



Nature As The Next Wave

Dr Simon Zadek, Chairman, Finance for Biodiversity
Dr Vian Sharif, Founder, NatureAlpha

Tuesday, 26 April 2022



A Word From Today's Chairman

Simon Mills
Senior Consultant
Z/Yen Group





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Today's Agenda

- 11:00 – 11:05 Chairman's Introduction
- 11:05 – 11:25 Keynote Presentation – Dr Simon Zadek & Dr Vian Sharif
- 11:25 – 11:45 Question & Answer



Today's Speakers



Dr Simon Zadek
Chairman
Finance for Biodiversity



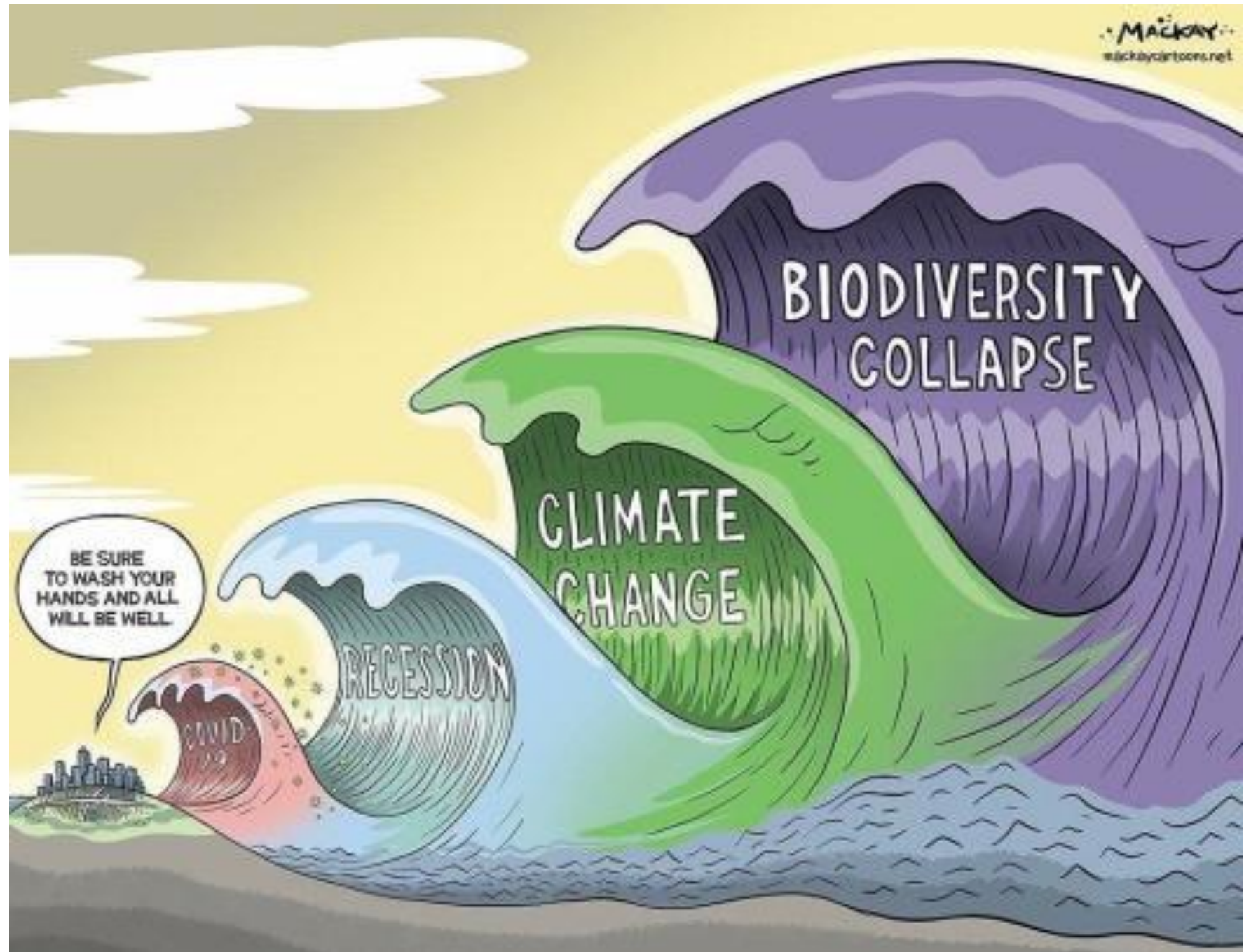
Dr Vian Sharif
Founder
NatureAlpha

Nature is the Next Wave

Simon Zadek

Chair, Finance for Biodiversity

April 2022



the nature finance nexus

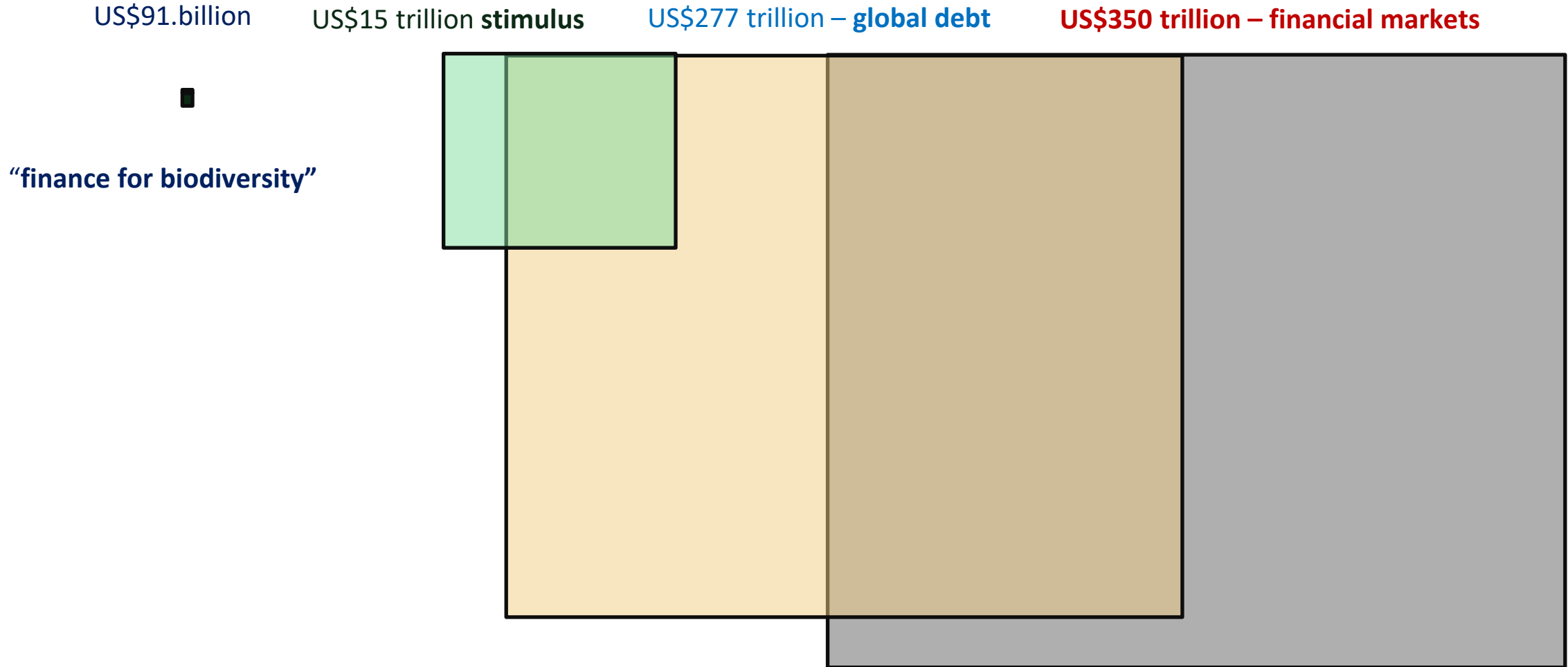
**1,000,000
species
are threatened
with extinction**

