Ostrum ASSET MANAGEMENT

Enhancing your power to act

BIODIVERSITY STRATEGY

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An affiliate of: NATIXIS INVESTMENT MANAGERS

CONTENTS

INTRODUCTION

INTRODUCTION

Biodiversity is the living fabric of our planet and describes all natural environments and life forms – plants, animals, fungi, bacteria, etc. – as well as the interaction between them.

Yet biodiversity is deteriorating worldwide, with 75% of land environments and 40% of sea ecosystems now seriously damaged. A million species are in danger of extinction worldwide and the pace at which they are disappearing is 100 to 1,000 higher than the natural pace of extinction: this situation has been described as the sixth mass extinction of species. This damage to biodiversity is broadly a result of human activity, which is putting nature under extreme pressure[1].

The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services' (IPBES) report from 2019[2] highlights the fact that nature can be conserved, restored and used sustainably through enhanced international cooperation and linked, locally relevant measures.

The Intergovernmental Panel on Climate Change's (IPCC) sixth report published in 2022[3] notes that the implications of climate change for economic activity may be underestimated in our economic models, they may not be uniform across the globe and do not increase in a linear way as the planet heats.

In their first joint report issued in 2021[4], the IPBES and the IPCC confirmed that the climate crisis and the loss of biodiversity are closely interconnected and mutually reinforce each other.

Biodiversity loss and climate change are both driven by human economic activities, which destroy ecosystems and emit greenhouse gases into the atmosphere.

Climate change drives loss of biodiversity, while the erosion of biodiversity also affects the climate as organisms such as trees and oceans absorb some of these greenhouse gas emissions.
The report is an urgent call to act against the loss of biodiversity, and highlights the relationship between this crisis and the climate crisis.

Biodiversity was sidelined for a long time as countries focused on climate change, yet it has now become a major and current theme.

In light of this situation, here at Ostrum AM we have decided to take action to safeguard biodiversity.

Our biodiversity strategy is part of a comprehensive long-term program to support nature and reverse the trend towards the deterioration of our ecosystems.

We will therefore strive to comply with the three main goals in the Convention on biological diversity of June 5, 1992, by 2030 i.e. the conservation of biological diversity, sustainable use of its components, and fair and equitable sharing of the benefits arising out of the utilization of genetic resources. Additionally, when analyzing issuers, we also assess our contribution to reducing the main pressures and impacts on biodiversity defined by the Intergovernmental Science Policy Platform on Biodiversity and Ecosystem Services.

[1] French Ministry of Ecological Transition https://www.ecologie.gouv.fr/biodiversite-presentation-et-informations-cles (site in French)
[2] https://ipbes.net/sites/default/files/inline/files/ipbes_global_assessment_report_summary_for_policymakers.pdf
[3] https://www.ipcc.ch/report/ar6/wg2/
[4] https://ipbes.net/events/ipbes-ipcc-co-sponsored-workshop-report-biodiversity-and-climate-change

1. OUR INITIATIVES

1.1. OUR INITIATIVES

We pledge to achieve the following by 2030:

- ⇨ bolster our expertise on identifying and monitoring components of biodiversity that are crucial for its conservation and its sustainable use as required by the convention via our issuer assessment;
- ⇨ measure and monitor our biodiversity footprint;
- ⇨ ensure that we monitor and increase our investment in sustainability bonds linked to biodiversity challenges;
- ⇨ continue excluding issuers with the most damaging effects on ecosystems;
- ⇨ increase our engagement with issuers on sectors that are most dependent and have the greatest impact.

2. THEIR IMPLEMENTATION

2.1. INCORPORATING BIODIVERSITY INTO OUR ISSUER ANALYSIS

Non-financial dimensions are systematically taken on board in our issuer analysis when they are deemed to be material i.e. they affect the issuer's credit risk.
The loss of biodiversity costs at least USD500bn[5] per year. Over the past 30 years, economists have calculated the cost of biodiversity loss and estimated the value of ecosystem services from nature at between USD125,000bn and USD140,000bn per year, which is almost double world GDP.

