

Biodiversity Policy



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1. Background

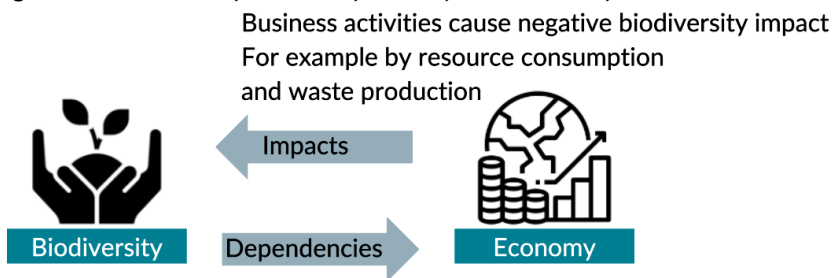
Definition and materiality

Following the definition of Convention on Biological Diversity, biodiversity 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.”¹ We are losing biodiversity like the wealth of plants and animals like never before. Three-quarters of the land-based environment and about 66% of the marine environment have been significantly altered by human actions.² The global population of wild species has fallen by 73% over the last 50 years³ and more than one million species are currently at risk of extinction. Biodiversity is negatively impacted due to economic activities, but at the same time these activities are dependent via ecosystems.

Economies impact biodiversity and at the same time are dependent on it

The interlinkage between biodiversity and economies is two-sided, as can be seen in figure 1. While economies have an adverse impact on biodiversity, at the same time they are dependent on nature and natural resources. Although exact numbers are difficult to obtain and will need to be treated with caution, there have been some estimations on the potential dependency. According to the World Economic Forum, around half of the world’s GDP, is moderately or highly dependent on nature and its services.⁴

Figure 1 *Economies’ impact and dependency on biodiversity*



Half of the world’s total GDP
is moderately or highly dependent
on the services nature offers

Biodiversity impacts and dependencies create risks and opportunities

Biodiversity impacts and dependencies give rise to both risks and opportunities. These risks encompass the potential loss of species and ecosystem services, while opportunities could be created by focusing on the improvement of ecosystem resilience and functioning.

Economies adverse impact biodiversity

Economic activity can adversely impact biodiversity via direct and indirect drivers. Whereas indirect drivers alter the level or rate of change of one of more direct driver, direct drivers unequivocally impact biodiversity. Globally, five main direct drivers can be identified⁵:

- Land-use change (including deforestation)
- Climate change
- Pollution
- Natural resource use and exploitation
- Invasive species

¹ CBD, *Convention on Biological Diversity*. The convention can be found [here](#).

² Sustainable Development Goals (2019), *Nature’s Dangerous Decline ‘Unprecedented’; Species Extinction Rates*. The article can be found [here](#).

³ World Wide Fund for Nature (2024), *Catastrophic 73% decline in the average size of global wildlife populations in just 50 years reveals a ‘system in peril’*. The article can be found [here](#).

⁴ World Economic Forum (2020), *Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy*. The report can be found [here](#).

⁵ IPBES, *Models of drivers of biodiversity and ecosystem change*. The article can be found [here](#).

This impact on biodiversity can take place in three phases: upstream, downstream and midstream. Upstream refers to the material inputs needed for production, while downstream is the opposite end, where products get produced and distributed. Midstream is the transportation and storage phase.

International biodiversity frameworks

Van Lanschot Kempen's biodiversity policy links to five important frameworks

1. The EU Taxonomy Regulation

This regulation sets out six environmental objectives, with objective 6 directly related to biodiversity: protection and restoration of biodiversity and ecosystems.

2. The Sustainable Finance Disclosure Regulation (SFDR)

Under SFDR, funds that promote environmental and/or social characteristics must use sustainability indicators to measure their impact. For funds that include the protection and restoration of biodiversity and ecosystems as objectives, the principal adverse impact indicator on biodiversity is used.

3. The Global Biodiversity Framework (GBF)

Adopted by world leaders in 2022 at the Kunming-Montreal Biodiversity Conference, the GBF contains goals and targets to protect and restore nature by 2030 and 2050. Financial institutions are impacted by targets 15 to reduce negative impacts and increase positive impacts, and target 19 to mobilize financial resources for biodiversity strategies and action plans.

4. The Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS)

The CSRD requires companies to report on sustainability, including biodiversity and ecosystems. The ESRS provides specific standards on ESG matters, including biodiversity.

