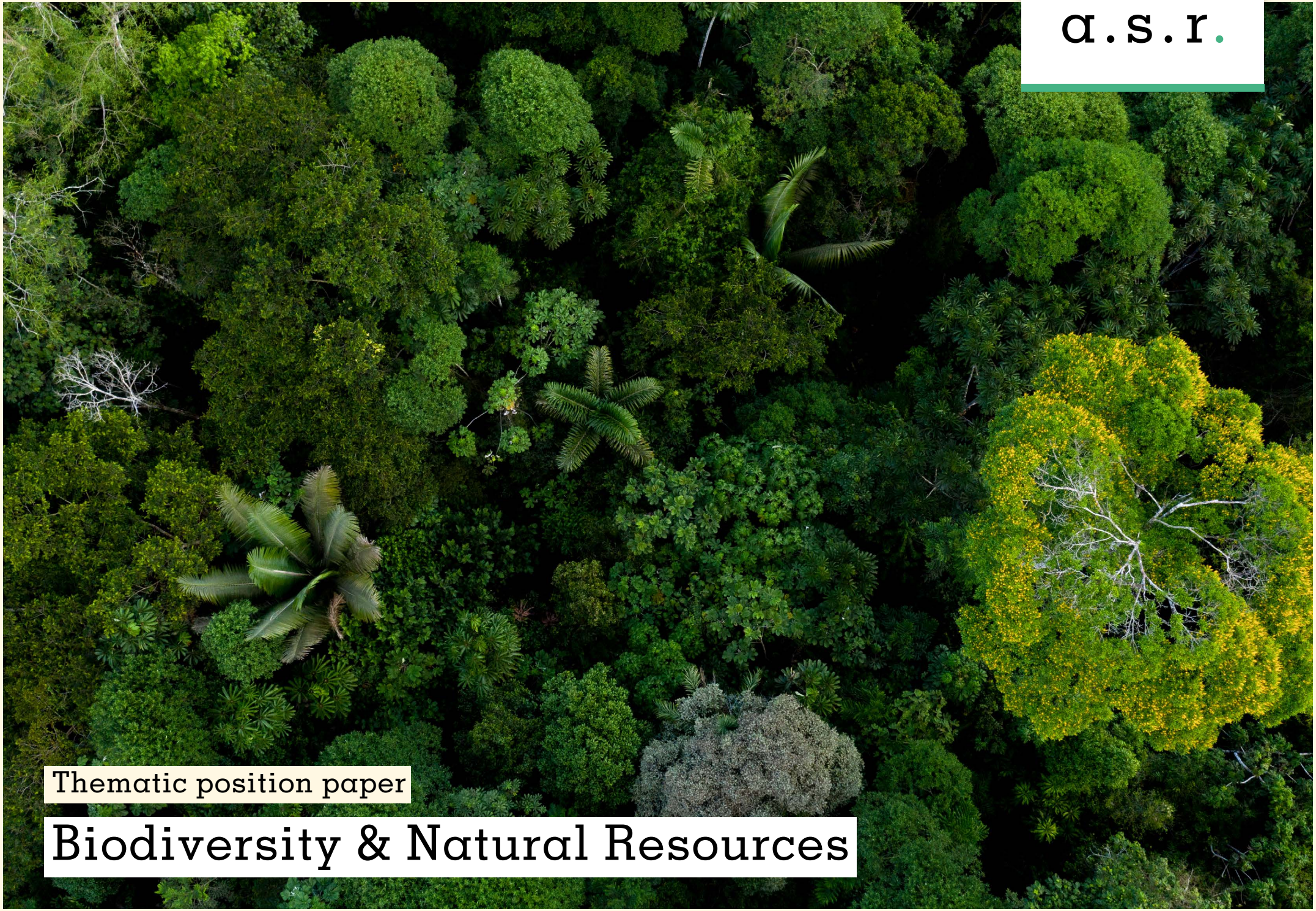

a.s.r.

Thematic position paper

Biodiversity & Natural Resources

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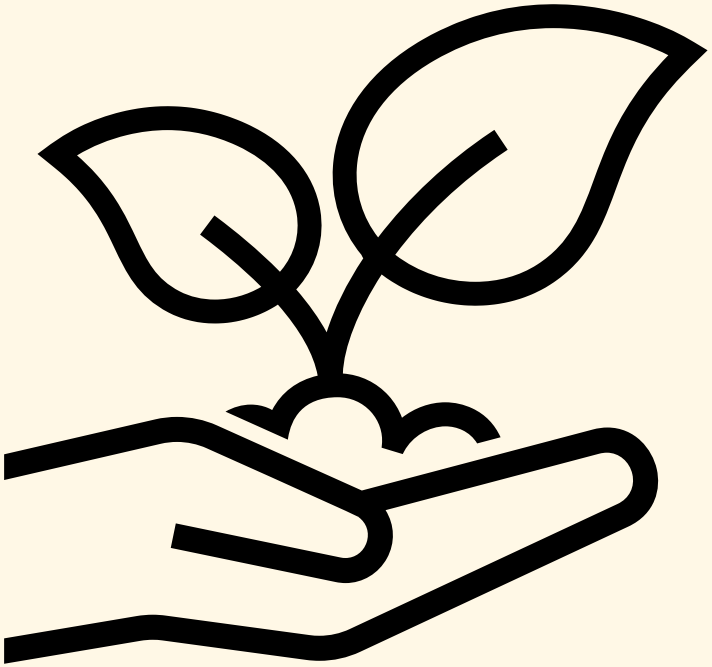


1. Introduction

This position paper is part of a series of four position papers, each elaborating on one of the four themes that a.s.r. management has chosen to focus on within its Sustainability Strategy and its Policy for Responsible Investments. These four focus themes are:

- Climate change and the Energy Transition
- Biodiversity and Natural Resources
- Health & Wellbeing
- Human rights

In each position paper, we describe the importance and relevance of the focus theme for our investment portfolios as well as our approach to the theme, along our three policy goals: reducing harm, driving change, and creating positive impact. Finally, we describe the targets we have set ourselves and the way we report and monitor our performance related to the focus theme.

ASR Vermogensbeheer N.V.

ASR Vermogensbeheer N.V. (AVB) is a wholly-owned subsidiary of ASR Nederland N.V. (a.s.r.) and specialises in managing investment funds and providing investment services to a.s.r. and third-party clients. AVB's investment services include:

- Collective asset management: We manage a range of investment funds that serve the needs of different groups of clients
- Individual asset management: We offer asset management services tailored to the requirements defined in investment mandates given to us by individual clients
- Order processing: We handle the receipt and transmission of orders on behalf of clients

2. Management summary

Loss of nature poses major and systemic risks to our society. In this paper we focus on loss of biodiversity and natural resources. These are caused by five primary drivers: (i) land use change, (ii) climate change, (iii) overexploitation of natural resources, (iv) pollution and (v) invasive alien species.

We followed the TNFD LEAP approach to analyse the impact and dependencies on biodiversity of our listed portfolio companies. The top three drivers for biodiversity loss in our portfolios are (i) land use change, (ii) climate change and (iii) overexploitation of natural resources. At the same time, 20% our listed corporate investment portfolio is highly or very highly dependent of at least one ecosystem service.

These results translate in our strategy on biodiversity & natural resources, which consists of a number of steps/actions alongside our three policy goals:

Reduce harm

Over the full portfolio we implement the following **exclusion** rules for the companies we invest in:

Biodiversity loss driver	Exclusion rules
Land use change & overexploitation	- Exclude companies producing or distributing palm oil from unsustainable sources, - Exclude companies managing forests in an unsustainable way
Climate change	- Exclude companies mining and producing thermal coal - Exclude companies burning thermal coal to generate electricity - Exclude companies involved in conventional oil & gas production[1] that are not aligned with the Paris Agreement - Exclude companies involved in unconventional oil & gas production and transportation
All	- Exclude companies with severe (and repeated) controversies related to the environment

1 Defined as companies classified under the following NACE codes: 0610: Extraction of crude petroleum; 0620: Extraction of natural gas; 1910: Manufacture of coke oven products; 1920: Manufacture of refined petroleum products; 3521: Manufacture of gas.

