

**ASN Bank Issuepaper**  
**Biodiversity**

Investment criteria  
for nature and the  
environment

# ASN Bank Issuepaper

## Biodiversity

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### A Introduction

This Issue Paper sets out how ASN Bank interprets and applies its Special Investment Criteria with respect to biodiversity.

Biodiversity is the third main theme in the ASN investment policy, in addition to climate and human rights. These three themes cover nearly all topics that are relevant to the selection of our investments:

- the Human Rights theme puts focus on how we deal with people through our investments;
- the Climate theme addresses how we affect the climate through our investments;
- the Biodiversity theme indicates how we deal with nature and the environment through our investments.

These three themes are clearly interrelated. What binds them together are the concepts of justice and sustainability.

ASN Bank hopes to contribute as a sustainable bank to retaining and improving biodiversity and ecosystems. This Issue Paper sets out the biodiversity investment criteria that ASN Bank applies in selecting its investments. It also describes how ASN Bank defines the concept of biodiversity when exercising its voting rights as a shareholder of listed companies and in the dialogues it hosts with those companies.

**Thus the protection of biodiversity and ecosystems is not only desirable based on moral considerations, but also necessary from an economical perspective**

#### Description and importance of biodiversity

Biodiversity is the diversity of living organisms and the variety of their interrelationships in ecosystems. It is a source of prosperity that can only be partially expressed in monetary terms. To many, biodiversity has an intrinsic value that in itself legitimises its protection. Through ecosystems, biodiversity provides services

that are of economic, aesthetic, religious and cultural value to mankind, for example in the production of oxygen, water purification, food, fuels, raw materials, medicines, protection and recreation [1].

In the ecosystems that provide these services, there is a balance between the various animals, plants and micro-organisms of which little is known as yet. It is important to protect biodiversity so that this balance is not disrupted. Thus the protection of biodiversity and ecosystems is not only desirable based on moral considerations, but also necessary from an economic perspective. After all, many services and products are strongly dependent on biodiversity [2]. This holds particularly true for the poorest people, more than one billion of whom are directly dependent on natural resources, such as food as well as clean water and wood, for example.

#### ASN Bank and biodiversity

ASN Bank distinguishes investments with a high and a low biodiversity risk. The risk level is dependent on the extent to which a sector contributes to threats to biodiversity as formulated in Section C. Examples of sectors with a high biodiversity risk include agriculture, fishery, construction and construction materials, electricity generation, forestry, mining, and oil and gas extraction. Sectors with a far less-negative effect on biodiversity, and which are therefore low-risk, include software and media & entertainment, for example. The complete sector matrix can be found in the appendix.

ASN Bank can directly and indirectly contribute to improving biodiversity. Our direct contribution is made by the effects related to our office organisation. The indirect contribution can be made through the effects of our core activity: investing. To a bank, and therefore to ASN Bank as well, the impact of the indirect effects is significantly greater than the impact of the direct effects. It is for this reason that this Issue Paper focuses on our contribution to the indirect effects. Moreover, our investment perspective for our biodiversity policy is global: it is not limited to the Netherlands. That does not detract from the fact that we also take responsibility for the direct effects we have on biodiversity, on which more can be read in Section G.

## B Points of departure

The points of departure for ASN Bank's biodiversity investment criteria are a variety of international conventions and agreements in the area of biodiversity.

## ASN Bank endeavours to contribute with its investments to the conservation and improvement of ecosystem services

For biological diversity – or biodiversity – we apply the definition from the 1992 Convention on Biological Diversity (CBD) [3]:

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.

Briefly stated, biodiversity can be described as the diversity of life in all of its manifestations. Thus biodiversity is not only the diversity in terms of species, but also the genetic diversity and the diversity of ecosystems.

Healthy ecosystems provide important services to mankind, such as clean water, clean air and raw materials. A reduction in biodiversity threatens the continuity of ecosystems and with it the supply of these services. Ecosystem services are provided on various levels, such as local (pollination by insects), regional (water purification, supply of wood), and global (climate regulation). In addition to this instrumental value, biodiversity also has intrinsic value to many peoples and cultures.

With its investment activities, ASN Bank endeavours to retain, protect and where possible improve the existing biodiversity. In doing so, we adhere to the objective as formulated in the CBD:

The conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits arising out of the utilization of genetic resources.

