

Mirova for Nature

Progress report on our roadmap in favour of biodiversity #2
Impact investing in action to contribute to a Nature-positive economy

April 2023

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NATIXIS
INVESTMENT MANAGERS

Mirova for Nature

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After COP15 : a positive signal for nature

In 2020, Mirova published the first edition of “Mirova for Nature”, our biodiversity roadmap, which was further updated in 2021, to have a consistent and comprehensive approach throughout our different asset classes. In December 2022, close to 200 countries and thousands of delegates from civil society but also from the business and finance sector gathered in Montreal for the 15th Conference of the Parties of the Convention on Biological Diversity (CBD) to agree on a Global Biodiversity Framework (GBF), to become the ‘Paris Agreement’ for biodiversity. This “peace pact with nature”, as the president of the COP15, called it, is divided into four objectives and 23 targets. In this regard, the convention successfully achieved the setting up of ambitious quantified objectives by 2030 on three dimensions:

- ensuring the effective conservation and management of at least 30% of terrestrial, inland water, and coastal and marine areas;
- reducing the impacts of the food sector by limiting the risks from pesticides and fertilizers leaks by half;
- mobilizing \$200bn per year for biodiversity while making biodiversity disclosures compulsory for large organization and transnational companies – thereby easing identification of virtuous players by the financial sector.

“ COP 15 has created an ambitious framework for action on biodiversity, though this is obviously only one step. It should be noted that the participation of many financial players played an important role. We at Mirova are proud to be at the forefront of this fight.”
Philippe Zaouati,
CEO of Mirova

Some challenges remain ahead regarding the details of the implementation framework by governments in regulations but also on the monitoring framework that should be used for achievement of those targets, particularly on the indicators that should be employed to assess progress and quantification on nature’s role as a carbon sink. We believe this clear framework will be a solid foundation to improve the architecture of our indicators and methodologies. Reaching such an agreement is very encouraging and confirms that what Mirova has developed for the past decade in the field of natural capital investing and biodiversity measurement is deemed relevant and useful. It is an incentive for us to do more and will only encourage us to accelerate. Mirova took part in this significant event at various levels:

- announcing the creation of the Climate for Nature strategy together with Kering and L’Occitane supporting high-quality projects dedicated to nature protection and restoration;
- co-publishing a guide for financial institutions together with a consortium of European investors – the Finance for Biodiversity Pledge – on how to quickly and smoothly integrate biodiversity considerations in their investment strategies.
- participating into the construction of the disclosure framework of the TNFD (Taskforce on Nature-related Financial Disclosure)¹, a consortium of public and private participants which will support investors in assessing the impact of companies and help redirect investments towards the most virtuous ones.

1 The TNFD is an international initiative that aims to develop a framework for organisations to report on nature-related risks, whose stated objective is to help redirect global financial flows towards businesses with positive impact. [More information here.](#)

Mirova is committed to contribute meaningfully to the achievement of the CBD's overarching objective – the conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits arising out of the utilization of genetic resources – using three main levers of action.

Firstly, we will pursue our contribution to the achievement of targets defined by the [Global Biodiversity Framework adopted in Montreal](#), using verifiable indicators:

- Target #8 on ecosystem restoration by financing Nature-Based Solutions² through our natural capital platform, and by exploring the development of biodiversity certificates;
- Target #15 on reduction of negative impacts and increase of positive impacts from corporates by selecting companies as part of its listed equity portfolio strategies evidenced by abundance metrics such as the MSA.km²;
- Target #19 on mobilization of funding for biodiversity by aligning our investments with taxonomies on biodiversity as evidenced by the share of investee's revenues that fit within eco-activities definitions.

Secondly, we will continue to ensure no significant harm on the achievement of other targets thanks to dedicated risk management policies.

Lastly, we will keep prioritizing investment in companies that contribute to reduce pressure on biodiversity meeting social safeguards.

Beyond its own activities, Mirova will also continue to contribute to global awareness raising among investor communities and corporates by:

- engaging with companies on becoming nature-positive by setting science-based targets (thanks to the Science-Based Targets Network³ guidance report),
- using shared disclosures frameworks such as TNFD's,
- improving the measurement of impact thanks to biodiversity certificates such as Organization for Biodiversity Certificates' (OBC)⁴, using credible methodologies such as One Planet for Business & Biodiversity's (OP2B) regenerative and restorative agriculture framework⁵, prioritizing activities based on hierarchies of positive impacts such as circular economy pillars, cascading biomass principles, zero pollution hierarchy, source-to-sea framework for marine litter prevention, food waste hierarchy and circular and resilient water frameworks.
- Advocating for a comprehensive approach to materiality by considering both impacts and dependencies beyond pure financial materiality



² The International Union for Conservation of Nature (IUCN) defines Nature-based Solutions as actions taken to “protect, sustainably manage and restore natural ecosystems natural and modified ecosystems and modified ecosystems, with the aim of to provide solutions to societal challenges while generating benefits for biodiversity and human well-being human well-being”.

³ The Science-Based Target Network is working to enable companies and cities to set targets for climate and nature

⁴ Organization for Biodiversity Certificates – More information here [Towards biodiversity certificates: proposal for a methodological framework \(carbone4.com\)](#)

⁵ More information here: [OP2B's Framework for Restoration Actions - World Business Council for Sustainable Development \(WBCSD\)](#) ; [OP2B's Framework for Regenerative Agriculture - World Business Council for Sustainable Development \(WBCSD\)](#)

1 | Accelerating our investments in biodiversity with private and listed assets



Just like climate, biodiversity needs funding

Achieving zero biodiversity loss by 2030 not only requires earmarking land for conservation but also changing the way humanity produces and consumes. While governments typically focus on the former, the private sector has more levers on the latter. Yet, increased synergies are required to accelerate impacts. As per Dasgupta's report⁶:

- Actions should focus on redirecting financial flows towards activities that regenerate nature
- Corporates' impact and dependencies must be disclosed
- International standards should become available to guide investors' decisions

Currently only \$124-143bn are mobilized each year to biodiversity conservation with 80-85% funding derived from the public sector through governmental budgets and taxation while estimates of biodiversity funding needs by 2030 amount to \$722-967bn each year⁷. Hence bridging the financial gap requires mobilizing \$598-824bn every year by that time horizon. Filling in the financial gap is mostly needed for agriculture transition (54%), protected areas (21%) and urban environment (10%), while other activities (mitigation of invasive species, coastal restoration, fisheries and forest maintenance) altogether amount to 15%⁷. Within comparison, \$632bn are mobilized annually for climate related projects⁸.

For Mirova, quick action by the financial sector is required well before regulations are enforced everywhere: divestment of impactful activities such as intensive agriculture & forestry, investment in nature-positive activities such as nature-based solutions and activities that reduce the [five direct anthropogenic pressure drivers defined by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services \(IPBES\)](#) – changes in land and sea use; direct exploitation of organisms; climate change; pollution; and invasion of alien species –, but also simulation of corporates impacts to support investment decisions in the absence of sufficient data and engagement with companies to direct their climate fundings towards land-use projects in the context of net-zero commitments.

“Bridging the biodiversity financial gap requires mobilizing \$598–824bn every year until 2030.”

6 The Economics of Biodiversity: the Dasgupta Review, 2021, Sir Partha Dasgupta, More information here: [Final Report - The Economics of Biodiversity: The Dasgupta Review - GOV.UK \(www.gov.uk\)](#)

7 Source: Financing Nature: closing the global biodiversity financing gap, 2021, Paulson Institute, More information here: [Financing Nature: Closing the Global Biodiversity Financing Gap - Paulson Institute](#)

8 Source: Global Landscape of Climate Finance, 2021, Climate Policy Initiative More information here: [Global Landscape of Climate Finance 2021 - CPI \(climatepolicyinitiative.org\)](#)



Private assets for natural capital and nature-based solutions

To allocate more capital to concrete projects on the ground that contribute to protecting and restoring Nature, we launched our first natural capital fund back in 2012. Since then, it has grown into a solid Natural Capital platform that seeks to offer our clients the opportunity to combine financial returns* with ecosystem preservation.

This platform is currently structured around three areas. The tangible projects and companies our Natural Capital strategies support are subject of publicly available, dedicated impact reports:

- Sustainable land use: land restoration/rehabilitation activities, focusing on sustainable supply chains. [See Land Degradation Neutrality strategy's 2021 impact report](#)
- Blue economy: sustainable seafood supply chains, circular economy, conservation of marine and aquatic environments. [See Sustainable Ocean strategy's 2021 impact report](#)
- Environmental assets: payments for ecosystem services, conservation of biodiversity-rich areas, carbon credits.

With close to €700 million in assets raised as of the end of February 2023, Mirova has successfully demonstrated the robustness of its model by closing significant rounds of fundraising. To date, we have supported more than 30 projects and companies, with significant impacts in emerging economies (Latin America, Africa and South-East Asia) but also in developed markets, especially in Europe. After some delay notably due to the COVID-19 outbreak, we are confident we will reach our goal of €1 billion raised by 2024.

