THE BIODIVERSITY IMPERATIVE FOR INVESTORS: Horizon scan of key initiatives

November 2022



The Institutional Investors
Group on Climate Change





About this publication

The biodiversity imperative for investors: horizon scan of key initiatives has been co-developed by EY and the Institutional Investors Group on Climate Change (IIGCC) in recognition of the material financial consequences of biodiversity loss and the pivotal role that investors can play to conserve and restore nature.

The aim of this publication is twofold:

- 1. To articulate the urgent need for investor action on biodiversity
- 2. To highlight the key biodiversity and natural capital initiatives that investors can engage with, their maturity and interrelationships

This publication reflects a point in time analysis of the current landscape of biodiversity initiatives for investors as at November 2022 and is non-exhaustive. We recognise this landscape is fast evolving and will continue to mature over the coming months and years, and thus investors should be proactive in engaging with the space moving forward.



Foreword

Nature is vital to human existence. We fundamentally rely on the complex interrelationships that exist between air, food, water and other natural resources. Protecting and maintaining biodiversity – the variety of species and ecosystems that underpins this and ensures resilience – is critical.

At the UN Convention on Biological Diversity (CBD COP15) later this year, it is hoped that agreement will be reached on a Post-2020 Global Biodiversity Framework, setting overarching nature goals through to 2030. It is clear that the time for action is now.

The companies that asset managers and owners invest in use natural resources and therefore both impact and depend upon nature. However, as providers of finance, investors are in a unique position to influence the business practices of those companies they have material interest in.

With the rise of the climate emergency, we have seen regulators, governments and standard setting bodies increasingly mandating and demanding due diligence and reporting on climate-related business-impacts. It is probable that biodiversity will follow a similar pathway. Those businesses that are proactive now will not only be mitigating their own risk exposure, but will also be able to capitalise on new and emerging investment vehicles that focus on conservation and positive biodiversity impacts.

In order to begin addressing the risk posed by the decline of nature, investors need to understand the material impacts that companies they are investing in have on nature as well as the risks posed to those businesses by changes in the natural world. With the emergence of biodiversity-focussed initiatives, it is now easier than ever before to engage in this topic.

This document provides an important and timely overview of the broad range of initiatives that investors can begin engaging with today. With each addressing a distinct aim, focus and set of tools, it is important that investors can identify and engage with those that are most relevant to begin their shift towards nature-positivity. Drawing upon *The biodiversity imperative for investors: horizon scan of key initiatives*, is an effective starting point.

Stephanie Pfeifer, IIGCC CEO

Faith Ward, IIGCC Board Chair

Gill Lofts, EY Global Financial Services Sustainable Finance Leader

Contents

Α	bout this publication	2
F	oreword	3
Τá	able of Contents	4
ln	troduction	5
ΤI	ne urgent need for action by investors	6
ln	itiatives are supporting positive biodiversity actions	7
Le	evels of development and maturity	7
ln	itiatives	. 8
	Finance for Biodiversity Pledge and Foundation	8
	NatureFinance	9
	Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE)	10
	Natural Capital Protocol	. 11
	Partnership for Biodiversity Accounting Financials (PBAF)	.12
	Science Based Targets Network (SBTN)	.13
	Align (Aligning Accounting Approaches for Nature)	.14
	Taskforce on Nature-Related Financial Disclosures (TNFD)	.15
	IUCN's Biodiversity Programmes	.16
	Finance@Biodiversity Community (F@B)	.17
	Nature Action 100+ (NA100+)	.18
	Planet Tracker	.19
	Natural Capital Investment Alliance (NCIA)	20

Introduction

Biodiversity loss poses one of the greatest systemic threats to human health and prosperity, and investors have a critical role to play in halting further degradation.

Biodiversity – the diversity of species, of genetic variations within one species, and of ecosystems¹ – enables nature to be resilient, productive and adaptable. Yet, over the past two hundred years, nature has declined at an alarming rate as a result of human activity. The statistics surrounding nature loss are sobering: we have already lost half of our forests and coral reefs, 85% of wetlands, and dammed two-thirds of the world's main rivers. An estimated 1 million animal and plant species are now at risk of extinction².

While biodiversity plays a critical role in the stability of natural systems, the dependence of economic activity on the goods and services provided by nature and its ecosystems is also profound. It is estimated that nearly three-quarters of the market capitalization of the FTSE 100 is associated with production processes highly dependent on nature³. As a result of this dependence, biodiversity loss can result in significant negative socioeconomic outcomes. One recent example is the COVID-19 pandemic; with scientists suggesting that biodiversity loss can lead to increased emergence of disease and pandemic risk⁴. It is estimated that in 2020 the global economy declined by 4.4% - the worst economic recession since the Great Depression of the 1930s⁵. Even so, this represents only one of many examples when it comes to biodiversity's importance in human health and livelihoods.

In the face of this, there is now a growing movement for businesses to align to being *nature positive*: that is, to halt and reverse nature loss tied to their activities. Targeted and outcomes-based investor engagement on biodiversity will be vital in supporting companies through this transition, who are also likely to find themselves benefitting from the extensive opportunities materialising in nature-positive financial flows.

Many biodiversity and natural capital-focussed initiatives have emerged, highlighted in this document with a mapping that can be employed by businesses and investors to start shifting their practices and begin making commitments towards being nature-positive. Our analysis has included categorising the initiatives based on their diverse aims and varied offerings of tools and frameworks, in order to best facilitate investor engagement today.

