

The biodiversity landscape

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Sitra: How can investors evaluate biodiversity in portfolios? 18 June 2021



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Defining biodiversity

BIODIVERSITY

The variability among **living** organisms from all sources including, inter alia, terrestrial, marine, and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems (Article 2, CBD 1992).

NATURAL CAPITAL

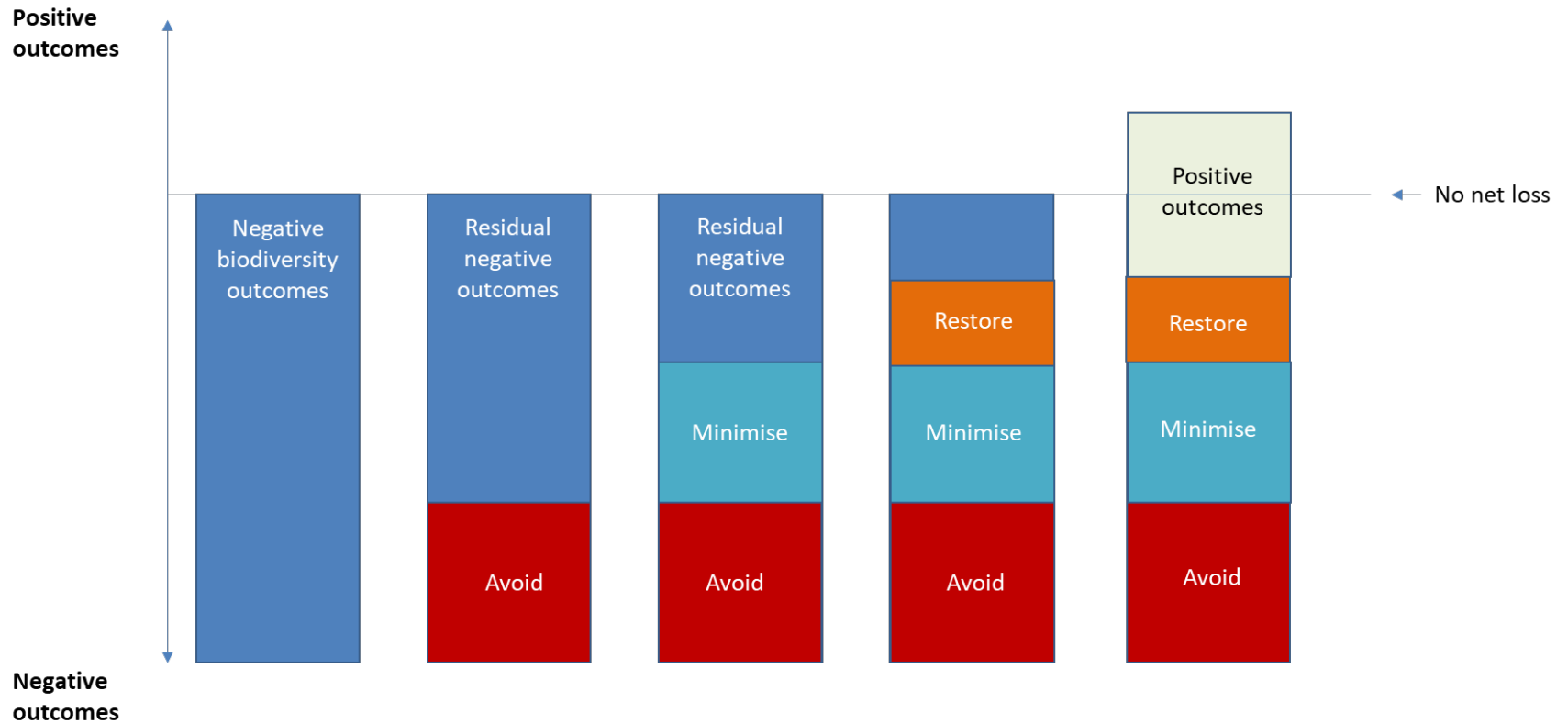
The **stock** of renewable and non-renewable **natural resources** (e.g. plants, animals, air, water, soils, minerals) that combine to yield a **flow of benefits** to people (Natural Capital Coalition 2016).

ECOSYSTEM SERVICES

The **flows of benefits** to people from ecosystems, commonly divided into the following categories: provisioning, regulating, cultural, and supporting (MA 2005).

