



TRANSCRIPT PODCAST GREEN MOMENTUM

PROTECTING AND FINANCING BLUE GOLD

Introduction

Jérôme Libeskind: Hello everyone, this is Jérôme Libeskind speaking, and you are listening to Green Momentum. This is the first podcast dedicated to green finance and its role to a global approach of companies and governments for a better preservation of our environment. Green Momentum is brought to you by Natixis. Today, Green Momentum changes color and becomes blue. Blue Finance is on the agenda of today's episode. We're going to talk about water, oceans, their pollution and the solutions that exist to limit the degradation of the most important resource on the Earth.

Two specialists are with me today:

- Arnaud Bisschop, Partner at Thematics Asset Management
- And live from Marseille, David Sussmann, CEO of Pure Ocean

Question: First question, what is the particularity of Blue Finance? What is it exactly?

Arnaud Bisschop: Blue Finance is finance, which looks at the ocean as a whole and investing in solutions, either through projects or through companies, which are helping to address the challenges that the resource is facing. So, it could be pollution, it could be climate change. Along with forests, oceans are seen as the second lung of the Earth. So, usually people primarily have in mind forests, but actually 60, or almost 70 percent of the Earth's surface is covered by ocean. And they have a strong role in climate adaptation and carbon mitigation.

Question: David, do you have the same concept and the same definition of Blue Finance as Arnaud?

David Sussmann: Well, I see it from our side, as an NGO. I believe that our life, our companies, our business economy -- they all depend on the ocean. The ocean represents 70 percent of Earth. We should rather call it the blue planet and not the Earth. It regulates the climate, and it gives us 50 percent of the oxygen we breathe every day. Actually, three billion people depend on the ocean just for survival. So, when we see it like that, it's of course a life source, meaning we need to invest in the protection of the ocean because this is our life insurance, and this is our way to breathe and other things. In regard to the 70 percent of the planet, 93 percent of all species are actually in the ocean and nine species out of ten are still to be discovered. So, it's quite an amazing world to discover.

Question: So, we can measure the importance of water resources and of ocean resources on the Earth to understand the issues. Do you have any figures, Arnaud, that describe the need to invest in water?

Arnaud Bisschop: Yes, for sure. As we both highlighted, the oceans are quite a large part of the Earth in terms of coverage, almost 70 percent. And pollution is a real issue. We estimate that there is almost one truck of waste sent into the ocean every minute. It's a huge number of plastics that we throw into the oceans.

Question: David, do you have any figures that can help us understand the emergency?

David Sussmann: Yes, of course. For example, just going back to plastic: it takes up to one thousand years for plastic to disappear in the ocean. And we estimate today that there is around five billion parts of plastics in the ocean, and that would be killing one million birds and one hundred marine animals every year. It's an absolutely huge impact, that these small plastic parts actually have. They also get eaten by animals, and then we eat them ourselves. We estimate that every week a human being eats up to 20 grams of plastic. About as much as a credit card. So, if every human on the planet ingests that every week, it's pretty scary, and we are actually at the end of this chain. We cannot ignore that. But when you talk about oceans, you also talk about climate. And the CO2 level has never been as high as now, though the ocean absorbs 30 percent of the carbon, we really have to preserve it, the ocean, which only had an increase of one degree in the last years, down to 100 meters. It really has been the lungs of the ocean, and it has been maintaining the Earth the way it is right now, but we really must preserve the ocean because we're putting humanity in huge danger today.

Question: What a picture! We now have an idea of the emergency we are facing. Let's talk about the solutions. In which kind of company do you invest in at Thematics Asset Management?

Arnaud Bisschop: At Thematics Asset Management, we have a fund which is dedicated to water investment. Basically, we invest in companies all around the world which are providing solutions to preserve the water cycle globally. And obviously it does include solutions to preserve the largest oceans, which are almost 99 percent of the water on Earth. So, one of the types of companies in which we invest, that are helping to address the challenge, are companies which are treating solid waste. For example, the ones which are promoting and developing recycling plants, avoiding the plastics going into the water resources. We also invest in companies, which are treating wastewater itself, removing the organic matter out of the water, as well as other materials like pharmaceuticals, residues or plastics. And so that's global solutions, which are in the companies in the portfolio.

