



Sustainable Investment Charter

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1. Introduction

As an integrated, independent sustainable wealth manager, we strive for financial and non-financial value creation for all stakeholders. In order to uphold our purpose, sustainability is integrated throughout the organisation, in our balance sheet activities and across our investment activities as we keep innovating and advancing in our journey. In our investments, our objective is continuous improvement towards stewardship excellence, accountability, and transparency.

1.1 The aim of this policy

This policy summarises multiple documents and tools that together form Van Lanschot Kempen's N.V.'s (hereafter: Van Lanschot Kempen) framework for Sustainable Investment and consideration of Environmental, Social and Governance (ESG) issues in relation to our own investments. Readers of this charter will find references to other policies, intended to build the wider framework around our responsible investment approach and highlight the interrelations between these documents.

This document focuses specifically on Van Lanschot Kempen's investment policies as they relate to sustainability. For more information on Van Lanschot Kempen's corporate sustainability policies, value creation model, regulatory reporting, and other documents related to our balance sheet and own organization please visit our sustainability website.

vanlanschotkempen.com/en-nl/about-us/sustainability

1.1.1 Convention Library

At Van Lanschot Kempen, we have developed a comprehensive and holistic approach for avoiding harm and limiting negative impact through compliance with a number of international guidelines, standards and sets of corporate social responsibility principles. These commit us to incorporating key environmental, social, and governance (ESG) issues in our company processes and by focusing on our [three thematic areas \(climate and biodiversity, circularity, and health\)](#) - Chapter III - to achieve positive impact.

At Van Lanschot Kempen, we adhere to the following (non-exhaustive): [OECD Guidelines for Multinational Enterprises](#), United Nations Global Compact, UN Guiding Principles on Business and Human Rights (UNGP), and the Principles for Responsible Investment (UN PRI). These four key guidelines and principles together with our **Conventions Library** form the foundation of our sustainability approach.

To see our dedicated policy page click [here](#)¹.

1.2 VLK sustainability narrative

Entrepreneurial people are decisive. From the founding of our company almost three centuries ago, we have been focused on solutions and possibilities. This mentality is essential for understanding and moving with the fundamental changes of our time, such as the energy and food transition.

We help clients navigate through these transitions with our extensive in-house knowledge and expertise. We see sustainability as both a responsibility and as an opportunity for our clients and society to create positive impact and return over the long run.

Read our full narrative online.

¹ Full versions of policies are linked throughout the document, where possible. In some instances, it may be that updated policies below are available on the website, but the link herein is from an older version.

1.3 Policy oversight and governance

Achieving our sustainability ambitions is one of our top five strategic priorities as an organisation. To fully embed and integrate sustainability throughout our organisation we have created a sustainability governance structure consisting of a Sustainability Board and two subcommittees: the Sustainability Investment Council and the Green Bond Committee.



The **Sustainability Board** representatives are appointed by the Management Board. During its monthly meetings, the Board approves sustainability priorities and monitors the implementation of the strategy and these priorities. The **Sustainability Investment Council** has ultimate responsibility for the drafting and implementation of the responsible investment policies (including stewardship and engagement policies) in a consistent manner across all business units, investment strategies and client mandates.

The **Strategy, Sustainability & Corporate Development Team** is part of the CEO domain. The team is responsible for several key activities including defining the sustainability strategy and monitoring its execution, advising on embedding the sustainability ambition in the strategy of the business lines and developing the sustainability roadmap for the company including monitors its execution. The **Sustainability & Impact Investing Team** is part of the Investment Management Clients segment and focuses on growing and expanding Van Lanschot Kempen's sustainable and impact investing offering. For more information on how we organise sustainability within Van Lanschot Kempen, click [here](#).

1.4 Investment and risk beliefs

At Van Lanschot Kempen we are responsible, long-term stewards of our clients' capital, using our influence to stimulate responsible business conduct. Our 'why' behind this vision lies within our core.

1. We believe in investing with a long-term horizon using a dynamic approach.
2. We believe in sustainable value creation through long-term stewardship.
3. We believe in alignment of interest, openness and partnership with our clients.
4. We believe in investing with expertise, focus and conviction.

1.5 Our approach to responsible business conduct

Van Lanschot Kempen's Responsible Business Conduct Policy highlights how we adhere to responsible business conduct practices, external guidelines and commitments, and how we integrate sustainability into our investments through beliefs and four pillars.

