

HU
MAN
is CA
PI
TAL



Sycomore AM

Net Environmental Contribution

March 2020

Anne-Claire Abadie

The challenge | natural capital



« Earth **Overshoot Day** has moved from late September in 2000 to **July 29** in 2019. »⁽²⁾



Organisation
mondiale de la Santé

23% of global mortality is due to **environmental damage**, or 12.6 million persons annually ⁽¹⁾



« The **6th** mass extinction of animal **species** is underestimated »⁽³⁾

(1) Whole Health Organization, March 2016, 2012 figures: http://apps.who.int/iris/bitstream/10665/204585/1/9789241565196_eng.pdf

(2) Global Footprint Network: <https://www.overshootday.org/>

(3) IPBES, March 2018: <https://www.futura-sciences.com/planete/actualites/zoologie-sixieme-extinction-masse-animaux-sous-estimee-58704/>.

The issues | environment and investment

Why do **environmental challenges** matter to investors?

Risks

- Transition risks: technology risk, policy risk, reputation risk or market risk
- Physical risks: acute risk or chronic risk

Opportunities

- Transition, resilience
- Solutions, Mitigation

Regulatory landscape

- TCDF recommendations
- Article 173
- Fiduciary duty
- European Commission's Action Plan for a greener and cleaner economy, EU Green taxonomy

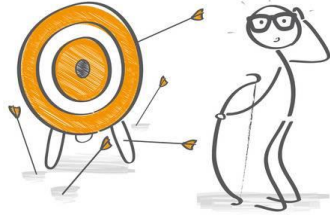
Capital reallocation

- Paris agreement
- SDGs
- Impact investing

Between 1 to 10 trillion US\$ per year of investments⁽¹⁾

(1) Estimation range of annual new capital allocation from IEA, OECD and UN, 2019

Enabling the green transition ?



Which are the activities, companies, portfolios, projects that **positively contribute to the environmental transition** to create a sustainable world?



What does the carbon footprint tell us?

A question of **GHG scope**



SPORTS
CARS



ONLINE CLOTHES
RETAIL



WATER, WASTE AND
ENERGY MANAGEMENT



TRAINS, TRAM, SUBWAYS,
RAIL SYSTEMS

CARBON FOOTPRINT

Tons eq.CO₂/year/M€ invested

7

12

2966

108

CARBON INTENSITY

Tons eq.CO₂/M€ revenues

54

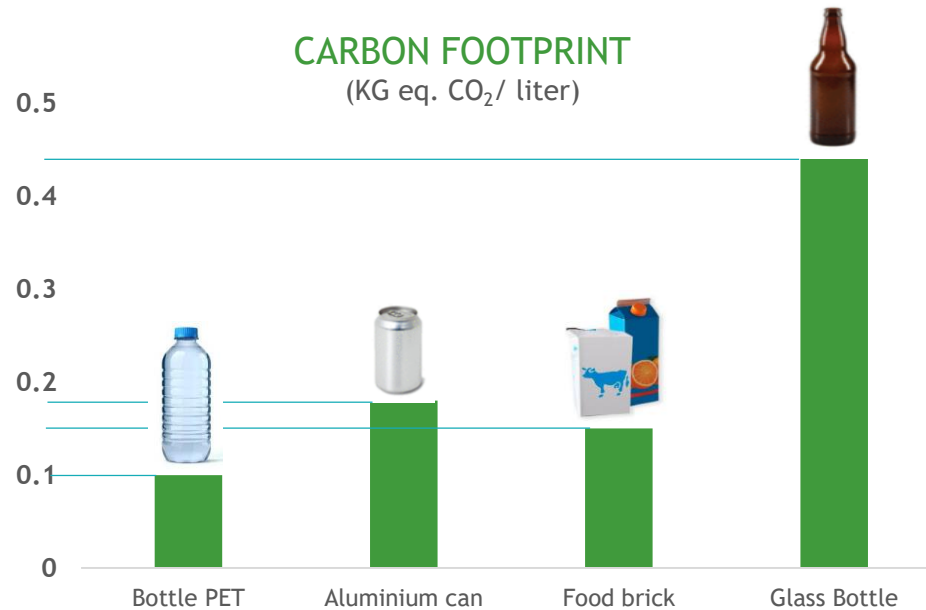
24

1637

132

What does the carbon footprint tell us?

