

IMPLEMENTING **NATURE-BASED** **SOLUTIONS:** DISASTER AND CLIMATE RESILIENCE **FOR BUSINESS**

WORKSHOP #3

Financing and insuring NbS for disaster and climate resilience

STARTS AT

10 AM (CEST / GMT+2)
04 PM (CEST / GMT+2)



WHY JOIN THIS WORKSHOP

- Learn why NbS are important for business, with expert speakers who have pushed the boundaries of innovation.
- Understand how NbS can reduce business risk and build resilience.
- Gain practical knowledge on NbS for business, including global criteria for designing, verifying and scaling up NbS projects, and the latest financing mechanisms.
- Be a part of a growing business community increasing their resilience to disaster and climate risks while protecting biodiversity.
- Gain a course certificate to show your participation through joining live or through taking the course at a time convenient to you.

WORKSHOP #1

Introducing the business case for NbS for disaster and climate resilience: the “what” and the “why”

JUNE 17

WORKSHOP #2

The IUCN Global Standard for NbS: how to measure performance and impact

JUNE 24

WORKSHOP #3

Financing and insuring NbS for disaster and climate resilience

JULY 01

Financing and Insuring Nature-based Solutions for disaster and climate resilience

1 July 2021

10:00 – 11:30 CET

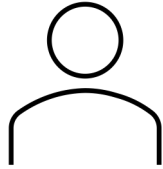
16:00 – 17:30 CET



A few “house rules”



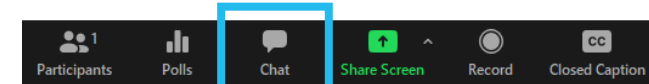
Make sure to be
joining us through
**Zoom app or
computer**



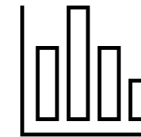
Please **change your
username** to your full name
and (organization)
E.g. John Doe (WBCSD)



Please submit **comments
or questions** in the **chat**
function



This session is being
recorded and you will be
muted



Be prepared for some **interactivity**:
We'll be using **polling Qs**.

Agenda

- Mentimeter
- Overview
- Financing NbS and finance mechanisms/products
- Q&A
- Insurance mechanisms
- Q&A
- Final reflections





FirstRand

Financing nature based solutions

About FirstRand

GROUP PROFILE






FirstRand Limited (FirstRand or the group) is a portfolio of integrated financial services businesses operating in South Africa, certain markets in sub-Saharan Africa and in the UK.

Many of these businesses are leaders in their respective segments and markets, and offer a broad range of transactional, lending, investment and insurance products and services.

Group earnings remain significantly tilted towards South Africa.

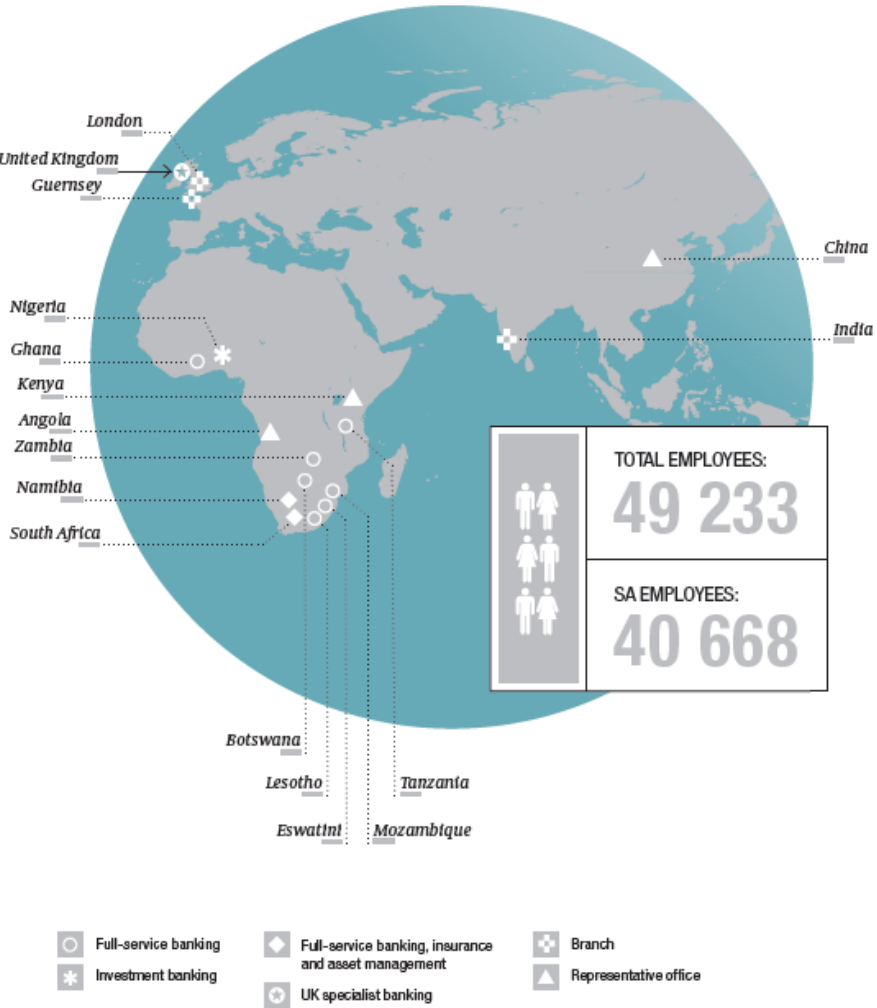
The group's strategy outside of South Africa includes growing its presence and offerings in certain key markets in the rest of Africa, where it believes it can build competitive advantage and scale over time. In the UK, the group aims to build further franchise value through scaling, digitisation and disruption.

