

1737

VAN LANSCHOT  
KEMPEN

March 2023

# Sustainability





# Van Lanschot Kempen at a glance



We are an independent, specialist wealth manager with the aim to preserve and create wealth for our clients and for society in a sustainable way

We focus on private clients, wholesale and institutional clients, and investment banking clients

Our core activities are private banking, investment management and investment banking



# Solid performance on all key financials

	2022	2021
Net result	€84.3m	€143.8m
CET 1 ratio	20.6%	23.7%
Efficiency ratio	73.1%	68.9%
Client assets	€124.2bn	€131.2bn
AuM	€107.8bn	€115.6bn
Loan book (excluding provisions)	€9.4bn	€8.9bn

# Our sustainability approach

Throughout our history, we have evolved and adapted to the changing world around us. We recognise that sustainability is an urgent need: we therefore see both a responsibility and an opportunity to achieve positive impact and returns over the long term for our clients and for society. To keep up the pace, we proactively engage with our clients and the companies in which we invest on their behalf. We aim to hold ourselves to the same standards that we ask from the companies in which we invest. We are sustainable entrepreneurs.



# Our sustainability beliefs

## Our clients

We believe that the wealth we build or preserve for our clients today will only retain its real value in a sustainable future world

## Our people

We believe that talented, vital and impactful people want to work for inclusive companies whose purpose, culture and values they share

## Our shareholders

We believe that as an integrated wealth manager we can benefit from these opportunities and create attractive long-term financial and sustainable value for our capital providers

## Our society

We believe that the generation of wealth in a way that nurtures a livable environment is critical to the process of creating and maintaining stable, successful societies





# How we create value for our stakeholders



# Ethics and integrity

## Constantly maintaining our standards of integrity and ethical behaviour

The financial sector is built on trust. A healthy culture and ethical behaviour are needed to sustain this trust with all our stakeholders.

In order to monitor this, we defined KPIs:

- Percentage of employees who believe our company culture holds everyone to the same standards of ethical behaviour and promotes transparent communication (benchmark: 79%). Score 2022: 85%
- Percentage of employees who believe they have a responsibility to behave ethically (benchmark: 86%). Score 2022: 90%

### Code of conduct

We fulfil a service-providing role in society. We can only perform this task properly if each party with whom we are dealing can put its trust in us. The actions of our employees form the basis for the trust that is placed in them.

### Conflicts of interest

Managing conflicts of interest is an essential part of ensuring and enhancing Van Lanschot Kempen's integrity and reputation.

### Dutch Banking Code

This sets out principles for sound and controlled business operations, corporate governance, risk management policies, audit and remuneration policies.

For our policies: [vanlanschotkempen.com/en/about-us/governance](https://vanlanschotkempen.com/en/about-us/governance)

# We are committed to becoming a net-zero wealth manager by 2050



In 2022 we set more ambitious targets across our business:

- Reduce direct carbon emissions via our own organisation by 7% per FTE per year, against 2019 baseline;
- 80% of funds and discretionary management solutions to comply with 7% average annual emission intensity reduction, against 2019 baseline;
- Grow coverage of the assessment of the carbon footprint of our assets under management (AuM) to 55-60% of carbon dioxide equivalent (CO<sub>2</sub>e) emissions by end 2022;
- Reduce indirect carbon emissions via our mortgage portfolio per euro invested compared with previous year

The scores are included in the table on slide 15





# We develop innovative, sustainable products



## Global Impact Pool

This five-year-old investment solution is a multi-asset impact fund that aims to achieve market-based financial returns and a measurable, positive impact on society and the environment.