Mitigation hierarchy

Avoiding impact to positive outcomes

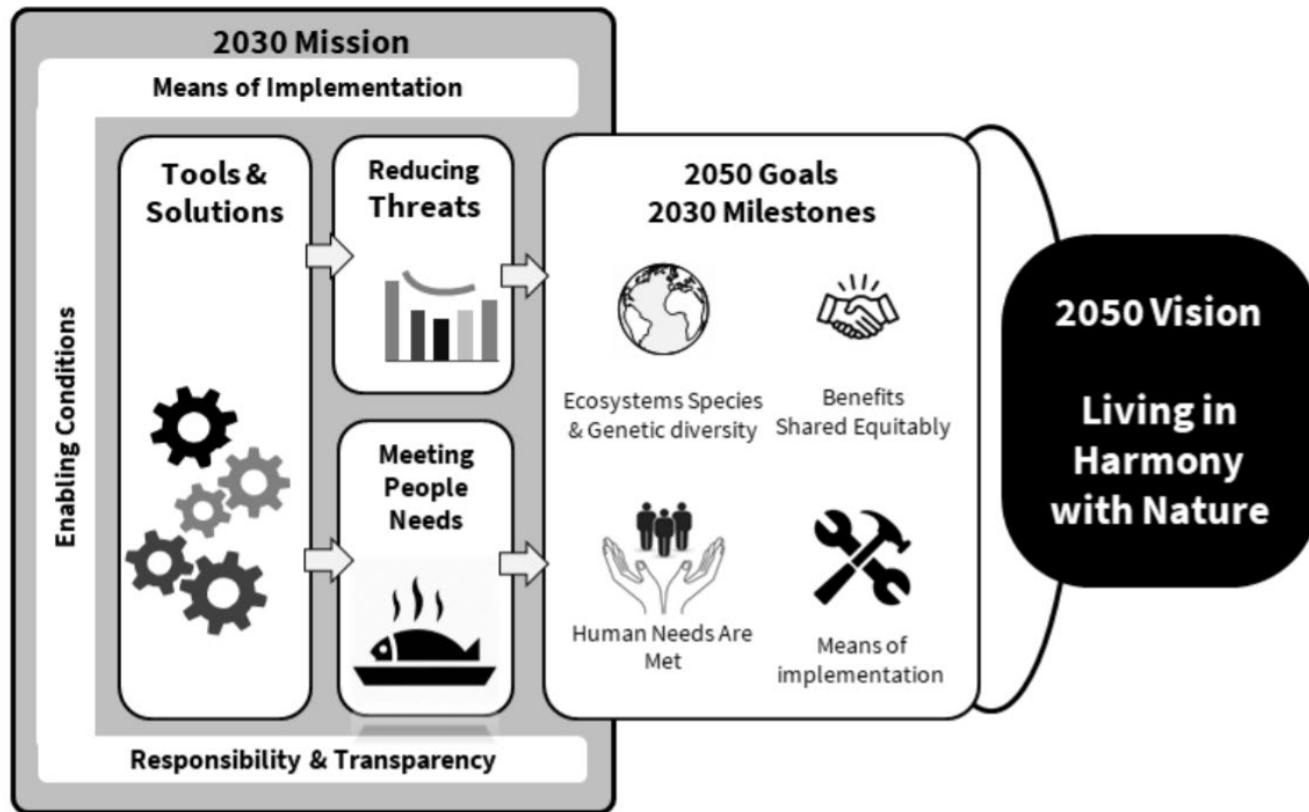


Setting global biodiversity targets

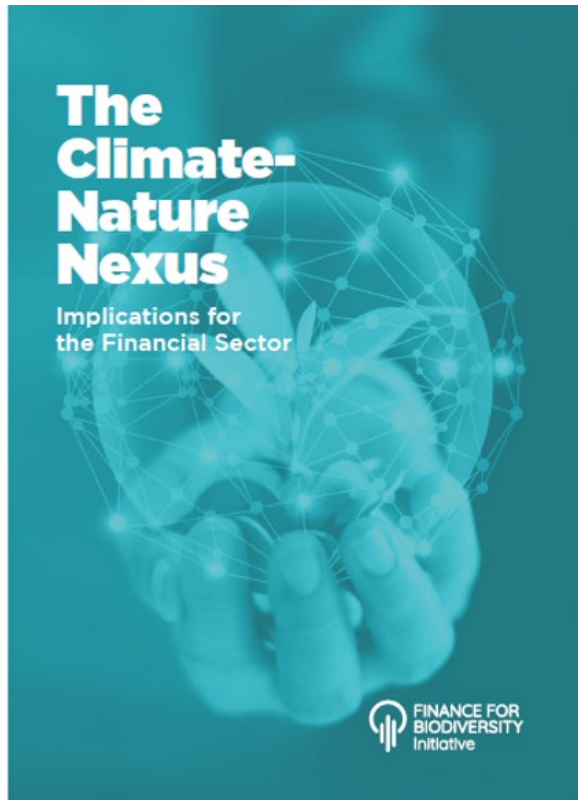
Convention on Biological Diversity (COP15)