For a detailed review of the operations refer to the Annual Integrated Report (www.firstrand.co.za).

	RETAIL AND COMMERCIAL BANK	FNB represents FirstRand's activities in the retail and commercial segments in South Africa and the broader African continent. It is growing its franchise on the back of a compelling customer offering that provides a broad range of innovative financial services products.
	CORPORATE AND INVESTMENT BANK	RMB represents the group's activities in the corporate and investment banking segments in South Africa, the broader African continent and India. Its strategy leverages a strong origination franchise, a leading market-making and distribution offering, a strong private equity track record and a growing transactional platform.
	INSTALMENT AND FINANCE PROVIDER	WesBank represents the group's activities in instalment credit, fleet management and insurance in the retail, commercial and corporate segments of South Africa. WesBank has a unique and long-standing model of partnering with leading motor manufacturers, suppliers and dealer groups.
	UK SPECIALIST LENDER	Aldermore represents the group's activities in the UK. It has a clear strategy of offering simple financial products and solutions to meet the needs of underserved small and medium-sized enterprises (SMEs), as well as homeowners, professional landlords, vehicle owners and savers.
	ASSET MANAGEMENT	Ashburton Investments represents FirstRand's asset management activities. Ashburton has an active investment management strategy spanning traditional and alternate investments as well as unique on-balance sheet opportunities.

THE GROUP HAS A MULTI-BRAND STRATEGY, WITH A NUMBER OF LEADING CUSTOMER-FACING BRANDS IN THE PORTFOLIO

FIRSTRAND'S OPERATING FOOTPRINT



Financing Nature Based Solutions

- “Nature-based Solutions are actions to protect, sustainably manage and restore natural and modified ecosystems in ways that address societal challenges effectively and adaptively, to provide both human well-being and biodiversity benefits” (IUCN, 2016)
- NbS could provide around 30% of the cost-effective climate mitigation needed by 2030 to stabilise warming to below 2°C, and can also provide a powerful defense against the impacts and long-term hazards of climate change,
- United Nation’s sustainable development goals - how sustainably using natural capital can help play a role in achieving these goals.



Kelp farming project:

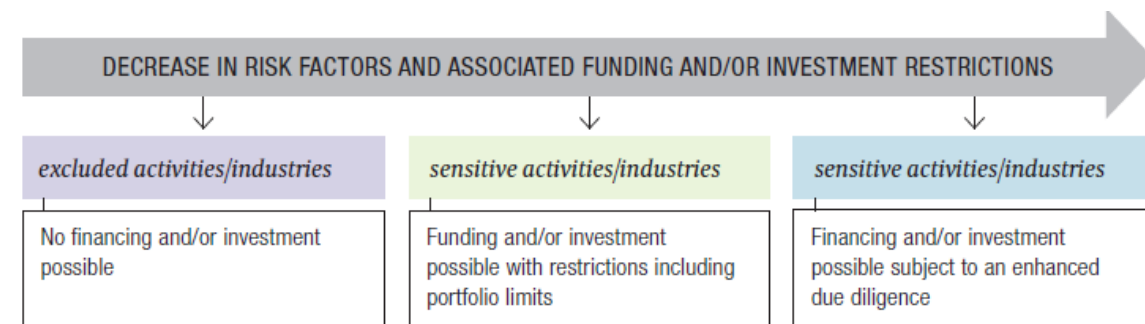
- An example of climate mitigation and defense against climate hazards provided through working with ecosystems, rather than just relying on engineered solutions
- An innovative conservation effort that can help to protect, manage and restore the environment, while delivering tangible and sustainable benefits for people



Financing Nature Based Solutions

CLIMATE CHANGE

FirstRand believes that climate change is one of the defining issues of this century, with significant attention given to climate change mitigation and adaptation at governmental, business and societal level. It has the potential to disrupt business models and markets across all sectors and impact the livelihoods and well-being of individuals across the world.



PRINCIPLES FOR
RESPONSIBLE
BANKING

TCFD | TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



Challenges and opportunities

- Awareness raising and capacity building to understand the value – and dependency - on natural capital and the solutions that nature can provide.
- Robust KPI's and targets, and granular data at the client or asset class level.
- An enabling framework that creates incentives for nature-based solutions to help banks to channel financial flows.

Strategic CSI



Operations



Innovation



Core Business



“Failure to recognize that “nature is essential for human existence and good quality of life” results not only in a model of economic growth that significantly contributes to the loss of biodiversity, it also misses the opportunity to effectively deploy nature in helping resolve major societal challenges such as climate change, food security and disaster risk reduction”.

Source: IUCN Global Standard for Nature-based Solutions, 2020

Financing Nature-Based Solutions for Disaster and Climate Resilience

An oceans deep dive



CREDIT SUISSE
Sustainability Strategy, Advisory &
Finance
Oliver Withers
July 1st, 2021

Ocean health is vital to human life on earth

Support for human life



Oceans account for approximately
70% of the earth's surface¹



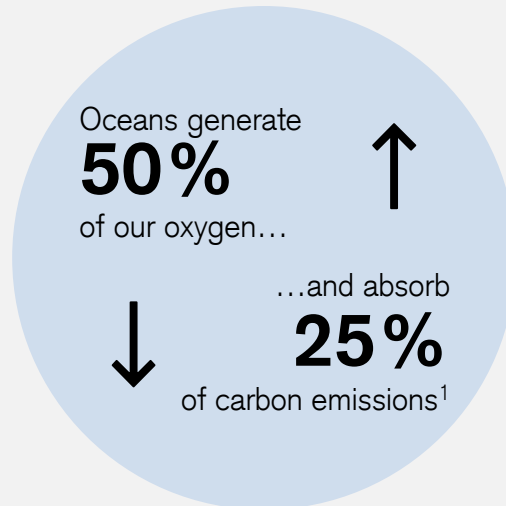
More than **3 billion**
people rely on the ocean for their
livelihoods²



