



CLIMATE STRATEGY AND ACTION PLAN

Addressing climate change is part of our purpose

As a society, we need to find a more sustainable equilibrium between people, planet and prosperity. At Van Lanschot Kempen, we have defined three themes – climate change and biodiversity, living better for longer, and a smart and circular economy – to which we aim to contribute effectively. We do this by making progress on three transitions: energy, food and materials. These themes and transitions are interrelated, and together form a nexus on which we aim to focus our efforts.

As a wealth manager, we seek to act as a steward by helping our clients allocate their capital to organisations that are part of, or are well prepared for, these transitions. Moreover, our purpose is to *preserve and create wealth, in a sustainable way, for our clients and the society we serve.*

In all our roles – as solution provider, service provider (advisor), employer, investor, lender and purchaser – we have set concrete and measurable targets to reduce our carbon footprint.

In our strategy to further embed climate change and the energy transition into the organisation, we distinguish three key elements: (1) Ambition, (2) Action and (3) Accountability. We have structured this document around these elements.

In addition, we have summarised the challenges that we currently face in addressing climate change. We have also included the recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) in this strategy.

1. Our ambitions

As a long-term investor, we believe climate change represents a systemic risk to the economy, society and environment, and we want to consider the risks and opportunities this presents, including on the energy transition, in the coming decades. We are convinced that we can contribute to progress in this area. In line with the Paris Agreement goals all actors have a role to limit global warming to +1.5°C

above pre-industrial levels. It is our ambition to transition towards a climate-neutral economy and society with our clients and stakeholders. We have therefore set a long-term commitment for our investments to reach net-zero greenhouse gas emissions by 2050, and mid-term (2030) and shorter-term objectives (2025) on climate change. More details on our commitments and approach can be found in our [climate change policy](#).

Our commitment, ambition and objectives fit in well with the long-term nature of climate change and are aligned with:

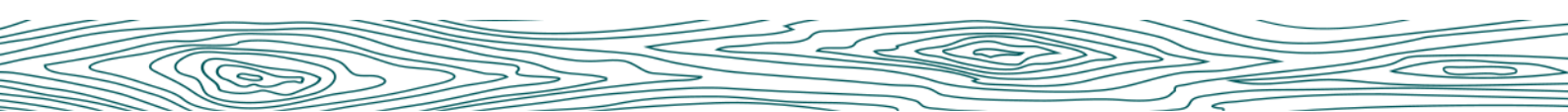
- the Paris Agreement goals;
- the Climate Commitment of the financial sector of the Dutch Climate Agreement (Klimaataakkoord);
- the ambition laid out by the European Commission to become a net-zero economy by 2050;
- the IPCC's +1.5°C climate scenarios.

We also want to send a clear signal to stakeholders in our value chain, and our investee companies in particular. To underline our ambitions, we amongst others joined the Net Zero Asset Manager Initiative.

To make our commitments and goals actionable, we have set KPIs for 2022 and 2023 that cover our activities: assets under management (AuM), balance sheet activities (e.g. mortgage lending) and our own operations. We describe these in more detail in the next section. Over the coming years, we aim to further enhance these KPIs and our underlying approach.

2. Actions and KPIs

In determining the actions for achieving our ambitions, we start with the short, mid-term and long-term commitments and objectives. We have translated these into KPIs for 2022 and 2023. The objectives relate to greenhouse gas emissions, including scope 1 (the direct GHG emissions of our operations – e.g. emissions from our lease car fleet), scope 2 (the indirect GHG emissions of our operations – e.g. the emissions associated with the electricity we purchase and consume) and scope 3





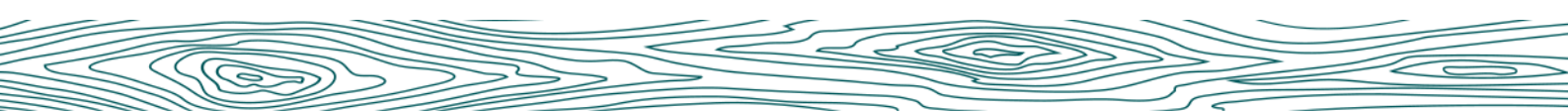
(the GHG emissions in the value/investment chain – e.g. the emissions associated with our AuM, the emissions through our suppliers). These KPIs are listed in the table below.

