IMPACT REPORT

May 2023

BIODIVERSITY FUNDS AT A GLANCE

CONTENTS

If you are a fund investor

and would like to have a live demo of the Phenix Capital Impact Database, please visit www.phenixcapitalgroup.com/impact-database and register your interest.

If you are an impact fund manager

and would like to be considered for listing on the Phenix Capital Impact Database please email sales@phenixcapitalgroup.com. Listing is free of charge.

ABOUT PHENIX CAPITAL

CATALYSING INSTITUTIONAL CAPITAL TOWARDS THE SDGS

Phenix Capital Group is an impact investment consultant that enables institutional investors to make impact investments.

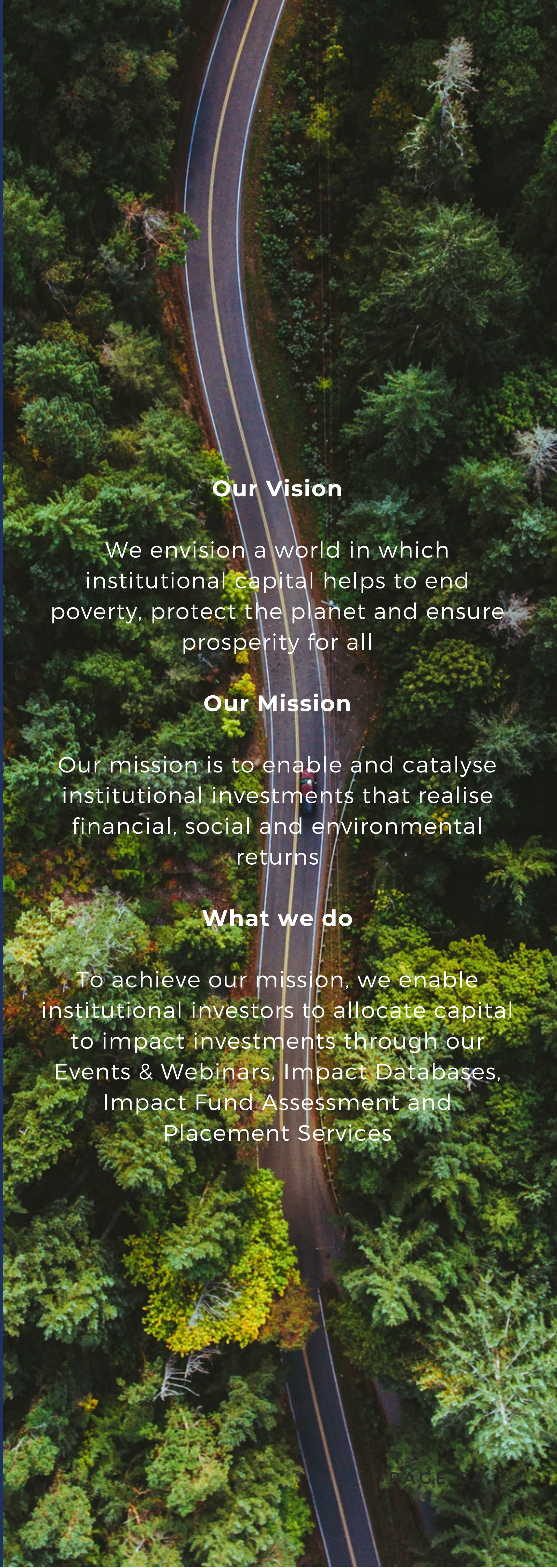
We assist asset owners and asset managers in aligning their investments with their values, financial objectives, and the Sustainable Development Goals.

www.phenixcapitalgroup.com

Signatory of: PRI Principles for Responsible Investment

GIIN MEMBER

Global Compact Network Netherlands



Our Vision

We envision a world in which institutional capital helps to end poverty, protect the planet and ensure prosperity for all

Our Mission

Our mission is to enable and catalyse institutional investments that realise financial, social and environmental returns

What we do

To achieve our mission, we enable institutional investors to allocate capital to impact investments through our Events & Webinars, Impact Databases, Impact Fund Assessment and Placement Services

ABOUT IMPACT DATABASE

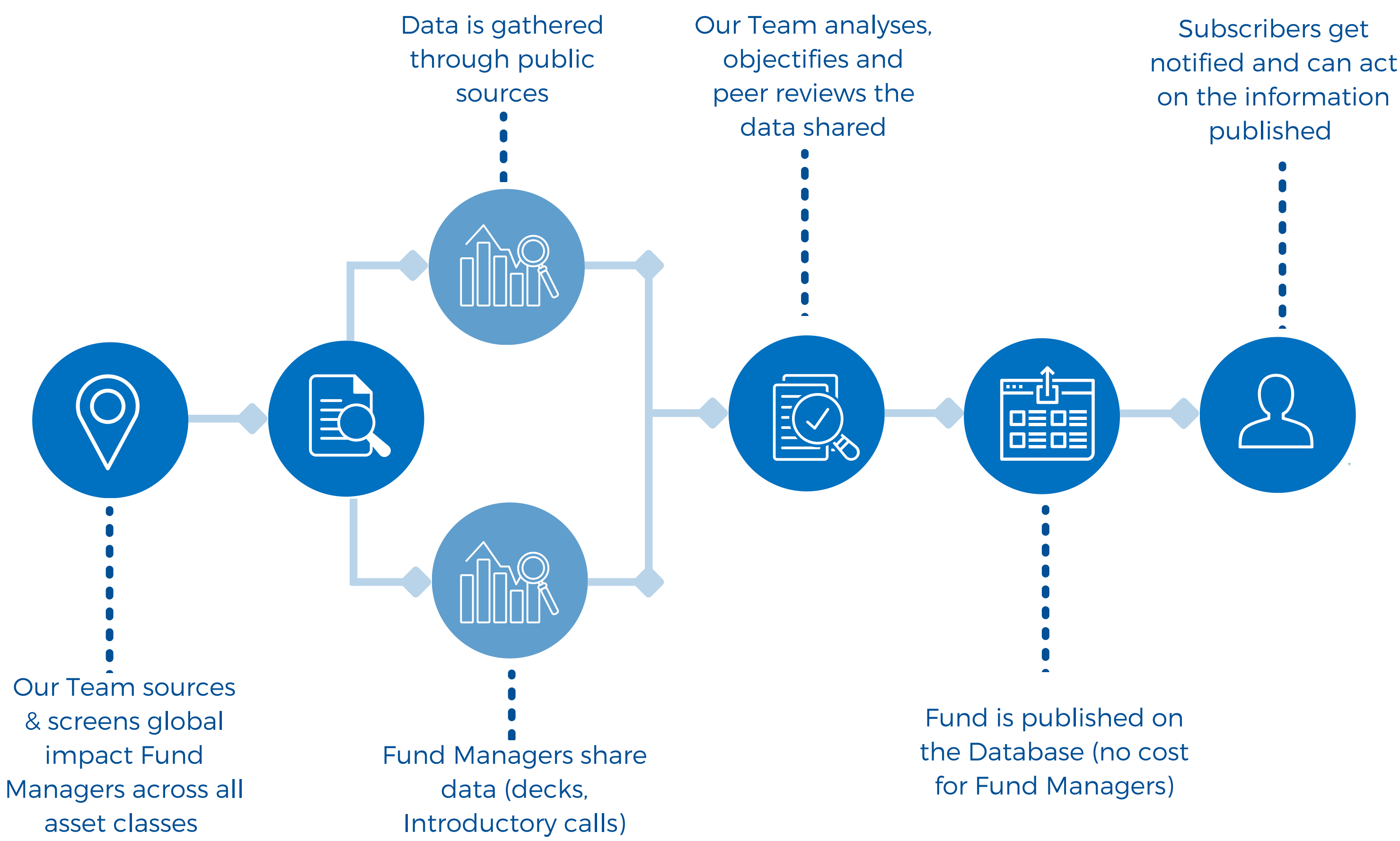
Phenix Capital's mission is to enable the allocation of capital from institutional investors towards social and environmental solutions while supporting the 2030 Sustainable Development Goals (SDGs). With the Impact Database, Phenix Capital aims to provide investors with access to and intelligence on the impact fund market opportunities available to them.

Three main variables have been central to construct, monitor and update the database: **funds considered have an impact proposition, institutional scale, and target market-rate returns.**

Impact Investing goes beyond negative screening and using Environmental, Social and Governance (ESG) integration to reduce harm or avoid risks, to generating intentional positive impact. Phenix Capital defines impact investing as **investing with the dual mandate of financial return and positive societal or environmental impacts**, with the notion of measuring the positive and negative impact of investments, ensuring both **intentionality and additionality** among these.