1 billion people rely on fish
as their main source of animal protein³

Climate change mitigation

Oceans absorb **93%** of
climate heat⁴



One mature whale
sequesters more carbon than
1,500 trees can absorb
in a year⁸



Economic value

The economic value of ocean assets is
around **\$24 trillion**⁵

An “annual gross marine product” of
\$2.5 trillion
makes the ocean the world's 7th largest
economy⁵

Between 2009 and 2016, this economic
value grew **9.7%**

with growth forecast at 2x the rate of
the mainstream economy by 2030⁶

90% of world trade is
moved by sea⁷

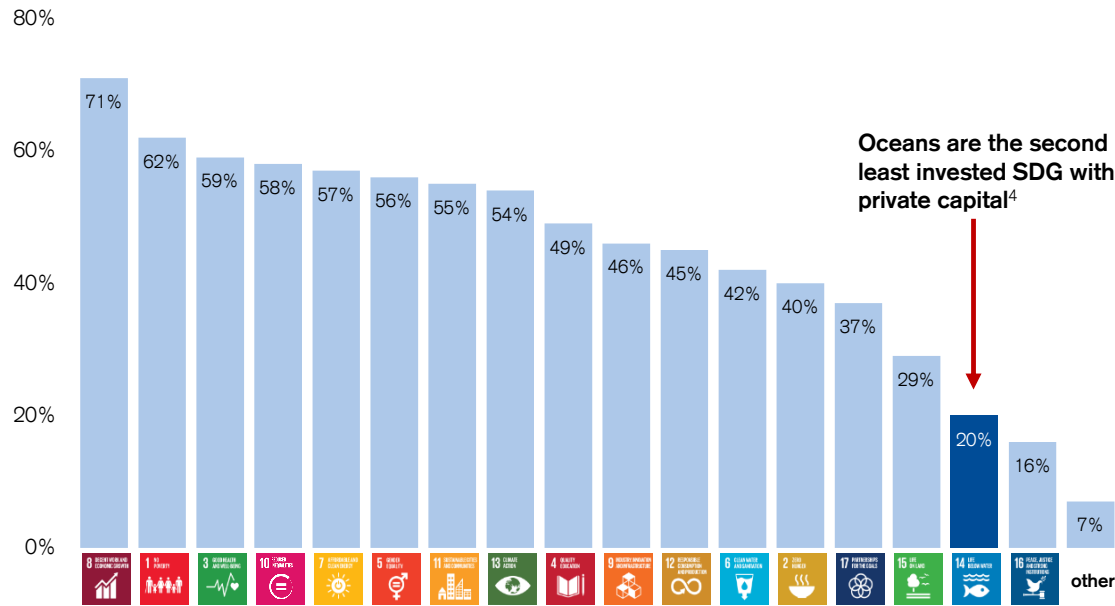


1. NOAA 2. OECD 3. FAO 4. IUCN 5. WWF 6. European Commission 7. ICS Shipping 8. IMF

Despite the criticality of our oceans, they are one of the most underinvested SDGs

The past 5 years marked the **warmest on record** for the ocean. Ocean warming is a key contributor to severe weather events; **more than \$115 billion+ weather disasters** in the last decade¹

On our current trajectory, by 2030 there will be **4x the amount of plastic waste** in the ocean and by 2050, we'll have **more plastic in the ocean than fish**²



Nearly 90% of the world's marine fish stocks are now fully exploited; over **750 million people** rely on **aquaculture** for the livelihoods and **over 4 billion** count **seafood** as their primary source of protein³

Under a 2 degrees scenario, **sea levels are predicted to rise by a minimum of 2 feet** in your children's lifetime. By 2050 this would displace c. 1 billion people¹

1. NOAA 2. Ellen MacArthur Foundation 3. FAO 4. GIIN 2020 Annual Impact Investor Survey

Oceans present a significant investment opportunity



HIGH LEVEL PANEL for **A SUSTAINABLE OCEAN ECONOMY**

The Ocean Panel has identified **five key sectors** as having the biggest potential for investment:



Sustainable fisheries and seafood



Offshore energy



Ocean data



Cleaner marine transport



Circular economy solutions and tackling plastic waste

Every dollar invested to create Marine Protected Areas (MPAs) is expected to **be at least tripled in benefits** such as employment and coastal protection¹

Increased protection of critical ocean habitats could result in **net benefits of between \$490 billion and \$920 billion** by 2050¹

Mangroves are **5 times more cost effective** vs man-made infrastructure in protecting coastal communities²