A question of **environmental scope**

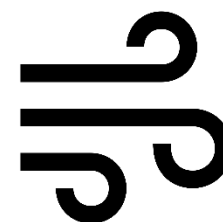
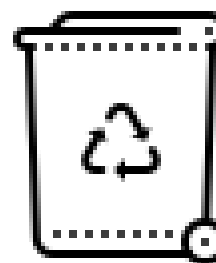
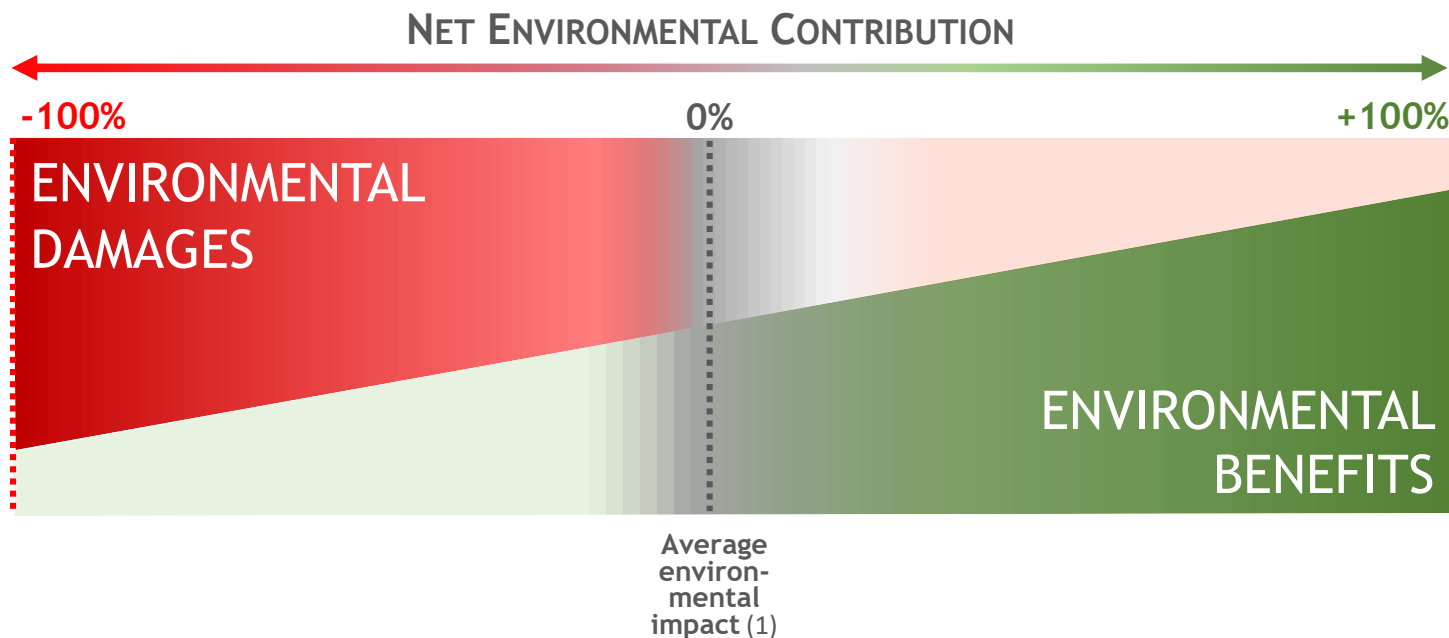


Existing indicators, such as the carbon footprint or E rating ratings, **do not reflect** on the **risk of transition**, nor on climate risk or on issues **beyond carbon**, such as damages from plastics, air quality, nuclear waste or biodiversity

