



VAN LANSCHOT  
KEMPEN

# Biodiversity impacts asset managers

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As you read this article, an animal or insect species, somewhere in the world, will disappear forever. Due to the impact of human activity on the natural world, in the past decades biodiversity has been declining 100 to 1,000 times faster than what would be considered natural.<sup>1</sup> This development threatens not only nature, but also human survival.

What can we do to protect biodiversity, accelerate the transition to a more sustainable future, and guide our clients through this? We asked ten questions to Anne Crijns, ESG analyst in our Sustainability Centre, on Van Lanschot Kempfen's new Biodiversity Policy and what it means for our investments.

<sup>1</sup> Sustainable Development Goals (2015)



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We are increasingly aware of the interaction of biodiversity with our investments and we see the need to integrate it at the centre of our investment process

Erik van Houwelingen, Executive Board member

## 1 A world without insects or many other species is closer than we think?

In the past 50 years, the number of animal species has declined by 69% and one million species are threatened with extinction in the foreseeable future, the United Nations calculated in 2019. As a result, ecosystems are being disrupted, with far-reaching consequences, including for humans: for example, in terms of food security and increased vulnerability to natural disasters.

## 2 Why is this important to us as an asset manager?

The disappearance of species and the disruption of ecosystems is the big story, but it also impacts us and our clients. The economy not only affects, but also depends on, biodiversity. It is difficult to put exact figures on its impact, but a calculation by the World Economic Forum shows that around half of global GDP depends on nature to an average or high degree. Also, back in 2020, an analysis by De Nederlandsche Bank showed that the decline in biodiversity can affect financial institutions and that we need to take these risks into account. This is why we have now drafted a renewed Biodiversity Policy.

## 3 What do we want to achieve with this Policy?

Our priority is to protect our clients' assets. We do this by looking closely at future developments and guiding clients through the transitions needed for a sustainable future. In doing so, naturally, we also want to contribute actively to combating climate change and biodiversity decline. The two are strongly linked: when one gets worse, so does the other.

## 4 You mentioned transitions - what transitions are you thinking of?

We are facing three major transitions: the energy, food, and materials transition. We want to mitigate climate change and stop the decline in biodiversity and here all three transitions are important. The food transition in particular is central in terms of biodiversity. Agriculture has increasingly fallen into the grip of 'more for less' and this sector has a major impact on biodiversity loss. The way food is produced and consumed should therefore change.

## 5 In our biodiversity policy, we put the focus on deforestation. Why?

In recent years, we have conducted several analyses to determine our risks, impacts, and dependencies regarding biodiversity. Based on these analyses, we decided to start with deforestation first. The world has now lost a third of all its natural forests, mainly due to human activities. This has a strong negative impact on biodiversity. Land cultivation and the current food system are important contributors to deforestation and biodiversity loss.

## 6 How can we address these problems?

We rely on four investment practices to make our investments more sustainable and to prevent, reduce, and reverse our impact on biodiversity decline. Our tools are: exclusions, ESG integration, active ownership and positive impact solutions. We use these instruments to determine which companies we invest in and to leverage our influence with companies.

## 7 Which investment practice plays the most important role?

ESG integration, which includes screening, is one of the important tools here. When we consider an investment, biodiversity concerns are an important part of the due diligence we carry out. We also report 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.

## 8 And how do we deploy the other instruments?

As an active shareholder, we will engage more often with companies on biodiversity, among other topics. We are also members of several investor initiatives to promote biodiversity and are now exploring whether to join other collective engagement actions. Such initiatives got a big boost after COP15, the biodiversity summit held last December. We hope this will act as a kind of 'Paris moment' for biodiversity.

## 9 What problems do we encounter regarding biodiversity in investments?

Data availability is still a struggle for investors. How do you measure biodiversity and the impact of companies on it? Yet already this can be worked around with, for example by looking at issues such as water and land use, deforestation, discharge of toxic substances and dependency on nature.

# 10

## Where do you hope to stand next year?

Increasing awareness is important. In the coming period, we aim to make employees, clients and companies we invest in much more aware of the importance of biodiversity and how we can make our investments more sustainable in the process. But I am happy to give the floor to other colleagues on this subject.



