



Biodiversity in the financial sector – From pledges to action

A practitioners' Guide by the Working Group on Biodiversity
under the Sustainable Finance Platform



The Sustainable Finance Platform

This report is a reflection of the deliberations of the Biodiversity Working Group set up under the auspices of the Sustainable Finance Platform. The report was drafted with help of Steward Redqueen. The working group consists of ABN Amro, Actiam, APG, ASN bank, a.s.r., FMO, ING, van Lanschot Kempen, NWB Bank, Robeco, Rabobank, Ministry of Agriculture, Nature and Food Quality, the Erasmus Platform for Sustainable Value Creation and is sponsored by Lidwin van Velden, CEO NWB Bank.

The Sustainable Finance Platform is a cooperative venture of De Nederlandsche Bank (chair), the Dutch Banking Association, the Dutch Association of Insurers, the Federation of the Dutch Pension Funds, the Dutch Fund and Asset Management Association, Invest-NL, the Netherlands Authority for the Financial Markets, the Ministry of Finance, the Ministry of Economic Affairs and Climate, and the Sustainable Finance Lab. Platform members meet twice a year to forge cross-sectoral links, to find ways to prevent or overcome obstacles to sustainable funding and to encourage sustainability by working together on specific topics.

The Sustainable Finance Platform fully supports this paper. However, the practices and advice described herein are in no way binding for the individual financial institutions comprising the industry organizations which are members of the Platform, nor are they committed to take any specific follow-up actions. Furthermore, this paper outlines private sector initiatives and as such does not contain any supervisory requirements.

Introduction

Over the last two decades the financial sector has increasingly embraced sustainable development as part of its agenda. Integrating ESG (Environmental, Social and Governance) into core processes and for example managing the risks and opportunities around climate change have gained traction. A more holistic view, the purpose-led organisation, and the intense stakeholder dialogue that is part of that, have won boardroom attention. The SDG's, the IPCC reports and many other initiatives and developments have contributed to the fact that sustainability has reached a tipping-point in the financial sector.

While this is hopeful, a lot of challenges need to be addressed. One of them is the urgent need to protect and preserve biodiversity, which is also of great importance to halt climate change. The Earth's biosphere is the foundation of human resilience and progress. Moreover, it is obvious that this biosphere is under increasing stress. Financial institutions have a role to play in halting this trend. The Cop15 will present the post-2020 Global Biodiversity Framework (GBF). If you want to learn more about what biodiversity is we refer you to the [biodiversity opportunities and risks for the financial sector report](#) by the Sustainable Finance Platform Working Group Biodiversity.

Recognising the challenges to protect biodiversity and not wanting to wait for global consensus, a growing number of Dutch financial institutions are collaborating in a working group on biodiversity, under the Sustainable Finance Platform. They have joined forces to make a difference, to share learnings and plans as well as to provide examples and best practices. The '[Biodiversity Pledge](#)', launched by the Finance for Biodiversity Foundation is an important reference for the working group, including for the members who have not yet signed this pledge.

Many international studies, tools and roadmaps (please refer to annex 2) are available for financial institutions that want to step up efforts in the conservation and restoration of biodiversity. Still, many working group members feel they are 'navigating in the fog'. Biodiversity is a complex subject, definitions are still fluid, scoping of responsibilities is on-going, and biodiversity footprinting methods are still being developed, which makes it hard to define pathways. Especially as many other sustainability topics are to be managed simultaneously, the working group wants to offer support to institutions that want to make meaningful progress in biodiversity management. This practitioners' guide serves that purpose.



The purpose of this guide

As there is already so much information available the purpose of this guide is not to add more complexity. Rather the opposite: we aim to offer basic insights and suggestions that can help kick-start or accelerate the biodiversity journey of financial institutions. As the drive for in-depth and near perfect insights into biodiversity is having a paralysing effect on many this guidance avoids in-depth analysis to stay practical. The working group hopes that this guide, that builds on the excellent work of many others, proves to be a practical support to take biodiversity management from pledges to action. This guide may become a 'living document' if new insights from for example the COP15 will have to be considered. The guide is divided into four sections and provides guidance on each section specifically in table format, indicating what steps to take depending on where you are on your biodiversity journey. The sections are as follows:

1. Policy & targets setting
2. Market engagement
3. Risk & impact management
4. Reporting

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“Although we face many challenges, the financial sector is really working on biodiversity. The experience around climate and carbon contributes to a much steeper learning curve now. Without being too optimistic, there is clearly a positive development.”

