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Chief Investment Office

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# CIO Special

## ESG Survey 2022

### Trends and concerns

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# 01 Introduction

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In 2021, we conducted our first survey of our clients' attitudes towards ESG. We wanted to understand their views on the role of ESG in portfolios and the relative importance of different ESG issues to them. We also identified some variations in attitudes between different age groups and male and female respondents.

This year we received 849 responses, down on the 2,130 responses last year, probably due in part to the much extended length and depth of the survey. Within Europe, however, this year's responses were much more evenly distributed. This has reduced last year's marked overweight to Spain and Italy, with the benefit of a more representative weighting for German clients.

In this year's survey we asked almost twice as many questions, with the aim of getting a more complete view of our private, institutional and business clients' attitudes to ESG. In this year's survey we focus additionally on issues such as respondents' knowledge of underlying ESG concepts, biodiversity issues and nature-related risks, and investor confidence in the abilities of financial institutions in regards of different ESG related issues.

We have also tried to highlight any broad changes in our clients' attitudes towards ESG investment between 2021 and 2022. This has been a period of continued ESG development and growth in most (but not all) types of ESG assets under management (Figure 1). Over the last year, however, ESG investment has also experienced a number of headwinds, both around methods and performance, and this has encouraged a much-needed debate about what exactly ESG should be. As we argued in a previous special report[1], we now appear to have moved from awareness and then rapid growth in ESG investment to a new third phase of ESG development characterised by a degree of consolidation and reorientation – and, potentially, changed expectations around ESG's impact on performance and risk management. Investors are becoming increasingly conscious of the details around ESG investment performance – both in terms of financial returns and "real world returns" (i.e. positive effects on the world around us). Moreover, ESG is getting more and more attention as an additional form of risk management in a rapidly changing world.

We summarise ten key findings from the survey in the section below. Five of these findings highlight key areas in comparison with last year's survey results, showing ongoing trends and confirming some existing beliefs across different areas. The other five findings are new.

# 02 Key survey findings

Box 1

## Key survey findings

### 2022 update vs. 2021

1. Investors confirm their commitment to ESG. Some 78% of our investors slightly or strongly agree in this year's survey that their investments should have a positive impact on the world, slightly up on last year's 75%.

2. Environmental issues remain the top priority. Across all the different survey respondents' age groups and amongst both women and men, "E" is regarded as the ESG pillar deserving the highest level of attention. 50% of investors regard environmental issues ("E") as the most important pillar in ESG investment, up from 46% last year. 28% put governance ("G") at the top of the list this year, similar to last year. The higher priority given to "E" and "G" came at the expense of the "S" pillar. Social issues ("S") are seen as most important by 23% of investors vs. 27% in 2021.

3. Within the "E" pillar, climate change is seen as the most important problem. 53% of respondents regard climate change as the most important factor in investment decision making, up from 47% last year. It is clearly ahead of ocean pollution, land degradation, and biodiversity loss, which were selected respectively by 15%, 21% and 7% of survey respondents. The share of respondents selecting biodiversity loss fell slightly compared to last year (it was 11% in 2021), while the other two areas remained quite stable.

4. Concerns about climate change's economic impact remain high. 78% (vs. 74% in 2021) of survey respondents believe that climate change either is already having a severe negative impact on the global economy, or will have it in the next 10 years if left unchallenged.

5. More respondents still agree that ESG can manage risk in a portfolio than disagree. 44% of respondents strongly or slightly agree with this, down only slightly from 48% last year, and higher than the 16% who strongly or slightly disagree. But, with four in ten respondents saying that they don't know, or neither agree or disagree, many still have to be convinced.

## New 2022 findings

6 There is moderate optimism that we can manage climate change and biodiversity loss. 51% of investors are either very optimistic or optimistic that humankind will be able to manage climate change through technological innovation; 47% have faith in the power of nature-based solutions.

7 Awareness of underlying concepts is accompanied by knowledge shortfalls. Only 18% claim sophisticated or good knowledge of nature-based solutions; the equivalent figure for the concept of natural capital is 20%. Moreover, less than one in five of our respondents had this level of knowledge of the triple planetary crisis.

8 Millennials seem to be more aware of underlying ESG issues compared to other age groups. Almost one in four among Millennials say that they have sophisticated knowledge of the concept of a net-zero emissions economy. They are also more knowledgeable and more optimistic about solutions to the triple planetary crisis.

9 Biodiversity issues are seen as important for portfolio returns and risks. 41% strongly or slightly agreed that including biodiversity considerations into investment decisions would boost portfolio returns; over 60% thought it would reduce nature-related risks.

10 Investors are looking to financial institutions to help manage the transition journey. 68% of investors expect their financial institution to accurately measure and manage nature-related risks; 75% expect appropriate protection of portfolios. But financial institutions can only be one driver – alongside individual investors, corporates and governments – of necessary economic change. Among others, greater investors' knowledge is necessary to achieve this goal.

We look in more detail at the 2022 survey findings in the next section. As it will be discussed, the survey reveals continued investor enthusiasm for ESG as 56% of our clients agree (either strongly or slightly) that ESG will become standard, despite slightly increased scepticism about its portfolio risk management capabilities. There was also (as noted above) some investor optimism that such investments can help us in tackling climate change and biodiversity loss through technological or nature-based solutions. A variety of other issues (e.g. ocean health) may also still be underappreciated and knowledge of some underlying ESG concepts may be limited.

In this year's survey, we have also gained an important insight into investor expectations towards financial institutions, which can be seen as a result of a shift in overall awareness. As we discuss later, it is evident that many investors expect the financial sector to lead the way in measuring and managing nature-related risks, and protecting portfolios from them, but there is uncertainty whether financial institutions can currently do this. Demonstrating such financial sector capabilities – along with closing investor knowledge gaps – are among the key challenges ahead.

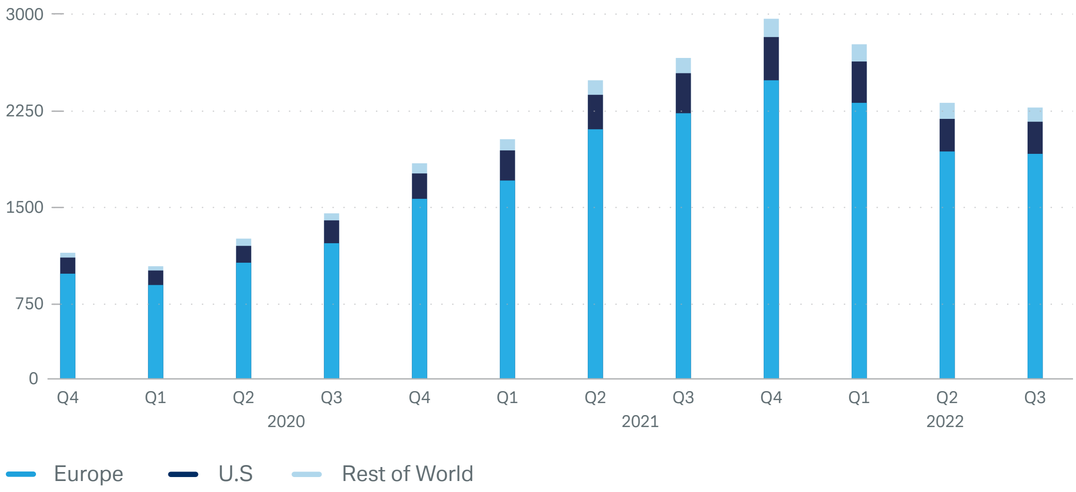
> "This has been a period of continued ESG development and growth in most (but not all) types of ESG assets under management"

Figure 1: Key ESG investment financial market statistics

Sources: Morningstar Direct, Refinitiv, Bloomberg, Deutsche Bank AG. Data as of October 2022.

