

Working together to conserve biodiversity

Foreword



Various international reports, such as the Global Biodiversity Outlook 2014 drawn up by the Convention on Biological Diversity, testify to the pressing global need to manage biodiversity more sustainably. A broad and social approach is required, with all sectors accepting responsibility, demonstrating leadership and working together: businesses, financial institutions, civil society organisations, scientific organisations and government authorities.

It is crucial in this respect that organisations come forward that are prepared to set the ball rolling, developing and testing new approaches for managing biodiversity. The aim is to develop new good practices from which others can learn, that can be followed and that can form a basis for new practices safeguarding the balance between human activities and the capacity of our natural capital.

Within the financial sector, ASN Bank is one such front-runner, not only in the Netherlands but worldwide. ASN Bank is one of the first banks in the world, if not the first, to commit itself to having fully carbon-neutral loans and investments by 2030. To make headway towards this objective, ASN Bank has developed a method that is now being tested and improved by a larger group of financial institutions.

This ASN Bank report lays the foundation for a comparable step towards biodiversity – a step that is more than welcome in view of the urgency outlined. It provides the first guidance that financial institutions can use to achieve transparency and accountability and to take biodiversity into account in their investments, thus increasing their positive impact in this area.

As the report clearly shows, this is no simple step, which is not surprising given the complexity of the biodiversity crisis. After all, as also stated in the report, there is no

accepted method as yet for measuring biodiversity loss in a way that is also relevant for financial institutions, and a tailor-made approach is always needed, as impacts on and dependencies of biodiversity may be different in different places. Thankfully, however, that complexity has not dissuaded ASN Bank from developing initial approaches, posited on the courageous question ‘what does the planet need?’, instead of ‘what is possible?’.

The first answers to this question are contained in this report, the open publication of which is not only interesting but also just as courageous as ASN Bank’s initial question. It shows that, although measuring a bank’s ecological footprint with all its loans and investments is not easy, it is nevertheless possible. And so a potential new objective emerges for ASN Bank: no net negative impact on biodiversity as a result of the bank’s loans and investments.

Proof, once again, that ASN Bank is a real front-runner. I am convinced that this will guide the transition needed in its own loans and investments to achieve the sustainable use of biodiversity. My hope is that other financial institutions will be inspired to follow suit too.

Roel Feringa, Director of Nature and Biodiversity at the Ministry of Economic Affairs

Working together to conserve biodiversity



ASN Bank's sustainability policy rests on three pillars: human rights, climate change and biodiversity. These pillars form the basis for the sustainability criteria that we apply to our banking activities, for our national and international collaborations and for our endeavours to promote sustainability in practice, by for example supporting projects and providing sponsoring.

In addition, we set ourselves a long-term goal for each sustainability pillar, which provides a focus for our activities. At the same time, we also aim to inspire other parties, especially other financial institutions, thus generating a momentum that would not be possible for ASN Bank on its own. To achieve this, we are sharing our insights and knowledge, and collaborating with NGOs, scientists, government and businesses, including our fellow banks.

This document describes how we arrived at our long-term biodiversity goal. It sets out our ideas, the choices we have made, and how others have responded to them. We cordially invite you to use the report for inspiration, to contribute your thoughts and to work with us on the next steps.

What is biodiversity?

'Biodiversity' refers to the diversity of life and the environments in which it is found (ecosystems). Biodiversity is essential to our prosperity. Not only is it a prerequisite for valuable economic products, such as food crops (agriculture, fish), natural fibres (wood, cotton) and medicines, but also for services, such as the production of oxygen, water purification, water storage and natural pest control. Moreover, biodiversity contributes to our welfare by allowing us to enjoy nature. In other words, biodiversity is vital to people's lives: it forms the basis for everything that keeps us and our society going.

Biodiversity under pressure

More and more biodiversity is being lost, with two hundred to two thousand species disappearing every year, mainly at the hands of man. The causes of the loss of diversity and ecosystems include climate change, change of land use by e.g. forestry, the introduction of exotic species, overexploitation and pollution. The loss of biodiversity renders the existence of many products and services that nature provides less certain. A well-known example is that bee populations are declining, with the result that agricultural crops are no longer pollinated in a natural way.

