eco.business Fund Report for the Finance for Biodiversity Pledge 2025

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 and the provision of capacity building. Recognizing biodiversity conservation as a key objective, the Fund promotes sustainable practices through its financing decisions, risk assessments, engagement processes and reporting. By promoting sustainable practices, particularly in sectors such as agriculture that can exert significant pressure on ecosystems, the Fund seeks to prevent and mitigate biodiversity loss while supporting the sustainable use of natural resources.

This report marks the Fund's annual disclosure under the Pledge, covering activities and progress made in 2025, and reflects its dedication to fostering positive environmental outcomes in the regions it serves.

Pillar 1: Collaboration & Knowledge Sharing

The Fund is actively engaged in collaborative initiatives on biodiversity, including Partnership Biodiversity Accounting Financials (PBAF), the Finance for Biodiversity Foundation and related working groups. Through these platforms, the Fund contributes to the advancement of biodiversity action in the financial sector and knowledge growth on key topics such as land-use change, deforestation, sustainable agricultural practices, and financing solutions that support nature-positive outcomes.

This included senior representatives participating in key international events, including:

- the Finance for Biodiversity Summit 2025, contributing to discussions on the integration of biodiversity considerations into financial decision-making,
- the IDB Group FINNLAC Forum, where the fund team shared experience in developing green financial products, highlighting the role of financial institutions in supporting the sustainability transition,
- the 7th GLF Investment Case Symposium, contributing to discussions on mobilizing private investment for conservation outcomes.

Capacity building among its financial institution investees is a core component of the Fund's engagement. Key projects in 2025 consider both (i) positive impact measurement and management by supporting investees in measuring their own environmental impact of agriculture portfolios across key indicators and (ii) E&S risk management including through the virtual course "Environmental and Social Risk Management: SARAS in Action," delivered in partnership with IDB Invest.

Pillar 2a: Biodiversity Criteria in ESG Policies

The Fund focuses on economic sectors with high dependence on natural resources, namely agriculture, forestry, fisheries and aquaculture, and tourism, where activities may also exert pressures on biodiversity. Key impacts associated with these sectors include water, soil, and air pollution; habitat degradation and deforestation linked to agricultural expansion adverse effects linked to invasive species; and the overexploitation of biological resources.

The Fund's investment strategy actively promotes sustainable agriculture and fisheries, two sectors that are among the main drivers of biodiversity loss. By channeling financing toward sustainable production models, improved land management, and responsible resource use, the Fund seeks to reduce pressures on biodiversity. Biodiversity considerations are embedded in the investment approach through clearly defined eligible activities and recognized sustainability standards, which are selected for their contribution to addressing key biodiversity drivers and supporting positive environmental outcome, building on scientific evidence and aligning with the MDB Common Principles for Tracking Nature Finance.

The Fund places a priority on effectively managing, i.e. avoiding, minimizing and mitigating, environmental and social (E&S) risks and impacts associated with its investments, including those on biodiversity, as defined in its ESG policy and procedures. The ESG policy was updated in December 2025 to reflect the governance changes of the in-scope process and align the fund's exclusion list with the Paris Aligned Benchmarks[1].

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,

[1] A requirement stipulated by the ESMA Fund Naming Guidelines.

- 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 E&S risks and impacts associated with its investments (see Pillar 3).

Pillar 2b: Engaging with companies and/or clients

Engagement with investees is an integral component of the Fund's investment process and central to managing its positive development impact. Through its due diligence processes, the Fund systematically assesses environmental, social, climate, and biodiversity risks in line with the IFC Performance Standards. Identified gaps are translated into Environmental and Social Action Plans (ESAPs) and contractual requirements, as applicable, ensuring that investees implement appropriate mitigation measures throughout the investment lifecycle. The Fund's impact assessment and management further guide this engagement by identifying priority areas where additional support can enhance sustainability performance

Beyond compliance with the eligibility criteria and minimum environmental and social standards, the Fund actively supports investees to enhance assessment and monitoring of environmental and social impacts and builds awareness for conservation finance. Through its Development Facility (DF), the Fund delivers targeted capacity building and advisory projects to financial institutions, companies, and producers, promoting the adoption of sustainable business practices. These tailored engagements are complemented by training programs and sector-level initiatives aimed at strengthening awareness and implementation of biodiversity-related practices.