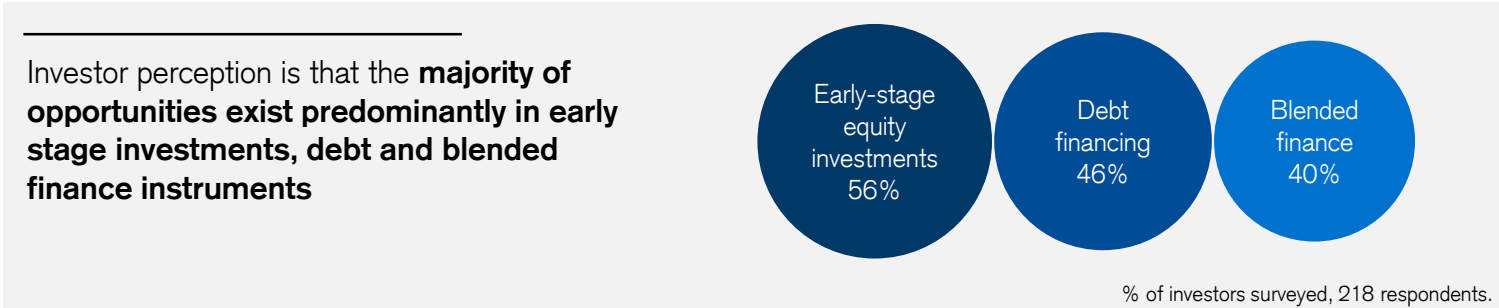
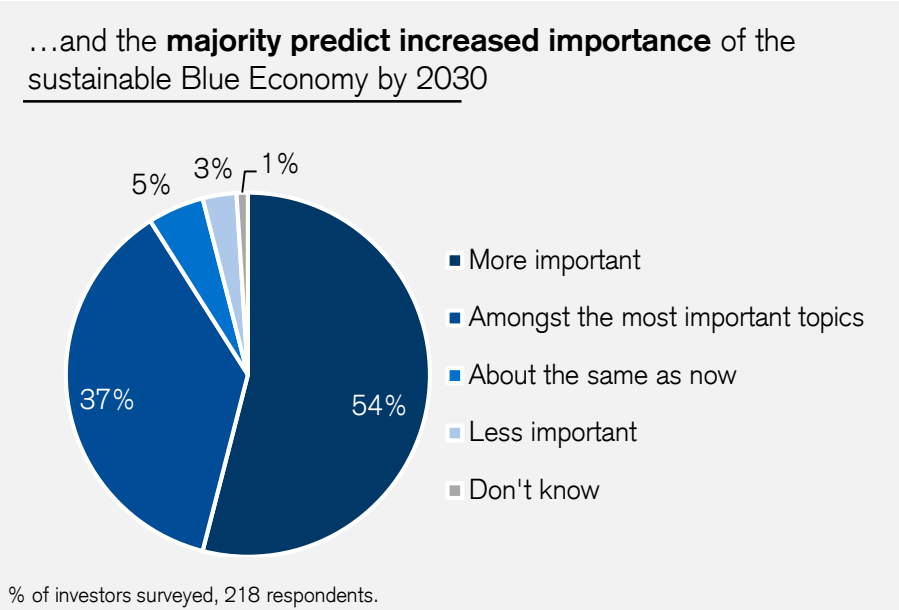
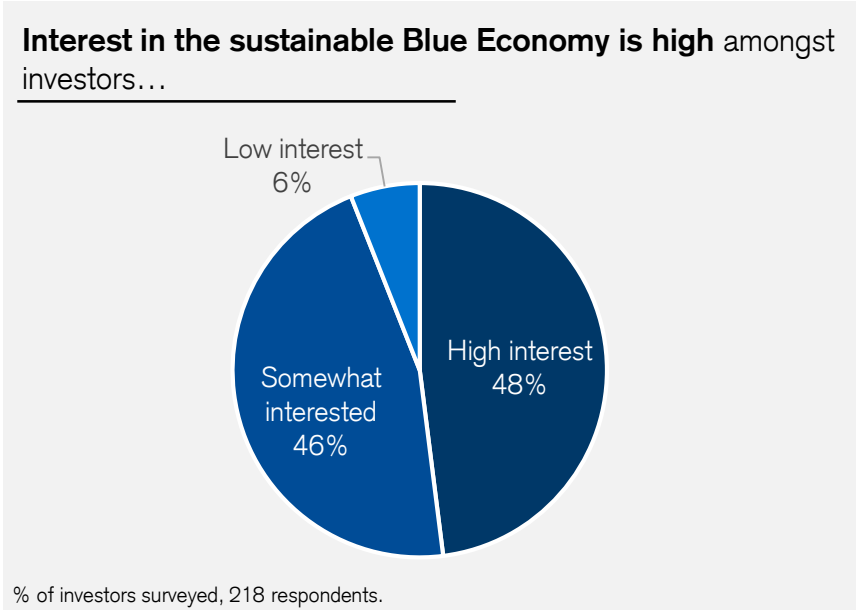
Over the next 30 years, investing \$2 trillion to \$3.7 trillion globally across sustainable ocean-based policy interventions could **generate a net benefit of \$8.2 trillion to \$22.8 trillion**⁴

Aquaculture is the fastest-growing sector in the food animal industry. The global human population will eat 30 million tons of fish by 2030, representing **double digit growth rates**³

Ocean-related industries like offshore wind energy, fishing and shipping comprise roughly **3.5% to 7% of global GDP** a value expected to **double by 2030**⁵

1. WWF, Marine Protected Areas: smart investments in ocean health 2. IUCN 3. FAO 4. The Ocean Panel 5. World Resources Institute