Phenix Capital's Impact Database features funds that align with this definition through their creation of solutions for global social and environmental issues, whilst prioritising financial returns. This category of impact investments can be referred to as **financial-first impact investments**.

FUND SOURCING PROCESS



INTRODUCTION

Biodiversity, a contraction of 'biological diversity', is the variety and volume of all life on Earth organised in interrelated ecosystems including oceans, forests, deserts, ice caps and even urban environments. It is the basis for, among many things, food, water, oxygen, carbon dioxide removal, medicine; a stable climate and economic growth.

According to the World Economic Forum's *Global Risk Report 2022*, biodiversity loss has been ranked as the third most severe threat humanity will face in the next 10 years. The five main threats to biodiversity are habitat loss, pollution, overexploitation, invasive species, and climate change.

Of an estimated eight million animal and plant species, 75% of which are insects, roughly, one million are threatened with extinction, according to *Global Assessment Report on Biodiversity and Ecosystem Services* (IPBES, 2019).

More than 40% of amphibian species, almost 33% of corals, and more than a third of all marine mammals are threatened. By the end of the century, 50% or more are at risk.

When the 15th Conference of Parties to the UN Convention on Biological Diversity (COP 15) adopted the Kunming-Montreal Global Biodiversity Framework –to ensure that 30% of areas of degraded terrestrial, inland water, and coastal and marine ecosystems are under effective restoration by 2030 '30x30', humanity took a step forward.

The landmark Biodiversity Beyond National Jurisdiction (BBNJ) Treaty of the High Seas was also concluded last December allowing 30% of oceans to be protected, It was a second step in the right direction.

Both aim to tackle environmental degradation, fight climate change, and prevent biodiversity loss and the recent International Day for Biological Diversity theme "From Agreement to Action: Build Back Biodiversity" reflected the urgent need to act.

But action needs financing.

INTRODUCTION

The 2021 World Economic Forum's *New Nature Economy Report II* estimates that $44 trillion of economic value is threatened by biodiversity declines and ecosystem collapse – equal to over half of the world's total GDP.

Also, investments into nature-based solutions need to more than double to $384 billion/year by 2025 from the current $154 billion/year levels. Governments provide 83% of nature-based solution finance flows, but the private sector investments need to increase from $26 billion per year.

Practically every SDG is touched by biodiversity. For this reason, in this report on biodiversity-related impact investment funds, we take a closer look at those focusing on a wider selection of SDGs rather than just SDG 15 (Life on Land).

Whilst not forgetting that SDG13: Climate Action is inextricably linked to biodiversity loss. For the purpose of this report, we have only included funds whose primary goals are:

- SDG14: Life Below Water: Threatened by overfishing and loss of marine habitats, more than one-third of marine mammals and nearly one-third of sharks and reef-forming corals are threatened with extinction, according to the IPBES report published in 2019.
- SDG15: Life on Land: Over-exploitation such as over-hunting and over-harvesting for food, medicines and timber accounts for some 20% of biodiversity loss.
- SDG2: Zero Hunger: The global food system is the primary driver of biodiversity loss, estimated at around 30%, according to *Food System Impacts on Biodiversity Loss*, a Chatham House report published in 2019.
- SDG6: Clean Water and Sanitation: Water pollution through chemicals, rubbish including plastics, gases, microorganisms, sediments, petroleum, fertilisers, and even radioactive energy, all of which impact our ecosystems.

Report Highlights:

- 55% growth in the number of funds targeting biodiversity since 2017
- 51% of funds targeting biodiversity are open for investment
- 80 public market funds (debt and equity) have raised €47.5bn
- Timberland & Forestry funds are the most invested asset class among real assets targeting SDG 14 and 15
- 62% of biodiversity funds targeting SDGs 2 & 6 invest in private equity with €47bn in venture and growth strategies
- 524 investors focusing on SDG2: Zero Hunger, including 83 foundations

IMPACT THEMES MAPPED AGAINST THE SDGS

The Phenix Capital Group has mapped the SDGs against Impact Themes, which are based on **the most globally endorsed terms used by practitioners in the financial sector** and what's used by generally accepted frameworks, to enable both fund managers and fund allocators to better **understand how the SDGs and it's sub-goals translate into outcome-based investment areas -** by the name that they are commonly known and referred to in the financial industry.

Mapped against the SDGs' sub-goals, our Impact Themes offer a comprehensive way for investors and fund managers in the financial industry to identify what social or environmental outcome is generated by an impact investment and its contribution to the Sustainable Development Goals.

THE REVAMPED IMPACT THEMES ARE ALREADY AVAILABLE IN OUR IMPACT DATABASE FOR FUND FILTERING, VIA THE FUND SEARCH FUNCTION.

BIODIVERSITY FUNDS

DATA OVERVIEW

972

Funds on Impact Database targeting biodiversity related themes

523

Fund Managers on Impact Database with biodiversity related themes

493

Open for investment funds

361

Organisations with open for investment funds

€207 bn

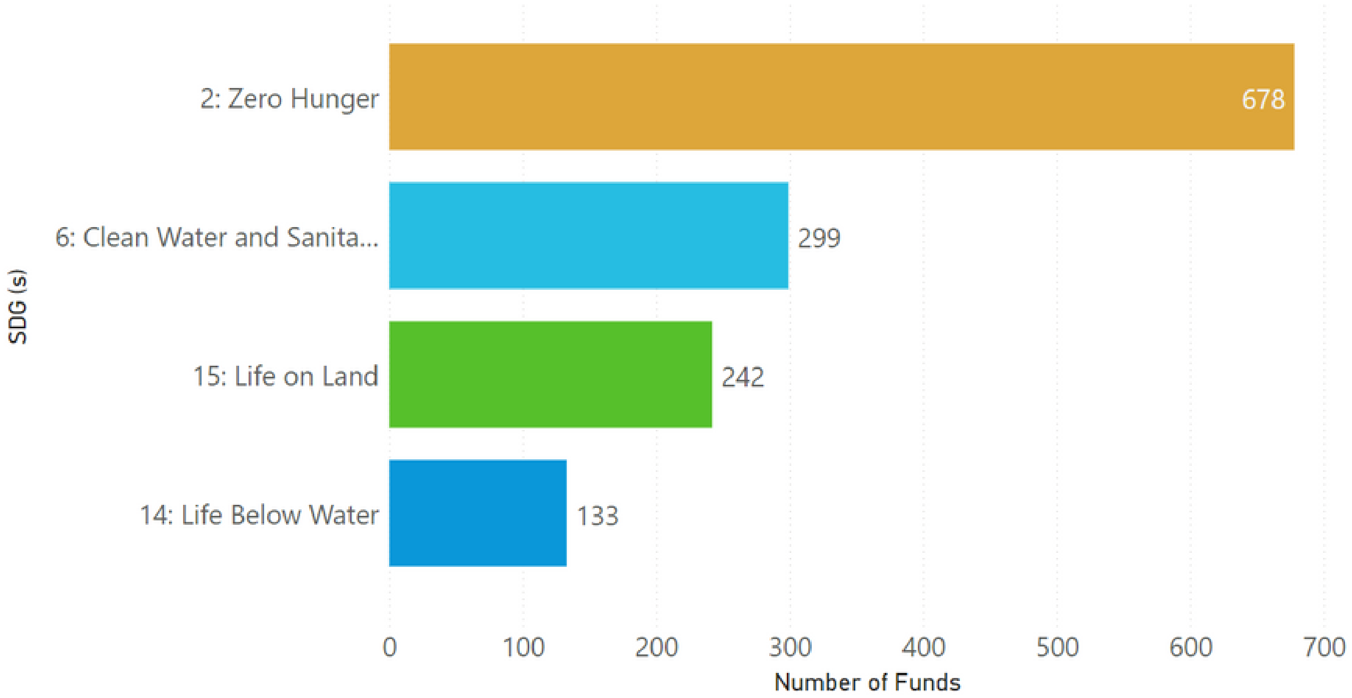
Total capital raised towards biodiversity related themes

€88 bn

Total target size of open for investment funds

BIODIVERSITY FUNDS AT A GLANCE

Number of funds targeting biodiversity related SDG(s)



