

Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
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Dear Chancellor,

I am writing to you on behalf of the UK's sustainable finance sector on the ambition we believe should now be shown by policymakers in the UK to help address the systemic financial risks posed by the destruction of our planet's biodiversity to the economy and the sector's future success.

The UK Sustainable Investment and Finance Association (UKSIF) represents more than 270 members with over £10 trillion of assets under management (AUM), including investment managers, pension funds, banks, financial advisers, data providers, NGOs, among others, committed to promoting a more sustainable financial system that works for the benefit of society, the environment and us all.

We are proud of the progress the UK has achieved in recent years to promote the growth of sustainable finance at home and to demonstrate global leadership. Most recently, we were pleased to see government earlier this summer provide clarity on the UK's approach to delivering a 'green taxonomy,' and through our membership of the Green Technical Advisory Group, we look forward to helping ensure the UK's taxonomy can set a high standard for green investment for the rest of the world to follow.

We know there is much further still to go to ensure the UK can meet its sustainability ambitions, and ensuring we can far better safeguard our natural environment and ecosystem services should form a critical component of this. Our sector is intent on helping address this and we welcome recent actions taken by government, including strengthening the UK's duty to set a legally-binding target to halt species decline by 2030 and support for the work of the Taskforce on Nature-related Financial Disclosures ('TNFD').

During the UK's Presidency of COP26 and ahead of the UN Biodiversity Conference in China next year, UKSIF and our members see an excellent opportunity for the UK to demonstrate continued ambition and global leadership on biodiversity, through outlining a series of new commitments to meaningfully integrate biodiversity risks and opportunities into firms' decision-making and UK policymaking. Below are our latest views on specific steps government could consider in this timeframe:

- 1. In the coming months and beyond, the UK should continue to play a prominent global leadership role in supporting the work of the Taskforce on Nature-related Financial Disclosures ('TNFD'). This includes encouraging a broader group of countries, such as the G20, to engage with the TNFD and endorse its critical work.** This would help build momentum off the G7's recent endorsement of the Taskforce, which UKSIF and investors have strongly welcomed. We also stress the importance of the UK involving developing countries in TNFD, which will play a key part in addressing biodiversity loss. **UKSIF and our members would request the UK's active leadership role on TCFD to be replicated with TNFD in the years ahead, viewing it as an excellent starting point**

to provide a clearer nature-related financial risk framework to encourage better corporate disclosure and help redirect financial flows towards nature-positive outcomes. We believe the Taskforce's work should initially focus on those sectors and activities contributing most to nature risks, such as agriculture and food systems.¹

2. **We support the increasing calls for a 'Global Goal for Nature' that is nature positive and based around the objective of reversing biodiversity loss by 2030**, and reiterate the sector's commitment to advancing progress against the UN Sustainable Development Goals, which are intrinsically linked to addressing biodiversity challenges. **We would like the UK to play an active role in the adoption of this 'Global Goal,' and the objective of making all financial flows consistent with this Goal, in the upcoming UN Convention on Biological Diversity Post 2020 Global Biodiversity Framework.**² The sector is keen for the Framework to provide a clear signal to investors on the urgency of biodiversity loss and set robust 2030 targets. Related to this, investors will require a more well-defined picture of the potential transition risks as the UK moves to a nature-positive economy, and greater clarity from government on the policy framework on biodiversity to help address risks. Specific examples include: the future treatment of subsidies and tax incentives negatively impacting biodiversity and how biodiversity will be integrated in the 'Sustainability Disclosure Requirements' regime announced in your Mansion House speech.
3. **Following the Dasgupta Review on 'The Economics of Biodiversity', further work is now needed to take this forward. Government should commit to establish a formal process for considering the implementation of the Dasgupta Review's findings into policymaking over time.** A group of investors, regulators, civil society, and others could be convened later this year for a series of initial discussions to consider recommendations for finance and business.³
4. **The UK's National Infrastructure Bank should seek to deliver positive net biodiversity gains. This objective should be reflected in the upcoming investment criteria for the Bank, forming part of its net-zero mandate.** This action would build off government's recent announcement requiring nationally significant infrastructure projects to provide biodiversity net gains. We should ensure biodiversity is explicitly targeted, and not simply assume a project having a positive climate impact necessarily benefits biodiversity in all instances. Government will need to be mindful of having in place good governance mechanisms to regulate the definition of biodiversity gains, which could be undermined by developers with net-gain pledges unenforceable in some cases.

I would be very pleased to meet with you and your team to discuss these recommendations further as we seek to collectively make progress at pace towards a more sustainable future.

Yours sincerely,



James Alexander
Chief Executive

CC: Rt Hon George Eustice MP, Secretary of State for Environment, Food and Rural Affairs CC: John Glen MP, Minister of State (Economic Secretary)

¹TNFD could help formulate common definitions for investors in time; for example, on what constitutes a scope 1, 2 and 3 nature issue. This language, consistent with that of the Task Force on Climate-related Financial Disclosures (TCFD), could encourage more consistent reporting from industry.

²This second policy objective mirrors the Paris Agreement's long-term goal on finance flows.

³These discussions could consider policy roadmaps for key sectors of the economy to help implement the new Global Biodiversity Framework in the UK and identify where private finance is most needed.