– interviewee

Continuous improvement

While recognizing the complexity of biodiversity, the Dutch financial sector wants to play its part in reversing the deterioration of the Earth's biosphere and achieving the goals of the Convention on Biological Diversity. In this guide one of the central theses is that this requires a process of 'continuous improvement'.

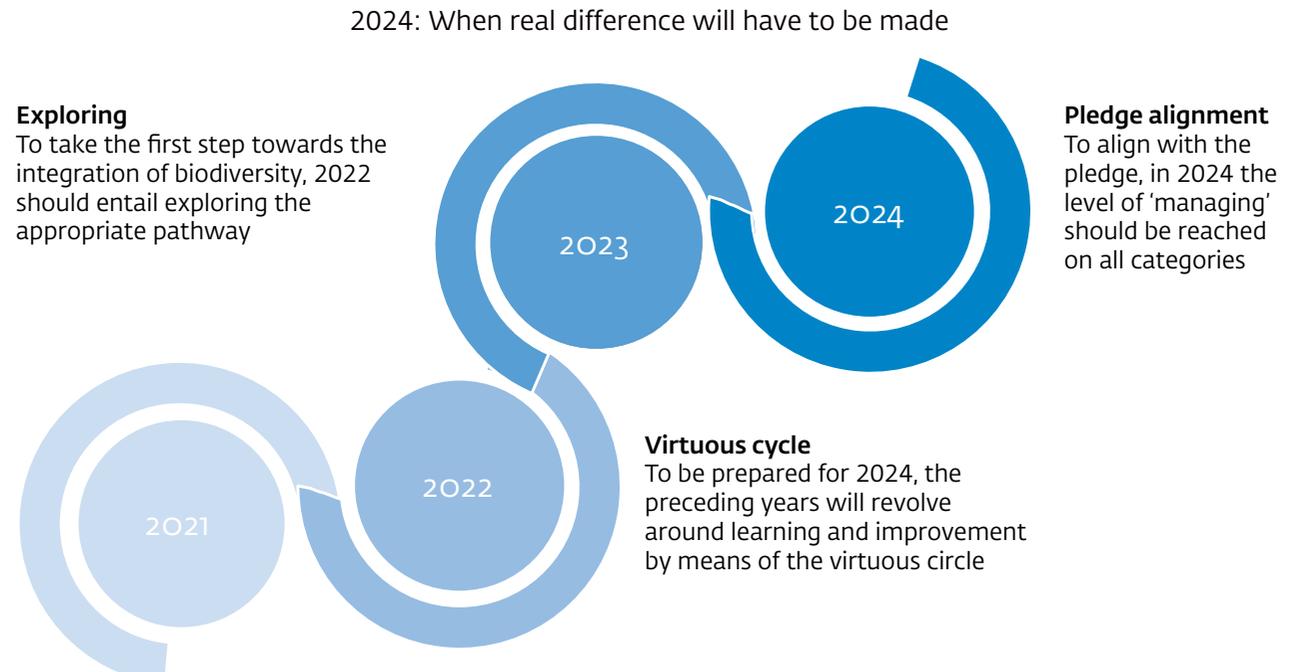
Practical experience

To reverse nature loss this decade, financial institutions should start their journeys, even though not all variables are clear and the quality of data is suboptimal. To guide the progress, this report builds on the roadmap that is agreed in the Biodiversity Pledge in which 2024 is a pivotal year. It is assumed, that in line with the pledge financial institutions will collaborate and share knowledge, set targets, assess their impact, engage with companies and report on all this before 2025.

Preparation for alignment

To reach this goal by 2024, institutions must go into action mode immediately, start focusing and improve quickly up to 2024. In this report, three levels of maturity are defined: exploring, managing and excelling.

