



VAN LANSCHOT  
KEMPEN

# Living Better for Longer

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# 1. Introduction

As an integrated wealth manager at the centre of the financial value chain, we recognize our unique position to create sustainable value for all our stakeholders. We believe that wealth is not just about financial assets; essential as these may be, wealth is about all the things that we value in life. In all our different roles – as an investor, solution and service provider (advisor), lender, purchaser and employer - we seek to make meaningful contributions.

We focus on areas where we are best equipped to do so. Our three focus themes are Climate and Biodiversity, Smart and Circular Economy and Living Better for Longer which we have mapped to three major transitions of our times, the Energy transition, Material transition and Food transition. Living better for longer is a theme that is closely related to our other focus themes: from the air we breathe to the quality of the food we eat, the health of the natural environment is also intertwined with ours. We help our clients and work with investee companies to navigate these transitions. The food transition, the provision of healthy and nutritious food is strongly related to better health and the prevention of disease.



Ensuring healthy lives and promoting well-being at all ages is essential to sustainable development.

United Nations

Health, as defined by the World Health Organisation (WHO), is “A state of complete physical, mental and social well-being and not merely the absence of disease or infirmity.”

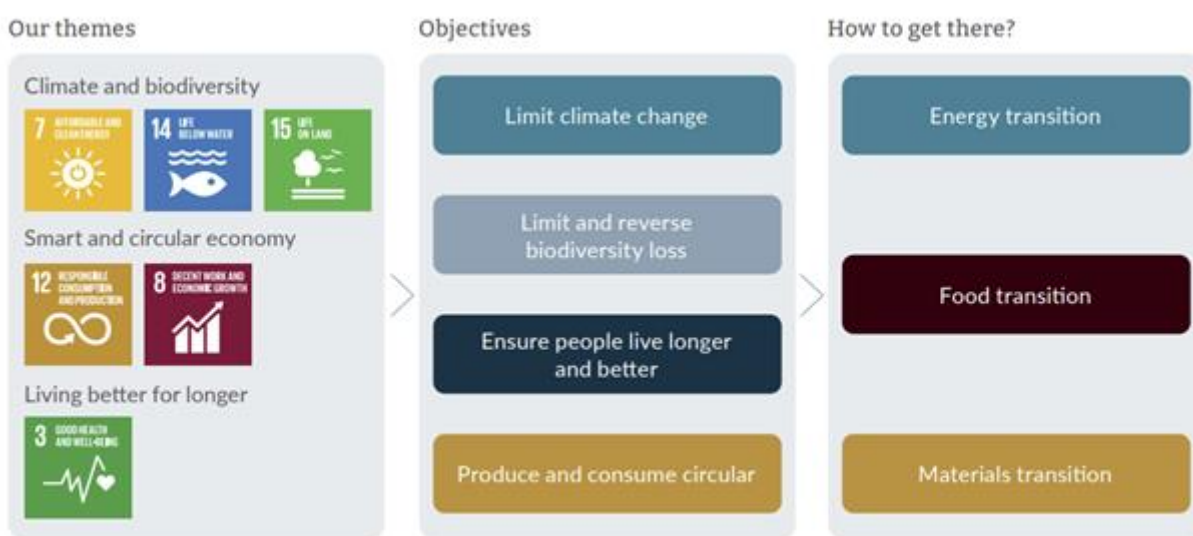
*Health can impact everything we do and how we do it.*

Our entire lives are impacted by our health and well-being. From the moment we are born, we require healthy food in order for our bodies to develop well. As we encounter viruses and diseases throughout our lives we need medicines to help us manage to recover. And when our bodies age, we may require additional medicine and care to help us. Health and well-being is a topic that is *weaved through* all of our lives. How we interact with our natural environment and how we build our communities also significantly impacts our health and our well-being.

## 2. Background and megatrends

Long-term global forces – megatrends – are causing structural shifts in our society. These megatrends affect economic relationships, how we live, our investment strategies and much more. Sociodemographic changes are a defining issue of our time. These include, but are not limited to, growth in the world’s population, aging of the world’s population, increasing urbanization worldwide as well as changing lifestyles and habits.

