Principles for Responsible Investment

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

Investor action on nature and biodiversity

31st March 2025 – Madrid, Spain

Investor action on nature and biodiversity

Biodiversity loss creates risks for society and businesses that can result in significant **negative economic** and **social outcomes.**

US$58 trillion

The unprecedented loss of biodiversity places this value at risk: more than half of the world's GDP is moderately or highly dependent on nature and its services.

Source: [PwC and WEF]

Agenda

Timing	Agenda item	Speaker
10.00am 10 mins	Welcome, introduction and policy update Announce Chatham rules	• Antonio Santoro, PRI
15 mins	**Keynote:** Fundación Global Nature	• Amanda del Río Murillo, Fundación Global Nature
15 mins	**PRI presentation:** PRI nature programme and nature-related financial materiality	• Stephanie Strange, PRI
20 mins	TNFD presentation (live streaming)	• Thomas Hegarty (presenter), TNFD • Stephanie Strange (interviewer), PRI
15 mins	Audience Q&A of PRI and TNFD	
20 mins	Dialogue: Addressing the risks and opportunities derived from biodiversity	• AFI Global Education & Creando Redes
20 mins	**Dialogue:** Investors and their approach to biodiversity	• Grupo cooperativo Cajamar • Robeco
5 mins	Wrap up, conclusion	• Andrea González, Spainsif
12.00pm 30 mins	Networking	

Chatham House rules

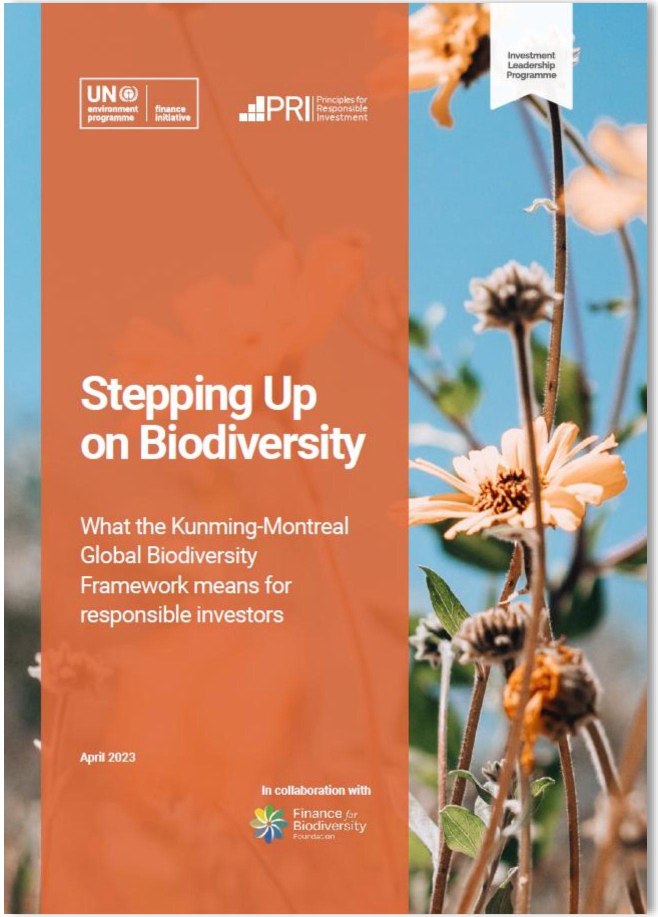
The Rule reads as follows:

"When a meeting, or part thereof, is held under the Chatham House Rule, *participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed*."

The Kunming-Montreal Global Biodiversity Framework (GBF)

Agreed by 196 parties with a clear mission to take urgent action to **halt and reverse biodiversity loss by 2030:**

- Call to **align global financial flows** with goals and targets, with resource mobilisation across both public and private finance
- Call for large and transnational companies and **financial institutions to assess, disclose and reduce their risks, dependencies and impacts on biodiversity**
- Emphasis on **sustainable agriculture**, with phasing out of USD 500 billion of harmful subsidies on nature (across sectors)



COP16 – Cali (Colombia) to Rome (Italy)

COP16 was key in implementing decisions to operationalise the Kunming-Montreal Global Biodiversity Framework (GBF) by mobilising the finance needed to halt and reverse biodiversity loss by 2030

- COP16 – The 16th Convention of Biological Diversity (CBD) Conference of Parties (COP) took place in Cali, Colombia in November 2024. Negotiations resumed in Rome, Italy in February 2025 ('COP16bis')to finalise and adopt outstanding decisions.
- PRI had a strong delegation at both events, with access to the blue zone (official UN negotiations) and green zone (innovation and other events).

PRI's policy asks	What COP delivered
• For countries to produce National Biodiversity Strategies Action Plans (**NBSAPs**) that create an enabling environment for investors to act on biodiversity objectives of the Global Biodiversity Framework (GBF) • Establish a **resource mobilisation strategy** that catalyses private finance for nature, reforms financial flows • Parties should ensure that **the monitoring framework** indicators are relevant to the finance sector • Address **pollution** and plastic pollution holistically	• **NBSAPs –** 44 of 196 parties (22%) produced new biodiversity plans; 119 of 196 parties (60%) produced national targets. • **Resource Mobilisation Strategy –** $20-30bn per year by 2030 • **Monitoring Framework –** Tracking progress on GBF • **Financial Mechanism –** For improving governance • **Planning, Monitoring, Reporting and Review –** Non-state actors supporting the GBF • **Cooperation with other Conventions –** To encourage synergies • **Cali Fund –** Contributions to Digital Sequencing Information on Genetic Resources (DSI) • **Subsidiary Body for Indigenous Peoples and local communities**

Policy landscape – EU Deforestation Regulation update

The EU Deforestation Regulation (EUDR) is due to come in to force at the end of the year

- The EU Deforestation Regulation (EUDR) is a due diligence regulation set up to trace the supply of seven key commodities: cocoa, coffee, soy, palm oil, wood, rubber, and cattle, to ensure they are not sourced from deforested areas. The derivatives of these commodities are also in-scope, such as beef, leather, chocolate and furniture.
- The EU Deforestation Regulation will come into force on 30 December 2025 for large companies, and 30 June 2026 for small companies following a 1-year delay approved by the European Commission late last year.
- Many chocolate and cocoa producers had already implemented full traceability of their products and have pushed back on the changes.
- The Commission will need to finalise a benchmarking system by mid-2025.

Investors should continue to plan for due diligence and transparency in their supply chains, as well as engage with suppliers and policy-makers.

