

Finance for Biodiversity

Reverse nature loss in this decade



Finance for Biodiversity Pledge

We, 194 financial institutions, representing EURO 23 trillion in assets, call on global leaders to take effective measures to reverse nature loss this decade and to ensure ecosystem resilience.

As financial institutions, we know that healthy societies, resilient economies and thriving businesses rely on nature. Together let's protect, restore, and sustainably manage our natural resources. We make every effort to take our share of responsibility and contribute to the protection and restoration of biodiversity and ecosystems through our financing activities and investments.

We, therefore, commit to do the following by 2024 at the latest, or within two years after signing:

1

Collaboration and knowledge sharing

We will collaborate and share knowledge on assessment methodologies, biodiversity-related metrics, targets and financing approaches for positive impact.

2

Engaging with companies

We will incorporate criteria for biodiversity in our ESG policies, while engaging with companies to reduce their negative and increase positive impacts on biodiversity.

3

Assessing impact

We will assess our financing activities and investments for significant positive and negative impacts on biodiversity and identify drivers of its loss.

4

Setting targets

We will set and disclose targets based on the best available science to increase significant positive and reduce significant negative impacts on biodiversity.

5

Reporting publicly

We will report annually and be transparent about the significant positive and negative contribution to global biodiversity goals linked to our financing activities and investments in our portfolios.



www.financeforbiodiversity.org

Guidance to the Finance for Biodiversity Pledge

The aim of this Guidance Supplement is to support the implementation of the five commitments by the financial institutions that have signed the Pledge. We invite other financial institutions to join the Finance for Biodiversity Pledge and share biodiversity activities with us.

We will begin with a definition of biodiversity and biodiversity risk for the financial sector. Then, for each commitment, we will describe the key resources, provide examples and practical ideas from the financial institutions that have already signed the Pledge.

Definition of Biodiversity

Biodiversity is defined as 'the diversity of species, variation of genes and different ecosystems' (Convention on Biological Diversity, CBD). According to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), about 75% of the land-based environment and about 66% of the marine environment have been significantly altered by human actions, leading to a global environmental crisis. The massive degradation of oceans, forests, freshwater bodies and other ecosystems is undermining nature's ability to provide vital goods and services for all societies to thrive (drivers of the decline in nature in the figure below). This finance pledge aims to support the [CBD Zero Draft post 2020 agenda](#). It goes beyond biodiversity itself and includes drivers of biodiversity loss such as land use change (including deforestation and the impact of water scarcity on freshwater habitats) and pollution.

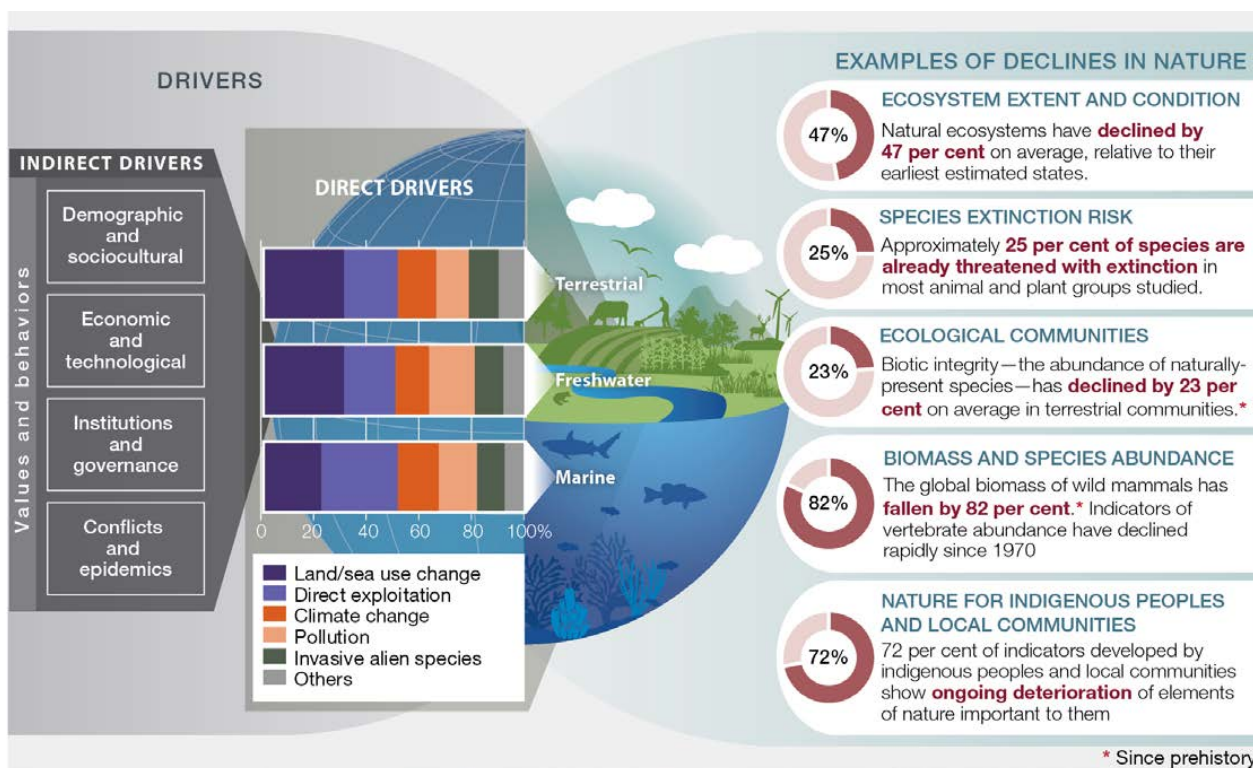


Figure 1: Drivers of biodiversity loss and examples of declines in nature. Source IPBES [Global Assessment Report 2019](#)

Biodiversity risks and opportunities for the financial sector

Financial institutions have a crucial role to play in preventing further biodiversity loss and conserving and restoring nature through their activities. The role of banks, insurers, asset managers and investors will become increasingly relevant in the coming years due to several pressures such as strengthening liability regimes, intensifying scrutiny of companies' supply chain practices and shifting consumer preferences which are making biodiversity increasingly relevant for businesses.

