VAN LANSCHOT KEMPEN

INVESTMENT MANAGEMENT

UK Stewardship Code 2020

Report covering 2022

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Foreword

While the summer of 2022 was the hottest summer ever recorded in Europe, the whole of 2022 will go into the history books as the hottest year recorded in the UK, and the second warmest year ever recorded on the continent. Forest fires, floods, heat waves... worldwide, we are being confronted with the facts: climate change is threatening the viability of our planet. In order to survive, we have to produce and consume differently.

As a socially engaged wealth manager, we have the ability and the desire to contribute to the transition to a more sustainable economy. Next to our own behaviour, how our clients' assets are invested is critically important in this regard. We see it as our mission to help our clients navigate through the inevitable transitions of our time, including allocating capital to companies that are part of the transition, and recognising the winners and losers of the future in a timely manner.

Van Lanschot Kempen is the oldest independent Dutch financial institution, tracing its history to 1737. Today, Van Lanschot Kempen is listed on Euronext Amsterdam and belongs to the group of Dutch banks with high capital and leverage ratios (26.4% and 5.7% respectively as at 31 December 2022). In addition, Van Lanschot Kempen's Common Equity Tier 1 (CET 1) ratio was 20.6%,which means the firm is in a strong position to withstand difficult market conditions.

Transitions: now is the time

We live in a world where climate change is only one of several crises that are crying out for attention. Russia's attack on Ukraine and the brutal war that has ensued is gripping Europe. With the energy crisis, as well as soaring inflation and the cost of living crisis, it could appear as if achieving climate goals is the last thing on our minds. Nothing could be further from the truth for Europe. In the medium term, the transition to more renewable energy will increase energy security and potentially achieve better stability in energy prices.

In our view the energy transition is not the only change needed to restore the viability of our planet. The depletion of natural resources and the growing global population also require a food transition. At the same time climate change and the loss of biodiversity also stress the need for a materials transition - leading to a different way of producing and consuming.

Contribution to sustainable growth and impact

In 2022, our main focus was on the energy transition. In 2023 we will focus both on the energy and food transition, including further fleshing out our biodiversity policy. Together with our private and institutional clients, we will be paying close attention to developing new solutions with a positive and very tangible impact.

Front and centre of our commitments is how we carefully nurture our clients' assets. At the same time, we strive to ensure that these assets grow in a sustainable way and thus realise positive impact and returns over the longer term. Being close to our clients means that it is easier to understand their sustainability ambitions. This proximity also applies to the companies and organisations we invest in and with: we enter into active dialogue with them on relevant strategic and sustainability issues.

Van Lanschot Kempen Investment Management has been a signatory to the UK's Stewardship Code since 2010, as introduced by the UK's Financial Reporting Council (FRC). This document sets out how our activities align with the principles of the latest UK Stewardship Code, covering the calendar year 2022. Van Lanschot Kempen Investment Management fully supports the principles contained within the UK Stewardship Code and is committed to continuing to strengthen its stewardship capabilities in line with the Code.

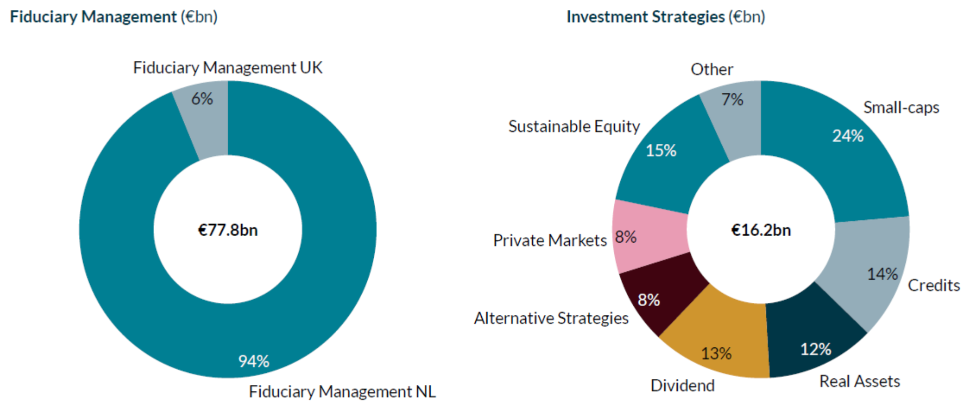
Lars Dijkstra

Chief Sustainability Officer

About Van Lanschot Kempen Investment Management

Van Lanschot Kempen Investment Management, or VLKIM, (formally Kempen Capital Management) is a specialist asset manager focused on investment strategies and fiduciary management. With offices in the UK, France, and with headquarters in the Netherlands, our clients are predominantly in Europe, with a small number in other regions.

We manage a total of €94 billion in assets as at 31 December 2022, of which some €16 billion is in investment strategies and €78 billion in fiduciary management, as illustrated below.



Since 1991, we have been committed to helping our institutional and wholesale clients by investing in small-cap, high-dividend and sustainable equities, real assets, credits and alternative investments. Since 2004, we have offered bespoke fiduciary management to pension funds, insurance companies, foundations and family offices, encompassing advice, asset allocation, ESG solutions, portfolio construction and analytics, along with manager selection and monitoring.

In every aspect of our business, we focus on delivering stable outperformance in the long run with sustainability criteria fully incorporated into everything we do. Our developed equities are climate transition aligned, our fixed income portfolios include a full spectrum of ESG tilts, and even our alternatives are constructed with this mindset.

Scope of this report

With respect to assets managed on behalf of UK clients our services are split in to two distinctive areas and are covered in this report:

1. Fiduciary management services for institutional UK clients, predominantly UK defined benefit pension schemes. Under this service we take responsibility for managing all assets on behalf of our clients, with a clear long term objective to achieve relative to their liabilities. A return target and level of risk is agreed, and we construct a portfolio of funds to achieve this goal. It is important to note we do not invest in underlying securities, but it is our fiduciary duty to ensure best practice in respect of stewardship for the assets that have been entrusted to us.
2. Asset management services to institutional and wholesale clients. We have a number of investment funds which are used by this client base ranging from equities, bonds and alternative assets. We have a stewardship responsibility to ensure that the underlying securities are in line with our sustainability objectives.

As at 31 December 2022 we managed £4.2 billion in our UK Fiduciary Management business with £2.9 billion in fixed income assets, £0.4 billion in equities, £0.8 billion in real assets and alternatives, and £0.2 billion in cash equivalents. The majority of assets are in UK sterling with a proportion in dollar, euros and a small proportion in other currencies. We have a policy to hedge back a proportion of foreign currency exposure back to sterling. The majority of assets are also UK domiciled due to the large proportion in UK government bonds and UK credit. The remaining is invested predominantly in north America, Europe and Asia.

As at 31 December 2022 we had £1.2 billion in Van Lanschot Kempen Investment Management ("VLK IM") asset management funds invested for UK clients. Assets were invested in equities split between the Global Small Cap equity fund and the Global High Dividend Equity fund. UK investors also allocated to corporate bonds in the Euro Sustainable Credit Fund. The equities are predominantly invested in the North America and Europe and then a smaller proportion in Japan and emerging market equities. The corporate bonds are all invested in European bonds.

We note that interaction across the investment industry, including regulators, third party intermediaries and other asset managers will have an impact on stewardship not only for our clients by the wider industry. We recognise our responsibility to encourage and improve processes will benefit stewardship of the ecosystem in which we operate.

Further information and key policy documentation

Van Lanschot Kempen's Stewardship & Engagement Policy is available online, as are all our Responsible Investment policies. Van Lanschot Kempen reports on implementation of these policies in our Annual Stewardship and Sustainable Investment Report 2022. Further details on our approach and policies in this area are set out in this document.

Principle 1

Purpose, strategy and culture

1. Principle 1 – Purpose, strategy and culture

Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

1.1 Signatories should explain the purpose of the organisation and an outline of its culture, values, business model and strategy

Our Purpose

Our purpose is to preserve and create wealth for our clients and for society in a sustainable way. This purpose informs everything we do. Our shared values - personal, specialised, entrepreneurial and decisive - provide a compass to help us achieve our purpose. They define how we work together, what our clients and other stakeholders can expect from us, and what we expect from each other. Throughout this report, we will detail how we fulfil our purpose, guided by our shared values, our sustainable entrepreneurial approach, and our strategic ambition and pillars.

Our licence to operate

Our parent company, Van Lanschot Kempen, is the oldest independent financial institution in the Netherlands. Founded in 1737 in 's-Hertogenbosch, and has brought several entities together over time. Our ability to continuously adapt to the changing needs of our clients is what allows us to succeed, now and in the future.

Wealth is not just about financial resources; it encompasses everything that is valuable in life. It's about safeguarding our clients' heritage for generations to come – or starting to build that heritage. It's about pursuing growth or handing over a business that has been built over the years. It's about seizing opportunities and creating peace of mind. In short: it's about security, dreams, ambitions, wishes and decisions – and all of these are specific to each individual.

At Van Lanschot Kempen Investment Management, we're driven to understand the complete picture for our clients. We use our collective expertise and talents to present them with fitting solutions and products in support of their long-term goals.

Our sustainability approach

Throughout our history, we have evolved and adapted to the changing world around us. We recognise that sustainability is an urgent need: we therefore see both a responsibility and an opportunity to achieve positive impact and returns over the long term for our clients, and for society. In order to maintain and build upon momentum, we proactively engage with our clients and the companies in which we invest on their behalf. We aim to hold ourselves to the same standards that we ask from the companies in which we invest. We are sustainable entrepreneurs.

Our shared values

Our values, and the behaviours that come with them, define what we do and how we do it. They unite us. They drive our decision-making process and our Code of Conduct. In 2022, we articulated our four company values to which we all subscribe:

Personal: We invest in building long-term relationships. We're driven by our client's interests. We're proactive on their behalf. And our personal approach to the way we work with our clients also extends to the way we work with each other.

Specialised: We love our craft. We work together with in-depth knowledge of specific sectors and disciplines. We're resourceful. We set the bar for quality high. And we aim to continuously learn and improve.

Entrepreneurial: We're ambitious and results-focused. We anticipate and see opportunities – always aligned with the interests and goals of our clients. We believe in sustainable solutions. And we actively look for investments and initiatives that contribute to these.

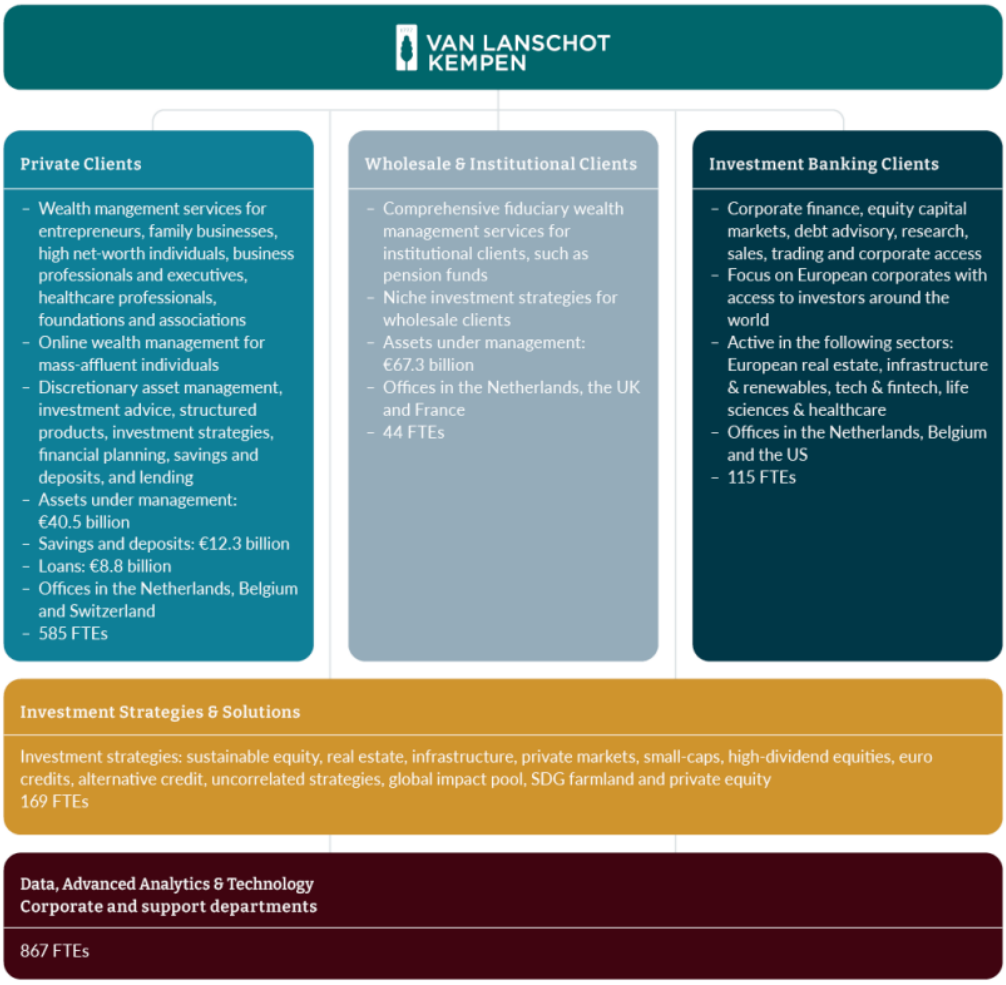
Decisive: We take a solutions-oriented approach. We aim to keep things as simple as possible. We're clear in our advice and our service offering. And we do what we say we're going to do.

Our client segments and business activities

We have a clear focus on our client groups – and those we wish to attract. They include: private clients, such as wealthy individuals, entrepreneurs, business professionals, charities, foundations and associations; wholesale and institutional clients, such as pension funds, insurers and other (retail) banks; and investment banking clients in our focus sectors (European real estate, life sciences & healthcare, tech & fintech and infrastructure & renewables).

We combine our private banking activities with in-house investment management and investment banking expertise. We are active in several geographies: private banking in the Netherlands, Belgium and Switzerland; investment management in the Netherlands, the UK and western Europe; and investment banking in western Europe and the US.

Our organisational structure



Commitments

Our ambitions are also underpinned by our endorsement of various commitments. Amongst others we have signed the Net Zero Asset Managers (NZAM) initiative[1] to confirm our commitment to be a net-zero investor by 2050. Together with other asset managers, we reconfirmed our commitment and ambition via the NZAM initiative, which was published during COP26 in Glasgow. Another example is that we are a signatory of the Climate Commitment of the Dutch Financial Sector[2] (part of the 'Klimaatakkoord'). On biodiversity, we have joined the Dutch regulator De Nederlandsche Bank's Biodiversity Working Group[3] and signed the Finance for Biodiversity Pledge [4] and the Platform for Biodiversity Accounting Financials (PBAF).

In line with our strategy, targets, and commitments, we track and disclose the carbon footprint associated with our own organisation and assets under management. In our own organisation, absolute carbon emissions in 2022 totalled 2,775 tonnes, or 1.45 tonnes per FTE (2021: 1,984 tonnes, or 1.10 tonnes per FTE). In 2022, the aggregate carbon footprint of our AuM was 2.8 million tonnes CO_2e (2021: 3.6 million tonnes CO_2e). The relatively low carbon footprint compared with previous years in

[1] https://www.netzeroassetmanagers.org/

[2] https://klimaatcommitment.nl/about/

[3] https://www.dnb.nl/en/green-economy/sustainable-finance-platform/biodiversity-working-group/

[4] https://www.financeforbiodiversity.org/

part still reflects the impact of pandemic-related measures that were implemented in 2021, as carbon emissions data generally has a slight delay.

We evaluate our progress against our targets and commitments at least annually and publish these in the Van Lanschot Kempen Annual Report and Sustainability Supplements, which are available online at https://vanlanschotkempen.com/en/sustainability/reporting.

We aim to be a good corporate citizen

In addition to embedding sustainability considerations into our products and services, we have a programme of continuous improvement working on reducing the environmental footprint of our operations and supporting our local communities.

Annually we offset the remainder of our carbon emissions through voluntary carbon offsetting instruments. Since 2011, we have compensated our emissions through CDM Gold Standard certificates. Via these certificates we support projects to reduce/store carbon emissions by generating more renewable energy, improve end-use energy efficiency, or afforestation/reforestation – mainly in emerging countries.

1.2 Signatories should explain their investment beliefs, i.e. what factors they consider important for desired investment outcomes and why

1. We believe in investing with a long-term horizon using a dynamic approach

- We are fundamental investors. We believe that in the long run, the financial economy reflects the developments of the real economy.
- However, risk and return are not static. In the short- to medium-term, markets are not always efficient and can over- or undershoot.
- We therefore believe that it is in the interest of our clients to have a pro-active stance towards investing, aimed at seizing opportunities and counteracting threats. And these opportunities are not only limited to immediate financial factors, but can also arise from non-financial factors.

2. We believe in sustainable value creation through long-term stewardship

- We believe in being a steward with a long-term horizon and are convinced that sustainable value creation should be in the benefit of all stakeholders.
- Investing in well governed companies that minimise the negative impacts resulting from their operations, provide remedy in case these occur and where possible create positive contributions to society and environment, will lead to sustainable value creation over the long term. And that these companies will outperform those that do not.
- The asset management industry has a vital role to play in enabling sustainable development and stopping climate change. The goals set out under the Paris Agreement can only be successfully realised if all major economic actors, including companies, governments and investors, work together.

3. We believe in alignment of interest, openness and partnership with our clients

- We manage other people’s money, that clients have entrusted to us. Our clients’ investments should match their financial and non-financial preferences, but their preferences must be equal to (or more advanced than our baseline) – we do not accept clients opting out of our own minimum standards.
- A clear understanding by our clients of the main drivers of return, risk, liquidity and costs of their investments helps them to stick to their long term plan and achieve their investment goals. Especially at times when markets are challenging and investors may become overly focused on the short-term.

4. We believe in investing with expertise, focus and conviction

- Adding value for clients in today’s complex, dynamic and competitive financial markets requires in-depth knowledge and expertise, courage to stand out from the crowd and the modesty of knowing one’s limitations.
- We believe that innovation is essential to remain a successful investor, and that it pays to be flexible and innovative when it comes to market changes and opportunities.
- Risk-adjusted returns can be enhanced by investing outside of a traditional diversified portfolio, including into a selective number of alternative or private markets investments.

1.3 Signatories should explain what actions they have taken to ensure their investment beliefs, strategy, and culture enable effective stewardship

As a sustainable wealth manager with a long-term focus, we proactively strive to prevent negative consequences for all stakeholders in line with the UN Global Compact, while aiming to create positive long-term financial and non-financial value. We can achieve the most significant social and environmental impact via our client investments. Our ambition is therefore to move towards more sustainable investing, together with our clients.

We're helping our clients navigate the fundamental transitions of this decade, such as the energy, food and materials transitions. We aim to find the opportunities in these transitions, avoid the pitfalls and help those companies that need improvement to make progress, by being active stewards both on our own account and on behalf of our clients.

In the future, we intend to raise the bar and make all investment categories more sustainable. To achieve this, we will leverage the drive and ambition that our employees already have in this area, while continuing to raise awareness across the whole organisation, as well as among our clients.

How we performed

As a wealth manager committed to net-zero emissions, we've set shorter-term ambitions as well as long-term ambitions to 2050. Starting in 2022, we enhanced our targets to reduce the carbon emissions from our investment funds and own operations by 7% per year (against a 2019 baseline). In order to reduce the carbon footprint of our own organisation, we introduced a new, stricter travel policy and are in the process of switching our new lease cars to electric models.

We are in proactive dialogue with our institutional clients to encourage them to commit to the net-zero goals of the Paris Agreement. We also engage with the management teams of our investee companies to urge them to play their part in the energy transition and set ambitious short- and medium-term targets.

In addition, we developed a biodiversity policy and updated our human rights policy in the reporting year. On an ongoing basis, we're also implementing the new EU sustainability regulations, such as the EU Taxonomy, the Sustainable Finance Disclosure Regulation (SFDR) level 2 and the Markets in Financial Instruments Directive (MiFID II).

1.4 Signatories should disclose how their purpose and investment beliefs have guided their stewardship, investment strategy and decision-making

Why sustainability is integral part of everything we do

We believe that if we – together with our stakeholders – contribute to a more sustainable world, everyone will benefit. The financial industry – and Van Lanschot Kempen, as a part of it – has a key role in ensuring that our economies do not operate at a significant environmental and social cost as this fundamentally undermines our success as a society and as a business.

All our external managers and Kempen funds are scored on a Sustainability Spectrum, between 1 and 5. We now no longer actively offer levels 1 and 2, and we have a strong commitment to, firstly, reducing the carbon intensity of our investments to align with the targets set out in the Paris agreement and, secondly, to increasing the total and proportion of AuM in levels 4 and 5 annually.

Only managers scored in our framework and meeting our minimum criteria are offered to clients. The manager score is reviewed periodically and we initiate engagements with managers if we identify a desirable change.

In 2022 we recognised that to contribute to a more sustainable world and society, we need to help our clients navigate the inevitable transitions of our time by allocating their capital to positive sustainability, with positive financial returns. We therefore aim to move from the principle of 'Avoid harm', to the 'Do Better' principle, in order to become more impactful on the above mentioned themes.

Currently the minimum standard for our operations and investments remains 'avoid harm' on our sustainability spectrum and, as an organisation, our aim is to reach beyond this to make sure society and the environment can benefit, and that we enable an accelerated transition towards a sustainable economy.

The benefits of this approach for our primary stakeholder groups are:

- Our people: we believe that talented, vital and impactful people want to work for inclusive companies whose purpose, culture and values they share.
- Our clients: we believe that the wealth we build or preserve for our clients today, will only retain its real value in a sustainable future world.
- Our shareholders: we believe as an integrated wealth manager we can benefit from these opportunities and create attractive long-term financial and sustainable value for our capital providers.

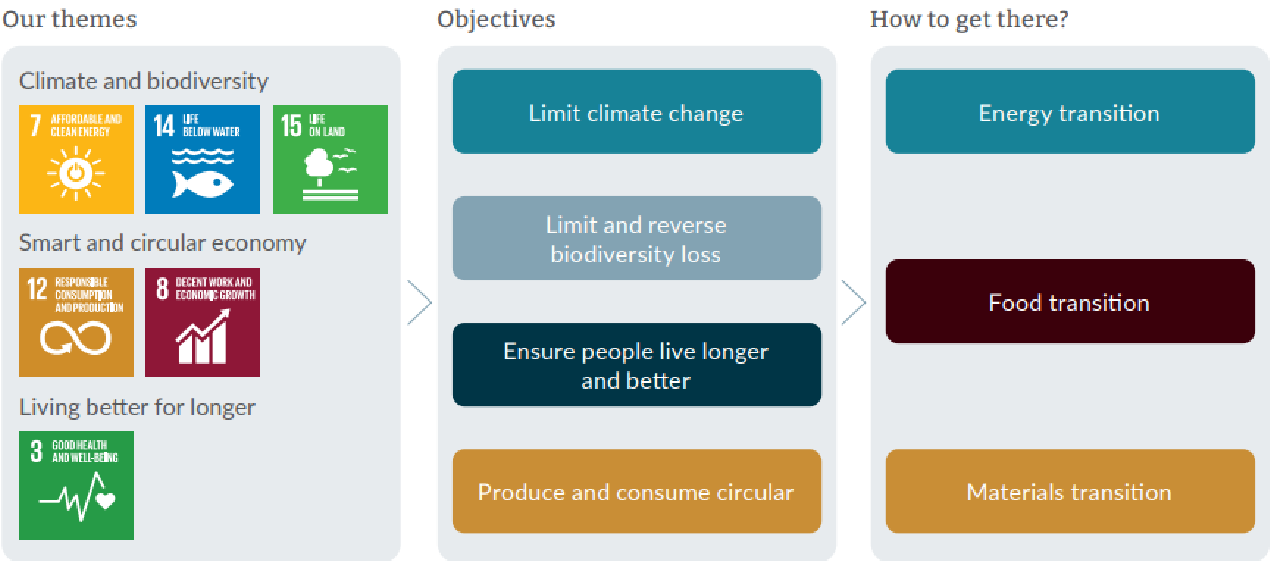
- Our society and planet: we believe that the generation of wealth in a way that we restore a liveable environment is critical to the process of creating and maintaining a sustainable future.

In 2021, Van Lanschot Kempen introduced three themes through which we can make an impact:

- Climate and biodiversity: helping our environment to recover faster by contributing to energy transition and biodiversity;
- Smart and circular economy: helping stakeholders and companies contribute to a smart, circular and inclusive economy;
- Living better for longer: helping our clients and society to live longer and in better health.

In 2022, we recognised that these themes need to contribute to the three most important transitions of our age: energy, food and materials.

These are the transitions that will have to mitigate the threat that is posed to our planet as a result of our production and consumption behaviours today. Please see our recent whitepaper (or summary) for a more detailed assessment.



Focus on climate change and biodiversity in 2022

In 2022 we focused most of our efforts on climate change and the energy transition. We strengthened our Climate Change Policy - a long-term commitment to be a net-zero investor by 2050, a mid-term ambition (2030) and shorter-term objectives (2025).

In 2022 we fulfilled our commitment to an increased annual carbon reduction target of 7% (from 2021). This target applies equally to the absolute emissions for our organisation, balance sheet and investments alike. We also fulfilled our KPI of covering indirect C02 emissions via our AuM.