Source: EU Commission

Fundación Global Nature

Amanda del Río Murillo

PRI Nature Programme

Stephanie Strange, PRI

PRI’s Nature Programme

Investment policies and practices

Nature Reference Group + Guidance

PRI Academy education course

Stewardship

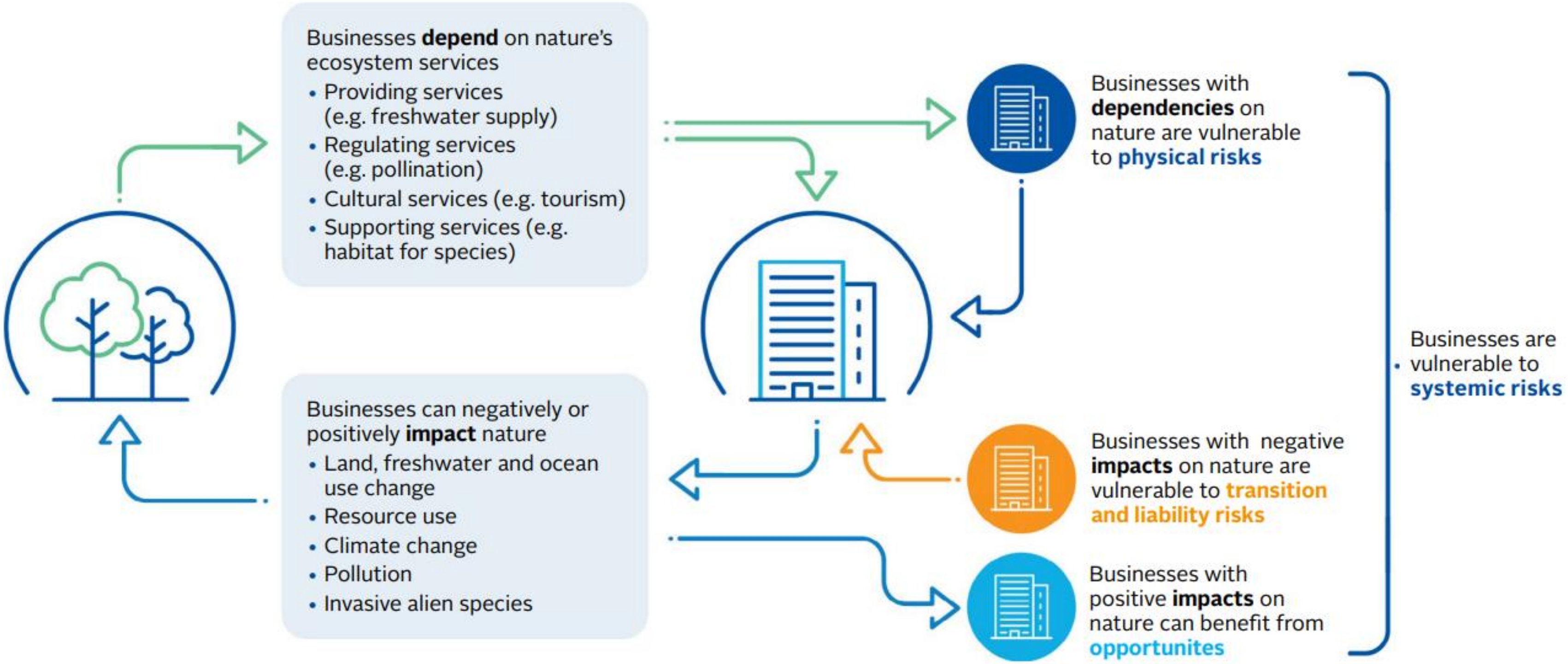
Collaborative engagement (*Spring* initiative)

Policy engagement

Real economy, Sustainable finance + Disclosure, International agreements

Why nature and biodiversity matters?

Nature captures diversity of living organisms (**biodiversity**) that enables ecosystems to be productive, resilient and able to adapt to change.



Risks and opportunities for responsible investors

With our economies so dependent on nature, universal owners are unable to divest out of high-risk sectors and must instead look to manage risk and seize opportunities, if relevant.

Risk management & financial materiality

Physical risks

Transition risks

Systemic risks

Investing for sustainable outcomes

Climate and nature-related opportunities

Case study: Nature risk materialises in JBS' IPO hopes

The world's largest meat supplier has had IPO efforts challenged, with US SEC still yet to approve the bid amidst illegal deforestation of Amazon continuing since 2017.

Risk type	Cause	Impacts	Costs
Transition risk: Market and reputational	Buying cattle raised by ranchers linked to illegal deforestation of protected parts of Mato Grosso in the Brazilian Amazon since 2017.	Financing ceased by major lenders. Investors and environmental groups have placed pressure on US SEC to block JBS' IPO application in 2023. A large French bank has also been sued by NGOs for financing JBS' deforestation despite a no-deforestation commitment (ongoing)	IPO application is under review and still yet to be approved as of February 2025, impacting USD $20bn value. Plus, USD $7.7m fine from environment agency

Source: BNEF, Mongabay, Business & Human Rights Resource Centre

Case study: 3M reaches settlement over water contamination

US diversified technology company 3M settled with municipal water authorities in 2023 over pollution of water bodies with bio-accumulative PFAS chemicals, linked to negative environmental damage and human health impacts.

Risk type	Cause	Impacts	Costs
Transition risk: Legal and reputational	Dumping PFAS, toxic 'forever chemicals', into open waterways in US	Government entities and states, individuals and environmental groups filed over 4,000 lawsuits against 3M	USD $10.3bn settlement with municipal water authorities 5-year share price down 66% from 2018-2023

Source: BNEF, 3M, First Sentier

Case study: Algal blooms result in millions of salmon deaths

One of the world's largest salmon producers, Norway, experienced a prolonged period of above average temperatures in 2019 causing 8m fish to suffocate. Another algal bloom in 2021 caused Norwegian company Mowi to lose 1,000 tons of salmon.

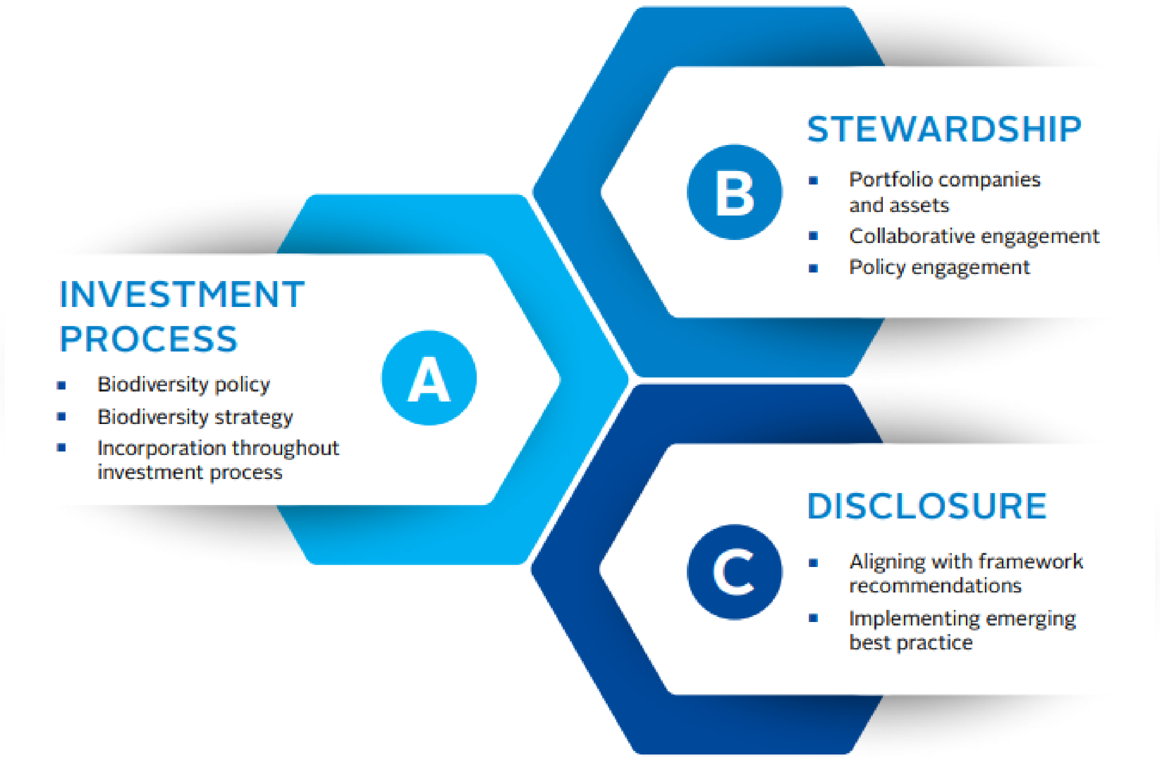
Risk type	Cause	Impacts	Costs
Physical risk: Harmful algal blooms and eutrophication	Algal blooms following above average water temperatures and low oxygen levels	10,000 tonnes of farmed salmon lost in Norway in 2019 Mowi lost 1,000 tonnes of farmed salmon in 2021	2019: USD ~$188m lost sales, USD ~$145m direct and indirect costs 2021: USD $540k lost sales, Mowi Q3 EBIT down USD $450k analyst expectations

Source: FAIRR

How to get started?