## SDG Farmland Fund

This investment solution enables investors to focus on global investments in sustainable agricultural land and make regenerative farming an important priority. The latest joint venture with Clean Energy Finance Corporation (CEFC) involves farmland in Australia dedicated to long-term, sustainable agriculture



## Groenhypotheek

Our Groenhypotheek (green mortgage) solution offers lower interest rates to clients financing measures to make their homes more energy efficient. In 2023, we will enhance this proposition for clients buying or refinancing homes: the higher the energy efficiency, the lower the interest rate for the client



# We are committed to positive change

## Contributing towards the transition to a sustainable economy



# Diversity in all its forms

## Fostering an increasingly diverse organisation

Our commitment to inclusion and diversity goes hand in hand with our ambition to positively contribute to a more sustainable and inclusive world

- In 2022, we launched our updated inclusion and diversity policy, with five well-defined pillars to enable us to work towards and achieve our ambitions
- In 2022, we signed Workplace Pride's Declaration of Amsterdam as an active collaboration to help our employees achieve their full potential
- Our gender pay gap has narrowed from 4% in 2021 to 2.7% in 2022, and we are committed to reaching the target of a <2% pay gap



See more at: [vanlanschotkempen.com/en/about-us/inclusion-and-diversity](https://vanlanschotkempen.com/en/about-us/inclusion-and-diversity)



# A place people love to work

Investing in the well-being, health and connectivity of our staff

- Despite the tight labour market, we were able to attract new talent while our retention rate remained strong
- We improved our Net Promoter Score (eNPS) to 18, up from 13 in 2021, reflecting the connection employees feel with the organisation
- Our average absenteeism of 2.8% is below industry average and our employee engagement score (EES) of 88% is above target
- High annual employee engagement survey response rate of 81%, showing motivated and engaged staff



# Active ownership

Through our engagements, we seek to encourage positive change at companies

To ensure active engagement, and encourage sustainable and responsible practices, we follow the engagement milestone methodology:

1

## Raise concern

Van Lanschot Kempen identifies the issue, formulates the desired outcome and brings it to the attention of the relevant board members or the company's management team

2

## Company acknowledgement

The company acknowledges the importance of the issue raised to the company or its stakeholders and commits to resolving the issue

3

## Company takes action

The company has initiated action to address the concern raised and communicated progress with us/publicly

4

## Company completes requested action (closing of the engagement)

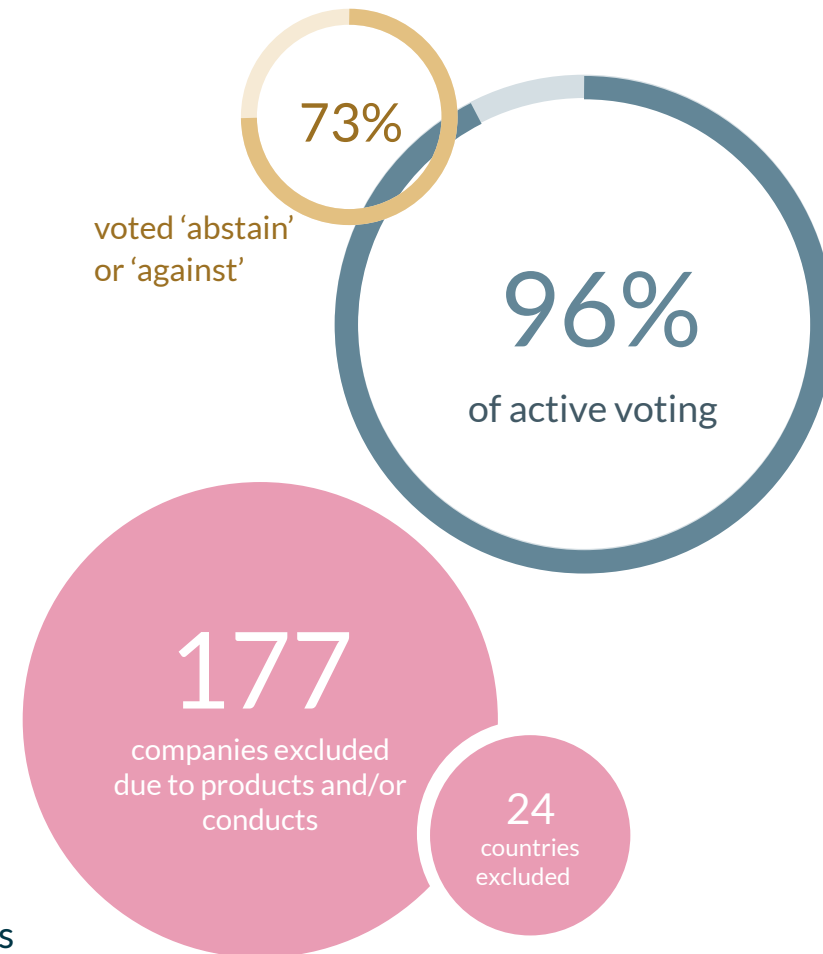
The company can provide clear evidence that the requested action is fully implemented