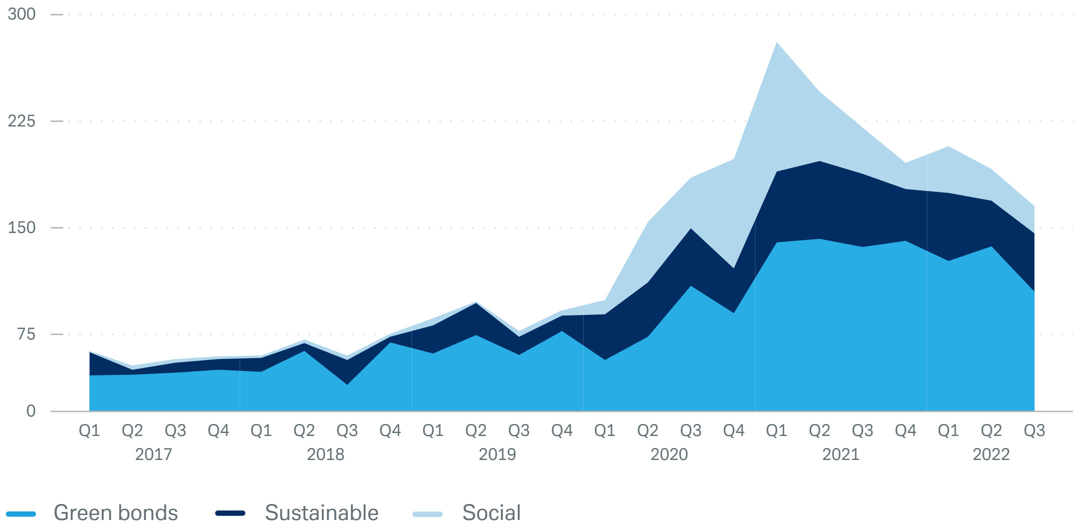
Quarterly global sustainable fund assets

USD bn




Global ESG bond issuance

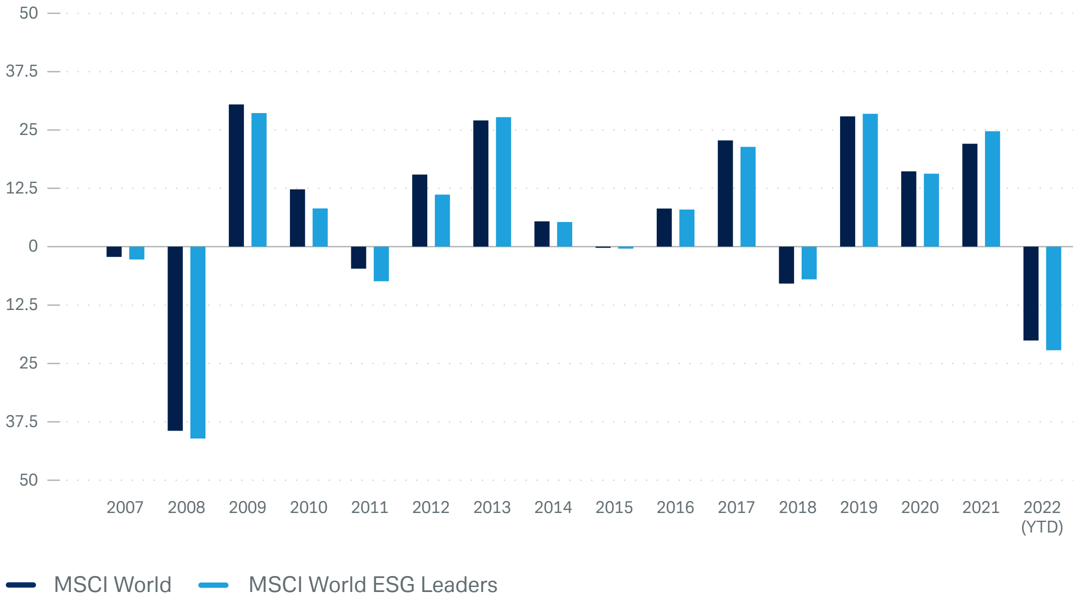
USD bn




In Europe, Middle East and Africa as well as in Asia Pacific this material is considered marketing material, but this is not the case in the U.S. No assurance can be given that any forecast or target can be achieved. Forecasts are based on assumptions, estimates, opinions and hypothetical models which may prove to be incorrect. Past performance is not indicative of future returns. Performance refers to a nominal value based on price gains/losses and does not take into account inflation. Inflation will have a negative impact on the purchasing power of this nominal monetary value. Depending on the current level of inflation, this may lead to a real loss in value, even if the nominal performance of the investment is positive. Investments come with risk. The value of an investment can fall as well as rise and you might not get back the amount originally invested at any point in time. Your capital may be at risk.

## MSCI World vs. MSCI World ESG Leaders

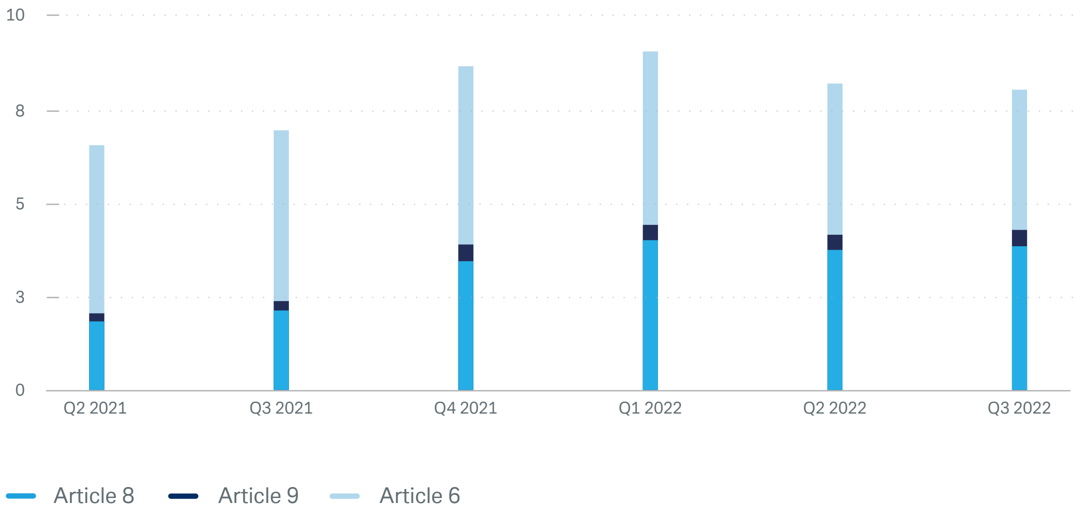
Total return in USD




Note: YTD as of October 28, 2022.

