

[ WHY EVERYONE'S TALKING ABOUT... ]

# Biodiversity

Marketing communication



**Biodiversity loss, while often overlooked, is a global systemic risk equal to climate change. Indeed, cutting greenhouse gas emissions is just the tip of the iceberg for a liveable planet.**

In fact, the loss of biodiversity and ecosystem collapse is one of the top three threats humanity is likely to face in the next 10 years<sup>1</sup>. Over half the world's total GDP is dependent on nature<sup>2</sup>. Yet mammal, bird, amphibian, reptile, and fish population sizes have shrunk by more than two-thirds since the 1970s<sup>3</sup>.

It's clear that human activity is causing unparalleled environmental degradation – we've already transformed more than 70% of the Earth's land area from its natural state<sup>4</sup>.

## ■ How can we reverse these downward trends?

We need to understand that biodiversity loss is inextricably linked with climate change: 9% of all the world's species will likely be "at high risk" of extinction even if warming is capped at the ambitious Paris target of 1.5 degrees Celsius<sup>5</sup>.

And while the focus on 'nature' and biodiversity is certainly rising up the corporate and ESG agenda, reported climate risks are still, on average, five times larger than deforestation-linked risks. Just 1 in 20 companies have a

science-based target for climate, a target for water withdrawals, and a best practice forests-related commitment that includes zero-deforestation<sup>6</sup>.

Encouragingly, the investor-backed Taskforce on Nature-related Financial Disclosures (TNFD) recently published first-of-its-kind guidance aimed at tackling the financial risks posed by nature loss<sup>7</sup>. What's more, work is already underway to explore how we can translate nature-related risks into government action and 'nature-based solutions' for investors.

## ■ Which 'nature-based solutions' are most effective?

Reducing deforestation can have some of the largest impacts in terms of potential annual global carbon dioxide savings. Between 2004 and 2012, Brazil reduced annual deforestation by 84% through a mixture of bolstered law enforcement, expanded protections and economic incentives, saving over 400 million tonnes of carbon dioxide a year<sup>8</sup>.

Reforestation can also work wonders: Costa Rica's land-use sector has moved from being a net emitter of carbon dioxide to a net absorber, to the tune of 3.5 million tonnes a year<sup>8</sup>.

Likewise, because agriculture and forestry accounts for about a quarter of all carbon emissions<sup>9</sup>, giving farmers incentives to restore degraded pasture, plant trees and reduce fertiliser use are

low-cost solutions that are appropriate for large swathes of the developing world.

From green bonds to blended finance projects, there are more innovations coming online every year to finance nature-based solutions for forests, agriculture – and oceans too. Projects that protect marine habitats and restore ocean biodiversity include: supporting fisheries to maintain sustainable levels of marine fish stocks, providing financial incentives for low-impact aquaculture, responsible seafood supply chains, wastewater management, and more.

## ■ What else can we do?

One of the big promises made at COP26 was to not only halt but reverse deforestation by the end of the decade. It's a tall order when you consider that 11.1 million hectares of tree cover was lost in tropical rainforests in 2021, while primary rainforest – particularly important for carbon storage and biodiversity – was destroyed at a rate of ten football pitches every minute<sup>10</sup>.

But the simple fact that 'nature' was part of the agenda at COP26 for the first time should be seen as a positive step forward. Now comes the hard part. Momentum must continue to COP27 and beyond if we are to come anywhere close to reaching our sustainability goals – let alone protecting and restoring the abundance of our planet's species.

*Written in May 2022*

## References

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