Learn more about how we integrate responsible business conduct in our policy on how we comply with the [OECD Guidelines for Multinational Enterprises](#).

1.5.1 External Guidelines and Commitments

In addition to the international guidelines and principles mentioned above (see 1.1.), Van Lanschot Kempen is a signatory of the 11 principles of the **Dutch Stewardship Code** and a supporter of the 12 principles of the **UK Stewardship Code**². Our compliance statements are available online here: [UK Corporate Governance Code \(2018\)](#) and the [Dutch Corporate Governance Code \(2016\)](#).

1.5.2 Human Rights and Labour Rights policy

As a responsible wealth manager, we are committed to respecting international human rights at any time and in all the various roles we fulfil. In 2022, we strengthened our Human Rights and Labour Policy for more transparency and guidance. The policy summarises our commitments to monitor and increase the level of responsible business conduct, and respect and adhere to the human rights of all stakeholders. This includes, but is not limited to, forbidding child labour, forced labour, human trafficking, discrimination as well as respecting freedom of association, equal remuneration, the right to collective bargaining and other rights. We also expect the parties with which we interact, whether it be in our role as an investor, lender purchaser, service provider or employer, to do the same. We do not invest in companies that face very severe allegations of human rights controversies unless we engage with the company to understand the allegations and work towards change.

Further details are found in our [Human Rights and Labour Rights Policy](#).

² Application process is ongoing.

2. Our Approach

We are committed to an integrated sustainable investment approach, based on four pillars. At Van Lanschot Kempen, we have integrated ESG-criteria into our investment process and into the selection and monitoring of external managers. The main pillars of our policy are summarised below and in explained with further detail in this chapter.



2.1 Exclusion Policy

Our exclusion approach focuses on excluding companies involved in, among others, controversial weapons and tobacco and avoiding investing in companies with the most severe controversies and misconduct. There are several instances where we directly exclude companies from our investable universe. The minimum standard is to 'do no harm' and, as part of our sustainability approach, Van Lanschot Kempen's investment teams do not want to invest in companies and countries involved in activities with severe negative impact on people and/or environment.

vanlanschotkempen.com/-/media/files/documents/investment-management/esg/exclusions-and-avoidances/exclusion-list.ashx

The policy provides further transparency on the why and the how (i.e., criteria) behind exclusions, and to which specific Van Lanschot Kempen policy it is derived from. **The policy is currently divided into four main sub-sections; Controversies, Weapons, Tobacco, Climate-related exclusions, and government bond exclusions.**

At Van Lanschot Kempen, our starting point is to perform due diligence and identify companies which have the most severe and widespread controversies.

There are a number of companies that pose a significant reputational, financial or other risk for Van Lanschot Kempen's investments. This risk can be either from a reputational perspective or from an investment perspective. These are companies that structurally violate international conventions and standards and/or have demonstrated no improvement over the last years. The controversies that these companies are involved in are considered as very severe. B. How to exclude All companies

that receive a Red Flag from our external data provider MSCI will be added to the exclusion list within three months of the new assessment. Investment teams will have six months to sell their position in the company.

Furthermore, based on our [climate change policy](#), we exclude pure coal players and companies only involved in tar sands, as these activities have an adverse impact on climate change.

2.1.1 Weapons:

We will not consider weapon related companies for investment unless:

- a. these companies comply with the international weapons-related conventions / treaties as mentioned in the Convention Library and;
- b. these companies operate in compliance with local laws and regulations with regard to the production, storage, trading and use of weapons and;
- c. the weapons involved are not controversial weapons and;
- d. the weapons are not provided to countries (or non-state actors) in the EU and/or on the UN sanctions list, government violence against citizens (in fragile or failing states, countries in civil war), terrorist organisations and (organised) crime.

2.1.2 Tobacco:

Contributing significantly to death and disease, tobacco has severe negative impacts on people and this is reflected in the first worldwide (legally-binding) health treaty for tobacco use reduction (WHO Framework Convention on Tobacco Control (WHO FCTC, 2005³); tobacco is not considered essential (no harm if product/service is not there). In addition to following international guidelines and standards, we follow a principle framework consisting of five criteria, leading to an overall conclusion to exclude tobacco.

2.2 Integration and sustainability spectrum

At Van Lanschot Kempen, ESG criteria are an integral part of the investment process. This means that portfolio managers conduct in-depth analysis of ESG data and material ESG risks and opportunities, and weigh this into how they select and monitor the companies they research and invest in. We also embed ESG into third-party manager selection, with our proprietary manager scoring framework. When selecting external managers, we assess their responsible investment policy and implementation capabilities and classify according to our Sustainability Spectrum.