# Making a difference – engagement successes

Stepping in the right direction towards a sustainable economy

- **Coal giant on its way to the Paris Climate Agreement**  
Czech utility company CEZ has set and started to implement an ambitious climate change mitigation strategy, recognising the role that we and other Climate Action 100+ lead engagers have played
- **Flying cleaner, paying less**  
Our consistent dialogue with the Malaysian Aviation commission and Malaysia Airports resulted in the announcement of a consultation with the country's four largest airlines to gauge their views on different landing fees for cleaner and dirtier aircraft



See more at: [kempen.com/nl/asset-management/esg/engagement-factsheets](https://kempen.com/nl/asset-management/esg/engagement-factsheets)





# Our footprint: most impact via AuM



AuM  
€107.8bn

2.8 million  
tonnes CO<sub>2</sub>\*  
~ 99% of  
impact

Balance sheet  
€17.0bn

107,625  
tonnes CO<sub>2</sub>  
~ 1% of  
impact

Own organisation  
1,780 FTEs

2,775 tonnes  
CO<sub>2</sub>  
~ 0.1% of  
impact

\* based on coverage of 56% of AuM at year-end 2022



# Progress on our non-financial KPIs

KPI		Targets		Performance in 2022	Performance in 2021
Manufactured capital	Three-year relative performance of our managed propositions	> benchmark		0.2%	n/a
Human and intellectual capital	Employer Net Promoter Score (eNPS)	>10		18	13
	Employee engagement score (EES)	> 80%		88%	88%
	Percentage of employees who believe they have the opportunity for personal development and growth	≥ benchmark, ≥ last pulse/EES (if below benchmark)		81%	n/a
	Gender balance among senior staff	> 30% female		17.9% female	15.1% female
		> 30% male		82.1% male	84.9% male
	Gender pay gap	< 2.0%		2.7%	4%
	Staff turnover	5-10%		6.4%	5.2%
	Absenteeism	< industry average (all: 3.1%; long 2.0%)		2.8% all; 2.0% long	2.2% all; 1.3% long
Natural capital	Sustainability rating of all Kempen funds by Morningstar	≥ 3.5		3.6	n/a
	Decrease in carbon emissions:				
	Direct emissions via our own organisation	-7.0% per FTE per year, against 2019 baseline		1.45 tonnes CO <sub>2</sub> e (-40% compared with 2019)	1.10 tonnes CO <sub>2</sub> e (-54% compared with 2019)
	b. Alignment of our solutions with Paris Agreement:				
	i. Kempen funds and discretionary management solutions	80% of funds comply with 7% average annual emission intensity reduction		88%	n/a
	ii. Fiduciary management (FM) solutions	> 50% of FM clients have Paris Agreement-aligned goals		59%	n/a
	c. Indirect emissions via our assets under management (AuM)	Coverage grows to 55-60% of CO <sub>2</sub> e emissions by end 2022		56%	59%
	d. Indirect emissions via our mortgage portfolio	CO <sub>2</sub> e/€ < last year		+8.7%	-6.1%
	Investment Strategies & Solutions sustainability ambition:				
	a. Percentage of AuM invested in sustainable and/or impact wealth management solutions	+5 percentage points per year	n/a	20.6%	n/a
b. Percentage of AuM in internal and external funds/mandates on the approved list that meet the basic sustainability criteria	> last year	n/a	95%	n/a	
c. Kempen listed funds engage with companies representing > 50% of carbon footprint of the fund	Engaged with companies representing > 50% of carbon footprint out of total portfolio		54 out of 55 companies	n/a	
Social capital	Net Promoter Score (NPS):				
	a. Private Clients	20		36	36
	b. Evi	10		-1	15
	c. Wholesale & Institutional Clients	20		n/a	38
	Investment Banking Clients: number of successful transactions with repeat Corporate Finance clients (five-year period)	50-60%		78%	n/a
	Number of interactions (indexed) with institutional investors by Securities	130 (2020 baseline: 100)		103	n/a
	Average Morningstar analyst rating	≥ last year		1 gold, 1 silver, 4 neutral	1 gold, 1 silver, 2 bronze, 2 neutral
	Engagements for change on social and governance issues for which at least one milestone has been reached in the past year	10-15 engagements		30	n/a
	Percentage of employees who believe they have a responsibility to behave ethically	≥ benchmark (86%), ≥ last pulse/EES (if below benchmark)		90%	90%
	Percentage of employees who believe the company culture holds everyone to the same standards of ethical behaviour and promotes transparent communication	≥ benchmark (79%), ≥ last pulse/EES (if below benchmark)		85%	n/a
Products and services are subject to strict approval and review procedures, including relevant assessments by Compliance	Yes		Yes	n/a	