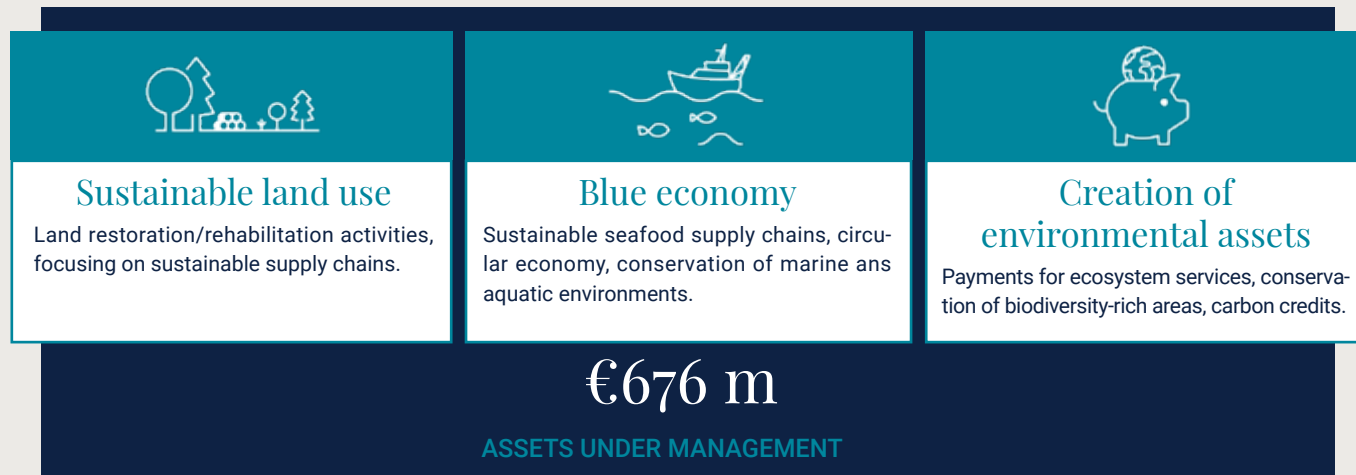
Main features and lessons learned about raising funds for Natural Capital:

■ We observe a growing interest from mainstream institutional investors in natural capital investments, as long as the underlying projects and companies prove a minimum level of robustness. That is when blended finance proves essential through de-risking mechanisms provided by public institutions, thus encouraging and unlocking more private capital. Nevertheless, more education is needed and this is why initiatives such as the [Natural Capital Investment Alliance](#) providing asset owners and asset managers a forum to share views on the development of the investment theme are essential.

■ Net Zero commitments from multiple economic actors and especially large corporations have led to the mobilization of significant capital for Nature-based Solutions able to sequester and avoid carbon emissions while generating multiple benefits for nature and local communities. Pre-payment of carbon credits can bring significant catalytic capital to local nature-based projects and the magnitude of the commitments made, including during climate COP26 in Glasgow⁹, shows the significant potential of such a funding channel.

With Nature-positive objectives being developed in the wake of Net Zero ones, we anticipate growing interest for biodiversity certificates, which can lead to innovative funding channels for nature. Mirova is contributing to current initiatives aiming at developing such mechanism, as a founding member of the [Organization for Biodiversity Certificates](#) (OBC), and as a member of the Advisory Group of Verra's [Nature Framework Development Group](#) (NFDG). Mirova also takes part in the [High-level Working Group on innovative mechanisms to address the biodiversity financing needs](#), which was launched to contribute to the upcoming One Forest Summit co-hosted by France and Gabon, in March 2023.

OUR APPROACH TO NATURAL CAPITAL INVESTING




€1bn
 target by 2024

Source: Mirova and affiliates as of 02.28.2023

⁹ In 2021, the United Nations Climate Change Conference, more commonly referred to as COP26, was held in Glasgow. [Read our event summary here.](#)
 *Each investment is subject to risks, including the risk of capital loss.

Listed assets: investing in companies with positive contribution to biodiversity

Launch of three new listed equity strategies (food, biodiversity, climate)

In the course 2022, Mirova has built a comprehensive investment approach to biodiversity in the listed equity space and started working on three dedicated thematic strategies meeting sustainable development challenges through a nexus approach highlighting the interactions between biodiversity and two other ancillary dimensions: food and climate. For each strategy, Mirova will adopt an investment philosophy aligned with the definition on “sustainable investment” under the European Sustainable Finance Disclosure Regulation (SFDR)¹⁰ based on the one hand on an internal taxonomy of nature-positive activities and on the other hand on making sure that companies risk mitigation frameworks prevent significant harm on other dimensions of sustainability through their whole value chain. Reporting on impacts will rely on the Corporate Biodiversity Footprint (CBF)¹¹ and, potentially, other indicators reflecting total funding mobilized for biodiversity.

FOOD SECTOR: BETWEEN IMPACT AND DEPENDANCE TO BIODIVERSITY

Food is the economic activity with both the largest impact and dependence on biodiversity. Current intensive agriculture models require large scale land use to produce feed, food and biofuels reducing habitat for wildlife. Artificial inputs such as pesticides are polluting soils waterways, livestock and fertilizers generate greenhouse gases (GHG) such as methane and nitrogen oxide. Conversely, cultures’ reliance on a limited number of crops and breeds jeopardizes the food sector’s long-term resilience to biodiversity erosion, illustrated by the loss of soil fertility and pollinators leading to increased occurrences of pests, while induced climate change exacerbates water stress reducing crops’ resistance. Down the food value chain, excess calories intake, meat and sugars consumption induce higher ratios of chronic diseases. Conversely consumers’ concern for health degradation leads to excess consumption of long-distance imported fruits & vegetables inducing extensive use of plastics packaging, but also nutrient-rich crops inducing increased water intake in water-stressed regions and farmed fishes inducing degradation of animal welfare and increased antimicrobial resistance further deteriorating human health. In a nutshell, a sustainable vegetarian or flexitarian diet in developed regions features about 2,000 kcal a day, 50% reduction in meat and sugar intake and increased vegetables & fruits intake towards 500g a day¹².

We believe a thematic investment strategy dedicated to food should focus on companies that can evidence positive impact over the whole value chain including production, handling, delivery and recycling and foster a synchronous transition of agricultural practices and nutrition balance. Selected companies should participate in the transition in different ways, increasing food sector resilience, reducing environmental impacts, improving food health impact.

A THEMATIC STRATEGY DEDICATED TO POSITIVE IMPACTS ON BIODIVERSITY

The biodiversity strategy Mirova is working on will aim at contributing to the Convention on Biological Diversity’s objective of halting and reversing biodiversity loss by 2030 to put nature on a path to recovery, while remaining always consistent with a < 2°C climate scenario reflecting the international climate objectives set by Paris Accords. **The strategy will intend to act in this regard by selecting companies showing a clear biodiversity pressure drivers reduction agenda while developing products and processes that increase positive impacts.** It will focus on companies that evidence a positive impact on biodiversity as measured by the Science-Based Targets for Nature (SBTN) typology of positive impact¹³:

- Avoiding extraction of resources as compared to a business as usual scenario – as illustrated by water reclamation enabling municipal wastewater reuse in agriculture and groundwater replenishment;
- Reducing their use of resource overtime and regenerate ecosystems – through solutions such as precision agriculture enabling soil sampling and intercropping thereby reducing inorganic fertilizer and improving soil health;
- Restoring nature where it has been degraded – thanks to production of wood biomass on pastureland to produce pulp from plantation and earmark land for conservation, and reuse wood wastes in production sustainable-by-design low toxicity biochemicals substituting to petrochemicals.

While climate change is among the key pressures on biodiversity, adaptation to climate change can lead to maladaptive response. Dam building for irrigation can lead to lead to long term soil degradation ; while large scale hydropower although as source of green power can jeopardize river biodiversity. Mirova will account for these unintended outcomes including when implementing nature-based solution¹⁴.

¹⁰ See full definition here, article 17 of Regulation (EU) 2019/2088 of the European Parliament and of the Council

¹¹ See the methodological guide by Iceberg Data Lab

¹² The EAT-Lancet Commission on Food, Planet, Health, 2019, The EAT-Lancet Commission, [The EAT-Lancet Commission on Food, Planet, Health - EAT Knowledge \(eatforum.org\)](https://www.eatforum.org)

¹³ “Science-based targets for Nature: Initial Guidance for Business”, 2020, SBTN ; more information here: [Science-based targets for nature - Initial Guidance for Business \(sbtn.org\)](https://www.sbtn.org)

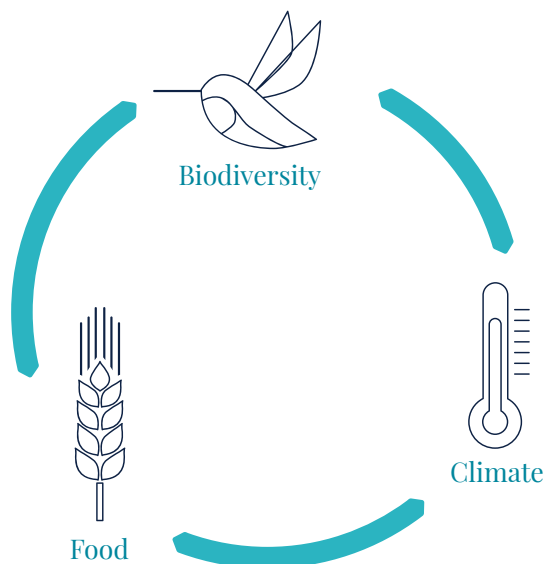
¹⁴ IPBES-IPCC Co-Sponsored Workshop on Biodiversity and Climate Change, 2021, IPBES & IPCC

CLIMATE & BIODIVERSITY: TWO SIDES OF THE SAME COIN

The climate strategy will focus on companies that either contribute to energy efficiency and renewable electricity production. It will also invest in companies that support acceleration in land use contribution to net removal of carbon. This includes increased carbon sinks, reduced emissions of methane but also nitrogen oxide, which have strong global warming potential. These activities can generate biodiversity co-benefits through habitat restoration. Examples include companies deploying sustainable forestry management guaranteeing forest soil carbon conservation and resilience through diversity of tree species and provide lumber, thereby substituting to carbon-intensive cement and steel; second biotech companies that reduce livestock's emissions thanks to feed additives reducing enteric fermentation, also limiting excess nitrogen in manure, and post-consumer plastics bottle and recycling activities reducing the need for raw petrochemicals and limiting plastics pollutions.

