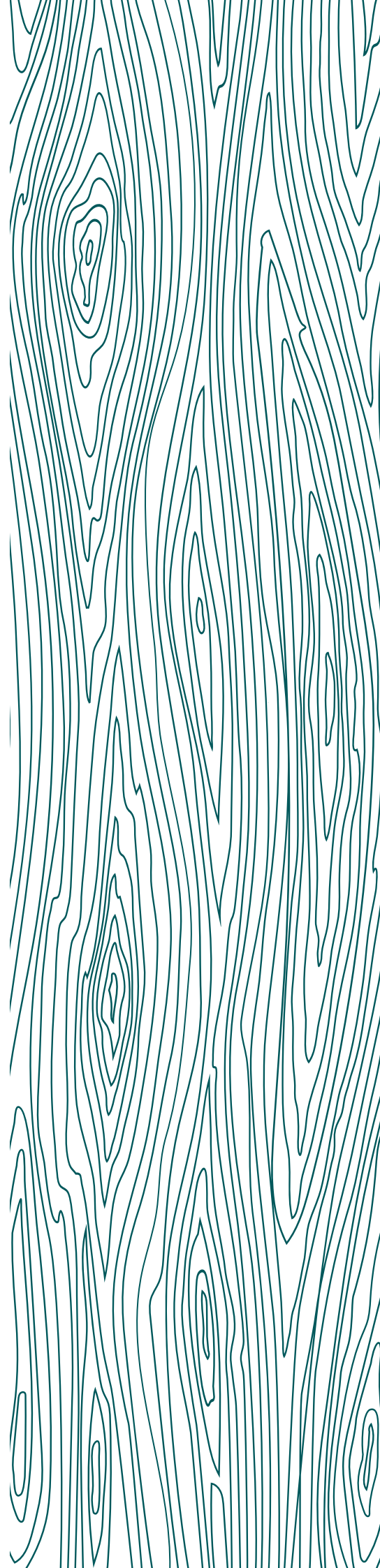


2018 Corporate Social Responsibility Supplement



**VAN LANSCHOT
KEMPEN**





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About this supplement

Van Lanschot Kempen publishes an integrated annual report that includes both financial and non-financial information. The most material non-financial information is incorporated in the integrated report. Other, less material non-financial information, or information only requested by a few stakeholders, is included in this supplement or on our website at vanlanschotkempen.com/responsible.

1. FRAMEWORK AND OVERVIEW

The framework below supplements our annual report and offers a detailed overview and description, focusing on creating value. It shows the most important material topics, risks, financial and non-financial key performance indicators (KPIs)

and achievements in each of the six strategic themes as described in our annual report. As can be seen from the table, around half of our KPIs – 7 out of 15 – were (more than) achieved in 2018.

Themes	GRI material topics	Key risks ¹	KPIs ²	Achieved 2016 ³	Achieved 2017 ³	Achieved 2018 ⁴	KPI achieved 2018?	More info
1. Financial and risk management	1–2	Negative financial results due to financial market shocks	KPI 1: CET 1 ratio (fully loaded): 15–17%	18.6%	20.3%	21.4%		AR p. 34
			KPI 2: Return on equity (CET 1): 10–12%	7.3%	10.4%	9.8%		AR p. 34
			KPI 3: Efficiency ratio: 60–65%	79.6%	76.2%	79.4%		AR p. 34
2. Ethics and integrity	11	Reputational risk (low trust in the financial sector)	KPI 4 ⁵ : Percentage of employees who feel the responsibility to act and behave ethically: above industry average	n/a	n/a	n/a	n/a	n/a
3. Client relations	3	Dissatisfied clients due to e.g. cybercrime or financial market shocks	KPI 5: Net Promoter Score (NPS) ² : (a) PB and (b) Evi: NPS of 10; (c) AM: NPS of 20	–3 PB –11 Evi	–4 PB –3 Evi 44 AM	2 PB –20 Evi	  	AR p. 34
4. Responsibility and sustainability	6–7	Risk of not taking into account the needs and expectations of society at large (low trust in financial sector)	KPI 6: Private Banking: AuM invested in sustainable and/ or impact investment wealth management solutions: > last year	–	€1,138 m	1,318 m		AR p. 28
			KPI 7: Engagements with companies in which our funds invest: 80–100 cases	n/a	n/a	91		AR p. 28
			KPI 8: Asset Management: percentage increase in (internal and external) fund managers on our approved list that are scored on their overall sustainability profile: > last year	n/a	n/a	53		AR p. 27
			KPI 9a: Decrease carbon emissions: direct emissions of our own organisation by 2.5%/FTE per year	Carbon emissions: 5,152 tonnes (–3.3%) Per FTE: 2.77 tonnes (–3.2%)	Carbon emissions: 5,265 tonnes (2.2%) Per FTE: 2.76 tonnes (–0.4%)	Carbon emissions: 4,679 tonnes (–11.1%) Per FTE: 2.54 tonnes (–8.1%)		AR p. 28
			KPI 9b: Decrease carbon emissions: indirect emissions via our balance sheet (mortgage portfolio): CO ₂ /EUR < last year	n/a ⁶	Carbon emissions: 32,490 tonnes	Carbon emissions: 30,144 tonnes (–7.4% CO ₂ /EUR)		AR p. 28

 KPI more than achieved  KPI achieved  KPI almost achieved  KPI not achieved  KPI far from achieved

1 For more information on key risks, see p. 62 of our annual report.






2 Van Lanschot Private Banking in the Netherlands, Evi van Lanschot and Kempen Asset Management.

3 For KPIs in 2016 and 2017, n/a means that there was no result available for these years.

4 For KPIs in 2018, n/a means that there was no result available for 2018.

5 In 2018, no employee engagement survey was conducted, so no score is reported for KPIs 4 and 11.

6 The figure was calculated in 2016, but is not comparable with 2017 and 2018 figures due to data restrictions.

Themes	GRI material topics	Key risks ¹	KPIs ²	Achieved 2016 ³	Achieved 2017 ³	Achieved 2018 ⁴	KPI achieved 2018?	More info
5. Employees	13	Inability to find and retain the right employees (e.g. due to tightening labour market) could limit our capacity for growth	KPI 10: Employee engagement Score: > 80%	n/a	81%	n/a		n/a
			KPI 11 ⁵ : Employer Net Promoter Score: > 10	n/a	n/a	n/a	n/a	n/a
			KPI 12: Gender balance in management positions: >30% female and >30% male	n/a	n/a	20% female and 80% male		AR p. 34
6. Preservation and creation of wealth	3	Risk of severe shocks in financial markets	KPI 13: Private Banking: 3-year performance of discretionary management mandated: > benchmarks	n/a	n/a	-0.1%		AR p. 34
			KPI 14: Evi: 3-year performance of discretionary management mandated: > benchmarks	n/a	n/a	-0.4%		AR p. 34
			KPI 15: Asset Management: average Morningstar rating of investment strategies (Institutional share class): average rating > 3.5	n/a	n/a	4.0		AR p. 34

 KPI more than achieved
  KPI achieved
  KPI almost achieved
  KPI not achieved
  KPI far from achieved

Additional background

Our annual report contains the most important quantitative details in relation to our KPI achievements in 2018 (see annual report pp. 33–34).

Some additional background is given below. More precisely, we describe the (positive and negative) impacts for each KPI in relation to the strategic themes and (indirectly) the material topics. These descriptions are mainly qualitative, but where possible are also enriched with data.

Financial and Risk Management

Why relevant for stakeholders

Financial performance and risk management are key to our organisation, as all direct stakeholders benefit from a solid capital position and sustainable performance.

Our KPIs and impact

In 2018, our CET1 fully loaded ratio increased to 21.4% and our return on equity decreased to 9.8%. The efficiency ratio amounted to 79.4%. By meeting the CET1 fully loaded ratio, we have a positive impact on several stakeholders. Our clients need a financially healthy wealth manager that manages its risks in order to meet its obligations and maintain and increase the wealth of its clients. Our shareholders benefit from robust performance and solid financial results, as they are looking for profits, dividend payments and positive share price trends. Our employees want our organisation to be financially robust for reasons of

job security, personal income and development opportunities. Regarding the latter, in 2018 we invested €4.5 million in training; on the social impact of this is estimated on our website: [vanlanschotkempen.com/responsible/policy](https://www.vanlanschotkempen.com/responsible/policy). A possible negative impact could be related to the (future) consequences of not meeting the cost-income target, if for instance, employees will be affected when the organisation tries to achieve the target. Governments, regulators and society at large benefit from a financially healthy wealth manager. Failing financial institutions (e.g. banks) may cause negative impact, including declining economic growth, social unrest and state aid.

Ethics and integrity

Why relevant for stakeholders

We could not exist without trust, and an ethical culture is vital to sustain this trust with all our stakeholders. We intend to operate in an ethical manner, and to encourage our employees to behave ethically and with integrity.

Our KPIs and impact

We monitor the ethical behaviour of our employees by focusing on this item in our employee engagement survey. In 2018, no employee engagement survey was conducted, so no score is reported for this year. We will conduct a survey in 2019.

Client relationships

Why relevant for stakeholders

The relationship with our clients is one of our most important assets and we use the Net Promoter Score (NPS) to measure their satisfaction and loyalty⁷.

Our KPIs and impact

Our Private Banking clients awarded us an NPS of 2, below our target of 10. The NPS awarded by clients of Evi was -20, below our target of 10. Both NPS scores were impacted by disappointing absolute results on clients' investment portfolios. For Asset Management we measure the NPS once every two years as the relationship with and the solutions provided to institutional clients do not change as quickly as can be the case of private clients. In 2017, our Asset Management clients awarded an NPS of 44, above our target of 20. By setting targets we aim to increase positive impact for our clients. While we have achieved this for Asset Management, not meeting the targets for Private Banking and Evi is a stimulus for us to further increase the quality of our services and continue the dialogue with our stakeholders.

Responsibility and sustainability

Why relevant for stakeholders

We can achieve the most significant economic, environmental and social impacts by investing the wealth of our clients in a responsible and sustainable manner; this relates both to our assets under management (off balance) as well as to our lending portfolio (on balance). We can also create impact by making our own organisation more eco-efficient.

Our KPIs and impact

For our assets under management we have set three KPIs.

- The Private Banking AuM invested in sustainable and impact investment rose from €1,138 million to €1,318 million. By investing in sustainable and/or impact investments, clients deliberately choose to invest in more sustainable organisations, thereby enhancing their positive impact. Positive impacts relate to climate change, for example, by investing via funds in sustainable energy projects or in less carbon-intensive companies. These goals connect with the Sustainable Development Goals; our website describes how we contribute to these goals via our client investments: [vanlanschotkempen.com/responsible](https://www.vanlanschotkempen.com/responsible).
- In 2018, we conducted 91 engagement cases with companies for change and awareness, well within our target of 80–100 cases. With these engagements we also contribute to sustainable developments such as combatting climate change; as the engagement examples on page 14 show.
- In 2018, we further improved our ESG scoring methodology for (external) fund managers and were able to score 53 funds. Through this rating and our active dialogue with fund managers we strive to encourage positive change. The exact impact is still difficult to measure, but we expect to increase the scores of a number of funds via engagement going forward.

KPIs for our lending business and our own organisation

- The carbon emissions caused by our mortgage portfolio decreased by 7.4%. We can also contribute to climate change mitigation via our lending business, which is why we have started to measure the carbon footprint of our balance sheet activities. Based on these calculations, we have started to develop a "Groenhypotheek" (green mortgage) to help our borrowers make their homes more eco-efficient (see our annual report, p. 28).
- We decreased our own carbon footprint by 8.1% per FTE. This was achieved by transferring (partly) to biogas in the Netherlands and using more green electricity in Belgium. For more details, see p. 17.

Employees

Why relevant for our stakeholders

People make the difference in a knowledge and service-based organisation such as ours.

Our KPIs and impact

We have set new KPIs related to this theme and material topic. At year-end 2018, 20% of the employees in management positions were female. As mentioned before, in 2018, no employee engagement survey was conducted and therefore, the 2017 employee engagement score is reported and no score is reported for the Employer Net Promoter Score. Our next engagement survey will take place in the first half of 2019.

Preservation and creation of wealth

Why relevant for our stakeholders

Preserving and creating wealth for our clients enables us to contribute to the achievement of their business, personal and social goals.

Our KPIs and impact

Our wealth management solutions should deliver a positive performance in the long term and our investment strategies should perform well compared to their benchmarks. The average Morningstar rating of our investment strategies is above target, showing that the performance of our investment strategies is positively rated by Morningstar and that investing in our investment strategies is contributing to the achievement of client goals. The three-year performances of Private Banking and Evi discretionary management mandates relative to their benchmarks stood at -0.1% and -0.4% respectively. In 2018, performance was slightly below the benchmark due to the decision to take less interest rate risk than the benchmark by investing in credits and liquidity funds and due to underperformance of the external equity funds selected. 2016 and 2017 showed an outperformance compared to the benchmark.

