

How Investors Can INTEGRATE BIODIVERSITY

Into their Financial Strategies

Biodiversity plays a vital role supporting life on Earth, while contributing over half of global GDP. Yet key species continue to be lost.

Source: United Nations, www.un.org/en/climatechange/science/climate-issues/biodiversity, February 2024.

This infographic shows how investors can integrate biodiversity into their investment strategies.

WHAT IS BIODIVERSITY?

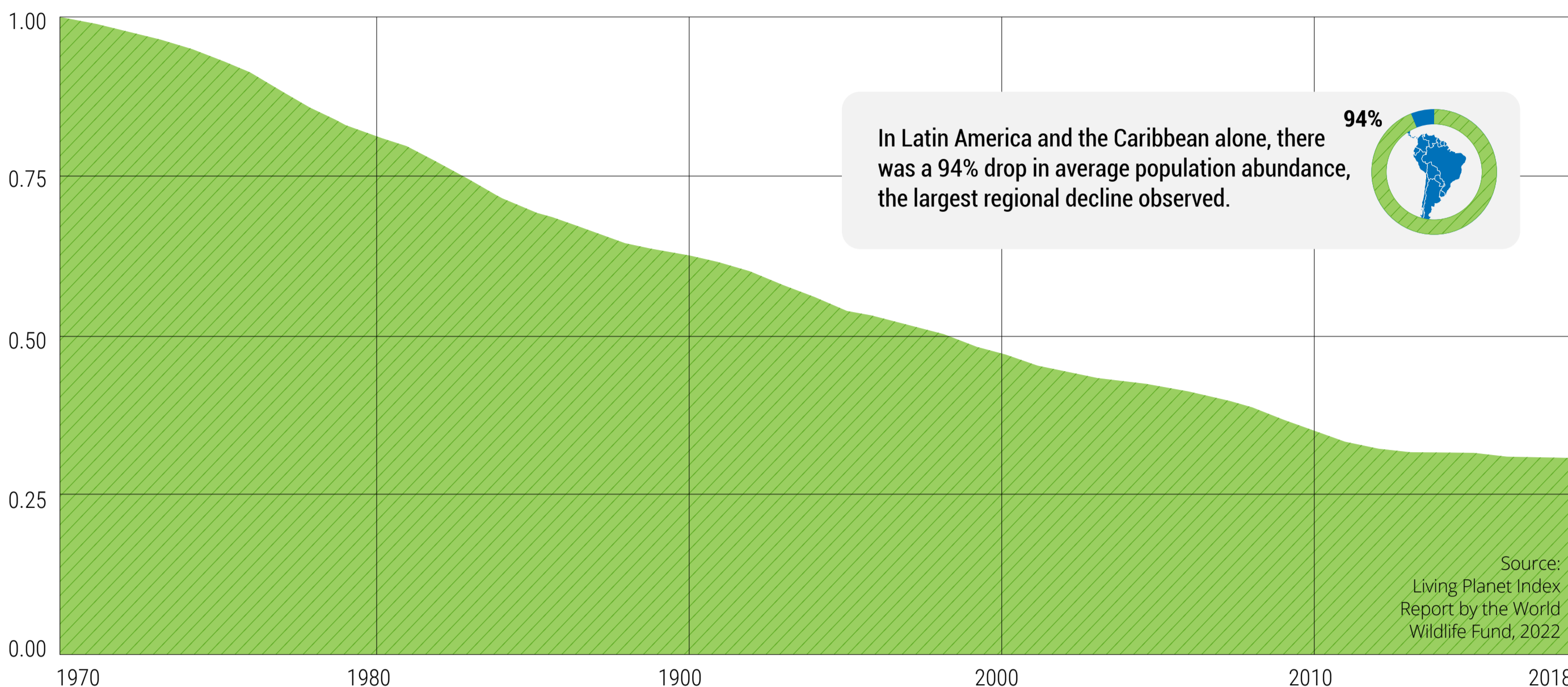
Biodiversity refers to the rich diversity of species, ecosystems, and genetic material that exists on Earth.

Source: United Nations, www.un.org/en/climatechange/science/climate-issues/biodiversity, February 2024.

WWF Living Planet Index

The index measures 31,821 populations of 5,230 species weighted by species richness, across terrestrial, marine, and freshwater ecosystems.

Between 1970 and 2018, there was an average 69% decline in monitored wildlife, with the greatest decrease among freshwater species (84%).



"Biodiversity is one of the paramount themes of our age and calls for investors to understand and address its associated risks and opportunities in their investment portfolios."