Certain type of businesses are more exposed to biodiversity business risks than others. These include:

- 1 Companies that have a (high) impact on ecosystems. These include industries with a direct footprint on ecosystems such as agriculture, forestry, oil & gas, mining and construction, as well as sectors that have significant impacts through their supply chains, including the food retailing sector.
- 2 Companies that depend on ecosystem services. These include, for example, tourism, fisheries, forestry and the agricultural sectors.¹

¹ IUCN report 'Biodiversity, the next challenge for financial institutions?'

Financial institutions may be exposed to these risks directly or indirectly. Examples of direct risks include reputational risk, liability risk or regulatory scrutiny. Indirect risks include exposures for loans and investment portfolios in the type of companies mentioned above. Together with governments, supervisors and scientists, we need to collaborate and each contribute our part in order to create the impact that is needed.

Sources

- [Indebted to Nature – Exploring risks for the Dutch financial sector](#) – Quantitative exploration of reputation, transition and physical risks linked to the biodiversity dependency and impact of finance activities by Dutch banks, pension funds and insurers. June 2020, De Nederlandsche Bank (DNB) and PBL Netherlands Environmental Assessment Agency
- [Beyond 'Business as Usual': Biodiversity targets and finance. Managing biodiversity risks across business sectors](#) – Screening of high-impact and high-dependency sectors and suggestions on how to set targets for financial institutions. June 2020, UNEP-WCMC, UNEP Finance Initiative and Global Canopy

- [Closing the Nature Funding Gap: A Finance Plan for the Planet](#) – Assessment on how much the world currently spends to benefit nature, how much more we need to spend, and how to close that gap. *The Nature Conservancy, September 2020*
- [Protecting 30% of the planet for nature: costs, benefits and economic implications](#) – Independent report analyzing the economic implications of the proposed 30% target for areal protection in the draft post-2020 Global Biodiversity Framework. July 2020, Waldron A. et al.
- [Biodiversity opportunities and risks for the financial sector](#) – Paper with approaches and examples to manage biodiversity risk and to preserve and restore ecosystems. June 2020, Biodiversity Working Group, De Nederlandsche Bank (DNB)
- [Nature's return](#) – Report arguing to integrate environmental goals into EU economic governance and transform private finance into an enabler for business, including harmonized impact assessment. May 2020, Finance Watch and Club of Rome
- [Nature Risk Rising; Why the Crisis Engulfing Nature Matters for Business and the Economy](#) – Describing the nature emergency, hidden risks for business and options for risk management and actions. January 2020, World Economic Forum and PwC

- [Nature is too big to fail](#) – With typology of 4 financial biodiversity-related financial risks, lessons learnt from climate-risks and recommendations for regulators and states. *January 2020, WWF and PWC*
- [Investing in Nature: Financing conservation and nature-based solutions](#) – A practical guide on building the business case for biodiversity with case studies. *2019, European Investment Bank*
- Fund and programme [Nature 2050](#) (in French only) – Financing the protection and restoration of nature by Caisse des Depots and its subsidiary CDC Biodiversité in an ambitious and innovative manner
- [Aligning Finance for One Planet](#) – A framework for aligning finance for one planet across all 'planetary boundaries'. *November 2019, WWF*
- [Biodiversity, the next challenge for financial institutions?](#) – A scoping study to assess the exposure of financial institutions to biodiversity business risks and identifying business opportunities. *2007, IUCN*

Figure 2: The Global Risks Landscape 2020 and the evolution of the biodiversity loss risk in the past three years.
Source: [World Economic Forum](#)

