

CSR Supplement 2019

Contents

| | |
|---|--|
| 3 | Our environmental footprint and sustainability ratings |
| 5 | Other disclosures |
| 8 | Glossary |

About this supplement

This CSR Supplement, that should be read in conjunction with our annual report, "Our value creation story" and our GRI content index, contains additional CSR background material.

OUR ENVIRONMENTAL FOOTPRINT AND SUSTAINABILITY RATINGS

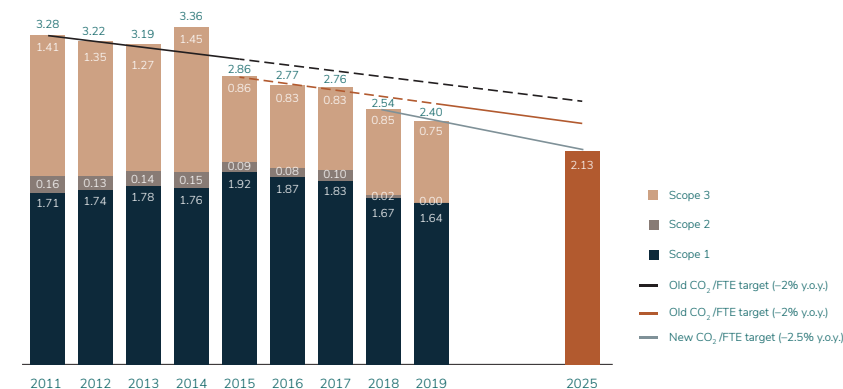
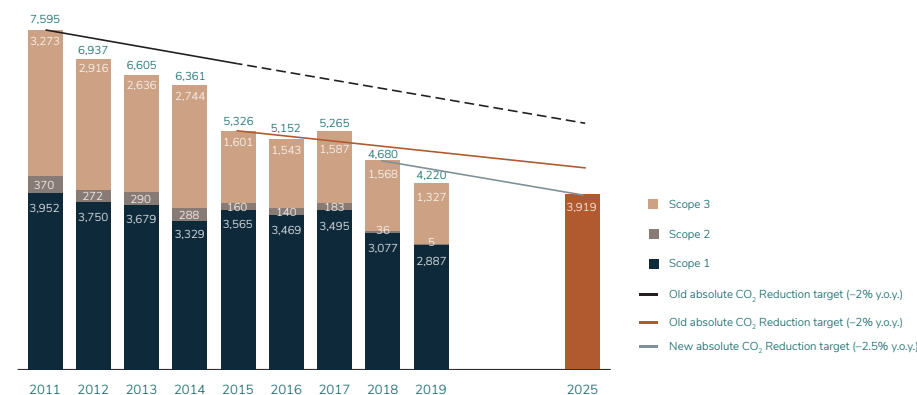
Our environmental footprint

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.

Calculating our environmental footprint

Our footprint shows at a glance where the most material emissions occur, making it a useful guide when drawing up carbon reduction measures. We began to calculate it in 2011. The methodology that we use is in line with the international Greenhouse Gas Protocol.

| Carbon reporting according to Greenhouse Gas Protocol | 2019 tonnes CO ₂ | 2018 tonnes CO ₂ | 2017 tonnes CO ₂ |
|---|-----------------------------|-----------------------------|-----------------------------|
| Scope 1 (direct emissions) | 2,887 | 3,077 | 3,495 |
| Heating | 567 | 680 | 1,059 |
| Company car use (business and private) | 2,320 | 2,397 | 2,437 |
| Scope 2 (indirect emissions electricity) | 5 | 36 | 183 |
| Electricity consumption | 5 | 36 | 183 |
| Scope 3 (other indirect emissions) | 1,327 | 1,568 | 1,587 |
| Business air travel | 1,039 | 1,227 | 1,269 |
| Business car use (non-company cars; petrol) | 75 | 97 | 110 |
| Business public transport kilometres | 13 | 11 | 12 |
| Paper | 160 | 205 | 175 |
| Goods transport (couriers) | 36 | 21 | 14 |
| Water | 4 | 6 | 7 |
| CO₂ total (tonnes) – own organisation | 4,220 | 4,680 | 5,265 |
| FTE internal | 1,560 | 1,621 | 1,658 |
| FTE external | 201 | 223 | 248 |
| CO₂ (tonnes) per FTE | 2.40 | 2.54 | 2.76 |
| Supplement on Scope 3 | | | |
| Investments via balance sheet ¹ | 37,747 | 43,344 | n/a |
| Investments via assets under management (in millions tonnes) ² | 4.7 | 3.8 | 3.9 |



1 The carbon footprint via the assets on our balance sheet is estimated for the fourth time. All material assets are in scope: cash and cash equivalents and balance at banks; financial instruments; loans and advances; and other. We follow the PCAF methodology where possible, but deviate on mortgages where we make a correction for the LTV and green energy. The 2018 figure has been revised.