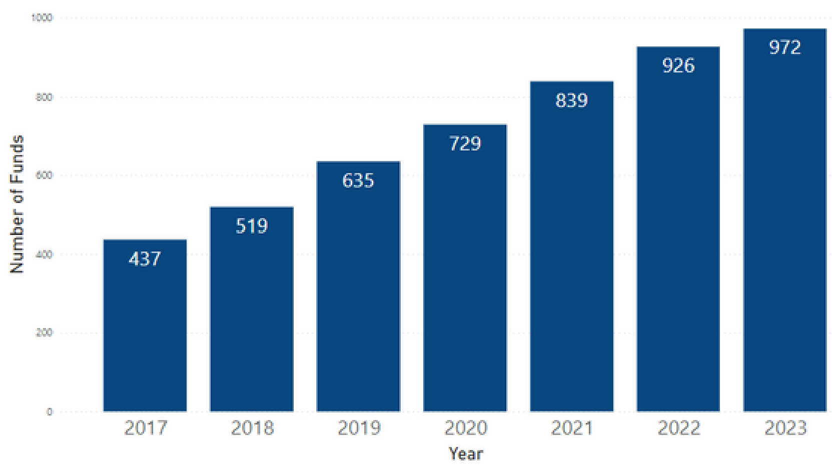
There are 972 funds in the Impact Database targeting biodiversity-related themes, which may not be the highest in terms of capital raised and number of funds, but the number of funds targeting SDGs 2, 6, 14 and 15 has been growing consistently through the years. **Since 2017, the universe has grown by 55%.**

Not surprisingly, at 678 Zero Hunger has the largest number of funds. With the global food system the primary driver of biodiversity loss, investing in sub-themes such as access to food; foodtech; smallholder farming; and sustainable agriculture & farming all fall under the purview of SDG2.

Clean Water & Sanitation has 299 funds investing across sub-themes of Access to Water & Sanitation as well as Water & Sanitation Efficiency. Life on Land has 242 funds, investing in sub-themes such as Conservation & Biodiversity and Forestry Management.

Life Below Water only has 133 funds targeting the sub-themes of Ocean Preservation; Small-scale fisheries; and Sustainable Aquaculture.

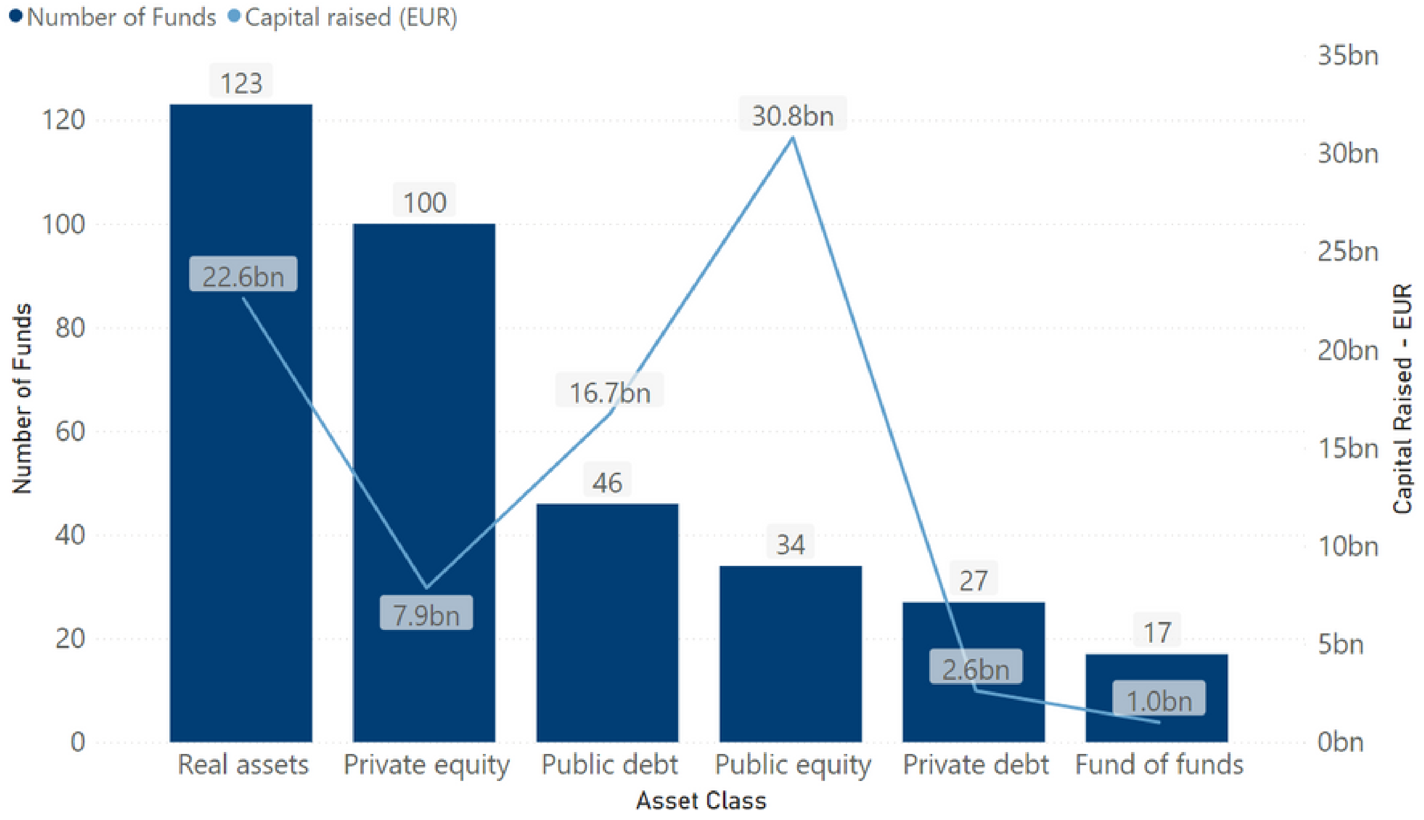
Cumulative number of funds targeting biodiversity (SDG 2,6, 14 and 15)



*Data may overlap as funds can target several asset classes, SDGs and/or regions.

FUNDS TARGETING SDG 14 and 15 AT A GLANCE

Capital raised (EUR) and Number of Funds by Asset Class

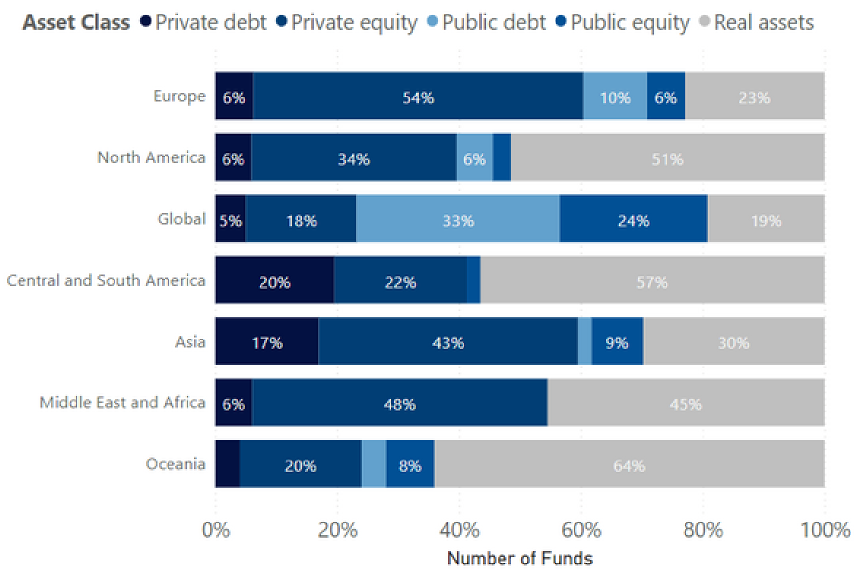


Looking at the asset class prevalence and geographical distribution of the biodiversity-related impact funds, with 123 funds in total, and assets of €22.6 billion, real assets is the leading asset class in terms of fund numbers and the second in assets gathered. The average real asset fund size is €184 million, and is particularly popular as a strategy in Oceania (64%), Central and South America (57%) and North America (51%).

Private equity, which is the most popular asset strategy in Europe (54%), Middle East & Africa (48%) and Asia (43%), only has €7.9 billion invested in 100 funds. The average fund size for the 34 public equity funds is €905 million, which collectively raised €30.8 billion.

Public debt, on the other hand, may only have 46 funds but they have raised €16.7 billion, with an average fund size of €363 million, largely due to the presence and popularity of green bonds. Public debt funds are concentrated in developed markets or in global portfolios (which are also concentrated in developed markets). According to The Brainy Insights, the size of the green bonds market was valued at $436 billion in 2022 and it is expected to double to $914.4 billion by 2030.

