



Biodiversity

“Biological diversity means the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.” – United Nations Convention on Biological Diversity (CBD)

Why biodiversity is important

Relevance of biodiversity

Our livelihoods, well-being and key economic activities are all dependent on healthy biodiversity. From the provision of materials and hard commodities for shelter and building, to the regulation of climates to grow food and crops, the natural world provides access to vital services. To this day, many new medicines continue to be harvested from nature. In addition to this, as the world looks to adapt to the effects of global warming, there is much to be learned from the wild varieties of domesticated animals and crops, as some have already overcome the challenges of coping with drought or soil salinity. At least 40% of the world's economy is based on and 80% of the needs of the Global South are met by biological resources.¹ The richer the diversity of life, the greater the opportunity for medical discoveries, economic development and adaptive responses to global challenges such as climate change.² The benefits people obtain from ecosystems are called “ecosystem services” or “nature's contribution to people”³. Pollination is an example of nature's contribution to people through provisioning services: 40% of leading global crops depend on animal pollination and if this were to fail, crop yields would be massively diminished⁴. Over half of the world's total GDP is moderately or highly dependent on nature and its benefits or services and, as a result, is exposed to risks from nature loss.⁵

Biodiversity is declining at an unprecedented rate and on a global scale

Biodiversity is currently in an alarmingly degraded state. Human activities affect ecosystems globally and have negative impacts on ecosystem services. The huge global biodiversity loss now becoming apparent is among the most pressing challenges of our time; it represents a crisis equaling – or quite possibly surpassing – climate change⁶. With extinction rates 100 to 1000 times higher than ever seen before, we are now facing the sixth mass extinction. In addition to the threat and loss of species, habitats and valuable ecosystems are also deteriorating. Worldwide, 85% of wetland ecosystems and 50% of coral reefs have been lost. In the Caribbean, as much as 80% of coral reefs have been destroyed.⁷

Main drivers are man-made, and the pressures are intensifying

The top five threats to biodiversity are land- and sea-use changes, e.g. the felling of primary forests, direct exploitation including poaching and unsustainable hunting and overfishing, climate change with direct and indirect impacts on ecosystems and species interactions, industrial pollution including such from fertilizers, pesticides and microplastics, and invasive alien species spread by global trade and supported by ecosystem changes.

¹ Critical Ecosystem Partnership Fund (n.d.). What is the convention on biological diversity?, CEPF and the CBD, <https://www.Cepf.Net/Impact/Global-Goals/Cepf-and-Cbd> (Retrieved on 03 May 2022)

² Moreda, B., Garcia, M., & Fernandez, D. (n.d.), Biological diversity as a resource for the development of island, cbd.int., <https://www.cbd.int/doc/rel/island/insula-biodiv-en.pdf> (Retrieved on 06 May 2022)

³ Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (n.d.), Nature's contributions to people, <https://ipbes.net/glossary/natures-contributions-people> (Retrieved on 06 May 2022)

⁴ Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (2016), Assessment Report on Pollinators, Pollination and Food Production, Zenodo, https://zenodo.org/record/3402857#_yoYoox1By70 (Retrieved on 13 May 2022)

⁵ World Economic Forum: Nature Risk Rising (2020), Why the Crisis Engulfing Nature Matters for Business and the Economy, weforum, https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf (Retrieved on 06 May 2022)

⁶ Carrington, D. (2020), What is biodiversity and why does it matter to us?, the Guardian, <https://www.theguardian.com/news/2018/mar/12/what-is-biodiversity-and-why-does-it-matter-to-us> (Retrieved on 04 May 2022)

⁷ WWF (n.d.), Korallen Was unter der Meeresoberfläche passiert, https://www.wwf.ch/sites/default/files/doc-2018-09/2018_Faktenblatt%20Korallen_d.pdf (Retrieved on 04 May 2022)

How to tackle the problem

Action at all levels of biodiversity (genes, species and ecosystems) is imperative from the local to the global level and must be taken by all sectors. The existing international commitments and initiatives that acknowledge the transformation are a crucial first step. From 1970 to 2000, more than a dozen multilateral agreements were designed to address transboundary environmental issues. These include the UN Convention on Biological Diversity (CBD) in 1992, the United Nations Convention to Combat Desertification (UNCCD) in 1994 and the Ramsar Convention on Wetlands in 1971. In 2019, the United Nations General Assembly proclaimed the UN Decade on Ecosystem Restoration, which aims to prevent, halt and reverse the degradation of ecosystems on every continent and in every ocean. In 2020, at the UN Summit on Biodiversity, the heads of over 80 countries signed the Leaders Pledge for Nature, committing to reverse biodiversity loss by 2030 with three temporary objectives.