Financial materiality is easily identifiable in some sectors, such as agri-food and infrastructure, but it is more challenging to grasp in some other industries.

Materiality must therefore not only be considered from just one standpoint, but rather we must also take account of our impact on biodiversity and natural resources (pollution, overuse, land use, etc.). This double materiality concept is extremely meaningful when it comes to biodiversity.

Our inhouse analysis here at Ostrum focuses on material financial aspects, but other sources we use also cover non-financial materiality.

1. Inhouse analysis

Material ESG dimensions from a financial standpoint are aspects that can affect a company's risks and therefore influence its fundamental rating.

The equity portfolio management team and the team of credit analysts here at Ostrum AM pursue their efforts to formally set out and further develop integration of ESG dimensions into our analysis and risk assessment for each issuer, as they analyze each sector and the main challenges it faces in this respect. **Non-financial aspects are systematically integrated into their analysis when they are deemed to be material – i.e. with an impact on the issuer's credit risk**. Each analyst is responsible for assessing the material nature of ESG criteria, as they draw on the sector framework and information sources selected by Ostrum Asset Management's Portfolio Management team – both qualitative and quantitative aspects – as well as their own individual research and insight into issuers and their ESG challenges.

[5] Report from the WWF: Assessing the global economic impacts of environmental change to support policy-making, February 2020

In our credit department, to ensure consistency in analysis and fairness in the assessment of issuers, we have set out an analysis framework that combines:

• An issuer by issuer approach whereby each analyst can ascertain material non-financial aspects, in addition to the strengths and weaknesses of each individual issuer on specific ESG dimensions;

• A sector-based approach defined and shared by all our analysts after our team identified and formally set out ESG challenges that can affect any given business sector or segment.

We have also developed a materiality scale that assesses the extent of material ESG opportunities and risks.

Biodiversity is an increasingly crucial topic, while biodiversity-related risks are becoming more and more material and therefore feature more heavily in our analysis.

We take on board multiple aspects in our credit analysts' materiality assessment in order to curb our impact on the loss of biodiversity.

Failure to take action would lead to an operational risk for companies – any risk related to dependency on resources used – as well as legal risks, such as failure to comply with new regulation, along with controversies and increased tax (polluting business operations, water, etc.).

There is also a major reputational dimension as these aspects would tarnish the company's image.

Other risks can also develop, such as market risk due to pressure from shareholders and financial risks resulting from difficulties in achieving funding on the markets in the current context where investors are increasingly taking on board biodiversity dimensions.

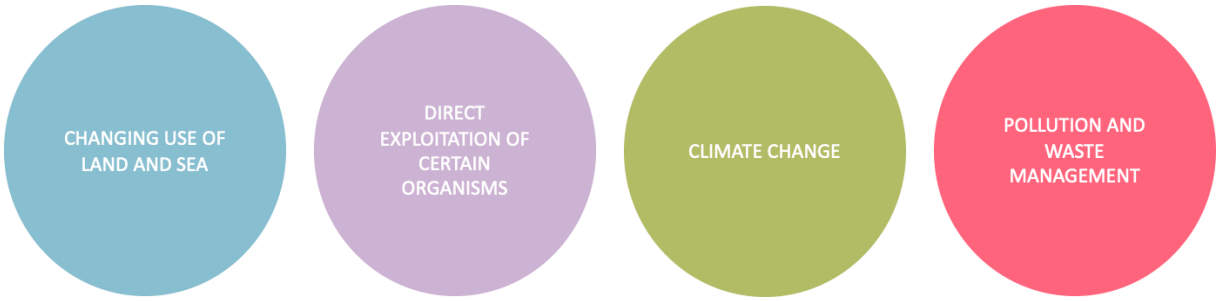
Broadly speaking, we incorporate groups' involvement in rolling out adaptation steps into our scores.

