World Bank Group
Finance, Competitiveness & Innovation Global Practice

Nature Action 100+

Changing and Greening Investor and Corporate Behavior to Protect Ecosystems and Biodiversity

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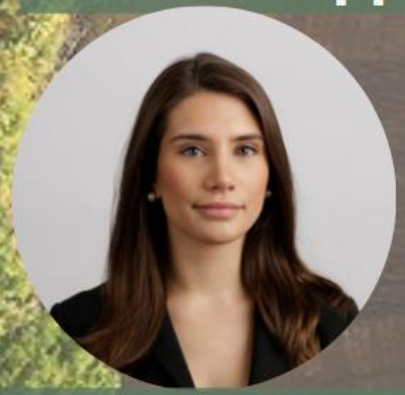

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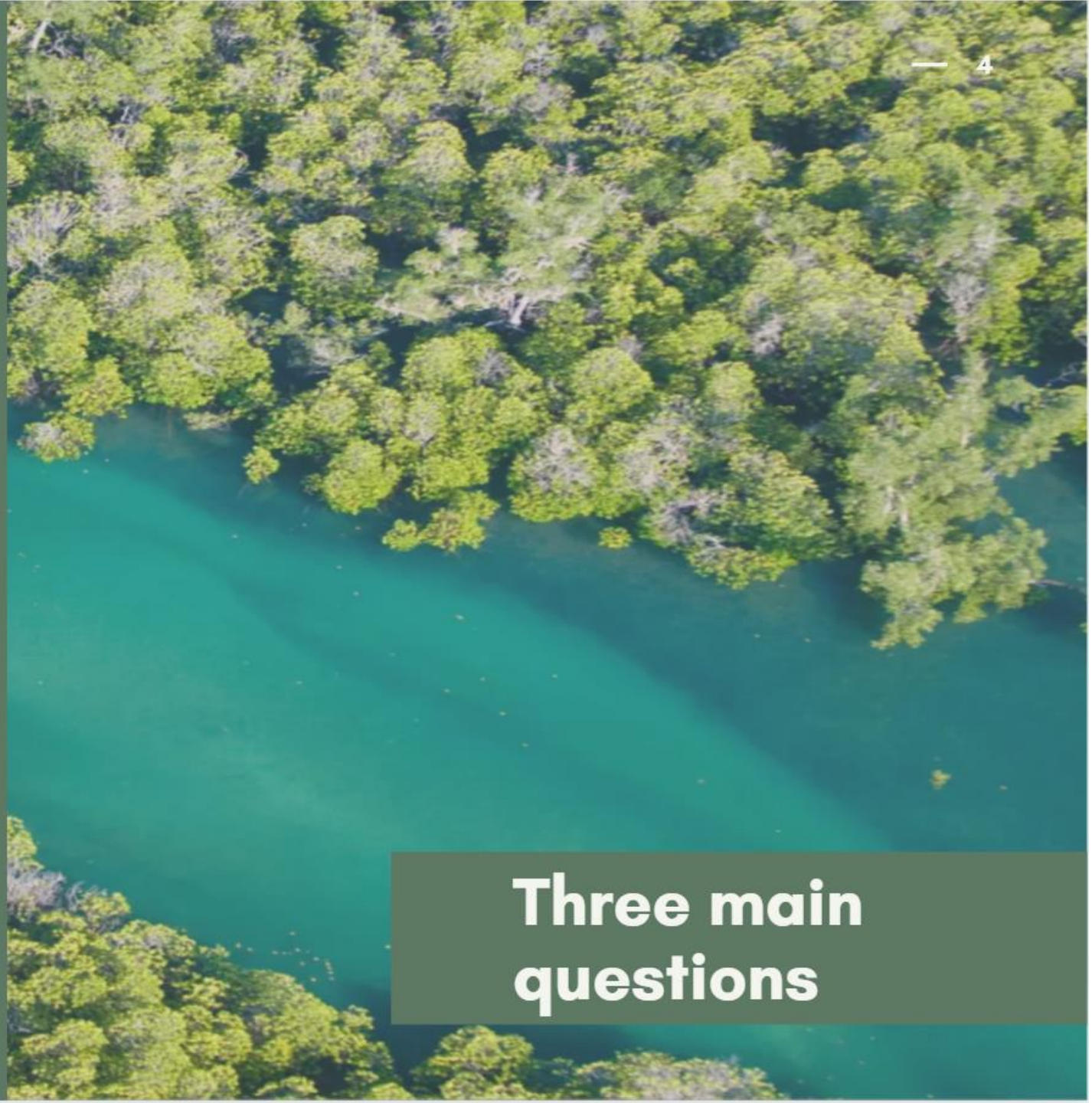
Client