KPIs	Targets
13. Decrease in carbon emissions:	
a. Direct emissions through our organisation	-7.0% per FTE per year (base year 2019)
b. Alignment of our investment solutions with the Paris Agreement:	
i. Kempen funds and discretionary management solutions	7% average annual emission intensity reduction (base year 2019)
ii. Fiduciary management (FM) solutions	> 50% of FM clients have Paris Agreement-aligned goals
c. Coverage: Indirect emissions through our assets under management (AuM)	Coverage grows to 55–60% of CO ₂ e emissions by end 2022
d. Indirect emissions of our mortgage portfolio	CO ₂ e per euro < last year
14c. Engagement: Kempen listed funds engage with companies representing > 50% of the fund's carbon footprint	Engaged with companies representing > 50% of carbon footprint out of total portfolio

All the climate KPIs are disclosed in the Annual Report. We also update progress on the KPIs in the report. Besides these KPIs, we internally also monitor additional climate related performance indicators.

For KPIs 13a, 13bi, and other carbon footprint reduction targets – we use 2019 as our base year. As this was the first year as of which we had access to sufficient reliable data to monitor our progress across our assets under management, loan book and with regards to our own operations.

We determine the carbon footprint of our assets under management and balance sheet based on the methodologies developed by the Platform Carbon Accounting Financials (PCAF) where possible, and are a member of the Dutch chapter of this initiative, and the Task Force on Climate-related Financial Disclosures (TCFD). The carbon metrics can be found in the Appendix.





Assets under management

More than 95% of our impact on climate change is through assets we manage on behalf of our clients (AuM). In 2021, our AuM's carbon footprint was 3.6 million tonnes CO₂e (based on data relating to 59% of our AuM), our balance sheet activities amounted to 51,061 tonnes CO₂e and the footprint of own organisation's operations was 1,984 tonnes CO₂e. We thus focus primarily in our climate strategy and efforts on reducing the emissions associated with our AuM.

Our objectives and ambitions for our client investments in the short, mid- and long-term are:¹

- **2050:** we aim to be a net-zero investor by 2050.
- **2030:** by 2030, all listed and non-listed investments (where we have influence) will need to be aligned with the Paris Agreement pathway.
- **2025:** The shorter-term objective for 2025 is that our listed investments need to be aligned with the Paris Agreement pathway. We use the greenhouse gas emission reduction trend of the EU Benchmarks for the pathway, which is based on the IPCC +1.5°C climate scenarios. This translates to a 7% greenhouse gas emission reduction ambition (at fund level, on a comply-or-explain basis), based on the benchmark of the specific portfolios. We use a bottom-up approach, which means that the performance depends on the fund (and benchmark used). We use Scope 1 and 2 in our greenhouse gas emission targets for our investments. We will investigate how and when we can integrate Scope 3 in our reporting and management.

2025 objective translated to solutions

The 2025 greenhouse gas emission reduction objective is translated into the different Van Lanschot Kempenn solutions:

- Own listed funds: we will aim at an aggregate level to be aligned with a pathway to achieving the Paris Agreement and Dutch Climate Agreement goals, including on carbon-intensity metrics.
- Wholesale and institutional clients: we will advise and encourage clients to align listed

equity investments with a pathway to achieving the Paris Agreement and Dutch Climate Agreement goals.

- Private clients: we will strive to align the listed portfolios of private clients discretionary management with the Paris Agreement and Dutch Climate Agreement goals. The same applies to the listed funds where we advise clients.

Additional underlying 2022 and 2025 objectives

We have additional underlying 2022 and 2025 objectives relating to different actions.

- **Exclusions:** we will not invest in companies which significant revenues coming from thermal coal mining and oil sands for the fund managers where Van Lanschot Kempenn has influence. For more sustainable funds, we will go a step further and exclude companies that earn some revenue from thermal coal mining or oil sands. For impact funds, there should be no companies that invest in thermal coal or oil sand activities.
- **ESG integration:** to ensure that climate risks and opportunities are adequately considered in the funds' investment process, we prefer to invest in companies (through our internal and external fund managers) that are able to play their part in energy transition and move towards a low carbon economy.
- **Active ownership:** to engage with the most carbon-intensive companies in our portfolios and other stakeholders, to encourage them to integrate climate risks and opportunities into their long-term business models and enable them to thrive in the transition to a low carbon economy. We also use our voting rights in line with our engagement activities. We are an active member of the IIGCC and Climate Action 100+, the latter is the largest investor collaborative engagement initiative on climate change. We increase our leverage on companies through this engagement initiative. The recent engagement and voting results of our funds can be found in

¹ The reference year is 2019.



our annual **Stewardship and Sustainability Report**. If our active ownership efforts are ineffective, we may consider escalations within these dialogues. The escalation ladder that we generally apply can be found in our: [Kempfen Stewardship & Engagement Policy](#).