Of course, we cannot solve the climate crisis alone. In 2022 we co-drafted and signed a joint statement with six other asset managers, urging oil and gas companies to develop a decarbonisation strategy that supports short and medium-term targets aligned with the Paris Agreement to limit the global temperature increase to 1.5 °C and demonstrate how planned capital allocation will support that strategy.

PRESS RELEASE

April 1st, 2022

Group of Dutch investors urges oil and gas companies to take climate action

Joint statement of seven institutional investors with combined AuM of EUR 1.48 trillion

Today a group of institutional investors issues a joint statement urging oil and gas companies to take climate action. The group consists of Achmea Investment Management, ACTIAM, Aegon, Van Lanschot Kempen, MN Services (for PMT), NN Investment Partners and PGGM Investments, with combined assets under management of EUR 1.48 trillion.

In their statement they list three objectives and eight corresponding actions they expect oil & gas companies to meet before 2024. These objectives and actions are in line with the CA100+ Net Zero Company Benchmark, the Transition Pathway Initiative (TPI) framework, International Energy Agency (IEA) and the IIGCC Net Zero Standard for Oil and Gas, all of which receive broad support from oil & gas companies and investors.

Furthermore, they call on fellow investors to use their voting rights to accelerate the pace of the transition in all carbon intensive companies.

Biodiversity and plans for 2023

Since the climate crisis is closely linked to the crisis of declining biodiversity, in 2022 we have also strengthened our biodiversity policy and the corresponding requirements for investments, engagements and external managers. Integrating biodiversity in due diligence and investment screening in 2023, will be an important part of our bringing the policy to life. We are also reporting on the Principle Adverse Indicators (PAIs), a list of sustainability factors compiled by the EU, which companies take into account in their investment policies. In particular PAI 7 (''activities that have a negative impact on biodiversity'') is directly related to biodiversity.

This enables us to move forward quickly in 2023, developing new impactful solutions for our clients and executing focused stewardship activities. In our policy and implementation, we put the focus on deforestation, which has an extremely negative impact on biodiversity. Land cultivation and the current food system are important contributors to deforestation and biodiversity loss. Going forward, our intention is to make meaningful progress and impact on the food and materials transitions.

We organise our sustainable investment efforts across four pillars as shown below. These tools allow us to take action on, and to bring forward the transitions.

Example: Voting at the Equinor AGM in 2022

In line with our climate policy we have challenged management on a number of climate related agenda items at the Equinor AGM in 2022. We have abstained on their say-on-climate, voted in support of the shareholder proposal to instruct Company to Set Short, Medium, and Long-Term Targets for Greenhouse Gas (GHG) Emissions of the Company's Operations and the Use of Energy Products.

The world is now already over two years into the critical decade to achieve the objectives agreed upon in the Paris Climate Agreement and limiting global warming to +1.5oC, and in general we are not on track. Although taking action to achieve these objectives is a joint responsibility of a broad coalition of stakeholders – we believe that the oil and gas sector in particular plays an essential role in the transition. We therefore urge these companies, including Equinor, to be at the forefront of this transition. Since 2019, the Climate Action 100+ and the IIGCC have, respectively, developed the Net Zero Company Benchmark and the Net Zero Standard for Oil and Gas – further detailing what being at the forefront of the transition entails for oil & gas companies.

Together with a group of likeminded investors we have published a statement in which we highlight the importance that oil and gas companies meet all goals in both guidelines, and (taking into account the current state of urgency) urge them to achieve a sub-set of these by 2024. In the case of Equinor, we are cognizant of the current development pipeline, which is the result of investment decisions taken during the last decade. This will lead to modest production growth until 2026, after which oil & gas production should drop. We encourage Equinor to ramp down production of oil & gas rapidly at this point in time. We abstained from voting because we recognize the difficulty and disruptive nature of reverting past investment decisions.

Our Sustainability story

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.

To create and build upon this momentum, we engage in pro-active dialogue with our clients and the companies and managers in which we invest on their behalf. Together, we set sustainable goals and work tirelessly to reach them - for us, and for future generations.

This requires active engagement, attention, creative thinking, and decisiveness, all while developing active, strong and long-term relationships with our clients. Our employees take responsibility and use their specialized knowledge to co-create new products and innovative solutions to further our goals and impact.

We show initiative and decisiveness in rapidly changing times, to understand markets and social developments, and to capitalize on opportunities to ensure that we are able to protect and grow the capital our clients have entrusted to us in a sustainable way. We are sustainable entrepreneurs.

1.5 Signatories should disclose an assessment of how effective they have been in serving the best interests of clients and beneficiaries

Responsible investment is core to our investment approach, embedded throughout our internal strategies as well as our identification and selection of external managers and partners. Our belief is that effective stewardship adds financial value to our clients, and this is a core part of the reasons that our clients choose to appoint us.

Our purpose is to deliver long-term sustainable value for our clients and this can sometimes present a dilemma: do we sacrifice the potential of higher returns for the sake of sustainability? 2022 was a difficult year where having strongly-held sustainable beliefs became even more of a challenge. During the energy crisis, many asset managers started to redirect money back into oil and gas for the financial gains this could present. We decided that, despite the potential for short-term gains in returns, the long-term effects these reinvestments would have go against our beliefs and purpose, and were therefore not an avenue we would pursue. We believe that this was the right decision for the long-term, however we acknowledge that in the short-term this contributed negatively towards our clients' returns.

Effective stewardship means making the right calls for the longer-term. We believe that maintaining a more sustainable position during the short-term energy crisis will ultimately lead to greater risk-adjusted gains in the longer-term.

Serving our clients' interests

One of our earliest actions with any new client is to ensure they are fully aware of the breadth and depth of our Responsible Investment Charter, which details our policies across the various lenses of responsible investment. This is a working document, which, as we acknowledge to our clients, will continue to develop with our own thinking, as we continue to develop best practice for ourselves and the industry.

We are advocates of effective stewardship. We have informed our clients, for example, that on climate change and our net zero ambitions, we will not offer any clients an 'opt-out' – they can either follow us, or indeed, be even more ambitious.

Our clients have been universally positive of our approach to net zero and alignment to the Paris goals. Many of our UK clients have struggled to be able to articulate, agree and implement a net zero framework, and us taking the lead has provided the impetus for them. For our fiduciary clients in particular, our net zero goals can be taken on as their own goals when appointing VLK IM to which their own beneficiaries have responded positively.

“I have been to a few ESG presentations, but Van Lanschot Kempen presented the most convincing reasons to incorporate ESG throughout the portfolio – in a way that was interesting and engaging for the Trustee Board.”

- Peter Langdon AMAPPT, Trustee Executive, BESTrustees Limited & accredited independent trustee for Uniper DB Pension Scheme

Our approach has of course received challenges:

- why not net zero right now?
- is 2025 too soon for listed markets?

In both cases, our clients have been convinced by our approach. We have made our net zero commitment binding on all our clients’ assets, and therefore our clients do not have an option to be less ambitious, unless they decide to leave us – although, given the positive reactions we have had, we do not expect this to be the case.

Whilst a proportion of our UK clients are currently required to produce a TCFD report given their size, we will be assisting all of our clients to prepare one regardless as best practice.

We are widely recognised as the leaders in ESG in fiduciary management and the wider investment community, with one industry analysis ranking us 3rd out of 150 leading asset managers globally, and we are the only fiduciary manager in the top 10%. (Source: LCP responsible investment survey 2022).

In addition, we have received outstanding feedback from existing clients. Our 2021 client satisfaction score is 8.6, meaning that 86% of our clients rated us 8, 9 or 10 out of 10 (this translates to a high Net Promoter Score of +38). On Integrity, Service, Expertise, Empathy, Accessibility and Reactivity we scored over 8 consistently.

Effective reporting for clients

In our reporting for clients, we are evolving our annualised carbon footprint reduction KPIs, as we continue to develop portfolios with purpose and engage with investees and external managers on the issue.

Moreover, we will increasingly be setting KPIs on biodiversity, and advancing the smart and circular economy as a key investment theme, as well as the theme of living better for longer.

Meanwhile we are continuing to work with clients on other sustainability-related KPIs throughout the process, from investment to engagement. As our ambition accelerates, we continue to measure both financial returns as well as those themes which are on the sustainability agenda for our clients.

Investors in the Kempen funds already receive a high standard of non-financial reporting. For our investment funds, ESG factsheets are published that outline the ESG policy of the fund and include, amongst other information, the portfolio breakdowns by MSCI ESG Rating and UN Global Compact status. Data is updated annually but can be provided more frequently upon request. We also assess the effectiveness of our ability to serve clients’ and beneficiaries’ interests through a materiality matrix assessment, a value creation model across six capitals and related KPIs, all elements explained in greater detail in our 2022 VLK Annual Report.

Principle 2

Governance, resources and incentives

2. Principle 2 – Governance, resources and incentives

Signatories' governance, resources and incentives support stewardship.

2.1 Signatories should explain how their governance structures and processes have enabled oversight and accountability for effective stewardship within their organisation and the rationale for their chosen approach

To deliver on our sustainability ambitions, over the last two years we have been steadily expanding and revising our sustainability governance structure. By way of fully embedding and integrating sustainability throughout our organisation we created the Sustainability Board, chaired by the Chair of the Management Board. We created three sub-committees: the Sustainability Investment Council, the Sustainability Council Loans and Own Organisation and, in 2022 added the Green Bond Committee to our structure.

In 2022, to further deliver on our sustainability ambitions, we defined our Green Bond Framework, to allow for the issuance of Green Bond instruments to finance and refinance green loans on Van Lanschot Kempen's balance sheet.

The various committees and departments involved in sustainability, are briefly summarised below and further described in the following pages.

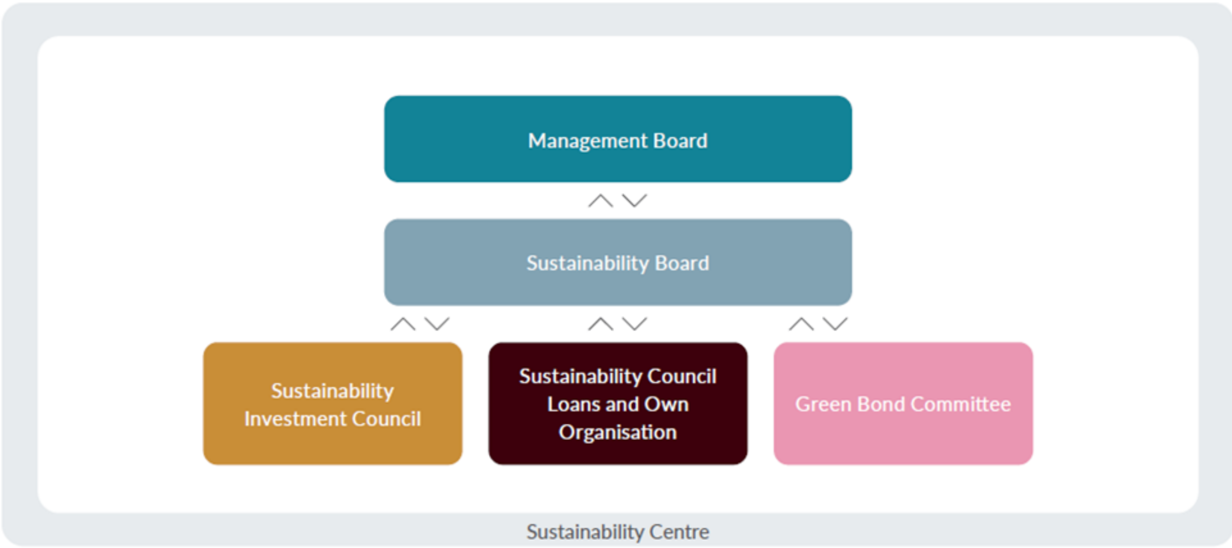
Throughout 2022, we have also set up a monthly meeting between the Sustainability Centre and the Portfolio Management/Manager Research teams, to ensure ongoing alignment on both strategies and operational sustainability issues. As the below overview shows, sustainability is embedded at all layers and verticals of the organisation.

Supervisory Board	– Supervises the Management Board – Regularly discusses and receives updates on sustainability topics
Management Board	– Accountable for the overall sustainability strategy
Sustainability Board	– Responsible for developing, implementing and embedding our sustainability goals
Sustainability Investment Council	– Drafting and implementing the sustainable investment policies
Sustainability Council Loans and Own Organisation	– Drafting and implementing the sustainability strategy for the balance sheet and own organisation
Green Bond Committee	– Keeping our Green Bond Framework in accordance with leading standards, pre and post-issuance reporting
Sustainability Centre	– Group wide competence centre with regard to sustainability – Headed by the Chief Sustainability Officer, reporting directly to the CEO
Business	– Sustainability is fully embedded in the business itself; every segment owns sustainability commitments and KPIs – In our UK business, Nikesh Patel is responsible for the overall investment management activities of our Fiduciary Management clients, including ensuring and advancing our Responsible Investment agenda across our UK client base,

2.2 Signatories should explain how they have appropriately resourced stewardship activities, including their chosen organisational and workforce structures

The various committees, departments and officials involved in sustainability at Van Lanschot Kempen, are summarised below. The governance structure set the steward activities for the whole organisation, including VLK IM and the UK business. As a member of the UK board also sits on the Management Board, stewardship of assets for our UK clients are recognised at the top of the organisation.

Sustainability Governance



Management Board

The Management Board is responsible for the overall strategy setting within Van Lanschot Kempen. Whereas the Sustainability Board is accountable for developing, implementing and embedding our sustainability goals, the Management Board has ultimate approval and steering rights for these goals. For example, the Management Board annually approves the non-financial key performance indicators and adopts the integrated annual report.

In order to be able to properly perform their role with regard to sustainability, the members of the Management Board maintain frequent contact with relevant internal and external stakeholders. At least one member of the Management Board attends the annual stakeholder event, which, in addition to customers, shareholders and employees, also includes civil society organisations, other banks, external specialists and possibly regulators. The Management Board delegates responsibility for driving and implementation the sustainability strategy for the whole of Van Lanschot Kempen to the Sustainability Board.

Maarten Edixhoven, the Chair of Van Lanschot Kempen's Management Board is the Chair of the Sustainability Board and a champion of embedding sustainability in every decision we take. He is also personally involved in our Stewardship and Sustainable Investing Report covering 2022 .

Sustainability Board

The Sustainability Board drives the sustainability strategy and is accountable for implementing and embedding sustainability at Van Lanschot Kempen. The Sustainability Board representatives are appointed by the Management Board. During the monthly meetings, the Board approves sustainability priorities and monitors the implementation of the strategy and these priorities.

The board is made up of two Management Board members (including the Chair of the Management Board) and senior representatives of all relevant business units. Senior representatives include the head of CMO (Client Management and Origination) Institutional & Private Clients, ISS (Investment Strategies and Solution) and Core Strategies, Risk Management, Finance, Strategy & Corporate Development, IT/DAAT and Sustainability Centre. Each business line representative is responsible for implementation the sustainability strategy and ambitions within their own line.

Next to implementing, the Sustainability Board members are also responsible for monitoring progress on sustainability targets relevant for their business line with the aim of ultimately meeting them. The Sustainability Board takes place every month. The

Sustainability Board has three subcommittees: an Investment Council, a Council Loans and Own Organisation and a Green Bond Committee.

The Sustainability Board was initially meeting quarterly. In 2022, in light of the growing sustainable finance related regulations and reporting requirements, the Chair of the Sustainability Board requested that they convene monthly and have a standing item on progress towards meeting sustainable finance related reporting requirements. This cadence helped the whole organisation stay on track and intervene at Board level any time there was risk of delay.

Sustainability Council Loans and Own Organisation

The Sustainability Council Loans and Own Organisation drafts and implements the sustainability strategy for the balance sheet and own organisation. The members of this council are appointed by the Sustainability Board and consist of senior representation of all relevant business units. Senior representatives include head of Client Management and Origination Solutions (non-investment), head of HR, head of Operations, head of Communication, head of Investor Relations and key representative of Van Lanschot Belgium.

Here again, each business line representative is responsible for the implementation of new sustainability strategies, policies and regulations within their own line. Each business line representatives should regularly monitor progress on sustainability targets relevant for their business line with the ultimately aim of meeting the targets. The Council Loans and Own Organisation takes place every quarter.

Sustainability Investment Council

The Sustainability Investment Council has ultimate responsibility for drafting and implementing the sustainable investment policies. In line with the Sustainability Council Loans and Own Organisation, the members of this council are appointed by the Sustainability Board and consist of senior representation of all relevant business units. Senior representatives include head of ISS Private Clients Solutions (discretionary and advice), ISS Institutional Clients Solutions (including UK fiduciary management services), ISS Core Strategies, ISS Manager Research Selection, Van Lanschot Kempen Belgium, CMO (Client Management and Origination), Risk Management and an External Advisor. Next to senior representation, one external advisor is invited to the Sustainability Investment Council to provide input about external trends and developments, for example on the EU sustainable regulation. Each business line representative is responsible for the implementation of new sustainability strategies, policies and regulations within their own line. Business line representatives should regularly monitor progress on sustainability targets relevant for their business line with the ultimately aim of meeting the targets. The Sustainability Investment Council takes place once every two months.

Green Bond Committee

The Green Bond Committee has been charged by the Sustainability Board with keeping our Green bond framework in accordance with leading standards, pre- and post-issuance reporting, and appointment of second party opinion provider(s) and review of related documentation. The members of the committee are appointed, suspended and dismissed by the Sustainability Board.

The Chair of the committee is the Head of Treasury and members consist of the following senior representatives: Chief Sustainability Officer, Head of Finance Reporting and Control, Head of Risk Management, and Executive Director Treasury Funding Management.

Sustainability Centre

The Sustainability Centre fulfils a group-wide role with regard to sustainability. The head of the Sustainability Centre is the Chief Sustainability Officer who reports directly to the Chair of the Management Board . The department, part of Corporate Centre which houses our support and control functions, maintains contact with diverse stakeholder groups, both inside and outside the organisation.

This department is amongst others responsible for formulating and implementing the responsible investment policies, transparently reporting on the sustainability practices and preparing the Exclusion list.

The Sustainability Centre facilitates the meetings with the Investment Council, Council Loans and Own Organisation and Sustainability Board. During the Councils- and Board meetings, the Sustainability Centre contributes to and challenges proposals put forward, with the ultimate aim of improving the sustainability profile of Van Lanschot Kempen. The UK fiduciary management team and the fund managers for investment strategies in which UK clients invest work closely with the Sustainability Centre to ensure their clients' stewardship and ESG requirements are being met.

> Van Lanschot Kempen has an exceptionally structured and very diligent sustainability council process which regularly prioritises stewardship matters into the mind of top executives and subject matter experts, thereby resulting in a timely and forceful approach to stewardship and engagement impact.
>
> *- Prof. Andreas G. F. Hoepner, Ph.D. | Full Professor of Operational Risk, Banking & Finance | Smurfit Graduate Business School & Quinn School of Business*

2.3 Signatories should explain how they have appropriately resourced stewardship activities, including their seniority, experience, qualifications, training and diversity

Sustainability Centre

Lars Dijkstra leads the Sustainability Centre and, as Van Lanschot Kempen's Chief Sustainability Officer, reports directly to the Chairman of the Van Lanschot Kempen Management Board. Lars had previously been Van Lanschot Kempen's Chief Investment Officer since 2005. The Sustainability Centre brings together and coordinates all sustainability activities across the Van Lanschot Kempen group. The Sustainability Centre is a centre of expertise and work together with the business on implementing all stewardship activities. There are 8 full time employees in the team, dividing focus across business lines and thematic areas.

Biographies for key individuals	
 **Lars Dijkstra** **Chief Sustainability Officer**	– Lars Dijkstra was appointed Van Lanschot Kempen's Chief Sustainability Officer in July 2021, responsible for leading the group's Sustainability Centre and reporting directly to the Chairman of the Van Lanschot Kempen Management Board. The Sustainability Centre brings together and coordinates all sustainability activities at VLK. Lars Dijkstra was previously Chief Investment Officer, having joined VLK in that role in August 2005. – Lars joined Philips Pension Fund in 1991 as a macroeconomist. Subsequently he became Head of Investment Strategy, responsible for strategic and tactical asset allocation and in 1998 he was appointed Chief Investment Officer. – Lars is a member and former chair of the 300 Club, an international group of CIOs. He also serves as an external advisor on several investment committees of pension funds and family offices, including the investment committee of the Dutch Central Bank. Lars is Chair of the General Board of Eumedion, having served as a Board Member since 2018. – Lars holds a degree in Macro-Economics from the University of Groningen.
 **Eszter Vitorino-Füleky** **Senior Advisor** **Responsible & Impact Investment**	– Eszter joined the VLK Sustainability team in May 2019. – Prior to joining, Eszter was Head Capital Markets Engagements at the Global Reporting Initiative (GRI), where she worked since 2010 in different roles. She worked closely with PRI, World Federation of Exchanges and the Sustainable Stock Exchanges Initiative, amongst others. Eszter is a member of the European Commission Technical Expert Group on Sustainable Finance. – Eszter graduated in Economics at the University of Prague and in Political Science at the University of Amsterdam.

Danny Dekker
Senior Advisor
Responsible & Impact Investment

- Danny is Senior Advisor, Impact and Responsible Investment. In this role, Danny focuses on key ESG themes and works closely with colleagues on policy-setting, developing education and thought leadership materials and plays an active role in the implementation of stewardship through engagement and voting. In addition to championing best practice in impact and sustainable investment, the ESG team provides challenge throughout the organisation in terms of integrating ESG throughout everything we do.
- Prior to joining Van Lanschot Kempen in 2019, Danny was Senior Corporate Social Responsibility Advisor at Van Lanschot Bankiers. Previous roles include several years as Business Analyst at Achmea/Eureko, Editor at FSA, at PwC, as well as study-focused internships at Instituut Kuin and Sustainable Finance Lab.
- Danny graduated cum laude in Finance from the Vrije Universiteit Amsterdam (VU Amsterdam) and the has a pre-Masters in Philosophy from the University of Utrecht.

Johan van der Lugt
Lead Expert
Environment, Social and Governance Advisory

- Johan is Lead Expert Environment, Social and Governance Advisory at the Van Lanschot Kempen Sustainability Centre.
- Johan is a Sustainable Finance Specialist with a strong sustainability investing background and in-depth asset management and banking experience. He joined Van Lanschot Kempen in April 2020 as a Lead Sustainability Expert and is a member of Van Lanschot Kempen's Sustainability Centre. Within the team, Johan's focus is on EU sustainability regulation, ESG integration and data, and sustainability strategy and sustainability reporting.
- Having worked for over 20 years in investing, Johan has built up strong experience in fundamental research and ESG analysis. Prior to joining Van Lanschot Kempen, he worked for several financial institutions including NN Investment Partners, Robeco, Daiwa Capital Markets, ING and ABN AMRO in ESG integration and equity analysis roles. Johan is the chair of the Eumedion Research Committee, member of the DUFAS SFDR Expert Group, member of the Wealth Managers Group of the PRI, and a participant in FCLT work streams.
- Johan received a Master's in Economics from the University of Amsterdam (1997), he holds the Sustainable Investment Professional Certification (SIPC) designation from the John Molson School of Business at Concordia University in Canada (2017) and completed the ESG Assurance executive course at the University of Groningen Business School (2019) and the High Impact Leadership Course at the Cambridge Institute for Sustainability Leadership (CISL) (2021).

Janine Whittington
Impact & Sustainable Investment Advisor

- Janine is Impact and Sustainable Investment Advisor. She joined Van Lanschot Kempen in 2017 and has held the role of Advisor Impact & Sustainable Investment since 2021. Her main areas of interest are non-listed impact measurement and climate change engagement. Since 2020, Janine functions as the Impact Manager for the Global Impact Pool, dedicating 50% of her time to the team.
- Janine started her career in Van Lanschot Kempen working in the portfolio management team for the Sustainable Equity Strategy. From there she then joined the Presales team within the Institutional Relations department.
- Janine graduated from Tilburg University with a Master's degree in Finance and is a CFA Charterholder.

Anne Crijns
Analyst, Environment, Social and Governance

- Anne joined Van Lanschot Kempen in 2019, initially with an internship, later as a full-time position. In the Sustainability Centre she researched how the bank's practices relate to Integrated Reporting (IR) and the Sustainable Development Goals (SDGs).
- After a year of working for Van Lanschot Kempen, she decided to study the MSc Sustainable Finance at Maastricht University. Here she wrote her master thesis on the impact of SDG investing on financial performance. In October 2021 Anne re-joined Van Lanschot Kempen.

Carlo Cuijpers

Analyst, Environment, Social and Governance

- Carlo is an internal advisor on sustainability and in that capacity a member of the VLK Sustainability Centre. He focuses on amongst others: non-financial corporate reporting, embedding climate change related considerations, and adherence to sustainable finance regulations.
- He joined VLK as a Sustainability Expert in October 2021. Before joining Van Lanschot Kempen, Carlo worked at KPMG. In this capacity he assessed the non-financial reporting of financial institutions (representative clients include: APG, PGGM, NN Group, NN IP, and Robeco) and advised others about sustainable finance matters. Advisory projects in which he was involved at KPMG include: a gap analysis on the requirements imposed by components of the EU Sustainable Finance Action Plan for a Dutch bank, facilitating a project to redesign the governance regarding sustainability matters at a Dutch bank, and a benchmark analysis on sustainable investment for a global insurance company.
- He began his career at the engineering and consultancy firm Royal HaskoningDHV as a junior consultant. In this role he acted as the programme secretary of 'Power2Nijmegen'. A management programme aimed at facilitating the energy transition within the Municipality of Nijmegen, a town in the East of the Netherlands. The town and the programme were awarded the EU Green Capital award in 2018.
- Carlo holds a Master's degree in Business Administration from the Radboud University Nijmegen (MSc.) and one in System Dynamics from the University of Bergen / New University of Lisbon (MPhil.).

