

# Sustainable Investment Report 2023



# About this report

This report summarises the Manager's stewardship and sustainable investment activities for 2023 regarding the following sub-funds\* of the Van Lanschot Bevek NV:

- Very Defensive Portfolio
- Defensive Portfolio
- Balanced Portfolio
- Growth Portfolio
- High Growth Portfolio
- Equities DBI-RDT
- Labor et Caritas

The Manager is a responsible steward of

the fund investors' capital and uses his influence to stimulate responsible business conduct. It is the mission to enable the fund investors to preserve and create sustainable wealth with real economic return and positive environmental and social impact.

In this report a high-level overview of the Manager's sustainability efforts is given including company engagement examples and the voting behaviour. The progress made to fully integrate sustainability into

the sub-funds throughout the investment process is touched upon. The Manager's thoughts on broader sustainable investing trends are also shared.

If you would like to find out more about the topics covered in this report, please feel free to get in touch or visit the website: <https://www.vanlanschot.be/nl-be/beleggingsfondsen>



# Foreword

Thematic green investments were put to the test in 2023. Globally, many companies carrying the 'clean energy' label, for example, lost quite a bit of their market value while the broad global stock market did well. It is in these times of shifts and transitions that investment managers can prove the value of their investment thesis and ESG approach. Thematic investing and a market-consistent return do not always go hand in hand. The manager maintains the belief that a company is not necessarily only sustainable because of the economic activity it carries out, but also based on own operations and business conduct. For the manager, wind turbine manufacturer X can be a more sustainably managed company than wind turbine manufacturer

Y. He therefore continues to invest in all major sectors, but only the best-performing companies in terms of ESG factors are considered for investment.

The manager continues to manage the portfolios on a path that should lead to net-zero emissions by 2050 of its investee companies. Even in 2023, it was possible to stay on this path. Almost all compartments of the Van Lanschot Bevek have a carbon intensity that is more than 60% lower than their respective benchmark. The Van Lanschot High Growth Portfolio is the top student in the class with a figure 67% lower than the benchmark.

The Manager continued its engagement activities over the course of the last year in line with the organisation's purpose: to

preserve and create wealth, in a sustainable way, for its clients and society as a whole. The Manager engaged with 20 portfolio companies on environmental, social and governance themes in 2023. This represents 21% of the company holdings across the 7 sub-funds of Van Lanschot Bevek NV covered in this report. The Manager voted at 97% (which is 1 percentage point higher than previous year) of the voteable meetings, resulting in a total of 1,572 items that were voted on.

This report gives a transparent and detailed overview of the Manager's sustainable efforts. The Manager hopes you will enjoy reading the 2023 Sustainable Investment Report.



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# Sustainable investment dashboard

The Manager is committed to sustainable long-term value creation. To accomplish this, three pillars are used: (1) in addition to applying pure financial criteria in the investment process and (2) of different sustainability strategies (UNGC, exclusions, ESG integration and a best-in-class approach), (3) Van Lanschot actively implements its role as a shareholder

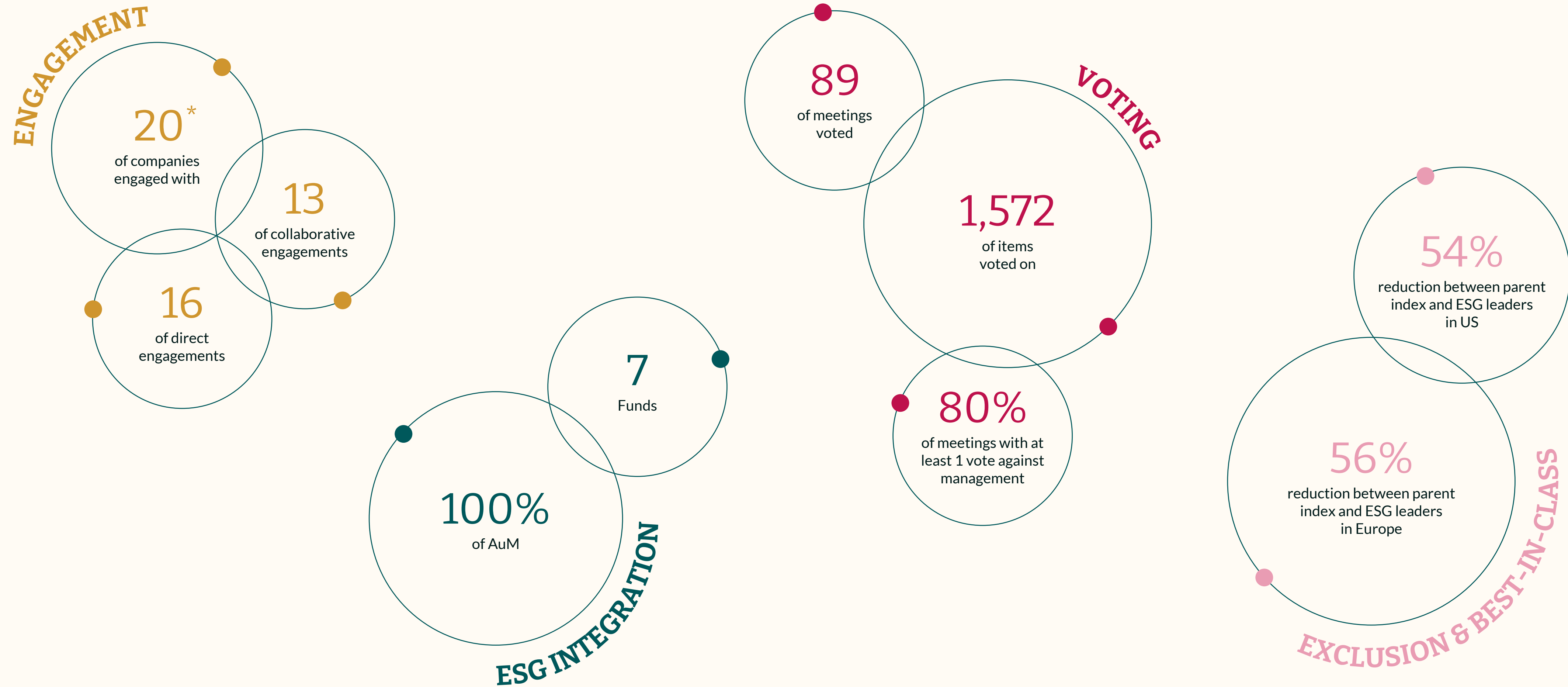
in the companies in which it participates. This is achieved through engagement and voting. The dashboard on the following page shows key numbers and highlights the Manager's exclusion & best-in-class process, ESG integration and active ownership (voting and engagement) activities during 2023.