**Anne Crijns**  
ESG-analyst Sustainability Centre



Awareness-raising is very important for us as well. This year we will discuss with our pension fund clients the impact biodiversity has on their portfolio and examine what dependencies there are. This will ultimately lead to additional investment policies. We also inform our clients about the opportunities to cooperate with other pension funds on this topic.

**René Vrijbloed, Fiduciary Management**



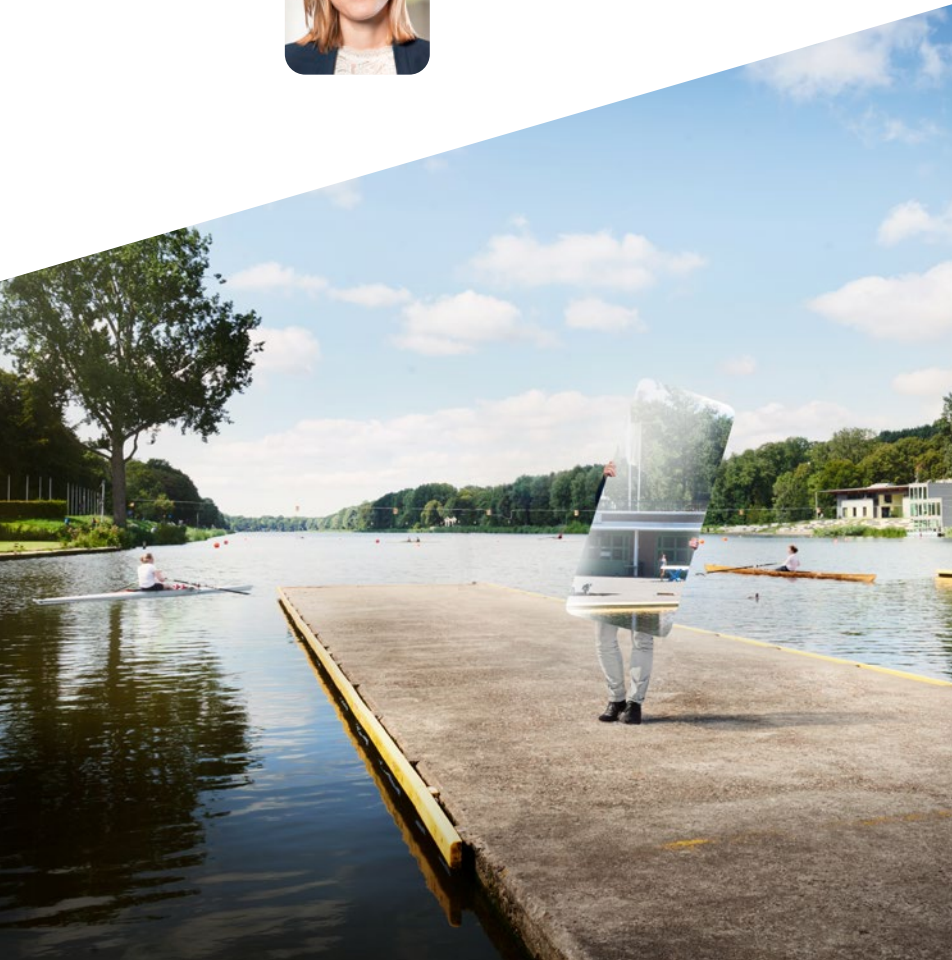
Biodiversity will play a bigger role in both the initial due diligence and annual assessment of asset managers in 2023. However, the listed biodiversity product range is still in its infancy; we currently see opportunities to contribute to the theme mainly through unlisted (impact) investments.

**Titus Witteveen, Manager Research**



Biodiversity is becoming increasingly important for our clients and for us as investors. It is a new topic in the investment world for which there are few widely-accepted standards. Therefore, we are now investigating how best to integrate biodiversity into our asset management proposition, for example in the selection of our fund managers.

**Mark Hagen, Asset Management Private Clients**



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