



Climate strategy & action plan

February 2024

Introduction

As a wealth manager with a long-term focus, we aim to help our clients navigate through the most fundamental transitions of this decade. By being active stewards on behalf of our clients, we aim to find the opportunities in these transitions and avoid the pitfalls. The energy transition needed to limit climate change is one of these fundamental transitions, because (a) climate change will have far-reaching consequences for the global ecosystem and humankind and (b) limiting global warming requires substantial efforts from virtually everyone. As Van Lanschot Kempfen, we are committed to help limit climate change to +1.5°C by the end of this century compared to pre-industrial levels (in accordance with the Paris Climate Agreement). In this document, we outline our strategy to live up to this commitment.

Committed to help limit climate change

We are committed to help limit climate change to +1.5°C by the end of this century compared to pre-industrial levels (in accordance with the Paris Climate Agreement), and have substantiated this commitment by signing on to amongst others – the:

- Climate Commitment of the Dutch Financial Sector
- Net-Zero Asset Managers Initiative
- Institutional Investors Group on Climate Change
- Climate Action 100+
- Dutch Climate Coalition
- Anders Reizen Coalition

We aim to contribute to limiting climate change, by in particular:

- minimising the carbon footprint of our own operations
- encouraging our clients with residential mortgages to reduce their carbon intensity
- lowering the carbon intensity of the investments we manage on behalf of our clients

To make our commitments actionable, we have set short- and long-term targets for each of these three areas.

Own operations: net-zero by 2030

With regards to our own operations, we aim to reach net-zero by 2030. To reach this level by 2030 our goal is to annually reduce the carbon footprint of our own operations per FTE by 8% (from base year 2019), starting in 2024. To meet this target, we will in particular need to reduce the carbon footprint associated with the energy consumption at our offices, commutes, and international travel.

Hard to abate emissions

To be specific, in our ambition to reach net-zero by 2030, we expect the greenhouse gas reduction measures we have implemented to result in a decrease of our GHG emissions to a 'hard to abate' level, which we offset. 'Hard to abate' GHG emissions are emissions that are difficult to reduce or eliminate due to technological limitations or economic challenges.

Scope 1, 2 and 3

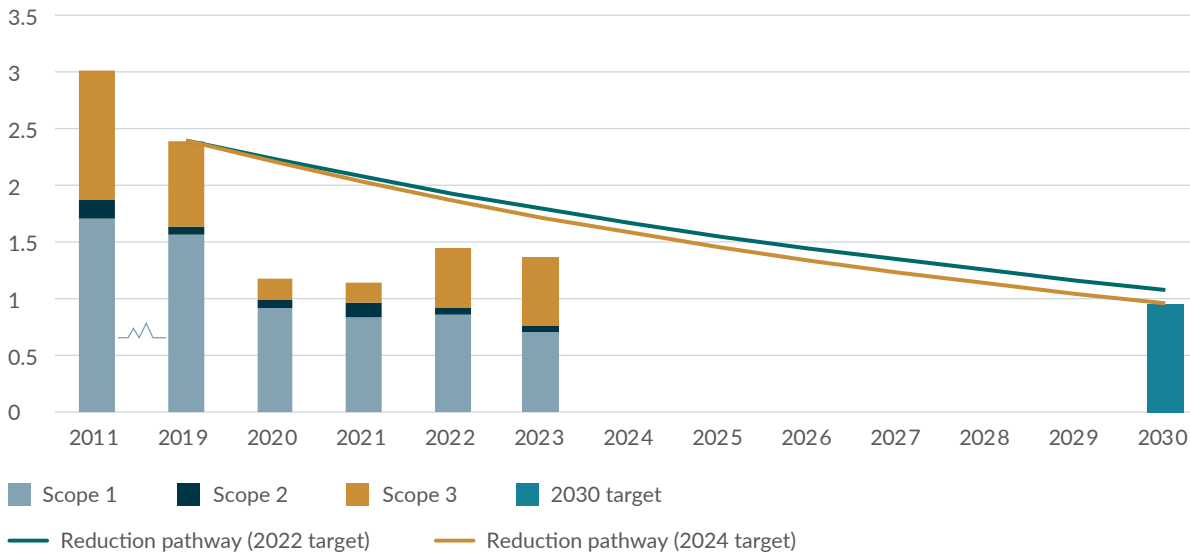
Our net-zero target includes our operational scope 1, 2 and 3 GHG emissions, as outlined in our latest Sustainability Supplement to our Annual Report. In 2024, we aim to further improve our insight into our operational scope 3 carbon footprint with regards to procured goods and services and to redefine the level of 'hard to abate' GHG emissions – and potentially our annual reduction target – on that basis.