Drive change

Based on the drivers for biodiversity loss in our portfolio, we have identified which sectors in our portfolios have the highest negative impact on biodiversity loss. These are: materials, energy, consumer staples and utilities. We also analysed the dependencies on ecosystem services of the companies in our portfolio and found that the sectors with the highest dependencies on ecosystem services within our portfolios are forest- and agricultural products, recreational services and (construction) materials.

As a result, we focus our **active ownership** efforts on three issues within three sectors:

- Sustainable food production, especially in the agricultural products and forest sector
- Circular economy, especially in the materials sector
- Energy transition, especially in the energy and the utilities sector.

Create positive impact

We do not only aim to reduce negative impacts on biodiversity and natural resources, but we also aim to actively contribute to preventing the loss of biodiversity and natural resources and even reverse this loss through our investments where possible. Our **impact investments** in the area of biodiversity and natural resources are focused on solutions and new technologies to address biodiversity loss and enhance biodiversity within -but not limited to- our focus sectors.

Our **overall ambition** in the area of biodiversity and natural resources is to act in line with the Global Biodiversity Framework (GBF or Kunming-Montreal Agreement) and to contribute to halting and reversing biodiversity loss caused by investee companies in high impact sectors before 2030. Therefore our **targets** in the area of biodiversity and natural resources are formulated to support the actions taken under our policy goals:

- By 2026 engage relevant companies active within high-impact sectors within our portfolio on having a biodiversity action plan
- By 2026 identify companies with highest plastic footprint in our portfolio
- By 2030 a 25% reduction of carbon footprint within our investment portfolio compared to 2023

3. Biodiversity & Natural Resources

Our planet is currently facing a critical problem: the rapid depletion of natural resources and loss of its biodiversity. The 2023 update published by the Stockholm Resilience Centre, shows that already 6 out of 9 planetary boundaries are being crossed[2]. These 9 boundaries represent the nine processes that regulate the stability and resilience of the Earth system. Crossing these boundaries increases the risk of causing irreversible environmental tipping points and is largely caused by human activities such as deforestation, overfishing, and pollution.

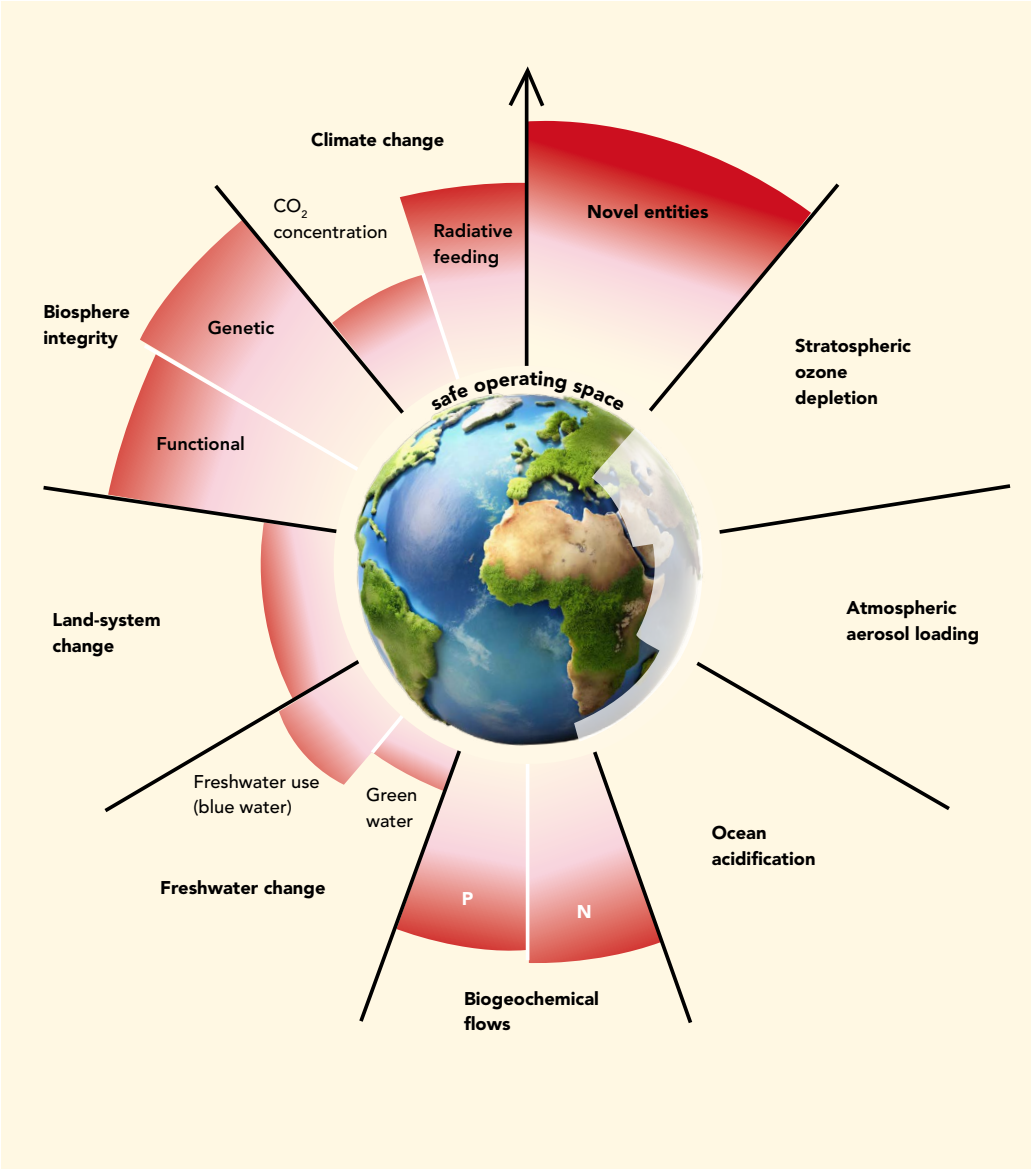


Figure 1. The 9 planetary boundaries. In 2023 6 out of 9 boundaries researched, where crossed.

2 https://www.stockholmresilience.org/research/planetary-boundaries.html

Definitions[3]

Nature

Nature comprises all living things and their interaction with living or non-living physical entities and processes that occur naturally (without interventions from humans) on Earth. It includes biodiversity, ecosystems and the biosphere.

Biodiversity

Biodiversity can be defined as the total variability among living organisms from all sources, including terrestrial, marine and other aquatic ecosystems, and the ecological complexes of which they are part; this includes the diversity within species, between species and of ecosystems.

Ecosystem services

Ecosystems, from small ponds to vast oceans, are systems of interacting living and non-living elements, allowing them to perform essential functions such as climate regulation, water purification and provision of resources. These functions are called ecosystem services. Ecosystem services are the goods and services that people obtain from healthy ecosystems' functioning.

Natural resources[4]

Natural resources are materials and components that can be found in nature and can be used by people. These include light, air, water, plants, animals, soil and minerals. Natural resources can be both renewable and non-renewable.

3 All definitions are based upon (but summarized): IPBES (2019): Global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services

4 Described by IPBES as natural capital, serving as input for 'Nature's contributions to people (NCP)'

The loss of biodiversity and depletion of natural resources pose major risks to our society. For example by causing food and clean water shortages. From an investment perspective, these issues can also pose significant financial risks. Companies reliant on natural resources may face supply chain shortages and increased costs, while those contributing to biodiversity loss may be subject to regulatory penalties or reputational damage amongst others.

A comprehensive approach is needed if we are to successfully halt the loss of our planet's biodiversity and depletion of its natural resources. This includes transitioning to sustainable farming and fishing practices, reducing pollution, and promoting the use of renewable resources. Protecting and restoring habitats, and creating protected areas for biodiversity, are also crucial. On a broader scale, addressing climate change through reducing greenhouse gas emissions and promoting renewable energy is essential for the preservation of our planet's biodiversity and resources.