This piece acts as an informative and directional scan of the initiative landscape, as well as highlighting entry points to get involved with their development.

¹ Article 2 of the Convention on Biological Diversity

² Global Assessment Report on Biodiversity and Ecosystem Services, IPBES (2019)

³ Natural Capital Finance Alliance (2018): Exploring Natural Capital Opportunities, Risks and Exposure: A practical guide for financial institutions

⁴ Workshop Report on Biodiversity and Pandemics of the Intergovernmental Platform on Biodiversity and Ecosystem Services, IPBES (2020)

⁵ IMF Annual Report 2020

The urgent need for action by investors

Biodiversity loss impacts business in the form of transition, physical, regulatory, market and systemic risks, which have the potential to affect investment value across the short, medium and long term. A clear understanding of the potential impact that biodiversity loss poses to the risk-return profile of investee companies is therefore vital for investors. It is also important to understand how this impact exposes an overall portfolio to risk since exposure to some sectors may lead to assets becoming stranded, if not properly managed.

So how exposed are investors to biodiversity loss? In a recent analysis, De Nederlandsche Bank (DNB) found that the exposure of Dutch Financial Institutions to nature-related physical risks was equivalent to 36% of their portfolios⁶. There is an urgent need for asset managers and asset owners to understand biodiversity-related risks and impacts across their portfolios. A 2021 survey undertaken by Credit Suisse and Responsible Investor found 72% of investors have not assessed the impacts of their investments on biodiversity⁷.

Regulators are now starting to call upon financial market participants to combat biodiversity loss. Biodiversity has already been integrated into the requirements of the European Union's Sustainable Finance Disclosure Regulation (SFDR) and, whilst the EU Taxonomy currently addresses climate change mitigation and adaptation objectives, it will also include other environmental objectives, including biodiversity and ecosystems. We expect the regulatory response to continue to grow and mature over time.

In tackling the triple planetary crisis on climate change, biodiversity and land degradation, there is a need to close a USD 4.1 trillion financing gap in nature alone, by 2050⁸. Currently, around 86% of current investments in nature-based solutions come from public sources⁹. The private sector will need to be mobilised at pace and scale to help close this financing gap.

At the same time, restoring nature will be vital in combating climate change. It is now widely recognised that biodiversity and climate change are closely interconnected¹⁰: biodiversity is affected by climate change but also makes important contributions to both climate-change mitigation and adaptation. Care must be taken to ensure that biodiversity loss and climate change are addressed in tandem with synergies and trade-offs identified to avoid inadvertently preventing the solution of one or other, or both issues.

The move to a nature-positive economy will also provide significant financial opportunities for investors: 'The Future of Nature and Business' report estimates that a nature-positive economy can unlock USD 10 trillion of business opportunities by transforming the three economic systems that are responsible for almost 80% of nature loss, namely food, infrastructure and energy¹¹.

Momentum is already increasing for nature-related financial products such as natural capital funds. The 2020 Union for Ethical BioTrade (UEBT) Biodiversity Barometer, which annually measures consumers views on biodiversity and their purchasing decisions, found that biodiversity is gaining importance among consumers.

It is clear that there is urgent need for action and that investors have the power to drive the transformational changes required to address the biodiversity crisis. An increasing number of biodiversity initiatives are supporting investors in achieving this goal.

⁶ Indebted to nature: Exploring biodiversity risks for the Dutch financial sector, DeNederlandscheBank (2020)

⁷ Unearthing investor action on biodiversity, Credit Suisse and Responsible Investor (2021)

⁸ State of Finance for Nature, UNEP (2021)

⁹ State of Finance for Nature, UNEP (2021)

¹⁰ Biodiversity and climate change workshop report, IPBES-IPCC (2021)

¹¹ New Nature Economy Report II – The Future of Nature and Business, WEF (2020)

Initiatives are supporting positive biodiversity action

Governments, regulators, companies, financial institutions and Multi-layered Development Banks (MDBs) can begin mobilising private finance towards nature-positive outcomes by engaging with a range of initiatives, summarised below.

				Initiative	Maturity	objectives
to wish to advocate for POLICY CHANGE , these initiatives are: Stablishing policy forums to engage and drive regulatory change fluencing policymakers by providing research and promoting knowledge sharing dvocating for financial services to engage with biodiversity as a topic of concern	1		Finance for Biodiversity Foundation	Finance for Biodiversity Pledge and Foundation (Working group 3)	ROLLOUT	
			NATURE FINANCE	NatureFinance	ROLLOUT	2 6
bu're wanting to set TARGETS , MEASURE IMPACT OR ENGAGE WITH TOOLS , these initiatives are: etting ambitious but achievable targets for investors eveloping tools for investors to assess nature based risks and opportunities creating globally agreed approaches for measuring biodiversity and valuing nature priving the creation of databases and data collection methodologies	2		E NCORE	Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE)	MATURE	
			CAPITALS COALITION	Natural Capital Protocol	MATURE	
			PBAF Extensión des Extensión d	Partnership for Biodiversity Accounting Financials (PBAF)	MATURE	
			Finance for Biodiversity Foundation	Finance for Biodiversity Pledge and Foundation (Working groups 2+4)	ROLLOUT	
			SCIENCE BASED TARROETS	Science Based Targets Network (SBTN)	DEVELOPMENT	
			Aligning accounting approaches for nature	Align (Aligning Accounting Approaches for Nature)	DEVELOPMENT	1
If you are wishing to REPORT PUBLICLY ON YOUR BIODIVERSITY IMPACTS AND DEPENDENCIES , these initiatives are: • Developing a standardised framework and guidance to support reporting	3	-	T N F D	Taskforce on Nature-Related Financial Disclosures	DEVELOPMENT	1 2
ou wish to take an active role in ENGAGING THE INDUSTRY, these initiatives are: Priving changes in industry behaviour through voting practices and proactive engagement with ompanies around natural capital issues	4		IUCN	IUCN's Biodiversity Programmes	MATURE	1 2 5
			Tunion # Hobersky	Finance@Biodiversity Community	MATURE	1 2
			Finance for Biodiversity Foundation	Finance for Biodiversity Pledge and Foundation (Working group 1)	ROLLOUT	
			NATURE ACTION 100-	Nature Action 100+ (NA100+)	CONCEPT	
ou wish to understand and engage with tools that will help you INVEST SUSTAINABILITY, these atives are:			Planet Tracker	Planet Tracker	MATURE	1 2 4
 Developing innovative financial products to shift capital flows towards nature-positive activities Mobilising private investment through knowledge sharing and support structures 	5			Natural Capital Investment Alliance (NCIA)	ROLLOUT	