# Figure 1: Sustainable investment dashboard

Source: Van Lanschot Kempen NV and Institutional Shareholder Services, Inc. (ISS) as per end December 2023



\*5 portfolio companies were engaged with both directly and collaboratively; 3 portfolio companies were engaged for both awareness and change



# Summary of voting activities

Exercising voting rights is an essential part of sustainable investment and active ownership. When voting, the Manager does so in the best interest of the fund investor. The voting resolutions are considered a contribution to long-term value creation of the investee companies worldwide.

The electronic voting platform of Institutional Shareholder Services, Inc. (ISS) is used, who provides customised research and voting recommendations according to the custom voting policy of the Manager.

Throughout 2023, the Manager voted on behalf of the aforementioned funds of the Van Lanschot Bevek NV at 97% of the voteable meetings, translating to 89 distinct company meetings. 74 of these meetings had at least one vote cast as against management. A total of 1,572 items were voted on across ten countries. Votes to abstain were cast four times with the intention to give management time to resolve an issue, but on the provision to vote against

management in the future if no changes are implemented. Financials was the sector with the highest number of meetings at 15, while Real Estate was the lowest at one meeting.

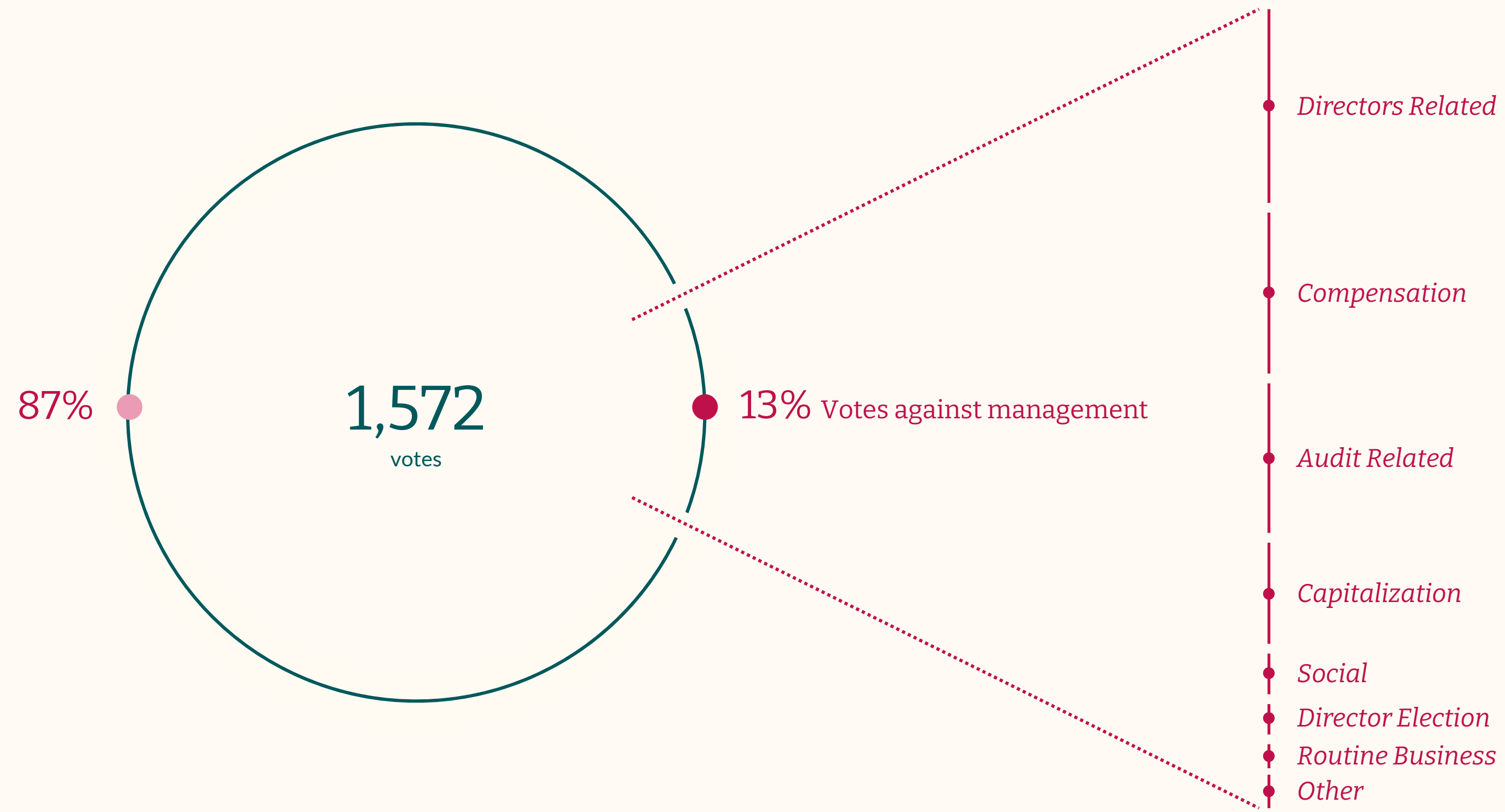
In 2023, the Manager voted on 75 shareholder proposals tabled at the general meetings. Out of these proposals, the Manager voted “For” 27 times, where the most common topics were social related, with four requests for political spending / lobbying disclosures and two on equality. The Manager voted against management on three climate-related shareholder proposals. One of these shareholder proposal requested company alignment of indirect Scope 3 emission targets with the Paris Climate Agreement. The Manager voted against management, and “For” this resolution.