In addition to this, there are regional initiatives that directly address biodiversity and allow certain regions to go further, e.g. the EU Green Deal, which is a set of policy initiatives by the European Commission with the overarching aim of making Europe climate neutral by 2050. There are also national biodiversity strategies and action plans as well as various local efforts to promote biodiversity. They have led to an increase of natural areas under protection worldwide⁸.

Action from all sectors needed as “clean environment” becomes a human right

On 8 October 2021, the UN Human Rights Council recognized access to a safe, clean, healthy and sustainable environment as a fundamental right. However, pressure on public and private sectors to actively protect biodiversity is not yet sufficiently high. As awareness of the value of biodiversity and ecosystem services grows, it becomes increasingly apparent that the objectives of the public sector and of companies should address the protection of biodiversity. In addition to direct threats of losing precious ecosystem services, companies may face regulatory risks in the future.

LGT's actions for biodiversity

The financial community has a critical role to play in helping companies have a more positive impact on nature. As a conscious actor in the financial sector, LGT recognizes the threats posed by the loss of precious natural capital. It therefore addresses the value of biodiversity and ecosystem services and uses its leverage to support industry in pursuing more sustainable outcomes.

Through its **Sustainability Strategy 2025**, LGT aims to integrate sustainability into all areas of its business and across its entire product range. To date, LGT has expressed its commitment to support sustainable development through its **Code of Conduct** as well as through its **Supplier Code of Conduct**. LGT is also a partner of the **UN Global Compact** and a signatory to the **UN Principles for Responsible Investment (UN PRI)**. LGT has signed the **UNEP FI Principles for Responsible Banking**, which require financial institutions to measure the impact of investments on the Sustainable Development Goals and the Paris Agreement. By developing methods to measure the impact of its activities on biodiversity, LGT will further mitigate material sustainability impacts in the areas of biodiversity and beyond.

LGT promotes biodiversity at various levels through distinct approaches

LGT proudly supports a number of philanthropic activities that promote biodiversity. However, LGT also recognizes that these activities must go beyond philanthropy and become embedded in our day-to-day business and across the different stages of our products, services and operations.

- The **philanthropic activities** are conducted by LGT Venture Philanthropy (LGT VP). They address three key areas: 1) marine protection and freshwater security; 2) carbon credits with biodiversity and community benefits; and 3) community conservation. LGT VP aligns with SDGs 13, 14 and 15 – on climate action, life below water and life on land – and engages with organizations that have developed scalable, synergistic solutions that are embedded in their local communities.
- Through the **Sustainable Procurement** framework, we integrate biodiversity aspects into our supply chain considerations. Additionally, LGT requires its suppliers and subcontractors to comply with the principles of the LGT Supplier Code of Conduct.
- At certain LGT locations, biodiversity is specifically fostered **at the operational level**. For example, a flagship project for promoting biodiversity has been launched for the LGT building in Bendorf. When the grounds of the LGT Service Center in Bendorf were being designed, particular attention was paid to ensuring a high level of biodiversity. As a result, grassy areas, indigenous wild hedges, wetlands and trees now provide valuable habitats for a variety of animal and plant species. In 2019, LGT received an award for its integration of nature into the building's grounds.
- **Sustainable financial products and services** form an important pillar of LGT's investment approach. In addition to the traditional financial analysis, every investment vehicle is subject to a thorough sustainability assessment before being included in a portfolio. Sustainable investment products benefit from the strong sustainable data considerations and scoring that our in-house ratings tools are based on. These include the LGT Sustainability Rating as well as LGT Wealth Management UK's Sustainability Rating. All of these tools integrate environmental aspects, including indicators on biodiversity.

⁸ World Database on Protected Areas (n.d.), protected planet, <https://www.protectedplanet.net/en> (Retrieved on 06 May 2022)

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