This is why there is growing worldwide attention for the conservation of biodiversity and our 'natural capital'. It is very important to restore the balance in nature in order to keep our planet viable and healthy. In the words of Sir David Attenborough: 'Anyone who thinks that you can have infinite growth on a planet with finite resources is either a madman or an economist.'

Impact of ASN Bank

ASN Bank is working towards a sustainable and just world. A society in which people can learn, live and work in a healthy environment. A society in which we respect each other and the natural world, care for those in need and pay due regard to the needs of future generations. That is why we want to contribute to maintaining and strengthening biodiversity and ecosystems. After all, life without biodiversity is unthinkable.

Our influence on biodiversity is largely indirect, namely via our loans and investments. When selecting these, we take their impact on biodiversity into account. We try to prevent our loans and investments having a negative impact on biodiversity, and to have a positive impact on biodiversity where possible.



Frank Hoekemeijer, Phat advies en interim-management:

‘Conserving natural value is in the public interest and is still difficult to capture in the business case of a single organisation. That is why external costs and benefits have to be included when making purchasing and investment decisions, allowing companies to profit from their efforts.’

For more than a decade, Frank Hoekemeijer has been playing an active part in sustainability in the construction sector, through his role as CSR Manager at Strukton & Heijmans. He was partly responsible, for example, for founding the Bewuste Bouwers foundation and the CSR Netherlands concrete network. One of the areas he has recently been focusing on is socially responsible procurement and the quantification of external costs and benefits.

Long-term objective

In late 2014, we began to explore the options as regards formulating a long-term objective for biodiversity (or ‘nature’). Where do we want to be in terms of biodiversity in fifteen years’ time? In 2030, will we be actively contributing to strengthening nature in the Netherlands and abroad? Or are we ‘merely’ going to avoid being indirectly responsible for a loss of nature?

Challenges

Formulating a long-term goal proved to be no simple matter. What challenges did we face?

- Just like climate change, loss of biodiversity is a worldwide problem. But biodiversity is being threatened and burdened in various areas in various ways, which is why the protection and conservation of biodiversity must always be tailored to the situation.
- As yet, there is no scientific consensus as to what the financial sector needs to do to make biodiversity resilient once again.
- Nor is there any generally accepted unit of measurement or method for measuring biodiversity.

This means that we have to begin at square one. Nonetheless, we think it is possible as a bank to formulate a long-term goal.

It has gradually become apparent that the process of reaching this long-term goal is just as important as the formulation of the goal itself. It is a process of collaboration, discussion and inspiration. Experts share their thoughts on the scientific basis. The government shares its thoughts from the perspective of policy frameworks. And civil society organisations share their thoughts on putting the ideas into practice. We are sharing those experiences in this publication.



Geanne van Arkel, Interface:

‘Biodiversity is an integral part of sustainable business operations. Begin with an ambitious objective that affects everyone. If everyone sets to work on it, inclusive and circular business operations will become the norm.’

Since 2003, Geanne van Arkel has been working for Interface, a carpet tile manufacturer that has already spent more than two decades striving to provide a restorative contribution to the environment and to society. She is Head of Sustainable Development and creates inclusive business models. The book *Confessions of a Radical Industrialist* by Ray Anderson, the founder of Interface, served as inspiration for ASN Bank’s climate change ambition.



Mark Goedkoop, PRé Consultants:

'It can't be done, but we've got to do it. In fact, measuring biodiversity is far too complicated. But without measurement we cannot understand what adjustments we need to make to reduce our impact to zero.'

Mark Goedkoop founded PRé in 1990. He is now CEO and chairman of the management team. He is a pioneer in the area of life cycle analysis (LCA), as well as an international front-runner in the field of sustainable parameters and methodology development.

