

Invest in biodiversity to save the planet

The loss of biodiversity is one of the biggest problems facing humanity. Over the last century, we have seen unprecedented real GDP growth and have made huge progress on many fronts such as benefitting from improvements in mortality rates and technological advances. Unfortunately, in the process we have chosen to ignore nature and have altered 75% of the earth's surface and 66% of the marine environment¹ to satisfy our consumption and energy needs. It is estimated that 50% of the global GDP is highly or moderately dependent on nature² and that the damage to our ecosystems and the associated loss of biodiversity could represent a risk to the global economy of \$10tn by 2050.³

We consider biodiversity loss as an urgent crisis at par and if not even more important than climate change, which is one of the five main causes of biodiversity loss alongside pollution, direct exploitation of the organisms, change in sea use and land use and invasion of alien species. It is important to understand that all of these causes are interconnected and need to be addressed simultaneously.

Solutions are therefore vital – and, in this, the investment industry can make a decisive contribution by supporting and encouraging companies that are providing a positive impact towards this theme. This is the spirit of Federated Hermes' newly launched Biodiversity Equity Fund, managed by Ingrid Kukuljan, head of sustainable and impact investing.

This fund has been developed in collaboration with the Natural History

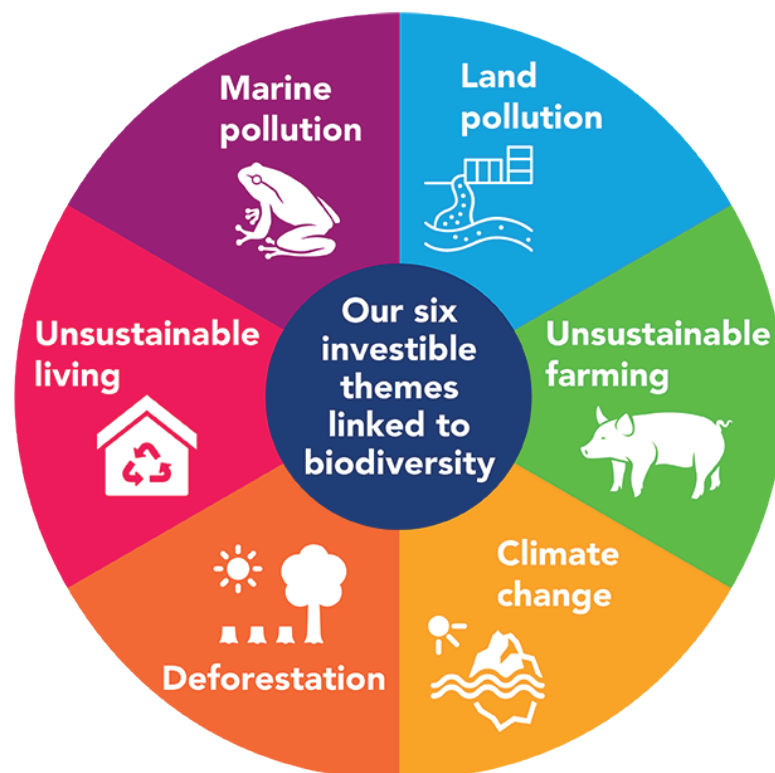
Museum in London, which has worked with Federated Hermes to understand how the products and services offered by investment managers can help create a positive impact on biodiversity.

One example of how this might work in practice is the biodiversity integrity tool, a measure designed and developed by the museum to assess the level of biodiversity in different natural spaces and ecosystems. This is a tool which Ingrid and her team are using to help support and inform their investment decisions.

The objective of the fund is to achieve a long-term return by investing in leading companies that offer solutions to prevent the loss of biodiversity and contribute to its recovery. Federated Hermes has contributed thought leadership on biodiversity such as through its white paper "Our Commitment to Nature" and has made biodiversity a key engagement topic through its stewardship arm EOS. The fund has a dedicate engager who will focus on ensuring corporates understand their impacts and dependencies on biodiversity as well as encouraging greater focus on solutions that can help preserve and replenish ecosystems. In the same way, investors need to start allocating capital to companies that help to preserve and replenish our natural capital.

The investment team carries out in-depth analysis of the companies impacts on biodiversity as well as ensuring their financial opportunity and sustainability of business model.

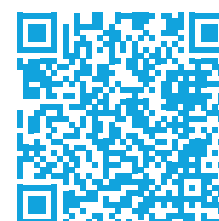
The strategy also excludes



investment in companies whose activities are considered harmful to the environment. These exclusions include fossil fuel, weapons, tobacco, alcohol, gambling and adult entertainment companies, as well as companies that do not comply with the principles of the UN Global Compact.

With the Federated Hermes Biodiversity Equity Fund we aim to channel investment to help halt the ecological deterioration of our planet and ultimately help to replenish it – whilst also engaging with corporates and policy makers on how they can do the same.

For further information, please scan to visit our website:



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Limited

FOOTNOTE

1 WWF, Living Planet Report (2020).

2 Sources: IPBES Report (2019), EOS, Our Commitment to Nature (2021), WWF and ZSL, Living Planet Report (2020), Seven ESG Trends to Watch in 2021 | S&P Global (spglobal.com).

3 Source: Global Futures report from the World Wild Fund for Nature (WWF)

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