To read more about our view of the food transition from the perspective of planetary boundaries, social foundations, as well as trends to move to sustainable agricultural practices, a more plant based diet, and shorter supply chains, please refer to our white paper Navigating through transitions<sup>1</sup>.



The growing, and specifically, the aging of population in some parts of the world leads to an increase in demand for healthcare. In between 2015 and 2030, the number of people in the world aged 60 years or over is expected to grow by 56%, over 900 million to nearly 1.5 billion<sup>2</sup>. We are also seeing an increasing trend in health expenditure per capita worldwide<sup>3</sup>. This growing and aging population will place further stress on our health sector moving forward which will trigger more innovation and possibly a greater focus on disease prevention.

In addition to the population growing and aging, we are also experiencing significant growth in the number of people living in cities. Urbanization is another megatrend that has, and will have, significant material impacts on our health and well-being. In 2020, approximately 56% of the world’s population – 4.4 billion inhabitants – lived in cities<sup>4</sup>. Urbanization can contribute to sustainable growth and development, however it also poses many risks and challenges to our society and our health. Disruptive events, such as a pandemic, bring to light how well equipped a city is to deal with a crisis and how well it is able to function when confronted by such crisis.

The world’s population is getting older, heavier and sicker. The worldwide prevalence of obesity nearly tripled between 1975 and 2016<sup>5</sup>. Knowledge and research into the causes of diseases and consequences of unhealthy food and lifestyles can turn this trend around. Nutrition significantly impacts our health and well-being in all stages of our lives. Malnutrition is estimated to cost the world \$3,5 trillion annually with overweight and obesity health related issues and/or related non-communicable diseases adding \$2 trillion<sup>6</sup>. In addition to this, “the costs of undernutrition in Africa and Asia are equivalent to losing 8-10% of

<sup>1</sup> <https://www.vanlanschotkempen.com/media/5656/white-paper-van-lanschot-kempen-transitions-2022.pdf>

<sup>2</sup> Aging Populations Will Challenge Healthcare Systems All Over The World (forbes.com)

<sup>3</sup> Current health expenditure per capita (current US\$) | Data (worldbank.org)

<sup>4</sup> Urban Development, The World Bank, April 2020, Urban Development Overview (worldbank.org)

<sup>5</sup> Obesity and overweight (who.int)

<sup>6</sup> Beaudreault, A. R., Nutrition + Prosperity, Centre for Strategic and International Studies, Nutrition + Prosperity | Center for Strategic and International Studies (csis.org)

GDP every year while investments in nutrition offer a \$16 return for every \$1 invested<sup>7</sup>.” At least half of the world’s population, many of whom suffer financial hardship, are still without access to essential health services<sup>8</sup>.

The above-mentioned trends are not exhaustive. Other significant events also pose a threat to our health now and in the future. Climate Change has been declared the biggest health threat facing humanity by the World Health Organization (WHO)<sup>9</sup>. Between 2030 and 2050, climate change is expected to cause approximately 250,000 additional deaths per year. To read more about our policy for Climate Change and energy transition you can click [here](#). In addition to this, the food and beverages we consume, and the nutrition we need, is significantly impacted and influenced by biodiversity. For example, threats to biodiversity that result in depletion of natural resources can have devastating effects on our food sources and thus impacting human health and development. The state of the natural world is intertwined with ours and we collectively need to accelerate the food transition. You can read more about our biodiversity policy [here](#). The third major shift is the material transition, which our smart and circular economy policy will look at. The three key transitions to focus on do not exist in isolation but are intrinsically interrelated and offer attractive investment and financing opportunities.



Good nutrition is the bedrock of human well-being and without good nutrition people’s lives and livelihoods are built on quicksand.

Global Nutrition Report 2014 | IFPRI: International Food Policy and Research Institute

Through engagements with stakeholders and SDG alignment studies, we have decided to focus on two main areas in this policy where the most significant contribution to this theme can be made. These are the **healthcare industry and food and beverages industry**. Healthcare includes, but is not limited to, medicines (such as pharmaceuticals), medical technology, biotechnology, healthcare providers and services (physical and mental) and health insurance. Effective treatments through new technological developments, among other things, are transforming the health market that accounts for almost 10% of global GDP<sup>10</sup>. The food and beverage industry can contribute and pose significant risks to the food transition.