Figure 1 Pathway for real progress and managing biodiversity by 2024



A four-step approach

Four steps

To facilitate progress towards managing biodiversity in 2024 a four-step approach is proposed, please refer to Figure 2. It is believed -and tested- that these four steps reflect a simple yet meaningful pathway. We follow this four step approach throughout this guidance.

Circle of control

These four steps, illustrated by the blue arrows, are part of an institution's 'circle of control'. Regardless of the maturity of their biodiversity approaches, any institution can take focused actions in each step. While learning by doing, these steps are becoming a 'virtuous cycle'.

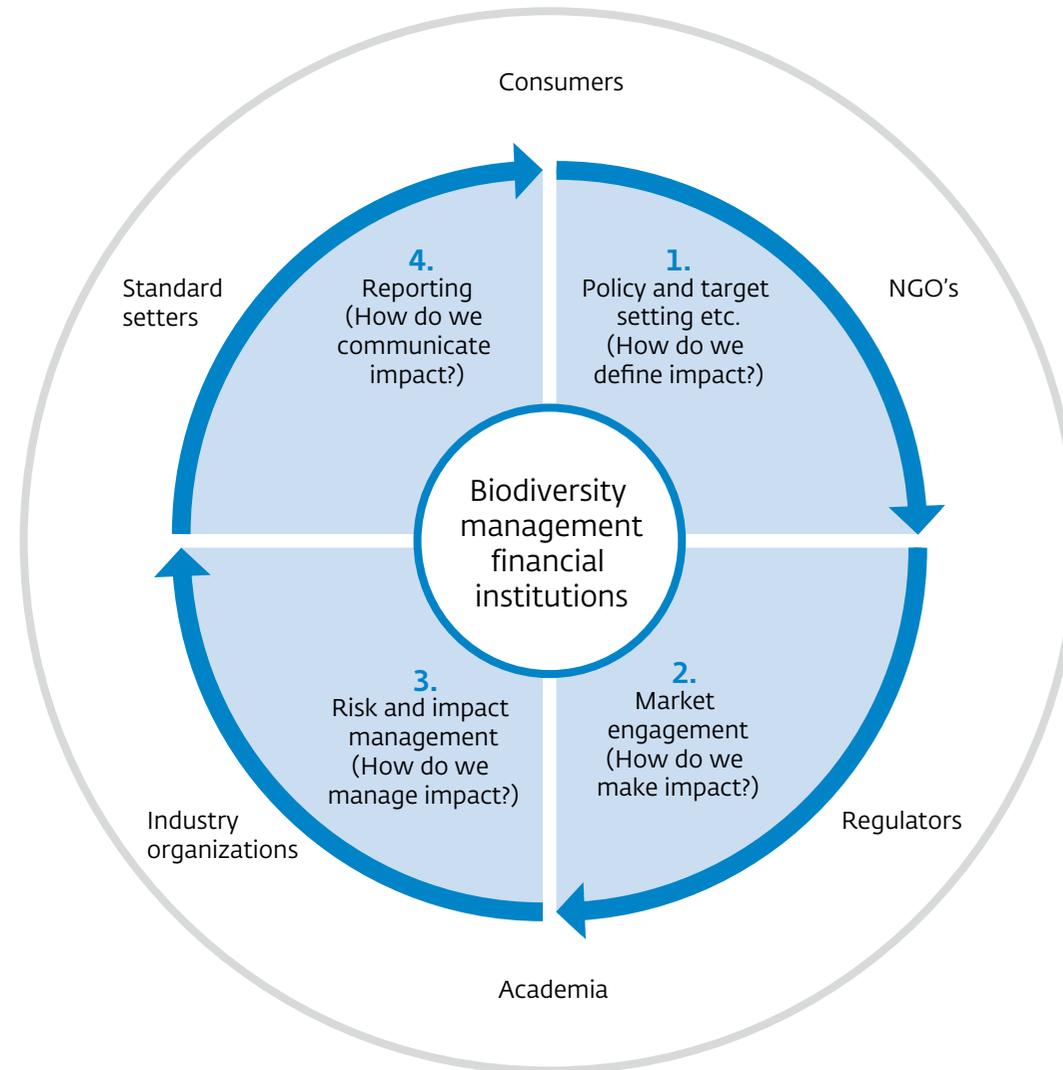
Circle of influence

The outer circle represents the 'circle of influence'. Stakeholders and other constituencies push the biodiversity agenda and influence what can or needs to be done by financial institutions and others. The circle of influence reflects that the biodiversity agenda is evolving and to a certain extent is a 'moving target' for practitioners. Figure 2 includes various parties with influencing power as illustrated, but many others may play a role as well.

