

# INVESTOR STATEMENT

## THE NEED FOR BIODIVERSITY IMPACT METRICS

03 March 2020



---

The consensus among the world's leading scientists is that human activity has degraded the environment to the point at which the web of life itself is at risk. We therefore make the following declaration of common intent and concern:

- **The Earth's biosphere is a common good**, providing a vast array of ecosystem services to all forms of life. It is the very foundation of the resilience and progress of humanity. All markets and economies function within the biosphere and are dependent upon it.
- **The biosphere is under increasing stress**, limiting its ability to deliver sustainable ecosystem services today and tomorrow. We have dramatically exceeded the biodiversity boundary, as illustrated by critical levels of ongoing degradation, such as an annual loss of rainforests reaching 12 million hectares, and a rate of extinction exceeding the ten million year average by 100 to 1,000 times. One million species are currently at risk of extinction.
- **As investors, we recognize a need to protect biodiversity for future generations**, because we cannot generate value for our clients without a healthy biosphere, but most of all because we believe we have a responsibility to enhance the preservation of our ecosystems. The financial sector has shown a steadily growing interest in the integration of environmental issues within investment processes. It has also been under increasing scrutiny from stakeholders expecting investors to report on the environmental impacts of investments, because finance sits at the intersection of every industry, making capital allocation decisions that have a significant impact on future outcomes for society and the environment.
- **We lack the tools to accurately and consistently measure these impacts**, although we recognize that a wide range of industries are having a direct impact on biodiversity. We need better tools to allow us to measure and reduce the physical impact of investments on ecosystems.

---

Therefore, we wish to publicly express our need for biodiversity-related impact metrics that would respect the following principles:

- **We expect data providers to develop biodiversity metrics** capturing the physical impact, as well as the financial materiality, of companies and projects on ecosystems. In this respect, data providers also have responsibility to engage with companies on biodiversity disclosure, to encourage them to provide relevant biodiversity information.
- **Methodologies must follow a Life Cycle Assessment approach.**
- **Methodologies should capture both negative and positive impacts** in order to allow investors to identify beneficial investments, as well as harmful ones. The data should facilitate the assessment of the overall, “net”, contribution of an asset and a portfolio on biodiversity.
- **The scope of coverage should be as broad as possible** to ensure that investors are able to apply these indicators across large portfolios and to compare with broadly used market benchmarks, with data that is granular and flexible enough to permit analysis at the portfolio as well as issuer level.
- **The development of these tools should maximize transparency**, leveraging the already existing large base of information and data sources, via collective and open-source actions.
- **Investors need clarity prior to CBD COP 15** (October 2020) in order to better assess the level of support they can bring to forthcoming international agreements designed to safeguard biodiversity.