In addition to these two focus areas, we also seek to address **occupational health and safety** as negligence with this can create significant obstructions to one living longer or in better health. Therefore, where material, occupational health and safety is also an area of focus.

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<sup>7</sup>Unicef - ZAF-Nutrition-brief-2020.pdf

<sup>8</sup> – SDG Indicators (un.org)

<sup>9</sup> Climate change and health, World Health Organisation, October 2021, Climate change and health (who.int)

<sup>10</sup> Current health expenditure (% of GDP) | Data (worldbank.org)

### 3. Our position

As a long-term investor, we believe that risks and challenges that negatively impact human health and well-being pose a systemic risk to society, the economy and the environment and we want to consider these risks, as well as opportunities, in our investments now and going forward. Health and well-being is an ESG focus area for us. This policy addresses risks and issues which can pose threats or barriers to health and well-being as well as considering opportunities where we can contribute to progress and development in this field. Our approach to this theme is threefold, as depicted in the graphic below. We seek to act to avoid harm (do no harm), benefit stakeholders (being employees, the value chain, affected communities and end-users or consumers) as well as contribute to solutions.



Our [Human Rights and Labour Rights policy](#) forms part of the base of this theme and our approach to long-term value creation. Human rights and labour rights violations can create significant barriers to living better and living longer, therefore these controversies act as a constructor to this theme. To underline our position on international human rights, we are a signatory to the the UN Global Compact (UNGC), a global standard for companies to align their strategies and operations with universal principles on human rights, labour, environment and anti-corruption. We support the UN Guiding Principles on Business and Human Rights(UNGPR), the OECD Guidelines for Multinational Enterprises (OECD), the Principles for Responsible Investment as well as a range of other ILO and UN Conventions, listed in our Convention library. While many of these principles and conventions primarily target large listed companies, we explicitly apply these to our private markets investments as well. To understand how the OECD Guidelines for MNEs apply to Van Lanschot Kempen, please read our document outlining our compliance by clicking [here](#).

This policy seeks to build on the Human Rights and Labour Rights policy, looking further into barriers that can negatively impact human’s health and well-being as well as factors that can positively contribute to or improve it. This policy focusses on three pillars of Van Lanschot Kempen. Starting with *Pillar 1 Our Investments* where our largest impact can be created. Followed by *Pillar 2 Our Balance Sheet* which comprises our private bank and merchant bank. Lastly, we have *Pillar 3 Our Own Organisation*. This pillar is where our smallest potential impact, in terms of number of lives touched, can be created. However, Pillar 3 is also the area where our impact has the potential for the most depth and can be the most direct. This pillar looks at the roles we play as a purchaser as well as our role as an employer.

In line with the European Sustainability Reporting Standards, in all of the roles we play as an investor, a lender, a service provider, a lender and an employer we seek to ensure the health and well-being of our workforce, the workers in the value chain, the affected communities and our consumers and end-users and we expect those with whom we have relationships with to do the same.

## 4. Implementation: investment approach

As a wealth and asset manager, we are primarily exposed to potential and actual positive and negative impacts through our investments globally both directly and indirectly.

Van Lanschot Kempen acknowledges the complexity of the environment in which we operate and is conscious about the possibility that some of our investments in higher risk sectors may cause or contribute to adverse health impacts. Our ability to manage these risks or to have influence on mitigating them in our investments largely depends on the investment strategy and the possibility of using our leverage through the different responsible investment tools in the investment process. We use the following approaches with companies to manage our Environmental, Social and Governance (ESG) risks and opportunities and to integrate them in the investment process: (1) avoidance and exclusion, (2) ESG integration, (3) active ownership (engagement and voting) and (4) positive impact. In addition, we have processes in place for unlisted companies and government bonds. These approaches are used to minimize the negative and, where possible, to realise positive impacts on health and well-being in our investments on behalf of our clients.

### 4.1 Exclusion and Avoidance

Objective: We seek to exclude or avoid companies that create significant barriers to health and well-being.