Mirova is planning on launching the three thematic strategies in the course of 2023 and thus completing its global impact equity range that aims to address Mirova's mission which includes bring forward positive impact as a systematic investment objective.

THREE NEW LISTED EQUITY STRATEGIES



Addressing the biodiversity challenge through green bonds

Mirova's fixed income strategies are also contributing to positive impact on biodiversity through ring-fenced investments in corporate green bonds, thus financing a combination of nature-based solutions and smart technologies including:

- water utilities that dedicate financing to separate sewer systems and wastewater lagooning reducing river pollution risks through streams separation and increased carbon sequestration in wetlands;
- forestry owners launching forests' soils carbon sequestration projects based on restoration of degraded wetland and mire and reduction of forest fire risk thanks to improved road infrastructure;
- renewable energy developers operating offshore wind farms that mitigate climate change through brown-to-green power substitution and creation of habitats to marine biodiversity on mills' artificial reefs.



From climate to biodiversity to social issues: everything is interconnected

Climate & biodiversity

Planetary boundaries advise us that climate and biosphere integrity are the two overarching boundaries that are structuring the others and are the main enablers of a conducive environment for all types of life. Ecosystems are key carbon sinks and their restoration play a significant role in the path towards anthropogenic GHG emissions neutrality by 2050, capturing 10 GT CO₂eq or 30% of CO₂ equivalent emissions reduction efforts¹⁵. Conversely climate change is a significant threat to ecosystems through altering moisture and temperature. These interactions are sources of both risks and opportunities. Compounded climate-biodiversity risks induce physical risks for companies such as forest vulnerability to temperature increase and pests' attacks, but also transition risks such as increased difficulty for companies to compensate non-abatable life-cycle emissions of their activities. This is notably explained by reduced availability of land for carbon sequestering activities due to governments' earmarking of expanded conservation surface, amounting to 30% of land by 2030¹⁶. On the opportunity side, companies offering alternative protein products benefit from changing consumers tastes for plant-based proteins and vegetable milk alternatives for concerns of animal welfare and wish to reduce their carbon footprint. Accordingly, **Mirova adopts a comprehensive approach through multi-asset investment strategies in order to address these complex interconnections from multiple angles, through equity and bond strategy as well as natural capital.**

Social & biodiversity

Subsistence-led deforestation most strikingly illustrates the convergence of biodiversity and social dimensions and Mirova's holistic approach to sustainability. As 80% of the earth's food come from family's farming¹⁷, recent warnings¹⁸ of increasing food insecurity trends highlight intrinsic links between farmer livelihood and their capacity to feed humanity in a sustainable way. Subsistence-led agriculture is responsible for a third of deforestation due to smallholder farmers unequal access to farming inputs and search for fertile land in the forest. This induces significant strain on biodiversity as forests provide habitat for up to 80% of species¹⁹. Inequal access to agricultural inputs caused by agricultural subsidies – worsened by recent crises – as well as lack of knowledge on sustainable agronomical practices are identified as key issues. **Mirova is addressing the issue first by financing agroforestry projects** – mixing crop production, improving farmers' revenues and livelihoods, training for soil fertility improvement – **and second by engaging with food companies on establishing support programs for smallholder farmers according to transparent methodologies, addressing social and environmental dimensions.**



¹⁵ Nature-based Solutions in Nationally Determined Contributions: Synthesis and recommendations for enhancing climate ambition and action by 2020, 2019, Seddon et al, 2019, more information here [Nature-based solutions in nationally determined contributions | IUCN Library System](#)

¹⁶ Post-2020 GBF, 2021, CBD

¹⁷ Transforming Food and Agriculture to Achieve the SDGs, 2019, FAO, More information here: [Transforming food and agriculture to achieve the Sustainable Development Goals | FAO Stories | Food and Agriculture Organization of the United Nations](#)

¹⁸ "After remaining relatively unchanged since 2015, the prevalence of undernourishment (SDG Indicator 2.1.1) jumped from 8.0 in 2019 to around 9.3 percent in 2020 and continued to rise in 2021" The State of Nutrition 2022, FAO .More information here: [The State of Food Security and Nutrition in the World 2022 | FAO | Food and Agriculture Organization of the United Nations](#)

¹⁹ State of the World's forests 2020, 2020, FAO and UNEP, More information here: [State of the World's Forests 2020 \(fao.org\)](#)

Enhancing synergies between public and private sectors through adapted regulation

Regulation tends to support improved disclosure and provide incentive and guidance towards directing financial flows towards nature-positive activities. The European Union (EU)'s overarching strategies are providing useful guidance. Regulatory frameworks could help on five dimensions:

■ **Consistent with its commitment that all its investment funds* would be categorized as article 9 compliant with respect to SFDR²⁰, Mirova will attempt to maximize the alignment of its investments with the EU taxonomy of eco-activities.** The four – yet-to-be-published – pillars of the EU taxonomy regulation on water, land biodiversity, pollutions, and circular economy will most likely guide investors towards investment in activities that reduce pressures on biodiversity and increase positive impact. Mirova will select assets that are most aligned with the criteria.

■ Evaluating positive impact also requires evaluation of the business-as-usual and sustainability scenario for each of the five pressure drivers on biodiversity defines by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES). As SBTN trajectories are not fully achieved yet, EU's sectoral plans of action could inspire SBTN as references targets, which in turn could be used by companies. In this regard, EU's strategies are providing a hint: EU's farm-to-fork targets such as 25% organic agriculture targets; EU's circular economy strategy targets zero single-use plastics, and EU's Zero Pollution Action Plan targeting a 25% reduction of ecosystems where air pollution threatens biodiversity are particularly relevant²¹. Besides, hierarchies of positive impacts enable financial institutions to identify the most virtuous assets: to illustrate this the draft amended renewable energy directive of the EU (RED3)²² puts forward the cascading biomass principles which support prioritization of investments in the wood bioeconomy by prioritizing wood derivatives uses where they make the highest environmental and economic value. Similarly, the EU's waste framework directive distinguishes the most virtuous waste management options including prevention, (preparing for) reuse, recycling, recovery and, as the least preferred option, disposal (which includes landfilling

and incineration without energy recovery)²³. Eventually the Zero-Pollution Action Plan classifies chemicals from those sustainable-by design which prevent pollution down to those supporting minimization and control of pollution, while the less prioritized are those focused on elimination and remediation of existing pollutions²⁴.

■ **Improving disclosure is key as better data would refine simulation of assets' impacts on biodiversity.** In this regard, mandatory reporting such as the EU's Corporate Sustainability Reporting Directive (CSRD)²⁵ and its the European Sustainability Reporting Standards (ESRS) reporting framework for companies should ease process for selection of stocks that are most nature-positive²⁶. National regulations on infrastructure projects mandatory impacts assessment and impact offsetting also support informed assessment of virtuous projects²⁷. Regarding regulation applicable to the financial sector, we believe SFDR should aim to incentivize the financial community to better assess risks: Principal Adverse Impacts (PAI) specific indicator on biodiversity improves reporting on direct geolocated biodiversity impacts in and around conservation areas. Besides, impact funds (compliant with SFDR article 9) are required to report on biodiversity risk, which, according to the TNFD framework, are categorized into physical risks and transition risks. Specifically, article 29 of the French 2019 Climate-Energy Law²⁸ requires reporting on to what extent investment portfolio reduce five IPBES pressure drivers on biodiversity.

■ Finally, **public finance can play a key role in supporting private sector investments through de-risking mechanisms**, as activities such as restoration agriculture in developing regions rely on new business models and face specific challenges that private sector participants are hesitant to cover alone or that induce requirement for returns that would jeopardize the environmental and social sustainability of the projects. Besides, the environmental benefits of such projects are insufficiently considered by the market. Subsidies, concessional loans, and other co-financing instruments can support the deployment of nature-based solutions.