Drivers for biodiversity loss[5]

There are five primary drivers contributing to biodiversity loss:

i. **Land use change:** the change of natural habitats for human activities such as agriculture or urbanization. Results are for example the loss of (primary) forest for crop farming or the increase in dead zones in the ocean: areas where there is no oxygen and no life is possible.
ii. **Climate change:** global warming is affecting many (vulnerable) ecosystems. This results in for example forest fires and the loss of coral reefs due to bleaching events
iii. **Overexploitation of natural resources:** consuming natural resources faster than they can regenerate by for example depleting fish stocks or deforestation leads extinction of species and impacts the livelihoods of people that rely on wild species for food, medicine and income.
iv. **Pollution:** pollution from chemicals and waste is causing ecosystem change. Nitrogen from fertilizers causes biodiversity decline and the increasing use of insecticides leads to mass extinction of pollinators.
v. **Invasive alien species:** species that enter and establish themselves outside their natural habitat have a major impact on the functioning of ecosystems. Recent years have shown a 70% increase in non-native species, causing disruption of ecological systems and extinction of species.

The financial industry's ability to measure and monitor the impact of our investment decisions on our planet's biodiversity and natural resources is still at an early stage. Although there is no international agreement on a uniform measurement methodology, the 2022 UN Conference Of Parties of the Convention for Biological Diversity (COP15) has approved a set of targets to halt and reverse loss of biodiversity in 2030.

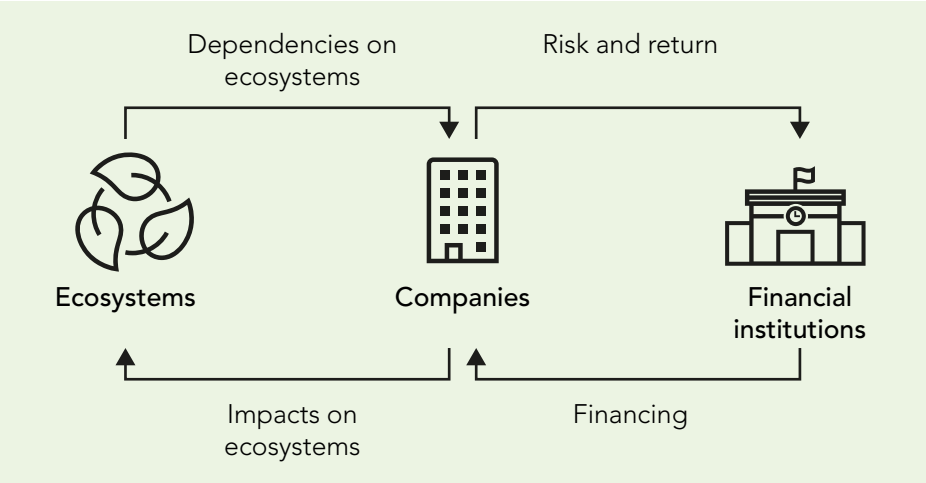
5 IPBES (2019): Global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. https://doi.org/10.5281/zenodo.3831673

At AVB we believe that we can use our influence as a long-term investor to drive change and invest in a way that positively impacts the environment and contributes to achieving the Kunming-Montreal Agreement. a.s.r. signed the Finance for Biodiversity Pledge in 2020, committing to (before the end of 2024):

1. Collaborate and share knowledge with other investors on assessment methodologies, biodiversity-related metrics, targets and financing approaches for positive impact;
2. Engage with companies to reduce their negative and increase their positive biodiversity impact;
3. Assess positive and negative impact on biodiversity loss of our investments;
4. Set targets to increase the positive impact / decrease the negative impact of our investments on our planet's biodiversity;
5. Report annually on the above.

4. Financial risks of biodiversity loss

The earth's biodiversity is not only the foundation of life on our planet, but also an essential asset that underpins the global economy. In 2020, the Dutch Central Bank published its study on the nature related financial risk for the Dutch financial sector, finding an exposure of €510 billion to companies with high or very high dependency on one or more ecosystem services[6]. The ECB recently announced its first major investigation into the economic and financial risks stemming from the degradation of the natural environment. Frank Elderson, an ECB executive board member, concluded that 72 per cent of eurozone companies and three quarters of bank loans in the region are exposed to loss of biodiversity. ''This is not some kind of a flower power, tree-hugging exercise… this is core economics", he said[7].



6 DNB (2020) Indebted to Nature: exploring biodiversity risks for the Dutch financial sector
7 Interview Frank Elderson with the Financial Times June 8, 2023.

Just as climate change, biodiversity loss poses a systemic risk and the two are very much interrelated. The crossing of ecological tipping points can cause systemic ecosystem collapse and geopolitical risk[8]. Disruption of supply chains may cause financial instability. As the World Economic Forum states in their 2020 report on the economic case for nature: "Nature loss is a fat-tail risk like the 2008 asset price bubble", identifying three tipping point drivers: tropical forest dieback with conversion to shrubland/grass; wild pollinator collapse and marine fisheries collapse[9].

In addition to the above, we see the following risks related to biodiversity loss for our investment portfolios:

Physical risks

Related to for example production problems and higher costs for companies that rely heavy on natural resources and ecosystem services such as fresh water supply or pollination for fertilizing crops. Loss of these services may lead to lower financial results.

8 WEF_ New Nature Economy Report 2020
9 World Bank (2021): The Economic Case for Nature: a global Earth-economy model to assess policy pathways

Transition risks

New, more strict regulations can lead to stranded assets, litigation costs and lower returns. Already several countries have implemented legislation that restricts companies on their environmental footprint and/or requires extensive reporting on their activities[10].

Reputational risks

Companies are increasingly being held accountable by the public and negative publicity due to environmental damage can have an impact on consumer behaviour. It may not only affect a business' reputation, but als negatively affect business results. Already major consumer shifts are being seen among younger generations on ethical considerations such as single use plastics and meat consumption.[11]

10 Examples are France, where Article 29 of the Energy-Climate Law requires firms to publish biodiversity-related risks and align with global biodiversity targets such as Kunming-Montreal GBF. The UK Environment Act prohibits companies in scope to use commodities produced on illegally used or occupied land.
11 WEF_ New Nature Economy Report 2020

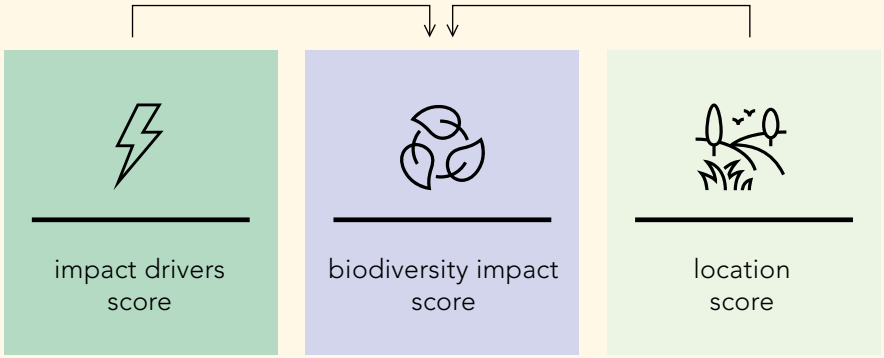
5. Impacts and dependencies of companies in our portfolio

5.1. Impacts of our investments on biodiversity

We perform an annual analysis of the main impacts and dependencies on biodiversity in our listed corporate investment portfolio. In short, two elements are essential to assess the (direct) impact a company has on biodiversity: the type of economic activity the company is involved in and where this activity is located.

AVB has developed a proprietary assessment methodology to combine these two elements, leading to a Biodiversity Impact Score (BIS) for each listed company in our portfolio. The BIS constitutes of two equal elements: a score for impact drivers and a score for location. The score for impact drivers maps the key issues related to biodiversity (following MSCI ESG methodology) for each company to the drivers for biodiversity loss.

The weighting of each driver for biodiversity loss follows the IPBES research[12] (see illustration next). The location score is based on the proximity of three or more assets a company has to biodiversity sensitive areas. Combined this lead to an overall biodiversity score that ranges between 0-10, with 10 being the lowest negative impact.



Impact drivers

- Land use change
- Climate change
- Overexploitation
- Pollution
- Invasive species

Proximity to biodiversity sensitive areas

- Healthy forests
- Biodiversity intactness
- Prime areas for conservation
- Deforestation fronts

Figure 2. Summarized overview over Biodiversity Impact Score

12 IPBES (2019): Summary for policymakers of the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services Global Assessment Report on Biodiversity and Ecosystem Services.

