eco.business Fund report for the Finance for Biodiversity Pledge 2024

Introduction

As a signatory to the ***Finance for Biodiversity Pledge***, the eco.business Fund reaffirms its commitment to conserving biodiversity through the sustainable practices it supports through its investment strategy. Recognizing the vital role biodiversity plays in maintaining ecosystem resilience and supporting sustainable development, the Fund actively integrates biodiversity considerations into its financing decisions, risk assessments, engagement processes and reporting practices. This report marks the Fund's first annual disclosure under the Pledge, covering activities and progress made in 2024, and reflects its dedication to fostering environmental positive outcomes in the regions it serves.

Pillar 1: Share knowledge on assessment methodologies, biodiversity-related metrics, targets and financing approaches for positive impact

Assessment methodologies and impact related metrics

The Fund has a well established impact management and measurement framework, which it continuously refines. In 2024, it made a significant leap forward in assessing its impact on biodiversity by introducing two dedicated assessment tools.

A cornerstone of this progress was the **adaptation of the Biodiversity Footprint for Financial Institutions (BFFI) method**, in close collaboration with ***PRé Sustainability***. Based in the Netherlands, Pré Sustainability is a global leader in sustainability metrics and life cycle assessment.

Through this partnership, the Fund is expected to more accurately assess how supported projects reduce pressure on biodiversity and help avoid negative ecological impacts. The Fund is expected to report with this metric starting in 2026.

Sustainability Labels as a strategic investment tool

Sustainability labels play a central role in the Fund's investment strategy. They offer an effective way to support sustainable production by leveraging certified, third-party verification instead of duplicating monitoring efforts.

In 2024, the Fund partnered with the ***International Trade Centre (ITC)***—a joint agency of the UN and WTO—to reassess the sustainability standards it works with, focusing on key priorities such as deforestation, biodiversity conservation, and climate action. Using

ITC's ***Standards Map***, a leading database of voluntary sustainability standards, the Fund evaluated the rigor and environmental integrity of existing and potential labels.

As a result, several new labels have been added to the Fund's framework to support more producers who meet high sustainability standards, expanding its reach while maintaining strong environmental safeguards.

Knowledge sharing activities in financing approaches for positive impact

The Fund is active across its focus regions to raise awareness for its key topics, among others by supporting key events, such as:
the COP16 in Colombia, where representatives of the Fund engaged in several panel discussions such as: *"Finance and Biodiversity Day in Latin America and the Caribbean"* and *"Pushing the Frontiers of Sustainable Finance"* (in collaboration with ***Finance for Biodiversity***)
UNEP FI's Regional Roundtable on Sustainable Finance for Latin America and the Caribbean, which explored how the financial sector can drive a low-carbon, inclusive, and sustainable future in the region.

Pillar 2: incorporate criteria for biodiversity in our ESG policies, while engaging with companies to reduce their negative and increase positive impacts on biodiversity

Potential adverse impacts

The Fund's activities focus on those economic sectors that are highly consumptive of natural resources: agriculture, forestry, fisheries and aquaculture, and tourism. Key impacts that could be relevant considering the Fund's sector and geographic focus include, but are not necessarily limited to, water, soil and air pollution, destruction and degradation of natural habitats; deforestation due to expansion of the agricultural frontier; and adverse effects linked to invasive species.

The Fund places a priority on effectively managing – i.e. avoiding, minimizing and mitigating – E&S risks and impacts associated with its investments, including impacts on biodiversity. As described in Pillar 3, the Fund has a thorough ESG due diligence as part of its investment process to identify and manage these impacts.

Biodiversity integration in ESG policies and practices

In its ESG policy (last updated in December 2024), the Fund has committed to contribute to the vision of the Kunming-Montreal global biodiversity framework, particularly with regards to the following targets:

- Target 1: ensure effective management of land and sea use changes,
- Target 7: reduce pollution to levels that are not harmful to biodiversity,
- Target 8: minimize the impacts of climate change on biodiversity and build resilience,
- Target 10: enhance biodiversity and sustainability in agriculture, aquaculture, fisheries and forestry,
- Target 11: maintain and enhance natural ecosystem contributions, and
- Target 19: increase financial resources, including public and private resources, to implement biodiversity strategies and action plans.

The ESG policy also outlines commitments to managing environmental and social (E&S) risks and impacts associated with its investments (see Pillar 3).

Engagement with companies:

Engagement with investees is an integral component of the Fund's investment process and central to managing its positive development impact. This engagement includes the provision of tailored capacity building to enhance investees' capacities to assess and monitor environmental and social impacts and build awareness for conservation finance. For example, the Fund supported an investee dedicated to shrimp production in a Latin American country to develop a biodiversity strategy.

Pillar 3: Assess financing activities and investments for significant positive and negative impacts on biodiversity and identify drivers of its loss

As global environmental challenges intensify, understanding and mitigating the ecological footprint of financial investments has become increasingly urgent. This is why the Fund continuously assesses its impact, including by: **"Avoided Impact on Biodiversity from Sustainable Practices":** Starting in 2026, the Fund will report on its biodiversity indicator using the BFFI method developed in 2024. This indicator will help identify the key areas where the Fund can reduce its biodiversity pressures and where it has the greatest positive impact.