Risk management and exclusion policy

Nature can be viewed as an asset just like produced capital (roads, buildings) and human capital (health, knowledge). Yet it is obviously more than a purely economic good, being

recognized by many for its very existence and intrinsic worth. According to [Dasgupta's report](#), biodiversity enables Nature to be productive, resilient and adaptable. Yet current demand

20 The Sustainable Finance Disclosure Reporting (SFDR) Regulation aims to provide more transparency in terms of environmental and social responsibility in financial markets, through the provision of sustainability information on financial products (integration of risks and negative sustainability impacts). Products classified as Article 9 within the meaning of SFDR have a sustainable investment objective compared to products classified as Article 6 (no sustainability objective) or Article 8 (environmental and social characteristics).

21 EU Zero Pollution Action Plan, 2021, European Commission ; More information here: [Zero pollution action plan \(europa.eu\)](#)

22 Farm to fork Strategy, 2021, European Commission, More information here : [Farm to Fork Strategy \(europa.eu\)](#)

23 Amendment to the Renewable Energy Directive to implement the ambition of the new 2030 climate target | European Commission (europa.eu)

24 "Waste Framework Directive", 2021, European Commission ; [Waste Framework Directive \(europa.eu\)](#)

25 Zero pollution action plan, 2021, European Commission. More information here: [Zero pollution action plan \(europa.eu\)](#)

26 Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting

27 First Set of draft ESRS - EFRAG

28 Loi n° 76-629 du 10 juillet 1976 relative à la protection de la nature. More information here: [Loi n° 76-629 du 10 juillet 1976 relative à la protection de la nature - Légifrance \(legifrance.gouv.fr\)](#)

29 L'OL n° 2019-1147 du 8 novembre 2019 relative à l'énergie et au climat (in French)

* for all funds managed by Mirova, with exception of certain dedicated funds and funds delegated by management companies outside Groupe BPCE.

on Nature far exceeds its capacity to supply: about 1.6 earths are currently required,²⁹ and the stock of natural capital per person declined by 40% over the last 30 years. This is jeopardizing Nature's capacity to sustain ecosystem services over the long term³⁰. Already, 14 out of 18 main ecosystem services provided by nature are declining³¹. Sustainable economic growth and development requires to take a different path where society's engagement with Nature is not only sustainable but enhances collective well-being and that of our descendants. Nature needs to enter economic and finance decision-making, by measuring wealth in terms of all assets including natural assets, thus integrated into an 'inclusive wealth' which provides a coherent measure that considers the well-being of future generations.

The decline of biodiversity is a development issue, considering economies' reliance on natural capital. Over half of world GDP or about \$44tn is dependent on ecosystem services and therefore currently at risk as a result of biodiversity loss³². Under business as usual, some ecosystems could collapse entirely, compromising human socioeconomic systems. As per the results of economic models, the collapse of just three ecosystem services – pollination, timber supply, and fish supply – would cost 2.3% of global GDP by 2030. Lower income countries would be most affected, with 9.7% GDP loss in sub-Saharan Africa and 6.5% loss in South Asia due to economies' reliance on pollinated crops as well as Africa's dependence on forest products. Most importantly, no sector of the economy would be unaffected as non-extractives would regress by 8%, highlighting the importance of considering biodiversity risk in any investment³³.

These generate increasingly severe risks for companies, financial institutions and society as a whole. These risks have been categorized into (i) physical risks which include acute (ie: zoonoses) and chronic physical risks (ie: loss of pollinators) to assets and production processes, (ii) transition risks, which include policy and legal (ie: PFAS³⁴ related litigations), market (ie: consumer taste for plant-based food), technological (ie: recycling technologies) and reputational risks (ie: river pollution events), and (iii) systemic risks covering ecosystem collapse risks (ie: loss of fish supply), aggregated risks (ie: financial portfolio's exposure to multiple nature risks) and contagion risks (ie: collapse of a sector spilling over to the economy)³⁵.

Such risks are amplified by the interaction of biodiversity loss with climate change and social perceptions. The dairy sector is a case in point. In dairy production, physical risks can arise from combined effect of reduced breed diversity easing spread of pathogens and from climate change shifting weather patterns increasing likelihood of heat waves and water stress, further limiting livestock resistance to pathogens in intensive farming and leading to slaughters and

increased costs for dairy producers. Conversely transition risks arise from consumers' changing tastes for plant-based beverages on animal welfare concerns further reducing revenues for the same companies

possibly leading to systemic risks for investors. To illustrate this, from 2012-17 there was a 36% increase in the consumption of plant-based beverages in the US, while milk product sales have fallen by 12%³⁶. Regulation further exacerbates the combined transition risk as governments' decision to put an end to deforestation for emissions' neutrality purpose

and to earmark 30% of land for biodiversity conservation could reduce geographic extent of corporates activities.³⁷ This should foster a positive behaviour towards negative impacts avoidance and reduction rather than compensation.

Mirova is deploying a comprehensive framework aimed at mitigating biodiversity risks. A preliminary screening is relying on various databases, examples of which are Chemscore and Forest500. Second, **Mirova engages individually and collaboratively with companies in the most material sectors.** In 2022, Mirova engagement priorities relevant to biodiversity included a request to carry out SBTN's five step actions towards becoming a nature positive company:

- Assess and identify the most material biodiversity impacts and dependencies on nature and where they occur in the value chain, at least for high-stake industries.
- Interpretate and prioritize different areas across the spheres of influence of the company where actions can be taken.
- Measure, set targets to mitigate biodiversity risks and disclose these targets, methodologies, and baselines.
- Take action by a) Committing to avoid deforestation or destruction of any natural habitats, promote conversion of all-natural habitat and conversion of all areas of high conservation value. b) Maximizing the average share per product of sustainably sourced supplies verified by independent third parties and labels where applicable c) expand circular economy measures such as eco-design, disclosure of circularity indicators including recycled content in products, and develop take-back initiatives.
- Collaborative engagement focused on priority sectors such as food and beverage industry through the **FAIRR Sustainable Protein Hub**, as detailed further below.

Third, **Mirova excludes activities that are most harmful to biodiversity.** Globally a few activities have been identified as most harmful to biodiversity because they are the main root cause of the IPBES pressures drivers. **Mirova has already published its controversial activity list on the topic of climate change**³⁸ and intends to update it with new exclusions related to land use and pollution, including notably deforestation-linked agricultural commodities, chemicals and plastics.

29 Earth Overshoot Day, [Country Overshoot Days 2023 - Earth Overshoot Day](#)

30 The economics of biodiversity, 2021, Partha Dasgupta

31 Global Assessment Report, 2019, IPBES

32 The Future of Nature and Business, 2020, WEF and AlphaBeta

33 The Economic Case for Nature, 2021, World Bank

34 Per- and Polyfluoroalkyl Substances

35 TNFD Nature-related Risk and Opportunity Registers, 2022, TNFD, More information here: [22-23032_TNFD_Risk-and-Opportunity-Registers_v2.pdf](#)

36 «Are Plant-Based Analogues Replacing Cow's Milk in the American Diet?», 2020, Stewart et al

37 Source: «Post-2020 Global Biodiversity Framework», 2022, CBD

38 <https://www.mirova.com/en/ideas/controversial-activities>

2 | Developing indicators to measure impact



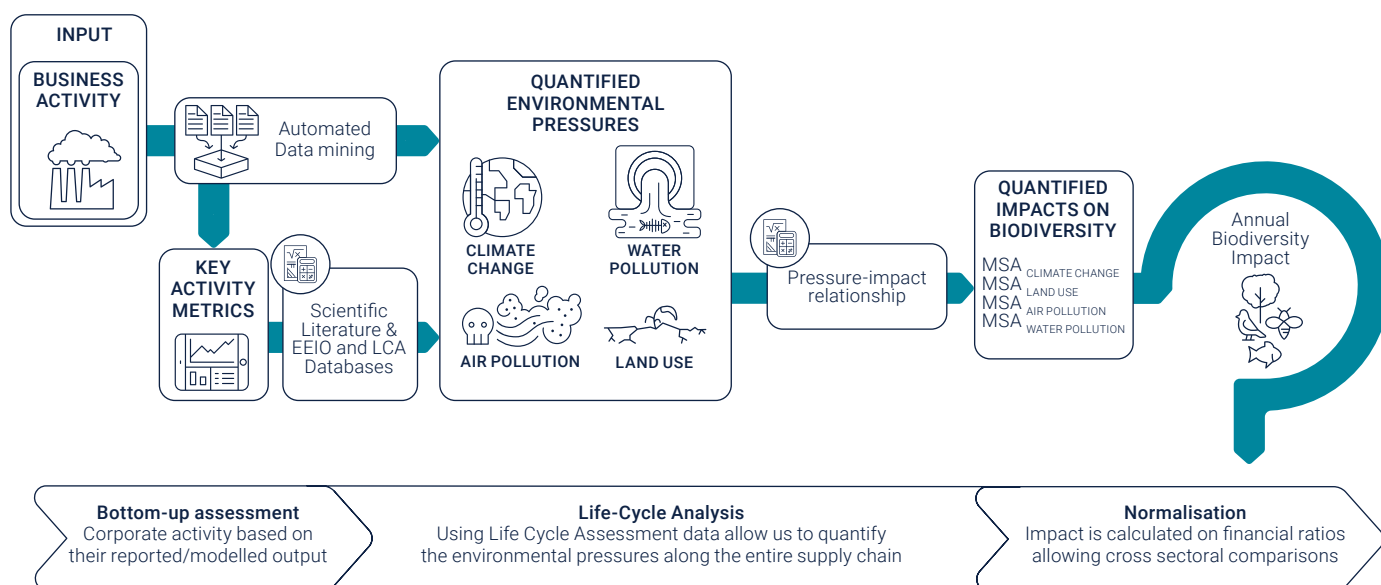
Assessing biodiversity impacts of listed companies

To assess the impact of its portfolios on biodiversity, and given the lack of existing data, Mirova sought to encourage the data provider market. Consistent with our desire to create a standardised tool useable by all financial institutions, Mirova joined forces with AXA IM, BNPP AM and Sycomore AM to launch a call for expressions of interest in early 2020. Following the tender process, [the partners have selected a consortium formed by Iceberg Data Lab and I Care & Consult.](#)

Together with our partners, we have developed the Corporate Biodiversity Footprint, a measurement tool that quantifies the impact companies' business activities have on biodiversity. The tool allows investors to integrate a quantitative aggregate footprint of their impacts on biodiversity into their ESG risk and quality assessments.