- **Impact:** We recognise that climate solutions will also be needed. We provide solutions to our clients for different asset classes, where possible. However, we currently limit this to fixed income, with the intention of including other asset classes in the near future (when impact data will become more available). We will increase our green-bond investments by selecting funds that aim to increase their green-bond allocation and/or advance the financing of climate activities that contribute to the Paris Agreement goals and transitioning towards a low carbon economy.

Approach per asset class

How we implement these actions differs per asset class, as for each asset class different instruments are more effective. We have outlined our approach per asset class below, differentiating between category i and ii asset classes as determined in the Guidelines of the Climate Commitment of the Dutch financial sector:

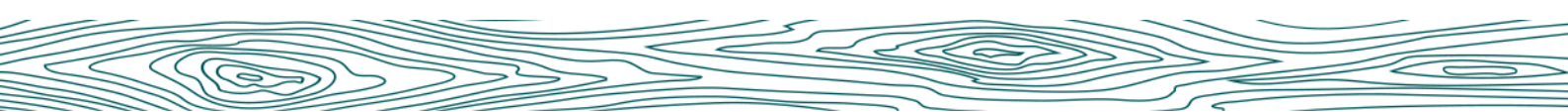
Category I:

- *Listed equity:* By 2025, we aim to be aligned with a path to achieving the Paris Agreement and Dutch Klimaatakkoord goals for all listed investments. We have formulated short-term (2022-2023) and long-term (2050) objectives as well. We use several instruments to achieve these objectives, which include active ownership, exclusions, ESG integration and impact. See our [climate policy](#) for more details.
- *Listed corporate bonds:* Our approach on listed corporate bonds is in line with our approach on listed equity. In addition, we have a green bond policy and objective to increase these assets. See our [climate policy](#) for more details.
- *Real-estate:* Our approach on listed real-estate is in line with our approach on listed equity.

Regarding the approach on non-listed real-estate for our Kempfen pool, we follow the listed real-estate approach, taken into account the non-listed characteristics (e.g. engagement with fund managers and limited carbon data availability).

Category II:

- *Sovereign bonds:* We monitor and disclose the carbon footprint of government bonds and bonds of supranational institutions as part of the carbon footprint of our overall AuM and for the target for our discretionary portfolio management solutions. As per the PCAF method, we for the WACI use GDP to gain insight into the relative carbon intensity.
- *Private equity and debt:* As the underlying investee companies are currently generally not yet required to disclose information on their carbon footprint, we as of yet have limited insight into the carbon footprint that can be associated with holdings in this asset class. We foresee that this change over the coming years as via the EU SFDR and EU CSRD – external managers and the underlying companies will be required to provide more insight into the carbon footprint of private equity and -debt holdings. In the meantime we will engage with external managers, asking them to provide more insight.
- *Infrastructure:* We can make a distinction listed and non-listed Infrastructure. The approach on listed infrastructure is in line with listed equity (category I). The approach on non-listed infrastructure is in line with private equity and debt (category II).
- *Externally managed funds:* We have formulated short-, mid- and long-term climate objectives (as mentioned above), which includes our offerings to institutional and private clients. These offerings may contain internally and externally managed funds. See our [climate policy](#) for more details. Therefore the externally managed funds will also need to comply with these climate objectives. Climate is one of the sustainability elements our externally managed





managers are assessed on which are part of these offerings. We foresee that the coming year(s) via the EU SFDR external managers will provide more insight on the carbon footprint of their fund(s).

Balance sheet activities

As a wealth manager, we provide loans to our clients and other activities relating to the asset side of our balance sheet. In our Annual Report, we show the impact of our balance sheet through the carbon footprint of the activities. Overall, we can distinguish two main activities we focus on: lending to our clients (mainly mortgages and some other loans) and our own investment portfolio.

