

# Case study : Biodiversity impacts of the largest european listed equity

*Biodiversity measurements for Business and Finance : an update on recent developments and lessons learnt.*

**Webinar– January, 21st 2021**



**Caisse  
des Dépôts**  
GROUPE

# CDC Engagement



Caisse des Dépôts signed the Finance for Biodiversity Pledge on September 25<sup>th</sup>, 2020



*“.....contribute to the protection and restoration of biodiversity in **our financial activities and investments.**”* Eric Lombard, CEO.

See our Biodiversity Action Plan here: <https://www.caissedesdepots.fr/en/news/one-planet-summit-caisse-des-depots-commited-biodiversity>

# Who's speaking

**CDC : a long-term investor that finances the economy and sustainable development in France.**

- offers bespoke consulting and finance solutions in the form of loans and investment with the aim of fighting social inequality and regional divisions, through **Banque des Territoires**
- Support French people throughout their lives, managing pension and solidarity funds and plans and offering innovative solutions for social protection through the **Directorate for Pensions and Solidarity**
- fights against the entrenchment of regional inequalities by offering ongoing financing to companies through its subsidiary (equally owned by CDC and the State) **Bpifrance**
- Manage strategic holdings, providing support to its subsidiaries as a long-term investor
- Manage financial investments (bonds, shares, investments in unlisted companies, property, forests) through its Asset management department (**GDA**), a leading contributor to the Group's results, and is France's leading public sector asset manager and its fourth largest institutional investor. What makes this department stand out among institutional investors : we plan for the long term, we have a hands-on management style, we invest in France and Europe and we commit to investing responsibly with all types of assets.

# Introduction to the case study



- Case study on a European Large Cap Equity universe performed by CDC and CDC Biodiversité with the GBS® tool



- Data input: turnover breakdown by region and industry, based on Factset® data



- Questions explored:

- ✓ *What are the impacts on biodiversity of the largest European listed companies?*
- ✓ *Which industry have the largest impact?*
- ✓ *Where does this impact come from (Scope / Pressure)?*
- ✓ *How does the assessment could inform strategies to reduce impacts on biodiversity?*



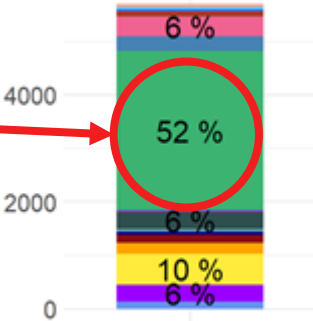
# Industry breakdown – static impacts

Portfolio sectoral financial exposure breakdown



- Retail trade, except of motor vehicles and motorcycles
- Post and telecommunications
- Other service activities
- Other
- Mining of metal ores
- Manufacture of paper and paper products
- Manufacture of motor vehicles, trailers and semi-trailers
- Manufacture of food products
- Manufacture of electrical equipment
- Manufacture of computer, electronic and optical products
- Manufacture of coke and refined petroleum products
- Manufacture of chemicals and chemical products
- Insurance, reinsurance and pension funding, except compulsory social security
- Human health and social work activities
- Financial service activities, except insurance and pension funding
- Electricity, gas, steam and air conditioning supply
- Activities auxiliary to financial services and insurance activities

Portfolio static footprint (MSAppb/b€)



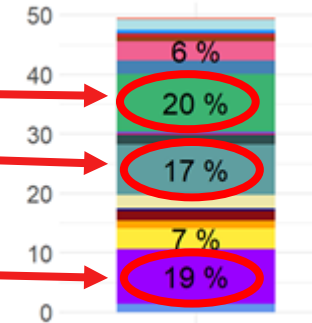
**Manufacture of food products**  
 52% of static impacts (versus 4% of financial exposure)

# Industry breakdown – dynamic impacts

Portfolio sectoral financial exposure breakdown



Portfolio dynamic footprint (MSApp/b€)



## Manufacture of food products

20% of dynamic impacts (versus 4% of financial exposure)