This biodiversity footprint is defined by the MSA.km2, or Mean Species Abundance per square kilometre, which assesses the footprint of our listed investments on biodiversity based on the life-cycle impact of companies' products on the five anthropogenic pressures as defined by IPBES. Of the five pressures, three are already almost fully modelled: land-use change, climate change and pollution. Construction of this methodology is currently underway and should ultimately cover direct exploitation and invasive species, as well as impact on marine and river species.

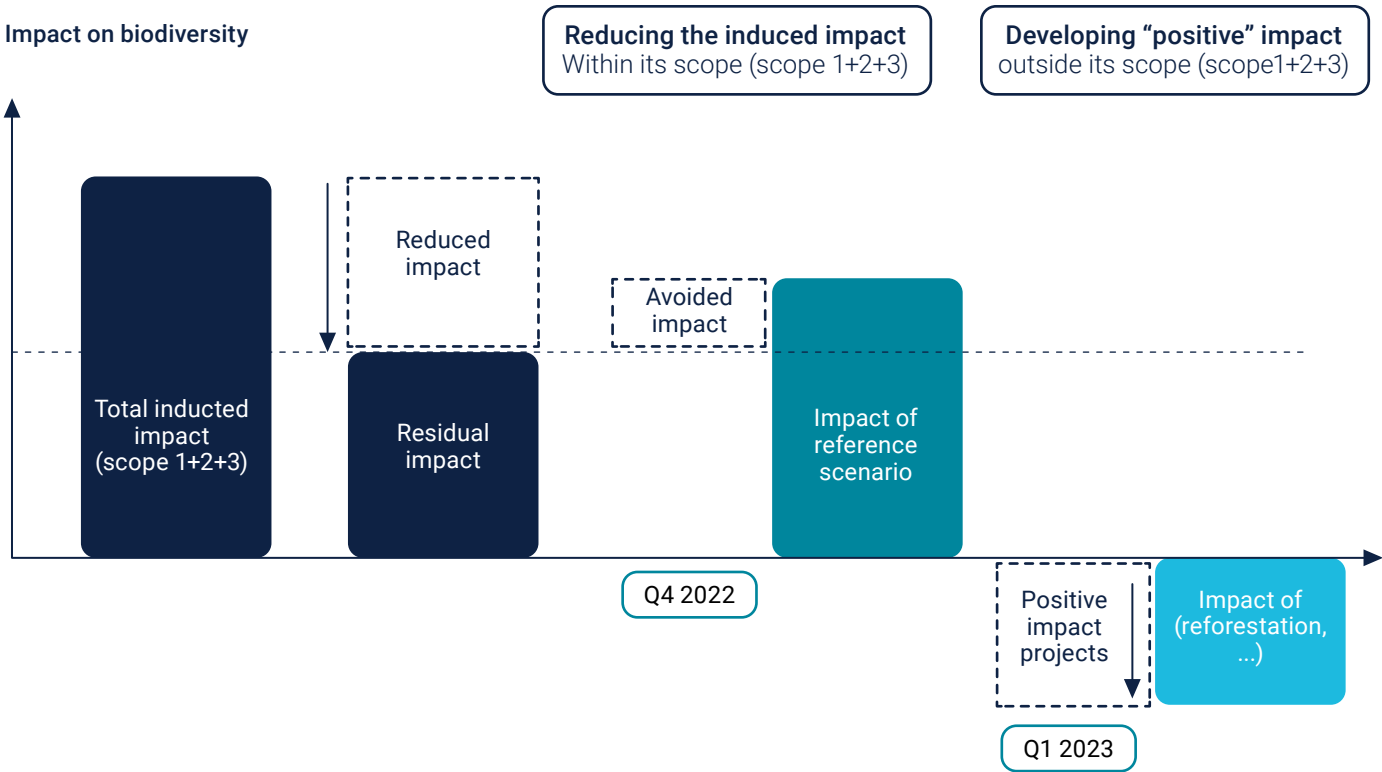
GLOBAL ILLUSTRATION OF THE CORPORATE BIODIVERSITY FOOTPRINT METHODOLOGY



Source: Iceberg Data Lab

The methodology for assessing positive impact is being developed on the basis of a distinction between reduced impact, avoided impact and restored ecosystems, as illustrated in the figure below.

INDICATORS OF POSITIVE IMPACT IN THE CBF METHODOLOGY

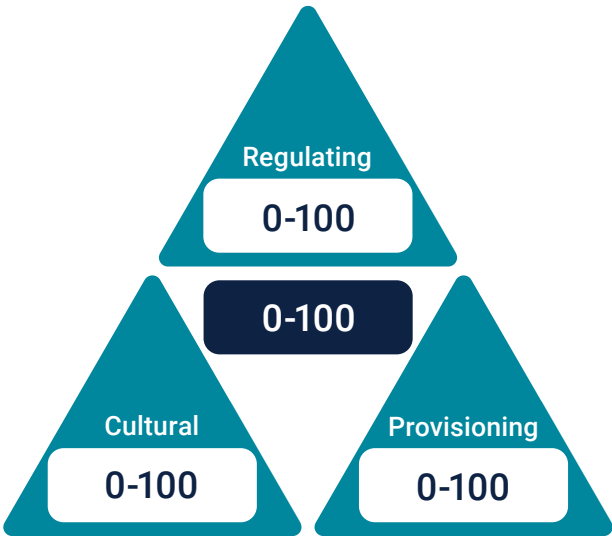


Source: Iceberg Data Lab

Finally, the CBF methodology will provide a dependency score that will encompass the regulation services, provisioning of nature service and cultural ecosystem services in a score from 0 to 100. The dependency scores will be based on sectoral and geographical exposures of companies.

The quantitative indicators will allow us to communicate on every investment strategy's impact on nature but also will help drive investment decisions by providing comparability in the impacts and dependencies of companies in different sectors and geographies.

DEPENDENCY SCORE IN THE CBF METHODOLOGY.