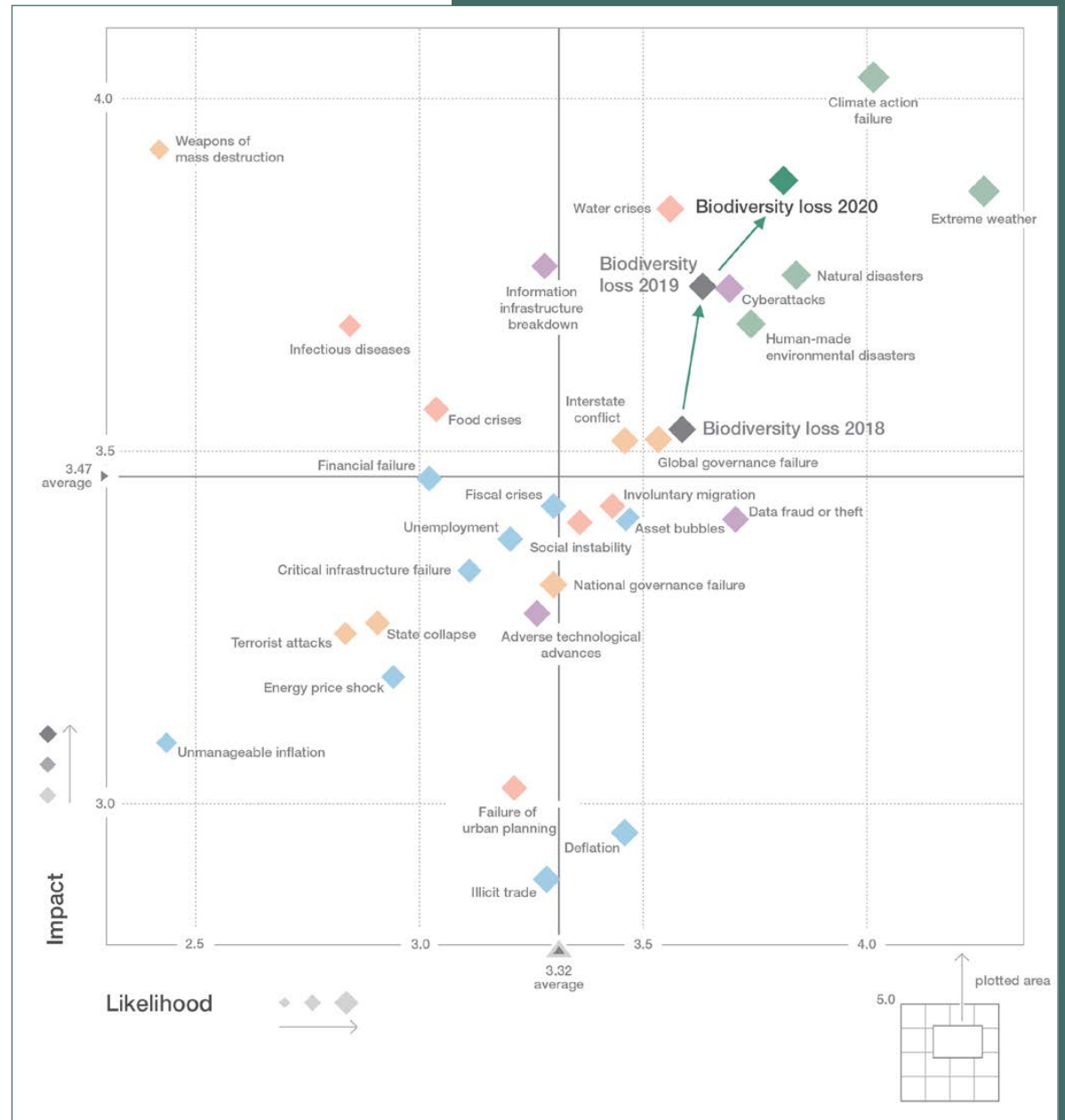
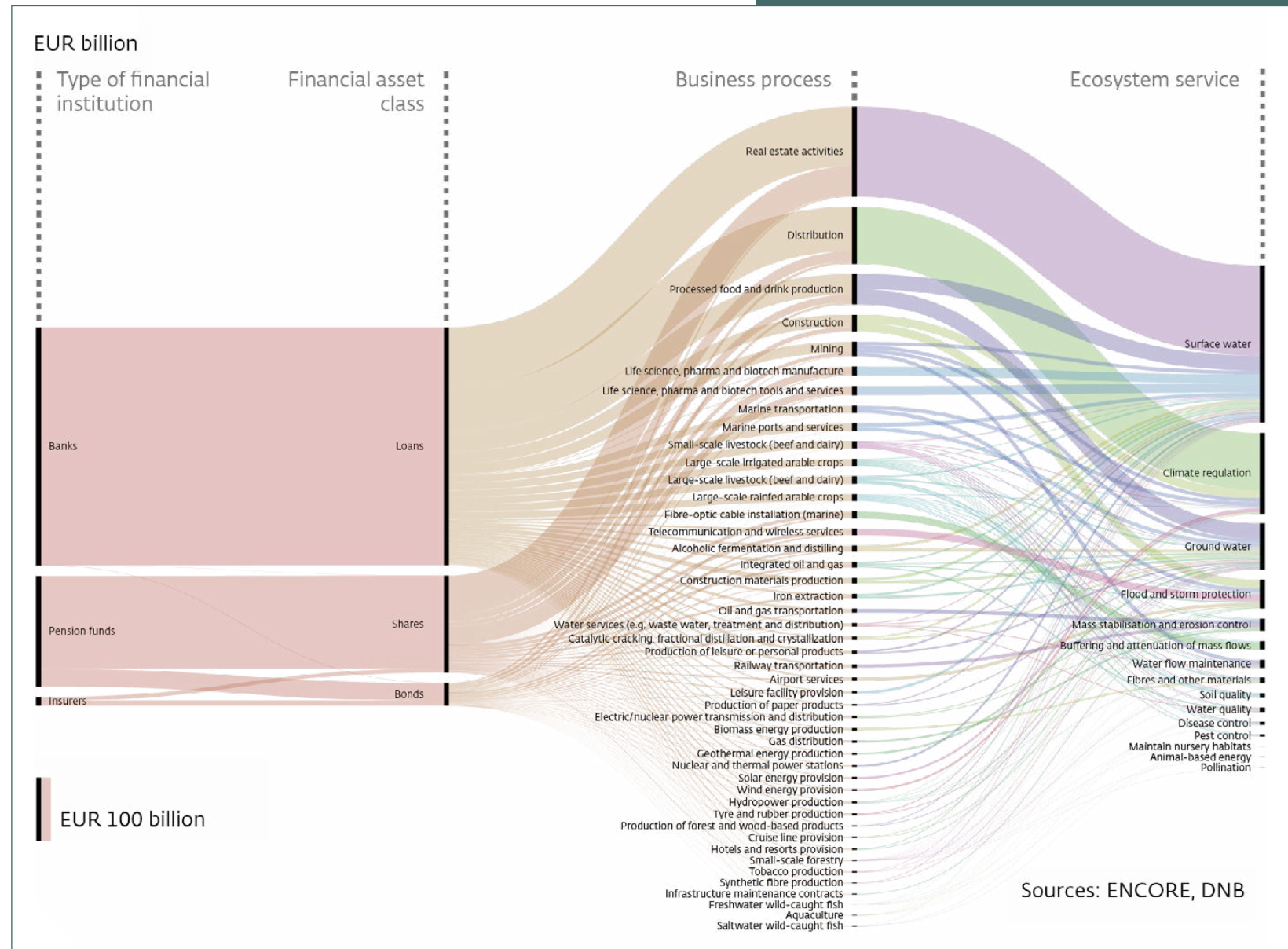


