



## Appendix 1

### CLIMATE STRATEGY AND ACTION PLAN

#### 1. Addressing climate change is part of our purpose

Our purpose is to preserve and create wealth, in a sustainable way, for our clients and the society we serve. We want to create sustainable value for all our stakeholders in a way that contributes to enduring solutions for the most pressing global challenges.

We believe that if we – and our stakeholders – contribute to a more sustainable world, everyone will benefit.

- 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 and bondholders: as an integrated wealth manager, we believe we can benefit from opportunities and create attractive long-term financial and sustainable value for our capital providers.
- Our society and planet: we believe that generating wealth in a way that we restore a liveable environment is critical to the process of creating and maintaining stable, successful societies.

In all our roles – as solution provider, service provider (advisor), employer, investor, lender and purchaser – we set concrete and measurable targets. We focus on areas where we are best equipped to make a meaningful contribution:

- Climate and biodiversity: helping our environment to recover faster by contributing to energy transition and biodiversity;
- Smart and circular economy: helping our investee companies to contribute to a smart, circular and inclusive economy;
- Living better for longer: helping our clients and society to live better in better health.

In our strategy to further embed climate change and the energy transition into the organisation, we

distinguish three key elements: Ambition, Action and Accountability. We have structured this document around these elements: 2.1 Ambitions, 2.2 Actions and KPIs (A. Assets under Management, B. Balance sheet, C. Own organisation, and D. Further development of climate objectives), and 2.3 Accountability and Transparency. In addition, we have summarised the challenges that we currently face in addressing climate change (2.4 Challenges) and listed various initiatives and collaborations we are part of (2.5 Initiatives and collaborations). We have also included the recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) in this strategy.

#### 2.1 Ambitions

As a long-term investor, we believe climate change represents a systemic risk to the economy, society and environment, and we want to consider the risks and opportunities this presents, including on energy transition, in the coming decades. We are convinced that we can contribute to progress in this area. In line with the Paris Agreement goals, which were reinforced at COP26 in Glasgow in 2021, all actors have a role to limit global warming to +1.5°C above pre-industrial levels. It is our ambition to transition towards a climate-neutral economy and society with our clients and stakeholders. We have therefore set a long-term commitment for our investments to reach net-zero greenhouse gas emissions by 2050, and mid-term (2030) and shorter-term objectives (2025) on climate change. More details on our commitments and approach can be found in our [climate change policy](#), formulated in 2020.

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

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





We also want to send a clear signal to stakeholders in our value chain, and our investee companies in particular. To underline our ambitions, we joined the Net Zero Asset Manager Initiative in 2020, as one of the launching asset managers (the progress report can be found [here](#)).

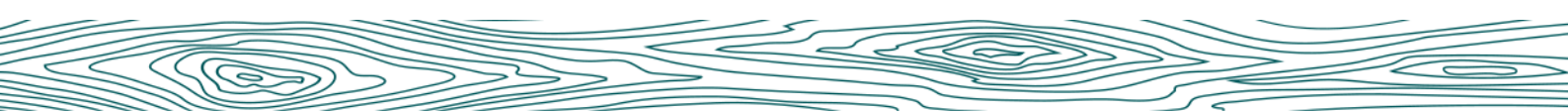
To make our commitments and goals actionable, we have set KPIs for 2022 and 2023 that cover our activities: assets under management (AuM), balance sheet activities (e.g. mortgage lending) and our organisation. We describe these in more detail in the next section.

## 2.2 Actions and KPIs

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

All the climate KPIs are disclosed in the 2021 Annual Report. We also update progress on the KPIs in the report. Besides these KPIs, we also monitor internal climate KPIs.

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





## A. Assets under management

More than 95% of our impact on climate change is through assets we manage on behalf of our clients (AuM). In 2021, our AuM's carbon footprint was 3.6 million tonnes CO<sub>2</sub>e (based on data relating to 59% of our AuM), our balance sheet activities amounted to 51,061 tonnes CO<sub>2</sub>e and the footprint of own organisation's operations was 1,984 tonnes CO<sub>2</sub>e. We thus focus primarily in our climate strategy and efforts on reducing the emissions associated with our AuM.

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

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

### *2025 objective translated to solutions*

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

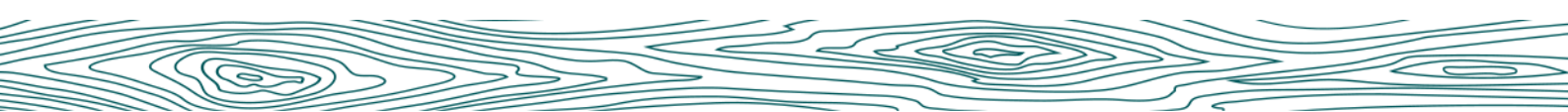
- Own listed funds: we will aim at an aggregate level to be aligned with a pathway to achieving the Paris Agreement and Dutch Climate Agreement goals, including on carbon-intensity metrics.
- Wholesale and institutional clients: we will advise and encourage clients to align listed equity investments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

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

### *Additional underlying 2022 and 2025 objectives*

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

- **Exclusions:** we will not invest in pure coal and oil sands players whose revenue is mostly earned from coal mining or oil sands by the end of 2022 for the fund managers where Van Lanschot Kempfen has influence. For more sustainable funds, we will go a step further and exclude companies that earn some revenue from coal mining or oil sands. For impact funds, there should be no companies that invest in coal or oil sand activities.
- **ESG integration:** to ensure that climate risks and opportunities are adequately considered in the funds' investment process, we prefer to invest in companies (through our internal and external fund managers) that are able to play their part in energy transition and move towards a low carbon economy.
- **Active ownership:** to engage with the most carbon-intensive companies in our portfolios and other stakeholders, to encourage them to integrate climate risks and opportunities into their long-term business models and enable them to thrive in the transition to a low carbon economy. We also use our voting rights in line with our engagement activities. We are an active member of the IIGCC and Climate Action 100+, the latter is the largest investor collaborative engagement initiative on climate change. We increase our leverage on companies through this engagement initiative. The recent engagement and voting results of our funds can be found in our latest [Stewardship and Sustainability Report](#).
- **Impact:** We recognise that climate solutions will also be needed. We provide solutions to our clients for different asset classes, where possible.