PRI Guidance available on Nature Resource Hub:
https://www.unpri.org/investment-tools/investing-for-nature-resource-hub

Investor levers of action



Starting to develop an organisational strategy

Build an understanding 1

- Build a common understanding of biodiversity and why it is important for your organisation
- Implement internal training and capacity-building programmes
- Explore how to embed biodiversity into responsible investment strategies
- Consider your approach to establishing a public commitment on biodiversity

Assess and prioritise risks and opportunities 2

- Conduct a high-level portfolio assessment (including consideration of the full value chain where possible) to identify areas of greatest biodiversity impacts, dependencies, risks and opportunities and quantify financial impacts, where possible
- Prioritise key business sectors and geographies
- Engage with key stakeholders (e.g., investees, local communities, NGOs etc.) to enhance understanding of biodiversity impact and dependencies, and encourage disclosure
- Develop ongoing biodiversity risk and opportuntity assessment processes

Establish strategy and set targets 3

- Define and publicly acknowledge goals and ambitions related to biodiversity, establish a baseline and set targets (qualitative and/or quantitative)
- Where appropriate, align with international standards and frameworks

Manage risks and opportunities 4

- Incorporate biodiversity considerations into investment decision-making processes
- Engage with investees to encourage better management and disclosure of biodiversity risks and opportunities, including collective engagement where appropriate
- Engage with policy makers to support regulatory reform
- Participate in investor networks and initiatives

Monitor and disclose 5

- Establish a monitoring programme to ensure alignment with the organisation's biodiversity strategy, using defined metrics and KPIs
- Regularly report progress to relevant stakeholders (clients, regulators, public etc.)

Spring: A PRI stewardship initiative for nature

PRI Principles for Responsible Investment | spring

About Spring

Objective

to maximise the investment community's contribution to halting and reversing biodiversity loss and create an avenue for signatories to take action to mitigate financially material risk of nature loss.

Focus areas

1. Forest loss and land degradation in priority geographies
2. Responsible policy engagement

Investor statement

- A call for investor action
- High-level expectations on business operations, supply chain management and policy engagement
- 224 endorsers with $16 trillion AUM

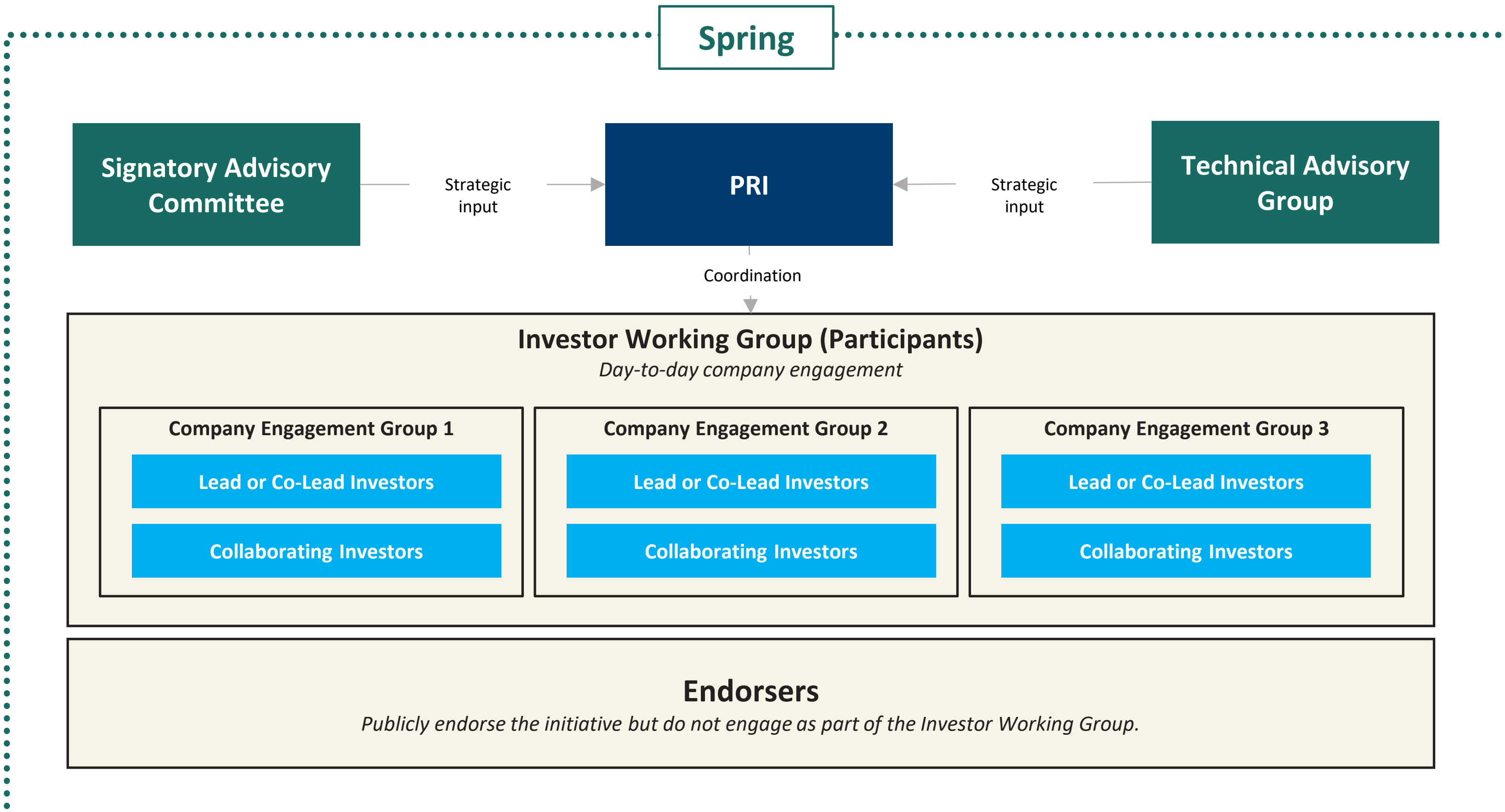
Investor statement's three asks:

1. Business operations, strategy and risk management
2. Supply chain management
3. Political engagement

[Link to the statement]

Initiative Structure

spring



Company selection methodology

spring

Geographies → **Policy arenas** → **Companies**

Geographies
- Best climate & biodiversity outcomes
- Investor leverage on deforestation drivers

Policy arenas
- Value chain analysis
- Policies driving & preventing deforestation

Companies
- Influence on policies
- Potential engagement impact
- Exposure, overlap, suitability

Focus companies

- First batch of **40 company** names released in February 2024. Additional **20 companies** in June 2024.
- **In-depth selection methodology** aimed to identify companies that may exert influence on forest loss and land degradation. The inclusion of companies does not imply any form of irresponsible conduct.
- Varied list of companies from **Europe** (26 companies), **the Americas** (16 companies), **Asia-Pacific** (17 companies) and **Africa** (1 company).
- Influential actors in a range of different forest-risk commodity supply chains, including **food and agriculture**, **banking**, **automotive**, **mining** and **chemicals**.

