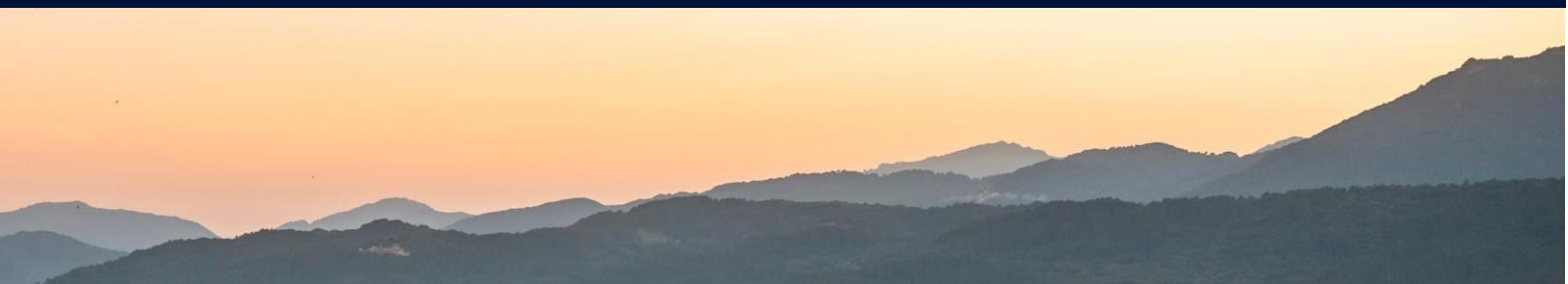


BIODIVERSITY POLICY

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Finance *for*
Biodiversity
Foundation

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Our commitment to biodiversity

Biodiversity is declining at an alarming rate, threatening the very foundations of our ecosystems. In just 50 years, vertebrate populations have fallen by **69%**, according to the WWF, and almost **75% of terrestrial ecosystems** have already been altered by human activities. Every year, **10 million hectares of forest** - the equivalent of a country like South Korea - disappear, depriving the planet of essential carbon sinks. This rapid erosion of biodiversity is not only an ecological crisis, but also a major economic threat: more than **50% of the world's GDP** depends directly or indirectly on ecosystem services, which are now seriously compromised.

As investors, we are aware of our crucial role in this fight. Every year, nature and its ecosystem services generate an economic value estimated at more than **44,000 billion dollars¹**, or more than half the world's GDP. This dependence highlights the major responsibility of finance in reversing current trends in the degradation of biodiversity. We believe that redirecting financial flows towards activities that respect nature is essential if we are to preserve these vital resources and meet this global challenge.

This is why we have decided to integrate the objectives of the Kunming-Montreal Agreements, adopted at COP15, into our investment strategies. These agreements set out an ambitious framework for reversing the loss of biodiversity by 2030 and beyond. They are based on four major objectives:

- Objective A: Reduce the threats to biodiversity
- Objective B: Sustainable use of biodiversity and valuing its contributions to people
- Objective C: Sharing the benefits arising from the use of genetic resources and associated traditional knowledge
- Objective D: Resources needed to implement the framework

These objectives are supported by 23 specific and ambitious targets, such as the protection of 30% of land and oceans or the rehabilitation of 30% of degraded ecosystems by 2030. These targets will serve as a compass to guide our commitments and decisions. By integrating them into our strategies, we are aligning our actions with clear and measurable objectives, while stimulating more responsible and sustainable investment practices.

Our objectives

Targets 7 and 11: Reducing pollution

We are committed to significantly reducing discharges, emissions and other forms of pollution generated by the companies in our portfolios, with priority given to the sectors that have the greatest impact. Based on the TNFD guidelines, Eiffel has identified the following sectors:

- Fossil fuels (Oil & Gas)

¹The Future of Nature and Business, World Economic Forum, 2020

- Chemicals
- Diversified metals and minerals
- Industries involved in the production of paper, paper products and wood exploitation
- Automotive

For our unlisted holdings, we analyse in detail the key indicators relating to pollution, depending on the sector of activity:

- Tonnes of water discharges
- Tonnes of hazardous waste
- Tonnes of plastics thrown away
- Surface area polluted
- ...

If an indicator is particularly high, given the company's sector of activity and business, mitigation measures are put in place. Depending on the strategy, these mitigation measures may be accompanied by the introduction of Impact Covenants® or impact business plans, with a precise trajectory to follow measured each year.

In addition, we will initiate a systematic dialogue with all the companies in our portfolio - listed and unlisted - to support them in this process of reducing their significant negative impacts on biodiversity by regularly setting milestones with our holdings and quantified targets to be achieved.