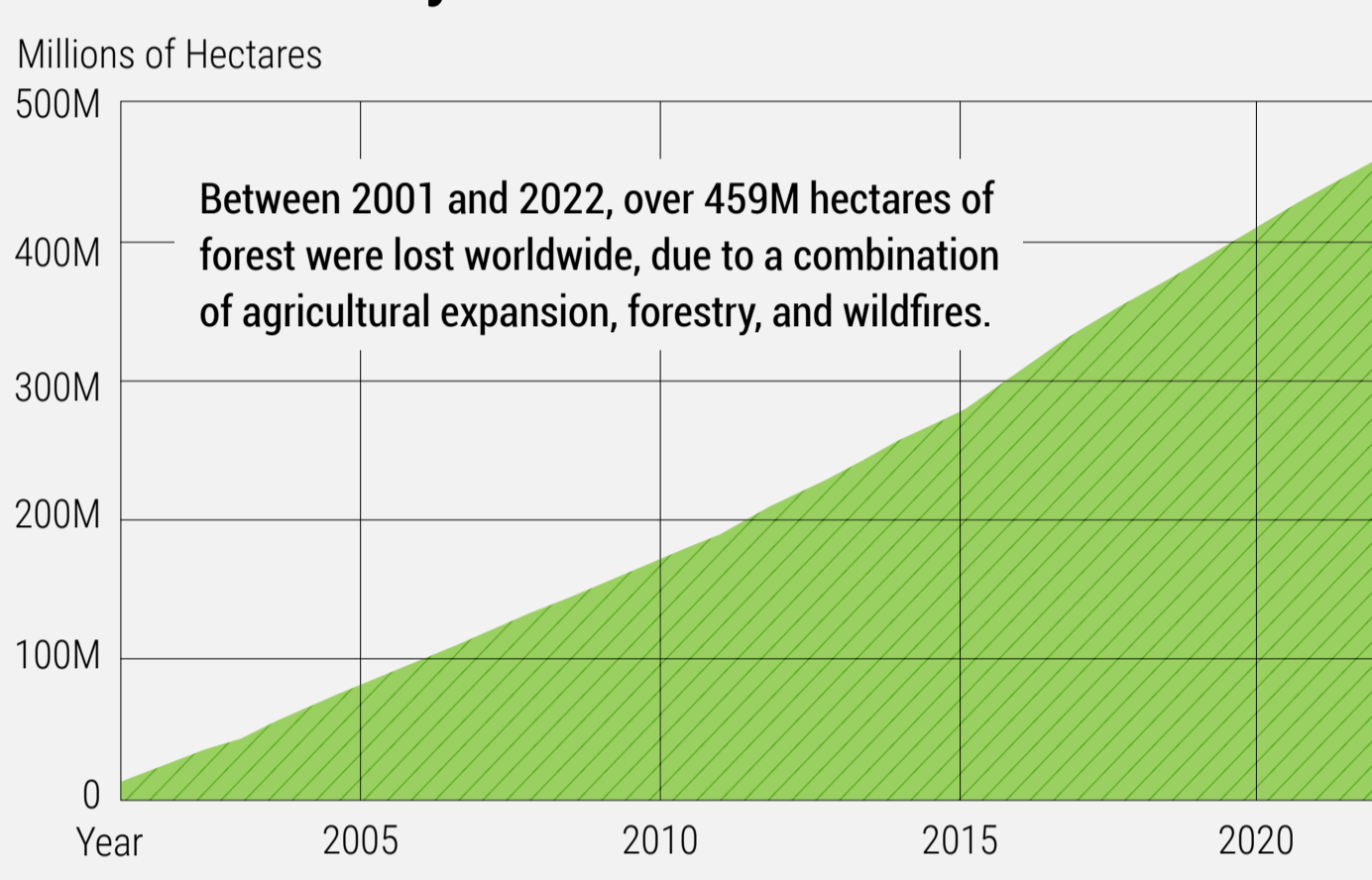
Axel Lomholt
General Manager, STOXX

WHAT IS DRIVING THE LOSS OF BIODIVERSITY?