[Find out more on the Spring website]

Structure of the Company Assessment Framework

spring

Business operations, strategy and risk management → World Benchmarking Alliance

Supply chain management → World Benchmarking Alliance

Political engagement → Responsible climate lobbying: The global standard; InfluenceMap

Endorser and Participant Roles

Endorsers join the initiative by publicly signalling their support for the initiative's objectives and strategy. Endorsers do not participate in engagement activities within the initiative.

Participant investors engage with focus companies as part of the Initiative. Investors who join the Initiative as a Participant will also be listed as Endorsers of the Initiative.

Who is eligible to participate?

- Be a PRI signatory with mandate to engage
- Participate in at least one company engagement
- Commit to devote sufficient time to the initiative

Endorsers are only required to be a PRI signatory

Find out more in the Terms of Reference

TNFD

Thomas Hegarty

PRI – Nature Forum

Thomas Hegarty
Senior Manager, TNFD secretariat

Taskforce on Nature-related Financial Disclosures

tnfd.global

Overview of the TNFD

Mission

Support a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes, aligned with the Global Biodiversity Framework.

Approach

- Market-led
- Science-based
- Government-supported

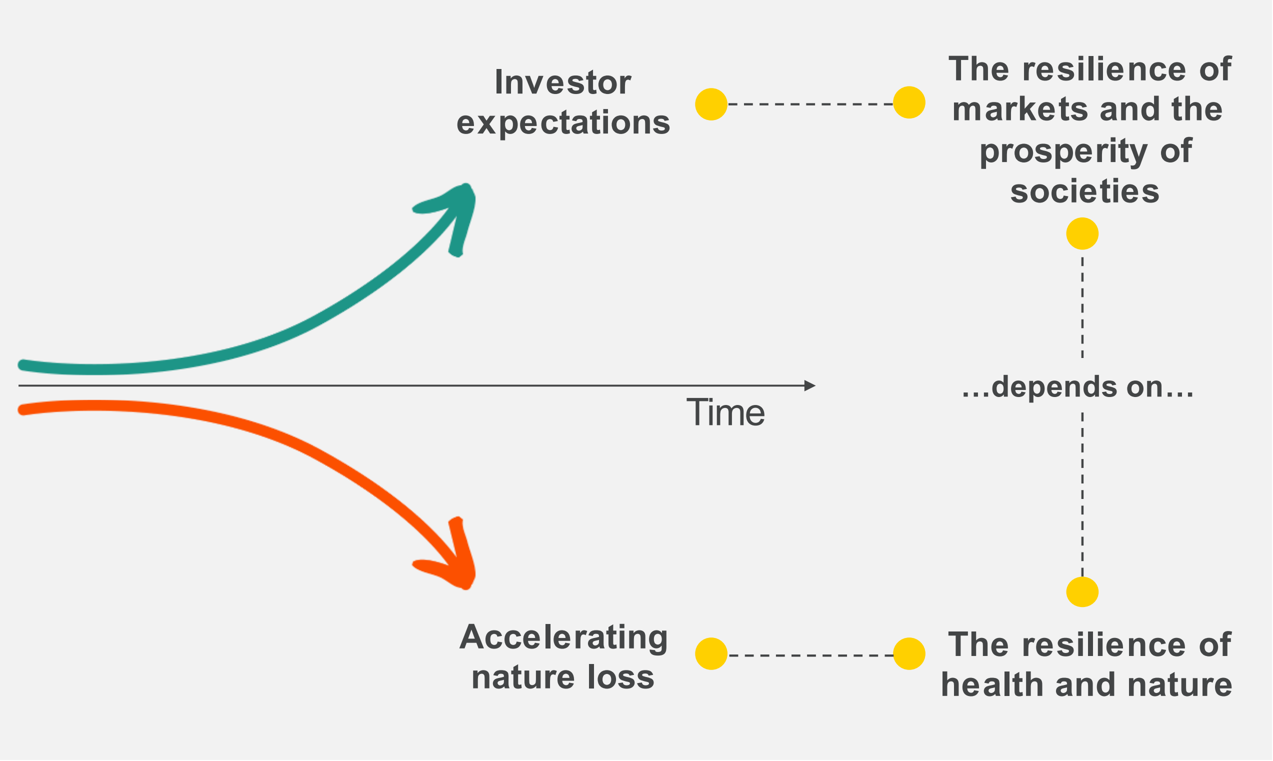
The Taskforce

- 17 financial institutions
- 17 corporates
- 6 market service providers
- Over US$2.3 trillion market capitalisation
- Over US$20.6 trillion AUM

Why TNFD?

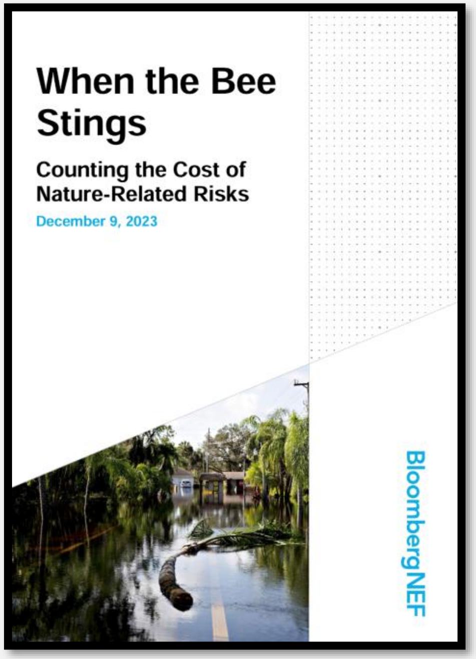
Nature is no longer just a CSR issue but a strategic risk management one

The future cash flows of businesses – both corporates in the real economy and financial institutions – depend on the flow of benefits (known as ecosystem services) from nature into their business models.



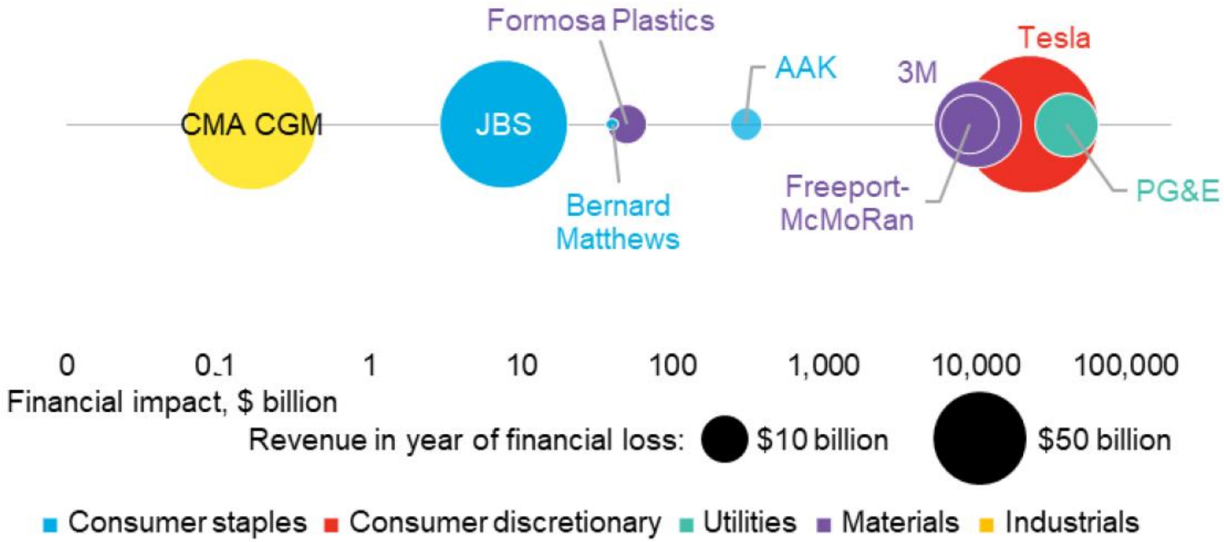
Why TNFD?