For our **listed investments**, we make use of our data vendors to investigate companies' actual human rights, labour rights, occupational health and safety and other health related<sup>11</sup> controversies. We seek to exclude companies with very severe controversies in funds where we have influence. Our funds invest on a comply or explain basis. The controversies that we screen for, include but are not limited to, health and safety controversies, product safety controversies, customer controversies, access to healthcare controversies and opportunities in nutrition and health controversies.

In addition, our commitment to the OECD guidelines seeks to ensure that we take account of the impact of our activities on people and the environment. More information about how we comply with the OECD Guidelines can be found [here](#). Furthermore, as listed in our convention library, our quarterly ESG screening examines if the investment portfolios over which we have influence respect and meet the requirements of multiple international treaties and conventions.

We have also established specific exclusion **policies and thresholds** to exclude companies that structurally harm human rights and/or can significantly harm one's health. These avoidance and exclusion lists are updated quarterly. Our exclusion policies include, but are not limited to product involvement in controversial weapons, tobacco, alcohol, chemicals and chemical safety.

Our exclusion policies apply to all fund managers where we have influence. In order to assess the severity and relevance of various health and well-being issues with respect to a specific investment, we have included overall environmental, social and governance assessments as part of the screening, due diligence, selection, approval and monitoring process of our **external managers**. We ask our external managers to report on how ESG considerations and Responsible Business Conduct is integrated in their investment process.

For **private companies** we assess companies on the above mentioned criteria and engage with them proactively where we identify concerns. The Van Lanschot Kempen Investment Committee (IC) of each fund oversees that avoidance and exclusion criteria is implemented. Portfolio Managers are in touch with the external managers who are directly responsible for implementing the policy, due diligence, report salient issues and ensure access to remedy.

### 4.2 ESG Integration

Objective: To ensure that health risks and opportunities are adequately considered in the fund's investment process.

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<sup>11</sup> Health related refers to our identified focus sectors that impact human health; healthcare industry and nutrition

We invest in multiple companies that focus on health and well-being. We seek to integrate ESG both directly – through our funds’ investments – as well as through our external solutions.

For information about how we integrate human rights and labour rights in our investments, please see our [Human Rights and Labour Rights policy](#).

**Health and safety** considerations can have a significant impact on the health and well-being of all stakeholders such as employees, workers in the value chain, local communities and consumers or end-users. Therefore, we seek to factor these considerations into our investment approach. We screen for health and safety controversies. In addition to this, we also seek to invest in companies who are leaders in their industries promoting safety.

Through our analysis we have identified that the **healthcare and food and beverages (i.e. nutrition) industries** are, at the moment, where we believe we can have the most impact. Companies within the healthcare sector include those focusing on pharmaceuticals, medical devices, diagnostic testing and devices, healthcare providers (such as nursing facilities) and more. We also specifically incorporate access to medicine into our ESG analysis of pharmaceutical companies which also aligns with SDG 3. When analysing access to healthcare, through the use of data vendors we seek to investigate the portion of revenues derived from healthcare product segments for which there is a large business opportunity found in expanding access. In addition, through the use of data vendors, we also seek to investigate access to healthcare in developing countries as well as price transparency.

ESG integration is performed for multiple asset classes following somewhat different methodologies. ESG ratings or ‘scores’ form part of our evaluation of companies for investment in all of our core investment strategies. The basis of our proprietary Sustainability Risk Score is compiled through risk ratings sourced from an external, independent data provider that measures an individual company’s exposure to around 20 material ESG risks and also scores how well these risks are being managed. Our portfolio managers use the external scores and sub-scores on how well ESG-risks are managed as the default scores which they can adapt and override if they have a differing view on the company, based on their in-depth assessment. This opinion can originate, for example, from engagement with the company or proprietary research that indicates likely improvements or deteriorations in sustainability status that are not (yet) reflected in the default scores. The Sustainability Risk Score is made possible through our longstanding commitment to being active managers and selecting stocks bottom-up, with high levels of conviction.

### 4.3 Active Ownership

**Objective:** To engage with companies and other stakeholders to encourage them to integrate health and well-being risks and opportunities in their long-term business models. We also use our voting rights in line with our engagement activities.

