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AXA Investment Managers, BNP Paribas Asset Management, Sycomore Asset Management and Mirova, an affiliate of Natixis Investment Managers, launch joint initiative to develop pioneering tool for measuring investment impact on biodiversity

AXA IM, BNPP AM, Mirova, and Sycomore AM strongly believe that preserving the planet's biodiversity is an urgent priority. Together, they have launched a call for expressions of interest (CEI) for a partner to develop and implement an innovative tool to measure the impact of investments on biodiversity. The goal of the CEI is to find a player capable, on a large scale, of measuring companies' biodiversity impact.

There is growing interest in quantitative indicators among regulators, investors, and their clients because these indicators can be used to measure the impact of investments, particularly environmental impact, in order to obtain concrete portfolio sustainability assessments.

Since COP 21 in 2015, the number of tools available has multiplied. Today, there are tools for measuring carbon impact, for measuring the extent portfolios are in line with the 2°C trajectory and many others, but these assessments remain largely focused on climate change. However, it is equally important that we preserve species and ecosystems. There is scientific consensus in this regard: one million species are facing extinction¹. Biodiversity plays a vital role, and its collapse would jeopardise the future of humanity.

Today, AXA IM, BNP Paribas AM, Mirova, and Sycomore AM are joining forces in order to raise awareness in the financial community and develop the necessary tools for investors to respond to this threat.

This coalition of investors is looking to work with an ESG data provider that is capable of developing and implementing a methodology for measuring the impact of a company's activity on biodiversity. The long-term goal is to create a dedicated database. In order to provide investors with the most significant and useful assessments possible, the methodology must be consistent with the following principles:

- **Impact measurement:** the methodology must provide a "physical" indicator (e.g.: km² mean species abundance, potentially disappeared fraction of species, etc.)
- **"Lifecycle" approach:** the methodology must factor in the entire supply chain from product use to end-of-life.
- **Sector estimates:** sector assessment grids should make estimates tailored to the specificities of each sector possible.
- **Ease of use,** for a variety of purposes: communicating about impact on biodiversity, providing more extensive reporting, etc.
- **Flexibility and transparency:** the methodology must be compatible with the public taxonomies and internal environmental assessment systems already in use, regardless of whether they're proprietary or open source.
- **Aggregation and communication:** the data provided must simplify portfolio performance assessment in relation to an index.
- **Application scope:** the approach must be applicable to companies active in the main market indices (listed equities and fixed income funds). Ideally the method should be compatible with other asset classes (listed and unlisted equities, fixed income funds, infrastructure, real estate, etc.).
- **Financial materiality:** companies' levels of exposure to the challenges presented by biodiversity must be assessed in addition to physical impact.

¹ IPBES report – May 6, 2019

Interested data providers will be assessed based on the quality and transparency of their approach and on their experience in processing environmental data. Applications may be submitted through March 31.

Julien Foll from AXA IM, Robert-Alexandre Poujade from BNPP AM, Sarah Maillard from Mirova and Jean-Guillaume Péladan de Sycomore AM have issued the following statement: *“It is critical that we begin to take into account biodiversity-related challenges. We believe it is crucial that the financial community addresses this issue in the same way that it has addressed climate change. We hope that the tool we develop will be used by all market players, and that it will become a benchmark tool.”*

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About AXA Investment Managers

AXA Investment Managers (AXA IM) is an active, long-term, global multi-asset investor. We work with clients today to provide the solutions they need to help build a better tomorrow for their investments, while creating a positive change for the world in which we all live. With approximately €801 billion in assets under management as at end of September 2019, AXA IM employs over 2,350 employees around the world and operates out of 30 offices across 21 countries. AXA IM is part of the AXA Group, a world leader in financial protection and wealth management.

About BNP Paribas Asset Management

BNP Paribas Asset Management is the asset management arm of BNP Paribas, one of the world's foremost financial institutions, and offers high value-added solutions to individual savers, companies, and institutional investors. It has a broad range of skills in four investment divisions: Equities, Fixed Income, Private Debt & Real Assets, and Multi-Asset, Quantitative and Solutions (MAQS). Sustainability is at the heart of BNP Paribas Asset Management's strategy and investment decision-making process, making an active contribution to energy transition, environmental protection and the promotion of equality and inclusive growth. Its aim is to achieve long-term sustainable investment returns for its clients. BNP Paribas Asset Management has assets under management of EUR 436 billion (as at 30 September 2019), with more than 520 investment professionals and almost 500 client servicing specialists, serving individual, corporate and institutional clients in 71 countries.*

** EUR 589 billion of assets under management and advisory as at 30 September 2019.*

About Mirova

Mirova is an investment manager dedicated to responsible investment. Through a conviction-driven investment approach, Mirova's goal is to combine value creation over the long term with sustainable development. Mirova's talents have been pioneers in many areas of sustainable finance. Their ambition is to keep innovating to propose the most impactful solutions to their clients.

Mirova

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About Sycomore Asset Management

Founded in 2001, Sycomore Asset Management is an investment firm driven by a strong entrepreneurial spirit. Since its creation, Sycomore has been committed to delivering long-term returns by identifying the levers that enable a company to generate sustainable value. The firm's expertise draws on a fieldwork approach and a proprietary corporate fundamental analysis model, which includes financial and extra-financial criteria. Its team of 21 analysts-fund managers, including 7 ESG specialists (Environment, Social and Governance) focus on assessing the overall performance of a company with respect to its stakeholders: shareholders, clients, employees, suppliers, civil society and the environment. Since 2015, Sycomore AM has expanded its range of social, societal and environmental impact funds and has recently launched, in partnership with Quantis and I Care & Consult, the NEC Initiative, a collaborative open-source platform dedicated to the Net Environmental Contribution (NEC) metric aimed at measuring the extent to which a product, service, company, portfolio or index is aligned with the energy and environmental transition: www.nec-initiative.org