Worldwide, a number of factors that erode biodiversity have been clearly identified, with the IPBES singling out five major drivers of biodiversity loss:

- **Changing use of sea and land**: destruction and fragmentation of natural environments, resulting in particular from urbanization and the development of transport infrastructure;
- **Direct exploitation of certain organisms**: overexploitation of wild species: overfishing, deforestation, trade in ornamental species;
- **Climate change**: this can combine with other causes and exacerbate them. It contributes to changes in living conditions for species, and forces them to migrate or adapt the way they live;
- **Pollution of water, land and air**;
- **The spread of exotic/alien invasive species.**

Some of these pressures are more particularly applicable to our investment business and are taken into consideration by credit analysts and portfolio managers in several sectors. Companies contributing to the development of natural capital are large companies in the following sectors (this list is not extensive): agri-food, infrastructure, transport, waste, energy, luxury goods and pharmaceuticals. These industries have an impact on biodiversity, while natural capital is a crucial resource for their businesses.

We particularly focus on the following pressures in the main sectors affecting biodiversity:



a) Changing use of land and sea

This is the leading cause of the loss of biodiversity, and incorporates the direct loss of natural habitats due to land artificialization or change in land use, which can be irreversible. For example, human activity disrupts free movement and reproductive cycles for some animal species when dams are built on river systems.

The issue of land preservation is a crucial theme that we consider in our analysis of the Environmental dimension for companies in some sectors. Certain firms have pledged to overhaul their supply chains and set out specifications for their suppliers to ensure that products do not have any pesticide residue: these practices promote biodiversity by using organic and mineral fertilization to feed soil, and applying alternative techniques that protect plants.

b) Direct exploitation of certain organisms

This overexploitation seriously compromises the way that ecosystems work and develop. Overexploitation primarily covers overfishing, excessive hunting of wild animals, excessive cutting of wood for heating, overcultivation and depletion of agricultural land. Biodiversity can also come under threat from overexploitation of other natural resources, such as water and land.

Despite efforts already made, water management remains an important challenge and is closely assessed by our analysts and portfolio managers. There are clear transition risks, with potential excess costs for industrial companies resulting from compliance with increasingly stringent new national and European regulation.

Forests play a key role in fighting climate change as they capture carbon, mitigate extreme climate events, filter water and offer protection against floods. Forests also harbor incredible biodiversity as they are home to 75% of living species; they provide a home for indigenous communities and are a source of income for more than 1.6 billion people. Agricultural production and animal farming are the primary cause of deforestation worldwide and a third of this output is produced for export.

We pay close attention to steps taken by companies in our portfolios to restore biodiversity in their supply chains, with many of them taking tangible steps and rolling out innovative initiatives to protect biodiversity, for example on soya, coffee and palm oil.

We assess groups' degree of commitment to these themes, particularly in terms of responsible supply: this is partly with a view to combating deforestation (soya, palm oil, etc.).

c) Climate change

Climate change has a major influence on life cycles for all living beings, and also affects where species live geographically, with the ensuing consequences for the food chain. Ecosystems are accurate bellwethers for the effects of climate change, and the way they are managed must take account of changes observed.

Climate change is carefully analyzed for most sectors in our portfolios.

d) Pollution and waste management, particularly plastic

Pollution of the air, land and water affects all aspects of the environment, while light and sound pollutions are also important. For example, plastic pollutes various environments and affects all organisms that reside there.

Several companies have pledged to roll out specific arrangements to protect water sources and drainage points for river waterways adjacent to their facilities and thereby avoid accidental spillage into natural environments. Companies also ensure that the quantity and temperatures of organic content in effluents from facilities comply with applicable regulation.
In several cases, sludge from water treatment stations can be recycled by treatment companies: sludge is full of fertilizing components, so some of this is spread on agricultural areas.

Consumers are increasingly aware of plastic pollution and the role they play in creating it. Some companies have been singled out as major plastic polluters in NGOs' reports: this can tarnish their reputation or increase regulatory changes, including taxes, which can differ from one country to another.

Many companies have signed engagement targets to make 100% of their plastic packaging reusable recyclable or compostable out to 2025. The amounts needed to fund these programs are often largely manageable for large groups that generate high levels of cashflow.