Question: So, it means that you are investing in large companies like VEOLIA or Suez, which are very well known in France -- because they are world leaders though they are also French, more than investing in more startups, for instance?

Arnaud Bisschop: Yes. We have a product, which is dedicated to investors who want to have daily liquidity. We need to invest in listed companies. And, usually you find larger companies in in this type of portfolio. So, yes, clearly more established companies. I would describe them as small caps or midcaps. A couple of billion in revenues helping to address these challenges and really not so much the startup type.

Question: David Sussmann, Pure Ocean is an NGO. What is your approach as an investor?

David Sussmann: Yes, what we believe at Pure Ocean, actually, is that it's science that can really find solutions to preserve the ocean for the future. So, the first thing we did is to put together a scientific committee of experts, extremely well known in six countries around the world. And they are selecting the projects with us. We had 350 scientists last year. 165 projects from 40 countries were proposed to us. Because scientists can identify the problems and then they can put together the mechanisms and create the ecosystem to find solutions. And last year, for example, science was able to put together some amazing solutions, for example during Covid-19. Nobody could imagine that we would find them that quickly, and solutions were found within less than a year. I believe that scientists can find solutions very quickly. For instance, one of the projects that I would like to introduce, SPO-Plastic, because we spoke about plastic earlier, is a project that is financed with the University of Barcelona here in the

Mediterranean Sea. They study how a sponge can filter micro plastics and how they can absorb the plastics. I'm trying to make it very simple, but it's complicated research. But it's very practical because at Pure Ocean we are trying to finance practical solutions, and they are studying how we can eventually clean all the plastics left in the ocean. Because we must find effective solutions for the problems we have. That's one of the aspects, among many others.

Question: You are investing in companies that are trying to treat the consequences of plastics, for instance, in the oceans. But can you imagine investing in companies that are, for instance, designing alternatives for plastic? Is it an approach that you can have as an investor?

Arnaud Bisschop: Yes, for sure. Definitely, when you look at the problem, you want to find a solution, but you want also to understand the problem and find a way to avoid it. To use a couple of cases, I would first mention the biodegradable plastics or the plastics which would not last and stay a hundred or more years in the environment. A type of plastic which you would use and then would biodegrade after a couple of months -- that would be one type of investment opportunity that we would consider, provided that it would need to be a decent investment. Then another example, which is something people don't always have in mind when you think about investing in listed equities and having a portfolio manager, is that also, because we are shareholders of those companies, we have the ability to engage with management. And there are some statistics which I find extremely interesting. You know, we are talking about microplastics, which are in the oceans. And a lot of these, as high as 80 percent, come from textiles. And when you use textiles, you have a lot of synthetic ones which diffuse microplastics when you wash them. So basically, one of the solutions would be to install filters on your washing machine itself, to remove these small plastics out of the water. Because obviously the wastewater treatment plants are not designed to remove these plastics. Then, you must wonder, what do I do with the filter? You must be careful; you don't want to rinse it in your kitchen to get it clean because then it would be useless. But basically, if you treat it well, and if you are able to clean it in a professional manner to capture these microplastics, that's part of the solution to reduce the impact of those on the oceans.

Question: David, do you have projects for Pure Ocean that are not just solely taking into account the oceans, but also the causes of pollution?

David Sussmann: Yes, of course. With Pure Ocean, it's not only projects that we are we are financing. It's about investors and companies that are working for a better world, investing not only for return on investment, but also for solutions. They care about the future generation -- our children, the kids of our children and so forth -- and the money that they give us finances the research for solutions we spoke about. I'd like to share with you one of the tech projects that we finance, for instance. It's a spatial tech project. Through satellites we observe the ocean. This project is called Coastal Ocean Watch, and we are monitoring from space the colors of water evolution. And from there, we can see the pollution and its changes throughout the year. There is very little research being done about this today, which is why Pure Ocean was born. Of course, you have some huge government agencies. But we think that entrepreneurs and some of the crazy projects we're financing can help, as well. We believe these will be the solutions for the future. And maybe just understanding the color of the ocean can be a solution for a better world and humanity. And imagine and support a program that does this.