The Manager will continue to vote in favour of corporate governance structures that facilitate accountability, stewardship & transparency.



## Figure 2: Voting statistics

Source: Van Lanschot Kempen NV and Institutional Shareholder Services, Inc. (ISS) as per end December 2023







# Engagement and voting map

The Manager engages with companies on a broad range of topics, including social and environmental issues, and exercises its voting rights at annual general meetings. In 2023, the Manager engaged 24 times with 20 portfolio companies. 16 were direct engagements by Van Lanschot Kempen and the rest were carried out in collaboration with peers. Five company engagements were both direct and collaborative. Figure 3 shows the distribution of engagements by issue and location.

The Manager divides direct dialogues with companies into two classifications: 'engagements for awareness' and 'engagements for change'. In 2023, the Manager directly engaged with seven

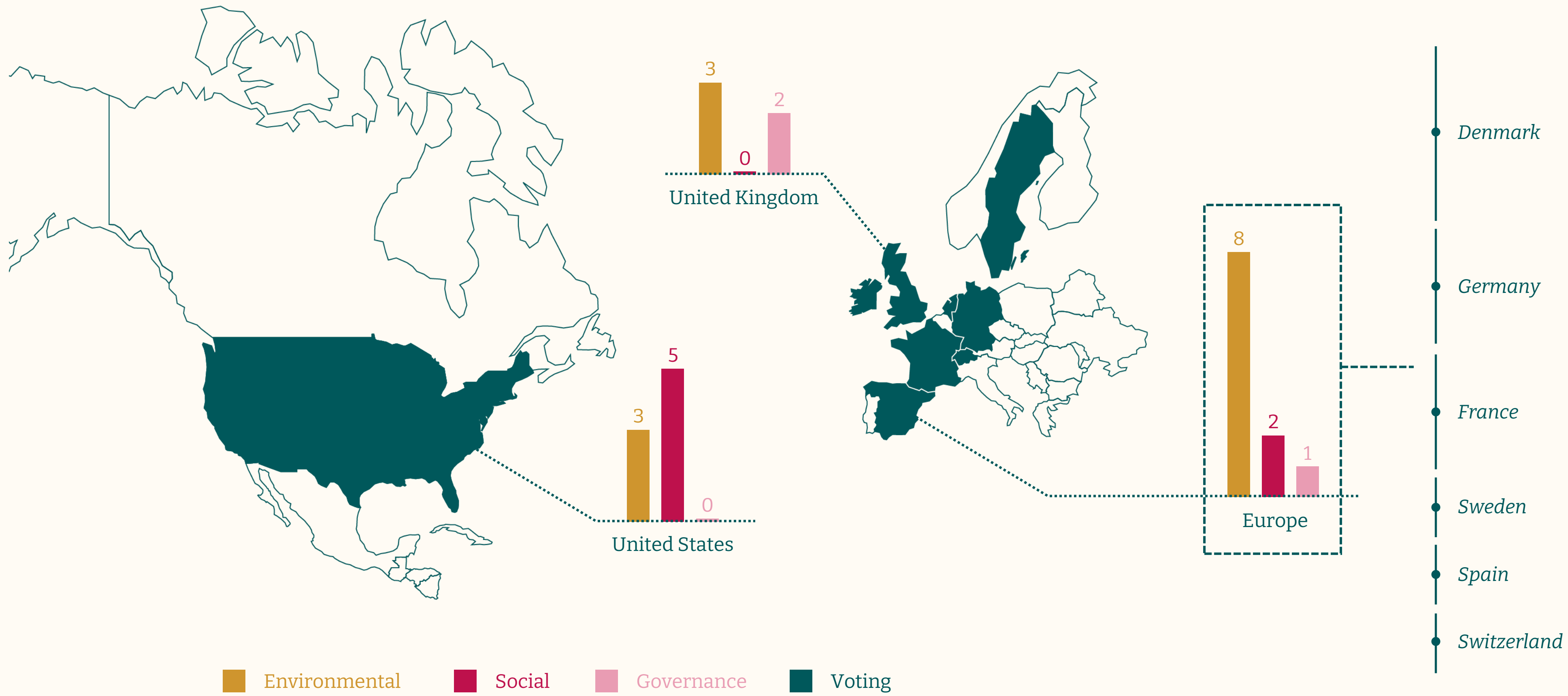
companies for awareness on ESG issues and nine times with companies for change. The topics were relatively well distributed between environmental (44%), social (33%) or governance (22%) issues.