Summary

Overall, we have made progress in integrating financial and non-financial indicators into a holistic framework. Moreover, about half of KPIs have been met, indicating that we have made progress in achieving value. Areas for improvement are

⁷ To measure the satisfaction and loyalty of our clients, we use the Net Promoter Score (NPS), which gives insight into client loyalty and the number of promoters of the organisation. The score lies within a range of -100 to 100 points, the higher the better. The formula is as follows: $NPS = \% \text{ promoters} - \% \text{ detractors}$. Promoters give the organisation a score of 9 or 10, whereas detractors award a score of between 0 and 6. The NPS that we measure is also known as the Relationship NPS. The Relationship NPS differs from the Transactional NPS, which is also commonly used. The Transactional NPS measures client satisfaction after a single transaction and tends to lead to a higher score than the Relationship NPS. We measure the Relationship NPS once a year for Private Banking and Evi.

to obtain results for all our KPIs in the coming year (e.g. for the “Employees” and “Ethics and Integrity” themes); and to meet our targets for all KPIs.

Licence to operate

The set of material topics and KPIs shown above does not include all 13 material topics that our stakeholders have defined in our latest materiality assessment (2017); see the materiality matrix on page 10. The reason that we have left out six topics is that we see these as “business as usual”, meaning that these are monitored as part of our licence to operate. These topics are: “Fair pricing, marketing and

labelling”, “Customer privacy and data security”, “Responsible lending”, “Prevention of financial economic crime”, “Transparency and reporting”, and “Stakeholder involvement”. These six topics are integral to our internal quarterly reports to the Executive Board, but we do not explicitly report on them externally in our annual report.

Overview of non-financial data

The following overview of non-financial data, broken down by division, is provided as a supplement to the non-financial key data in the annual report.

CSR key data ⁸	Van Lanschot Kempen			Private Banking and Evi			Asset Management and Merchant Banking ¹²		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Employees									
Employees (FTEs)	1,621	1,658	1,670	1,259	1,292	1,192	362	366	478
Women (%)	36	36	37	39	39	40	23	27	30
Employee motivation and engagement (%)	No score; actions taken on health and engagement scan	81	No score; actions taken on health and engagement scan	–	–	–	–	–	–
Sick leave (%) ⁹	2.7	2.7	3.9	3.1	2.9	4.2	1.5	2.3	3.2
Investment in training (€ m)	4.5	4.2	3.7	3.6	3.1	2.8	1.0	1.1	0.9
Employment contract – internal staff									
– FTEs	1,621	1,658	1,670						
– Male / female (%)	64 / 36	64 / 36	63 / 37						
Employment contract – external staff									
– FTEs	223	248	191						
– Male / female (%)	75 / 25	80 / 20	n/a						
Employment contract									
– Internal staff / external staff (%)	13.8	15.0	11.4						
Employment contract – full-time									
– Number	1,248	1,274	1,307						
– Male / female (in %)	77 / 23	77 / 23	n/a						
Employment contract – part-time									
– Number	458	473	457						
– Male / female (in %)	29 / 71	28 / 72	n/a						
Employment covered by collective bargaining agreements (%) ¹⁰	77	74	76						
Ratio highest paid individual to median annual total compensation all employees ¹¹	15.9	13.7	13.4						

8 Our website has information on the way CSR is organised at Van Lanschot Kempen.

9 The number of days lost to sick leave (excluding maternity leave) as a percentage of the potentially available number of working days in 2018.

10 For 2016 and 2017 figures: Van Lanschot Netherlands and Kempen. The 2018 figure also includes Van Lanschot Belgium and Van Lanschot Switzerland.

11 The median in the calculation excludes employees from Van Lanschot Belgium and Van Lanschot Switzerland. The ratio reflects both fixed pay – defined as full-time salary, holiday allowance, the so-called 13th month payment and, at Kempen, market-related allowance – and variable pay. Variable remuneration is defined as discretionary payments and the tax value of shares vesting in 2017 and included in payroll tax. For specification of the highest-paid individual, see annual report, p.73.

12 Because all non-financial data for Kempen are only available on an aggregated level, we cannot report on underlying levels, i.e. Kempen Asset Management and Merchant Banking. In 2018, energy data from KCM UK is also (partly) included for the 2017 and 2018 figures.

CSR key data ⁸	Van Lanschot Kempen			Private Banking and Evi			Asset Management and Merchant Banking ¹²		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Environmental management and purchasing									
Energy consumption (million Kwh)	6.9	7.3 ¹³	7.7	4.1	5.1 ¹³	5.0	2.8	2.2	2.7
Green energy (%)	99	96	97	99	94	95	100	100	100
Natural gas consumption (m ³)	330,515	495,078 ¹³	531,253	297,710	432,640 ¹³	484,563	32,805	62,438 ¹³	46,690
Water consumption (m ³)	20,913	24,034 ¹³	22,158	11,883	14,977 ¹³	13,564	9,030	9,057	8,594
Paper consumption (kg)	66,196	53,938	69,051	54,797	42,762	58,206	11,399	11,176	10,845
Paper recycling (kg)	66,171	71,252	97,850	35,902	42,816	68,006	30,269	28,436	29,844
Waste (kg)	157,747	163,480	157,033	84,038	94,539	101,545	73,709	68,941	55,488
Company cars A/B/C label (% of total)	87	88	89	85	86	86	96	98	99
Company car kilometres (million)	13.0	13.4	12.8	11.3	11.7	10.8	1.7	1.7	2.0
Company car petrol (litres)	455,146	408,885	369,965	365,884	325,973	269,626	89,262	82,912	100,339
Company car diesel (litres)	355,338	406,881	406,055	327,773	387,822	386,602	27,565	19,059	19,453
Company car LPG (litres)	919	1,071	863	919	1,071	863	–	–	–
Carbon emissions (tonnes)	4,679	5,265 ¹³	5,152	3,073	3,616 ¹³	3,553	1,606	1,648	1,599

Additional employee information

All employees (100%) receive a regular performance and career development review. In 2018, we continued to invest in the development of our employees' talents, in terms of both individual skills and performance. We would mention the following training/development programmes specifically:

- Advanced Leadership Programme (ALP): Several mixed groups of managers from across the company learned together about themes regarding leading self, leading others and leading change. These were supported by breakfast talks for all managers, with interesting speakers on subjects such as artificial intelligence, inclusion and the future of banking. These talks were made available online available to all employees.
- Feedforward training programme: In two afternoon sessions teams learned about their own talents, the power of giving compliments, and how to ask and share feedforward more successfully. Teams also learned to discuss what can be improved in the future, rather than looking back (feedforward versus feedback).
- Young Professional/Trainee: The youngest part of our workforce is eager to learn, to get to know each other and the organisation. To help them, this special programme covers the same themes as the ALP. For them, the focus is on getting to know themselves, their working life and how they interact more successfully with others. They expand their network and get the opportunity to practise this in a business case and a group assignment. We teach them to learn from making mistakes and value their refreshing views on how to create better solutions together.

We also continued our employability programme. Moreover, employees were offered outplacement programmes to enable them to transfer onto other jobs/employers.

2. STAKEHOLDER DIALOGUE

Dialogue with our stakeholders is a key driver of the ongoing development of our corporate social responsibility policy. It tells us what our stakeholders expect of us, and what they genuinely consider to be most important.

We identify five groups within Van Lanschot Kempen's stakeholders: clients, employees, shareholders (and other capital providers), government/regulators, and other stakeholders. We have identified these stakeholders based on the degree of impact and influence they have on us, and we on them. The table on pages 12-13 sets out the key expectations, discussion topics and forms of dialogue (including the frequency of this dialogue) for each stakeholder group. The final column shows the results of the dialogue with each group.

The table was compiled based on a variety of sources: discussions with clients and periodic client satisfaction surveys, meetings with shareholders, and analysis of recurring questions and comments from various external stakeholders, including civil society organisations and regulators. The abbreviations used are explained in the glossary at the end of this supplement.

Actions arising from the stakeholder dialogue

We begin by taking the recommendations and suggestions that have arisen in the dialogue with our stakeholders and testing them against our strategy. The next step is to assess how other stakeholders would be affected if these were to be implemented. Recommendations and suggestions that are in line with our strategy and compatible with the interests of other stakeholders may result in new services or policy adjustments. Here are a few examples from 2018:

- In response to growing demand for impact investment solutions we launched the Global Impact Pool to our Asset Management and Private Banking clients.
- Given the ongoing focus of our stakeholders on climate change, this was the theme of our annual stakeholder dialogue. We discussed with our stakeholders how we could enhance our efforts in this area, and this resulted in a 2019 action list.
- We further improved our carbon measuring methodology, especially in relation to our mortgages. We also developed the Van Lanschot Groenhypotheek. This new mortgage product, which comes with customised green energy advice, provides clients with the opportunity to borrow additional money at an attractive interest rate, to modify their homes so as to make them more sustainable. We expect to launch the Van Lanschot Groenhypotheek in 2019.

External assessment by stakeholders

Van Lanschot Kempen is assessed on sustainability by various stakeholders. For example, we have good scores in the Transparency Benchmark (9th among 253 companies) and Sustainalytics (1st in peer group). More information on these external assessments can be found on our website under the heading "External assessment":

[vanlanschotkempen.com/responsible/external-assessment](https://www.vanlanschotkempen.com/responsible/external-assessment).

Memberships and partnerships

To stay in touch with relevant debates and organisations, Van Lanschot Kempen has several memberships and partnerships. More information can be found on our website under the heading "Memberships": [vanlanschotkempen.com/responsible/policy](https://www.vanlanschotkempen.com/responsible/policy).

2018 STAKEHOLDER EVENT

We organised a stakeholder event in November 2018, as we have done in previous years. A large group of clients, employees, external specialists and civil society organisations came together with two members of our Statutory Board and other (senior) managers to discuss climate change in relation to Van Lanschot Kempen's strategy. Two external climate experts were asked to present their views on climate action and Van Lanschot Kempen, and to come up with suggestions to further improve our climate change profile. In the discussion that ensued, participants were divided into "climate tables" to discuss possible actions Van Lanschot Kempen can take to halve its carbon emissions by 2030. This resulted in some interesting suggestions.

Suggestions for Van Lanschot Kempen's own organisation:

- Target: Tighten up the carbon emission reduction target (at that point -2% per year) to, for example, carbon neutral;
- Mobility: Use leased electric vehicles and reduce corporate flights;
- Employees: Make sustainability part of employee training and a factor in hiring employees; consider using sustainable KPIs in setting employees' remuneration.

Suggestions for mortgages and lending

- Mortgages: Introduce a green mortgage and include free energy advice;
- Lending: Investigate whether introducing engagements on sustainability would be useful for client groups executives, business and healthcare professionals.

Suggestions for client investments

- Make more use of active ownership, show more efforts and results to clients and other stakeholders;
- For engagement cases, include deadlines for companies to improve and in the event of no improvement consider selling all or part of shares in these companies;
- Make the discretionary management solution Duurzaam+ the default proposition and make it cheaper than the "mainstream" proposition;
- Promote impact investing more.

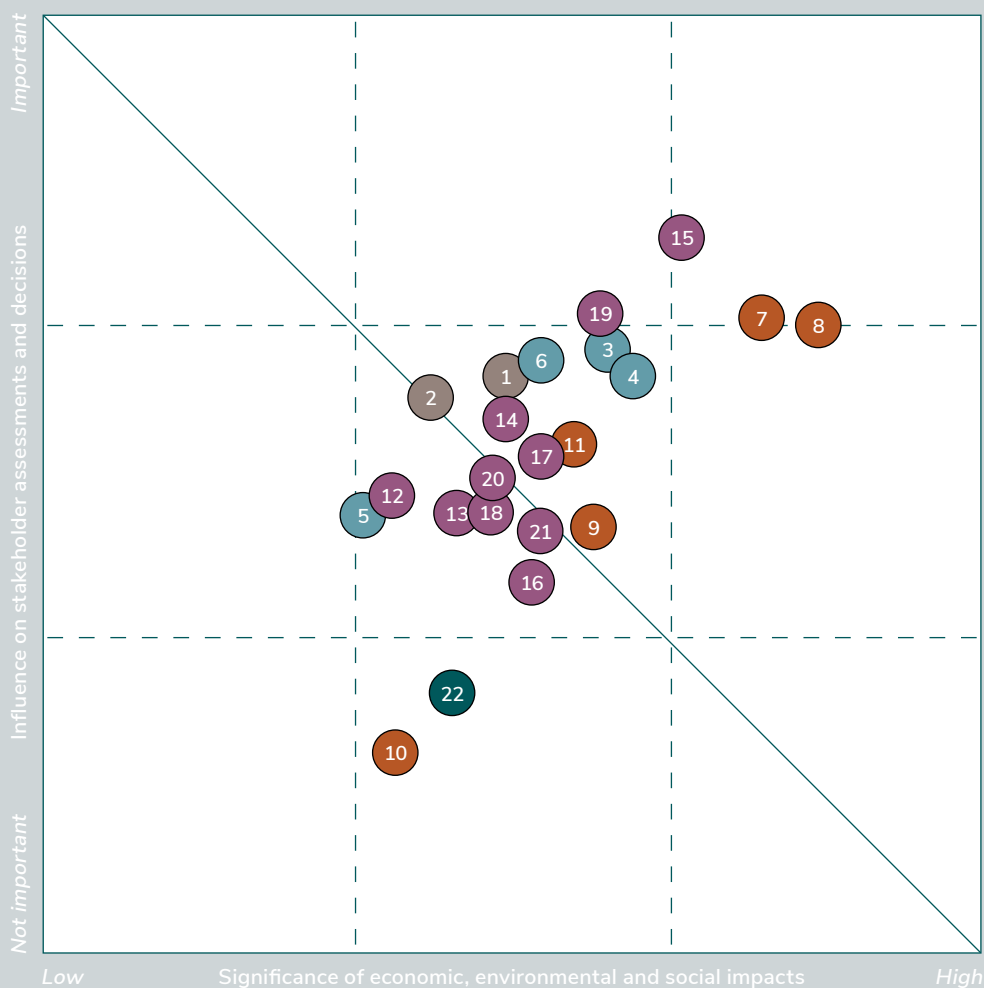
At the end of the discussion, Statutory Board member Richard Bruens summarised all the suggestions and listed a number of specific action points for 2019. These can be found in the more extensive summary of our 2018 stakeholder event at [vanlanschotkempen.com/responsible/policy](https://www.vanlanschotkempen.com/responsible/policy).

