# [***investors 'need to focus more on biodiversity loss'***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6582-1XV1-DYRW-R16V-00000-00&context=1516831)

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**Highlight:** As is the case with carbon emissions, businesses could take action to prevent financial ***losses*** from nature-related risks, JPMorgan unit says

**Body**

Investors often overlook the financial risks from ***loss*** of bio­diversity and would be helped in making their decisions by regular assessments of the issue by ­businesses, according to J.P. Morgan Asset Management.

The investment community needed to reframe the impact of nature-related risks on the financial performance of businesses, said Tomomi Shimada, the company's lead sustainable investing strategist for Asia-Pacific.

"Most companies are now already routinely reporting on carbon emissions, [but] maybe not so much on water con­sumption or land degradation," Shimada said.

By 2030, the decline of bio­diversity and ecosystems could cost around US$2.7 trillion ­annually, or 2.3 per cent of global gross domestic product, with poorer countries hit the hardest and seeing a drop in GDP of more than 10 per cent, according to the World Bank's "The Economic Case for Nature" report in June.

***Biodiversity*** ***loss*** ranks third among the top global risks by severity over the next decade, behind climate action failure and extreme weather, according to a survey of nearly 1,000 experts and leaders in the World Economic Forum's (WEF) "Global Risks Report 2022" released in January.

While nature-related risks were not as easy to measure as climate change metrics such as carbon emissions, it was im­­portant that they were regularly identified, assessed and disclosed by businesses, Shimada said.

"By having those regular assessments and disclosures, it will help prevent mispricing or [investors] having an inaccurate understanding of how much of a capital buffer there is for the long-term impact [of nature-related risks]. I think that's crucial as a starting point," Shimada said.

More than half the world's GDP, or US$44 trillion of economic value, is at immediate risk as a result of nature ***loss***, according to the "Nature Risk Rising" report published by the WEF in 2020.

However, stalling this ***loss*** and making investments with "nature- positive" outcomes could generate new business opportunities worth US$10 trillion annually and create 395 million jobs by 2030, the WEF said.

"Having comparable data is crucial for investors to feel comfortable in making a decision based on ***biodiversity***," Shimada said.

The reporting framework being developed by the Taskforce on Nature-related Financial Disclosures (TNFD), an initiative first announced in July 2020 to enable organisations to report and act on ecological risks, would definitely help the investment community consider ***biodiversity*** more proactively, she said.

The TNFD last month released the first beta version of a framework for market consultation, and has said it planned to deliver the final version in September 2023.

Recognising the linkage between climate change and nature ***loss***, the framework aimed to build on work done by the Task Force on Climate-related Financial Disclosures, in response to calls from market participants for a consistent approach to ­sustainability reporting, the TNFD said when it released the beta version.

The TNFD framework could be used as a practical starting point for financial institutions to engage with companies on their ***biodiversity*** approach and make risk assessments and map ­exposure to ***biodiversity*** ***loss***, said Katarina Heissenberger, a senior ESG analyst at Swedish fund manager Swedbank Robur. She was speaking at a webinar on April 12 co-organised by the United Nations Environment Programme Finance Initiative and the Finance for ***Biodiversity*** Foundation.

"As a global investor, we do want to see a consistent framework being applied. We're really hoping that the TNFD can proceed to have the detailed framework laid out sooner rather than later," Shimada said.

"Climate change is an area [the investment community] has already been speaking about, but it's just one aspect of the environment's natural ecosystem, and ***biodiversity*** is really what we have begun to focus on and which I think will continue to be the focus throughout this year.

"Hopefully, we will see more progress made this year, ­especially on the policy front. But we can't just wait for those policies to come out. Investors do need to take action."

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