The Manager believes that climate change is one of today's most important challenges and is a central focus theme for the organization. Therefore, a considerable share (58%) of total engagements undertaken in 2023, directly or collaboratively through the Climate Action 100+ initiative, focused on this issue. The Manager engages with these companies on such topics as their alignment with the 1.5°C climate scenario and disclosures on decarbonisation capex plans.



# Figure 3: Engagement and voting map

Source: Van Lanschot Kempen NV as per end December 2023





# The Manager's engagement approach and progress

## Engagement for awareness

Aim to raise awareness about a certain issue among our investee companies or to get more information on a particular company.

## Engagement for change

These have concrete objectives with specific timelines set in advance specifying what the Manager would like to achieve. Progress of these engagements is measured via milestones achieved.

## Public policy and collaborative engagements

These engagements aim to improve the overall landscape of (financial) markets and general level of ESG performance in particular sectors, markets and geographies.

# The Manager's engagement approach

Through engagements, the Manager seeks to encourage positive change at companies. Engagement is 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 understanding of a company;
- ✓ Ensure that companies' boards and management teams have proper oversight and management of ESG risks, and that companies sufficiently embrace environmental and social opportunities; and
- ✓ Encourage companies to adopt corporate governance best practices.

Environmental related topics were the most frequent engaged in 2023. From these, climate change continues to be by far the most significant topic. As mentioned last year, the Manager expects this to continue as the sense of urgency and the importance of climate issues is rising for all stakeholders. The Manager invests in companies that already have a

leading role in the field of sustainable business operations. Therefore, the aim of the engagements is to encourage these companies to take up their leading role on a permanent basis and thus to take the laggards in their sector with them. There was an increase in social engagements in 2023, for instance asking companies about the payment of wages in their supply chain.