# High scores on external ESG ratings

**Governance: 1**

lower governance risk = 1  
higher governance risk = 10

**ISS QualityScore**

**8th place** in league table of  
486 entrants

**Transparantiebenchmark**

**21<sup>st</sup> place** in a league table  
of 78 multinationals



**B-rating**

ISS ESG Corporate Rating

**ISS ESG** 

**4 and 5 stars (out of 5)** for responsible  
investment policy and process

**PRI** Principles for  
Responsible  
Investment

**AA rating**

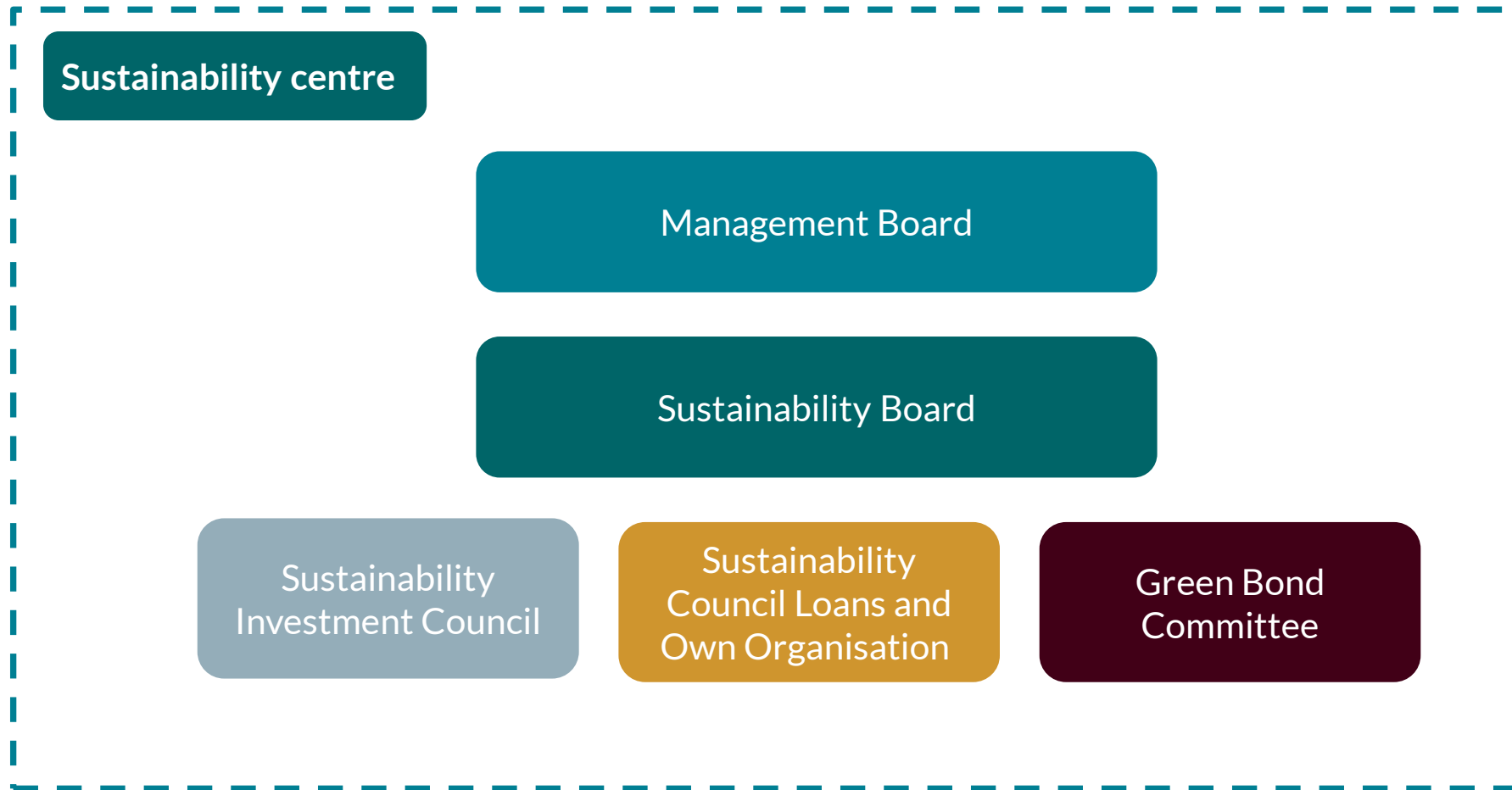
on resilience to ESG risks

**MSCI** 





# Our governance structure



# Our governance structure

---

<b>Supervisory Board</b>	<ul style="list-style-type: none"><li>• Supervises the Management Board</li><li>• Regularly discusses and receives updates on sustainability topics</li></ul>
<b>Sustainability Board</b>	<ul style="list-style-type: none"><li>• Accountable for the overall sustainability strategy</li></ul>
<b>Management Board</b>	<ul style="list-style-type: none"><li>• Responsible for developing, implementing and embedding our sustainability goals</li></ul>
<b>Sustainability Investment Council</b>	<ul style="list-style-type: none"><li>• Drafting and implementing sustainable investment policies</li></ul>
<b>Sustainability Council Loans and Own Organisation</b>	<ul style="list-style-type: none"><li>• Drafting and implementing the sustainability strategy for the balance sheet and own organisation</li></ul>