2 The carbon footprint via our Assets under Management (AuM) is estimated for the third time. The AuM covered by our carbon footprint measurement is 44% and comprise equities, bonds and government bonds only. The aggregated carbon footprint is based on the absolute footprint metric.

Environmental policy objective

We have an environmental policy objective in place and have undertaken various initiatives to reduce our environmental impact. Our objective is to reduce our average carbon emissions per FTE by 2.5% a year in the period until 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 Targets 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

Our central department for Purchasing, Contract Management & Facilities implements our environmental policy, with advice (where needed) from our CSR department. We will continue this approach in 2020. Examples of reduction measures can be found at vanlanschotkempen.com/responsible/environment.

Results for 2019

We have made a clear contribution towards a carbon neutral economy since we started measuring our footprint in 2011 (44% carbon reduction). In 2019, we once more achieved a reduction in our carbon emissions (absolute and relative). In 2019, our total calculated carbon emissions fell by 461 tonnes to 4,220 tonnes. Emissions per FTE fell by 5.6%, to 2.40 tonnes, mainly as a result of less business air travel (188 tonnes) and the decision to increase our green gas use in the Netherlands to 100% (-102 tonnes). For more details on the carbon emissions calculations for our own organisation, see vanlanschotkempen.com/responsible/environment.

In 2019, we also 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 third time we calculated the footprint of (a part of) our assets under management

(see also annual report p. 24). In 2020, we will further develop our methodologies and continue to explore opportunities to reduce our indirect footprint.

Carbon offset


Since 2011, we have focused on partly offsetting our carbon emissions (in addition to our carbon reduction measures). On average, our offsetting percentage was 41% in the period up until 2018. In 2019, we decided to increase this percentage to 100%.

Offsetting measures in 2019

- 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.
- All other emissions: Fully offset via emission-reduction units from renewable energy projects designated as Gold Standard.

Our sustainability ratings

Van Lanschot Kempen is assessed on sustainability by various leading rating organisations and sustainability benchmarks, e.g. the Transparency Benchmark, Sustainalytics and ISS Oekom. In most of these rankings and ratings we hold high positions.

| | |  |
|---|--|---|
|  | A research agency that assesses companies on sustainability | 1 st position (in sector mid-sized diversified financials) |
|  | An instrument of the Dutch Ministry of Economic Affairs and Climate that assesses Dutch companies on transparency in the field of sustainability | 10 th of 487 companies |
|  | An organisation that assesses companies on climate policies and results | B rating |
|  | An agency that audits companies' implementation of their sustainability policies | Certificate achieved |
|  | A benchmark that assesses the tax policy of multinationals | 14 th of 77 companies |
|  | An organisation that assesses the integration of ESG in the investment process of financial institutions | A/A+ rating |
|  | A research agency that assesses companies on sustainability | In top 5 of 80 companies (C+ rating) |

OTHER DISCLOSURES

Stakeholder dialogue (some further details)

The table below provides information on our stakeholders in addition to the information in our annual report (p. 15) and "Our value creation story" (p. 5). The abbreviations used are explained in the glossary at the end of this supplement.

| Stakeholder | Form of dialogue | Frequency | Result and related outcome of the dialogue |
|---|--|-----------|---|
| Clients | Client meetings | D | Net inflow of AuM |
| | Client events | M | New products launched |
| | Stakeholder event | A | More online service provision |
| | Client survey | A | Additional sustainable products (Groenhyotheek and a new sustainable discretionary asset management solution for Van Lanschot Belgium) |
| | Client portals | D | More client information on responsible and sustainable investment |
| Shareholders | General meeting | A | Diversified shareholder base |
| | Roadshows, conference calls and other bilateral consultation | M | Long-term relationships |
| | Press releases, trading updates, annual reports | Q | Better understanding investment case |
| | Website and social media | M | Dividend payment |
| | Stakeholder event | A | Special capital return to shareholders Diversified funding Remuneration policy |
| Employees | Performance management system | SM | Optimisation of organisation |
| | Engagement scan and preference scan | A | Adjustments in education and training |
| | Work meetings | M | Further adjusted employment terms, new working condition package in 2020 |
| | Works Council | M | Well-informed and involved employees |
| | Intranet | A | Adjustments Vitality Programme – actions based on employee engagement score |
| | Training courses | Q | |
| | Stakeholder event | A | |
| Internal meetings | W | | |
| Government/ regulators | Consultation with AFM and DNB | M | Financial ratios in order |
| | Self-assessments, audits and controls | Q | Credit ratings |
| | Credit rating reviews | A | Compliance with laws and regulations |
| Other stakeholders (incl. value chain) | Participation in PRI, UN GC, VBDO, CDP, etc. | Q | Further growth of our sustainable and impact investment solutions |
| | Research by civil society organisations | SM | Further insight into carbon emissions integral to (parts) of our investments |
| | Website and social media | M | Lower carbon emissions |
| | Stakeholder event | A | Social projects, donations, sponsorship |
| | Accountant | A | Forum Ethibel certificate |
| | Consultations and events | M | Integrated report (GRI Standards and externally verified) |
| | Industry consultation via NVB, DUFAS | M | Sustainability policy for financial institutions continued Shared knowledge on, for instance, market outlook Product awards to Kempen & Co High ratings in sustainability benchmarks |

