

REPORT

DECEMBER 2022

BIODIVERSITY

POLICY



ASSET
MANAGEMENT



TOCQUEVILLE
Finance

Biodiversity is the living fabric of our planet. It covers all natural environments and forms of life, as well as all existing relations and interactions, both between living organisms and between organisms and their surroundings.

Biodiversity provides natural capital, i.e. stocks of natural assets, and also renders ecosystem services, which are essential to the smooth running of certain activities: **this is the bedrock of our economy and our society.**

The latest IPBES global report¹ estimates that about 1 million animal and plant species are now threatened with extinction, especially over the next few decades, reaching a rate of loss never previously seen in human history. 69% of the world's biodiversity has disappeared since 1970²; about 25% of species are heading towards extinction, and the total biomass of wild mammals has fallen by 82%³. **This degradation is the direct and indirect consequence of our human activities, which exert major pressures on nature.**

1 - Source: IPBES Global Assessment Report, 2019

2 - Source: Rapport Planète Vivante, WWF 2022

3 - Source: IPBES Global Assessment Report, 2019

THE CHOICES WE MAKE WILL AFFECT CLIMATE & BIODIVERSITY

INDIRECT HUMAN INTERACTIONS

Demographics



Socio-cultural



Economy



Technology



Governance



Values



DIRECT HUMAN INTERACTIONS

Fossil fuel extraction



Land and sea use



Over-exploitation



Pollution



Invasive species

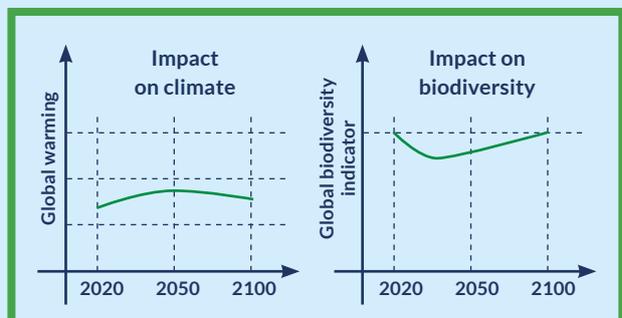
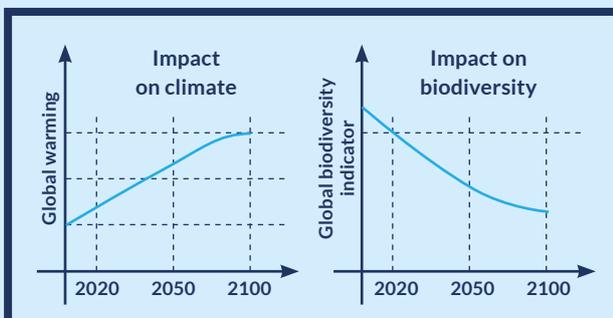


“BUSINESS AS USUAL” SCENARIO

Current policies and values,
leading to increasing
pressures

TRANSITION SCENARIO

Transformative changes,
leading to rapidly decreasing
pressures



Source: Living Planet Report, WWF, 2022

Halting biodiversity loss is urgent and is part of the United Nations Sustainable Development Goals that we need to achieve to maintain a sustainable world by 2030. This is the purpose of the UN Convention on Biological Diversity and its Conference of the Parties (COP) at the international level, but also of European and national policies. It is also one of the objectives of the OECD Guidelines for Multinationals and of financial sector initiatives such as the Finance For Biodiversity Pledge, to which LBP AM/TFSA are a signatory.

This policy presents the commitment of La Banque Postale Asset Management (LBP AM) and Tocqueville Finance (TFSA) to act systematically in their investment policy to integrate the issue of biodiversity preservation. LBP AM/TFSA wish to mobilise all the levers available to them to align their action with the Post-2020 Global Biodiversity Framework, which will guide action in favour of the protection of living things on an international scale.

In particular, we aim to:

- ▶ **raise awareness and support companies** with a high impact or dependence on biodiversity in implementing a plan to manage their risks and impacts on biodiversity;
- ▶ **exclude stakeholders with a significant impact** on biodiversity without a remediation plan in place;
- ▶ **integrate biodiversity data points** into our investment decision support tools;
- ▶ **apply actions in our own operations** that are favourable to the protection of biodiversity.

Our measures contribute to **16 of the 21 target actions** defined by the **draft Global Biodiversity Framework**, placing LBP AM/TFSA, at their scale, at the heart of the actions to be deployed by governments, private sector players and citizens to preserve nature.

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INTRODUCTION

Biodiversity: a key issue

Biodiversity is defined as the variety of forms of life on Earth, covering three interdependent levels: diversity among ecosystems, diversity of species and genetic diversity within each species. **It provides irreplaceable goods and services that are indispensable to humans, such as:**

- ▶ **supply services**, such as food, water, pharmaceutical products and minerals;
- ▶ **regulation services**, such as coastal or climate protection and pollination;
- ▶ **cultural services**, essential for sectors like tourism or spirituality for certain populations.

Provided for free, they are vital to the smooth running of our economy. Although it is highly complex to calculate, up to half of global GDP is estimated to be based on services rendered by nature. The malfunction of key ecosystem services could therefore represent an annual cost of USD 125 trillion, or 1.5 times total global GDP⁴.

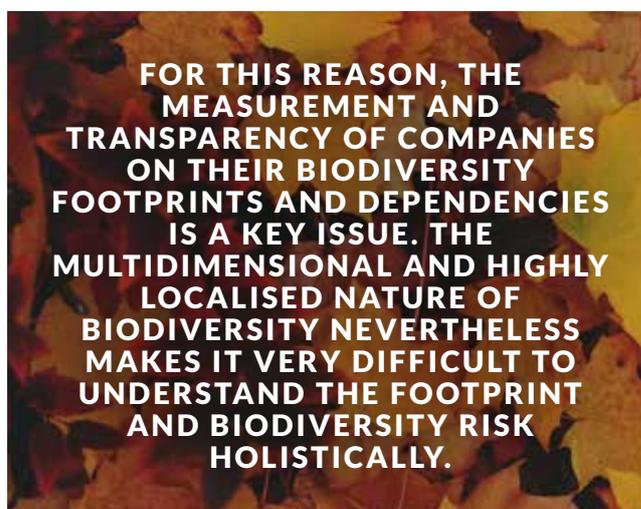
The exploitation of natural resources by humans and services rendered by nature have been increasing exponentially over many years, weighing on their integrity. **The main pressures exerted by humans on biodiversity are divided into five key themes⁵ :**

- ▶ changing use of land and oceans and soil artificialisation,
- ▶ overexploiting biological resources,
- ▶ climate change,
- ▶ pollution,
- ▶ proliferation of invasive species.