<b>Green Bond Committee</b>	<ul style="list-style-type: none"><li>• Keeping our green bond framework in accordance with leading standards, pre- and post-issuance reporting</li></ul>
<b>Sustainability Centre</b>	<ul style="list-style-type: none"><li>• Group-wide competence centre with regards to sustainability</li><li>• Headed by Chief Sustainability Officer reporting directly to the CEO</li></ul>
<b>Business</b>	<ul style="list-style-type: none"><li>• Sustainability is fully embedded in the business; every segment owns sustainability commitments and KPIs</li></ul>

---

# Van Lanschot Kempen Foundation

Initiating and promoting social projects for future generations, creating a better world



- Established by Van Lanschot Kempen in 2016, the Foundation supports charities in the Netherlands and Belgium with funding, knowledge and time, for a better world and future generations
- We maximise our positive impact on society by enabling colleagues to participate in voluntary work:
  - Structuring, expanding and professionalising donations and community activities
  - Increasing involvement of (former) colleagues in these activities
- Focused on four themes:
  - Financial education, talent development and entrepreneurship
  - Art & culture
  - Health
  - Social cohesion through sports





# More information on our websites

Visit [vanlanschotkempen.com/financial](https://vanlanschotkempen.com/financial) for:

- Annual report 2022
- Sustainability supplement 2022
- GRI content index table

Visit [kempen.com](https://kempen.com) for:

