

## Sustainability in Action

May 2026



For Professional Investors only

# Nature, risk and long-term value

## Biodiversity is moving up on the investment agenda

Biodiversity loss affects our clients and us as a wealth manager, as well as the broader economic system and social community in which we operate. With the increased pressure on nature, it is now regarded as a material financial risk. As such, biodiversity is rapidly becoming a core investment consideration. For Van Lanschot Kempen Investment Management, it is one of our main sustainability focus themes, alongside climate, as we aim to protect our clients' assets by addressing critical biodiversity dependencies, minimising their negative footprint and promoting positive outcomes that also benefit society as a whole.

In this Sustainability in Action we show why biodiversity matters, where we stand today and what next steps we seek to make.

### The core of our economy's health

Biodiversity is about the total variety of life on Earth. It enables all forms of life and without it, life would not sustain. Whether we recognise it or not, the health of our economy and society depends on the state of nature – what experts call the integrity of ecosystems. Biodiversity is therefore fundamental to our economy, the social communities in which we operate and our overall well-being.

Financial institutions can face significant systemic risks from biodiversity loss, as the Dutch Central Bank (DNB) has highlighted in its research.<sup>1</sup> These risks include physical risks (such as deforestation and overexploitation), transition risks (policy changes and potential stranded assets) and reputational risks (exposure to business activities in protected areas).

On the investment side, this can have a materially negative impact on portfolios. In contrast, by directing capital towards positive change – for example, by investing in regenerative agriculture – investors can support solutions that operate within ecological boundaries.

This Sustainability in Action is a shortened version of a white paper on biodiversity and Van Lanschot Kempen's approach to addressing it. The full paper, prepared by our ESG Advisory team, also includes interviews with our portfolio managers on how they address biodiversity and offers further insight into our thinking and approach. It is available on [our website](#).

<sup>1</sup> DNB (2020): [www.dnb.nl/en/general-news/news-2020/indebted-to-nature](https://www.dnb.nl/en/general-news/news-2020/indebted-to-nature)



## How we address biodiversity at Van Lanschot Kempen

Against this backdrop, we are strengthening our approach to protecting biodiversity. We do this by integrating deeper data insights on companies' biodiversity footprints and assessing how nature loss affects long-term financial value and business viability. We also actively engage with investee companies to evaluate their commitments and strategies towards protecting and restoring biodiversity, with the aim of distinguishing future winners from laggards and promoting best practices.

Our goal is twofold: to protect client portfolios from unmanaged biodiversity risks, and, where mandates from our clients allow, to contribute to the transition to nature-positive outcomes. To support this ambition, we have included the protection of biodiversity and ecosystems as one of the environmental themes across most of our SFDR Article 8 and Article 9 products, notably our small caps, high dividend, value, credits, private markets and our regenerative farmland strategy.

In our day-to-day practice we:

- aim to avoid and minimise exposure to assets associated with severe biodiversity controversies, as flagged by external ESG data providers (such as MSCI).
- seek to limit investments in companies with operations in biodiversity hotspots, particularly where robust mitigation strategies are lacking. To support this, we have onboarded an additional biodiversity and nature dataset in 2025 to gain better insight into investee companies' biodiversity footprints, including impacts on ecosystems and species.
- aim to avoid and minimise investment in assets with exposure to high-deforestation-risk commodities.
- seek to increase the share of sustainable investments that deliver positive biodiversity outcomes and support food and agricultural transitions.

### Nature loss is accelerating

Biodiversity spans the variety of life: from genetic diversity within species, to the richness of species in ecosystems, to the health of habitats themselves. All are under pressure from changes in land and sea use, overexploitation, climate change, pollution and invasive species. These pressures are largely linked to human activity.