In addition to the global challenge that the general erosion of biodiversity represents for society, investors in particular must take a closer look at the risks related to biodiversity for invested companies.

These are of two kinds:

- ▶ dependencies on nature, which constitute a "physical" risk for companies when the goods and services provided by nature fail or cease to function;
- ▶ the development of regulation and consumer awareness, which creates a "transition" risk for companies that have a very negative biodiversity footprint.



4 - Costanza et al. (2014)

5 - https://ipbes.net/sites/default/files/2020-02/ipbes_global_assessment_report_summary_for_policymakers_fr.pdf

An increase in regulations and standards

The United Nations Convention on Biological Diversity (UN CBD) is the reference convention on biodiversity preservation. Through its Post-2020 Global Biodiversity Framework⁶, it sets global objectives in which all stakeholders will have a role to play. **European regulations on the transparency of economic players regarding their impact on biodiversity are already being developed:**

- ▶ **Article 29 of the French Energy-Climate Law⁷** is the first regulatory text to require financial institutions to report on their biodiversity risk management policy and how they meet the objectives of the Convention.
- ▶ In Europe, **the Sustainable Finance Disclosure Regulation (SFDR)⁸** requires investors to report on the activities of companies financed in biodiversity areas considered sensitive. They may also report on indicators relating to the share of financed companies with biodiversity or deforestation policies. In addition, they have to report on various indicators related to pressures on biodiversity: land and water use, waste management, natural resource consumption, climate, etc.
- ▶ In addition, **the European Taxonomy⁹** of sustainable activities will soon include a description of activities and criteria for identifying activities that contribute to the preservation and restoration of biodiversity. Companies and investors will thereby have to report on this contribution.
- ▶ **The CSRD¹⁰ (Corporate Sustainability Reporting Directive)** also extends companies' reporting to topics such as "Biodiversity and Ecosystems" and "Aquatic and Marine Resources", but also "Pollution" and "Climate Change" pressures as well as solutions, such as the circular economy.

Internationally, voluntary initiatives are being structured to encourage companies to set targets for the preservation of living things:

- ▶ the Science Based Targets Network supports companies in defining Science Based Targets for Nature;
- ▶ the Taskforce for Nature-Related Financial Disclosure (TNFD) is developing a reporting framework dedicated to natural capital that is linked to the TCFD's framework on climate;
- ▶ the global goal for nature "Nature-Positive by 2030"¹¹, which combines the reduction of the destruction of life and the restoration of biodiversity, serves as the basis for the establishment of the Global Biodiversity Framework.

6 - CBD, 2022 <https://www.cbd.int/doc/c/d40d/9884/b8a54563a8e0bf02c1b4380c/wg2020-03-03-fr.pdf>

7 - https://www.legifrance.gouv.fr/jorf/article_jo/JORFARTI000039355992

8 - https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2022.196.01.0001.01.ENG&toc=OJ%3AL%3A2022%3A196%3ATOC

9 - https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en

10 - https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en

11 - "A global goal for nature : Nature Positive by 2030" <https://www.naturepositive.org/>

OUR COMMITMENTS



Based on, extending and anticipating this framework, LBP AM/TFSA are committed to the protection of biodiversity through:

- 1. Controlling their exposure** to companies that have a serious impact on biodiversity and do not implement remediation measures supported by a credible action plan.
- 2. Shareholder engagement** to encourage invested companies to control their impacts on biodiversity and their dependence on natural capital.
- 3. Support for regulatory initiatives** aimed at strengthening actions of companies, including financial companies, in favour of biodiversity preservation.
- 4. Systematically integrating biodiversity** into our analysis and securities selection processes.
- 5. Monitoring the biodiversity footprint** of their investments.
- 6. A CSR action plan** for initiatives to protect biodiversity in our own operations.

Finance for Biodiversity Pledge

Since 2021, LBP AM has been a signatory of the Finance for Biodiversity Pledge¹² alongside its parent company La Banque Postale. **Through this international initiative, we are committed to:**

- ▶ **pooling** knowledge with other investors;
- ▶ **measuring** our impact on biodiversity;
- ▶ **setting targets** to reduce this impact;
- ▶ **engaging** in dialogue with invested companies on biodiversity issues;
- ▶ **publishing** reports on our actions.

This policy is one of the key vectors for implementing this commitment.

12 - <https://www.financeforbiodiversity.org/about-the-pledge/>

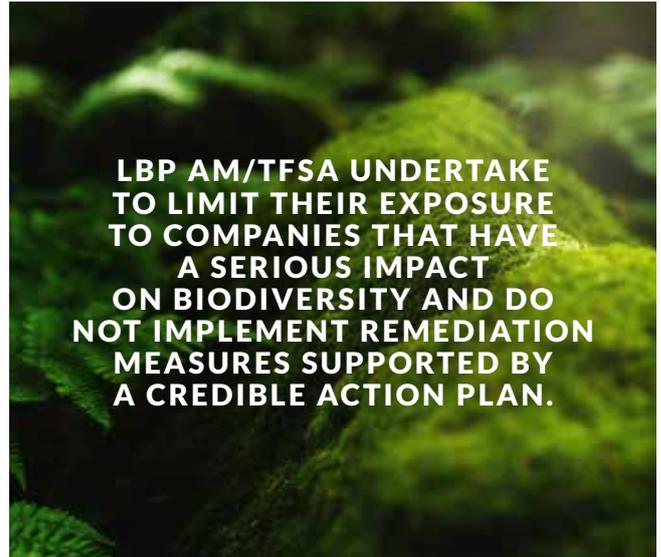
OUR EXCLUSIONS POLICY

Objectives & scope

The LBP AM/TFSA exclusion policy aims to limit LBP AM/TFSA's exposure to companies with the most serious and irreversible impacts on biodiversity.

