TAKING STEPS TO

REDUCE YOUR SCHEME'S EXPOSURE TO BIODIVERSITY RISKS

NAVIGATING NATURE RELATED RISKS

More than half of the world's GDP is believed to be moderately or highly dependent on nature¹— this means many companies will be exposed to nature-related risks. Biodiversity loss and ecosystem collapse is also viewed as one of the fastest deteriorating global risks over the next decade.² Nature loss poses a major risk to companies. Integrating nature-related risks into governance decision-making could be key to managing risk and return.



HOW CAN
TRUSTEES PROTECT
PENSION SCHEME
MEMBERS FROM
THESE RISKS?



A STARTING POINT

Many companies are dependent on nature and the services it provides, usually through their supply chains. Identifying these dependencies will be key to managing future risks.



YOUR POLICY

Outline your scheme's approach and expectations on nature-related risks, much in the same way you may have done on climate-related risks.



ASK QUESTIONS

Your next step is asking your consultants and asset managers how nature-related risks are being identified and managed in your largest company exposures if they are in geographies or sectors prone to biodiversity risk.



You can then cross-reference his against your own scheme's portfolio and hone in on the largest company exposures in the higher-risk geographies or sectors held either directly or indirectly through a fund

FOCUSING ON YOUR MATERIAL RISKS?

Although there is a lack of standardisation of data, information is available to give you insight into where the main risks to biodiversity loss are across geography and industry sector.





ENGAGE

You'll want to learn how your asset manager is engaging with companies at higher risk to biodiversity loss. Have milestones and targets been set?



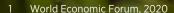
BUILD

Potentially seek assets that have a particular value to our economy and support society such as biodiversity, forests, fertile soils, fisheries and waterways.



THINKING AHEAD

Keep an eye out for future developments. Set to be released in September 2023, The Taskforce for Nature Related Financial Disclosures is a new framework to report and act on evolving nature-related risks.



World Economic Forum Global Risk Report, 2023