Levels of development and maturity

Within this analysis, each initiative has also been assigned a level of developmental progress. This ascribes a phase ranging from 'Concept' to 'Mature':

CONCEPT	Proposed but with little or limited action taken thus far towards establishment of an active initiative or organisation. Proposed launch dates and working groups may have been announced.
DEVELOPMENT	The initiative is in development, likely with active working groups and clear mission statements, deadlines and goals. Draft documents may have been produced for consultation.
ROLLOUT	Initiative or organisation is likely to have released output or guidance, which is available to view and engage with.
MATURE	Initiative or organisation has been established for a number of years, likely with extensive ouput produced

Secondary



The Finance for Biodiversity Pledge represents a commitment by 100+ financial sector firms to protect and restore biodiversity in their work and investments, and call on world leaders to do the same. The Finance for Biodiversity Foundation is the secretariat for the Pledge, and is calling financial institutions to action and to collaborate via working groups.

Initiators

Finance@Biodiversity Community

Interrelationships

- The Finance for Biodiversity Foundation is an official observer of the UN Convention on Biological
- The Finance for Biodiversity Foundation is a partner of the F@B Community, UNEP FI and SBTN

Key and Recent Publications

- The Pledge has contributed to information and guidance on the importance of nature, the role of the Convention on Biological Diversity, and how the financial sector can act on nature, link, 2021
- The Foundation's first annual report, details the success of the Pledge, link, 2022
- Guidance on biodiversity measurement and on engagement, link, link, 2022
- An overview of biodiversity and finance initiatives, link, 2022

Rollout phase

Pledge launched in September 2020 Foundation launched in 2021

Key Features

- While the Finance for Biodiversity pledge is a bottom up creation through the F@B Community, it is fully owned by its signatories and is independent from the European Commission.
- Institutions that have signed the Pledge can become members of the Foundation, enabling participation in the working groups. The Foundation's four working groups focus on: engagement with companies; impact assessment; public policy advocacy; and target setting. A fifth working group on positive impact is due to launch during 2023.
- In 2021 the Foundation published an open call from financial institutions, urging governments to take action on biodiversity and to promote the establishment of a nature-positive economy. Since then, two position papers on 'Aligning finance flows' have been published during 2022. See part 1 and part 2.

Primary Objectives:







1 2 4 Multiple across four working groups

The Pledge commits financial institutions to collaborate and share knowledge; engage companies; assess the impact of their own financing activities; set own targets over biodiversity, and report publicly on all these aspects by 2024. The Foundation's working groups are each connected to the commitments of the Pledge:

- Working Group 1: Through the engagement with companies working group, members share experiences and explore biodiversity-related ESG engagement with companies.
- **Working Group 2:** Through the impact assessment working group, tools and knowledge are being developed to assist firms and organisations in understanding their impact and dependencies on
- Working Group 3: Through the public policy working group, there is a focus on influencing effective outcomes at CBD COP15 later this year. Throughout 2022 the working group is looking into best practice and the most effective strategies to influence governments on reversing nature loss.
- Working Group 4: The target setting workstream launched during 2022 and partners with the SBTN and UNEP FI.

Get Involved

- Firms should sign up to the Pledge to begin demonstrating nature-positive commitments and collaborating with others in reducing negative biodiversity impacts. Find the Information Pack, and Guidance to the Pledge.
- Members of the Foundation can take an active role in the working groups, helping facilitate the development of tools, resources and public policy action.
- Become a supporting; collaborative; or impact member of the Foundation here.

Website: Finance for Biodiversity Pledge and **Foundation**



NatureFinance (formerly Finance for Biodiversity Initiative (F4B)) is working to align global finance to equitable, nature positive outcomes. Through various workstreams, support networks and innovation and incubation activities, NatureFinance aims to re-shape future businesses and economies.

Initiators

- MAVA Foundation
- Moore Foundation
- CIFF

Interrelationships

 NatureFinance co-chaired the TNFD's technical work prior to launch, provided technical support for the first version of the TNFD's framework, and is now supporting efforts in equity, rights and nature related scenarios.

