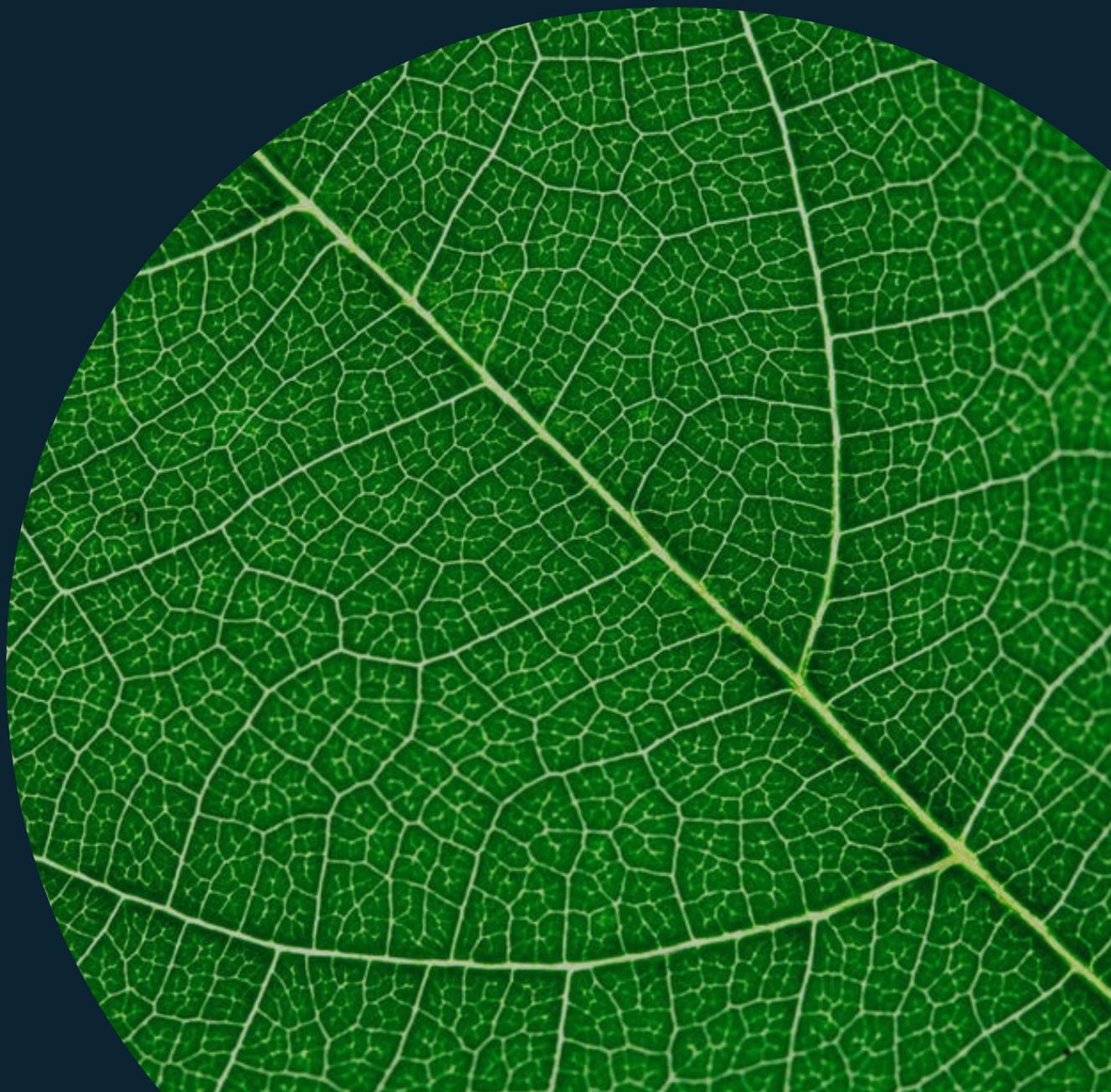


ETHICAL INVESTMENT FUNDS MANAGEMENT



**BIODIVERSITY POLICY
2024**



INVESTING IN BIODIVERSITY:

A CRUCIAL ASPECT OF CLIMATE CHANGE MITIGATION AND SUSTAINABLE DEVELOPMENT

“Today, we ourselves, together with the livestock we rear for food, constitute 96% of the mass of all mammals on the planet. Only 4% is everything else. And 70% of all birds alive at this moment are poultry - mostly chickens for us to eat. We are destroying biodiversity, the very characteristic that until recently enabled the natural world to flourish so abundantly. If we continue this damage, whole ecosystems will collapse. That is now a real risk.” *David Attenborough*



BIODIVERSITY

In recent years, the discourse surrounding climate change and environmental degradation has taken centre stage in global conversations. As societies worldwide grapple with the urgent need to address these issues, one critical aspect often overlooked is the role of biodiversity in mitigating climate change and ensuring sustainable development.

Biological diversity – or biodiversity – is the variety of life on Earth, in all its forms, from genes and bacteria to entire ecosystems such as forests or coral reefs. The biodiversity we see today is the result of 4.5 billion years of evolution, increasingly influenced by humans. Biodiversity forms the web of life that we depend on for so many things – food, water, medicine, a stable climate, economic growth, among others. Without those regulating and maintenance services, life as we know it would not be possible.



1 MILLION

Nearly 1 million species are at risk of extinction from human activities, and

75%

75% of the land surface has been significantly altered by human actions, with severe impacts for our livelihoods, economies, food security, health and quality of life worldwide.

Intergovernmental Science–Policy Platform on Biodiversity and Ecosystem Services (IPBES)

Understanding and preserving biodiversity are essential components of any comprehensive strategy aimed at combating climate change and achieving long-term sustainability. Drawing an analogy from a financial perspective, just as diversity within a portfolio of financial assets reduces risk and uncertainty, so biodiversity increases Nature's resilience to shocks, and thereby reduces risks to the ecosystem services on which we rely.

Biodiversity loss and climate change are deeply intertwined, each exacerbating the other. Biodiversity loss weakens ecosystems' ability to provide essential services, including carbon sequestration, water purification, pollination, and soil fertility, all vital for human well-being and the functioning of the planet.

One of the most significant contributions of biodiversity to climate change mitigation is its role in carbon sequestration. Forests, wetlands, mangroves, and other ecosystems act as carbon sinks, absorbing and storing vast amounts of carbon dioxide from the atmosphere. However, as biodiversity declines due to habitat loss and degradation, these ecosystems become less resilient and less capable of sequestering carbon effectively. This leads to a dangerous feedback loop wherein climate change accelerates biodiversity loss, further destabilising ecosystems and exacerbating climate impacts.



THE IMPORTANCE OF BIODIVERSITY IN ACHIEVING NET ZERO CARBON EMISSIONS

The imperative to achieve net-zero carbon emissions by 2050, as outlined by various international agreements and frameworks, including the 'Economics of Biodiversity: Dasgupta Review', highlights the need to encourage governments and financial institutions, to establish global standards backed by credible data, and to integrate nature-related considerations into decision-making and financial disclosure, as the loss of ecosystem services can, in turn, create direct economic and financial losses for companies and economies.

Investing in biodiversity offers multiple benefits in the quest for net zero. Restoring degraded ecosystems, such as forests, grasslands, and wetlands, not only enhances carbon sequestration capacity but also fosters biodiversity recovery and strengthens ecosystem resilience.

Furthermore, biodiversity conservation contributes to climate adaptation efforts by safeguarding ecosystems' capacity to withstand and recover from climate-related disturbances such as extreme weather events, droughts, and sea-level rise. Healthy, diverse ecosystems enhance communities' resilience to climate impacts.