ASN Bank endeavours to contribute with its investments to the conservation of animal and plant species and to the conservation and improvement of ecosystem services. All investments in projects, companies and loans are therefore assessed on their positive contribution to biodiversity.

## C Conserving and improving biodiversity

The Millennium Ecosystem Assessment, MA [4], indicates that activities by humans cause the greatest problems for biodiversity. Relevant conclusions from the MA include:

- People benefit from biodiversity beyond its contribution to material prosperity and sustenance. Biodiversity contributes to safety, resilience, social relationships and the freedom of choice and behaviour.
- Human influence has changed biodiversity at a faster rate in the past fifty years than in any other point in history. The causes of changes resulting in a loss of biodiversity and changes in ecosystem services are stable, are not diminishing and are even intensifying. The four probable scenarios of the future sketched in the MA predict that the speed of these changes will increase.

### Millennium Ecosystem Assessment (MA)

The Millennium Ecosystem Assessment (MA) was initiated by Kofi Annan, Secretary General of the United Nations, in 2000 and was launched in 2001. The objective of the MA was to estimate the consequences of changing ecosystems on the well-being of mankind. The MA was also intended to lay a scientific foundation for measures to improve the conservation and responsible use of these systems as well as their contribution to the well-being of mankind. More than 1,360 experts from all over the world worked on the MA. Their conclusions are bundled in five technical volumes and six synthesis reports. These provide a scientific estimation based on the most recent data of the state and development trends of the world's ecosystems and the services they provide (including clean water, food, wood, prevention of floods and natural resources). The reports also contain options for restoring, conserving and increasing sustainable use of ecosystems.

Source: [www.millenniumassessment.org](http://www.millenniumassessment.org)

Companies and institutions bear responsibility for biodiversity. This is not only due to their large impact on ecosystems, but also because their operations are largely dependent on ecosystem services. Thus the loss of biological diversity and ecosystem services can be viewed from two perspectives: the impact perspective and the dependency perspective. [5]

In order to conserve and improve biodiversity, ASN Bank's investment criteria are centred on threats to biodiversity. The impact perspective therefore has central focus. According to the MA, the major threats to biodiversity are:

1. changes in land use (loss of natural habitat);
2. climate change;
3. the introduction of exotic species;
4. overexploitation;
5. pollution.

### Re 1 Changes in land use

Increasingly more forest land is being cleared to create agricultural fields and unspoilt countryside in the vicinity of cities is used for urban development. Activities such as these often ignore biodiversity. Species lose their natural habitat as a result. Ecosystems often have a balance of which we have learned little to date. The disappearance of single species, for example, can sometimes unexpectedly be enough to wipe out an ecosystem service. Changes in land use can also result in erosion, as a result of which valuable, fertile agricultural land is lost in what are often the most vulnerable areas.

### Palm oil

Palm oil is used in an increasing number of products: it is already found in nearly 60% of all supermarket products. Due to the increasing demand for palm oil, more and more tropical rainforest is being cleared for use as palm oil plantations. These agricultural sites have no biodiversity value whatsoever, while the extensive biodiversity with many hundreds of species of trees and tens of thousands of other species is what makes tropical rainforests so unique. The newly created monocultures also exhaust the soil, ultimately resulting in infertile deserts.

Source: [www.rspo.org](http://www.rspo.org)

### Re 2 Climate change

Climate change is threatening species and ecosystems. Regions are becoming more arid or more humid, or warmer, causing changes to ecosystems. The distribution of species is largely dependent on the climate. Plant and animal species, however, often fail to readily adjust to climate changes. Other species are expanding to areas where they have never lived, causing problems in these areas.

Climate change can also destroy ecosystem functions. There is a significant chance that the coral reefs will disappear, for example, because the increase in carbon dioxide in the atmosphere is acidifying the oceans. The coral reefs will no longer be around to attract tourists. Climate change also causes diseases to spread into regions where they have never been seen before [6].