Key and Recent Publications

- NatureFinance have launched a transition framework to manage risks and opportunities at the nature-climate nexus, link, 2022
- NatureFinance's Taskforce on Nature Markets has published a landscaping paper which quantifies and maps key aspects of nature markets, link, 2022

Rollout phase

NatureFinance was established as F4B in 2019 as a time-limited initiative. In October 2022, F4B transitioned to NatureFinance.

Key Features

- NatureFinance aims achieve its goals through network effects, collaborating and engaging key influencers, organisations and experts in pursuit of aligning their efforts on biodiversity and finance, as well as developing the knowledge, platforms and investment pathways.
- As well as focussing on nature markets,
 NatureFinance is exploring in depth the food
 finance nexus and the challenges and opportunities
 for food systems.
- NatureFinance hosts the Sustainability-linked Sovereign Debt Hub, a cooperative space and knowledge hub to develop and scale sustainabilitylinked sovereign debt.
- Existing workstreams established under F4B will be expanding and intensifying.

Primary Objective:

Advocacy and Policy

Secondary Objectives:

- Targets and Measurement
- 5 Sustainable Investing
- NatureFinance is focussing much of its approach on policy advocacy, determined to increase market opportunities and the success of investments and pursuits that are nature positive.
- The Taskforce on Nature Markets is a NatureFinance initiative that is mapping approaches and experiences to nature markets, building awareness of opportunities and risk, innovating, and advancing standards and practices amongst other efforts.
- The Nature Liabilities workstream is creating pathways to removing nature liabilities from investment value chains, helping ward off a growing liability risk – see the first report.
- There is a focus on integrating climate-nature risks in finance, partnering on a Biodiversity Index Partnership (BIP), and developing a Global Alignment Index and Dashboard in aim of aligning private and public financial flows with nature.
- NatureFinance is driving nature investment, setting up a Catalytic Investment Facility to fund earlystage businesses and creating investment networks that are supporting nature positive markets.

Get Involved

 Join the NatureFinance community and sign up to hear about events, projects and findings.

Website: NatureFinance



Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) is a free web-based platform helping investors, insurance firms and global banks assess and integrate natural capital risks in their financing activities.

Initiators

 Natural Capital Finance Alliance (NCFA) with funding from: SECO, Mava Foundation and FOEN

Interrelationships

The NCFA developed ENCORE

Key and Recent Publications

- Guidance on managing biodiversity risks across various business sectors, including finance, <u>link</u>, 2020
- Exploring Natural Capital Opportunities, Risks and Exposure: A practical guide for financial institutions, link, 2018
- A demo video of the natural capital functionalities available in ENCORE, link, 2019
- A guide to using the ENCORE biodiversity module, link, 2021

Mature phase

ENCORE was built during 2016-19. The initial version launched in November 2018, and the biodiversity module was added in May 2021

Key Features

- ENCORE is an accessible free web tool, providing a high level understanding for users on the dependencies and impacts business have on nature. Whilst the biodiversity-specific module was released in 2021, it will be updated to refer to the goals in the post-2020 Global Biodiversity Framework once these have been finalised and agreed.
- ENCORE has complimented and supported delivery of the Natural Capital Finance Alliance (NCFA)'s objectives, a finance sector initiative that has been supporting financial institutions with tools, information and expertise on natural capital.

Primary Objective:



- ENCORE is enabling investors to identify their impacts and exposures on nature, assisting turning negative impacts into positive ones. The tool is guiding users on how businesses across all sectors may depend and have impact on nature.
- The biodiversity module is helping financial institutions explore their portfolio's potential alignment with a nature-positive future. It is currently developed for mining and agriculture, with more sectors expected to follow.
- The current phase of work is developing ENCORE to help financial institutions answer the following:
 - Am I influencing biodiversity through my investment or lending portfolio?
 - Am I harming or building the resilience of biodiversity with my investments?
 - Is my portfolio in alignment with global/regional biodiversity targets and how much so?

Get Involved

 <u>Create an account</u> for ENCORE and start assessing the opportunities, risks and exposures of your portfolio.

Website: **ENCORE Tool**



The Natural Capital Protocol is enabling decision-making with respect to natural capital in all business sectors. Whilst it does not prescribe specific tools, noting this is dependent on business context, it does provide a decision-making framework to help firms identify, measure and value dependencies and impacts on nature.

Initiators

Capitals Coalition (formally the Natural Capital Coalition)

Interrelationships

- The Natural Capital Protocol was developed collaboratively by 38 organisations and is hosted by the ICAEW.
- Supplementary guidance for the finance sector was produced in 2018 by the Natural Capital Coalition, the Natural Capital Finance Alliance (NCFA) and VBDO.
- A separate Protocol for Social and Human Capital was developed by the Social and Human Capital Coalition. The Coalition united in 2020 to form the Capitals Coalition and the two Protocols are now being combined in a new integrated Capitals Protocol.

Key and Recent Publications

- The Natural Capital Protocol provides a framework for better decision-making on natural capital, link, 2016
- Biodiversity guidance to accompany the Natural Capital Protocol, link, 2020
- The finance supplement aims to help finance connect with natural capital, link, 2018
- Find all of the sector guides and supplements here

Mature Phase

Well established, having launched in 2015

Key Features

The Protocol works with existing tools and methods for natural capital assessment and accounting, presenting a standardised process. It can be applied to any business of any scale, but does not prescribe specific tools or methodologies, highlighting that this is dependent on specific business context, remaining flexible on how it is used and followed.

