

European Business & Nature Summit

Group Session 5

**What are current trends with regard to ESG investing and disclosure?
What are the barriers around biodiversity disclosure?
How can they be overcome to enable financial institutions to set and meet science based targets?**

Jacqueline Jackson, Account Director,
Trucost, ESG Analysis



ESG Disclosure and Biodiversity



About Trucost, now part of S&P Global

We provide data and analytics on climate change, natural resource constraints and broader environmental, social and governance factors



Trucost is an environmental, social and economic business intelligence firm and the world leader in natural and social capital impact and dependency valuation across global value chains.



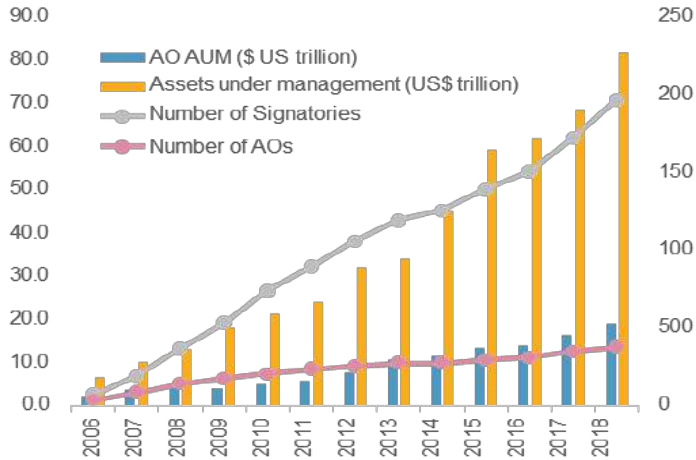
Credentials:

- Delivers world-class insight into the business implications of natural resource dependency within countries, regions, sectors, commodities and products.
- Delivered the world's first public Environmental Profit and Loss Account and is about to deliver the world's largest environmental, social and economic capital study to date (launch April 2019)
- Maintains >2,000,000 natural capital data points encompassing carbon emissions, water, land use, waste, pollution impacts and commodity flows.
- Supported by an International Academic Advisory Panel.
- Assessed the environmental damage costs of the world's largest 3,000 companies on behalf of the United Nations Environment Programme Finance Initiative (UNEP FI) and the United Nations Principles for Responsible Investment (UN PRI).
- Member of the World Resources Institute/World Business Council for Sustainable Development (WRI/WBCSD) GHG technical working group.
- Commissioned by the UK Government, European Commission and the Singapore Stock Exchange to write its Environmental Reporting Guidelines and mandates for business.
- Maintains an extensive data library of environmental data on 14,500 companies.

ESG-Linked Assets Drives Growth of ESG Data and Insights

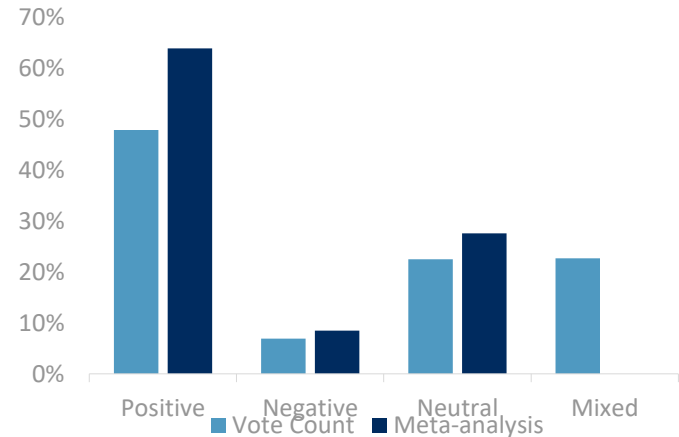
Number of Signatories (RHS) and Associated AuM (LHS, USD \$ Trillion)

AuM tied to UN PRI signatories grew by over 12 times since 2006



Link Between ESG & Corporate Financial Performance

Aggregated evidence from more than 2000 primary studies



Source: Global Sustainable Investment Alliance (GSIA) Global Sustainability Investment Review 2018; UN Principles for Responsible Investment 2018

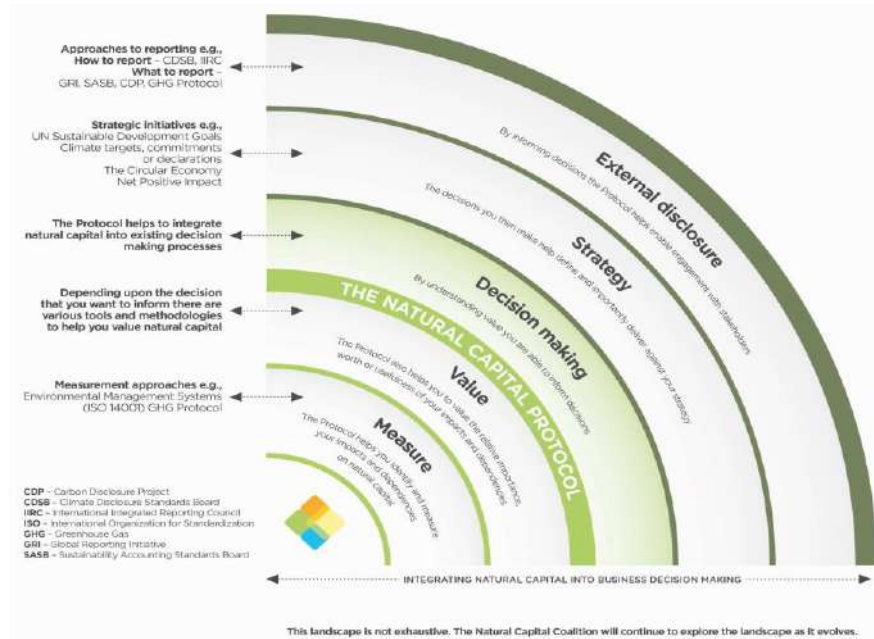
A Need For More Information

As with any type of broader ESG disclosure, when it comes to biodiversity and ecosystem services, businesses and their investors need information that is:

Standardized
Relevant
Timely

And...can be **plugged into existing business and investment decision-making processes**

A number of companies are already integrating and incorporating this data into their existing frameworks in a number of ways:



Sources: The Natural Capital Protocol and The Natural Capital Paper July 2016 <https://naturalcapitalcoalition.org/wp-content/uploads/2016/07/CCI-Natural-Capital-Paper-July-2016-low-res.pdf>

Case Studies



Environmental Profit and Loss Accounting

How do we compare materiality across a range of impacts?

F.16 ANNUAL EP&L VALUE PUMA

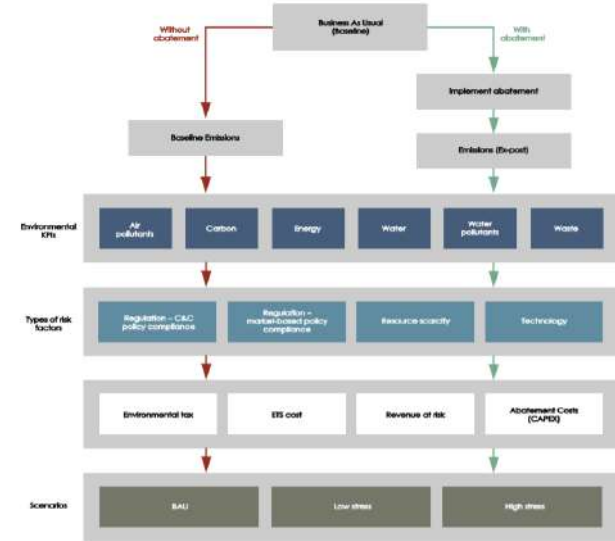
		Tier 0 5.3%	Tier 1 24.9%	Tier 2 4.5%	Tier 3 29.0%	Tier 4 36.3%	Total 100.0%
PUMA's Environmental Profit and Loss Account	Air pollution	8.3%	●	●	●	●	
	Carbon emissions	36.6%	●	●	●	●	●
	Land use	24.4%	●	●	●	●	●
	Waste	6.5%	●	●	●	●	●
	Water use	16.5%	●	●	●	●	●
	Water pollution	7.7%	●	●	●	●	●
	TOTAL	100.0%					



Stress Testing

How can dependencies affect margins?

FIGURE 5: OVERALL FLOW OF THE INTERNALIZATION ASSESSMENT



Source: Trucost 2017

Opportunities and The Future of Biodiversity Valuation

What are some of the barriers and how can they be overcome?

Data Gaps



- Data is limited in terms of **quality** and **quantity**
- Need for more **geospatial data** to overlay existing natural capital datasets with the location of company assets
- Move beyond **listed equity** into other **asset classes**

Financial Data



- More work is needed on the **financial implications** of impacts and dependencies on nature
- We need more use of scenario analyses and forward looking **data**

Capacity Building



- Better sharing of **best practice** between asset owners, asset managers, banks and companies on how they are using ESG information
- Bring **stakeholders** together

Going Beyond Climate Change



- Most of the work in the responsible investment space has been focused on **climate transition**
- Is there a case for a Paris Agreement on Biodiversity?
- After all, Climate Change and Natural Capital are undeniably **interconnected**
- Use **modelling** and **proxies** to avoid inaction

Contact Information

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Finance for Nature: dialogue Finance & Disclosure

Finance sector team

CDC Biodiversité,

Triodos Bank

Potential targets

- Nature/earth system:
air, water, land,
biodiversity
- Biodiversity: genetic,
species, ecosystems
- Ecosystems: Land,
oceans/fresh water,
link to sectors?

Disclosure team

ACCA, GRI, S&P/Trucost

- **Are disclosure systems sufficient to inform FI's to meet such targets?**



Business @
Biodiversity



The EU CoP Finance@Biodiversity



Finance sector team, CDC Biodiversité, Triodos Bank Spain and GS5 Participants

- What does the outcome of the meeting mean for next steps of -finance and business-participants in the room?
- Actions that finance/business can do to scale up biodiversity restoration and protection
 1. Start to think from outside your business and ask yourself what do ecosystems need in order to sustain?
 2. Set ambitious goals, decrease the negative impact you have and act restorative in all business and investments
 3. Cooperate with other financial institutions/businesses in mainstreaming biodiversity impact measurement



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Thank you!
EU CoP Finance@Biodiversity



https://ec.europa.eu/environment/biodiversity/business/workstreams/finance/index_en.htm

Anne-Marie Bor, Lead Workstream Finance, B@B Platform (a.bor@nextgreen.nl)

Anita de Horde, Finance Expert Workstream Finance, B@B Platform



European Business & Nature Summit

End of Day 1

Thank you!
Muchas gracias!

7 & 8 November 2019

#BusinessNatureSummit



European Business & Nature Summit

Building actions for nature & people

Back to Plenary!

#EUbiodiversity
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Madrid, 7 & 8 November 2019



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