our definition of class action. At Van Lanschot Kempen, we have adopted the following class action policy:

- Kempen engages in passive filing of claims to recover a (share of the) class action recovery as a result of a verdict or a settlement for which its investment funds are eligible. We use a third party for the filing of such claims.
- Kempen reserves the right to participate in active class actions.

## 2.4 Positive Impact

*In a fast-changing world with a closing window of opportunity to prevent irreversible environmental damage, we are making strides in constructing positive impact portfolios.*

## Spotlight Funds

- **Global Impact Pool** a multi-asset impact fund focused around four themes and five Sustainable Development Goals; Basic needs and well-being (SDG 3 and SDG 6), SME Growth and decent work (SDG 8), Climate & energy transition (SDG 7), SME Growth and decent work (SDG 8), and Circular economy (SDG 12) across both emerging and developed markets.
- **Kempen SDG Farmland Fund** invests in agricultural projects offering attractive returns and contributing to sustainable food production. Concrete KPIs enable institutional investors to contribute directly to SDGs linked to biodiversity and climate concerns over time.

The fourth pillar is positive impact. Van Lanschot Kempen invests with the objective to achieve real world outcomes and impact. This section first summarizes Van Lanschot Kempen's Green Bond Policy, highlights our positive impact funds and in, Chapter III – provides an overview of our three thematic priorities.

### Green Bond Policy (simplified):

Includes International Capital Markets Association (ICMA) definitions for nGreen Bonds and Sustainability(-Linked) bonds, Transition bonds and SDG-Linked bonds and their specific criteria.

**By 2025:** *Increase green bond investments by selecting funds with objectives/targets on green bonds, objectives to increase green bond allocation, or advance financing climate activities.*

**Prioritise Green bonds** over non-green bonds, if risk-returns are similar

**Prioritise Sustainable(-Linked) / SDG-Linked bonds** over Non-sustainable / SDG-Linked bonds, if risks-returns are similar. Criteria are applied to these bonds.

Van Lanschot Kempen's white paper on [impact investing](#) provides a theoretical and practical background the subject of impact investing, describing what it is, how impact can be measured in practice, what the characteristics of this market are and what challenges impact investors are facing.

## 2.5 Data

Across Van Lanschot Kempen, we work with external ESG data providers/vendors for quarterly screening based on international conventions such as the **United Nations Global Compact (UNGC)** and the **Principles for Responsible Investment (PRI)**. In addition, we use external ESG data providers for climate data, and alignment to the Sustainable Development Goals (SDGs).

Additionally, Van Lanschot Kempen investment teams have developed a proprietary ESG scoring

methodology for individual companies. We combine our own observations from meetings with management, raw data from a range of data vendors and our investment professionals' forward-looking views on what we believe will become increasingly important, in order to determine a single ESG score for each company. Individual investment teams incorporate this ESG score into their own analytical models when building investment cases.



### 3. Our thematic priorities

While our four pillars focus on doing no harm, we have also identified three concrete areas where we feel we are best equipped to *go beyond doing no harm* and make a positive contribution. These three focus themes are climate and biodiversity, smart and circular economy, and living better for longer.



Below is an overview and short summary of our thematic policies.

#### 3.1 Climate Change Policy

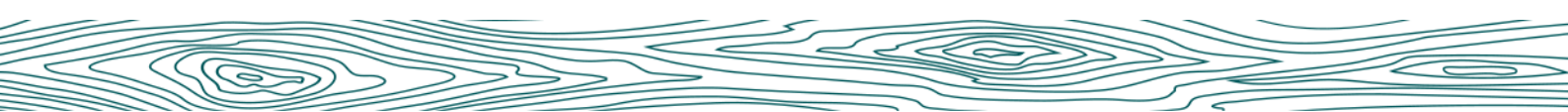
Our Climate Change Policy considers climate change in the context of our four pillars, as well as explains our governance, reporting structure and implementation plan for this core theme. Its appendix includes information on green bonds, sustainability-linked, SDG-linked and transition bonds carbon emissions measures.

Our commitment, ambitions and objectives align well with the long-term nature of climate change and with the Paris Agreement goals, Dutch “Klimaatakkoord”, Net Zero Asset Managers initiative, Europe’s ambition to become a net-zero economy by 2050 and the 1.5°C scenarios from the IPCC<sup>5</sup>. For the more sustainable and impact investments, we expect climate-aligned pathways in line with the EU Benchmarks<sup>6</sup>.

We use carbon data from our ESG research provider and disclose both metrics (Enterprise Value and Weighted Average Carbon Intensity in our annual reports (on Van Lanschot Kempen and Kempen Capital Management entity). See more information in the Appendix of our Stewardship & Responsible Investment report.