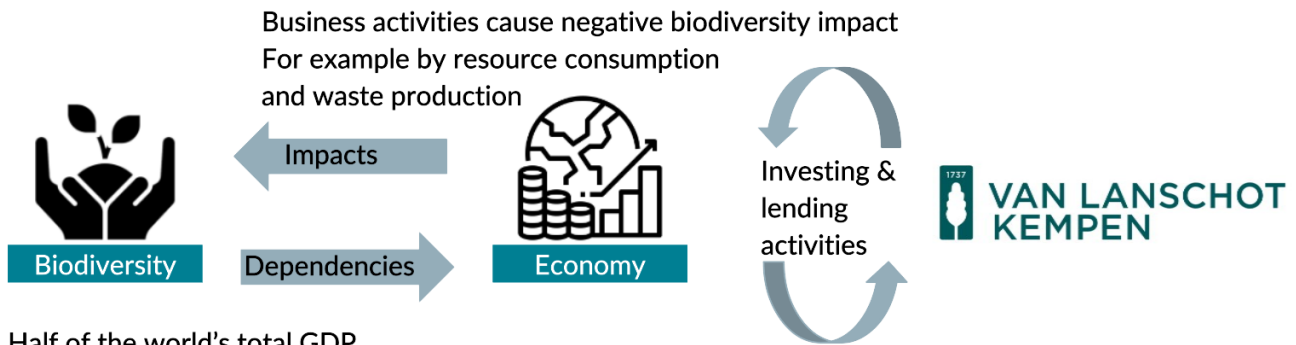
5. Taskforce on Nature-related Financial Disclosures (TNFD)

TNFD released its final recommendations in 2023, providing a voluntary framework for reporting on nature-related financial disclosures. Van Lanschot Kempen committed to being an early adopter of the TNFD meaning we intend to start making disclosures aligned with the TNFD Recommendations in our corporate reporting by the financial year 2024.

2. Our position

Van Lanschot Kempen is a specialist, independent wealth manager dedicated to preserving and creating wealth for our clients and for society in a sustainable way. Through the activities we undertake, ranging from our role as an investor of our clients' wealth, our role as a lender and as a corporate citizen we all have an impact on biodiversity, be it positive or negative. As such, we can play a facilitating role in global supply chains and have a responsibility in its associated dependencies and impacts - see figure 2. Our own operations and the assets under management are in scope of the policy, while our balance sheet is out of scope of the policy.

Figure 2 Van Lanschot Kempen' impacts and dependencies on biodiversity



Half of the world's total GDP is moderately or highly dependent on the services nature offers

Our focus on biodiversity

We are committed to protecting our clients' assets from dependencies, reducing our negative impacts and promoting our positive impacts by focusing on areas where we are best equipped to make a meaningful contribution. One of our three focus themes is biodiversity.

Our biodiversity commitment

We are committed to the Partnership for Biodiversity Accounting Financials (PBAF), Finance for Biodiversity Pledge and TNFD early adopter. In March 2021 we became partner of PBAF, an organisation focused on contributing to the mainstreaming and harmonization of biodiversity impact and dependency assessment in the financial sector. In November 2021 Van Lanschot Kempen signed the Finance for Biodiversity Pledge, in which we commit to biodiversity related best practices, varying from collaboration to engagement and setting concrete targets by 2024. See appendix 1 for our biodiversity commitments in line with the Pledge. Lastly, in January 2024 we committed to being a TNFD early adopter which means we intend to publish our first TNFD-aligned disclosures for our financial year 2024.

Our biodiversity targets

We have the most direct influence via our in-house managed funds. Therefore, the scope of our biodiversity targets are our own article 8+ funds, see page 27 of our [Stewardship and Sustainable Investment Report](#) for an overview of which funds are in scope. We have set two external targets on biodiversity:

- Engage with all companies in 2025 who received an MSCI Orange flag on the issue 'biodiversity & land use'
- Engage with all companies in 2025 who receive a Sustainalytics scoring of 'low management & medium/high exposure' on biodiversity

Transitions with focus on food transition

We are committed to limit and reverse biodiversity loss by contributing to the different transitions. In relation to biodiversity, the food system and subsequent food transformation are especially important as the food production system is the primary human activity responsible for biodiversity loss.⁶ The intensification of agriculture to produce more food at cheaper prices has

⁶ IPBES (2019), *Global Assessment Report on Biodiversity and Ecosystem Services*. The report can be found [here](#). BCG (2021), *The Biodiversity Crisis Is a Business Crisis*. The report can be found [here](#). MSCI (2022), *Biodiversity & Food: The Double Burden*.

played a critical role in increasing biodiversity loss across all the main drivers (i.e. land and sea-use change, climate change, overexploitation of natural resources, pollution and invasive species). While the food system leads to adverse impact on biodiversity, we are at the same time dependent on the food that nature provides us. We believe that food consumption, production, and waste management need to change. Moreover, we underline that the food transition may have serious impact on people's social foundation, such as on their health and access to food. We will therefore focus our efforts on limiting negative impacts on biodiversity, reversing biodiversity loss, and creating positive impacts in the food value chain, such as in agriculture.