**100%
of GDP
is dependent on
nature**

What is Wrong With This Picture

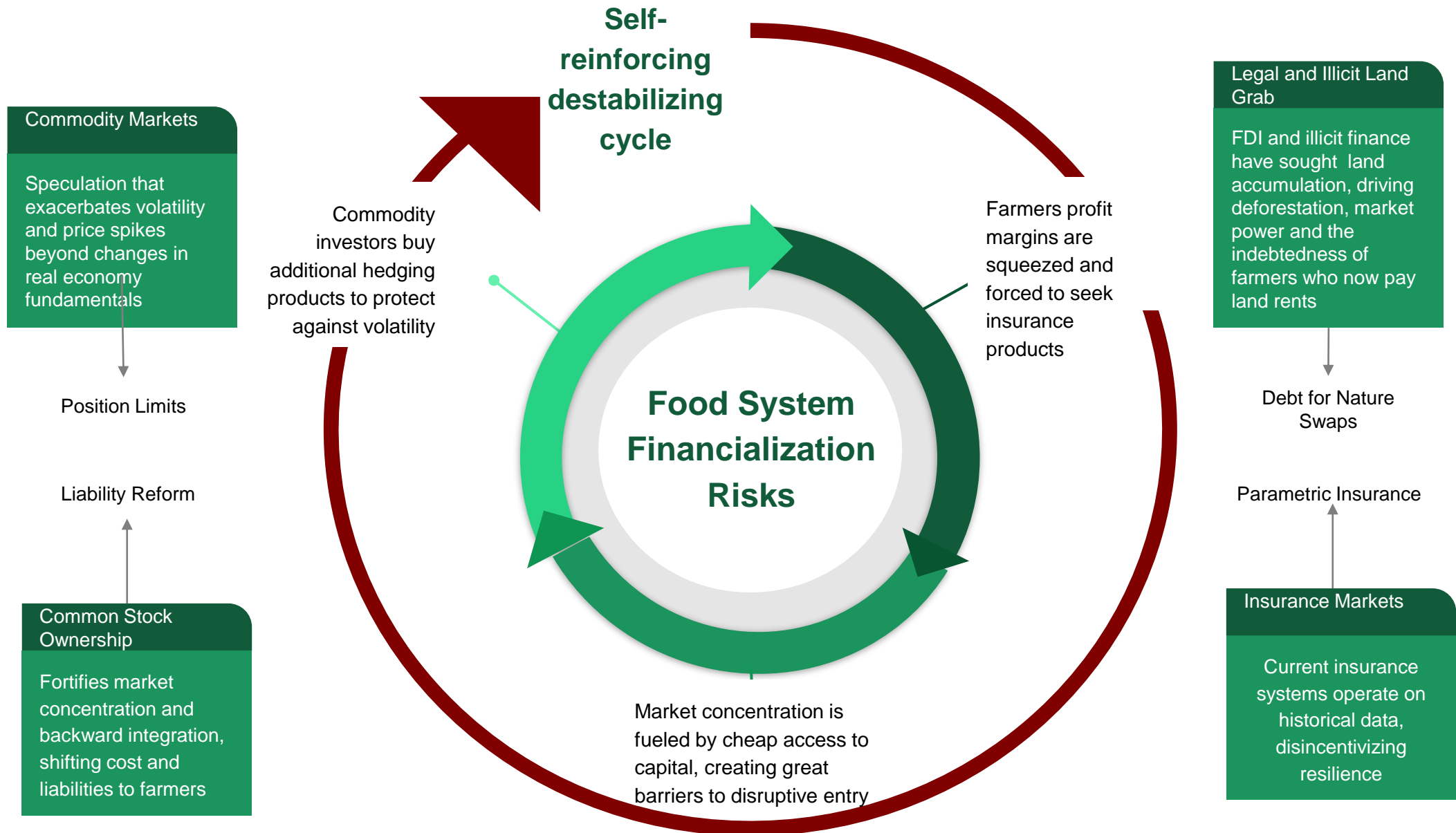
biodiversity is central to global economy but immaterial to its lifeblood, finance