Fund distribution by Asset Class and Region



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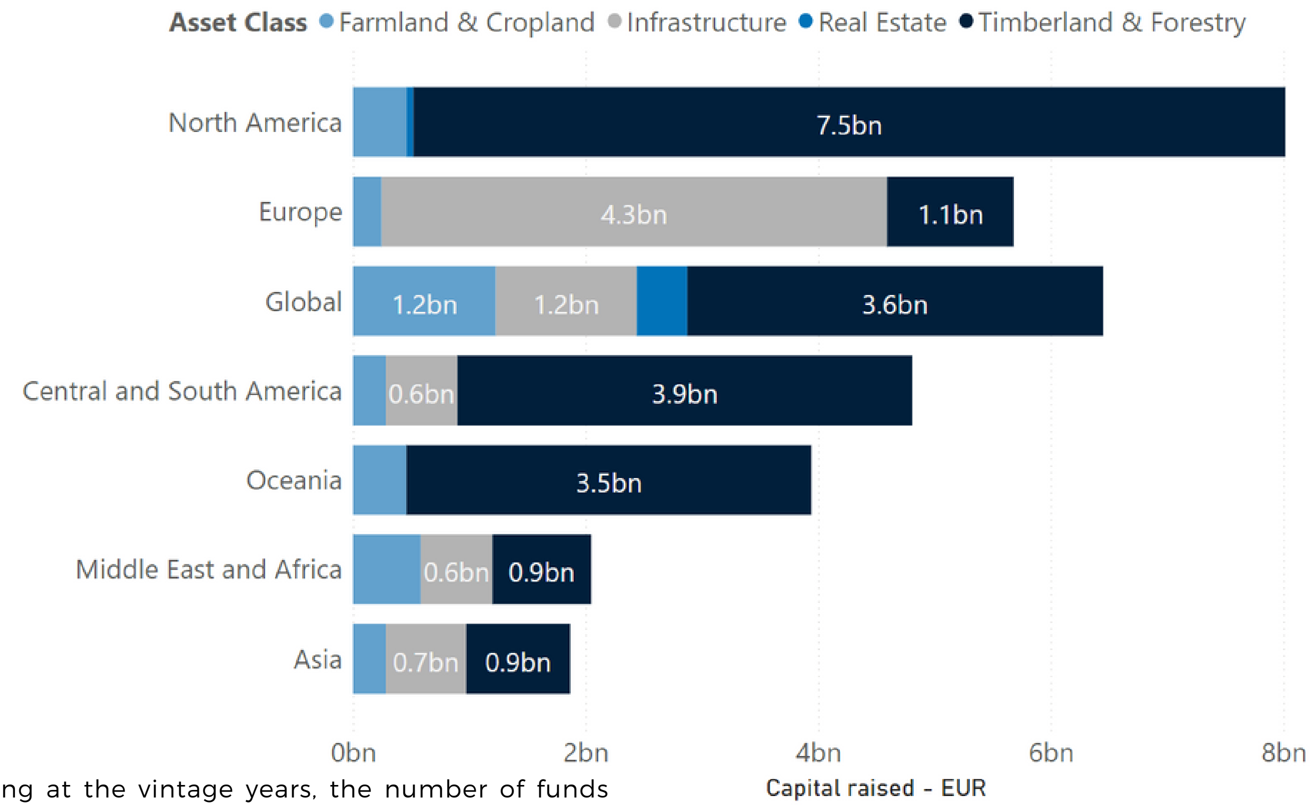
FUNDS TARGETING SDG 14 and 15 AT A GLANCE

Capital raised by type of real asset



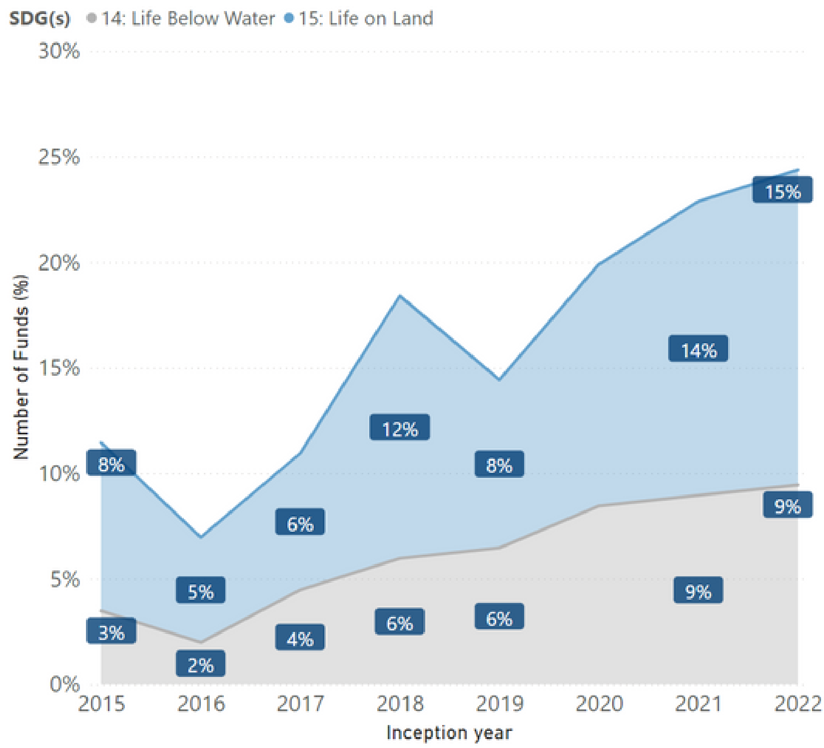
Looking at the vintage years, the number of funds targeting SDGs 14 and 15 in relation to the total funds launched is growing through the years evidencing higher attention to the theme.

Focusing on the real asset class in SDGs 14 and 15, it is clear that Timberland & Forestry is the most popular global with the exception of Europe where only €1.1 billion is invested in this theme, compared to €4.3 billion that is invested in infrastructure-related projects.

Take forestry, for example. The world has a total forest area of 4.06 billion hectares, which is 31% of the total land area but 54% of the world's forests is in only five countries, namely the Russian Federation, Brazil, Canada, USA and China. And the world has lost 178 million ha of forest since 1990, which is an area about the size of Libya, according to the FAO's _Global Forest Resources Assessment 2020_.

Moreover, 73% of the world's forests are under public ownership and 22% are privately owned with the remainder categorized as either 'unknown' or 'other', the latter mainly comprising forests where ownership is disputed or in transition. Oceania, North and Central America and South America have the highest proportions of private forests. Globally, the share of publicly owned forests has decreased since 1990 and forests under private ownership have increased.

Percentage of funds on Impact Database targeting SDG 14 and 15 by number of funds launched by vintage



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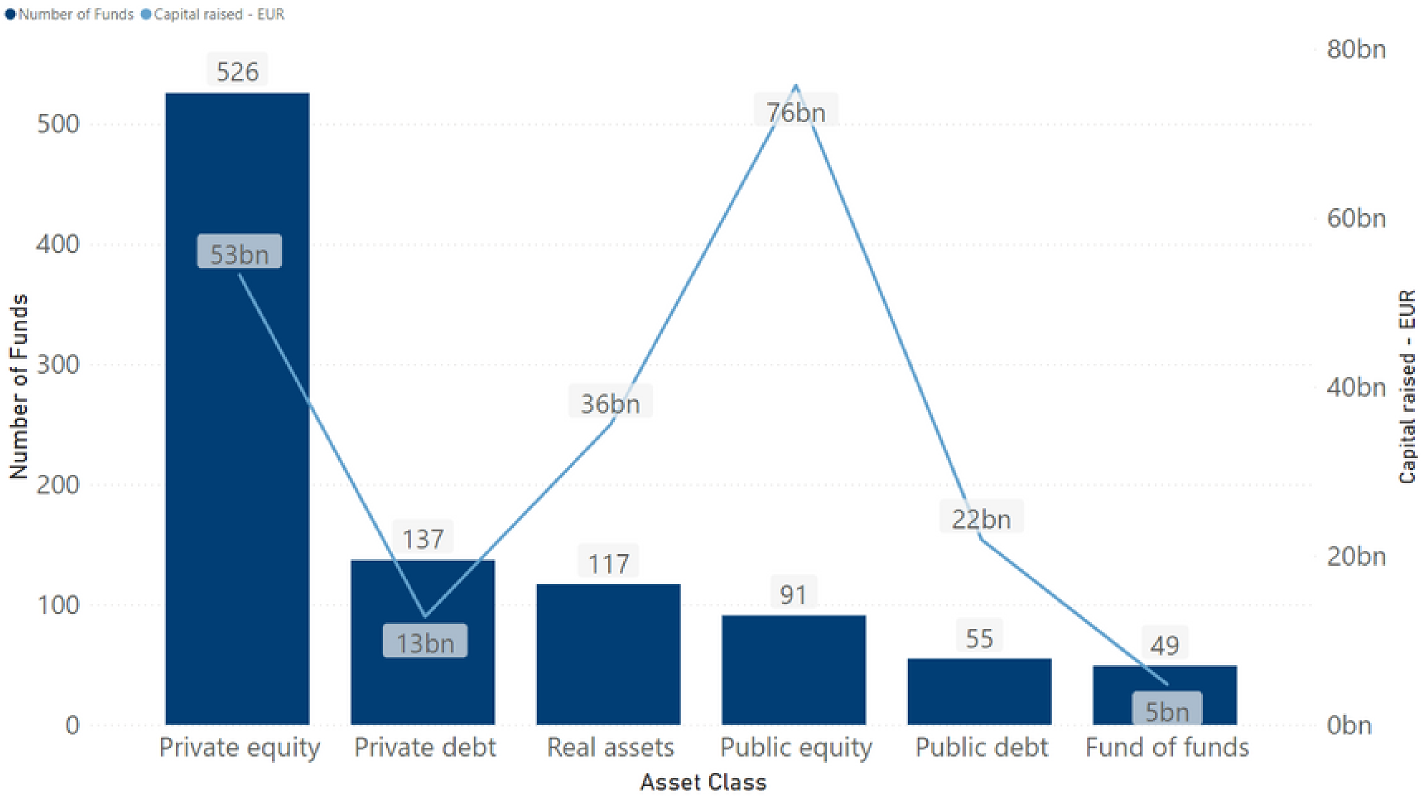
FUNDS TARGETING SDG 2 and 6 AT A GLANCE