Controlling exposure contributes to:

- ▶ **voluntarily applying duty of care**, as defined under OECD principles regarding multinationals;
- ▶ **taking into account negative impacts on biodiversity**, as defined by the SFDR, and “Doing no significant harm”, as defined under the European taxonomy;
- ▶ **managing reputational and financial risk resulting** from investing in companies involved in highly controversial practices (litigation, commercial risks, etc.).



This exclusion policy is applied to all of LBPAM /TFSA's open-ended funds and is also proposed to clients investing in closed-end funds. **The exclusion policy forms part of our broader biodiversity engagement policy.**

Source data

Given the proportion of companies with a negative impact on biodiversity and their large number, LBP AM and TFSA draw on the following **indicators to identify the companies with the heaviest and most irremediable footprints:**

- ▶ sector analysis covering critical biodiversity issues, using the United Nations' ENCORE model to prioritise the sectors with the greatest issues at stake;
- ▶ the BIA/GBS¹³ database which highlights companies' impact on biodiversity;
- ▶ controversies indicators published by data providers used by LBPAM/TFSA, such as Moody's ESG, ISS and MSCI;
- ▶ specialist NGO reports alerting on certain companies' practices.

13 - The Global Biodiversity Score is a measure of the impact of a company's activities on biodiversity based on the five main pressures on biodiversity. It is broken down into four impact measures evaluated in msa.km² (static aquatic and terrestrial; and dynamic aquatic and terrestrial); i.e. the mean species abundance per km² compared to the primary state; thus quantifying biological diversity loss due to corporate activities. These four data points are aggregated into a single measure: the msa.ppb², which makes it possible to mathematically aggregate impacts of different kinds. <https://www.cdc-biodiversite.fr/le-global-biodiversity-score-pour-les-institutions-financieres/>

Approach

The "Biodiversity" exclusion list is drawn up after two steps:

The biodiversity exclusion list is established through quantitative analysis, based on three criteria:



A qualitative analysis of the policies and practices of these companies, which are not included in the exclusion list if they meet all of the following criteria:

- ▶ **The company has a biodiversity policy.** This may be dedicated or incorporated into an overall CSR policy.
- ▶ The company has conducted an **assessment of its main risks and dependencies as well as its impacts on biodiversity.** It specifies the scope of the assessment and whether it takes into account its supply chain. It outlines its plan to extend the assessment to its entire value chain.
- ▶ The company has set **targets for biodiversity protection and impact reduction;** aligns with international standards or global nature conservation targets with target dates that focus on its direct operations and, where possible, its value chain.
- ▶ The company has an **action plan with a time horizon** and sets milestones to achieve its goal.
- ▶ The company has integrated the concept of **dependence** on natural capital and ecosystem services into its **risk management policy.**
- ▶ The company reports **indicators or metrics** on its dependencies or impacts on biodiversity and their evolution in order to report on progress towards its targets.

14 - The msa.ppb* of a company is related to its sales. Threshold corresponding to extreme values based on statistical research covering a global data sample.

15 - Among sectors considered to be the most critical in terms of impact recorded by the ENCORE model, with categories defined by coupling business sector (GICS 2) and region (developed Europe, north America, developed Asia-Pacific, emerging markets) identifying companies with a statistically significantly higher footprint than peers as they exceed a peer group threshold such as Q3+ (1.5* interquartile range).

16 - Controversies are assessed on a case-by-case basis, by cross-referencing several data sources (MSCI, Moody's, ISS, NGO data)

In addition, the following practices are encouraged, but are not discriminatory for drawing up the exclusion list, given the lack of maturity of the subject:

- ▶ **proactive prevention** of nature and habitat degradation;
- ▶ the integration of biodiversity issues into the **company's governance principles and strategy**;
- ▶ **research and development actions** in favour of the restoration and protection of biodiversity;
- ▶ the implementation of **restoration initiatives**.

In the event that this data is not publicly available, LBP AM/TFSA will contact the company¹⁷, which will have a period of two months to provide the elements justifying its reinstatement. LBP AM/TFSA reserve the right not to exclude, within this period, companies that have a structured and published plan to remediate their impacts on biodiversity: they will be monitored and committed to ensuring the effectiveness of the action plan with regard to the exclusion criteria.

The list is updated on an annual basis and validated by a dedicated committee; controversies will be studied on an ongoing basis.



17 - This contact will take the form of a questionnaire and possible additional exchanges.

OUR ENGAGEMENT POLICY

Bilateral engagement

LBP AM/TFSA engage in a dialogue with selected companies in key biodiversity sectors to strengthen their understanding of the issues and the development of their sectoral expectations for biodiversity management. **A sector is selected for a period of 2-3 years, during which time regular exchanges are organised with certain companies in that sector.**



LBP AM/TFSA ARE COMMITTED TO DIALOGUE WITH INVESTED COMPANIES TO ENCOURAGE THEM TO LIMIT THEIR IMPACTS ON BIODIVERSITY AND THEIR DEPENDENCE ON NATURAL CAPITAL

The Consumer Goods sector (GICS2)

The Consumer Goods sector (GICS2) has been selected for the years 2022-2023 because it is LBP AM/TFSA's main exposure among the sectors with a high stake for biodiversity.

It is broken down into three sub-sectors:

- ▶ Food and basic necessities retail
- ▶ Food, beverages and tobacco
- ▶ Household and personal products

LBP AM/TFSA aim to exchange with at least 10 companies.

Companies are selected on the basis of LBP AM/TFSA's equity holdings and the weight that these companies represent in LBP AM/TFSA's total investments.