Audrey Covey

Sustainability Adviser

- Audrey joined the Sustainability Centre at Van Lanschot Kempen in December 2021, supporting four main areas including internal and external communication efforts, benchmark and ratings, and ESG and Impact data. Finally, she supports efforts to introduce and integrate the theme 'Smart and Circular Economy' within VLK.
- For the past five years, Audrey has lived and worked in Peru, Uganda and Bangladesh learning alongside both small and large international development organisations.
- Audrey has a master's degree in Sustainable Development (specialising in energy & materials) from Utrecht University, during which, she wrote and completed her thesis on the topic of 'avoided emissions accounting' with the Dutch development bank, FMO.

Nikesh Patel

Head of UK Client Solutions

- Nikesh Patel is responsible overall for the key client-facing groups providing fiduciary management in the UK, in account management, implementation and investment strategy. Nikesh has been with Van Lanschot Kempen since 2016, and prior to his current role, was Head of Investment Strategy in the UK, responsible for designing and developing the strategic and tactical asset allocation strategies for our UK clients, including research of innovative asset classes.
- Prior to joining VLK, Nikesh was a senior corporate-side investment consultant at PwC, where he advised FTSE100 and FTSE350 companies on investment and funding strategies to manage their defined benefit pension funds. Prior to this, Nikesh managed several of BlackRock's largest and most sophisticated UK pension funds. Nikesh began his career within Mercer's UK investment consulting business, where he advised a portfolio of defined benefit and defined contribution pension schemes, insurance companies and sovereign wealth funds on the full spectrum of investment issues.
- Nikesh is a Fellow of the Institute of Actuaries as well as a Chartered Enterprise Risk Actuary. He was recognised as the Investment Manager of the Year 2021 by Professional Pensions and was recognised by Financial News as a Rising Star of Asset Management in Europe in 2019. He holds a degree from the London School of Economics and a qualification in private markets investing from Oxford University's Said Business School. In addition, Nikesh is a trustee of the Church of England Pensions Board and a trustee and chair of the investment committee for Smart Pensions, a leading DC master trust.

Training on sustainability and stewardship

Embracing sustainability is one of our five key skills (the other four being collaboration, embracing technology, client-centricity, and adaptability) which we will continue to develop. Building upon 2021, in 2022 a substantial number of staff across the Van Lanschot Kempen group followed formal training courses aimed at developing further skills. Sustainability and compliance criteria are foundational elements in the majority of these courses.

If we are to achieve our ambitions, then everyone at the firm needs to embrace sustainability as part of their role, not just in the investments we make on behalf of our clients. As to actively highlight and promote the intrinsic value of greater sustainability inside and outside the Van Lanschot Kempen group, around 100 colleagues went through a three day programme activating sustainability leadership throughout the company.

In addition to this, across the Van Lanschot Kempen group, the Sustainability Centre organises regular and ad hoc sessions on ESG investment topics, complementary to the regular activities of the team where they work closely with investment teams (for example quarterly ESG portfolio screening of portfolios), client meetings and stewardship and engagement activities. To advance overall knowledge on sustainability issues, recent sessions included trainings on biodiversity and the EU Sustainability regulation.

Furthermore, employees are encouraged to follow individual paths in gaining ESG-specific qualifications and experience, including involvement in academic research, qualifying for the CFA ESG Certificate or similar, along with attending internal sustainability lunches and presentations covering different topics.

Inclusion & Diversity

Our commitment to inclusion and diversity goes hand in hand with our ambition to positively contribute to a more sustainable and inclusive world. In 2022, we launched our updated inclusion and diversity policy, in which we outline our vision and the steps we are taking to achieve structural inclusion and diversity. We firmly believe that we need to foster an inclusive workplace where everyone's unique contributions are valued and where we optimise our combined talents. Our willingness to gain new perspectives, value differences and adapt to change is instrumental in making diversity work for us.

We also believe that genuine dedication to diversity enables us to create value for the longer term, which is why we are committed to embedding inclusion and diversity throughout the entire ecosystem of Van Lanschot Kempen. We strive to unlock the potential of diversity today, tomorrow and in the future. This means that we will look beyond static numbers which mirror society as an end in and of itself. With this in mind we have identified five pillars, shown below, that will enable us to continuously work on and realize our ambitions to add value for our employees, shareholders, our clients and society as a whole.

An inclusive environment

Unlocking the potential of diversity first and foremost requires the creation of an inclusive environment where the distinctive qualities of each individual are welcomed and valued. To achieve this, it requires each person in a leadership position to value, recognise and embrace diversity while at the same time having the know-how to address and facilitate it in an inspiring way. It requires from our teams that they leverage the unique qualities of every member to activate the team's full potential. It also requires each individual in our organization to connect their capabilities with the capabilities of others. So that we as an organization can be both diverse and act as one.

We aim for diversity not only in terms of gender, nationality, age, educational background, sexual orientation, gender identity, religion, ethnic background, disability or distance to the labour market, but also across personal experiences, characteristics, socio-economic backgrounds and the different skills that people bring. We recognise the value of bringing diverse perspectives to the table, and realise it takes time to learn and adapt in order to get there. In line with this, we are committed to ensuring we take steps to attract, develop and retain a diverse range of talent. As part of our inclusion and diversity policy, and in consultation with numerous internal and external stakeholders, we defined five pillars (see graphic below) to enable us to work towards and achieve our ambitions to add value for our clients, employees, shareholders and society as a whole. We elaborate more extensively on the initiatives related to each pillar in the Appendix of our policy (available here).

In 2022, we further embedded inclusion and diversity in our core HR processes and activities, with a particular focus on our recruitment and selection processes. In terms of gender diversity, we aim for 50% male and 50% female in our inflow across all levels. To support the business in achieving this balance, we put a number of additional recruitment-related measures in place:

- We use labour market insights and deploy talent sourcing for specific roles.
- We established new partnerships with agencies and networks focusing on female talent.
- We offer flexible hours and working conditions.

The results of these extra efforts are evident when we compare the inflow of female employees year-on-year. At year-end 2022, this was 8 percentage points higher than at year-end 2021: up from 34% to 41%.

In line with the Ingrowth Quota and Target Ratios Act that took effect on 1 January 2022, we also aim for a minimum of 30% women and 30% men in the three levels immediately below the Management Board (senior staff) – see KPI 8. To achieve this target, we drafted concrete action plans in collaboration with the business and our Management Board, which were presented to our Supervisory Board.

For instance, when it comes to recruiting for senior staff positions, we mandate that:

- The final recruitment shortlist should be 50% male and 50% female.
- The Management Board must approve appointments for positions immediately below Board level.

Regarding through-flow, we apply the principles that:

- Female promotions should be proportional to the total percentage of the female population of the company (2022: 33%).
- The internal pipeline should be activated through talent reviews, succession planning and workforce planning.

To maintain continuous awareness of our target for senior staff, and to foster commitment to achieving our shared action plan, the topic of gender diversity is regularly discussed within our business unit management teams. At year-end 2022, the gender balance among senior staff was 17.9% female, which represents an improvement of 2.8 percentage points compared with year-end 2021. In the UK office specifically, we are beyond the target of 30% of female representation..

Reducing the gender pay gap

In 2021, we reported a corrected gender pay gap of 4%. During the 2021 end-of-year compensation calibration, we took steps to address individual outliers. For 2022 – using the same approach and methodology as in 2021 – we reported an unexplained corrected pay gap of 2.7%, which is above our KPI target range of <2%. In the reporting year, we ran a project to collect additional variables – including educational background and work experience – to understand whether our pay gap could be further explained. Keeping all other inputs constant, the resulting corrected pay gap remained at 2.7%. Internally, the steps we are taking to further reduce the pay gap include addressing outliers in the end-of-year compensation calibrations, running a new-hire calibration, and addressing gender biases within our inclusive leadership sessions for managers.

Externally, we contributed to a roadmap – compiled by WOMEN Inc. – that other companies can follow to start addressing their own gender pay gaps. By contributing to this initiative, we hope to make positive steps towards closing the gender pay gap in the Netherlands.

2.4 Signatories should explain how they have appropriately resourced stewardship activities, including their investment in systems, processes, research and analysis

Stewardship and ESG matters are integrated into the research and portfolio construction processes for the investment funds we manage. Active ownership is an important element in how we achieve this, in particular through:

- Engagement: As long-term investors in companies, we actively engage with company engagement on a range of topics, including strategy, operational performance, capital allocation and ESG. We believe we increase our impact and stewardship through cooperation with other investors and fund managers, and therefore we enter into dialogue with all companies we invest in. The aim of this dialogue is to collect more information, to discuss our research findings, and to encourage the company to establish best in class ESG policies and practices. Depending on the ESG questions at stake, the engagement can consist of regular email contact or a more intense dialogue, including calls and face to face meetings. The engagement is a combined effort involving the Portfolio Managers and the Sustainability Centre experts.
- Proxy Voting: Within the context of our long-term engaged equity strategies, we evaluate all points on the shareholder meeting's agenda before we vote. For the execution of the votes, we use specialist international proxy advisor ISS with their electronic voting platform and guidance; ISS is a member of the ISS Best Practice Principles Group (BPPG) . Although we use the services of ISS, we review company meetings individually and in depth, and make our own decisions rather than always following the default recommendation.
- Voting decisions: Exercising voting rights is an essential part of responsible investment and active ownership; our voting activities comprise voting at shareholder meetings in person, as well as by proxy.

For our fiduciary management clients, delivering on stewardship responsibilities is primarily the role of our fiduciary management team who work directly with clients to understand their challenges and ambitions and then constructing an investment strategy that delivers. This is a across the Netherlands and the UK with, 10 individuals working specifically with UK clients. In addition manager selection is a key element of stewardship of client assets. This is a team of 19 individuals who select asset managers on behalf of our clients where stewardship and ESG is a key factor for selection.

The Sustainability Centre is responsible for the monitoring of VLK IM's engagement activities, ESG integration, ESG policies and thematic themes. On a quarterly basis, the Sustainability Centre team screens the holdings of all funds and discusses the findings with the portfolio managers. In addition, they organise regular and ad-hoc sessions on ESG-matters in portfolios with all investment teams. These regular sessions are a part of the quarterly ESG screenings.

Progress in 2022

In 2022, we rolled out our proprietary Sustainability Risk Score that combines external ratings with our own views and expertise on the companies involved, making the ESG scores that we use more forward looking and reducing our dependence on external scores. This results in a consistent score for each company across our investment teams, as relevant for the credit team as it is for the equity strategies we manage.

The basis of our 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. In formulating our proprietary Sustainability Risk Score, our investment teams put extra focus on carbon emissions and corporate governance. Given the importance of these issues, we use a more extensive combination of external data for a refined custom scoring framework based on precisely defined sub-issues. The framework thus reflects the targets the company has set, the way the company manages these targets, and how management is incentivised to reach these targets. This helps us to track how the companies we invest in are meeting decarbonisation ambitions – this links directly to our own net zero goals.

While the details of how the Sustainability Risk score is incorporated into each team's research and company valuation model (for example our Global Small-cap and large cap Sustainable Equity teams include the score in a slightly different way from the Real Assets team, who make appropriate adjustments for analysing financials including using return on capital employed rather than return on equity) , the score is essential in the investment process for all teams and serves as tool to select companies for engagement.

2.5 Signatories should explain how they have appropriately resourced stewardship activities, including the extent to which service providers were used and the services they provided

Our stewardship activities are fully embedded in the business, as explained above. The Sustainability Centre plays an important connecting and coordinating role between the governance and the business units. Given the embedded nature of stewardship, the Sustainability Centre team is relatively small, with sustainability ambassadors throughout the organisation.

Service Providers

VLK IM uses data from MSCI ESG Research, Sustainalyics and ISS for our listed asset classes. The ESG screening process is an important tool for us to identify engagement cases as this is a core element of our stewardship activities (instead of immediately divesting). This screening is undertaken in-house, using MSCI ESG Research. This database is linked to FactSet, Van Lanschot Kempen's investment analytics tool. Within FactSet, we use the LookThrough database, which provides us insight into the underlying holdings of the investment funds.

As mentioned above we use specialist international proxy advisor ISS with their electronic voting platform and guidance for the execution of the votes; ISS is a member of the ISS Best Practice Principles Group (BPPG) . Although we use the services of ISS, we review company meetings individually and in depth, and make our own decisions rather than always following the default recommendation.

2.6 Signatories should explain how any performance management or reward programmes have incentivised the workforce to integrate stewardship and investment decision-making

Performance management is measured by several KPIs, a balanced combination of quantitative and qualitative indicators, with stewardship and sustainability integral to investment decision-making.

- Investment performance, and in particular, the achievement of long-term performance targets for our investment strategies. These are based on performance versus both the benchmark (where relevant) and peer group. Each investment team will have performance targets against these measures, as quantitative indicators.
- Sustainability performance and innovation: This is a combination of quantitative and qualitative factors relevant to the investment team. Examples include the level of Morningstar® Sustainability Rating for Funds, the number of active ownership (engagement) cases with concrete results for stakeholders and continuous improvement of the sustainability profile of the fund or investment portfolio in question.
- Financials: This includes both quantitative and qualitative indicators, including the commercial success of the strategy, achievement of targets (including carbon reduction targets) and whether costs are within predefined budget.
- Work environment, culture and talent development. This includes both quantitative and qualitative indicators. Examples are the development of training and personal development plans for all team members and staff turnover. Training content also covers sustainability and sustainable investing. These sessions are delivered internally, through external training vendors or institutions such as the CFA Institute.
- Fixed remuneration, that reflects employees' relevant work experience and organisational responsibilities. Our job and career framework consistently links the weight of each job to a pay line. The pay lines are based on external market data, and are differentiated to ensure we pay market-competitive salaries across the organisation. These pay lines are fully transparent, promote better pay-for-performance focus, and have clear guidelines on pay-related decisions and governance.

2.7 Signatories should disclose how effective their chosen governance structures and processes have been in supporting stewardship; and Signatories should disclose how they may be improved

In 2021 we created our new governance structure, as described above, and in 2022 the Green Bond Committee was created as an addition to the structure. Throughout 2022, we have also set up a monthly meeting between the Sustainability Centre and the Portfolio Management / Manager Research teams, to ensure ongoing alignment on both strategies and operational sustainability issues. These changes have led to a significant improvement in the effectiveness of our ability to support stewardship across all layers and verticals of the organisation.

The Sustainability Investment Council and Sustainability Board have been instrumental over the reporting period in helping make the policies fit for purpose and in creating the ground for setting measurable targets for the future. For example, 2022 saw us refine our biodiversity policy (see **here**), and upgrade our human rights policy (see **here**) under this governance structure.

What we have learnt in the past year is that due to the EU Sustainability Finance Regulation and other transparency requirements, a robust steering committee and working group were needed to align the investment, data analytics, reporting, legal, and compliance systems within our organisation. For this purpose, we have set up the steering committee and working group and ensured that the Sustainability Board increases its meeting frequency (currently meeting monthly) to get a timely update of the implementation progress and be aware of potential risks well ahead of their possible materialisation. In order to keep our governance and processes fit for purpose, we periodically review the content and composition of the steering committee and have requested an internal audit review on it.

Principle 3

Conflicts of Interest

3. Principle 3 – Conflicts of interest

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

3.1 Signatories should disclose their conflicts policy and how this has been applied to stewardship

VLKIM is fully committed to professionalism and integrity in conducting our business and in treating our clients fairly. In our activities however, we may face actual and potential Conflicts of Interest, both between ourselves and our clients, and between two different clients.

Our objective is to minimise Conflicts of Interest arising as much as possible. In case these cannot be sufficiently mitigated, Van Lanschot Kempen has policies and procedures in place to manage the conflicts in a way that safeguards the interests of all clients.

Our online Statement on Conflicts of Interest Policy[5] summarises the policy of Van Lanschot Kempen for managing Conflicts of Interest, intended to be a statement of principles through which Van Lanschot Kempen seeks to manage such potential conflicts. It provides information to illustrate to our clients to understand the key measures we take to safeguard their interests.

Examples of potential or actual conflicts include, but are not limited to:

Personal Conflicts	**Staff personal investments**	– VLK has a strict policy in place to monitor that all employees personal transactions and outside business interests, are in compliance with the Code of Conduct and Regulations on personal transactions, which includes in its aims the prevention and management of actual and potential Conflicts of Interest. – All staff personal transactions require pre-clearance by the Compliance department.
	Remuneration	– VLK has a remuneration policy where there is no direct link between the remuneration of employees in one business unit and the remuneration of, or revenues generated by, employees engaged in another business unit, where an actual or potential Conflict of Interest may arise in relation to the activities in those business units.
Organisational Conflicts	**Commercially sensitive information**	– Following the Code of Conduct of VLK, all information that employees have access to must be treated prudently. More specifically, where it concerns information on clients, VLKIM or investment funds, the information is to be treated as confidential. – Accordingly, where VLK has such confidential information under the terms of a confidentiality agreement, it has a duty to keep that information confidential, except where required by law, regulation or legal process or as requested by any governmental agency or regulatory authority or to prosecute or defend a claim brought by or against VLK.
	Unpublished price-sensitive information	– In the VLK Code of Conduct, and the Market Conduct Policy, VLK has established strict policies and procedures with regard to non-public and inside information. VLK established information barriers between departments to further prevent the flow of confidential information.
Products and Services Conflicts	**Investment advice**	– With regards to investment advice of collective investment schemes the advice of VLK is based on an analysis of a substantial number of collective investment schemes. This analysis can include collective investment schemes managed by VLK, but is not limited thereto. – VLK does not provide the client with a periodic assessment of the suitability of the collective investment schemes VLK has recommended to the client.
	Voting/proxy voting	– VLK treats all companies equally in engagement and voting activities, unless instructed otherwise by the client, regardless of whether the sponsor is a VLK client or where companies otherwise have a relationship with VLK, or if it concerns companies where VLK is an interested party (e.g., VLK's listed ultimate parent company and/or any listed investment fund offered by VLK held within clients' portfolios).

[5] https://www.vanlanschotkempen.com/en-nl/investment-management/document-library#Compliance

Client Vs. Client Conflicts	**Aggregation of transactions in investments**	–	Aggregation may result in different outcomes for certain clients, for instance in respect of the size of a client's exposure to such investment, and the price at which an investment may be acquired or disposed of. Depending on the circumstances, aggregation may be advantageous or disadvantageous to the client. VLK has established Trading Principles that provide clear guidelines for aggregation of transactions and the fair treatment of clients in it.
	Purchase of research and trade execution services	– –	Third parties such as brokers may provide investment research and broker services to VLK. VLK covers external investment research costs itself. The supplier of research is not rewarded if it is through the execution of transactions for clients. In selecting a broker for trades, the best execution offered by brokers with regard to a client order always prevails.

Van Lanschot Kempen Investment Management is part of Van Lanschot Kempen N.V, which has a group-wide Code of Conduct which includes most of the Conflicts of Interest which could arise across the group and includes guidance on how to identify and mitigate potential conflicts. The Code aims to ensure that staff:

- Comply with applicable legislation and regulations
- Refrain from doing business with persons or companies who engage in activities that are prohibited, or could be considered socially unacceptable
- Handle information with due care; and
- Avoid mixing business and private interests.

Where relevant, these areas have been further specified in Group Policies and VLK IM UK 's Compliance Manual. Specific policies include Trading Principles, Remuneration Policy and Kempen's ISAE 3402 report.

3.2 Signatories should explain how they have identified and managed any instances of actual or potential conflicts related to stewardship

We identify and manage potential conflicts in a number of ways:

- Separation and information barriers, restricting access to departments or activities between departments (for example, investment management teams are separated from investment banking teams) by means of a) physical access control with badges, b) ICT access limits, c) Code of Conduct, and d) department-specific policies.
- Segregation of duties for key functions, all of which are subject to monitoring by Group Risk Management, Compliance and Internal Audit, whose departments report directly to the Van Lanschot Kempen Management Board.
- Formal training on Compliance and related topics via online modules, in-person (or online) meetings;
- Periodic reviews conducted by our Compliance teams, including formal challenge sessions, for example during review of departmental policies and procedures.
- Each business line, including VLK IM UK for wholesale and institutional clients, maintains a conflict of interest register of actual and potential conflicts and the procedures in place to manage them in accordance with our regulatory obligations. At least annually, the management team of each relevant business line must review their respective registers to ensure they capture all identified conflicts of interest and mitigating measures.

Employees are required to complete a quarterly compliance attestation, which includes declaration of any conflicts of interest (such as those in the table above), and adherence to the Code of Conduct. Employees also undertake training on an annual basis, by way of e-learning and face to face sessions.

Preventing conflicts of interest is an important aspect of day-to-day operations. Staff are reminded to be mindful of this consideration, and always ensure a careful balance between the interests of all stakeholders of VLK. This concerns the interests of clients, shareholders, employees and the society in which VLK operates.

If any conflict is identified, it is escalated to the senior management team of the relevant business unit and the Compliance department. Following initial assessment, Compliance (and Legal, as required) will provide advice on mitigating measures that need to be implemented in order to manage the conflict, or alternatively to decline to act (for a specific client). Over 2022, six new conflicts of interests were identified and suitable mitigations put in place. See also Principle 4 for a description of these committees.

3.3 Signatories should disclose examples of how they have addressed actual or potential conflicts

During 2022, the period covered by this report, Van Lanschot Kempen Investment Management made the decision to transfer three of our internally managed funds from the Dutch N.V structure to Luxembourg SICAVs as this is a more commonly used structure across Europe, thus providing greater access to clients across Europe and the UK. However, this meant that the investors in these funds would be in a Luxembourg taxed fund, which is less beneficial for Dutch investors than the previous Dutch structure. To compensate for this, the fees for existing clients are lowered in the new fund share classes. The conflict to manage here was for both current clients across multiple geographies across the Netherlands, the UK and pan-Europe and also prospective clients. Ensuring all current clients were treated fairly was paramount during this change and that we future-proofed ourselves from any further conflicts.

The fund mergers required prescribed information to be presented to regulators and investors, where the key messages had to be very clearly stated. You can find more on our website under the Fund library for each fund (for example the Kempen European Property Fund NV (Fund library (vanlanschotkempen.com)) where the filed merger documents are published.

A sample of other examples over 2022 and their mitigating measure are set out below.

Conflicts:	Mitigating measures:
Changing the range and/or specifications of funds may not be in the best interest of all stakeholders involved	Material changes in existing funds have to be approved by the VLK IM Board and Product Approval and Review Process Committee. Minutes of these meetings are kept.
Setting up a new investment funds may lead to additional costs and /or suboptimal (fiscal) structures for clients	A new fund has to go through the 'New Product Approval' process in which Conflicts of Interest forms a specific paragraph. The process consists of members from the VLK IM management, Risk and Compliance. Minutes of these meetings are kept.
Within our private real estate funds business, different funds could compete for allocation of the same assets.	There is a pre-existing allocation policy and conflict management for our private equity funds. This was initially mirrored, but then further developed over 2022 specifically for the private real estate fund.

Principle 4

Promoting well-functioning markets

4. Principle 4 – Promoting well-functioning markets

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

4.1 Signatories should explain how they have identified and responded to market-wide and systemic risk(s), as appropriate

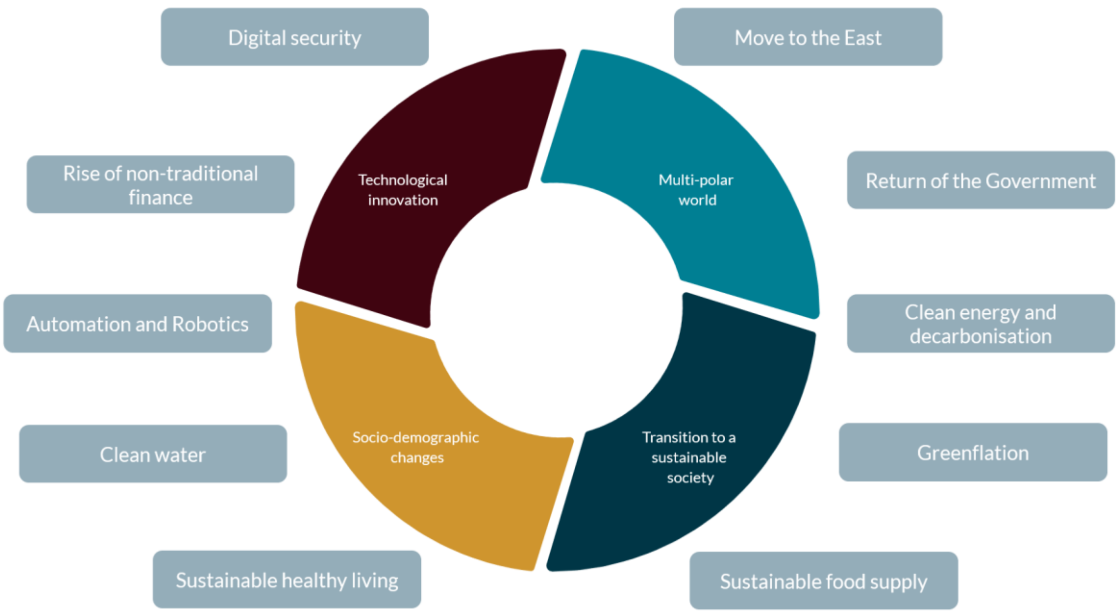
Identifying market-wide and systemic risk is a fundamental part of risk management and extends not only to VLK IM, but the wider Van Lanschot Kempen business and the client segments that sit within this. Within our investment team, the Asset Research and Communications (ARC) team play a key role in identifying these risks, disseminating the information to the business and then communicating with our clients on how we are addressing these risks. The team includes economists, investment strategists and capital market experts who set our long term return assumptions, investment research agenda, dynamic views and tactical asset allocation.