We have been able to assess the biodiversity impact for 98% of our listed equities and for 92% of our listed corporate bonds portfolios[13]. Combining both portfolio's results in an overall coverage of 95%.

The main driver for biodiversity loss in our listed company portfolio (figure 3) is (i) land use change, while the second biggest driver is (ii) climate change. However, this can differ per asset class. For instance, in case of our equity portfolio (figure 2) the second biggest driver is (iii) overexploitation of natural resources.

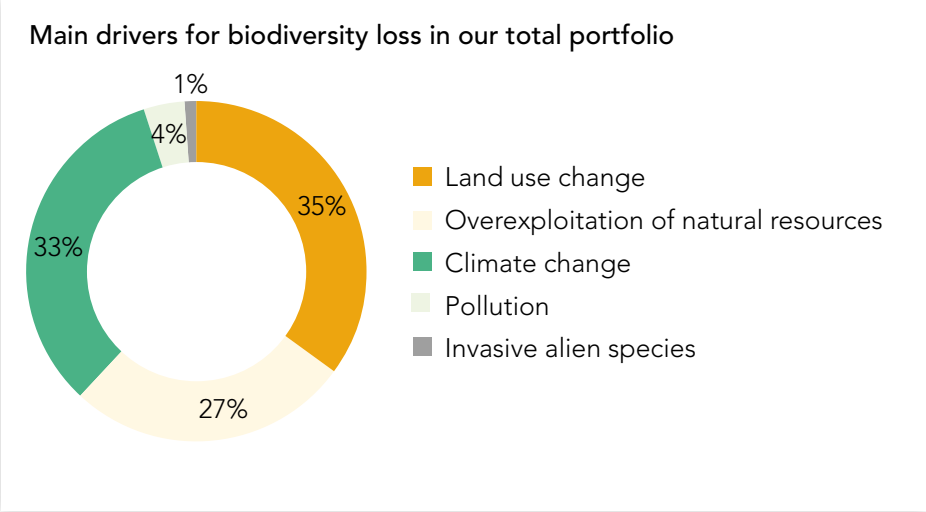


Figure 3. Distribution of drivers for biodiversity list in AVB total listed corporate portfolio per 30-6-2024.

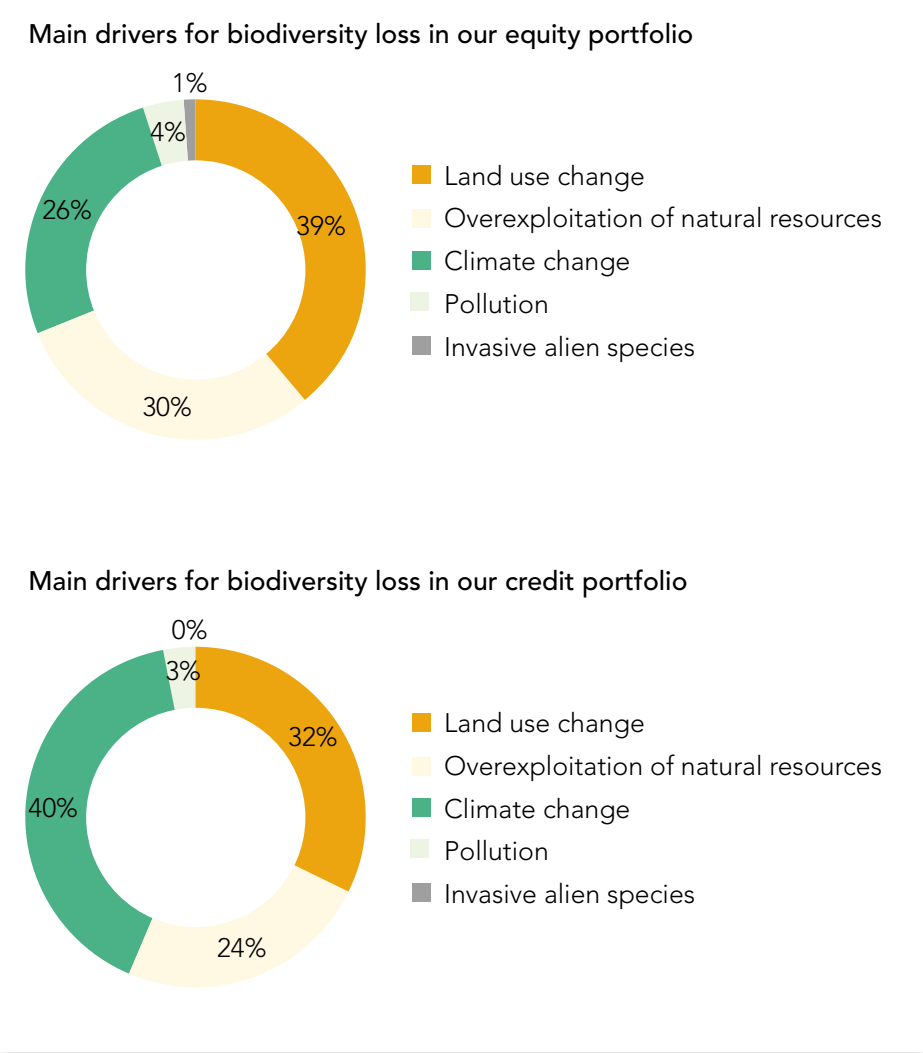


Figure 4. Distribution of drivers for biodiversity list in AVB equity and credits portfolios per 30-6-2024.

13 In scope are all internally managed listed equities and corporate bonds managed for the general account of a.s.r.

In figure 5 the biodiversity impact score distribution can be seen for our total, equity and credits investments. The majority of companies has a score between 7,5 and 10.

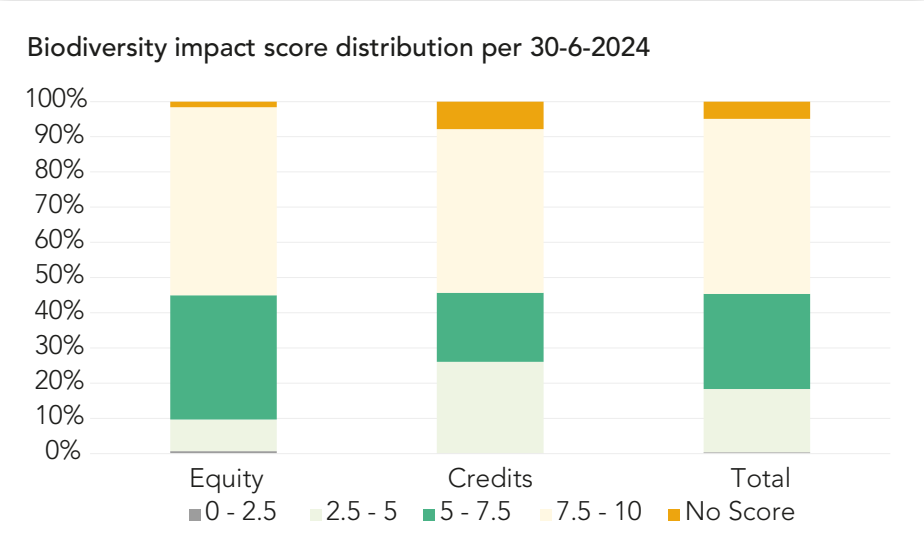


Figure 5. Distribution of the biodiversity impact score for our total, equity and credits portfolio

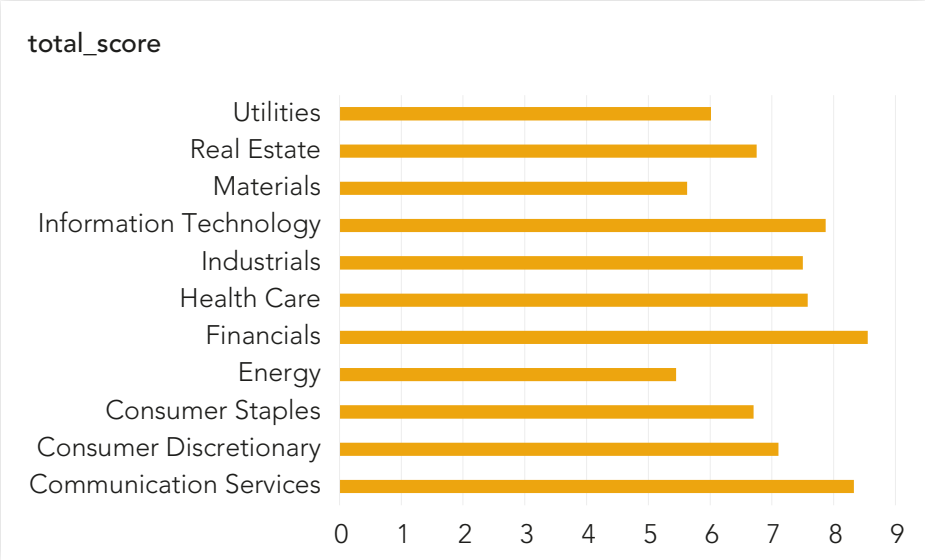


Figure 6. Biodiversity impact score per sector of AVB listed corporate portfolio.