## Quarterly assets breakdown by SFDR classification and SFDR fund

EUR tn




03

# The current ESG paradigm

## ESG remains a priority for our investors

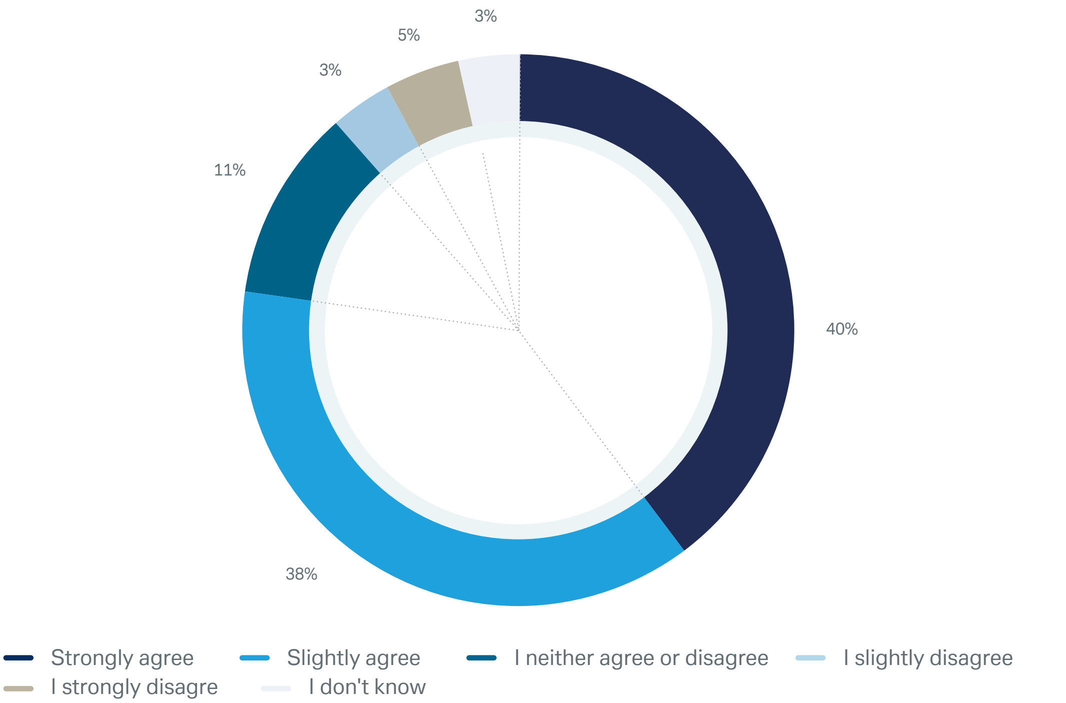
As noted in the introduction, there have been increased headwinds for ESG in the past year. Performance of some ESG portfolios has suffered temporary reversals in 2022, in many cases due to the Russia/Ukraine war boosting less ESG-acceptable commodity and energy sectors.[2]

There have also been broader-based questions over ESG's ability to deliver meaningful change, about the underlying metrics and investment methodology, and about its detailed implementation. After historical periods of ESG awareness and then rapid growth we may now be entering a period of consolidation, reorientation and deeper understanding of what ESG investment can and should do.[3, 4]

But, as our survey shows, even in a complex and uncertain economic environment, ESG remains a priority for our investors. 78% of overall survey respondents strongly or slightly agree that their investments should have a positive impact on the world (Figure 2). This proportion is similar to last year's survey. 78% also strongly or slightly agree that investing to support our planet's health is their legacy for their children and grandchildren.

Figure 2: My investments should have a positive impact on the world

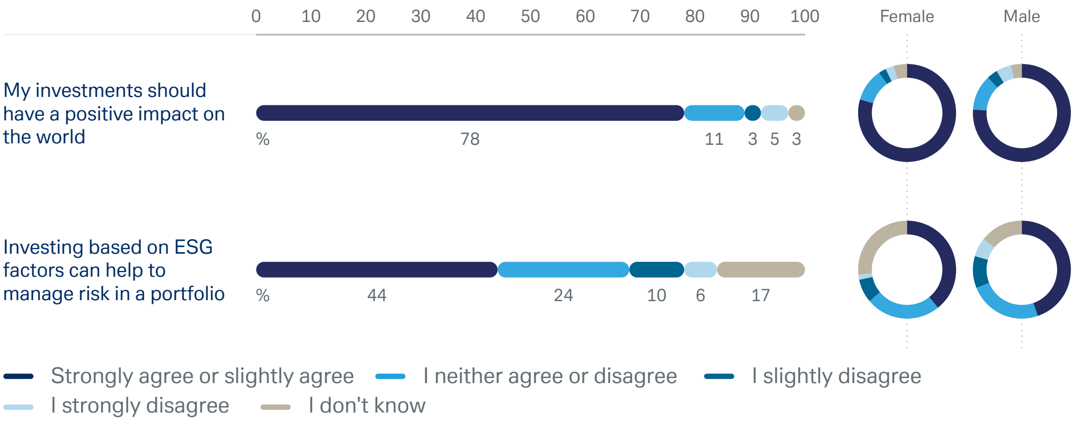
Source: Deutsche Bank AG. Data as of October 2022.




In last year's survey we noted that more women than men strongly agreed that their investments should have a positive impact on the world. This is true this year too: 50% of female respondents strongly agreed with this statement, vs. 38% of male respondents. (By contrast, different age groups did not have significantly different responses.) Figure 3 illustrates these differences in the survey population.

Figure 3: Responses on investment impact and risk management – by gender

Source: Deutsche Bank AG. Data as of October 2022.




## Most investors remain focused on environmental issues

Most investors remain focused on environmental issues, rather than social and governance concerns. Figure 4 shows that 50% think environmental issues are most important when making investment decisions, followed by governance (28%) and social (23%) issues. This division is broadly similar to last year, and concurs with general perceptions (e.g. in the WEF's Global Risk Report, 5 of the 10 most severe risks on a global scale over the next 10 years are related to environmental issues).[5]

Figure 4: Most important ESG component when making investment decisions

Source: Deutsche Bank AG. Data as of October 2022.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Last year, we noted that millennials were more inclined to put a greater weight on social issues than other age groups and it remains the case this year – 30% of millennials thought that the "S" pillar was the most important ESG component, vs. just 23% for other age groups combined. A much higher proportion of women than men also say that social factors are important to them when investing (46% vs. 34%). An additional question in this year's survey revealed significantly more women than men identifying social issues such as workers' rights, consumer protection, support for communities, and support for supranational standards as highly important.