In order to identify systemic risks, we first consider those which have happened in the past, for example, the Global Financial Crisis, bursting of the dot-com bubble or the European debt crisis as examples. What were the symptoms of how these occurred and how can they mitigated. There are also examples of crisis that have happened in other geographies which if they were to be repeated in other markets they could impact our clients. Examples include the UK Gilt crisis, which our Dutch clients took as a lesson to hold greater amounts of liquidity. Further examples include the Russia-Ukraine war and the sanctions that followed that impacted our clients holdings where there was Russian exposure. Stress testing for the scenarios and allows us to plan how we would respond if similar situations occurred.

The ARC team have identified four megatrends, that are long-term global forces that will cause structural shifts in society. As we consider and aim to identify systemic risks, it is our belief that the following four trends will have the greatest impact on economic developments and capital markets:

1. Socio-Demographic changes
2. Technological innovation
3. Transition to a sustainable society
4. The shift to a multipolar world

The above megatrends will likely drive a number of key themes and risks that we have identified below. This provide a framework and an early warning system for a number of systemic risks that may impact our clients.



In addition to systemic risks, we note significant market moves can impact stewardship of our clients assets and our need to respond proactively. An example of where this was identified following the mini-budget in the UK in September 2022. Following the announcement of unfunded tax cuts, our belief was that this would impact the UK currency and UK government bonds. However the speed at which UK gilts increased in early October illustrated this was a market risk, that would particularly impact investors with leveraged Liability Driven Investment (LDI) strategies. We recognised this was a potential market wide risk and therefore were conscious not to exacerbate the situation by ensuring our investment decisions were both in the interest of our clients, but also the wider market situation. Throughout this period, we ensured we communicated clearly with our clients on developments in the market, how we were managing their assets, and the decisions we were taking on their behalf. During the crisis, we received positive feedback from third party evaluators on how we navigated our clients' portfolios during the crisis, and the proactive communication we undertook.

A further example was our reaction to the Russia-Ukraine war and how it impacted our clients. It was imperative that we communicated rapidly and clearly with our clients on how the conflict may impact their investments. We provided the amount of exposure to Russian assets and assets that would fall under sanctions. This was a small percentage and had de-minimis financial impact. The consequence that could impact our client's investment was energy prices and recession risk. This was therefore an area we monitored closely, adapted the investment strategy where required and communicated proactively with clients.

We have also identified cyber risk as an area which could have a market wide and systemic impact. The most important risks regarding cyber have been identified in co-operation with peer banks and the Dutch national bank in the FI-ISAC (One financial threat landscape, 1FTL for short). These include:

- Impersonation attacks
- Attacks through third parties
- Ransomware
- Malicious insider
- Authorized push payment fraud
- Attack on third parties
- Crypto-related crime
- Phishing attacks on customers
- Quantum computing

4.2 Signatories should explain how they have worked with other stakeholders to promote continued improvement of the functioning of financial markets

In addition to being subject to oversight, laws and regulations, we participate in various engagements and dialogues to improve the functioning of the financial markets.

Civil society and academics

We are engaging with universities to give input on their research on the long-term value creation of sustainable markets:

- We also give input on research through initiatives as FCLTGlobal (a non-profit organisation that develops actionable research and tools to drive long-term value creation for savers and communities), or the Eumedion Research Committee, which works with universities an specific corporate-governance related research.
- On the civil society front, we engage with those conducting research on the sustainability of the financial sector, such as Eerlijke Bankwijzer (Dutch fair bank guide) or EquiLeap (focusing on diversity and inclusion).
- Increasingly, we're talking to civil society representatives in our corporate engagement efforts, to create a fuller picture of the issues at hand. To this end, we have regular contacts with Greenpeace and talked to Amnesty International, and Follow the Money last year. We also have issue-specific discussions with the likes to ISSB, EFRAG, ICGN, GIIN, PRI and others.
- Masters students regularly do traineeships at Van Lanschot Kempen where they get first-hand experience and input for their research. Several colleagues are part-time professors at universities. We also regularly receive master students on tour, hearing from them about their expectations towards the financial sector and sharing our experience with them,
- We hold an annual stakeholder dialogue, in 2022 the focus of the event was on next gen and intergenerational leadership. https://www.vanlanschotkempen.com/en/sustainability/stakeholders

Public policy engagement

In the context of increased stewardship and sustainability related regulation, we directly participate in the EU's EFRAG European Sustainability Reporting Standard Expert Working Group , PRI's Corporate Reporting Reference Group to give input both on the European, UK, US and global policy developments through public consultations and joint letters.

Client engagements

We continuously engage our clients to gauge their sustainability preferences and priorities. We encourage them to set clear targets (also in line with the MiFID II regulation), so that they also give us, the asset manager the mandate to use their capital for positive real-world outcomes. As an example we worked closely with a number of our UK defined benefit pension clients to submit their Taskforce for Climate-related Financial Discloses (TCFD) reports in 2022 as per regulation. When helping to complete the reports, we engaged closesly with the various stakeholder to supported them in setting their sustainability beliefs, designing their governance on ESG managers, risk policies, and providing the relevant portfolio metrics for submission.

Industry initiatives

Ranging from environmental, social and governance initiatives to exchange among peers on public policy, emerging trends, cybersecurity, disclosure requirements, technology and digitisation and others. Within the UK defined benefit industry readiness for TCFD reporting was a key challenge over 2022. This impacted not only clients, but also their consultants and third party intermediaries. We therefore had a number of sessions with consultants to discuss how our investment strategy had evolved, for example the introduction of climate aware equities, but also how the industry was adapting to be in a state of TCFD readiness.

Investee engagements

In 2022 VLK co-drafted and signed a joint statement with six other asset managers, urging oil and gas companies to develop a decarbonisation strategy that supports short and medium-term targets aligned with the Paris Agreement to limit the global temperature increase to 1.5 °C and demonstrate how planned capital allocation will support that strategy.

In early 2022, alongside 65 other institutional investors, we co-signed a letter addressed to COVID-19 vaccine manufacturers, Pfizer (BioNTech), Moderna, Johnson & Johnson, and Astra Zeneca to link executive pay to increased availability of vaccines globally. The letter addressed greater vaccine equity and also the importance of pharmaceutical companies' social impact and preparedness for future pandemics. The letter stated "we are seeking to establish a framework for the future and one where Africa will have better access to any future vaccines in any future pandemic. We want to establish strong supply chains and sufficient distribution for all peoples in the developing world"

Van Lanschot Kempen is committed to active ownership, to creating value though engagements with listed companies. Recent articles on our approach can be found here: https://www.vanlanschotkempen.com/en-nl/investment-management/news-and-knowledge/esg

4.3 Signatories should explain the role they played in any relevant industry initiatives in which they have participated, the extent of their contribution and an assessment of their effectiveness, with examples

VLK are part of several work streams of PRI (and the SDGs, hedge funds and corporate reporting) and actively contribute to the discussions that inform the PRI Secretariat's outputs on the relevant topics. In 2022 we participated at the PRI in Person conference where an in person meeting of the SDG Advisory Committee took place. We also join collaborative engagements or sign on to statements coordinated by PRI if they are aligned with our stewardship priorities. We consider PRI a useful resource and an effective partner that brings asset managers together globally to advocate for sustainable investing.

Our membership in the Global Impact Investing Network, the GIIN, and more specifically, in their Listed Equity Working Group has enabled us to contribute to the recently released Guidance for Pursuing Impact in Listed Equities publication. This research and guidance document can be instrumental for asset managers planning to build impact solutions in the listed equity space. We also use the IRIS+ impact reporting framework for our Global Impact Pool reporting, which also aligns well with the Impact Management Platform's framework.

Another example of an industry initiative we collaborate within the UK is Pensions for Purpose. We consider this network to be an excellent platform for exchange, learning and advancing together pension fund investments for positive impacts. We are an early adopter and signatory to the Impact Investing Good Governance Principles for Pensions as promoted by the Impact Investing Institute and Pensions for Purpose.

In addition to the above examples, Van Lanschot Kempen co-chairs the ICGN Global Governance Committee and our Chief Sustainability Officer is the Chair of the Board of Eumedion. There are other initiatives, like Dufas, PRMIA (Professional Risk Managers' International Association), FCLT Global and a range of others with which we collaborate.

4.4 Signatories should explain how they have aligned their investments accordingly

All our external managers and Kempen funds are scored on a Sustainability Spectrum, between 1 and 5. We no longer actively offer levels 1 and 2, and we have a strong commitment to, firstly, reducing the carbon intensity of our investments to align with the targets set out in the Paris agreement and, secondly, to increasing the total and proportion of AuM in levels 4 and 5 annually.

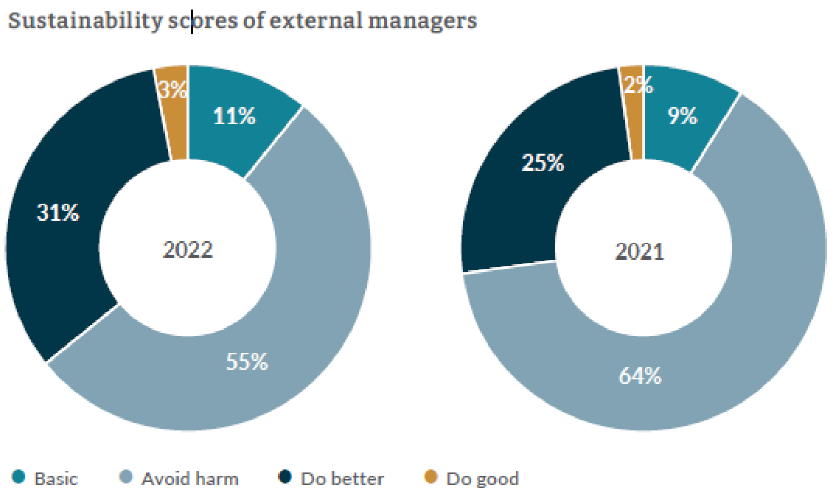
Only managers scored in our framework and meeting our minimum criteria are offered to clients. The manager score is reviewed periodically and we initiate engagements with managers if we identify a desirable change.

Exclusion: 71 companies are currently on the exclusion list due to their involvement with controversial weapons or in very severe controversies. An additional 106 companies are excluded because of tobacco-related activities. In late 2022 the Sustainability Investment Council decided to streamline the exclusion and avoidance list polices, thereby reducing processes and complexities.

ESG Integration: We applied our Sustainability Spectrum scoring methodology outlined above to over 385 internally and externally managed funds, representing 58.4%% of Van Lanschot Kempen's AUM. The Sustainability Spectrum methodology, as seen in the graph below, helps determine at what level of sustainability an investment solution stands. We do not proactively offer levels 1 and 2 to our clients.

In 2022 we worked diligently to ensure all parts of the group, from private equity to private banking, use the Sustainability Spectrum to score external managers or define client sustainability preferences. As part of this exercise the manager selection and monitoring team have mapped the asset managers we work with, to define where their products are positioned on the Spectrum. The scoring methodology is reviewed and improved every year and subsequently made more ambitious. In 2022 we also worked on aligning it with the EU Sustainable Finance Disclosure Regulation.

The pie charts below show a breakdown of our external managers in listed asset classes by the five scores on the Sustainability Spectrum. Their Sustainability scores range from 'Basic' to 'Do Good'. We scored 385 listed funds by the end of 2022, which represent around 58.4% of our AuM. As a percentage of scored AuM, 11% of the funds scored Basic1, 55% scored Avoid harm, 31% scored Do better and 3% of the AuM fell under managers scoring Do good on the Sustainability Spectrum.



4.5 Signatories should disclose an assessment of their effectiveness in identifying and responding to market-wide and systemic risks and promoting well-functioning financial markets

Identifying market-wide and systemic risk is a fundamental part of risk management and extends not only to VLK IM, but the wider Van Lanschot Kempen business and the client segments that sit within this. Van Lanschot Kempen applies a three lines of defence principle in its approach to risk management, fully aligned with the Van Lanschot Kempen parent group's operations:

- business functions act as the first line of defence, e.g. portfolio managers;
- Van Lanschot Kempen's independent Risk Management department, as well as group Compliance, Legal, Finance, Reporting & Control, act as the second line of defence. We also have a local officer for both Compliance and Risk, who have local responsibility and work with the Group Depts who provide additional support.
- finally, group Audit forms the third line of defence.

In order to assess the effectiveness of identifying and responding to risk, Van Lanschot Kempen's Risk Committee reviews all relevant risk categories (including but not limited to market, counterparty, liquidity, operational risk and outsourcing risk) at least monthly, for all client portfolios. The Risk Committee is part of the group's overall risk management framework under the oversight of the Managing Board and Executive Board. Our risk management summary is disclosed in the VLK IM Annual report.

Sustainability risk, and in particular climate change, is one of the key risk themes identified for the Van Lanschot Kempen group. We have identified two types of climate change risk:

- Physical risks: These refer to the financial impact of a changing climate, including more frequent and/or severe extreme weather events and gradual changes in climate, as well as environmental degradation, such as air, water and land pollution.
- Transition risks: These result from the process of adjustment towards a carbon-neutral economy. These adjustments are driven by changes in climate-related policies, new low-carbon technologies and/or shifting market sentiment.

We recognise that we need to continually assess these particular risks and also our effectiveness in responding to them where it could result in market-wide systemic risk. Through 2022 we made enhancements to our stress testing capabilities for both physical and transition risks. While stress testing depends on almost unlimited adverse scenarios, we intend to adopt scenarios used by well-established authorities as a starting point. For example, we used the regulator's transition risk stress tests for equity holdings to screen all sustainability risks in our own funds and funds under management, and we provided portfolio managers with an ESG dashboard. For physical risks, we used flooding data provided by national authorities and the national meteorological institute's weather forecasts.

An example where we responded to a market-wide risk and promoted the well-functioning of financial markets was at the end of September 2022, when the UK economy was impacted by a significant increase in gilt yields which resulted in a period of significant volatility in UK markets, in a period which is now termed as the "Gilts crisis".

The UK Chancellor of the Exchequer, Kwasi Kwarteng, announced the details of a "mini-budget" on the 30th September 2022 which provided for additional gilt issuance to fund an expected package of energy price relief, the cancellation of some proposed tax increases, as well as some unexpected tax cuts for higher earners. UK gilt yields spiked in reaction to this and then continued to rise at a rapid rate between Friday 23rd September 2022 and Wednesday 28th September. By Wednesday morning it was recognized that this was a market wide and systemic risk, and that the rise of the UK risk-free rate (30 year gilt yields) to 5% was unsustainable in a well-functioning financial market. The Bank of England acted to restore stability in the gilt market by announcing an expansion of Quantitative Easing, targeting purchases of up to £5bn per day of longer-dated gilts until 14 October 2022. Yields almost immediately fell back by nearly 1% within minutes, bringing back a degree of stability to markets.

Clients of VLK IM were particularly impacted because they held long-dated government bonds within an LDI (liability driven investment) structure. The risk of gilt yields rising rapidly had been identified earlier in 2022 as central banks increased interest rates to counter inflation. It was key to have governance structures and liquidity waterfalls in place in order to meet cash calls when required. Gilt yields had increased steadily throughout 2022 to the end of September and the structures that had been put in place worked effectively and financial markets continued to function. The speed at which gilt yields increased during the crisis is what caused systemic risk. In these instances the governance model under a fiduciary management structure promoted a well-functioning market, as this allowed investment experts to make timely decisions. This is a service that VLK IM has promoted to prospective clients, highlighting governance as a key benefit of a fiduciary management offering.

Due to the increased tension in Eastern Europe, several security agencies expected an increased threat of cyber incidents and over 2022 and it was recognised that these incidents might affect VLK IM. There was a risk that criminal groups might see an opportunity to benefit from the confusing situation. In the first half of 2022 we identified this as a potential systemic risk that could impact not only VLK IM, but the investment management industry and the wider finance sector.

To counter this threat, we identified that most cyber-attacks still start with a phishing mail, or an email containing malware. Due to the emerging threat, we asked all employees to complete an extra online-based training module on cyber security, this was in addition to the annual cyber training which is already undertaken. By better insulating ourselves as a business, we played a role in ensuring that systemic risk did not spread across the wider market.

In order to assess our effectiveness of identifying risks, we have a yearly red teaming exercise performed by an external party, under supervision of internal audit (to guarantee objective goal setting). The external party is certified for performing TIBER (Threat Intelligence Based Ethical Redteaming) sessions and bases the attack on a realistic scenario. In order to protect well-functioning markets, we periodically discuss (potential) incidents with peer banks in an Operational Security Operations Centre group, co-operating on risk assessment.

Also, right at the beginning of the war in Ukraine we assessed the need to exclude all Russian and Belorussian companies from our investment universe and took swift action to implement this. The decision was made that the business would divest as soon as the market circumstances would allow it from direct Russian investments and engage with our external managers on indirect investments to do the same, as decided by the group board based on advice from the Sustainable Investment Council.

Principle 5

Review and assurance

5. Principle 5 – Review and assurance

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

5.1 Signatories should explain how they have reviewed their policies to ensure they enable effective stewardship

Our relevant stewardship-related policies are reviewed annually. The Sustainability Centre, in consultation with internal and external stakeholders proposes any changes, if necessary and puts these forward to the Sustainability Investment Council at their quarterly meeting (see Principle 2 for further details on our recently updated governance structure). The proposed updates can be triggered by updated international codes, evolving best practice or regulations. All proposed changes are substantiated and discussed at this meeting before proceeding to vote on the updates. In the summer of 2022, we have updated our Human Rights and Labour Rights policy. Here we describe how we, in all of our roles, seek to respect international human rights and labour rights. Our most recent Stewardship Policy is also available online at:

https://www.vanlanschotkempen.com/en-nl/investment-management/document-library

The implementation of our Stewardship Policy is embedded in the organisation, and is delivered upon though our Portfolio Managers, analysts, risk, compliance, audit and legal professionals, as well as the Sustainability Centre.

5.2 Signatories should explain what internal or external assurance they have received in relation to stewardship (undertaken directly or on their behalf) and the rationale for their chosen approach

We undertake all our stewardship activities ourselves, the Core Investment Strategies, Manager Research & Solution and Sustainability Centre teams. PwC provides assurance following the Dutch Standard 720 on our Annual report which contains our stewardship dashboard, citing our voting and engagements statistics (https://media.vanlanschot.nl/media/pdfs/annual-report-2022-van-lanschot-kempen.pdf).

Due to the SFDR (Sustainable Finance Disclosure Regulation) Level 2 requirements, most notably the precontractual and periodic (stewardship related)disclosures which we have completed by the end of Q1 2022, accuracy of all data is scrutinized by AFM, the Dutch Financial Markets Regulator.

We have contracted PwC as a company to provide certain assurances on our stewardship disclosures and SFDR reporting due to the regulatory requirements currently in place.

Also, in the drafting of the Stewardship and Sustainable Investment report 2022, the Van Lanschot Kempen Compliance department has been involved and assessed the accuracy and reliability of all published content. There is a close collaboration between the Compliance and Legal teams and the Sustainability Centre to also anticipate regulatory changes and to offer a coordinated and aligned interpretation of the reporting requirements. This close alignment aims to minimize the necessity for corrections at a later stage and to build robust processes to enable end beneficiaries receive accurate and timely information.

5.3 Signatories should explain how they have ensured their stewardship reporting is fair, balanced and understandable

We have been reporting on our stewardship activities for over six years and after each round we collect input from internal and external stakeholders to ensure continuous improvement. As a result, our report has become shorter, and rich in hyperlinks to other sources of insight or information we publish throughout the year.

We have also made our report fully digital, to reduce the environmental impact of printing it and enabling readers to navigate directly to sections of interest, instead of having to navigate through large PDFs. (click here or on the image to access our report)

We work with professional investment writers to ensure the language is understandable. Our external writers adopts the 'reader view', looking for annual improvements and thereby challenging us to generate content and insights that move the needle on our own stewardship efforts.

In addition, our stewardship and sustainability reporting were recognised in winning the award of ESG specialist in Switzerland 2022.

In our Stewardship and Sustainable Investment report, we give a balanced view of how our stewardship activities fare. We explain how we measure the outcomes and results of our engagements for change with milestones and show how the engagements progress.

In 2022 around half the engagements did not show real progress- some we only initiated recently, others have stalled. Furthermore, some engagements take more time before the company can implement our request for change and the engagement can progress to the next milestone.

5.4 Signatories should explain how their review and assurance has led to the continuous improvement of stewardship policies and processes

As our understanding of regulatory requirements evolves, and the interest of our clients in stewardship and sustainable investing matures, we seek to continuously broaden the scope and depth of our stewardship disclosure. The clarification questions and requests of evidence from the auditor enable us to review and sharpen our internal processes, and formalise them further. For example, we are now tracking all of our engagements in FactSet through Internal Research Notes, to ensure data is centralised and is not manipulated.

Also, our voting records are publicly available in real time: https://vds.issgovernance.com/vds/#/NzcyMA==/, so clients and other interested stakeholders can gain real-time insight into our practices. Similarly, our interaction with AFM, the Financial Markets Regulator informs the decisions taken by the Sustainability Board, chaired by our CEO.

Furthermore, our PRI reporting efforts and participation in industry associations also enable us to review and update our stewardship policies and processes. As the expectations and opinions of regulators, our (fiduciary) clients and society on sustainability mature, we continuously adapt our approach and raise the bar on stewardship for ourselves.

Regarding the improvement of stewardship processes, in 2022 we have introduced a new country policy. The country policy had its earliest origins as part of our engagement with one of our largest pension scheme clients who were focussed on governance factors which would have reputational risk. This discussion evolved in to what has become our sovereign exclusion policy for emerging market debt. This was presented to our UK clients during 2022 and includes not only governance factors, but environmental and social factors to cover the full ESG range.

We will exclude the sovereign bonds of certain countries involved in egregious fails in E, S or G matters (or indeed more than one), such as human rights abuses, persecution of sections of their populations, endemic corruption or materially derailing the global alignment to the Paris goals. This framework will sit on top of the regulatory restrictions on dealing with certain countries as enshrined in the sanctions list – we are aiming to identify those which are 'permitted' for investment, but that we think ought not to be.

We've designed a framework scoring each country in our universe for a range of E, S and G factors which fit the values we believe are core to our clients' beliefs, and their underlying beneficiaries.

- Environment and climate: countries that cause serious damage to biodiversity, contribute to deforestation and/or cause severe CO2 emissions without a plan to address these issues (Source: Yale eco score).
- Social: countries that allow forced labour or child labour, do not pay a living wage and/or restrict labour rights (Source: ITUC Global rights index)
- Governance: Restriction of democracy, freedom of expression, freedom of the press and the right to property. (Source: EIU Democracy Index)

We recognise this is an evolving area and in order to have continuous improvement, countries and the factors need to be regularly reassessed. Our framework enables continual measurement, meaning that if a country adjusts the way it operates, it will move up and down our ratings accordingly. It will be possible for countries that have been screened out to be reincluded if factors change.

Another example is the development of our Environment Pathway Framework, that our Fiduciary Management service uses for engagement with real estate managers on climate issues. This also was developed in collaboration with clients. This proprietary framework was set up to measure the willingness, ability and commitment of real estate managers to meet the goals of the Paris Agreement. For the purpose of engagement on Social themes, we developed a framework modelled on the EPF that focuses on themes such as safety, inclusion and a positive contribution to human capital development.

Principle 6

Client and beneficiary needs

6. Principle 6 – Client and beneficiary needs

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

6.1 Signatories should disclose the approximate breakdown of their client base, for example, institutional vs retail, and geographic distribution

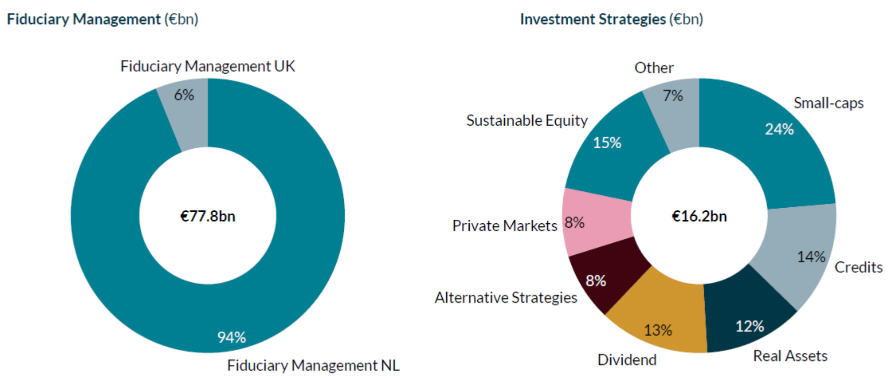
Van Lanschot Kempen Investment Management has been active in the UK since 1997 following the acquisition of an Edinburgh-based asset manager. VLK IM has been active under the VLK IM flag since 2015 - when the firm acquired an existing business and retained all its clients – first as a branch, then later as a subsidiary .