IT'S NOT ABOUT THE SMALL CHANGE

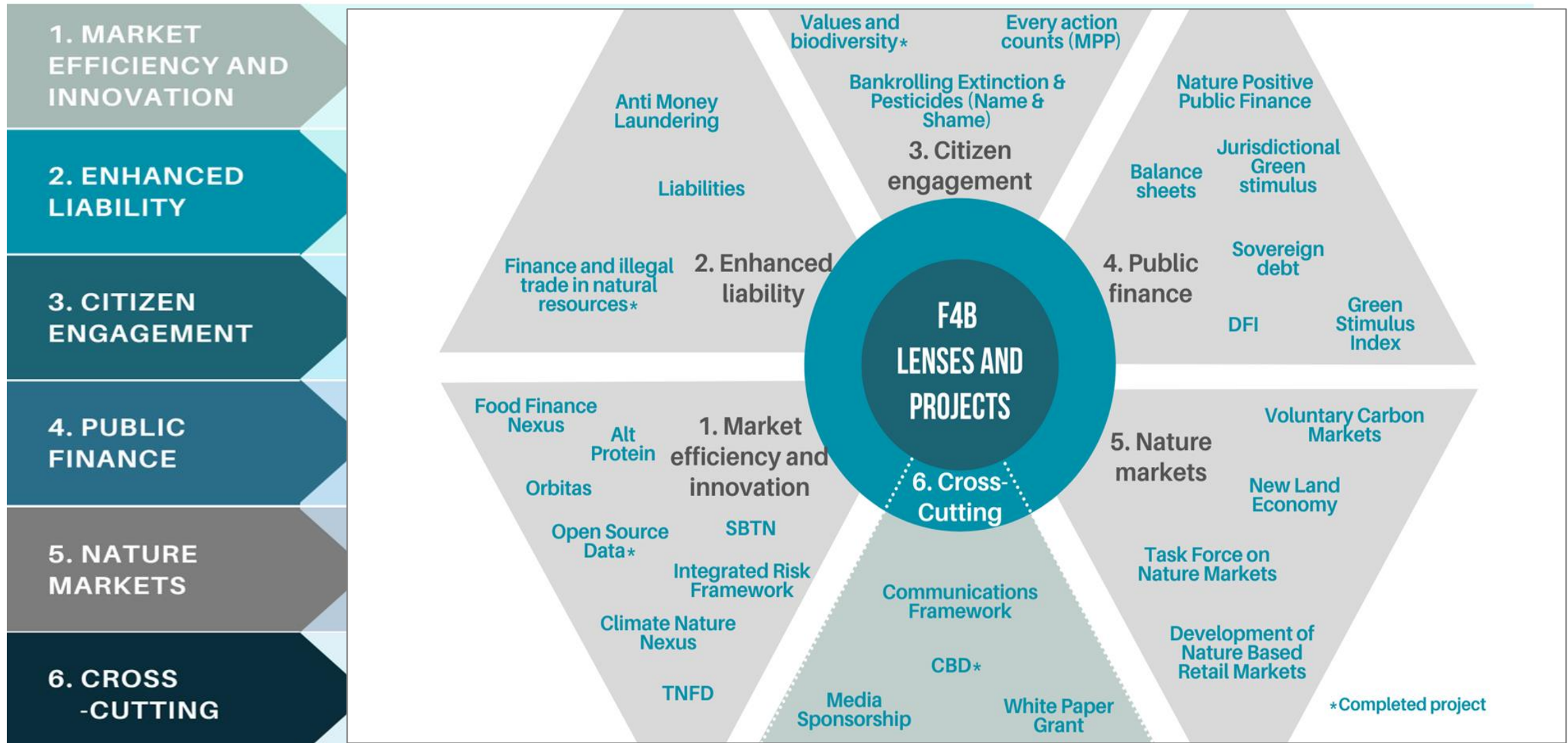


It is a Systemic Challenge

The Challenge is Systemic - Cheap Food-Financialisation Cycle




THERE IS A LOT TO BE DONE




F4B aims to increase the materiality of nature in financial decision making


THERE IS A LOT GOING ON – MANAGING RISKS


1. MARKET EFFICIENCY AND INNOVATION
2. ENHANCED LIABILITY
3. CITIZEN ENGAGEMENT
4. PUBLIC FINANCE
5. NATURE MARKETS
6. CROSS-CUTTING

