Finance and Biodiversity
Overview of initiatives for financial institutions

April 2021
Momentum is growing

The momentum for biodiversity is growing amongst financial institutions, and so is the number of communities, networks and initiatives dedicated to this topic. This document provides a comprehensive overview of the main biodiversity-related initiatives currently targeting financial institutions. It shows the topics they address, as well as the activities and deliveries so far.

Towards a global agreement on biodiversity
The post 2020 Global Biodiversity Framework, to be adopted at the CBD COP15 in Kunming China in October 2021, aims to mobilize the world to protect and restore nature. It will serve as an umbrella strategy to governments at all levels, businesses, public and private finance, civil society, providing coherent guidance and support with the aim of conserving, restoring and sustainably using biodiversity and ecosystems.

Collaboration is key
Together with UNEP FI and the PRI, the Finance for Biodiversity Pledge and its initiator the Finance@Biodiversity Community want to help financial institutions to understand what initiatives are out there, and who is doing what. With this overview, we aim to enable synergies and accelerate collaboration on key topics. The definitions of the topics included can be found in the Guidance document of the Finance for Biodiversity Pledge.

Overview, fact sheets and updates
The table on the next page provides an overview of the twelve initiatives that we have mapped, the topics they address and their level of collaboration for each topic. Following this overview table, you can find a concise fact sheet for each initiative. We aim to provide quarterly updates to this document. Feedback and input to be included in the next updates of this document can be sent to info@financeforbiodiversity.org.
# Overview of initiatives

<table>
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<tr>
<th>INITIATOR</th>
<th>FOR WHOM?</th>
<th>TOPIC</th>
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<td>European Commission</td>
<td>Investors</td>
<td>ESG and Engagement</td>
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<td>Finance @ Biodiversity Community</td>
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<td>The PRI</td>
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<td>Global Canopy, UNDP, WWF, UNEP FI</td>
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<td>European Commission</td>
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<td>ASN Bank, a.o.</td>
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<td>Global Canopy, UNEP FI, UNEP WCMC</td>
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<td>Axa IM, BNPP AM, Mirova, Sycamore AM</td>
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<td>Cornell University, Credit Suisse, IUCN, The Nature Conservancy</td>
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<thead>
<tr>
<th>Type of activities and level of collaboration</th>
<th>Sharing practices</th>
<th>Co-development</th>
<th>Collective action</th>
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<td>e.g. sharing and disseminating lessons</td>
<td>e.g. collective hiring, develop guidance, involve and build expertise and tool(s)</td>
<td>e.g. speak as ‘one voice’ with/to other stakeholders, advocacy, standardization</td>
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Intended as a bottom-up reinforcement, the Finance@Biodiversity Community (F@B) was set up by the European Commission in 2016 as part of the EU Business@Biodiversity Platform, facilitating the finance sector members to lead their collective biodiversity agenda. The F@B Community aims to accelerate the process of learning and support implementation, both at a strategic level and by sharing practical experiences, thereby supporting the transition towards a resilient financial sector.

Activities 2021-2022 and expected deliverables

ESG and Engagement
Two online workshops for peer-to-peer sharing and learning, inviting experts; and one webinar.
- Guide on engagement with companies (2021) with consolidated lessons learned

Measurement, metrics and data
One online workshop for peer-to-peer sharing and learning, inviting experts on a demand-based manner; and one webinar.
- Update to the Guide on measurement approaches in 2022, including case studies

Target setting
Sharing practices as part of Measurement activities

Positive impact
Included as part of Engagement activities

Reporting & disclosure
Included as part of Engagement activities

Positive Impact Finance for Business and Biodiversity, 2018
Finance for Biodiversity Pledge (collective commitment), 2020
Guidance to the Pledge. Reverse nature loss in this decade, 2020
Guide on biodiversity measurement approaches, 2021

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The Finance for Biodiversity Pledge (FfB) was initiated by the Finance@Biodiversity Community. The 37 signatories commit to collaborate, engage, assess, set targets and report, by 2024 at the latest. They call on global leaders to agree on effective measures at the CBD COP15 to reverse nature loss in this decade. The FfB Foundation supports collaboration and collective action on the commitments.