The current rate of biodiversity loss has been called the Sixth Extinction, equivalent to the end of the dinosaurs 65 million years ago. Here are three key drivers:

Source: The Sixth Mass Extinction by Elizabeth Kolbert, 2015

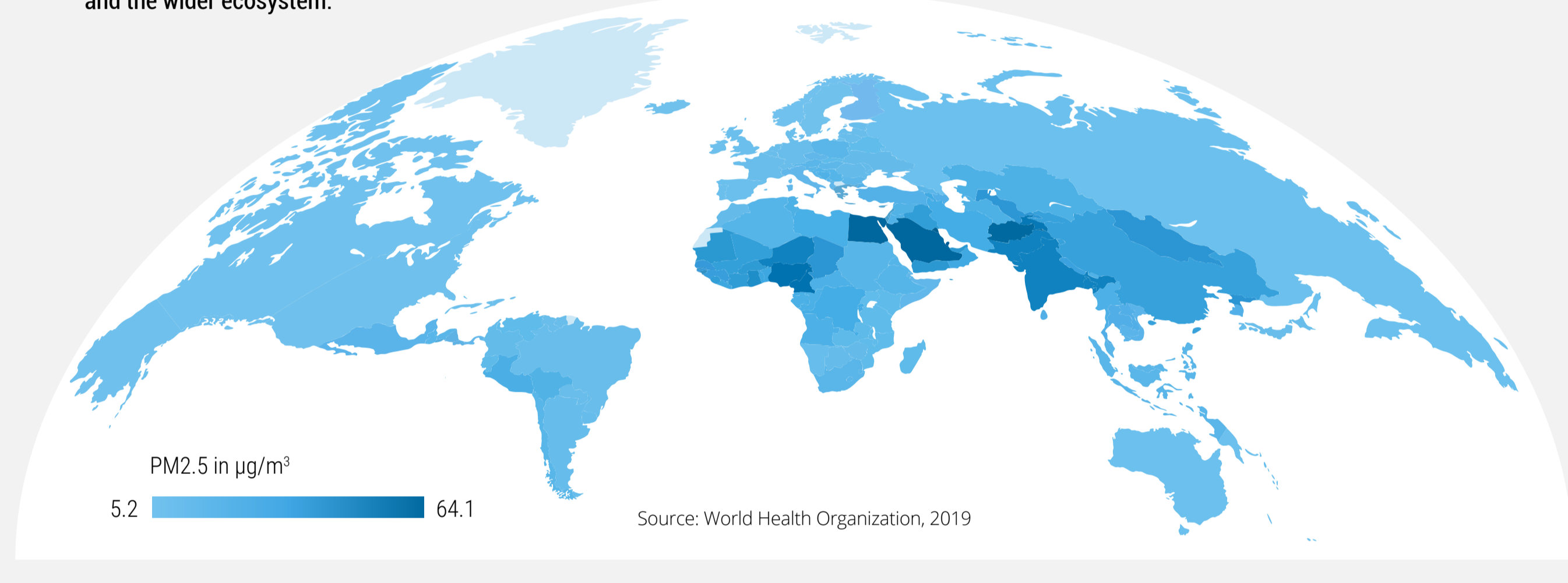
1 Land-Use: Global Primary Forest Loss



2 Pollution: Annual Mean Concentration of PM2.5

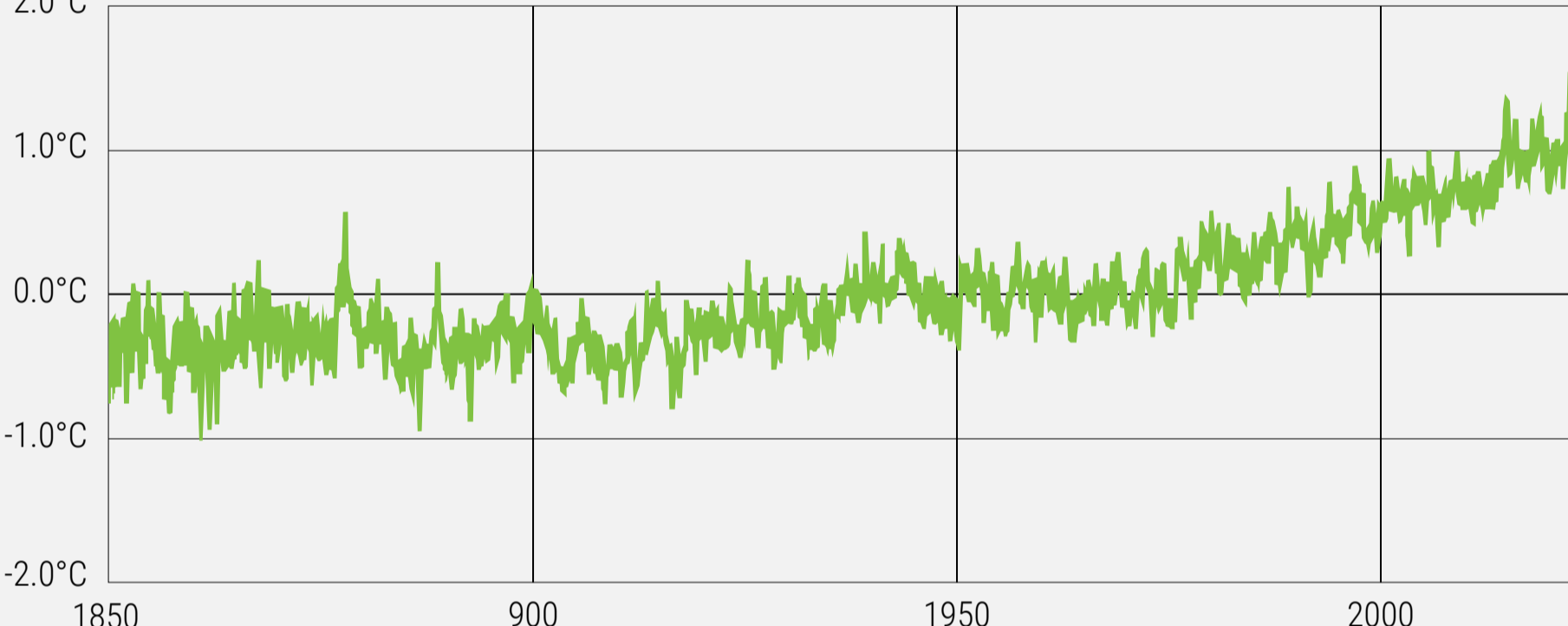
Air pollution in the form of particulate matter smaller than 2.5 microns can now be found everywhere on Earth, and at levels that are unsafe for both humans and the wider ecosystem.

Source: World Health Organization, 2019



3 Climate Change: Monthly Global Average Temperature

Each degree of warming increases the risk of extinction, especially for sensitive ecosystems like coral reefs.



HOW CAN INVESTORS SUPPORT BIODIVERSITY IN THEIR INVESTING?

A key outcome of the UN Convention on Biodiversity was the adoption in 2022 of the Kunming-Montreal Global Biodiversity Framework, which includes 23 goals for 2030 to help stop biodiversity loss. Investors can play a part by taking biodiversity into account in their investment strategies.

One approach is to invest in financial products that track a biodiversity-related index, such as the ISS STOXX Biodiversity Indices.

<p>Goal</p> <p>Capital is allocated on the basis of four elements that work together to reduce biodiversity loss.</p>	<p>Avoid</p>	<p>Minimize</p>	<p>Enable</p>	<p>Decarbonize</p>