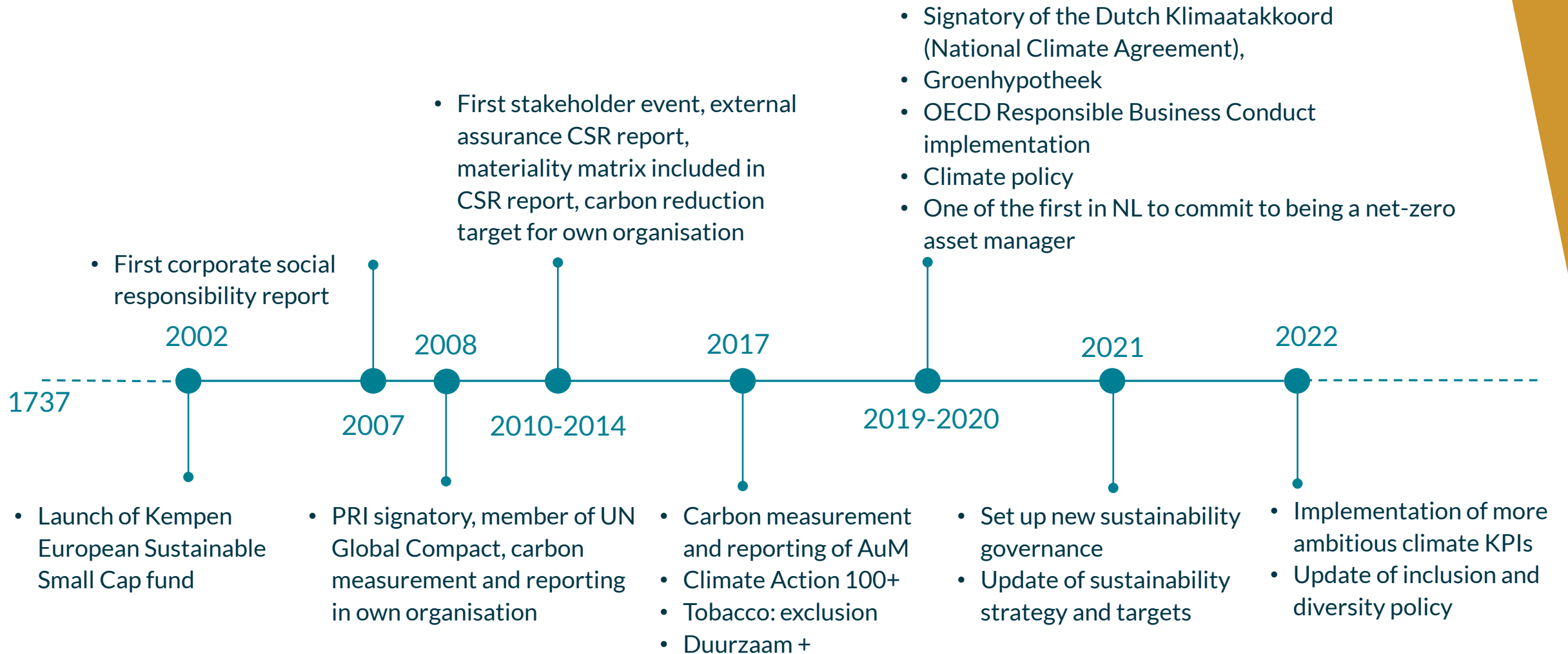
- Kempen Annual Stewardship & Sustainable Investment Report



