

Private Banking: wealth management

Highlights 2023

Wealth, including client investments, can make a difference in the world, today and tomorrow. Which is why all our wealth propositions take account of both financial and social returns. In 2023, we again aimed to offer the most appropriate types of sustainable investments to our clients and to meet their wishes in this area as best we could.

We've recorded the sustainability preferences of all our clients and have then broken these down into three possible sustainability profiles: "Neutral", "Committed" and "Strongly committed".

We launched two new index funds in 2023 for the North America and Pacific regions. The launch of these new funds, coupled with higher requirements in terms of sustainability and charges, means that there is now a sustainable index fund in place for all equities regions, with similar features. These regional funds match the sustainability aspirations of the "strongly committed" sustainability profile and the sustainable proposition.

In the fixed income arena, we've also added a new, more sustainable investment solution for emerging markets, designed by State Street and based on a new country policy enhanced in 2022. In keeping with this policy, we do not invest in countries on which the UN or the EU have imposed sanctions for reasons of peace and security, human rights or compliance with international law, democracy or the rule of law. In addition, we only invest in countries that are signatories of the Paris Agreement.

In 2023 we introduced the concept of 'wealth management with personal signature'. This allows clients to incorporate their unique investment beliefs into their investment portfolio. In addition to a core portfolio of globally diversified investments, the personal signature can include investments unconnected to listed markets, alternative, unlisted investments, as well as impact investments. Examples of the latter include investments in solar and wind energy, projects providing access to affordable healthcare and sustainable agriculture.

Our Sustainable proposition portfolio had a carbon emission that was over 50% lower than the broad market in 2023.

Neutral, committed or strongly committed

In 2023, we reached out to most of our clients to ask them about their sustainability preferences. Clients who have opted for discretionary management or investment advice were asked by their private banker about their sustainability preferences. As well as their investment goals and risk profiles, we now also keep track of sustainability profiles for all our client accounts. By the end of 2023, we had identified and categorised the sustainability preferences of most of our clients into three profiles: 1. Neutral; 2. Committed; 3. Strongly committed.

We're looking to meet the sustainability wishes of our clients as best we can and help them navigate the transitions to a more sustainable world. By sounding them out on their sustainability preferences, we also gain more insight into our clients' wishes and preferences in our capacity as their wealth manager. This also informs our investment advice and the options presented to clients in selected investment products. What's more, client preferences are hugely important for the further development of our product offering.

As it turned out, some clients had very strong preferences for sustainable investing and were clearly in the "committed" or "strongly committed" profiles. Others took a rather more neutral view of sustainability and ended up in the "neutral" category after talking to their bankers and completing a questionnaire.

The investment concepts that match the neutral profile do not invest in a specifically sustainable manner, although these too observe Van Lanschot Kempen's standard exclusion policy – ensuring that we don't invest in companies involved in the production or sale of tobacco or controversial weapons. And even for our neutral profile clients, we pursue engagement policies that see us engage fund managers or company management to encourage improvement in their sustainability performance.

We continue to talk to our clients about their sustainability preferences, and we also like to keep them informed of developments and trends in sustainable investing. We help them find their way in the transitions that are currently taking place in both energy and food. And this means that as a specialist wealth manager – for future generations, too – we're looking to invest in these transitions' "winners", i.e. those players that are contributing to the changes needed and that should continue to do well going forward.

We aspire to keep enhancing the sustainability level of Van Lanschot Kempen's service and to continue increasing transparency.

For more information about our sustainability profiles, see [Duurzaamheidsprofielen \(vanlanschotkempen.com\)](https://www.vanlanschotkempen.com/duurzaamheidsprofielen).



