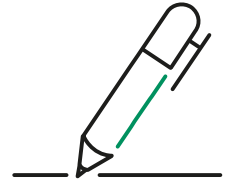


TALKING HEADS PODCAST



By **Andrew Craig**, Co-head Investment Insights Centre | **Adam Kanzer**, Head of Stewardship for the Americas

WHY BIODIVERSITY LOSS MATTERS TO INVESTORS

Andrew Craig: Hello and welcome to the BNP Paribas Asset Management Talking Heads Podcast. Every week, Talking Heads will bring you in-depth insights and analysis through the lens of sustainability on the topics that really matter to investors. In this episode, we'll be discussing the COP15 conference that's currently taking place in Montreal. I'm Andy Craig, and I'm delighted to be joined by [Adam Kanzer](#), who is head of Stewardship for the Americas at BNP Paribas Asset Management in New York. Welcome to Talking Heads, Adam.

Adam Kanzer: Thanks. Great to be here.

Andrew Craig: Can you explain to us what [COP15](#) is and how it differs from [COP27](#) that took place in November in Egypt?

Adam Kanzer: Sure. Sort of a simple question and a slightly complex answer, because the two COPs are actually very different, but they're also related in very complex ways. The COP27 was focused on climate change and implementation of the Paris Agreement. The COP15 is the Convention of the Parties on Biological Diversity. And the point of this COP is to agree to a new set of goals for nature over the next decade and what they're calling a post-2020 framework. The idea is to develop kind of a roadmap for reversing nature loss by 2030. So it's a lesser known COP, but no less important than the climate COP. And the reason for that is that climate change and biodiversity loss are driving each other. They're really interlinked. Climate change is leading to species loss all over the world, and biodiversity loss is making it more and more difficult to meet our climate goals. So they're actually really inextricably linked.

Andrew Craig: And just why is biodiversity loss so important? What's its significance for investors?

Adam Kanzer: Let me maybe unpack a little bit of the terminology here, because we've been sort of speaking interchangeably about biodiversity loss and nature loss, and they're related, but not exactly the same thing. Biodiversity is a measure of the variation at the genetic species and ecosystem level. So given any individual ecosystem, how many different species can you find there? It's expressed in a metric called mean species abundance. It's an aspect of the larger problem. The larger problem is loss of nature. We're in the midst of the Earth's sixth mass extinction crisis, which is threatening approximately 25% of all species on Earth at risk of extinction by 2050. So that represents roughly 1 million species of plants and animals. By the end of the century, 50% or more is at risk. And just to place this in context and it's very large context, it's on par with five other mass extinction events, each of which destroyed 70-95% of all species on Earth. The big difference, and this is a really critical difference, is that this extinction crisis is manmade. Biodiversity is nature's expression of resilience. And when you lose resilience, you can think about how that sort of ripples out into all sorts of different kinds of risks. The real problem here, though, when you ask a question like that, is that realistically, when you actually look at the science, you kind of start to sound like a nut. It really raises the question, is the preservation of life on earth important? Of course it's important. It's the most important thing.

Andrew Craig: It certainly makes sense. And what do you see as an investor's role with regard to the issues that are at stake? How can they help tackle these issues?

Adam Kanzer: First, some of the hard numbers. The World Economic Forum did an analysis of what does this crisis mean in terms of dollars and cents and concluded that roughly half of global GDP is at risk. So there are very significant effects on a wide range of industries. In this area, we use the terms impacts and dependencies. And the idea there is that companies have impacts on nature. They're driving the problem through things like deforestation or excessive use of water or exploitation of species to make their products. They also have dependencies, meaning that companies depend on the services that we get from nature. Earth's life support systems are at risk, and that impacts everything we invest in one way or another. It affects every aspect of



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our economy and our lives. And so it matters to us because many of the companies that we invest in are driving the problem or are highly dependent on nature. We have a critical role to play. It's important to highlight, though, not a sole role to play. Public policy is critical here, which is why the COP that we're in the midst of right now is so important to establish a roadmap to align the incentives and create targets just as we have for climate. It's also important to understand that there's huge opportunities here for investors. If we can transform our economies to be more nature-positive, that presents enormous investment opportunities. But I don't think I answered your direct question. Let me come back to that. What can investors specifically do to help tackle the issues? One thing I want to highlight here is that you can work with us. At COP15, coming up next week, we're going to be launching what we're calling [Nature Action 100](#), which is a new collaborative investor initiative focused on addressing nature loss. This is a systemic risk and systemic risks require collaborative responses. So the idea is bring together investors to focus on engaging companies and engaging policymakers on the goal of reversing nature loss by 2030. We brought in key partners such as Ceres and the Institutional Investor Group on Climate Change, Planet Tracker, and the Finance for Biodiversity Foundation. And there will be more to come. We're hoping to bring together a large group of investors to tackle this problem together.

Andrew Craig: That's very interesting, Adam. And we'll be following closely events in Montreal. COP15 runs until the 19th of December. So we'll be hoping for some good news out of Montreal between now and then. Thank you very much for joining us.

Adam Kanzer: It was great to be here. Thank you.