Since then, the UK business has grown to become one of the UK's leading fiduciary managers. We offer dedicated tailored solutions to UK pension schemes, insurance companies, foundations and family offices, encompassing asset allocation, portfolio construction, manager selection and monitoring under our fiduciary management service. All fiduciary management clients are institutional and are UK based.

Van Lanschot Kempen Investment Management as a specialist asset manager is also focused on niche investment strategies. Since 1991, we have been committed to assisting our institutional and wholesale clients and help them invest in small-cap and high-dividend equities, real estate, credits and alternatives.

6.2 Signatories should disclose the approximate breakdown of assets under management across asset classes and geographies

We manage a total of €94 billion in assets as at 31 December 2022, of which some €16 billion is in investment strategies and €78 billion in fiduciary management, as illustrated below.



As at 31 December 2022 we managed £4.2 billion in our UK Fiduciary Management business with £2.9 billion in fixed income assets, £0.4 billion in equities, £0.8 billion in real assets and alternatives, and £0.2 billion in cash equivalents. The majority of assets are in UK sterling with a proportion in dollar, euros and a small proportion in other currencies. We have a policy to hedge back a proportion of foreign currency exposure back to sterling. The majority of assets are also UK domiciled due to the large proportion in UK government bonds and UK credit. The remaining is invested predominantly in North America, Europe and Asia.

As at 31 December 2022 we had £1.1 billion in Van Lanschot Kempen Investment Management ("VLK IM") asset management funds invested for UK clients. Assets were invested in equities split between the Global Small Cap equity fund and the Global High Dividend Equity fund. UK investors also allocated to corporate bonds in the Euro Sustainable Credit Fund. The equities are predominantly invested in the North America and Europe and then a smaller proportion in Japan and emerging market equities. The corporate bonds are all invested in European bonds.

6.3 Signatories should disclose the length of the investment time horizon they have considered appropriate to deliver to the needs of clients and/or beneficiaries and why

At Van Lanschot Kempen we are long-term, engaged shareholders. The application of ESG criteria goes hand-in-hand with a focus on financial return as we believe a lack of attention to ESG aspects increases a company's risk profile. This fits in with two of Van Lanschot Kempen's essential investment principles: **the long-term investment philosophy and engaged shareholdership.**

Where we hold securities directly in our funds, we measure investment performance over a minimum three-year period, but often hold the securities in our portfolios for a period of 10 years. Our proprietary economic models for assessing the relative attractiveness of the companies we research and invest in incorporates a similarly long-term investment time horizon. Our wholesale clients likewise prefer longer term investments, with clients focused on sustainable wealth management.

Our institutional clients, such as pension schemes and endowments, are by their nature long-term. As a result, they have a considerable advantage over many investors in being able to invest for a longer-time horizon. However for UK pension schemes, this situation will be unique for each individual circumstance. For example, if a Scheme is targeting settlement of scheme liabilities with an insurer via a buy-out as an end game objective, the timeframe may be quite different across schemes. As part of our fiduciary management services for these clients, we include careful allocations to third-party investment managers in private market asset classes, only where it fits within their timeframe. For those that are closer to their objective of buy-out and have de-risked their portfolio, they are likely to be holding less in listed equities, which diminishes their ability to influence companies via active engagement and stewardship. For clients with longer timeframes we allocate to assets such as rescue finance (supporting companies and industry sectors who have struggled during the turbulent economic period of 2022) or biodiverse farmland, where the client's future cashflow requirements can be balanced and planned out in advance.

6.4 Signatories should explain how they have sought and received clients' views and the reason for their chosen approach

A key part of our fiduciary management service is understanding our clients views and objectives in order for us to deliver a bespoke service to them. This includes their own views on sustainability and stewardship. As part of our first meeting following appointment, we work closely with the Trustees and the sponsoring employer to understand their views so we can incorporate these into our investment strategy solution. We have an annual client training and event agenda which includes forward looking ideas we will be exploring and presenting that year in order to get our clients' feedback. It was part of this process in which our sovereign exclusion policy in emerging market debt was originally born.

As an example, over 2022 we worked with a pension scheme whose sponsoring employer is an energy producer (with significant coal activities in the UK). Sustainability was a key objective for the sponsoring employer and the Trustees. We therefore set out a clear training agenda on the topic, starting with an introduction to sustainability and ESG. Following this we sent a questionnaire to the Trustees to ascertain their views, and which areas are most important to them. We then discussed the findings from this questionnaire, and agreed which sustainable development goals they wanted to focus on, what type of actions (exclusion or engagement) they wanted VLK IM to take on their behalf to achieve their sustainability goals, and how many key performance indicators they wanted to judge themselves against. Following this we agreed the sustainability policy and net zero goals to which they wanted to align. There was a third session to discuss impact investing – what this encompassed, what it was trying to achieve, and how their strategy would need to evolve in order to be impact investing.

Following this, all clients have ESG as a rolling annual agenda item so they are up to speed with the rapidly evolving area, but also to receive their views as they change over time. This process enables us to reflect our client preferences well and in detail, giving also space for adjustments over time. Our approach has been perceived as constructive and proactive by clients.

6.5 Signatories should explain how assets have been managed in alignment with clients' stewardship and investment policies

Van Lanschot Kempen has been at the forefront of embedding and integrating clients' ESG criteria and beliefs into their portfolios so that ESG is fully integrated. Our stewardship and investment policies have often been far advanced of our UK clients' prior policies, and hence by default we have managed to meet or outperform our clients policies. During the client onboarding process, our clients submit their implementation statements, covering all assets that will be managed by us. We support our clients to do this, and this process individually identifies the client's policies to which we either already adhere or exceed, and this includes underlying fund managers appointed by us.

- We were founding signatories of the Net Zero Asset Managers (NZAM) initiative , and took that organisation from eight to over 40 signatories. We're leading global discussions on TNFD , a successor to TCFD, dealing with biodiversity. We've led the UK institutional space on climate transition aligned investing, as well as our approaches to clean energy, clean water, sustainable healthcare and sustainable food supply. And we're proponents of an approach to managing government bonds that is market leading from a perspective of social and governance issues.

We have also built up a demonstrable track record as the responsible and sustainable steward to help our clients achieve their own specific ESG goals, as they use our base as a springboard to go even further. This ranges from helping our clients to win awards for their approach to sustainable investment , to writing ESG policies for them, to ensuring their Statement of Investment Principles (SIP) – for UK pension schemes – is aligned with the latest regulatory guidance on incorporating stewardship and responsible investment.

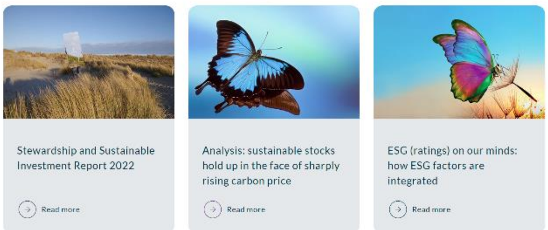
6.6 Signatories should explain what they have communicated to clients about their stewardship and investment activities and outcomes to meet their needs, including the type of information provided, methods and frequency of communication to enable them to fulfil their stewardship reporting requirements

For fiduciary management clients where we manage a multi-asset portfolio for pension schemes, insurance companies and other long-term investors, clients receive:

- Quarterly reporting which includes global compact screening, MSCI ESG rating, percentage of the portfolio invested in tobacco, coal, oil & gas and controversial weapons, weighted average carbon intensity and amount of emissions and
- Annual Climate Impact Assessment – where we analyse the carbon footprint of the client's investments.
- Annual Implementation Statement – where we report on voting and engagement.

For certain clients, we've created a bespoke ESG policy which we subsequently incorporate into our investment choices and ultimately report upon.

Quarterly ESG Newsletter available on our website and sent to clients. A recent ESG Newsletter on the topic of how sustainable stocks hold up when facing a sharp rise in the price of CO2: Click on the image or here to access the newsletter.



Clients in asset management funds

Clients receive a wide range of communications; each fund has its own sustainability policy, prospectus and fund factsheet, updated monthly, on the website. The fund sustainability policy covers the exclusion and avoidance approach, ESG integration, voting and engagement. The monthly factsheets cover the carbon intensity of the fund (relative to benchmarks) and the sustainability rating of the fund, among other information online at https://www.vanlanschotkempen.com/en-nl/investment-management.

Each fund's investment team provides a quarterly update to clients. These also cover stewardship updates, most notably on engagements and voting (after the voting season).

We also have an annual stewardship report on all Kempen funds and tailored reports to clients on their portfolios. These reports also cover exclusion, avoidance, integration, voting, engagements, carbon intensity metrics and SDG alignment, relative to the benchmark. We also provide a summary of our engagements relating to the OECD Guidelines for Multinational Enterprises and a summary of our most significant votes.

All our ESG related publications – including our Annual Stewardship and Sustainable Investment Report – can be found on our website:

https://www.vanlanschotkempen.com/en-nl/-/media/kempen-legacy/news-and-knowledge/esg-newsletter/Stewardship-and-Sustainable-Investment-Report-2022.ashx

6.7 Signatories should explain how they have evaluated the effectiveness of their chosen methods to understand the needs of clients and/or beneficiaries

As part of our fiduciary management offering, it is key to work with our client and their key stakeholders to help them set their long term objectives. We do this in a collaborative and consultative manner, ensuring we understand what goal they are trying to achieve, the timeframe in which they would like to do this and the level of risk they are comfortable taking. This is then assessed on an annual basis to check we are on track and whether circumstances have changes. On a triennial basis, the strategy is reviewed in its entirety as part of the actuarial valuation process. This is an in-depth study to understand the needs of not only the Trustees as the client, but also the underlying pension members as beneficiaries.

As part of our regular reporting, we review our performance relative to his long term objective which allows the client and ourselves to judge the effectives of the service we are providing. Tracking versus the “journey plan” allows all parties to understand the requirements.

With respect to our investment strategies they have a clear objective of the return the funds are targeting and the level of risk they aim to take. We work collaboratively with clients to understand their needs and ensure there is an alignment between what they are trying to achieve strategically and their investment in our funds. Our clients have relationship managers who meet with their clients on a regular basis to ensure we understand both their needs and the underlying beneficiaries. In addition an independent organisation undertakes a client survey on a bi-annual basis so we can better understand their needs and their areas of focus. Lastly, we focus on delivering on the objectives set by having capacity constraints carefully monitored by our risk department and soft-close when a strategy reaches capacity to deliver for existing clients

6.8 Signatories should explain how they have taken account of the views of clients and what actions they have taken as a result

2022 was a challenging year for our fiduciary management clients, as the increase in gilt yields resulted in the value of their government bond assets falling. In addition, there were structural changes in Liability Driven Investment strategies (LDI) which resulted in a significant reduction in leverage available. Following the Gilts Crisis of October 2022, we spent considerable time with each of our individual clients to understand how they had been impacted by the crisis and what the strategy should be going forward. This was a key time not only to reassess objectives, but also the level of risk and return the Trustees and their sponsoring employers wanted to take. We took account the various stakeholders’ views as we put in place an updated investment strategy for our respective clients. In many instances, the clients favoured reducing risk, rather than increasing return, where a decision between the two had to be made. This was then incorporated in to the investment strategy by holding more bond assets relative to growth assets and the process on how that view was taken was clearly documented.

Where clients did decide to de-risk, this resulted in a sale of listed equities and credit. This inadvertently resulted in an improvement in climate related metrics such as fossil fuel exposure and absolute carbon emissions. When assessing the annual path of carbon metrics we recognise there will be real change, where there are improvements in the underlying companies or an active decision to invest in companies that have lower emissions. The above is a strategic change, but does not reduce our desire to drive not only for our clients, but the wider industry.

With respect to our investment strategies, one of the pieces of feedback from our 2021 Net Promoter Score (NPS) survey was an improvement in client experience. We had received this feedback from our clients and took action to improve this over 2022. The improvements included the creation of a client strategy. As a business we have a purpose, mission and vision. But what was not defined yet was what are clients were entitled to receive in terms of experience. We also surveyed our clients to understand the main drivers of how they’d like to be treated. They told us they expect us to be: Attentive, to be clear and that we endeavour. So we’ve included those in our strategy and use them to give guidance to our ideal client journeys. We’ve mapped the entire end-to-and client journey (on a touch-point level). Having the overview of the current ‘as is’ client journey allowed us to define where to improve what. Client feedback on a touch-point level is being brought in to gauge clients’ experience. We’ve trained the business development and account management teams in client experience and have included senior management in the CX (Customer Experience) steering committee.

Principle 7

Stewardship, investment and ESG integration

7. Principle 7 - Stewardship, investment and ESG integration

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

7.1 Signatories should disclose the issues they have prioritised for assessing investments, prior to holding, monitoring through holding and exiting. This should include ESG issues of importance to them

As sustainable wealth managers offering growth opportunities, we know we need to respond to social, economic and environmental shifts, as well as evolving client needs. We set concrete and measurable targets so we can make a meaningful contribution to wealth creation, for people and planet. Our three priority themes are

- Energy transition & biodiversity,
- Smart & circular economy and
- Living better for longer.

In 2022, we recognised that these themes need to contribute to the three most important transitions of our age: energy, food and materials. These are the transitions that will have to mitigate the threat that is posed to our planet as a result of our production and consumption behaviours today.

During the reporting year, we focused our efforts on climate. We were one of the first asset managers to commit to the global Net Zero Asset Managers (NZAM) initiative in 2020, and we have set carbon footprint reduction targets for 2025, 2030 and 2050. For our internally managed listed funds and discretionary solutions for private clients, we aim to reduce our carbon footprint by 7% a year in line with the Paris Agreement goals. This 7% annual reduction applies equally to the absolute emissions for our organisation, balance sheet and investments alike. In 2022, we have fulfilled this target and have scored 58.4% of our AuM (internally and externally managed funds) to gain insight into our indirect CO2-emissions.

Although the easiest way to reach the target of a 7% reduction is to sell our shares in the most polluting companies, we prefer to take the more impactful route by actively engaging as a shareholder with investee companies. By doing so, we expect to facilitate the broader energy transition and create more real-world impact, like for example our engagement example in section 10.2 on CEZ or the Malaysian Airlines.

Our sustainable investment approach

To implement our vision, we engage with our investees on strategic, financial and environmental, social, governance (ESG) topics. Our long-term investment worldview combined with a thorough analysis and experienced ESG team allow us to leverage our fully integrated active ownership approach as a means to consistently encourage positive change. Through this process of integrating material governance and sustainability factors in our investment decisions and constructive engagement we're able to contribute to the development of principles and standards of corporate responsibility at the companies in which we invest.

7.2 Signatories should explain how integration of stewardship and investment has differed for funds, asset classes and geographies

In 2022, we have introduced a new country policy that allows clients to make a transparent and objective decision which countries not to invest in to avoid negative impacts and reputational risks. The country policy is implemented on top of sanctions regulation we already had in place, following the UN and EU sanctions lists.

We do not use sovereign ESG ratings by external agencies, since these can be biased towards wealthy countries, less transparent and are not controversy-based. Our policy is based on independent ESG and sustainability risk indicators, like scores and ratings from reputable think tanks, Non-Governmental Organisations and academia. These are for example publications from Yale University , the International Trade Union Confederation and country scores of Freedom House on press freedom and democracy. The country policy looks beyond sovereign issuers and considers the influence of sovereign in State-Owned Enterprises (SOEs).

On the basis of the country policy, a custom index is created and a passive manager has been selected to launch a bespoke fund to track and maintain the index. The policy is reviewed every 3 years or more often if required, to ensure the methodology remains robust and reflects the latest developments in data availability as well as real-world transitions. This country policy is offered to our fiduciary clients.

Once a country and/or company is considered investable, our stewardship approach does not greatly differ for funds, asset classes and geographies. We have greater influence over our direct investments than the indirect ones, implemented through external managers. Despite this, if a company / country gets added to our exclusion list, we will engage external managers to ensure they comply with our exclusion list within 6 months. We would likely remove an external manager from our approved list if they fail to comply with our exclusion list within a given time frame.

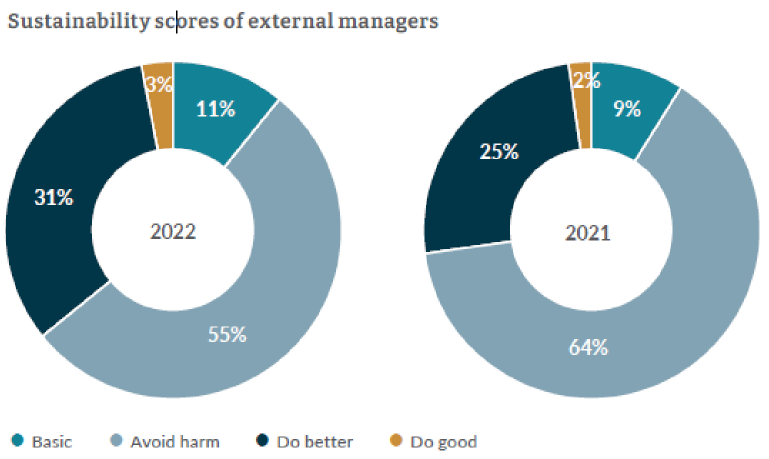
Exclusion and integration

Exclusion: 71 companies are currently on the exclusion list due to their involvement with controversial weapons or in very severe controversies. An additional 106 companies are excluded because of tobacco-related activities. In late 2022 the Sustainability Investment Council decided to streamline the exclusion and avoidance list polices, thereby reducing processes and complexities.

ESG Integration: We applied our Sustainability Spectrum scoring methodology to over 385 internally and externally managed funds, representing 58.4%% of Van Lanschot Kempen's AUM. The Sustainability Spectrum methodology, as seen in the graph below, helps determine at what level of sustainability an investment solution stands. We do not proactively offer levels 1 and 2 to our clients.

In 2022 we worked diligently to ensure all parts of the group, from private equity to private banking, use the Sustainability Spectrum to score external managers or define client sustainability preferences. As part of this exercise the manager selection and monitoring team have mapped the asset managers we work with, to define where their products are positioned on the Spectrum. The scoring methodology is reviewed and improved every year and subsequently made more ambitious. In 2022 we also worked on aligning it with the EU Sustainable Finance Disclosure Regulation.

The pie charts below show a breakdown of our external managers in listed asset classes by the five scores on the Sustainability Spectrum. Their Sustainability scores range from 'Basic' to 'Do Good'. We scored 385 listed funds by the end of 2022, which represent around 58.4% of our AuM. As a percentage of scored AuM, 11% of the funds scored Basic1, 55% scored Avoid harm, 31% scored Do better and 3% of the AuM fell under managers scoring Do good on the Sustainability Spectrum.



Scoring alternative asset classes

In 2022, we continued to assess funds in private and alternative asset classes. Private market funds were assessed with scores of Basic and Avoid harm. This apparent disparity is not unexpected, it has historically been more challenging for alternatives to apply sustainability in a similar way to the listed funds.

We have again engaged significantly with our external asset managers across all asset classes to challenge and develop their thinking across responsible investment, particularly the transition to net zero. In 2022 we proactively engaged with 80 managers which can be broken down to 39 listed external managers through our manager selection team, 31 private markets managers. Our expert Manager Research Solutions Team engages with external managers on compliance with our exclusion list, on alignment with our sustainability ambitions and those of our clients.

7.3 Signatories should explain the processes they have used to integrate stewardship and investment, including material ESG issues, to align with the investment time horizons of clients and/or beneficiaries

All our external managers and Van Lanschot Kempen funds are scored on a Sustainability Spectrum, between 1 and 5. We no longer actively offer levels 1 and 2, and we have a strong commitment to, firstly, reducing the carbon intensity of our investments to align with the targets set out in the Paris agreement and, secondly, to increasing the total and proportion of AuM in levels 4 and 5 annually.

Only managers scored in our framework and meeting our minimum criteria are offered to clients. The manager score is reviewed periodically and we initiate engagements with managers if we identify a desirable change.

Integrating stewardship and investment into our investment funds

Stewardship and ESG matters are integrated into the research and portfolio construction processes for the investment funds we manage. Active ownership is an important element in how we achieve this, in particular through:

- Engagement: As long-term investors in companies, we actively engage with company engagement on a range of topics, including strategy, operational performance, capital allocation and ESG. We believe we increase our impact and stewardship through cooperation with other investors and fund managers, and therefore we enter into dialogue with all companies we invest in. The aim of this dialogue is to collect more information, to discuss our research findings, and to encourage the company to establish best in class ESG policies and practices. Depending on the ESG questions at stake, the engagement can consist of regular email contact or a more intense dialogue, including calls and face to face meetings. The engagement is a combined effort involving the Portfolio Managers and the Sustainability Centre experts.
- Proxy Voting: Within the context of our long-term engaged equity strategies, we evaluate all points on the shareholder meeting's agenda before we vote. For the execution of the votes, we use specialist international proxy advisor ISS with their electronic voting platform and guidance; ISS is a member of the ISS Best Practice Principles Group (BPPG) . Although we use the services of ISS, we review company meetings individually and in depth, and make our own decisions rather than always following the default recommendation.
- Voting decisions: Exercising voting rights is an essential part of responsible investment and active ownership; our voting activities comprise voting at shareholder meetings in person, as well as by proxy.

The Sustainability Centre is responsible for the monitoring of Van Lanschot Kempen's engagement activities, ESG integration, ESG policies and thematic themes. On a quarterly basis, the Sustainability Centre team screens the holdings of all funds and discusses the findings with the portfolio managers. In addition, they organise regular and ad-hoc sessions on ESG-matters in portfolios with all investment teams. These regular sessions are a part of the quarterly ESG screenings.

Progress in 2022

In 2022, we rolled out our proprietary Sustainability Risk Score that combines external ratings with our own views and expertise on the companies involved, making the ESG scores that we use more forward looking and reducing our dependence on external scores. This results in a consistent score for each company across our investment teams, as relevant for the credit team as it is for the equity strategies we manage.

The basis of our 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.

In formulating our proprietary Sustainability Risk Score, our investment teams put extra focus on carbon emissions and corporate governance. Given the importance of these issues, we use a more extensive combination of external data for a refined custom scoring framework based on precisely defined sub-issues. The framework thus reflects the targets the company has set, the way the company manages these targets, and how management is incentivised to reach these targets. This helps us to track how the companies we invest in are meeting decarbonisation ambitions – this links directly to our own net zero goals.

While the details of how the Sustainability Risk score is incorporated into each team's research and company valuation model (for example our Global Small-cap and large cap Sustainable Equity teams include the score in a slightly different way from the Real Assets team, who make appropriate adjustments for analysing financials including using return on capital employed rather than return on equity), the score is essential in the investment process for all teams and serves as tool to select companies for engagement.

Approach in fiduciary management

As part of our externally managed strategies, a large proportion of our global equity exposure is invested in an index based on the Transition Pathway Initiative. After seeding this fund, it has grown in size, with a number of other institutional clients investing alongside us. We have also invested our clients' assets across a range of thematic funds, which align with our views on megatrends. We believe sustainability will play a key role in the future and therefore have specific allocations to clean water, clean energy, sustainable healthcare and sustainable food supply. Finally, we have engaged significantly with our external asset managers across all asset classes to challenge and develop their thinking across responsible investment, particularly the transition to net zero. We believe the industry has taken positive strides in the equity space, but over 2022 we focused on credit, which has lagged. In addition we spent time on integrating stewardship in our private market allocations, particularly infrastructure and real estate.

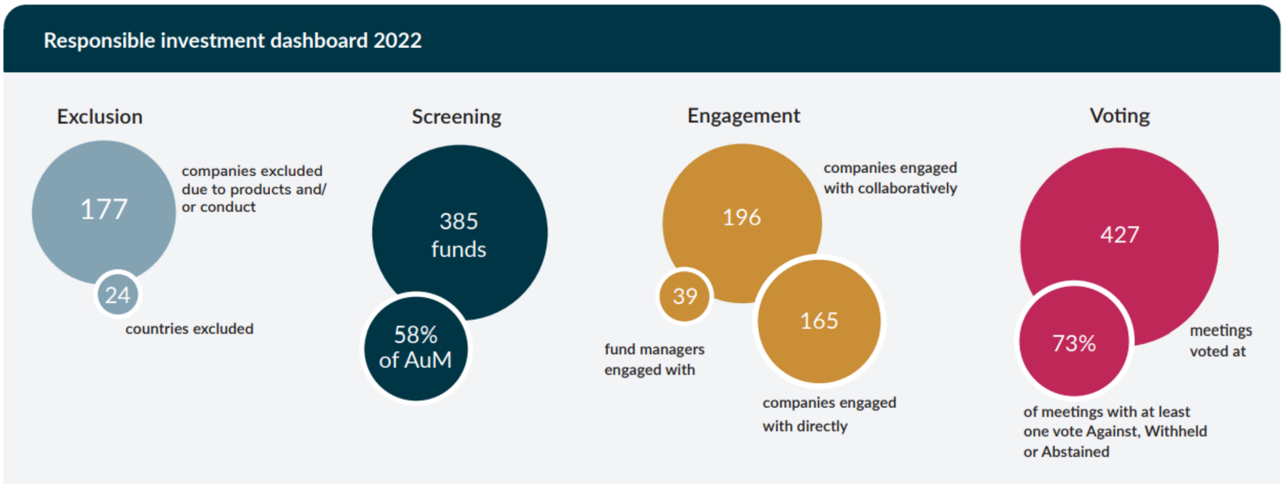
Our commitment to and our extensive history in long-term, award-winning responsible investment means we are ideally placed to help our institutional clients achieve full integration in their investment portfolios. VLK IM's long history of ESG integration for our Dutch fiduciary clients means that we already have the appropriate toolkit needed to help UK trustees implement the necessary changes, which are increasingly required as part of regulatory developments.