Materiality matrix

Every two years, we ask our stakeholders which topics are important to them and which they see as most relevant in terms of our significant economic, environmental and social impacts. The outcome is set out in a materiality matrix as shown below. Our latest survey was conducted in 2017. For 22 topics stakeholders were asked to assess the influence each topic has on the decisions they made

regarding Van Lanschot Kempen; and the significance of the impact Van Lanschot Kempen has via each topic. The 13 topics to the right of the diagonal in the figure below are considered as the material topics for our stakeholders. More information about the materiality matrix methodology is given in our annual report on p. 17 and in Section 5 of this supplement.

Van Lanschot Kempen materiality matrix



- A Financial management**
 - 1. Economic performance
 - 2. Risk management
- B Client-centricity**
 - 3. Added value
 - 4. Fair pricing, marketing and labelling
 - 5. IT
 - 6. Customer privacy and data security
- C Products and services**
 - 7. Responsible investment
 - 8. Sustainable investing and impact investing
 - 9. Responsible lending
 - 10. Advice on charitable giving
 - 11. Prevention of financial economic crime
- D Operating practices**
 - 12. Laws and regulations
 - 13. Responsible tax policy
 - 14. Transparency and reporting
 - 15. Ethics and integrity
 - 16. Partnerships and cooperation
 - 17. Stakeholder involvement
 - 18. Responsible reward policy
 - 19. Healthy, professional and knowledgeable staff
 - 20. Equal opportunities/diversity
 - 21. Sustainable procurement
- E Giving back to society**
 - 22. Sponsorships and donations

Stakeholder expectations

In the dialogue with our stakeholders, we gauge their expectations and take these into account. In the tables below, we note how we met them in 2018. The second table shows the types of dialogue undertaken with our different stakeholders, the topics discussed, and the results.

Themes	Topics	Stakeholder expectations	How did we meet them?	Reference
Financial and risk management	1. Economic performance	Our stakeholders expect us to be and remain a financially healthy company (1) with strong risk management (2).	<ul style="list-style-type: none"> – Our consistent strategy implementation resulted in improved financial ratios and a lower risk profile. 	p. 12
	2. Risk management			
Client-centricity	3. Added value	Our clients expect us to provide added value (3), meaning that we contribute to their personal, business and/or social goals. In addition, our services should be fairly marketed and priced (4). Our product information should therefore be correct, understandable and not misleading, and our prices should be in line with the real costs incurred. Clients also expect their privacy to be guaranteed and their data to be safe with us (5).	<ul style="list-style-type: none"> – In response to changing client preferences we added various new client solutions. – In 2018, we did not record any material incidents related to privacy and data security. 	p. 11
	4. Fair pricing, marketing and labelling			
	5. Customer privacy and data security			
Products and services	6. Responsible investment	To prevent involvement in financial economic crime, stakeholders expect us to screen our clients regularly on corruption, fraud, money laundering and financing terrorism (9). Our stakeholders also expect us to treat client money in a responsible way, meaning that we take into account environmental, social and governance criteria when investing in funds (6, 8). A growing number of stakeholders demand sustainable investing (based on additional or stricter criteria) or impact investing (specifically focusing on solving social/ environmental issues) (7).	<ul style="list-style-type: none"> – We paid special attention to the review of our anti-money laundering (AML) policy; focused on bribery, corruption and fraud prevention. – We improved our methodology with scoring fund managers on ESG. – We screened our corporate lending portfolio on environmental, social and governance criteria; no material issues were identified. – We informed our clients comprehensively about responsible and sustainable investing and expanded our product offering. 	p. 62
	7. Sustainable investing and impact investing			p. 27
	8. Responsible lending			p. 64
	9. Prevention of financial economic crime			p. 28
Operating practices	10. Transparency and reporting	Our stakeholders expect professional bank directors and employees who possess all relevant knowledge (13). We are expected to apply the highest ethical standards (11) and involve other stakeholders where needed (12). Reporting should be transparent and in line with the highest international reporting standards (10).	<ul style="list-style-type: none"> – We continued to invest in employee training and our Vitality Programme, while we acted upon the results of our employee engagement survey. – We again organised a stakeholder event this year. 	p. 30
	11. Ethics and integrity			
	12. Stakeholder involvement			p. 9
	13. Healthy, professional and knowledgeable staff			

Stakeholders	Stakeholder expectations	Discussion topics in 2018
Clients	<ul style="list-style-type: none"> - Excellent client experience - Strong personal relationships - Holistic advice - Tailored solutions - Risk-rewarding returns 	<ul style="list-style-type: none"> - Impact of strategy - Service quality - Client care - Investment performance - Responsible/sustainable/impact investment - Social entrepreneurship and charity - MiFID II - Financial/stock market developments
Employees	<ul style="list-style-type: none"> - Competitive salary - Training - Inspiring and professional work environment - Development and growth opportunities 	<ul style="list-style-type: none"> - Personal development - Investment in professional skills - Impact of strategy - Enhanced efficiency/efficacy - Changing employment terms - Well-being - Acting on employment survey
Shareholders (and other capital providers)	<ul style="list-style-type: none"> - Solid performance - Attractive returns and sustainable – preferably growing – dividend 	<ul style="list-style-type: none"> - Strategy and financial targets - Financial and non-financial results - Capital strategy and dividend policy - Funding strategy - Risk management - Remuneration policy - Impact of regulation - Shareholder base and liquidity of Van Lanschot Kempen shares
Government/regulators	<ul style="list-style-type: none"> - Compliance with laws and regulations (practices within the letter and spirit of the law) 	<ul style="list-style-type: none"> - Financial solidity - Risk management - Client interests first - Compliance with laws and regulations - Climate change - Sustainable Development Goals (SDGs) - OECD guidelines and UN Guiding Principles on Business and Human Rights - Credit rating - Task Force on Climate-related Financial Disclosures (TCFD)
Other stakeholders	<ul style="list-style-type: none"> - Fair business opportunities - Limited negative impact 	<ul style="list-style-type: none"> - Sustainable Development Goals - Climate change - Tax avoidance - OECD guidelines and UN Guiding Principles on Business and Human Rights - Laws and regulations - Responsible and sustainable banking - Climate change

Stakeholder	Form of dialogue	Frequency	Result and related outcome of the dialogue
Clients	<ul style="list-style-type: none"> - Client meetings - Client events - Stakeholder event - Client surveys - Client portals 	<ul style="list-style-type: none"> D M A A D 	<ul style="list-style-type: none"> - Net inflow of AuM - New products - More online service provision - Additional sustainable products (Global Impact Pool) - More client information on responsible and sustainable investment
Employees	<ul style="list-style-type: none"> - Performance management system - Actions in response to engagement survey - Work meetings - Works Council - Intranet - Training courses - Internal meetings 	<ul style="list-style-type: none"> SM W M D A Q W 	<ul style="list-style-type: none"> - Optimisation of organisation - Education and training - Further adjusted employment terms - Well-informed and involved employees - Vitality Programme - Actions based on employee engagement score
Shareholders (and other capital providers)	<ul style="list-style-type: none"> - General meeting - Roadshows, conference calls and other bilateral consultation - Press releases, trading updates and annual reports - Website and social media - Stakeholder dialogue 	<ul style="list-style-type: none"> A M Q M A 	<ul style="list-style-type: none"> - Diversified shareholder base - Long-term relationships - Clear investment case - Dividend payment - Special capital return to shareholders - Diversified funding
Government/regulators	<ul style="list-style-type: none"> - Consultation with Netherlands Authority for the Financial Markets (AFM) and De Nederlandsche Bank (DNB) - Self-assessments, audits and controls - Credit rating reviews 	<ul style="list-style-type: none"> M Q A 	<ul style="list-style-type: none"> - Financial ratios in order - Standard & Poor's credit rating confirmed at BBB+ (outlook unchanged and stable) and Fitch rating confirmed at BBB+ (outlook unchanged and stable) - Compliance with laws and regulations
Other stakeholders	<ul style="list-style-type: none"> - Participation in PRI, UN GC, VBDO, CDP, etc. - Research by civil society organisations - Website and social media - Stakeholder event - Accountant - Consultation and events - Industry consultation¹ via NVB, DUFAS 	<ul style="list-style-type: none"> Q SM M A A M M 	<ul style="list-style-type: none"> - Further deepening of impact investment - Method for measuring carbon impact of balance sheet assets and method for assets under management further applied - Lower carbon emissions - Social projects, donations, sponsorship - Forum Ethibel certificate - Integrated report (GRI Standards and externally verified) - Sustainability policy for financial institutions continued - update on climate progress - Shared knowledge on, for instance, market outlook - Product awards to Kempen & Co

Frequency: D: daily W: weekly M: monthly Q: quarterly SM: six-monthly A: annually

¹ Topics and activities discussed in industry consultation, such as NVB and DUFAS, are published via these industry organisations.

3. RESPONSIBLE INVESTMENT AND LENDING

It is important to many of our stakeholders that we use client assets in a responsible way, in terms of both investment and lending. Our annual report contains a detailed description of how we go about achieving this, and some supplementary information is also provided below.

Engagements in investee companies and funds

Via our engagements we seek to encourage positive change at companies and investment funds. We engage directly with companies and collaboratively (through engagement with other investors and initiatives). We also engage with external fund managers. Some examples are given below.

Direct engagements

In 2017, we started to engage on climate change with Severstal, a Russian steel company, for instance in relation to reporting on climate change risks and setting long-term carbon reduction targets. We engaged directly with the company and collaboratively, as part of the Climate Action 100+ initiative (see below for more details on this initiative). As a result, in 2018 the company reported its carbon footprint. The next steps in our engagement will be to discuss potential targets on carbon reduction with the company, and how it can report in line with international climate change standards (TCFD).

Another direct engagement is our dialogue with Abercrombie & Fitch (A&F). The company falls behind industry standards on policies and practices to manage labour and supply chain risks. We first asked it to perform a supply chain audit and disclose these results by the end of 2019. In addition, we requested it to disclose its general approach to sustainability. As a result, A&F has launched a new sustainability website and increased its transparency and disclosure around their sustainability approach. We are also engaging with A&F on a living wage, by using the Platform for Living Wage Financials scoring as a starting point (see collaborative engagements below for more details). The scoring revealed that A&F lacks transparency on its policy and results regarding a living wage. We are encouraging the company to improve its transparency and will continue our dialogue to monitor its progress.

Collaborative engagements and initiatives, and external managers engagements

In 2018, we joined the Climate Action 100+ initiative, which has been fuelled by several international organisations. The initiative aims at creating a higher standard of disclosure, climate risk mitigation, governance of climate risks and opportunities, and actions for the most carbon-intensive companies in the world. Van Lanschot Kempen is a lead, co-lead and supporting investor for several companies in diverse sectors: from steel manufacturers in Russia to large German utilities, to Polish utilities and international metal and mining conglomerates. At the end of 2018, in a joint statement developed with institutional investors on behalf of Climate Action 100+, Shell announced that it will use short-term climate targets and plans to link these targets and other measures to its executive remuneration policy. We strongly support these important steps.

In 2018, we joined the Platform Living Wage Financials, an initiative set up to encourage, support, and monitor investee companies with regard to their commitment to paying a living wage to the workers in their supply chains. The project is initially focusing on the garment sector; over time its scope will be expanded to include other sectors such as agriculture, retail and supermarkets. The aim of the platform is to enhance collaboration among members in three main areas: defining a common methodology to assess companies on their approach to a living wage; coordinating engagements and seeking improvements with the companies; and promoting the results and informing stakeholders at events. By year-end 2018, 23 garment companies had been scored by platform members, of which Abercrombie & Fitch, American Eagle, SuperDry and Coats were scored by Kempen Capital Management.

In 2018, we became an active participant in the Platform for Carbon Accounting Financials (PCAF). This initiative promotes the transition towards a low carbon economy by developing methodologies to encourage transparency about activities' carbon emissions. At the end of 2018, PCAF published a new report with an enhanced carbon accounting methodology for several asset classes and best practices.