Capital raised (EUR) and Number of Funds by Asset Class



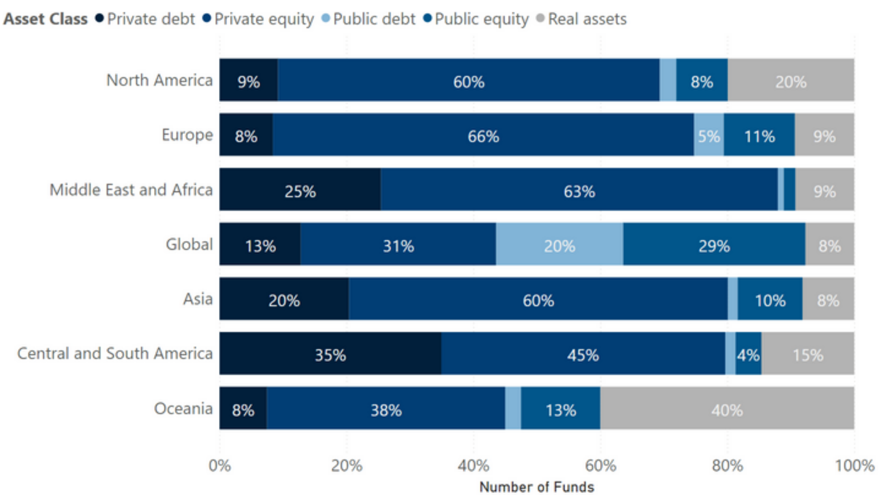
Looking at biodiversity from the point of view of the Sustainable Development Goals 2: Zero Hunger and 6: Clean Water & Sanitation, 62% of the funds, 526 in total, target private equity.

That said the asset class has only raised €53 billion, while the average size of funds targeting private equity is relatively small at slightly more than €100 million.

The majority of the assets, €76 billion, have been raised by just 91 public equity funds.

Interestingly, the relevance of each asset class across the regions is more balanced when compared with previous SDGs 14 and 15. Apart from Oceania, where real assets are slightly more favoured, private equity is the preferred asset class globally.

Fund distribution by Asset Class and Region



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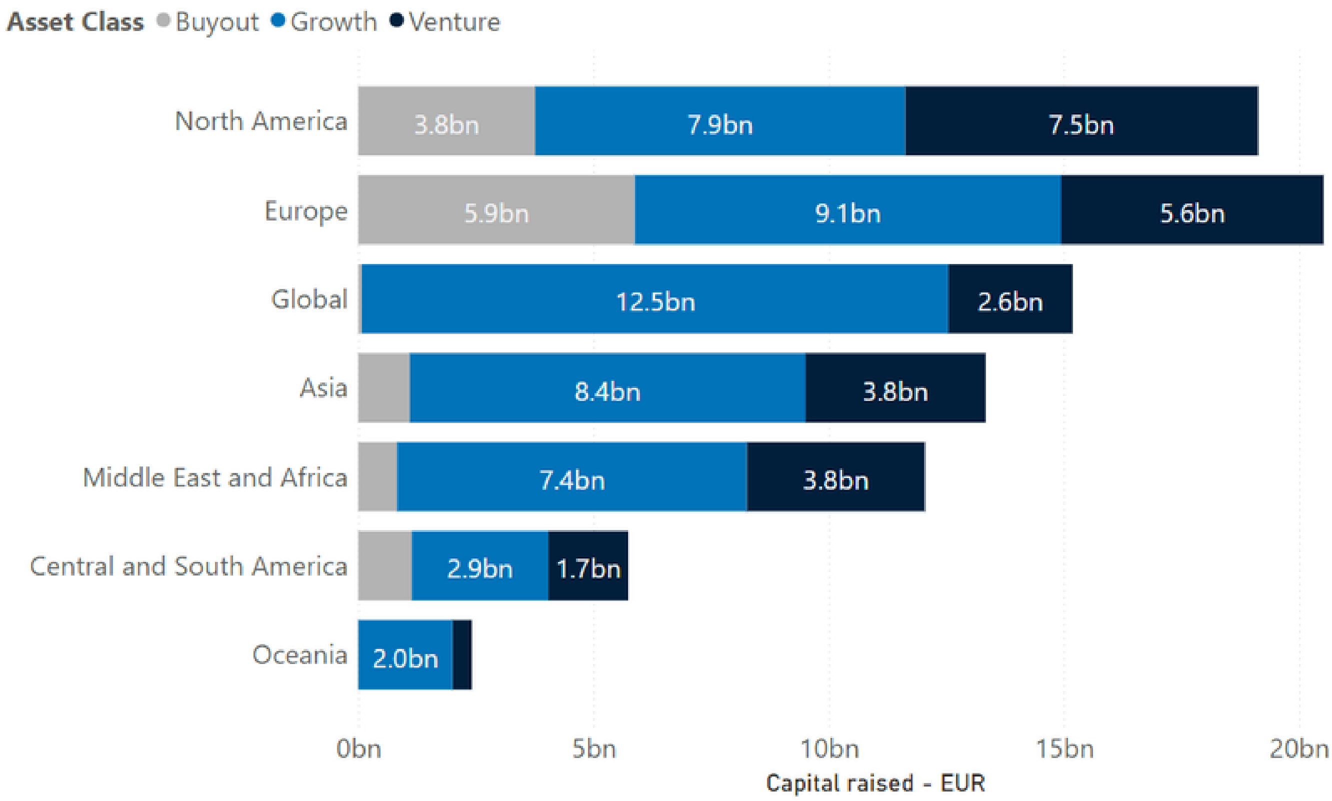
FUNDS TARGETING SDG 2 and 6 AT A GLANCE

Capital raised by type of real asset



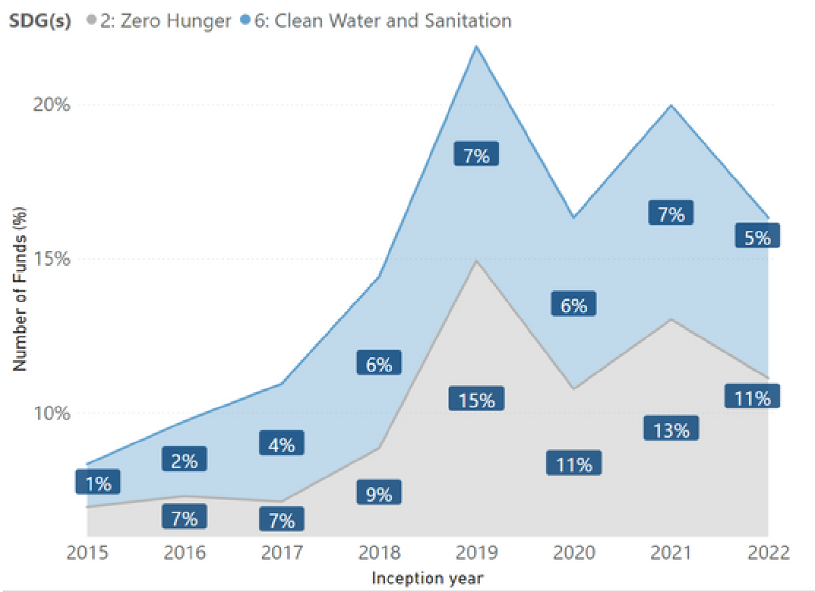
Despite the popularity of private equity as an investment vehicle for biodiversity-related themes, the relatively small average size of the asset class now can be explained by the fact that the capital raised is concentrated in venture and growth strategies.