#### The oak processionary caterpillar

Oak processionaries are moths found in oak forests and lanes, and sometimes in gardens. Especially in oak lanes they can form a plague that should and sometimes must be controlled. The oak processionary is originally from South and Central Europe. They like warmth and nestle on the sunny southern side of oak trunks. Due to the warming climate in recent years, the oak processionary caterpillar can now survive in the Netherlands. Under certain conditions, such as a warm and dry spring, the caterpillars can cause plagues. This species was only seen in the Netherlands a few times before 1980. Since 1987 it has been a common species in the province of Noord-Brabant and the adjacent part of the province of Limburg. The species has been expanding its habitat since 1996; procreation has now been observed in the more central regions of the Achterhoek, the Veluwe and Utrecht. Roaming male oak processionary moths can be found virtually everywhere in areas habitated with oak processionaries. Roaming males are also regularly found to the north and west of the areas mentioned. The number of oak processionaries fluctuates significantly from year to year.

Source: [www.natuurkalender.nl](http://www.natuurkalender.nl)

### Re 3 Introduction of exotic and invasive species

The introduction of exotic species is often overlooked as the cause of the disappearance of indigenous species. However, the introduction of a single exotic species can be enough to eliminate an entirely different species. These exotic species are invasive and pose a threat to other species, ecosystems, the economy or human health. The adjective "invasive" is important because not all exotic species will always pose a threat to indigenous species. Exotic species played a part in at least half of the instances in which species have disappeared in recent centuries. An example in the Netherlands was seen when foxes were released on the island of Vlieland, where they have never lived and where they wreaked havoc among the island's birds.

Exotic species are also increasingly causing economic damage due to the harm they inflict on agricultural and horticultural crops, as the citrus longhorn beetle did in the Netherlands.

#### The Boskoop longhorn beetle

The Netherlands Plant Protection Service (PD) found three leafy trees in Boskoop with the citrus longhorn beetle (*Anoplophora chinensis*). This is the second time in the Netherlands that plants in the public greenery have been detrimentally affected. To prevent the longhorn beetle from establishing a presence in the area, the Ministry of Agriculture, Nature and Fishery decided to remove all leafy trees and shrubs from the area within a radius of one hundred metres from the original find.

Source: Tuin & Landschap 17 December 2009

### Re 4 Overexploitation

The overexploitation of ecosystems has played a major part in the extinction of hundreds of species and in endangering many more species, such as whales and many of Africa's great mammals. Most of the extinctions in recent centuries were caused by overexploitation through gaming, fishery, farming and forestry. A possible consequence is that ecosystems subsequently lose their role as a source of food (fishery).

#### European eel

A known victim of overexploitation is the European eel. This fish species was abundant only a few decades ago. The popularity of smoked eel in the Netherlands and baby eel in England, however, has brought the eel to the verge of extinction. Environmental organisations claim that a complete ban on fishing eel for a period of multiple years is the only way to re-establish the eel population.

Source: IUCN Red List, European Eel

### Re 5 Pollution

Pollution, for example by organic and chemical substances such as persistent organic pollutants, known as POPs, is a threat to many species and ecosystems. Toxic substances accumulate in the food pyramid. Especially organisms at the top of the pyramid, like humans, run the risk of acquiring concentrations of toxic substances in their bodies that are much too high. Another example is the disposal of large quantities of waste water, which

can lead to the disappearance of all living organisms from rivers, lakes and coastal waters.

#### Atrazine

Herbicide demasculinizes frogs

One frog species after another has been disappearing in recent years. This is not caused by climate change, but by an agricultural toxin.

Atrazine is a herbicide. It is chlorine compound that degrades with difficulty and remains toxic for an extremely long period. This toxic substance ends up in groundwater and surface water, making male frogs impotent.

Source: Trouw, 4 March 2010

## D Biodiversity policy

ASN Bank's investment policy in the area of biodiversity focuses on investing in companies, institutions and projects that contribute to the conservation or improvement of biodiversity or that take effective measures to prevent or compensate for threats.

**Examples are the conservation of forests and nature reserves, safeguarding the continued existence of biodiversity functions, and the construction of sanitation plants to keep hazardous substances out of the environment**

With our investment policy we want to prevent our investments from leading to the loss of species or biodiversity services. Examples are the conservation of forests and nature reserves, safeguarding the continued existence of biodiversity functions, and the construc-

tion of sanitation plants to keep hazardous substances out of the environment. Our investment policy also enables us to improve the conservation of species and ecosystem services, for example by investing in the establishment of new forests or even new nature reserves.

