

AN INVESTOR PERSPECTIVE ON NATURAL CAPITAL

TEAM PROFILE

Four students with academic background in any of the three fields or related fields: economics, energy, environment studies.

Fluency in French would be a plus but is not absolutely required.

PARTNER

Allianz - Investment Management (France)
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PERSON IN CHARGE OF THE PROJECT

Anqi DANG, sustainable investment analyst

BRIEF DESCRIPTION OF THE INSTITUTION AND CONTEXT OF THE PROJECT

Allianz is one of the leading integrated financial services providers worldwide. We offer our 88 million customers in more than 70 countries a wide range of products, services, and solutions in insurance and asset management. For us as an insurer and investor, understanding and acting on climate, environmental, social and governance (ESG) issues are part of our core business, which is evidenced by many external recognition, including, insurance sector leader in Dow Jones Sustainability Indices, AAA rating by MSCI ESG research and A+ rating by Principles for Responsible Investment.

This project is under the responsibility of Allianz Investment Management team in France (AIM Paris), which steers the investment of Allianz France's proprietary assets. Besides our engagement with investee companies to improve ESG performance and our commitment to net zero carbon emissions of investments by 2050 - "Science Based targets (SBTs)", we are increasingly aware of the strong reliance and impact on natural capital through our investments.

EDUCATIONAL CONTENT

"We use nature because it's valuable, but we lose it because it's free."

Often referred to as natural capital, nature's infrastructure – forests, river basins, wetlands, coral reefs and so on - provides fundamental inputs to the production of all kinds of goods and services. Failing to account for natural capital is the quickest route to depleting the planet's resources. And because so many businesses depend on nature, short-term stripping of its assets is accumulating a big backlog of risk for investors.

As we see it, the two major barriers to natural capital investments are lack of common language (taxonomy) and lack of measurement tools and metrics. Yet there are already a lot of academic research and business cases (investment fund on natural capital) made on the topic, we therefore hope this project could start from an extensive literature review to applicable case studies, so that to help to develop an investor perspective on natural capital investment.

The project will in turn provide a good opportunity for the students to apply analytical skills and gain knowledge in sustainable investment research.

RESULTS AND DELIVERABLES INTENDED

Intermediary deliverables: Outline of report and/or draft report

Final deliverables: Report (including executive summary in both French and English) and PowerPoint slide deck for presentation

SCHEDULE

Between mid September and end of April.

Meeting schedule will be precise with the students during the project kick-off.

METHODOLOGY

Allianz proposes a research framework as below:

- Identification: natural capital-related risks and opportunities
- Assessment: indicators/metrics/tools to integrate natural capital into investment decision-making and to measure impact of natural capital investments
- Management: best practices summarized from case studies

The students can also propose a different framework and work accordingly, in this case, a validation from the project manager of Allianz is needed.

LOGISTIC

Guidance on key concept will be provided, as well as relevant documents and other potential sources of information.

The students will have access to the Team Projects' room, equipped with a computer, a printer and a phone.