The introduction of our Sustainability Spectrum across all parts of the Van Lanschot Kempen group has already laid the foundations for our alignment with the Sustainable Finance Disclosure Regulation and towards a shared understanding of sustainability across the whole of our business. The Sustainability Spectrum is used to classify our own niche investment funds, in the scoring of external managers and in defining client sustainability preferences. Please see our latest Kempen Stewardship and Sustainability Report for more information and a breakdown of our external managers in listed asset classes by scores on the Sustainability Spectrum.

The five flavours of the Sustainability Spectrum



³ <https://www.who.int/news-room/fact-sheets/detail/tobacco>

2.2.1 Active Ownership

As a long-term steward of sustainable investment, we believe it is important to engage with our counterparties about sustainability in order to unlock value and reduce risk. We aim to open the conversation about sustainability performance and ESG-related data disclosures with our stakeholders. This forms the basis of our Stewardship and Engagement Policy.

2.2.2 Stewardship and engagement policy

Our policy is available online and reviewed at least annually. This policy summarises our stewardship commitments and oversight, as listed in the introduction of this document. Clients receive detailed updates on the main engagement developments on a quarterly basis. On an annual basis, a more detailed stewardship and engagement report is published.

The policy sets out our approach in fund management including our proxy voting policy. All our Kempen funds in listed equity, fixed income, alternatives and private markets are covered by our policy. In the case of funds-of-funds, we acknowledge that we have a more limited influence on the implementation of the policy by the external managers, but we do assess them on their ESG policies and implementation and engage with them on our concerns.

We also offer tailored solutions to large and smaller clients, pension funds, insurance companies, trustees and family offices. We believe that the consideration of material ESG risks and opportunities is part of the fiduciary duty of institutional investors and to help our clients embed considerations of sustainability into their investment approach. We undertake a thorough ESG scoring due diligence of external managers.

The aim of the engagements are to create value for the company, shareholders and society. In order to improve the impact and success rate of our engagement efforts, we aim to measure and monitor the progress of our engagements by setting clear goals and timeframes, and by monitoring milestones for in-depth engagements⁴.

Engagements are divided into three pillars

- › Engagement for awareness: Aims to improve understanding of a certain issue among companies or gather information on a particular company case.
- › Engagement for change: Aims to set out a specific goal with a specific timeline, while fostering change within a company.
- › Engagement for public policy and collaboration: Aims to improve the overall landscape of (financial) markets and general level of ESG performance in particular sectors, markets and geographies.

We focus our engagement on the most material or most salient cases with the highest impact on society and environment (and those which have best alignment with our engagement strategy). There are several levels of engagement. For example, we engage with fund managers, with companies we invest in, and with other stakeholders, such as: clients, credit rating agencies, benchmark providers, peers and NGOs, network organisations or even stakeholders of investees on a wide range of topics including, long-term strategy and risk management; transparency and communication; governance and environmental management including, climate change; social and ethical issues, such as labour rights or living wages.

⁴ In case the engagement with our investees is unsuccessful, we will consider escalation actions - covered in more detail in the full policy.

2.2.3 Proxy voting policy & Conflicts of interest policy

Our Voting Policy is available online and is reviewed annually. For transparency, our full voting records are published online via the [Van Lanschot Kempen Voting Dashboard](#) which is updated on an ongoing basis, providing an overview of how Kempen voted at each meeting and on each agenda item.

The voting policy is a part of the [stewardship and engagement policy](#) and outlines our approach and guidelines, including statements on oversight of the policy, our expectations and company dialogues, description of our service providers (Institutional Shareholder Services – ISS), share blocking, securities lending, and conflicts of interest policy. The policy details the criteria and guidelines specific to the categories such as accountability, transparency, board structure, diversity, shareholder rights, resolutions and more. The policy also stipulates in greater detail our approach towards voting on shareholder resolutions. While we vote on shareholder proposals on a case-by-case basis, we use Van Lanschot Kempen’s Sustainable Investment Approach, including our [Convention Library](#) to review the impact of shareholder proposals.