Three main questions

1. How effective has Climate Action 100+ been at achieving its stated goal of reducing emissions?

2. What are the lessons to be learned from Climate Action 100+ for a potential Nature Action 100+?

3. How can investors influence action on biodiversity loss and what action should they ask companies to take?

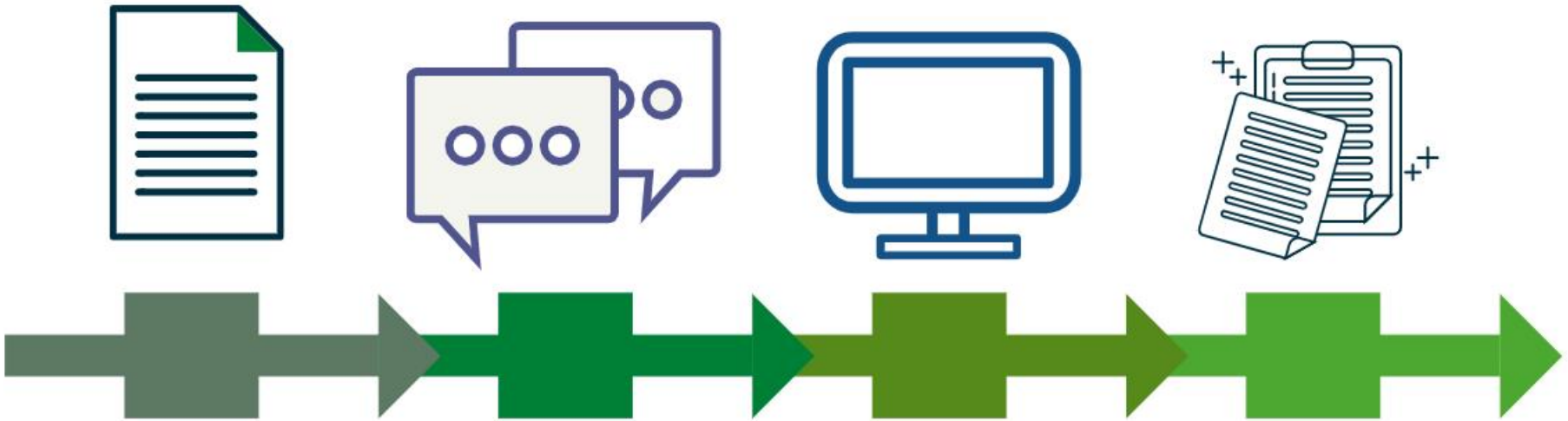


Deliverables

- Case study on Climate Action 100+ Initiative to inform the development of a future Nature Action 100+.
- Framework for practical implementation of a future Nature Action 100+
- Propose NA100+ companies and identify metrics with the potential to assess firm-level impact and track progress.

Our Project

Project Methodology



Literature review

to understand the scope of a potential Nature Action 100+

40+ documents

Qualitative Interviews

to gather and validate ideas for a Nature Action 100+ Framework

25+ interviews

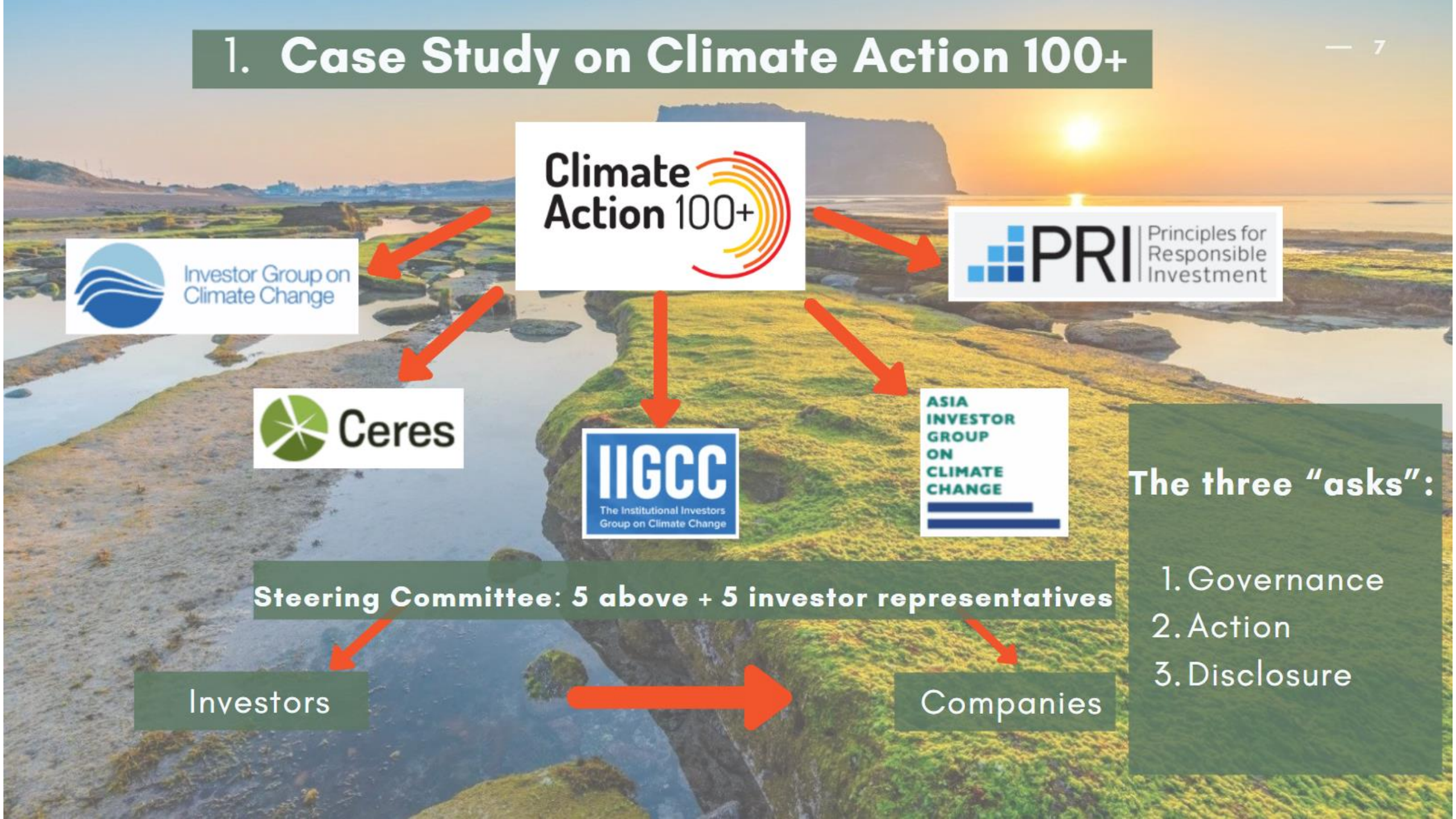
Desktop research

to synthesize findings

Quantitative analysis

to develop a list of priority sectors for Nature Action 100+

1. Case Study on Climate Action 100+



The three "asks":