The WWF Living Planet Index shows that global populations of mammals, birds, reptiles, amphibians and fish have declined by over 70% over the last five decades.<sup>2</sup> In parallel, scientists warn that several of our 'life support systems' – the planetary boundaries – have already been crossed.<sup>3</sup>

Recent trends in climate change, one of the main drivers of biodiversity loss, show record-high global temperatures: we are clearly not on track to meet the 2015 Paris Agreement's primary climate goals. Without rigorous change, we could be approaching or exceeding an average global warming of 3°C to 3.5°C by the end of this century, which will have disastrous consequences for the quality of life.<sup>4</sup>

This underlines the need to accelerate efforts to protect and restore nature, while integrating biodiversity firmly into investment decision-making.

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We are strengthening our approach to protecting biodiversity

<sup>2</sup> WWF (2024): [worldwildlife.org/publications/2024-living-planet-report](https://worldwildlife.org/publications/2024-living-planet-report)

<sup>3</sup> Planetary boundaries - [Stockholm Resilience Centre](https://www.stockholmresilience.org/en/our-work/publications/planetary-boundaries)

<sup>4</sup> [www.livescience.com/planet-earth/climate-change/humanity-could-be-just-3-years-away-from-crossing-a-dire-climate-threshold-report-warns](https://www.livescience.com/planet-earth/climate-change/humanity-could-be-just-3-years-away-from-crossing-a-dire-climate-threshold-report-warns);  
IMF (2023): [www.elibrary.imf.org/view/journals/066/2023/002/article-A001-en.xml](https://www.elibrary.imf.org/view/journals/066/2023/002/article-A001-en.xml)

## Biodiversity goals embedded in four pillars

The above objectives are embedded in the four pillars of our responsible investment approach: Exclusion, ESG integration, Active ownership, and Positive impact.

### Exclusion

We apply exclusions to avoid exposure to activities with a negative impact on biodiversity:

- We exclude investments in companies with red biodiversity and land-use controversy flags.
- We apply Paris-Aligned Benchmark exclusion criteria, which can also effectively exclude companies with a negative biodiversity impact due to high involvement in hard coal and lignite, oil and gas, or tobacco cultivation and production (high deforestation risk).

### ESG integration

We integrate biodiversity considerations into our investment analysis, decision-making and monitoring:

- Good governance assessment: for investments that promote environmental and/or social characteristics or qualify as sustainable investments, we assess governance practices on material ESG topics, focusing on ESG risks. For (partly) externally managed funds, we perform due diligence and regular monitoring of their good governance policies and procedures.
- Do No Significant Harm (DNSH) assessment: we apply this SFDR criterion to ensure investments do not significantly harm ESG objectives, including the protection of biodiversity and ecosystems, for all investments promoting environmental and/or social characteristics or qualifying as sustainable investments.
- Integration of the principal adverse indicators: we integrate PAIs into investment decisions to capture potential negative ESG impacts, including on biodiversity.
- Integration of our biodiversity investment framework into internally managed Kempen strategies that are committed to biodiversity through their sustainability objective. This framework enables us to establish indicators to measure biodiversity risks.

In 2025, we onboarded an additional biodiversity and nature dataset to deepen insight into companies' biodiversity footprints and strengthen client reporting.

The metrics added are:

1. Extent of local ecosystem degradation intensity, which relates to the average number of species in an area compared to how many would be there in a healthy, untouched ecosystem;
2. Total global potential species extinction intensity, which measures the percentage of species lost in an area each year due to the company's impact.

Selecting relevant data points is fundamental to measuring and managing the impact of financial and non-financial ESG-related risks in portfolios. The inclusion of the data offers deeper insight into a company's biodiversity performance, allowing us to make more informed investment decisions.

### Active ownership

We use our voice and influence as an investor to encourage better biodiversity-related practices and disclosures:

- We exercise our voting rights, particularly on shareholder proposals regarding biodiversity.
- We engage with investee companies on biodiversity controversies, footprint and impact, and high deforestation risk, mainly through internally managed Kempen strategies committed to biodiversity, in close collaboration with ESG specialists. Through collaborative engagements (e.g. Nature Action 100, Dutch Climate Coalition) we also engage on strategic ambitions and transparency in light of TNFD and SBTN, especially where biodiversity is a material issue.<sup>5</sup>

<sup>5</sup> TNFD and SBTN are international initiatives that help companies better identify and assess nature-related risks, impacts and targets.



