

ERAFP's Biodiversity Policy

Biodiversity loss

Biodiversity, or biological diversity, refers to the variety of life on Earth at all levels: genetic diversity, species diversity and ecosystem diversity. It encompasses the diversity of species, habitats and ecological processes that sustain life on Earth. Ecosystem services¹, meanwhile, are the benefits that humans derive from ecosystems. These services generally fall into four categories:



Provisioning services

All products that can be extracted from nature for human needs

Food, drinking water, fuel, pharmaceuticals



Regulating services

Regulate ecosystem processes and function

Climate regulation (carbon sequestration and storage by forests), water purification (filtration by wetlands)



Cultural services

Non-material benefits that humans derive from ecosystems

Natural parks, natural reserves, cinema and photography








Supporting services

Services necessary for the proper functioning of all other services

Soil formation, pollination, photosynthesis

In 2019, the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services² (IPBES) published an alarming report on the state of global biodiversity. The report revealed that nearly one million species were at risk of extinction, mainly due to human activities. The main causes of this decline are grouped into five categories:

Direct drivers of biodiversity loss in descending order		Impacts on biodiversity ³ (%)	Examples
	Land and sea use change	30%	Expansion of cities, transport infrastructure, monocultures
	Overexploitation of natural resources	23%	Overfishing, intensive logging
	Climate change	14%	Use of fossil fuels, industrial processes, intensive farming
	Pollution of oceans, fresh water, soil and air	14%	Road traffic, fertilizers and pesticides, plastic pollution
	Invasion of alien species	11%	Asian hornet, Louisiana crayfish, ring-necked parakeet

All these human-driven pressures are leading to a widespread decline in ecosystem services and in biodiversity in general.

1_ French Foundation for Biodiversity Research (FRB), "[Biodiversité et services écosystémiques](#)".

2_ IPBES, "[Global Assessment Report on Biodiversity and Ecosystem Services](#)".

3_ French Office of Biodiversity (OFB), "[La Biodiversité en danger](#)".

Key figures illustrating the decline in biodiversity⁴

In 50 years, the size of wild animal populations has decreased on average by **75%** (**85%** of freshwater populations)

Approximately **14-17%** of the original forested area of the Amazon biome has disappeared

Between **1998** and **2024**, the Great Barrier Reef suffered massive coral bleaching events due to rising sea temperatures and ecosystem degradation

The preservation of biodiversity and ecosystems is now a global priority, as is the fight against climate change, given that these two issues are closely interconnected.

Why and how to take action: ERAFP's role in tackling biodiversity loss

International commitments and growing regulation

L2022 was marked by the COP15 Climate Summit in Montreal. The conclusion of this fifteenth meeting of the Conference of the Parties led to the adoption of the Kunming-Montreal Global Biodiversity Framework⁵ on 19 December 2022. The GBF is a strategic plan for 2030 on biodiversity issues and follows on from the Aichi Biodiversity Targets⁶.

The framework consists of four long-term goals for 2050, focusing on the health of ecosystems and species, the sustainable use of biodiversity, equitable sharing of the benefits of biodiversity, and the implementation and financing of these goals. They are divided into 23 targets to be achieved by 2030 to "live in harmony with nature" by 2050. Key targets include conserving 30% of land, water and seas, reducing incentives (including subsidies) that are harmful for biodiversity, and reducing pollution (pesticides, fertilizers, etc.).

With regard to investors, in 2021 the French government published a decree implementing Article 29 of the 2019 Energy-Climate Act ('LEC'), calling for a strategy of alignment with long-term biodiversity-related goals and the consideration of biodiversity in risk monitoring processes.

Financial risks associated with biodiversity loss

More than half of global GDP (55%) – an estimated \$58,000 billion – depends partly or entirely on nature and ecosystem services. Just like climate change, biodiversity loss carries financial risks for companies and investors. According to the Banque de France, 42% of the value of the securities portfolio held by French financial institutions was issued by companies that rely heavily or very heavily on at least one ecosystem service⁷.

In addition to this, companies that fail to manage their impact on biodiversity may face stricter regulations, fines or restrictions on access to resources, which, in turn, may result in additional costs.

As a long-term investor and in accordance with the Energy-Climate Act and Article 29 thereof, ERAFP intends to play its role as a responsible investor in conserving biodiversity. In 2021, it signed the Finance for Biodiversity Pledge, a statement by investors and financial institutions who have committed to achieving four objectives:

- collaborating and sharing their knowledge of biodiversity matters;
- engaging with companies;
- measuring the biodiversity impact of their financing and investments;
- setting targets and reporting publicly on progress made.