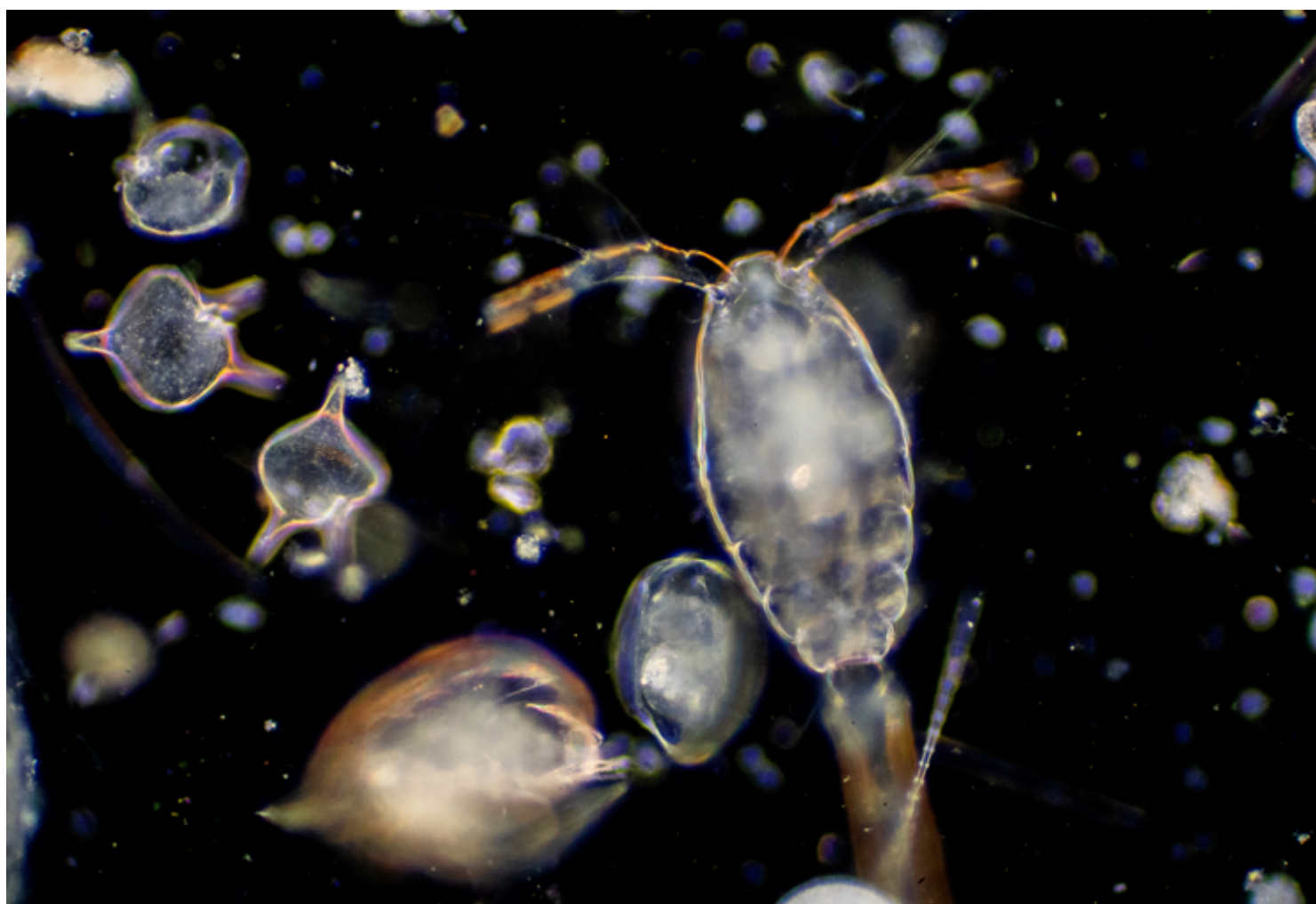
Source: Iceberg Data Lab

A range of potential tools to monitor the impacts on private investments

For non listed investments, the selection of the appropriate tools and indicators to track the impacts will vary depending on the activity of the project or of the company that Mirova finances. When we expect an investment to generate significant benefits on the ecosystems, we may choose to rely on proxys such as the areas benefitting from the implementation of nature-positive activities (e.g. conservation, restoration, agricultural best practices, etc.). Depending on the features of the project and of the ecosystems, complementary indicators can be used: when a conservation activity takes place in a biodiversity rich areas when threatened species may be present:

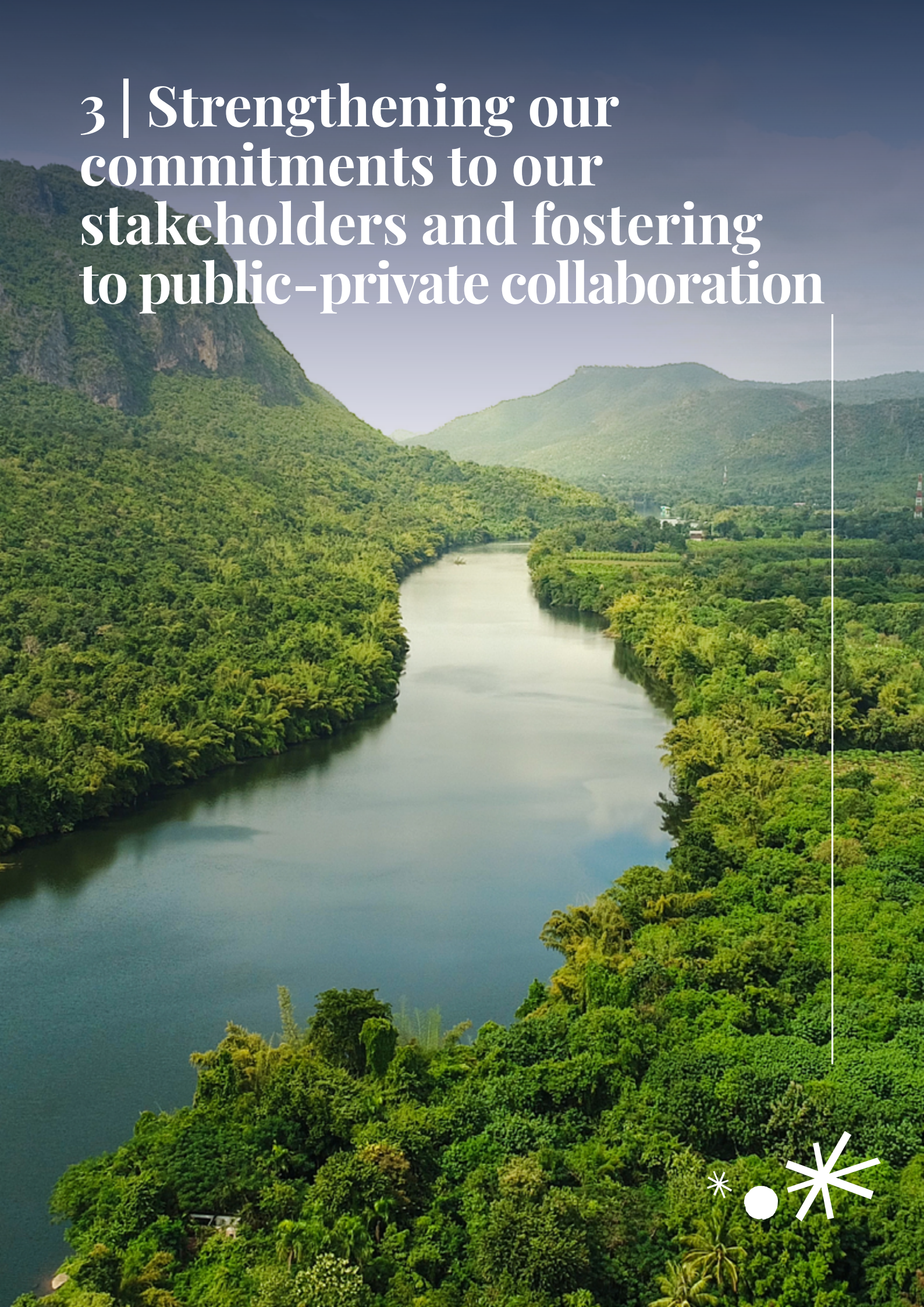
- The use of the STAR (Species Threat Abatement and Recovery) methodology can be of help to assess the exposure to this theme, and the potential for positive impact, for example.

- For investments in sustainable productive land use (such as sustainable forestry, agroforestry or agriculture), Mirova's been working for a few years on the monitoring of the three metrics³⁹ defined by the UNCCD and associated with the Sustainable Development Goal (SDG) 15.3 targeting Land Degradation Neutrality, through the use of geosatellite imagery, allowing to ensure that the activities implemented generate a positive trend on at least on of the three indicators, without degrading any.



39 Land Cover and Land Cover Change, Land Productivity, Soil Organic Carbon

3 | Strengthening our commitments to our stakeholders and fostering to public-private collaboration



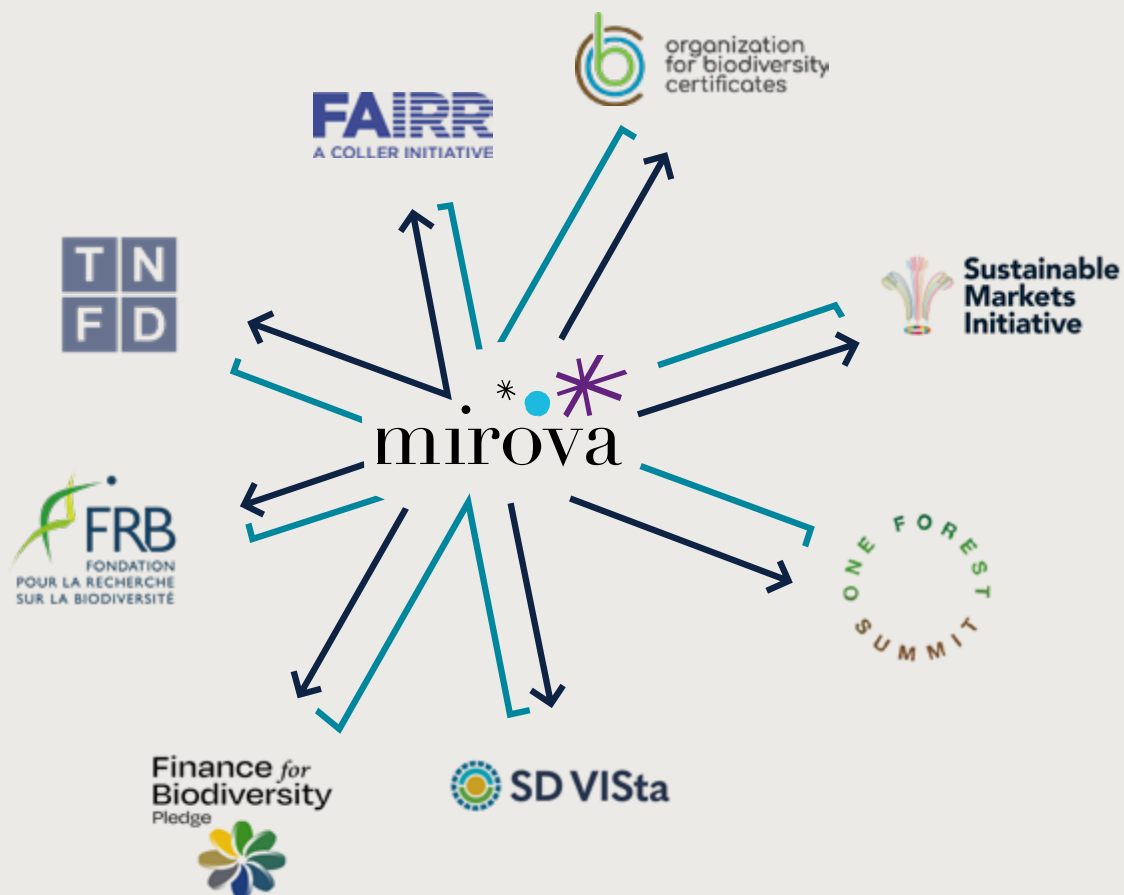
Deploying measures required to achieve a net zero loss of biodiversity by 2030 and living in harmony with nature by 2050 will require a commitment of all economic players to operate a transition at an unprecedented scale. The risks have been identified: breaching planetary boundaries can lead humanity towards a high instability zone where the conducive environment that prevailed since the neolithic may be challenged. While The Network of Central Banks and Supervisors for Greening the Financial System (NGFS) warns that economic impacts are difficult to assess due to non-linearity of nature's reactions may in this framework⁴⁰, recent coupled economic & nature models assuming collapse of three key ecosystem services predict a yearly \$2.7tn GDP loss by 2030 equivalent to a yearly -10% GDP growth up to that milestone⁴¹. Instead, mobilizing a total of \$4.1tn up to 2030 for nature would limit the erosion curve and support sustainable human settlements⁴².

