

# Our approach to sustainable investing

## Focused approach to navigating transitions

We see major societal changes happening in our times, partly as a result of our decades-long production and consumption behaviour. Our goal, as an independent, specialist wealth manager, is to guide our clients through the transitions towards the more sustainable economy that these changes involve. We believe that we can serve our clients in the best possible way by acting as stewards and helping our clients to allocate their capital to companies or solutions that support the transitions and can make the most of them. In this way we aim to add value to our investments and the transitions themselves.

As a wealth manager, investing is at the core of what we do. We are focused on preserving and growing the capital of our clients in a sustainable way, over the long term. A long-term approach requires both vision and discipline. Which is why our investment engine is active and engaged, investing time in truly understanding what we own.

## Energy and Food transitions

Given our size and knowledge, we focus on those areas where we believe we can make the biggest difference. Areas where we have strong expertise and data available that is needed both to drive real progress and to measure it. For us, these are the energy transition and the food transition.

The energy transition needs to speed up the use of renewable energy and decrease the use of fossil fuel. The food transition should transform the food production system into one that works better for both people and planet, leading to more diverse and nutritious food production. Acting on these transitions also involves considering the other major transitions that are closely aligned, most notably the materials transition, which is necessary for the energy transition.<sup>2</sup>

<sup>2</sup> Please see the glossary at the end of this report for an explanation of the terms used.

We believe that an actively managed investment portfolio creates the most value for our clients in the long term – whether in financial, environmental, social or governance terms.

We engage with fund managers and investee companies on a broad range of topics, including social and environmental issues, and we exercise our voting rights at annual general meetings. If fund managers or investees are not willing to comply with our minimum standards, we may choose to divest.

We work at enabling these transitions by focusing on carefully selected investment themes: climate and biodiversity and living better for longer. These themes provide the building blocks that bring the energy and food transitions to life.

➤ The focus of this report is on our approach to sustainable investments and our efforts to guide our clients through the energy and food transitions. Where we say Van Lanschot Kempen or use the pronoun 'we', it refers to the Van Lanschot Kempen organisation and its employees. Where necessary, we specifically clarify that it pertains exclusively to Van Lanschot Kempen Investment Management (IM), the management company of the Kempen funds mentioned in this report.

Source of all data in this report: Van Lanschot Kempen as of 31 December 2023, unless indicated otherwise.

<sup>3</sup> Lanthanum (La); Cerium (Ce); Praseodymium (Pr); Neodymium (Nd); Promethium (Pm); Samarium (Sm); Europium (Eu); Gadolinium (Gd); Terbium (Tb); Dysprosium (Dy); Holmium (Ho); Erbium (Er); Thulium (Tm); Ytterbium (Yb); Lutetium (Lu); Scandium (Sc); Yttrium (Y). These elements are known as "rare earths" because they are relatively scarce in the earth's crust and have unique magnetic and optical properties. They are used in various applications, including electronics, magnetic materials, lasers, batteries and more.

## Progress in a nutshell

In 2023, we continued to put most of our efforts into the energy transition – focusing in particular on our role as active owner, engaging with carbon-intensive companies and quantifying the impact of climate change and the energy transition on real estate investment models.

We have also made strides in the food transition – particularly through the lens of preserving biodiversity and soil health. We did this by, among other things, putting in place an investment framework for biodiversity and engaging with companies on this theme. Please find more details on our approach on pages 9 and 10.

Lastly, we have researched the implications of climate change and the energy transition on asset allocation, in particular the impacts on (long-term) growth and inflation. We find that the energy transition – on a 10-year horizon – will lead to some temporary upward pressure on inflation. This is driven by fossil fuel supply becoming scarcer, carbon emission pricing mechanisms becoming more widely prevalent, and scarcity of commodities (mainly rare-earth elements)<sup>3</sup> needed for the energy transition and supporting the materials transition.

