BIODIVERSITY POLICY

Version 1.0

1. Version control

This Biodiversity policy should be reviewed at least on an annual basis by the Management Service Provider (MSA Provider) (or relevant staff of the Portfolio Company in cases where there is no MSA Provider).

Version No	Effective Date	Issued By	Incorporated Changes
V.1.0	XX XXXX 2021	SPC Board of Directors	Original Document

2. Objective

The objective of this Biodiversity Policy is to provide a set of high-level principles and best practice standards for the preservation of Biodiversity, Ecosystems and Natural Habitats directly affected by the Project(s) managed by [Name of the TOP-SPC] (the "Company").

The significance of the relationship between infrastructure and Biodiversity is underlined by the scale, the longevity of infrastructure assets and correlated nature-related risks. The Company recognises the potential adverse impacts that building, operating, and maintaining infrastructure can have on Biodiversity loss and Ecosystem degradation.

With a growing global population, demand for infrastructure development is increasing. Infrastructure is an important component of the 2030 Agenda on Sustainable Development, included in Sustainable Development Goal 9. Effectively managing any potential losses to biodiversity and natural habitats is critical to the delivery of SDG 9: Industry, Innovation, and Infrastructure.
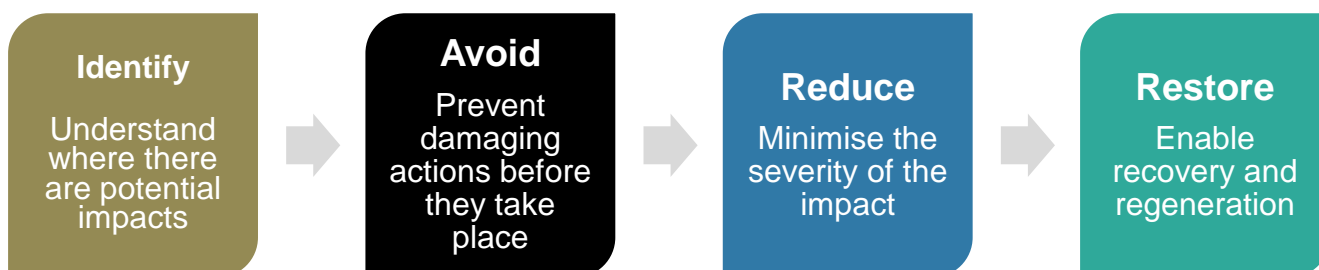
3. Definitions

Biodiversity	The diversity of species, variation of genes and different ecosystems. Forest biological diversity encompasses not just trees, but the multitude of plants, animals and micro-organisms that inhabit forest areas and their associated genetic diversity.
Ecosystem	The term "ecosystem" refers to a dynamic complex of plant, animal and micro-organism communities and their non-living environment interacting as a functional unit.
Natural Habitats	Land and water areas where the ecosystems biological communities are formed largely by native plant and animal species and human activity has not essentially modified the area's primary ecological functions.
Protected Areas	National parks, wilderness areas, community conserved areas and nature reserves.
Areas of High Biodiversity value / High Conservation value Areas	Natural habitats, which are of outstanding significance or critical importance due to their high biological, ecological, social or cultural values.
Threatened Species	A threatened species is a plant, animal, or other living organism that is becoming rare and that may become in danger of extinction if current trends continue.
Restoration	Restoration as "any intentional activity that initiates or accelerates the recovery of an ecosystem from a degraded state"

Definitions from the Convention on Biological Diversity (CBD 2020: Use of Terms) and the European Environment Agency (EEA) Glossary.

4. Framework

By actively considering the impacts that building, operating, and maintaining infrastructure may have on nature, the Company contributes to the protection and Restoration of Biodiversity, Ecosystems and Natural Habitats and enhances them where possible.

| **Identify** Understand where there are potential impacts | → | **Avoid** Prevent damaging actions before they take place | → | **Reduce** Minimise the severity of the impact | → | **Restore** Enable recovery and regeneration |

The Company is committed to having a good understanding of potential adverse Biodiversity impacts across the Project(s) lifecycle and paying particular attention to maintaining Ecosystems so that they continue to flow, adapt, and produce around our Project(s).

Identify

- Understand whether there are any Ecosystems, Protected Areas, Areas of High Biodiversity/High Conservation value Areas or Threatened Species directly affected by the Project(s). The Company should assess for actual/potential adverse Biodiversity impacts such as, inter alia:
  - fragmentation or loss of Natural Habitats;
  - changes to migration and breeding patterns;
  - local species abundance declining;
  - large amount of natural resource inputs removed;
  - significant waste or pollution generated by the Project(s).
- Typically, for large-scale Project(s), the public sector should have concluded an environmental impact assessment study (EIA) prior to starting procurement. The Company should ensure that the EIA report, if available, has been reviewed to identify actual/potential Biodiversity impacts.

When there is no EIA available, the Company will comply with any local regulation applicable relating to the Project(s) potential Biodiversity impacts.

Avoid

- New construction should be avoided in Protected Areas, or in Areas of High Biodiversity value/High Conservation value Areas.
- Activities that create adverse consequences on areas considered critical for the preservation of Threatened Species, should be avoided.
- Sources: Protected Planet I IUCN Red List I Biodiversity Values Map

Reduce

- Where new construction works in Protected Areas, Areas of High Biodiversity value/High Conservation value Areas or an area where Ecosystems and/or Threatened Species could directly be affected by the Project(s) cannot be avoided, an impact mitigation plan should exist or be put in place.
- The following measures which could contribute to eliminating the duration, intensity and/or extent of the impacts should be considered:
  - Measures to reduce noise and pollution;
  - Design changes to minimise impact on natural habitats and local species;
  - Timing of activities to avoid disrupting local species;
  - Building or expanding wildlife crossing corridors;
  - Creating habitats for indigenous species (i.e.: bat boxes, butterflies, birds or water fowl habitats, beehives).

Restore

- The aim of Restoration is to improve degraded or removed Ecosystems following exposure to impacts that cannot be completely avoided or minimised and to act as mitigation measures for climate-related risks.
- Best practice nature-based Restoration measures in the environment of the Project(s) should be encouraged during the construction and operations phases. Examples could be:
  - Enhancing water storage capacities of wetlands, providing flood protection and preserving existing forests to prevent landslides and soil-erosion;
  - Replacing artificial riverbank protections (such as rip rap or rock armour structures) with bioengineering techniques (living plants and trees such as tall forbs, willow brush, softwood and reeds, combined with slope levelling) to restore valuable riparian Ecosystems, floodplain habitats and preserve fish habitats;
  - Incorporating green spaces (planting trees and local species) into urban environments.
  - Using environmental design features such as green walls and roofs, reducing air and surface temperatures;
  - Reforestation with indigenous trees and shrubs along roadsides and river embankments, alleviating the risk of flooding downstream;
  - Prescribed and carefully managed fires set under specified weather conditions, reducing fuel build-up, helping restore Natural Habitats and reducing the impact of wildfires;
- Best practice measures that are identified should be presented to the public sector client and investigated whether a change order would be appropriate.