

Towards the integration of nature-related risks: facing the loss of biodiversity

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Biodiversity loss is among the top global risks to society. Ecosystems and species are under massive pressure as human production and consumption exceed our planet’s carrying capacity. Scientists confirm that Earth is facing its sixth mass extinction, with thousands of populations of vertebrate animal species lost in the last century. Continued loss of biodiversity will irreversibly affect all life on Earth.

Playing a crucial role

We recognize that the financial sector has a crucial role in helping to prevent further biodiversity loss. This is in the long-term interest of our clients and our investment performance. Robeco has been addressing biodiversity issues for a number of years through a dedicated engagement program on commodity-related deforestation, through our palm oil policy, and by assessing biodiversity as a material factor in our ESG integration process.

Time to act

The extent of interconnection between climate change and biodiversity loss should not be overlooked. Climate change is one of the main drivers of biodiversity loss. The reverse is also true – the loss of biodiversity, for instance through deforestation, accelerates the impacts of climate change. We must therefore act and reverse the loss of natural capital to ensure we meet our broader climate ambitions.

Outlining the urgency in our white paper with WWF-NL

A Robeco white paper addressing biodiversity loss, backed by the World Wide Fund for Nature Netherlands,⁸⁴ outlines the urgency that biodiversity presents to the planet and the future stability of business life. The World Economic Forum esti-

mates that more than half of the world’s economic output of USD 44 trillion is moderately or highly dependent on nature in some form, meaning that if natural systems collapse, so will our economic and financial systems.

Measuring the impact of biodiversity loss

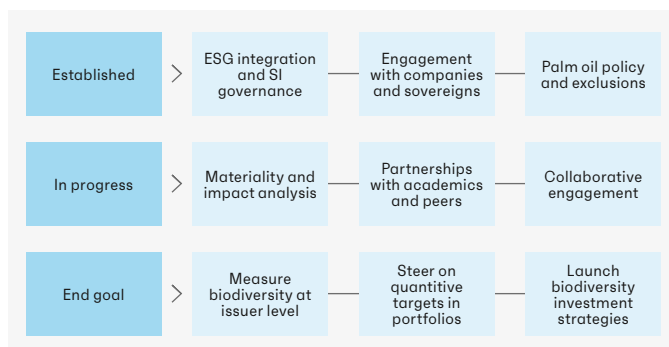
At Robeco, we conducted a materiality assessment to understand the exposure of our investments to risks related to biodiversity loss. Around one-quarter of our investments are highly or very highly dependent on one or more ecosystem services. We are partnering with academics and peers to build the required methods and data to analyze biodiversity impacts and dependencies at the issuer level. This will enable us to systematically integrate biodiversity impacts and risks into our investment processes, based on quantitative metrics and targets, as we do with climate-related risks and opportunities. Our aim is that within the next few years we will be able to measure and steer on our contribution as an investor to the protection of biodiversity and nature.

Highlights of Robeco’s 2022 Global Climate survey⁸⁵:

- 84% of investors will have climate change as a central or significant part of their investment policy over the next two years, while 75% have it so today.
- 56% say biodiversity will be at the center or a significant factor in their investment policy over the next two years.
- 79% agree that there is a general lack of awareness on the financial implications of biodiversity loss
- 80% say engagement will make a central or a significant portion of their investment policy over the next two years.

Robeco’s efforts on biodiversity

Source: Robeco



84 <https://www.robeco.com/ch/en/insights/2022/01/robeco-launches-biodiversity-paper-and-teams-up-with-wwf-nl.html>

85 <https://www.robeco.com/ch/en/insights/2022/03/engagement-and-biodiversity-lead-2022-global-climate-survey.html>