Figure 4: Direct engagement split by theme

Source: Van Lanschot Kempen NV as per end December 2023

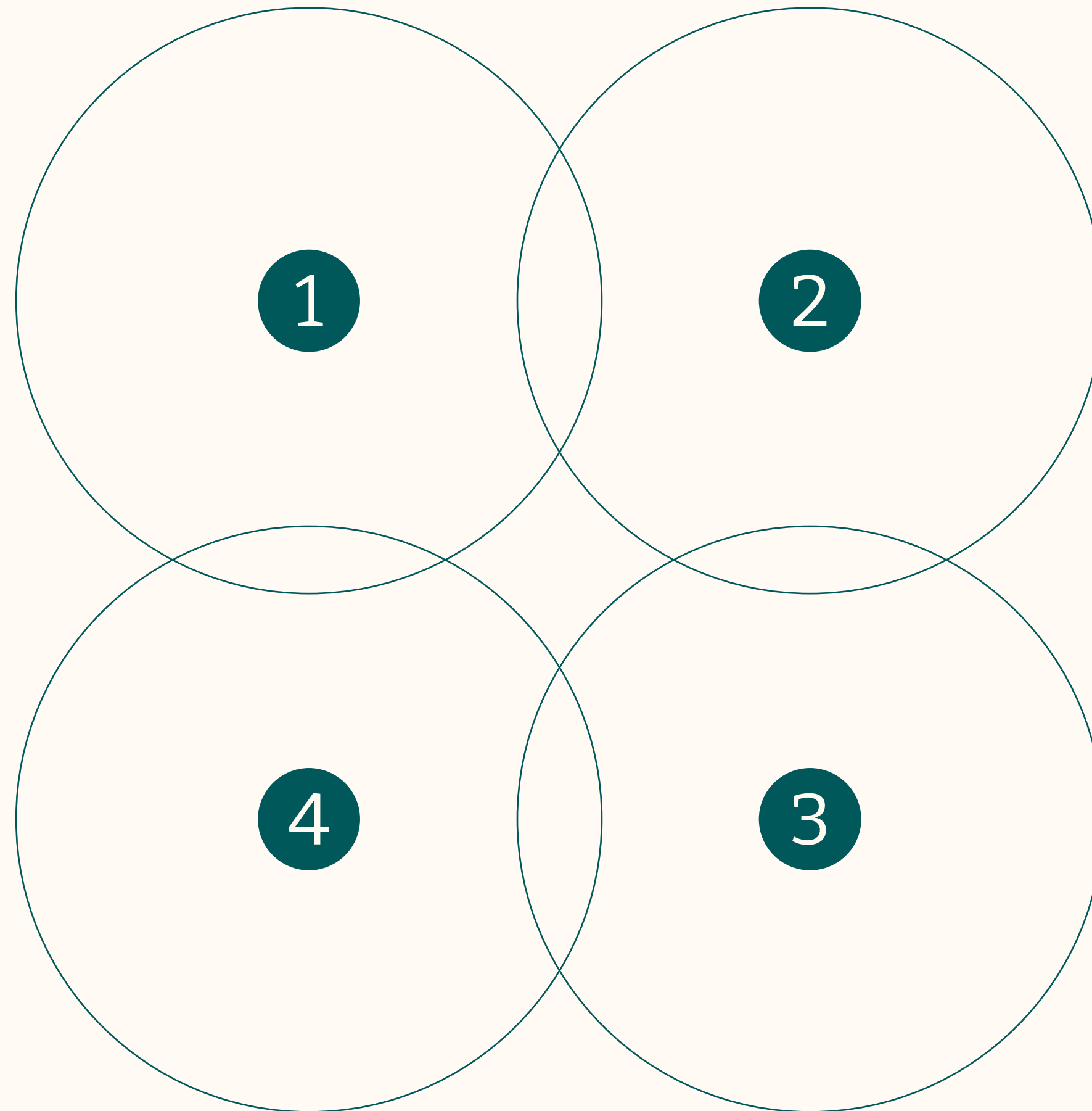
	Environmental	Social	Governance	Total
Engagement for awareness	6	0	1	7
Engagement for change	4	3	2	9





