



Francisco Salazar &lt;fsalazar@andeancap.com&gt;

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## Biodiversity Reloaded: Would you like to book a meeting?

1 message

Virginia Martin Heriz &amp; Noemie de la Gorce &lt;virginia.martinheriz@jpmresearchmail.com&gt;

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Reply-To: Virginia Martin Heriz &lt;virginia.martinheriz@jpmresearchmail.com&gt;

To: fsalazar@andeancap.com

Global Equity Research

# JPM ESG Research | Biodiversity Reloaded: Would you like to book a meeting?

## Virtual I July 18 & 22

Despite Biodiversity arguably being a very challenging theme to invest in, a lot has changed in the last 18m since we published our [initial Deep-Dive](#) on the topic. In our [Biodiversity 2.0 note](#) out yesterday, **Virginia and Noemie update their analysis of biodiversity data, regulations and, of course, investment ideas**. To **book a meeting**, please click on the link below or reach out to your J.P. Morgan contact.

## What's differentiated? We are making Biodiversity really investable

- Our Biodiversity 1.0 report contained c. 40 stock ideas, whereas today's note has almost 140, providing investors with a universe they can really engage with.
- We have identified **57 global solution-providing** companies that help address the causes of biodiversity loss, and **81 companies that are strong risk managers** of biodiversity-related risks.
- The screening output has also been strengthened with a revenue alignment calculation, and additional context for each solution provider, which we believe will be specially helpful for thematic/impact funds.

## Ideas galore

- Of the 57 **solution providers** we have identified, 26 are OW-rated by J.P. Morgan analysts; we flag **Sappi** and **Danone** in EMEA, **Kubota** in Japan, **AGCO** and **Darling Ingredients** in the US, and **CMPC**, **Natura &Co** and **Suzano** in LatAm, in dedicated Espresso Shots detailing the financial investment case, alongside the sustainability and biodiversity angles.
- Of the 81 **risk managers** we have identified, 39 are OW-rated by J.P. Morgan analysts; we detail **Unilever** and **AB InBev** in EMEA, **SLC Agricola** in LatAm and

**Shiseido** and **Lion** in Japan in dedicated Espresso Shots.

## No Sustainability report can be complete without...

- A round-the-world forward-looking **regulatory** journey
- Our comparative analysis of the main **biodiversity vendors** (Bloomberg, Carbon 4 Finance (C4F), Iceberg Data Lab, ISS, MSCI, and S&P),

**Would you like a virtual meeting with Virginia & Noemie to discuss their work further?**

Please use the link below to book a slot.

**[REGISTER HERE](#)**

### Dates and Times available:

- 18<sup>th</sup> July 2024: 9am - 3pm UKT
- 22<sup>nd</sup> July 2024: 9am - 4pm UKT

### Hosts:

#### **Global Head of ESG Research Methodology & Integration**

Virginia is Head of ESG Research Methodology and Integration. Prior to her current role Virginia co-managed the JP Morgan Global Macro, Global Macro Opportunities and Global Macro Sustainable funds. Before this she had a number of roles as global multi-asset portfolio manager and financials equity analyst on the buy side and the sell side. Virginia has several scientific publications and a patent resulting from her work in academia and semiconductors prior to the GFC. She has a Diplôme d'Ingénieur from Télécom Paris and a Masters in Telecommunications Engineering from the Universidad Politécnica de Madrid. She is fluent in Italian, French and Spanish.

#### **EMEA ESG Equity Research**

Noemie de la Gorce is a Senior ESG Analyst within EMEA ESG & Sustainability Research. Prior to her current role, she was at S&P Global Ratings, where she contributed to develop the firm's ESG offering and supervised the delivery of thematic and company research across multiple sectors and regions. Noemie has spent her career in the ESG industry, starting at BNP Paribas and S&P Trucost. She holds a masters in Finance and Economics from Sciences Po Bordeaux (France) and is a CFA® charter holder.

## Where the wild things are: finding biodiversity stocks and alpha-generating strategies

Using our biodiversity framework, we have identified **57 companies** where the **provision of solutions to help address the causes of biodiversity loss is a material revenue driver**, and **81 companies** that in our view are particularly **strong risk managers of biodiversity-related risks**, that span the sectoral and regional spectrum.

### Figure 1: Our framework to identify Biodiversity investments

Source: J.P. Morgan based on IPBES

### Figure 2: Choose you own adventure

Biodiversity universe across sectors and regions

Source: J. P. Morgan. Note: OW-rated stocks are displayed in green, UWs in red, Ns in black and not rated stocks in grey.

## Show me the alpha!

Our back-testing reveals that a long-only portfolio of biodiversity solution providers with dynamic allocation depending on the phase of the cycle could have **returned 7% p.a.** with a Sharpe ratio of 0.4, **outperforming the MSCI ACWI**.

### Figure 3: A dynamic biodiversity strategy...

Source: Bloomberg Finance L.P., J.P. Morgan

### Figure 4: ... could have outperformed the ACWI over the past eight and a half years

Source: Bloomberg Finance L.P., J.P. Morgan

## Related Research:

- The Sustainable Investor: Biodiversity Reloaded, *July 2024* (V.Martin Heriz & al.) - [link](#)
- The Sustainable Investor: Biodiversity: Meet the New Climate, *February 2023* (V.Martin Heriz & al.) - [link](#)

For any questions, please contact [Virginia Martin Heriz](#) or [Noemie de la Gorce](#).

## Global ESG Integration & Methodology

Virginia Martin Heriz <sup>AC</sup>  
(44-20) 7134-5197  
[virginia.martinheriz@jpmorgan.com](mailto:virginia.martinheriz@jpmorgan.com)  
J.P. Morgan Securities plc

Noemie de la Gorce, CFA <sup>AC</sup>  
(44 20) 7134-4229  
[noemie.delagorce@jpmorgan.com](mailto:noemie.delagorce@jpmorgan.com)

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Region	North America	Europe	Asia Pacific	Latin America	Global
Revenue	1,234	567	890	123	2,814
Profit	345	123	456	78	992
Assets	10,000	5,000	15,000	2,000	32,000
Liabilities	8,000	4,000	12,000	1,500	25,500
Equity	2,000	1,000	3,000	500	6,500

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	MSCI ACWI	Biodiversity portfolio
Return CAGR	4.9%	7.0%
Vol (annualized)	14%	16%
Sharpe	0.3	0.4

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Causes of Biodiversity loss	Investible themes	
	Solutions	Risk Management Categories
Changes in land and sea use change	Precision agriculture	Sustainability & land use
	Crop efficiency	
	Food and dairy substitutes	
	Compliance restoration and conservation	
	Reducing food waste	
Overexploitation of natural resources	Regenerative agriculture	Responsible sourcing of commodities
	Organic products	
Pollution	Water & wastewater treatment	Water & wastewater management
	Substitution of harmful chemicals	
	Waste management	Waste management
	Environmental services	
	Recycling	
Invasive alien species	Ballast water treatment	Ballast water treatment

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