The model explained

On the next pages the various steps will be explained in more detail. Each step, and the levels of control are captured in a table that includes suggestions for practical references.

Figure 2 Virtuous Circles of Control and Influence



1 Policy and target setting

The mission

To align your institution's strengths and weaknesses with the biodiversity challenge the first important question to answer is: 'How do we define impact?' Or in other words what do we stand for and what targets do we want to achieve? How can we avoid doing harm, operate within the planetary boundaries, manage risks by mapping dependencies, and contribute to significant positive change? Thinking about this before making a laborious study, will contribute to an authentic 'starting point'. One that fits the institution's mission and vision.

The jumpstart

To answer the question 'how do we as an institution define impact', one can start with assessing biodiversity risk and impact areas within the portfolio to understand in which areas the financial institution has the largest potential impact. As indicated by one of the workgroup members: *"By focussing on the drivers of biodiversity (deforestation, water stress, etc.) management of the challenges becomes more actionable"*. There is no need to find one single indicator among the high impact areas to measure overarching biodiversity.

Instead, we propose to start with the identification of workable components of biodiversity within the highest impact areas to determine the appropriate definition of impact for the financial institution, e.g., the commitment to zero-deforestation throughout operations.

One of the members of the workgroup said: *"Since most financial institutions have an approach to address climate change concerns, the hurdle for integrating biodiversity can be reduced by exploring the overlap between climate change and biodiversity."*

A policy for impact management should include the ambition level, scope and goals. Top management commitment is required for companywide integration. Having a meaningful boardroom conversation adds to the sincerity (and efficiency) of process integration. By taking initiative now, instead of waiting for standard requirements and data, institutions can already make significant impact. To provide inspiration for your institution's journey, the following table offers examples and references that may help getting started.



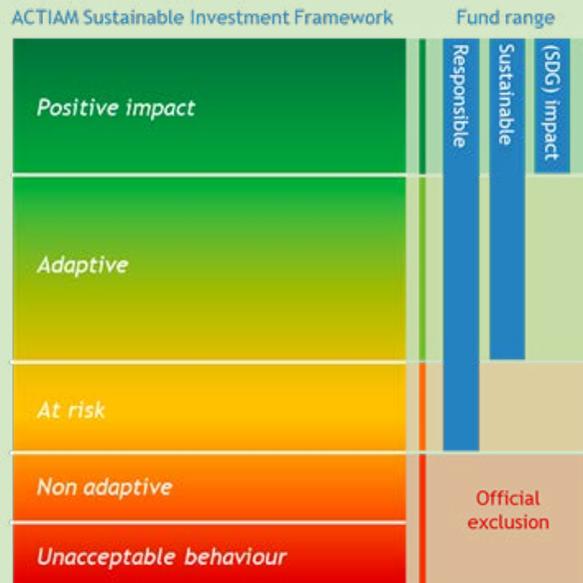
Table 1 Policy and target setting, the first step of the virtuous cycle