Questions

Before we could formulate the long-term objective for biodiversity, we had to answer a great many questions for ourselves. These included:

- What exactly do we mean by biodiversity or nature?
- When may we refer to something as 'nature'?
- Is nature in the city just as valuable as nature in a natural area?
- Are we only concerned with 'dark green' nature with high biodiversity? Or also with 'light green' nature with lower biodiversity, but perhaps with an important function for local residents?
- What underlying premise does our objective need to have? Are we striving for the level of biodiversity that society needs in order to keep the planet viable for life? Or is our initial aim to avoid loss of biodiversity as a result of our banking activities as far as possible: no net loss?

Prerequisites

We have also set a number of prerequisites for the long-term goal:

- The choices that we use to determine the goal must be transparent and have a scientific basis. Only then can our stakeholders, such as customers and civil society

organisations, support the goal.

- We must be able to explain the objective to customers.
- The goal must help us fulfil our role as driver in the area of sustainability, which is possible if other banks can adopt the approach if desired.

In late 2014, the consultancy firm CREM set to work with these premises.

Joint process

Above all, advancing towards the long-term biodiversity goal was and is a joint process. We have consulted experts in the field of biodiversity on various occasions. We shared and tested the results at a stakeholder meeting with knowledge institutions, government authorities and civil society organisations. This resulted in valuable contributions to the development of the long-term goal, and in particular in inspiring discussions and views on ASN Bank's role in the area of biodiversity.

ASN Bank is guided by a social point of departure: what is necessary to keep the planet viable for life? We use this to determine our long-term goal. Unfortunately, it is not yet possible to scientifically determine what exactly the financial sector can do to make biodiversity resilient and to keep it so. The necessity of insight into our footprint thus emerged: how do our current loans and investments impact biodiversity? What does this mean for the long-term goal?

This perspective logically aligns with our long-term climate change goal: ASN Bank wants to be carbon neutral by 2030. The success of this goal is determined by measuring the carbon footprint, and thus also the ecological footprint, of our loans and investments. However, the question is whether measuring that footprint is not too complex, time-consuming and expensive. If it is, our objective will attract few followers, while an important aspect of our long-term goal as front-runner is to inspire

other institutions to follow suit. There is only one way to find out: just do it.

The footprint of ASN Bank

PRé Consultants set to work to answer ASN Bank's question. The firm has been working worldwide on the measurement of the environmental burden using life cycle analysis (LCA) for the last 25 years. LCA is a scientifically supported, internationally endorsed methodology. It measures such matters as land use, water consumption and climate change.

tion may even be so large that the long-term goal of no net loss may be realistic.

This analysis also resulted in the establishment of a unit for measuring our impact on biodiversity: the number of species that have disappeared per square metre. To make this workable in practice, we convert it to an equivalent: the number of square kilometres of nature that disappears as a result of our burden on biodiversity.

At year-end 2014, ASN Bank's loans and investments had a total footprint of 7,000 square kilometres. That means that the aggregate of all of ASN Bank's loans and investments in 2014 resulted in the full loss of biodiversity in 7,000 square kilometres of land. This loss is on a one-off basis: it stays the same from year to year if the investments and loans remain the same – so it is not the case that another 7,000 square kilometres is added every year. On that land – equal to the provinces of North and South Holland put together – there is no room for nature to develop at that time. Naturally, we want to avoid this, which is why we are striving to reduce this footprint to zero by 2030 or even to make it positive.

Quantitative and qualitative analysis

We are aware that the calculation of our ecological footprint has limitations. Consequently, we have also had a *qualitative* analysis performed of our impact on biodiversity. The qualitative analysis provides additional, sector-specific information that was not taken into account in the quantitative research.

Limitations on the quantitative method include the measurement of positive impacts on biodiversity. An example: ASN Bank invests in paper companies. According to our criteria, at least three quarters of the forests from which these companies source their wood must be FSC certified. This cannot be taken into account in the analysis of our



Mark van Oorschot, PBL:

'Measurement is knowledge, and knowledge engenders thought. As a scientist, it's very easy for me to make things complicated, so it's a major challenge to make them as simple as possible instead, so that they can be used well.'

As a biologist at PBL Netherlands Environmental Assessment Agency, Mark van Oorschot primarily focuses on policy for the conservation of biodiversity and the functions of ecosystems – also known as 'natural capital'.