In 2018, we removed fund manager Westwood from our approved list and redeemed our investments. This was mainly due to disappointing long-term results in combination with weak ESG scores – not least in relation to their competitors.

Carbon footprint of assets under management

We measured the aggregated carbon footprint of our clients' managed assets for the second time in 2018; see our annual report (p. 28) for the results. This was based on three different metrics: absolute footprint, relative footprint, and carbon intensity¹. These are defined as follows:

- Absolute footprint measures a portfolio's absolute carbon footprint (in tonnes of CO₂) based on its shareholdings in the underlying companies. The shareholding in each company is taken as part of the enterprise value and multiplied by the carbon footprint of that company. For equities and bonds, the absolute footprint is based on the enterprise value methodology, and for countries largely on the Platform for Carbon Accounting Financials methodology (see carbonaccountingfinancials.com).
- Relative footprint shows how many tonnes of CO₂ an investor is financing in relation to its ownership in a certain company or portfolio. This metric captures the carbon exposure of an investment amount and is measured by dividing the absolute footprint of the portfolio by the total amount invested in the portfolio.
- Carbon intensity calculates a portfolio's exposure to the carbon intensity of companies (expressed in tonnes of CO₂/€ million revenues) multiplied by the percentage of the company in the portfolio.

1 The assets covered by our carbon footprint measurement comprise equities, corporate and government bonds only.

RESPONSIBLE INVESTMENT POLICY

Consideration of material environmental, social and governance (ESG) factors has moved from niche to mainstream.

At Van Lanschot Kempen, we take ESG factors into account when making investment decisions. Our ESG approach is described below.

International guidelines as the basis for our policy

Van Lanschot Kempen signed up to the UN Global Compact (UNGC) in 2008. These international United Nations principles – which focus on the environment, social and employment conditions, human rights, anti-corruption and bribery – provide an important framework for our responsible investment policy. The same goes for PRI – another international UN-linked initiative that is endorsed by Van Lanschot Kempen. We further endorse the OECD Guidelines for Multinational Enterprises (OECD Guidelines) and the UN Guiding Principles on Business and Human Rights (UNGP). Both sets of guidelines, together with OECD Responsible Business Conduct for Institutional Investors, are becoming an increasingly important part of our policy and guidelines.

ESG integration and screening

We have translated the above sets of international guidelines into specific criteria, on the basis of which we periodically screen our investments. This screening is part of our due diligence process, and allows us to identify material ESG risks in our portfolio. The full list of screening criteria can be found in the Convention Library on our website at vanlanschotkempen.com/responsible/core-banking-activities. Companies or investment funds are excluded if the screening reveals they are involved in controversial weapons. An engagement process may be initiated in cases where companies and investment funds infringe our ESG criteria in other ways.

Dialogue geared towards positive change

Our engagement activities are aimed at companies, investment funds and other stakeholders:

- If companies are found to be taking insufficient measures to control material environmental, social, employment, human rights and anti-corruption risks (including on child labour, collective rights and sovereignty over natural resources), our portfolio managers may select them for engagement. In each case, we draw up specific engagement targets. Companies that make insufficient progress towards meeting these targets can be excluded.
- We also engage with external fund managers, in the process of which we challenge them about their responsible investment policies. We encourage them to be transparent and to exercise their voting rights. Fund managers are also encouraged to engage with companies in their investment portfolio that have material environmental, social or governance issues.
- We likewise challenge clients, sector peers and credit rating agencies to pursue responsible investment and other policies. We also take part in collaborative engagement initiatives to enhance the effectiveness of our efforts. These are dialogues with companies and fund managers that are carried out on behalf of several institutional investors and asset managers.

Exercising voting rights is an essential element of responsible investment. We cast our vote at the general meetings of Dutch businesses, and by proxy in the case of international companies. Voting guidelines and records for 2018 are available on our website: kempen.com/en/asset-management/responsible-investment.

Most of the companies and fund managers we have approached in recent years have shown a willingness to improve their policies or portfolios. Only a few were not prepared to do so, to which we responded by excluding them.

Impact investment - Global Impact Pool

In 2018, we launched the Global Impact Pool (GIP) for our private and institutional clients. The fund targets positive impact across four themes that relate to the SDGs. In emerging markets, GIP aims to contribute to the provision of basic goods and services for underserved populations, including food, water, sanitation, and health (SDGs 3 and 6). In developed markets, GIP aims to contribute to investments which target increased well-being, and which support sustainable production and consumption and/or renewable energy (SDGs 7 and 12). On a global level, GIP aims to (indirectly) invest in companies that operate in a responsible manner and create inclusive jobs and working conditions for all (SDG 8). GIP has made investments in five funds that are expected to contribute positively to at least one of the selected SDGs, through their portfolio companies, in countries that score poorly on those SDGs.

Responsible lending

Van Lanschot Kempen's corporate loan portfolio stood at €1.5 billion at year-end 2018 (2017: €1.8 billion). We had virtually zero corporate credit exposure in sectors such as agriculture, fishing and utilities, all of which are more sensitive in sustainability terms. The same goes for borrowers with production located in low-wage countries, which likewise

barely feature in our portfolio. For the past seven years, a risk filter has been used to screen the sustainability of corporate loans to prevent negative impacts in areas such as environmental issues, labour and human rights violations. This process did not identify any material sustainability issues in the portfolio. The number of corporate loans for which screening is required stood at 28 at the end of the year.

Progress in implementation of responsible lending policy	2018	2017	2016
Corporate loans	2,212	2,244	2,303
– Of which exempt from responsible lending policy ²	2,184	2,193	2,222
Items to be screened	28	51	81
– Of which "potentially high risk"	17	19	27

Of all the loans screened over the past six years, 144 were designated as "potentially high risk". Of these, 17 remained in the portfolio at year-end 2018 (2016: 19). In the other 127 cases, the loan relationship has since been reclassified as "low risk" or has been terminated altogether.

2 Relates to business professionals, commercial real estate, the Dutch medical sector and other relationships regarding which the risk is zero, due for instance to the nature and location of the business operations. These are screened, however, for involvement with financial crime (customer due diligence). Figures 2017 and 2016 were revised.

Most of the remaining 17 “potentially high risk” corporate borrowers are businesses in “sensitive sectors” (e.g. clothing, wood-based products and other manufacturing sectors) which import from or have production facilities in non-western countries. Potential risks include illegal logging, poor working conditions, human rights violations and serious environmental pollution. Only two of the 17 cases above relate to borrowers with an indirect involvement in the arms sector. In all 17, we engaged the borrower on the precise risks and how the company in question might go about mitigating them. Many borrowers appreciated our engagement and have already responded by taking the necessary measures. There is a small group for which further improvement is still possible, and it is these that we will continue to monitor particularly actively.

In 2018, we updated our responsible lending policy in line with the OECD Guidelines and UNGP, outlining in detail our due diligence and engagement process, including possible remedy measures, in relation to possible negative environmental and social impacts to relevant – and affected – stakeholders. We report the results and (where relevant) measures taken in our annual report and CSR Supplement, as described above. If stakeholders need additional information, they can use the contact opportunities Van Lanschot Kempen offers. For more details, see: vanlanschotkempen.com/responsible/core-banking-activities.

We also reported on how we comply with the Dutch banking sector agreement on international responsible business conduct regarding human rights (the IMVO covenant). This agreement aims to achieve a material positive impact for people (potentially) facing adverse human rights impacts related to the activities of clients of the Dutch banking sector. It also searches for solutions to address problems that an adhering bank cannot solve by itself. Our report shows how we identify and manage potential human rights risks for our different activities as a wealth manager, including our lending, and how (potential) affected stakeholders can complain and seek remedy. For more details, see: vanlanschotkempen.com/responsible/core-banking-activities.

Complaints management

Our aim at Van Lanschot Kempen is to offer our clients the high-quality service and personal attention they expect and demand. If clients feel that we have not lived up to these expectations, we urge them to let us know, either through their bankers, managers or via the Complaints department. We want to make it easy to submit complaints and we do our utmost to pick up any signs of dissatisfaction. In addition to the issues that clients raise with us directly – personally or in writing – we keep a close eye on social media.

Our objective when dealing with complaints is to put things right between ourselves and the dissatisfied client. Like our clients, we want to pursue a long-term and mutually rewarding relationship, and an important principle is that equal cases must be treated equally in practice. The members of our Statutory Board and senior management play an active role in dealing with complaints. They are readily approachable by clients, and place great importance on responding in person to complaints addressed to them.

SCREENING OUR CORPORATE LOAN PORTFOLIO: AN EXAMPLE

During the annual update of the CSR risk filter for a corporate client in 2018, we found that the client had received a warning from a regulator a few years earlier. This information was new to us. It concerned a Dutch wood trade company that imports from Eastern Europe, South America and Asia. As far as we knew, the company had an acceptable sustainability policy, aimed at preventing importing “bad wood”, and it complied with all legal requirements. Further investigation fortunately revealed that it was a relatively light warning due to not completely satisfying some due diligence processes, and was not related to actual import of illegal wood. Despite the reassuring finding, our banker was advised to discuss the case with the client with the aim of helping the client to comply with laws and regulations, and of preventing other warnings (as well as to ensure the right to a fair hearing).

The Complaints department analyses the cases we receive to identify trends and developments, which it then reports to the Statutory Board and senior management. Complaints provide us with valuable signals for improving our service and we set out to learn as much from them as we can. The department constantly talks to colleagues elsewhere in the organisation in order to improve our processes and products.

Kempen follows the same principles as Van Lanschot when it comes to dealing with complaints: members of the Management Board are involved and investigations are also made to see whether other clients might be in a similar position. The Compliance and Group Risk Management departments are notified about complaints, so that the wider organisation can learn from them as well.

4. ENVIRONMENTAL MANAGEMENT AND PURCHASING

As a financial services provider, Van Lanschot Kempen has a direct environmental impact that is relatively limited. However, we have worked hard in recent years to reduce our environmental footprint. We have made a clear contribution towards a carbon neutral economy in the 2011-18 period, with an 8.1% reduction of our carbon footprint in 2018.

Calculating our environmental footprint

We began to calculate Van Lanschot Kempen's carbon footprint in 2011, in line with the international Greenhouse Gas Protocol. Our footprint shows at a glance where the most material emissions occur, making it a useful guide when drawing up carbon reduction measures.

Environmental policy objective

We have an environmental policy objective in place and have undertaken various initiatives to reduce our environmental impact. If we encourage our clients to decrease their environmental impact then we are asking others to do what we are doing ourselves, even though this does not directly affect our material impact. Our objective has been to reduce our average carbon emissions per FTE by 2% a year. We further tightened our reduction target per FTE to 2.5% a year to 2025.

At this point, there are not yet science-based financial sector targets that we can use to relate our own targets to the Paris Agreement on climate change. As a participant in the Platform Carbon Accounting for Financials, we are involved in the Science Based Target initiative, which aims to come up with a methodology for financial institutions. When the methodology is delivered and such targets are available, we will adjust our targets towards the Paris Agreement.

Policy implementation

The central department for Purchasing, Contract Management & Facilities implements our environmental policy, with advice (where needed) from the CSR department. We will continue this approach in 2019. Examples of reduction measures can be found at vanlanschotkempen.com/responsible/environment.

Results for 2018

We have made a clear contribution towards a carbon neutral economy since we started measuring our footprint in 2011 (38% carbon reduction). In 2018, we once more achieved a reduction in our carbon emissions (absolute and relative). In 2018, our total calculated carbon emissions fell by 586 tonnes to 4,679 tonnes. Emissions per FTE fell by 8.1%, to 2.54 tonnes. This was mainly the result of using green gas in the Netherlands and more green electricity in Belgium. We aim to use more green gas in 2019. For more details on the carbon emissions calculations for our own organisation, see vanlanschotkempen.com/responsible/environment.

In 2018, we made progress in calculating our indirect carbon footprint: we further refined – and applied – our methodology for measuring emissions via our balance sheet (mainly mortgages), although the results are still estimates. Also, for the second time we calculated the footprint of (a part of) our assets under management (see also p. 14). In 2019, we will further develop our methodologies and continue to explore opportunities to reduce our indirect footprint.

Carbon offset

Since 2011, we have focused on offsetting carbon emissions (in addition to our carbon reduction measures). In 2018, our offsetting percentage remained stable (40%). We also make a contribution to carbon mitigation (not a carbon offset measure) via our sponsoring of Justdiggitt, an organisation aimed at making dry areas in Africa greener; for more information see justdiggitt.org.