We expect companies to understand their risks and responsibilities regarding human rights, labour rights, occupational health and safety as well as the health and well-being impacts that they may have. Where they fail to do so, we seek to engage with them.

For more information about voting and engagements with human rights and labour rights related topics, please see our Human Rights and Labour Rights Policy. Where meaningful and where we have leverage, we seek to engage with companies regarding health and safety practices in the workplace, as well as with companies regarding health and wellbeing. This can include engagements with companies on realising access to nutrition, healthcare and fair pricing opportunities.

Due to our size and resources available, we also engage collaboratively to increase our leverage. Van Lanschot Kempen has pledged its support to, as well as become a member of, various networks, engagement initiatives and foundations that seek to promote and positively contribute to health and well-being. Examples of these can be found in Appendix 3.

For our engagements with **private companies** we assess them in our due diligence process and through their annual reporting cycle and engage with them proactively where we identify concerns.



Next to engagements we can use our voting rights to express our views on social matters such as a company's performance regarding topics within this theme. We use our voting rights in line with our engagement activities. For example, we may also exercise our voting rights regarding supporting shareholder proposals relating to health impacts of products, health and safety at work, living wages, etc. More information can be found in our [Proxy Voting Policy](#). We review shareholder proposals addressing topics within this theme on a case by case basis and are likely to support meaningful requests towards management on removing barriers to and creating positive strides towards health and well-being.

#### 4.4 Positive Impact

**Objective:** To find innovative ways to contribute to solutions to enhance health and well-being as well as to addressing underserved stakeholders.

In addition to avoiding doing harm Van Lanschot Kempen also looks to invest in solutions. We provide solutions to our clients for different asset classes where possible.

Through our thematic / impact investing portfolio we are investing in companies that pay living wages and provide safe and decent working conditions. We are aware that expected positive impact cannot offset potential negative impacts on labour and human rights as well as health and well-being controversies and we are including these issues into our due diligence and monitoring process. We follow the framework of the Impact Management Project for classifying impact of our investments across the five dimensions and apply the Operating Principles for Impact Management.

One of the proxies for benefitting stakeholders is the alignment of investee revenues with SDG 3. This can be done through investments in the healthcare sector as well as in nutritious/biological/organic food and beverages as well as making both of these sectors more easily accessible. Strides towards improving health and well-being can also be measured, as stated by the Sustainable Finance Platform<sup>12</sup> of the Dutch Central Bank, through the number of people reached with improved healthcare as well as a cost reduction for standard treatments and medicines.

A notable approach to generating positive impact applied by Van Lanschot Kempen is the Global Impact Pool (GIP). The GIP is a multi-asset impact fund that aims to realise market-based financial returns and a measurable, positive impact on society and the environment. One of the focus areas of the GIP is basic needs and well-being. More information about the Global Impact Pool can be found [here](#).

Another internally generated solution is the Kempen SDG Farmland Fund. This fund globally invests in farmland and agriculture properties. Sustainable development goals are an explicit part of the investment strategy. More information can be found [here](#).

Aside from internally generated solutions, impact can also be created through investing in social bonds. We aim to invest in development bank bonds as well as corporate social bonds. We seek for corporate social bonds to be in alignment with Sustainable Bond Principles (SBP) developed by the International Capital Market Association (ICMA).

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<sup>12</sup> Sustainable Finance Platform: <https://www.dnb.nl/media/yhrgaye1/sdg3-impact-measurement-overview.pdf>

## 5. Implementation: balance sheet

Through the activities of our investment bank and private bank, we seek to ensure health and well-being for our workforce, our value chain, our impacted communities as well as our end-users and consumers.

### 5.1 Investment Bank: life sciences and healthcare division

Within our investment bank, we focus on multiple sectors such as tech and fintech, real estate, infrastructure as well as life sciences and healthcare. Our life sciences and healthcare team combines their in-depth knowledge of the financial sector with a scientific background and business experience in life sciences and healthcare. Our unique position has allowed the team to build a strong position in this sector in mergers and acquisitions, equity capital markets and other advisory services. The continuous search for new treatments makes life sciences and healthcare a dynamic and ever evolving market. Our dedicated Life Sciences & Healthcare team is widely renowned for independent advice and a proven track record.

