



RAIL & OV **ON THE WAY TO** **BIODIVERSITY**

A FIRST EXPLORATION
SUMMARY


PREFACE

BIODIVERSITY LOSS AN URGENT AND COMPLEX RISK FOR RAIL & OV

Our society is entirely dependent on nature. Just think of clean air and water, healthy soils, pollination and good climate conditions. It is estimated that roughly \$44 trillion of economic value creation worldwide is moderately or highly dependent on nature and its services. Climate change, pollution, agricultural intensification and industrial growth are putting pressure on the natural world and its biodiversity. The loss of biodiversity has far-reaching consequences for our society and economy, and therefore also for our pension fund. At the same time, the value of biodiversity and natural capital to produce products and services is barely recognised by investors today.

In this case study, we explore why biodiversity is a relevant topic for institutional investors such as Rail & OV. For the first time, we are analysing a large part of our portfolio to map out the impact on biodiversity and our dependency on biodiversity. Based partially on these results, we identify a number of follow-up steps. Last but not least, we hope to share our knowledge and experience in the area of biodiversity with our industry peers and enter into discussions with Rail & OV's member companies on the role of the rail infrastructure, public transport and transport sectors regarding this topic.

Bart Oldenkamp
Executive board member asset management



This case study is for Rail & OV a first exploration on the topic of biodiversity. The case study explores the reasons why biodiversity, and the potential loss of it, is a topic of major importance for financial institutions such as Rail & OV. The case study outlines a framework that provides insight into legislation and initiatives related to biodiversity. Subsequently, it looks at the main risks and opportunities biodiversity has to offer and zooms in on the risks and dependencies of the investments of Rail & OV. Ultimately, Rail & OV intends to use this document as input for developing a biodiversity policy.



With special thanks to The World Wildlife Fund (WWF-NL) and Nicolas Poolen for their contribution and knowledge in the area of biodiversity and finance.

MAIN FINDINGS

WHAT IS BIODIVERSITY AND WHY IS IT IMPORTANT?

- Biodiversity is usually described as the 'variety of life, in all kinds of forms, on earth'. More specifically, it refers to the number of different plant and animal species, genetic variation and the interaction of these in a certain area.
- We are highly dependent on biodiversity. It is estimated that the combined annual value of all ecosystem services exceeds \$150 trillion. That is almost twice as much as the global gross domestic product.
- A study by De Nederlandsche Bank shows that Dutch financial institutions have provided €510 billion in finance across the globe to companies that have a high or very high dependence on biodiversity.

€ 510

€ 510 BILLION. THIS IS THE AMOUNT THAT DUTCH FINANCIAL INSTITUTIONS HAVE PROVIDED IN FINANCE ACROSS THE GLOBE TO COMPANIES. THIS DEPENDENCY MEANS THAT BIODIVERSITY IS IMPORTANT IN THE COMPANY'S BUSINESS PROCESSES.

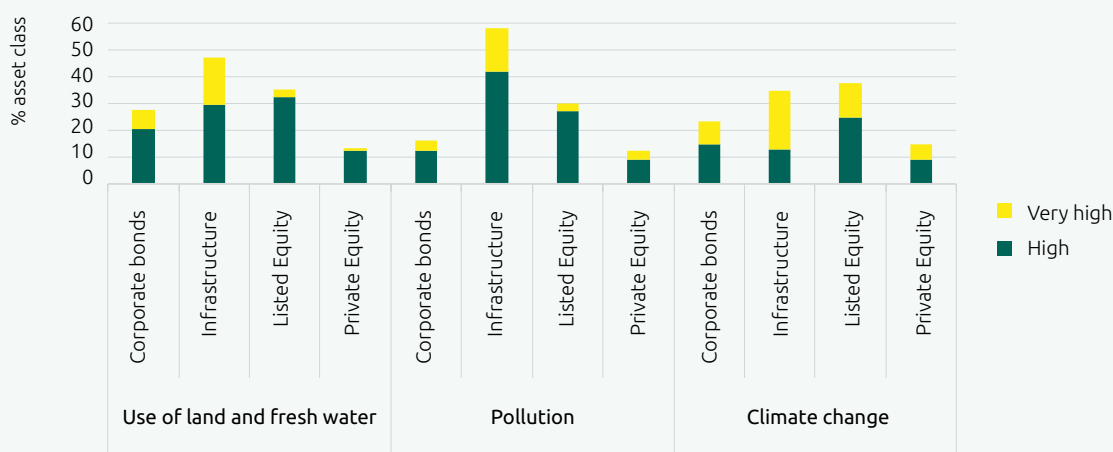
CAUSE OF BIODIVERSITY LOSS

- Biodiversity loss can largely be narrowed down to five main causes: changes in land use, pollution, use and exploitation of natural resources, invasive species and climate change.
 - Climate change and biodiversity loss are inextricably linked. If global warming is not limited to 1.5 degrees, climate change will likely be the main cause of biodiversity loss in the near future. Conversely, biodiversity contributes to the mitigation of climate change.
- Many of the causes behind biodiversity loss can be related to specific economic activities. Sectors with the largest negative impact are the food industry, infrastructure & mobility, energy, fashion, mining and forestry.