LBP AM/TFSA's expectations will be based on the following elements, adapted to the company's specific challenges:

- ▶ the deployment of reporting according to the **TNFD** framework and compliance with the future **CSRD** standards;
- ▶ the deployment of the commitments and objectives set by the **Global**
- ▶ the recommendations of the **Finance for Biodiversity Pledge Working Groups** on the commitment;
- ▶ the **Science Based Targets for Nature** framework, including analysis of pressures in key biodiversity sectors;
- ▶ the main challenges of the sector according to the **ENCORE** database;
- ▶ scientific reports and NGO studies specific to the company and its activity.

CHAPTER IV
OUR ENGAGEMENT POLICY

KEY SECTORS FOR BIODIVERSITY (Science Based Targets Network)

SECTOR	SUB-INDUSTRY	Land/Water/Sea Use Change			Resource Exploitation	Climate Change	Pollution			Disturbance	
		Terrestrial ecosystem use	Freshwater ecosystem use	Marine ecosystem use	Water use	GHGs emissions	Non-GHGs air pollutants	Water pollutants	Soil pollutants		Solid waste
CONSUMER DISCRETIONARY	Computer & Electronics Retail	3	3	3	3	5	3	3	3	3	3
	Footwear	3	3	3	3	5	3	3	3	3	3
	Home Furnishings	3	3	3	4	5	5	5	5	4	3
CONSUMER STAPLES	Brewers	4	3	3	5	4	2	3	2	3	2
	Food Retail	4	3	3	3	5	3	3	2	4	2
	Personal Products	4	3	3	4	3	2	4	2	4	2
INDUSTRIALS	Highways & Rail tracks	3	4	3	4	3	2	1	3	3	4
ENERGY	Oil & Gas Exploration & Production	4	3	4	5	4	3	4	5	3	4
UTILITIES	Electric Utilities	3	3	3	2	1	3	3	3	3	3
	Water Utilities	4	3	3	4	5	3	4	3	3	3

1 Very low 3 Low 3 Medium 4 High 5 Very High No data

3 ← upstream
5 ← operations
□ ← downstream



Source: Science Based Targets Network, 2021

OUR ENGAGEMENT POLICY

In the event of a serious controversy, LBP AM/TFSA reserve the right to engage in a dialogue with the company concerned in order to assess the remediation measures they have implemented to mitigate the impact of the controversy and prevent its recurrence. In the event that this commitment does not enable these objectives to be achieved, LBP AM/TFSA will deliberate on escalation measures within a dedicated committee. In the event of exclusion, they may consider monitoring the company so that, when these measures are implemented, it can be reintegrated into the investment universe.

Collaborative engagement

LBP AM/TFSA are also involved in collaborative engagement initiatives on issues that address biodiversity pressures.

COLLABORATIVE ENGAGEMENT						
COORDINATOR	THEME OF ENGAGEMENT					
CERES	Responsible production of raw materials and fight against deforestation					
FAIRR	Sustainable proteins					
	Sustainable aquaculture and responsible sourcing of aquaculture feed					
	Responsible use of antibiotics and antimicrobials (livestock)					
Rainforest Action investor coalition	Biodiversity and pollution					
	Deforestation in the automotive supply chain					
CDP	Reporting - Forestry Questionnaire					
	Reporting - Water Questionnaire					
FIR	Circular economy					
PRI	Responsible raw materials					
ShareAction coming soon	Use of agricultural chemicals					
	Protection of UNESCO World Heritage Sites					
Nature Action 100 coming soon	Nature action 100 (Biodiversity)					

 Land and sea use change

 Over-exploitation of resources

 Climate change

 Pollution

 Proliferation of invasive species

In 2022-2023, these commitments relate to:

- ▶ **The circular economy**, coordinated by the Responsible Investment Forum in partnership with the Institute for the Circular Economy, to understand how SBF 120 companies take into account the topic of circularity and encourage them to improve their practices through exchanges with investors.
- ▶ **Preservation of biodiversity in the production of raw materials, coordinated by CERES**, and focused on the issues of land use, overexploitation of resources and the impact on climate change caused by deforestation and the loss of biodiversity, particularly within the supply chain.
- ▶ **Responsible commodities, coordinated by the Principles for Responsible Investment (PRI)**, to promote the fight against deforestation, transparency and monitoring of the supply chain, and respect for human rights.
- ▶ **The transition of the agri-food sector, coordinated by the Farm Animal Investment Risk and Return (FAIRR)** on the basis of annual studies carried out by this network, on the following themes:
 - **Sustainable proteins**, for a diversification and vegetalisation of the product range and the implementation of good practices for livestock farming. LBP AM/TFSA have also become signatories of the "Cerrado Statement" against deforestation¹⁸.
 - **Sustainable Aquaculture**, for the improvement of aquaculture feed quality in the salmon and shrimp sector.
 - **Animal pharmaceuticals** and the use of antibiotics and antimicrobials: LBP AM/TFSA are signatories to the "Statement on Antibiotics Stewardship"¹⁹ in favour of the responsible use of antibiotics in animal pharmaceuticals, and exchange information with companies producing pharmaceutical substances for use in animal husbandry.
 - **Biodiversity and soil pollution**, by producers of fertilisers and agricultural chemicals; and producers in the pig industry.
- ▶ **Improved reporting on climate, water and forest management, coordinated by the Climate Disclosure Project (CDP)**, based on dedicated thematic questionnaires sent to companies to report on their objectives, strategies and achievements. LBP AM/TFSA, who use this data in their analyses for dialogue with companies on the subject of deforestation in particular, encourage companies to fill in these questionnaires through the Non Disclosure Campaign on the themes of Forests and Water.

18 - <https://cerradostatement.fairr.org/>

19 - <https://antibioticsstatement.fairr.org/>

Deforestation in the automotive supply chain, as part of a group of investors coordinated by Storebrand AM in partnership with Rainforest Action Norway to exchange with the different links in the value chain of the sector.

In the coming months, LBP AM/TFSA will also join the commitment coordinated by ShareAction on the preservation of sensitive biodiversity sites and on the use of chemicals in agriculture, and the Nature Action 100 initiative coordinated by several investor networks.