Is it possible to measure ASN Bank's ecological footprint? PRé Consultants' life cycle analysts have answered this question in the affirmative: yes, it is possible. Moreover, it leads to interesting insights. For example, according to the LCA calculations, the following applies to ASN Bank:

- climate change, land use and water consumption are by far the most significant causes of the loss of biodiversity;
- the investments in companies make a relatively large contribution to this impact;
- the investments in green energy can make a considerable positive contribution to biodiversity. This contribu-

ecological footprint (yet). The result: a larger footprint is calculated for these companies than they have in reality. Another example: it is possible that the no fishing zones around offshore wind turbines have a positive impact. However, they are not included in the model.

Nor does the model always take local effects into account. If an economic activity takes place in an area with a high biodiversity value (high conservation value area or HCVA), the impact on biodiversity is greater than the average impact calculated by ReCiPe. The qualitative analysis can take account of characteristics that are specific to the location. If, for example, companies in a particular sector use a lot of water, it is important for them to have a good policy on water consumption.

In summary, the qualitative analysis:

- clarifies how to interpret the results of the footprint;
- helps to determine a strategy to reduce the impact on biodiversity;
- clarifies where further improvement of the methodology is possible and necessary.

We will use this knowledge to make further refinements to the methodology over the next few years.

Objective: no net loss of biodiversity

We have combined the insights from the analysis of our ecological footprint, the qualitative analysis and the contributions from all organisations involved. As the objective 'no net loss of biodiversity' seemed achievable, ASN Bank decided to formulate the following long-term goal for its biodiversity sustainability pillar:

No net loss by 2030:
ASN Bank's loans and investments to have no net negative impact on biodiversity by 2030.



Steven de Bie, De Gemeynt:

'Unless businesses, banks and the government have a real no net loss policy, we will never achieve a sustainable world!'

Steven de Bie is a partner at De Gemeynt, a cooperative of idea developers working towards a more sustainable economy. His particular focus is on the subject of biodiversity and business. He has played an important role in developing biodiversity compensation plans and the concept of no net loss.

Working on no net loss

How can we approach this? In other words, what are the possible strategies?

1. We are going to further fine-tune our methodology in order to improve the calculation of our ecological footprint and to monitor our progress. We also aim to further improve the quality of the data on our footprint. This will allow us to increase insight into the impact of financial institutions on biodiversity and awareness of this.
2. We aim to reduce the biodiversity loss for which our loans and investments are responsible. The first step here is to identify which loans and investments have the greatest impact, such as the food companies and paper companies in which our equity funds invest. To this end, we can e.g. work with companies that are front-runners in reducing their ecological footprint.
3. We can increase the biodiversity gains in all sorts of ways, which we need to explore further. A few examples include planting a forest (the Forest of Ideals (*Bos van Idealen*) for loyal ASN customers), collaborating with e.g. nature organisations, water companies and the Forest Stewardship Council, and investing in renewable energy funds or the *Nationaal Groenfonds*.

van Idealen) for loyal ASN customers), collaborating with e.g. nature organisations, water companies and the Forest Stewardship Council, and investing in renewable energy funds or the *Nationaal Groenfonds*.

We are not doing all this alone: collaborating with various different parties remains key. Also, first and foremost, we want to share and further develop our knowledge in collaboration with as many interested parties as possible, whilst learning as much as possible from others in the process. There needs to be a joint effort by a great many people and organisations worldwide if we are to protect biodiversity and thus keep the planet viable for future generations. Achieving that goal may seem impossible at the moment, but it is crucial that we make every effort to do so.



Caroline van Leenders, Netherlands Enterprise Agency:

'I consider ASN Bank's development of a biodiversity strategy to be highly important – I've learned over the last few years that, if you want to have change, you've got to move capital.'

Caroline van Leenders is the driving force behind the Community of Practice Biodiversity and Business, a platform where companies exchange knowledge on the incorporation of biodiversity into their business operations. She has also set up a similar platform for the financial sector, partly at ASN Bank's initiative. Caroline van Leenders is also involved in the *Groene Tafel*, in which companies, the government and the financial sector discuss the greening of money.