There are growing examples demonstrating a clear link between nature and financial risk

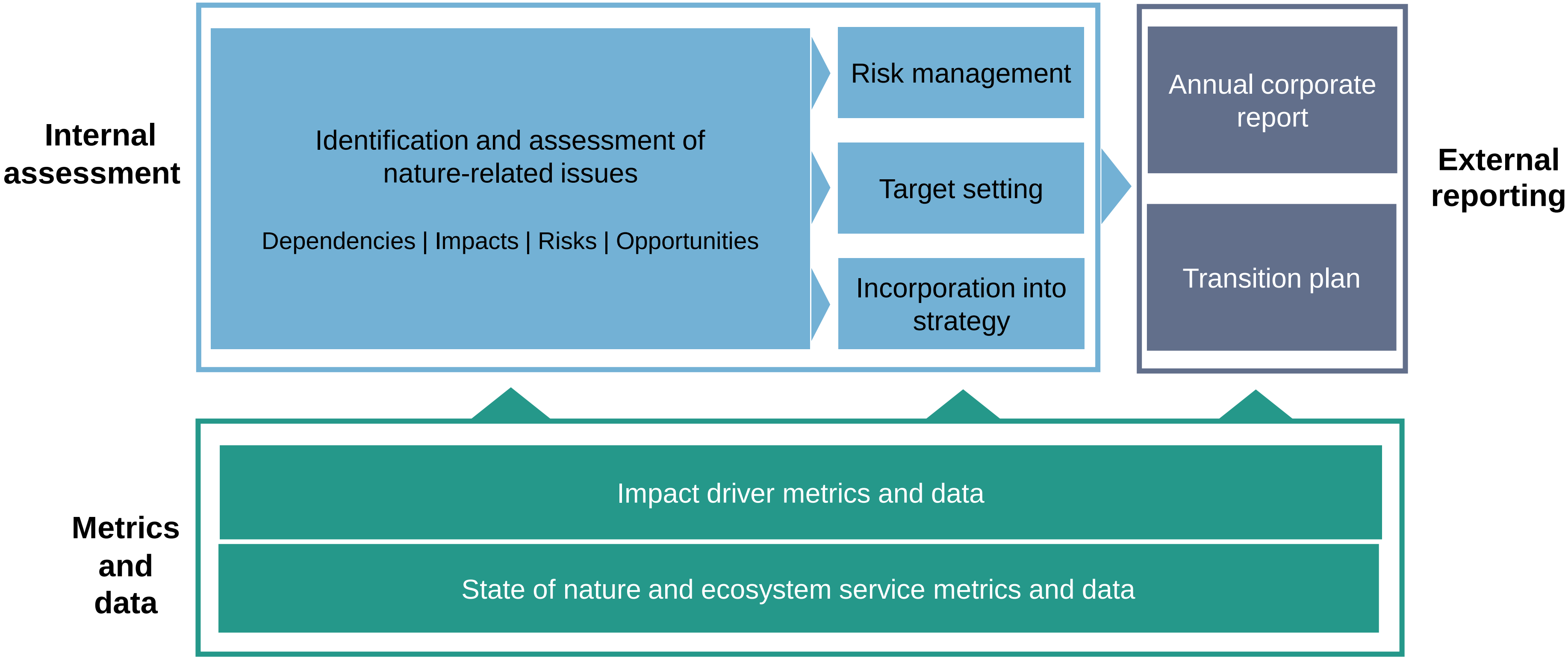


Bloomberg NEF (2023) When the bee stings

Ten case studies across sectors and geographies, with USD83.2 billion in total financial impact. For example, arising from over 90% fall in market cap, credit rating downgrades, litigation settlements, major reputational damage.



An integrated architecture for action



TNFD and the ESRS

The 14 TNFD recommended disclosures are reflected in the ESRS

Concepts and definitions

TNFD and ESRS recommend disclosure of nature-related impacts, risks and opportunities (**IROs**) and dependencies when they generate material risks (**DIROs**).

Approach to materiality

ESRS require disclosures to be based on a **double materiality** principle. The TNFD framework **accommodates different approaches** to materiality.

The LEAP approach

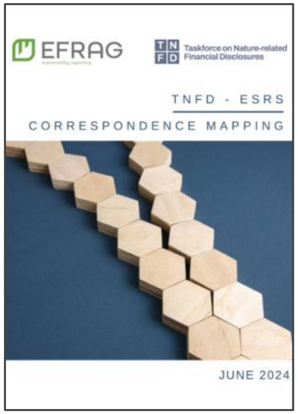
ESRS state that companies can conduct the materiality assessment for ESRS E2-E5 (env. standards beyond climate) **using the LEAP approach**.

Reporting pillars

Both TNFD recommended disclosures and ESRS are organised around the **four disclosure pillars of the TCFD**.

Recommended disclosures and metrics

All 14 TNFD disclosure recommendations are addressed in the ESRS. General consistency on coverage of metrics.



“How to” assessment guidance: the LEAP approach

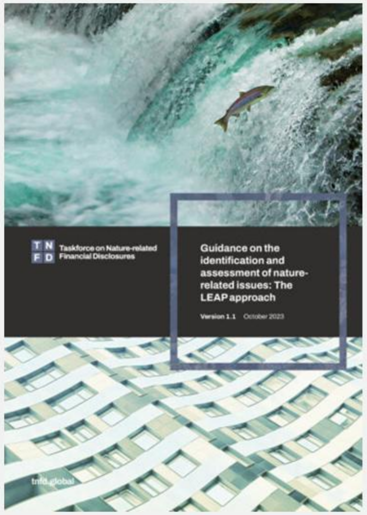
An approach to help organisations identify and assess nature-related issues