⁴ ["Living Planet Report 2024"](#), WWF, Zoological Society of London.

⁵ [Kunming-Montreal Global Biodiversity Framework](#), UN Doc. CBD/COP/DEC/15/4.

⁶ 20 targets set by the [Convention on Biological Diversity](#) (CBD) in 2010 to protect global biodiversity by 2020.

⁷ Banque de France, ["Biodiversity Loss and Financial Stability"](#), Eco Notepad, 5 January 2022.

Biodiversity actions and approaches

ERAFP's biodiversity policy seeks to align with:

- the objectives of the Convention on Biological Diversity adopted in 1992, namely the conservation of biodiversity, the sustainable use of its components, the fair and equitable sharing of benefits arising from the use of genetic resources and associated knowledge;
- the Kunming-Montreal Global Biodiversity Framework and its 23 targets for 2030⁸.

While climate and biodiversity issues are very closely related, this document only covers ERAFP's biodiversity policy. ERAFP's climate-related actions are laid out in a separate climate policy⁹.

The actions already undertaken to promote biodiversity are not detailed in this policy but are presented each year in a dedicated section of the Sustainability Report.

ERAFP's biodiversity strategy is broken down into six major strategic approaches, covering the entire value chain in the investment process, from understanding the issues at stake and measuring impacts and dependencies to making investment choices, engaging with shareholders, and monitoring and communicating on implementation, as part of a governance-led strategic steering approach:

I. Understanding

- Continuing to develop ERAFP's expertise in biodiversity matters, particularly in the priority water theme, and raising awareness among all employees.

II. Assessing and measuring

- Monitoring the development of biodiversity-related tools and data, in particular to estimate the impacts, risks and dependencies of investments.
- Continuing to analyse the impacts and dependencies of the portfolios managed under listed equity, fixed income and real estate mandates: refining the analysis as models and data become more robust and comparable; identifying key monitoring indicators; and extending the analysis to other asset classes where possible.
- Treating water as a priority theme for the ERAFP investment portfolio.
- Getting to grips with indicators, tools and methodologies for assessing the risk relating to biodiversity loss.

III. Governance

- Establishing a policy that is aligned with long-term biodiversity-related goals (Convention on Biological Diversity adopted in 1992 and Kunming-Montreal Global Biodiversity Framework).
- Reporting to the investment policy monitoring committee (CSPP) on the implementation of the biodiversity policy.

⁸ The link between ERAFP's biodiversity policy and these targets is shown in the appendices. The 23 targets are listed in the Kunming-Montreal Global Biodiversity Framework.

⁹ Consult ERAFP's Climate Policy for 2025-2030.

IV. Investments

- Publicly expressing what ERAFP expects of asset managers, i.e. taking biodiversity issues into consideration into the investment processes, with the ultimate goal of aligning with global biodiversity targets, such as those set out in the Global Biodiversity Framework.
- Monitoring market trends and analysing biodiversity-related investment opportunities across the various asset classes, particularly investor-led market funds.
- Integrating “nature and biodiversity” investments into the “financing the ecological transition” objective of the climate policy, most notably by selecting an “ecological transition” manager for unlisted assets with a target amount of €200 million over a 3 to 6 year investment period.
- Continuing to assess the real estate portfolio and, in line with the work already undertaken by the managers:
 - Implementing an action plan for assets which the managers have identified as being relevant, by establishing the cost/benefit ratio.
 - Having the management companies implement priority actions.
- Incorporating the following eligibility criteria¹⁰:
 - Excluding companies deriving more than 20% of their revenue from pesticides.
 - Excluding companies deriving more than 5% of their revenue from palm oil. Companies are not excluded if 80% of their palm oil is RSPO-certified¹¹ or if they are taking steps to reach this target by 2030.

V. Engaging

- Reviewing market initiatives and assessing their relevance for ERAFP.
- Pledging to sign investor statements on the theme of biodiversity or its components where these statements are aligned with the positions of ERAFP and of the French government.
- ERAFP will continue engagements it takes through the FAIRR and Nature Action 100 initiatives. Managers may be asked to engage key contributors from the portfolio (possibly with a focus on the theme of water), and this will be monitored at management committee meetings.