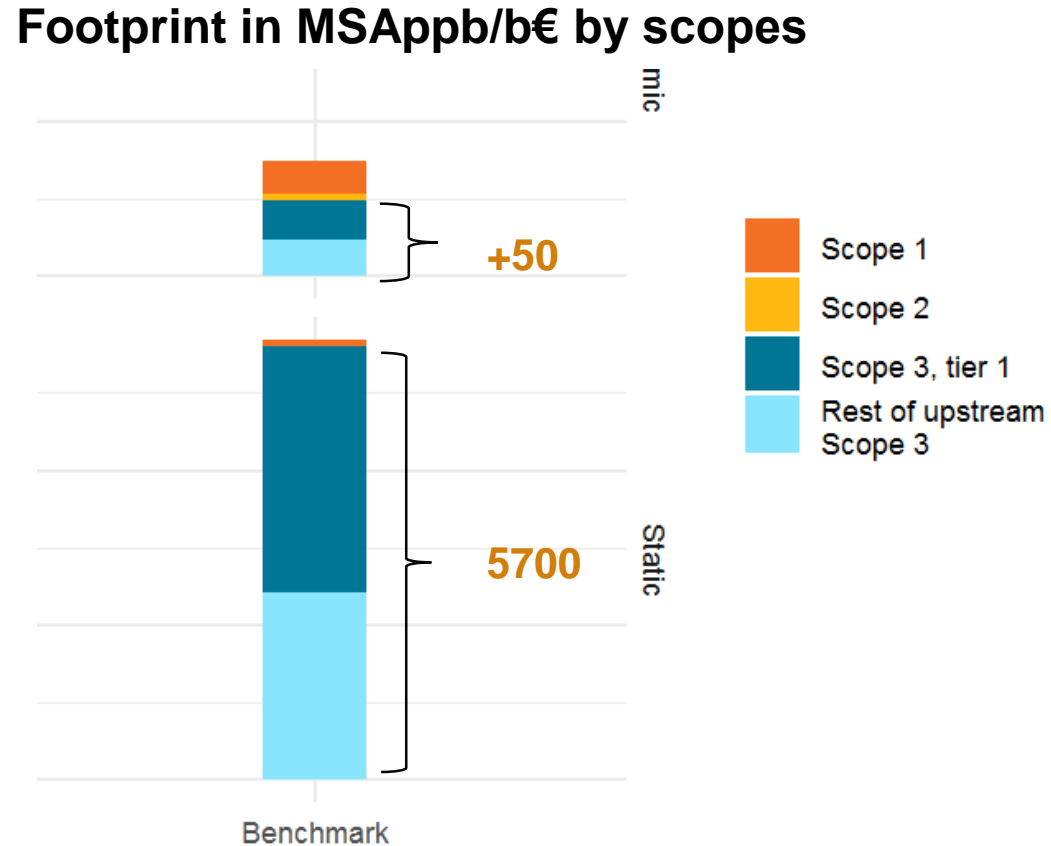
## Electricity, gas, steam and air conditioning supply

17% of dynamic impacts (versus 5% of financial exposure)

## Manufacture of coke and refined petroleum products

19% of dynamic impacts (versus 11% of financial exposure)