- *Lending to clients:* we have a KPI for our residential mortgage portfolio, namely that the carbon emission intensity needs to be lower than the previous year. We intend to increase this target in the coming year.
- *Own investment portfolio:* we have set a sustainability policy for our own investment portfolio in 2021. This policy includes climate commitments and objectives.

Approach per asset class

As for our assets under management we have outlined our approach per asset class below, differentiating between category i and ii asset classes as determined in the Guidelines of the Climate Commitment of the Dutch financial sector:

Category I:

- *Residential mortgages:* We have a KPI to annually reduce the carbon intensity per outstanding euro of our residential mortgage portfolio. For this this KPI we determine the carbon footprint based on the PCAF methodology corresponding with the level 1 data quality score and applying the loan-to-value at origination instead of based on the latest known appraisal (in line with PCAF International). Next to the carbon footprint based on this methodology, we also disclose and monitor the carbon footprint based on the PCAF methodology corresponding with the level 3 data quality score – to help stakeholders assess the carbon footprint of our residential mortgage portfolio compared to that of other Dutch financial institutions. This level of insight will also help us to in the near future set a target

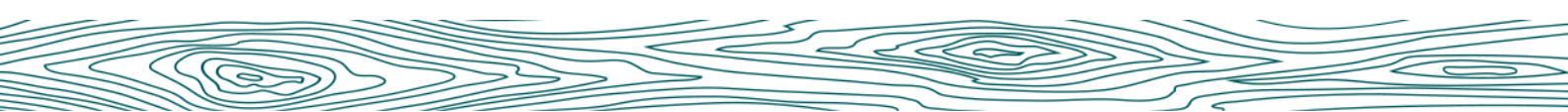
on the energy consumption and/or carbon intensity per square meter.

Category II:

- *Other real-estate loans:* In addition to residential mortgage loans we also provide other real estate loans to private clients. We also still have a relatively limited corporate banking legacy portfolio. We are in the process of gaining more insight into the carbon footprint of this portfolio based on the PCAF level 3 data quality score. This level of insight will also help us to in the near future set a target on the energy consumption and/or carbon intensity per square meter.
- *Corporate loans:* In alignment with our wealth management strategy, our business lending focuses primarily on the Netherlands and is concentrated in a handful economic items. Our business lending clients mainly break down into: professional, scientific and technical activities (lawyers, accountants, consultants, etc.), and human health (particularly dentists, orthodontists and other health care professionals). We thereby have virtually no exposure to the priority sectors as defined in the Guidelines of the Climate Commitment of the Dutch Financial Sector (e.g., agriculture, aluminium, cement, thermal coal). As these are generally SMEs that are not required to monitor and disclose their carbon footprint, we have limited insight into the carbon footprint of our corporate loan portfolio. We annually estimate the carbon footprint of this portfolio based on sector data provided by Statistics Netherlands and applying the PCAF methodology.

Own organisation

Although the carbon emission impact through our own organisation is relatively small (2021: 1,984 tonnes CO₂e), we have direct influence over it and need to 'walk the talk'. We have thus been measuring and managing the emissions for our own organisation for years (since 2011). In line with our commitment to be a net-zero investor, we have an annual reduction target of -7% per FTE (from base year 2019). We are initiating actions to reduce emissions coming from the main drivers of our organisation's carbon emissions (lease fleet, heating and flights). For instance, over the coming years we will transition to an all-electric lease fleet. This action





will help to substantially lower our carbon emissions. Since 2019, the last year before the COVID-19 pandemic, our lease fleet has accounted for 55% of our operations' carbon footprint.

Although our focus is to reduce our carbon footprint, the rest of our emissions are being compensated ('offset'). We do not offset the other aforementioned elements of our carbon footprint. The performance and development of our organisation's carbon emissions can be found in the Sustainability Supplement of our Annual Report.

Further development of climate objectives

Finally, for all our activities mentioned above, we have *internal* KPIs that also support the pathway towards achieving the 2025 objectives. The independent auditor has externally verified our climate KPIs. We will strive to further enhance our KPIs in the coming years. We continue to assess the possibility of validating our short/mid-term climate objectives via the Science Based Targets initiative (SBTi).