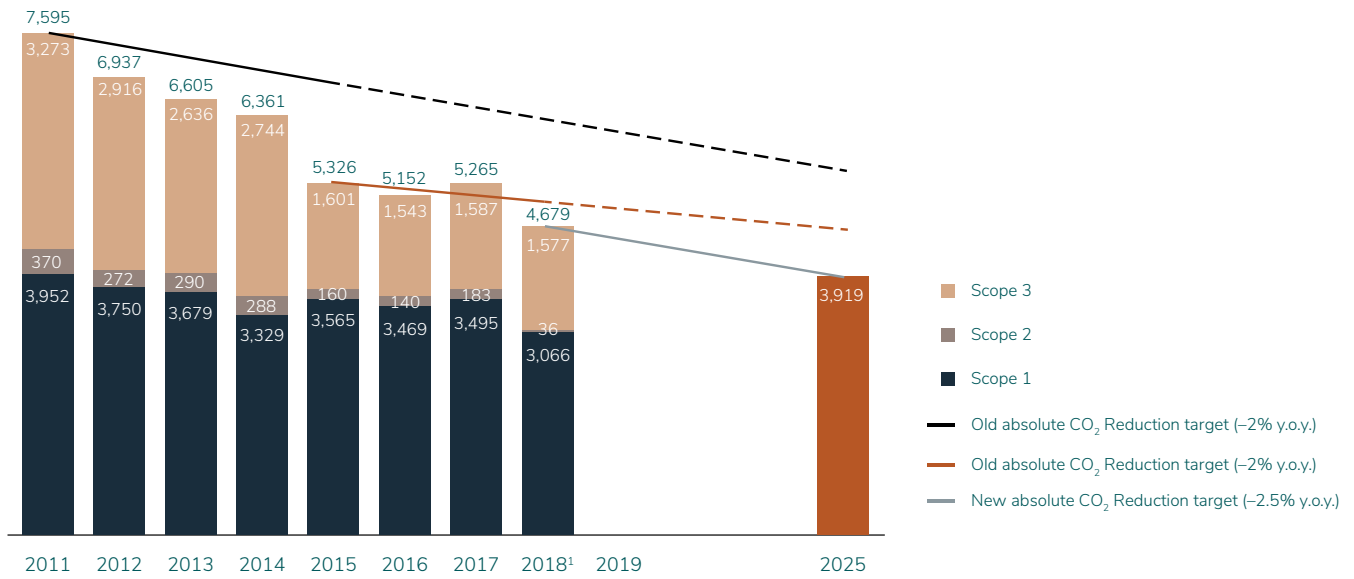
Offsetting measures in 2018

- Gas consumption (Van Lanschot in the Netherlands): Fully offset via voluntary emission-reduction units from emission-reducing projects.
- Company cars (Van Lanschot in the Netherlands): Fully offset by planting trees or by sustainable energy projects.
- Postal deliveries (Van Lanschot in the Netherlands and Kempen): Fully offset by international sustainability projects designated as Gold Standard.

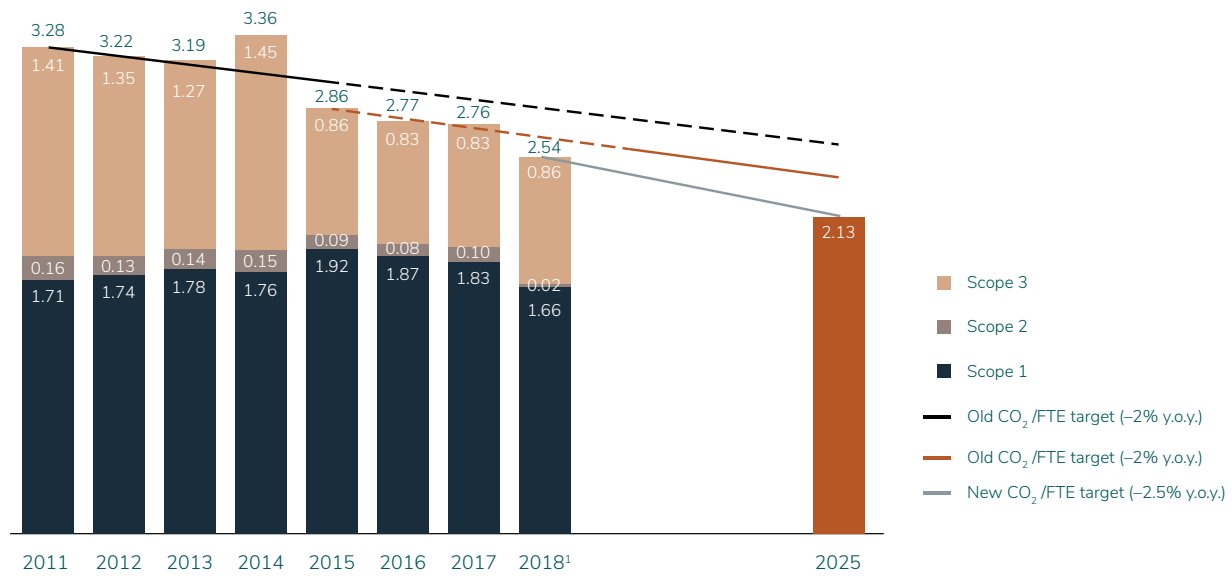
CDP

We report our annual carbon data to CDP (formerly the Carbon Disclosure Project). This provides institutional investors affiliated to CDP with access to harmonised climate data, which they can then use to make their own investment policy more sustainable. The CDP score was updated in early 2019. Our rating fell from A to B due to more strict criteria. For more information, see cdp.net.

Carbon emissions (in tonnes)



Carbon emissions (in tonnes per FTE)



1 In 2018, the target changed from -2% to -2.5% per FTE.

Carbon reporting according to Greenhouse Gas Protocol	2018 tonnes CO ₂	2017 tonnes CO ₂	2016 tonnes CO ₂
Scope 1 (direct emissions)	3,066	3,495	3,469
Heating	669	1,059	1,120
Company car use (business and private)	2,397	2,437	2,349
Scope 2 (indirect emissions electricity)	36	183	140
Electricity consumption	36	183	140
Scope 3 (other indirect emissions)	1,577	1,587	1,543
Business air travel ²	1,227	1,269	1,141
Business car use (non-company cars; petrol)	97	110	123
Business public transport kilometres	11	12	34
Paper	214	175	224
Goods transport (couriers)	21	14	14
Water	6	7	7
CO₂ total (tonnes) – own organisation	4,679	5,265	5,152
FTE internal	1,621	1,658	1,670
FTE external	223	248	187
CO₂ (tonnes) per FTE	2.54	2.76	2.77
Supplement on Scope 3			
Investments via balance sheet ³	60,949	73,525	n/a
Investments via assets under management (in millions tonnes) ⁴	3.8	3.9	n/a

Offset CO ₂ -emissions	2018	2017	2016
Offset as % of total CO ₂ -emissions	40%	43%	44%
CO ₂ -emissions offset (in tonnes CO ₂)	1,871	2,266	2,291

PURCHASING

We interact with a variety of business partners – individuals and companies with a commercial relationship with the bank – in a range of different supplier relationships. Since 2009, we have pursued the sustainability of these suppliers, with Group Procurement playing a key role here.

Since 2015, we have incorporated our responsible purchasing policy within our business partner due diligence (BPDD) policy. This policy ensures that our business partners (suppliers) meet our integrity and CSR standards. It is used to analyse and manage risks prior to and during collaboration. A supplier's statement enables us to identify the stability, country, industry, integrity, reputation and other risks associated with a supplier. As a business partner we want to inspire our suppliers, to build deeper relationships with them and to achieve more CSR benefits together. In 2017, the key supplier management process was introduced to deepen our relationships with some of our key suppliers and gain further insights into possible benefits and risks associated with our collaboration. In 2018, we set up a supplier portal to automate parts of the BPDD process, and in 2019 this will be implemented for most suppliers.

To raise awareness of the importance of these supplier relationships and the way these policies affect them, Van Lanschot Kempen Procurement provides internal training. The annual "Procurement 4 non Procurement" training is aimed especially at employees who are regularly involved in procurement. To increase the scope of this training and to meet demand for it, in 2018 Group Procurement started to develop an additional eLearning training module, which will be available in 2019.

2 Zone 1: Regional (<700 km); Zone 2: Europe (700-2,500 km); Zone 3: International (>2,500 km).

3 The carbon footprint via the assets on our balance sheet is estimated for the third time. Due to (data) method refinements the 2016 figure is not comparable with 2017 and 2018, and is thus left out. All material assets are in scope: cash and cash equivalents and balance at banks; financial instruments; loans and advances; and other. We fine-tuned our method in 2018 and will further refine it in 2019. We follow the PCAF methodology where possible, but deviate on mortgages where we make a correction for the LTV and green energy.

4 The carbon footprint via our assets under management (AuM) is estimated for the second time. The AuM covered by our carbon footprint measurement are 50% of the total and comprise equities, bonds and government bonds only. The aggregated carbon footprint is based on the absolute footprint metric; for the definition of this metric and the two other metrics we have used (relative and carbon intensity), see p. 14.

5. REPORTING PRINCIPLES

Purpose of the report

Our 2018 annual report (including this supplement) is intended to inform our stakeholders on our financial and non-financial policies and the associated efforts and results recorded in 2018.

Scope

The report covers, as far as possible, the entire Van Lanschot Kempen organisation in the Netherlands, Belgium, the United Kingdom, the United States, France and Switzerland. Where acquisitions or disposals have occurred, these are explicitly reported, and it is stated whether or not they have been included for reporting purposes.

Reporting period

The report covers the period from 1 January 2018 to 31 December 2018 inclusive, while also including data from the previous year in order to provide a clearer picture of developments over time. Brief reference is made in a number of places to relevant developments following the closure of the reporting period; where this is the case, it is explicitly noted that the development in question occurred during the first months of 2019.

Reporting process

We have set out Van Lanschot Kempen's annual reporting process in an internal reporting protocol. This specifies who is involved in the drafting of the report, how the subjects to be covered in the report are determined, how the data for the report is collected, what definitions are used for this data, how the collected data is verified, processed and consolidated, and how the final report is published. The reporting protocol is updated annually. Note that due to the updated KPIs in 2018 we have a (brief) KPI protocol for the new KPIs also.

Global Reporting Initiative (GRI)

Van Lanschot Kempen has been following the guidelines of the Global Reporting Initiative (globalreporting.org) for its corporate social responsibility reporting since 2009. GRI is the international standard for transparent CSR reporting. The GRI table showing how GRI has been incorporated in our 2018 annual report can be found on our website (vanlanschotkempen.com/responsible/external-assessment). We believe that our 2018 annual report meets the standards of the G4 "Comprehensive Option".

Stakeholder engagement

The dialogue with our stakeholders is the most important source of information on what our stakeholders expect of us. In our annual report and in this supplement we set out how we engage our stakeholders in the development of our policies. We also describe the topics that stakeholders raised with us in 2018 and how we responded to them. We warmly invite you too to share your opinions and views with us – contact details can be found on the final page of this supplement.

Materiality

Our 2018 annual report mainly contains information on (most) material topics. A topic is deemed to be (most) material if it is important to our stakeholders (i.e. it can significantly influence their view of the topic and the decisions they take in response) and is also important in terms of the impact of Van Lanschot Kempen (i.e. we can make a significant positive or negative economic, environmental or social impact via this specific topic).

As these topics are relatively stable over time, their identification is done once every two years. The most recent identification of material topics for our stakeholders was carried out in the last months of 2017. The identification process comprised two steps as described in the box below, and resulted in a so-called materiality matrix.

For 2017, the materiality matrix (see p. 10) shows that the topics "Responsible investment", "Sustainable investing and impact investing" and "Ethics and integrity" score the highest on both axes. Some way behind these are "Healthy, professional and knowledgeable staff", "Added value" and "Fair pricing, marketing and labelling". Given their position in the matrix, these topics are the most material for our stakeholders.

At our annual stakeholder event on 3 November 2017, we discussed the materiality matrix in detail with clients, employees, civil society organisations and other interested parties. Overall, attendees recognised the material topics in the matrix. The Executive Board approved the materiality matrix in January 2018. A more detailed report on the stakeholder event can be found on our website at vanlanschotkempen.com/responsible/policy.

In 2018, we revised our strategy (see our annual report, pp. 18-20). Based on strategic relevance, client needs, stakeholder interests, and industry trends and developments, we defined six overarching themes, which all contribute to our mission. The six themes and our mission include the "most material" and "material" topics indicated by our stakeholders. These are reported externally via our annual report (see p. 19). The other topics and KPIs will not be reported externally. The complete list forms an integral part of our internal management information. The Executive Board is involved in setting, steering and monitoring the KPIs and material topics.

Measurement of KPIs

The method of measurement for each KPI, as reported in the annual report (p. 33), is shown below.

