



Footprints and finances

Climate and Biodiversity Analytics in the Private Sector

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Biodiversity loss and ecosystem collapse among top 3 risks - World Economic Forum

Risk categories

- Economic
- Environmental
- Geopolitical
- Societal
- Technological

2 years



10 years



Source

World Economic Forum Global Risks Perception Survey 2023-2024.

Financial supervisors are also taking note

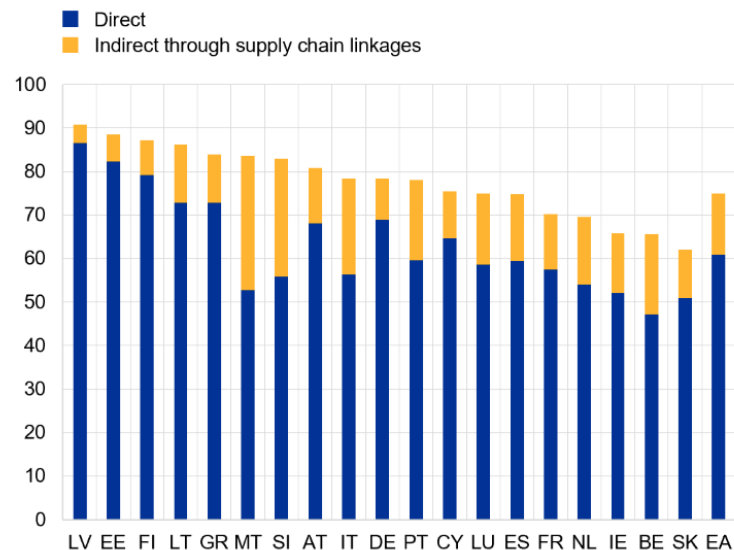


Chart 1

Exposure of euro area banks' loan portfolios to nature-related risks

Share of corporate loans from banks to companies with a high dependency score (greater than 0.7) for at least one ecosystem service. Loans are allocated to the country where the headquarter of the bank is located.

(percentages, December 2021)



Sources: EXIOBASE, ENCORE, AnaCredit and ECB calculations.

Notes: Share of loans with a high dependency score (greater than 0.7) for at least one ecosystem service. A loan is labelled as highly dependent when the borrowing company has a sufficiently high direct dependency score (blue bar) or sufficiently high dependency when also taking into account possible supply chain linkages (yellow bar).