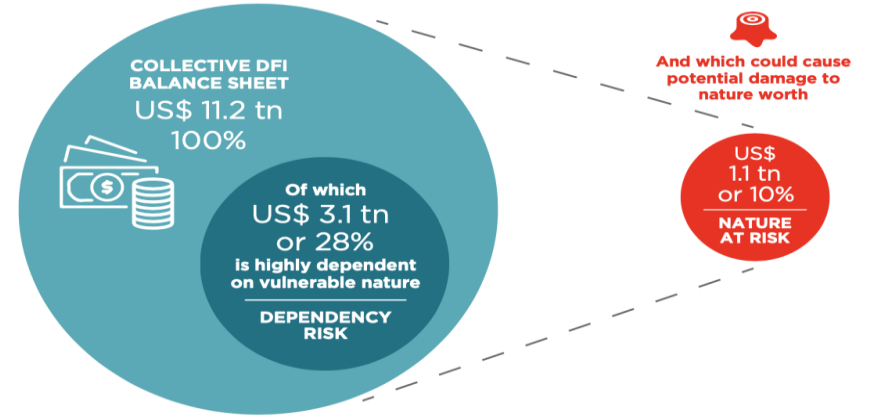


Taskforce on Nature-related
Financial Disclosures









COLLECTIVE DFI BALANCE SHEET
US\$ 11.2 tn
100%

Of which
US\$ 3.1 tn
or 28%
is highly dependent
on vulnerable nature

DEPENDENCY RISK

And which could cause
potential damage to
nature worth

US\$ 1.1 tn
or 10%
NATURE AT RISK

Source: Basic Roots Consulting, Vivid Economics
Note: Dependency risk is defined as the aggregate value of assets that are held in sectors considered highly dependent on nature and in countries considered highly vulnerable to the deterioration of nature. Nature at risk is defined as the expected value of the damage to nature from lending activities without effective nature safeguards.

THERE IS A LOT GOING ON – HARNESSING OPPORTUNITIES



www.naturemarkets.net

Debt for Nature Swap



Ecosystem services provided by mangroves



Pollution control

Cultural values

Fuelwood

The Taskforce on Nature Markets has been established to ensure that profitable nature markets deliver nature positive, equitable outcomes