Mobilizing such funding amounts requires all the financial community to participate in redirecting world finan-

cial flows from detrimental activities towards activities inducing nature-positive outcome. This requires first agreeing on the relevant indicators to be disclosed by companies so that investors can make informed investment decisions based on the biodiversity impacts of their assets. Secondly, knowledge-sharing is required among investors to create common ground for biodiversity impact assessment and positive assets and biodiversity credits. Third, engagement with companies in priority sectors will support strategic change towards products mixes and processes that reduce risks and increase positive impacts.

As a committed, mission-driven asset manager, Mirova takes part in various initiatives, complementing TNFD's work, that aim to develop tools, frameworks, policies, guidelines to support a transition of our economy to a more sustainable model. Contributing to this process in which public and private players work together to develop tools to promote nature conservation is a key pillar of our biodiversity roadmap.

OUR COMMITMENT IN MARKET INITIATIVES



⁴⁰ Central banking and supervision in the biosphere: An agenda for action on biodiversity loss, financial risk and system stability, 2022, NGFS

⁴¹ The Economic case for nature; 2021, World Bank

⁴² "State of Finance for Nature: Tripling Investments in Nature-based Solutions by 2030", 2021, UNEP-FI

TNFD: defining the right data to guide investment decisions in favour of nature

The TNFD is an international initiative that aims to develop a framework for organizations to report on nature-related risks, whose stated objective is to help redirect global financial flows towards businesses with positive impact. This way it will contribute to the achievement of the post-2020 Global Biodiversity Framework of the convention on biological diversity (CBD) which aims at putting nature on a path to recovery by 2030.

Contrary to climate reporting in which you can measure and disclose CO₂ emissions, there is no consensus over biodiversity metrics on what should be taken into account and how it should be measured? While the degradation of nature constitutes a major risk to businesses, the TNFD framework aims to enable companies and financial institutions integrating nature into their decisions.

After releasing a second beta version of the framework in June 2022, it issued a [third version in November 2022](#). The Taskforce is now half-way through its two-year phase of design of the TNFD framework. As it continues to develop the framework with the support and input of a wide range of knowledge partners and stakeholders, the Taskforce aims to:

- align with the emerging global reporting baseline under development;
- accommodate regulatory requirements across all jurisdictions;
- encourage early action by companies and financial institutions to begin reporting nature-related dependencies, impacts, risks and opportunities;
- provide a structured path to increase disclosure ambition over time, recognising that this area is new to many organisations.

The v0.3 iteration of the TNFD's beta framework features an annex on draft guidance for financial institutions, as well as draft guidance on science-based targets for nature, a discussion paper on the TNFD's approach to scenario analysis and a discussion

paper on societal dimensions of nature-related risk. It is worth noting that the beta framework is designed to align with the global baseline for sustainability standards through constant dialogue with regulatory authorities throughout the world, such as the International Sustainability Standards Board (ISSB)⁴³, the Sustainability Accounting Standards Board (SASB)⁴⁴ and the Task Force on Climate-related Financial Disclosures (TCFD)⁴⁵.

Mirova is actively supporting the TNFD's activities by channelling the views of impact-oriented investors. More broadly, it gathers global financial institutions' views on the most relevant biodiversity impact data companies should disclose in order to help investors select those whose activity leads to the most positive outcome.

The TNFD has divided the work among its 40 members into a set of working groups. In line with its philosophy, Mirova participates in two groups. The first aims at assessing existing reporting frameworks, fostering portability and compatibility of the TNFD's disclosure recommendations, as well as informing development of biodiversity metrics and guidance to foster their widest adoption. The second is a sectoral group dedicated to financial sector-specific disclosures. Its main purpose is to come up with a list of the most relevant metrics that can be used by banks, asset managers and insurers to assess their own impacts on biodiversity and disclose their related footprint.

Mirova also participates in market feedback on TNFD's beta framework through its participation in a pilot project launched by its biodiversity data providers Iceberg Data Lab and I Care and Consult on the relevance of the MSA.km² as a reporting metric for financial institutions; Other market feedback will be aggregated by TNFD secretariat in the first quarter of 2023 and will support the further design and development of the TNFD recommendations due in September 2023.



43 "Published documents", 2021, IFRS-ISSB, More information here: [IFRS - Sustainability-related Reporting](#)

44 SASB standards and other ESG reporting framework, 2023, SASB, More information here: [SASB Standards & Other ESG Frameworks - SASB](#)

45 Task Force on Climate-related Disclosures, 2021, TCFD. More information here: [Recommendations | Task Force on Climate-Related Financial Disclosures \(fsb-tcfd.org\)](#)

Contributing to guidelines for financial institutions

Together with 111 other – mainly European investors – Mirova supported [the call of the pledge call on global leaders during COP 15 to agree on effective measures to reverse nature loss within this decade](#), in order to ensure ecosystem resilience and contribute to the protection and restoration of biodiversity and ecosystems through financing activities and investments. The Global Biodiversity Framework offers a platform that facilitates collaboration and knowledge sharing, collaborative engagement with companies, support to assessment of impacts and target settings to achieve Pledge participant's main commitment to report publicly on impacts.

Within this community, Mirova participated in the elaboration of two guides supporting financial institutions' decisionmakers on integrating biodiversity in financial sector's investment decision making and risk policies ensuring alignment with TNFD's framework and compliance with EU sustainable finance regulation.

[The first one provides a comprehensive overview of seven tools for measuring biodiversity currently in use by financial institutions.](#) It highlights which tools might be

the most suitable for specific organizational focus areas, business applications and asset categories and shows the strengths and weaknesses of each. The Guide also details the data and resource requirements for each tool and gives insights on what scopes and pressures are covered.

[The second one, published at COP 15 in December 2022, meets current challenge faced by financial institutions:](#) while biodiversity seems a difficult topic to handle, urgency requires them to prioritize action on the most material issues while avoiding detrimental side effects, and to reduce administrative burden by embedding action into existing internal processes. This guide addresses both points by suggesting a simple stepwise process to operationally integrate biodiversity within existing processes: this includes a description of first approach to identification of most impactful sectors in portfolios, a support to selecting relevant assessment dataset and data providers adapted to institution's asset classes, hints on elaborating of an investment policy, and on how to integrate risk assessment within existing climate risk frameworks, and issue relevant disclosure data.



ACT NOW! The why and how of biodiversity integration by financial institutions



Guide on biodiversity measurement approaches

Collaborative engagement throughout the food supply chain

As a long term and responsible investor active in listed equities, and consistent with its governance principles, **Mirova leverages collaborative engagement to encourage companies in most material sectors to accelerate the transition towards deployment of processes and development of products that mitigate negative impacts in supply chain and improve positive impact based on reduced IPBES pressures of an activity as compared to a baseline.** Animal proteins production is particularly relevant because no other activity exerts higher pressure on biodiversity than livestock farming due to land use. In this regard, **the FAIRR sustainable protein** is a relevant investors platform that:

- launches dedicated collaborative engagement campaigns on sector's specific topics such as increa-

sing plant-based proteins products share and circular manure management;

- supports companies on mitigating their risks thanks to such tools as the climate impact tool enabling self-assessment of vulnerability to climate risks and encouraging measures improving resilience, with biodiversity co-benefits;
- lists relevant disclosure data on plant-based proteins and issues benchmark supporting evaluation of positive impact;
- appeal to international bodies such as the Food and Agriculture Organization (FAO) to provide guidance to companies on target-setting through elaboration of land-use scenario compatible with net-zero climate scenarios.