This could include, for example, helping clients develop their own ESG policy, which we then use as a basis for strategic asset allocation and portfolio construction, and monitoring the success of our ESG integration. Where we do not currently have an implementation option to reflect the ESG ambition of our clients, we work with them to make an implementation route available. We've been proud to be able to help several of our clients on this basis.

On an annual basis, we invite clients to revisit their beliefs, including the evolving view on ESG and adjust the portfolio if required.

Stewardship dashboard

The dashboard below shows key numbers and highlights Van Lanschot Kempen's exclusion & avoidance, ESG integration, and active ownership (voting and engagement) activities over 2022. Please see Principle 9 for more detail on our exclusion, screening, engagement and voting



7.4 Signatories should explain the processes they have used to ensure service providers have received clear and actionable criteria to support integration of stewardship and investment, including material ESG issues

Through our proprietary manager scoring framework (see above and Principle 4 for the Sustainability Spectrum) we can formalise our judgement on a manager's responsible investing capabilities. We use the information gathered to identify areas of improvement, make these transparent internally, towards clients and the asset manager. In case of an improvement area being identified, the Manager Research and Solutions team will enter in a dialogue with the external manager on the issue. This is an integral part of our rating and feedback process with external asset managers. We have found that the managers we work with appreciate our honest and clear feedback, providing them with context of where the industry and their peers are in respect of ESG.

With regards to service providers from whom we purchase ESG data, we select the most suitable provider through a tender process, and hold periodic calls with them to keep them informed about our data needs. We also interact with peers to assess their experience with data providers and stay abreast of trends. Once data points are purchased, we structure and analyse the data internally to make sure the data output meet our integration and stewardship needs.

On the point of external manager scoring, the criteria in which we rate our sustainability spectrum is set out below.

1. Commitment to RI	RI policy & commitment Climate policy Global norms Industries bodies participation RI & oversight	4. Evidence & Transparency	Evidence engagement Evidence ESG integration Evidence voting policy Reporting & public disclosure
2. ESG Integration	Implementation in investment process & research ESG data, training & expertise of the terms	5. Exclusions	Compliance with exclusion criteria
3. Active Ownership	Engagement framework Proxy voting policy quality & practices	6. Impact	Fund level intentionality Portfolio level intentionality Impact management & measurement

In order provide further detail on how a strategy is rated flavour 3 or above, we set out some of the specific characteristics which are required in each criteria. This is a sample of some of the areas and is not an exhaustive list.

Pillar	Requirement	Flavour 3	Flavour 4	Flavour 5
1. Commitment to RI	1.1 PRI signatory	Yes	Yes	Yes
	1.2 ESG policy with reference/commitment to OECD Guidelines	No	Yes	Yes
2. ESG integration	2.1 Focus on assets with higher ESG scores	No	Yes	Yes
	2.2 Lower carbon intensity than the (standard parent) benchmark	No	Yes*	Yes*
3. Active Ownership	3 Engagement policy	Yes	Yes	Yes

Pillar	Requirement	Flavour 3	Flavour 4	Flavour 5
4. Evidence and transparency	4 Annual firm-wide engagement report (if applicable)	Yes	Yes	Yes
5. Exclusions	5.1 Controversial weapons	Yes	Yes	Yes
	5.2 Conventional weapons	No	Yes	Yes
	5.3 Tobacco	Yes	Yes	Yes
	5.4 MSCI ESG Red Flags (covering UNGC and OECD principle violators)	Yes	Yes + MSCI ESG Red Flags formally excluded	Yes + MSCI ESG Red Flags formally excluded
	5.5 Coal	Yes (>50%)	Yes (>10%)	Yes (>10%)
	5.6 Oil Sands	Yes (>50%)	Yes (>10%)	Yes (>10%)
	5.7 Russia/Belarus	Yes	Yes	Yes
	5.8 Exclusion list countries (per SC criteria)	Yes (Sanctions)	Yes + 'Country policy list'	Yes + 'Country policy list'
	5.9 MSCI BB, B and CCC or similar	No	Yes	Yes
	5.10 Additional Exclusions	No	Yes	Yes
6. Impact (listed investments)	6.1 Positive inclusion of investments that positively contribute via products and services to the SDG's and minimize the negative impacts.	No	No	Yes
	6.2 GIIN Membership	No	No	Yes
	6.3 Application of Impact Management Project framework or IFC Operating Principles for Impact Management or similar	No	No	Yes
	6.4 Active engagement on opportunities to improve SDG and sustainable investment performance of the portfolio	No	No	Yes
	6.5 Each individual investment should have a net positive contribution to the SDG's	No	No	Yes
Total score		>50%	>75%	>75% (also on impact)

* Does not apply to the Green Bonds asset class given the universe and calculation of the carbon intensity for Green Bond strategies.

Engagement Case Study

An example of an ESG engagement we had with a manager in 2022 was M&G on their holding of Volkswagen bonds, who are under scrutiny due to the factory in Urumqi, China which is alleged to use forced labour.

Volkswagen had a B MSCI ESG rating and had been red flagged. The M&G fund is a sustainable fund rather than for a normal investment fund and therefore the threshold is higher for ESG matters and how we rate them. This would be a flavour 4 in our sustainability spectrum. We continued to engage with M&G through 2022 and informed them at the end of the year, if no progress on the case is made in 2023, we will push M&G to divest from Volkswagen due to lack of progress.

7.5 Signatories should explain how information gathered through stewardship has informed acquisition, monitoring and exit decisions, either directly or on their behalf, and with reference to how they have best served clients and/or beneficiaries

These decisions are ultimately taken by the relevant fund's portfolio management team, or by our Manager Research Solutions team where it concerns third-party managers in our fiduciary management service. In all cases, stewardship and ESG criteria are critical elements in our disciplined decision-making processes.

In 2022, there were 12 engagements on specific underlying companies . A further 17 examples where we had proactive engagement with asset managers to push forward their ESG and sustainability ratings.

All our investment portfolios are screened every quarter in order to monitor and analyse whether the portfolios contain companies whose activities are contrary to Van Lanschot Kempen's stewardship and ESG criteria. These criteria may change, corporate activities are dynamic and the composition of portfolios may also change. This screening therefore requires an extensive database, continuous monitoring and of course alerts and reports when issues are identified.

- The ESG screening process is an important tool for VLK IM to identify engagement cases as this is a core element of our stewardship activities (instead of immediately divesting). This screening is undertaken in-house, using MSCI ESG Research. This database is linked to FactSet, VLK IM's investment analytics tool. Within FactSet, we use the LookThrough database, which provides us insight into the underlying holdings of the investment funds.
- Using MSCI ESG Research, companies are flagged based on their involvement in major ESG controversies. Companies receive a flag (Red, Orange, Yellow and Green) and the controversies are explained.
- In addition, we screen for UN Global Compact compliance (Pass, Watch List, Fail) and ESG Rating (AAA-CCC).

Applying this approach enables us to ensure our clients are not exposed to companies with poor ESG policies and processes, companies with insufficient governance quality, those involved in very severe controversies or involved in the production and distribution of products that are on our exclusion list (i.e. controversial weapons, tobacco, etc). This helps us to take precautionary measures about client's possible exposure to reputational or sustainability-related risks.

Example of exit decisions in our investment funds

In the investment process, our portfolio managers assess the ESG profile of each company to ensure minimum environmental and social safeguards and good corporate governance practices. Each company is assessed on a case-by-case basis, taking into account material risks in a given industry in combination with the company's respective risk exposure, governance practices and disclosure. As long-term, engaged shareholders, our investment horizon is 5-10 years in listed equities.

Portfolios are monitored every day, and the investment teams work closely with Risk Management to monitor performance attribution, liquidity risk and other exposures. In addition, investment teams have a formal meeting (typically every week) to review news flow, new ideas and any relevant topic that may require portfolio changes.

Portfolio managers may decide to sell a holding in a company when their analysis – which includes the proprietary ESG score – shows that the investment case has worsened to such an extent that the position is unlikely to contribute to the return target of the portfolio. For example, if a company moved to 'Fail' status on the UN Global Compact, this would trigger a sale.

Case study: Progress is picking up and we need to accelerate

The low carbon transition is also creating substantial investment opportunities. The drive to help us travel more sustainably, for example, has put the global e-bike sector on track for a $120 billion valuation by 2030 and that influenced our investment in e-bike manufacturer Accell Group. We have however been broadly critical about the poor governance processes being followed at Accell around a relatively low €58 take-over offer per share by private equity investors KKR and Teslin. We also used the voting season as an opportunity to draw attention to our concerns at ForFarmers, a feed solutions company. The last few years were difficult for ForFarmers and the external environment does not look set to improve in the near future. As long-term shareholders, we have engaged with the company - including with the current chairman of the board and their predecessor - as well as previous executives on multiple topics, as we had a disagreement with the company concerning their overall strategy. Eventually we voted with our feet as our holding dropped below the 3% and 5% notification threshold this year. With the remaining shares we held at the time of the AGM, we voted against the discharge of the executive and supervisory boards and a remuneration report due to the insufficient rationale for the variable compensation that has been awarded to executives for 2021. In addition, we also voted against a new remuneration policy for executives as it allows for increased payouts while not meeting KPI thresholds.

Example of exit decisions in our fiduciary management

Over 2022 we removed more than 40 solutions from our list of approved funds. The removals took place partially due to a low ESG and sustainability risk profile. Our initial focus is to engage to improve the sustainability profile of the investment funds we work with. We strive to raise the bar by selecting funds with higher ESG criteria and only remove the funds from the monitoring list if we do not believe further engagement will result in an improvement to the ESG score.

A specific example of this over 2022 was a disinvestment of 950m euros from Vanguard's passively managed equity funds. This included the European, US and emerging market equity funds where we had discussed with Vanguard putting in place our exclusion policy which applies across all our clients. Vanguard were not able to make the necessary changes to their pooled funds or setup segregated mandates that were aligned with our policies, and therefore we exited from these strategies and reinvested in index funds which were able to meet our exclusion policies.

Principle 8

Monitoring managers and service providers

8. Principle 8 – Monitoring managers and service providers

Signatories monitor and hold to account managers and/or service providers.

8.1 Signatories should explain how they have monitored service providers to ensure services have been delivered to meet their needs

Data supplier

Van Lanschot Kempen Investment Management uses data from MSCI ESG Research, Sustainalyics and ISS for our listed asset classes.

MSCI ESG Research was chosen as our main data supplier in 2022 after an extensive section and testing process. Decisive factors were: the coverage in general, the availability of data on the indicators and parameters for the (most important) adverse effects on sustainability (especially on greenhouse gas emissions Scope 3), the broader climate data requirement (also related to TCFD reporting), the link with current ESG datasets (including the MSCI ESG ratings module), the data quality and methodology (including for estimates), the method of accessing the data and flexibility for importing into our infrastructure and the reporting options for our customers and other stakeholders.

To create a total overview of all direct investments in the investment portfolio, information is imported from Morningstar for investment funds. Morningstar collects this data from all fund managers. For mandates, the information is requested from the custodian of the pension fund. This data is processed in the VLK IM data management system. Subsequently, the weightings of individual investments are calculated in relation to the total investment portfolio. The data of each investment is enriched with ESG data. For periodic reporting, this data comes from MSCI ESG Research. After enrichment, it is possible to aggregate the investment information to provide insight into the sustainability information of the entire investment portfolio.

Sustainability information for regulatory reporting

VLK uses the Sustainable Finance Module of MSCI ESG Research for periodic reporting. This module contains all necessary data points related to SFDR, the EU Taxonomy and the Taskforce for Climate-related Financial Disclosure (TCFD). The module consists of two datasets for more than 10,000 companies:

MSCI SFDR Adverse Impact Metrics: This information is used for screening for sustainability indicators.

MSCI EU Taxonomy Alignment: This information is used to measure the percentage contribution of economic activities to the sustainability goals.

For the investments for which no sustainability information is available in these datasets, the sustainability information of the asset managers is used. The managers provide this information via the standard template for financial market participants, the so-called EET files. VLK IM periodically evaluates its data suppliers and selects the supplier that delivers the highest quality per segment, including climate data and data on the sustainability goals of the United Nations (SDGs).

How does VLK IM guarantee data quality within the chain?

The data quality checks within the VLK IM data chain can be divided into two parts. At the beginning of the chain, VLK IM checks the input data, and at the end of the chain it checks the output. These checks consist of gate-keeping, quality and content checks. Gate-keeping involves checking and validating the data at the beginning of the process. These are checks on the technical content of the data, such as the formatting of numbers, data and codes. For example, an ISIN code must contain 12 characters and percentages must always be between 0 and 100. Subsequently, qualitative checks are carried out, looking for major deviations in the data. This is often done on the basis of trend analyses and comparable companies. Finally, substantive checks are carried out to see whether the data is in line with the assumptions and expectations of the managers. When incorrect or inconsistent data is discovered, it is fed back to the data provider to address the problem at the source. In addition, VLK IM itself can make interventions in the data so that they are in line with expectations.

With this data, the calculations for the regulatory reports are drawn up, such as the SFDR, PAI indicators and asset allocation. VLK IM has implemented specific SFDR and TCFD solutions so that the calculations of different reports are performed consistently. The aforementioned gate-keeping, quality and content checks are again carried out on the output to guarantee the quality of the reports.

VLK IM is constantly optimizing the SFDR data chain. In the coming year, an extensive SFDR and TCFD process evaluation will take place, reflecting on, for example, data governance, increasing coverage, process optimization and new requirements from under legislation.

8.2 Signatories should explain how the services have been delivered to meet their needs OR Signatories should explain the action they have taken where signatories' expectations of their managers and/or service providers have not been met

The monitoring of the quality of the external (ESG) data takes place across several links. The Investment Management Technology & Analytics departments and the Sustainability Centre are involved as subject matter experts. The steps taken in the data quality process include a test for consistency (are there any contradictions in the dataset, e.g. with regard to reporting in previous periods, a comparison with similar issuers, checking for outliers), accuracy, completeness (how many values are we missing in the dataset and what is the ratio of reported data to estimates by our external ESG data suppliers), orderliness (is the data in the right format and with the right factor), timeliness (are the most recent data points reported by issuers included in the data set).

In addition to data quality monitoring, there is also feedback to the external data suppliers to provide clarity about certain data points and the method of reporting. This applies to both the MSCI SFDR Adverse Impact Metrics dataset for (main) adverse effects) and the MSCI EU Taxonomy Alignment for sustainable investments.

What happens if no data is (yet) available?

Sustainability information is currently under development. Both quality and availability are increasing. However, it is possible that there is no information yet for a number of sustainability indicators and the overall coverage is relatively low. This is expected to apply mainly to data related to SFDR and the EU Taxonomy. Due to the Corporate Sustainability Reporting Directive (CSRD), companies are only obliged to report on this sustainability information from 2024 on the year 2023.

In principle, the sustainability information for (most important) adverse effects is directly linked to the investments. If this link cannot be made because, for example, sustainability information is missing for a company, it is examined step by step whether a link at a higher level (with the so-called parent company) is possible. If no link can be made, either existing data can be extrapolated, or no value (or '0' used).

Principle 9

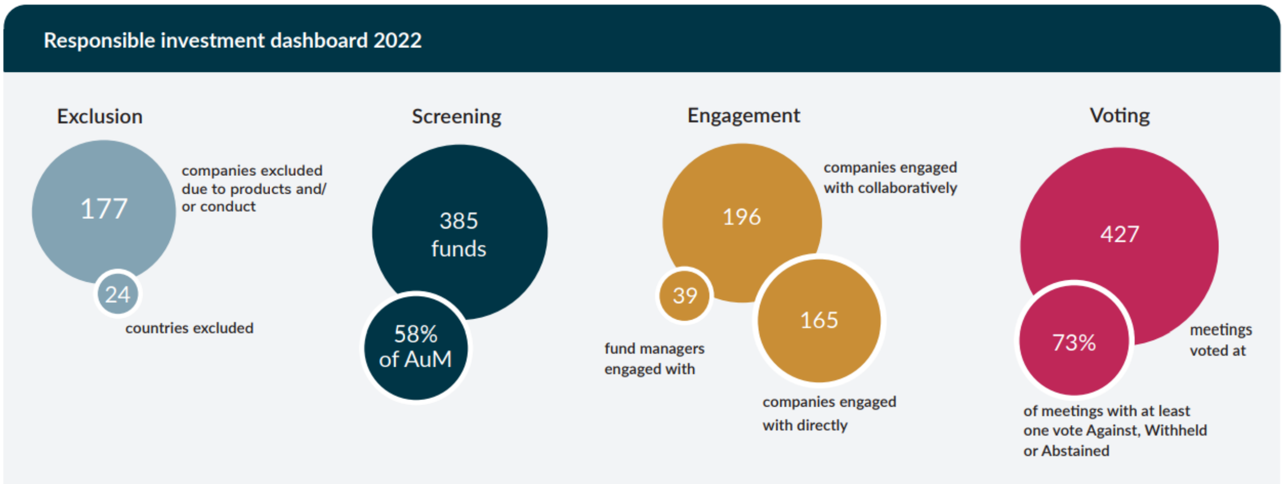
Engagement

9. Principle 9 – Engagement

Signatories engage with issuers to maintain or enhance the value of assets.

9.1 Signatories should explain how they have selected and prioritised engagement (for example, key issues and/or size of holding)

The dashboard below shows key numbers and highlights Van Lanschot Kempen's exclusion & avoidance, ESG integration, and active ownership (voting and engagement) activities over 2022.



We prioritise engagements based on themes, our influence and the severity of the issue to be addressed. In terms of themes, our engagements in 2022 focussed on:

- carbon intensity / climate action (examples include CEZ and Malaysian Airlines)
- governance, including management quality, remuneration and diversity and inclusion (for example Fujitec)
- safeguarding human and labour rights and living wage (examples: Coats and Vinci)

In terms of our influence, we prioritise engagements with companies where our share / debt ownership is greater and we can therefore have a bigger impact. In terms of the severity of the issue to be addressed, we tend to join forces with initiatives such as the Climate Action 100+ (where we have been leading the engagement with CEZ), as together we can achieve more with the most polluting companies.

9.2 Signatories should explain how they have developed well-informed and precise objectives for engagement with examples

Through our engagements, we seek to encourage positive change at companies. We engage on a broad range of strategic, financial, corporate governance, environmental and social aspects in order to:

- Be informed about corporate strategy, policies and programmes and increase our understanding of a company;
- Ensure that companies' boards and management teams have proper oversight and management of sustainability risks, and that companies sufficiently embrace environmental and social opportunities; and
- Encourage companies to adopt corporate governance best practices.

We measure the outcomes and results of our engagements with milestones.

Milestone 1	Milestone 2	Milestone 3	Milestone 4
Raise concern	**Company acknowledgement**	**Company takes action**	**Company completes requested action (closing of the engagement)**
Van Lanschot Kempen identifies the issue, formulates the desired outcome and brings it to the attention of the relevant board members or management team of a company	The company acknowledges the importance of the issue raised to the company or its stakeholders and commits to resolving the issue	Company has initiated action to address the concern raised and communicated progress with us / publicly	The company can provide clear evidence that the requested action is fully implemented

In 2022, we achieved 73 Engagement Milestones across 106 engagements for change, foremost in the environmental (34) and governance (35) areas, highlighting the concrete results our engagement delivered during this year.

The table below shows how the total of 106 engagements for change are split across four milestones as of the end of 2022. We engaged more frequently on environmental and governance issues than on social issues. Our commitment to engage with the highest emitters in all portfolios and our target to achieve a 7% annual emission reduction, and the goals of the Paris Agreement, drove our climate-related engagements. 19 engagements have reached milestone 4 this year, which means engagements were successfully completed.

Engagements milestones 2022

Current engagements are at	Milestone				
	1	2	3	4	Total
Environmental	17	19	13	7	56
Social	0	2	4	2	8
Governance	14	8	10	10	42
Total	**31**	**29**	**27**	**19**	**106**

The next table shows how our 'engagements for change' progressed across our four milestones in 2022. Around half of the engagements showed no progress during the year – some we only initiated recently, others because in some cases progress has stalled. Furthermore, some engagements take more time before a company can implement our request for change and the engagement can therefore progress to the next milestone. As the below table shows, 32 engagements reached one milestone in 2022, 7 progressed two milestones, and 9 reached a delta of three milestones, meaning they were initiated and successfully completed in 2022.

Milestone progress in 2022

	Milestone delta (progress)				
	0	1	2	3	Total
Environmental	33	16	2	5	56
Social	5	3	0	0	8
Governance	20	13	5	4	42
Total	**58**	**32**	**7**	**9**	**106**

The number of 73 Milestones overall is calculated as follows: Milestone change 1 + Milestone change 2 (x2) + Milestone change 3 (x3). I.e.: Milestone 1 = progressed 1 step in 2022. Milestone 2 = progressed 2 steps in 2022, counting as 2 milestones. Milestone 3 = progressed 3 steps in 2022, from 1 to 4, counting as 3 milestones

Client input on engagement topics

TCFD became an increasingly important regulatory submission over 2022 where UK pension schemes over 1 billion were required to submit a TCFD report. A number of our clients had to submit a TCFD report and we therefore engaged with them throughout the year to ensure not only that this was completed, but that it was a report that was beneficial to their members. Regulatory changes have also coincided with a greater focus on engagement from across our client bases. In terms of a specific client influence during 2022, we provide an example below:

- One of our clients wanted to have more transparency on the sustainable credentials of real estate managers. We met this need by designing engagement frameworks for engagements on climate, social and governance themes, providing more clarity on the willingness, ability and commitment of real estate managers to – amongst others - meet the goals of the Paris agreement and their contribution to human capital development.

9.3 Signatories should explain what methods of engagement and the extent to which they have been used

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 engagements.

To track the progress of engagements for change we use milestones. (please see above for our methodology and the extent and outcomes). Every milestone represents an accomplishment and a step towards reaching a defined SMART (Specific, Measurable, Attainable, Realistic, Timely) goal. The topics cover among others: long-term strategy & risk management; transparency & communication; Governance; Environmental Management including climate change; and Social & Ethical issues, such as labour rights or living wages.

9.4 Signatories should explain the reasons for their chosen approach, with reference to their disclosure under Context for Principle 1 and 6

The aim of Engagement is to create value for the company, shareholders and society. An engagement can start at every milestone, depending on the issue and the goal of the engagement. Van Lanschot Kempen aims to move every engagement at least one milestone further every six months. Should a company not be willing to move forwards on the engagement, divestment is considered.

It will not always be possible to see a direct causality between our engagement and the improved ESG profile of a company; even if change occurs, it might not be directly as a result of our engagement effort. However, our focus is on achieving the change and not on the attribution of the change.

Engaging with companies within our funds

Van Lanschot Kempen engages both on our listed equity and corporate bond holdings. Therefore, the scope of this policy is applicable to both asset classes and all VLK IM funds invested in these asset categories. Portfolios are screened every quarter using MSCI ESG and similar tools, both for integration as well as for identifying engagement opportunities.

Based on the input from MSCI ESG Research complemented by other assessment, the portfolio managers and the Sustainability Centre define engagement targets. In case the engagement with our investees is not successful we will consider escalation actions which may include:

- Writing a formal letter to the executive and/or supervisory directors in which we explain the issues of our concern;
- Holding additional meetings with the executive and/or supervisory directors, specifically to discuss the issues of our concern;
- Holding meetings with other stakeholders of listed companies;
- Attending the annual general meeting of the company to express our concerns;
- Collaborating with other institutional investors on specific of issues of concern;
- Selling the shares (a last resort, but one that we have taken in the past).

Engagement with Fund Managers

The engagement with external fund managers (including managers of passive fund solutions) is executed by the Manager Research Solutions in cooperation with the Sustainability Centre. The focus of this engagement approach is on the fund managers' responsible investment policy, implementation and disclosure. The aim of the engagement is to encourage best practices. Van Lanschot Kempen also screens the holdings and funds in the external portfolio and discusses possible controversial investments with the fund managers. We encourage the external fund manager (as a direct shareholder) to enter into dialogue with these companies.

Engagement with other stakeholders

Van Lanschot Kempen would like to inspire all their stakeholders to apply best practices on responsible investment. We try to encourage our clients and peers to implement a responsible investment policy and to integrate ESG into the investment process. We also have thematic discussions with NGOs and network organisations, such as the PRI, IIGCC, ICGN and others. Furthermore, we approach credit rating agencies and promote the embedment of ESG criteria in their rating process of companies and countries. If and when appropriate, we also communicate with the stakeholders of the companies we invest in.