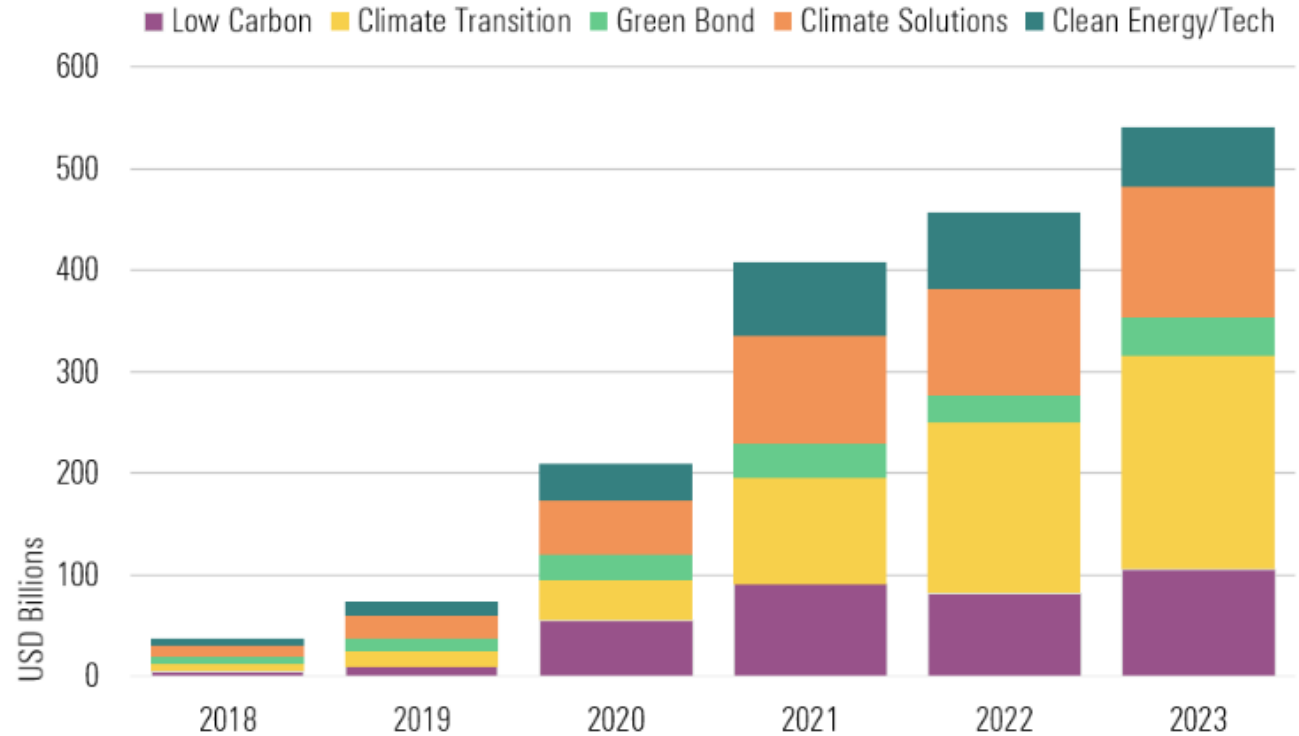
WORKING
paper



A “Silent Spring” for the Financial System?
Exploring Biodiversity-Related Financial
Risks in France

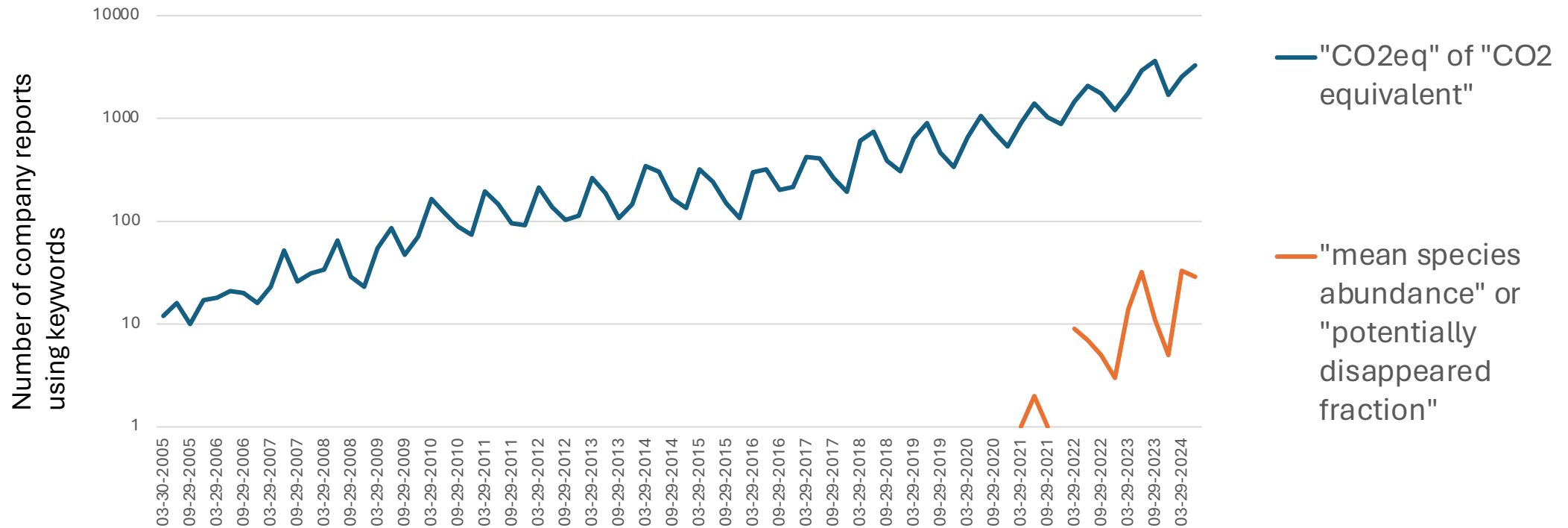
Large uptake of greenhouse gas footprinting

- Half of the world's large, publicly traded companies have net zero commitments. (Net Zero Tracker, 2023)
- 300% growth in scope 3 reporting (life-cycle based) over the last 14 years (CDP)
- Growth in climate investing
- ESMA mandated GHG footprint reduction for climate funds



Source: Morningstar Direct, Morningstar Research. Data as of December 2023.