2. Indicators used

o Indicators in our assessment tool

Our portfolio managers consider multiple biodiversity indicators that we incorporate into our scoring system to assess issuers: these are set out in the appendix.

o Indicators required under European SFDR: PAI

European SFDR requires us to take on board a number of mandatory indicators, or principal adverse impacts (PAI). One of these indicators directly covers biodiversity and another relates to water. We have also decided to incorporate biodiversity into a third PAI mandatory indicator involving waste, which we believe plays a key role in biodiversity.

Additional biodiversity indicators[6] are also included in this regulation, but are not mandatory, unlike the three mentioned above and can be selected by stakeholders if they wish.

[6] Land degradation, desertification, soil sealing / Share of investments in investee companies the activities of which cause land degradation, desertification or soil sealing / Investments in companies without sustainable land/agriculture practices / Share of investments in investee companies without sustainable land/agriculture practices or policies / Investments in companies without sustainable oceans/seas practices / Share of investments in investee companies without sustainable oceans/seas practices or policies / Natural species and protected areas: 1.Share of investments in investee companies whose operations affect threatened species 2.Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas / Deforestation / Share of investments in companies without a policy to address deforestation.

2.2. CALCULATING AND MONITORING OUR BIODIVERSITY FOOTPRINT

At this stage, we are unable to provide details on our biodiversity footprint, as the data we have opted to use to calculate this figure are currently being integrated into our systems. We will be able to publish this information over the weeks ahead and will update this document accordingly.

We have decided to draw on data from Iceberg DataLab (IDL) for our biodiversity footprint: this information is given as MSA per Km².

MSA or Mean Species Abundance is the unit used to measure the impact or footprint of companies or investments on biodiversity. This metric is expressed as a percentage of the integrity of ecosystems and reflects the average abundance of indigenous species in a specific area as compared to undisturbed ecosystems (%). This metric is the benchmark used by the IPCC, the Convention on Biological Diversity, and the United Nations (IPBES). The figure can range from zero to 100%, where 100% indicates an intact and undisrupted ecosystem.

The IDL methodology takes into account four different pressures on biodiversity:

- Changing land use: assessment of land occupation (maintaining land in a disrupted state) and land transformation (conversion of undisrupted land);
- Air pollution (NOx emissions, which lead to land eutrophication and acidification): acidification and eutrophication disrupt living conditions for flora and fauna, leading to changes in ecosystems;
- Climate change: multiple species are highly sensitive to changes in temperature. Species will not be able to adapt or are in danger of dying out as a result of the pace of current climate change;
- Ecotoxicity: some pollutants are particularly dangerous for water and species that live in fresh water. Pollutants can be directly toxic for species or they can bioaccumulate in water organisms and hence possibly affect regeneration.

The value chain covered by this methodology can be broken down into three scopes:

- Scope 1 covers operations directly related to the company's business i.e. land occupation resulting from the use of the company's buildings, water use, CO_2 emissions due to gas combustion in power stations;
- Scope 2 refers to impacts on biodiversity due to the generation of electricity, steam, heating and cooling bought by the company (company's electricity purchase, electricity generation from fossil energy, other than fuel);
- Scope 3 Upstream is the purchase and transport of raw materials, waste generated during operations, business travel, staff commuting, company's use of leased assets / Downstream is the use or end of life of a product: distribution (transport of finished products), use, waste (managing waste resulting from the product used).

We therefore gather details on the direct and indirect impacts on biodiversity for scopes 1, 2 and 3 for the majority of companies, sponsored agencies and non-guaranteed agencies in our portfolios.

These data are then used by Ostrum to calculate the total impact of pressure on biodiversity, which is expressed in MSA.km² and reflects the impact that Ostrum is responsible for in its role as investor.

If our holding in a company equates to 1% of the company's total value, then we own 1% of the company and are therefore responsible for 1% of impacts (MSA.Km²). By calculating the impact for which Ostrum is "responsible" for each position in our portfolio and combining them, we can calculate the entire impact of any given portfolio on biodiversity.