Interview with Wijnand Broer from CREM



‘ASN Bank is excellently positioned to chart a new course’

Wijnand Broer is a partner at the consultancy firm CREM. He has been working on the relationship between businesses and biodiversity for the last fifteen years. CREM does a great deal of work with businesses via the *Helpdesk Natuurlijk Kapitaal*. In 2015 and 2016, it developed the Natural Capital and Financial Institutions interactive guide together with the Dutch Association of Investors for Sustainable Development (VBDO). In 2016, both organisations launched a training course on natural capital for financial institutions.

In 2014, ASN Bank asked Wijnand Broer to help develop a long-term goal for biodiversity. Wijnand Broer: ‘As a bank at the forefront, ASN Bank is excellently positioned to chart a new course as regards biodiversity and financial institutions. Not because they contribute their thoughts; a lot of banks do that. But especially because they try to do it and put it into practice too.’

Why is it important for ASN Bank to focus on biodiversity?

‘This is important for four reasons. Firstly, loss of biodiversity is an urgent problem, which does not just demand attention from banks. Biodiversity is an important prerequisite for our ‘life support system’, but is rapidly lost. Secondly, the bank has a responsibility towards its customers. They entrust their money to the bank, and probably do not always dwell on what happens to it, or they trust the bank to lend and invest it in a responsible manner. Paying attention to the conservation of biodiversity is part of a responsible loans and investments policy. Thirdly,


banks are in a strategic position to encourage businesses to engage in sustainable business operations: money makes the world go round. And lastly, as a sustainable front-runner, ASN Bank drives the issue for other banks.’

How did you set to work and reach this result?

‘We started with the question as to whether ASN Bank could formulate a positive long-term goal to supplement existing policy. Our first idea was to base this goal on a contribution to the quantity of nature: the achievement of a certain quantity of nature of a certain quality by 2030. In principle, calculating the footprint was not the intention. However, it gradually became apparent that a link with the positive and negative impact of the bank’s loans and investments was desirable. After all, that also says something about the bank’s own responsibility. Consequently, we decided to perform a footprint analysis after all. Not only did the results provide interesting insights, they also showed that a no net loss objective was not unrealistic.’

What issues did you encounter when performing the assignment?

‘Various general and methodological questions arose. Let me give you two examples. Ideally, ASN Bank wanted to align its long-term goal for biodiversity with what is necessary from a social perspective to maintain the ‘life support system’. It could do so by, for example, adopting the idea of the Planetary Boundaries, the nine planetary boundaries within which mankind has to operate if it is to continue to make sustainable use of the planet’s resources.’



Investments would then have to be adjusted to these. However, this route proved to be a step too far for now. How do you translate biodiversity requirements on a global scale into requirements at bank level? The following question provides a second example: how does ASN Bank deal with the supply chains related to its investments and loans? For example, does it have to include the impact of cotton production in the footprint calculation for an investment in sportswear shops? Although cotton production and other links in the supply chain are financed by other banks, we decided nonetheless to include these in the calculation. As ASN Bank is indirectly involved in those impacts through its investments, it would lack credibility to exclude them, even though that might be methodologically sound. You're either the front-runner or you aren't.

What can a bank do to reduce its negative impact on biodiversity or to perhaps even generate a positive impact?

'Banks reduce their negative impact by not investing any more money in sectors with a relatively high impact. You can compare this to the way in which many investors are now withdrawing from the fossil fuel sectors. They are also reducing their impact by only doing business with 'best in class' companies: companies with the best performance in their sector in the area of biodiversity. And by engagement: engaging with companies to avoid or reduce impacts. The footprint analysis gives a good indication of what they should focus on, the companies they should go and talk to and the topics they should talk about. Banks can generate a positive impact by, among other things, investing in nature rehabilitation, green energy and a circular economy.'

Can you set to work if your measurement method is not yet perfect?