Looking at the BIS per sector, Materials, Energy and Utilities are the lowest scoring sectors. The major contributors within the energy sector are conventional oil and gas companies. These companies are targeted within our fossil fuel phase out strategy.

Footprinting metrics

Different methodologies for biodiversity footprinting have been developed in the past years. These methodologies aim to capture biodiversity in a single metric; for example PDF and MSA. AVB is currently investigating the best approach for measuring the biodiversity footprint of its portfolio.

Potentially Disappeared Fraction of species (PDF)

A metric that estimates the proportion of species that could go extinct in a specific area due to human activities, like land use or pollution. A higher PDF value indicates a greater potential loss of habitat for species, meaning a greater risk to biodiversity.

Mean Species Abundance (MSA)

A metric that measures the average abundance of species in an area compared to their natural, undisturbed state. It provides an indication of how many species are present and how their populations are performing. A lower MSA suggests a decline in species populations, which can signal deteriorating ecosystem health.

5.2. Dependencies

Not only poses biodiversity loss a risk for all living creatures on earth, but also it presents significant risks from an investment perspective. Ecosystems provide services on which businesses rely. For example, in agriculture a decline in pollinators like bees can reduce crop yields, leading to higher production costs and lower profits for farmers. Or for the pharmaceutical sector, the extinction of plants and animals providing medicinal ingredients can disrupt drug development and increase costs thereby reducing revenue. The magnitude of this problem is highlighted by a report from the World Economic Forum, which states that half of global GDP relies on nature.[14]

A key tool to assess dependencies on ecosystem services is ENCORE. This is a database developed by NCFA and UNEP-WCMC[15]. Leading corporate frameworks and standards such as TNFD, SBTN and GRI reference to ENCORE. The ENCORE database links economic activities to the ecosystem services they depend on. Also, ENCORE conducts a materiality assessment on dependencies and impacts. In order to better understand which sectors are highly dependent we used the ENCORE's materiality assessment on dependencies.

ENCORE defines 25 ecosystem services that are linked to 250+ economic activities. The ratings have a range from a very low dependency (i.e. VL) to a very high dependency (i.e. VH). The ratings are given based on both qualitative and quantitative assessments, looking at (1) the loss of functionality in the economic activity when an ecosystem is disrupted and (2) the financial cost to the economic activity when it has to adapt to the disruption of the ecosystem service.

We used these ratings to gain insight into which sectors are critically dependent on ecosystem services[16]. Following the PBAF recommendations, an industry is critically dependent if at least one of the 25 ENCORE ecosystem services has a high or very high dependency.[17] In the AVB listed corporate portfolio, 20% of the assets under management has a high or very high dependency of at least 1 ecosystem service.

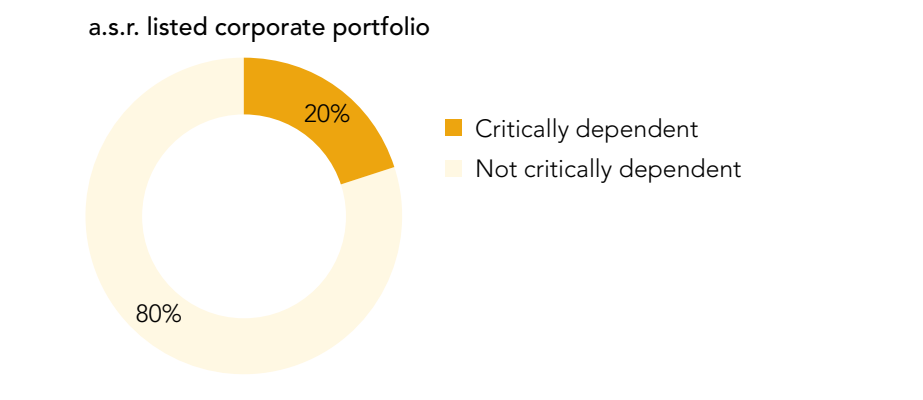


Figure 7. Proportion of AVB listed corporate portfolio with a high or very high dependency on at least 1 ecosystem: 20%.

14 WEF (2020): Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy

15 https://encorenature.org/en. UN Environment Programme (2023). Towards a Robust Measurement of Business Dependencies on Nature. UNEP-WCMC, Cambridge, UK.

16 ENCORE is constantly developing as more knowledge about the interaction of nature and economy unfolds. In September 2023 the database had a major update. One important change was the inclusion of cultural ecosystem services such as education, scientific and research services. These services has been rated highly material since they have complex societal and economic implications.

17 PBAF, Taking Biodiversity into account, PBAF standard v2023 – assessment of dependencies on ecosystem services, June 2023

5.3. Data limitations

Up to date, data availability on biodiversity and natural resources is still a challenge. This can roughly be attributed to three factors. Firstly, the multitude of drivers affecting biodiversity loss and their localized impacts add complexity to assessing overall biodiversity impacts. Secondly, incomplete available data makes it often necessary to rely on sector specific estimates and assumptions rather than specific company or supplier information, making it more difficult to identify individual best practices.

Lastly, there is no global consensus on the appropriate metrics for measuring biodiversity like there is for carbon footprinting, making it challenging to establish a universally accepted standard. However, we see positive developments at ESG data providers. We will further advance our methodology as data becomes more available and keep participating in relevant sector initiatives to stay on top of the developments.

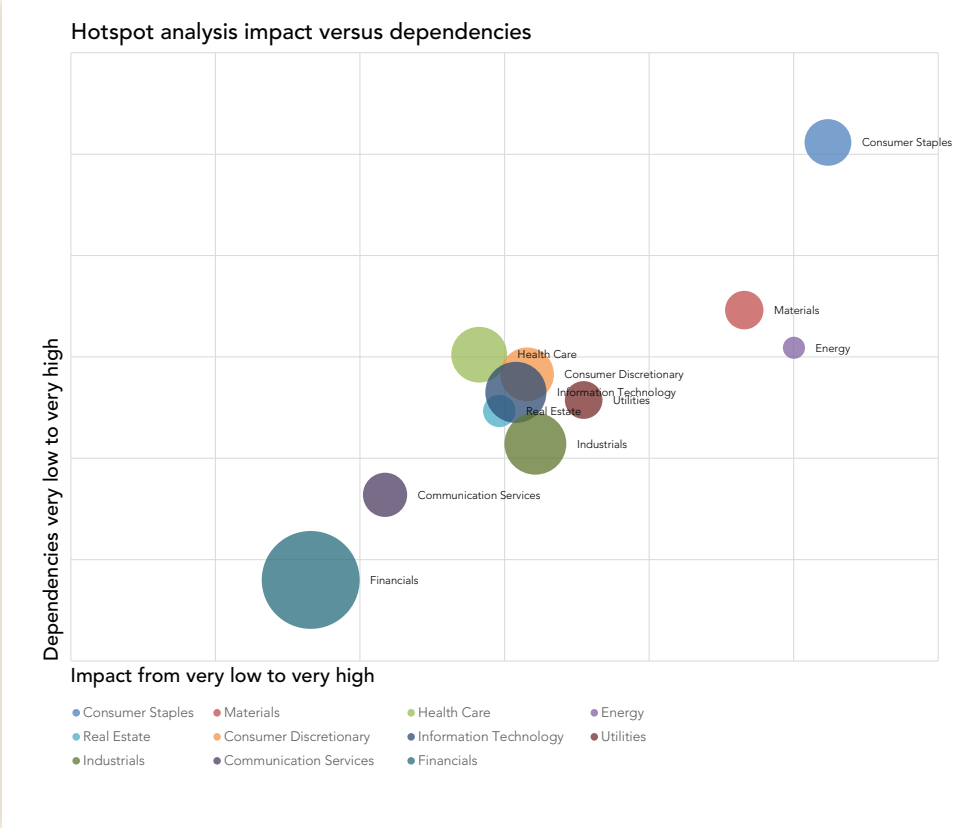


Figure 8. Sectors with highest negative impact and highest dependencies on biodiversity. The larger the circle the higher the proportion of assets under management the sector represents.

