



proteus

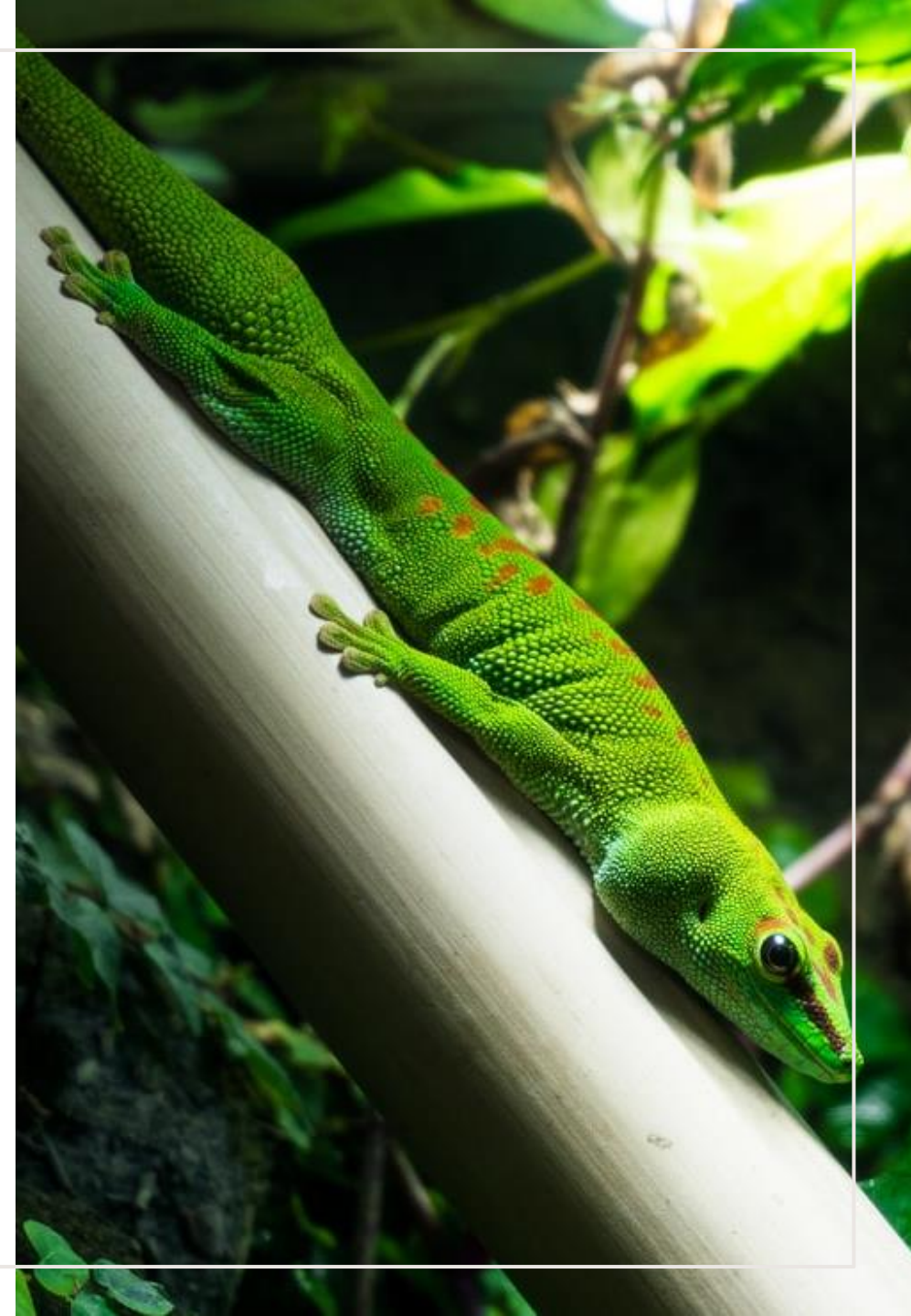
Communicating the Business Case for Biodiversity Management

PROTEUS ANNUAL MEETING
2021

PROTEUS 2021 – 2025 STRATEGY GOAL I

Help companies recognize their responsibilities for nature and communicate the business case for its management

Under this goal the Proteus work programme will help Partners to communicate the business case for nature



APPROACHES

- **Written and visual materials** helping partners to communicate the business case for nature - throughout their businesses e.g.
 - Presentations
 - Briefing notes
 - Infographics
- **Helping non-experts** in businesses to understand biodiversity and why it is important to the business
- Providing a well-presented business case that leads to biodiversity being **recognised and managed** as a material issue.

ACTION POINTS


- Working with partners to understand:
 - Current levels of biodiversity understanding
 - Audiences (e.g. c-suite, project managers, procurement, R&D)
 - Format
 - Key messages



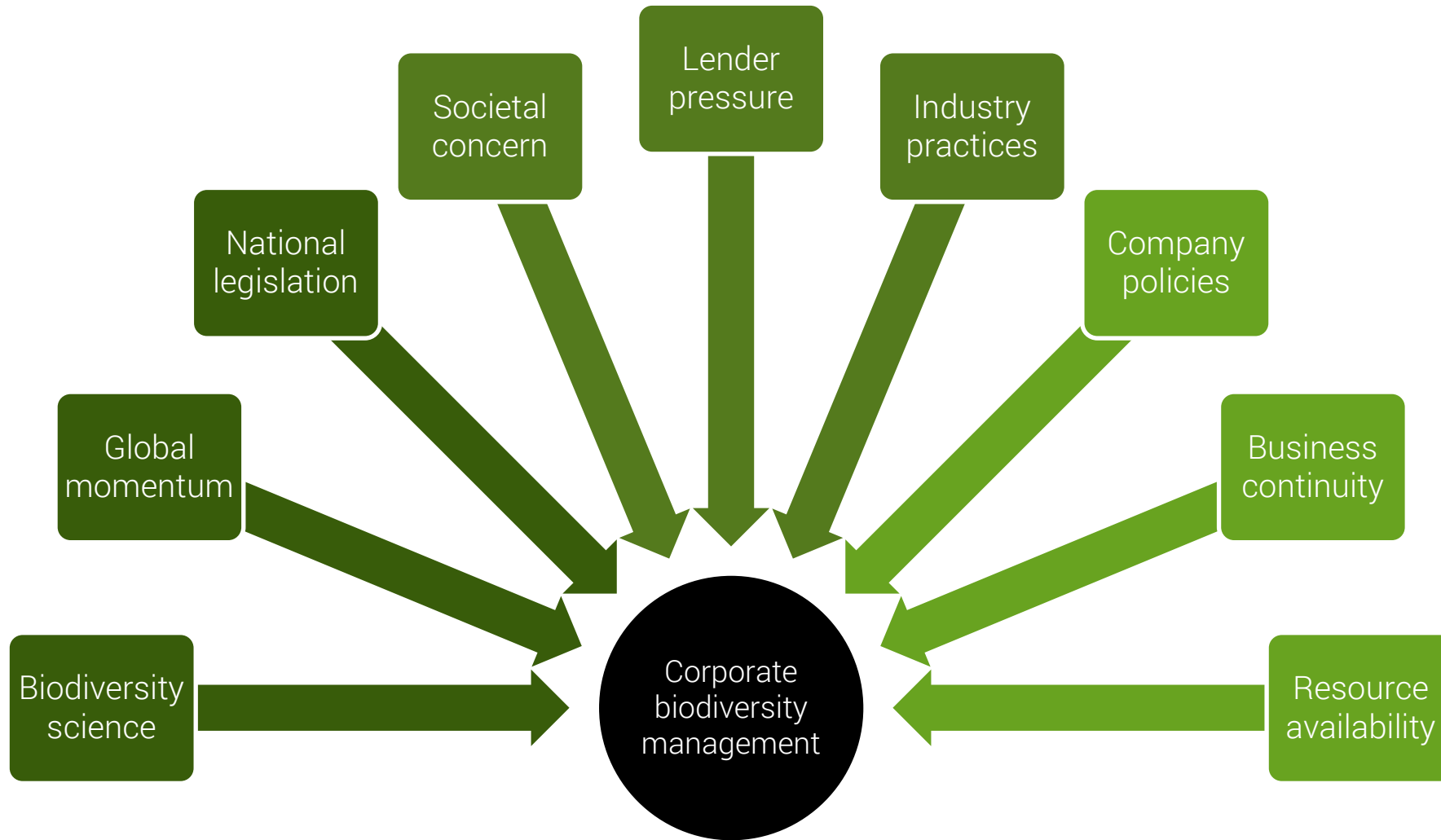
TODAY'S SESSION

- High-level walkthrough of presentation deck
- [www.menti.com 6595 9475](https://www.menti.com/65959475)
 - Key messages for securing organisational buy-in
 - Any gaps / content areas that would be useful
 - Audiences