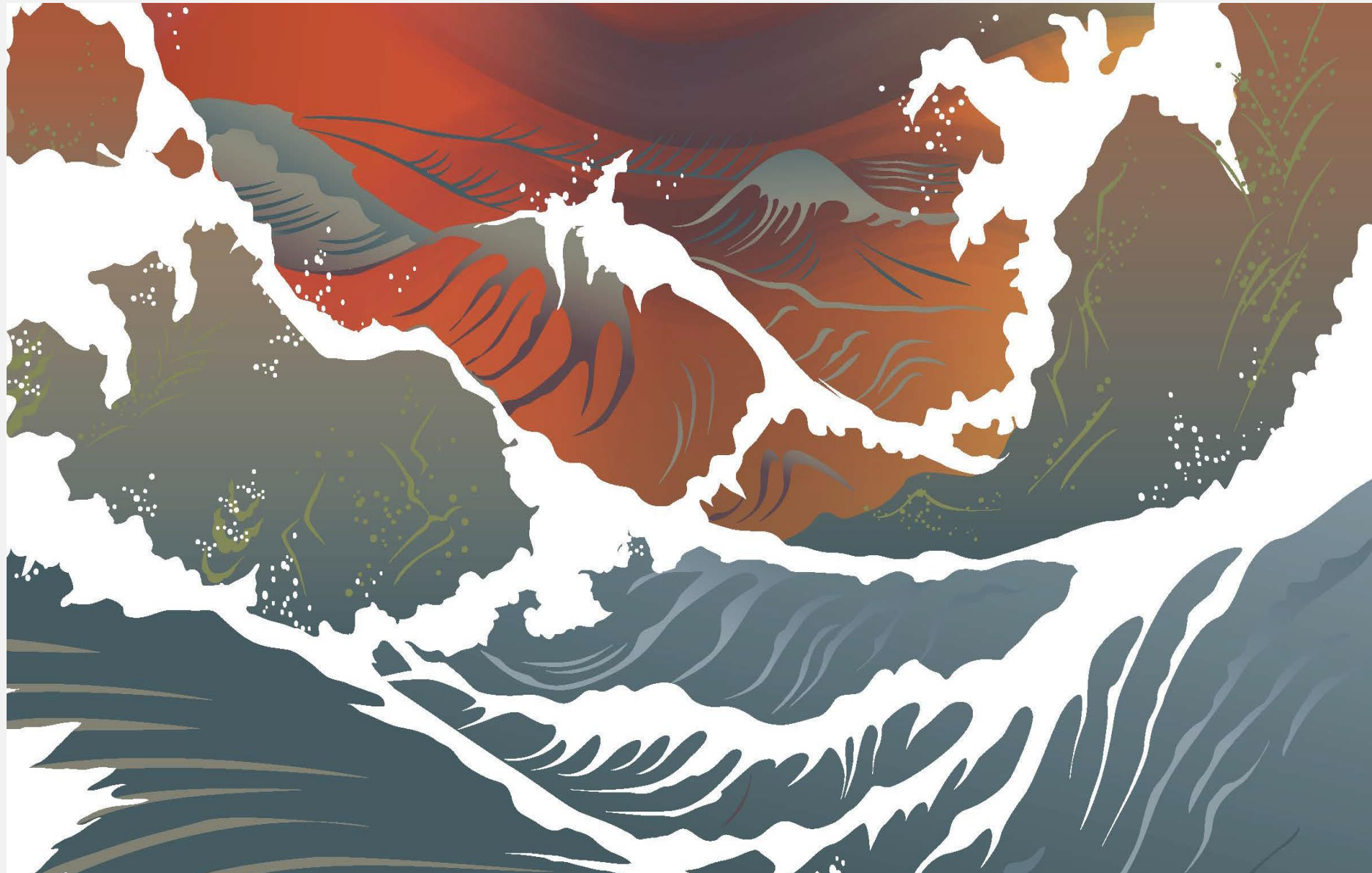
GETTING AHEAD OF THE NEXT WAVE

Get your head around
the basics facts

Learn to manage risks
and dependencies

Engage in policy and
regulatory development

Identify/advance nature
related opportunities



Nature as the next wave

Dr Vian Sharif

Q1 2022

α NatureAlpha

The challenge

A lack of **credible insights** at the asset level

Not enough data

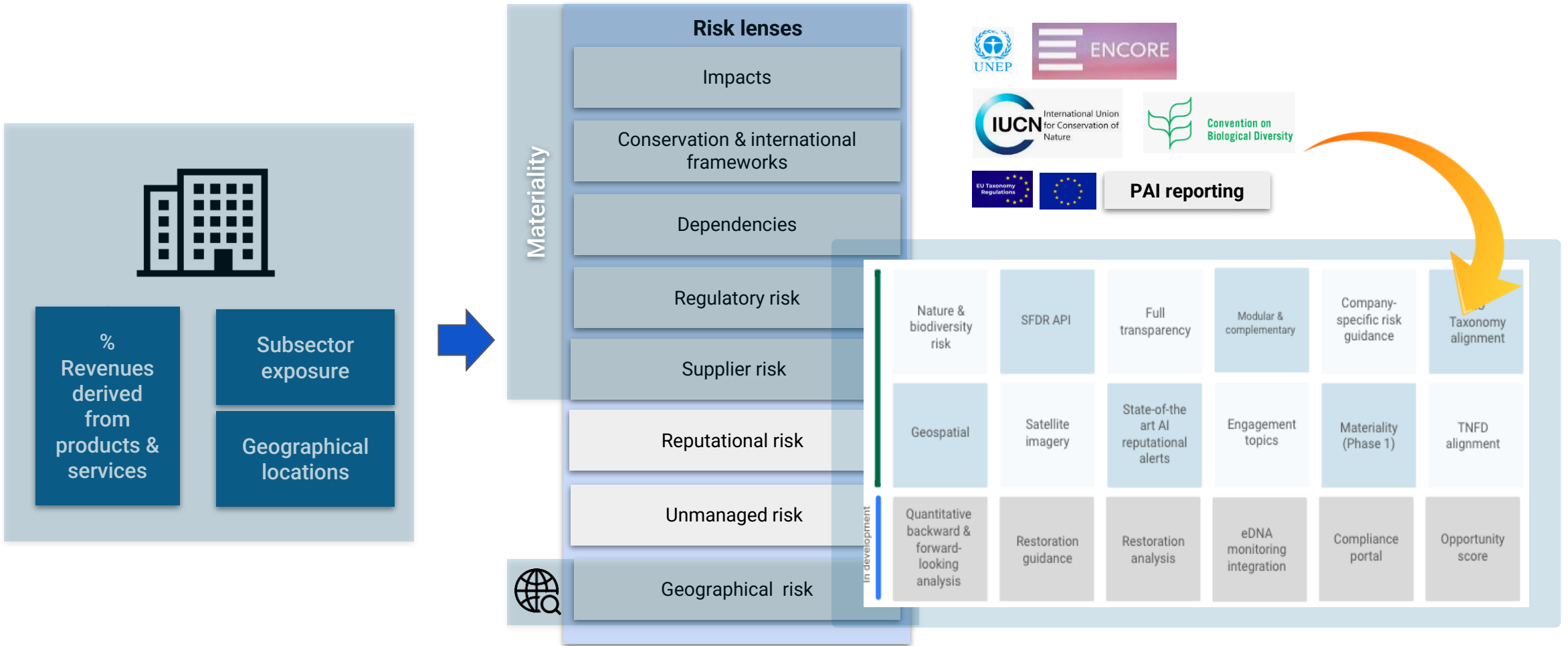
System is **too complex** to understand at scale