Interest in the sustainable Blue Economy is high amongst investors

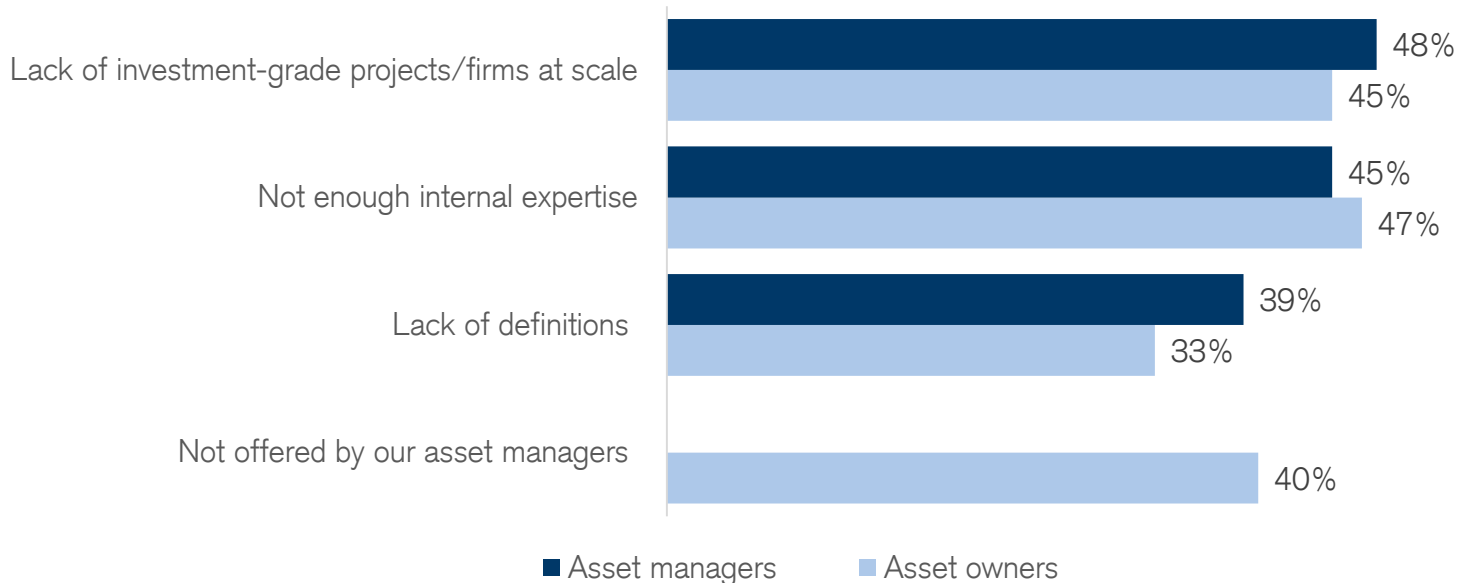


Source: Credit Suisse “Investors and the Blue Economy” – 218 respondents.

The biggest hurdle for private capital is a lack of investable opportunities that meet investors' needs

Barriers to addressing the critical funding gap towards our oceans underscore the **necessity for innovative and collaborative solutions**

Main barriers to sustainable Blue Economy investment



Source: Credit Suisse "Investors and the Blue Economy" – 218 respondents.



Investor awareness and engagement are key to driving change and making a difference

Raising awareness

Raising awareness can lessen an organization's negative impact on the ocean and provide potential areas of engagement with portfolio companies

75% of investors have not assessed their investments for ocean impacts or risk exposure¹

Raising engagement

Increasing engagement with portfolio companies targeting a reduction in ocean-harming activities can support Ocean ecosystems

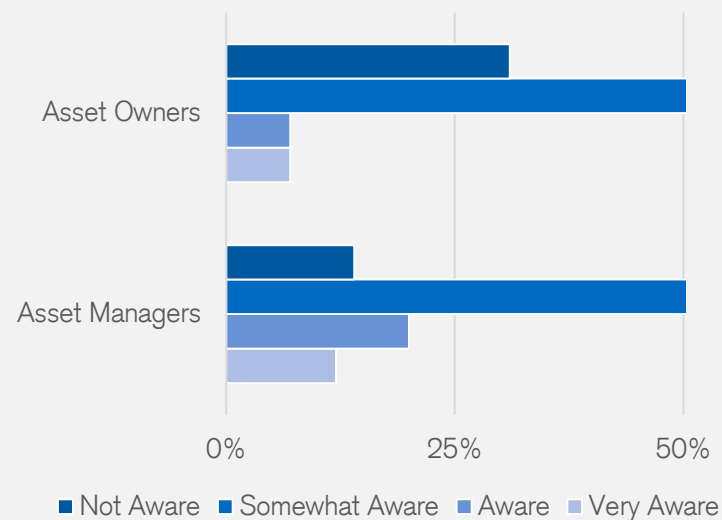
Only 36% of asset managers currently engage with their companies on ocean health¹

Partnerships

Partnerships can mobilize action and lead to tangible impact – but equally require awareness and engagement

Example: The **PRI Plastics Working Group** (29 global investors) joining forces to collectively engage packaging companies on plastic transition

Only a minority of asset owners and managers are aware of the ocean impacts of their investments¹



1. Credit Suisse Investors and the Blue Economy survey – 218 respondents.

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Insurance mechanisms

to support implementing
Nature-based Solutions for
disaster and climate
resilience

Morning:

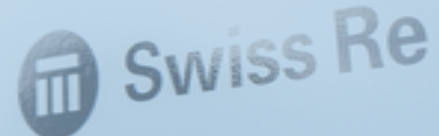
Cherie Gray

Global Lead, Sustainability
& Market Development,
Public Sector Solutions

Afternoon:

Philippe Brahin

Head of Americas,
Public Sector Solutions



OUR VISION:

We make the world more resilient.



The **Swiss Re Group** is one of the world's leading providers of reinsurance, insurance and other forms of insurance-based risk transfer.