Themes	KPIs	Measurements
Financial and risk management	1. CET 1 (fully loaded) ratio	See p. 129 of annual report
	2. Return on equity (CET 1)	See p. 129 of annual report
	3. Efficiency ratio	See p. 229 of annual report
Ethics and integrity	4. Percentage of employees who feel the responsibility to act and behave ethically	Via engagement survey
Client relations	5. Net Promoter Score (NPS): a. Private Banking b. Evi c. Asset Management	The Net Promoter Score (NPS) provides information on client loyalty and the number of promoters of the organisation. The NPS lies within a range of -100 to 100 points, the higher the better. The formula is as follows: NPS = % promoters – % detractors. Promoters give the organisation a score of 9 or 10, whereas detractors award a score of between 0 and 6.
Responsibility and sustainability	6. Private Banking: AuM invested in sustainable and/or impact investment wealth management solutions	Clients' AuM in sustainable and impact solutions
	7. Engagements with companies in which our funds invest	See p. 14 (Responsible investments and lending)
	8. Asset Management: percentage increase in (internal and external) fund managers on our approved list that are scored on their overall sustainability profile	Number of funds that receive a score
	9. Decrease in carbon emissions: – Direct emissions of our own organisation – Indirect emissions via our balance sheet (mortgage portfolio)	See p. 14 (Environmental management and purchasing) See p. 17 (Environmental management and purchasing)
Employees	10. Employee engagement score	Via engagement survey
	11. Employer Net Promoter Score (eNPS)	Via engagement survey
	12. Gender balance in management positions	Internal systems (percentage men and women in management positions)
Preservation and creation of wealth	13. Private Banking: 3-year performance of discretionary management mandates	Performance in return on clients' assets under discretionary management
	14. Evi: 3-year performance of discretionary management mandates	As above for Private Banking
	15. Asset Management: average Morningstar rating of investment strategies (institutional share class)	Via Morningstar

Choices made when reporting activities in the value chain

Our 2018 annual report incorporates a value creation model (see annual report, p. 10), which is an improved version of the model presented in earlier years. The same elements have been included in the model, with materiality – as defined by GRI – being an important selection criterion. The Executive Board had the final say in deciding the model.

As was the case for the value creation model, we use materiality as the basic principle for further reporting our activities in the value chain. What this means in practice is that we chiefly report on topics within our own organisation, topics within our sphere of influence, and topics that are material to our stakeholders. We do not generally report on

chain issues or other topics that are otherwise situated outside Van Lanschot Kempen, over which we have no direct influence, or which our stakeholders do not consider material.

In line with GRI, we have assessed – for each material topic externally reported – the so-called boundaries; see the table on the next page. A Boundary indicates 1) where the impact (most likely) occurs (in or outside Van Lanschot Kempen) and 2) what Van Lanschot Kempen's involvement with these impacts is. We can be involved because we a) caused the impact, b) contributed to the impact, or c) are directly linked to the impact through business relationships. Further details of these boundaries can be found in Section 6 of this supplement.

IDENTIFICATION OF MATERIAL TOPICS FOR STAKEHOLDERS

Step 1: Gathering data

In Step 1, we gathered relevant data from a large number of information sources that became available in the year, e.g.: the results of client satisfaction surveys and client panels (Kroonadviesraad, KAR); client feedback during client meetings; complaints submitted to the Complaints department; employee feedback (through employee surveys and ideas committees); shareholder feedback during face-to-face discussions and the annual general meeting; responses and suggestions from regulators; feedback from various stakeholders directly to our CSR department; results of Van Lanschot Kempen's own research (Vermogend Nederland); feedback from third parties (via vanlanschot@vanlanschot.com, verantwoordondernemen@vanlanschotkempen.com or social media); analysis of other banks' annual reports (best practices); external benchmarks and rating results, e.g. from the Transparency Benchmark, Sustainalytics, the Fair Bank and Insurance Guide, Eumedion and the Dutch Association of Investors for Sustainable Development (VBDO).

Step 2: Identification of material topics from materiality matrix

In Step 2, the list drawn up during Step 1 was further structured and condensed to create a more concise one that is in line with the structure of GRI. This list contained 22 different topics, structured under five main themes: products and services, client-centricity, financial management, operating practices, and giving back to society. The 22 topics were incorporated in a survey presented to a large cross-section of our stakeholders, i.e. clients, employees, shareholders, civil society organisations and other banks.

The survey invited stakeholders to indicate:

1. Which of the 22 topics they consider to be of most/least influence on their assessments and decisions; and
2. Which of the 22 topics they consider to be most/least significant to the impact Van Lanschot Kempen can make, in economic, environmental and social terms.

Our stakeholders' responses resulted in a "materiality matrix" (see annual report, p. 10). The vertical axis in this figure corresponds with the first survey question (relevance to stakeholders) and the horizontal axis with the second (impact of Van Lanschot Kempen).

Please note that, as a result of a simplification in the methodology of the materiality matrix, an analysis of material topics through time is hard to make. In 2017, the following methodological changes were made:

- In Step 1 the ISO 26000 framework is no longer used as the basic structure from which to select potential material topics. As a result, some topics no longer appear in the most recent matrix.
- We no longer map material topics to "GRI Aspects" as the latter no longer exist in the most recent version of GRI ("Standards").
- Every topic has been defined so as to make it clear whether it relates to our own organisation, our lending to clients or to our clients' investments.
- For every topic, the horizontal axis in the materiality matrix reflects the expected economic, environmental and social impact Van Lanschot Kempen can generate. In previous matrices, this axis reflected the expected impact – of every topic – on Van Lanschot Kempen.

Theme	Most material topic	Boundaries			
		Where will the impact occur/Type of involvement			
		Inside VLK	Type of involvement	Outside VLK	Type of involvement
Financial management	Economic performance (1)	•	Causing	•	Directly linked
	Risk management (2)	•	Causing	•	Directly linked
Client satisfaction	Added value (3)			•	Causing
Products and services	Responsible investment (6)			•	Directly linked
	Sustainable investment and impact investing (7)			•	Directly linked
	Ethics and integrity (11)	•	Causing	•	Causing
	Fit, professional and knowledgeable staff (13)	•	Causing	•	Causing

Data collection process

The non-financial data for the 2018 annual report were collected in a slightly different way compared with previous years. For the KPI data-collection process, the Finance, Reporting & Control department played a leading part. The CSR department had an advisory role in this process in relation to the non-financial data and a leading role in gathering non-KPI data, using qualitative and quantitative surveys based on a variety of external guidelines endorsed by

Van Lanschot Kempen and on internal policy principles. The surveys were sent to all relevant divisions and/or departments within the organisation. A specific individual was designated within each division and each department to collect the data and report to the CSR department. Some of the data are drawn from central management information systems and some from local sources. The CSR department performs a plausibility check on the data supplied and collates them.

Accuracy

Most of the data in this supplement were drawn from standard reporting systems and supplier invoices. Assumptions or estimates have, however, been made in a number of cases where hard data were lacking. This is particularly the case for our carbon calculations.

Own organisation:

- Because no final annual accounts were available at the beginning of 2019 for Van Lanschot Kempen's gas, electricity and water consumption in the Netherlands, these figures have been partially estimated (via extrapolation) for 2018.
- Diesel consumption when testing emergency systems within Van Lanschot Kempen in the Netherlands was estimated.
- Average fuel consumption of non-company cars for business travel is not known. We therefore used a figure equal to the average petrol consumption of company cars.
- Several assumptions and estimates were used for all business travel using public transport when converting expense claims into kilometres travelled.
- Total transport in kilometres for the delivery of office supplies and catering relates solely to Van Lanschot Kempen's activities in the Netherlands and is based in part on estimates.

There is very little likelihood that potential errors or inaccuracies in the estimates and assumptions referred to above would have a significant impact on the final results, given that the elements in question only account for a limited proportion of total calculated carbon emissions.

Balance sheet:

- Financial institutions: Calculated by using the percentage difference of the value of the asset (between 2018 and 2017) per financial institution and multiplying this by the carbon footprint from last year.
- Mortgages: Data of electricity and gas use on a postcode level was used. We adjusted the carbon emissions for mortgages for the loan-to-value and for green electricity usage.
- Corporate lending: External data was used (from CBS) to come to sector average carbon emissions.

Carbon emissions were calculated using the methodology of the Platform for Carbon Accounting Financials (PCAF). We deviated for financial institutions when no enterprise value was available, using balance sheet as a proxy, and deviated for mortgages by adjusting for loan-to-value and for green electricity usage.

Carbon emissions were calculated and reported in line with the Greenhouse Gas Protocol (www.ghgprotocol.org), using the conversion factors set out by internationally recognised organisations. Having used conversion factors dating from 2011 for a number of years, we updated these in 2015 to current levels and will update them yearly where applicable.

Balance

To ensure that our own annual report is balanced, we report both positive and negative financial and non-financial performance. We capture the development of our performance by showing historic figures.

Clarity

This Supplement intends to present information that is understandable, accessible, and usable by our stakeholders. Our annual report gives the financial and non-financial impact of our organisation for our material topics. This supplement provides additional information. We have added a reference table in response to legislation on disclosure of non-financial information, to make it easier for our stakeholders to see how we comply. In addition, we include a GRI content index in which we state, for instance, our material topics and where to find relevant information in our annual report, CSR Supplement and/or website.

Comparability

For the fourth year running, we are publishing an integrated annual report this year. This means that the most material financial and non-financial information is covered in our annual report; less material topics are discussed in this supplement or on our website.

Our policy and objectives in terms of the social aspects of doing business have not changed from the previous reporting period. The definitions we use are still in line with our report for 2017 as far as possible, so that the data remain readily comparable. Where earlier definitions or figures have been adjusted in 2018, this is expressly stated in the text or in the footnotes.

Ambition for reporting policy

We intend to continue reporting in line with GRI standards in 2019 and beyond, and to further improve our integrated report. In 2019, we will again invite our stakeholders to contribute constructively to our thinking.

Verification

Earlier versions of the annual report and this supplement were submitted for comments to internal departments, the Statutory Board and the Supervisory Board. The final version of this report has been approved by the Statutory Board.

Non-financial information included in the annual report and this supplement, as well as the underlying data collection and data aggregation processes, have been reviewed by our independent external auditors, PricewaterhouseCoopers (PwC). For more information on the scope of this verification, the activities performed by PwC and the results of these activities, please refer to PwC's assurance statement (p. 221 in our annual report). The Statutory Board is closely involved in the verification process and related findings. The findings of the review are shared with the Statutory and Supervisory Boards.

Other relevant publications on corporate social responsibility

In addition to Van Lanschot Kempen's 2018 annual report and this supplement, detailed public information on our corporate social responsibility policy can be found on the Van Lanschot and Kempen websites.

6. GRI CONTENT INDEX – MATERIAL TOPICS

Our management of our material topics, as described in GRI 103 of the GRI Standards, is discussed in the table below.

Material topics		
1. Economic Performance		
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	<p>Why this topic is material: Our economic performance is very important to (most of) our stakeholders. Our clients need a financially healthy financial services provider able to meet its obligations; they should be able to count on their savings and investments being safe with us. Our shareholders benefit from robust financial results; they're looking for profits, dividend payments and positive share price trends, while our employees want our bank to be financially robust for reasons of job security, personal income and development opportunities. Lastly, governments, regulators and society at large benefit from a financially healthy bank; failing banks may cause countless ills, including declining economic growth, social unrest and state aid.</p> <p>Boundary for this material topic: The impacts can occur on all the above described stakeholders. We distinguish between potential impacts inside and outside Van Lanschot Kempen. We risk causing the impact inside Van Lanschot Kempen – think of costs (e.g. employee costs). We are directly linked to the impact outside Van Lanschot Kempen, such as the performance and development of the financial markets and wider economy, which can be (partly) reflected in our economic performance.</p>
	103-2 The management approach and its components	<p>We manage this topic by consistently implementing our strategy. Van Lanschot Kempen is the oldest institution in the Netherlands and has attained a strong position as an independent specialist wealth manager. Van Lanschot Kempen is able to support both private and institutional clients in achieving their long-term goals through wealth. An ageing population, high level of prosperity, capital surplus and a low rate of economic growth generate strong demand for wealth management in the Netherlands. We are building on three strong brands – Van Lanschot, Evi van Lanschot and Kempen & Co – and our experience in our three core activities Private Banking, Asset Management and Merchant Banking. We have taken successful steps in simplifying and focusing our business model, yet we see the need to continue our transformation. Social change, advanced technology, changing client needs, and increased competition all change our operating environment. To gain our clients' trust, our proposition should be relevant on a client-by-client basis. This will require a shift from a product-led approach to a solutions-led approach. We have defined four strategic pillars: unlocking potential, digitalising, applying advanced analytics and transforming the workforce. And we have drawn up financial and non-financial KPIs to steer our business. We have set targets for our Common Equity Tier 1 ratio, our return on Common Equity Tier 1 capital ratio and our efficiency ratio. We monitor our targets; their achievement is measured monthly and reported to the Statutory Board using management reports and analyses of financial and non-financial data and trends.</p>
	103-3 Evaluation of the management approach	<p>Multi-year forecasts are regularly recalibrated and measures taken in the event of deviations. Annual targets are measured every month and changes made in the event of interim deviations.</p>
2. Risk management		
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	<p>Why this topic is material: Our risk management is very important to (most of) our stakeholders. Risk management supports our front office, clients and other stakeholders in ensuring that the risks incurred by our organisation are controlled and in keeping with our risk appetite and legal requirements. Our clients need a financially healthy wealth manager that manages its risks in order to meet its obligations. Our shareholders expect us to manage and weigh our risks and returns in pursuing robust performance (dividends and positive market value trend). For our employees, a robust risk management framework means income, job security and opportunities for personal development. For governments, regulators and society at large, sound risk management is essential to mitigate negative social impact.</p> <p>Boundary for this material topic: The impacts can occur on all the stakeholders described above. We distinguish between potential impacts inside and outside Van Lanschot Kempen. We risk causing the impact inside Van Lanschot Kempen – think of operational risks (e.g. employee costs and IT systems). We are directly linked to the impact outside Van Lanschot Kempen, such as the performance and development of the financial markets and economy, which can be reflected in our risk management, in part or in full.</p>
	103-2 The management approach and its components	<p>We have a robust risk management framework to manage our risks. The purpose of our risk management framework is to identify, analyse, mitigate and monitor our risks. The organisation of the risk management framework is based on the three lines of defence principle. Day-to-day responsibility for risk control lies with the front office and/or operational departments (the first line of defence). Compliance, Group Risk Management and Finance, Reporting & Control form the second line of defence for financial and non-financial risks. These departments are responsible for initiating risk policies and the supervision of risk controls within Van Lanschot Kempen. The third line of defence comes from Group Audit and is responsible for performing independent audits on the risk framework. This set-up creates a clear, balanced and appropriate division of tasks, responsibilities and powers, and ensures independent and effective execution of the risk management function. We have drawn up financial and non-financial KPIs to steer our business. In relation to risk management, we have set targets for our Common Equity Tier 1 ratio and our return on Common Equity Tier 1 capital ratio. We monitor our targets; their achievement is measured monthly and reported to the Statutory Board using management reports and analyses of financial and non-financial data and trends.</p> <p>Our robust risk and capital management approach is overseen by several governance bodies:</p> <ul style="list-style-type: none"> – Supervisory Board: Oversees the risks and capital requirements in relation to our operations and portfolio composition, with a Risk Committee and Audit & Compliance Committee; – Statutory Board: Responsible for devising and executing the strategy, including taking into account risk and capital management; its committees include Asset & Liability Committee, Compliance & Operational Risk Committee and Credit Risk Committee; – Second line of defence: Implementation and review; – First line of defence: Execution.