Activities 2021-2022 and expected deliverables

ESG and Engagement
Working group Engagement with companies: sharing practices and undertaking collective action
- Inventory of ongoing (collective) engagements (2021)
- Collective engagement on ‘Nature Positive’ with companies (2022)

Measurement, metrics and data
- Gap-analysis data-providers, explore potential to engage with data-providers (2021)

Target setting
Sharing practices and liaising with the Science Based Targets Network as part of Working group Impact assessment.
- Target-setting guide (2022)

Reporting & disclosure
Potential for collective reporting on progress on the Pledge commitments by each signatory.

Positive impact
Working group Positive impact (likely to be set up in 2022): Sharing practices

Public policy advocacy
Working group Public policy advocacy: collective action.
- Government engagement plan
- CEO letter for world leaders and CBD negotiators (2021)

Reports and actions so far
Finance for Biodiversity Pledge (collective commitment), 2020
Guidance to the Pledge. Reverse nature loss in this decade, 2020
Guide on biodiversity measurement approaches, 2021

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April 2021
PRI
Principles for Responsible Investment

The UN-supported Principles for Responsible Investment (PRI) is a network of over 3000 institutional investors who are committed to responsible investment and understanding and incorporating ESG factors into their long-term investment decision making processes. Biodiversity is one of many priority ESG issues of focus.

Activities 2021-2022 and expected deliverables

ESG and Engagement
PRI and UNEP FI informal reference groups for asset owners and asset managers: sharing learnings
• PRI and UNEP FI biodiversity webinar series
• Webinar on biodiversity and infrastructure

Measurement, metrics and data
• Biodiversity data scoping exercise
• Natural capital hotspots of depletion mapping with UNEP WCMC

Target setting
Sharing practices via webinars and reference groups with UNEP FI

Reports and actions so far
Investor Action on Biodiversity, 2020

Contact
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PRB, PSI & ILP
Principles for Responsible Banking, Principles for Sustainable Insurance & Investment Leadership Platform

The Principles bring together banks committed to ensuring positive contributions to society and the environment. With United Nations Environmental Program Financial Institutions (UNEP FI) support, signatories jointly develop new guidance reports to best tackle pressing biodiversity issues.

Activities 2021-2022 and expected deliverables

ESG and Engagement
PRI and UNEP FI informal reference groups for asset owners and asset managers: sharing learnings
• PRI and UNEP FI biodiversity webinar series
• Finance stream of Science Based Targets Network

Measurement, metrics and data
• Biodiversity data efforts with TNFD
• Continued development of ENCORE for biodiversity including alignment module
• Joint support on metrics and data for targets with PRI

Target setting
See activities under Measurement, metrics and data

Reports and actions so far
Beyond Business As Usual: Biodiversity Targets and Finance, 2020, together with UNEP-WCMC and Global Canopy
Expanded the Sustainable Blue Economy Finance Initiative membership and developed its outreach, communication and work plan

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A Taskforce on Nature-related Financial Disclosures (TNFD) will provide a framework for corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature, aiding in the appraisal of nature-related risk and the redirection of global financial flows away from nature-negative outcomes and towards nature-positive outcomes. The Taskforce is due to be launched later in 2021.

Activities 2021-2022 and expected deliverables

Measurement, metrics and data
As part of the initial activities of the Taskforce it is envisaged that a deep dive assessment of existing data, metrics and methodologies will be carried out as part of the work to develop a draft framework.

Reporting & disclosure
TNFD will first aiming to deliver a draft framework (2022) and secondly focuses on testing and finalisation (2022/2023).

From around mid 2022 TNFD will look to take the draft framework for nature-related financial disclosures to private sector organisations from both the corporate and financial sectors to test the framework.

Final consultation on the framework is currently expected in 2023 before being available for public dissemination.

Reports and actions so far
A draft TNFD scope document has been distributed to the Observer Group of the Informal Working Group for comment and feedback. The final scope paper is due to be formally approved with the Steering Committee of the Informal Working Group in April.

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The Finance for Biodiversity Initiative (F4B) aims to increase the materiality of biodiversity in financial decision-making, and so better align global finance with nature conservation and restoration. F4B is advancing five workstreams: Market efficiency and innovation; Biodiversity-related liability; Citizen engagement and public campaigns; Responses to the COVID crisis; and Nature markets.