WHY IS BIODIVERSITY IMPORTANT FOR THE FINANCIAL SECTOR AND RAIL & OV?

- Financial institutions, such as pension funds, on the one hand have an impact on biodiversity and the ecosystem services provided by nature, but also depend on it. In both cases, this can lead to financial risks, obligations and opportunities.
 - Most of the exposure of financial institutions is indirect. By providing loans or investing in projects and companies which, through their activities, have either a positive or negative impact on the degree of biodiversity.
 - Biodiversity legislation is getting stricter and affects financial institutions.
 - Investment opportunities into nature-positive solutions are on the rise. The United Nations Environment Programme Finance Initiative has calculated that \$8.1 trillion in investments will be needed by 2050 to finance solutions to combat climate change, loss of nature, and land degradation.

THE THREE MAJOR IMPACTS ON BIODIVERSITY WITHIN THE RAIL & OV PORTFOLIO



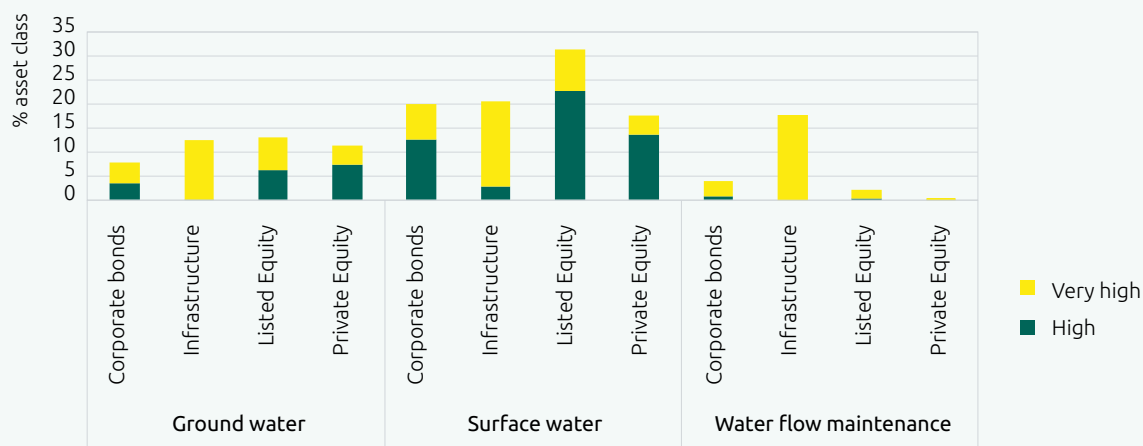
- Participants consider it important that Rail & OV takes steps in the area of biodiversity.
 - Based on a survey during a webinar¹, more than 90% of our respondents are of the opinion that the pension fund has a social responsibility to combat biodiversity loss.
 - Almost 90% of participants expect that biodiversity loss has a negative financial impact on Rail & OV.

¹ In the second half of 2022, Rail & OV organised a webinar for its participants and used question pools to gather the opinions of participants.

RAIL & OV'S BIODIVERSITY EXPOSURE

- For the first time, Rail & OV has carried out a biodiversity exposure analysis based on ENCORE data. This made clear that:
 - Within the listed equity, corporate bonds, private equity and infrastructure portfolios, we have a high impact on use of land and freshwater, pollution and climate change. This is relevant for sectors such as manufacturing and consumer goods.
 - With our investments, especially our equity and infrastructure investments, we strongly depend on biodiversity and ecosystems to provide products and services.

DEPENDENCE ON BIODIVERSITY



NEXT STEPS

- There is an increasing number of frameworks and international standards that Rail & OV can use to formulate policies and objectives and to provide transparency. Some examples are: Taskforce on Nature-related Financial Disclosures (TNFD), Finance for Biodiversity Pledge, Nature Action, Partnership for Biodiversity Accounting Financials (PBAF), ShareAction and ENCORE data.

KEY MESSAGE AND NEXT STEPS

The earth's biodiversity has been declining rapidly in recent years. The loss of biodiversity threatens not only economic development but also society as a whole. In order to identify and mitigate the financial and non-financial risks of biodiversity loss of our portfolio and to be able to achieve the net-zero climate target in addition to complying with relevant legislation, it is important that Rail & OV takes the next steps in the area of biodiversity.

1. Formulate a biodiversity policy.
2. Make biodiversity a board-level topic
3. Within the biodiversity policy, focus on asset classes and sectors that have the most impact on biodiversity or are highly dependent on it.
4. Scale up (quantitatively and qualitatively) engagements (discussions with companies that Rail & OV invests in).
5. Conduct a biodiversity analysis on an annual basis.
6. Report periodically on biodiversity.
7. Build knowledge on biodiversity.
8. Engage in conversations on biodiversity with participants and member companies.

[The full version of the case study is available here.](#)

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