Introducing the business case presentation pack

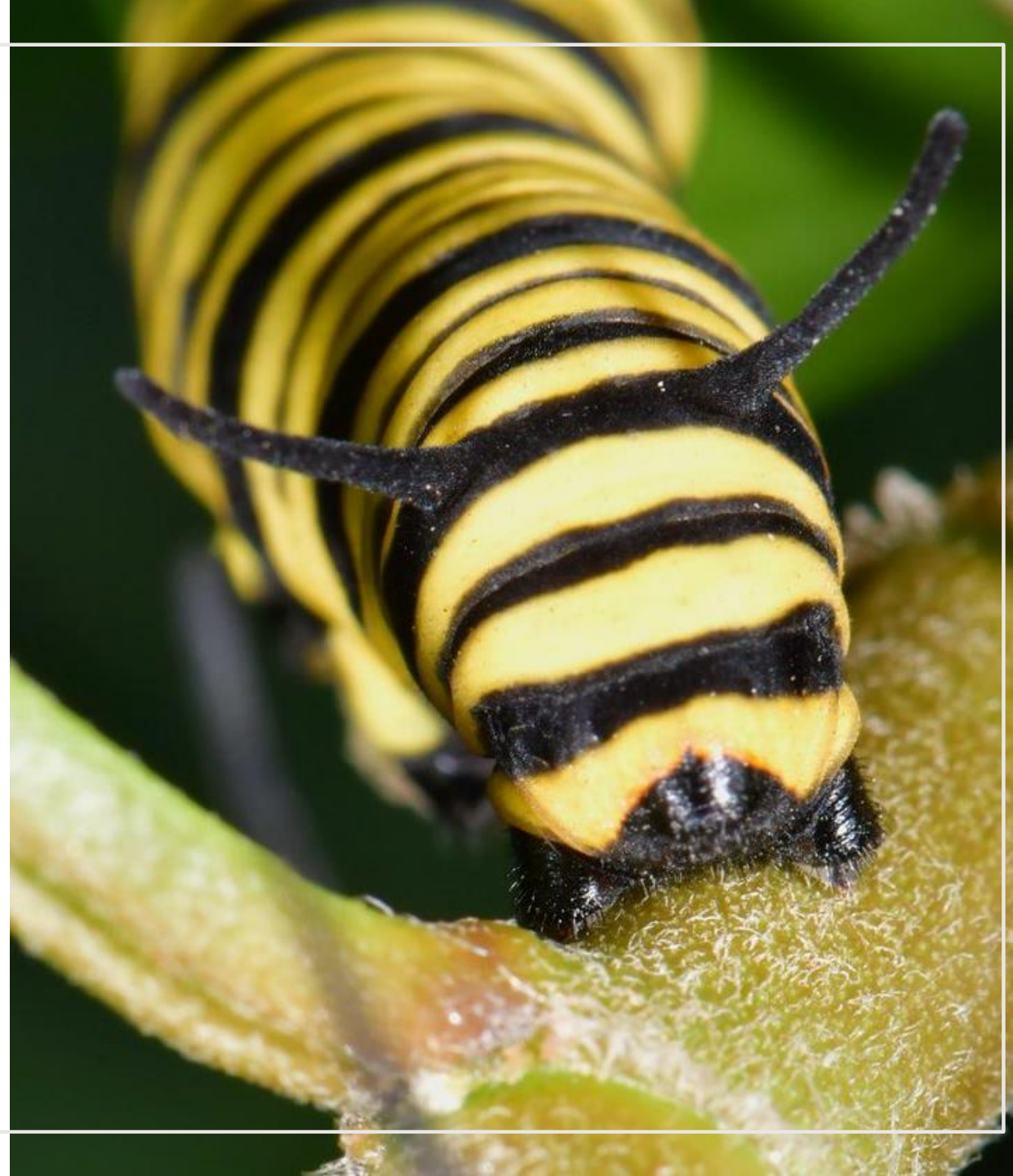


External factors

Internal drivers

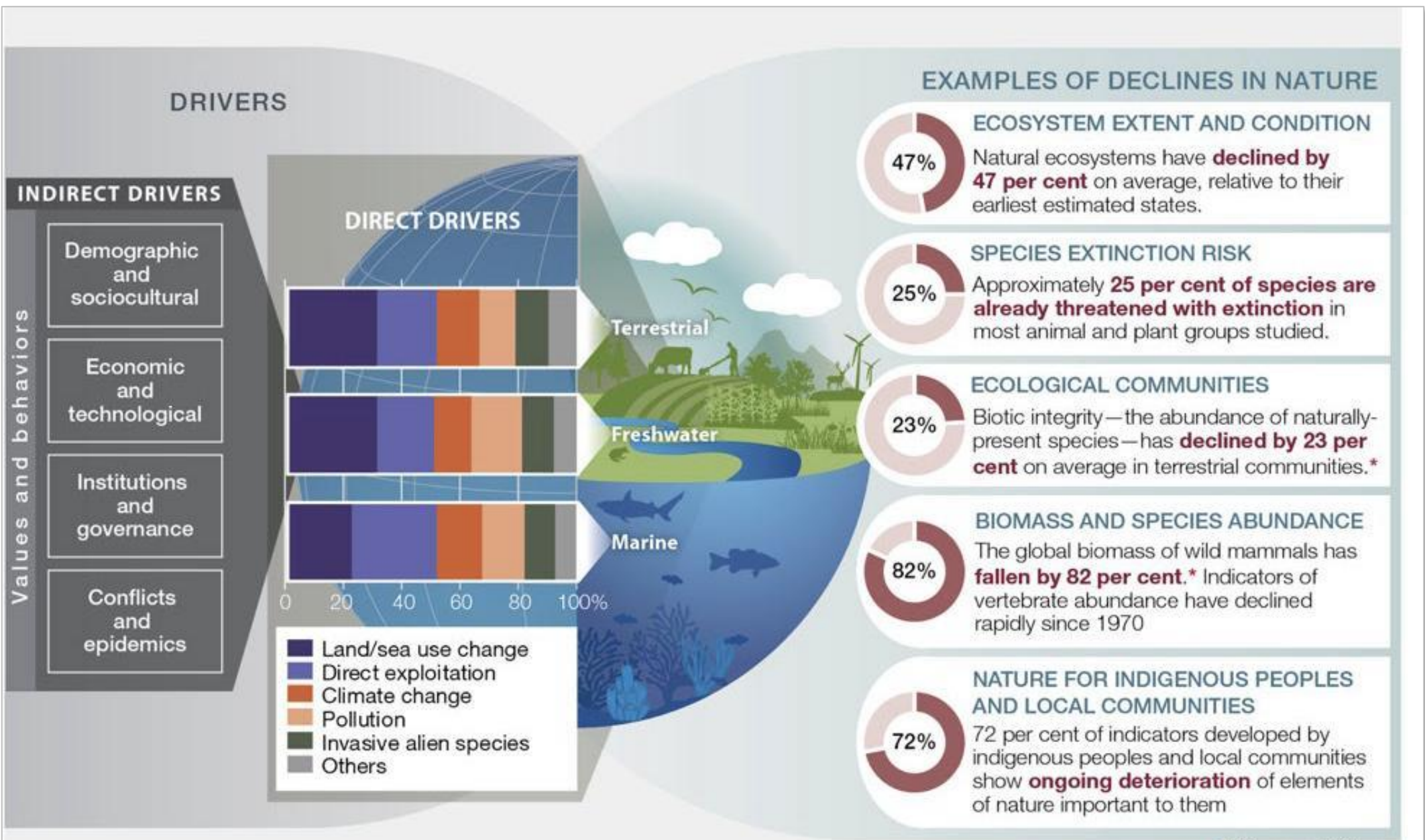
OVERVIEW

- Setting the scene
- The business case for biodiversity management
- Opportunities for companies to respond