Locate your interface with nature

Evaluate your dependencies and impacts

Assess your risks and opportunities

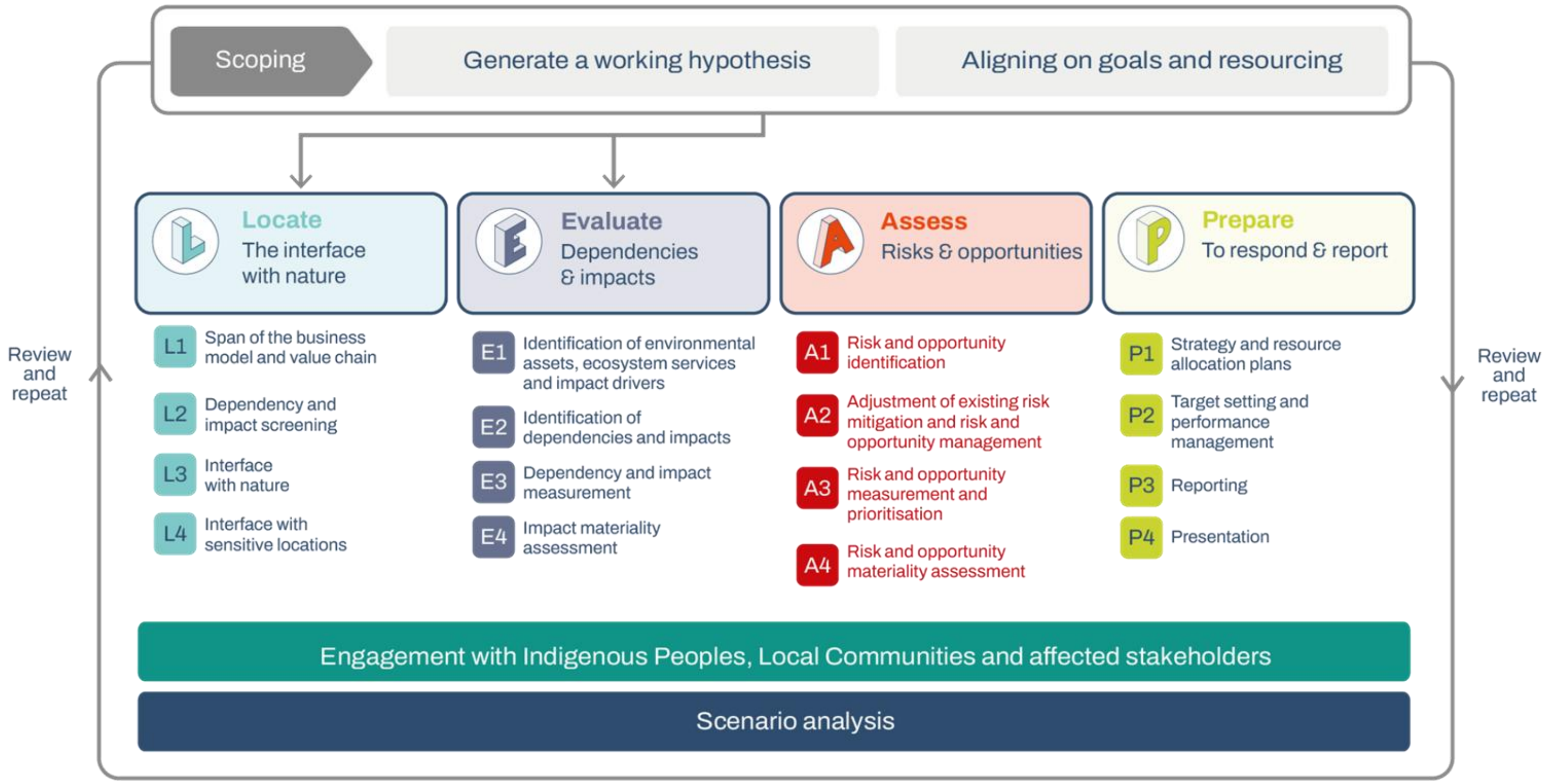
Prepare to respond to nature-related risks and opportunities, and to report



These four phases are broken down into 16 analytical components, each framed by a set of guiding questions

How the LEAP approach is structured

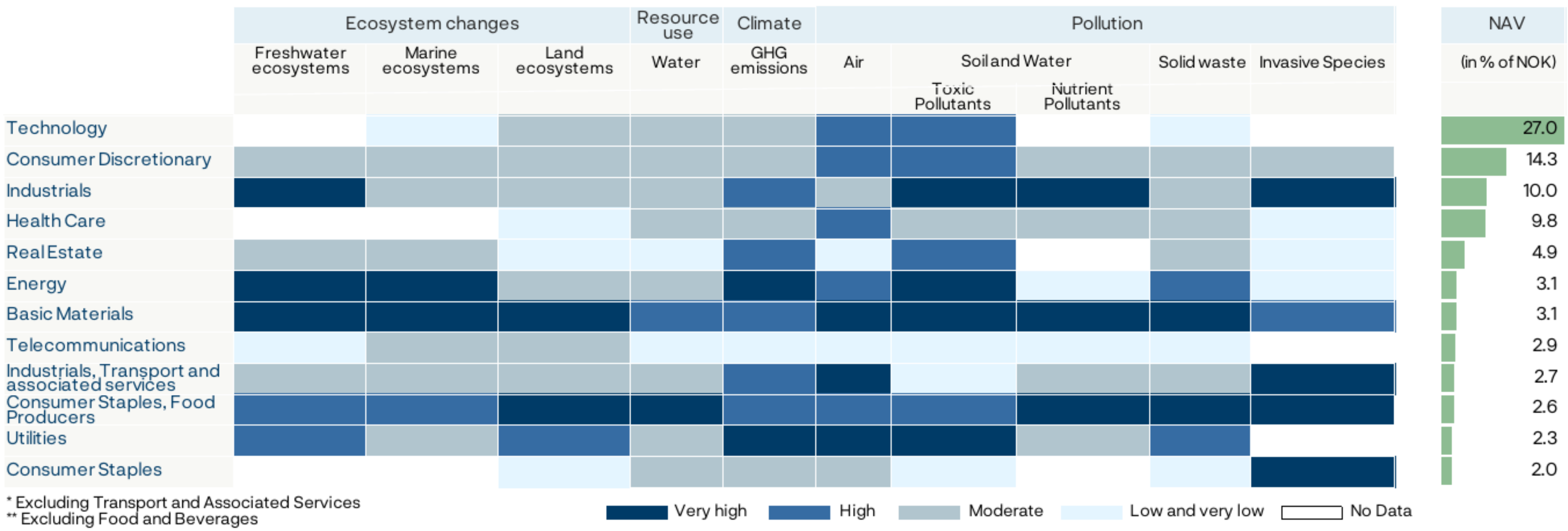
The LEAP approach has four phases and 16 analytical components



Heatmapping

The Locate phase starts with creating a heatmap of typical dependencies and impacts in your portfolio using tools like ENCORE

Heatmap of impacts, sectors sorted by net asset value.



Source: NBIM (2024)