1. Governance
2. Action
3. Disclosure

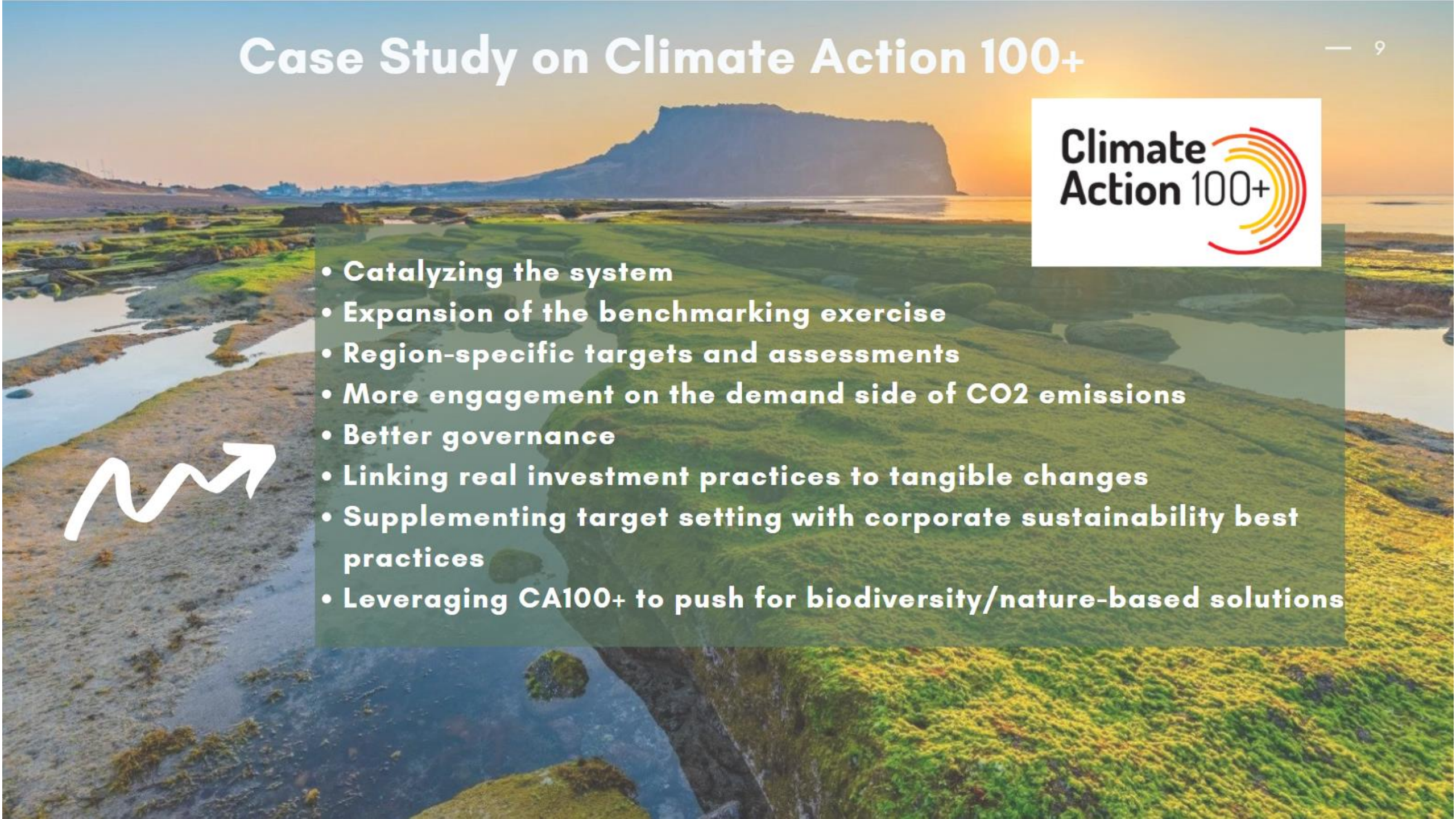
Case Study on Climate Action 100+

- Generated momentum
- Powerful umbrella platform
- Clear vision and articulation of main goals
- Improved corporate accountability
- Better advocacy

- Target setting not very ambitious
- Lack of well-defined performance metrics
- Disclosure blind spots
- Misalignment between stated objectives and operational activities

Climate Action 100+

Case Study on Climate Action 100+



- Catalyzing the system
- Expansion of the benchmarking exercise
- Region-specific targets and assessments
- More engagement on the demand side of CO2 emissions
- Better governance
- Linking real investment practices to tangible changes
- Supplementing target setting with corporate sustainability best practices
- Leveraging CA100+ to push for biodiversity/nature-based solutions

Nature Action 100+ Framework

Goals

- Medium term: net-zero biodiversity loss
- Long-term: net positive impact on biodiversity
- Improved internal governance of biodiversity risk
- Improved external reporting on biodiversity impacts

How to get there?

Nature Action 100+ Framework

Existing biodiversity efforts

FINANCE FOR BIODIVERSITY Initiative

act4nature international

PRI Principles for Responsible Investment

UN environment United Nations Environment Programme

TNFD

Business @ Biodiversity

Climate Action 100+

Natural Capital Finance Alliance
Finance sector leadership on natural capital

World Benchmarking Alliance

CPIC COALITION FOR PRIVATE INVESTMENT IN CONSERVATION

BBOP Business and Biodiversity Offsets Programme

Planet Tracker

Gaps:

1. Factoring biodiversity loss into risk and valuation
2. Lack of comprehensive data

→ **Nature Action 100+**

Nature Action 100+ Framework

1

Climate Action 100+

Climate Action 100+ incorporates some aspects of nature into the existing structure.

2

Climate Action 100+

NATURE ACTION 100+

Nature Action 100+ is structured as a separate initiative which sits under the umbrella of Climate Action 100+.

3

NATURE ACTION 100+

Nature Action 100+ is an independent initiative, possibly partnering with other existing biodiversity initiatives.

4

NATURE ACTION 100+

Climate Action 100+

Nature Action 100+ absorbs Climate Action 100+, reflecting that climate change is one of the drivers of biodiversity loss.