Uptake of biodiversity footprinting is still in infancy, but rising rapidly, especially among financial institutions



Source: Own analysis based on Alphasense data conducted for Swiss LCA DF

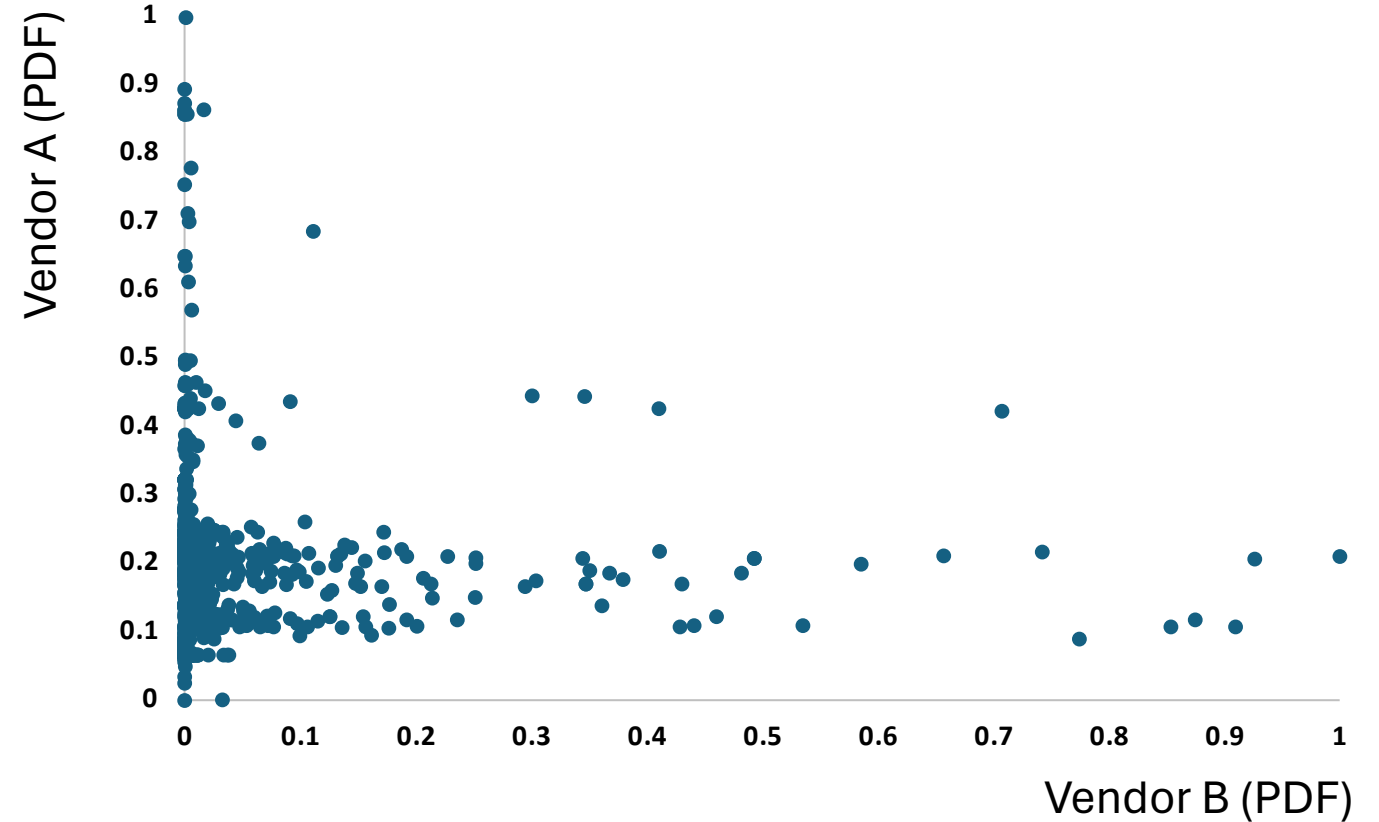
Carbon: 12 documents 15 years after the first IPCC global assessment
Average annual growth rate: 32%

Biodiversity: 14 documents 4 years after the first IPBES global assessment
Average annual growth rate: 144%

Challenges with the current biodiversity footprints

- Large variability of results between data providers
- Evidence of “biodiversity premium” emerging
- Corporates are much more cautious. “Cart running before the horse”
- Both PEF and TNFD currently do not recommend aggregated biodiversity footprint

Normalised biodiversity footprint for companies in MSCI World



Source: Robeco (2023)