# Engagement milestone overview

## Milestone methodology

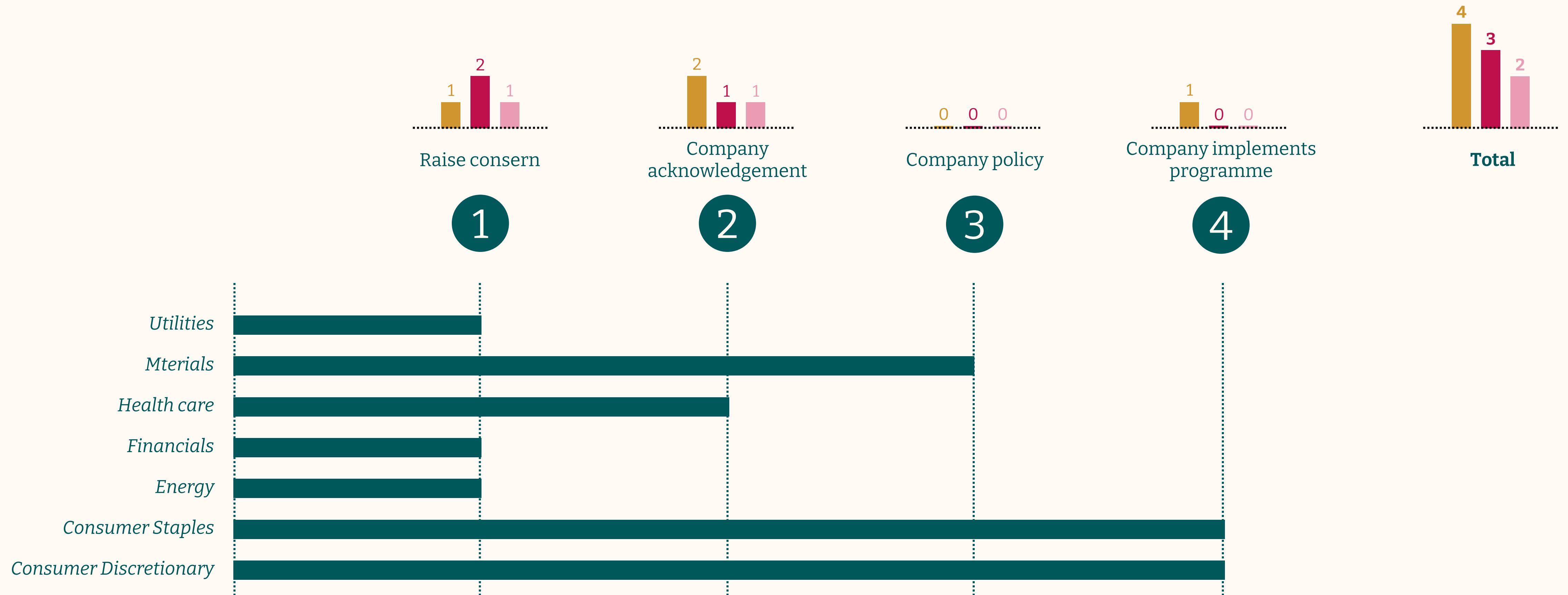


- 1 Raise concern**  
The Manager identifies the issues and brings it to the attention of the relevant board members or management team of a company.
- 2 Company acknowledgement**  
The company acknowledges the importance of the issue raised to the company or its stakeholders and commits to resolving the issue.
- 3 Company policy**  
The company has developed or improved its policy to deal with the specific issue.
- 4 Company implements programme**  
(closing of the engagement): The company can provide clear evidence that the policy or strategy is fully implemented and that there is clear accountability from the top.



# Figure 5: Engagement for change by milestone and sector

Source: Van Lanschot Kempen NV as per end December 2023



■ Environmental ■ Social ■ Governance



# Milestone progress in 2023

## 4 engagement milestones achieved through 3 companies

33% of ‘engagements for change’ conducted by the Manager reached new milestones in 2023. Figure 6 shows milestones were reached across social (1) and governance (2) issues. Engagements that did not show progress during the year may be because progress has stalled but could also be that the company requires additional time to reach the next milestone. For instance, environmental engagements on the climate change strategy of a company may take a longer time to see progress from the company acknowledgement of the issue

(milestone 2) to establishing (milestone 3) and implementing the policy (milestone 4). To illustrate, two of these climate-focused engagements stayed at milestone 2 over the course of 2023. For comparison purposes, Figure 7 provides a snapshot of where the nine direct engagement milestones stood at the first and last company contact logged by the Manager during the year. It should be noted that some engagements started well into the year and remained at milestone 1. More time will be needed to see progress.

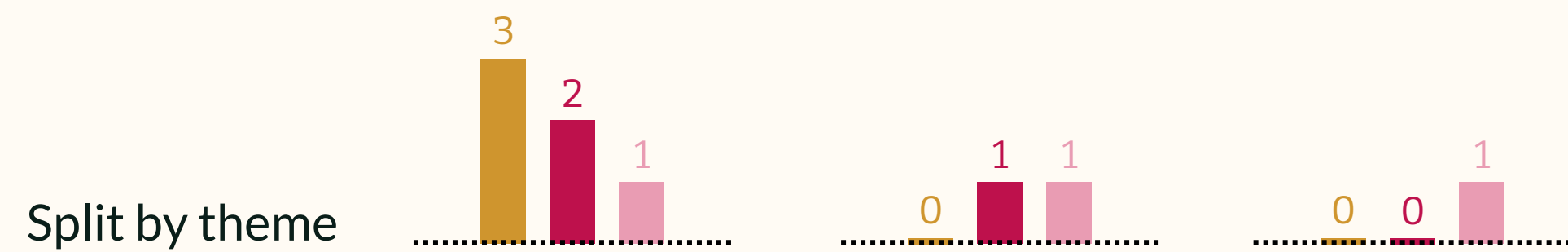
Overall, progress continued to be made through engagement efforts and the Manager will work to enhance the positive direction of dialogue in 2023.



## Figure 6: Number of engagements for change milestones achieved

Source: Van Lanschot Kempen NV as per end December 2023

	No progress	1 milestone	2 milestones
Total engagements	6	2	1



■ Environmental
 ■ Social
 ■ Governance

## Figure 7: Engagements for change milestones snapshot

Source: Van Lanschot Kempen NV as per end December 2023

	First milestone logged in 2023	Last milestone logged in 2023
1 Raise concern	6	4
2 Company acknowledgement	3	4
3 Company policy	0	0
4 Company implements programme	0	1





# Collaborative engagement involvement in 2023

The Manager's goal as an independent, specialist wealth manager is to guide its clients through the transitions towards a more sustainable economy that these changes involve. The Manager has therefore carefully selected investment themes to focus its collaborative engagement efforts: Climate & Biodiversity and Living better for longer.

In 2023, the Manager continued to engage with CO2-intensive companies in order to further the energy transition, in line with the Climate & Biodiversity investment theme. These engagement activities overlapped

with 13 of the manager's portfolio companies across environmental (8) and social (5) topics. Five of these companies were also engaged with directly, leaving eight companies accessed solely through

collaboration with peers. Alongside the focus on climate action and biodiversity, the Manager collaboratively engaged with companies on social issues in the tech and pharmaceutical sectors.

The Manager is a member of several collaborative engagement initiatives. Assessments of which collaborations fit best with its values and engagement targets are done on a case-by-case basis.

## CLIMATE ACTION 100+ (CA 100+)

Global collaboration is needed to tackle climate change. As the world's biggest investor-led engagement initiative, CA100+ helps drive this as it seeks to ensure the largest corporate GHG emitters take necessary action on climate change. CA100+ is currently made up of 700 investors with over \$68 trillion in

AuM. The Manager acts as a supporting investor for multiple engagements with oil majors: BP, Shell, Equinor and TotalEnergies.