HOW ETHICAL INVESTMENT FUNDS MANAGEMENT INTEGRATES BIODIVERSITY INTO INVESTMENT PRACTICES

As the urgency of addressing climate change and biodiversity loss intensifies, the financial industry offers an access road for finance to flow to what biodiversity needs. Incorporating biodiversity considerations into investment decisions is not only an ethical imperative but also a sound financial strategy.

This can be achieved through Conservation Finance, which presents investors with a diverse range of investment opportunities across various sectors, including forestry, agriculture, renewable energy, and eco-tourism.

New technologies which offer opportunities in this space to safeguard biodiversity include digital, fintech companies and artificial intelligence. **Artificial Intelligence (AI)** for example is using high-tech maps as a combination of remote sensing, AI and statistical modelling to see where species are and predict where they might be going to devise better conservation plans. While **Wetland Rejuvenation Technologies** is helping in the restoration and conservation of wetlands, by analysing ecological data and recommending appropriate restoration techniques.

Recognising the interconnectedness of biodiversity, climate change, and sustainable development is essential for devising effective strategies to address these complex challenges. Investing in biodiversity not only helps mitigate climate change impacts but also fosters ecosystem resilience, supports livelihoods, and promotes long-term prosperity.



HOW ETHICAL INVESTMENT FUNDS MANAGEMENT INTEGRATES BIODIVERSITY INTO INVESTMENT PRACTICES

While acknowledging this is not a substitute for implementing effective public policies but a useful addition to the biodiversity crisis, EIFM through our investments, engagement with fund managers and companies, intend to help to close the financial gap and contribute to the conservation and restoration of biodiversity.

Our investment process is driven by the following points:



1. Conduct Thorough Environmental and Social Due Diligence

Assess impact of investments on nature & communities, we consider land use practices, ecosystem health and species diversity where data is available

Align with SDG 15 - Life on Land



2. Embrace Nature-Based Solutions

Consider investing in projects that leverage natural ecosystems, such as reforestation, sustainable agriculture, and coastal restoration, to sequester carbon, protect biodiversity, and build climate resilience.



3. Engage with Companies and Governments

Influence transparency & accountability

Encourage best practices across industries, promote climate-smart policies



4. Diversify Portfolios across Asset Classes

To capture opportunities in biodiversity conservation while generating financial returns.

Consider allocating capital to green bonds, impact investment funds and conservation finance initiatives.

HOW ETHICAL INVESTMENT FUNDS MANAGEMENT INTEGRATES BIODIVERSITY INTO INVESTMENT PRACTICES

5. Impact and Monitoring Performance



We seek clear environmental and social indicators by companies where data is available.

We monitor, and adjust our strategy as company's environmental and social indicators evolve to ensure progress is being made and performance is being met.



6. Collaborate with Stakeholders

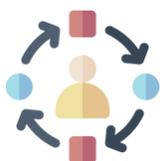
Collaborate with other investors, NGOs, government agencies, and local communities to leverage collective expertise, resources, and influence.



LONG-TERM VALUE

7. Seek Long-Term Value Creation

Adopt a patient, disciplined approach to investing that considers the resilience and longevity of investments in the face of environmental and social risks.



8. Stay Informed and Adaptive

Remain adaptive and responsive to emerging trends, opportunities, and risks in biodiversity conservation, climate change mitigation, and sustainable finance.

HOW ETHICAL INVESTMENT FUNDS MANAGEMENT INTEGRATES BIODIVERSITY INTO INVESTMENT PRACTICES

EIFM supports the introduction of the TNFD (Task Force on Nature-related Financial Disclosures) framework, EU's Deforestation Regulation (EUDR) and The Kunming-Montreal Global Biodiversity Framework (GBF). EIFM acknowledges the important roles and contributions of Indigenous Peoples and Local Communities as custodians of biodiversity and as partners in its conservation, restoration and sustainable use.