6. Our approach

Our Policy for Responsible Investment is based on three key policy goals that underline our commitment to contribute to a better world: reducing harm, driving change, and creating positive impact. We make use of a variety of tools to help us achieve these policy goals. These tools include exclusions, ESG integration, active ownership (engagement and voting), and impact investing. We often combine these tools in a mutually reinforcing manner.

Being an asset manager with a diverse portfolio, we need to make choices and focus our efforts in order to be effective. We aim to focus our efforts where we can make the highest impact as an investor. Sectors having the highest negative impact on biodiversity and natural resources in our portfolios are materials, energy, consumer staples and utilities. At the same time, we find that the sectors with the highest dependencies on ecosystem services within our portfolios are forest- and agricultural products and recreational services and (construction) materials. As a result, we choose to focus our biodiversity & natural resources approach on three issues within three sectors:

Agricultural products and forest sectors, with a focus on sustainable food production

The way we produce food and consume agricultural products impacts all drivers for biodiversity loss to some extent, for example deforestation as a large driver for land-use change, cattle farming being one of the largest contributors to greenhouse gasses being emitted, and fishing overexploiting the oceans. At the same time, the world economy is to a large extent depending on the provision of ecosystem services. More than half of the

world's food comes from only three staples: rice, wheat and maize. Invasive species cause annual food production loss up to 16%. [18] Agricultural diversification can improve pollination services and pest resilience amongst others.

At the same time, the way we produce and consume food is one of the key factors able to positively influence 6 out of 9 planetary boundaries: biodiversity, climate, land use, water and biochemical flows (phosphorus and nitrogen).

Materials sector, with a focus on the circular economy

The materials sector entails several economic activities that both negatively impact biodiversity as well as depend on the availability of natural resources such as fresh water. Construction materials, chemicals including plastics and fertilizers and mining of metals such as gold and copper all put a large constraint on the environment. At the same time, these materials are essential for our economy and livelihoods. Minimizing use though finding alternative materials and keeping those materials that are still needed as long in the production chain as possible is essential for a circular economy.

Plastics are all around us: they are cheap, versatile and have a long lifespan. Despite these advantages, plastic pollution causes major problems for both the environment as human health. 50% of plastics produced are currently single use plastics and most of these plastics are used for packaging. Increasingly research is showing that microplastics and nano plastics can be found in almost every human organ.

18 Source: WEF

Energy and the utilities sectors, with a focus on the energy transition

The extraction and use of fossil fuels pose a large negative impact on nature. Also, the way renewable energy is produced can have a large impact on natural resources such as water supply, extraction of minerals and production of biofuels.

A more detailed description of our approach on how we aim to minimise impact on biodiversity, while still accelerating the energy transition, can be found in the Climate Change & Energy Transition position paper.

Links between biodiversity and other focus themes

Climate change

A global average temperature increase of more than 2 degrees will put up to 40 percent of species at risk of extinction. Limiting temperature rise to 1.5 degrees could halve this amount. At the same time, the loss of our planet's biodiversity including its natural carbon sinks exacerbates climate change. The energy transition currently underway attempting to limit temperature rise, is dependent on the availability of already scarce resources such as silica, lithium, uranium and water. Increased demand for these key components could negatively impact biodiversity and land use.

Health

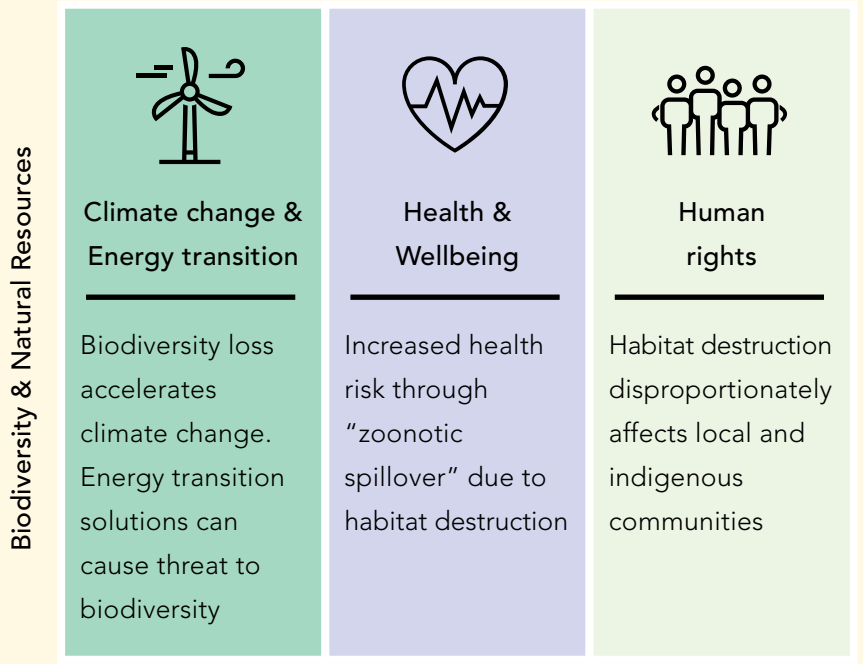
There are many links between biological diversity and human health. Habitat destruction brings humans and wildlife into closer contact, thereby increasing the risk of exposure to "zoonotic spillover," which occurs when pathogens — bacteria or viruses that cause disease — jump from animals to humans. The Covid-19 pandemic being the biggest example in recent history.

At the same time, scientific evidence for the effect of pollution, and more specific plastics on the development of human diseases is growing. Preventing (plastic) pollution will have a positive effect on both nature and human health.

Regulating services such as water filtering, but also services such as pollination are the basis of our food and water supply. By overexploitating natural resources, these services are becoming increasingly depleted and scarce.

Human rights

Habitat destruction is often disproportionately affecting local and indigenous communities, whose livelihoods rely on the provision of ecosystem services in their proximity. Loss of biodiversity directly related to human rights violations. In order for biodiversity to be protected issues such as land rights, smallholder rights and gender equality are essential. The following infographic illustrates how climate change interacts with each of our other focus themes:

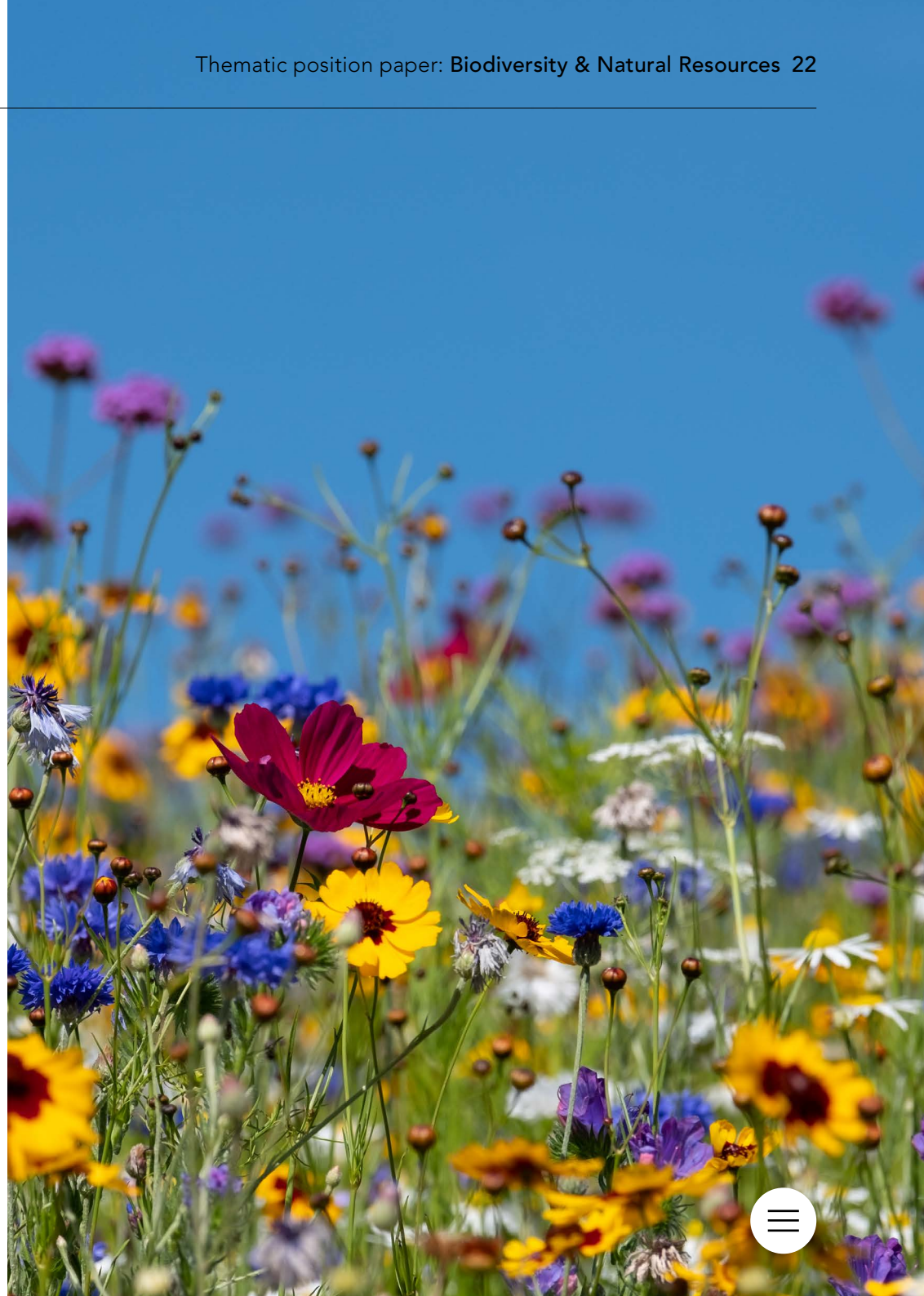


6.1. Reduce harm

We use exclusions to avoid investing our clients' money in activities that cause severe and repetitive harm to the biodiversity and natural resources[19]. These rules apply to all investments we internally manage on behalf of our clients, including investments made via the pooled funds we offer, as well as investments held in segregated accounts managed for clients on a bespoke basis. For segregated accounts, we are willing to apply stricter exclusion rules than those defined in our Policy if clients request it. However, we do not allow clients to opt for less strict exclusion rules.

Excluded companies

The top three of drivers for biodiversity loss in our portfolios are (i) land use change (mainly in the form of deforestation), (ii) climate change and (iii) overexploitation of natural resources. And this impact is high in the agriculture, forest and energy sectors. We have therefore decided on the following exclusion rules in connection with biodiversity and natural resources for companies we invest in:



19 For a full description of our exclusion criteria please refer to the Policy for Responsible Investing at https://asrassetmanagement.com/sustainable-investing/responsible-investment-policy

Exclusion rules	Screening criteria
Exclude companies producing or distributing palm oil from unsustainable sources	Companies producing or distributing palm oil where <95% is certified to the most stringent RSPO standards
Exclude companies managing forests in an unsustainable way	Companies managing forests with <60% FSC certification coverage (or an equivalent certification)[20]
Exclude companies mining and producing thermal coal	Companies deriving >0% of revenues from mining and producing thermal coal
	Companies producing more than 10Mt of thermal coal per year
	Companies developing new thermal coal mines or extending existing mines
Exclude companies burning thermal coal to generate electricity	Companies deriving >5% of revenues from coal-fired electricity production
	Companies developing new coal-fired power generation capacity of at least 100MW
Exclude companies involved in conventional oil & gas production[21] that are not aligned with the Paris Agreement	Companies classified as "not aligned" according to AVB's internal scoring methodology[22]
Exclude companies involved in unconventional oil & gas production and transportation	Companies deriving >5% of revenues from unconventional oil & gas production and transportation
Exclude companies with severe (and repeated) controversies related to the environment	Companies that are severely and repeatedly non-compliant with UN Global Compact Principles regarding environment

20 Exemptions are possible if companies, for example in Northern Europe or Northern America, can provide clear evidence that they implement sustainable forestry management practices that equal or exceed those of FSC and equivalent certifications.

21 Defined as companies classified under the following NACE codes: 0610: Extraction of crude petroleum; 0620: Extraction of natural gas; 1910: Manufacture of coke oven products; 1920: Manufacture of refined petroleum products; 3521: Manufacture of gas.

22 AVB's internal scoring methodology considers various indicators and makes use of data from a number of independent sources.

Excluded countries

For countries, we base our environmental and biodiversity assessment on the United Nations Sustainable Development Goals (SDGs) since they provide a comprehensive and globally recognized blueprint for measuring sustainable development. We use the SDG Index as an objective, third-party data source when measuring the performance of countries on the SDGs, including SDGs 14 (Life on land) and 15 (Life below water) . The SDG Index is published by the Sustainable Development Solutions Network (SDSN) and the Bertelsmann Stiftung. The SDG Index ranks countries based on their overall score, which measures the total progress towards achieving all 17 SDGs. Our actively managed government bond strategies use the SDG Index to invest more in countries with higher SDG scores. Countries scoring average below 50 on the environmental (7 & 13) and biodiversity (14 & 15) related SDGs are excluded.

6.2. Drive change

All companies in which AVB invests are screened against international conventions and guidelines. We use several biodiversity and natural resources related criteria as part of how we integrate ESG in investment decisions and active ownership. Examples are an assessment on companies' policies on High Value Conservation Principles, UNESCO World Heritage Convention, Convention on Biodiversity, sustainable fisheries and more.

We give preference to companies that are most progressive in terms of natural resources management. For example companies that have a 'best in class' carbon management approach or carbon intensity or companies that perform better than others on the SDGs.[23]

Engagement

We target all three focus themes with our engagement active ownership approach. We have identified those companies that have more than 3 assets within 1,5 kilometer proximity of biodiversity sensitive areas and that are active in sectors with a high negative impact on biodiversity. From these companies, we are asking a sound and relevant biodiversity action plan to address their negative impact. Following this ask, we will start monitoring implementation of these plans in the next years.

We have signed a partnership with our pension-client Plastic Soup Foundation and Earth Action, as being the leading organization on research regarding decreasing single-use plastics. Within this partnership we are developing a method for assessing the plastic footprint of our investment portfolio and introducing the concept of portfolio financed plastic pollution, where we take into account plastic waste generated and mismanaged plastic waste. The outcome of this project will feed into our efforts in reducing negative impact and driving change through engagement.

23 The approach towards our best-in-class investing differs per strategy and more information can be found in the Policy on Responsible Investing.

The pilot builds on the investor statement by VBDO that a.s.r. previously signed, which urges companies that make extensive use of plastic packaging to take urgent and concrete steps. In line with VBDO, we expect companies to make a real and scalable change by setting more ambitious targets and taking stronger actions. Companies must set a clear vision to drastically reduce consumption of single-use plastic packaging in absolute terms, phase out hazardous chemicals and, crucially, advocate for - not against - the policy framework needed to support these actions.