Nature Action 100+ Framework

Limitations: Corporate activities represent only a fraction of the threat to biodiversity

The Pathway to Launching Nature Action 100+

2020

First Spark
2020 World Bank Report: "Mobilizing Finance for Biodiversity

JAN-MAY 2021

Initial Research
Columbia SIPA Capstone Project

MAY-OCT 2021

Design and Marketing

OCT 2021

Call for Investors
CBD COP15

EARLY 2022

Launch Nature Action 100+

MID 2022

Engagement begins

JAN 2023

First Progress Report

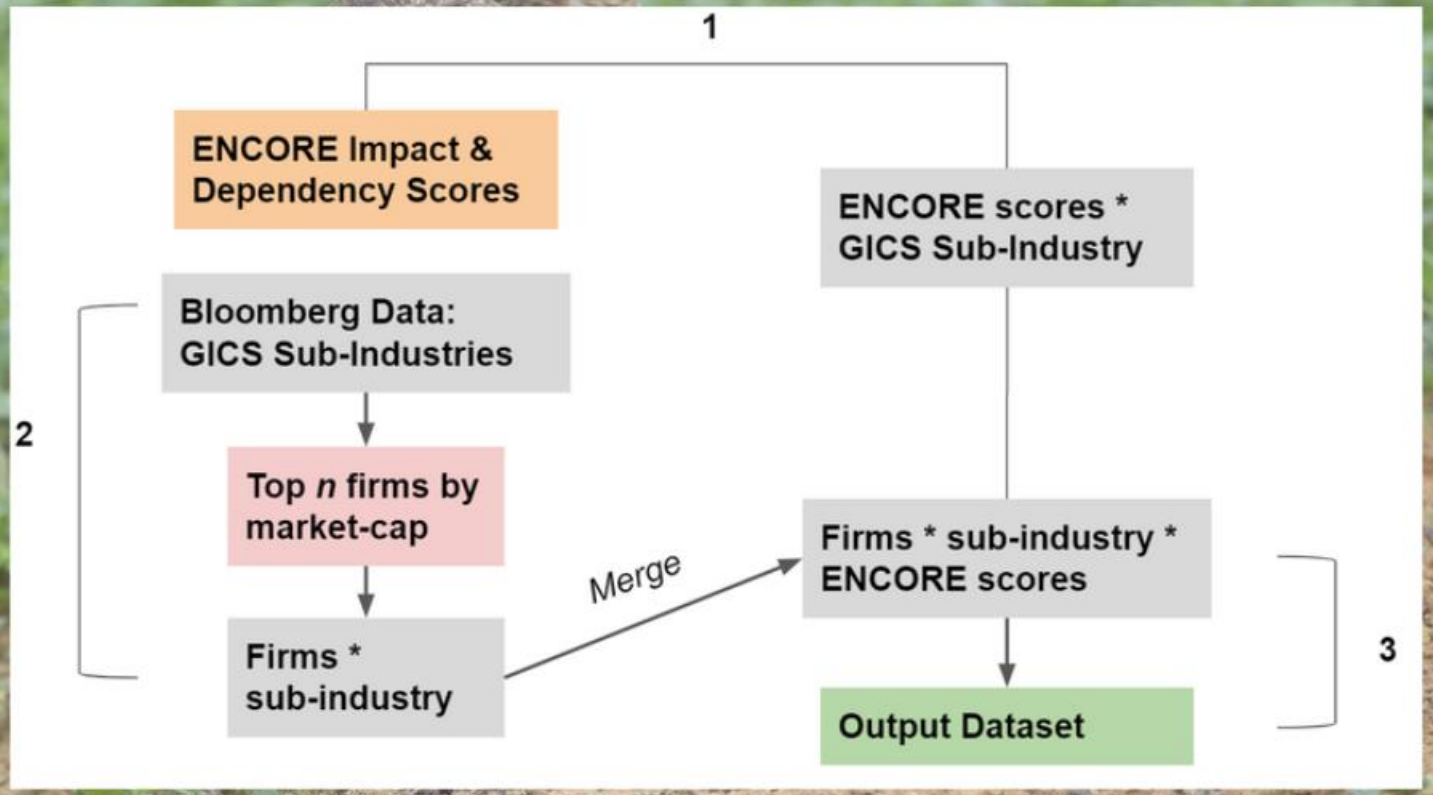
Establishing the Nature Action 100+ Companies

1. Use existing sector-level nature biodiversity risk (assessments) to ID priority sectors

2. Merge sector-level risk to priority sectors

3. Use Bloomberg data to access firm level data matched by GICS industry codes

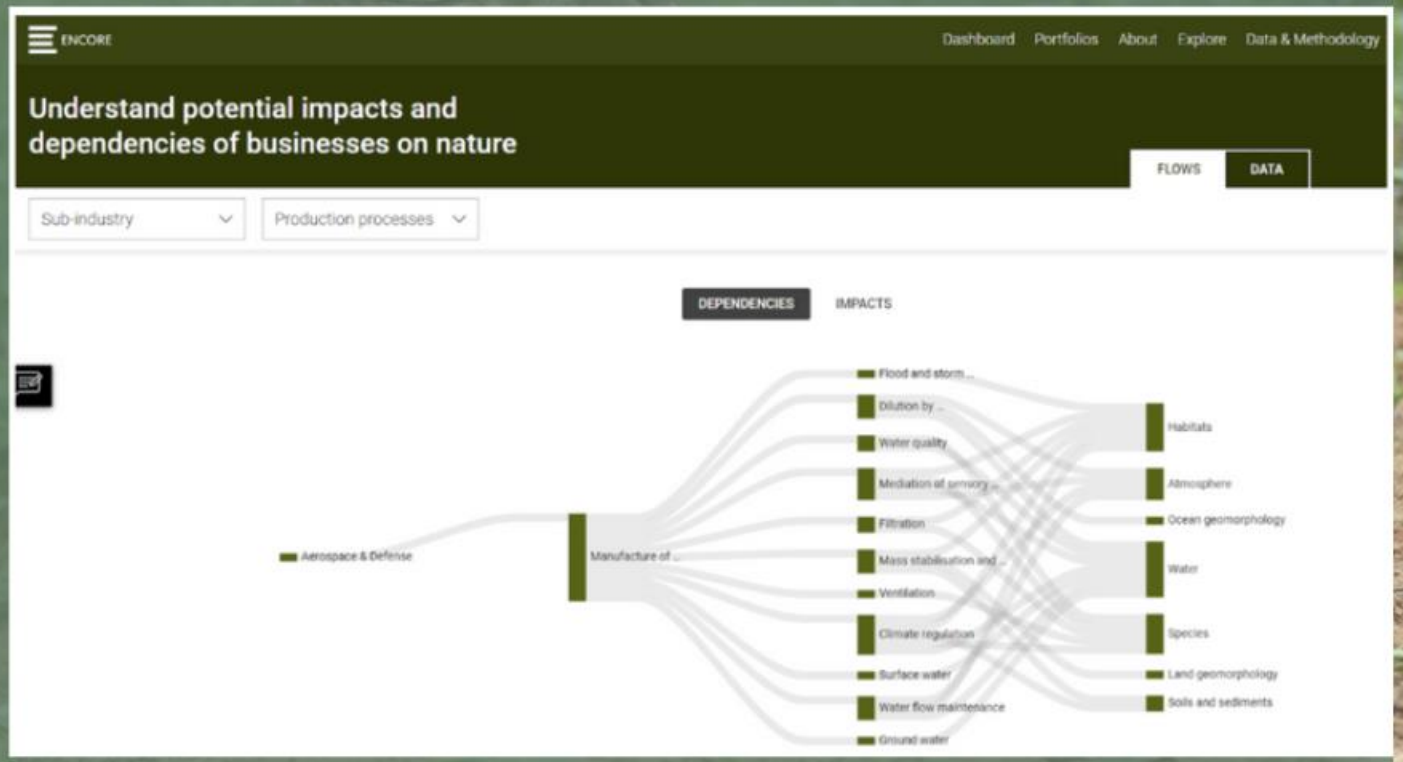
4. Filter and organize firms, create output data set