SUMMARY



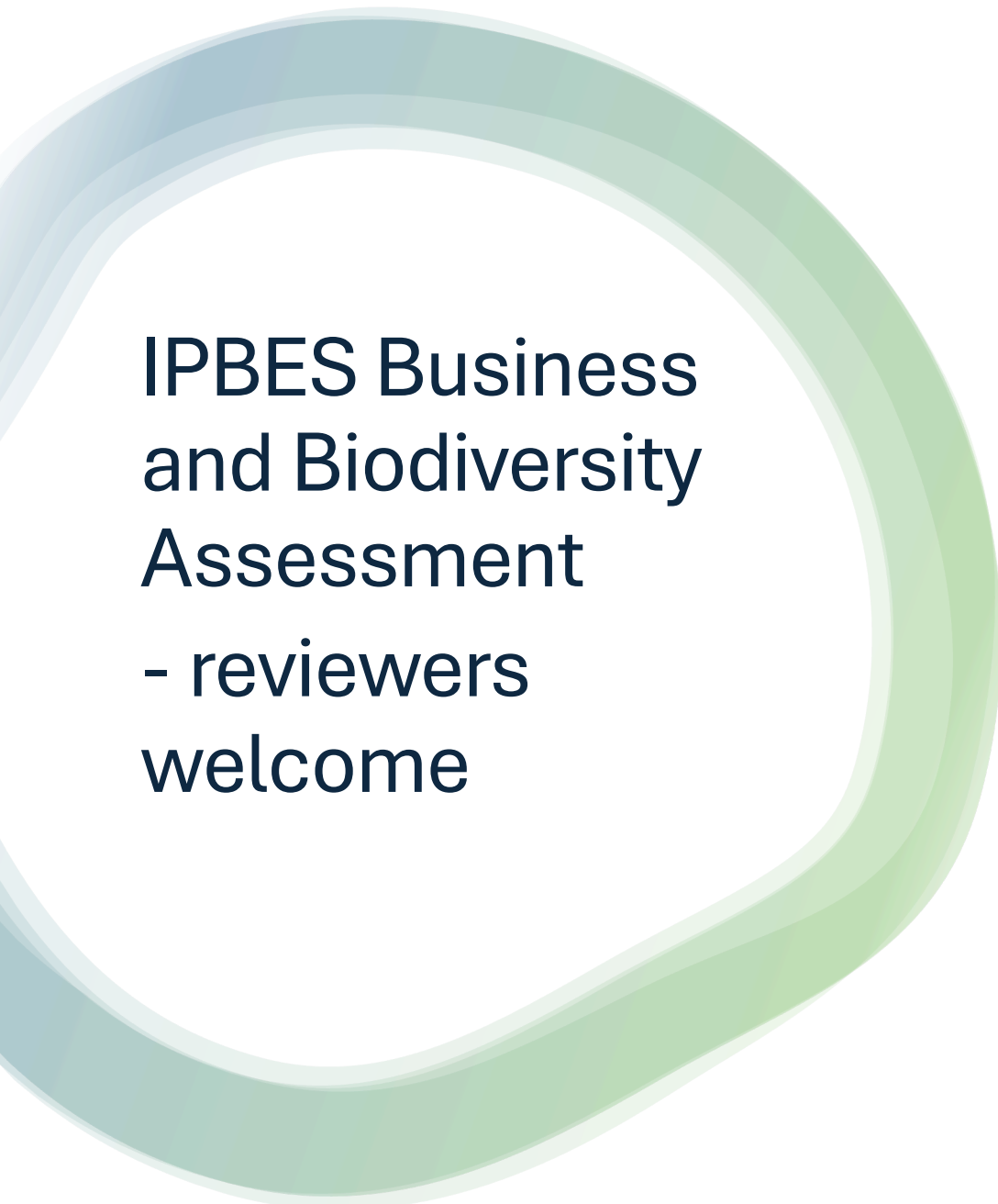
While carbon footprints are omnipresent, biodiversity footprinting only starts being applied



Biodiversity disclosures are rising rapidly, especially among financial institutions



Businesses and financial institutions (including central banks) struggle with measuring biodiversity



IPBES Business and Biodiversity Assessment

- reviewers
welcome

- Fast track approach – to be considered at the 2025 IPBES plenary
- Describe and assess methods for measuring impacts and dependencies of business on biodiversity
- Assess fitness for purpose of various measurement approaches in different business contexts
- Describe roles and responsibilities of businesses
- Discuss enabling environment for change: options for actions by governments, the financial sector and civil society

Review period open until 17th September:

<https://www.ipbes.net/business-impact/fod/notification>