Voting policy on biodiversity

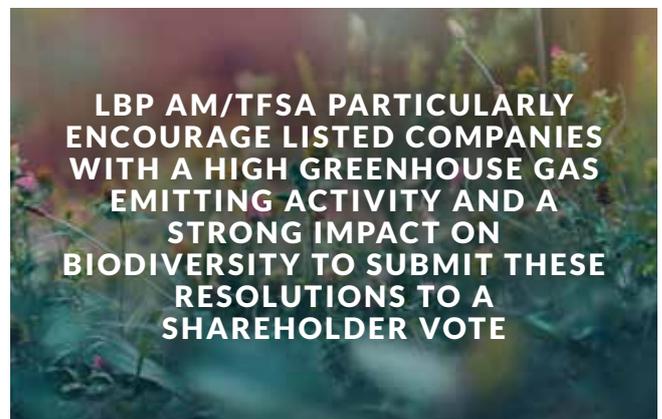
An increasing number of companies are defining energy and ecological transition strategies with targets for reducing their impacts on climate and biodiversity. These plans can be submitted to a consultative vote of shareholders via resolutions commonly called "say-on-climate" or "say-on-nature".

LBP AM/TFSA support the introduction of a regular vote on the holistic environmental strategy of companies and associated objectives, as well as on a report detailing the implementation of this strategy. LBP AM/TFSA particularly encourage listed companies with a high greenhouse gas emitting activity and a strong impact on biodiversity to submit these resolutions to a shareholder vote.

These resolutions are analysed on a case-by-case basis by LBP AM/TFSA. This analysis takes into account the characteristics of the plan submitted to the vote, the level of ambition and transparency of the plan, particularly with regard to best practices in the sector or companies with similar issues.

LBP AM/TFSA encourage companies to draw up and submit to the vote a detailed and precise strategy, based as far as possible on market benchmarks.

This strategy should apply the **Avoid - Reduce - Compensate sequence** and be articulated and coherent with the Group's overall strategy, in particular with its investment policy.



With regard to biodiversity

LBP AM/TFSA, in line with their commitment to the Finance for Biodiversity Pledge, encourage companies to:

- ▶ identify impacts and dependencies related to biodiversity and ecosystem services;
- ▶ establish an effective risk management policy and set ambitions to protect-restore-limit the impact of their activities on nature;
- ▶ follow the Science Based Targets for Nature approach to contribute to the achievement of the objectives of the Convention for Biological Diversity;
- ▶ implement plans for circularity and reduction of single-use plastic.



With regard to climate change

LBP AM/TFSA, in line with their oil and gas policy²⁰ and their commitment to NZAMI, expect this strategy to include short, medium and long-term targets for reducing greenhouse gas emissions on scopes 1, 2 and the most significant categories of scope 3.

To contribute to the global objective of carbon neutrality in 2050, LBP AM/TFSA encourage companies to adopt trajectories that are compatible with the 1.5° scenario of the Paris agreement, over a significant part of their activities. LBP AM/TFSA encourage companies to base their strategy on climate or sectoral scenarios as well as third-party assessment methodologies such as the Science Based Target Initiative.

LBP AM/TFSA reserve the right to vote against environmental resolutions that do not provide these elements and to support shareholder resolutions that follow the above principles. Also, LBP AM/TFSA could hold the board of directors accountable for a lack of environmental ambition by opposing the re-election of a director. LBP AM/TFSA also recommend that the variable remuneration of company executives should include environmental criteria.

20 - https://www.labanquepostale-am.fr/media/publications/lbpam_politique_petrole_gaz_2022.pdf

OUR INTEGRATION POLICY IN THE INVESTMENT STRATEGIES

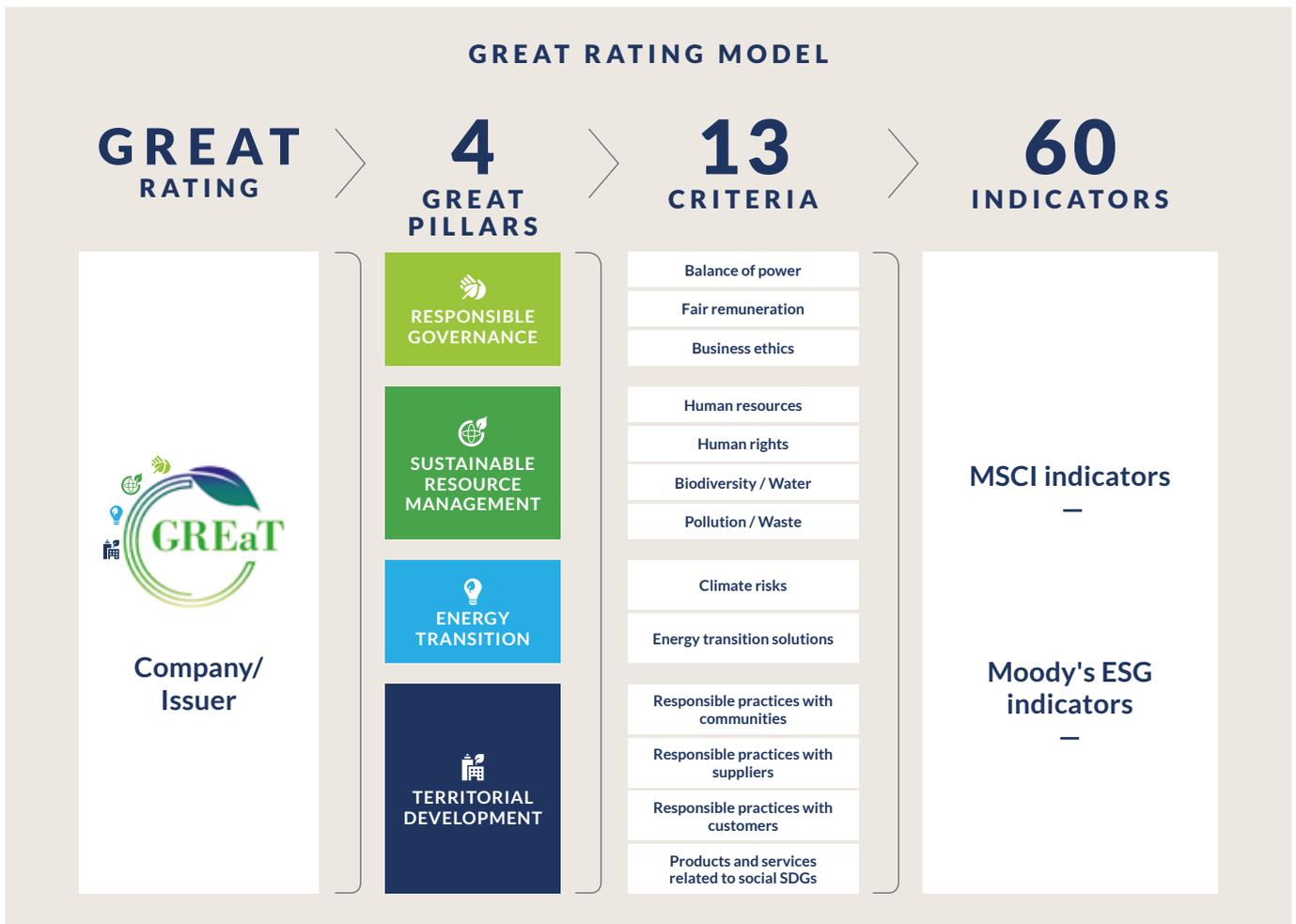
Integrating the biodiversity theme into GREaT ratings

