



VAN LANSCHOT  
KEMPEN

# Stewardship and Sustainable Investment 2023

Sustainability in Action | March 2024



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What have we achieved in sustainable investing in 2023? This month we were pleased to release the Van Lanschot Kempenn Stewardship and Sustainable Investment report 2023. It provides comprehensive information on our focus areas, engagements and the progress we have made in these and other fields. For those with limited time, this Sustainability in Action offers a concise overview.

## Focused approach to navigating transitions

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.

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.

## 2023 in a nutshell

In accordance with the Paris Agreement, we want to help limit climate change to +1.5C compared with pre-industrial levels. For this reason, we aim to be a net-zero investor by 2050 by aligning our assets under management (AuM) with a long-term carbon intensity pathway of minus 7% a year on average, in terms of weighted average carbon intensity (WACI).<sup>1</sup>

As an active owner, we engaged directly with 131 companies on environmental, social and governance themes. The total number of engagements was 153. To reach our goal of CO2-reduction in our portfolio's, a large number of our engagements was focused on carbon intensity and climate issues. We also started individual engagements on biodiversity and protection of ecosystems.

<sup>1</sup> The target of -7% applies to our in-house Kempen funds and the 'Active' and 'Sustainable' proposition within the Private Bank - wealth management.

### Highlights 2023

We've used our extensive expertise in the real estate sector (responsible for nearly 40% of global carbon emissions), to quantify the impact of climate change and the energy transition on real estate investment models.

An investment framework for biodiversity was put in place in 2023 (complementing our climate framework that was published earlier). This stipulates the criteria for our investments, engagements, exclusions and impact on this theme.

In 2023 we engaged with 131 companies, including Shell, Nike, BMW and Lufthansa.

90 engagement milestones were achieved in 2023, across 110 engagements for change.

We've taken steps to assess the implications of the energy transition and climate change on asset allocation.

A new living better for longer policy was published in 2023. In this we outline how in all our different roles – as investor, solutions and service provider, adviser, lender, purchaser and employer – we strive to make a significant impact on advancing healthy lives. The policy is available on our [website](#). Working conditions have been the subject of our engagements with Nike and Jabil this year, thus bringing the new policy to life.

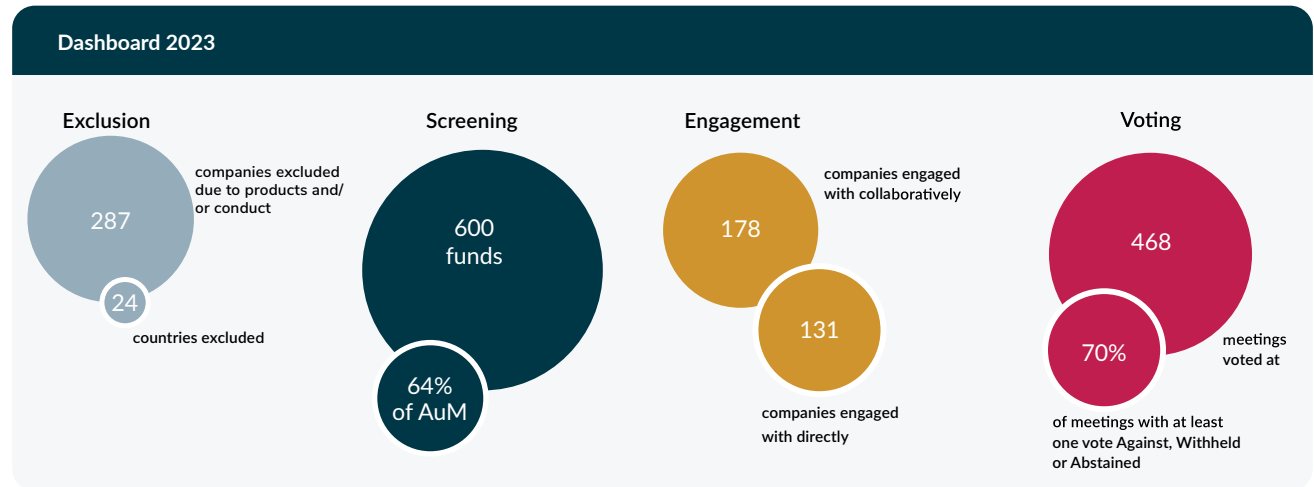
We've developed a forward-looking [social investment framework](#) for use in real assets investments, which helps us measure a company's willingness, ability and commitment to improving social resilience. We believe that the social factor, the "S" in ESG, also has long-term financial materiality and should not be overlooked. The policy connects to our living better for longer investment theme.

Also in 2023, we have quantified the impact of climate change and the energy transition on real estate models and researched the impact of climate change on asset allocation, in particular the implication for growth and inflation.



## Dashboard 2023

The dashboard shows our activities in the areas of exclusion, ESG integration and manager screening, and active ownership (voting and engagement) in 2023.



### Food transition – A living soil

Through our SDG Farmland Fund, we can contribute directly towards the food transition. The strategy invests in agricultural land with the aim to shift from a conventional to a regenerative farming system, with a focus on improving soil quality. This leads to healthier soil and more nutritious crops.