Once impacts on biodiversity for a portfolio have been calculated, our teams are able to provide the impacts on biodiversity per million euros invested, dividing the amount of impacts on biodiversity by the value of the portfolio covered by the impact measurement. This new result provides a standard measurement of impacts on biodiversity for €1,000,000 invested.

Once finalized data has been integrated, Ostrum will be able to provide the biodiversity footprint for its investments using the following formula:

$$\text{Biodiversity footprint (MSA.KM²/€M invested)} = \frac{\sum_i^n \left(\frac{\text{Value of the position}_i\ (€m)}{Enterprise\ value\ of\ issuer_i\ (€m)} * \text{CBF Value}_i\ \text{Scope 1,2\&3}(\text{MSA.Km}^2) \right)}{\sum Value\ position_i\ (€m)}$$

At this stage, the calculation covers scopes 1,2 and 3 and there is therefore a risk of counting overlap in the portfolio. We will adapt our methodology to avoid this.

2.3. INVESTMENT IN SUSTAINABILITY BONDS LINKED TO BIODIVERSITY CHALLENGES

When our Sustainability Bond analyst team assesses an instrument, they systematically map projects financed and the use of proceeds on sustainable themes, including biodiversity. This covers eligible project categories such as sustainable forestry, river and marine environment restoration (including coral reefs), etc.

Sustainable agriculture projects that also incorporate challenges related to biodiversity and ecosystem protection are mapped under the sustainable theme “sustainable agriculture and food”. This systematic mapping process allows us to assess the percentage of our investments in sustainability bonds linked to biodiversity aspects.

We have invested in several bonds that seek to preserve biodiversity, such as:

- As part of its initiatives to reduce its environmental footprint, a packaging manufacturer for the agri-food sector developed the use of renewable wood fibers for this packaging. This practice promotes the development of the circular economy via the biodegradation of used packaging, which helps produce new materials that are then used to produce more packaging. This practice also helps preserve biodiversity by ensuring that protected areas are safeguarded, thereby offering a stable environment over the long term to promote and develop plant and animal species.

- Financing a project in the Congo Basin, the second largest tropical forest range worldwide, housing 60% of African biodiversity, and playing an active role in preserving the ecosystem in the region.

- Financing a river renaturation project in North Rhine-Westphalia by reconverting this river and its tributaries into near natural stream systems. This project is designed to create a sustainable and ecologically restored river landscape in a region that was previously dominated by mining and heavy industry. The project includes the restoration of natural habitats with the aim of reestablishing biodiversity (278 different species identified).

- Financing a project to restore a coral reef in Indonesia. The aim of this project is to develop monitoring and research capabilities on coastal ecosystems to produce information on resource management and make ecosystem management more effective.

- Financing a “green area” in the Paris region entailing the acquisition, development and accessibility management of a park, with the separation of certain areas that will not be open to the public, making them a natural protected area as part of the town planning programs of areas in question.

Additionally and aligning with the “do no significant harm” (DNSH) approach outlined in the European taxonomy, our analysts assess sustainability bonds and endeavor to check the potential effects of eligible projects on biodiversity and their management, where data are available.

For example for green buildings, we check that the location where they are built is not a protected area or a site with major environmental value. Similarly, we assess the second party opinion on renewable energy projects to ensure that they incorporate an analysis of the environmental effects and that the necessary mitigation steps required to protect biodiversity and ecosystems have been taken.

2.4. INCORPORATING BIODIVERSITY INTO OUR SECTOR AND EXCLUSION POLICIES

Worst Offenders (controversy management)

We exclude the least virtuous companies as part of our controversy management or Worst Offenders policy. Ostrum Asset Management is committed to excluding from its investment scope all issuers whose business is proven to contravene the main principles of internationally established standards (United Nations, OECD) as regards human rights, labor rights and business ethics, as well as environmental protection and biodiversity.

Following an extremely stringent process, the Worst Offenders committee may go as far as excluding from our portfolios any issuers that have been subject to a major controversy. If the committee believes that the controversy does not warrant exclusion from portfolios, but that it should be monitored, the issuer is placed on the Watch List and is carefully observed, and active dialogue efforts are pursued.