In general, we foresee to readjust this target every two-years, based on our latest insights in our level of 'hard to abate' GHG emissions. We currently estimate the level of 'hard to abate' GHG emissions in 2030 at approximately 0.96 tCO₂e/FTE.

Offsetting emissions

In 2023, we have entered into a collaboration with Land Life Company that has initiated and will manage reforestation projects on our behalf, via which carbon will be captured and stored. This amounts to creating our own carbon sink, which we aim to use to offset our future emissions as mentioned above. In the meantime, we offset the carbon footprint of our own operations through offsets resulting from reforestation / afforestation projects initiated and managed by Trees for All. The latter projects are not registered to our entity.

Figure 1: Carbon intensity reduction target for own operations



Residential mortgages: aligning with a +1.5°C pathway

We aim to encourage our clients with a residential mortgage to improve the energy efficiency of their homes and thereby to reduce carbon intensity.

For this, we use a combination of the Carbon Risk Real Estate Monitor (CRREM) +1.5°C pathways for single family homes and multifamily homes in the Netherlands. The CRREM provides the real estate industry with transparent, science-based decarbonisation pathways aligned with the Paris Climate Goals of limiting global temperature rise to 2°C, with ambition towards 1.5°C.

Currently the carbon intensity of the houses of our mortgage clients lies above the CRREM pathway. In order to converge to the CREMM pathway by 2037, an annual reduction of the carbon footprint per m² by on average 9.5% (from base year 2023) is required.

We strive to support our clients to reduce their carbon footprint per m² via our mortgage proposition, offering lower interest rates when they improve the EPC-rating of their homes (or move to a more energy efficient home) from C to A. In addition we provide our clients access to external experts for advice on how to improve energy efficiency.

However, meeting this ambition to a large extent also depends on factors beyond our control as a wealth manager and provider of mortgages. Examples of such factors include: incentives from governments for home owners to invest in energy efficiency measures, the increased availability of renewable energy, implementation of natural gas-free neighbourhoods, and technological developments. We actively seek collaboration with other actors for the reduction of the carbon footprint per m².

We foresee to review our ambitions in this respect every two-years based on the latest insights in the speed of the energy transition and/or adjustments to relevant transition pathways (e.g., update of CRREM).

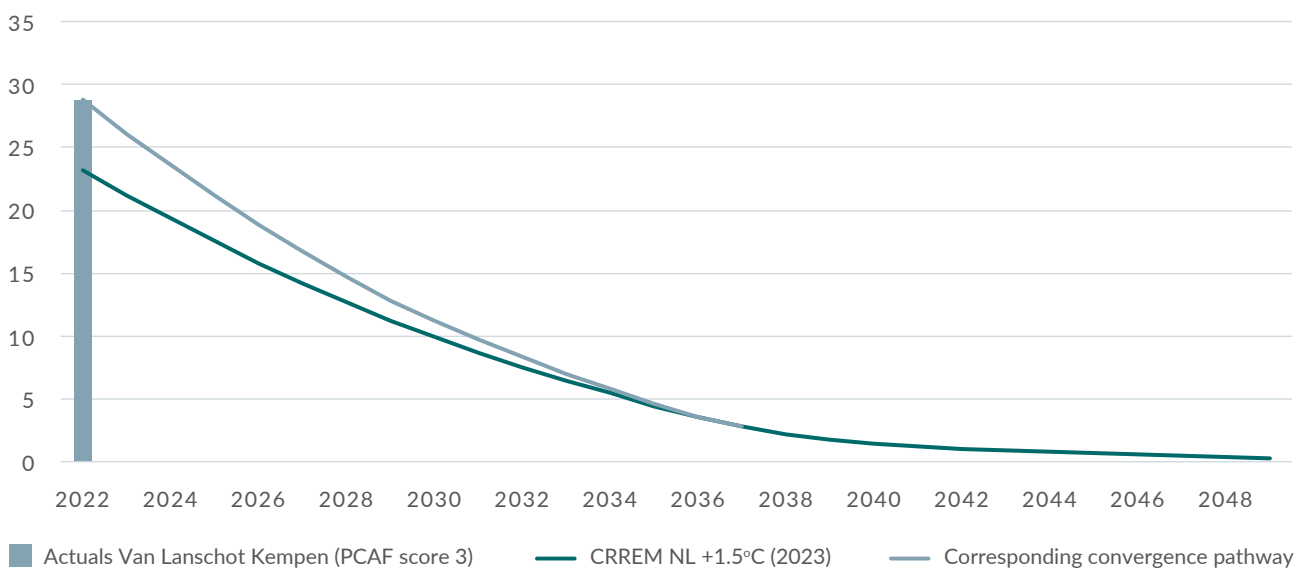
Assets under management: meeting Paris proof pathways