3. Implementation: investment approach

We focus on biodiversity within our investment process using our biodiversity investment framework. This framework is used to assess the risks and opportunities of a company on biodiversity. The framework is based on four key building blocks:

1. Biodiversity controversies: avoid and minimize investments in assets with identified cases of biodiversity controversies
2. Location analysis: avoid and minimise investments in assets with operational sites in current and/or future biodiversity-sensitive areas that lack proper mitigation strategies.
3. High-risk commodity dependence: avoid and minimise investments in assets with exposure to high-risk commodities that lack relevant policies and mitigation measures to manage this risk.
4. Link with transitions: we are committed to increase the share of our investments that deliver positive outcomes to the transitions and for which biodiversity is a material topic.

Here we aim to integrate the biodiversity framework through four instruments (exclusion, ESG integration, active ownership and impact). We believe that all instruments are needed to provide a robust framework on the integration of biodiversity in the portfolios. By means of these four instruments we aim to cease (via exclusions and active ownership), prevent or mitigate our adverse biodiversity impact (via ESG integration and active ownership) and contribute to positive solutions (via impact).

Pillar 1: Exclusion

One of the direct drivers of biodiversity loss is climate change (see section 2.1). We have formulated exclusion objectives for coal mining and tar sands for all fund managers where we have influence.⁷ We have assessed several activities that are detrimental to the transition to a low carbon economy and believe that these activities especially have an adverse impact on climate change. See our [Climate change policy](#) for more details. While we do not have specific exclusion criteria for the other four drivers of biodiversity loss, we apply exclusion criteria for companies based on company conduct behaviour. When companies are involved in actual severe adverse biodiversity impacts due to its business conduct, we avoid investing in these companies.

Pillar 2: ESG integration

Biodiversity is part of our ESG due diligence and report on the principle adverse impacts (PAIs). The topic is included in our ESG monitoring as well in our assessments via ESG ratings, controversies and business involvement. We seek to integrate ESG both directly – through our funds' investments – as well as through our external solutions. 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. With the screens, we aim to identify companies with activities negatively affecting biodiversity sensitive areas, and risks to water stress and waste. Using data vendors, we measure the impacts and risks related to issues of biodiversity loss, deforestation and land use within the companies' own operations and/or their supply chains. For non-listed assets, we have minimum certification standards and a no deforestation policy requirement in place for land investments.

In the context of the EU Sustainable Finance Regulation, in particular the Sustainable Finance Disclosure Regulation, Van Lanschot Kempen is monitoring the invested assets' performance on principle adverse impacts (PAIs). Among the mandatory indicators (PAIs), indicator PAI 7 has a direct link to biodiversity and covers investee companies with activities (potentially) negatively affecting biodiversity-sensitive areas. We recognize that current data availability on this PAI is not complete and that many of the impacts on biodiversity sensitive areas occur through companies supply chains rather than through their direct operations. We take PAIs overall and PAI 7 in particular into account in our investment Due Diligence framework. We are working on further developing our framework to include a holistic assessment of biodiversity impacts as more data becomes available. ESG integration is performed for multiple asset classes following somewhat different methodologies.

Pillar 3: Active ownership

Biodiversity is part of our engagement approach. We actively engage with companies on controversies related to a firm's use or management of natural resources. Due to our size and resources available, we also aim to engage collaboratively to increase our leverage. We are part of the collaborative engagement Nature Action 100. Next to engagement with companies

⁷ By 'influence' we refer to a broader term than active funds, we refer to: (1) we generally have influence where allocation amounts are high (for active and passive fund managers); (2) we have influence for mandates via BestSelect; (3) we have influence where the selected fund is a co-creation between Van Lanschot Kempen and the asset manager in question.

directly, we also engage with (external) fund managers. We assess them in our due diligence process and through their annual reporting cycle and engage with them proactively when we identify concerns.

Next to engagements we use our voting rights to express our views on biodiversity matters such as a company's performance regarding topics within this theme. We use our voting rights in line with our engagement activities. For example, we exercise our voting rights regarding supporting shareholder proposals relating to deforestation or plastic waste. More information on our voting practices in relation to biodiversity can be found in our [Proxy Voting Policy](#).