Voting

Where we have voting rights, we exercise them in a way that reinforces our engagement activities. We generally vote in favor of social and environmental proposals that seek to promote good corporate citizenship while enhancing long-term shareholder and stakeholder value. Concerning specific proposals related to biodiversity and natural resources, we vote in general for shareholder proposals that:

- Seek greater disclosure on the company's environmental practices, and/or associated risks and liabilities;
- Ask to study or implement the CERES Roadmap 2030 (a pledge for companies to publicly report on environmental issues, including protection of the biosphere, sustainable use of natural resources, reduction and disposal of wastes, energy conservation, and employee and community risk reduction);
- Request reports on potential environmental damage as a result of company operations in protected regions;
- Ask to prepare reports or adopt policies on operations that include mining, drilling or logging in environmentally sensitive areas;
- Seek to curb or reduce the sale of products manufactured from materials extracted from environmentally sensitive areas such as old growth forests;
- Seek greater transparency on the practice of hydraulic fracturing and its associated risks;
- Ask companies to cease or phase-out the use of chlorine bleaching or to prepare a report on the phase-out of chlorine bleaching in paper production;
- Request that companies report on the sustainability and the environmental impacts of both company-owned and contract livestock operations;
- Ask companies to increase their recycling efforts or to adopt a formal recycling policy or request the preparation of a report on the company's recycling efforts;
- Seek the preparation of a report on a company's risks linked to water use or request that companies report on or adopt policies for water use that incorporate social and environmental factors.

For information regarding how we vote on climate change related proposals, please refer to our position paper on climate change and the energy transition.

6.3. Create a positive impact

We do not only aim to reduce negative impacts on biodiversity and natural resources, but we also want to actively contribute to preventing the loss of biodiversity and even reverse biodiversity loss through our investment where possible. We aim to contribute to the UN SDGs objectives where possible. We look at companies, projects and organizations that with their

products and services aim to provide a positive contribution to one or more societal challenges. Investments are assessed on a clear theory of change, intentionality and measurable impact.

In 2024 a.s.r. committed to allocate 10% of its AuM to impact investing aiming to increase our positive contribution to four focus themes. Within our impact investment portfolio aimed at biodiversity and natural resources, we select investments that target enabling solutions to address the drivers for biodiversity loss and to contribute to the UN Sustainable Development Goals.

Non-exhaustive examples of activities that we consider to be impact investments in the area of biodiversity and natural resources are:

- Sustainable food chains: food production has a major impact on biodiversity loss. Solutions we invest in contribute to transition from animal to plant based proteins such as cultured meat or innovations that prevent food waste. We invest for example in the PYMWYMIC Healthy Food Systems Fund.
- Circularity and waste management: technical innovation for more sustainable packaging solutions and recycling. We invest for example in Tomra, a company developing products for plastic recycling.
- Sustainable agriculture: agriculture that is environmentally non-degrading, conserves biodiversity and socially responsible. Examples are regenerative agriculture, soil improvement and technologies that reduce pesticides and chemicals use. We invest for example in the Convent Capital AgriFood Growth Fund.
- Water technology and provision: companies that improve access to water, water desalination systems or water treatment solutions. We invest for example in disruptive water technologies via PureTerra.
- Sustainable forestry: companies that practice sustainable logging activities with a net positive effect on biodiversity, technologies that enhance sustainable forestry or forest conservation.

A more detailed description of our impact investing criteria can be found in our impact framework.

Biodiversity credits

Biodiversity credits are mentioned withing the 2022 Global Biodiversity Framework (GBF) and within the TNFD guidelines as a possible solution to channel private sector investment in biodiversity. Still in its infancy, we see future potential, but also challenges and risks around biodiversity credits. At this stage, we do not include biodiversity credits in our biodiversity approach.

7. Targets

a.s.r. has committed to the Finance for Biodiversity Pledge and will communicate on its progress and company targets in its annual report. For our investment portfolio, we also follow the guidelines of the Pledge published in 2024[24]. As data and methodologies are still evolving, we will assess these targets on an annual basis and update them accordingly. The targets are formulated to support and complement our actions taken under our goals to reduce harm, drive change and create impact and address the most prominent drivers for biodiversity loss in our portfolios.

Our overall ambition is to act in line with the Kunming-Montreal Agreement and: *Contribute to halting and reversing biodiversity loss caused by investee companies in high impact sectors before 2030.*

Impact driver	Target	Target type
Land use change and overexploitation of species	By 2026 engage relevant companies active within high-impact sectors within our portfolio on having a biodiversity action plan.	Monitoring target
Pollution	By 2026 identify companies with highest plastic footprint in our portfolio	Initiation target
Climate change	By 2030 a 25% reduction of carbon footprint within our investment portfolio compared to 2023	Portfolio sub-target

24 FFBI (2024) Guidance on Nature Target Setting

8. Monitoring & reporting

This document sets out the biodiversity & natural resources strategy for AVB's investments; and as such we will provide regular insights into our progress on our targets through our regular periodic performance reporting.

In 2023, a.s.r. published its first combined climate and biodiversity report, following the TCFD and LEAP approach as described in the TNFD guidelines. We will continue to publish annual updates of our impacts and dependencies on biodiversity. Furthermore, AVB publishes it progress on active ownership twice a year. We track progress on our bilateral engagements using an internal milestone approach. This approach provides a clear framework for accountability and helps us communicate our progress to stakeholders. Voting can be continuously monitored via our online voting dashboard. Excluded companies are published bi-annually and excluded companies on an annual basis.

Under the Sustainable Finance Disclosure Regulation (SFDR) we report on several biodiversity related principal adverse impact (PAI) indicators in the yearly PAI Statement. The scope of the PAI Statement is all assets under management and we report on the following human and labor rights indicators of the companies we invested in:

- GHG emissions and intensity
- Companies active in the fossil fuel sector
- Share on non-renewable energy consumption and production
- Energy consumption intensity per high-impact climate sector
- Activities negatively affecting biodiversity-sensitive areas
- Emissions to water
- Hazardous waste

All SFDR reports can be found on the website of a.s.r. asset management[25].

Additionally, as of 2024, a.s.r. asset management reports consolidated with a.s.r. under the Corporate Sustainability Reporting Directive (CSRD) on material biodiversity topics; Direct impact drivers of biodiversity loss and Impacts and dependencies on ecosystem services (E4).

25 https://asrassetmanagement.com/sustainable-investing/sfdr

9. Related documents

This document is part of a framework of documents that shape how we invest, ensuring alignment with our investment beliefs and contributing to our Sustainability Strategy. The framework includes several specific documents, which are summarized in the table below. These documents can be found here on the AVB website.

Document	Purpose
AVB Sustainability Strategy	This explains our Sustainability Strategy and defines our long-term strategic ambition. It defines a number of goals and focus themes that shape our approach to investing. These are referred to and expanded upon in the AVB Policy on Responsible Investments.
AVB Policy on Responsible Investments	This document explains how we invest in a way that contributes to our Sustainability Strategy and our policy goals. It explains how we use different tools to achieve these goals and defines minimum requirements investments must meet. It also defines our expectations and requirements of external investment managers.
Exclusion List for Companies	This document provides an overview of the companies we have excluded from our investible universe. These companies are selected based on exclusion rules and criteria defined in the AVB Policy on Responsible Investments.
Exclusion List for Countries	This document provides an overview of the countries we have excluded from our investible universe. These countries are selected based on exclusion rules and criteria defined in the AVB Policy on Responsible Investments.
Climate & Energy Transition Position Paper	This document explains in more detail how we intend to align our investments with the goals of the Paris Agreement and facilitate the transition to a net-zero world with our investment decisions.
Biodiversity & Natural Resources Position Paper **(this document)**	This explains in more detail how we include bio-diversity & and natural resources in our investment decisions to achieve our Policy goals. It specifies the different targets we have set and explains how we aim to achieve them with the tools described in the AVB Policy on Responsible Investments.
Health & Well-being Position Paper	This document explains in more detail how we include health & wellbeing in our investment decisions to achieve our Policy goals.
Human Rights Position Paper	This document explains in more detail how we include human rights in our investment decisions to achieve our Policy goals.
AVB Screening Guidelines	This document explains in more detail how we analyse companies' ESG performance and practices using ESG data and overall ESG scores from external ESG research providers.
Voting Policy	This document explains how AVB exercises shareholder voting rights on behalf of its clients, including ASR Nederland N.V.

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