- Tangible opportunities and risks in the near future





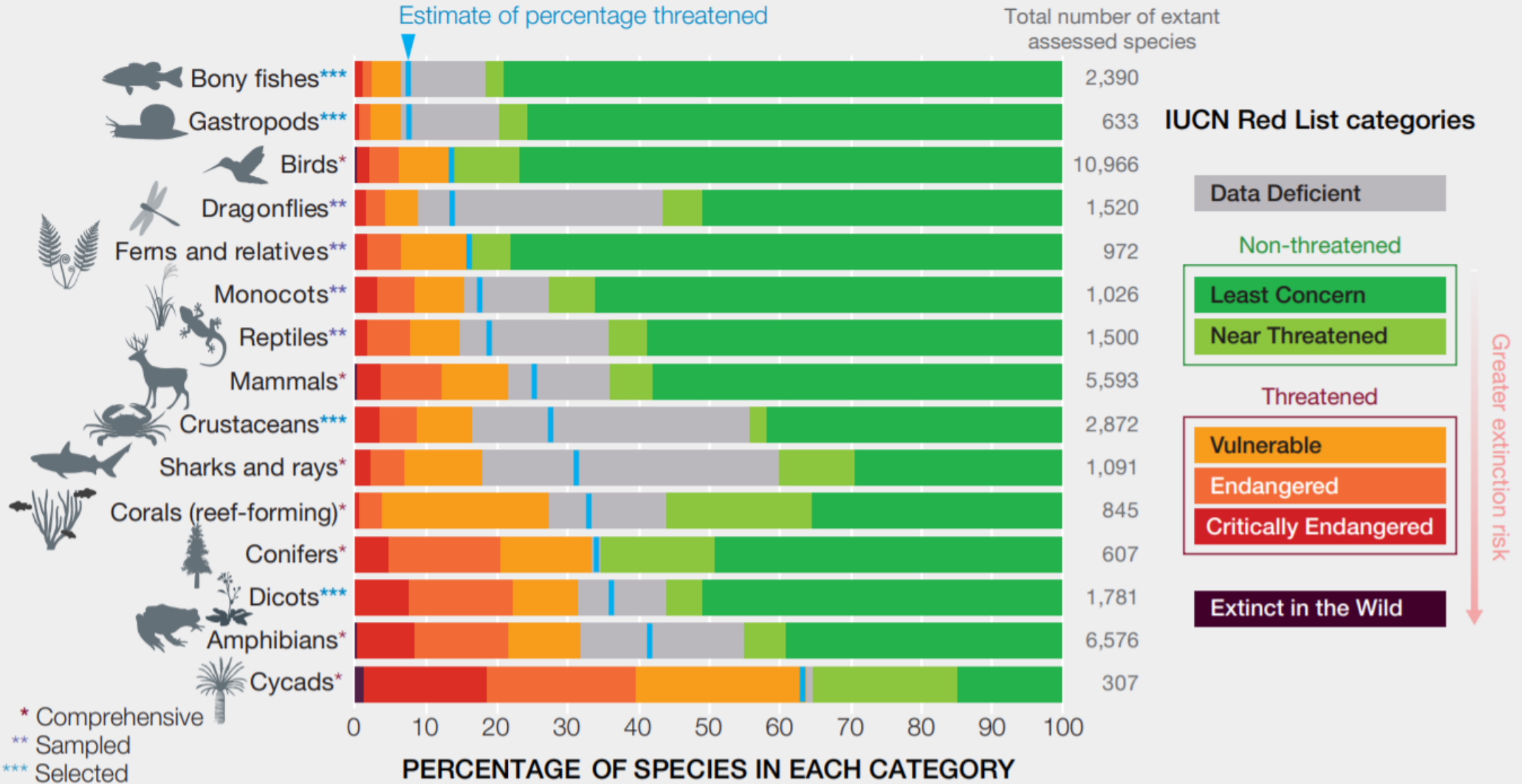
Setting the scene



Source: IPBES (2019)

* Since prehistory

A Current global extinction risk in different species groups



Source: IPBES (2019)