Material topics

GRI 103: Management Approach 2018	103-3 Evaluation of the management approach	The management approach is reviewed by the Supervisory Board, with its Risk Committee assessing the organisational structure of the risk framework (results are captured in the Supervisory Board minutes, which are confidential).
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3. Added value

GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	<p><u>Why this topic is material:</u> To provide our clients with maximum added value, we should only offer financial products and services that they really need. Products that do not meet these requirements are unacceptable to us.</p> <p><u>Boundary for this material topic:</u> Impacts can affect clients, and indirectly also Van Lanschot Kempen itself if we do not add value for our clients with our services and products. We are responsible for the usefulness of our products and for offering our clients appropriate products and services.</p>
	103-2 The management approach and its components	<p>We apply an approval process for new products and services, the new product approval (NPA) procedure, and have put in place a product review (PR) procedure for existing products. A new product will not be launched if the NPA procedure finds it does not meet the criteria. Existing products are discontinued if they no longer comply. These decisions are the domain of the Product Board, in which members of the Statutory Board are also represented. And it is not just the product itself that is important; our people who provide advice also have a key part to play. They need to have the appropriate knowledge, expertise and integrity to always put their clients' interests first. In line with our general Code of Conduct, this also implies that employees have to look beyond what clients want: if a product does not sit well with a client's objectives and risk appetite, it is up to employees to point this out clearly even if the client disagrees. Client-centricity is a standard regular element in the annual appraisals of all employees. Putting clients centre stage also means that we should prevent conflicts of interest, to which end Compliance has designed our policies to prevent such conflicts. These policies comprise a range of organisational measures and rules on conduct, and aim to ensure that Van Lanschot Kempen's interests and those of our clients do not get mixed up.</p> <p><i>Additional information</i></p> <p>Information requested in the GRI sector supplement on financial education initiatives: We try to increase the financial knowledge of our clients and others in various ways. Examples include our wealth planning service, which provides insight into clients' financial positions in the longer term; client presentations on financial topics (investment view meetings); and a range of research publications and updates. Additionally, part of our Van Lanschot Kempen Foundation focuses on financial education and entrepreneurship, particularly for young people.</p> <p><i>Targets</i></p> <p>In 2018, we drew up financial and non-financial KPIs to steer our business. We have set targets for this material topic: Net Promoter Score, 3-year performance of discretionary management mandates (Private Banking and Evi), and average Morningstar rating of investment strategies. We monitor our targets; their achievement is measured quarterly (where relevant) and reported to the Statutory Board using management reports and analyses of financial and non-financial data and trends.</p>
	103-3 Evaluation of the management approach	These policies are reviewed periodically. Depending on the type of policy, reviews are carried out by the Product Board, the Statutory Board, the Compliance and Risk Committee or other committees created for this purpose. Group Audit also has a part to play: the Dutch Banking Code requires Van Lanschot Kempen to perform an annual audit of the effectiveness of NPA and PR procedures. The results of the review will be incorporated in the management approach if applicable.

6. Responsible investment

GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	<p><u>Why this topic is material:</u> As a financial services provider, Van Lanschot Kempen has an intermediary role. We attract financial resources from clients and other providers of capital and then lend them on. We do this both on- and off-balance sheet. For on-balance sheet, see material topic 9. Off-balance sheet, Van Lanschot Kempen manages client investments. We typically invest these assets under management in our own investment funds, those of others, in individual companies and in government paper. Both the owners of these client assets and our other stakeholders should be able to trust that we do not take our intermediary responsibilities lightly. This means, first of all, that we will check the origin of client assets entrusted to us, so as not to become party to money laundering or objectionable tax practices. Secondly, we need to invest client assets responsibly, and we need to screen investee companies as well as mutual fund managers, again both prior to and after investment. If we do not fulfil this intermediary role in a responsible manner, we run the risk of losing the trust of our stakeholders and run a reputational risk, which is why client acceptance policies, as well as responsible investment policies, rank as material topics.</p> <p><u>Boundary for this material topic:</u> Impacts can occur at investee companies, their stakeholders, via our own funds and external fund managers; and indirectly also at our clients and our other stakeholders. We are directly linked to our client investments as we invest in companies, via our own funds and via external funds. Our client investments can be seen as involvement in our value chain.</p>
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Material topics		
GRI 103: Management Approach 2018	103-2 The management approach and its components	<p>We have extensive policies in place to manage this topic and report on our management of it in our annual report – including CSR supplement – and on our website. A high-level summary of our responsible investment policies is as follows:</p> <p>Van Lanschot Kempen observes a responsible investment policy for assets under management (off-balance sheet). This policy is fleshed out and implemented by KCM, and features a long-term focus coupled with active ownership. What this means is that our investments are informed by the belief that a – partially – actively managed investment portfolio will add most value in the long term, in both financial and non-financial – social, environmental and governance – terms. Underpinned by active ownership and proxy voting and on behalf of our investors, we engage with fund managers and investee companies on a broad range of ESG topics (based on international conventions and treaties) – e.g. human rights, labour conditions, anti-corruption and the environment – and exercise our votes at AGMs. Engagement is all about dialogue, of course, but we will not invest in companies involved in the production, sale or use of controversial weapons. For a description of our policy, see S: p. 15 (Responsible investment and lending). For a description of our voting policy as well as our voting records, go to KCM's website at kempen.com/en/asset-management/responsible-investment.</p> <p>Van Lanschot Kempen's employees are periodically informed about and/or trained in the application of these policies and any changes to them. See our annual report, p. 20 (Non-financial objectives).</p> <p>In 2018, we drew up financial and non-financial KPIs to steer our business. We have set targets for this material topic: number of engagements with companies in which our funds invest, and percentage increase in (internal and external) fund managers on our approved list that are scored on their overall sustainability profile. We monitor our targets; their achievement is measured quarterly (where relevant) and reported to the Statutory Board using management reports and analyses of financial and non-financial data and trends.</p>
	103-3 Evaluation of the management approach	<p>At Van Lanschot Kempen, the ESG Council is responsible for devising, implementing and reviewing our responsible investment policy (active ownership). To evaluate this policy, the ESG Council, which meets four times a year, uses information from a wide range of sources, such as general and individual client meetings, civil society organisations (e.g. Eumedion, VBDO, PRI, UN Global Compact and consultants and advisers) and other banks and asset managers. If these contacts suggest a necessity for policy changes, these will first be prepared by the relevant departments and subsequently approved by the ESG Council.</p>
7. Sustainable investing and impact investing		
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	<p>Why this topic is material: Sustainable and impact investment business is developing strongly. This is demonstrated by increasing adoption of the Sustainable Development Goals (SDGs), a common framework to which all parties (governments, private and financial sector, civil society) can contribute. A long-term focus on a sustainable society is what the SDGs are all about, with economic, social and environmental impacts. As a wealth manager with a focus on the longer term, we support and encourage these sustainability goals. More and more of our stakeholders are asking and expecting us to come up with services to contribute to (long-term) sustainable goals, particularly via our client investments.</p> <p>Boundary for this material topic: Impacts can occur at investee companies, their stakeholders, via our own funds and external fund managers; and indirectly for our clients and our other stakeholders. We are directly linked to our client investments as we invest in companies, via our own funds and via external funds. Our client investments can be seen as involvement in our value chain.</p>
	103-2 The management approach and its components	<p>We want to make a contribution to society, and the SDGs, with our investments, which is why sustainability and impact investing are part of our investment service:</p> <ul style="list-style-type: none"> – After introducing Duurzaam+ in 2017, a sustainable discretionary management offering, we continued this in 2018. This, together with our other sustainable investment opportunities offered through Duurzaam+ Maatwerk, helped the total value of Private Banking's assets under sustainable discretionary management grow to over €1,318 million. AR: p. 34. – We started the Global Impact Pool in 2018 for our institutional and private banking clients. AR: p. 28. <p>In 2018, we drew up financial and non-financial KPIs to steer our business. We have set targets for this material topic: AuM invested in sustainable and/or impact investment wealth management solutions (Private Banking), percentage increase in (internal and external) fund managers on our approved list that are scored on their overall sustainability profile. We monitor our targets; their achievement is measured quarterly (where relevant) and reported to the Statutory Board using management reports and analyses of financial and non-financial data and trends.</p>
	103-3 Evaluation of the management approach	<p>The evaluation is a joint effort of Van Lanschot's Private Banking and KCM (for products / investment funds), with advice if needed from the CSR department.</p>
11. Ethics and integrity		
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	<p>Why this topic is material: Van Lanschot Kempen could not exist without trust, and an ethical culture is necessary to sustain this trust with all our stakeholders. We need, as our stakeholders expect, to act with integrity and meet society's norms and values. An ethical culture is also embedded in laws and regulations, which reflect a society's general standards and values. Anyone wishing to be accepted and trusted in a community will have to at least abide by these laws and regulations. The very essence of a bank makes it a community organisation and it has no licence to operate without its community's acceptance and trust. And so it's only logical that Van Lanschot Kempen will always abide by relevant laws and regulations, and maintain an ethical culture, even while the environment is growing increasingly complex and is changing ever more rapidly.</p> <p>Boundary for this material topic: The impacts occur within our organisation (our employees) and outside our organisation (via the behaviour of our employees to our stakeholders). We risk causing the impact, both within and outside our organisation, as our ethical culture consists of the behaviour of our employees.</p>

Material topics

GRI 103: Management Approach 2018	103-2 The management approach and its components	<p>Van Lanschot Kempen has various instruments in place to maintain an ethical culture. Responsibility for these instruments and their implementation lies with our Compliance department. Ethical culture is about corporate conduct and consists of accepted norms and values. We have at least to abide by the ones which have been reflected in laws and regulation. Our compliance function should ensure a sustainable and robust framework as well as a systematic approach to implementing these laws and rules in practice. We have devoted a lot of time to compliance with laws and regulations in the past couple of years. In fact, more than ever we have to actually prove that we are compliant. "Comply, plain and simple" is how we run our compliance at Van Lanschot Kempen, meaning that the Compliance department translates the key legal and regulatory requirements into unambiguous, effective and efficient requirements for processes, procedures and employee actions. The Statutory Board is responsible for the design, effectiveness and execution of policies to address our compliance risks and has set up a Compliance and Risk Committee for exactly this purpose. Members of the committee include the Chairman of the Statutory Board, the member of the Statutory Board responsible for Private Banking, as well as the heads of Compliance and Group Audit. The Compliance and Risk Committee determines policies to manage compliance risks – prompted by changes in relevant laws and regulations among other things, or changes at Van Lanschot itself – and is in charge of the annual review of these risks and policies. The Committee also decides on measures to manage compliance risks and defines compliance risk appetite. The Compliance department advises on the implementation of relevant law and regulations, and monitors compliance. It reports directly to the chairman of the Statutory Board and also has reporting lines to the the chairman of the Audit and Compliance Committee and the Compliance and Risk Committee. The Compliance department's mission, objectives and scope (in terms of the financial supervision laws) are set down in the Compliance Charter.</p> <p><i>Code of Conduct, Banking Code and Banker's Oath</i> We have several instruments to maintain and encourage an ethical culture: the Banking Code, the Banker's Oath and our Code of Conduct. The Banking Code sets out principles for sound and controlled business operations, corporate governance, risk management policies, audit and remuneration policies, and includes the integrity of the organisation. We comply with the Banking Code. As stated in the Banking Code, the Statutory and Supervisory Boards are responsible for developing and maintaining standards of integrity and morality. We have a Code of Conduct to which every employee has to adhere. This Code goes further than complying with relevant legislation, it includes guidelines to help employees act with integrity and to make a careful assessment between the interests of all stakeholders, in which our own norms and values and those of society are taken into account. We also include the Banker's Oath in our Code.</p> <p><i>Mechanisms for advice and concerns about ethics</i> Employees have various ways for getting advice and raising concerns about ethical issues, e.g. via their managers, the Legal department, the Compliance and/or CSR departments, and via our Ethical Council. We also have a whistleblower policy in place and have appointed a confidential adviser employees may turn to.</p> <p><i>Targets</i> In 2018, we drew up financial and non-financial KPIs to steer our business. We have set a new target for this material topic: percentage of employees who feel responsibility to act and behave ethically. We monitor our targets; their achievement is measured quarterly (where relevant) and reported to the Statutory Board using management reports and analyses of financial and non-financial data and trends. This KPI was not measured in 2018.</p>
	103-3 Evaluation of the management approach	<p>The effectiveness of our management approach regularly features on the agendas of the Compliance and Risk Committee, the Statutory Board and the Audit and Compliance Committee. We continue to evaluate these topics within these committees.</p>