Figure 3: The financial sector and ecosystem services dependencies per euro invested*.
 Source: [Indebted to nature](#), 2020, DNB & PBL

* The total value of holdings in shares and bonds (2018-IV), as well as major loans (2017-IV) by Dutch financial institutions was EUR 1,421 billion.



Sources: ENCORE, DNB

Explanations, examples and further resources relating to the commitments of the Pledge

1 Collaboration and knowledge sharing

We will collaborate and share knowledge on assessment methodologies, biodiversity-related metrics, targets and financing approaches for positive impact.

Collaboration and sharing knowledge are important to us. We need to develop smart and comparable ways of assessing the impact that our organizations have on biodiversity through our financing activities and the impact that biodiversity loss has on our portfolios. We also need to identify positive impact investment opportunities and financing mechanisms. To do this, as financial institutions we want to learn from one another as financial institutions, but also to collaborate with other organizations, experts, associations and our clients.

In addition to the sources below, check out the quarterly updated [Overview of biodiversity initiatives for finance](#).

Platforms sharing knowledge on finance and biodiversity

- [EU Finance@Biodiversity Community](#) – Community of EU financial institutions that are sharing their experiences and collaborating on assessment, positive impact and ambitions. Part of the [EU Business and Biodiversity Platform](#) set up by the European Commission

- [UN PRI Collaboration Platform](#) – Platform for investors to pool resources and collaborate around environmental, social and governance issues, including biodiversity. The platform also links academics and investors to engage in research on related topics
- [UNEP FI](#) – Under the [UNEP FI's leadership](#), global and regional banks are collaborating with peers to map biodiversity-related risks and opportunities in commercial lending portfolios. Many UNEP FI members have volunteered to test the ENCORE tool
- [Coalition for Private Investment in Conservation](#) (CPIC) – Multi-stakeholder collaboration, which Mirova and New Forests are engaged with. CPIC supports an increase in private, return-seeking investment by creating [blueprints](#) for coastal resilience, infrastructure, forest landscape, sustainable agriculture and fisheries
- [Partnership Biodiversity Accounting Financials](#) (PBAF) – Collaboration on impact measurement and disclosure including both negative and positive impact, based in the Netherlands
- [Club B4B+](#) (in French only) – Companies and financial institutions testing the Global Biodiversity Score (GBSTM)

and collaborating on value chains and finance. Led by CDC Biodiversité, France

- [Working Group Biodiversity](#) – Financial institutions sharing approaches to manage biodiversity risks and restore ecosystems. Part of Sustainable Finance Platform of De Nederlandsche Bank (DNB), the Netherlands

Common initiatives on finance and biodiversity

- [Equator Principles Financial Institutions](#) (EP FI's) encourage lending clients to share project-specific biodiversity data via the [Global Biodiversity Information Facility](#) (GBIF). EP FI's advocate such biodiversity data-sharing for the entire banking sector. This is crucial in understanding transaction-level biodiversity impacts and is needed in order to align with international best practices such as [IFC Performance Standard 6](#)
- [Investor action on biodiversity](#) – Discussion paper by UN PRI framing biodiversity loss as a systemic risk that requires urgent action by investors, including an overview of emerging biodiversity practices. *2020, UN PRI, UNEP FI & UN Global Compact*
- [Investor Statement](#) – Thirty investors with over €6 trillion AUM call for concerted and transparent creation of impact measures related to biodiversity. Initiated by AXA IM, BNPP AM, Sycomore AM and Mirova
- [Positive Impact Finance for Business & Biodiversity](#) – Brief on opportunities and challenges on scaling projects and innovations for biodiversity in the financial sector. EIB, Finance in Motion, GLS Bank and Piraeus Bank under the EU B@B Platform

2 Engaging with companies

We will incorporate criteria for biodiversity in our ESG policies, while engaging with companies to reduce their negative and increase positive impacts on biodiversity.

As investors and financiers, we aim to enhance the communication with companies on biodiversity and in our engagement with them, include objectives to reduce negative impact and increase positive impact. We will pursue the strengthening of our ESG policies on the topic of biodiversity and the feedback loop between new ESG information, knowledge from engagement, ESG databases and our decision-making processes.