Target 8: Alignment with the Paris Agreement

We integrate the climate objectives of the Paris Agreement into our investment strategies, based on our climate strategy which aims to limit the temperature in all our portfolios to 2°C, or even 1.5°C for energy transition portfolios, by 2040, with an intermediate objective in 2030 ([ESG-Climate Strategic Plan 2023](#)). This implies a gradual and ambitious reduction in the greenhouse gas (GHG) emissions of the companies in which we invest, in line with validated decarbonisation trajectories. The temperature of the portfolios reflects the level of ambition of the reduction trajectories of the underlying companies, and is calculated using the CIA (Carbon Impact Analytics) methodology developed by Carbon4 Finance for listed companies, and extended to private assets by Carbon4 Finance and Eiffel. This climate alignment is essential to protect biodiversity and ensure the long-term resilience of our portfolios.

Target 15: Measuring pressures and dependencies

We systematically assess the **impacts** (pressures on biodiversity) and **dependencies** (ecosystem services required for their activities) of all the companies in our portfolio. For our unlisted holdings, we use the **AXA Climate** tool, which offers a detailed approach adapted to the complexity of these assets. For example, in the field of infrastructure, the reports drawn up as part of the *due diligence* process make it possible to identify the risks of damage to biodiversity, to initiate a dialogue with developers to ensure that they take the necessary measures to protect the environment, and to assess the environmental impact of their projects.

developers to ensure that they are taken into account, and if necessary to suggest changes to the projects concerned or compensation measures.

For our listed holdings, we use the **ENCORE** database, a recognised platform for identifying critical interactions between economic sectors and nature. This database helps us to identify the sectors and companies most exposed to biodiversity-related risks, particularly through their dependence on essential ecosystem services (pollination, soil quality, water resources). The results enable us to integrate these analyses into our **investment decisions** and to actively engage with companies so that they adopt practices aligned with a sustainable transition.

Target 18: Exclusion of harmful sectors

Through a strict exclusion list ([Exclusion List - Eiffel Investment Group](#)), Eiffel is committed to excluding from its investments companies that are directly or indirectly involved in activities that are particularly destructive to biodiversity. Thus, our exclusion policy includes, among others, the following elements:

- **Activities linked to thermal coal (extraction/production of electricity) and/or companies whose production of electricity based on thermal coal exceeds a certain % of the energy mix and/or companies which undertake a new coal-related project:** strict exclusion from 2025.
- **Fossil fuels - Oil and gas:** Total exclusion for exploration, drilling, extraction, production, transport and storage of conventional and unconventional oil and unconventional gas.
- **Palm oil production:** exclusion with threshold (> 25% of turnover) with necessary conditions. Below this threshold, in-depth due diligence (certification, implementation of a responsible forest management policy).
- **Palm oil refining and/or trading:** exclusion with threshold (> 25% of turnover)
- **Production of chemical pesticides or sales of chemical pesticides:** exclusion with threshold (>10% of turnover). Below this threshold, authorised if no use of substances already excluded.
- **Production or distribution of GMOs (excluding components):** strict exclusion.
- **Agricultural companies (seed producers or farmers) using GMOs:** subject to vigilance, requiring additional due-diligence on the use of products involving genetic modification.
- **Fishing that has an impact on the seabed (in particular bottom trawling, demersal seines, beam and otter trawling and dredging):** strict exclusion.
- **Fishing using destructive methods (explosives, poisoning or crowbars) :** strict exclusion.
- **Fishing products or accessories used for bottom trawling, long-lining, blasting or poisoning:** exclusion with threshold (> 10% of turnover).

In addition, Eiffel Investment Group has adopted a stance of heightened vigilance with regard to several types of activities that may be harmful to biodiversity, notably requiring additional and in-depth due diligence. The activities affected are as follows:

- **Agricultural businesses (seed producers or farmers) using GMOs:** under vigilance, requiring additional due-diligence on the use of products using genetic modification.
- **Agricultural companies using agrochemicals:** vigilance with necessary conditions.
- **Pulp:** Vigilance with in-depth due diligence to better understand the manufacturing process and the implementation of a responsible sourcing policy.

This exclusion policy reflects our desire to direct our financing towards activities that are that respect ecosystems.

A continuous improvement approach

Through these actions, we hope not only to contribute to the preservation of biodiversity, but also to show that it is possible to reconcile financial performance with a positive environmental impact. With this in mind, at COP 16 we joined the **Finance for Biodiversity Foundation** initiative, which brings together financial players wishing to commit to this approach. We want to be involved in the sharing of best practice in the financial sector, so that we can make progress on this issue as part of a continuous improvement process.