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

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:

### Case Studies

**Environmental Profit and Loss Accounting**

How do we compare materiality across a range of impacts?

<table>
<thead>
<tr>
<th>Impact</th>
<th>Tier 0</th>
<th>Tier 1</th>
<th>Tier 2</th>
<th>Tier 3</th>
<th>Tier 4</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air pollution</td>
<td>8.3%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100.0%</td>
</tr>
<tr>
<td>Carbon emissions</td>
<td>36.6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land use</td>
<td>24.9%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Waste</td>
<td>4.5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water use</td>
<td>29.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water pollution</td>
<td>36.3%</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**PUMA’s Environmental Profit and Loss Account**

**Stress Testing**

How can dependencies affect margins?

[Diagram showing stress testing process]

S&P Global

Trucost

ESG Analysis
Opportunities and The Future of Biodiversity Valuation
What are some of the barriers and how can they be overcome?

<table>
<thead>
<tr>
<th>Data Gaps</th>
<th>Financial Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Data is limited in terms of quality and quantity</td>
<td>• More work is needed on the financial implications of impacts and dependencies on nature</td>
</tr>
<tr>
<td>• Need for more geospatial data to overlay existing natural capital datasets with the location of company assets</td>
<td>• We need more use of scenario analyses and forward looking data</td>
</tr>
<tr>
<td>• Move beyond listed equity into other asset classes</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capacity Building</th>
<th>Going Beyond Climate Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Better sharing of best practice between asset owners, asset managers, banks and companies on how they are using ESG information</td>
<td>• Most of the work in the responsible investment space has been focused on climate transition</td>
</tr>
<tr>
<td>• Bring stakeholders together</td>
<td>• Is there a case for a Paris Agreement on Biodiversity?</td>
</tr>
<tr>
<td></td>
<td>• After all, Climate Change and Natural Capital are undeniably interconnected</td>
</tr>
<tr>
<td></td>
<td>• Use modelling and proxies to avoid inaction</td>
</tr>
</tbody>
</table>
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?
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
Thank you!
EU CoP Finance@Biodiversity


Anne-Marie Bor, Lead Workstream Finance, B@B Platform (a.bor@nextgreen.nl)
Anita de Horde, Finance Expert Workstream Finance, B@B Platform
Thank you!
Muchas gracias!
European Business & Nature Summit

Building actions for nature & people

Madrid, 7 & 8 November 2019

Back to Plenary!

#EUbiodiversity
#BusinessNatureSummit