

ISS STOXX® Biodiversity Indices

A comprehensive framework to help investors address biodiversity challenges

Resource exploitation, climate change, pollution and the introduction of invasive species are among the main drivers behind the rapid degradation of the world’s land and water — and an average 69% decline in wildlife populations since 1970.¹ While ecosystems are essential for the wellbeing of humans and all living organisms, only 3% of global climate finance is currently spent on nature-based solutions.²

What is biodiversity?

“Biodiversity is all the different kinds of life you’ll find in one area — the variety of animals, plants, fungi and even microorganisms like bacteria that make up our natural world. Each of these species and organisms work together in ecosystems, like an intricate web, to maintain balance and support life. Biodiversity supports everything in nature that we need to survive: food, clean water, medicine and shelter.” WWF³

The Kunming-Montreal Global Biodiversity Framework

In December 2022, the United Nations Biodiversity Conference (COP15) ended in Montreal, Canada, with the adoption of the Kunming-Montreal Global Biodiversity Framework (GBF), a landmark agreement to guide global action on nature through 2030.

According to the United Nations, the GBF aims to halt and reverse the dangerous decline in nature that is threatening the survival of 1 million species and impacting the lives of billions of people.⁴ The framework consists of global targets to be achieved by 2030 and beyond to safeguard and sustainably use biodiversity.



COP15 targets to be achieved by 2030⁵

The 23 targets to be achieved by 2030 include:



Conservation of 30% of land and sea

Restoration of 30% of degraded ecosystems



Halving the introduction of invasive species

USD 500 billion per year reduction in harmful incentives



ISS STOXX Biodiversity Indices offer three key benefits:

1

Capital alignment with long-term goals, risk management and investment opportunities.



2

Comprehensive, multidimensional framework with two levels of targeted impact and option to customize and optimize strategies.



3

Stock selection based on biodiversity exclusionary screens, Sustainable Development Goals (SDGs) and carbon emissions targets.

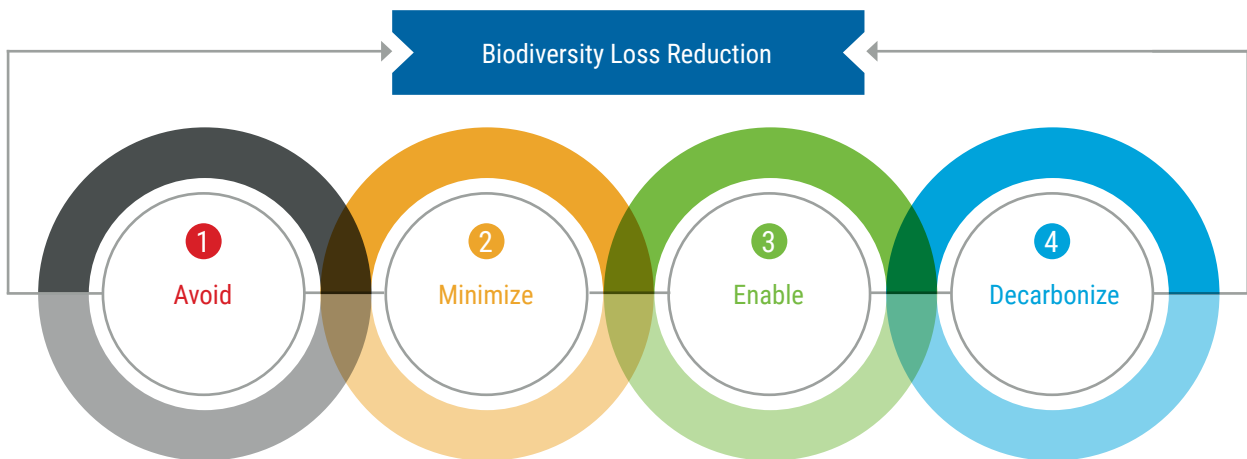


Index methodology

The overall objective of the ISS STOXX Biodiversity Indices is to allocate capital to companies that minimize their biodiversity footprint and help our world's natural capital. The indices exclude companies identified as being involved in activities causing harm to biodiversity and include those that have a positive impact on biodiversity and ecosystems, support the relevant UN Sustainable Development Goals (SDGs), and reduce the portfolio's carbon intensity.