Activities 2021-2022 and expected deliverables

ESG and Engagement
Developing investor briefs to demystify the climate-nature nexus

Measurement, metrics and data
• Testing the feasibility of a midstream data platform containing geo-located asset data indexed to ownership.
• Developing a methodology for assessing the materiality of biodiversity on financial institution balance sheets.
• Creating data and disclosure to measure land use and food systems impact along the value chain and across portfolios.

 Reporting & disclosure
Co-chairing the Informal Technical Expert Group in support of the TNFD launch

Positive impact
Leveraging the social network capabilities of mobile payment platforms to shift citizen behaviours as a means to drive biodiversity-sensitive markets

Public policy advocacy
• Assessing the potential liability risks for financial institutions
• Working with central banks and supervisors to help integrate nature into financial regulation
• Promoting a Nature and Climate Sovereign Bond Facility
• Green Stimulus Index: Effect of COVID-19 stimulus efforts by countries for green recovery
• Exploring a ‘nature budgeting’ approach for governments

Reports and actions so far
Greening Sovereign Debt: Building a Nature Sovereign Bond Facility, 2021
5th Greenness of Stimulus Index Report, 2021
Aligning Development Finance with Nature’s Needs, 2020
Aligning Global Finance with Nature’s Needs, 2020
A full list of publications can be seen here

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The Science Based Targets Network (SBTN) has been set up by the Global Commons Alliance. As a coalition of 45 + NGOs, the network is creating methods and tools for companies and cities to set integrated targets across all earth systems (freshwater, land, oceans, biodiversity, climate). These science-based targets for nature will be available at the end of 2022.

### Activities 2021-2022 and expected deliverables

- **ESG and Engagement**
  No current activities but direct application of measurement and target setting framework for corporate engagement.

- **Measurement, metrics and data**
  Developing standardized approach to measurement and target setting for key aspects of nature, including reducing pressures on nature and restoring states of nature.

#### Target setting
This is the entire purpose of SBTN—developing SBT methodologies for nature. Activities are generally most focused on corporate targets, rather than financial sector targets. For equity investors / direct on engagement with corporates (starting now), for financial institutions setting targets themselves likely from 2022.

#### Reporting & disclosure
SBTN is considering options for reporting, though this is work limited to reporting on targets and target progress.

### Reports and actions so far
**Science Based Targets for Nature. Initial Guidance for Business**, 2020

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**Align**
Aligning accounting approaches for nature

The Align project will assist the European Commission’s efforts to support businesses and other stakeholders in developing standardised natural capital accounting practices, including a standardised approach to biodiversity measurement. This will be done through a new natural capital management accounting platform and a biodiversity measurement focused community of practice to facilitate best practice exchange among business practitioners and relevant stakeholders.

### Activities 2021-2022 and expected deliverables

- **Measurement, metrics and data**
  The Workstream on biodiversity measurement and data will work on sector-specific guidance for site-based, supply chain companies and financial institutions and a standardised approach for biodiversity measurement (2023). For this, Align is setting up a Community of Practice (CoP) and Technical Hub and a Community of Interest (CoI) for business and finance together:
  - CoP: events focusing on natural capital management accounting and biodiversity measurement
  - Technical Hub: a subset of the CoP focusing on biodiversity measurement technical challenges, gaps and potential solutions
  - CoI: webinars and sharing project outputs

#### Target setting
Explored within the workstream on biodiversity measurement

#### Reporting & disclosure
The standardised approach for biodiversity measurement will provide details on reporting and disclosure and link to ongoing initiatives, e.g. GRI

#### Positive impact
Measurement of positive impacts included in biodiversity measurement approaches and natural capital management accounting

#### Public policy advocacy
Advocacy for the inclusion of private biodiversity measurement indicators and natural capital management accounting techniques within global policy developments.

### Reports and actions so far
**Recruitment webinar held 10 March 2021**

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April 2021
The Partnership for Biodiversity Accounting Financials (PBAF) has been initiated and is run by financial institutions. Through discussions, the exchange of experiences and practical case studies, the partners cooperate in the development of a set of globally harmonized principles underlying biodiversity impact assessment in the financial sector: the ‘PBAF Standard’.