That said, the number of funds targeting SDG 2 and 6 in relation to the total funds launched is growing through the years evidencing higher attention to the theme.

Jointly the four themes related to the SDGs provide a signal of growing interest and focus on biodiversity solutions.

Indeed, for COP15 to be successful, total annual investment flows into biodiversity conservation needs to rise from roughly $140 billion to $700 billion, a five-fold increase from current levels, according to the Paulson Institute's report *Financing Nature: Closing the Global Biodiversity Financing Gap*.

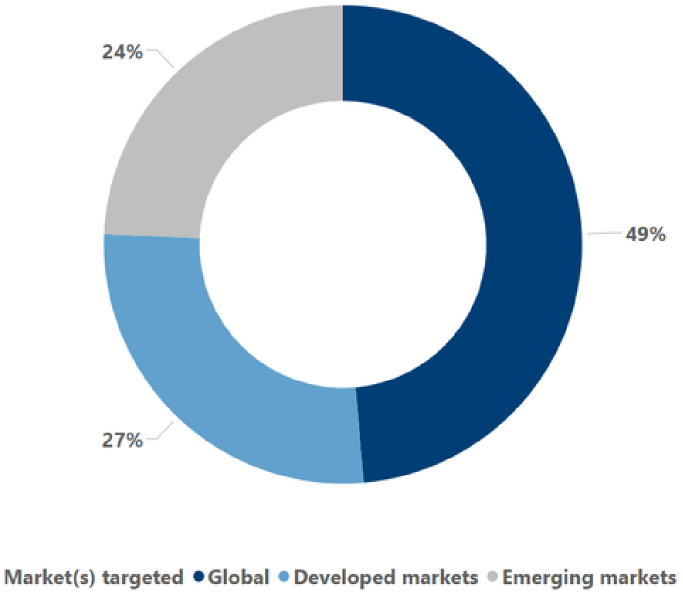
Percentage of funds on Impact Database targeting SDG 2 and 6 by number of funds launched by vintage



*Data may overlap as funds can target several asset classes, SDGs and/or regions.

BIODIVERSITY - INVESTORS' PREFERENCES

Distribution of number of investors by market invested in



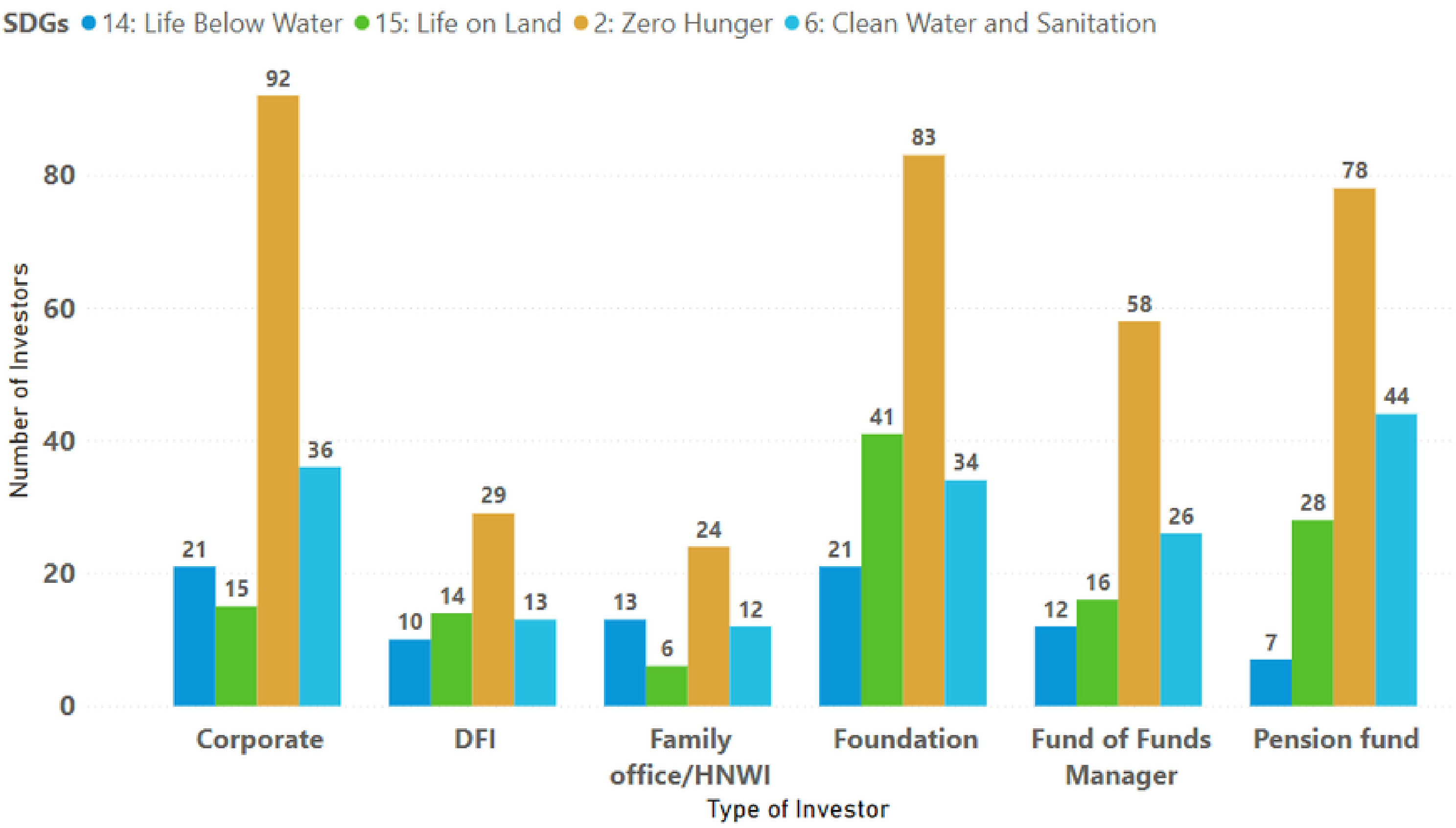
To bridge the biodiversity funding gap more private investors need to get involved. According to the Impact Database, there are 524 investors focusing on SDG2: Zero Hunger.

There are only 127 on SDG14: Life Below Water, -sub-themes, such as Aquaculture, can also help to alleviate hunger. Corporate investors, such as the owner of IKEA, seem to have a preference for SDG 14.

Of all the types of investors, corporates are the keenest on biodiversity-related themes, with 92 investing in Zero Hunger.

At the Global Climate Action Summit in 2018, 18 foundations, including David and Lucile Packard Foundation, Ford Foundation, John D. and Catherine T. MacArthur Foundation; Leonardo DiCaprio Foundation and The Rockefeller Foundation, signed a joint statement that called for urgently increasing investments in conserving forests and lands.

Number of investors by type - investing towards biodiversity



*Data may overlap as funds and investors can target several asset classes/ types, SDGs and/or regions.

INDUSTRY NEWS

Biodiversity

24 May 2023
Launch of the world's first science-based targets for nature

Science Based Targets Network (SBTN) launches the world's first science-based targets for nature, a significant milestone towards helping companies take integrated action across freshwater, land, ocean, biodiversity, and climate
Click here to read the full release

22 May 2023
Finance for Biodiversity celebrates 15 new signatories

On World Biodiversity Day, Finance for Biodiversity (FfB) Foundation is announcing the rise of financial institutions that signed the FfB Pledge to a total of 140 signatories from 23 countries with combined assets under management of €19.7 trillion.
Click here to read the full release

29 May 2023
CFM announces largest debt-for-climate conversion to protect Galapagos

Climate Fund Managers (CFM) announced the close of a new debt-for-climate conversion via its marine ecosystem venture, Oceans Finance Company (OFC), that will protect one of the planet's most important ecosystems: the Galapagos Islands The Galapagos conversion, which is the largest in history, exchanged $1.628 billion in Ecuadorian government bonds for a $656 million impact loan.
Click here to read the full release

17 April 2023
Greece leading the way in conserving KBAs in Europe

Greece has become the first European country to recognise Key Biodiversity Areas in its laws and policies. Key Biodiversity Areas are recognised as sites of global importance for biodiversity by the Law 5037/2023 and the existing Natura 2000 Committee of Greece will form the KBA National Coordination Group for the country.
Click here to read the full release

INDUSTRY INTERVIEW

The sustainable investor for a changing world

In this interview, Robert-Alexandre Poujade, Biodiversity Lead, BNP Paribas Asset Management, discusses the importance of biodiversity, the asset manager's biodiversity road map and the first steps in assessing the biodiversity footprint of its portfolios.