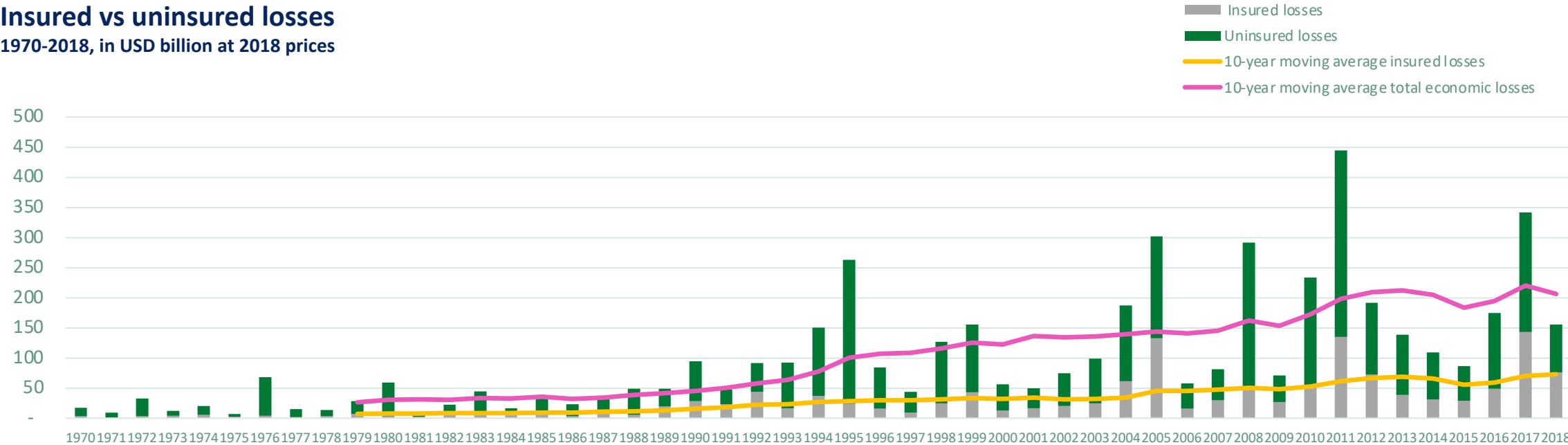
Swiss Re has signed the Paris Pledge for Action and joined other large asset owners in the UN-convened Net-Zero Asset Owner Alliance, to commit to carbon-neutral investment portfolios by 2050.

Most catastrophe risk is uninsured,
which impacts the economy and ability
to recover from shocks

70%

of global economic losses caused
by natural catastrophes over the
past decade were uninsured

Insured vs uninsured losses
1970-2018, in USD billion at 2018 prices





55%

of global GDP is
dependent on
biodiversity and
ecosystem services

**USD 36
billion**

the economic value provided
by coral reefs through
tourism related activities

**USD 65 billion
15 million people**

the annual protection
value (property and
lives) provided by
mangroves

**USD 272
billion**

the estimated cost of
global storm damage
without functioning
coral reefs

Nature: the ultimate resilience and service provider



**Acknowledge the dependencies
and benefits of nature, and
integrate into decision-making**

How can insurance help?



Businesses: protect the natural asset and revenue earned from eco-services



Investors: de-risk and insure green projects against damage and delays



Governments: insure against the cost of damages, clean-up and restoration.

Texel Island, The Netherlands

Traditional construction covers
to assure project completion of
the nature-based solution

PRE-EVENT

POST-EVENT

Quintana Roo, Mexico

Parametric cover triggered
by hurricane intensity,
covering the cost of prompt
restoration

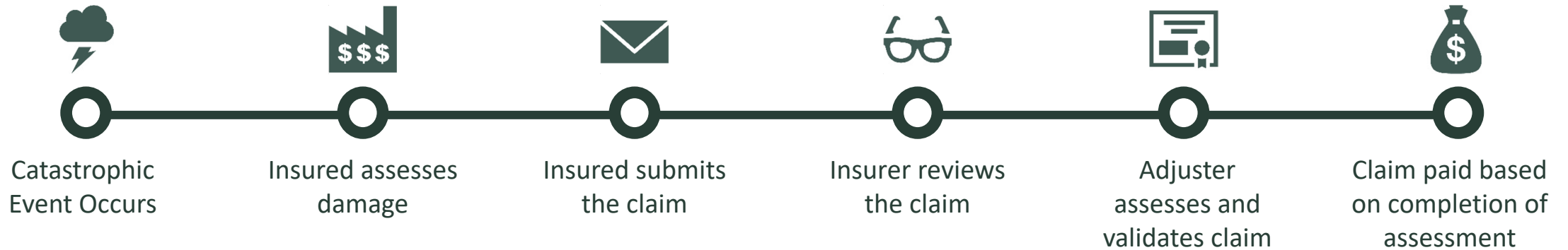


Risk event



Indemnity vs Parametric: Types of Insurance

Indemnity based insurance



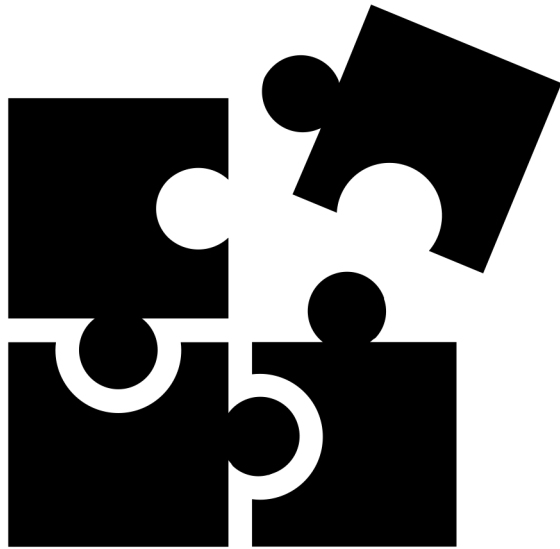
Parametric insurance



Parametric considerations:

- Fast pay out, with no loss assessment required
- Pre-agreed amounts and flexibility in use of funds
- Transparency and use of objective data
- Basis risk – pay out may differ from actual loss

Designing the right insurance solution in relation to NBS



Identify the asset

that needs protection, or solution to be constructed



Understand the risks

what are the risks and threats, how often will they occur, and how do they impact the natural asset, or the eco-service?