Collaborative engagement

By participating in collaborative engagement initiatives, we can increase the effectiveness and leverage of our engagement activities. These include the PRI, Eumedion, the Dutch Corporate Governance Forum or other networks. When investors approach a company collectively, the pressure increases and so is the likelihood of success. Please see below Principle 10 for more information on our collaborative engagements.

9.5 Signatories should explain how engagement has differed for funds, assets or geographies

Our engagement effort is aligned across own funds invested in listed equity or fixed income. Our engagement focuses less on sovereign issuers where we primarily give input through public consultation on new regulation. In illiquid asset classes we engage as well, often focusing on engaging with external managers in the case of pools and engaging with underlying companies in case we are directly co-investing. Our engagement efforts are not differentiated based on geography, but they are based on our priority themes (energy, food and material transitions, as well as good governance and social concerns). We engage more frequently where our leverage is greater or where we can increase our leverage through collaboration with other investors, as outlined above.

Regarding external managers, we also seek to first engage before removing a manager / fund from our approved list. In 2022 we had 43 removals from the approved list where there was an ESG angle. The number was relatively high last year as a lot of advisory funds were removed due to their weak ESG profile.

9.6 Signatories should describe the outcomes of engagement that is ongoing or has concluded in the preceding 12 months, undertaken directly or by others on their behalf

In 2022, we engaged directly with 165 companies on environmental, social and governance themes through our core strategies. Similar to last year, this again represents nearly 50% of our equity holdings in terms of number of investee companies.

Of these engagements, 106 were engagements for change carried out by our portfolio managers and responsible investment team. These were mainly focused on environmental (56 engagements) and governance issues (42).

We also engaged with 87 companies for awareness on general sustainability issues, for a large part on governance and often around their AGM agenda items.

Thematic breakdown of our 2022 engagements

Thematically the total of 106 of our environment, social and governance engagements for change can be further broken down into the following categories:

- **Environmental (56)**
  - Carbon emissions reduction
  - Environment impact of products and services
  - Waste reduction
  - Resources use
  - Integrating climate metrics in executive compensation
  - Biodiversity
- **Social (8)**
  - Living wage
  - Decent working conditions
  - Product responsibility
  - Community relations
- **Governance (42)**
  - Management quality
  - Remuneration
  - Ownership and shareholder rights

Please see below the number of engagements in 2022, per theme:

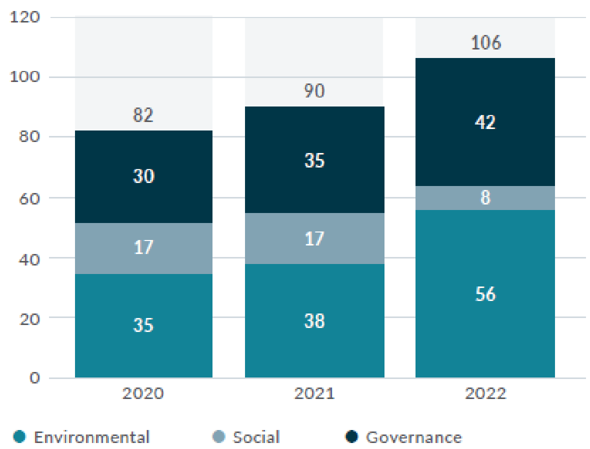
Number of engagements 2022 per theme

	Engagements for awareness	Engagements for change
Environmental	47	56
Social	6	8
Governance	34	42
Total	**87**[3]	**106**[3]

In cooperation with peers, we engaged with an additional 196 companies in 2022. Please see above for more information on our collaborative engagements.

The total number of engagements we undertook increased in 2022. This can be attributed to the focus of investment teams on proactive engagements for change on environmental issues.

Engagements for change per end of 2020, 2021 and 2022



OECD RBC engagements

For an overview of our most significant 2022 engagements on themes covered by the OECD Responsible Business Conduct (RBC) guidelines, please click here. It covers engagements on both actual and potential adverse impacts of business conduct and how these are mitigated.

Engagement Case Study: *Flying cleaner, paying less?*

An example of an individual engagement conducted by one of our portfolio managers and the Sustainability Centre is the engagement with **Malaysia Airlines**.

In 2021, we talked to Malaysia Airports about setting lower landing fees for cleaner aircrafts. The aim would be to help reduce the Scope III emissions: emissions from other associated companies. In 2022, we continued our engagement with this company through a meeting with the Malaysian aviation regulator. In late 2022, we were informed that the regulator would hold a consultation round with the country's four largest airlines. The outcome is expected in 2023. The engagement with Malaysia Airlines has reached milestone 3 in 2022.

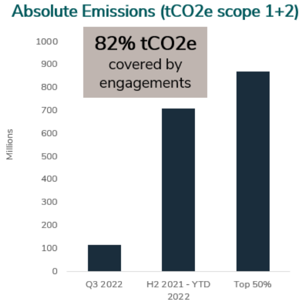
WACI engagements

The Van Lanschot Kempen investment teams have engaged with the most carbon intense companies following the WACI (weighted average carbon intensity) metric, accounting in aggregate for at least 50% of the respective portfolios. Please find a snapshot of these engagement below.
Part of our approach is looking holistically at challenges, such as the low-carbon transition, and engaging in a way that drives down real-world emissions, not just the emissions in our portfolio. For this reason, we engage with companies also on the responsible sale of their most carbon intense assets.

Top 50% WACI – Engagements Q3 2022

Portfolio Managers engaged with 40 companies on climate in Q3 2022, 21 of which are on the '*Top 50% contributors*' list. This list is an aggregation of the companies that make up the top 50% weighted average carbon intensity per strategy. There are a total of 55 companies on the list, all of which should be engaged with by end of 2022. Since initiating this target, Kempen now has engagements with 40 of these companies and 2 has been divested.

Absolute Emissions (tCO_2e scope 1+2)



Companies highlighted this quarter

- Repsol meeting on climate strategy and recent oil spill
- PPL Corporation update exit plan from coal
- Cabot Corporation engaged with on climate change and related target setting
- Titan Cement engagement initiated for further disclosures on decarbonization roadmap

REPSOL ppl CABOT TITAN CEMENT GROUP

Principle 10

Collaboration

10. Principle 10 – Collaboration

Signatories, where necessary, participate in collaborative engagement to influence issuers.

10.1 Signatories should disclose what collaborative engagements they have participated in and why, including those undertaken directly or by others on their behalf

Van Lanschot Kempen engages with investee companies directly, and does not outsource this responsibility to a third party. We pride ourselves in our active ownership and proactive engagement approach. Our engagements are led by the Portfolio Managers, with members of the Sustainability Centre providing input as useful. The Sustainability Centre plays a bigger role in the collaborative engagements, but the Portfolio Management team is always an active participant in these as well.

By participating in collaborative engagement initiatives, we can increase the effectiveness and leverage of our engagement activities. These include the PRI, Eumedion, the Dutch Corporate Governance Forum or other networks. When investors approach a company collectively, the pressure increases and so is the likelihood of success. We initiate a collaborative engagement or join existing engagement initiatives, such as Climate Action 100+. We assess which collaborations fit best with our values and engagement targets on a case by case basis. In addition, we collaborate with other asset managers and asset owners with whom our engagement objectives are aligned. In 2022 we became a supporter of the newly launched PRI collaborative effort on social themes, called Advance.

In 2022, together with peers, we participated in collaborative engagements with 196 companies. We were an active member of several initiatives, most notably:

- IIGCC Climate Action 100+ (leading the engagement effort with CEZ)
- Platform Living Wage Financials (we were lead engager with Coats and Abercrombie & Fitch)
- FAIIR
- Access to Medicine Foundation
- Investor Alliance on Human Right

An example of cooperation in a voting initiative would be FollowThis. We annually assess the proposals put forward by FollowThis and tend to vote in favour if meaningful proposals are put forward. In 2022 we supported the 'FollowThis' proposals to request that Shell, BP, Equinor and Phillips66 set short and medium-term targets, fully in accordance with Paris-aligned pathways and committed to absolute emissions reductions.

We seek to bring about change within companies we invest in for their long-term value creation for all stakeholders. In our VLK IM strategies we believe in inclusion over exclusion. We establish our engagement objectives up front and measure progress in four distinct milestones (see also Principle 9b). We strive to have constructive dialogues with companies and invest time and resources into our active ownership commitment.

Shareholder proposals 2022	Open letters 2022
– Co-filed shareholder proposal at Alphabet (Google, YouTube, etc) requesting the company to commission an independent Human Rights Impact Assessment report by a reputable third party to evaluate the efficacy of Alphabet's existing policies and practices – Co-filed a shareholder proposal at TotalEnergies to ensure alignment of its emission reduction targets with a 1.5°C scenario	– We signed the investor letter calling pharmaceutical companies to integrate the WHO goals into the executive remuneration strategy in a meaningful, material, measurable and transparent way. – We issued an open letter to Fujitec's Board of Directors in which we express our concerns over the disappointing mid-term plan and inadequate corporate governance at the company (see also Principle 11b below). – Co-authored an investor statement on oil and gas with six other peers listing 10 clear asks

10.2 Signatories should describe the outcomes of collaborative engagement

In 2022, we engaged with 196 companies in collaboration with peers. Examples include:

Alphabet – In 2022 we took another step in our engagement with Alphabet, the parent company of YouTube and Google, amongst others. Back in 2020, jointly with several other shareholders we co-filed a resolution asking for board oversight on human rights issues. The resolution received strong support, but was not adopted. However, the company did set up a board-level committee to monitor human rights issues. In 2022 we co-filed another resolution requesting an independent Human Rights Impact Assessment report to investigate whether the current policy is sufficient to prevent potential issues. This resolution did not receive a majority either, but the matter is now on the company's mind.

CEZ - Until recently, Czech CEZ fired the vast majority of their power plants on coal. Intensive collaborative engagement from investors and other stakeholders has resulted in CEZ now having climate targets in line with the Paris Agreement and transitioning to other energy sources. While we started discussions with CEZ 5 years ago, engagement gained momentum when we joined forces with other equity and bondholders within the investor initiative Climate Action 100+. Among other things, we have taken the company on board over the past few years to test their climate plans against the SBTi (Science Based Target initiative) model, to ensure that the targets are effective and meet 'Paris'. CEZ has since committed, among other things, to stop mining coal by 2033, five years earlier than required by the Czech government. Our engagement is now finished, but we continue to follow the company on its path to climate neutrality.

Coats Group - Similarly, we saw change at British threads supplier Coats Group[6] following Van Lanschot Kempen leading a collaborative engagement through the Platform Living Wage Financials. Coats Group Plc manufactures and distributes industrial threads to the apparel and footwear industry. It also offers performance materials including technical threads and yarn used in a range of industries such as automotive, household, medical, safety, telecoms, oil and gas, conductive, and composites.

The company has accelerated its approach to living wages, and in 2021 took action to bring salaries for employees in four countries up to living wage levels. In 2022 the company improved the transparency on this issue, by publishing a Living Wage policy. On top of this, positive spillover effects of Coats' Living Wage efforts took place. Other companies are adopting the Coats Digital GSDCost which enables them to factor living wage into prices, see news article on RA Intertrading and SAE-A Trading.

With regards to the Platform Living Wage Financials methodology, in 2022 Coats Group has been upgraded to the maturing stage. In this report a special mention was made to Coats (on page 21) to compliment on the implementation of its Living Wage program, see the 2022 report. We have completed this engagement successfully in 2022.

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[6] https://www.kempen.com/-/media/Asset-Management/ESG/ESG-Engagement-Cases/2021-cases/October/2021-Engagement-factsheet-Coats-EN.pdf

Principle 11

Escalation

11. Principle 11 – Escalation

Signatories, where necessary, escalate stewardship activities to influence issuers.

11.1 Signatories should explain how they have selected and prioritised issues, and developed well-informed objectives for escalation

In Principle 9 we cover our approach to prioritising engagement topics. Our first milestone of an engagement for change is to raise awareness with the company. Milestone 2 is reached when the company acknowledges the concern. At Milestone 3 the company is taking action to address our concern and at Milestone 4 we complete the engagement as the company has delivered on our ask.

We also ask companies to use their influence (as much as possible) to prevent or mitigate adverse impacts in cases where they are directly linked to other laggard companies' operations, products or services by their business relationships, even if they have not contributed to those impacts. We assess if there is a realistic chance that the engagement can positively influence the company's operations. Based on the input from MSCI ESG Research and Sustainalytics complemented by other assessments, the portfolio managers and the responsible investment department define engagement targets. In case the engagement with our investees is not successful we will consider escalation actions which may include:

- Writing a letter to the executive and/or supervisory directors in which we explain the issues of our concern
- Holding additional meetings with the executive and/or supervisory directors, specifically to discuss the issues of our concern
- Holding meetings with other stakeholders of listed companies
- Attending the annual general meeting of the company to express our concerns
- Collaborating with other institutional investors on specific of issues of concern
- Issuing a public letter to draw attention to our concern more broadly
- Supporting relevant shareholder proposals
- Co-filing shareholder proposals
- Participating in class action
- Selling the shares

To read more about our engagement and stewardship policy, please visit this page: https://www.vanlanschotkempen.com/-/media/files/documents/investment-management/esg/policies/stewardship-and-engagement-policy.ashx

We initiate an engagement with outreach to our company contact, often in the Investor Relations Team. We request a call with senior executives to explain our concern / insights. Should the call not be satisfactory, we send a formal letter to the Board. If this does not yield results, we consider further potential options including joining a collaborative engagement, signing on to an investor letter or potentially issuing a public letter to the company, listing our concern and ultimately voting against the entire board (such as we have done with Fujitec in 2021 and 2022– please see below).

11.2 Signatories should explain when they have chosen to escalate their engagement, including the issue(s) and the reasons for their chosen approach, using examples

Example of long-term engagement & escalation

The roots of our company lie in active ownership and our first investments involved working closely with Dutch small caps in the 1990s. By their nature, small caps are well-positioned to benefit from engagement. Van Lanschot Kempen as an investor can use its influence to pivot their businesses towards working more sustainably.

Fujitec is a Japanese company that designs and manufactures elevators, escalators etc. Twice in 2022, we took the unusual step of publicly expressing our concerns about the corporate governance policies of Fujitec. This step followed several years of one-on-one engagement with the company. In January 2022, in an open letter to Fujitec, we expressed our disappointment at the lack of corporate governance improvements in the company's mid-term plan. Fujitec subsequently published an improved plan in March 2022, but in May an investigation by another investor revealed evidence of financial and governance mismanagement, upon which we decided to vote against the reappointment of the board at the general shareholders' meeting in June. We again stated this intension publicly. In Q1 2023 a special meeting of shareholders took place at the request of a major shareholder. We have voted on a new independent board. We will continue our engagement with Fujitec in 2023.

Escalation through collaborative engagement

Engaging with some of the largest global multinationals requires a different approach - for example it may require collaboration with like-minded investors - but can be equally impactful.

We currently act as lead and supporting investors on several engagements for Climate Action 100+ (CA100+), the world's largest shareholder engagement. We were in the lead for engaging CEZ, as described under Principle 10.

11.3 Signatories should explain how escalation has differed for funds, assets or geographies

Our escalation is sector and geography agnostic. By having a consistent process and methodology our investee companies know what they can expect from us. Our escalation strategies take into account the leverage we have. We are more likely to escalate an engagement directly (see example of Fujitec) in cases where we own a larger proportion of outstanding shares and our voice can influence the decision of management. In the case of larger companies, we would escalate and engage in collaboration with peers. The same logic of leverage applies across asset classes and with external managers. We give more detail on this in our answer under Principle 8.

11.4 Signatories should describe the outcomes of escalation either undertaken directly or by others on their behalf

Case study: Environmental issues / climate change

Engagement Rationale

We have been engaging with TotalEnergies asking the company to align its strategy with recognized scenarios on the energy transition that is required to limit climate change to +1.5°C compared to pre-industrial levels. In accordance with the Manager's own commitment to the objectives of the Paris Climate Agreement. Although Paris alignment is important for all companies, we believe the oil & gas sector in particular plays an essential role in the transition and therefore urges the companies to be at the forefront of the transition - it is in the long-term interest of the company and its stakeholders.

Background

The company's strategy is to develop as a broad-energy company, with oil and gas, low-carbon electricity and carbon-neutrality solutions as integrated parts of its business. To reiterate this transition, the company has rebranded from Total to TotalEnergies. In 2020, TotalEnergies committed to net zero emissions in Europe by 2050, and a 60% or more reduction in average carbon intensity of energy products used worldwide by their customers by 2050 (scope 1+2+3). In May 2021 it expanded the net zero target from Europe to include all global scope 3 emissions. Main discussion remains on the 'backloading' of this target (i.e., the company is not planning to transition fast enough in accordance with +1.5°C energy transition scenarios).

Theme For Engagement

Environmental. Maximum effort is required to avoid a +1.5 ^{O}C average global temperature increase. TotalEnergies recognises that a low-carbon strategy provides a competitive advantage which creates long term value for its shareholders.

Engagement Objectives

- Carbon reduction intensity targets in line with +1.5°C scenario and create externally verified absolute intermediate targets.
- Incorporate +1.5 °C IEA scenario into climate scenario planning.
- Inclusion of Scope 3 into STIP GHG reduction metric and increase weight to be equivalent to financial metrics.
- Added disclosures on capex and net-zero decarbonization plans.
- Disclosure of full assessments on alignment of their trade associations with Paris Agreement.

Engagement Results

- In March 2022, TotalEnergies released its most recent Sustainability and Climate Progress Report and submitted this for an advisory vote by its shareholders. As its targets are back loaded and thereby in the Manager's view not aligned with a +1.5°C energy transition scenario – we voted against this agenda item.
- Together with a selection of Dutch asset members we have tried to put the Follow-this resolution on the agenda of this same AGM, thereby trying to have other investors express their discomfort about the climate change mitigation strategy of TotalEnergies. Unfortunately, this resolution was rejected by the Board of the company.
- We remain in dialogue with the management of the company, to ask them to align their strategy with recognized scenarios on the energy transition that is required to limit climate change to +1.5°C compared to pre-industrial levels.
- In addition, we have expressed our concerns regarding the potential impact of the Eastern Africa Crude Oil Pipeline Project that TotalEnergies is involved in.

Next Steps

To continue to encourage and engage TotalEnergies to progress further with its commitments and climate change strategy.

Case study: Social issue within fiduciary management

Asset manager: Insight

Background

Insight buy & maintain credit fund held Volkswagen bonds, who are under scrutiny due to the factory in Urumq, China which is alleged to use forced labour. Volkswagen had a B MSCI ESG rating and had been red flagged. Insight had communicated before that they do not buy MSCI ESG red flags for the MBAM funds. Volkswagen was already a name in a couple of the MBAM funds and Insight was digesting the information but holding and in principle moves to engagement on the name with the expectation that there would be a hasty positive resolution within a reasonable time frame.

Update from Volkswagen

VW China CEO visited the Urumqi plant to review the situation. The VW statement that followed this visit mentioned that employment of the 240 employees at the Urumqi plant predate the initial MSCI ESG allegations with employment of over four years. All employees have individual contracts with the JV, and minorities are fully respect (17% of employees are Uyghur) supported by policies and pay is higher than the industry average in the region.

Insight's View

Insight plans to continue its engagement with Volkswagen and requested an independent audit / NGO review is the best solution to conclude this case. Insight also thinks that a sale of the JV stake is unlikely as there will be political backlash, even though they recognize the underutilization and relative irrelevance of the plant in Volkswagen's overall operations.

Insight's Positioning

Insight continues to maintain its 'hold' position on the bonds in the MBAM portfolios. They do not want to be forced sellers in this case and think the company is doing what it can do to resolve the case and Insight will continue to push for the independent audit. Given the complexity of the situation and the fact that the case is still very 'engagement worthy' Insight also does not want to impair performance/yields of the MBAM funds. At the same time Insight seems to become more likely to be a seller as relative valuation moves further towards the pre-red-flag levels (spreads over Daimler went from 90 to 135 and are now going back towards 90) and Insight also expects the case to be resolved in about a year's time. If VW cannot resolve this case (e.g., via an independent audit) in the coming year this is a clear sign of governance and culture issues at the firm.

VLK IM View

Insight responded well to our questioning on the topic, provided rationale for their position, and the next steps. They provided clarity on the timeframe they were monitoring, the potential actions if their engagement was not progressed and how they assess performance of the bonds. Overall this was positive engagement with an asset manager who respond well to our challenge on specific ESG cases.

Principle 12

Exercising rights and responsibilities

12. Principle 12 – Exercising rights and responsibilities

Signatories actively exercise their rights and responsibilities.

12.1 Signatories should explain how they exercise their rights and responsibilities, and how their approach has differed for funds, assets or geographies

Our engagement effort is aligned across own funds invested in listed equity or fixed income. Our engagement focuses less on sovereign issuers where we primarily give input through public consultation on new regulation. In illiquid asset classes we engage as well, often focusing on engaging with external managers in the case of pools and engaging with underlying companies in case we are directly co-investing. Our engagement efforts are not differentiated based on geography, but they are based on our priority themes (energy, food and material transitions, as well as good governance and social concerns).

Regarding external managers, we also seek to first engage before removing a manager / fund from our approved list. In 2022 we had 43 removals from the approved list where there was an ESG angle. The number was relatively high last year as a lot of advisory funds were removed due to their weak ESG profile.

Van Lanschot Kempen's Sustainability Centre team holds meetings at least every quarter with all investment teams to discuss progress on engagements with investee companies and third-party managers, and to determine a course of action in case the ESG score (of a company as sourced using MSCI ESG Research or ISS, or for a third-party fund according to our Sustainability Spectrum, as described under Principle 4) has been lowered or if they are involved in a significant controversy.

Voting policy in action

As a long-term active and responsible investor, at Van Lanschot Kempen we believe that our engagement with investee companies and managers contributes to positive change. That is why Portfolio Managers and the Sustainability Centre team collectively engage on a wide array of strategic, financial, environmental, social and governance (ESG) topics to mitigate ESG related risks and unlock ESG related opportunities. We aim for an integrated approach of working closely across investment teams and strategies. Exercising voting rights is an important instrument of engagement and is central to a well-functioning governance system. This policy is reviewed annually. It provides noncomprehensive guidelines for voting, which we complement with our own in-depth assessment of the meeting agenda items. Proposals not covered in this policy are assessed on a case-by-case basis.

Our voting approach is aligned across all listed equity funds, in all geographies. We believe we can raise the bar in geographies with les mature corporate governance codes by stating our expectations and voting in alignment with the Corporate Governance Code of the ICGN. Where we ask our external managers to vote on our behalf, we communicate our expectations with them, share our own voting policy and for our Best Select funds we review their voting records to ensure alignment with our own voting principles.

We engage with companies in our listed equity and fixed income strategies, directly and in collaboration with peers. We believe we would have no real impact through engaging with sovereign issuers directly, We also engage with external managers to ensure they align with our corporate governance and stewardship expectations.

12.2 For listed equity assets signatories should disclose their voting policy, including any house policies and the extent to which funds set their own policies

Van Lanschot Kempen votes at annual and extraordinary meetings at investee companies globally for all investment funds and discretionary mandates (if agreed with the client to vote) worldwide, unless voting is not feasible or not in the best interest of our clients. Owing a fiduciary duty to our clients, we ensure that the exercise of voting rights is in accordance with the investment objectives and policy of the relevant investment fund or – where applicable – in accordance with the requirements pursuant to the respective discretionary client mandates.

Voting decisions are made with our clients' best interests in mind. We consider the resolutions a contribution to long-term value creation of our investee companies worldwide. For our voting, we rely on the ISS Proxy Voting services. The following voting principles serve as guidelines for informed and consistent voting at the meetings of Van Lanschot Kempen's investee companies across all investment teams. Van Lanschot Kempen encourages corporate governance structures that facilitate accountability, stewardship & transparency. Our voting record is public and can be viewed here:

https://vds.issgovernance.com/vds/#/NzcyMA==/

Our full Voting Policy is available online[7], and includes detailed guidelines on the following:

- Accountability and disclosure
- Board structure
- Remuneration
- Capital structure
- Organisational restructuring, mergers and acquisitions
- Shareholder rights
- Votes on shareholder resolutions

12.3 For listed equity assets signatories should state the extent to which they use the default recommendations of proxy advisors

We use the electronic voting platform of Institutional Shareholder Services, Inc. (ISS), who provide custom research and voting recommendations according to our voting policy. ISS is a member of the ISS Best Practice Principles Group (BPPG) . Although we use the services of ISS, we review company meetings individually and in depth, and make our own decisions rather than always following the default recommendation.

12.4 For listed equity assets signatories should report the extent to which clients may override a house policy

As detailed above, although we use the services of ISS, we review company meetings individually and in depth, and make our own decisions rather than always following the default recommendation. If clients ask us to, we will vote on their behalf following our voting policy. Should the client have a preference for applying their own policy, that is also possible through our proxy voting provider. In some cases, the client asks a third party to vote on their behalf. In this case, we set up a weekly vote feed where Portfolio Managers compare how they vote according to the Van Lanschot Kempen voting policy and how this differs from the third party vote instructions. If any material differences occur, we flag this with the client periodically. This applies to listed equity assets, but also our other strategies.

12.5 For listed equity assets signatories should disclose their policy on allowing clients to direct voting in segregated and pooled accounts

Where clients are invested in pooled vehicles, there is limited scope to provide customised voting. However, we find that many of our clients' wishes are aligned with our own policies.