Based in Paris, Robert-Alexandre Poujade joined the ESG research team of BNPP AM in 2015 and oversees the consumer staples, retail, forest, packaging, chemicals and agro-chemicals sectors.

Robert-Alexandre has led BNPP AM thinking on biodiversity and has been involved in several collaborative projects with Capitals Coalition, UNEP-WCMC and Global Canopy.

Robert-Alexandre Poujade,
Biodiversity Lead,
BNP Paribas
Asset Management

He is currently representing BNP Paribas Asset Management as a deputy member of the Taskforce on Nature-related Financial Disclosures (TNFD) and is a member of Partnership for Biodiversity Accounting Financials (PBAF).

He is also member of the Steering Committee of the Corporate Biodiversity Footprint from Iceberg Data Lab, of the Steering Committee of CDP Biodiversity and is part of the Technical Advisory Group of SPOTT Palm Oil and of SPOTT Timber, Pulp and Paper of the Zoological Society of London.

> Our mission at BNP Paribas Asset Management is to deliver long-term sustainable returns to our clients.
>
> By 'sustainable', we mean both returns that can be sustained over the long term and returns that are in balance with society and the environment.
>
> According to us, these two meanings of sustainable are inseparable – we cannot deliver long-term returns without helping to achieve the energy transition, environmental sustainability, and a more equal and inclusive financial system.

So, Robert-Alexandre, why does biodiversity matter?

Healthy functioning ecosystems underpin society: they produce the oxygen we breathe; help mitigate climate change; and support at least 55% of the global economy. But according to the world's leading scientists, the natural world is in crisis. Approximately 25% of all species on Earth are at risk of extinction by 2050, representing roughly one million species of plants and animals. By the end of the century, 50% or more is at risk, states IPBES, 2019.

There are five main threats to biodiversity, which are habitat loss, pollution, overexploitation, invasive species, and climate change. Biodiversity loss threatens the achievement of 80% of the United Nations' Sustainable Development Goals sub-targets related to poverty, hunger, health, water, cities, climate, oceans, and land, according to IPBES, 2019.

> Like the climate crisis, the biodiversity crisis is driven by human activity, meaning that we have both an opportunity and an obligation to act, for the benefit of our clients and, ultimately, human civilisation and life on Earth.
> Hence, the need to reverse the destruction of ecosystems and biodiversity loss.

What is being done to protect nature?

At COP15, around 200 countries agreed on the new Kunming-Montreal Global Biodiversity Framework. Its centrepiece is a '30×30' target to protect 30% of nature by 2030. This makes financial sense. An University of Cambridge report has found that the financial benefits of protecting 30% of world's land and oceans outweigh the costs involved by a ratio of 5 to 1.

Governments have also committed to phasing out subsidies that are harmful to nature. Subsidies linked to biodiversity loss are estimated to cost around $2 trillion annually. The agreement set a target of spending $200 billion annually for conservation.

Apart from public sector investment , funds could come from leveraging private finance, promoting blended finance, and encouraging the private sector to invest in biodiversity via impact funds and other instruments.

What does this mean for investors?

First and foremost, the loss of biodiversity is a risk. At BNP Paribas Asset Management, we manage roughly €0.5 trillion of investor assets. These assets could ultimately be negatively impacted by the loss of something as small as a bee. For example, bees are responsible for pollinating about one-third of the world's food supply.

> In the US alone, honey bees provide pollination services valued at between $15 billion and $20 billion annually.

While with risks come opportunities, it is important for investors to understand what the risks are and for this, they require companies to disclose environmental data to help them assess a firm's impact on biodiversity. However, data from the Carbon Disclosure Project (CDP) have shown that most companies are not translating their commitment to biodiversity into action.

While 31% of 8,850 companies CDP surveyed have publicly committed and/or endorsed biodiversity-related initiatives and a further 25% aim to do so in the next two years, more than 50% of firms have taken no action to advance their biodiversity-related commitments. The CDP has also said that around 29,500 firms received an 'F' score for not responding to disclosure requests.

The Global Biodiversity Framework (GBF) calls on governments to take measures to encourage companies and financial institutions to disclose their risks, dependencies and impacts related to biodiversity. Pressure for greater transparency is likely to drive more action from companies to reduce biodiversity loss. It should help investors understand the biodiversity-related risks and opportunities in their portfolios.

What can investors/asset managers do?

Negotiators at COP15 agreed that the finance sector must invest in ways to halt and reverse nature loss by the end of 2030. There is currently an annual $700 billion financing gap for the protection of natural systems, according to the Paulson Institute, which outlined two ways to reduce this gap: reducing subsidies harmful to biodiversity; and increasing financial resources for biodiversity.

These resources include carbon markets, biodiversity credits and green financial products. Alongside endorsing the disclosure section of the Global Biodiversity Framework, BNP Paribas Asset Management has endorsed the following:

- Agree on an ambitious and transformational post-2020 global framework that requires the alignment of financial flows with global biodiversity goals;
- Strengthen national biodiversity strategy and action plans to ensure successful implementation of the framework and enforce domestic policies to deliver biodiversity targets; and
- Establish a regulatory environment that enables financial institutions to address biodiversity-related risks and opportunities, including by introducing consistent and decision-useful corporate disclosure requirements.

In May 2021, we published our biodiversity roadmap Sustainable by Nature, detailing our views on the nature and urgency of this crisis, and how we are actively responding to it. We used a variety of tools to understand our own dependencies and impacts on nature.

The biodiversity roadmap is based on the six pillars of our approach to sustainability: integration of environmental, social & governance (ESG) considerations; stewardship; responsible business conduct; forward-looking perspective; investment solutions for sustainability; and 'walking the talk' through corporate social responsibility.

What are investment opportunities?

Given that climate change and biodiversity loss are intricately linked, we believe environmental investment strategies can help address climate change and biodiversity loss, but it will require trillions of dollars in the decades ahead to restore, protect and preserve Earth's resources and achieve the transition to a sustainable, net-zero economy.

Studies have shown that funding biodiversity is an investment, not a cost. The funding maintains critical ecosystem services that underpin the world economy and yields financial, economic, and ecological returns. One study found that the destruction of nature results in an estimated $1.4 trillion of economic losses each year or 1.6% of global GDP. An estimated $44 trillion of economic value generation – over half the world's GDP – depends moderately or highly on nature and its services.

Financial flows into global biodiversity conservation in 2019 are estimated at between $124 billion and $143 billion. However, the estimated amount needed to protect the earth's biodiversity is $722 billion to $967 billion per year, leaving a current biodiversity financing gap of between $600 billion and $800 billion annually.

Our objective is to provide our clients with a range of solutions targeted at solving biodiversity challenges and BNP Paribas has launched innovative structured mechanisms that aim to preserve biodiversity, such as sustainability-linked loans that tie interest-rate reductions to biodiversity performance indicators, and blended finance solutions to promote green growth and sustainable rural livelihoods.

Our biodiversity-focused investment product range includes ETFs and thematic equity funds.

What next?

When we launched our biodiversity roadmap, detailing our views on the nature and urgency of this crisis as well as how we are actively responding to it, we used a variety of tools to understand our own dependencies and impacts on nature. We analysed our global assets under management to understand our exposure to water and deforestation risks and the potential for impacting biodiversity loss via our investments.

One of the key things that arose was the pressing need for both raw data from companies and the tools to help integrate this data into our investment decisions. The markets also require a consistent framework for understanding and reporting the full range of risks posed by biodiversity loss.

Therefore, in March 2020, working with AXA Investment Managers, Sycomore Asset Management and Mirova, an affiliate of Natixis Investment Managers, we appointed Iceberg Data Lab and I Care & Consult to provide a tool enabling investors to measure how their investments impact biodiversity.

Last year, we published our initial findings from Iceberg Data Lab's research to determine a 'biodiversity footprint' for our corporate holdings. Sustainable by Nature Sequel: Our Portfolio Biodiversity Footprint is the first phase of our analysis focuses solely on our negative impacts, without addressing our dependencies or the financial risks we face from nature loss.

This complements work on our water and deforestation footprints with data to arrive at a more complete picture of our exposure to, and impact on, global biodiversity loss. Our goal is to integrate this data into our sustainability-based approach to investment decisions.