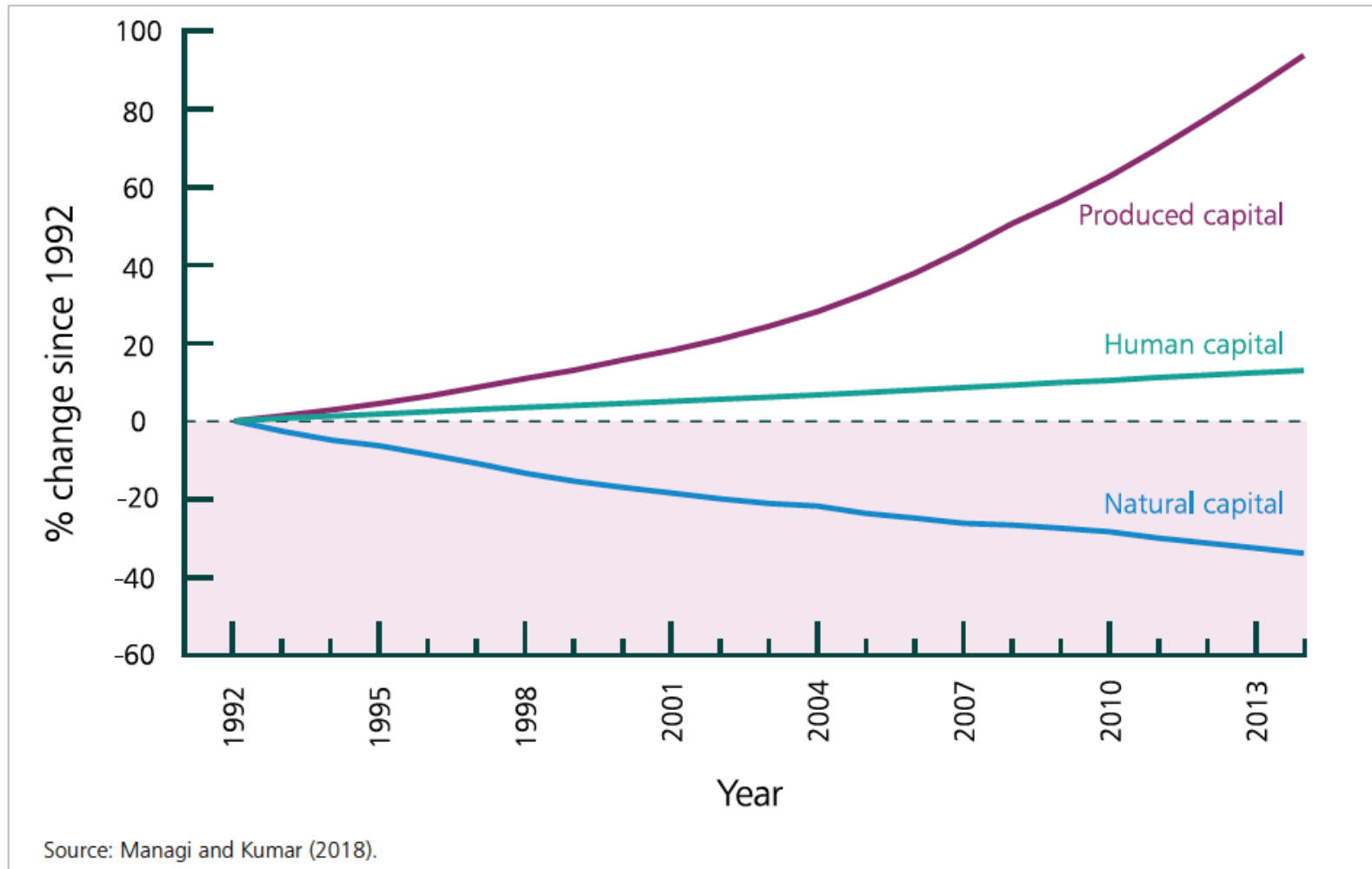
MANY OF THE WORLD'S ECOSYSTEMS SERVICES ARE IN DECLINE

- 17 of 18 categories assessed have undergone decline
- Benefits of nature to people are not easily replaced or replicated when lost



Source: IPBES (2019)

DASGUPTA REVIEW: DECLINE OF NATURAL CAPITAL



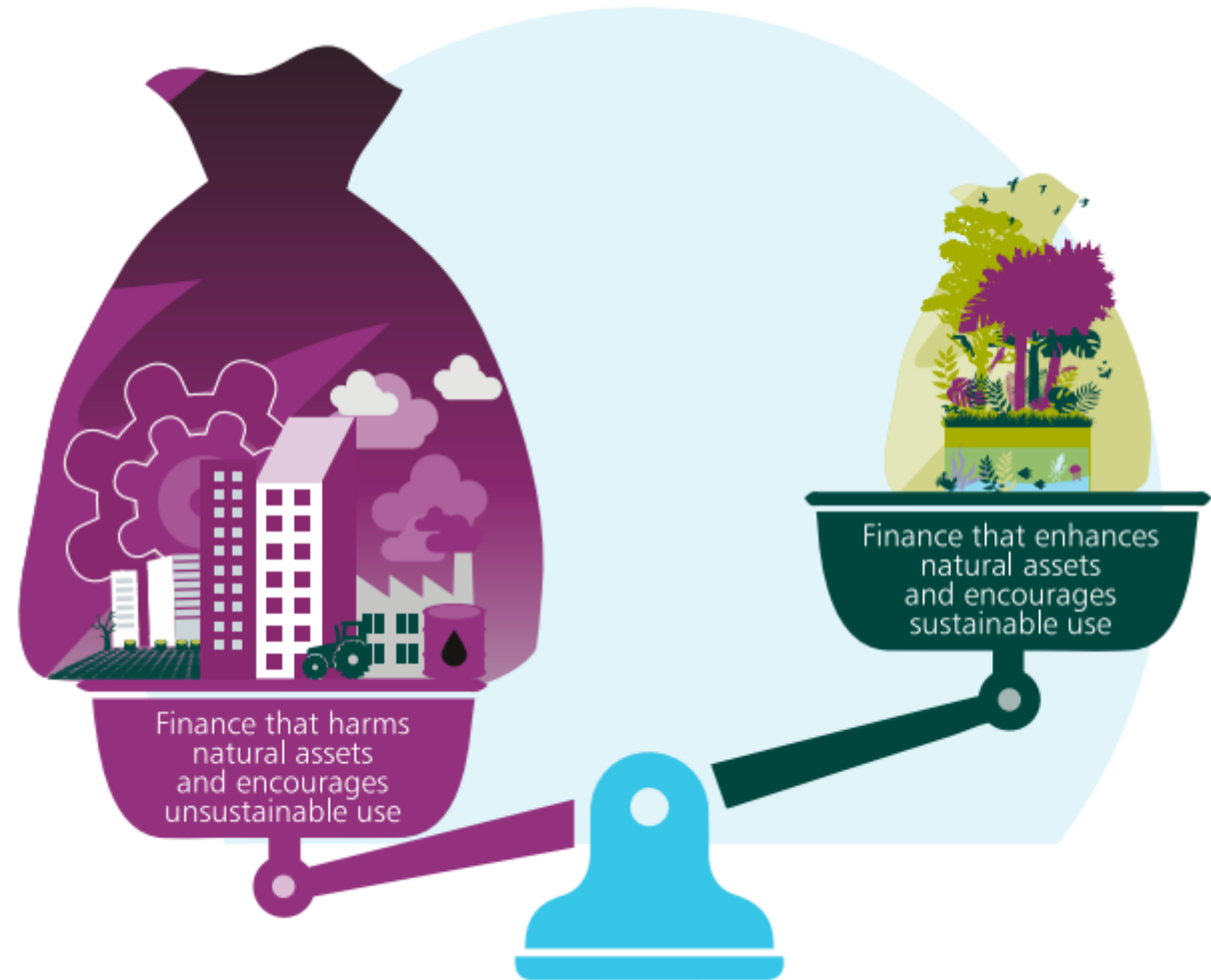
DASGUPTA REVIEW- WEALTH MEASUREMENT



DASGUPTA REVIEW- SHIFTING FINANCIAL FLOWS

The cost of stabilising biodiversity intactness now by 2050 is approximately US\$7 trillion dollars (~8% of global GDP).

But, delaying action by 10 years would more than double the cost to approximately US\$15 trillion (~17% of global GDP)





The business case for biodiversity management

BIODIVERSITY LOSS IS INCREASINGLY SEEN AS A MATERIAL BUSINESS RISK

- Most businesses impact and/or depend on biodiversity, either directly or through their supply chains
- Over the past years the biodiversity loss risk consistently gained importance