Where we managed segregated mandates we are able to vote differently in line with our clients' views.

[7] https://www.vanlanschotkempen.com/en-nl/investment-management/document-library

12.6 For listed equity assets, signatories should state what approach they have taken to stock lending, recalling lent stock for voting and how they seek to mitigate 'empty voting'

Securities lending programmes can reduce the level of voting activity as the exercise of voting rights may be hampered when securities are on loan at the time of a shareholders meeting. Van Lanschot Kempen does not engage in securities lending

Proxy voting in third party fund managers

Proxy voting is part of our proprietary ESG scoring framework for third party managers. We look at the quality of the policy and in some cases do stop checking of the implementation of the policy to assess how well it aligns with our own voting policy / our corporate governance principles, which are aligned with the ICGN Global Governance Code. See below.

Fund name	[Fund name]
Review year	[2019]
Date input	[DD/MM/YYYY]

Total score	**1.00**	
Pillar	**Score**	**Weights**
1. Commitment to Responsible Investing	1.0	20%
2. ESG Integration	1.0	20%
3. Active Ownership	1.0	20%
4. Evidence & Transparency	1.0	20%
5. Exclusions	1.0	20%

Weight	Pillar	Criteria	Best practice	1	2	3	4	5
	3. Active Ownership	3.2 Voting policy quality & practices [not for corporate bond funds, government bonds funds (DM & EM)]	The manager votes in an informed manner based on a comprehensive voting policy. Voting is supported by sufficient resources and feeds back into company engagement.	The asset manager does not have a policy on voting and doesn't vote.	The manager has a basic policy (stating that the manager votes, not providing a view on governance subjects) and/or is referring to a 3rd party policy.	The asset manager has developed a policy with a clear view on corporate governance issues (e.g. board structure, audits, capitalization, shareholder rights).	The manager has developed a policy with has a strong view also on environmental & social issues, i.e. not only governance and/or is referring to an off-the-shelf policy of a 3rd party, which has a strong focus on E, S & G issues.	Like for 4 plus: Manager is able to show how it is using its voting policy and behaviors to support its overall social and environmental goals. Preferably a manager makes ESG agenda proposals and seeks support for his proposals.
	4. Evidence & Transparency	4.3 Evidence for voting activity [not for corporate bond funds, government bond funds (DM & EM)]	The manager takes an active stance and votes against management, is critical on the application of the voting policy (if custom) and critical towards 3rd party recommendations (if outsourced). The manager is voting in the interest of minority shareholders.	No evidence for activity / no reporting	The manager provides basic information on voting activities.	The manager reports annually by providing a comprehensive summary of voting activities (asset manager level is sufficient) including commentary on significant votes in line with SRD II (2-3 examples are sufficient).	Manager reports at least quarterly by providing a comprehensive summary of voting activities (ideally on fund level). The manager specifically discusses votes against management in reporting and provides commentary on significant votes in line with SRD II.	Manager has ambitious voting policy linked to achieving positive social and environmental outcome. Manager is vocal and sets clear targets and KPIs for corporate performance (e.g. progressive voting on companies climate targets, biodiversity, gender equality etc...).
		4.4 Reporting & public disclosure	Asset manager produces detailed reporting on ESG activities and voting and makes it publicly available.	No policy available and no reporting on voting activities	Basic ESG reporting available on demand. Basic voting information available on demand - in form of a policy and a summary report of voting activities	Basic ESG reporting integrated in monthly or quarterly reports, basic proxy voting report available in form of a summary	Detailed ESG report available on firm level. A voting policy is publicly available and a detailed proxy voting report is available including data on votes against management with further explanations.	Like 4, plus manager has an impact measurement and management approach and preferably applies Impact Management Project approach and / or IFC Operating Principles and / or uses GIIN IRIS+ metrics. Manager publicly reports on positive and in case of listed asset classes also negative outcomes of its investments. For listed equity reporting on negative impact is essential.

The securities lending activities of our managers are re-assessed annually based on a query that is sent to the respective fund managers. We also check the recall option with external managers. The example below shows one manager's policy.

See below extract from recent due diligence paper regarding two iShares fixed income ETFs.

Securities Lending

We are not a big proponent of securities lending of investment grade bond portfolios as there typically is a mismatch between the securities on loan and the collateral received. Meanwhile we also appreciate BlackRock's security lending activities. They are one of the large global security lending agents and can rely on BlackRock's large and well supported RQA department. Collateral is marked to market daily with overcollateralization based on the type of securities on loan and the collateral received. Furthermore BlackRock is able to recall securities on a daily basis. Since 1981 BlackRock has seen three borrower defaults and in all three cases the collateral sufficed to repurchase the securities out on loan. Nevertheless we do feel that the balance on loan for the GILT ETF is something to consider. If the demand for short term GILT exposure grows we would suggest to revisit the options as GILT exposure will usually act as a safe haven in our UK client's portfolios and any potential frictions from securities lending would be particularly undesired for GILT portfolios.

	iShares UK Gilts 0-5yr UCITS ETF	iShares $ Corp Bond 0-3yr ESG UCITS ETF
Securities lending allowed	Yes	Yes
Engaged in securities lending	Yes	No
Expected lending level	0-99%	0-31%
Maximum lending level	100%	100%
Oct-2020 - Sep-2021		
Return	0.03%	n/a
Avg on-loan	74.96%	n/a
Maximum on-loan	86.42%	n/a
Oct-2019 - Sep 2020		
Return	0.03%	n/a
Avg on-loan	46.40%	n/a
Maximum on-loan	92.51%	n/a
Oct-2018 - Sep 2019		
Return	0.02%	n/a
Avg on-loan	37.23%	n/a
Maximum on-loan	55.39%	n/a
Oct-2017 - Sep 2018		
Return	0.04%	n/a
Avg on-loan	53.64%	n/a
Maximum on-loan	69.85%	n/a
Oct-2016 - Sep 2017		
Return	0.07%	n/a
Avg on-loan	72.33%	n/a
Maximum on-loan	93.23%	n/a

Source: BlackRock

Securities lending is also part of our formal investment due diligence. See below.

Fund	1. Securities lending activity									2. Usage of derivatives						3. Other		4. Comments
			If 1b) is answered with "yes", please indicate:								If 2a) is answered with "yes", please indicate		If 2c) is answered with "yes", please indicate:					
	a) Does the prospectus allow securities lending? (yes/no)	b) Did the fund engage in securities lending during 2021? (yes/no)	i) % of revenues received from securities lending program in 2021 distributed to the fund ? (For example, 80% of total revenues received from securities lending program distributed to fund/ 20% to security lending agent)	ii) Actual average on-loan balance over 2021 (in %)	iii) Theoretical maximum on-loan balance over 2021 (in %)	iv) Actual maximum on-loan balance during the year (in %)	v) Net return impact in bps from securities lending over 2021	vi) Average annual net return impact in bps over the last 2017-2021? (or shorter if no 5-year history)	c) Does the fund receive cash as collateral? If yes, please indicate how the cash collateral is reinvested.	a) Does the prospectus allow the usage of derivatives? (yes/no)	b) Which derivatives are you allowed to use and for what purpose? (excluding currency hedging)	c) Did the fund use derivatives during 2021? (yes/no)	i) Please indicate which derivatives were used and for what purposes during 2021. (excluding currency hedging)	iii) Maximum % of derivatives of total portfolio in 2021 (excluding currency hedging)	iv) Average % derivatives of total portfolio in 2021 (excluding currency hedging)	i) How do you manage the unencumbered cash positions? (What is the maximum cash level? Do you hold cash in a money market fund or at the custodian?)	ii) What is the counterparty policy of the fund? How is the creditworthiness of counterparties monitored?	Any Additional Comments
Partners Group Blue Triangles Private Markets Mandate - EUR																		
Partners Group Private Loans SICAV																		

Engagement on proxy voting activities with long-only equity managers on our approved list:

- We asked (written) questions about voting rationale with regard to important agenda items (including shareholder proposals). This was to gain more insight into the motivations behind their voting decisions and their corporate governance beliefs.
- Following this exercise, we will continue to engage with some of the managers to continue the monitoring exercise.

12.7 For listed equity assets, signatories should disclose the proportion of shares that were voted in the past year and why

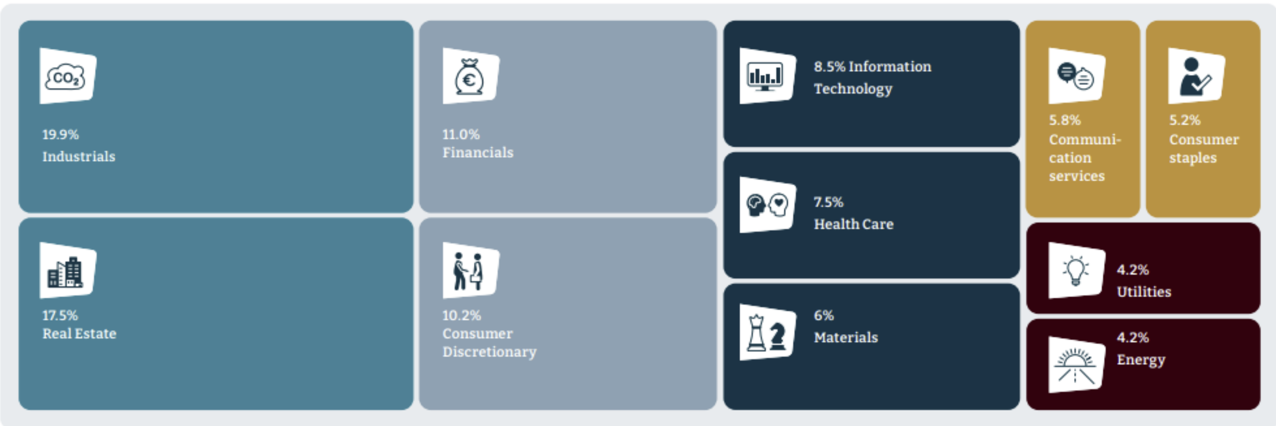
In 2022, there were 325 meetings (73%) where we voted against at least one agenda item, or withheld / abstained on at least one point. We tend to abstain from voting to give the management time to resolve an issue, but on the provision that we will vote against management in the future if no changes are implemented.

In 2022 we voted against management on 91 out of the 191 shareholder proposals tabled at the general meetings. Of these 91, 32 related to corporate governance, three called for gender pay gap disclosure, two required independent chairperson, 14 focused on climate change and circularity, 29 on social proposals around labour and human rights, one on shareholder rights, and 10 related to political lobbying disclosure.

All of our voting activities are published online at https://vds.issgovernance.com/vds/#/NzcyMA==/.

Summary of our voting activities by sector in 2022

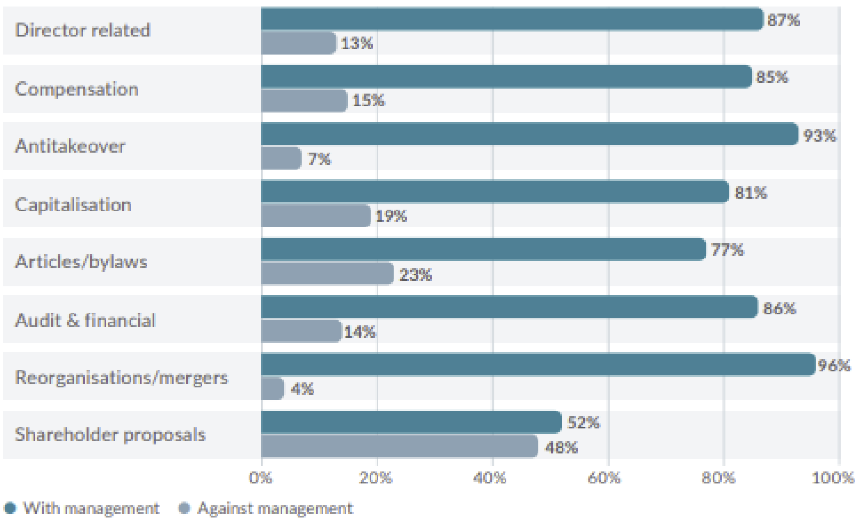
Meetings by sector



Voting statistics

Category	2022		2021	
	Number	%	Number	%
Number of votable meetings	445		453	
Meetings voted	427	96	432	96
Meetings with at least 1 vote Against, Withhold or Abstain	325	73	299	66
Votes with Management	5,231	85	4,991	86
Votes against Management	942	15	788	14
Votes on Shareholder Proposals	191	3	102	2
Votes against management on shareholders proposals	91	20	56	1

Breakdown of votes with and against management



12.8 For listed equity assets, signatories should provide a link to their voting records, including votes withheld if applicable

All of our voting activities are published online at https://vds.issgovernance.com/vds/#/NzcyMA==/.

12.9 For listed equity assets, signatories should explain their rationale for some or all voting decisions

Please see below for illustrative examples. Our voting policy explains out guidelines for our voting behaviour. The following public website includes all item specific voting rationales when we voted against management, in favour of shareholder proposals or against our own policy. https://vds.issgovernance.com/vds/#/NzcyMA==/.

12.10 For listed equity assets, signatories should explain how they have monitored what shares and voting rights they have

The custodian bank for our funds feeds our positions through Broadridge to ISS. In the ISS platform, for each company at each meeting see an overview of the number of shares / % of all outstanding shares per company.

We can always choose to vote part or all of the shares across our strategies. Each fund receives a separate ballot, getting full oversight of what funds votes for what shares. In the majority of the cases, Portfolio Managers vote all votable shares, unless share-blocking applies. In some cases, we vote through a proxy card, outside of the electronic system, where market conditions do not permit voting through the ISS proxy voting platform. Our proxy voting platform also clearly indicates the voting rights associated with our shareholdership, per company, per meeting.

12.11 For fixed income assets, signatories should explain their approach to seeking amendments to terms and conditions in indentures or contracts

We review the terms and conditions in indentures and contracts prior to investing in a company's bonds; Should we consider the terms and conditions to be punitive in any way, we refrain from investing in a company's bonds.

With regard to green bonds and sustainability-linked bonds: for the former, we consider the use of proceeds and look-back period for eligible investment; and for the latter, the timing and magnitude of any step-up in coupons in the event of not meeting key performance indicators. We will provide feedback to syndicates with the aim to effect changes in the indenture and contracts.

12.12 For listed equity assets, signatories should provide examples of the outcomes of resolutions they have voted on over the past 12 months

Through this link and the screenshots below, a select group of our most significant votes is listed. We included both the vote rationale as well as the outcome, and link to our engagements efforts, where applicable.

https://www.vanlanschotkempen.com/-/media/files/annual-reports-van-lanschot-kempen/ESG-report/Most-significant-votes-2022.ashx

Putting pressure on oil majors

We voted on climate-related resolutions at the shareholder meetings of the six oil majors in which we hold shares: Repsol SA, Equinor ASA, Phillips66, BP Plc, Shell Plc, and TotalEnergies SE. The shareholder resolutions put pressure on the companies to improve or define net zero targets. We supported the 'FollowThis' proposals to request that Shell, BP, Equinor and Phillips66 set short and medium term targets, fully in accordance with Paris-aligned pathways and committed to absolute emissions reductions.

We also voted against the climate transition plan and remuneration plan from TotalEnergies' CEO – and against the re-election of five board members because the company has been reluctant to put the shareholder proposal calling for a Paris-aligned transition plan on their annual general meetings' agenda.

Most significant votes 2022

MOST SIGNIFICANT VOTES 2022						
Company Name	**Theme**	**Item**	**Management Recommendation**	**Van Lanschot Kempen Vote**	**Rationale**	**Outcome**
Invitation Homes, Inc.	Governance	Elect Director Richard D. Bronson	For	Withhold	We voted against since the nominee is at least 75 years old.	At this moment in time, the management has not yet taken action on our request. They value the contribution of Mr. Bronson to the Board.
TotalEnergies SE	Governance	Reelect Jean Lemierre as Director	For	Against	We would like make use of this opportunity, to express our dissatisfaction with TotalEnergies' management reluctance to place a resolution that we have co-filed with a group of other share- and stakeholders asking the company to set short, medium and long-term targets to limit climate change in line with the Paris Climate Agreement. Please consider our vote against this item as a 'vote of no-confidence' against the management of the company as a whole.	In collaboration with other investors we attempted to file a shareholder proposal on the company's climate action, but this proposal did not feature on the AGM agenda. In follow up of the AGM, we continue to engage with the company, calling on them to increase their net zero ambition and annual targets.
TotalEnergies SE	Environment	Approve Company's Sustainability and Climate Transition Plan	For	Against	The world is now already over two years into the critical decade to achieve the objectives agreed upon in the Paris Climate Agreement and limiting global warming to +1.5oC, and in general we are not on track. Although, taking action to achieve these objectives is a joint responsibility of a broad coalition of stakeholders – we believe that the oil and gas sector in particular plays an essential role in the transition. We therefore urge these companies, including TotalEnergies, to be at the forefront of this transition. We find that TotalEnergies' Sustainability and Climate Transition Plan is not aligned with the efforts required to limit global warming to +1.5oC. For that reason, we vote against the proposed Sustainability and Climate Transition Plan. In advance of the AGM, we (in collaboration with other share- and stakeholders) have co-filed a resolution asking the company to set short, medium and long-term targets in line with the Paris Climate Agreement. We would like to make use of this opportunity to express that we are dissatisfied with the Board's reluctance to place this resolution of the agenda of this meeting, and up for a vote by the other shareholders. As we consider this as an extraordinary neglect of our rights as shareholders and it neglects climate science.	In collaboration with other investors we attempted to file a shareholder proposal on the company's climate action, but this proposal did not feature on the AGM agenda. In follow up of the AGM, we continue to engage with the company, calling on them to increase their net zero ambition and annual targets.
Deere & Company	Governance	Amend Governing Documents Regarding Requirements to Call for a Special Meeting	Against	Against	We voted against this proposal since there appears to be no compelling reason to support this shareholder proposal as the one-year holding period is not especially problematic, is consistent with SEC requirements for filing shareholder proposals, and provides a reasonable safeguard against abuse of the right.	The shareholder proposal has not passed and we have also chosen not to support it.
ForFarmers NV	Governance	Approve Remuneration Report	For	Against	We voted against this porposal since we have concerns regarding the implementation of the remuneration policy as it was applied in 2021. Given the state of the company which resulted in the suspension of the buyback that was only announced in Q4 2021, we question whether any bonus award, severance payment and a new remuneration policy with a higher payout below target levels is sufficiently prudent.	Despite our vote, this agenda item has been approved by the AGM.
ForFarmers NV	Governance	Approve Discharge of Executive Board	For	Against	We voted against this porposal. On multiple occassions in 2021 and before have we disagreed with the company's strategy and its execution. Our vote reflects this disagreement.	Despite our vote, and the fact that over 22% of votes were casts against, this agenda item has been approved by the AGM.
Merck & Co., Inc.	Social	Report on Access to COVID-19 Products	Against	For	We supported this proposal as reporting on whether and how public funding would impact the company's pricing and access plans would allow shareholders to better assess the company's management of related risks if its treatments get approved.	Although many other shareholders joined us in backing this shareholder proposal, it has not passed.
Dominion Energy, Inc.	Environment	Adopt Medium Term Scope 3 GHG Emissions Reduction Target	Against	Abstain	We decided to vote abstain. The company has improved its Net Zero target to include material Scope 3 emissions and has disclosed adequate interim accountability measures. However, more resolutions like this are needed across the sector to achieve the objectives agreed upon in the Paris Climate Agreement. On balance, we decided to abstain.	On this item the jury is still out, we think we could see similar resolutions next year. So while this year the proposal failed, it signals the importance of these issues for shareholders to the company.
Equinix, Inc.	Governance	Reduce Ownership Threshold for Shareholders to Call Special Meeting	Against	For	We supported this proposal since lowering the ownership threshold from 25 percent to 10 percent would improve shareholders' ability to use the special meeting right. This supports the rights of minority shareholders, and is hence in the best interest of our clients.	This was an important shareholder rights related proposal that we supported. Again, the majority threshold has not been reached, but we believe it has given a strong signal to the company.
Svenska Handelsbanken AB	Governance	Reelect Fredrik Lundberg as Director	For	For	We supported this proposal. Although the policy recommends to vote against as the international standards deviate from the Swedish code, we view his experience as important for a balanced board and are willing to deviate from the policy because of this.	Mr. Lundberg stayed on the board and continues his strategic contribution to the company.

Canadian Imperial Bank of Commerce	Governance	Fix Variable Compensation Ratio	For	Against	We voted against this proposal since the variable remuneration is capped at more than 100 percent of the fixed salary, which is the threshold for European financial services providers.	Almost 99% of votes cast supported the proposal, which now passed. We do not think the outcome is best practice.
Citigroup Inc.	Social	Report on Respecting Indigenous Peoples' Rights	Against	For	We supported this resolution as the bank and its shareholders are likely to benefit from increased transparency regarding due diligence around Indigenous Peoples' rights in project-related financing and clients' activities, for existing and future business.	The fact that the proposal received quite some supprot from shareholders gives the company management a strong signal to review their corporate policies and practices regarding indigenous peoples' rights.
ING Groep NV	Governance	Grant Board Authority to Issue Shares	For	Against	We voted against this proposal since the proposed issuance with preemptive rights exceeds 20 percent of the issued capital (i.e. 40 percent).	The company has received majority support to issue equity above levels we would have been able to support.
DeNA Co., Ltd.	Governance	Elect Director Oi, Jun	For	Against	We decided to vote against all Directors based on concerns regarding capital allocation, corporate governance and poor investor relations / communication. We highly respect the executive team of DeNA and we believe they and the company stand out in Japan. Still, the company is far from perfect in our view regarding the three topics we mentioned above.	No new information, our engagement with the company in follow up of the vote is still ongoing.
Progress Software Corporation	Governance	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	We voted against this proposal as the performance criteria that were used lack ambition. The fact that the maximum targets were beaten, while the stock price underperformed, tells it all. The way performance metrics and levels as set right now, hardly create alignment between long-term shareholders and the executive team.-Inability on our side to support the compensation package granted to the Chief Legal Officer, which we view as excessive and undesirable. -We encourage an easier compensation framework. We regard the current framework as too complex. Additionally we prefer better alignment with shareholders, where we propose to make a bigger portion dependent on TSR. Lastly, targets should be set at more realistic and ambitious levels.	No new information, our engagement with the company in follow up of the vote is still ongoing.
Progress Software Corporation	Governance	Elect Director John R. Egan	For	Withhold	We voted against Mr. Egan as Chairman of PRGS for the following reasons. We view Mr. Egan as overboarded. Next to being Chairman at PRGS, Mr. Egan is the Lead Independent Director of three other public company's boards. Since the Lead independent Director's role is to provide a counterbalance to the Chair, his role is counted as a multiple of a regular board membership. Given the multiple board roles Mr. Egan fulfils, he is qualified as overboarded in our view.-We hold Mr.	No new information, our engagement with the company in follow up of the vote is still ongoing.

Review, approval and sign off

Review, approval and sign-off

This report was prepared by Van Lanschot Kempen Investment Management in April 2023 covering the year of 2022.

For further information about this report and Van Lanschot Kempen Investment Management's stewardship approach please contact:

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Van Lanschot Kempen Investment Management is a limited liability company incorporated in the Netherlands with number FC032822, and licensed as a manager of various investment institutions under UCITS and AIFMD, and to provide investment services. As such, VLK IM is subject to supervision by the Netherlands Authority for the Financial Markets (AFM). Its registered office is at Beethovenstraat 300, 1077 WZ Amsterdam, The Netherlands, Tel: +31 (0)20 348 8000.

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Review process

This document is subject to the established procedures for creating regulatory submissions and marketing literature. The creation process is efficient with clear roles and responsibilities for everyone involved:

- Planning: a taskforce led by the Head of Client Advice (UK), agreed the timelines and overall project plan;
- Drafting and review: coordinated by the Content Manager, and involving subject matter experts in the following areas, focusing on accuracy, relevance of response and attention to detail:
- Stewardship & Sustainable Investment
- Manager Research Solutions
- Investment Strategy Solutions (credit and equity strategies, public markets and private markets)
- Fiduciary Management
- Formal reviews were conducted by senior representatives from the above groups, as well as Senior Compliance Expert, Executive Director Environment, Social and Governance Advisor and the Managing Director and Head of Van Lanschot Kempen UK. Formal reviews focus on overall content, alignment with stewardship and sustainable investment policies, and approval for distribution (or request to make changes before further review).
- In parallel, editorial reviews (focusing on spelling/grammar, format, layout, readability) were conducted by members of the Content Management team who had not been directly involved in drafting content for this document.

SRD II disclosures

The Shareholders Rights Directive (EU) 2017/828 ("SRD II") includes a requirement for asset managers to disclose and make publicly available their policies on how they engage with the companies they invest in and how their strategies create long-term value. Van Lanschot Kempen complies with SRD II, highlighted in our Stewardship and Engagement Policy[8] and this UK Stewardship Code report. Van Lanschot Kempen either invests in funds and/or outsources the investment management to external asset managers. As a result, the firm uses its influence where appropriate. Van Lanschot Kempen believes that its adherence to the Stewardship and Engagement Policy and the UK Stewardship Code meets the objectives of the SRD II's Engagement Policy as they work towards a common goal.

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[8] Available online at https://www.vanlanschotkempen.com/en-nl/investment-management/document-library%23ESG

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