LBP AM/TFSA are committed to systematically integrating the biodiversity issue into the analysis and selection of assets through the GREaT proprietary non-financial rating methodology.

Within it, 12 out of 60 indicators address biodiversity issues:

- ▶ **The "Biodiversity and Water" criterion;**
- ▶ **The "Pollution and Waste" criterion** covering related issues;
- ▶ **The Energy Transition pillar,** climate change being one of the pressures on biodiversity.

The GREaT rating, integrated into the LBP AM/TFSA management decision support tools, is at the heart of the stock selection process.



Monitoring of the Biodiversity Footprint KPI or "Global Biodiversity Score"

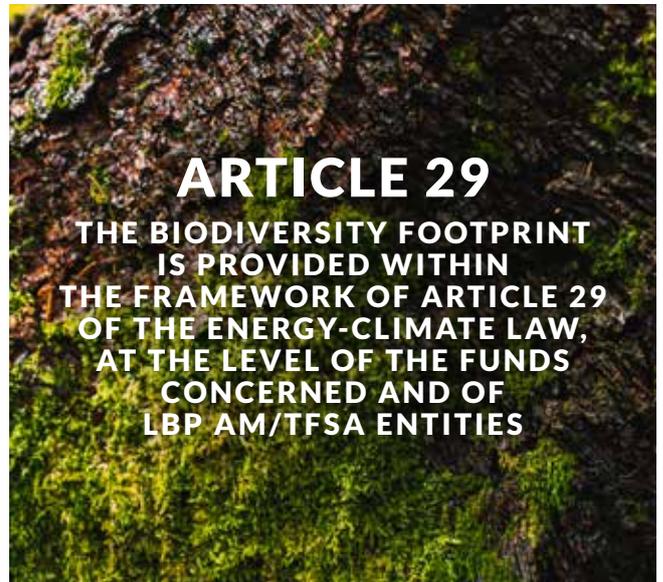


LBP AM/TFSA are committed to monitoring and publishing the **biodiversity footprint** of their investments.



The biodiversity footprint of the portfolios is assessed through the **Global Biodiversity Score** at the portfolio level. It is integrated into management tools to enable fund managers to take this factor into account during the investment process.

It is provided within the framework of article 29 of the Energy-Climate law, at the level of the funds concerned and of LBP AM/TFSA entities.



OUR ADVOCACY ACTIONS



LBP AM/TFSA support regulatory initiatives aimed at strengthening actions of companies, including financial companies, in favour of biodiversity preservation.

LBP AM/TFSA promote the strengthening of the global biodiversity management framework. LBP AM is a signatory of the position paper proposed by PRI²¹ on the Global Framework for Biodiversity and the call for action by financial institutions to combat biodiversity loss.

LBP AM/TFSA also actively support the strengthening of regulatory frameworks on two key issues:

► **Reporting on biodiversity issues:**

LBP AM/TFSA respond to consultations and reviews of regulatory texts concerning the reporting of companies and financial institutions on biodiversity, such as that of the TNFD or the EFRAG standards.

► **Imported deforestation:**

LBP AM/TFSA are members of the Finance for Tomorrow working group dedicated to biodiversity, as well as of an ad-hoc group working on imported deforestation. LBP AM/TFSA work alongside other members of the Paris Europlace branch to put forward positions on French, European and international regulatory developments in order to encourage measures aimed at controlling the origin of imported products and supply chains with the aim of combating deforestation.



21 - Sign the financial sector statement on biodiversity for COP15 | PRI Web Page | PRI (unpri.org)

OUR INTERNAL MOBILISATION

Our sponsorship actions

Support for the protection and restoration of ecosystems with Nature 2050



Some of the funds in the LBP AM/TFSA range donate a portion of their fees to the **Nature 2050** sponsorship programme. This programme, operated by Caisse des Dépôts (CDC Biodiversité), allows for the financing of nature-based projects that meet the challenges of adapting to climate change in the territories: the restoration of wetlands, the creation of ecological continuities, the transition of forest and agricultural areas or the improvement of biodiversity in cities; all this in metropolitan France or overseas²². The objectives and results are quantifiable.



Our CSR policy on biodiversity

Awareness and training at the heart of our CSR strategy

LBPAM/TFSA are deploying skills development actions to strengthen the understanding, support and action of employees in favour of biodiversity. These actions aim to raise awareness of:

- ▶ **interactions between climate and biodiversity;**
- ▶ **the materiality of the issue;**
- ▶ **internal strategies and tools.**

Aligning employees with biodiversity

LBPAM/TFSA have included in their CSR roadmap the integration of non-financial objectives, specific to each business line, with achievement indicators that will be taken into account in individual and collective compensation. Each department will thus have to make commitments at its own level, towards employees, suppliers, customers and other stakeholders.