The Global Risk Landscape 2021

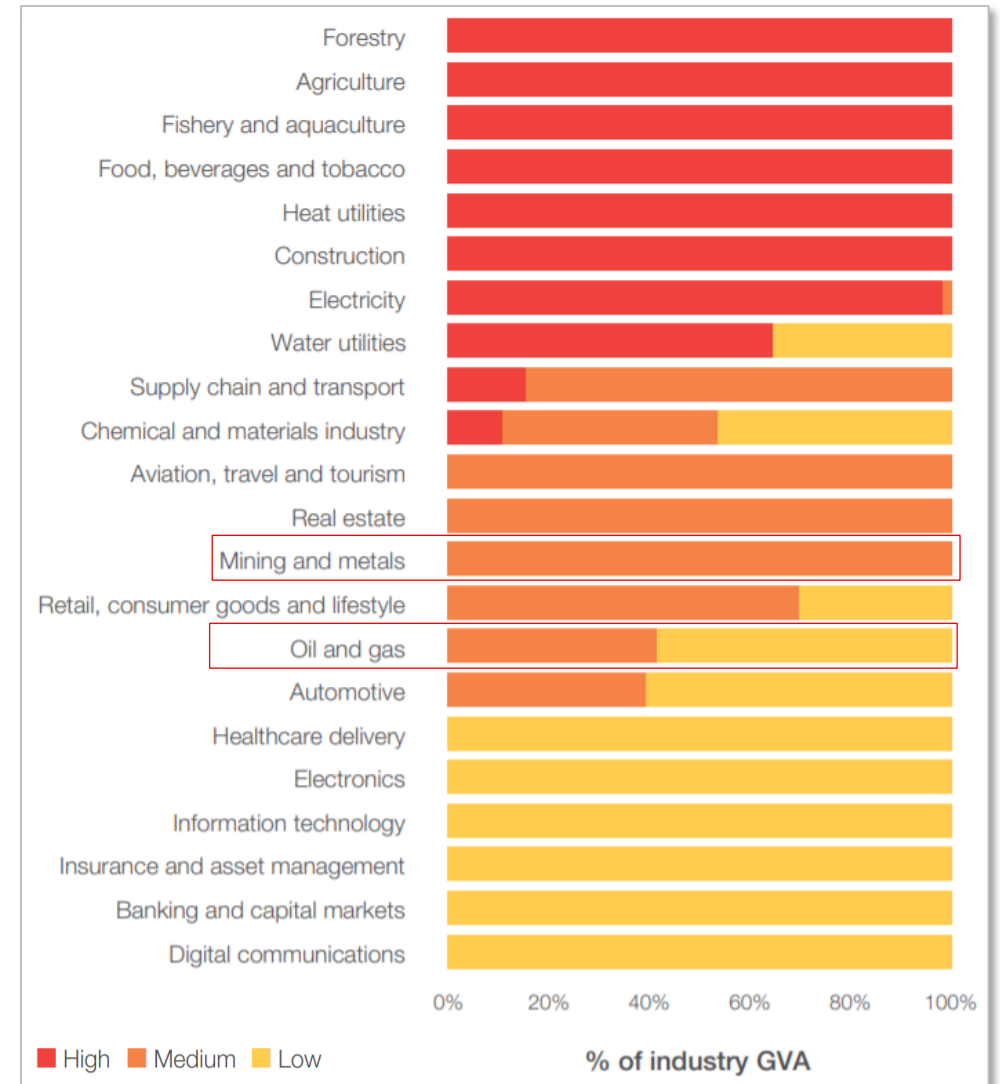


Source: Adapted from World Economic Forum (2021)

THIS TRANSLATES TO POTENTIAL DISRUPTION FOR BUSINESSES

- Globally, \$44 Trillion of economic value generation are at risk from nature loss (50% of Global GDP)
- Apart from direct dependencies, businesses still have “hidden dependencies” through their supply chains

Percentage of direct gross value added (GVA) with high, medium, low nature dependency, by industry



Source: World Economic Forum (2020)

RISK CANNOT BE MANAGED WITHOUT UNDERSTANDING BIODIVERSITY

- Investor profiles and priorities are changing
- Understanding biodiversity helps interpret metrics, anticipate investor expectations, and understand the business approach compared to peers
- Companies need to understand biodiversity to avoid misinterpretations and engage with future investors

95% of millennials and 85% of *all investors* are now interested in sustainable investing strategies

Morgan Stanley 2020

Institutions with over \$14 trillion in assets have committed to divesting from oil & gas in a movement often led by students

Fossil Free 2021

INVESTOR PERCEPTION OF KEY RISKS TO BUSINESS FROM BIODIVERSITY LOSS

Transition

- e.g. increased costs due to biodiversity change; reputational loss due to way a company's biodiversity-related activities or overall brand are perceived by key stakeholders

Physical

- e.g. rating downgrades and share-price losses, stakeholder relations, operational risk

Legal & regulatory

- e.g. costs from changes in licenses, permitting and compliance, fiduciary duty

Systemic

- e.g. shifts in customer preference towards more sustainable products; threats to markets from global/regional biodiversity loss, resource security

All can affect investment value in short, medium and long term

INCREASING PRESSURE FOR BUSINESS TO RESPOND

- **Developments in global/regional policy**
 - Convention on Biological Diversity's 15th Conference of Parties (CBD COP 15) and Post-2020 Global Biodiversity Framework
 - EU's new Biodiversity Strategy for 2030
 - European Commission (EC)'s Action Plan on Sustainable Finance
- **Developments in the finance sector**
 - EU Business and Biodiversity Platform's Finance and Biodiversity Community of Practice
 - Global Impact Investing Network
 - Natural Capital Finance Alliance and Task Force on Nature-related Financial Disclosure
 - Principles for Responsible Investment by UN Environment Programme Finance Initiative (UNEP FI) and Global Compact
 - UNEP FI's Principles for Responsible Banking and Biodiversity Targets Working Group
 - Multiple commitments (e.g. Finance for Biodiversity Pledge)

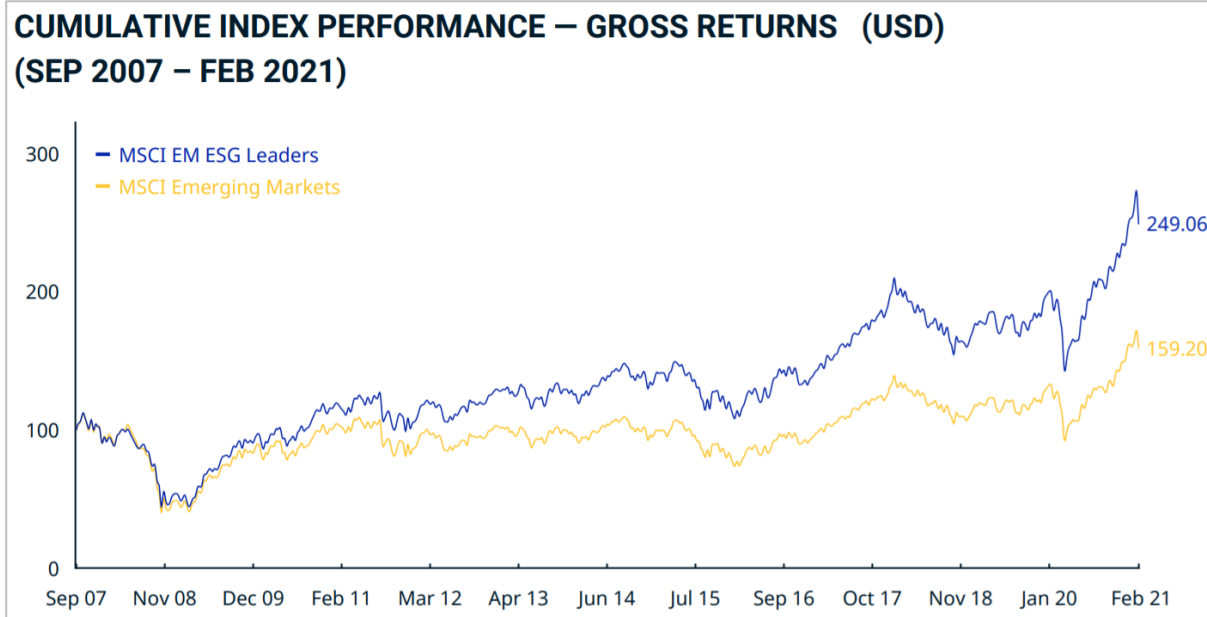


Opportunities for companies to respond

ESG INTEGRATION AS A MARKET OPPORTUNITY

“What we can say now is that the impact [of ESG issues] on risk, volatility and valuation is clearly statistically significant.”