The perspective applied by ASN Bank is that of the client. Our clients do not want their money being used for the wrong activities; they want it to contribute to biodiversity improvement. We want to guarantee our clients that their contributions to preventing, remedying and reducing the biodiversity problem will be as large as possible per euro saved or invested. At the same time, we want to achieve long-term returns that will safeguard a healthy future for ASN Bank, and we recognise the necessity of managing the funds entrusted in a manner that does justice to our clients' expectations.

#### Biodiversity criteria

In order to achieve our objectives with respect to biodiversity, we have developed criteria that indicate whether activities<sup>1</sup> are eligible for investment by ASN Bank. A clear description of these activities is important in properly understanding our investment policy. For the sake of completeness: this Issue Paper only discusses ASN Bank's investment policy for biodiversity, and not all of the other aspects that are also assessed by ASN Bank, including human rights and climate.

Our biodiversity criteria apply to all investments in companies and institutions. All investments in shares, bonds, projects and government bonds are assessed on the basis of these criteria. When exercising our voting rights in shareholders' meetings and in dialogues with companies we adhere to the biodiversity policy explained in this Issue Paper.

Our internal processes are defined in formalised procedures in the policy process "selection policy monitoring". These procedures ensure that the policy laid down in this Biodiversity Issue Paper is actually implemented and applied.

ASN Bank invests in companies and institutions that contribute to conserving or improving biodiversity.

1 We consciously use the word "activities" rather than "sectors". "Activities" is more specific, giving a clearer indication of what is important to ASN Bank. The term "sectors" is so broad that it is too indistinctive.

We do this by taking effective measures or developing activities that prevent or compensate for the threats identified by the MA. As mentioned above, these threats are:

- changes in land use (loss of natural habitat);
- climate change;
- the introduction of exotic species;
- overexploitation;
- pollution.

## **ASN Bank therefore approves those companies and institutions that do not pose a threat to biodiversity with their activities and within their sphere of influence, or that satisfy the assessment guidelines**

### **E Biodiversity selection criteria for companies, institutions and projects**

The activities that can threaten biodiversity are explained below. This is followed by a summary of the sectors in which these activities are commonplace. The section closes with the assessment guidelines companies in these sectors must satisfy in order to be approved by ASN Bank. ASN Bank therefore approves those companies and institutions that do not pose a threat to biodiversity with their activities and within their sphere of influence, or that satisfy the assessment guidelines.

To ASN Bank, guidelines are not obligation-free. In actual practice, however, situations can occur in which a desired measure is satisfied in practice but not literally. Guidelines can also evolve, and new and better guidelines can be developed. ASN Bank includes these aspects in its assessments.

The sectors not listed below are low-risk and do not threaten biodiversity. However, this is not an absolute truth. When selecting companies and institutions in these sectors, possible threats to biodiversity must always be considered.

The chain responsibility of a company or institution is defined as the activities and sphere of influence of that company or institution. With activities and sphere of influence we are referring to the company or institution itself and those parts of the chain that it controls or over which it can exert influence.

#### **1. Changes in land use (loss of natural habitat)**

Activities that threaten biodiversity:

- The production or use of first-generation biofuels.
- Activities that detrimentally affect protected or official nature reserves.
- Changes in land use that have a detrimental effect on what are known as the red list species [7]. This need not involve nature reserves; it concerns areas on which red list species are dependent.
- Use of wood from ancient forests.
- Wetland drainage (which also causes greenhouse gas emissions).
- Activities in High Conservation Value Areas (HCVAs). In addition to areas protected by law, these are areas with a high biodiversity value that are not (yet) protected.

Relevant sectors:

- Agriculture, especially soy, palm oil and sugar reed cultivation.
- Animal husbandry and aquaculture.
- Forestry, the paper industry and large-scale paper consumers.
- The biofuel sector.

Assessment guideline:

- The company or institution adheres to the IUCN guidelines for Protected Area Management Categories.
- The company or institution does not develop activities in categories I-IV of the IUCN, the UNESCO World Heritage Convention and the Ramsar Convention on Wetlands.
- The company or institution restores the original ecosystem after terminating its activities in an area.