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

## B. Balance sheet activities

As a wealth manager, we provide loans to our clients and other activities relating to the asset side of our balance sheet. In our 2021 Annual Report, we show the impact of our balance sheet through the carbon footprint of the activities. Overall, we can distinguish two main activities we focus on: lending to our clients (mainly mortgages and some other loans) and our own investment portfolio.

- *Lending to clients:* we have a KPI for our mortgage portfolio, namely that the carbon emission intensity needs to be lower than the previous year. We intend to increase this target in the coming year.
- We are investigating how we can enhance our offering to clients by supporting them in their transition to more climate friendly assets in our loan portfolio and integrating climate criteria in the loan application process.
- *Own investment portfolio:* we have set a sustainability policy for our own investment portfolio in 2021. This policy includes climate commitments and objectives.

## C. Own organisation

Although the carbon emission impact through our own organisation is relatively small (2021: 1,984 tonnes CO<sub>2</sub>e), we have direct influence over it and need to 'walk the talk'. We have thus been measuring and managing the emissions for our own organisation for years (since 2011), and previously had a 2.5% annual emission reduction ambition. In line with our commitment to be a net-zero investor, we have increased our annual reduction target to 7%. We are initiating actions to reduce emissions coming from the main drivers of our organisation's carbon emissions (lease fleet, heating and flights). For instance, over the coming years we will transition to an all-electric lease fleet. This action will help to substantially lower our carbon emissions. Since 2019, the last year before the COVID-19

pandemic, our lease fleet has accounted for 55% of our operations' carbon footprint.

Although our focus is to reduce our carbon footprint, the rest of our emissions are being compensated. The performance and development of our organisation's carbon emissions can be found in the [Sustainability Supplement](#) of our Annual Report.

## D. Further development of climate objectives

Finally, for all our activities mentioned above, we have *internal* KPIs that also support the pathway towards achieving the 2025 objectives. The independent auditor has externally verified our climate KPIs. We will strive to further enhance our KPIs in the coming years. We are investigating the possibility of also validating our short/mid-term climate objectives (5–15 years) based on science through the Science Based Targets initiative.

## 2.3 Accountability and Transparency

Through our annual reporting cycle, we are committed to continued and improved reporting on the progress made with our climate approach and our commitments, objectives and actions to our shareholders and other stakeholders. This includes additional climate reports – besides our [Annual Report](#) and [Sustainability Supplement](#) – with more details: [Task Force on Climate-related Financial Disclosures](#) (TCFD) recommendations and [Dutch Climate Agreement](#) (in Dutch only). The disclosures include how we align with the TCFD recommendations.

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

## 2.4 Challenges

The main climate-related challenge for the financial sector is data quality and availability. The number of companies and the quality of reporting need to increase, so financial institutions can increase their coverage and develop their analysis and insights on climate risks and opportunities. All relevant parties (e.g. policymakers, companies, investors, data providers) need to use their influence to enhance climate data quality. Nevertheless, we expect that climate data (including the coverage of companies that report on climate) will generally improve in the coming period and also be driven by the EU





Sustainable Finance Regulation. As more companies switch to standardised reporting, the quality of climate data will improve. Furthermore, investors such as Van Lanschot Kempen are and will be asking companies to report on climate (e.g. through the TCFD recommendations).

## 2.5 Initiatives and collaborations

To overcome these challenges, collectively increase our leverage on investee companies to address climate change and increase the effectiveness of measures to reduce our own emissions, we are part of various sector and other initiatives and several forms of collaboration with other investors and stakeholders. In addition to the aforementioned Net Zero Asset Managers Initiative, these include:

- *Climate Action 100+*: the largest engagement initiative on climate change boasting more than 600 global investors with USD 65 trillion in assets. For more details, see [here](#).
- *Dutch central bank (DNB) working groups Sustainable Finance Platform*
  - o *Platform Carbon Accounting Financials (PCAF)*: Dutch financial institutions have developed a methodology to measure the carbon emissions of loans and investments. In 2019, PCAF became a global movement. For more details, see [here](#).
  - o *Climate Risk*: Dutch financial institutions share best practices and challenges to effectively manage the impact of climate risks as part of their investment policies. For more details, see [here](#).
- *DUFAS*: industry association of Dutch asset managers, which includes topics on climate change and the Dutch Climate Commitment. For more information on DUFAS, see [here](#).
- *Eumedion*: represents the interests of institutional investors in the field of corporate governance and sustainability. For more information on Eumedion, see [here](#).
- *Anders reizen coalition*: a coalition of larger companies in the Netherlands that works on reducing the GHG emissions relating to staff mobility. For more information on the Anders reizen coalition, see [here](#) (in Dutch only).