## Engagement examples<sup>6</sup>

- One of our most extensive engagements in recent year, was with Anglo American, a mining giant operating mainly in Latin America and South Africa. We sought to understand how the company plans to achieve its goal of a net positive impact on biodiversity by 2030 and how it measures progress in this area. More information on this engagement can be found in our [Stewardship and Sustainable Investment Report 2024](#).
- We also initiated engagements with several of the largest consumer staples companies to raise awareness of plastic pollution. This engagement focused on Coca-Cola, Nestlé and PepsiCo and is described in the [2025 Stewardship and Sustainable Investment Report](#).
- We engaged with Western Forest Products, a Canadian forestry company active in harvesting and processing timber, primarily on the west coast of British Columbia. Our aim was to encourage a shift away from harvesting old growth forest and to prompt the company to take ownership of biodiversity impacts, including adopting the TNFD framework. The company indicated that it intends to increase the share of second growth, and around 70% of its old-growth tenures are already protected from harvesting. It also adopted a forest management and conservation strategy that models forest development and ecosystem health. However, Western Forest Products declined to define a concrete transition roadmap or TNFD-aligned disclosure plans. As this core objective was not achieved, we decided to divest.

<sup>6</sup> The company name, explanatory notes and arguments are provided for illustrative purposes only and do not constitute a recommendation to buy, hold or sell the shares. The security may be removed from the portfolio at any time without prior notice.

## Positive impact & change

We steer investments towards contributing to the protection of biodiversity and ecosystems through sustainable investments:

- We invest in nature as an asset class by investing in farmland to implement regenerative agricultural practices and deliver sustainable and expected financial returns (e.g. higher yields, increased land value, improved productivity and ecological outcomes), primarily via the Kempen SDG Farmland Strategy. The regenerative approach of the strategy drives sustainable goals through soil improvement, carbon sequestration and biodiversity enhancement. The Fund's mission is to acquire land with the right properties for healthy and sustainable yields, where it deploys regenerative or nature inclusive farming techniques that contribute to the UN SDGs.

How these four pillars are applied depends on the client group we serve and the specific product set-up. Please see our more elaborate [biodiversity paper](#) for more details.



## What's next?

We aim to improve our insight into companies' impacts on ecosystems and to deepen our understanding of how nature loss affects a company's ability to create long-term financial value and remain viable. For the first element, we prioritise the further integration of biodiversity footprint data and information on the state of local ecosystems into our ESG analysis and portfolio construction. This should help improve the assessment of physical and transition biodiversity risks that companies may face.

For the second element, it is essential to continue engaging in dialogue with investee companies to discuss their preparedness for different climate and nature scenarios. Important questions include:

- Does the company have time-bound commitments to reduce biodiversity harm?
- Is it investing in projects to protect or restore biodiversity?
- Does capital expenditure support long-term competitiveness and resilience, rather than short-term shareholder returns only?

While this is not yet standard practice, we believe the above questions should increasingly form part of the regular dialogue between active investors and investee companies. Truly understanding the relevance of nature in its own right and its role in economic viability, is still seen as difficult to translate into traditional financial analysis and valuation models.

However, understanding a company's dependence on natural resources, suppliers and countries of origin, is directly connected to its value creation potential. We therefore expect biodiversity to become increasingly important, both at management level and in business strategy and value creation models.

Investors need to be part of the discussion to assess which companies are positioned as leaders or laggards in their biodiversity journey and to what extent we can jointly help bend the curve of nature loss and support the transition to a nature-positive economy and society.

Investing in the transition to a nature-positive economy opens up exciting opportunities in sustainable agriculture, renewable resources and biodiversity-focused areas. Improved metrics, regulation and collaboration will help accelerate change in the asset management industry, which is still in the early stages of integrating biodiversity into decision-making. At Van Lanschot Kempen, we are committed to playing our part in limiting and reversing biodiversity loss by addressing the critical biodiversity dependencies of our investments, minimising their negative footprint and promoting positive outcomes that benefit society as a whole.



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