# Scopes breakdown

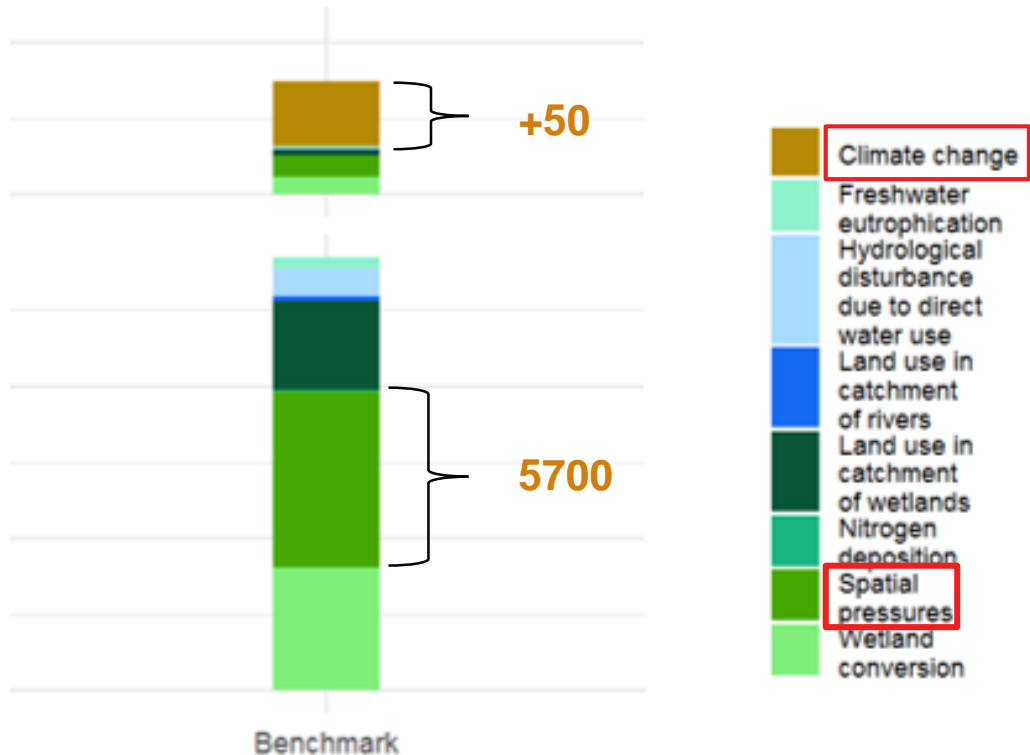


Source: GBS 1.0.1 computation, Dec 2020, Sibylle

Most of the impacts occur within the **supply chains** : including upstream Scope 3 in assessments is thus critical

# Pressures breakdown

## Footprint in MSAppb/b€ by pressures



Source: GBS 1.0.1 computation, Dec 2020, Sibylle

75% of the dynamic impact is due to **climate change pressure**, driven by electricity, gas and petroleum companies

The main driver of static impact is **land use (spatial pressures)** by food processing and manufacturing companies



# Is lowering CO2 footprint sufficient to lower GBS ? No !

The case of an existing low CO2 portfolio

Low CO2 portfolio  
Aggregated score  
**107**

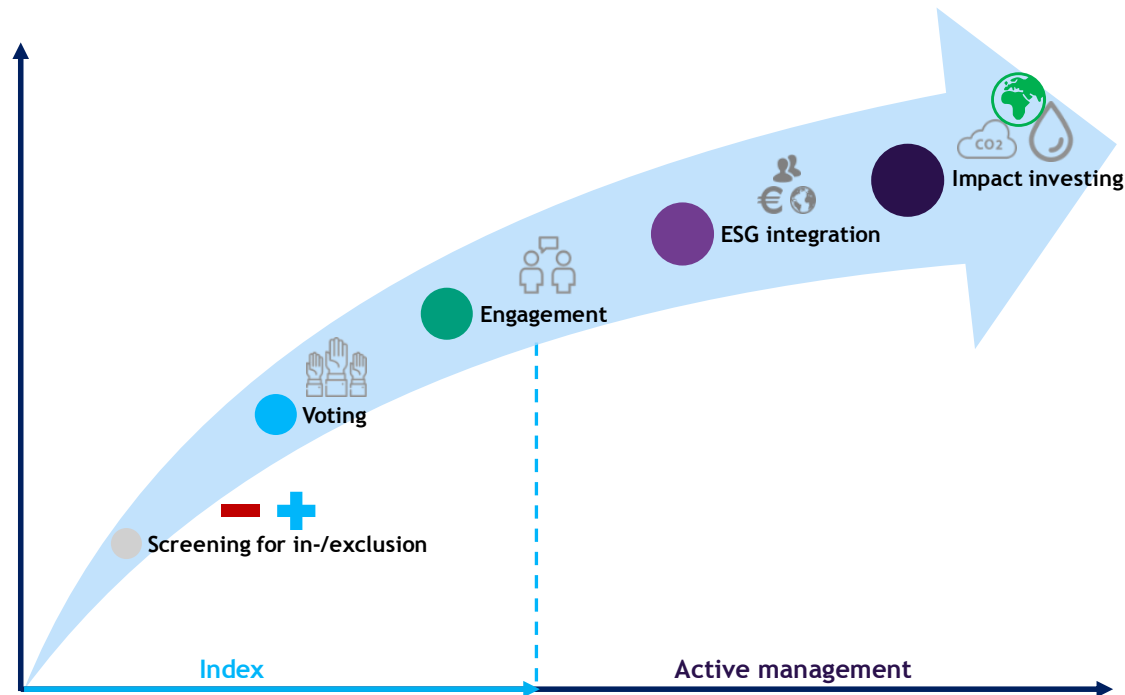
Vs.

