



Biodiversity Policy

Introduction

As a result of climate change, deforestation, land degradation, the pollution of water, soil and air, and the exploitation of wild species, biodiversity is under threat. Due to unsustainable human activities we are losing the wealth of plants and animals like never before. More than a million species are currently at risk of extinction. At the same time, the global population of wild species has already fallen by 60% over the last 40 years.¹

The loss of biodiversity presents material systemic, physical and transitional risks for global markets. Half of the world's GDP, approximately USD 44 trillion, is moderately or highly dependent on nature and its services.²

Not only is biodiversity essential to human and planetary well-being, it is a fundamental component of long-term business success. Companies rely on species, genes and healthy ecosystem services as critical inputs. Therefore, investors need to consider the risks and opportunities of biodiversity loss and act to manage them.

Definition

"BIOLOGICAL DIVERSITY MEANS THE VARIABILITY AMONG LIVING ORGANISMS FROM ALL SOURCES INCLUDING, INTER ALIA, TERRESTRIAL, MARINE AND OTHER AQUATIC ECOSYSTEMS AND THE ECOLOGICAL COMPLEXES OF WHICH THEY ARE PART; THIS INCLUDES DIVERSITY WITHIN SPECIES, BETWEEN SPECIES, AND OF ECOSYSTEMS."

Our Position

As a long-term investor, we recognize how biodiversity loss has severe impact on the real economy and financial markets. In addition, we are aware that biodiversity loss and the climate crisis are interdependent. When one gets worse, so does the other. Restoring forests, soils and wetlands and creating green spaces in cities is essential to achieving the climate change mitigation needed. We believe biodiversity loss represents a systemic risk to society and the environment. Therefore, we are determined to consider both the risks and opportunities this presents to our clients, and to human and planetary well-being. In accordance with our overall responsible investment approach, the aim of this policy is to reduce the possible negative impacts of our investments, encourage positive change and contribute to long-term sustainable development.

Biodiversity is one of the sustainability focus themes for us, and we are convinced that we can contribute to progress in this area. With the commitments of this policy, we aim to be among the leading financial institutions countering biodiversity loss and investing in biodiversity-positive solutions.

Given the complexity of these global challenges, we need to collaborate and share knowledge. We are a partner of the Partnership for Biodiversity Accounting Financials (PBAF) and have signed the Finance for Biodiversity Pledge, committing to set concrete targets by 2024 at the latest. Separately, we aim to reduce the biodiversity footprint of the companies we invest in through ongoing analysis and engagements.

¹ IPBES, 2019

² World Economic Forum, 2020

Furthermore, we participate in several working groups on biodiversity, such as by the Dutch National Bank (DNB) and Platform for Biodiversity Accounting Financials (PBAF). For further details on our commitments and objectives, see our policy statement below.

Van Lanschot Kempen Biodiversity Statement

Our consideration of biodiversity is reflected in our investment process and in the solutions we offer to our clients.

We are committed to:

1. Collaborate and share knowledge on methodologies, data sources, biodiversity related metrics, targets and financing approached for positive impacts. This includes our commitment to:
 - Actively participate in initiatives and industry groups such as the DNB working groups and the Partnership for Biodiversity Accounting Financials (PBAF).
 - Sign and commit to the Finance for Biodiversity Pledge.
2. Explore best practices and continue to enhance measuring the biodiversity impact and dependencies of our investments.
 - Engage with research data providers, acquire and analyse meaningful data.
 - Start measuring impact and dependencies of our investments on biodiversity and ecosystem services.
3. Set biodiversity related targets.
 - We will set and disclose targets in due time, in line with science-based best practices.
4. Integrate biodiversity risk into our investment processes.
 - As climate change risks, we consider (exposure to) biodiversity-related risks to be material issues. Therefore, we will examine diverse biodiversity metrics from research and data providers, to assess our investments for positive and negative impacts on biodiversity and identify the strongest loss drivers.
5. Aim to engage with companies and support them in reducing their negative and increasing their positive biodiversity impacts, where we aim to focus on the material biodiversity related sectors and companies. Specifically, we will investigate to encourage our investee companies to:
 - Avoid or minimize impacts on biodiversity and ecosystem services.
 - Manage living natural resources in a sustainable manner.
 - Improve efficiency in the consumption of energy, water, and other natural resources.
 - Commit to “No Deforestation, No Peat, and No Exploitation” policies.
 - Investigate the use of independent certification systems, such as FSC and PEFC for timber, RSPO for palm oil, MSC for fisheries.
6. Investigate and develop investment products that deliver positive biodiversity outcomes.
 - Biodiversity is part of our overall sustainability objectives.
 - We aim to include in new funds that they can invest in activities which preserve, protect and enhance nature over the long term.
 - We will communicate those solutions to our clients in a transparent and comprehensive manner.
7. Reporting
 - We are aware of the limitations of existing biodiversity metrics. Yet, we expect reporting to improve over time as “a common language” for guidelines and metrics is established.
 - We will report annually on our own biodiversity footprint and that of our portfolios. In addition, we will disclose our progress towards achieving our (to be developed) company-wide targets.