The objective of this paper is to test biodiversity foot-printing on selected corporate holdings in our global portfolios to understand what it looks like, what it can be used for, and to identify the principal improvements that need to be made to the tool.

What is biodiversity footprinting?

Biodiversity footprinting is an assessment tool that helps investors combine investees' modelled and reported data of companies we have invested in, and their supply chains, to quantify their potential biodiversity impact, without the need to measure actual biodiversity change on the ground.

It should be stressed that the goal at this point is to have an indication of potential damage to enable us to visualise the total potential impact and compare one company to another.

It must also be understood that while all biodiversity is local, a variety of global events – in particular, greenhouse gas emissions – are having a significant impact on local ecosystems. Such events occur independently of business activity but still affect biodiversity.

Furthermore, corporate transparency on nature loss is poor – we often do not have the full data on how specific operations affect a particular piece of land. This forces us to work with averages.

As such, the footprint is a measure of negative impact namely, what are the potential impacts on nature represented by the companies in our portfolios? It does not, however, measure how dependent they are on nature, nor does it quantify the risks that arise from biodiversity loss.

The Iceberg Data Lab and I Care & Consult Corporate Biodiversity Footprint use environmental input-output modelling and life cycle assessment data to quantify environmental pressures along the entire supply chain of a given company, using asset-level data where available.

Each environmental pressure is then translated into a quantified impact on biodiversity and aggregated to compute the Corporate Biodiversity Footprint of a given company, expressed in km2 MSA (Mean Species Abundance).

The Corporate Biodiversity Footprint methodology currently covers the following pressures: Land use change (land occupation, transformation, encroachment and fragmentation); air pollution through nitrogen and sulphur deposition; water pollution (eutrophication, acidification, ecotoxicity, plastic entanglement); climate change.

This first biodiversity footprint assessment enables us to establish a baseline against which we can monitor our future performance. It also provides a high-level compass to identify where closer analysis of individual issuers is warranted. This complements the suite of tools and analysis our ESG analysts perform at the sector and issuer level and helps to identify key targets for direct engagement by our stewardship and portfolio management teams.

We are optimistic about the usefulness of this analysis but do wish to highlight that many challenges lie ahead. Biodiversity in or beneath the soil, novel entities, marine biodiversity, extinction risk and species richness dimensions have not yet been fully captured, and some pressures, such as invasive species and resource overconsumption, have yet to be modelled.

This is not to say that scientists do not have good data on these aspects of the problem, but there is still a lack of data usable by investors, linking specific impacts to individual companies. This is a significant blind spot, as we understand that companies are directly connected to each of these additional pressures.

BNP Paribas Asset Management ('BNPP AM') is the investment arm of BNP Paribas, a leading banking group in Europe with international reach. BNPP AM aims to generate long-term sustainable returns for its clients, based on a sustainability-driven approach. BNPP AM intends to contribute to the energy transition, environmental sustainability and the promotion of equality and inclusive growth globally. Read more about sustainable investing at BNP Paribas Asset Management

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PHENIX IMPACT FUND ASSESSMENT

Phenix Impact Fund Assessment is a proprietary framework developed in close consultation with institutional asset owners and industry leaders, for the purpose of **assessing the robustness of a fund's impact proposition**.

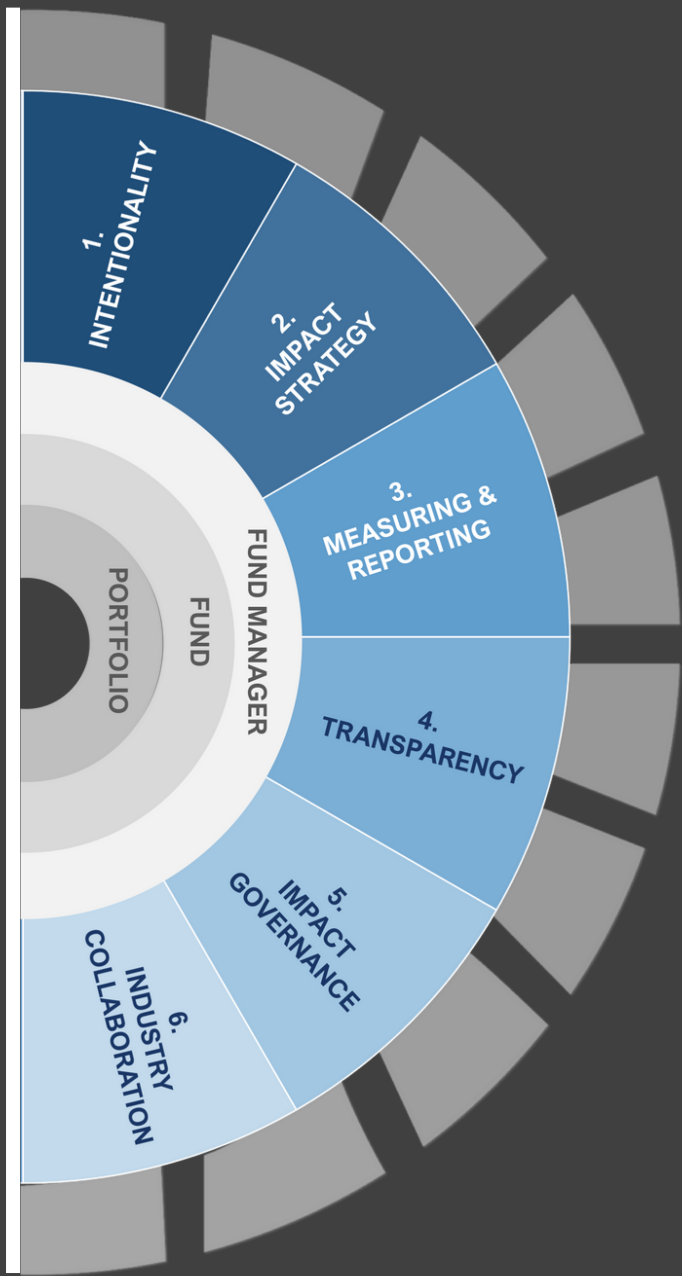
On 6 themes and 33 criteria, it examines to what extent the policies, procedures and human resources are in place to deliver the impact that a fund aims to create.

ASSESSING THE ROBUSTNESS OF IMPACT FUND PROPOSITIONS

Uncover strengths and weaknesses

Adopt industry best practices

Prepare for institutional impact due diligence



PHENIX IMPACT FUND ASSESSMENT

VISIT SITE >>>

GLOSSARY & SYMBOLS

Committed capital: Amount committed in a fund vehicle by its limited partners / investors.

Developed markets: We include Europe (excl. Eastern Europe), North America, Asia Pacific (Singapore, Japan, and South Korea only), Oceania (New Zealand, Australia) Middle East and Africa (Israel only).

Direct lending: A specialised form of private debt, in which loans are made to middle-market companies. It is the private debt strategy with lower risk, achieved by using collateral.

Emerging markets: We include Latin and Central America, Asia Pacific (excl. Singapore, Japan, South Korea), Middle East and Africa (excl. Israel) Europe (Eastern Europe only).

Fund managers: Organisation managing commingled, pooled and customised vehicles invested by institutional asset owners. Also called General Partner or GP.

Global: Funds that have an investment geographic scope encompassing both developed and emerging markets.

Impact investing: Investments with the dual mandate of financial return and positive societal or environmental impacts, with the notion of measuring the positive and negative impact of investments, ensuring both intentionality and additionality among these.

Institutional asset owners: Outsourced CIOs, pension funds, insurance companies, family offices, sovereign wealth funds, endowments, foundations, banks, fiduciary managers, discretionary investment consultants. Also called Limited Partner or LP.

Market targeted: Markets fund managers target for their investments: We include Global, Developed markets, Emerging markets.

Mezzanine: A specialised form of financing in which loans are subordinated to banks, with no collateral. It is the most equity-like form of private debt.

Microcredit: A common form of microfinance, characterised by small loans to individuals or small companies.

Private debt: Debt instruments to companies: direct lending, mezzanine, microfinance strategies.

Public debt: Publicly traded fixed income securities: investment grade or high yield, focused on green bonds and municipal and community infrastructure and affordable housing issuers.

Regions targeted: Regions fund managers target for their investments: We include Asia Pacific (East Asia, Central Asia, South Asia, South East Asia), Europe (Western Europe, Eastern Europe), Global, Latin and Central America, Middle East and Africa (East Africa, Middle East, Northern Africa, West Africa, Southern Africa), North America, Oceania.

Target fund size: Amount the fund manager is targeting when raising capital.

Vintage: Year where the fund manager first calls capital from investors.

Full glossary: www.phenixcapitalgroup.com/impact-investing-glossary

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