

Nature and biodiversity loss: a practical guide to tackle the challenges

Understanding the relevance of nature and biodiversity loss to pension schemes is crucial. These interconnective yet distinct concepts highlight a pressing crisis, with biodiversity declining 73% in the past 50 years – a statistic underscoring the urgent need for action within investment and stewardship strategies

By Constance Johnson



At this recent all-member event, speakers explored the impact of biodiversity and nature loss on pension schemes. The session addressed how the financial sector can respond to environmental challenges, emphasising the need for deeper understanding. Breakout rooms facilitated engaging discussions on what the industry must do to accelerate the transition from harmful investments to those that restore nature.



Richard Giles, Senior Director & Community Lead, *Pensions for Purpose*, invited *Climate Asset Management*, *Gresham House*, *Pensions and Lifetime Savings Association (PLSA)*, and *Stop Ecocide International* to discuss: Why nature and biodiversity loss matter to pension schemes, what should pension schemes be

considering and what future actions can they take?



Sue Miller, Head of Global Networks, *Stop Ecocide International*, emphasised that the decline is not only detrimental to the environment but poses significant risks to ecosystems and human livelihoods. The discussion demonstrated the interconnectedness of species and ecosystems, illustrating how the decline of one species can trigger a chain reaction affecting others. This systemic risk is particularly concerning for investors, as it threatens the foundations of economic success.

Investment opportunities in nature-based solutions

The panel discussed various investment opportunities available in nature-based solutions, such as regenerative agriculture and sustainable forestry.



Ruth Murray, Investment Director – Sustainable Infrastructure, *Gresham House* highlighted their focus on biodiversity restoration linked to regulatory frameworks like biodiversity net gain, which aims to ensure long-term ecological balance and the protection of endangered species, ecosystems and natural resources.

Policy and regulation

Sue introduced the concept of ecocide law, which aims to hold decision-makers criminally liable for severe environmental damage. This law could significantly impact investment decisions, as investors would likely avoid projects that risk prosecution under ecocide laws. The panel discussed how regulatory frameworks can create a more stable environment for investing in nature-positive projects, thereby encouraging better corporate practices and accountability.

Engagement and education

The panel stressed the importance of engagement and education for asset owners in biodiversity risks and opportunities. **George Dollner**, Policy Lead for Responsible Investment & Stewardship, *PLSA*, noted many pension schemes are unaware of nature-related financial risks compared to climate risks. The *PLSA*'s guidance aims to give insights and encourage proactive engagement with natural issues.

The financial case for natural capital

Carl Atkin-House, Head of Natural Capital Strategy, *Climate Asset Management* argued investing in nature-based solutions does not mean sacrificing returns; rather, it can enhance risk-adjusted returns. He explained regenerative practices lead to more resilient systems, which can improve



long-term asset performance. Integrating natural capital into investment portfolios can provide diversification benefits and act as a hedge against inflation.

Questions and answers

Q How will ecocide law impact investors and what can they do to support it?

A Sue Miller: Ecocide law will deter investments in projects causing severe environmental harm due to potential legal repercussions. Sue suggested investors can support ecocide law by engaging with policymakers, lobbying governments and aligning company strategies with ecocide prevention.

Q What are your current engagement practices to promote real action instead of relying on carbon credits?

A Carl Atkin-House: *Climate Asset Management's* rigorous selection process for limited partners and project developers to ensure genuine net-zero commitments.

Ruth Murray: *Gresham House* enforce strict right-to-buy criteria for nature-based outcomes to maintain product integrity.

More information on this topic?

Email [Karen Shackleton](#) or [Bruna Bauer](#) for a conversation on natural capital.

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- **Constance Johnson is an Intern at Pensions for Purpose**

Feedback from the audience: breakout groups

During the audience participation session, each group discussed a shared question, through the lens of asset owner, manager or adviser, reflecting on the challenges and opportunities in the investment landscape. These questions guided their exploration of engagement, transparency and impact.

Group one

– moderated by **Lindee Wong**, Director of Climate and Biodiversity, and **Simon Males**, Executive Director and Head of UK Institutional Business, both at **Tikehau Capital**

What do asset owners urgently need to be doing to accelerate the transition away from investments that damage nature to those that restore nature?

- **Fiduciary duty and nature-related risks:** The discussion began by examining how trustees integrate nature and biodiversity considerations into risk-adjusted return objectives.
- **Innovative investment approaches:** The group discussed examples of asset owners leveraging nature-based solutions and natural capital capabilities, focusing on agriculture, particularly regenerative practices, as an infrastructure or private equity asset class to support companies transitioning from traditional to sustainable farming methods.
- **Policy and engagement and catalysts:** Asset owners stressed the importance of government disincentives, such as fines, to drive corporate action towards sustainability. On this listed equity side, embedding sustainability into voting policies emerged as a key strategy. Transparency reporting and measurable outcomes were emphasised as critical factors for attracting wider investor participation and fostering systemic change.

Group two

– moderated by **Douglas Anderson**, Head of International Consultant Relations, at **Federated Hermes Limited**

What do asset managers urgently need to be doing to accelerate the transition away from investments that damage nature to those that restore nature?

- **Engagement and accountability:** The group emphasised the importance of asset owners asking the right questions of managers and ensuring managers, in turn, engage meaningfully with companies they are investing in.
- **Overcoming data challenges:** A recurring theme was the issue of 'data paralysis', with the participants of the group discussing the difficulty of identifying and analysing the right data to assess nature-related impacts.
- **Innovative solutions in private and public markets:** While private markets offer a wealth of nature-focused investment opportunities, the group highlighted the need for creative and actionable solutions across all asset classes. They drew attention to the fact that every investment decision – whether in public or private markets – carries implications for nature, making holistic strategies essential.

Group three

– moderated by **Drew Henley-Lock**, Principal, at **LCP**

What do advisers urgently need to be doing to accelerate the transition away from investments that damage nature to those that restore nature?

- **Education and proactive advisory support:** A central theme was the need for advisers to proactively educate trustees on the risks nature poses to portfolios. This includes understanding specific risks within asset classes, addressing the lack of historical data for newer investment types and guiding trustees in identifying the potential negative impacts of their current portfolios on nature.
- **Policy advocacy and system change:** Advisers highlighted the importance of influencing policy, particularly in a context like UK gilt-heavy portfolios, to drive systemic change.
- **Collaboration and data challenges:** Participants emphasised the need for collaboration to address systemic barriers and improve the ability to manage nature-related risks. Advisers play a critical role in helping clients navigate data challenges, identify dependencies on nature in existing portfolios and develop strategies for mitigating negative impacts.



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