- No wetland reclamation.
- If the company or institution uses wood from ancient forests, it solely uses FSC-approved wood.
- The company or institution respects HCVAs by only cultivating palm oil and soy in accordance with the criteria of the Brazilian Soy Platform [8], for example, and the Roundtable on Palm Oil (for palm oil), and only using second-generation biomass.

## 2. Climate change

Activities that threaten biodiversity:

- Large-scale use of fossil fuels like lignite, coal, oil and gas.
- Deforestation.
- Products that consume much fossil fuel while in use, e.g. road and air transport based on combustion engines.

Relevant sectors:

- Electricity plants using fossil energy sources.
- Large-scale consumers of fossil energy like mining, the exploration and production of lignite, coal, oil and gas, basic chemicals, basic metals and the production of cement.
- Forestry companies, paper mills, large-scale paper consumers (publishing houses).
- Agricultural companies.

Assessment guideline:

- No use of fossil fuels to generate electricity.
- No activities in the area of the exploration and production of fossil energy, basic chemicals, basic metals and cement.
- Sustainable forest management based on recognised guidelines for sustainable forest management, e.g. the FSC guidelines.

For a more detailed explanation, see the Climate Issue Paper.

## 3. The introduction of exotic species

Activities that threaten biodiversity:

- The introduction of exotic and invasive species that can pose a threat to local species or ecosystems.

Relevant sectors:

- International transport companies (aviation and shipping).
- Tourism.
- Garden centres and pet shops.
- Agriculture and horticulture.
- Fishery

Assessment guideline:

Availability of policy to prevent the introduction of invasive species.

## 4. Overexploitation

Activities that threaten biodiversity:

- Trading or hunting threatened species (whales, for example) on the red list.
- Non-sustainable agriculture, forestry, fishery.

Relevant sectors:

- Forestry, agriculture and fishery.
- Biofuels sector.
- Textiles production.
- Luxury goods.
- Toerisme.
- Food and beverage industry.

Assessment guideline:

- No use of red list species. Institutions that make specific efforts to protect threatened species, e.g. by means of selective breeding, are not included in this category. The company or institution must satisfy Cites.
- ASN Bank assesses whether forestry, agriculture or fishery is sustainable based on the availability of recognised seals of approval in the area of biodiversity, such as the Forest Stewardship Council (FSC) for wood and the Marine Stewardship Council (MSC) for fish, or a similar working method.
- The production of commodities that may have serious ecological impact, like coffee, sugar, soy and palm oil, must at least satisfy the best-practice codes for those commodities compiled by international platforms, such as the Roundtable on Palm Oil.

Certification standards are useful criteria that ASN Bank can use to select investments. Certification standards are commercial instruments. ASN Bank does not want to commit to specific standards. After all, these, too, are subject to change. Moreover, new or even better certification standards may appear that ASN Bank does not wish to exclude from the outset.

## 5. Pollution

Activities that threaten biodiversity:

- Activities that could result in genetic pollution, e.g.

gene technology in which genes end up in species in which they do not occur in nature.

- Activities that release substances into the environment of which the safety has not been determined. (See also the Human Rights Issue Paper for substances that are hazardous to humans.)
- Activities in which substances (e.g. fertilizers) are released into ecosystems in such large quantities that they cannot be (sufficiently) neutralised.

Relevant sectors:

- Agriculture, forestry, fishery.
- Gene technology companies.
- Chemical industry.
- Food and beverage industry.
- Mining, oil and gas extraction.
- Metal processing.
- Electronics.
- Waste processing.
- Textiles production.
- Pharmaceuticals.

Assessment guideline:

- Companies' activities must satisfy the Cartagena protocol. In actual practice, this means that a company that works with genetically-modified organisms (GMO) must satisfy the applicable laws and regulations. In view of the investment policy pursued by ASN Bank for GMO, as laid down in the ASN Bank GMO Policy memorandum [9], we automatically satisfy this.
- No unpurified emissions into the air and water, no emissions into the soil.
- When exporting pesticides, the company or institution adheres to the Rotterdam Convention.
- For chemical waste, the company or institution adheres to the Basel Convention.
- For persistent organic pollutants (POPs), the company or institution adheres to the Stockholm Convention.
- For substances that affect the ozone, the company or institution adheres to the Montreal Protocol.
- A variety of international rules have been agreed for the registration of the effects of chemical substances, such as Reach for the EU and GHS. The company or institution is expected to participate in these.