Biodiversity and our approach (measures we take)

We have performed a biodiversity risk assessment to identify and assess our adverse biodiversity impact. The outcome of the assessment can be found in the textbox on the next page. At Van Lanschot Kempen, we focus on biodiversity within our investment process through the ESG instruments below. Via these instruments we aim to cease (via exclusions), prevent or mitigate (via ESG integration and engagements) our adverse biodiversity impact.

Exclusion and avoidance

While we do not have specific exclusion criteria for biodiversity, we apply exclusion and avoidance criteria for companies. When companies are involved in actual severe adverse biodiversity impacts due to its business conduct, we may avoid investing in these companies. Biodiversity indicators are part of these assessments.

ESG integration

Biodiversity is part of our ESG screening and is included in our assessments via ESG ratings, controversies and business involvement. The screens (including ESG ratings and controversies) are based on international standards and conventions, such as the OECD Guidelines, UN Global Compact and the Convention on Biological Diversity. We aim with the screens to include identifying companies with activities negatively affecting biodiversity sensitive areas, and risks to water stress and waste. For non-listed assets, we have a no deforestation policy requirement in place for land investments. Furthermore, we support Cerado Manifesto and FSC / MSC.

Active ownership

Biodiversity is part of our engagement approach. We actively engage with companies on biodiversity-related controversies. In the past, our engagements have focused, among others, on deforestation, palm oil and the use of pesticides.

Impact

We recognise that solutions with a positive impact on biodiversity are also needed. Therefore, we provide solutions to our clients for different asset classes where possible. Concretely, we are investing in nature-based solutions, such as through our SDG Land Fund.

While biodiversity already forms an integral part of our sustainability approach, we strengthen our commitment with the launch of this policy.

Governance and Reporting

Governance

The Sustainability Centre sets the biodiversity policy. VLK Sustainability Investment Council approves policy. The policy will be reviewed annually.

Reporting

We aim to report our progress regarding our biodiversity commitments, ambitions and objectives for our client portfolios on an annual basis.



Biodiversity risk assessment

WE HAVE PERFORMED A BIODIVERSITY RISK ASSESSMENT TO IDENTIFY AND ASSESS OUR ADVERSE BIODIVERSITY IMPACT. DUE TO THE CHALLENGES AROUND BIODIVERSITY, SUCH AS ON DATA AVAILABILITY AND QUALITY, METRICS AND STANDARDISATION, WE HAVE COMBINED A TOP-DOWN ANALYSIS (RELEVANT LITERATURE ON BIODIVERSITY RISKS FOR THE FINANCIAL SECTOR FROM E.G. SUPERVISORS) WITH A BOTTOM-UP ANALYSIS BASED ON OUR AVAILABLE BIODIVERSITY DATA.