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

Responsible lending policy (results)

Van Lanschot Kempen's corporate loan portfolio stood at €1.4 billion at year-end 2019 (2018: €1.5 billion). We had virtually zero corporate credit exposure in sectors such as agriculture, fishing, utilities, oil and gas, 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 eight 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.

| Progress in implementation of responsible lending policy | 2019 | 2018 | 2017 |
|--|-------|-------|-------|
| Number of corporate loans | 2,211 | 2,212 | 2,244 |
| Of which "potentially high risk" | 17 | 17 | 19 |

Of all the loans screened over the past years, 148 were designated as "potentially high risk". Of these, 17 remained in the portfolio at year-end 2019 (2018: 17). In the other 131 cases, the loan relationship has since been reclassified as "low risk" or has been terminated altogether.

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.

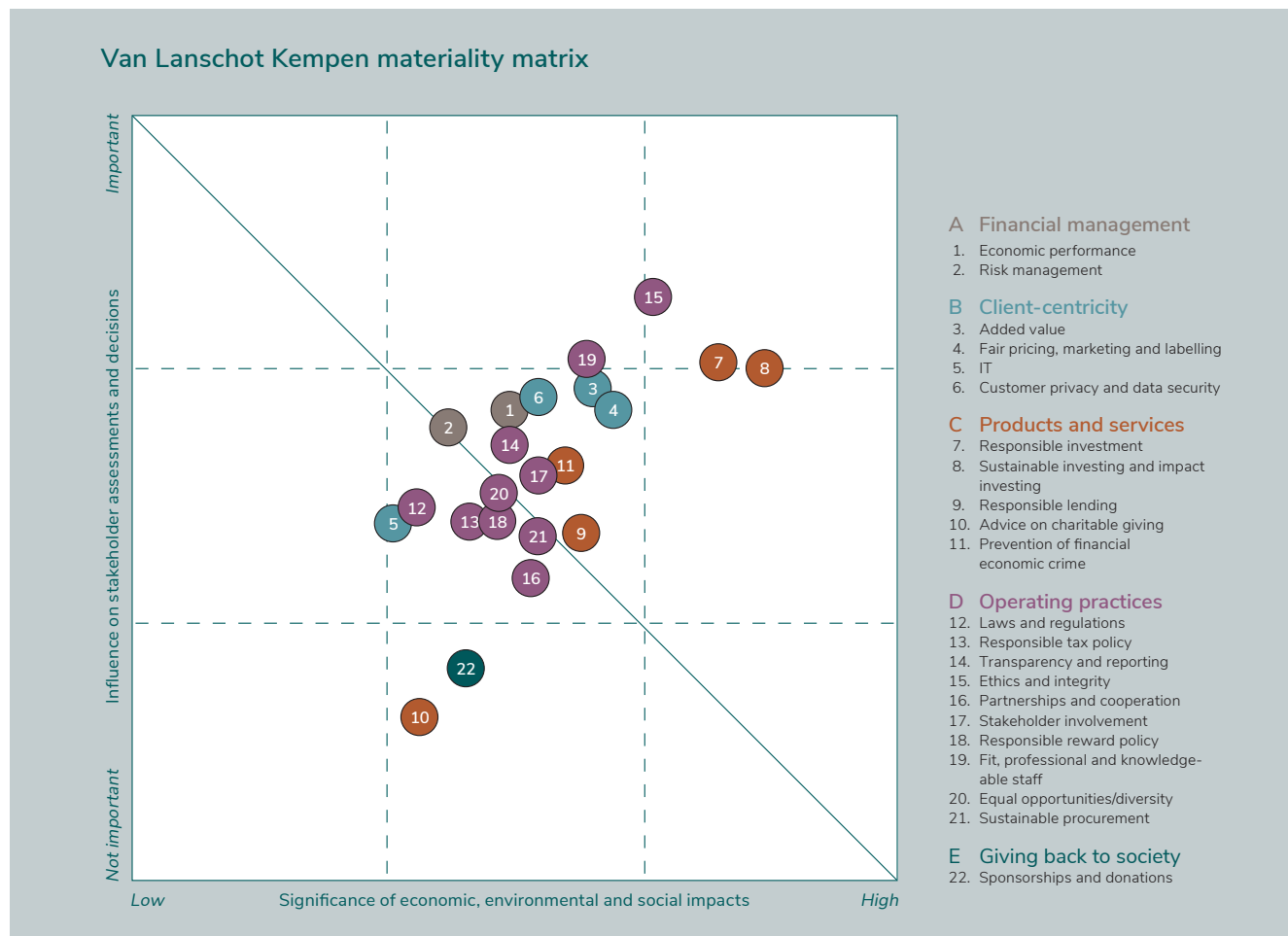
In all 17, we engaged the borrower on the precise risks and how the company in question might go about mitigating them. Many borrowers appreciated our engagement and have responded by taking the necessary measures. There is a small group for which further