Sustainable discretionary management proposition in 2023

Lower emissions, higher sustainability scores

In 2023, equities included in our Sustainable discretionary management proposition had carbon emissions that were more than 50% below the broader market. These selected companies are leading the way on carbon emission reductions, as the chart below shows. In addition:

- 98% of selected companies in the equity portfolio have comparable or higher sustainability scores (MSCI ESG scores) than the broader market.
- The section of the portfolio invested in bonds, has specifically created room for impact funds. These invest in green bonds, social bonds and bonds issued by development banks.
- Investee companies have 92% more than average positive impact on the UN's Sustainable Development Goals (SDGs). We focus mainly on the climate and biodiversity and living better for longer themes.
- In 2023, Van Lanschot Kempen again engaged with investee companies to encourage them to bring about sustainable change. For examples, see page 17.



Comparison of direct CO₂ emissions included companies (equities) with broad market



Source: Van Lanschot, ISS ESG South Pole. Portfolio composition of Sustainable neutral Q3 2023 with a size of €1 million, annual (direct) scope 1 and 2 carbon emissions of selected companies (equities) in tons per million euros invested. The general equity market is represented by an equity benchmark. The ambition relates to the general equity benchmark with an accelerated reduction in CO₂ emissions of the Climate Transition Benchmark.

Sustainable index funds in all regions

We use investment funds to help construct our sustainable wealth management concept. In 2023, sustainable index funds were launched for the North America and Pacific regions. The launch of these new funds means that there are now sustainable index funds in place for all equities regions. Similar funds were already available for Europe and the emerging countries. These SDG index funds are underpinned by similar sustainability features:

- **Exclusion**

Immediate exclusions apply to producers of alcohol, coal and/or companies involved in gambling, corruption, environmental offences or human rights violations.²⁴ Relatively high carbon emitters are also ruled out. This involves excluding the top 20% highest emitters in the universe with a 30% exclusion limit per sector. As a result, the Co₂ emissions in the North American Fund are 80% lower than the general market while in the Pacific Fund the Co₂ emissions are 69% lower.

- **Integration**

We only invest in the top 50% most sustainable companies in any sector.

- **Active ownership**

Fund managers pursue voting and engagement policies.

- **Impact**

Companies whose products or services make a positive contribution to the Sustainable Development Goals (SDGs) are more heavily weighted in the portfolio.

²⁴ This means that more exclusion criteria apply than for the standard Van Lanschot Kempen exclusion list.

Novo Nordisk: treatment for chronic illnesses

Novo Nordisk, the Denmark-based global health care company, focuses on drugs and treatments for serious chronic diseases, such as obesity and diabetes. The company is the largest holding in the NT Europe Sustainable Select SDG Index Fund, a fund which is highly diversified across multiple sectors and has carbon emissions that are 75% below the market average. Enjoying worldwide renown as the world's largest producer of insulin for diabetes treatment, Novo Nordisk recently made the headlines with Wegovy, a treatment for obesity, which is greatly in demand. Novo Nordisk is considered one of the most sustainable companies in the world of medicine, and its medicines research and development contribute to a better quality of life for patients.





Hans Snijder, managing director Dutch Heart Foundation

Translating as “Everything starts with the heart”, Alles start met het hart is the Dutch Heart Foundation’s new banner. It encapsulates everything the foundation stands for, from funding specialist research to responsible investing, its director Hans Snijder tells us.



The Dutch Heart Foundation is a client in the Van Lanschot Kempen Professional Solutions offering.

Starting with the heart

Hans Snijder is a man in a hurry. Today, there are around 1.7 million cardiovascular patients in the Netherlands, out of a total population of 18 million, and this will surge to 2.7 million over the next decade if nothing changes. As things stand, one in three adults will develop a cardiovascular issue in the course of their lives. That needs to change and fast, says Snijder, who stepped up to the helm of the Dutch Heart Foundation early in 2022. “Our mission – ‘A healthy heart, now and later’ – must be achieved quickly, as our health care system, which many cardiovascular patients rely on, is grinding to a halt. And that’s what our donors likewise expect from us: we have no choice but to achieve our mission.”

It’s a matter of extreme urgency, obviously, but one which at the same time requires a degree of caution. “The Dutch Heart Foundation deeply feels the responsibility to act today, as well as to achieve and secure gains for the next generation. And that’s essentially what sustainability and responsible investing are all about for us: a keen awareness of the future. This applies to our view of investing, to the way we work and, of course, to the research we finance. Our research can make the difference between life and death, and it doesn’t just cost money – it requires time. And that’s another reason we have to look ahead.”