We expect our investee companies to have a proactive stance on a wide array of strategic, financial, environmental, sustainability, social and governance topics. At Van Lanschot Kempen, we vote at annual (and extraordinary) meetings at investee companies for all Van Lanschot Kempen listed equity investment funds and discretionary mandates worldwide (if instructed by the client to vote), unless voting is not feasible or not in the best interest of our clients. We call on companies to report on their relevant sustainability metrics using internationally recognised frameworks and standards including Task Force on Climate-Related Financial Disclosures (TCFD), the Global Reporting Initiative (GRI) Standards or Sustainability Accounting Standards Board (SASB). Companies should set measurable and ambitious sustainability targets and measure progress against these.

2.2.4 Litigation policy

The litigation policy can be found within our Stewardship and Engagement Policy and lays out our definition of class action. At Van Lanschot Kempen, we have adopted the following class action policy:

- Kempen engages in passive filing of claims to recover a (share of the) class action recovery as a result of a verdict or a settlement for which its investment funds are eligible. We use a third party for the filing of such claims.
- Kempen reserves the right to participate in active class actions.

2.3 Positive Impact

The fourth pillar is positive impact. Van Lanschot Kempen invests with the objective to achieve real world outcomes and impact. This section first summarizes Van Lanschot Kempen’s Green Bond Policy, highlights our positive impact funds and in, Chapter III – provides an overview of our three thematic priorities.



In a fast-changing world with a closing window of opportunity to prevent irreversible environmental damage, we are making strides in constructing positive impact portfolios.

Green Bond Policy (simplified)

Includes International Capital Markets Association (ICMA) definitions for Green Bonds and Sustainability(-Linked) bonds, Transition bonds and SDG-Linked bonds and their specific criteria.

By 2025: Increase green bond investments by selecting funds with objectives/targets on green bonds, objectives to increase green bond allocation, or advance financing climate activities.

- Prioritise Green bonds over non-green bonds, if risk-returns are similar

- Prioritise Sustainable(-Linked) / SDG-Linked bonds over Non-sustainable / SDG-Linked bonds, if risks-returns are similar. Criteria are applied to these bonds.

Spotlight Impact Funds

- › **Global Impact Pool:** a multi-asset impact fund focused around four themes and five Sustainable Development Goals; Basic needs and well-being (SDG 3 and SDG 6), SME Growth and decent work (SDG 8), Climate & energy transition (SDG 7), SME Growth and decent work (SDG 8), and Circular economy (SDG 12) across both emerging and developed markets.
- › **Kempen SDG Farmland Fund:** invests in agricultural projects offering attractive returns and contributing to sustainable food production. Concrete KPIs enable institutional investors to contribute directly to SDGs linked to biodiversity and climate concerns over time.

2.4 Data

Across Van Lanschot Kempen, we work with external ESG data providers/vendors for quarterly screening based on international conventions such as the United Nations Global Compact (UNGC) and the Principles for Responsible Investment (PRI). In addition, we use external ESG data providers for climate data, and alignment to the Sustainable Development Goals (SDGs).

Additionally, Van Lanschot Kempen investment teams have developed a proprietary ESG scoring methodology for individual companies. We combine our own observations from meetings with management, raw data from a range of data vendors and our investment professionals' forward-looking views on what we believe will become increasingly important, in order to determine a single ESG score for each company. Individual investment teams incorporate this ESG score into their own analytical models when building investment cases.

3. Our thematic priorities

While our four pillars focus on doing no harm, we have also identified three concrete areas where we feel we are best equipped to go beyond doing no harm and make a positive contribution.

In 2021, we defined three themes – climate change and biodiversity, living better for longer, and a smart and circular economy. In 2022, we recognised that these themes need to contribute to the three most important transitions of our age: energy, food and materials. Until now, we have been focusing our efforts on climate change and the energy transition. In the future, we intend to make meaningful progress on the food and materials transitions as well.

The following sections are an overview and short summary of our thematic policies.



3.1 Climate Change Policy

Our Climate Change Policy considers climate change in the context of our four pillars, as well as explains our governance, reporting structure and implementation plan for this core theme. Its appendix includes information on green bonds, sustainability-linked, SDG-linked and transition bonds carbon emissions measures.

Our commitment, ambitions and objectives align well with the long-term nature of climate change and with the Paris Agreement goals, Dutch “Klimaataakkoord”, Net Zero Asset Managers initiative, Europe’s ambition to become a net-zero economy by 2050 and the 1.5°C scenarios from the IPCC⁵. For the more sustainable and impact investments, we expect climate-aligned pathways in line with the EU Benchmarks⁶.