Primary Objective:

Targets and Measurement

- The Natural Capital Protocol's guidance provides a process for framing natural capital assessments; scoping and identifying objectives; measuring and valuing drivers, impacts and dependencies; and finally applying and integrating assessment results. The finance supplement focusses on risks and opportunities in lending, investment and insurance decision-making.
- Primarily, it has been designed for use in finance and operations functions, able to integrate into financial planning, risk assessments, procurement and board papers. However, it can also be used by managers in sustainability, environment and health and safety roles.
- The Biodiversity Guidance Navigation Tool supports the assessment in the Natural Capital Protocol, helping identify tools, resources and methodologies to assist in assessments.
- Offers training resources and courses to enable measurement and demonstrate the Capitals Approach.

Get Involved

- Engage with the Natural Capital Protocol's case studies, including how asset managers have made use of the Protocol for natural capital assessments.
- Take part in the Capital Coalition's Coursera course on valuing nature and decision-making, which is supporting the Natural Capital Protocol.
- The Natural Capital Toolkit, endorsed by the Natural Capital Protocol, facilitates the Protocol.
- Review the Principles of Integrated Capitals Assessments, which is guiding capitals assessment across climate change, nature loss and rising inequality.
- Join the Capitals Coalition to collaboratively assist with the Natural Capital Protocol's work, open to both individuals and organisations.

Website: Natural Capital Protocol – Capitals Coalition



The Partnership for Biodiversity Accounting Financials (PBAF) aims to create a set of globally agreed principles for biodiversity impact and dependency assessment, the 'PBAF Standard'. It facilitates discussion and sharing of experiences on biodiversity impact and dependency assessment amongst its financial institution members.

Initiators

- ASN Bank
- ACTIAM
- Triple Jump
- Triodos
- Robeco
- FMO

Interrelationships

- PBAF is a sister initiative of PCAF
- The PBAF Standard links and aligns with (amongst others) the TNFD, SBTN and Align.

Key and Recent Publications

 The PBAF v2022 Standard consists of 3 documents: (1) a Q&A; (2) an overview of approaches to impact assessment; and (3) requirements for biodiversity footprinting, link link, 2022

Rollout phase

The PBAF Standard v2022 was released in June 2022

Key Features

- PBAF is an independent foundation, initiated and run by financial institutions; as of August 2022, PBAF had 38 partners and supporters from 9 different countries.
- PBAF builds on the frameworks set out by the Partnership for Carbon Accounting Financials (PCAF). It provides impact and dependency assessment principles, contributing to the assessment, understanding and disclosure of biodiversity impact and dependency data.
- PBAF links and aligns with other initiatives and organisation, including TNFD, SBTN, ENCORE, NCIA and the Finance for Biodiversity Pledge, as well as with regulation in the finance section, such as the EU Taxonomy and SFDR.
- PBAF's initial focus is on impact assessment (PBAF Standard v2022), expanding to the assessment of dependencies in 2022/23.

Primary Objective:

Targets and Measurement

- Through the development of the PBAF Standard, PBAF contributes to the quality and harmonisation of biodiversity accounting in the financial sector. PBAF supports financial institutions in the assessment and disclosure of impacts and dependencies on biodiversity resulting from loans and investments, differentiating between asset classes and different stages in the loan and investment process.
- The <u>PBAF Standard v2022</u> outlines the different approaches to measuring biodiversity impacts, including requirements and recommendations for financial institutions to perform a biodiversity footprint assessment.
- The PBAF Standard targets financial institutions, tool developers and data providers.

Get Involved

- Interested in joining? Follow the four step process.
- Partners: take an active role in the working groups and development of the PBAF Standard.
- Supporters: become a supporter to receive regular updates on developments in biodiversity impact and dependency assessments
- <u>Subscribe</u> to the PBAF newsletter to receive updates on PBAF.

Website: PBAF Global



The Science Based Targets Network (SBTN) is a coalition of 45+ NGOs, business associations and consultancies, working to help companies and cities set integrated targets, including on nature, that align within Earth's limits and societal sustainability goals. It will provide the tools and methodologies to facilitate this action.

Initiators

 SBTN is a key component of the Global Commons Alliance, which works to positively transform the world's economic systems

Interrelationships

 The SBTN builds on the momentum of the Science Based Targets initiative (SBTi), including supported by the same network of organisations

Key and Recent Publications

 Initial Guidance for Businesses in setting Science-Based Targets for Nature, link, 2020

Development Phase

The first release of science-based targets for nature is expected in early 2023. Subsequent releases will expand the scope and set of science-based targets for nature available, with a comprehensive set due by 2025

Key Features

- Initial guidance will help companies to align and positively impact global nature-related actions, such as CBD's Post-2020 Global Biodiversity Framework; the UNFCCC Paris Agreement; the Convention to Combat Desertification 2018-2030 Strategic Framework; and the General Assembly's 2030 Agenda for Sustainable Development.
- SBTN have identified and published <u>Interim Targets</u>
 that companies can set today. These targets are
 linked to measurable indicators and a company can
 choose whether they take action to avoid, reduce &
 regenerate, restore or transform nature.

Primary Objective:

Targets and Measurement

- SBTN is working to help companies set sciencebased targets to reduce their impacts on biodiversity, whilst also benefiting business performance through cost efficiencies and innovation, and building resilience to nature-related risks.
- The SBTN's reporting guidance is being produced to ensure alignment with existing principles of public reporting, such as the Non-Financial Reporting Directive, in order to reduce reporting burden.
- SBTN's Action Framework (AR3T) presents a framework to guide actions through avoiding negative impacts on biodiversity, reducing impacts, and finally regenerative action over nature.