Material topics

13. Fit, professional and knowledgeable staff

GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	<p><u>Why this topic is material</u>: People make the difference in a knowledge and service-based organisation such as ours. Their professionalism, personalities, competences, expertise, values and integrity determine the quality of our service. If we are to achieve our ambitions, we will have to create the right conditions for our workforce to excel, and education, training and vitality are key. In addition, regulators demand specific levels of knowledge on the part of our staff. The Financial Supervision Act (Wft) stipulates that employees providing advice or information need to have specific knowledge about banking, consumer behaviour and ethics.</p> <p><u>Boundary for this material topic</u>: The impacts can occur on our employees. We risk causing impact inside Van Lanschot Kempen (as it is our organisation) and on employees, to whom this topic primarily relates.</p>
	103-2 The management approach and its components	<p><u>Training and education</u> Our HR Talent Attraction and Development department offers a wide range of courses and training sessions under the umbrella of our learning management system. This online learning application is accessible to all Van Lanschot Kempen employees and provides an integrated educational programme matching our strategy and presented in logical order. Together with their managers, employees can select the training courses that help them improve their knowledge and development. Employee education and development are a standard feature of the job appraisal system, e.g. planning, progress and appraisal meetings. In addition, regulators demand specific levels of knowledge on the part of our staff. The Financial Supervision Act (Wft) stipulates that employees providing advice or information need to have specific knowledge about banking, consumer behaviour and ethics. The study load for the Financial Supervision Act is quite demanding and we help our people with this where we can. A number of our employees, many of them at Private Banking, have to achieve minimum education requirements under the Financial Supervision Act, and these have been translated into study paths in the learning platform. The platform helps both them and their managers to easily see what is expected of them and what knowledge and skills they have yet to attain or develop. Managers receive periodic updates on their people's study progress.</p> <p><u>Engagement and well-being</u> We organised an engagement survey in 2017 to assess the extent to which our employees are engaged, energised and enabled. In 2018 we did not have an engagement survey. We will have a survey in 2019. In 2018 we had a Vitality Programme and will continue this in 2019.</p> <p><u>Targets</u> In 2018, we drew up financial and non-financial KPIs to steer our business. We have set new targets for this material topic: employee engagement score and Employer Net Promoter Score (these KPIs were not measured in 2018). We monitor our targets; their achievement is measured quarterly (where relevant) and reported to the Statutory Board using management reports and analyses of financial and non-financial data and trends.</p>
	103-3 Evaluation of the management approach	<p><u>Training and education</u> Van Lanschot Kempen follows the changes and updates of lawmakers in the legally compulsory part of the Academy programme, and participates in interbank consultations in this area. Education and exams are provided by a specialist external provider. In the section of the Academy programme that is not compulsory under Dutch law, we have a greater level of freedom and adopt a different approach. Both courses on offer and the list of preferred suppliers are reviewed periodically to reflect the needs and requirements of our workforce. We also review which courses and suppliers are sought after and which less so, adjusting our existing offering where relevant.</p> <p><u>Engagement and well-being</u> The Executive Board assesses the process of the employee engagement survey and the Vitality Programme.</p>

7. REFERENCE TABLE: DISCLOSURE OF NON-FINANCIAL INFORMATION ACT

Decree on Disclosure of Non-financial Information (Besluit bekendmaking niet-financiële informatie)

In 2017, a new Dutch regulation came into force that made reporting on a number of non-financial themes compulsory for companies that qualify as a large public interest entity (grote organisatie van openbaar belang) with more than 500 employees. These themes comprise environmental, social and employee issues, as well as anti-corruption, bribery and human rights. For each of these themes, companies are obliged to report on the relevant policies,

results, risks (including management of these risks), and non-financial key performance indicators. The regulation also requires companies to describe their business models in their annual reports. The reference table below shows where the required non-financial information can be found and also whether this information relates to our material topics. Links to these topics, which are in line with the GRI framework, have been added to the table in keeping with the decree's requirement to report on activities if they are "relevant and proportional".

Scope	Dutch legislation themes	Our interpretation	Link to material topics ¹	Information per theme: 1) Policy (including due diligence); 2) Results; 3) Risks and their management; 4) Key performance indicators (KPIs)
<i>Reference: Annual Report (AR), CSR Supplement (S)</i>				
Van Lanschot Kempen	Business model	Business model	n/a	AR: pp. 12–20 (Our strategy).
Own organisation of Van Lanschot Kempen	Environmental	Environmental impact of own operations (such as buildings, lease cars, electricity)	7	1-3) See AR: p. 34 (Performance) and S: p. 17 (Environmental management and purchasing). 4) We impose a carbon reduction target per FTE; see AR: p. 33 (Performance) and S: pp. 17-18 (Environmental management and purchasing).
	Social and employee	Social and employee impact of own operations	11,13	Within our material topics, Ethics and integrity (11) and Healthy, professional and knowledgeable staff (13) relate most to this theme. Ethics and integrity (11) 1-3) See AR: pp. 12-20 (Our strategy), p. 33 (Performance) and pp. 29-30 (Our people). 4) We have updated our KPIs, including Ethics and integrity, see AR: pp. 12-30 (Our strategy). Healthy, professional and knowledgeable staff (13) 1-3) See AR: pp. 12-20 (Our strategy), p. 33 (Performance) and pp. 29-30 (Our people). 4) We have updated our KPIs, including on Employees, see AR: pp. 12-20 (Our strategy).
	Human rights	Human rights impact of own operations	11,13	We interpret human rights in our own organisation as labour-related rights; see "Social and employee" above.
	Anti-corruption and bribery	Anti-corruption and bribery impact of own organisation	11	Within our material topics, Ethics and integrity (11) relates most to this theme; see "Social and employee" above on our material topic Ethics and integrity. Our Compliance department helps to ensure that our staff adhere to the Code of Conduct. This Code requires compliance with relevant laws and legislations, and forbids corruption and bribery (see our Code of Conduct).
Balance sheet-related activities	Environmental	Lending and proprietary investments: screening of and engagement with borrowing clients and investees	–	The topic Responsible lending relates to the environmental theme with regards to our balance sheet activities. In 2018, we updated our KPIs and we believe that the KPI related to this topic is one of our "licence to operate" KPIs and is thus not externally reported; it is however part of our internal management information. See AR: pp. 19-20 (How we steer our business). As it is one of the material topics raised by our stakeholders, we have reported the topic with our approach (incl. policy and results). AR: p. 27 (Responsible lending policy) and on p. 15.
	Social and employee	Social and employee screening and engagement for lending and proprietary investments	–	See "Environmental" above.

¹ Materiality for the scope is based on our materiality assessment, in which topics relate to our client activities or our own activities. For details of our material topics, see pp. 22, 24-28 and our annual report 2018, pp. 17-20.

Scope	Dutch legislation themes	Our interpretation	Link to material topics ¹	Information per theme: 1) Policy (including due diligence); 2) Results; 3) Risks and their management; 4) Key performance indicators (KPIs) Reference: Annual Report (AR), CSR Supplement (S)
	Human rights	Human rights screening and engagement for lending and proprietary investments	–	See "Environmental" above.
	Anti-corruption and bribery	Anti-corruption and bribery screening and engagement for lending and proprietary investments	–	See "Environmental" above.
Assets under management (AuM)	Environmental	Client investments: environmental screening and engagement with companies and funds	6, 7	Within our material topics, Responsible investment (d) and Sustainable investing and impact investing (e) relate most to this theme. 1-3) See AR: p. 33 (Performance), p. 27-29 (Responsible business), and S: p. 14 (Responsible investment and lending). 4) See AR: p. 20 (Our strategy).
	Social and employee	Client investments: social and employee screening and engagement with companies and funds	6, 7	See "Environmental" above on our material topics Responsible investment (6) and Sustainable investing and impact investing (7).
	Human rights	Client investments: human rights screening and engagement with companies and funds	6, 7	See "Environmental" above on our material topics Responsible investment (6) and Sustainable investing and impact investing (7).
	Anti-corruption and bribery	Client investments: anti-corruption and bribery screening and engagement with companies and funds	6, 7	See "Environmental" above on our material topics Responsible investment (6) and Sustainable investing and impact investing (7).

8. GLOSSARY

This glossary provides insight into the definitions used in the main corporate social responsibility indicators that are relevant for Van Lanschot Kempen. Please refer to the GRI table and the pages indicated for further details on the implementation of these indicators and the measurement methods used.

Carbon Disclosure Project (CDP) (p. 17)

The Carbon Disclosure Project is a not-for-profit organisation that collects, harmonises and publishes environmental data. Van Lanschot Kempen affiliated to the CDP in 2014 and also supplies it with environmental data. cdp.net

De Nederlandsche Bank (DNB) (p. 13)

The Dutch central bank. dnb.nl

DUFAS (p. 13)

Dutch Fund and Asset Management Association. DUFAS is an industry association for asset managers and investment institutions active in the Netherlands. dufas.nl

Dutch Authority for the Financial Markets (AFM) (p. 13)

The regulator for financial institutions in the Netherlands. afm.nl/en

Engagement (p. 6)

A sustainability strategy that seeks, through active dialogue, to persuade companies, fund managers, borrowers and other stakeholders that their sustainability policies should be made compatible with international treaties and conventions.

Fair Bank and Insurance Guide (p. 22)

The Fair Bank and Insurance Guide (Eerlijke Bank- en Verzekeringwijzer, EBVW) is an initiative of Oxfam Novib, Amnesty International, Friends of the Earth Netherlands, trade union FNV, World Animal Protection, and peace movement Pax. The organisation evaluates and compares the sustainability of Dutch banks and insurers. eerlijkegeldwijzer.nl

Fitch (p. 13)

Credit rating agency. fitchratings.com

Forum Ethibel (p. 13)

A Belgian consultancy in the field of corporate social responsibility (CSR) and socially responsible investment (SRI). forumethibel.org

Global Reporting Initiative (GRI) (p. 13)

An independent organisation which develops guidelines for sustainability reports. Van Lanschot Kempen's integrated annual report is based on GRI. globalreporting.org

Gold Standard (p. 17)

The Gold Standard is an independent sustainability label for carbon offset projects. Several of Van Lanschot Kempen's carbon offset projects qualify for the label. cdmgoldstandard.org

Greenhouse Gas Protocol (p. 17)

The Greenhouse Gas Protocol is the worldwide standard for accounting and reporting greenhouse gas emissions by companies. ghgprotocol.org

ISO 26000 (p. 22)

An international standard for corporate social responsibility. It offers practical guidance on integrating socially responsible behaviour into a company's existing strategies, processes, systems and working practices.

Kroonadviesraad (KAR) (p. 22)

An advisory council made up of a representative selection of our clients, which takes part in Van Lanschot's digital client surveys.

NVB (Nederlandse Vereniging van Banken) (p. 13)

The Dutch Banking Association. nvb.nl/en

Principles for Responsible Investment (PRI) (p. 13)

The Principles for Responsible Investment consist of six guidelines to which financial institutions can sign up, and which are aimed at encouraging responsible investment. Kempen Capital Management signed the PRI in 2009. unpri.org

Standard & Poor's (p. 13)

Credit rating agency. spratings.com

Sustainable Development Goals (SDGs) (p. 6)

In 2015, the United Nations set out the Sustainable Development Goals (SDGs) for 2030: a set of 17 highly ambitious goals relating to climate, poverty, healthcare, education and other challenges.

Sustainalytics (p. 9)

A Dutch research agency that rates the sustainability of companies worldwide. Sustainalytics reports are widely commissioned by institutional investors, banks and asset managers. sustainalytics.com

Transparency benchmark (p. 9)

A benchmark constructed by the Dutch Ministry of Economic Affairs to provide insight into how Dutch businesses report their activities in relation to corporate social responsibility. transparantiebenchmark.nl/en

UN Global Compact (UN GC) (p. 15)

The UN Global Compact is a United Nations initiative geared towards corporate social responsibility. It consists of ten sustainability principles to which companies are invited to sign up. unglobalcompact.org

VBDO (p. 13)

The Dutch Association of Investors for Sustainable Development (VBDO) has set itself the goal of making the capital market more sustainable. vbdo.nl/en

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We welcome your views and opinions – please see our contact details above.

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