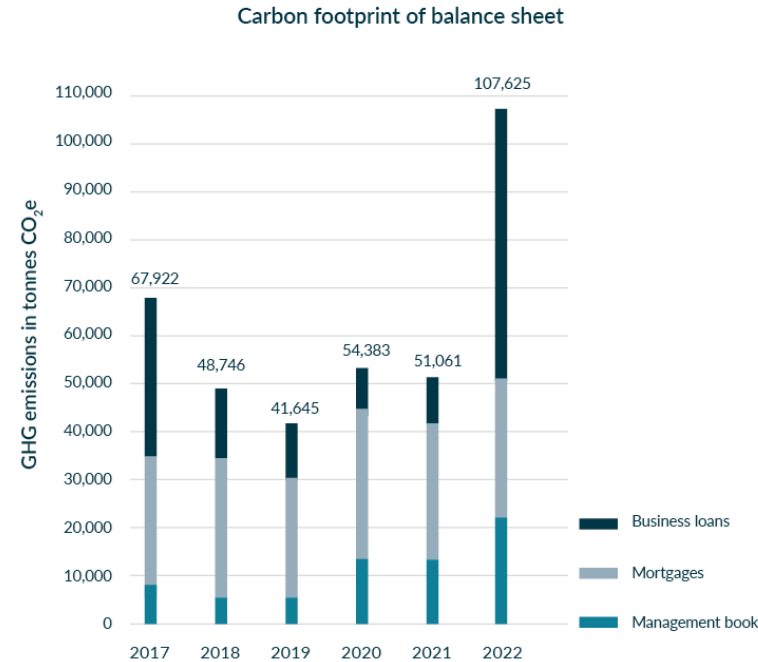
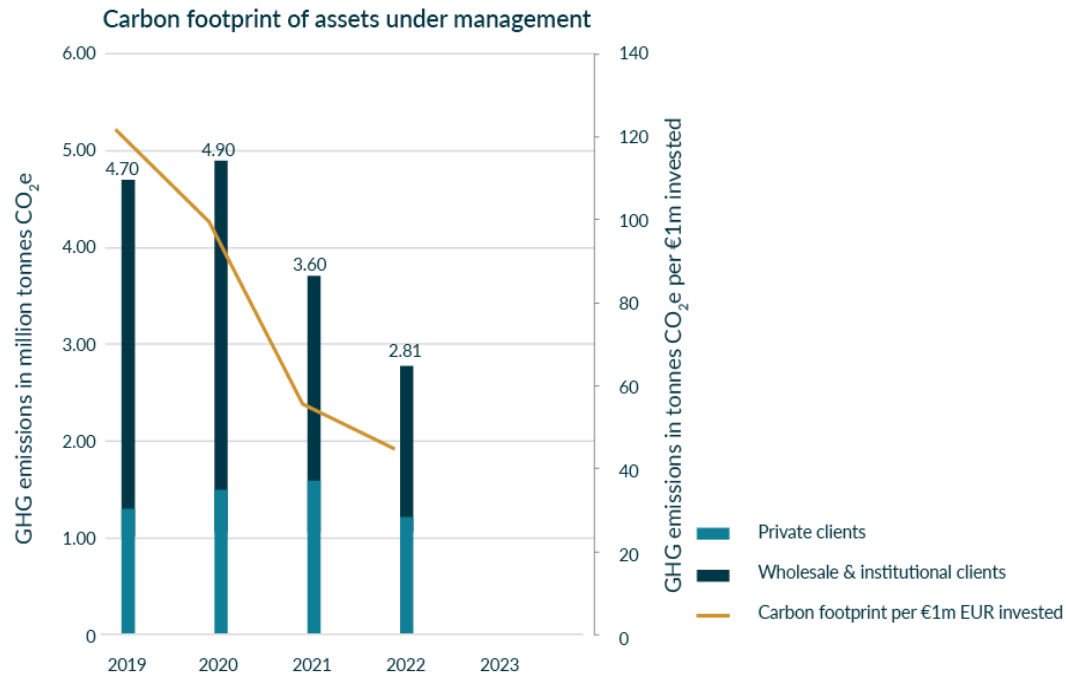