Progress of these engagements is monitored through key TA indicators, including the number of partner institutions supported, people trained, and stakeholders reached through capacity-building and knowledge-sharing activities.

In 2025, the DF supported 17 across its two sub-funds (Latin America and Africa), further strengthening impact at investee level:

- In **Latin America**, the Fund implemented targeted advisory projects to strengthen biodiversity impact management at the investee level. This included developing and piloting five impact measurement methodologies to systematically assess and monitor their environmental performance across indicators such as water savings, carbon capture, and agricultural land under sustainable management.
- The Fund also supported an investee in Ecuador in establishing an Environmental and Social Management System (ESMS) integrating climate and biodiversity risk assessments.
- Additional initiatives included support to expand carbon stock measurement and productivity analysis in conservation areas, strengthening the evidence base for nature-positive practices.
- In **Africa**, the Fund implemented initiatives to enhance its assessment and management of deforestation and biodiversity risks. This included the development of country-level deforestation studies for Cameroon and Burkina Faso, supporting risk assessment, decision-making, and enhancing transparency for investors regarding underlying risk assessment processes.
- In addition, the Fund produced a practical ESMS manual for African financial institutions, including dedicated coverage of biodiversity risks. It also supported the development of a sustainability trainings for MSMEs for an investee in Tanzania, aligned with IFC Performance Standards and covering biodiversity conservation and management.

Pillar 3: Assessing Biodiversity Impacts

Managing Environmental and Social Risks

The Fund operates a comprehensive ESMS in line with its ESG Policy to assess, mitigate, and monitor environmental and social risks throughout the investment process.

Key elements

- **Excluded activities :** Prohibits financing activities that harm protected areas, involve significant irreversible impacts, or occur on land deforested after a defined cut-off date (unless for restoration purposes).
- **Risk assessment tools:** Uses country-level deforestation studies, IBAT, and Global Forest Watch to identify deforestation hotspots and assess proximity to biodiversity-sensitive areas.

- **Due diligence & standards:** Investees are evaluated against IFC Performance Standards, including IFC Performance Standard 6 on biodiversity conservation and sustainable management of natural living resources. Where gaps exist, action plans are required to mitigate risks.
- **Principal Adverse Impacts (PAI) compliance:** The Fund collects and reports on PAI indicators in line with SFDR requirements and publishes a related statement.
- **Client engagement:** Targeted technical assistance may be provided to support investees in improving their environmental practices and risk management.

Assessing reduction of pressures on biodiversity

The Fund has been applying an adaptation of the Biodiversity Footprint Financial Institutions (BFFI) methodology since 2025 to assess **Avoided Impact on Biodiversity from Sustainable Practices**. The indicator called "Biodiversity pressure reduction" will begin reporting portfolio-level results in its 2025 Annual Impact Report. The BFFI is expressed as Potentially Disappeared Fraction of species (PDF), where the potential loss of species richness is compared to a natural undisturbed baseline to reflect the degree of ecosystem disturbance and biodiversity intactness (see more here). The indicator will be piloted to steer investment decisions to maximize positives impact on biodiversity.

Pillar 4: Setting targets

In 2025, the Fund established two key biodiversity-related targets to strengthen its strategic alignment and portfolio impact as part of its strategic business planning:

- Eligibility updates: The Fund targeted to update its Green List in line with sector developments and impact needs. As part of this process, the Green List was also mapped against the MDB Common Principles for Tracking Nature Finance.
- Portfolio expansion: In parallel, the Fund defined a portfolio expansion target aimed at increasing biodiversity-aligned investments in new geographies. This includes expanding into biodiversity-relevant markets such as Uganda, Cameroon, and the Democratic Republic of Congo, thereby strengthening portfolio diversification and extending outreach in sectors with significant biodiversity impact.