improvement is still possible, and it is these that we will continue to monitor particularly actively.

Our responsible lending policy is in line with the OECD Guidelines, UNGP and the Dutch banking sector agreement on international responsible business conduct regarding human rights (the IMVO covenant). This means that our policy outlines in detail our due diligence and engagement process, including possible remedy measures, in relation to possible negative environmental and social impacts on relevant – and affected – stakeholders. For more details and reports on our compliance, see vanlanschotkempen.com/responsible/core-banking-activities.

Our 2017 materiality matrix

Every two years we update our materiality matrix. To assist with comparison of the most recent matrix (2019) with the former one (from 2017), we have added the latter below.



GLOSSARY

This glossary provides insight into the definitions and the abbreviations used in this report.

Carbon Disclosure Project (CDP) (p. 4)

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](https://www.cdp.net)

De Nederlandsche Bank (DNB) (p. 5)

The Dutch central bank. [dnb.nl](https://www.dnb.nl)

DUFAS (p. 5)

Dutch Fund and Asset Management Association. DUFAS is an industry association for asset managers and investment institutions active in the Netherlands. [dufas.nl](https://www.dufas.nl)

Dutch Authority for the Financial Markets (AFM) (p. 5)

The regulator for financial institutions in the Netherlands. [afm.nl/en](https://www.afm.nl/en)

Engagement (p. 5)

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.

Forum Ethibel (p. 4)

A Belgian consultancy in the field of corporate social responsibility (CSR) and socially responsible investment (SRI). [forumethibel.org](https://www.forumethibel.org)

Global Reporting Initiative (GRI) (p. 2)

An independent organisation which develops guidelines for sustainability reports. Van Lanschot Kempen's integrated annual report is based on GRI. [globalreporting.org](https://www.globalreporting.org)

Gold Standard (p. 4)

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](https://www.cdmgoldstandard.org)

Greenhouse Gas Protocol (p. 3)

The Greenhouse Gas Protocol is the worldwide standard for accounting and reporting greenhouse gas emissions by companies. [ghgprotocol.org](https://www.ghgprotocol.org)

IMVO covenant (p. 6)

The covenant aims to achieve a material positive impact for people (potentially) facing adverse human rights impacts and to search for solutions to address problems that an adhering bank cannot solve by itself. The covenant requests banks to comply with the OECD Guidelines for Multinational Enterprises (OECD GL) and the UN Guiding Principles on Business and Human Rights (UNGPR).

ISS ESG Oekom (p. 4)

The ISS-oekom Corporate Rating provides an assessment of a company's environmental, social and governance performance.

NVB (Nederlandse Vereniging van Banken) (p. 5)

The Dutch Banking Association. [nvb.nl/en](https://www.nvb.nl/en)

OECD Guidelines for Multinational Enterprises (p. 6)

The OECD Guidelines describe what the Dutch government expects from multinational enterprises when it comes to corporate social responsibility. The Guidelines provide companies with guidance in the field of e.g. supply chain management, human rights, child labour, environment and corruption.

Platform Carbon Accounting for Financials (PCAF) (p. 3)

PCAF is a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the greenhouse gas emissions associated with their loans and investments.

Principles for Responsible Investment (PRI) (p. 4)

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](https://www.unpri.org)

Sustainalytics (p. 4)

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](https://www.sustainalytics.com)

Tax Transparency Benchmark (p. 4)

Ranks 77 Dutch companies on the level of transparency they provide on tax.

Transparency Benchmark (Transparantiebenchmark) (p. 4)

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](https://www.transparantiebenchmark.nl/en)

VBDO (p. 5)

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

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

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