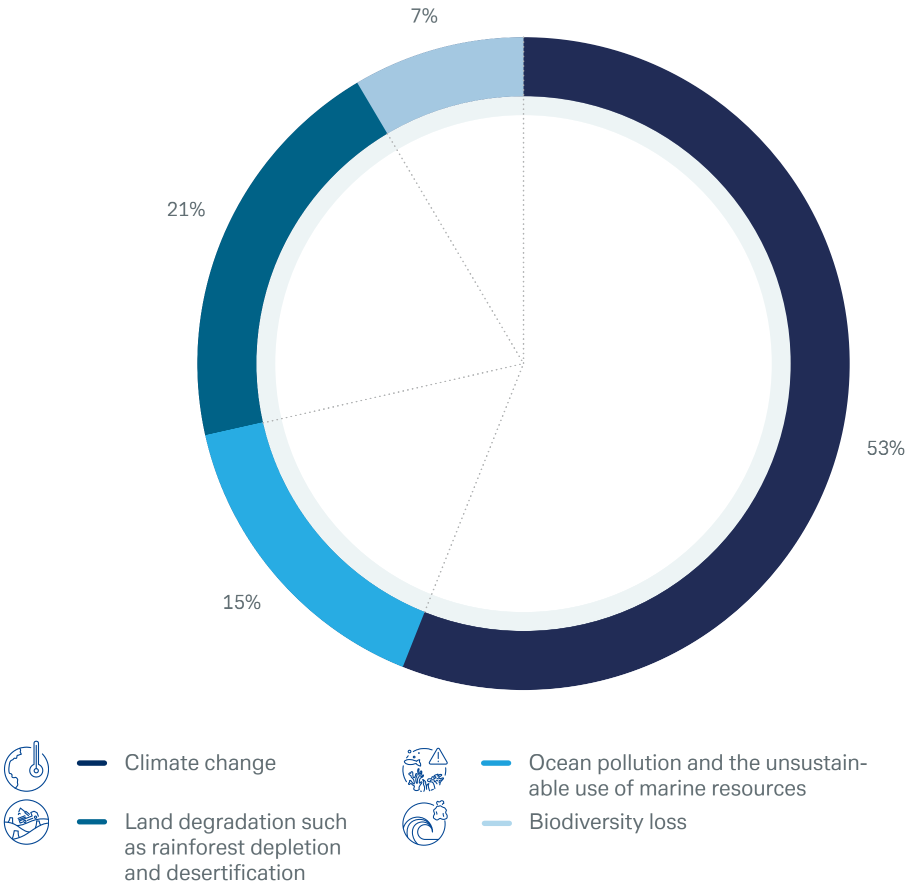
Two points are worth noting here. First, historically, Europe has been particularly focused on the "E" pillar and since most of our survey responses are from Europe, this will affect the overall picture. A second issue, looking forward to future developments in ESG as an investment framework, refers to the fact that splitting out "E", "S" and "G" pillars is in some ways an artificial process.

This is because, as ESG investment drives a globally acceptable transformation of our economic and social structures, we think that "S" and "G" issues will increasingly be seen as integral to progress on the "E" pillar and gain more prominence. We think that this may be particularly evident in relation to the energy transition (and how we handle changing energy prices) and in the "Global South": countries that are likely to be more affected by the negative effects of climate change tend also to be economically weaker and may have more acute social concerns.[6] Their difficulties in adapting to, and mitigating, climate change will have to include "S" and "G" considerations. Indeed, three out of the 10 most pressing risks for investors mentioned in the WEF study referenced above stemmed from social issues.

Within the "E" pillar, climate change is still regarded as the most important factor in investment decision making (Figure 5). 53% placed it first vs. 46% in last year's survey. In this year's survey 21% of respondents think that land degradation is the most important issue, with 15% identifying ocean pollution and the unsustainable use of marine resources. These values have not changed substantially in comparison to the 2021 survey.

Figure 5: Most important environmental category when making investment decisions

Source: Deutsche Bank AG. Data as of October 2022.




However, the share of investors viewing biodiversity as the most important issue decreased from 11% in 2021 to 7% in 2022. This is a counterintuitive result, given the increased focus on biodiversity loss by governments and regulators, with hopes of an agreement on a Global Biodiversity Framework (GBF) at the COP15 meeting in Montreal in December 2022.[7]

Priorities here are likely to be driven in part by current levels of media attention and the associated public awareness. This view is supported by the fact that the term "climate change" is searched on public search engines far more often than other terms such as "biodiversity".[8] But, as environmental knowledge grows, we think that it will become clearer that all three categories – biodiversity, the ocean and land degradation – have an essential role to play in limiting climate change. As noted above, we think that ESG provides a more holistic view, and investor attitudes and available metrics will reflect this.

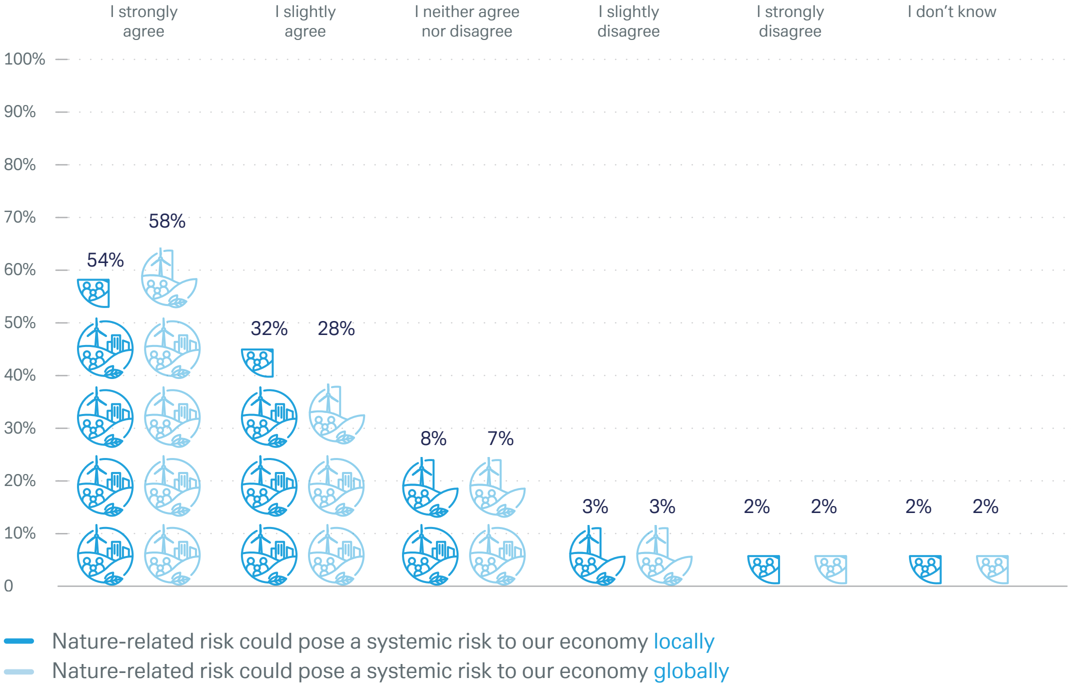
Guidance provided by regulatory policy developments will support market-driven efforts. However, it seems likely that investors are severely underestimating the negative consequences of biodiversity loss for the global economy and investments. On one estimate, more than half of the global GDP is either moderately or highly dependent on ecosystem services provided by nature.[9] The biodiversity gap – defined as "the difference between the current total annual capital flows towards global biodiversity conservation and the total amount of funds needed to sustainably manage biodiversity and maintain ecosystems integrity"[10] – is estimated to be between USD 600 – 800bn per year.[11] This is too big to be closed by public funding alone and will require the support of private financing.

## Investors already appreciate the urgency of the problem

Investors already appreciate the urgency of the problem, meaning that the stage is set for deeper engagement. 59% of survey respondents agree that climate change is already having a severe negative impact on the global economy. Only a slightly smaller share thought that land degradation (53%) and ocean pollution (49%) was already having such an impact.

Figure 6: Systemic threat posed by nature-related risks

Source: Deutsche Bank AG. Data as of October 2022.




Seen in aggregate, the vast majority of respondents also agreed or slightly agreed that nature-related risks could pose a systemic threat to local and global economies (Figure 6).