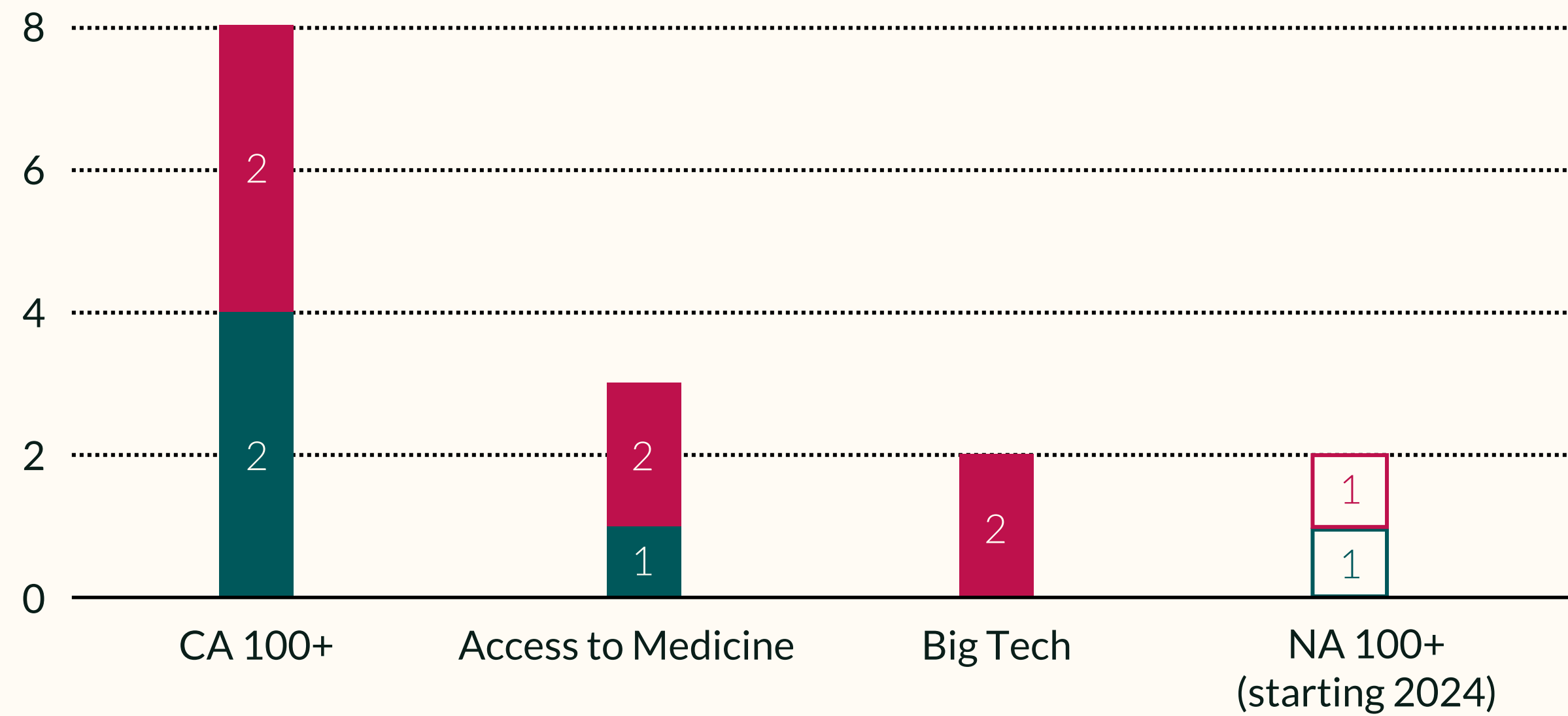
## NATURE ACTION 100 (NA 100)

The Manager aims to contribute to the goal of preserving biodiversity by its actions as an active owner. To stay stronger together, in 2023 the Manager joined the newly created collaborative engagement initiative Nature Action 100. The Manager is now part of the engagement teams focusing on the companies Novo Nordisk and Sysco Corporation. These engagements begin in 2024 and therefore are not counted in 2023.



# Figure 8: Collaborative engagement topic breakdown

Source: Van Lanschot Kempen NV as per end December 2023





# Engagement cases

## BMW group

E, S, G

### Engagement on just transition – Milestone 1

BMW Group has been and is still focusing on carbon emissions reduction. The company has made progress in this area by setting long-term targets. As the company is transitioning to lower emissions, it is important for BMW to consider the social impact of these changes. At the beginning of 2023, the Manager began our engagement with BMW discussing the “just transition” approach. This approach focuses on assessing and addressing the social impact of meeting climate goals, including considering the effects of the transition on key stakeholders, such as employees, communities and labour conditions in the supply chain.

Now that many companies have established net zero goals, there is an increasing focus from companies, governments, investors and other organizations on the potential social impact of the energy transition. The Climate Action 100+ (CA100+) assessment introduced a just transition indicator in October 2023. This indicator evaluates companies’ commitment, plans, and progress towards a just transition. Currently, BMW Group does not meet the CA100+ just transition criteria, so the engagement will aim to encourage the company to provide more disclosure regarding their commitment to a just transition.