Sources and examples

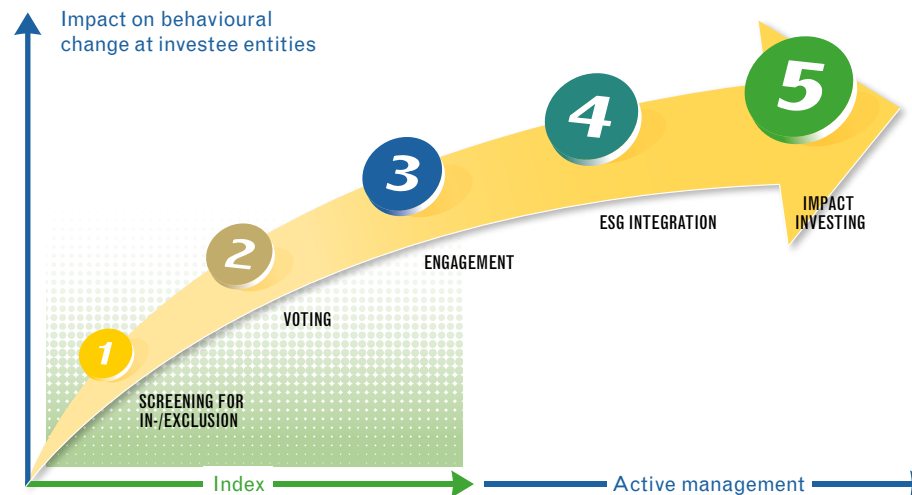
- [Satellite data to combat deforestation](#) – Asset manager ACTIAM uses satellite data to identify deforestation connected with investees involved in the supply chain of various soft commodities. This data is incorporated into engagements, allowing ACTIAM to encourage companies to adopt best-practice mitigation actions
- [Engaging with companies on biodiversity](#) – The next steps on biodiversity engagement with investees across several sectors taken by AXA IM in order to understand better how such firms are taking this issue into account. This includes assessing how corporates measure and manage both their impact and dependencies on biodiversity, identifying relevant good practice across key industries, and laying the basis for engagement with a wider group of companies
- Environmental and Social Risk (ESR) policies – As with areas of credit risk, most banks have developed environmental and social risk policies and minimum standards at the financed sector or activity level. For example, Etica Sgr has integrated a proprietary ESG Risk metric into its risk

management assessment and ING has a [stance against Deforestation](#) as part of its climate and environmental policy

- [Biodiversity Monitor for the Dairy Farming Sector](#) – A supply-chain-based approach for the standardised quantification of biodiversity-performance in the dairy sector. *April 2018, Rabobank, FrieslandCampina and the WWF*
- [Engagement Approach](#) – NN Investment Partners acknowledges irreversible consequences on ecosystems from agriculture and water usage, as well as human health and

security impact due to climate change. They are committed to working with investee companies to ensure that they take action around deforestation

- [Screening and engagement](#) – Karner Blue Capital analyzes public companies to determine leaders in biodiversity and animal welfare. Companies in Karner Blue's strategies must pass strict [benchmarks](#) on these issues



Our Investment Strategies and ESG Solutions

- 1 **EXCLUSION**
When companies/countries do not adhere to our responsible investment criteria
- 2 **VOTING**
Voting at AGMs and EGMs of companies
- 3 **ENGAGEMENT**
Active ownership by stimulating responsible business conduct by entering into a dialogue with the company on violations made
- 4 **ESG INTEGRATION**
ESG-criteria in the portfolio management process
- 5 **IMPACT**
Investing in assets where, next to a financial, the aim is to achieve a measurable positive social and environmental return

Figure 4: Approaches financial institutions can take to work towards biodiversity net gain.

Source: Adapted from [Business Planning for Biodiversity Net Gain: A Roadmap](#), Forest Trends, 2018, with thanks to ACTIAM

3 Assessing impact

We will assess our financing activities and investments for significant positive and negative impacts on biodiversity and identify drivers of its loss.

Our ambition is to assess our portfolios across the value chain. We will use methodologies prudently and seek collaboration in using reliable and widely accepted data. Different objectives, applications and required levels of detail will require different methodologies.

In addition to the sources below, check out the Assessing Impact Annex to this Guidance document: [Guide on biodiversity measurement approaches](#).

Overviews of tools

- [Assessment of biodiversity measurement approaches for businesses and financial institutions](#) – Update report 2, December 2019, *EU Business@Biodiversity Platform*
- [A compass for navigating the world of biodiversity footprinting tools: An introduction for companies and policy makers](#) – Compass for companies, finance and governments regarding impact on biodiversity and methods for measuring this. Includes an overview of biodiversity footprinting tools and links to resources. 2020, *IUCN NL*
- [Tools for mapping biodiversity risks and opportunities](#) – Overview and experiences with [IBAT](#) (spatial data), [ENCORE](#) (dependencies and impact by sectors in portfolio's), [SCRIPT](#) (company-data linked to deforestation) and [SPOTT](#) (palm oil companies benchmark). March 2019, *EU Finance and Biodiversity Community*
- [Common ground in biodiversity footprinting methodologies for the financial sector](#) – Including steps in calculating biodiversity footprints, similarities between methodologies and next

steps for further development. November 2018, *ASN Bank, CDC Biodiversité and ACTIAM, supported by Finance in Motion*

Tools for assessing the impact of finance on biodiversity

- [Global Biodiversity Score – Measuring the contributions of business and finance towards the post-2020 global biodiversity framework](#). Developed by CDC Biodiversité, the GBS assesses the biodiversity footprint of economic and financial activities. The assessment of large universes of corporates is made possible through partnerships with data providers such as Carbon4Finance, S&P Trucost or Vigeo-Eiris,. Report includes a calculation of Mirova's portfolio. 2019, *CDC Biodiversité*
- [Biodiversity Footprint Financial Institutions \(BFFI\) – Towards ASN Bank's Biodiversity footprint: A pilot project](#). Developed by PRé Consultants and CREM for ASN Bank, the report describes the BFFI methodology and discloses the footprint of ASN Bank. 2016, *CREM, PRé Consultants*
- [Corporate Biodiversity Footprint \(CBF\) – Developed by Iceberg Data Lab](#), the CBF provides data to investors on the biodiversity impacts of a large number of companies depending on their activities (throughout the value chain) and the location of their facilities. The first batch of commercial data should be available in 2020-2021. A demo is available on demand
- [Species Threat Abatement and Recovery \(STAR\) Metric](#) – Tool for measuring the extent to which investments contribute to reducing the risk of species extinction, previously known as the Biodiversity Return on Investment Metric (BRIM). July 2019, *IUCN*