**Activities 2021-2022 and expected deliverables**

**ESG and Engagement**
Sharing practical experiences (case studies) and guidance regarding the use of biodiversity impact assessment in ESG and engagement.

**Measurement, metrics and data**
- PBAF partners cooperate in the development of globally harmonized principles underlying biodiversity impact assessment in the financial sector: the ‘PBAF Standard’.
- Specific topics, selected by participating financial institutions, are discussed in PBAF Working groups, supported by experts. Results feed into the PBAF Standard.
- Partners are supported in taking the first steps in biodiversity footprinting, e.g. through training and case studies.
- Regular (on/off-line) meetings.
- First steps focusing on dependency risks.

**Target setting**
Sharing practical experiences (case studies) and guidance regarding the use of biodiversity impact assessment in target setting.

**Reporting & disclosure**
The PBAF Standard will address the disclosure of impact assessment results; like the need to be transparent about assumptions made and the need to separate negative and avoided impacts.

**Positive impact**
Development of impact assessment principles regarding positive impacts, including sharing experiences (case studies).

**Reports and actions so far**
*Paving the way towards a harmonised biodiversity accounting approach for the financial sector*, 2020

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**ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure)**
A web-based tool developed by the Natural Capital Finance Alliance (Global Canopy, UNEP FI and UNEP-WCMC). ENCORE highlights economic activities’ dependencies and impacts on nature. It also provides spatial data, which helps understand potential location-specific risks of environmental change. Results can be applied for materiality assessment of risks and opportunities to banking, investment and insurance portfolios.

**Activities 2021-2022 and expected deliverables**

**ESG and Engagement**
A biodiversity module is in development (May 2021). The module, in addition to the existing tool, supports financial institutions with exploring potential alignment of activities in key sectors (agriculture and mining initially) with a nature-positive future. This will include information related to engagement with companies on biodiversity.

**Measurement, metrics and data**
The biodiversity module will use two main metrics for biodiversity: species extinction risk and ecological integrity; they will be presented as portfolio level indicators of current exposure.

**Target setting**
The biodiversity module will help financial institutions take the first steps towards biodiversity-related target setting.

**Positive impact**
The biodiversity module will help financial institutions understand how they can work towards achieving positive impacts on biodiversity in their lending or investment portfolios.

**Reports and actions so far**
*Exploring Natural Capital Opportunities, Risks and Exposure: A practical guide for financial institutions*, 2018
*Beyond ‘Business as Usual’: Biodiversity Targets and Finance*, 2020

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CBF
Consortium for Biodiversity Footprint

An investors consortium, consisting of Axa IM, BNP Paribas AM, Mirova and Sycomore AM, is developing the Corporate Biodiversity Footprint (CBF). This initiative aims at developing a common methodology and database to assess the biodiversity impact of investors’ portfolios. This entails an impact measurement approach based on product lifecycle analysis adapted to corporate sector specificities. Compatibility with existing taxonomy and regulation will be ensured while the tool will enable transparency and ease of communication.

Activities 2021-2022 and expected deliverables

Measurement, metrics and data
The consortium of four investors has hired Iceberg Data Lab and iCare&Consult which are currently developing measurement tools, metrics and data to assess the biodiversity impact of an investor’s portfolio. First data delivered in Q1 2021 and full sectorial coverage planned for Q4 2021.

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CPIC
Coalition for Private Investment in Conservation

The Coalition for Private Investment in Conservation (CPIC) is a global, multi-stakeholder initiative focused on enabling conditions that support a material increase in private, return-seeking investment in conservation. Founded by Cornell University, Credit Suisse, IUCN, and The Nature Conservancy, CPIC was launched in 2016 with 30 other organisations and has grown since to 85+ members.

Activities 2021-2022 and expected deliverables

Measurement, metrics and data
Research working group: developing analyses of methods and metrics to improve flow of investment to conservation of nature.

Positive impact
Building a pipeline of investable deals for conservation, through the collective action of a community of practice in conservation finance.

Reports and actions so far
Creation of Blueprints, i.e., model financial transaction structures intended to help facilitate replicable investments in priority conservation projects
Conservation investment Blueprints Development Guide, 2018

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