# Engagement cases

## Unilever

E, S, G

Engagement on land use and biodiversity – Awareness

Together with other asset managers, The Manager engaged with Unilever for awareness regarding the risk of insufficient progress on plastic reduction targets, which was pointed out by Greenpeace. Despite Unilever being on track to sell 53bn non-reusable sachets containing anything from sauces to shampoo in 2023, being one of the most frequent plastics found in the ocean (beside plastic bottles), activities to minimize this plastic are barely mentioned. Lobbying efforts appear to focus on recycling infrastructure, but not on reducing plastics in the first place, such as stopping to sell plastic sachets. The Manager is committed to keep engaging with companies to better align them with its expectations as a shareholder and society members regarding biodiversity.





# Engagement cases

## TotalEnergies

E, S, G

Engagement on climate, biodiversity, and human rights – Milestone 2

In 2006, oil was discovered in the Lake Albert Basin in Uganda. The Ugandan government then agreed to develop the resources under two upstream projects, one of them being Tilenga, which is operated by TotalEnergies. To export the oil to international markets, the invested parties formed the East African Crude Oil Pipeline Project (EACOP), a cross-border buried pipeline from Kabaale in Uganda to a port in Tanga, Tanzania. During the exploration phase, many stakeholders raised concerns about harms to biodiversity, climate and alleged human rights violations surrounding these projects. Together with a group of Dutch institutional investors representing EUR 800 billion of assets and collaborating in the Dutch Climate Coalition (DCC), the Manager has had constructive dialogues with the company regarding Tilenga and the EACOP. The company has demonstrated a willingness to discuss project-related activities, answering many of our questions and providing reference materials. The DCC has now enlisted the support of subject-matter specialists and local experts to provide their views of the current situation with the hope of supporting best-informed investment decisions based on the company's management of concerns related to the Tilenga and EACOP projects.



# Engagement cases

## Nike

E, S, G

### Engagement on human rights – Milestone 1

The Manager collaborated with other investors in co-signing an investor letter urging Nike to address outstanding wage payment issues at one of the company's suppliers – Ramatex Group. Along with nearly 70 other investors, The Manager urged Nike to fulfil their human rights responsibilities, show leadership, and apply the 'access to remedy' principle under the UN Guiding Principles to ensure that workers are adequately compensated for their lost pay. The Manager believes that Nike should ensure full repayment of the USD 1.4 million terminal wages for workers at Violet Apparel and correct underpayments at Hong Seng Knitting, totaling USD 800,000. The full repayment of these wages would be seen by investors as a very encouraging sign of Nike taking its human rights leadership commitments seriously.



# Engagement list

The Manager engages with companies on a broad range of strategic, governance, financial and sustainability topics and works both directly and in a collaborative way with other like-minded investors as appropriate. This is the Manager's full list of 16 direct engagements across 12 companies from 2023:

Company name	Location	Sector	Engagement Type	Theme	Milestone
BMW	Germany	Consumer Discretionary	Change	Social – Human Capital	1
Lonza Group	Switzerland	Health Care	Change	Environmental – Carbon – Own Operations	1
National Grid	United Kingdom	Utilities	Change	Environmental – Carbon – Products & Services	4
Nike	United States	Consumer Discretionary	Change	Social – Human Capital – Supply Chain	1
Nordea Group	Sweden	Financials	Change	Environmental – Carbon – Own Operations	2
Novo Nordisk	Denmark	Health Care	Change	Social – Product Governance	2
Novozymes	Denmark	Materials	Change	Governance - Audit & Financial Reporting	2
TotalEnergies	France	Energy	Change	Environmental – Carbon – Own Operations	2
Unilever	United Kingdom	Consumer Staples	Change	Governance – Remuneration	1
BMW	Germany	Consumer Discretionary	Awareness	Environmental – Carbon – Products & Services	
Cie Generale des Etablissements Michelin	France	Consumer Discretionary	Awareness	Environmental – Carbon – Own Operations	
Croda International	United Kingdom	Materials	Awareness	Environmental – Carbon – Own Operations	
Kerry Group	Ireland	Consumer Staples	Awareness	Environmental – Carbon – Own Operations	
Novozymes	Denmark	Materials	Awareness	Environmental – Carbon – Own Operations	
Unilever	United Kingdom	Consumer Staples	Awareness	Environmental – Land Use and Biodiversity	
Unilever	United Kingdom	Consumer Staples	Awareness	Governance – Remuneration	

Source: Van Lanschot Kempen NV as per end December 2023

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The management company of Van Lanschot Bevek NV is CADELAM NV, statutorily located at Jan Van Rijswijcklaan 178, 2020 Antwerp.

The financial and commercial management of Van Lanschot Bevek NV has been delegated by CADELAM NV to Van Lanschot Kempen NV, Belgian branch, statutorily located at Desguinlei 50, 2018 Antwerp. Van Lanschot Kempen NV, Belgian branch is the Belgian branch of Van Lanschot Kempen NV, statutorily located at Hooze Steenweg 29, 5211 JN 's Hertogenbosch, the Netherlands.