#### Conditions for a positive assessment

ASN Bank awards companies and institutions a positive assessment if they:

- have formulated a policy in the area of biodiversity that addresses the above points;
- monitor that policy; and
- report according to the Global Reporting Initiative (GRI) guidelines in the area of biodiversity.

#### Compensation

A company or institution can set off the loss of biodiversity. This can result in a positive assessment providing it satisfies the conditions for proper compensation based on the principle of no net loss of biodiversity:

- Same quality  
For example, loss of wetlands in one area can only be set off by creating new, similar (surface area, variety of species) wetlands elsewhere.
- Same timing  
The time between the loss of one area and the completion of the new area must not be too long, meaning a few years at most.
- Implementation guaranteed  
Agreements regarding implementation of the compensation measures must be sufficiently laid down in a legal document.

In assessing these points, we may rely on the assessment of reputable (local) nature organisations. The Business and Biodiversity Offsets Programme (BBOP) develops methods and pilot projects for compensation, such as the BBOP Biodiversity Offset Principles. In its assessment of concrete compensation projects, ASN Bank includes the BBOP guidelines and insights. It is too early, however, to apply these as standards.\*

#### Reliability of information

In far from every instance can sufficient reliable information be accessed to apply the biodiversity criteria with absolute certainty. We are dependent on third-party information in that respect. If there is not sufficient reliable information regarding points that are essential to ASN Bank, we refrain from investing.

#### Additional conditions

For project loans, we apply not only the above criteria but also the Equator Principles ([www.equator-principles.com](http://www.equator-principles.com)). According to the Equator Principles, for biodiversity projects must satisfy the IFC Performance Standard 6: Biodiversity Conservation and Sustainable Natural Resource Management. ASN Bank wants

to avoid not only becoming involved in activities that threaten biodiversity, but also indirect involvement in investments in such activities.

Lastly, we determine whether our investments satisfy local laws and regulations in the area of biodiversity, like the European Habitat and Bird Directive.

We can also select projects because they contribute to improving biodiversity.

#### Excluding versus including

Most times a distinction cannot be made between not investing in activities that we do not support and investing in those that we do. When we do not invest in forestry without FSC approval, for example, this automatically means that we only invest in forestry with FSC approval. The outcome of these two choices is often the same. In both cases we must define sustainable forestry. To us, those definitions are the same. Excluding the one activity automatically means including the other.

In actual practice, however, differences may occur because the question of exclusion (what we do not want) arises much more often than the question of inclusion (what we do want). There is a simple explanation for this: there are many more activities that do not satisfy our criteria than there are that do. Very few forestry activities, for example, satisfy ASN Bank's sustainability criteria and all investment criteria.

## F Biodiversity selection criteria for government bonds

We also assess countries with regard to their biodiversity performance. That performance is included in the selection of government bonds. We exclude from investments countries that do not actively contribute to conserving biodiversity as they do not support the international conventions for the conservation of biodiversity listed below. These conventions primarily focus on the conservation of species and ecosystems. The most important conventions we take into consideration in assessing government bonds are:

- Convention on Biological Diversity (CBD),
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES),
- Convention on the Conservation of Migratory Species of Wild Animals,
- The International Treaty on Plant Genetic Resources for Food and Agriculture,
- Convention on Wetlands (also known as the Ramsar Convention),
- Unesco World Heritage Convention (WHC),
- UN Convention on the Law of the Sea,
- Cartagena Protocol.

Countries must also be among the better performers according to the following international indexes (see also the Government Bonds Issue Paper):

Topic	Explanation of choice	Indicator
1. Climate change	One of ASN Bank's main themes	Per capita emission of greenhouses gases
2. Share of sustainable energy	An important solution for climate and energy issues	Hydropower and sustainable energy as a percentage of the total electricity generated
3. Nuclear energy	Leads to exclusion of companies	Per capita use or production
4. Water pollution	Excellent indicator of a country's environmental policy	Emissions of phosphate and nitrate into water
5. Air pollution	Excellent indicator of a country's environmental policy	Per capita emission of sulphur dioxide
6. Waste processing	Excellent indicator of a country's environmental policy	Recycling of paper and glass
7. Nature conservation	Important for the conservation of biodiversity	Share of protected nature reserves in total

Of these environmental topics, climate change (1), water pollution (4), air pollution (5) and nature conservation (7) are particularly important to biodiversity. We would note here that there is currently no useful and useable global standard for water pollution.