Establishing the Nature Action 100+ Companies

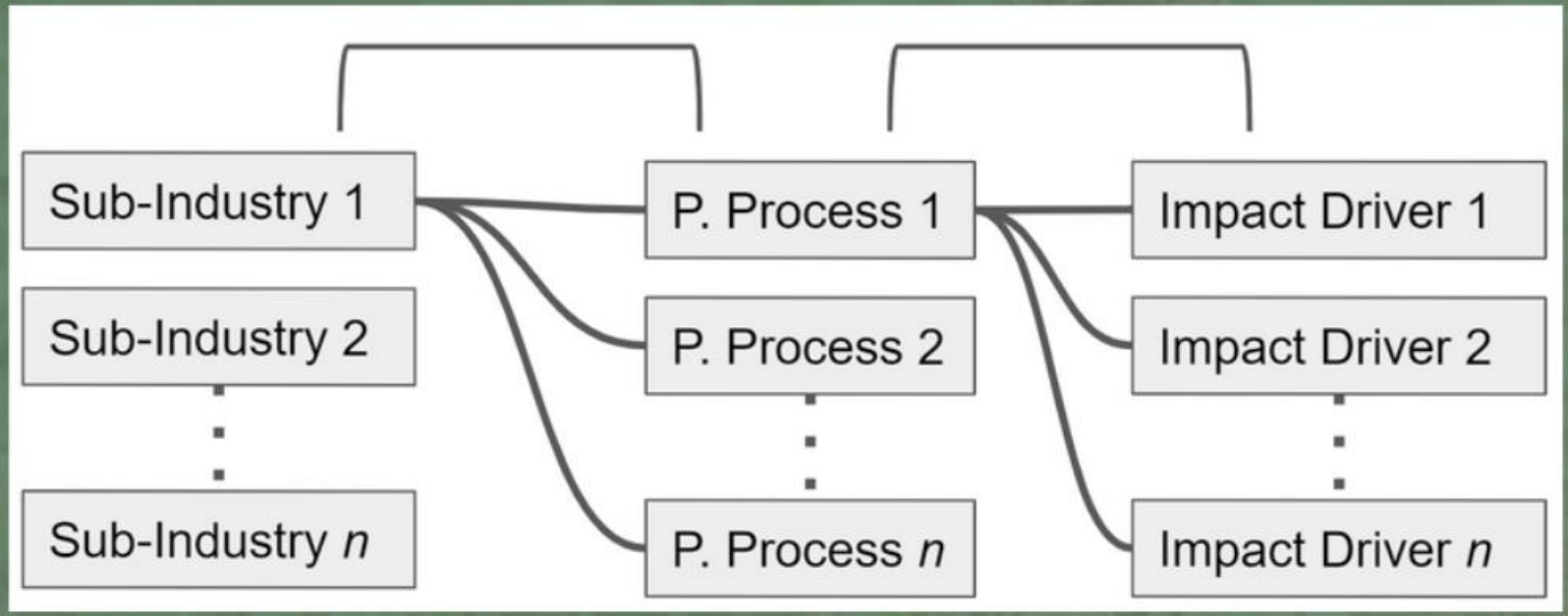
Using ENCORE Data to Derive Rankings of Sub-Industries with greatest impact and dependency on eco-system services

- ENCORE is a UNEP-WCMC categorical database and tool that helps users understand how operations activities impact or depend on eco-system services.
- It links GICS sub-industries to eco-system services by production process, and includes expert assessment of the degree to which a given production process impacts or depends on eco-system services



Impact Method:

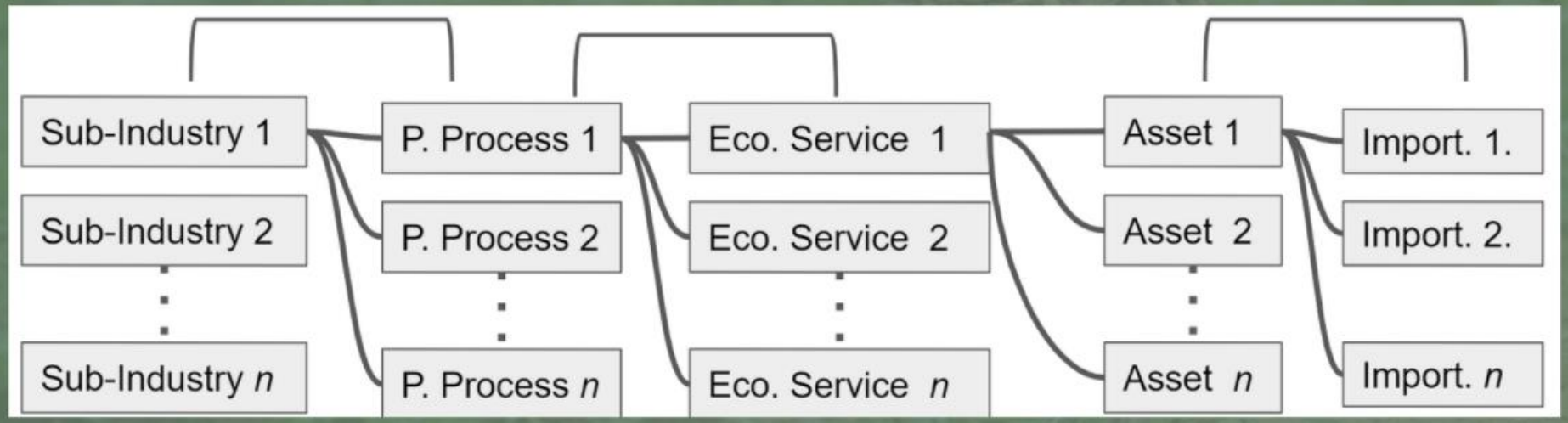
Assign weights to ENCORE *impact drivers* and average by Sub-Industry