This sense of urgency is accompanied by moderate optimism that humankind will be able to manage biodiversity loss, ocean degradation and climate change through technological innovation or solutions given by nature (Figure 7). It is worth mentioning, however, that a significant share of survey respondents remained neutral or pessimistic. This is understandable: in the course of the last 120 years, global $CO_2$ emissions have risen from 1.95bn tons to 34.80bn tons (2020). Emissions have thus increased eighteenfold during this period and, while countries have set ambitious goals, we are still far from a net zero economy.[12]

Figure 7: Perceived ability to manage biodiversity loss and climate change

Source: Deutsche Bank AG. Data as of October 2022.


## "This sense of urgency is accompanied by moderate optimism that that humankind will be able to manage biodiversity loss, ocean degradation and climate change through technological innovation or solutions given by nature"

## Corporate values and beliefs are important

Box 2

### Corporate drivers: a different perspective

Survey responses from corporates provide a rather different perspective on ESG. Corporate values and beliefs are considered the main reason for factoring biodiversity loss into company strategies: 62% of companies view this as highly important (44%) or important (18%). Customer demand and regulation are also considered very important or important reasons to do this (38% and 36% of respondents, respectively). Data and disclosure requirements related to minimizing greenhouse gas emissions are seen as an opportunity (32%) or major opportunity (11%) by survey respondents, with only 11% and 6% seeing them as a threat or major threat.

Corporates acknowledge the importance of innovation and think that innovation will gain some tailwinds through the transition to a net-zero economy. 80% of our corporate clients strongly or slightly agree that the pathway to a net-zero economy is a driver of innovation. 79% think that innovative companies will thrive in the pathway to a net-zero economy. Around half of companies say they are using innovation to keep up or gain advantage in the pathway to a net-zero economy (51%).

However, while survey respondents are still enthusiastic about ESG investment and are optimistic about finding solutions to biodiversity loss and climate change, investors are less confident that they have good or sophisticated knowledge of underlying environmental concepts. Figure 8 shows investor awareness/knowledge of seven key concepts – the net-zero emissions economy, the triple planetary crisis, nature-based solutions, the UN sustainable development goals (SDGs), the net-positive emissions economy, nature-related risks and natural capital.

Figure 8: Awareness/knowledge of underlying ESG concepts

Source: Deutsche Bank AG. Data as of October 2022.

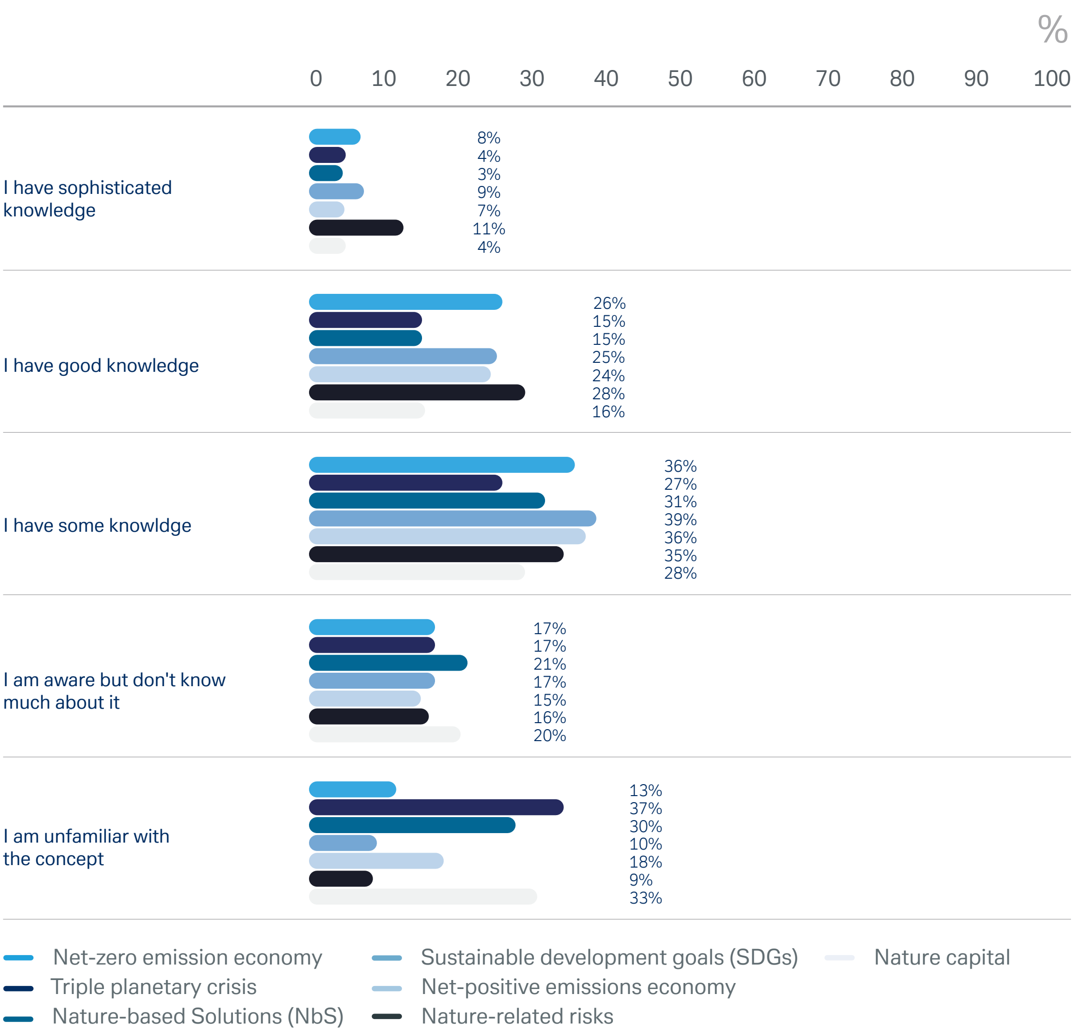
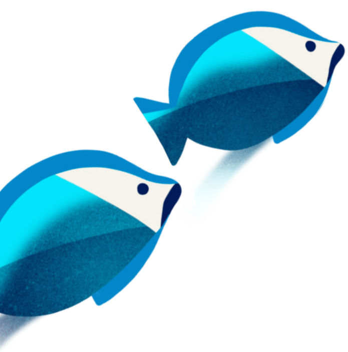



Figure 8 shows that most investors have some awareness or knowledge of most of these concepts. But there are clearly still some significant "knowledge gaps". Few investors claim to have sophisticated or good knowledge of several concepts – only 18% in the case of nature-based solutions and 20% for natural capital. The concepts with the biggest "knowledge gaps" include the triple planetary crisis (54% do not know much about it, or are unfamiliar with the concept), natural capital (53%), and nature-based solutions (51%). Closing these "knowledge gaps" will involve a greater understanding of underlying ESG metrics: as these deepen and become more sophisticated, appreciation of such long-term issues may increase – but it could be a lengthy process.