Furthermore, Van Lanschot Kempen has pledged its support to and has become a member of, various networks, initiatives and foundations that seek to promote and positively contribute to biodiversity.

Pillar 4: Impact

We offer tailored solutions to our clients across various asset classes. We understand the importance of creating solutions that positively impact biodiversity. One way to benefit stakeholders is by aligning investee revenues with Sustainable Development Goals 14 (Life Below Water) and 15 (Life on Land). This can be done by investing in conservation and restoration of life on land and life below water. To make our policy on positive impact on biodiversity more concrete, we provide two examples:

- The Global Impact Pool that aims to realise market-based financial returns and a measurable, positive impact on society and the environment. More information about the Kempen Global Impact Pool can be found [here](#).
- The Kempen SDG Farmland Fund where we seek investments in nature-based solutions. More information can be found [here](#).

Within our discretionary portfolio we also allocate part of our client assets to external Impact Funds focusing on specific themes, such as climate change, thereby indirectly reducing negative impact on biodiversity.

4. Implementation: own operations

Even though the biggest environmental impact we make relates to how we invest our clients' assets, we want to set the right example in our own operation. Therefore, we translated our ambition to conserve biodiversity in measures for our own operations. These efforts focus on different drivers of biodiversity loss.

Land use change	- Increase the habitat availability and species diversity around our offices like our office gardens
Pollution	- Residual waste reduction - Reuse of furniture where possible
Climate change	- Reduction of CO ₂ emissions per FTE of 8% (base year: 2019) - Predominantly using green electricity in our offices - Predominantly heating our offices with biogas or district heating - Electrifying our lease fleet - Disincentivizing plane usage - CO ₂ emission offsetting by means of our own Van Lanschot Kempen forest via Land Life Company
Exploitation	- Catering focussed on increasing the plant-based offering
Invasive species	Does not apply

5. Governance, stakeholder consultation and reporting

Governance

Our sustainability governance structure can be found [here](#).

Stakeholder consultation

We consulted with two NGO's prior to the publication of this updated biodiversity policy. If you have any questions or remarks regarding this biodiversity policy, please contact us at corporatesustainability@vanlanschotkempen.com.

Reporting

We aim to report our progress regarding our biodiversity commitments, ambitions and objectives for Van Lanschot Kempen on an annual basis in this report and integrate biodiversity in our existing reporting for client portfolios.

Appendix 1: 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 approaches for positive impacts. This includes our commitment to:
 - Actively participate in initiatives and industry groups such as the DNB working group and the Partnership for Biodiversity Accounting Financials (PBAF).
 - The Finance for Biodiversity Pledge.
 - Being a TNFD early adopter
2. Explore best practices and continue and enhance measuring the biodiversity impact and dependencies of our investments.
 - Engage with research data providers, acquire and analyse meaningful data.
 - Measuring impact and dependencies of our investments on biodiversity and ecosystem services.
3. Set biodiversity related targets.
 - We have set two biodiversity engagement targets, see chapter 2.
4. Integrate biodiversity risk into our investment processes.
 - Biodiversity metrics are part of our proprietary sustainability risk scoring framework. In addition, we have created our own biodiversity dashboard in line with our biodiversity framework, to be able to assess our investments for positive and negative impacts on biodiversity based on material sectors.
 - In the context of SFDR regulation we also consider Principle Adverse Impact indicators related to biodiversity in our investments
5. Aim to engage with companies and support them in reducing their negative and increase their positive biodiversity impacts. Here we aim to focus on the material biodiversity related sectors and companies
 - We conduct individual engagements on biodiversity and have formulated two engagement targets. First, we engage with the investee companies in our in-house managed article 8+ funds who have received an Orange Flag on biodiversity and land use from our data provider MSCI ESG. Second, we engage with the investee companies in our in-house managed article 8+ funds that have been identified as having 'low management and medium/high exposure' on biodiversity from our data provider Sustainalytics.
 - To leverage our impact, we will seek to collaborate with other financial institutions in engagements. We are part of the Nature Action 100 collaborative engagement.
6. Investigate and develop investment products that deliver positive biodiversity outcomes.
 - Biodiversity is part of our three sustainability focus themes.
 - Our Kempen SDG Farmland Fund seeks investments in nature-based solutions.
 - The Global Impact Pool aims to realise market-based financial returns and a measurable, positive impact on society and the environment.
 - We will communicate our 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 disclose progress towards achieving our targets. In addition, we aim to report annually on our own biodiversity footprint and that of our portfolios.

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Additional information

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