Extra-financial risks in sustainable finance

Mark Carney - 2015 - "Tragedy of the horizon" vocalized how important extra financial risks are

Transition risk: *Arise from the transition to a low-carbon economy and potential misalignment between an organization's or investor's strategy and management and the changing regulatory and policy landscape in which it operates*

Physical risk: *Arise from the changes in weather and climate that impact the economy*

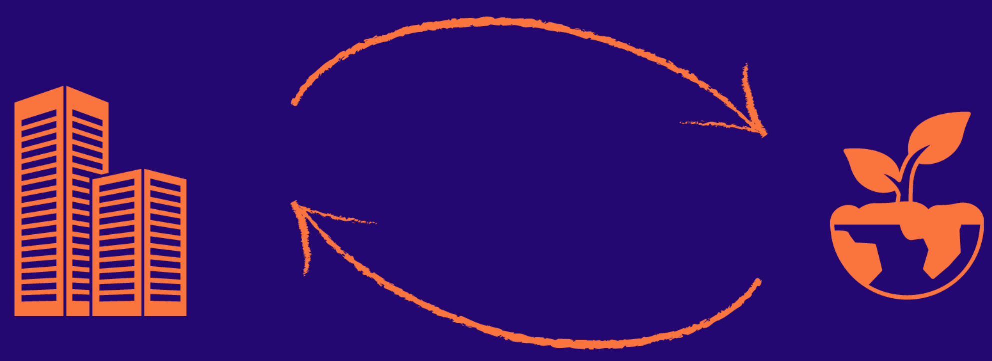
Financial risks are impacted by climate change

Supply Chain disruption	Stranded Assets	Physical damage	Liability risk	Credit risk
Delays Increased costs Revenue losses & lower stock price	Regulatory changes such as carbon pricing and emissions	Higher insurance costs	Legal costs Reputational risks and so potential marketing costs	

Double Materiality concept

Impact materiality

How do companies and investments affect biodiversity?



Financial materiality

How does biodiversity affect companies and investments?

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