We aim to be a net-zero investor by 2050 by aligning our assets under management (AuM) with a long-term carbon intensity reduction pathway of on average -7% per year, in terms of weighted average carbon intensity (“WACI”). We aim to use 2019 as our baseline for the long-term WACI reduction of portfolios. When this is not available we use the first year for which data is available. This pathway is derived from the Paris Climate Agreement and EU climate benchmarks. The WACI measures a portfolio’s exposure to carbon-intensive issuers and serves as a proxy for a portfolio’s exposure to climate transition risks.

By 2030, our discretionary AuM should be on this pathway, over the course of 2024 and 2025 we want to reduce the WACI of our listed discretionary AuM by on average -7% per year.

A challenge in meeting this target is the availability of actionable data on the carbon footprint of investee companies and insight into the opportunities and risks related to climate change perceived by their management. We anticipate that regulations such as the EU Corporate Sustainability Reporting Directive (CSRD) / European Sustainability Reporting Standards (ESRS) will push more companies to disclose this information.

Figure 2: Foreseen convergence pathway for residential mortgage portfolio against CRREM +1.5°C



Accountability

Van Lanschot Kempen’s Management Board is responsible for developing a vision for long-term value creation and an appropriate strategy. Van Lanschot Kempen has a Sustainability Board in place (with two members from the Management Board and involvement of the risk management function) to which the Management Board has delegated responsibility for driving and implementing the sustainable strategy for the whole of Van Lanschot Kempen. This includes our strategy on climate change and related targets and actions.

Through our annual reporting cycle, we are committed to continued and improved reporting on the progress against our targets and ambitions, actions we have taken to realise this progress, and the challenges that we experience. Our reporting over 2024 and 2025 will meet the requirements resulting from the CSRD / ESRS and the commitments we have signed on to.

In monitoring our progress, we apply the GHG Protocol and standards developed by the Platform Carbon Accounting Financials (PCAF).

Disclaimer

The information contained within this publication is provided for general and reference purposes only. Under no circumstances may the information contained within this publication be construed as an offer nor may any rights be derived therefrom. In preparing this publication, we have exercised the greatest possible care in the selection of external sources. We provide no guarantees whatsoever that the information provided by these sources and contained within this publication is correct, accurate, and complete, nor that it will remain so in the future. We accept no liability whatsoever for any misprints or typesetting errors. We are under no obligation whatsoever to update or modify the information we have included in this publication. All rights with respect to the contents of the publication are reserved, including the right of modification.

Other information

Van Lanschot Kempen NV has its registered office at Hooge Steenweg 29, 5211 JN 's-Hertogenbosch, the Netherlands, COC no. 16038212 with VAT identification number NL001145770B01, is registered as a bank with the Netherlands Authority for the Financial Markets (AFM) and De Nederlandsche Bank N.V. (DNB) in the Financial Supervision Act (Wft) register. If you have any complaints, please feel free to contact Van Lanschot Kempen, the Quality & Service department, kwaliteit-service@vanlanschotkempen.com or PO Box 1021, 5200 HC 's-Hertogenbosch.



Beethovenstraat 300
1077 WZ Amsterdam
PO Box 75666
1070 AR Amsterdam

T +31 20 348 80 00
corporatesustainability@vanlanschotkempen.com
vanlanschotkempen.com/sustainability