Impact Drivers are represented by a set of weights {1,2,3,4}, corresponding to severity of impact {Low, Medium, High, Very High}

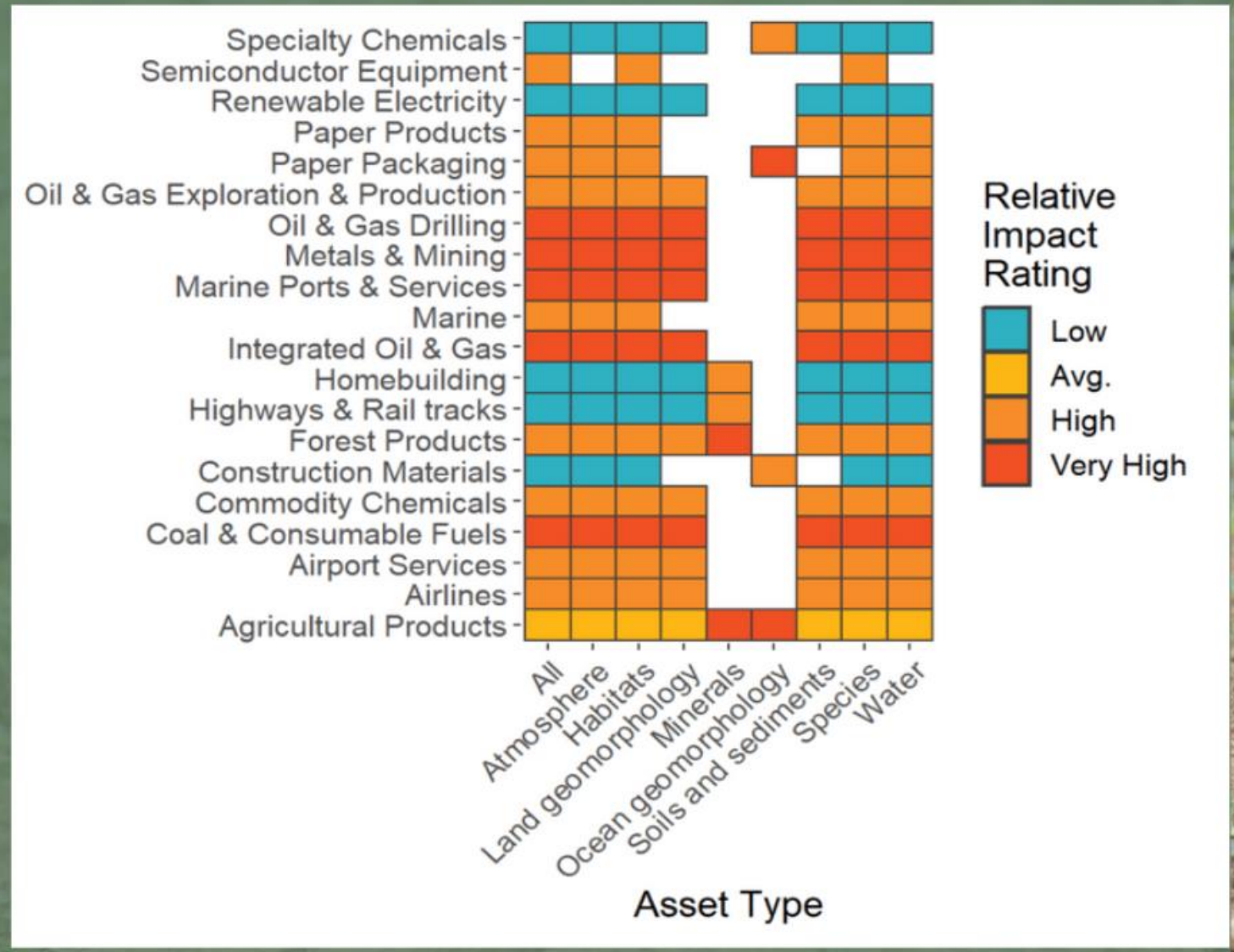
Dependency Method:

Assign weights to ENCORE *ecosystem services and production process pairs*, re-weight by average *importance*, and calculate average dependency by Sub-Industry.



- Eco-system services are represented by a set of weights {1,2,3,4,5}, corresponding to a production processes degree of dependence {Very Low, Low, Medium, High, Very High}.
- Importance is represented by a set of weights {1,2,3} corresponding to the degree that each eco-system service relies on a given Natural Capital Asset through a particular driver

