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FINANCE AS A FORCE FOR NATURE

THE BIODIVERSITY FUNDING GAP

With the release of Professor Sir Partha Dasgupta's [report](#) on the economics of biodiversity earlier this year and several economists announcing the integral role biodiversity plays in maintaining a strong global economy, mainstream thinkers have signaled their desire to understand how the continued depletion and destruction of natural ecosystems might impact global economic stability.

Half of the world's total GDP representing approximately \$44 trillion is potentially at risk due to dependencies on biodiversity and ecosystem services. A recent [Nature Conservancy](#) report estimates a biodiversity funding gap over the next decade of approximately \$700 billion per year. This means that the combined conservation efforts of all philanthropic, governmental, and nongovernmental agencies are woefully inadequate to combat society's current rate of biodiversity loss and restore equilibrium between the demands we place on nature and the support that we provide to it.

HOW DO WE FUND THE GAP?

Recent studies by the [World Economic Forum](#) have estimated that capital expenditures totaling as much as \$2.7 trillion annually over the next decade will be needed in three socio-economic industries with material biodiversity impacts to ensure the regeneration and sustainability of nature for the future. These three economic systems—food, land and ocean use; infrastructure and building; and energy and extractives—together with climate change are responsible for the endangerment of approximately 79% of threatened species (25 percent of all species are currently under threat of extinction).

The World Economic Forum report also identified over a dozen material threats to nature that must be mitigated to halt the loss of biodiversity and ensure the sustainability of nature. These include: the avoidance of the expansion of land and ocean use; the use of sustainable fishing, forestry and farming practices; the establishment of nature conscious utilities and sustainable supply chains; and the protection of and restoration of natural ecosystems in real estate and urban development. The indoctrination of nature positive business processes will require both industrial transformation and the support of governmental and civic agencies alike.

Although seemingly daunting in scope and size, these industrial metamorphoses represent a significant opportunity, especially for those visionary business leaders that recognize the societal threat biodiversity loss brings and who are willing to act swiftly to build a more sustainable natural infrastructure and global economy.

The finance community, including constituents of the banking, investing and insurance industries, is pivotal to the success of this endeavor, as they represent the capital lever from which change can be facilitated and implemented. Therefore, it is critical that the finance industry encourages transparency from companies regarding their biodiversity dependencies and impacts, such that related risks and opportunities may be properly incorporated into financing and investment decision making- decision making that will hopefully fund a more nature friendly future.

WHO WE ARE

Karner Blue Capital is an SEC-registered, woman majority-owned firm that designs and manages investment strategies dedicated to biodiversity, animal welfare and environmental stewardship. KBC was co-founded by two seasoned executives from the socially responsible investing space, Vicki Benjamin and Andrew Niebler.

Through research and corporate benchmarking, Karner Blue Capital is pioneering investment solutions centered around leaders in biodiversity and sustainability.



Vicki Benjamin, President
Prior to co-founding KBC, Ms. Benjamin served as a partner at KPMG for over ten years, later joining Calvert Investments as its Chief Financial Officer until KBC's inception in 2018.



Andrew Niebler, Executive VP
Prior to co-founding KBC, Mr. Niebler served in senior roles within the legal department at Calvert Investments, including General Counsel & SVP. He was also an international economist at the Federal Reserve Bank of NY.

Karner Blue Capital, LLC
7315 Wisconsin Avenue
Suite 650 West
Bethesda, MD 20814

Connect With Us:



833-527-6372



info@karnerbluecapital.com



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STEPPING UP TO THE PLATE

Founded in 2020, the [Biodiversity for Finance Pledge](#) represents a consortium of insurers, asset managers and lending institutions united in their commitment for biodiversity. Signatories of the Pledge recognize the need for transformative change in business practices and have agreed to collaborate and share knowledge with others, engage with companies, assess impacts, set targets and report publicly to encourage and facilitate change in the private sector.

As one of the 26 financial institutions from around the globe that launched the consortium, Karner Blue Capital has developed pioneering investment strategies focused on companies implementing nature-positive business models to protect endangered ecosystems. Our strategies are grounded in the belief that innovative companies focused on problem-solving and best practices relating to biodiversity preservation, environmental protection, climate change mitigation, and animal welfare can better position their businesses for growth and success in today's marketplace.

Karner Blue Capital has designed a proprietary research platform to help identify those companies leading their industries in biodiversity protection, animal welfare, and environmental stewardship while avoiding companies that manufacture or distribute socially detrimental products including fur, firearms, tobacco, alcohol, and coal.

To further enhance our potential for impact, Karner Blue Capital focuses intensely on those companies that are leveraging technological and innovative solutions designed to monitor and measure the positive and negative impacts of supply chains on ecosystems all over the world. Our efforts to identify those companies that are leading the business community's transformative movement for biodiversity offer investors an opportunity to invest in our collective future.

In the end, we hope this growing movement to deploy economic tools for biodiversity continues to thrive, not only for the sake of our economies, but also for future generations whose health and safety directly depend upon the existence of a robust and biodiverse planet. The time is now for the financial community to be the agent of change that the world needs it to be. With one million animal and plant species now threatened by extinction—the most in human history—and greenhouse gas emissions doubling since 1980, it is imperative to begin using finance as a force for nature.

IMPORTANT DISCLOSURES

Karner Blue Capital, LLC ("KBC") is an investment adviser registered with the Securities and Exchange Commission that develops and manages ESG investment strategies with the intention of generating long-term total returns. Registration does not imply a certain level of skill or training. KBC only furnishes investment advice following its receipt of a fully-executed investment management agreement and its delivery of the Firm Brochure (Part 2A to Form ADV) and, if applicable, Form CRS (Part 3 to Form ADV) to the client. The receipt of this document by any consumer and/or prospective client does not constitute a solicitation to effect, or attempt to effect, transactions in securities or the rendering of personalized investment advice for compensation. The opinions expressed in this document (a) do not consider the particular investment objectives, financial situations, or needs of any investor, (b) are made as of May 20, 2021, (c) are not intended to forecast future events or guarantee future results, and (d) are subject to change without notice. The information included in this document has been obtained or derived from sources believed by KBC to be reliable, however, no representation or warranty, express or implied, is made as to the information's accuracy or completeness. An investor should obtain current information and perform due diligence before making any investment. The value of investments held in any account managed by KBC are subject to market fluctuations caused by, and the value of an account may therefore increase or decrease in response to, economic, financial, political and social events (whether real, expected or perceived) that affect the U.S. and global markets in general or a particular country, industry or company. Investing involves risk, including loss of principal, and there is no assurance that any KBC investment strategy will achieve its investment objective. An investment strategy that invests primarily in the equity securities and ADRs of companies that KBC believes, based on its proprietary research, are industry leaders with respect to biodiversity preservation, environmental management, and animal welfare practices may, under certain market conditions, underperform other investment strategies. For more information, please visit us online at www.karnerbluecapital.com. #210520ANR1