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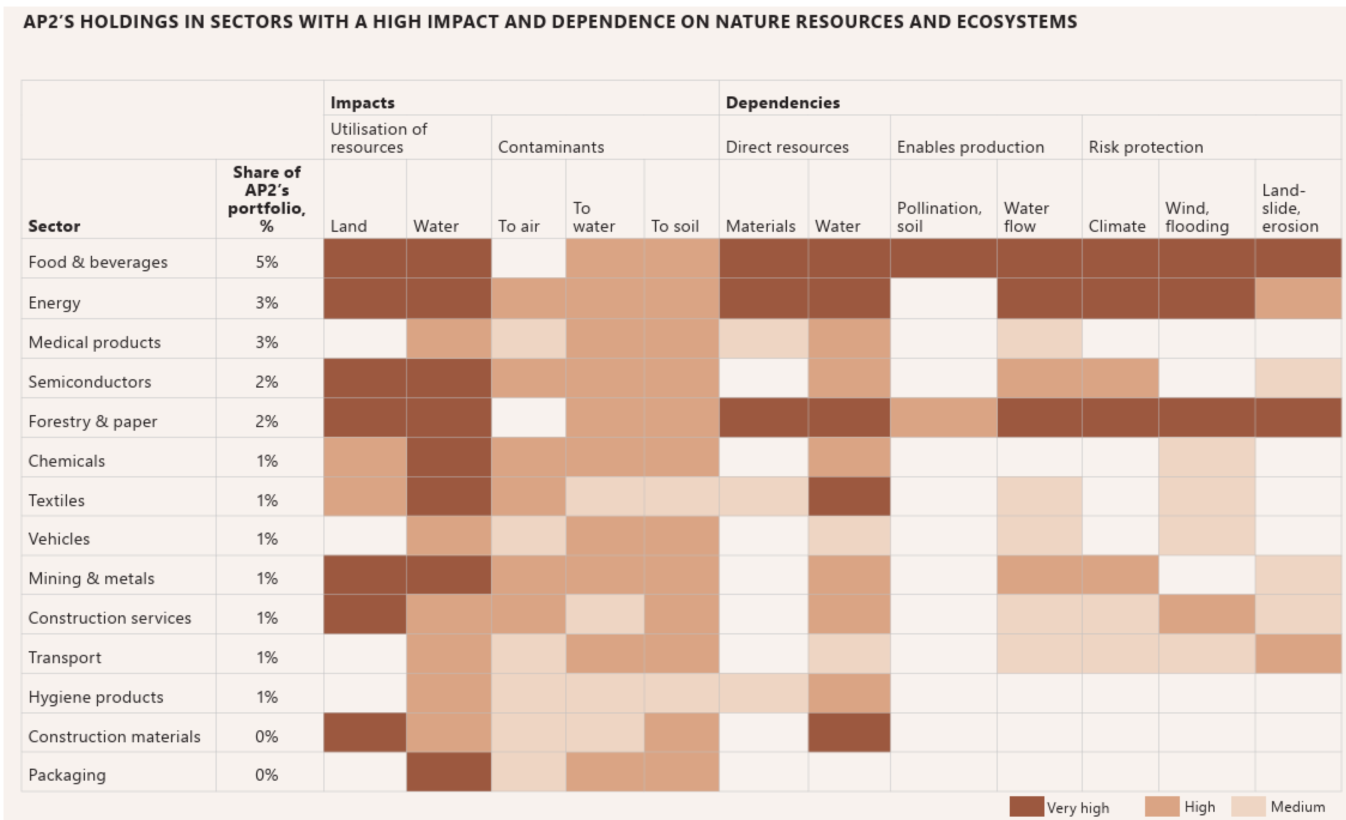

Source: AP2

How the LEAP approach is structured

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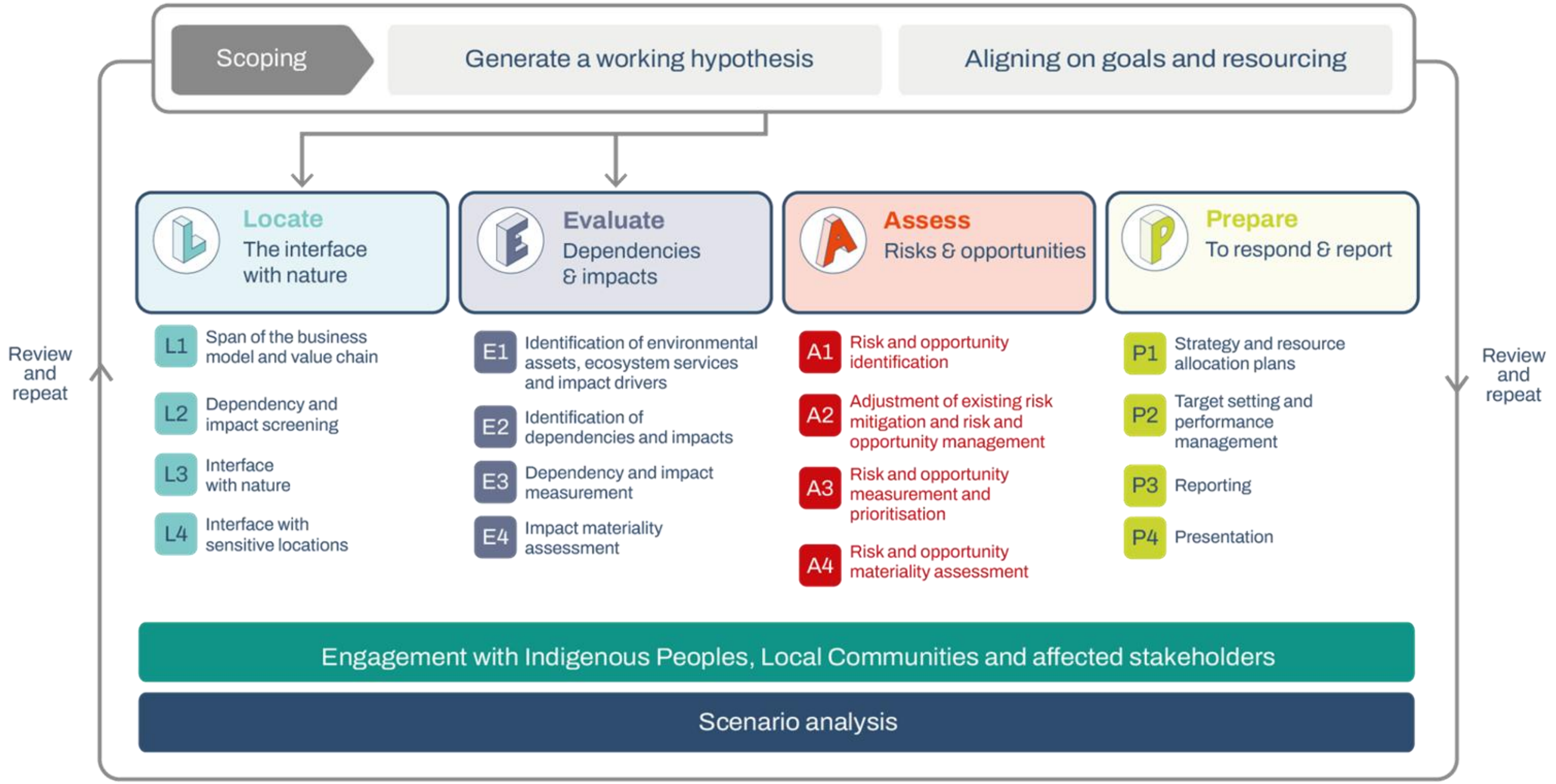
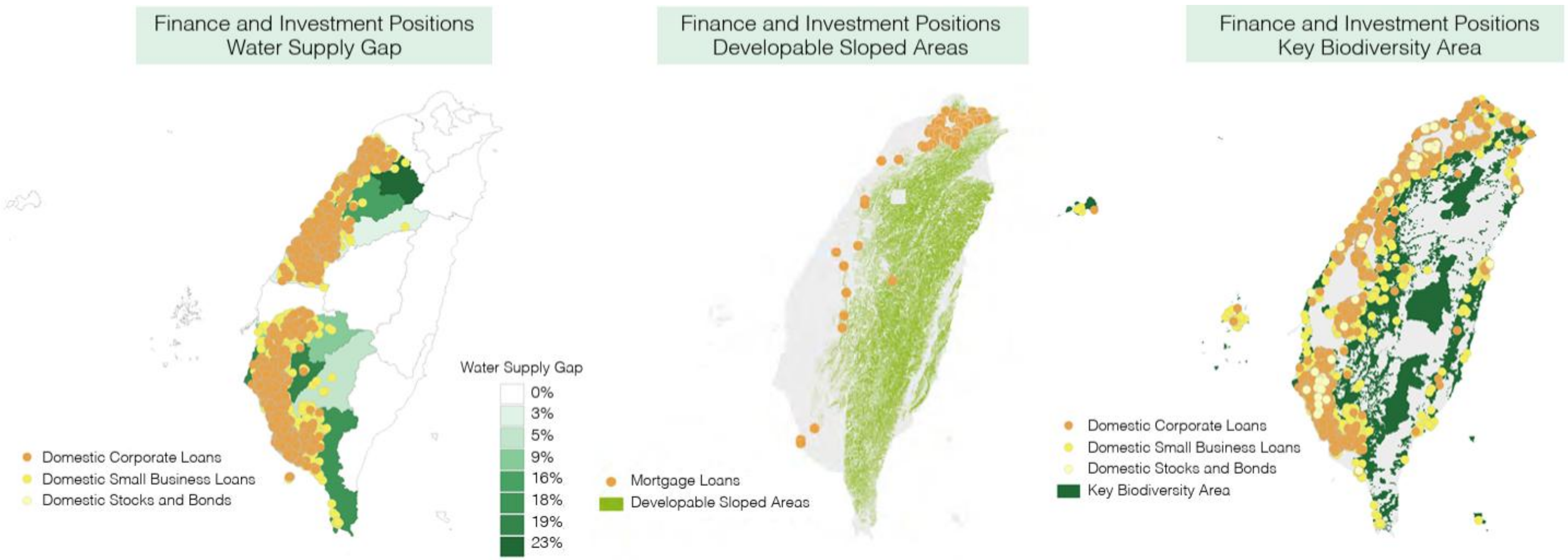