Determine payout needs

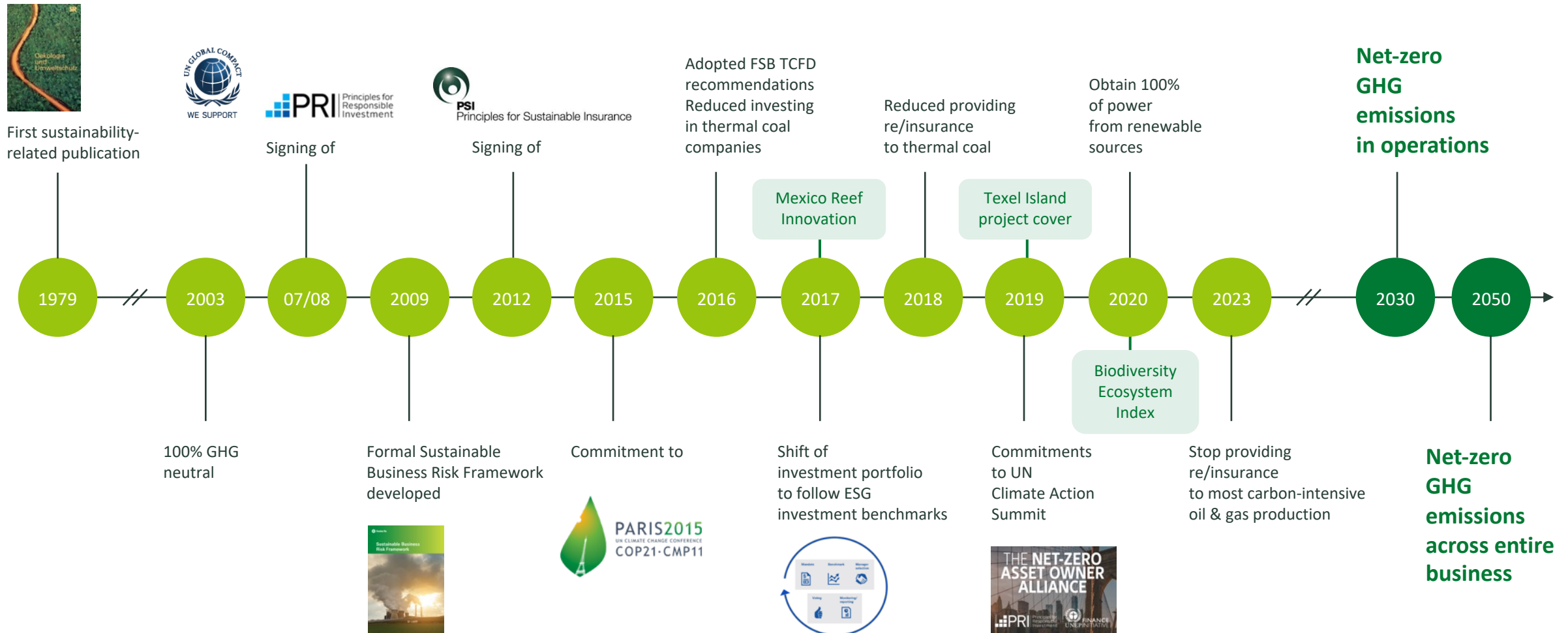
how much is needed to fund repairs, and what do these funds need to cover?



Premium Funding

who pays the premium? ensure sustainable cash flows for ongoing premium payment and protection

Swiss Re has a long tradition of sustainability and reinforces this with further ambitious steps towards net-zero emissions



Steering our business towards the UN Sustainable Development Goals (SDGs)