<sup>5</sup> IPCC (2018) “Global warming of 1.5°C”. The EU regulation also consists of climate benchmarks which are based on the 1.5°C scenarios from the IPCC.

<sup>6</sup> The EU Benchmarks consists of two climate benchmarks, Climate Transition Benchmark and Paris Aligned Benchmark, which have the aim to reach net-zero emissions by 2050 - in line with the 1.5°C scenarios from the IPCC.





### We have therefore set the following commitments:

2050	Long-term commitment	Become a net zero investor
2030	Mid-term ambition	All listed and non-listed investment aligned with Paris pathway
2025	Short-term objectives	All listed investment aligned with Paris Pathway

### Climate change policy in relation to our four pillars.

Pillar 1	See also <b>Exclusion and Avoidance Policy</b> for more detail on coal, tar sands, and nuclear energy.
Pillar 2	ESG Integration: Objective: To ensure that climate risks and opportunities are adequately considered in the funds' investment process. We prefer to invest in companies (via our internal and external fund managers) which integrate their climate risks and opportunities into their organisation, and are able to move towards a low-carbon economy.
Pillar 3	See also <b>Proxy Voting Policy</b> for more detail on how we also use our voting rights in line with our engagement activities to engage with companies, and other stakeholders, to encourage them to integrate climate risks and opportunities in their long-term business models and enable them to thrive in the transition to a low carbon economy.
Pillar 4	See Chapter II for more detail on impact; <b>Green and Sustainability(-Linked), Transition and SDG-linked bonds</b> .

## 3.2 Biodiversity Policy

As a long-term investor, we recognise the loss of biodiversity presents a material systemic, physical and transitional risks for global markets. In addition, we are aware that biodiversity loss and the climate crisis are interdependent. The aim of this policy is to reduce the possible negative impacts of our investments, encourage positive change and contribute to long-term sustainable development. It further strengthens our commitment to biodiversity as an integral part of our sustainability approach<sup>7</sup>.

### Overview of biodiversity commitments (please see full version of Biodiversity Policy for more detail).

- Collaborate and share knowledge on methodologies, data sources, biodiversity related metrics, targets and financing approached for positive impacts.
- Explore best practices and continue to enhance measuring the biodiversity impact and dependencies of our investments.
- Set biodiversity related targets, in line with science-based best practices.
- Integrate biodiversity risk into investment process.
- Aim to engage with companies and support them in reducing their negative and increasing their positive biodiversity impacts, where we aim to focus on the material biodiversity related sectors and companies.

<sup>7</sup> The policy is reviewed annually by the Sustainability Center and approved by the Van Lanschot Kempen Sustainability Investment Council. We aim to report our progress regarding our biodiversity commitments, ambitions and objectives for our client portfolios on an annual basis.

- Investigate and develop investment products that deliver positive biodiversity outcomes.
- Improve reporting on biodiversity as harmonized guidelines and metrics become available, in addition to reporting on our own biodiversity footprint and that of our portfolios.

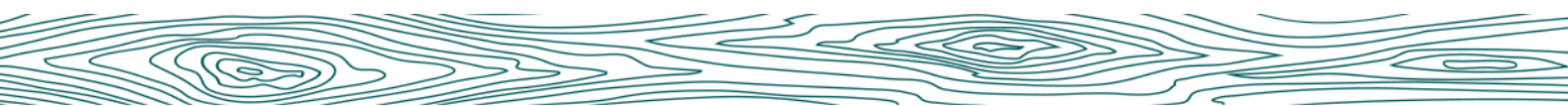
*In addition to our commitments, measures we take to include biodiversity in our investment process include (see full policy for detail) : Biodiversity risk assessment, ESG instruments (exclusion vs. engagement), and positive impact by concretely investing in nature based solutions for our clients for different asset classes (i.e., **SDG Farmland Fund**).*

### 3.3 Smart and Circular Economy Policy/Living Better for Longer Policy

These two separate thematic policy papers are currently being developed as part of our 2022 objective:

**Smart and Circular Economy:** helping our investee companies to contribute to a smart, circular and inclusive economy.

**Living better for longer:** our policy will look at how issues related to well-being and health should be considered both for the risks and the opportunities of our investment decisions and active ownership measures.





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## OTHER INFORMATION

Van Lanschot Kempen NV, has its registered office at Hooge Steenweg 29 in 's-Hertogenbosch (5211 JN), Chamber of Commerce 's-Hertogenbosch no. 16038212. The bank's VAT-number is NL0011.45.770.B01, has been registered as a bank in the Register required by the Dutch Act on Financial Supervision (Wft) at the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten) and the Dutch Central Bank (De Nederlandsche Bank)...