Coal sector policy

After implementing our first coal exclusion policy in 2018, which we then bolstered in 2019, Ostrum Asset Management has reinforced this approach via fresh measures in 2020 and again in mid-2021, applying our strategy to all open-ended funds we manage as well as mandates and dedicated funds (unless our clients request otherwise) according to a specific timeframe.

As of January 1, 2021, Ostrum Asset Management no longer invests in companies that develop new coal projects (including infrastructure developers). This policy applies with a six-month timescale for divesting holdings in companies concerned under normal market conditions.

Ostrum Asset Management also excludes from its investment scope companies whose business depends primarily on producing, transporting and selling coal derived using aggressive mountain top removal methods (MTR), used in the Appalachian Mountains, in the east of the United States.

From July 1, 2021, we lowered the thresholds in our coal policy. Coal issuers that are not ruled out on the basis of previous criteria are excluded if they exceed the following thresholds:

- 20% of energy generation revenue streams derived from coal or from coal production,
- 10 million tons of thermal coal production on an annual basis,
- 5 GW in installed capacity,
- a coal share of power generation of 20%.

Similarly, divestment from companies concerned will be conducted within six months under normal market conditions.

We no longer invest in companies that have not set out a coal phase-out strategy in line with the Paris Agreement in 2021. We monitor the credibility of these exit plans and their funding. Investments based on this criterion ceased as of January 1, 2022, with a six-month timeframe to run down existing positions under normal market conditions.

Oil and gas sector policy

At the end of 2021, we announced a new oil and gas sector policy for launch in 2022. We took an in-depth approach to target techniques with the most severe environmental impact i.e. unconventional and/or controversial extraction techniques.

All types of infrastructure related to the oil and gas industry can have major impacts on biodiversity and particularly those that use unconventional and/or controversial techniques such as ultra-deep offshore drilling, drilling in the Arctic, heavy and extra-heavy oil, oil sands and similar, coalbed methane, and shale gas/oil.

This involves a range of techniques, such as horizontal drilling, hydraulic fracturing with chemical products, exploration involving pumping of large volumes of water, vapor injection, open-cast mining, in situ extraction, conventional drilling that requires specific equipment suited to Arctic weather conditions.

These lead to high CO_2 and methane emissions, produce toxic sludge, oil spills, they increase the risk of earthquakes, harmful long-term chemical or physical effects on the land structure, methane leaks, and require intensive water use and the use of chemicals that can contaminate groundwater and surface waters and damage ecosystems.

These various extraction techniques have serious and irreversible environmental impacts on land and marine ecosystems that are already under pressure from climate change. Here at Ostrum AM, we therefore decided to focus in particular on these methods in our oil and gas policy.

Tobacco

Our tobacco exclusion policy also supports the preservation of biodiversity.

Tobacco is not only damaging for human health, but the sector is also extremely harmful for the planet, as outlined in the latest report by the World Health Organization (WHO) dated May 29[7] to mark World No Tobacco Day.

The tobacco industry as a whole generates massive impacts that are often not broadly known, from planting and growing tobacco plants, manufacturing products, distributing and consuming tobacco, and managing the resulting waste. According to this latest report from the WHO, tobacco production requires a particularly high amount of energy, water, fertilizers and pesticides.

It is also a major culprit in deforestation, and according to the French anti-tobacco committee (*Comité national contre le tabagisme*), 200,000 hectares of forest are lost to tobacco planting each year, making it responsible for 1.5% of world deforestation. Additionally, producing one ton of tobacco requires 12 cubic meters of wood.

Additionally, 90% of production is concentrated in developing countries, leading to a hefty environmental impact on countries that do not necessarily have the resources to address the challenges this raises.

Tobacco is not a hardy plant, so a great deal of fertilizer, herbicides and pesticides are needed for its growth, which are obviously dangerous for the environment: these products do not remain on the surface of tobacco plantations, but rather leach into the soil and water tables, disrupting the entire underground ecosystem.