Engagement - Going forward we will encourage companies to adopt some of these frameworks. The recommendations and guidance will enable businesses and finance to integrate nature into decision making by disclosing risks and opportunities related to nature and natural capital.

For example, they can report on their nature related impacts by how much material like steel, timber, and water are used in their supply chain; their emissions data, specifically GHG emissions and energy intensity - where efficiency means less raw materials required to be extracted.

\$44 trillion of assets are moderately or highly dependent on nature and biodiversity & ie. exposed to nature loss.



COMPANIES WE INVEST IN THAT ARE ADDRESSING BIODIVERSITY MORE DIRECTLY

Close the Loop Group is addressing the biodiversity challenge through their commitment to a circular economy focused on end-to-end solutions. By focusing on the creation, collection, recovery and re-use of materials that are deemed difficult to recycle, they help to eliminate waste and pollution, and reduce the negative impact on natural habitats which is beneficial for biodiversity.

Calix Limited through its unique technology platforms is reducing carbon emissions from hard to abate sectors and supporting sustainable agriculture practices that promote soil health, crop productivity, and biodiversity conservation. The company's agricultural solutions, such as BOOSTER-Mag® and AQUA-Cal+, leverage magnesium-based products to improve soil pH, nutrient availability, and water retention, thereby enhancing plant growth and resilience. By promoting regenerative agriculture techniques, Calix contributes to carbon sequestration in soils and fosters biodiversity in agricultural landscapes.

Calix is a pioneer in developing advanced carbon capture and storage (CCS) technologies aimed at reducing carbon dioxide emissions from industrial processes such as cement and lime. The company's patented LEILAC technology, with no additional chemicals or processes, and indirectly heated calcination approach aims to efficiently separate CO₂ for use or storage.

The Company is also in partnership with a direct air capture company, Heirloom, to help improve the approach to directly removing excess carbon dioxide from our atmosphere.



COMPANIES WE INVEST IN THAT ARE ADDRESSING BIODIVERSITY MORE DIRECTLY

Hazer Group Limited is pioneering innovative solutions at the intersection of clean energy production and carbon abatement. Through its ground-breaking Hazer Process, it uses what is known as 'Methane Pyrolysis' to make Hydrogen.

Effectively Methane is used as the feedstock to make the Hydrogen with carbon captured in the form of Graphite as a by-product of the process. This has multiple benefits, one is the decarbonisation benefit, another is less land clearing and less materials needing to be mined, which means less soil degradation and CO2 released into the atmosphere, preserving biodiversity. Compared to Steam Methane Reforming (SMR) the most common method of hydrogen production, which typically results in damaging CO2 emissions.

Food, agriculture and land use contribute approximately 24% of global greenhouse gases and up to 80% of biodiversity loss. Australia is home to more than one million species of plants and animals, many of which are unique. Over the last 200 years, the Australian environment has been modified dramatically for food, agriculture and land use. Australia has lost 75% of its rainforests and has the world's worst record of mammal extinctions.

Wide Open Agriculture (WOA), is dedicated to advancing sustainable agriculture practices and promoting biodiversity conservation. Through its practices, WOA is actively contributing to mitigating climate change impacts, by fostering healthier soils, regenerating landscapes, and sequestering carbon.



COMPANIES WE INVEST IN THAT ARE ADDRESSING BIODIVERSITY MORE DIRECTLY

International holding company **Autodesk's** Design and Make Platform, Coral Maker is innovating new technologies capable of scaling coral reef restoration, replacing what's been lost and rehabilitating the world's most biodiverse ecosystem, while **Infineon's Technologies sensor** solutions are being used to improve their biodiversity analysis and monitor the health of vulnerable areas such as forests, that need to be protected.

Natura & Co. a Brazilian personal care brand, sustainably blends ingredients from the Amazon Forest while supporting biodiversity by protecting 1.8million hectares of rainforest, with a plan towards zero deforestation by 2025.

holdings as at 31 December 2023