From robotic heart to six-minute zones

The Dutch Heart Foundation funds a wide range of research, including a study into what’s known as the “hybrid heart”, a soft robotic heart that might meet the demand for artificial hearts in the future. And research into more rapid recognition of the type of stroke that has occurred, facilitating better and more immediate treatment.

Another example is the foundation’s involvement – financial and otherwise – in the development of wearable tech able to detect cardiac arrest and alert the emergency services. “It isn’t that long ago that people in the Netherlands seldom survived a cardiac arrest. These days, if you happen to have your cardiac arrest when out and about, the chances are a lot better that you’ll be back at your dining table that same evening,” Snijder tells us. “And that’s because of the automated external defibrillators (AEDs) you find all across the country, making it possible for anyone experiencing a cardiac arrest out in the street to be resuscitated within the space of six minutes – and all thanks to the Heart Foundation. But we can only pull this off when there are people around, witnesses who call

the emergency services. But what if you have a cardiac arrest in the privacy of your own home and there aren't any witnesses, maybe because you live alone? That's what these wearables are being developed for: they can alert the emergency services."

Environmental levers or Dutch uncle

Donors are kept informed of every move the foundation makes, as it's very keen to show what's being done with their money. Research results are showcased, as is their translation to patient care and the outcome of prevention campaigns.

"A really big challenge" is how Snijder describes the latter two activities. "I mean, if we tell people it's a good idea to stop smoking and take the stairs rather than the lift, not everyone will immediately think 'Wow, that's such a good idea, I should really do that'. We try to avoid preaching prevention like a Dutch uncle, but to achieve results by working environmental levers, for instance by lobbying for an end to cigarette sales in supermarkets. This can play a much bigger part in prevention and makes what we do very visible indeed. Incidentally, part of our strategy is of course to factor in diversity – such as gender and cultural backgrounds – in everything we do."

And there are other ways to work environmental levers. "At present, the first thing you see when you walk into a block of flats is the lift and it can take a real effort to find the stairs. We want to flip this on its head, and we're already in talks about this with a big construction company."

Practise what you preach

How the Heart Foundation invests should be just as easy to explain to donors. "We're honour-bound to act wisely when handling the money people have entrusted to us. You'd think it would be easy: lock in the highest possible returns so as to achieve more with our money. But that ignores our duty of care and any awareness of the longer term. The reputation we've built is a key asset, so our vision, our strategy should also be guiding us in how we invest: definitely not in companies with links to the tobacco industry, for instance. Practise what you preach is our guiding principle."

To serve its Dutch Heart Foundation client, Van Lanschot Kempen has commissioned the services of independent sustainability consultants Sustainalytics. Between them, they've drawn up an investment guide as to what Van Lanschot Kempen may and may not invest in

on behalf of the Heart Foundation, i.e. both absolute and relative exclusion criteria. Van Lanschot Kempen then constructs the portfolio, with Sustainalytics checking and reporting on whether or not the investments meet the Heart Foundation's responsible investment criteria.

No box-ticking but convictions

The Heart Foundation's wealth, which stems exclusively from donations, needs to grow steadily through investment, with returns at levels that enable it to easily finance regular research far into the future.

Snijder comments: "Our basic premise is this: our investments reflect our strategy and we proceed with caution. In time, for instance, we'd like to take a closer look at impact investing, but that, too, will have to be set up in a responsible way, keeping a keen eye on our returns and reputation.

"The Dutch Heart Foundation isn't interested in ticking boxes. Everything we do is intrinsically motivated and it shows in how we work and the way our organisation is set up. Making healthy and sustainable choices, and the debate on what these involve, are deeply ingrained. Sustainable investing is no bureaucratic operation to us – in this and every other field, we seek to communicate our convictions and draw on them to make the world a little bit better."