## G Biodiversity and other ASN Bank activities

### Biodiversity and engagement

Interim evaluations of the investments in the universe of both ASN Bank and the ASN funds may indicate that a certain investment has a lower score than the rest of the sector in terms of biodiversity performance. This can ultimately lead us to withdrawing the investment. Before we do so, we actively approach the relevant company or institution and ask that the biodiversity performance be improved. Our objective in doing so is to use this dialogue to stimulate companies and institutions in the universe that lag behind in their biodiversity performance to improve that performance. See also the ASN Bank Engagement Policy [10].

**Our objective in doing so is to use this dialogue to stimulate companies and institutions in the universe that lag behind in their biodiversity performance to improve that performance**

### Biodiversity and voting

As an investor in shares of listed companies, the ASN investment funds have voting rights. We vote in shareholders' meetings in favour of measures to improve biodiversity performance and, when applicable, in favour of resolutions that link management remuneration to biodiversity performance. In the United States in particular, and in all likelihood elsewhere as well in the future, shareholder proposals are often included on the agendas of shareholders' meetings that ask companies to improve their biodiversity performance. Companies can do so by investing, for example, in compensation

**When applicable, we also vote in favour of improved transparency regarding biodiversity performances and relevant objectives**

measures like planting new forests when clearing existing forests, or in sustainably-produced raw materials. ASN Bank votes in favour of such proposals. When applicable, we also vote in favour of improved transparency regarding biodiversity performance and relevant objectives. See also the ASN Bank Voting Policy [11].

### ASN Bank offices and biodiversity

Practice what you preach – that is our creed in translating ASN Bank's biodiversity policy into our own office organisation. ASN Bank has a single, relatively small office location. Our direct impact on biodiversity is limited as a result. In managing our impact on biodiversity, we focus on the climate and paper consumption. After all, these are the aspects that are the most relevant to our office organisation. More detailed information regarding this subject can be found in the Climate Issue Paper.

In managing the impact its own organisation has on biodiversity, ASN Bank has two main objectives:

- ASN Bank will remain a completely climate-neutral office organisation;
- reduction of the paper consumption per account.

ASN Bank's sub-objectives within the context of biodiversity are:

- reduction of the actual CO<sub>2</sub> emissions per FTE;
- complete use of green electricity;
- complete compensation of all CO<sub>2</sub> emissions;
- lease policy aimed at reducing the emission of greenhouse gases;
- biological catering (part of our sustainable purchasing policy);
- ecological garden maintenance;
- sole use of FSC-certified, completely recycled paper.

## H Sources

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- [8] Social Responsibility Criteria for Companies that Purchase Soy and Soy Products, May 2004
- [9] ASN Bank GMO Policy memorandum, 26 November 2008
- [10] ASN Engagement Policy, April 2008
- [11] ASN Sustainable Voting Policy, March 2010

## I Appendices

### Biodiversity, ecosystems and ecosystem services

Biodiversity is the diversity of plants, animals and micro-organisms. Collectively these form a wide variety of ecosystems, which in turn provide various ecosystem services to mankind. These services can be threatened if an ecosystem loses strength when certain species disappear. Exactly how that works is something that we often do not know yet. This is yet another reason why we should be careful when interfering in biodiversity and ecosystems.

The services provided by ecosystems can be divided into four groups:

#### Goods

- Food
- Fibre
- Fuel
- Genetic resources
- Fresh water

#### Cultural services

- Spiritual and religious values
- Knowledge systems
- Education
- Inspiration

#### Regulating services

- Pollination
- Disease regulation
- Water purification
- Climate regulation
- Erosion regulation

#### Supporting services

- Oxygen production
- Water recycling
- Fertile soil
- Nutrients cycling

Source: Global Biodiversity Outlook 2, CBD, page 14