Benchmark portfolio  
Aggregated score  
**82**

Dynamic : +59 MSAppb/b€  
Static : 7500 MSAppb/b€

Dynamic : +50 MSAppb/b€  
Static : 5700 MSAppb/b€

# Different investment strategies and ESG solutions are available to reduce biodiversity impacts



Source : Finance for Biodiversity Pledge guidance (CDC biodiversité & Actiam)

## 1. Exclusion

When companies/countries do not adhere to our responsible investment criteria

## 2. Voting

Voting at AGMs and EGMs of companies

## 3. Engagement

Active ownership by stimulating responsible business conduct by entering into a dialogue with the company on violations made

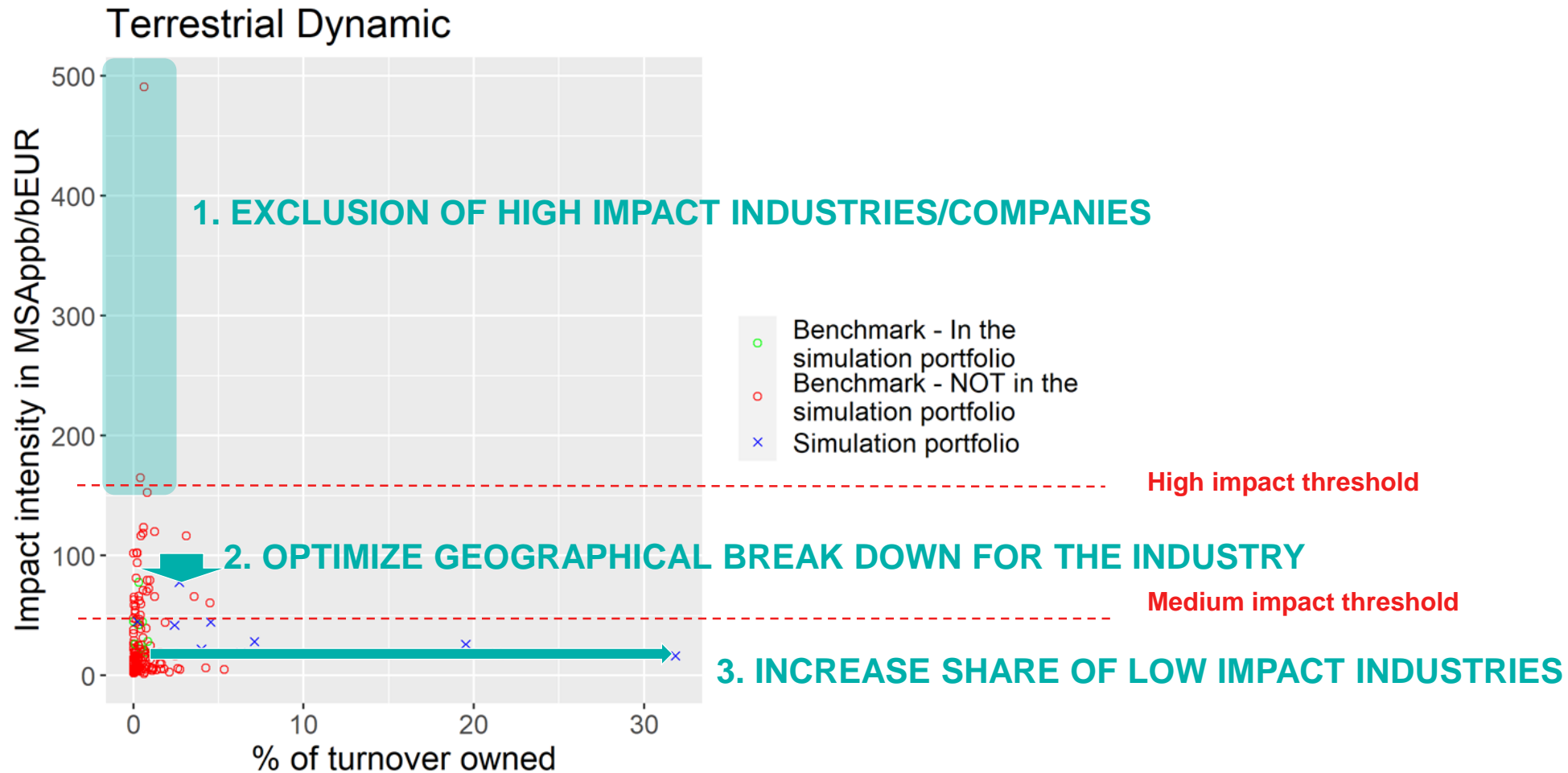
## 4. ESG-criteria

Integrate ESG-criteria in the portfolio management process

## 5. Impact Investing

Investing in assets where, next to a financial, the aim is to achieve a measurable positive social and environmental return

# How could such information could be used in portfolio construction :



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