Example of location-specific analysis

Taiwanese* bank E.SUN was able to assess assets in its portfolio for exposure to certain types of ecologically sensitive area and to other natural features that might generate elevated risks



Source: E.SUN
*Province of China

Example of location-specific analysis

Grupo SURA analysed the overlap of food and beverage companies in the value chain that overlapped with ecological sensitive locations

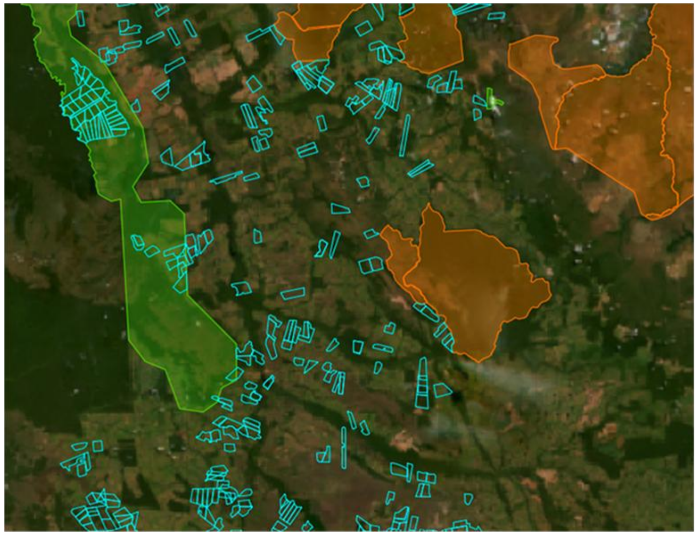
- Via its subsidiary companies, Grupo SURA has exposure to the agriculture and food and beverage sector.
- The Group identified two of those value chain companies through the reporting requirements of its subsidiaries. They represented a high aggregated financial exposure.

Source: Grupo SURA

- To locate the value chain companies, the Group used **publicly available data** from the company's website and corroborated with its subsidiary. They used the **Trase tool** to find the sourcing municipalities of the second company.

Using GIS software, a consultancy helped undertake an intersectional analysis of the location of each value chain company (blue) and a range of key nature-related datasets (green and orange) to identify sensitive locations.

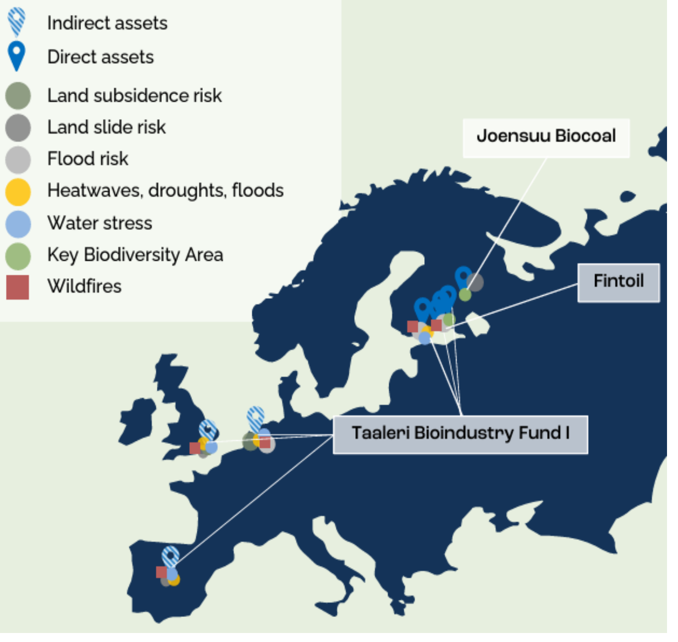
Source: Frontierra, Grupo SURA, and Global Canopy (2023)



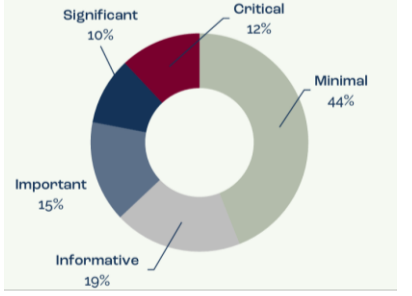
Risks in the portfolio

The private equity fund Taaleri Bioindustry identified seven types of nature-related risks in its bioeconomy tech portfolio

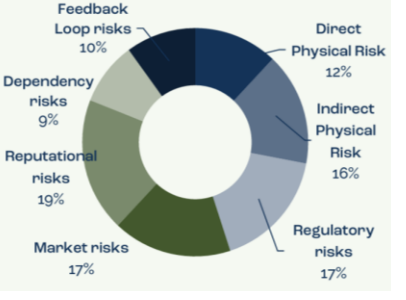
- Taaleri mapped the nature-related risk and opportunity of its portfolio in Europe
- The materiality of the risks was assessed on a scale of 0-5 considering both the likelihood of the risk, and the potential financial impact
- Taaleri classified 12% of risks and 33% of opportunities as critical



Risk materiality



Risk type



Source: Taaleri Bioindustry

Prepare phase

Financial institutions reporting so far have typically talked about how they are adjusting engagement activities and their financing policies

Engagement

- Enhanced engagement with portfolio companies and clients with potential or actual high dependencies, impacts, risks or opportunities to improve conduct and governance
- Participation in collective finance sector initiatives

Policies

- Exclusions: e.g. illegal logging, harming endangered wildlife
- Enhanced due diligence: e.g. soft commodities, fisheries, projects near ecologically sensitive areas
- Enhancing voting policies to include more detailed positions on nature-related issues

Dialogue

AFI Global Education

Open discussion

1. What are your observations of the market on nature-related risks and opportunities, and how does that impact Spanish investors?
2. What motivated you to establish a biodiversity investment policy? How do you approach nature-related risks in your investment practices and policies?
3. Are you addressing nature-related risks through stewardship activities and how does your organisation benefit from those activities? If not, why not?
4. How did you assess the nature-related risks in your portfolio? Has this impacted any investment decisions as a result?
5. What areas of nature-related risk do you see as most material to your portfolio and how are you addressing that?
6. What is your current biggest challenge? How are you looking to overcome it?
7. Which resources are currently missing and you would find most useful?

Thank you