Waste management makes for another major challenge for this sector. In addition to the 2 million metric tons of packaging thrown away each year, more than 4 billion cigarette ends are thrown away and often end up in our oceans. They are produced from toxic substances and heavy metals and present a major threat for the planet and particularly marine ecosystems. Filters are produced from large quantities of plastic materials that can take several years, or even decades to break up.

[7] https://www.who.int/publications/i/item/9789240051287

2.5. INCORPORATING BIODIVERSITY INTO OUR ENGAGEMENT POLICY

Individual engagement
Ostrum Asset Management has **made engagement one of its key priorities for action**. The integration of ESG criteria is a growing area for dialogue with companies, and also offers us a much more extensive insight into the firms we invest in, as we support them in enhancing their ESG practices.

We have **identified the main themes and areas in our assessment of companies' CSR policies and strive to raise their awareness on their importance for us in our analysis.**

The preservation of biodiversity has been selected as a key area for engagement and will be addressed company-wide here at Ostrum AM. Our analysts and portfolio managers will draw on dialogue to pre-empt risks related to these two crucial issues.

THEME 2: LIMIT THE IMPACT ON THE ENVIRONMENTAL ECOSYSTEM

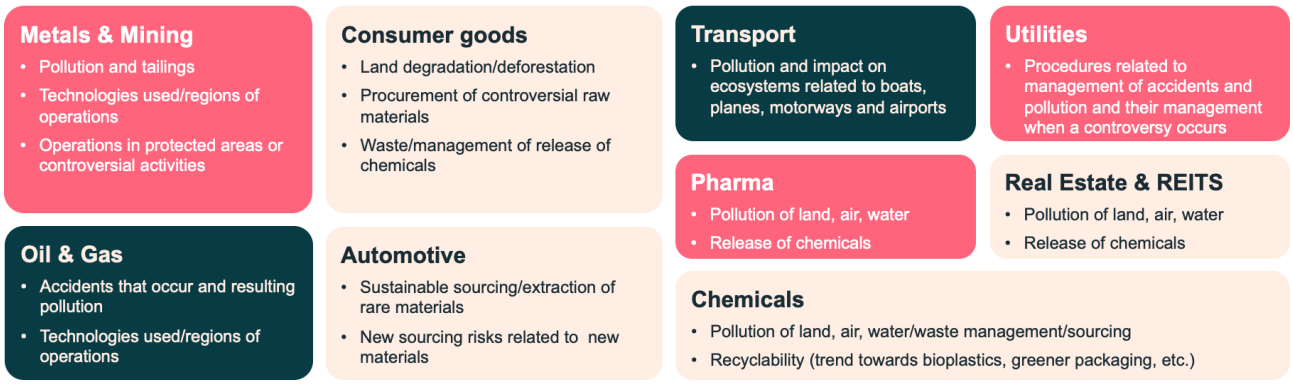
Natural resources management has consistently been part of companies' strategies to minimize costs, but the protection of biodiversity is becoming increasingly important for civil society, regulators and companies.

⇨ *Sub-theme 4: Safeguard health and biodiversity*

Preservation of biodiversity includes managing waste, pollution, recycling and product supply. It increasingly exposes companies to reputational and operational risk, as well as fines.

Beyond our engagement policy, we work with our **credit analysts and equity analysts/portfolio managers to organize the dialogue we wish to pursue with issuers: this will depend on the sector** in question as we develop our areas for engagement as well as possible questions to raise with them.

We have already identified several sectors where biodiversity is crucial. We have also started to identify longstanding issues where more in-depth questions and discussions would be relevant.



In 2022, we further developed our engagement approach and homed in on sectors that affect biodiversity or rely on it.

Work in the agri-food sector

We took initial steps in the agri-food sector, which has particularly hefty repercussions for biodiversity, with a number of challenges considered in terms of land management, water management and waste management.