- Guido Giese, Executive Director of Equity Research, MSCI

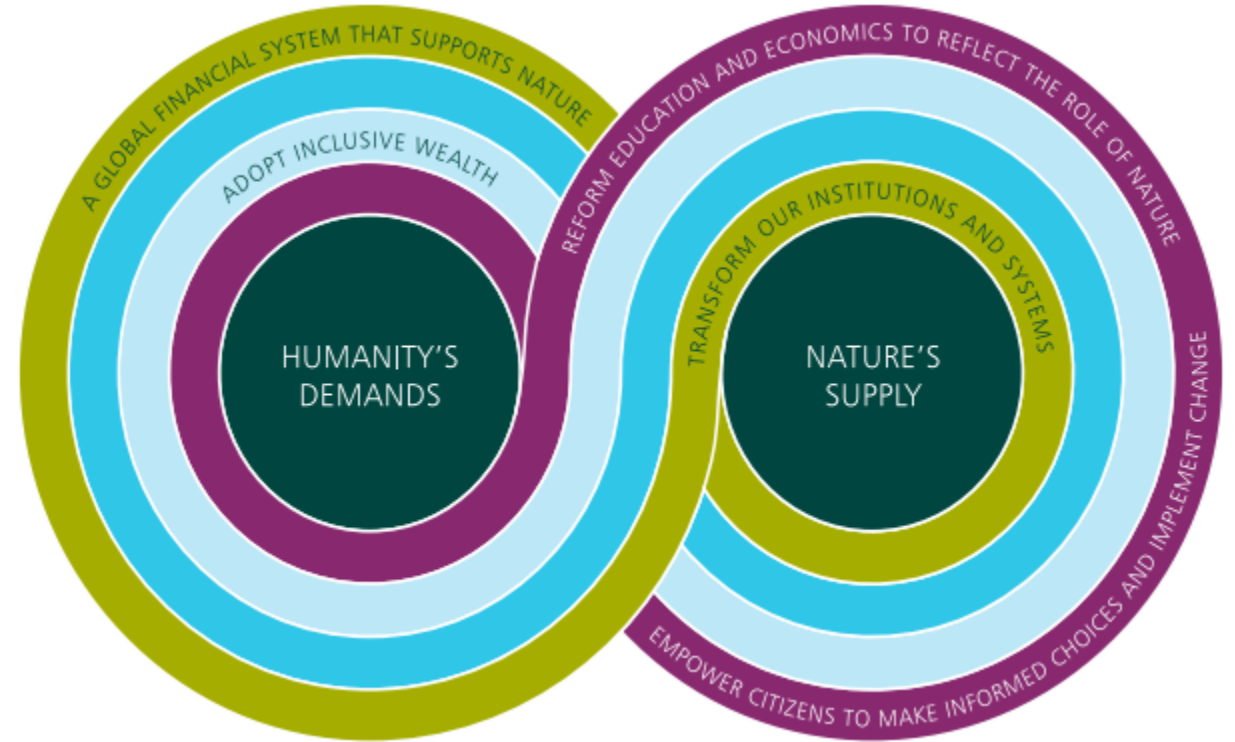


Source: MSCI (2021)

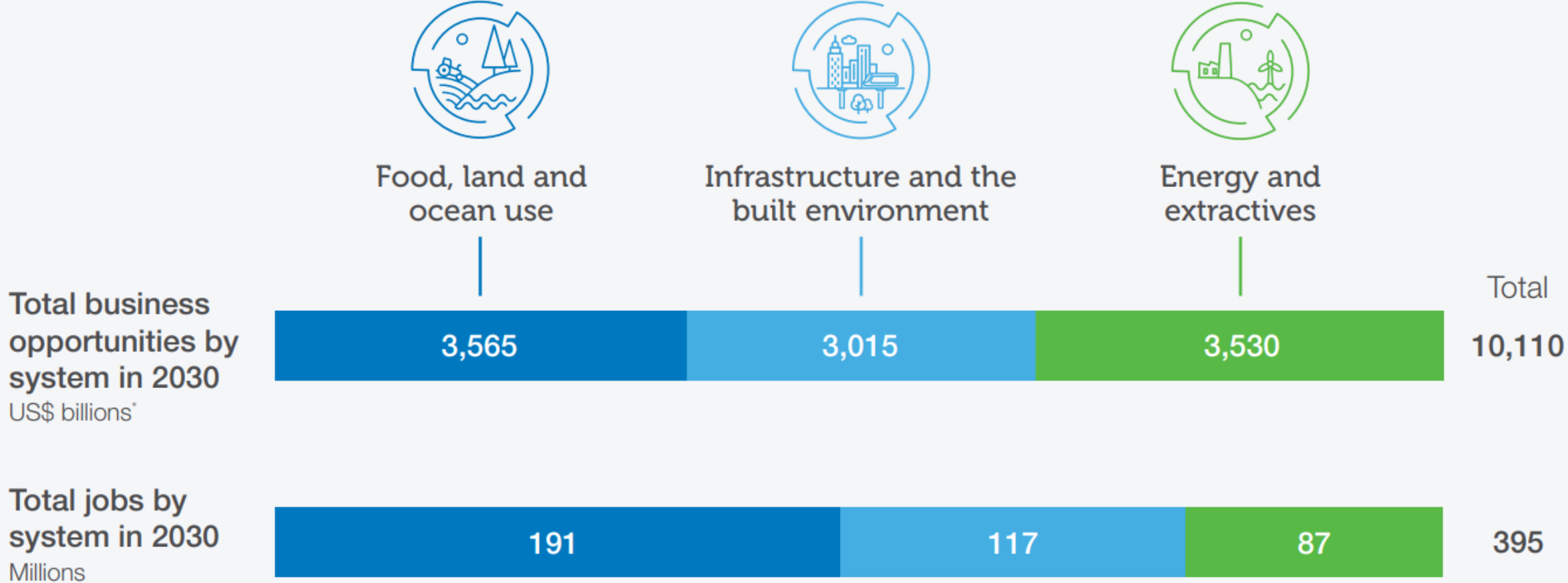


DASGUPTA REVIEW – THREE TRANSITIONS FOR CHANGE

- Balance humanity's demand with nature's supply and increase supply relative to its current level
- Change our measures of economic success
- Transform our institutions and systems