Reducing biodiversity loss

Our framework includes four elements that work together.



Goal	ISS STOXX Biodiversity Indices	ISS STOXX Biodiversity Leaders Indices
Avoid	Exclude companies involved in activities causing harm to biodiversity	
Minimize	Exposure to companies with low negative impact on biodiversity: Reduce Potentially Disappeared Fraction of Species (PDF) / Enterprise Value Including Cash (EVIC)	
Enable	Increase exposure to companies whose solutions give them high scores in biodiversity- and climate-related UN SDGs ⁶	Increase exposure to companies with a high percentage of revenues derived from activities aligned with biodiversity- and climate-related UN SDGs. ⁷
Decarbonize	Reduce carbon intensity by at least 30% relative to the parent index	
SFDR Suitability	Article 8	Article 9

ISS ESG biodiversity data

The ISS STOXX Biodiversity Indices use data from our partner ISS ESG, a leading provider of ESG ratings, norm-based research, and climate risk assessments.

Norm-Based Filters	ISS ESG Norm-Based Research
Product Involvement Screening	ISS ESG product involvement screening: controversial weapons, tobacco, thermal coal, unconventional oil & gas, civilian firearms, military contracting
Biodiversity Filters	ISS ESG biodiversity-related product involvement filters: palm oil, GMO agriculture, hazardous pesticides, animal welfare and fur involvement
ISS ESG Biodiversity Impact Assessment Tool	<ul style="list-style-type: none"> > Economic activity identification > Supply chain impact assessment > Potentially Disappeared Fraction of Species (PDF) > Mean Species Abundance (MSA)
Sustainable Development Goals	ISS ESG SDG Rating and Solutions Assessment

Sources:

1. [‘Living Planet Report 2022,’](#) World Wide Fund for Nature (WWF).
2. [‘Nature Based Solutions Essential For Climate Mitigation,’](#) National Geographic, 2020.
3. [‘What is Biodiversity?’](#) World Wide Fund for Nature (WWF).
4. [Kunming-Montreal Global Biodiversity Framework,](#) Convention on Biological Diversity (CBD), December 2022.
5. [Final text of Kunming-Montreal Global Biodiversity Framework,](#) December 2022.
6. For each of the sustainability objectives an Objective Score is calculated. These company-specific scores assess the overall impact of a company’s product portfolio on the achievement of a given objective. They are calculated by multiplying the net sales shares generated with relevant products/services with the numeric scores assigned to them. All Objective Scores range on a scale from -10.0 (i.e., 100% of net sales are generated with products/services classified as having a significant obstructing impact) to 10.0 (i.e., 100% of net sales are generated with products/services classified as having a significant contributing impact).
7. This is based on the share of revenues a company derives from products and services identified as contributing to the achievement of a given objective and ranges from 0% to 100%.

STOXX Ltd. (STOXX) and Qontigo Index GmbH (together “Qontigo”) and its licensors, research partners or data providers are not providing investment advice through the publication of indices or in connection therewith. Financial instruments based on Qontigo’s STOXX® and DAX® indices or on any other indices supported by Qontigo are in no way sponsored, endorsed, sold or promoted by Qontigo or their licensors, research partners or data providers. STOXX is a registered trademark of STOXX Ltd., Zug, Switzerland.

This document has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body.

To learn more about the ISS STOXX Biodiversity Indices, please visit qontigo.com/biodiversity-indices

MAY 2023



AXIOMA | DAX | STOXX

sales@qontigo.com
info@qontigo.com



Part of



DEUTSCHE BÖRSE
GROUP