<p>ISS STOXX Biodiversity Indices</p> <p>The indices support various UN Sustainable Development Goals. Biodiversity data comes from ISS ESG, a global provider of ESG ratings, norm-based research, and climate risk assessments.</p>	<p>Exclude companies involved in activities causing harm to biodiversity</p>	<p>Exposure to companies with low negative impact on biodiversity: Reduce Potentially Disappeared Fraction of Species (PDF) / Enterprise Value Including Cash (EVIC)</p>	<p>Increase exposure to companies whose solutions give them high scores in biodiversity- and climate-related UN SDGs</p>	<p>Carbon intensity is reduced by at least 30% relative to parent index</p>

Source: STOXX

HOW CAN BIODIVERSITY IMPACT BE MEASURED?

Assessing a company's biodiversity impact involves evaluating the effect that its operations and activities have on the local and global ecosystem.

The ISS STOXX Biodiversity Indices use the following biodiversity data from ISS ESG:



<p>Norm-Based Filters</p>	ISS ESG Norm-Based Research
<p>Product Involvement Screening</p>	ISS ESG product involvement screening: controversial weapons, tobacco, thermal coal, unconventional oil & gas, civilian firearms, military contracting
<p>Biodiversity Filters</p>	ISS ESG biodiversity-related biodiversity filters: palm oil, GMO agriculture, hazardous pesticides, animal welfare and fur involvement
<p>ISS ESG Biodiversity Impact Assessment Tool</p>	<ul style="list-style-type: none"> Economic activity identification Supply chain impact assessment Potentially Disappeared Fraction of Species (PDF) Mean Species Abundance (MSA)
<p>Sustainable Development Goals</p>	ISS ESG SDG Rating and Solutions Assessment

Source: STOXX, ISS ESG

The ISS STOXX Biodiversity indices can provide a comprehensive framework to help investors integrate biodiversity considerations into their portfolios.

Learn more about ISS STOXX Biodiversity indices

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