VI. Monitoring and communicating

- Disclosing ERAFP’s annual biodiversity footprint, detailing the most critical sectors and the highest pressures, as well as the major dependencies on ecosystem services.
- After analysing portfolio dependencies, ERAFP will monitor and report on changes over time in at least one indicator linked to the portfolio's strongest dependencies.
- ERAFP will share best practices with its peers.
- By reporting on the results of the implementation of the biodiversity policy, ERAFP will be able to assess and monitor its strategy to ensure it is relevant.

Governance

As a reminder, the board of directors defined ERAFP’s SRI framework and oversees it internally. In accordance with Article 24 of Decree No. 2004-569 relating to the French public sector additional pension scheme, the investment policy monitoring committee (CSPP) is responsible for preparing the board of directors’ decisions on the general guidelines of the SRI policy, monitoring their implementation, assessing their effects on the Scheme, ensuring compliance with the principles of the SRI Charter and preparing any updates thereto.

As part of this process, the board of directors has approved the publication of this biodiversity policy and will review it with the CSPP in 2027. It will monitor and assess the follow-up and engagement actions identified through the six key strategic approaches.

10_ The eligibility criteria apply on a stock and flow basis for portfolios managed under equity mandates and on a flow basis under corporate bond mandates.

11_ Round Table on Sustainable Palm Oil. [Find out more.](#)

Appendices

Link between the targets set in the Kunming-Montreal GBF and the objectives of ERAFP's biodiversity policy

Kunming-Montreal targets	Strategic focuses of the biodiversity policy
TARGET 3: Conserve land, waters and seas	II. Assessing and measuring - Priority water theme
Conserve 30% of land, freshwater and seas by 2030.	IV. Investments - Investments in nature and biodiversity
TARGET 8: Minimise the impacts of climate change	See climate policy
Minimise the impact of climate change and ocean acidification on biodiversity and increase its resilience through mitigation, adaptation, and disaster risk reduction actions, including through nature-based solutions and/or ecosystem-based approaches.	
TARGET 12: Enhance green spaces and urban planning for human well-being and biodiversity	IV. Investments - Assessing the real estate portfolio, action plan and implementation
Significantly increase the area and quality, and connectivity of, access to, and benefits from green and blue spaces in urban and densely populated areas.	
TARGET 14: Integrate biodiversity in decision-making at every level	III. Governance - Establishing a biodiversity policy
Ensure the full integration of biodiversity and its multiple values into policies, regulations, planning and development processes, poverty eradication strategies, strategic environmental assessments, environmental impact assessments and, as appropriate, national accounting, within and across all levels of government and across all sectors, in particular those with significant impacts on biodiversity, progressively aligning all relevant public and private activities, and fiscal and financial flows with the goals and targets of this framework.	III. Governance - Reporting to board bodies on policy implementation
	IV. Investments - Integrating dedicated criteria into the investment process

Kunming-Montreal targets	Strategic focuses of the biodiversity policy
TARGET 15: Companies assess, disclose and reduce biodiversity-related risks and negative impacts Encourage companies to regularly monitor, assess, and transparently disclose their risks, dependencies and impacts on biodiversity along their operations, supply and value chains; and to provide information needed to consumers to promote sustainable consumption patterns.	II. Assessing and measuring - Monitoring tools and data
	II. Assessing and measuring - Analysing impacts and dependencies
	II. Assessing and measuring - Monitoring biodiversity risks
	V. Engaging - Joining market initiatives
	V. Engaging - Signing investor statements
TARGET 19: Mobilise \$200 billion per year for biodiversity from all sources, including \$30 billion through international finance Substantially and progressively increase the level of financial resources from all sources, mobilising at least \$200 billion per year by 2030. Increase total biodiversity related international financial resources from developed countries to developing countries to at least \$20 billion per year by 2025, and to at least \$30 billion per year by 2030.	V. Engaging - Targeted engagements with portfolio companies
	IV. Investments - Investments in nature and biodiversity
TARGET 21: Ensure that knowledge is available and accessible to guide biodiversity action Ensure that the best available data, information and knowledge are accessible to decision makers and, also in this context, traditional knowledge, innovations, practices and technologies of indigenous peoples and local communities should only be accessed with their free, prior and informed consent.	I. Understanding - Developing the expertise of employees and directors
	VI. Monitoring and communication - Disclosing selected indicators
	VI. Monitoring and communication - Sharing best practices
	VI. Monitoring and communication - Controlling and monitoring strategy