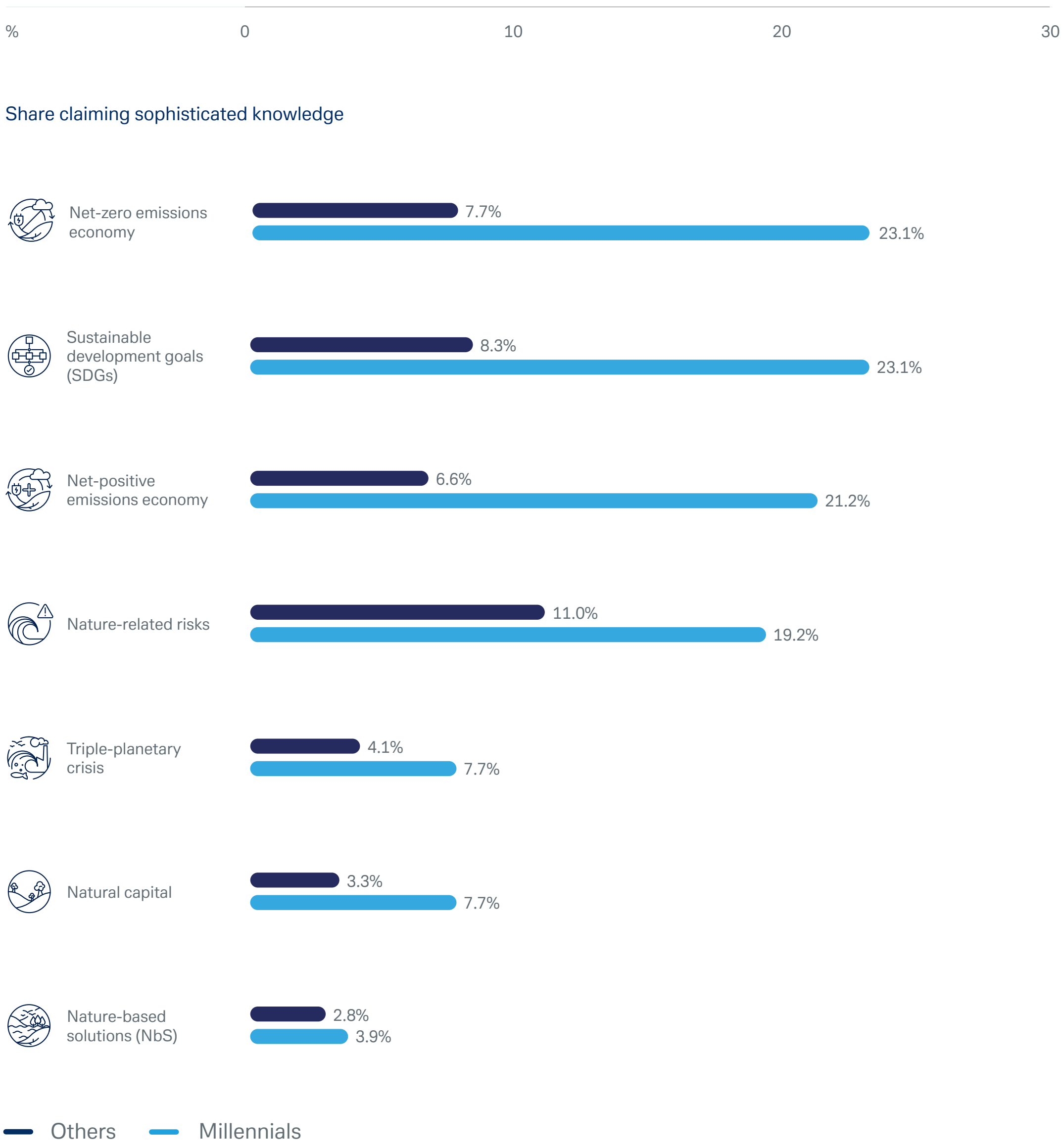
Education is seen by 38% of survey respondents as either a highly important or important driver of ESG development. We are also only at the start of a long journey regarding detailed and comprehensive knowledge of the exact and long-term interrelationship between ESG and performance. Some 51% of respondents agree that investing based on ESG factors is especially relevant for long term investors.

Nevertheless, not all our respondent groups share the same level of awareness around these topics. Millennials seem more concerned with climate-related challenges. They are also possibly better informed about associated concepts such as the net-zero emissions economy or the net-positive emissions economy. 23% of Millennials say that they have sophisticated knowledge of the concept of net-zero emissions economy. 21% say the same for net-positive emissions economy. Only 7.6% and 6.6% of the respondents from different age groups say likewise. This also applies to the concept of nature-related risks. (19% of Millennials vs. 10% for other respondents).



## Figure 9: Millennials' enhanced awareness of environmental concepts

Source: Deutsche Bank AG. Data as of October 2022.



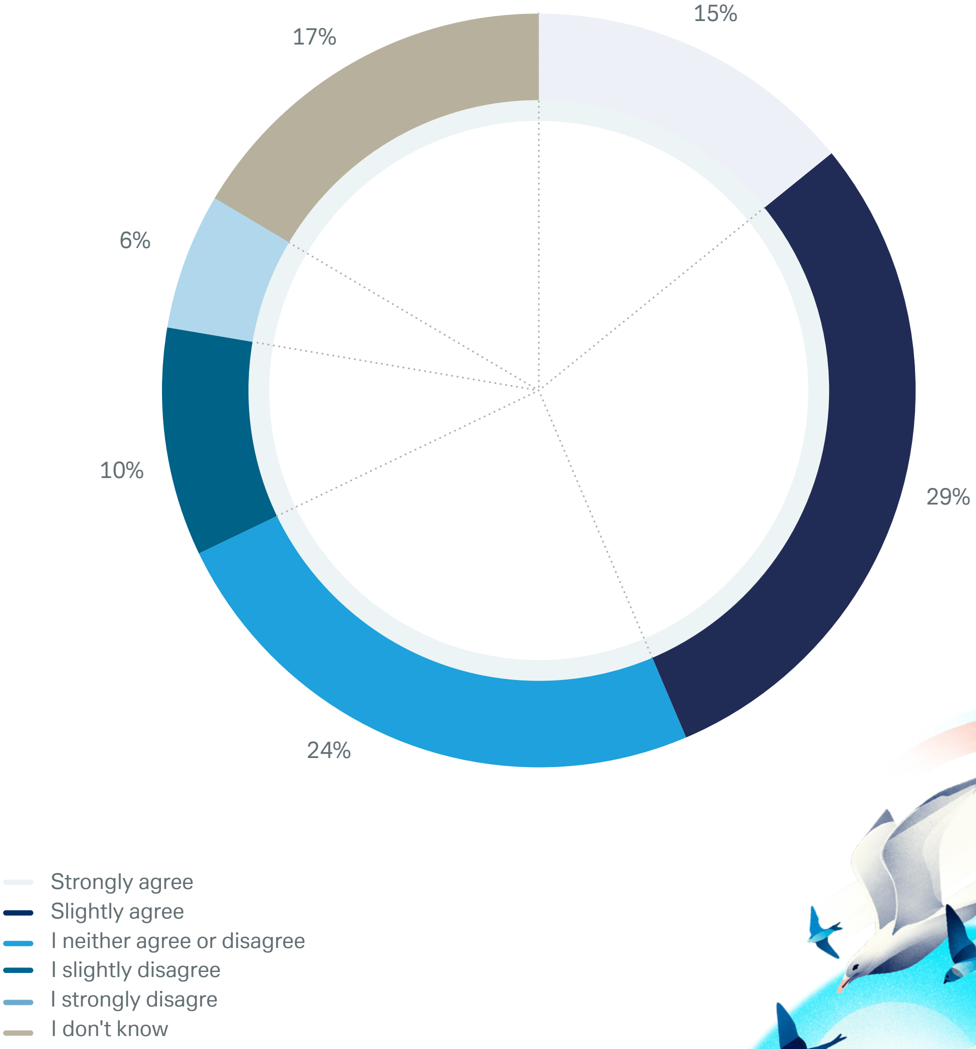

Millennials are also more optimistic about innovation. 17% of millennials strongly agree that the pathway to a net-zero economy is a driver for innovation. However, only just under 6% of respondents above 40 years of age say the same. Millennials are also more optimistic that innovative companies will thrive in the pathway to a net-zero economy as 17% of the millennials strongly agree to this statement as well, vs. under 5% of other respondents.