Question: That's amazing. You were talking about your sponsors, David. Is it easy for you to find sponsors? And what's your plan for getting more sponsors?

David Sussmann: Of course, it's not easy. However, I think we are entering a new world right now, and everybody is starting to care more and more about the planet and about the ocean. Everybody's really trying to understand. Our partners, like banks, building companies, insurance companies, distributors, all of them, are really starting today to invest in the environment protection and especially the ocean. Many people now care about this. I can no longer ignore it because the figures are so shocking. We spoke about that earlier. I think all these companies are starting to care are looking for NGOs. I often say to them, listen, you can choose Pure Ocean or another one. But what's important is taking actions, for you, personally. I really believe that it's not only about a finance issue, but also about the future generations trying to create a better world. Something is happening, now growing from a small drop to a huge wave of commitment that we are starting to see. I'm glad to see more and more entrepreneurs

coming at us. You will see some NGOs growing very fast, and some companies like Arnaud, growing fast too, because these new companies -- this new business that we can do -- and NGOs like with Arnaud, for instance, will work together for a better world. It's exciting.

Question: Arnaud, a Blue Finance company -- these days is it still a niche business or is it becoming more popular among investors?

Arnaud Bisschop: I think it used to be a pretty niche market, but it's clearly, as David just mentioned, getting mainstream. Everyone understands now how interconnected the issues are and obviously the regulations are also helping. I mean, a couple of years ago, we got the Single-Use Plastic Regulation, which prohibits a few items from being manufactured and used just once. When you think about it, this is not sustainable. So that's pretty good, even if the Covid-19 put that a little bit on hold. But I expect regulations to come back even stronger. And then, just thinking about regulation, I was mentioning these filters on the washing machine. There is a regulation in France which is asking for all new washing machines to have such filters in place by 2025. And obviously it won't be surprising that other countries follow this initiative. And last but not least, David was mentioning all the companies having an interest in this. Finance is not an exception here. We are seeing an increasing focus on biodiversity impact. All the financial institutions in the last couple of years have had to report on carbon impact and emissions in their portfolios. The next step on our side will be to report on biodiversity impact in the next couple of years. With 90 percent of the biodiversity being in the oceans, that's clearly something that everyone is going to look at.

Question: This is almost the end of this podcast. We have one recurring question at the end of Green Momentum. Are you optimistic or pessimistic for the future, David?

David Sussmann: I am pretty optimistic for the future because I'm an entrepreneur myself. And I believe that we have major issues right now in the world, like the digital, like nuclear energy. And I believe the environment and the ocean is something we can smartly solve. We can build it up like a new form of capitalism, a world preserving the environment and having more responsibility. And I think the new digital world is helping us. There are more and more people getting involved, and nobody will be able to hide very long. Companies will have to preserve the environment because everybody is watching everybody. So, I'm very optimistic. I think it will take, unfortunately, a little bit too long, 20 up to 30 years from now. I'd like to see it in a few years. We can try to accelerate as fast as we can, but I'm pretty sure we will see a better world in the next 20 years.

Question: Very optimistic indeed, David. Arnaud, are you optimistic or pessimistic?

Arnaud Bisschop: Yes. As an equity investor, usually you are rather optimistic. So would I say very optimistic? Maybe not, but I'm optimistic that indeed, based on these interconnections that we were talking about before and all the investments and the commitments that we are seeing around climate, I'm sure we are going to see some impact and some positive developments on the ocean side. The only thing I would like to say to everyone is don't wait for one big solution to solve it all. Everyone's actions matter. Where I remain optimistic along with David is the fact that in the new generations, clearly, I'm seeing they are even more concerned and pushing for actions than the previous ones.

Conclusion by Jérôme Libeskind

Both of you are very optimistic. And we love that at Green Momentum! Green Momentum is over for today. I hope this has inspired you to learn more about Blue Finance. Thank you, David. Thank you, Arnaud, for being our guests today. Thanks to you, who are listening to us and see you soon in Green Momentum!

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