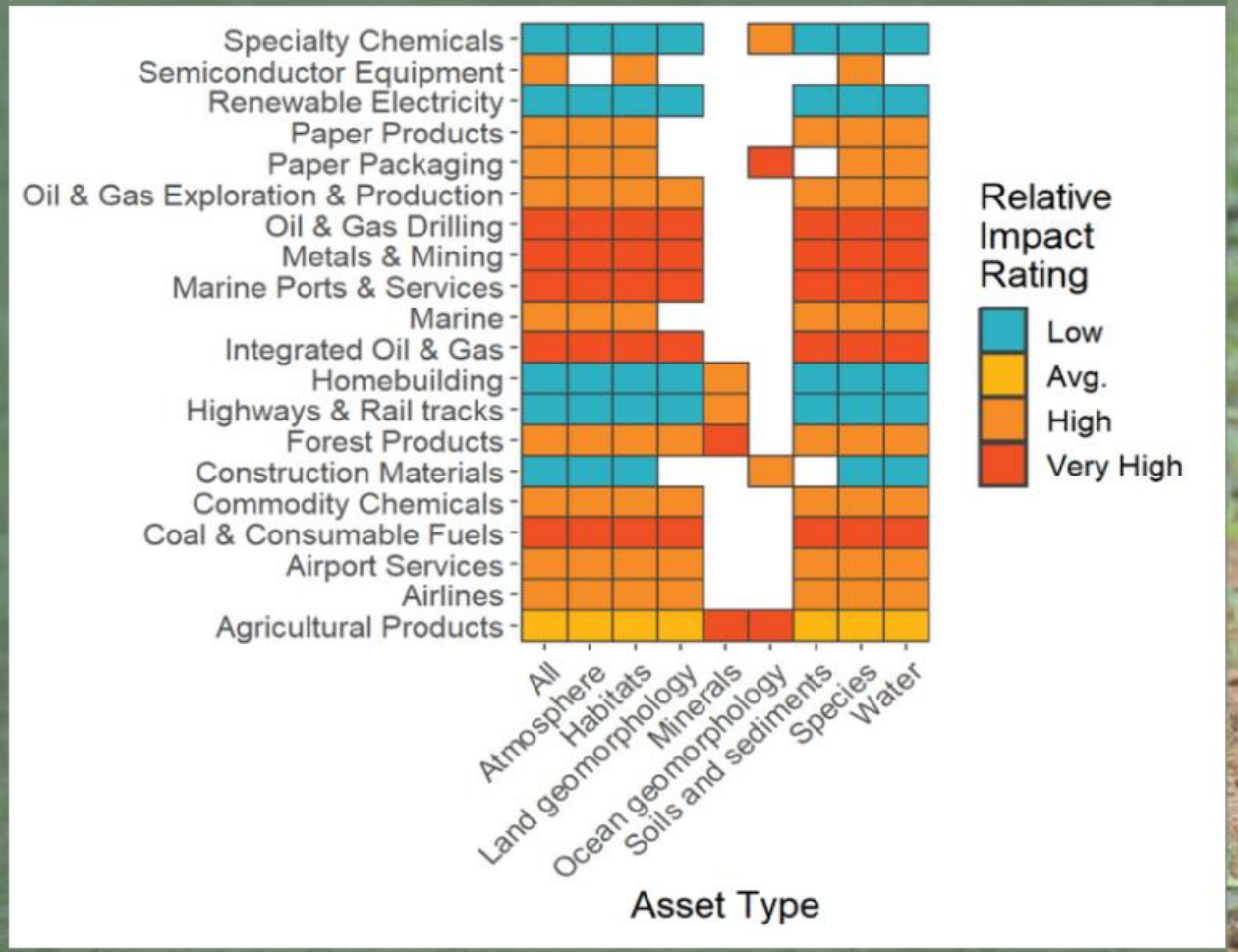
Asset-Level Impact Rankings by Sub-Industry



Sample Case Study - Targeting US companies impacting water

- Objective: A large asset manager wants to perform an initial screen of the global equity market to identify companies with a **high-degree of impact on natural capital**, specifically addressing sub-industries that also have the **greatest impacts on water for US domiciled companies**.

- Based on the heatmap using "Very High" as the selection criteria for Water, these sub-industries include: Oil & Gas Drilling, Metals & Mining, Marine Ports & Services, Integrated Oil & Gas, and Coal & Consumable Fuels.