TOP-DOWN ANALYSIS

BASED ON OUR TOP-DOWN ANALYSIS, WE CAN STIPULATE THAT BIODIVERSITY LOSS IS BEING SEEN AS A MATERIAL RISK FOR SOCIETY, THE ECONOMY AND THE FINANCIAL SECTOR. REGULATORS AND CENTRAL BANKS ARE LOOKING AT BIODIVERSITY RISKS AND INVESTIGATE THE EXPOSURE OF INVESTORS TO THESE RISKS, LIKE THEY DID EARLIER WITH CLIMATE CHANGE. BIODIVERSITY RISKS ARE RELEVANT FOR THE FINANCIAL SECTOR DUE TO ITS ROLE IN FINANCING ECONOMIC ACTIVITIES. FOR FINANCIAL INSTITUTIONS, BIODIVERSITY RISKS CAN TRANSLATE INTO FINANCIAL RISKS. WITH THE CONVENTION ON BIODIVERSITY IN 2021 AND 2022, INCREASED POLICY ACTION ON BIODIVERSITY MAY STRENGTHEN THE IMPERATIVE FOR FINANCIAL INSTITUTIONS TO UNDERSTAND THEIR OWN IMPACTS AND DEPENDENCIES ON BIODIVERSITY. FURTHERMORE, CLIMATE CHANGE AND BIODIVERSITY LOSS SHARE (SOME OF) THE SAME CHARACTERISTICS, INCLUDING ITS COMPLEXITY, BEING SUBJECT TO (IRREVERSIBLE) TIPPING POINTS AND NON-LINEAR CHANGE. AS A FIRST CENTRAL BANK, THE DNB PERFORMED AN ANALYSIS ON THE EXPOSURE TO BIODIVERSITY RISKS FOR THE DUTCH FINANCIAL SECTOR IN 2020. THE CENTRAL BANK SHOWED THAT DUTCH FINANCIAL INSTITUTIONS HAVE SIGNIFICANT EXPOSURE TO BIODIVERSITY RISKS AND RECOMMENDED THAT FINANCIAL INSTITUTIONS NEED TO TAKE THESE RISKS INTO ACCOUNT.

BOTTOM-UP ANALYSIS

FOR OUR INITIAL BOTTOM-UP ASSESSMENT TO COME TO ACTUAL AND POTENTIAL ADVERSE BIODIVERSITY IMPACT, WE USED OUR AVAILABLE BIODIVERSITY DATA AND PERFORMED AN ANALYSIS ON A MARKET INDEX (PROXY FOR THE INVESTMENTS). OUR ANALYSIS SHOWED THAT THE ACTUAL ADVERSE BIODIVERSITY IMPACT SEEM TO BE CONCENTRATED AT A LIMITED NUMBER OF COMPANIES, OPERATING IN SECTORS MAINLY IN METALS AND MINING (VIA TAILINGS AND MINES) AND IN AUTOMOTIVE (MANUFACTURERS, VIA TOXIC EMISSIONS INVOLVEMENT), ENERGY (OIL & GAS, VIA OIL SPILLS), FOOD (AGRICULTURAL AND PACKAGED FOODS, VIA E.G. PALM OIL PRODUCTION INVOLVEMENT), AND ELECTRIC UTILITIES (VIA ELECTRICITY GENERATION). OUR ANALYSIS FURTHER SHOWED THAT WHEN LOOKING AT THE POTENTIAL ADVERSE BIODIVERSITY IMPACTS, OVERALL WE SEE QUITE SOME OVERLAP OF SECTORS, NAMELY FOOD (VIA SOURCING RAW MATERIALS), AGRICULTURAL (VIA LAND USE), METALS & MINING (VIA TAILINGS AND MINES) AND ENERGY (OIL & GAS, VIA OIL AND GAS EXTRACTION). ON REGIONS, DUE TO THE ROUGH PROXY WE USED (BASED ON HEADQUARTERS), IT'S TOO PREMATURE TO MENTION USEFUL OUTCOMES.

DEEP-DIVE ON PALM OIL

THE OUTCOME OF OUR DEEP-DIVE ON PALM OIL SHOWED THAT MOST COMPANIES INVOLVED IN PALM-OIL WERE ACTIVE IN THE AGRICULTURAL AND FOOD SECTORS AND LOCATED (BASED ON HEADQUARTERS) IN SOME EMERGING MARKET COUNTRIES (MALAYSIA, INDONESIA AND THAILAND).

GOING FORWARD

THIS ASSESSMENT IS A STARTING POINT AND WE AIM TO ENHANCE IT THE COMING YEARS, AS MENTIONED IN OUR BIODIVERSITY STATEMENT ABOVE. KADER SUBKOP





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OTHER INFORMATION

Van Lanschot Kempen NV, has its registered office at Hooge Steenweg 29 in 's-Hertogenbosch (5211 JN), Chamber of Commerce 's-Hertogenbosch no. 16038212. The bank's VAT-number is NL0011.45.770.B01, has been registered as a bank in the Register required by the Dutch Act on Financial Supervision (Wft) at the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten) and the Dutch Central Bank (De Nederlandsche Bank)...