

Biodiversity and Nature

Biodiversity and nature have become key topics for financial institutions, not only because they have an impact on it through the companies they invest in, but also because declining biodiversity and nature poses significant risks. Economic activities that either directly or indirectly depend on biodiversity and natural resources will be negatively impacted if there is a decline in the raw materials that companies rely on, and compounded over time this could cause macroeconomic instability. Companies that negatively impact biodiversity and nature also run regulatory and reputational risks as regulators and the public pay more attention to the topic and seek companies with business models that help to restore rather than degrade biodiversity and nature.

Biodiversity and nature loss is a broad and complex issue that we believe can be approached through a focus on key topics including but not limited to deforestation, agricultural practices (including soil health), responsible husbandry (including animal welfare and the issue of antimicrobial resistance), natural resource overexploitation, pollution (air, water, land), and the circular economy.

Engagement approach

We encourage priority companies where Biodiversity and Nature is a material issue to:

Ambition

- ◆ Publicly recognise the importance of biodiversity and nature loss, and to commit to minimising their negative impacts, as well as to conserve and restore ecosystems across their operations and value chains by 2030.

Assessment

- ◆ Assess the impacts, dependencies, risks, and opportunities on biodiversity and nature across their operations and value chains.

Targets

- ◆ Set time-bound and science-based targets based on their specific impacts, dependencies, risks, and opportunities, and include information about baselines and methodologies used.

Implementation

- ◆ Develop a company-wide plan on how they will achieve this. We believe that companies should prioritise action where they can contribute the most positively to biodiversity and nature, such as a zero-deforestation policy, or a commitment not to operate in or source from biodiversity sensitive areas as examples.

Governance

- ◆ Establish and disclose board level and management oversight to ensure accountability and transparency, and be clear about the scope of activities covered. It should also provide for upskilling on the topic for employees.

Engagement

- ◆ Work across value chains to learn and share best practice, and to work in collaboration with Indigenous Peoples and Local Communities when they are affected.
- ◆ Work to positively influence system-level change through their participation in trade associations, interactions with policy makers and other stakeholders.

Regular reporting

- ◆ Publicly disclose on nature and biodiversity progress at least annually in their sustainability reports and in reporting frameworks such as CDP. We also encourage companies to work towards reporting under frameworks such as the Taskforce for Nature-related Financial Disclosures (TNFD).

In addition to the above expectations that broadly align with those of Nature Action 100, we have industry and sector specific expectations that we will engage on. We acknowledge that setting targets is complex, that science-based sectoral pathways and universal metrics continue to develop, and that there can be certain data challenges. As a continuously developing topic, addressing biodiversity and nature loss will require resource with skills and knowledge. We encourage companies to access the many public resources, while during engagements we will seek to share best practices as we work towards positive outcomes.

Voting implications

We may vote against the chair of the board or the relevant board director of companies where we have identified biodiversity and nature loss as a material issue, but that fail to take appropriate steps to address it. We have a biodiversity and nature watch list, informed by internal and external sources that also inform our engagements. We also consider supporting shareholder proposals on biodiversity and nature related topics where we believe doing so would help to address our expectations.

Please see our Global Voting Guidelines on the page 'Policies and Disclosures' of our public website for further details.



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