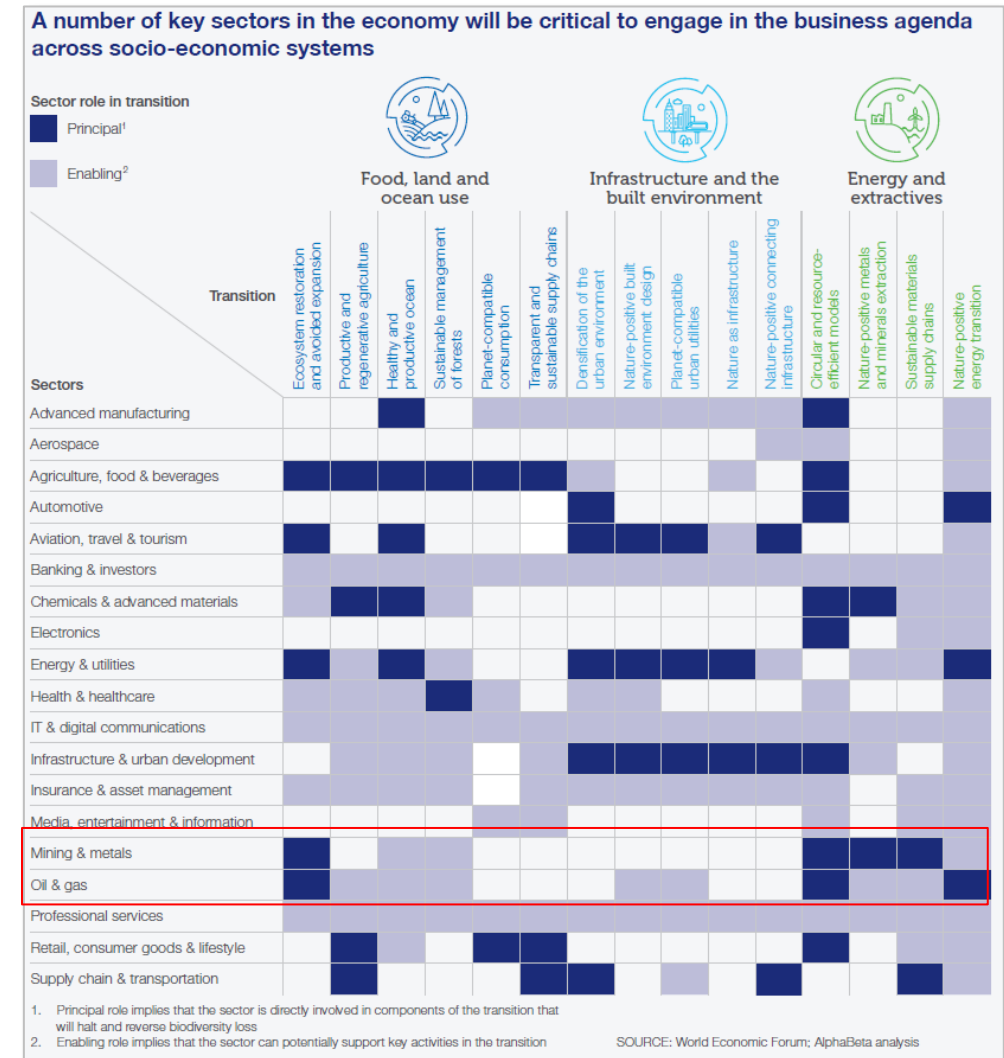
A NATURE-POSITIVE TRANSITION PRESENTS BUSINESS OPPORTUNITIES



Source: World Economic Forum (2020)

THE OIL & GAS AND MINING SECTORS WILL BE CRITICAL TO KEY TRANSITIONS

- These opportunities are not available under business as usual
- The role of business within these transitions will vary by sector and region



Source: World Economic Forum (2020)



GOOD BIODIVERSITY MANAGEMENT...

...leads to many benefits for business

Maintained access to finance

Continued supply of resources

Resilient operations

Supporting regulatory compliance

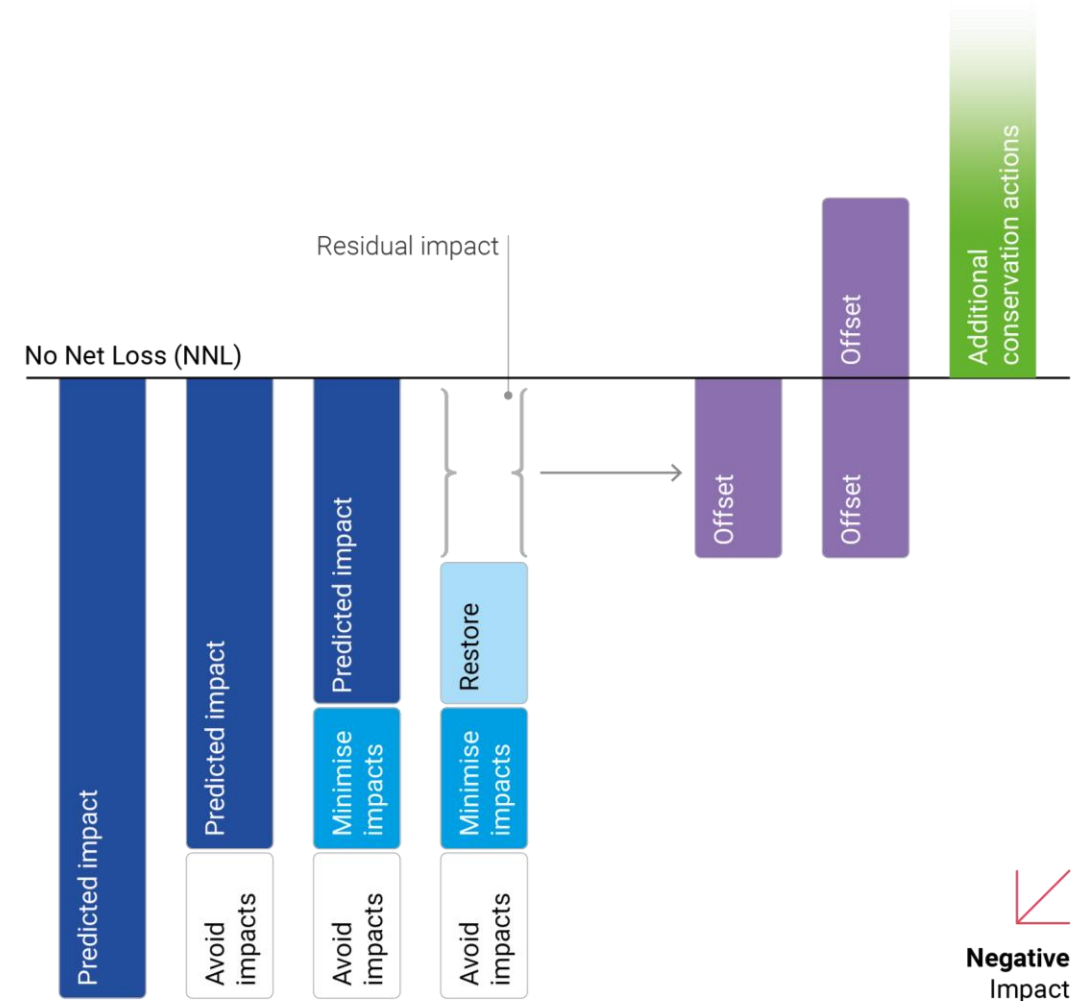
Increased/maintained reputation

THE QUESTION THEN BECOMES HOW...

Net Gain (NG)

Sequential steps to minimise negative impacts on biodiversity:

1. Avoidance
2. Minimisation
3. Restoration
4. Offsetting





Tangible opportunities and risks in the near future

BES HORIZON SCANNING

Risks and issues

- Proximity to areas of biodiversity importance
- Weak and inconsistent national or international regulations
- No net loss or net gain policies
- Nature-based solutions
- Reporting and disclosure

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Biodiversity and ecosystem services horizon scanning 2021

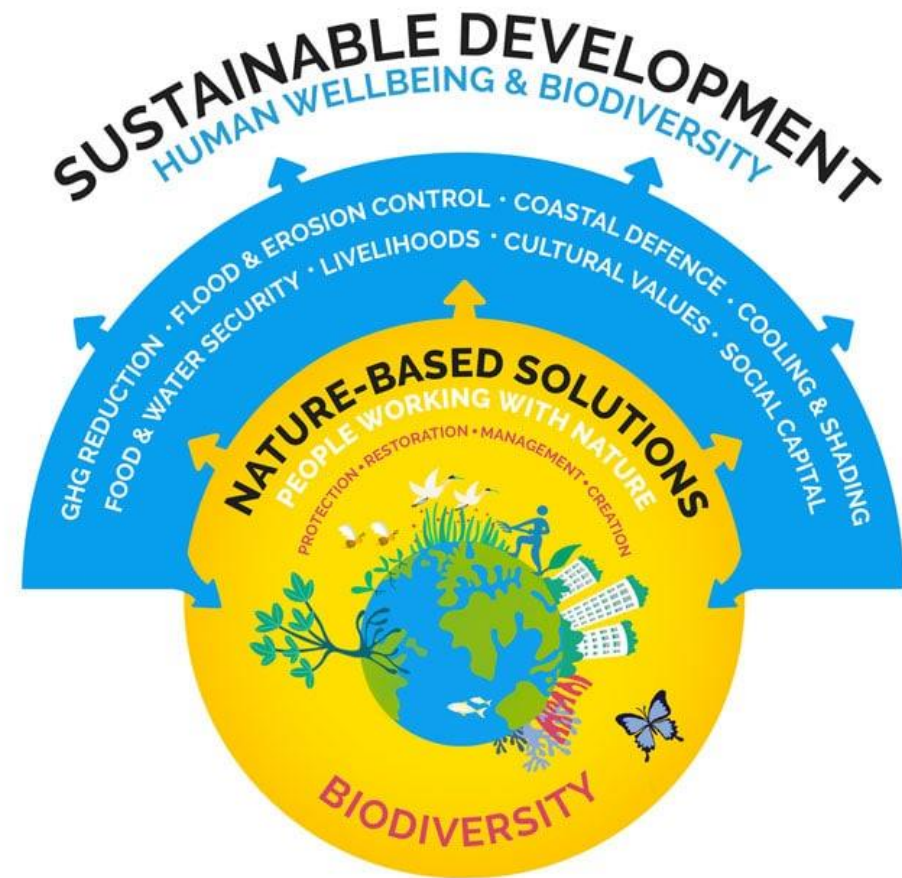
Potential risks for the oil and gas industry