## The debate around ESG and performance

The debate around ESG and performance is a well-established one. Many argue that a commitment to ESG policies can have a positive correlation with a company's financial performance[14] but any conclusions here are likely to be heavily dependent on the assets under consideration, time periods surveyed and other factors – there is no simple link. We do think, however, that it is worth exploring a rather different issue, that of investors choosing to make higher ESG-rated investments, even if the potential financial return is lower. Interestingly, the survey suggested some willingness to do this: 42% of investors would pick a company with a AAA ESG Rating with 4% expected annual return, rather than a CCC company with 8% expected return.

Figure 10: Can investing based on ESG factors can help manage risk in a portfolio?

Source: Deutsche Bank AG. Data as of October 2022.

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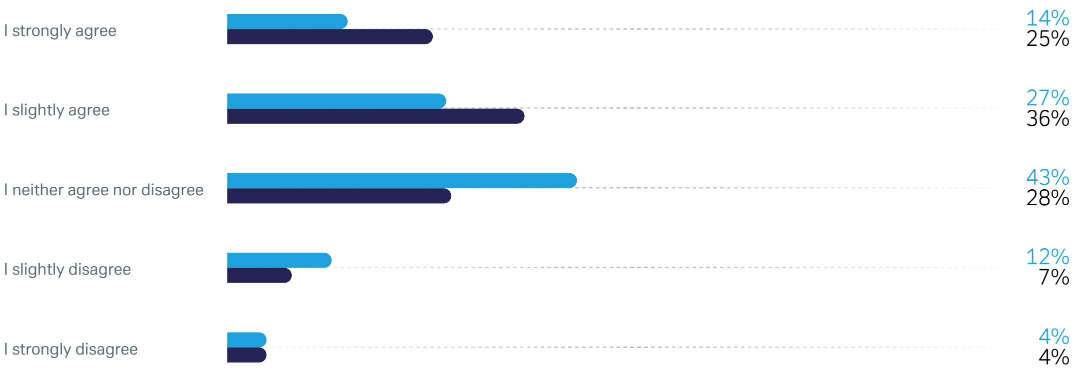
The issue of ESG and risk is also an important one, where investor beliefs may change. At the broad level, 44% of investors agree or strongly agree that investing based on ESG factors could help manage risk in a portfolio (Figure 10). This measure of confidence was slightly down from last year's result (51% in 2021) and 16% of investors disagreed with the statement. As mentioned, this could have been expected given recent global developments and the impact they have had on some ESG strategies (e.g. from the Russia/Ukraine war). It is clear that we need better understanding of the precise links between investment returns and risks, and of the different types of risk. Getting a clearer view here may depend on differentiating risks involved in the economic transition (physical, transition, liability and contagion risk) and financial risks (credit, market, business and liquidity), inter alia.

We also asked specific questions around the impact of biodiversity considerations on portfolio risks and returns. Around 41% of investors agree or slightly agree that portfolio returns are likely to be higher, if biodiversity considerations are taken into investment decision making (Figure 11). Rather more, 61% expect the nature-related risks of their portfolio to be lower when doing so. But note that overall investor conviction is not high on the performance question: 43% neither agreed nor disagreed with this proposition.

Figure 11: Impact of taking biodiversity considerations into investment decisions

Source: Deutsche Bank AG. Data as of October 2022.




"Around 41% of investors agree or slightly agree that portfolio returns are likely to be higher, if biodiversity considerations are taken into investment decision making"

Box 3

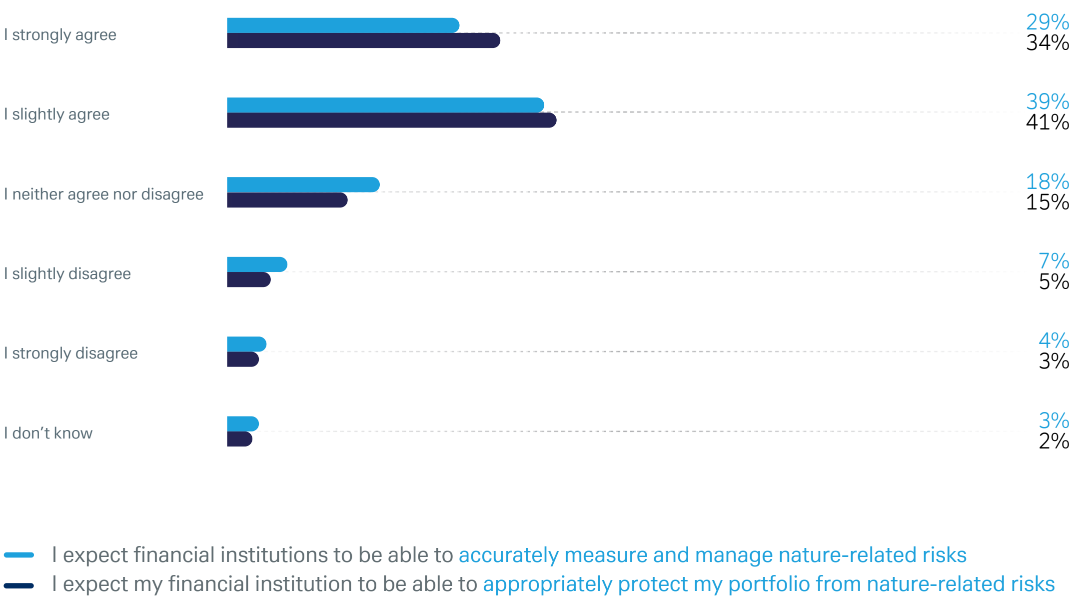
## Sectoral winners and losers

A useful complement to measuring perceptions around ESG's impact on portfolio risks and returns is to look for views on sectoral winners and losers. So we asked our respondents which sectors would be most exposed to nature related risks. Unsurprisingly, energy (21%), materials (14%) and industrials (11%) are considered to be the sectors most exposed to nature-related risks. Looking at the problem from the other side, survey respondents saw utilities (17%), IT and Healthcare (14% each) as the sectors with the highest growth potential within the pathway to a net zero economy.

Given this uncertainty around risks, investors want financial institutions to provide expertise. 68% of investors expect their financial institution to be able to accurately measure and manage nature-related risks, 75% expect their financial institution to be able to appropriately protect their portfolio from nature-related risks. (Derived from Figure 12 below.)

Figure 12: Investor expectations of financial institutions' abilities regarding nature-related risks

Source: Deutsche Bank AG. Data as of October 2022.




But can such expectations on financial institutions be met? Some 46% of our clients agree or slightly agree that "my financial institution is able to provide the relevant expertise and solutions for me to manage the pathway to a net-zero economy". But we also asked investors whether financial institutions are already capable of accurately measuring and managing specifically nature-related risks. The results are more ambivalent (Figure 13). 26% of investors neither agreed or disagreed that financial institutions could do this – and the proportions of respondents slightly agreeing or disagreeing that this was true were evenly balanced (25% vs. 22%). The implication is that there is a desire for financial institutions to understand and manage nature-related risks – but not yet confidence that they can do so.