Other sources and examples

- [Trase finance](#) – Transparency on investments that directly and indirectly impacts tropical deforestation. Trase helps to improve portfolios and allows civil society and governments to monitor progress and better hold to account those failing to act
- [Paving the way towards a harmonised biodiversity accounting approach for the financial sector](#) – Common Ground on the assessment and disclosure of biodiversity impact by financial institutions. September 2020, *PBAF*
- [Positive impacts in the Biodiversity Footprint Financial Institutions](#) – Exploration of principles for the integration of positive biodiversity impact into biodiversity footprinting. In cooperation with ASN Bank. September 2019, *CREM and PRé consultants*
- [Global Biodiversity Score: a tool to establish and measure corporate and financial commitments for biodiversity](#) – The report includes a case study calculating a portfolio from BNP Paribas AM. 2019, *CDC Biodiversité*
- [Measuring the impact of investments on biodiversity](#) – Joint development initiative by AXA IM, BNP Paribas AM, Sycomore AM and Mirova to encourage data providers to provide assessments of the biodiversity footprint of large universes of listed equity and fixed income corporates.
- [Natural Capital Protocol, Finance Sector Supplement](#) – Protocol for natural capital assessment by finance sector, including [case studies](#) such as [Bankinter](#). 2018, *Capitals Coalition, NCF and VBDO*
- [Opinion: We need sound metrics to reverse biodiversity loss at a global scale](#) – Over 20 investors and corporates pushing for collaboration to improve and mainstream the measurement and management of biodiversity. May 2020, *Responsible Investor*

4 Setting targets

We will set and disclose targets based on the best available science to increase significant positive and reduce significant negative impact on biodiversity.

As financial institutions, we recognize the importance of setting and publicly disclosing targets. Not only on biodiversity, but also on its drivers of loss. These targets will be in line with the best available scientific knowledge and the outcome of the 15th meeting of the Conference of the Parties (COP 15) to the Convention on Biological Diversity (CBD), as well as with other regional initiatives and policies (e.g. the EU Biodiversity Strategy). We will also seek connection with the Science Based Targets Network on biodiversity science-based targets for financial institutions when this is available.

Sources and examples

- [Science-based targets for biodiversity](#) – A series of three webinars with an overview of Biodiversity SBT initiatives and commitments for business and finance. *March 2020, EU Business and Biodiversity Platform, UNEP-WCMC and SBT Network*
- [Science Based Targets Initiative](#) – A network of companies and financial institutions committed to the science-based target of 1.5 C for climate change
- [Documents to prepare for the Post-2020 global biodiversity framework](#) – Official documents and information for the post-2020 agenda on biodiversity, including the goals and targets contained in the [updated Zero Draft](#). *17 August 2020, Convention on Biological Diversity (CBD)*
- [Ambitions for climate, water and land use](#) – Bringing its investment portfolios within the safe and just zone and/or on the internationally agreed pathways towards that safe zone by 2030, ACTIAM has the aims to reduce greenhouse gas emissions (GHG) by 30%, become water-neutral and no longer contribute to deforestation
- [Net positive effect on biodiversity in 2030](#) – ASN Bank has set the goal of a net positive effect on biodiversity as a result of all loans and investments by 2030

A finance relevant selection of the concrete milestones and targets underway from the CBD zero draft in preparation for the post-2020 global biodiversity framework

2030 Milestones

"A.1 The area, connectivity and integrity of natural systems increased by at least [5%]. A.2 The number of species that are threatened is reduced by [X%] and the abundance of species has increased on average by [X%]."

2030 Action Targets

1. "Target 1. By 2030, [50%] of land and sea areas globally are under spatial planning addressing land/sea use change, retaining most of the existing intact and wilderness areas, and allow to restore [X%] of degraded freshwater, marine and terrestrial natural ecosystems and connectivity among them.

2. Target 2. By 2030, protect and conserve through well connected and effective system of protected areas and other effective area-based conservation measures at least 30 per cent of the planet with the focus on areas particularly important for biodiversity.

3. Target 3. By 2030, ensure active management actions to enable wild species of fauna and flora recovery and conservation, and reduce human-wildlife conflict by [X%].

4. Target 4. By 2030, ensure that the harvesting, trade and use of wild species of fauna and flora is legal, at sustainable levels and safe.

5. Target 5. By 2030, manage, and where possible control, pathways for the introduction of invasive alien species, achieving [50%] reduction in the rate of new

introductions, and control or eradicate invasive alien species to eliminate or reduce their impacts, including in at least [50%] of priority sites.

6. Target 6. By 2030, reduce pollution from all sources, including reducing excess nutrients [by x%], biocides [by x%], plastic waste [by x%] to levels that are not harmful to biodiversity and ecosystem functions and human health.

7. Target 7. By 2030, increase contributions to climate change mitigation adaption and disaster risk reduction from nature-based solutions and ecosystems based approaches, ensuring resilience and minimizing any negative impacts on biodiversity."

Source: [updated Zero Draft](#), page 4 and 5; *17 August 2020, Convention on Biological Diversity (CBD)*



Goals and targets for financial institutions can take inspiration from the CBD's and could be drafted along similar lines. A 'no net loss' target for area and integrity of ecosystems could take the approach illustrated in Figure 5, for instance.