We use carbon data from our ESG research provider and disclose both metrics (Enterprise Value and Weighted Average Carbon Intensity in our annual reports (on Van Lanschot Kempen and Kempen Capital Management entity). See more information in the Appendix of our Stewardship & Responsible Investment report.

⁵ IPCC (2018) “Global warming of 1.5°C”. The EU regulation also consists of climate benchmarks which are based on the 1.5°C scenarios from the IPCC.

⁶ The EU Benchmarks consists of two climate benchmarks, Climate Transition Benchmark and Paris Aligned Benchmark, which have the aim to reach net-zero emissions by 2050 - in line with the 1.5°C scenarios from the IPCC.

We have therefore set the following commitments

- › 2050: Long-term commitment to become a net zero investor
- › 2030: Mid-term ambition that all listed and non-listed investment aligned with Paris pathway
- › 2025: Short-term objectives that all listed investment aligned with Paris Pathway

Climate change policy in relation to our four pillars

Pillar 1	See also Exclusion and Avoidance Policy for more detail on coal, tar sands, and nuclear energy.
Pillar 2	ESG Integration: Objective: To ensure that climate risks and opportunities are adequately considered in the funds' investment process. We prefer to invest in companies (via our internal and external fund managers) which integrate their climate risks and opportunities into their organisation, and are able to move towards a low-carbon economy.
Pillar 3	See also Proxy Voting Policy for more detail on how we also use our voting rights in line with our engagement activities to engage with companies, and other stakeholders, to encourage them to integrate climate risks and opportunities in their long-term business models and enable them to thrive in the transition to a low carbon economy.
Pillar 4	See Chapter II for more detail on impact; Green and Sustainability(-Linked), Transition and SDG-linked bonds .

3.2 Biodiversity and no deforestation policy

As a long-term investor, we recognise that the loss of biodiversity presents a material systemic, physical and transitional risks for global markets. In addition, we are aware that biodiversity loss and the climate crisis are interdependent. The aim of this [policy](#) is to reduce the possible negative impacts of our investments, encourage positive change and contribute to long-term sustainable development. It further strengthens our commitment to biodiversity as an integral part of our sustainability approach⁷ and highlights the importance of no deforestation, explain the link with the direct biodiversity drivers and go into the main cause of the issue. We also elaborate on our position and approach related to no deforestation.

In addition to our commitments, measures we take to include biodiversity in our investment process include (see full policy for detail): Biodiversity risk assessment, ESG instruments (exclusion vs. engagement), and positive impact by concretely investing in nature based solutions for our clients for different asset classes (i.e., [SDG Farmland Fund](#)).

Overview of biodiversity commitments

Please see full version of Biodiversity Policy for more detail

- › Collaborate and share knowledge on methodologies, data sources, biodiversity related metrics, targets and financing approached for positive impacts.
- › Explore best practices and continue to enhance measuring the biodiversity impact and dependencies of our investments.
- › Set biodiversity related targets, in line with science-based best practices.
- › Integrate biodiversity risk into investment process.

⁷ The policy is reviewed annually by the Sustainability Centre and approved by the Van Lanschot Kempen Sustainability Investment Council. We aim to report our progress regarding our biodiversity commitments, ambitions and objectives for our client portfolios on an annual basis.

- Aim to engage with companies and support them in reducing their negative and increasing their positive biodiversity impacts, where we aim to focus on the material biodiversity related sectors and companies.
- Investigate and develop investment products that deliver positive biodiversity outcomes.
- Improve reporting on biodiversity as harmonized guidelines and metrics become available, in addition to reporting on our own biodiversity footprint and that of our portfolios.

3.3 Living better for longer

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.

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.

3.4 Smart and circular economy

Next to the energy transition, there are two other transitions on which Van Lanschot Kempen wants to focus. These are the food transition – food production which is more sustainable, diverse and healthier, and the materials transition. A more sustainable and circular production and consumption are critical for maintaining an environment which humans and animals can continue to live in. But how should you invest in these transitions?

You can read an example of the Van Lanschot Kempen Sustainable Equity team investing in the materials transition [here](#).

In 2023, we will continue to use our influence to improve the corporate behaviour of our investee companies on social issues. We will publish new policies on a smart and circular economy in 2023. In doing so, we will contribute more to the food and materials transitions. We expect the positive impact of these to become more meaningful in 2024.

Disclaimer

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