# Appendix

# Our sustainability journey



# Our carbon footprint

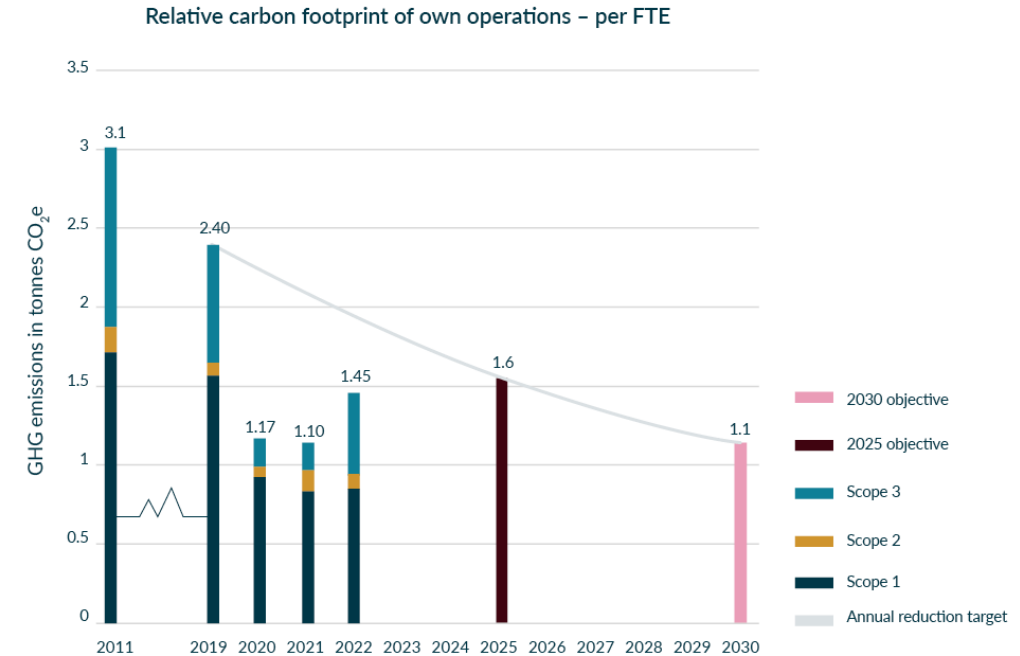
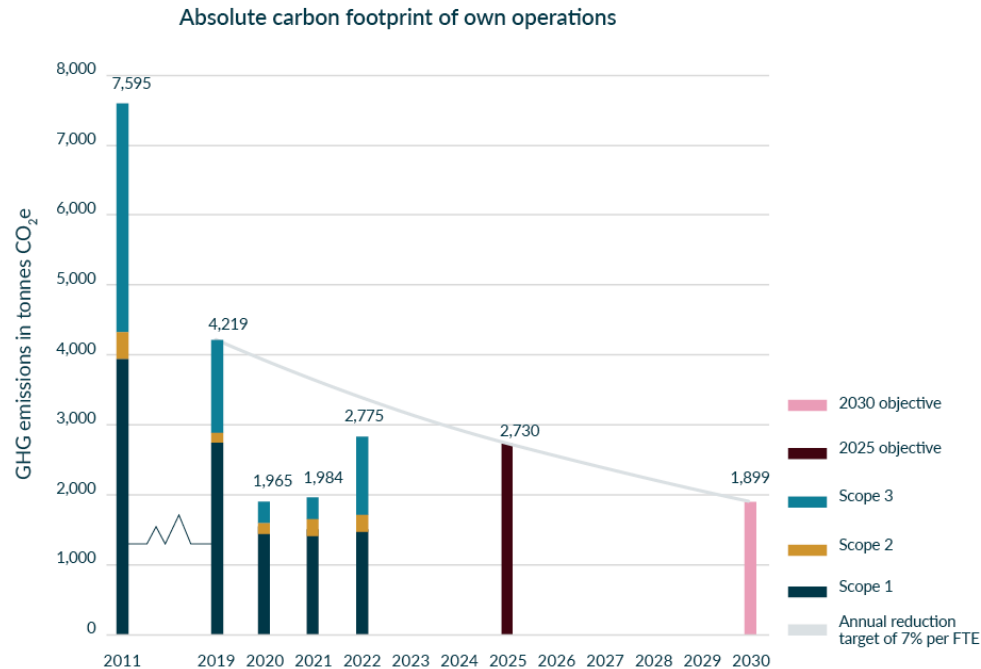


- AuM portfolio changes: increasing sustainable investments with lower carbon intensities at both Private Clients and Wholesale & Institutional Clients; 59% of our fiduciary management clients have adopted Paris Agreement-aligned benchmarks
- Total indirect emissions per euro of our mortgage portfolio increased, due to the colder weather in 2021 compared with 2020 (energy consumption data is only available one year later), while, on average, the energy-efficiency rating of the collateral for our residential mortgages improved
- See more at: [media.vanlanschot.nl/media/pdfs/annual-report-2022-van-lanschot-kempen.pdf](https://media.vanlanschot.nl/media/pdfs/annual-report-2022-van-lanschot-kempen.pdf)





# Carbon reduction in own organisation



- Ambitious annual carbon footprint reduction target for our own organisation (-7% per FTE)
- Relatively low carbon footprint in the years 2020 and 2021 partly reflect the impact of the pandemic-related measures implemented, as carbon emissions data generally shows a slight delay
- Since our 2019 baseline, the carbon emissions of our own organisation have fallen by 40% per FTE