Throughout 2024, the Fund also developed the following indicators:

- **Area under protection for biodiversity:** This indicator is based on the compliance criteria of a sustainability label recognized by the Fund, which requires certified operators to set aside a portion of their total area as reserves with natural or locally adapted vegetation that resembles undisturbed ecosystems. These areas may include riparian buffers, agroforestry zones, and conservation areas that contribute to long-term ecological protection. As of end 2024, the Fund supported more than 26,000 hectares of area under protection for biodiversity, in both Latin America and Africa.

- **Water savings from efficient irrigation in sugar production:** This indicator complements the general "m^3 of water saved" metric by specifically calculating the water savings achieved through the implementation of efficient irrigation systems in sugarcane production in Latin America. This has allowed to save more than 13 million of m^3 in irrigation.

Other biodiversity-related figures: The Fund also reports on additional biodiversity-related metrics, including hectares of agroforestry promoted, hectares of farmland protected from deforestation, and hectares under sustainable management.

Managing Environmental and Social Risks

In line with its ESG Policy, the Fund maintains and continuously improves a comprehensive environmental and social management system (ESMS). The ESMS guides the Fund's approach to assessing, mitigating, and monitoring potential adverse impacts at every stage of the investment process.

- **Exclusion of activities with adverse impacts:** The Fund's exclusion list is an integral part of the ESG Policy and prohibits funding activities which could be associated with the destruction or significant impairment of areas worthy of protection, among others. Furthermore, the Fund does not permit direct investments in activities with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented, nor on land that was deforested after a set cut-off date, unless the investment aim is to restore degraded or deforested land.
- **Deforestation and biodiversity risk assessments:** The Fund has commissioned deforestation studies for countries of operation to identify and map deforestation hotspots according to the Fund's target sectors. In addition, the Fund uses the Integrated Biodiversity Assessment Tool (IBAT) and Global Forest Watch to assess proximity of direct investments to biodiversity relevant areas and deforestation hotpots.
- **Alignment with regulations and IFC Performance Standards:** As part of its ESG due diligence, the Fund assesses potential investees against IFC Performance Standards, which include requirements on Biodiversity Conservation and Sustainable Management of Living Natural Resources. The Fund's ESG requirements to investees include obligations to manage adverse impacts of the funded activities to avoid significant harm. If material gaps in an investee's practices and capacities to address and mitigate deforestation

and/or biodiversity risks are identified, the investee will be required to address these gaps through the implementation of an action plan.

- **Principal Adverse Impact (PAI):** As part of its due diligence, the Fund also considers and collects information on the PAI indicators of the Sustainable Finance Disclosure Regulation and publishes a Statement on principal adverse impacts of investment decisions on sustainability factors on its website.

Pillar 4 set and disclose targets based on the best available science to increase significant positive and reduce negative impacts on biodiversity

In 2024, the eco.business Fund continued to strengthen its contribution to biodiversity and sustainable development through two key areas of strategic focus:

- **Enhancing Biodiversity Impact Measurement**
  As part of its broader effort to deepen environmental insight across its portfolio, the Fund worked on integrating a dedicated biodiversity impact indicator. This indicator, developed using the **BFFI** methodology, is tailored to the Fund's impact framework and data landscape. It enables a more robust understanding of how financed activities relate to biodiversity outcomes.

- **Deepening Engagement in Biodiversity-Rich Regions**
  The Fund expanded its geographic reach by channeling finance into **six new biodiversity-rich countries**: *Brazil, Paraguay, and the Dominican Republic* in Latin America, as well as *Democratic Republic of Congo, Benin, and Burkina Faso* in Africa. These countries are globally recognized for their ecological value and environmental vulnerability. By supporting sustainable practices and green finance in these regions, the Fund contributes to the conservation of vital ecosystems, the promotion of sustainable land use, and enhanced climate resilience.

Pillar 5: report annually and be transparent about the significant positive and negative contributions to global biodiversity goals linked to our financing activities covering

The eco.business Fund report on the following impact indicators in the impact area of biodiversity conservation:

Latin America

Impact area	Indicator	Contribution to SDG target	Q4/2024	Q5/2025
Biodiversity conservation	Hectares of agroforestry promoted	(15.2)	289 k	286 k
	Hectares of farmland protected from deforestation	(15.2)	501 k	494 k
	Hectares under sustainable management	(2.4)	1.15 m	1.1 m
	Hectares under conservation	(15.5)	20.6 k	N/A

Africa

Impact area	Indicator	Contribution to SDG target	Q4/2024	Q5/2025
Biodiversity conservation	Hectares of agroforestry promoted	(15.2)	147 k	101 k
	Hectares of farmland protected from deforestation	(15.2)	63 k	63 k
	Hectares under sustainable management	(2.4)	210 k	137 k
	Hectares under conservation	(15.5)	6.6 k	N/A

As part of its commitment to transparency and accountability, the Fund also publishes a comprehensive summary of its impact assessment methodologies, which is available at the following link.