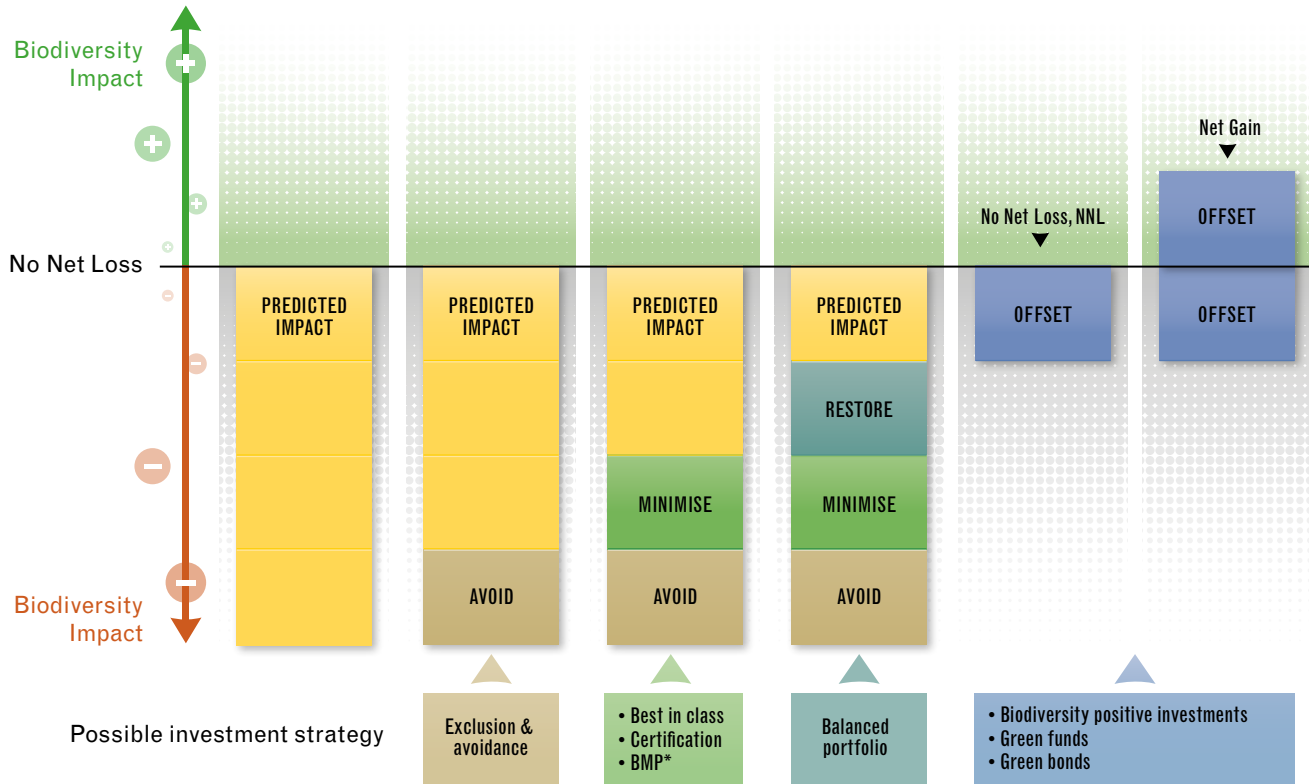


Figure 5: Aiming for net gains at the portfolio level: how various approaches to investment can contribute.
 Source: [Business and Biodiversity Offsets Programme \(BBOP\)](#), adapted from [technical note 18, Forest Trends 2018](#)

5 Reporting publicly

We will report annually and be transparent about the positive and negative contribution to global biodiversity goals linked to our financing activities and investments in our portfolios.

We believe that reporting is an important way to be transparent to our stakeholders. We also find it useful internally in managing the way we tackle risks and opportunities and improve our decision making through data collection and comparing performance, both internally and between organizations and sectors. Reporting will be done based on best available information and includes a substantiation if not all financing activities are included.

Sources and examples

- Follow the development of the [Task Force for Nature-related Financial Disclosures](#) (TNFD) for guidance on reporting. An Informal Working Group will plan a two-year programme to resolve the reporting, metrics, and data needs of financial institutions that will enable them to better understand their risks, dependencies and impacts on nature
- [GRI 304: Biodiversity 2016](#) – Internationally set and used standard to report on an organization's impacts on living and non-living natural systems, including land, air, water, and ecosystems. *July 2018, GRI*
- [Ecogain Biodiversity Index](#) – Benchmark of the largest Swedish and Nordic companies and financial institutions assessing their biodiversity goals, implementation and monitoring. *May 2020, Ecogain*
- [Certified B Corporations](#) are businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose. B Corps like Karner Blue Capital and New Forests are transparent regarding the impacts of their businesses including the environment and biodiversity'
- [Sustainable Investment Report](#) – Work towards reporting on biodiversity impacts of investments, in line with the Loi Energie Climat in France. *2020, Allianz France*
- [Impact Report](#) (in Italian only) – Work towards measuring the ESG impact of investments according to the SDGs, including metrics on biodiversity, water and waste management. *Etica Sgr*
- [\(Green\) Water Bonds](#) – Report 2019 including the 2011 – 2018 performance of loans to water authorities for projects for climate mitigation, climate adaptation and biodiversity, making use of green indicators. *2019, NWB Bank*
- [Forestry and conservation investments](#) – Sustainability Report 2019 on biodiversity conservation through natural capital accounting, innovative finance structures, engagement with species-focused research initiatives, conservation covenants and landscape planning for biodiversity. *2019, New Forests*
- [Towards ASN Bank's Biodiversity footprint](#) – Biodiversity impact assessments of government bonds, mortgages, construction, renewable energy and equities in the years 2014 - 2017, disclosing progress towards ASN Bank's goal of net positive effect on biodiversity by 2030. *2019, CREM, PRé Consultants*. And [Jaaroverzicht 2019](#) (in Dutch only), report 2019, 2020, *ASN Bank*

Colophon

Finance for Biodiversity Pledge

The Finance for Biodiversity Pledge is an initiative of members of the [Finance and Biodiversity Community](#) (F@B Community), which was set up in 2016 as part of the [EU Business@Biodiversity Platform](#). Members of the community have also encouraged other financial institutions in their network to join.