Convention on
Biological Diversity



Climate and nature are interlinked

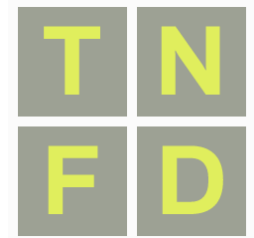


Convention on
Biological Diversity



**UN CLIMATE
CHANGE
CONFERENCE
UK 2021**

IN PARTNERSHIP WITH ITALY



Introducing the new Co-Chairs of the TNFD



Elizabeth Maruma Mrema

Executive Secretary of the United Nations
Convention on Biological Diversity (CBD)



David Craig

CEO of Refinitiv and Group Leader of
Data & Analytics Division at London Stock
Exchange Group (LSEG)

SBTN

Science Based Targets for Nature



SCIENCE BASED TARGETS NETWORK GLOBAL COMMONS ALLIANCE



EU Green Taxonomy



The Taxonomy Regulation establishes six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

Regulation

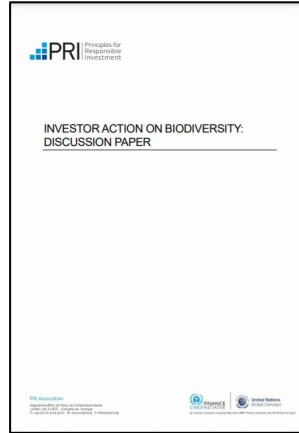
SFDR and French Article 29



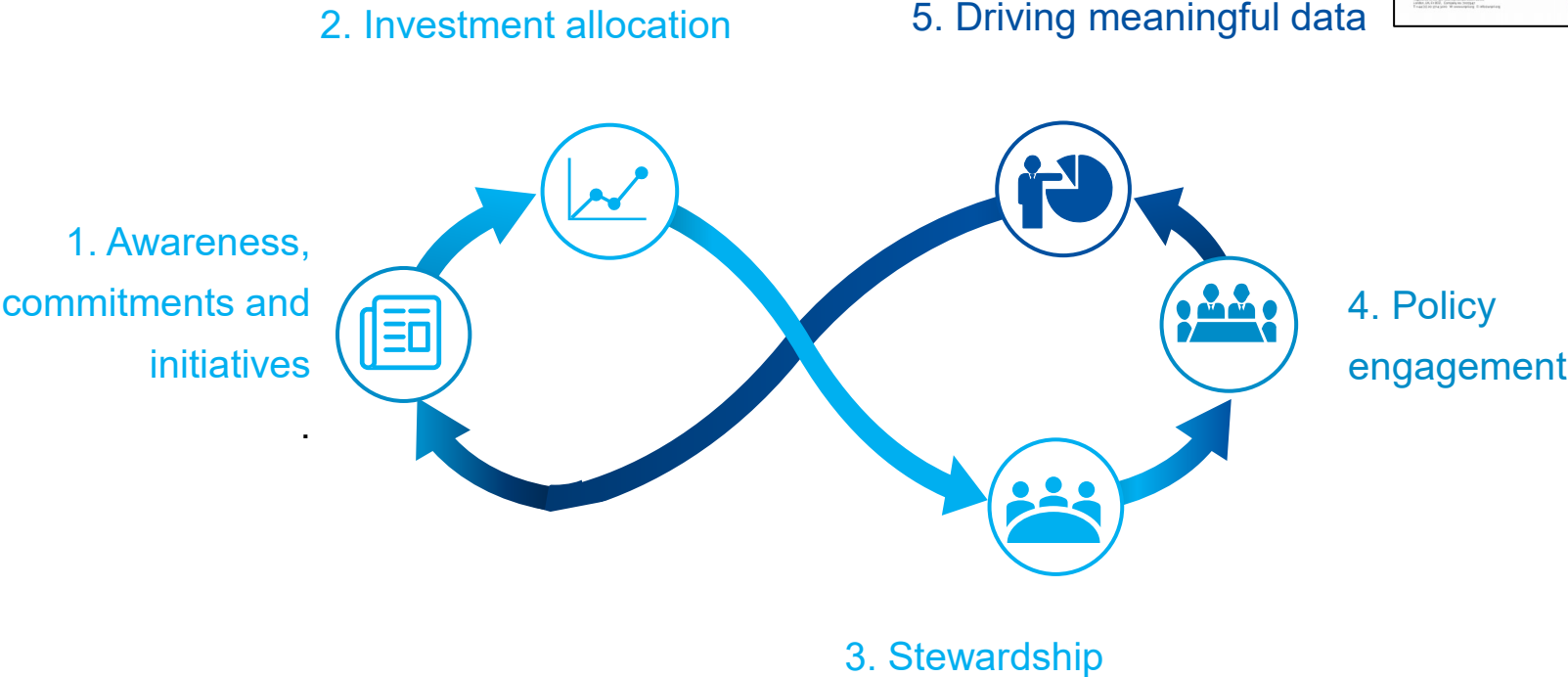
**Regulation on Sustainability-
related disclosures**