Enabling Wind farms
in Taiwan



Kenya Livestock
Insurance Program



Disaster risk financing
in Nagaland, India



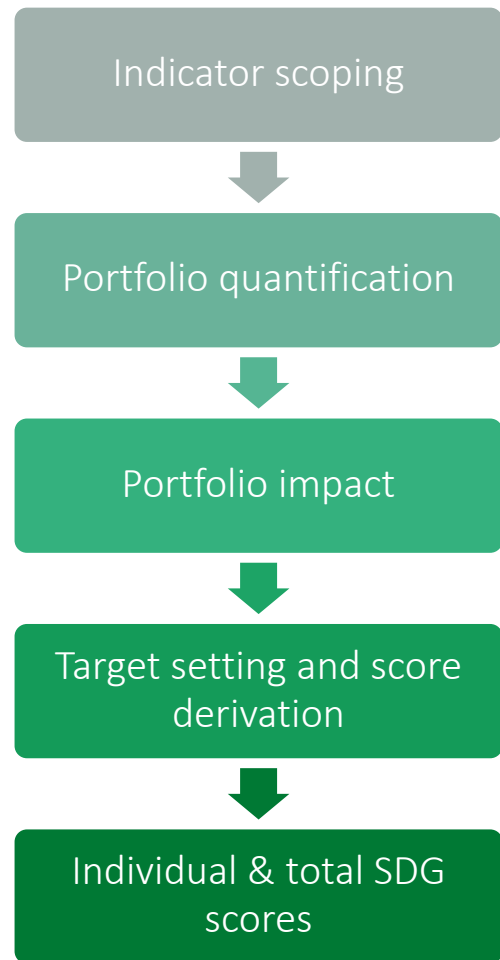
Marine ship
decarbonisation



Insurance SDG Calculator

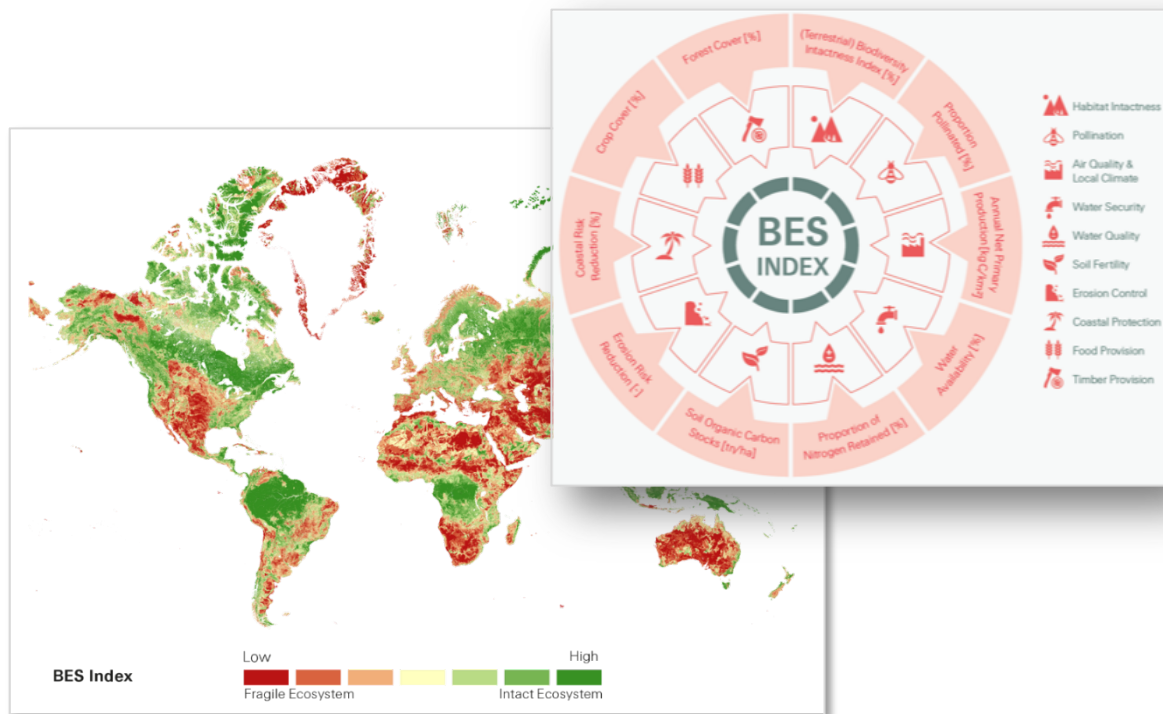


The Swiss Re Institute is developing a tool to help re/insurers measure, steer and report progress towards the UN's SDGs.

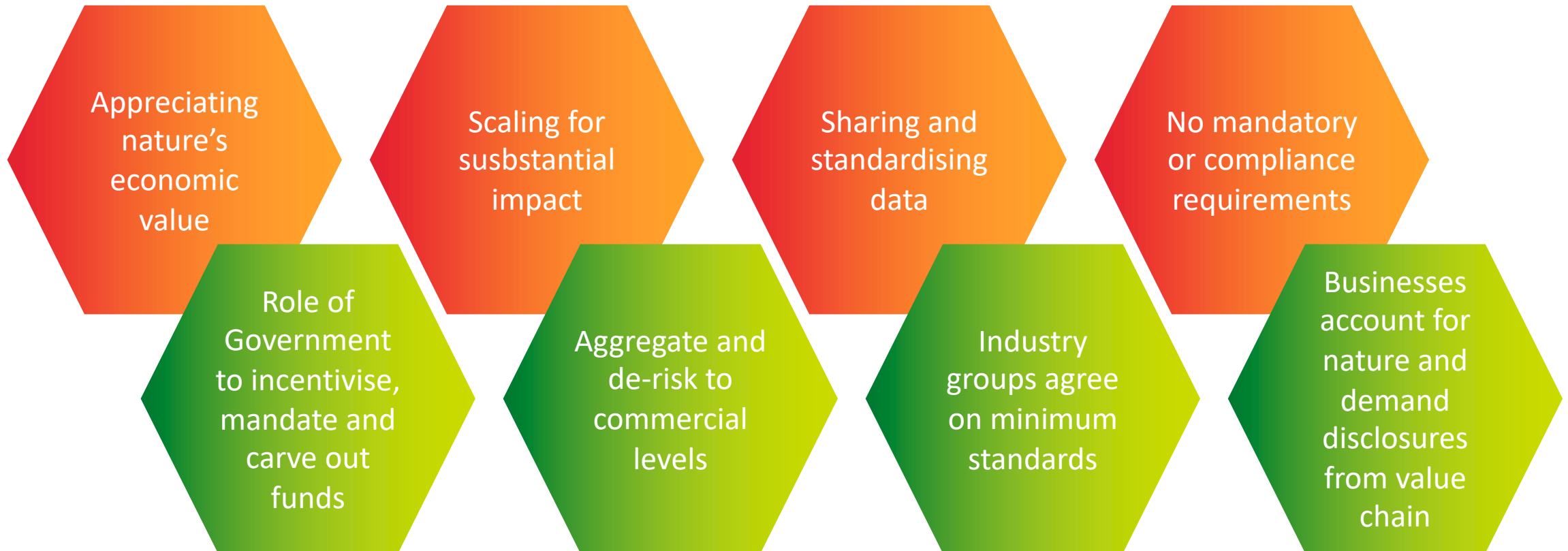


Biodiversity & Ecosystem Index

Built from existing publications and satellite data sets, this index estimates the state of 10 natural ecosystems at 1km² resolution. Integrated into Swiss Re's CatNet® tool, this tool can help assess risk and inform planning.



Overcoming (some of) the current hurdles





RECEIVE A CERTIFICATE



Receive a
Certificate of Participation
for each workshop,
after taking the quiz*



Missed the live workshop?
You can still watch the
recording, complete the quiz*,
and receive a
Certificate of Participation



Earn a
Certificate of Completion
for attending all the workshops
(live or recorded) and
completing all three quizzes*

* Score at least 70% to pass and receive your certificate. But don't worry, you will get multiple attempts to get it right!

Thank you for attending the workshop series!

To receive the Certificate of Participation, don't forget to complete the quiz on the We Value Nature Platform!

To learn more about NbS for Disaster and Climate Resilience, check out our online course at pedrr.org/MOOC