Get Involved

- SBTN's <u>Corporate Engagement Program</u>: Help develop the methods, tools and guidance, and access a network of like-minded companies and experts.
- Take action now, utilising the SBTN's guidance to begin understanding your impacts and dependencies on nature, measure and set targets and begin leading the way.
- Register your interest in taking action, as well as joining and learning more about SBTN.
- Join the mailing list

Website: The Science Based Targets Network



Align is a 3 year project which aims to facilitate standardised biodiversity accounting, aiding the European Commission's endeavours to help businesses and stakeholders in developing natural capital accounting practices. Their work includes education, advocacy and research.

Initiators

- UNEP WCMC
- Capitals Coalition
- European Commission
- Arcadis
- ICF
- CDC Biodiversité
- CREM
- Ecoacsa Reserva de Biodiversidad
- Eftec
- Globalbalance
- Biodiversity Footprint Company
- PRé

Interrelationships

- Align has been setup under the EU B@B Platform
- Sister project to Transparent

Key and Recent Publications

- Further detail on Align, describing the issue, overview of the project, and detailing the opportunities to engage, link
- Draft v0: Recommendations for a standard on biodiversity measurement and valuation, link, 2022

Development phase

The public consultation of draft v0 took place during June and July 2022

Key Features

- Align is a business-focussed and business-driven project, with a focus on collating the latest existing evidence on biodiversity metrics, measurement approaches, impact drivers and valuation methods and developing guidance on how to apply these in a corporate accounting framework. Through this guidance, it is likely to accelerate natural capital approaches, and naturally the process of biodiversity measurement and valuation moving from guidance towards standardisation.
- Align is engaging with key initiatives including TNFD, SBTN, PBAF, GRI, CSRD, CDSB, ISSB and EFRAG

Primary Objective:

Targets and Measurement

Secondary Objectives:

- Advocacy and Policy
- The programme has developed an online platform for Align on the <u>Capitals Community Hub</u>, and the stakeholder groups – the Technical Hub, Community of Practice and Community of Interest – operate as forums to facilitate discussion and best practice between organisations.
- Align regularly runs webinars, presenting case studies and exploring challenges and enabling solutions.
- Align promotes discussion and collaboration in order to strengthen existing metrics for measuring biodiversity impact and dependencies.
- The programme defines the training, education and research needs necessary to institutionalise natural capital approaches in business.
- Output will include:
 - Guidance on generally accepted methods, indicators and criteria for biodiversity valuation and measurement.
 - Sector-specific guidance on biodiversity measurement and valuation, including for the finance sector.
 - Validating the Align recommendations on natural capital management accounting practices and sector guidance, through surveying companies that are applying them and providing dummy case examples.
 - A standardised approach to measuring biodiversity impacts and dependencies.

Get Involved

- Community of Interest: Receive bimonthly Align updates, covering the development of tools and standards.
- Community of Practice: Actively take a role in the development of the tools and standards.
- Technical Hub: For technical expertise, there are twice yearly meetings to discuss biodiversity measurement, with a focus on scientific backing and basis.

Website: Align – Capitals Coalition, Align – EU B@B Platform



The Taskforce on Nature-Related Financial Disclosures (TNFD) is a global initiative that will deliver a risk management and disclosure framework for businesses and investors to report and act on nature-related risks and opportunities, which is aligned and complimentary to the TCFD.

Initiators

- Global Canopy
- UNDP
- UNEP FI
- WWF

Interrelationships

- Finance for Biodiversity Pledge is an observer
- Endorsed by G7 Finance Ministers and G20 Sustainable Finance Roadmap
- TNFD is building off the success of TCFD

Key and Recent Publications

- A summary of the proposed scope, governance, work plan, communication and resourcing plan of the TNFD, link, 2021
- Recommendations for the TNFD, link, 2021
- Beta v0.2 of the Framework, link, 2022
- Data and analytics availability discussion paper, <u>link</u>, 2022

Development phase

Beta v0.2 released in July 2022

The final framework recommendations are to be published in Q3 2023

Key Features

- The TNFD is developing a standardised reporting framework, which will align with the UNFCCC Paris Agreement, CBD Post-2020 Global Biodiversity Framework and the UN SDGs, and a risk management framework. It is also looking at scenario analysis, data, metrics and targets.
- A market-led approach is being taken to ensure widespread adoption, usefulness, accessibility and practicality. The Taskforce has 34 members whilst the TNFD Forum has over 550.
- Four iterative beta frameworks are set to be released, open to feedback and contributions from market participants.

Primary Objective:

3 Standardised Reporting

Secondary Objectives:

- 1 Advocacy and Policy
- Targets and Measurement
- Introducing standardised reporting over naturerelated risks and opportunities for the first time.
- The TNFD will be structured to require reporting to the same four pillars as the TCFD: Governance, Strategy, Risk Management, and Metrics and Targets. It will also consider both risks and opportunities across systemic, physical and transition domains.
- The TNFD aims to engage with policymakers and regulators through the TNFD Stewardship Council and engagement with inter-governmental organisations and bodies.
- Through their LEAP (Locate, Evaluate, Assess, Prepare) approach, the TNFD is outlining a voluntary approach to nature-related risk and opportunity assessments.