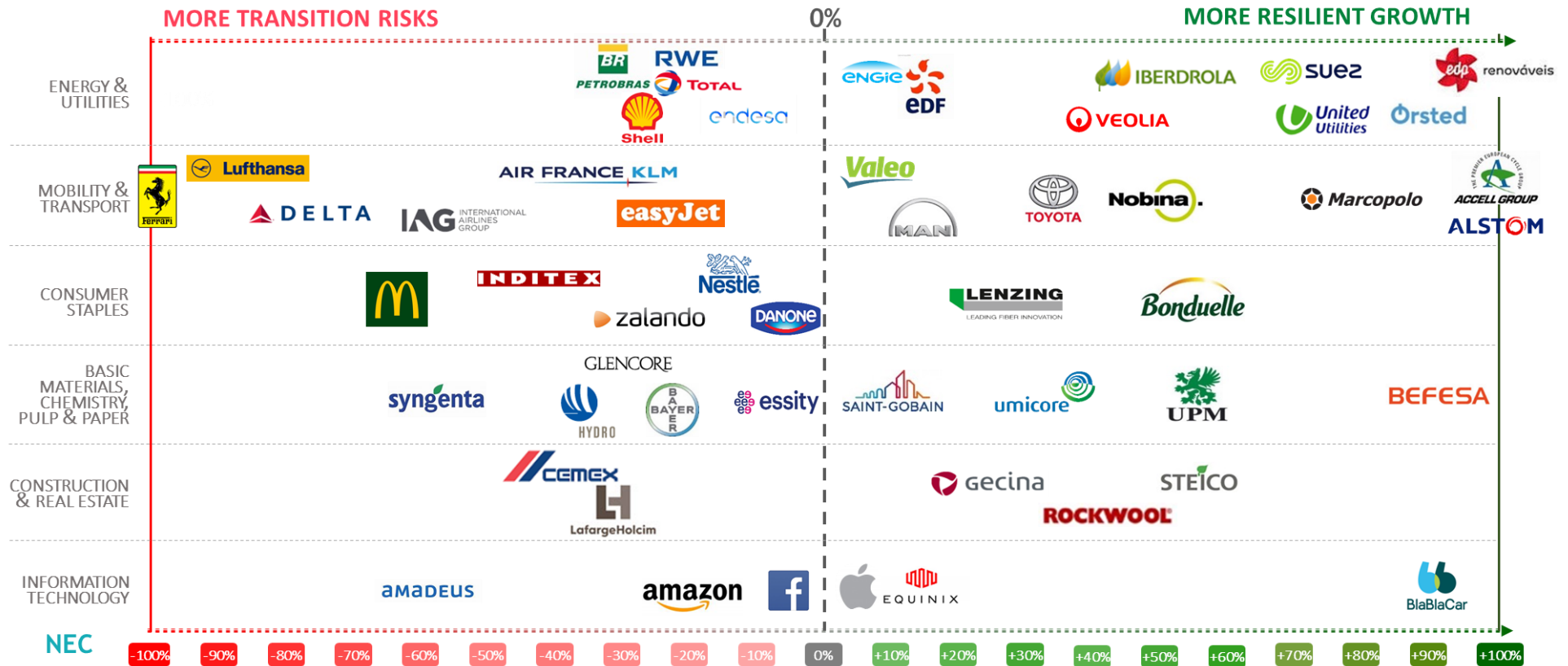
An advanced metric

NEC

Multi-criteria
analysis by
functional unit
and by activity

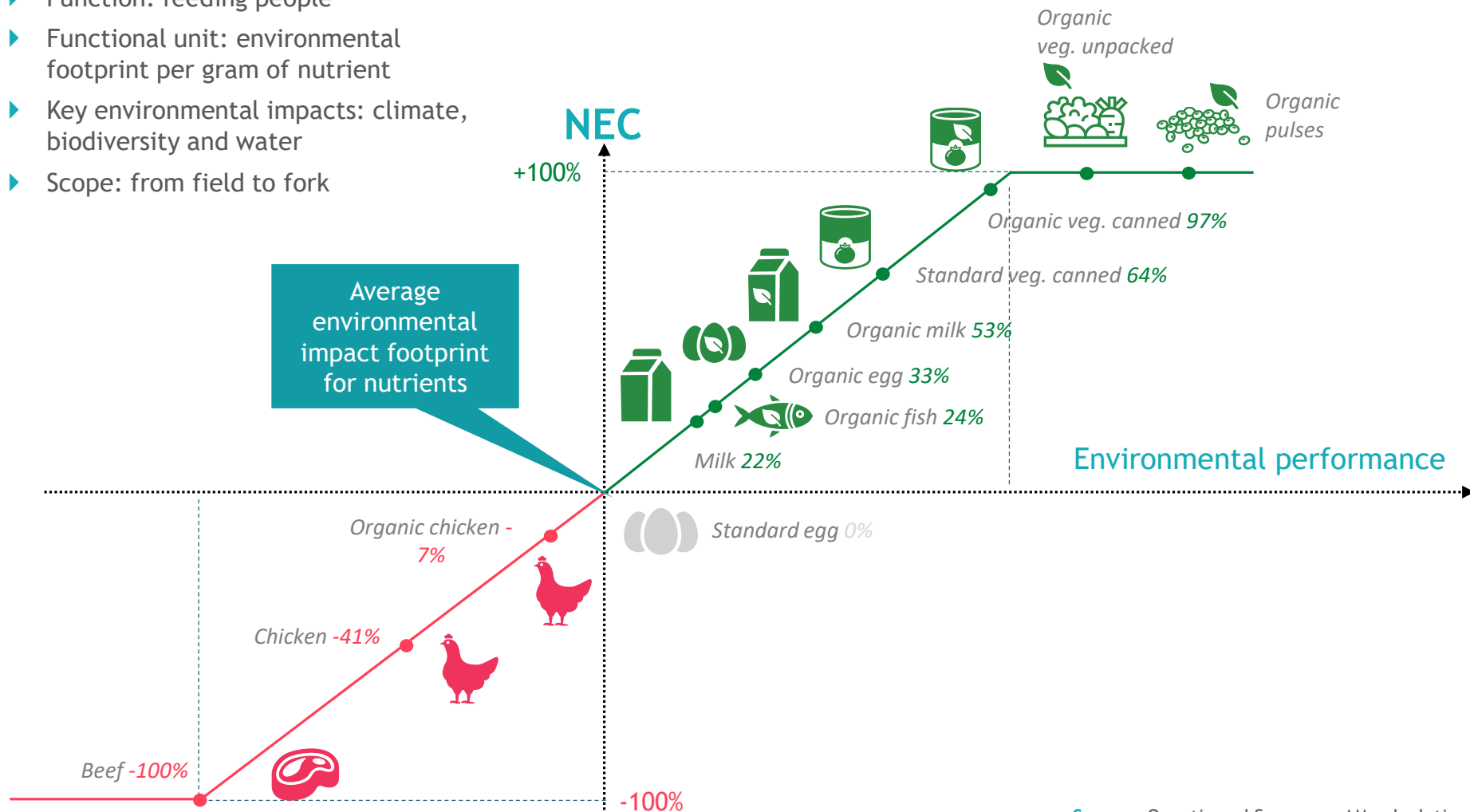


Delivering manageable results



Understanding the food framework

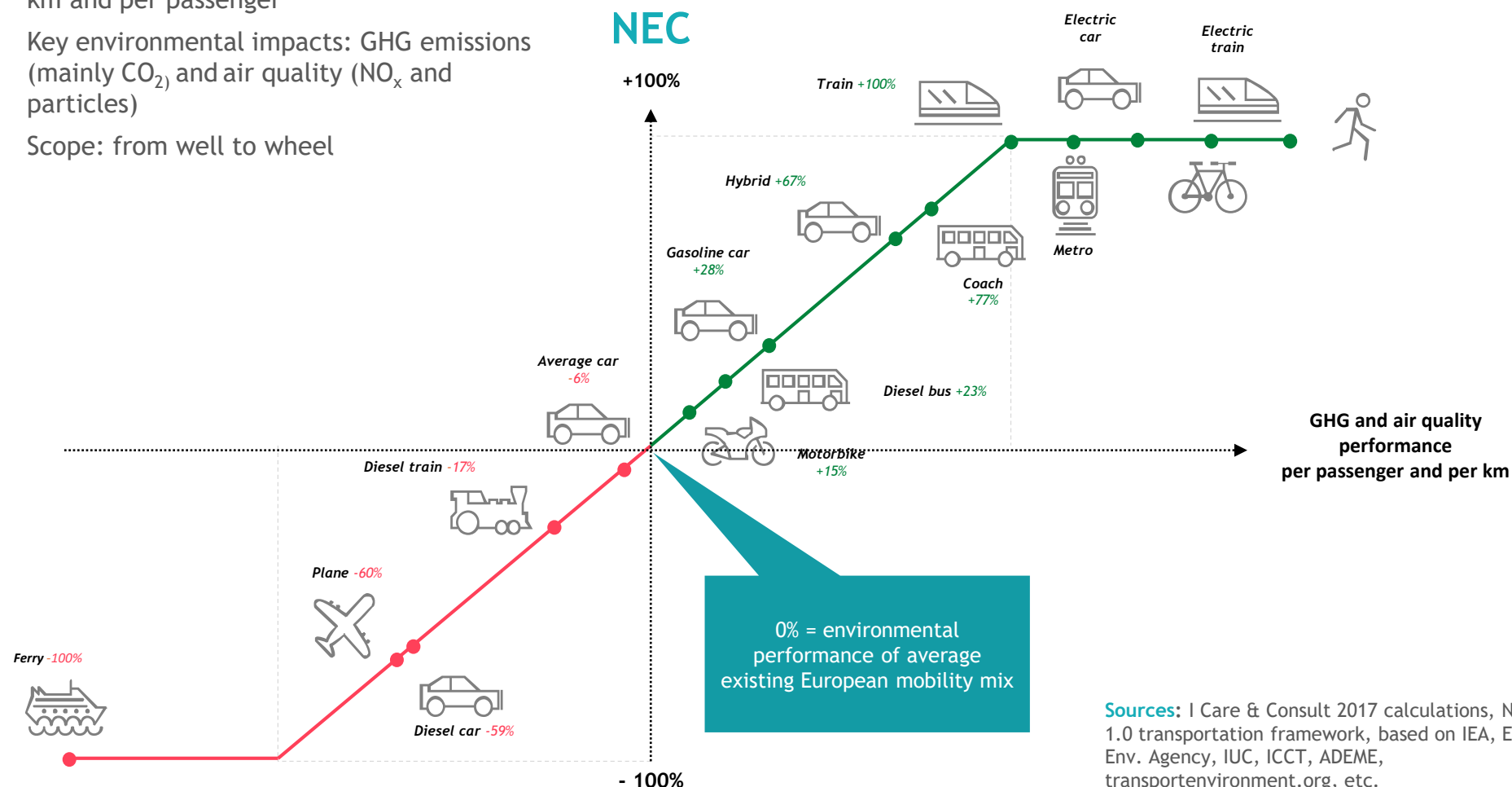
- ▶ Function: feeding people
- ▶ Functional unit: environmental footprint per gram of nutrient
- ▶ Key environmental impacts: climate, biodiversity and water
- ▶ Scope: from field to fork



Source: Quantis and Sycomore AM calculations, Food & Beverage framework, NEC 1.0.

Default NEC for passenger mobility

- ▶ Function: Going from point A to point B
- ▶ Functional unit: environmental impacts per km and per passenger
- ▶ Key environmental impacts: GHG emissions (mainly CO₂) and air quality (NO_x and particles)
- ▶ Scope: from well to wheel



[NEC]ⁱ

Empowering investors with an
open-source environmental metric

www.nec-initiative.org
hello@nec-initiative.org

NEC: NET ENVIRONMENTAL CONTRIBUTION