Governance

Van Lanschot Kempfen's Management Board is responsible for developing a vision for long-term value creation and an appropriate strategy. Van Lanschot Kempfen has a Sustainability Board in place (with members from the Management Board and involvement of the risk management function) to which the Management Board has delegated responsibility for driving and implementing the sustainable strategy for the whole of Van Lanschot Kempfen, including on climate change and related actions. Climate objectives have been translated into KPIs, which can be found in our Annual Report. Virtually all external and internal climate related KPIs are monitored on a quarterly basis by the Sustainability Board and supporting Sustainability Investment Council and Sustainability Own Operations and Loans Council. The Supervisory Board assesses the performance of the Management Board based on a set of financial and nonfinancial key performance indicators (KPIs). More details can be found in our TCFD report.²

² The 2021 TCFD report can be found [here](#).

3. Accountability and Transparency

Through our annual reporting cycle, we are committed to continued and improved reporting on the progress made with our climate approach and our commitments, objectives and actions to our shareholders and other stakeholders.

Via amongst others our: Annual Report (including the segment in the Risk paragraph on our implementation of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations) and related Sustainability Supplement.³

The climate related information, including the carbon footprint and objectives (KPIs), included in our Annual Report have been audited (limited assurance).

Van Lanschot Kempfen is also ranked by many ESG-rating agencies and other sustainability providers (see [link](#) for more information).

³ The 2021 Annual Report, Sustainability Supplement and TCFD report can be found here: [Annual Report](#); [Sustainability Supplement](#); [TCFD report](#).





Our remaining challenges

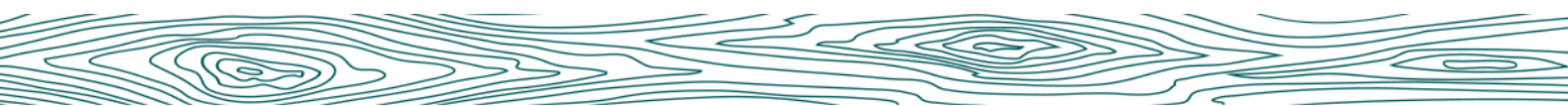
The main climate-related challenge for the financial sector is data quality and availability. The number of companies and the quality of reporting need to increase, so financial institutions can increase their coverage and develop their analysis and insights on climate risks and opportunities. All relevant parties (e.g. policymakers, companies, investors, data providers) need to use their influence to enhance climate data quality. Nevertheless, we expect that climate data (including the coverage of companies that report on climate) will generally improve in the coming period and also be driven by the EU Sustainable Finance Regulation. As more companies switch to standardised reporting, the quality of climate data will improve. Furthermore, investors such as Van Lanschot Kempfen are and will be asking companies to report on climate (e.g. through the TCFD recommendations).

Initiatives and collaborations

We are part of various sector and other initiatives and several forms of collaboration with other investors and stakeholders. In addition to the aforementioned Net Zero Asset Managers Initiative, these include:

- *Climate Action 100+*: the largest engagement initiative on climate change boasting more than 600 global investors with USD 65 trillion in assets. For more details, see [here](#).
- *Dutch Climate Coalition*: Group of Dutch like-minded asset managers jointly engaging with oil & gas companies, see: [joint founding statement](#).
- *Platform Carbon Accounting Financials (PCAF)*: Dutch financial institutions have developed a methodology to measure the carbon emissions of loans and investments. In 2019, PCAF became a global movement. For more details, see [here](#).
- *DUFAS*: industry association of Dutch asset managers, which includes topics on climate change and the Dutch Climate Commitment. For more information on DUFAS, see [here](#).
- *Eumedion*: represents the interests of institutional investors in the field of corporate governance and sustainability. For more information on Eumedion, see [here](#).
- *Anders reizen coalition*: a coalition of larger companies in the Netherlands that works on reducing the GHG emissions relating to staff

mobility. For more information on the Anders reizen coalition, see [\(in Dutch only\)](#).





Appendix

The following carbon indicators are being used to measure the Assets under Management:

Total absolute CO₂e emissions (in tonnes).

- CO₂e emissions per invested euro (normalised carbon footprint per euro invested based on enterprise value).
- Weighted average carbon intensity, based on revenues. This metric is used as primary indicator for the objectives. For government bonds we use GDP, in line with the PCAF methodology.

We use ISS ESG as data provider. They use carbon data based on company publications, such as annual reports, sustainability reports and CDP. The data provider assesses the quality of the data and gives a score of the data quality.

Moreover, ISS ESG estimates carbon data based on estimation models when data is not reported. Note that as this data is not reported, and audited, via the company, the quality of the data is lower compared to reported and verified carbon data from the company.