Get Involved

- Join the TNFD Forum: start contributing to the work of TNFD here
- Participate in the Knowledge Hub: the TNFD is looking to expand its expert network in 2022.
- Join the mailing list to receive TNFD updates.
- The TNFD's consultation period is open until 1
 June 2023. Feedback on the beta framework is
 sought by a range of organisations, and can be
 provided through the interactive online platform.

Website: <u>TNFD – Taskforce on Nature-related</u> Financial Disclosures



IUCN's biodiversity focussed programmes are helping businesses implement best practice; collaborate with civil society, regulators and financial institutions; is developing knowledge and tools to facilitate action; and is mobilising and channelling finance into nature positive efforts.

Initiators

IUCN

Interrelationships

 IUCN is a TNFD knowledge partner. It is also now engaging Indigenous Peoples and Local Communities to ensure their perspectives are included in the TNFD framework.

Key and Recent Publications

- IUCN worked with CDP to highlight the risks and opportunities of climate and nature-related risks, providing recommendations and case studies, <u>link</u>, 2021
- Guidelines on setting corporate biodiversity strategy, including goals and objectives, link, 2021
- Post-2020 Global Biodiversity Framework Policy Brief, link, 2022

Mature phase

Well established, having been launched in 2003

Key Features

- IUCN's biodiversity programmes are designed to enable actions that go beyond corporate social responsibility, providing the tools for a <u>strategic</u> <u>approach</u> to integrating biodiversity into business agendas. The <u>Nature 2030 plan</u> is IUCN's vision for achieving a just world, conserving nature.
- Previous work has included research and development in biodiversity indicators; offsets; business and biodiversity net gain; business and natural capital; corporate reporting on biodiversity and ecosystems; and, conservation finance.

Primary Objective:

4 Engagement

Secondary Objectives:

- Advocacy and Policy
- Targets and Measurement
- **5** Sustainable Investing
- IUCN works with regulators and civil society, strengthening the enabling environment for financial services to engage with the topic, creating guidelines, case studies, policies and reports to facilitate change.
- The organisation's efforts are helping businesses deliver action in a variety of ways, including:
 - encouraging business' impacts and dependencies on biodiversity to be integrated into business decision-making, particularly having co-developed the web-based Integrated Biodiversity Assessment Tool (IBAT) which offers global access to biodiversity data to support decision-making.
 - supporting businesses to engage and demonstrate the benefits of biodiversity net gain in operations, as well as developing new knowledge and tools, pioneering <u>Nature-based</u> <u>Solutions</u> and the tools and support to allow firms to deliver effectively
 - collaborating with financial institutions to foster conservation incentives and investments. IUCN helped found the Coalition for Private Investment in Conservation, which is developing new investment blueprints.

Get Involved

 Engage with IUCN's biodiversity <u>resources</u>. Here you can find sector-specific information to help engage, including for the finance sector.

Website: IUCN Biodiversity



Finance@Biodiversity Community

The Finance@Biodiversity (F@B) Community provides a platform for financial institutions to share and promote best practices, experiences and raise awareness on how to integrate biodiversity and natural capital into financial activities. It was created as part of the EU's Business@Biodiversity (B@B) Platform.

Initiators

- European Commission
- EU Business@Biodiversity Platform

Interrelationships

 Finance for Biodiversity Pledge was setup by the F@B Community

Key and Recent Publications

- Guidance on biodiversity measurement approaches, link, 2022
- Guidance for financial institutions looking to engage with companies on biodiversity, link, 2022
- An overview of biodiversity and finance initiatives, link, 2022

Mature phase

F@B Community established in 2016

Key Features

- The Finance@Biodiversity Community was created as part of the EU's Business@Biodiversity Platform's Pioneer workstream. It recognises the need to mainstream investments into natural capital, as well as the benefits of a shared forum in which organisations can discuss and share best practice on integrating biodiversity into financial activities.
- The Finance@Biodiversity Community initiated the Finance for Biodiversity Pledge in 2020, providing the opportunity for firms to commit to action.

Primary Objective:

4 Engagement

Secondary Objectives:

- Advocacy and Policy
- 2 Targets and Measurement
- The F@B Community provides a route for dialogue between financial institutions and with policymakers from the European Commission, to share experiences, promote best practice at EU level and raise awareness.
- The Community provides learning opportunities and support for businesses in the implementation of strategic actions on biodiversity and natural capital, notably producing guides on approaches to biodiversity measurement.
- The Community has a programme of proactive engagement with financial institutions, recently having hosted engagement workshops reflecting on the role of financial institutions in collaborative engagement on biodiversity and has produced a quide.
- Results are shared in the annual European Business and Nature Summit (link), and a series of webinars together with UNEP FI, the PRI and the Finance for Biodiversity Foundation.

Get Involved

 Contact the workstream lead directly to take an active role in the Pioneers workstream, leading the dialogue and cooperation between financial institutions, helping business understand the opportunities, and incorporate biodiversity into corporate decision-making.

Website: Finance and Biodiversity Community



Nature Action 100+

Informed by the learnings from Climate Action 100+, Nature Action 100+ (NA100+) is a proposed initiative to engage with those companies whose activities most threaten biodiversity, with the goal of supporting reversing nature loss by 2030.