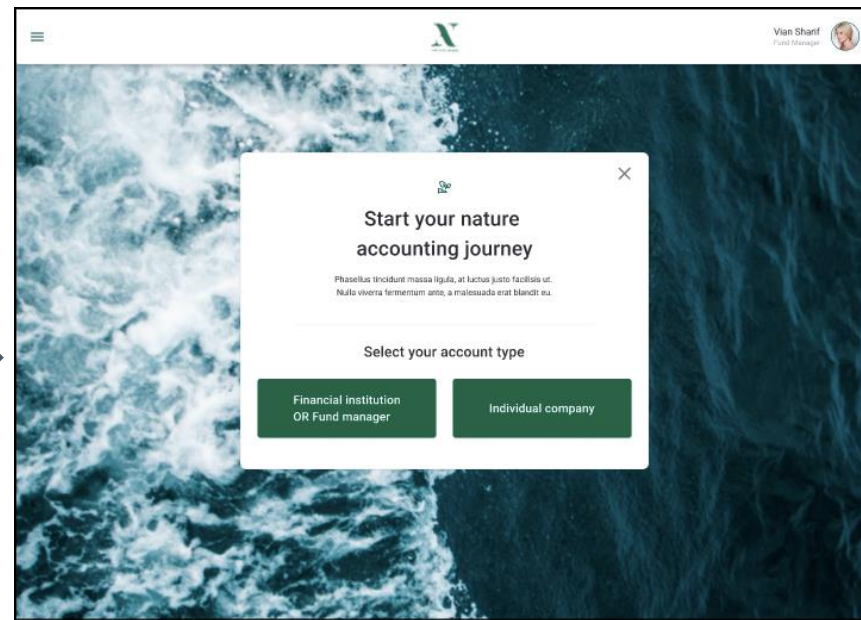
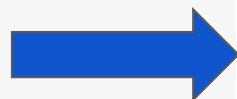
Entering an age of radical transparency, what data *is* available?

- **Geospatial insights:** KBAs, IBAT, satellite data
- **Company location data**
- **Reputational signals** via news & intelligence gathering
- **Established frameworks & datasets**
- **Climate scenarios**
- **Biodiversity and beyond**, covering natural capital
- **How companies manage risk and maximise opportunity**
- **Machine learning**

Building a picture to enable a first step...



...enabling any financial institution to make the evolution from climate to nature accounting



Thank you

Contact: Dr Vian Sharif
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What are the quantifiable risks?

- Future business disruptions
- Legal / Compliance / Regulatory Risks:
 - SFDR
- Securities Fraud
 - AML sanctions / violations related to environmental crime
- ESG / Sustainability Risks
- Reputational Risks



- Unmitigated / Hidden Risks
- Stranded Assets
- Market Risks from Legal/Regulatory Sanctions
- Material Dependencies
- Limits geographies of allowable growth
- Limits types of allowable growth (reduces market flexibility)
- Limits scale of growth
- Limits profitability of growth (regulatory, legal, reputational risk discounts)
- Limits customer base for growth (demand side)
- Limits supply chains for growth (supply side)



Comments, Questions & Answers





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Thank You For Listening

Forthcoming Events

- Wed, 27 Apr (15:00-16:00) Global Security Challenges: What Is Achievable To Make Us Safe?
- Thu, 28 Apr (09:00-10:00) Launch Of The Global Green Finance Index 9
- Wed, 04 May (11:00-11:45) Two More Certainties In Life & How They Will Impact Financial Services
- Thu, 05 May (15:00-15:45) Can A Standard For Good Governance Make A Difference? The Case For ISO 37000

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