Our engagement with companies in this sector involves the following:

- Support suppliers in reducing the use of chemical inputs and restoring agricultural ecosystems;

- Supply of raw materials from regenerative agriculture: development of responsible industries;
- Traceability measures: sustainable certifications (RSPO: palm oil, RTRS: soya);
- Monitor the target of 100% ingredients derived from regenerative agriculture by 2025/30;
- Monitor the target of 100% without deforestation for the supply chain by 2022/25 depending on companies;
- Diversification of brand portfolio: products made from plants, vegetable-based drinks, vegan snacks, vegetable-based steaks;
- Efforts to reduce packaging and promote the use of recycled PET;
- Monitor the target of making 100% of plastic packaging reusable, recyclable or compostable by 2025;
- Reduce use of new plastic;
- Eliminate problematic plastic;
- Targets on use of recycled contents;
- Pilot service for refillable/reusable containers in cooperation with retailers;
- Brand innovations without plastic that are biodegradable;
- Support for devoted recycling industries and active role in the development of collection, sorting and recycling programs;
- Monitor water use targets: communication on regular reduction pathway;
- Efforts on treating waste water internally;
- Use of increasingly high-performance technologies;
- Increasingly sophisticated control processes;
- Audit program for industrial facilities;
- Support for farmers in diversifying their crops e.g. chickpeas.

Collaborative engagement

In addition to our individual engagement efforts, we also signed several collaborative engagement initiatives on this theme, for example on deforestation, which is also a crucial challenge for biodiversity. We have signed a raft of collaborative engagement initiatives on this theme with a view to mitigating these effects and curbing our risks:

- Arctic Drilling in Wildlife Sanctuary – 2017 – Initiative by Waxman Strategies and Sierra Club spurred by the US Administration's proposal to open the Arctic National Wildlife Refuge in northeast Alaska – a once pristine and protected area – to fossil fuel exploration. Concerned about the potentially serious threat to local biodiversity from extraction activities, investors therefore joined forces to send a statement to oil and gas companies that may potentially be involved in these activities.
- Investor Initiative on Sustainable Forest (Cattle and Soy) – Organizations Ceres & PRI (since 2018).
- Deforestation and forest fires in the Amazon Investor statement 13/09/2019 Ceres Forest Environment, which combats this issue.
- Investor Statement on the need for biodiversity impact metrics (Mirova initiative): based on the principle that the Earth's biosphere is a common good and is under increasing stress, limiting its ability to deliver sustainable ecosystem services today and tomorrow, as investors we recognize a need to protect biodiversity. To do so, the financial sector has shown a steadily growing interest in the integration of environmental issues within investment processes. However, we lack the tools to accurately and consistently measure these impacts, although we recognize that a wide range of industries are having a direct impact on biodiversity. We need better tools to allow us to measure and reduce the physical impact of investments on ecosystems. Therefore, we wish to publicly express our need for biodiversity-related impact metrics that would respect six principles on methodologies and data collection.
- CDP Non-disclosure Campaign CDP
- Tobacco Free Finance Pledge

3. APPENDIX

Criteria	Indicators	Details	Data supplier	Type of materiality	
				Financial	Non-financial
Biodiversity	Biodiversity & Land Use Score	Assesses programs designed to safeguard biodiversity and address communities' concerns on land use. Assesses activities that disrupt vast and/or fragile areas that harbor extensive biodiversity and lack strategies to minimize and mitigate biodiversity loss.	MSCI	No	Yes
	Biodiversity	Assesses measures to protect biodiversity rolled out by the company.	Vigeo	No	Yes
Water	Water Resources	Assesses measures to reduce water use and steps to optimize, decrease and process.	Vigeo	Yes	Yes
	Water Stress Score	Assesses the extent to which companies: - Are at risk of water shortages affecting their ability to operate or lose access to markets due to opposition from stakeholders on the use of water. - Are subject to higher water costs.	MSCI	Yes	Yes
Raw Materials	Raw Materials	Assesses the extent to which companies: - are exposed to the risk of damage to their brand by buying or using raw materials with a major environmental impact. - Take part in initiatives to reduce the environmental impact of the production of raw materials. - Set targets for the use of these raw materials produced sustainably.	MSCI	Yes	Yes

ADDITIONAL NOTES

Ostrum Asset Management

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