Initiators

- World Bank
- World Benchmarking Alliance (WBA)
- Finance for Biodiversity Pledge & Foundation

Interrelationships

 Nature Action 100+ is building on learnings from Climate Action 100+

Key and Recent Publications

 An exercise in collaboration with the World Bank sought to highlight what a future NA100+ could look like, link, 2021

Concept phase

Expected to launch in 2022

Key Features

- Nature Action 100 is being set up by a consortium of institutional investors and their representatives, aiming to engage with companies and policymakers.
- Currently, the initiative is working to identify select partner organisations and a governance structure which will enable it to work towards the goals of reversing biodiversity loss by 2030 and supporting the implementation of the Global Biodiversity Framework.

Primary Objective:



- NA100+ will consist of three workstreams:
 - Corporate Engagement: this workstream will engage with those companies deemed to be most important in meeting the goal or reversing biodiversity loss by 2030.
 - Public Policy Engagement: supporting development, implementation and monitoring of public policies backing biodiversity commitments, particularly in relation to corporates.
 - Technical Advisory Group: Developing guidance and tools to support best practice, as well as access to technical expertise. This will mean that the initiative is in line with science and best practice, and will engage with external frameworks related to nature.

Get Involved

 Investors can express their interest in receiving information on Nature Action 100, and or express interest in supporting the workstreams here.

Website: A dedicated website for NA100+ does not exist at present.



Planet Tracker is a non-profit financial think tank aligning capital markets to operate within planetary boundaries. The team, comprising both environmental and financial experts, seeks to influence financial decision-makers towards delivering sustainable development goals, and developing the tools to facilitate action.

Initiators

Planet Tracker is an independent think tank

Interrelationships

 Planet Tracker operates within the same group (Tracker Group) as Carbon Tracker

Key and Recent Publications

- Planet Tracker and CDP explain that water risks are leading to stranded assets and the actions for financial institutions to take, link, 2022
- Dissecting green debt swaps and other debt-fornature initiatives, link, 2021
- Understanding deforestation as a natural capital risk within equity markets and ETFs, link, 2021

Mature phase

Well established, having been launched in 2018

Key Features

- Planet Tracker's research and analytics highlight the impacts capital markets have on the degradation of natural ecosystems. Simultaneously, its work presents the opportunities that are arising from the transition to a nature positive economy.
- The <u>Blue Recovery Bond Dashboard</u> helps investors envisage how a blue bond could contribute to a recovery in fish stocks, while the <u>Toxic Footprint Dashboard</u> shows how investors are exposed to hazardous chemical releases from petrochemical facilities. <u>View all of Planet Tracker's dashboards</u>.

Primary Objective:

5 Sustainable Investing

Secondary Objectives:

- Advocacy and Policy
- Targets and Measurement
- 4 Engagement
- Planet Tracker has a programme of proactive engagement with financial institutions, developing research, thought transfer and collaboration.
- The organisation produces briefing and educational papers, drawing on joint work with organisations and academics, helping institutions to understand the risks and opportunities surrounding nature.
- Planet Tracker's data sets and toolkits help corporates and financial professionals understand their exposures to, and the implications of, the degradation of nature and how they can drive positive financial outcomes.
- Planet Tracker supports the financial markets in transitioning to a nature-positive, zero-carbon economy by 2030.

Get Involved

- Planet Tracker welcome conversations, offers educational seminars, and takes part in joint projects with financial institutions looking to better engage and understand their impacts and dependencies on nature.
- Engage with Planet Tracker's <u>publication library</u> of reports and blogs

Website: Planet Tracker



Natural Capital Investment Alliance

The Natural Capital Investment Alliance (NCIA) aims to work with the asset management industry to mobilise private finance to be used for natural capital investment. It was launched at the 2021 One Planet Summit for Biodiversity through the Sustainable Markets Initiative.

Initiators

- Sustainable Markets Initiative
- Climate Asset Management
- Lombard Odier
- Mirova

Interrelationships

 The NCIA is aligned to the Terra Carta, another of the Sustainable Markets Initiative's programmes.

Key and Recent Publications

- Sustainable Markets Ten-Point Action Plan, <u>link</u>, 2020
- NCIA Press Release Information, link, 2021

Rollout phase

Launched in 2021

Key Features

- The Alliance has set a target of mobilising \$10
 billion of investment towards natural capital themes
 by the end of 2022. NCIA members are launching
 a range of closed ended and open-ended funds to
 achieve this, with the intention that these solutions
 are likely to mobilise further investment by debt
 providers and partners of NCIA members.
- Members of the Alliance subscribe to key principles, which also align to those of the Terra Carta, the Sustainable Market Initiative's charter for a nature recovery plan. The principles include but are not limited to, supporting the development of new innovative investment vehicles focused on helping deal with Natural Capital challenges, and recognising Natural Capital as equal to traditional investment metrics in capital allocation decisions.

Primary Objective:

5 Sustainable Investing

- NCIA aims to act as a central hub that can be utilised by financial institutions and global corporations that want to increase financial investments into natural capital, notably towards biodiversity restoration, with a particular focus on high integrity carbon offsets.
- NCIA facilitates the sharing of information and knowledge, particularly over natural capital investment information and expertise needed to invest in natural capital.
- The NCIA is demonstrating the scalability of relevant investment vehicles and the opportunities that exist across multiple asset classes.

Get Involved

- Asset owners and asset managers that commit to nature capital investments and adhere to the Alliance's membership principles can gain full NCIA membership. Associate membership is open to all other fund managers and investment management companies.
- For general NCIA and membership enquiries: <u>ncia@</u> sustainable-markets.org

Website: Natural Capital Investment Alliance

The views reflected in this article are the views of the author and do not necessarily reflect the views of the global EY organization or its member firms.



