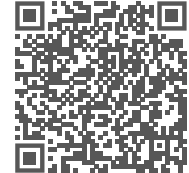


ENGAGEMENT PAPER NATURE SUMMARY

In October 2025, Ethos published an Engagement Paper on nature, setting out investors' expectations of companies with regard to the management of the impact of their activities on nature and biodiversity. The full document, accessible via the attached QR code, will serve as a basis for the shareholder dialogue that Ethos and the members of the Ethos Engagement Pool Switzerland and International will conduct with companies on this topic in the future.



IN BRIEF



The destruction of nature and the loss of biodiversity pose a systemic threat to the economy and society.



Companies contribute significantly to the loss of nature, both directly and through their value chains, even though their activities are also heavily dependent on ecosystem services.



Investors are also affected by the degradation of nature. They need reliable and measurable information from companies in order to make informed investment decisions.



Companies and financial institutions must act now to minimise risks and seize opportunities. Rapid implementation of science-based targets and transparent reporting give them a competitive advantage.



Ethos calls for business models to be aligned with planetary boundaries and for greater transparency in companies' transition strategies and their implementation.



HUMAN ACTIVITY AS THE CAUSE OF BIODIVERSITY LOSS

Economic and social activity is one of the main causes of nature loss. Intensive use of land and water, raw material extraction, industrial fishing and logging, pollution from chemicals and waste, and the spread of invasive species are all major contributing factors. Furthermore, these developments are further exacerbated by global megatrends – such as climate change, population growth and urbanisation – which have significant consequences for companies, society and investors.



COMPANIES ARE BOTH AFFECTED AND RESPONSIBLE

While companies exert considerable influence over nature, they are also financially dependent on it. They are exposed to risks related to environmental destruction (flooding, resource depletion, etc.), new regulations, market changes, reputational damage, and legal risks in the event of lawsuits for environmental destruction. At the same time, the development of environmentally friendly products and services can present opportunities for businesses. They can differentiate themselves from the competition, open up new markets (e.g. green renovation), improve their efficiency and reputation, and reduce their costs through the circular economy.

GENERAL EXPECTATIONS OF COMPANIES

Investors, particularly those with a long-term focus, are also exposed to the risks and opportunities associated with nature degradation through the companies included in their portfolios.

Ethos has therefore drawn up a list of **seven general expectations** for companies to encourage them to assess not only their impacts on and dependencies on nature, but also the resulting risks and opportunities, and to report on them appropriately. In order to shed more light on sectors facing significant risks related to nature degradation, Ethos has also set out **specific expectations** for several sectors such as agriculture, the chemical industry and the pharmaceutical industry.

These best practices will be promoted in the future as part of the ongoing and constructive dialogue that Ethos and the members of the Ethos Engagement Pool Switzerland and International are conducting with representatives of companies listed in Switzerland and abroad.

1. Adopt clear and ambitious nature-related policies aligned with the “Do No Significant Harm” (DNSH) principle.
2. Adhere to and follow the TNFD LEAP approach.
3. Assess and monitor impact and dependencies.
4. Assess and monitor risks and opportunities.
5. Define a nature transition plan with ambitious science-based targets.
6. Report relevant and audited indicators according to the TNFD and further issue-specific frameworks.
7. Involve stakeholders and advocate for responsible regulation.

SPECIFIC EXPECTATIONS

ISSUES	REQUIRED MEASURES	SECTORS CONCERNED
Deforestation	<ul style="list-style-type: none"> • Zero deforestation policies • Full traceability • Monitoring systems 	Agriculture, food, chemicals, pharmaceuticals
Plastic pollution	<ul style="list-style-type: none"> • Strategy based on the principle of ‘reduce, reuse, replace, recycle’ for plastic packaging • Reducing plastic consumption • Promoting circular economy 	Packaging, food, healthcare, body care, chemicals
Water	<ul style="list-style-type: none"> • Prevention of negative effects on water availability and quality • Contribution to equitable access to water 	Textiles, food, high technology, agriculture, energy
Forever chemicals (PFAS)	<ul style="list-style-type: none"> • Complete abandonment • Transparency on production volumes • Responsibility for decontamination • Development of safe alternatives 	Chemistry
Pesticide abuse	<ul style="list-style-type: none"> • Ban on highly hazardous pesticides • Constructive dispute management and damage remediation measures 	Agriculture, food, chemicals