The Pledge was first launched on 25 September 2020. Check the latest overview of signatories and watch the statements made by signatory CEOs at www.financeforbiodiversity.org.

Invitation to join

Financial institutions from all continents are warmly encouraged to sign the [Finance for Biodiversity Pledge](#) and communicate their commitment at the next celebration events. You are invited to take part in this collaboration and to help shape the next steps towards reversing nature loss in this decade.

Contact

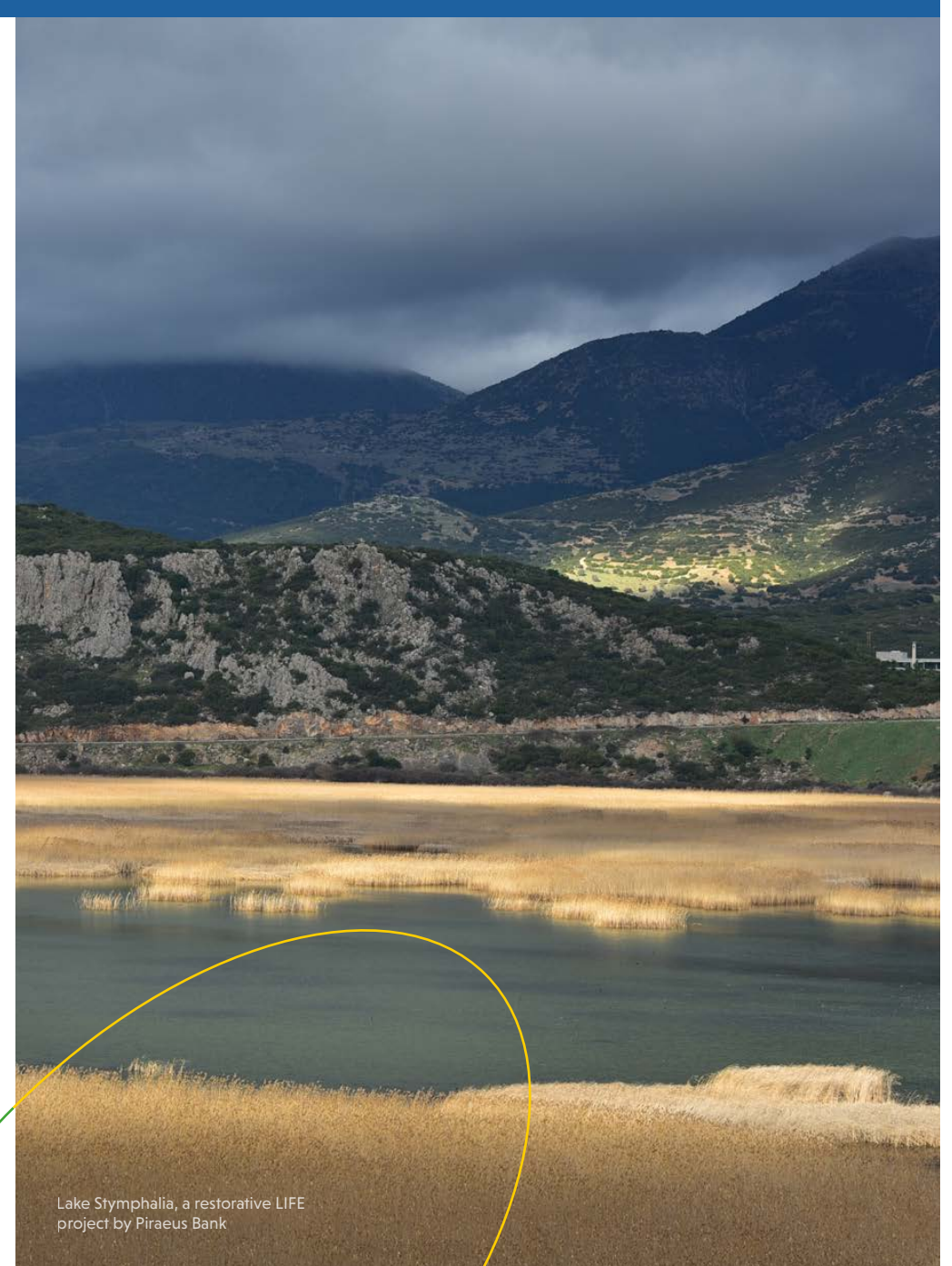
Coordinators of the Finance for Biodiversity Pledge, on behalf of the signatories: Anne-Marie Bor and Anita de Horde, info@financeforbiodiversity.org. Both Anne-Marie and Anita are also leading the work of the Pledge initiators, the Finance and Biodiversity Community.

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Disclaimer

This document solely serves as general background material to the Finance for Biodiversity Pledge. It accompanies the Pledge, however, is not to be seen as a Pledge in itself. The signatories of the Pledge have not specifically verified the information contained herein nor can they be held responsible for any subsequent use which may be made of this information.



Lake Stymphalia, a restorative LIFE project by Piraeus Bank