

The ESG Report

ESG's impact on the fund industry

The biodiversity crisis



Record levels of the world's plants and animals are becoming extinct. The loss of the earth's biodiversity is as serious as climate change. Over 50% of the world's GDP is dependent upon ecosystems, according to the World Economic Forum. Can fund managers do more to arrest the crisis?

It is surprising that the ESG movement hasn't focused more on the biodiversity crisis until very recently, given how vital ecosystems are to global GDP and indeed even the future of the planet.

According to UBP biodiversity provides what it calls an 'astounding' range of essential goods and services for society, including: insects and bees which pollinate crops (75% of our food relies on animal pollination); worms are crucial to soil fertility (which prevents landslides, flooding and desertification) and 70% of cancer drugs are inspired by nature. [Continued on page 11 >>](#)

All over the place?

Sustainability investing needs ground rules



The multiple different ways that investing in sustainability is calculated – along with the many competing scores, rating agencies and models – is a problem. Will the industry one day arrive at a consensus on how to approach sustainability investing?

The answer is almost certainly not. In fact, the problem will probably get worse. The ESG Report is developing its Sustainability Intelligence unit at present, which covers renewables, biodiversity, forestry, water and waste. In each of these sustainable sectors there are various providers of data and different ways of measuring what is being invested in, as well as interpreting the results. For example, and as mentioned in the article on biodiversity in this issue, some fund managers use MSA (Mean Species Abundance) data as their main statistical tool for biodiversity but others use different data sets and models.

And even in perhaps the most fundamentally important area of ESG investing of all – emissions – is little or no commonality. Managers use different data sets for different purposes. Some take a top-down approach whilst others take a bottom up one. [Continued on page 14 >>](#)

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