Contributing to the development of biodiversity certificates

Among the three most effective way of protecting biodiversity is disincentivizing change in land use from forest owners through dedicated payments. Land restoration projects also provide opportunities for improving the state of biodiversity. While the focus has been on enabling forest carbon payment through credits, ecosystems also provide a range of ecosystem services that are undervalued, such as regulation and support services and could generate new payment for ecosystem services.

Conversely companies are increasingly setting targets on net zero biodiversity loss which requires in-setting of impacts in supply chains – for commodity intensive companies – and offsetting for others. Opportunity arose for companies to meet their biodiversity pledges through purchase of biodiversity certificates to be issued by land conservation and restoration projects promoters.

Yet methodological challenges emerge caused by diverging measurement practices between project promoters relying on geolocated threatened species counting tools and companies' reliance on potential biodiversity impacts over products' lifecycle using abundance metrics.

Mirova joined the Organization for Biodiversity Certificates (OBC), a consortium of companies and financial institutions that acknowledges the need to stimulate private sector's restoration and conservation initiatives. The ongoing development of a biodiversity certificates mechanism aims at building a more global, universal system, usable in all geographies, by enriching the abundance metrics with on-ground habitat data.

The consortium is building a methodology enabling monitoring, reporting and verification on the ground of nature's improvements enabling generation of financial incentives thanks to monetization of certificates to be traded between consortium participants. The use of "certificates" rather than "credits" relates to the specifics

of biodiversity emphasizing the non-substitutability of species as compared to greenhouse gases.

The OBC will build on key learnings from the existing carbon removal market thereby avoiding pitfalls that have beset the voluntary carbon market such as double counting of public and private climate pledges, carbon leakages due to the lack of long-term verification, and accounting malpractices regarding leading to confusion between avoided emissions and carbon removals.

Mirova will pay attention on implementation of the positive impact hierarchy prioritizing avoided impact and reduced impact before restoration, otherwise some companies generating detrimental impact on biodiversity in products lifecycle might use these certificates to compensate avoidable impacts or generate revenues from non-material restoration project in areas where they operate.

Subject to above points, biodiversity certificates aim to generate triple benefits by promoting new business models for farmers and forestry owners thereby improving their livelihood and incentive to keep trees standing. For companies, it would support credibility of their biodiversity trajectories. For Mirova and peers, it would enhance the attractiveness and profitability of investments in projects that improve biodiversity.

Always seeking more meaningful impact on biodiversity, Mirova is considering the generation of revenues for biodiversity-beneficial activities through its investments in nature-based solutions such as sustainable agriculture and reforestation which as of today benefit only from carbon credits, and in listed equities through a dedicated strategy that would include companies committed to mitigate unavoidable impacts by purchasing such certificates.

Pushing for a standard Nature framework and certification

Along with leading conservation NGOs and biodiversity experts committed to close the biodiversity finance gap, Mirova joined the [SD VISTA Nature Framework Advisory Group \(AG\)](#) launched in November 2022 by VERRA, which aims to guide the development of a framework that will outline the key components of a scientifically robust, pragmatic, and scalable methodology. The AG will also support the development of the biodiversity methodology to ensure the independent quantification, assessment and verification of the real-world biodiversity benefits and certification of nature-positive investments.

The framework and methodology will be developed under Verra's Sustainable Development Verified Impact Standard (SD VISTA) Program and drive much-needed investment to high-quality, nature-positive efforts, as supported by other nature-related frameworks and initiatives such as the TNFD and SBTN.

Strengthening our knowledge on the connections between renewable energies and biodiversity

In the context of the impact scheme developed by the Energy Transition Infrastructure business unit and in order to expand the positive impacts of their activities beyond the investment strategies, Mirova signed a three-year partnership with the [French Foundation for Biodiversity Research \(FRB\)](#), a leading research organization on biodiversity⁴⁶. The main goals of this partnership are to strengthen the knowledge and understanding of the connections between renewable energies and biodiversity, in order to support and ensure the responsible development of renewable energy projects that do not harm biodiversity, both on mature technologies and on more recent ones such as offshore wind energy.

A central hub to scale-up investments in Natural Capital

The [Natural Capital Investment Alliance \(NCIA\)](#) has been formed in recognition of the need to mobilise investment in Nature-based economic opportunities. It was initiated in 2021 at the One Planet Summit by HRH King Charles through his [Sustainable Markets Initiative](#), with Climate Asset Management, Lombard Odier and Mirova as founding members, as a vehicle to delivering on the Terra Carta's ambitions. At COP26, the NCIA announced a commitment to mobilise at least USD 10 billion to invest in Natural Capital assets in 2022, with the ambition to scale that investment in the coming years.

⁴⁶ La FRB en Action, 2023, FRB, More information here : [Les programmes et projets à la FRB - Fondation pour la recherche sur la biodiversité \(fondationbiodiversite.fr\)](#)



The NCIA aims to attract members from the finance community to create scale and synergies between mainstream asset owners and asset managers, underpinned by the following goals: To serve as a central hub for global corporations and financial institutions seeking to scale-up their investments into Natural Capital, in support of biodiversity restoration, including through high integrity carbon offsets.

- To share investment knowledge and expertise on investing in Natural Capital, underpinned by strong principles.
- To showcase and demonstrate scalability of appropriate investment vehicles and the multiple opportunities across asset classes.

NCIA members have plans to launch a range of closed ended (known target size) and open-ended (no fixed target size) fund strategies. The combination of the disclosed and targeted closed end funds of USD6.5 billion, the current size of aligned open ended funds of USD0.9bn, together with the aggregate reasonable expectations for the future size of the five planned or developing and one already established open-ended funds, gives us confidence that the NCIA should manage to mobilise more than USD 10 billion towards natural capital themes by the end of 2022.

Contributing to accelerate the development of a unified carbon market with triple climate, nature and social co-benefits

Mandated by President Macron and led by the Global Environment Facility (GEF) & One Planet Lab, the High-Level Working Group (HLWG) on innovative mechanisms to address the biodiversity financing needs brings together leaders & experts from around the world, of which Philippe Zaouati, CEO of Mirova.

On March 1, 2023 in Libreville (Gabon), the [One Forest Summit](#) parties – States, public and private financial institutions, corporates, certification bodies and others – recognized the need to accelerate the development of a high-integrity and high-quality unified carbon market to finance the sustainable management and restoration of tropical forests, in order to reduce emissions and to improve carbon sequestration, with triple climate, nature, and social co-benefits.

In their action plan, the parties notably acknowledge the need to integrate the specific needs and context of High Forest, Low Deforestation (HFLD) countries

mobilizing existing instruments and developing new tools to provide impact finance for them, such as nature certificates and biodiversity-positive carbon credits mentioned by the GEF high-level expert group. They also support blended-finance mechanisms and the role of development banks to develop a pipeline of high-quality initiatives with significant co-benefits for biodiversity and local communities.

A technical dialogue has been open within the One Forest Lab and any other relevant initiative, including the carbon market initiative of the Forest and Climate Leader's Partnership (FCLP) and the global partnership proposed by the GEF-coordinated High-Level Working Group.

A roadmap for the establishment of high-quality and high-integrity carbon markets will be developed before COP 28 Climate in November in Dubai.



Conclusion

2022 has seen many developments in the research and regulatory framework around nature and biodiversity, with a climax at COP15 and the now famous Kunming-Montreal Global Biodiversity Framework. 2023 is already building on that great momentum through various events throughout the year, of which:

- One Forest Summit in March, Libreville
- UN Water conference in March, New York
- Three Rainforest Basins in May, Brazzaville
- Summit for a New Global Financing Pact in June, Paris
- Climate COP28 in November, Dubai

A roadmap for the establishment of high-quality and high-integrity carbon markets will be developed before COP 28 Climate in November in Dubai, with intermediary milestones at the summit on the Three Rainforest Basins in Brazzaville in May 2023.

Mirova's engagement for Nature is always stronger through our investment strategies directly related to natural capital but also in listed investments where the understanding of companies' impacts on nature and biodiversity, both negative and positive, has become a central pillar of investment choices and engagement activities.

The clear and ambitious objectives that have been set for 2030 now need some real-world actions and strong support from the financial sector to be achievable in time.





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Non-contractual document, written in April 2023

Mirova aims, for all its investments, to propose portfolios consistent with a climate trajectory of less than 2°C defined in the Paris Agreements of 2015, and systematically displays the carbon impact of its investments (excluding Social impact and Natural Capital funds), calculated from a proprietary methodology that may involve biases.

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By using ESG criteria in the investment policy, the relevant Mirova strategies' objective would in particular be to better manage sustainability risk and generate sustainable, long-term returns. ESG criteria may be generated using Mirova's proprietary models, third party models and data or a combination of both. The assessment criteria may change over time or vary depending on the sector or industry in which the relevant issuer operates. Applying ESG criteria to the investment process may lead Mirova to invest in or exclude securities for non-financial reasons, irrespective of market opportunities available. ESG data received from third parties may be incomplete, inaccurate or unavailable from time to time. As a result, there is a risk that Mirova may incorrectly assess a security or issuer, resulting in the incorrect direct or indirect inclusion or exclusion of a security in the portfolio of a Fund. For more information on our methodologies, please refer to our Mirova website: www.mirova.com/en/sustainability



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**The reference to a ranking or a label does not prejudice the future performance of the funds or its managers.*

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