22 - Nature 2050 website: <https://www.nature2050.com/le-programme-nature2050/presentation-du-programme-nature2050/>

Integrating the issue into the selection of our premises, corporate life

In April 2023, LBP AM/TFSA acquired new premises in an HQSE building in the heart of La Félicité, a multicultural complex in the centre of Paris. With a green roof, energy optimisation and materials from the circular economy, it is naturally in line with the company's global vision.

Beyond the living environment, LBP AM/TFSA wish to promote the development of eco-friendly practices that help the company to reduce the impact of its direct activities on the environment, through:

- ▶ **zero-waste initiatives** with the provision of cups and water bottles for each employee, the presence of recycling bins and the elimination of coffee pods.
- ▶ **the promotion of soft mobility**, by providing bicycles for employees' daily journeys or the full reimbursement of public transport tickets.
- ▶ **Carrying out a participatory carbon assessment** through a partnership with the company Greenly, to promote understanding of its components and develop an improvement plan.



View of the LBP AM/TFSA headquarters - Paris ©David Chipperfield Architects

Mapping our actions in response to the objectives defined in the initial draft of the Post-2020 Global Biodiversity Framework

The framework defines 21 target actions to be achieved by 2030. In anticipation, LBPAM/TFSA has implemented responses to 16 of the designated target actions for the financial system.

ACTION TARGETS

N°	TARGET	ASSOCIATED ACTION(S)
Target 1	Ensure that all land and sea areas globally are under integrated biodiversity-inclusive spatial planning addressing land- and sea-use change, retaining existing intact and wilderness areas.	<ul style="list-style-type: none"> ● Engagement to respect protected areas; ● Inciting companies to align with a net zero artificialisation goal; ● Engagement on sustainable aquaculture & food: combating overfishing and protection of marine resources
Target 2	Ensure that at least 20 per cent of degraded freshwater, marine and terrestrial ecosystems are under restoration , ensuring connectivity among them and focusing on priority ecosystems.	<ul style="list-style-type: none"> ● Participation in the Nature 2050 programme
Target 3	Ensure that at least 30% globally of land areas and of sea areas , especially areas of particular importance for biodiversity and its contributions to people, are conserved through effectively and equitably managed, ecologically representative and well- connected systems of protected areas and other effective area-based conservation measures, and integrated into the wider landscapes and seascapes.	<ul style="list-style-type: none"> ● Engagement: promoting IBAT to map activities in protected areas and implementing adapted policies
Target 4	Ensure active management actions to enable the recovery and conservation of species and the genetic diversity of wild and domesticated species , including through ex situ conservation, and effectively manage human-wildlife interactions to avoid or reduce human-wildlife conflict.	<ul style="list-style-type: none"> ● Engagement on sustainable proteins - combating harmful intensive livestock farming practices ● Engagement on sustainable aquaculture, paying attention to invasive species (escaped fish), combating overfishing ● Engagements on the consumer goods sector - awareness and implementing best farming practices for sourcing commodities, particularly warning against monocultures

ACTION TARGETS (FOLLOWING)

N°	TARGET	ASSOCIATED ACTION(S)
Target 5	Ensure that the harvesting, trade and use of wild species is sustainable, legal, and safe for human health.	<ul style="list-style-type: none"> ● Standard controversies exclusions list highlighting the illegal commerce of wild animals
Target 6	Manage pathways for the introduction of invasive alien species , preventing, or reducing their rate of introduction and establishment by at least 50% , and control or eradicate invasive alien species to eliminate or reduce their impacts, focusing on priority species and priority sites.	<ul style="list-style-type: none"> ● Engagements: awareness of potential problems in the context of transporting goods and the proliferation of invasive species
Target 7	Reduce pollution from all sources to levels that are not harmful to biodiversity and ecosystem functions and human health, including by reducing nutrients lost to the environment by at least half, and pesticides by at least two thirds and eliminating the discharge of plastic waste.	<ul style="list-style-type: none"> ● Engagement on soil pollution and the use of pesticides / chemical fertilizers ● Engagement on plastic circularity ● Climate objectives alignment with net zero carbon emissions
Target 8	Minimise the impact of climate change on biodiversity , contribute to mitigation and adaptation through ecosystem-based approaches , contributing at least 10 GtCO ₂ e per year to global mitigation efforts, and ensure that all mitigation and adaptation efforts avoid negative impacts on biodiversity.	<ul style="list-style-type: none"> ● Climate policy based on SBTi recommendations integrating Gold Standard recommendations / Voting policy encouraging companies to use solutions based on nature to reduce their carbon emissions
Target 9	Ensure benefits, including nutrition, food security, medicines, and livelihoods for people especially for the most vulnerable through sustainable management of wild terrestrial, freshwater and marine species and protecting customary sustainable use by indigenous peoples and local communities.	<ul style="list-style-type: none"> ● Engagements on sustainable proteins, sustainable aquaculture, animal pharmaceuticals ● Systematic inclusion of social considerations and the rights of indigenous peoples in our requests for companies to adopt responsible commodities sourcing policies.
Target 10	Target 10 Ensure all areas under agriculture, aquaculture and forestry are managed sustainably , in particular through the conservation and sustainable use of biodiversity , increasing the productivity and resilience of these production systems.	<ul style="list-style-type: none"> ● Engagements on sustainable proteins, sustainable aquacultures, animal pharmaceuticals and soil pollution
Target 11	Maintain and enhance nature's contributions to regulation of air quality, quality and quantity of water , and protection from hazards and extreme events for all people.	