French Article 29



Investor Action



Investor Action

Finance for Biodiversity Pledge



We therefore commit to do the following by 2024 at the latest:

- 1 Collaboration and knowledge sharing**
We will collaborate and share knowledge on assessment methodologies, biodiversity-related metrics, targets and financing approaches for positive impact.
- 2 Engaging with companies**
We will incorporate criteria for biodiversity in our ESG policies, while engaging with companies to reduce their negative and increase positive impacts on biodiversity.
- 3 Assessing impact**
We will assess our financing activities and investments for significant positive and negative impacts on biodiversity and identify drivers of its loss.
- 4 Setting targets**
We will set and disclose targets based on the best available science to increase significant positive and reduce significant negative impacts on biodiversity.
- 5 Reporting publicly**
We will report annually and be transparent about the significant positive and negative contribution to global biodiversity goals linked to our financing activities and investments in our portfolios.

Measuring biodiversity

Biodiversity data is location specific and varies according to the actual asset at that location

	CBF Iceberg Datalab & I Care Consult	BFFI CREM and PRé Sustainability	STAR IUCN	GBSFI CDC Biodiversité	BIA Carbon 4 Finance & CDC Biodiversité	ENCORE UNEP-WCMC, UNEP FI, & NCFA
Organizational focus area						
Balance sheet						
Portfolio						
Sector						
Index level						
Company						
Project/site level						
Business/finance application						
BA 1: Assessment of current performance						
BA 2: Assessment of future performance						
BA 3: Tracking progress to targets						
BA 4: Comparing options						
BA 5: Assessment / rating by third parties						
BA 7: Screening and assessment of opportunities						
BA 8: Biodiversity accounting						
BA 9: ESG screening and engagement						
Asset categories						
Corporate loans						
Listed equity						
Private equity						
Corporate bonds						
Sovereign bonds						
Mortgages and real estate						
Impact funds						
Green bonds						
Project finance						
Commodity trade						

Finance for Biodiversity

Guide on biodiversity measurement approaches



Annex on Assessing Impact to Pledge Guidance

● Potential
0
 ● Emerging
1-2
 ● Mature
3-more
times
applied

Measuring biodiversity

Initiatives



“To support businesses, financial institutions and other stakeholders in developing standardized natural capital accounting practices by establishing a standardized approach to biodiversity measurement and valuation.



“Partners cooperate in the development of a set of globally harmonized principles underlying biodiversity impact assessment in the financial sector: the ‘PBAF Standard’

Useful resources

- CBD guide for financial sector (*forthcoming*)
- CBD: [Update of the zero draft of the post 2020 Global Biodiversity Framework](#)
- ENCORE: [Biodiversity Module](#)
- Finance for Biodiversity: [Guidance to the Pledge](#)
- Finance and Biodiversity: [Overview of initiatives for financial institutions](#)
- Inevitable Policy Response: [An investor guide to negative emission technologies and the importance of land use](#)
- IPDD: [Investors Policy Dialogue on Deforestation](#)
- PRI: Sustainable Commodities [collaborative engagement](#)
- PRI: Discussion paper: [Investor Action on Biodiversity](#)
- PRI and UNEP WCMC: [Mapping natural capital hotspots of depletion](#) (hosted on [ENCORE](#))
- SBTN: [Initial Guidance for Business](#)
- ShareAction: [Point of No Returns](#)
- [TNFD](#)
- UNEP FI: [Beyond Business as Usual: Biodiversity Targets and Finance](#)