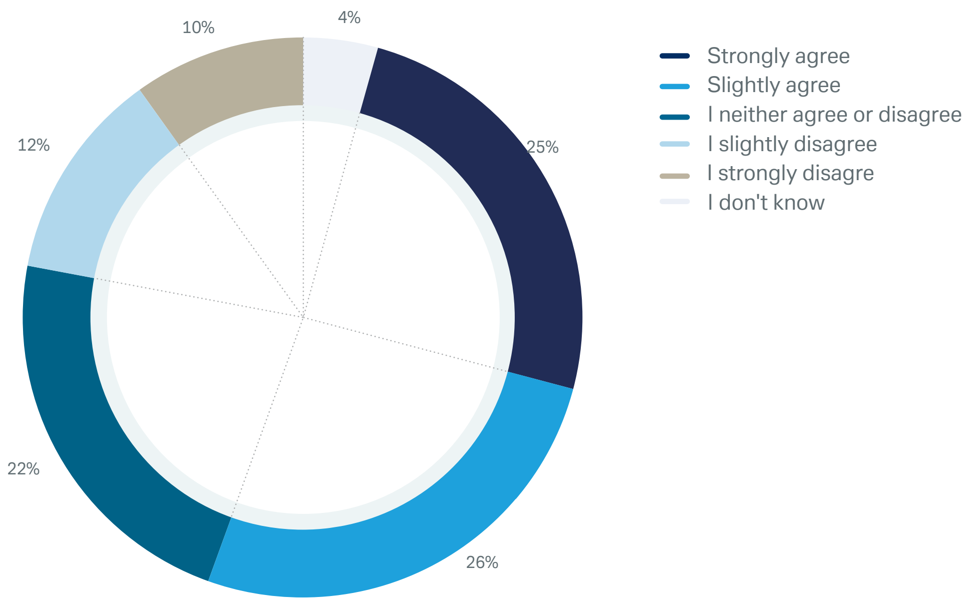
## The role of financial institutions

Such assessments are important as there is far reaching consensus among international organisations which focus on nature-related risks that financial institutions will have to play a major role in redirecting capital towards sustainability.[14,15,16,17] Investors may see financial intermediaries as being at the beginning of a transformation process: discussions within such institutions, and between them and their clients, are getting deeper and more intensive. On this basis, confidence around the capability of financial institutions in managing nature-related risks may grow in the following years. Yet, we should not forget that the transformation towards sustainability will require a reshaping of how we live for our society at large. While banks retain an essential role as transmitters of capital, public institutions, other private enterprises and the general public will all have to work towards this common goal.

What is interesting is that there is already greater consensus amongst investors that financial institutions are able to provide the relevant expertise and solutions in managing the pathway to a net-zero economy. 46% either strongly or slightly agree that they do. So, there is some greater confidence about financial institutions' capabilities in specific fields.

Figure 13: Are financial institutions currently able to deal with nature-related risks to portfolios?

Source: Deutsche Bank AG. Data as of October 2022.




Financial institutions may therefore face a twin challenge. They have to demonstrate their importance and ability to align "all financial flows in support of the conservation and sustainable use of biodiversity" (as agreed by the Convention of Biological Diversity in 2021). But they also need to develop further expertise and capabilities to measure and manage risks within individual portfolios. Current client belief that they can do this needs to be supported by progress on creating a thorough and practical analytical framework and using it (in ways supported by central banks and supervisory bodies) to develop more comprehensive risk assessment and management. This will be a difficult task during a time of rapid economic and investment change – but it is an essential one.

# 04 Conclusion

The effects of global warming are now obvious around the world in the form of droughts, severe storms, floods, and fluctuating temperatures.

This rise in awareness of environmental dangers has been accompanied by continued growth in ESG investment. Such investment will remain an essential component of our response to this human-driven crisis. But it makes sense to continually question how ESG investment should best be done, what investors expect from their ESG investment and what it can realistically deliver.

This year's survey confirms that investors continue to want their investments to have a positive impact. Climate change is the most important environmental problem for them and concerns about its economic impact remain high. There is some investor optimism that we can effectively manage climate change and biodiversity loss.

The implicit question remains, however, to what extent and how effectively this concern can be translated into investment decision-making. The survey reveals a continued belief that ESG-based investment can reduce nature-related risks in portfolios and many investors think also believe that it can increase returns – but investors will need help in achieving these two objectives.

Financial institutions will have to demonstrate they can provide this help. The survey reveals that investors already have confidence that financial institutions can provide expertise and solutions to help their clients to manage the pathway to a net-zero economy. But there is greater scepticism about whether financial institutions can accurately measure and manage nature-related risks. Such scepticism needs to be overcome through deeper knowledge and discussion. Financial institutions need to demonstrate that they can lead ESG investment in ways that can benefit both their investors and the planet.

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# Glossary

Artificial intelligence (AI) refers to the intelligence demonstrated by machines.

Biodiversity means variability among living organisms from all sources, including 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.

Ecosystems are created by the interaction of plants, animals, weather and landscape.

CISL stands for the University of Cambridge Institute for Sustainability Leadership.

ESG stands for Environment, Social, Governance, and is the acronym most commonly used for sustainable investments. They measure the sustainability and societal impact of an investment in a company or business.

Ethical investing refers to the practice of using one's ethical principles as the primary filter for selections made in securities investing.

Exchange-traded funds (ETFs) are a type of investment fund and exchange-traded product, i.e. they are traded on stock exchanges.

The Global Commission on Adaptation was launched in 2018 to accelerate climate change adaptation; its mandate came to an end in 2020.

Governance (corporate governance) involves the processes of governing – whether undertaken by the government, firm, market, network – over a social system and whether through the laws, norms, power or language of an organized society.

Greenhouse gases (GHG) are gases that trap heat in the atmosphere; carbon dioxide is the primary contributor to GHG emissions.

Gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

Impact investing refers to investments made into companies, organizations and funds with the intention to generate a measurable, beneficial social or environmental impact alongside a financial return.

The International Union for Conservation of Nature (IUCN) was established in 1948 and is composed of both governments and civil society organizations.

Millennials, also known as Generation Y, are the demographic cohort born between 1981 and 1996, following Generation X and preceding Generation Z.

National Capital Accounting and Valuation of Ecosystem Services (NCAVES) is a project launched in 2017, funded by the European Union and focused on pilot testing ecosystem accounting.

Natural capital refers to the elements of the natural environment including assets like forests, water, fish stocks, minerals, biodiversity and land.

Non-governmental organisations (NGOs) are independent of government involvement and can be seen as a subgroup of founded organisations by citizens.

The OECD (Organisation for Economic Co-operation and Development) is an intergovernmental economic organisation with 37 member countries, founded in 1961 to stimulate economic progress and world trade.

# Glossary

Stranded assets are those assets experiencing redundancy or loss of value due to environmental challenges, changing resource landscapes, new government regulations and evolving social norms.

The System of Environmental Economic Accounting (SEEA) is a framework that tries to integrate economic and environmental data.

The Taskforce on Nature-related Financial Disclosures (TNFD) provides a framework for corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature, aiding in the appraisal of nature-related risk and the redirection of global financial flows away from nature-negative outcomes and towards nature-positive outcomes.

UN Sustainable Development Goals (SDGs) were set in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030, it is a collection of 17 interlinked global goals designed to be a blueprint to achieve a better and more sustainable future for all.

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