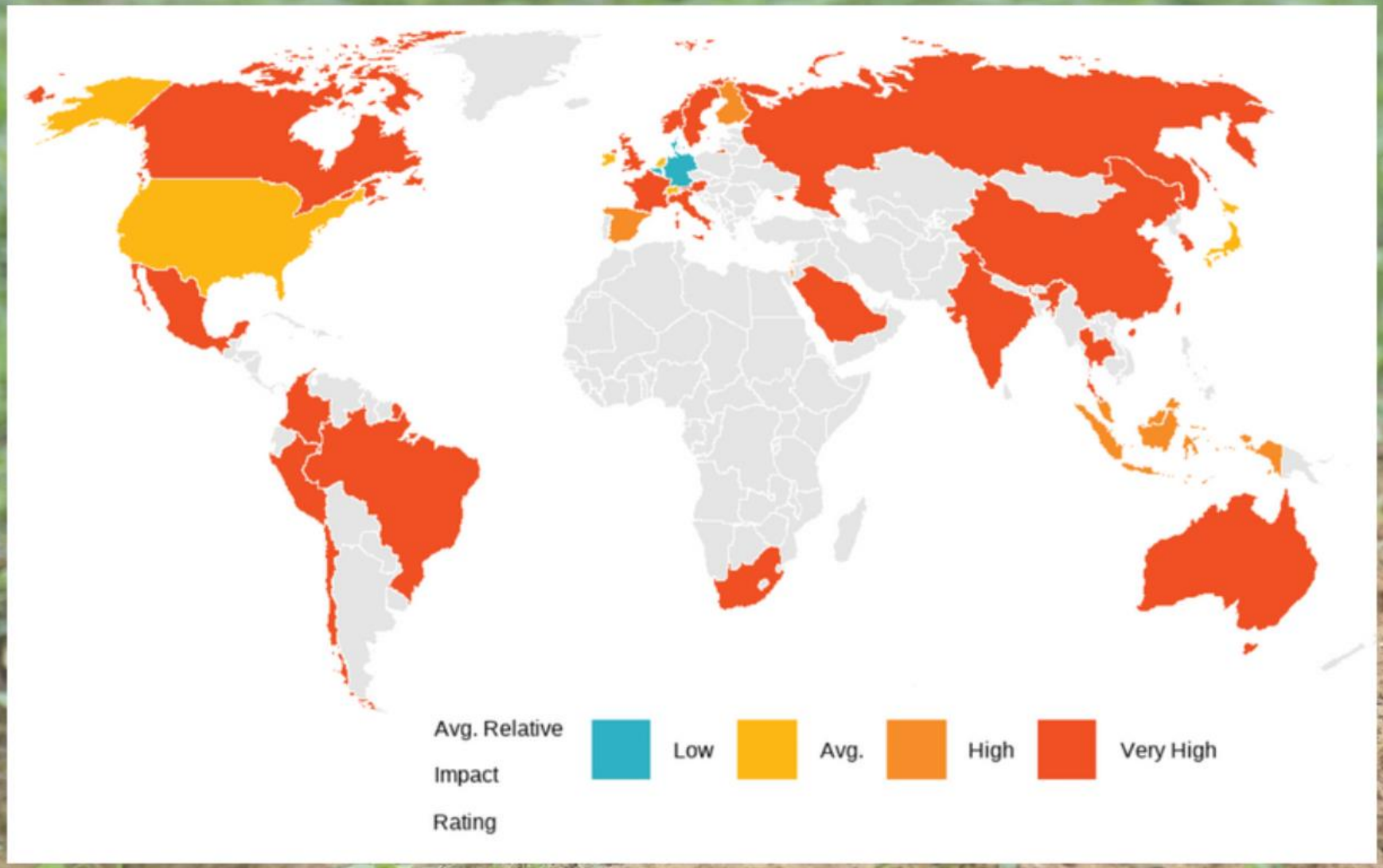
Sample Case Study

Top 10 U.S.-Domiciled Companies by Sub-industry with Highest Water Impacts

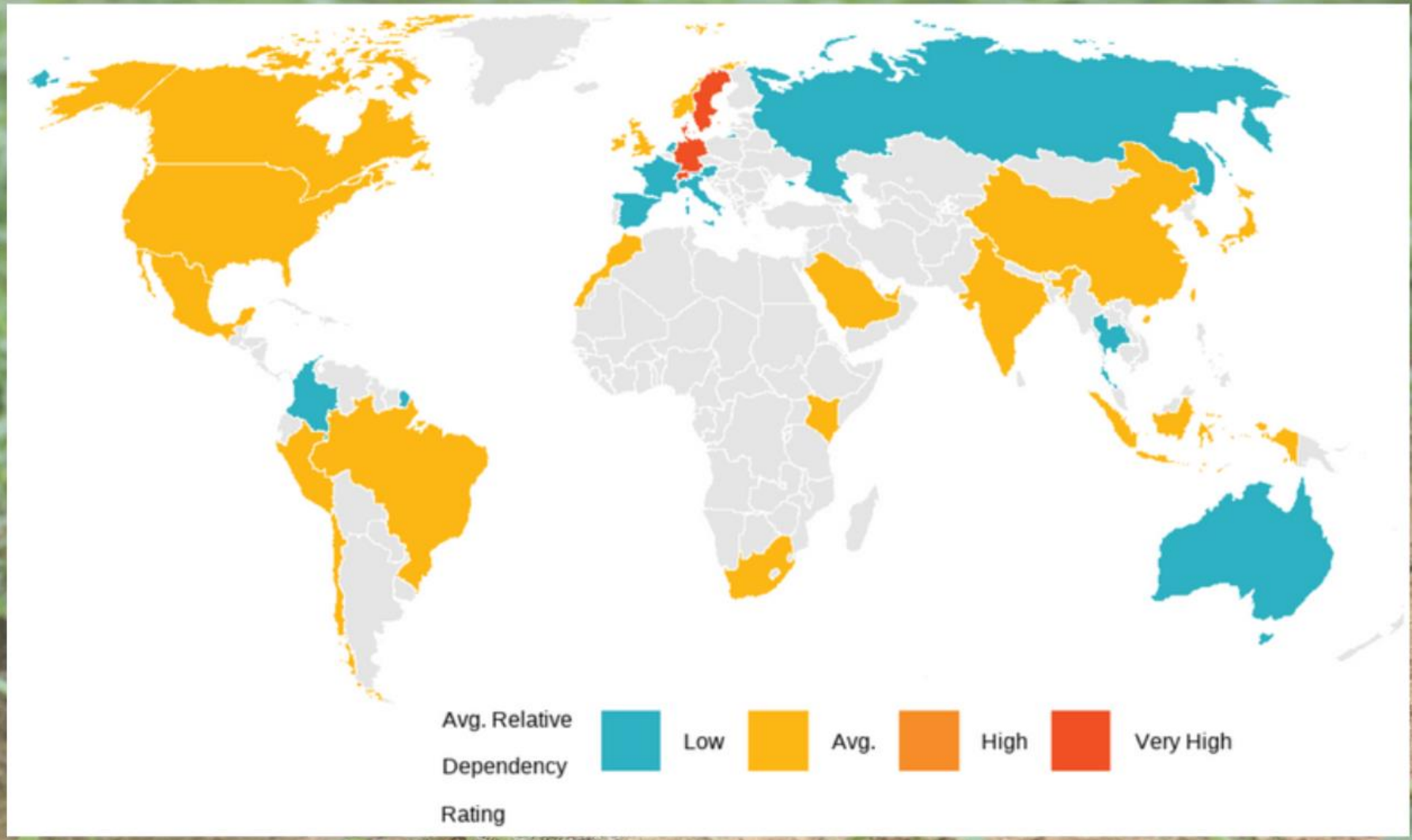
Note: Market Capitalization as of April 2021, this list is subject to change. Filters applied using Bloomberg data.

Rank	Long Company Name
1	Exxon Mobil Corp
2	Chevron Corp
3	Freeport-McMoRan Inc
4	Newmont Corp
5	Nucor Corp
6	Occidental Petroleum Corp
7	Steel Dynamics Inc
8	Reliance Steel & Aluminum Co
9	Cleveland-Cliffs Inc
10	Royal Gold Inc

Avg. Relative Impact Rating by Country



Avg. Relative Dependency Rating by Country



Conclusions

1. Learn from other investor-led initiatives.
2. Create a structure for accountability.
3. Have a set of clear objectives for targeted companies.
4. Time is of the essence.
5. Target companies using a robust and transparent methodology.

THANK YOU