NATURE BASED SOLUTIONS

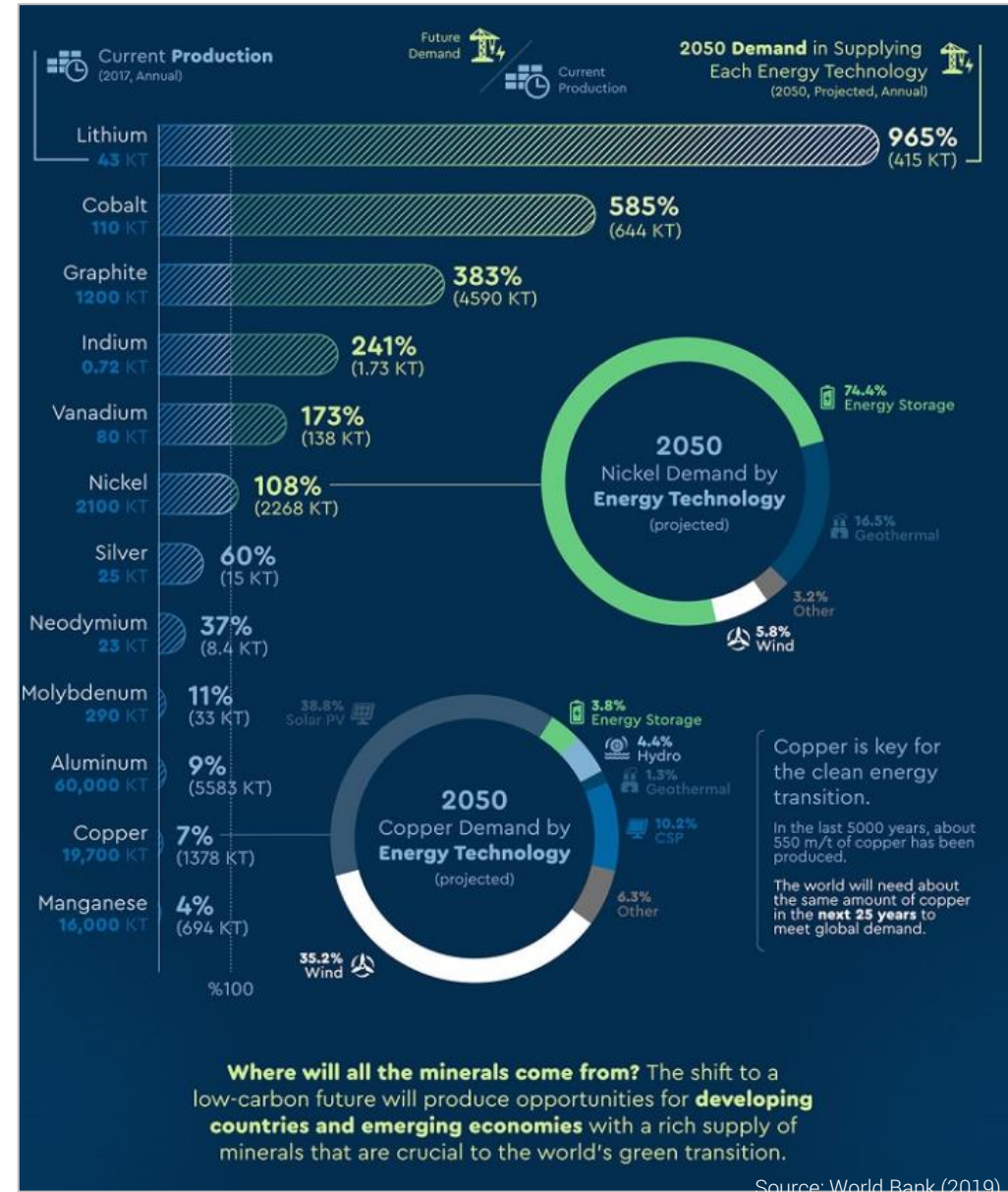
- “Actions to protect, sustainably manage, and restore natural or modified ecosystems, that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits”

–IUCN



ENERGY TRANSITION

- Essential shift to renewables to meet climate targets
- Supply chain impacts of metal sourcing



UN DECADE ON ECOSYSTEM RESTORATION

- Aims to prevent, halt and reverse the degradation of ecosystems, and restore them to achieve global goals
- Building capacity and collaboration for implementing restoration initiatives globally
- The private sector has a key role in supporting and championing restoration



MARKET CONSOLIDATION

- Mergers or acquisition of assets (especially juniors) could pose a big biodiversity-risk to business
- Newly acquired assets may have inherent biodiversity risk and the potential to become stranded assets or hold a high reputational risk
- Potential for increased biodiversity risk at the portfolio level following acquisition of new assets

MINING.COM

Mining M&A deals over \$8.8 billion in Q2 – report

[MINING.com Editor](#) | August 11, 2020 | 10:40 am [Careers](#) [Education](#) [Intelligence](#) [Top Companies](#) [Asia](#) [Australia](#) [Canada](#) [Europe](#) [USA](#)



REFERENCES / FURTHER RESOURCES

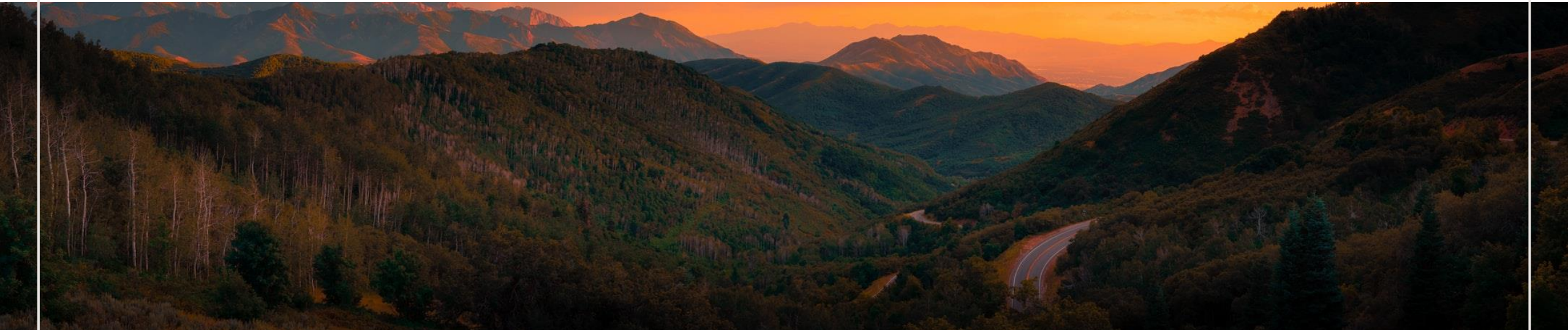
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Next steps

NEXT STEPS

- Taking these insights to refine our approach and thinking
- Continuing to work with partners to understand their needs and priorities
- Understanding target audience and profiles
- Development of communication materials on the business case





Thank you

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