'As long as you are aware of the limitations of the measu-

rement method, understand what the consequences of the limitations may be and how you can obviate those consequences, you can certainly set to work. This is one of the reasons why we performed a qualitative analysis alongside a quantitative analysis; it clarifies how the quantitative results must/can be interpreted. If you wait until you've got a perfect measurement method, you give yourself carte blanche to procrastinate. Try explaining that to the species lost in the meantime...'

Why are collaboration and open source so important during this phase?

'Collaboration and open source are important because without them you cannot reach an endorsed, serious result. Until methods are 'perfect', it must be clear what choices and assumptions have been made, and what their consequences are. And by giving others the opportunity to critically assess the approach, the approach improves step by step. The use of 'black box' calculations with 'closed source' methods leads to results whose value cannot be assessed.'

Is it finished? And where do we go from here?

'It is certainly not finished yet. The current research has allowed us to make a number of great strides towards gaining insight into ASN Bank's footprint and towards determining our long-term goal. We have also seen that further improvement of the methodology is possible. However, that certainly does not mean that we should just mark time. The research has produced enough insights to allow us to set to work towards attaining our objective of no net loss. The fact that the calculations may turn out somewhat differently in the future will not change the broad thrust of our endeavours. The impact 'hot spots' are clear. ASN Bank can thus continue to work on two tracks: to further improve the method in collaboration with others, and at the same time to work on the goal of no net loss.'

Afterword



Sustainability in motion

More and more people are realising that banks and sustainability are a good combination, as banks can make a difference by using their customers' money to encourage sustainable development. Furthermore, more and more customers want banks to apply their money in a positive manner, rather than for such things as arms, child labour and nuclear energy.

This development confirms the importance of ASN Bank's mission. After all, we have been working on sustainability in society since as far back as 1960. But the possibilities extend further than using customers' money for sustainable loans and investments. We believe that we need to make an enduring, positive difference for the long term. That is why we have chosen the long-term goals for our sustainability pillars: human rights, biodiversity and climate change.

In 2013, we decided that we wanted all of our loans and investments to be carbon neutral by 2030. That is a clear, concrete goal. It is measurable according to international standards, namely CO2 emissions. But, it is not easy to achieve. When we began, there were no existing methods in the financial sector to properly measure the emissions for which banks and their investments and loans are responsible. Without such methods, there is nothing to link an objective to.

It is even more difficult as regards biodiversity. How do financial institutions measure their impact on biodiversity? There is no international unit of measurement that can be used here. Biodiversity is broader and more complex than climate change. Nonetheless, we started searching for a

measurable long-term goal. That alone made us feel like we were setting something in motion. We encountered a great deal of enthusiasm, commitment and assistance from expert parties.

With all that help, we were able to formulate our goal: our banking activities are no longer to contribute to biodiversity loss by 2030. But even more important than the goal itself is the journey towards it. It becomes a quest for new ideas, experimenting, perhaps failing, but always trying again. We do not see that quest as a hindrance. On the contrary: it is a way of inspiring change in other parties in the financial sector. After all, what is perhaps even more important than our own long-term goal is that we encourage other banks and financial institutions to also play their part in contributing to a healthy biodiversity.

ASN Bank Management Board

The compilers of the report



Piet Sprengers

Piet Sprengers has been Head of ASN Bank's Sustainability & Research Department since 2006. With responsibility for sustainability policy and research for ASN Bank and the ASN Investment Funds, he is involved in selecting sustainable loans and investments, voting and engagement. He is also a member of ASN Bank's management team.



Jeroen Loots

Jeroen Loots has been a Senior Sustainability Advisor at ASN Bank since April 2011. Prior to this, he was a Programme Manager at the DOEN Foundation. Jeroen is responsible for ASN Bank's policy on climate change and biodiversity, including the development and implementation of long-term goals in these areas.



Irene de Jong

Irene de Jong has been a Sustainability & Research Advisor at ASN Bank since September 2011. She obtained a Bachelor's degree in Biology from the University of Amsterdam, with a specialisation in ecology and biodiversity. Irene then went on to complete a Master's programme in Applied Communication Science at Wageningen University. Her primary fields of activity at ASN Bank are biodiversity and animal welfare.