ACTION TARGETS (FOLLOWING)

N°	TARGET	ASSOCIATED ACTION(S)
Target 12	Increase the area of, access to, and benefits from green and blue spaces, for human health and well-being in urban areas and other densely populated areas.	<ul style="list-style-type: none"> ● Engagement on combating deforestation applied to companies and regulators ● Participation in the Nature 2050 programme
Target 13	Implement measures at global level and in all countries to facilitate access to genetic resources and to ensure the fair and equitable sharing of benefits arising from the use of genetic resources , and as relevant, of associated traditional knowledge, including through mutually agreed terms and prior and informed consent .	
Target 14	Fully integrate biodiversity values into policies, regulations, planning, development processes, poverty reduction strategies, accounts, and assessments of environmental impacts at all levels of government and across all sectors of the economy, ensuring that all activities and financial flows are aligned with biodiversity values .	<ul style="list-style-type: none"> ● Monitoring the biodiversity footprint of LBPAM/TFSA investments ● Engagement with regulators ● Participating in workgroups to develop biodiversity data in order to integrate the value of services rendered by nature and natural capital within investment decisions
Target 15	All businesses (public and private, large, medium and small) assess and report on their dependencies and impacts on biodiversity , from local to global, and progressively reduce negative impacts, by at least half and increase positive impacts , reducing biodiversity-related risks to businesses and moving towards the full sustainability of extraction and production practices, sourcing and supply chains, and use and disposal.	<ul style="list-style-type: none"> ● Measuring the biodiversity footprint of LBPAM/TFSA investments and implementing a biodiversity policy aiming to reduce the impact, in response to Article 29 of the Energy-Climate law.
Target 16	Ensure that people are encouraged and enabled to make responsible choices and have access to relevant information and alternatives , taking into account cultural preferences, to reduce by at least half the waste and, where relevant the overconsumption, of food and other materials .	<ul style="list-style-type: none"> ● Engagement: Engagement to request the implementation of a consumer awareness policy to manage downstream company impacts in the value chain
Target 17	Establish, strengthen capacity for, and implement measures in all countries to prevent, manage or control potential adverse impacts of biotechnology on biodiversity and human health, reducing the risk of these impacts.	

ACTION TARGETS (FOLLOWING)

N°	TARGET	ASSOCIATED ACTION(S)
Target 18	<p>Redirect, repurpose, reform or eliminate incentives harmful for biodiversity, in a just and equitable way, reducing them by at least US\$500 billion per year, including all of the most harmful subsidies, and ensure that incentives, including public and private economic and regulatory incentives, are either positive or neutral for biodiversity.</p>	<ul style="list-style-type: none"> • Biodiversity exclusion policy
Target 19	<p>Increase financial resources from all sources to at least US\$ 200 billion per year, including new, additional and effective financial resources, increasing by at least US\$ 10 billion per year international financial flows to developing countries, leveraging private finance, and increasing domestic resource mobilization, taking into account national biodiversity finance planning, and strengthen capacity-building and technology transfer and scientific cooperation, to meet the needs for implementation, commensurate with the ambition of the goals and targets of the framework</p>	<ul style="list-style-type: none"> • Participation in the Nature 2050 programme
Target 20	<p>Ensure that relevant knowledge, including the traditional knowledge, innovations and practices of indigenous peoples and local communities with their free, prior, and informed consent, guides decision-making for the effective management of biodiversity, enabling monitoring, and by promoting awareness, education and research.</p>	
Target 21	<p>Ensure equitable and effective participation in decision-making related to biodiversity by indigenous peoples and local communities, and respect their rights over lands, territories and resources, as well as by women and girls, and youth.</p>	<ul style="list-style-type: none"> • Engagement: Various biodiversity engagements include awareness of the respect of indigenous peoples' rights across the entire processes involving land use activities where they are present

Questionnaire sent to companies under our exclusion policy

If there is insufficient public data to accurately assess the quality of processes implemented to manage biodiversity risks & impacts, this questionnaire is sent to selected companies, based on quantitative criteria.

Issues covered in the questionnaire

GENERAL ORGANISATION

- ▶ **1.** Do you have a contact person dedicated to biodiversity issues? Please state their name, position and contact details.
- ▶ **2.** At which hierarchical level are biodiversity issues managed and decided within your company and by which committees?
- ▶ **3.** Do you include biodiversity KPIs within variable remuneration criteria for company managers?
- ▶ **4.** Have you put awareness / training measures in place? At what level?

BIODIVERSITY POLICY

- ▶ **5.** Have you implemented any biodiversity projects? If yes, please provide details.
- ▶ **6.** Are these external projects (philanthropy / patronage financing, etc.) or do they concern your company activities? Or your value chain? If possible, indicate the percentage of activities and an overview of their scope (divisions, products, regions).
- ▶ **7.** Have you defined a broader biodiversity policy?
- ▶ **8.** Do you associate your actions concerning human/social capital and biodiversity with combating climate change?
- ▶ **9.** Do you implement a responsible supply policy, imposing compliance with biodiversity impact constraints on your suppliers? Is this policy binding (deadlines, non-compliance penalties, etc.)?

ASSESSING RISKS/DEPENDENCY & IMPACT ON BIODIVERSITY

- ▶ **10.** Have you assessed your dependency on natural capital and ecosystem services? Covering which scope of your business? Does it cover your entire value chain?
- ▶ **11.** Have you assessed your impact? Covering which scope of your business? Does it cover your entire value chain?
- ▶ **12.** Do you apply an approach based on the location of your business sites?
- ▶ **13.** Have you established the main pressures that your business is exposed to?
- ▶ **14.** Do you use a variety of KPIs to measure risks / impact?

OBJECTIVES & TARGETS

- ▶ **15.** Have you committed to minimising your impact on biodiversity? What measures have you taken?
- ▶ **16.** Do you work in partnership with outsourced organisations on the topic of biodiversity? (NGOs, universities, etc.).
- ▶ **17.** Have you set biodiversity impact targets? On any particular pressure? Or business line? Or product?
- ▶ **18.** Have you set a deadline to achieve these targets?
- ▶ **19.** Have you set any intermediary objectives?
- ▶ **20.** How do you measure your progress towards reaching these targets?

REPORTING

- ▶ **21.** Are you planning any biodiversity reporting measures?
- ▶ **22.** Are you involved in the TNFD framework?
- ▶ **23.** Do you report to the forest, climate or water CDP (if relevant)?
- ▶ **24.** Do you plan to publicly disclose your biodiversity monitoring objectives / KPIs?