

Green bonds in action series: Investing in a sustainable future

Sustainable ecosystems

Green bonds are financial instruments designed to raise funds for projects that deliver positive environmental impacts.

KEY FACTS AND TRENDS IN NATURE & BIODIVERSITY

Nature & Emissions

12-15% Global GHG emissions come from land use, land-use change, and deforestation¹. This includes peatland degradation and soil carbon loss.

Nature & Climate are Intertwined

Nature & Biodiversity contribute to climate change via emissions but are also vital to mitigation by acting as essential carbon sinks.



Climate Change is 1 of the 5 drivers of biodiversity loss.⁵

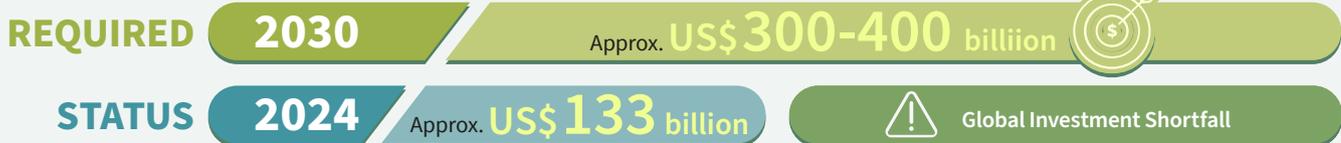
Biodiversity Loss

50% Global GDP depend on nature⁴

- Nature & biodiversity provide essential ecosystem services that our economies depend upon.
- Its loss can undermine ecosystem functioning and resilience, posing risks to food security, water systems, health, and the economy.
- One of the most transgressed planetary boundaries, it has no clear tipping point - meaning damage could be irreversible and nonlinear.

THE ROAD TO NET ZERO BY 2050

To reach Net Zero by 2050, approximately US\$300-400 billion annually by 2030² is needed to effectively **protect and restore ecosystems, conserve biodiversity and enhance carbon sequestration**. Solutions are needed beyond conservation and restoration, in areas driving nature loss like **pollution and overexploitation of natural resources** including water. In 2024, funding for nature-based solutions reached about US\$133 billion³, suggesting a funding gap of at least US\$167 billion.



WHERE DO GREEN BONDS FIT IN?

Sustainable Ecosystems

12% Allocation in our green bond universe

Eligible Projects Financed

- Biodiversity conservation infrastructure and monitoring systems
- Ecosystem protection and restoration
- Sustainable forest management including reforestation
- Sustainable agriculture projects
- Sustainable water and wastewater management
- Waste prevention, reduction, and recycling infrastructure

¹Source: United Nations Climate Change Introduction to Land Use | UNFCCC ²Source: The Wall Street Journal Safeguarding Natural Capital: How Banks Can Work with Indigenous Peoples - WSJ ³Source: United Nations news Global biodiversity agreement mobilises US\$200 billion boost for nature | UN News ⁴Source: Nature Risk Rising |World Economic Forum ⁵Source: Global assessment report on the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services |IPEBS.

New Zealand - A commitment to the environment

New Zealand is at the forefront of environmental stewardship, with ambitious goals to reduce emissions by 50% by 2030 and achieve net-zero emissions by 2050, excluding biogenic methane. Their Green Bond Framework directs funds into projects that support both climate action and nature conservation, reinforcing the country's commitment to the Aotearoa New Zealand Biodiversity Strategy, which aims to reverse biodiversity decline by 2050.

Biodiversity is a key focus for New Zealand, as many native species are under pressure from the ongoing impacts of invasive species, changes in land and sea use, direct exploitation, climate change, and pollution. With over 80% of native species found nowhere else in the world, the preservation of this unique biodiversity is crucial for maintaining the ecological balance and cultural identity of the country.

One significant initiative funded through this framework is the *Piako Green Corridor*, which aims to restore natural habitats, promote cultural recognition, enhance community employment, and build resilience against flooding. This project exemplifies New Zealand's dedication to preserving its unique natural heritage while fostering local employment and cultural recognition.



Freshwater restoration: Piako green river corridor⁶



This project is working with iwi and other stakeholders to reconnect the Kopuatai wetland to the Firth of Thames; both are Ramsar sites of international ecological significance. The vision is of a planted native green corridor along the Piako River – from the peat bog of the Kopuatai wetland through mangrove forests and salt marshes to the Firth of Thames foreshore.

An additional objective is to increase biodiversity with riparian planting that will also provide shade for invertebrates and fish in drainage systems along the foreshore. Deep water refuges in the foreshore drain will provide a safe haven for freshwater fish during the low water levels in summer. Sediment traps ahead of drainage systems discharging into the Piako River will remove sediment and improve the river's water quality.



Metric	Total project target
Number of native plants planted	252,800
Length (km) of riparian margin fenced	27
Area (ha) of riparian margin retired, planted and habitat created	25

Green bonds are a type of debt instrument that is well-suited for issuers committed to transitioning to a more sustainable environment.

⁶New Zealand Debt Management - New Zealand Sovereign Green Bond Allocation and Impact Report 2024

Companies shown are for illustrative purposes only as of 31 August 2022. It does not constitute investment research financial analysis relating to transactions in financial instruments, nor does it constitute an offer to buy or sell any investments, products or services, and should not be considered as solicitation or investment, legal or tax advice, a recommendation for an investment strategy or a personalized recommendation to buy or sell securities.

This document is for informational purposes only and does not constitute investment research or financial analysis relating to transactions in financial instruments as per MIF Directive (2014/65/EU), nor does it constitute on the part of AXA Investment Managers or its affiliated companies an offer to buy or sell any investments, products or services, and should not be considered as solicitation or investment, legal or tax advice, a recommendation for an investment strategy or a personalised recommendation to buy or sell securities. Due to its simplification, this document is partial and opinions, estimates and forecasts herein are subjective and subject to change without notice. There is no guarantee forecasts made will come to pass. Data, figures, declarations, analysis, predictions and other information in this document is provided based on our state of knowledge at the time of creation of this document. Whilst every care is taken, no representation or warranty (including liability towards third parties), express or implied, is made as to the accuracy, reliability or completeness of the information contained herein. Reliance upon information in this material is at the sole discretion of the recipient. This material does not contain sufficient information to support an investment decision. Issued in the UK by AXA Investment Managers UK Limited, which is authorised and regulated by the Financial Conduct Authority in the UK. Registered in England and Wales No: 01431068. Registered Office: 22 Bishopsgate London EC2N 4BQ. In other jurisdictions, this document is issued by AXA Investment Managers SA's affiliates in those countries.