Through focusing on biotech, medtech and diagnostics we are able to help companies gain access to funding which allows them to turn their research to actionable marketable products. These actions help to develop new medicines.

The team also works with companies that research Orphan Diseases<sup>13</sup> and treatments for them. These diseases are often neglected owing to the relatively small population size affected therefore this venture seeks to address this unmet medical need. Other ventures include looking into more mature companies such as health clinics.

A notable element of medical technologies is the quadruple aim applied in the health-tech industry. The four aims include, (1) Enhancing the patient experience, (2) Reducing costs, (3) Improving healthcare outcomes and (4) Improving the clinician experience. These commercial aims align themselves with the metrics mentioned for measuring impact on health<sup>14</sup>.

### 5.2 Private Bank

Clients are offered a broad range of products and services in the private bank. Amongst others, as one of the specific sectors of business professionals we service, are healthcare professionals. Medical help is becoming more tailored, contextual and is taking the patient's own needs into consideration to a greater extent. In the Netherlands, healthcare is built on three pillars – accessibility (financial), availability and reachability (location). We need to work towards making the right healthcare available at the right location in the right conditions.

We work with multiple healthcare professionals such as dentists, general practitioners, pharmacists and medical specialists. Mental healthcare is also covered under medical specialists. The demand for mental healthcare is growing fast and this further reinforces our long standing focus to work with healthcare professionals as our clients to help them grow their practice and ensure their financial health.

The way our private bank tries to help more in this field is through Financially Fit programs. These programs help specialists work on their own financial health and seek to set them up for growth and success thereby seeking to ensure the growth and success of healthcare services going forward. More information about this can be found [here](#).

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<sup>13</sup> A disease that has not been adopted by the pharmaceutical industry because it provides little financial incentive for the private sector to make and market new medications to treat or prevent it.

<sup>14</sup> Number of people reached with improved healthcare and cost reduction for standard treatments and medicines

## 6. Implementation: our operations

### 6.1 Our role as a purchaser

Van Lanschot Kempen also has the role as a **purchaser** regarding procurement for our own organization.

Ensuring decent work extends to workers in the value chain. Our procurement processes are also covered by this policy as we seek to uphold labour standards in the supply chain. Procurement seeks to take human rights, labour rights, safety at the workplace as well as health and well-being considerations into account for all decision making processes. In 2015 we incorporated our responsible purchasing policy within a broader framework, the business partner due diligence (BPDD) policy, which applies to all our divisions. The BPDD policy ensures that we only work with business partners which meet our integrity and sustainability standards. It is used to analyse and manage risks prior to and during collaboration.

### 6.2 Our role as an employer

As a company with over 1700 employees we also have a direct impact on our employees' health and well-being. We seek to help our employees to work and live in a healthy way. In line with the EU Social Taxonomy, we seek to ensure, at a minimum, decent work as well as to create an inclusive and sustainable community for our workforce.

Our well-being policy is periodically reviewed and adjusted for all employees at Van Lanschot Kempen. This policy is based on the four pillars of well-being – mental, emotional, financial and physical. In addition to this, we also have counsellors available to all employees on a confidential basis and create a trusted and safe working environment.

The company intranet also has a health and well-being dashboard creating a centralized place for health and well-being related information, making it easily accessible to employees. Health and well-being related articles are also published on the intranet such as healthy working habits when working from home.

We have a vitality programme available for employees. In addition to the program, there are numerous health and well-being initiatives provided on a voluntary basis for employees. Some of these initiatives include, but are not limited to fruit baskets available to colleagues for healthy snacks, a (virtual) running challenge, personalized health advice, and others.

## 7. Governance

The Sustainability Board sets the Living Better for Longer policy which is also discussed in the Sustainability Investment Council and the Loans & Own Organisation Council. The policy will be reviewed periodically to reflect material changes. This policy is approved at the most senior level and is informed by relevant expertise from throughout the organisation.

## 8. Reporting on progress

We aim to report to our clients, and other stakeholders, on how we progress with regards to the commitment, ambition and objectives of our (client) portfolios. The reporting frequency will be at least annually, as part of our annual and stewardship reporting process.

#### Disclaimer

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