# Engagement

Through our engagements we seek to encourage positive change at companies. In 2023 we proactively entered into company dialogues with 131 companies on environmental, social and governance themes. The total number of engagements was 153.<sup>2</sup>

## Engagements 2023

	Engagements		
	Awareness	Change	Total
Number of companies (unique)	41	103	131
Number of engagements	43	110	153

The number for companies engaged for awareness and change do not add up to the total number, since we remove duplicates. Some companies are engaged both on awareness and change.

## Numbers of engagements 2023 per theme

	Engagements for awareness	Engagements for change
Environmental	27	62
Social	3	9
Governance	13	39
<b>Total</b>	<b>43</b>	<b>110</b>

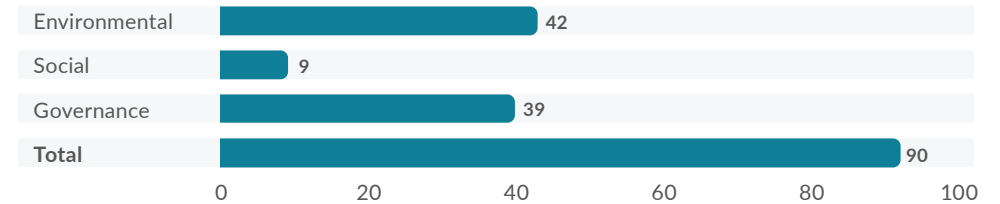
In collaboration with peers, we engaged with an additional 178 companies

<sup>2</sup> Companies can be engaged with on several themes at once and on both awareness and change issues, thus allowing for some overlap.

# 90 milestones achieved

We measure the outcomes and results of our engagements with milestones, in a four-stage process. In 2023 we achieved 90 engagement milestones across 110 engagements for change, a significant increase from 2022 (78 milestones across 106 engagements).

## Milestones achieved in 2023 in environmental, social and governance engagement



# Voting

Voting at shareholder meetings of investee companies is a key tool in stewardship and active ownership.

## Voting statistics 2023

Category	2023	
	Aantal	%
Number of votable meetings	496	
Meetings voted	468	94
Meetings with at least 1 vote Against, Withhold or Abstain	346	70

[Download the full report here.](#)

## Investment Strategies

In 2023, we further improved our fund offering by expanding our sustainability labels and enhancing the sustainability profile of our investment strategies. We also continued our path towards net-zero carbon emissions by engaging with companies representing 50% of the carbon intensity of each strategy.

### Highlights

We have committed to a higher minimum percentage of sustainable investments for several of our funds individually, thus increasing their sustainability profiles. Each of our Kempen investment strategies now has a variant involving a higher degree of commitment to sustainable investments than in previous years. Please find more information in the sustainability-related disclosures of our funds in our fund library.

Our centralised sustainability data platform proved its usefulness in reporting data required by SFDR regulation to our clients. As an example, the platform calculates principle adverse impact indicators for all our listed strategies and provides the percentage of EU taxonomy-aligned sustainable investments.

Our portfolio managers engaged with 131 companies in 2023. Our focus again was on carbon intensity, engaging with companies responsible for 50% of each portfolio's carbon emissions. On average, we see these companies target carbon emission reductions of over 5% towards 2025.

Our sustainable funds maintained their high sustainability ratings from external rating agencies, including Morningstar's Sustainability Globes. We again increased the number of funds with the international sustainability labels Towards Sustainability (now six funds) and ISR (five funds).<sup>3</sup>

[Investment Strategies](#) in more detail.

<sup>3</sup> Towards Sustainability Initiative | Towards Sustainability Label ISR - Pour des placements durables et responsables (l"labelisr.fr).

## Fiduciary management

In 2023, many of our fiduciary clients again made major strides to better align their investment portfolios with their sustainability objectives. To support them, we continued to develop our services in this area.

### Highlights

Joining forces with an external asset manager, we worked towards integrating responsible investment (RI) into our benchmark for the real estate asset class. Clients looking for a more sustainable approach towards investing in listed real estate can now do so by way of a passive fund tracking a benchmark based on a best-in-class selection of companies with high (MSCI) sustainability scores.

We assessed a range of SDG-tailored indices created over the past few years. Together with our clients, we determined whether these indices have met expectations and what gains they have generated in the sustainability arena.

In 2023, we advised and supported all our clients in drawing up the required Sustainable Finance Disclosure Regulation (SFDR) reporting.

We further enhanced our RI reporting for clients in the past year, with greater detail and more metrics being reported, and in a more accessible way.

[Fiduciary management](#) in more detail.

## Private Banking

In 2023 we reached out to our clients to identify their sustainability preferences. We've also added new, more sustainable index funds and investment solutions for emerging markets

Please find the Private Banking section on this [webpage](#). Here you can also download the full Stewardship and Sustainable Investment Report 2023.

### Highlights

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.

### Disclaimer

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The value of your investment may fluctuate. Past performance provides no guarantee for the future. The figures presented are gross performance, the effect of potential fees and charges is not included. The level of the fees and charges will depend on the applied product structure, this will have effect on the net performance.



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