Level	Practice	Initiatives	Guidance
Exploring	<ol style="list-style-type: none"> 1. Get an understanding of the biodiversity risks in portfolio and explore the overlap with climate change. 2. Basic biodiversity impact plan and ideas on integration in ESG policy framework, and a clearly defined mandate 3. Leadership to agree on the importance of biodiversity management 4. Responsibility is assigned and integrated into the primary processes 	<ul style="list-style-type: none"> ■ PBAF ■ Bankable Nature Solutions 	<ul style="list-style-type: none"> ■ The PBAF standard ■ A Guideline on the use of Deforestation Risk Mitigation Solutions for Fis ■ Forest Trends roadmap
Managing	<ol style="list-style-type: none"> 1. Clear biodiversity policies, KPIs and targets integrated in the ESG policy framework 2. Front office is equipped to act on these (roles and responsibility throughout the organization are clearly defined) 3. Integration of biodiversity aspects in credit and investment proposals and decision making. 4. Biodiversity ambition as a 'means' instead of an 'end' (it is about making a real tangible change instead of having the 'paperwork' in order) 	<ul style="list-style-type: none"> ■ F@B pledge community ■ Working group on biodiversity under the Sustainable Finance Platform ■ EU working group on biodiversity (B@B platform) ■ The Science Based Targets Network (SBTN) ■ PBAF 	<ul style="list-style-type: none"> ■ UNEP Biodiversity Target-setting ■ University of Cambridge framework for identification of nature-related financial risks ■ The PBAF standard
Excelling	<ol style="list-style-type: none"> 1. The company is focused on no harm and significant contribution, which is reflected in quantitative targets 2. Tools and solutions for natural capital financing / ecosystem services (internal pricing system) 	<ul style="list-style-type: none"> ■ True pricing ■ PBAF 	<ul style="list-style-type: none"> ■ EU taxonomy alignment ■ Sustainability embedding practices in Dutch listed companies – Research Maastricht University / Eumedion Oct 2021 ■ The PBAF standard

Case study

ACTIAM incorporates biodiversity in its strategy and targets. It has several targets that relate to biodiversity: (1) net-zero greenhouse gas emissions by 2050, (2) water-neutral by 2030 and (3) zero deforestation by 2030. For all these goals, ACTIAM has developed a detailed strategy for ESG integration and active ownership.

For ESG integration, ACTIAM carefully assesses and categorizes companies and countries, based on various indicators, to show how they perform on a number of sustainability related topics. This categorization shows the risks and opportunities of each company and country, and gives an indication on their capacity to adapt themselves to the ongoing sustainability transitions. This assessment incorporates whether the investee has clear targets on land use and greenhouse gas emissions, has clear biodiversity and water policies, is involved in restoration or rehabilitation activities in disturbed areas of operations, has oil spills, considers biodiversity and community impact before settling in new areas. This assessment helps portfolio managers to make investments decisions that may impact biodiversity.



The active ownership program helps to promote more sustainable behavior among the investees. Engagement meetings are organized with numerous investee companies to stimulate them to better consider the biodiversity impact into their production and investment decisions. The ESG assessment helps to see where investees are lagging and may still improve.

The lower the ESG performance, the less chance that ACTIAM will invest in them. The sustainable funds only invest in those companies that are categorized as having positive impact or being adaptive.

Source: https://www.actiam.com/4a7729/siteassets/4_verantwoord/documenten/en/esg-integration_esg-scoring-policy-for-companies.pdf

actiam

ACTIAM

Integrating biodiversity in the
ESG scoring policy

“We recognize that financial returns do not matter if there is no future with a good quality of life for our clients to enjoy.”

– Frank Kusse (Interim CEO ACTIAM)

2 Market engagement

The mission

To apply –and further evolve– policies and targets on biodiversity in practice, the main question that needs to be addressed is: ‘How do we make impact?’. In other words, how do we engage and collaborate with our clients and portfolio companies to integrate biodiversity management in our relationships? How do we inform and guide other stakeholders with whom can we team up with?

The jumpstart

Client involvement in the creation of impact requires active engagement and ownership by the financial institution. In practical terms, we propose to start by entering the dialogue on biodiversity risks and impacts to provide qualitative insights on the level of actions already undertaken by the investee company. To inform engagement and trigger discussions with the client, a portfolio sector heatmap can be put together that shows the client’s main biodiversity drivers. As mentioned during the interviews: *“the most important biodiversity factor is not always the sector or country, it is frequently the risk management quality of the client”*. Client engagement is a reciprocal learning process between the investor and the investee.

The practical learnings collected, and knowledge obtained by the financial institution can be shared among peers in different initiatives to develop smart and comparable ways of assessing biodiversity risks and impacts.

To go one step further, incentives can be provided to employees and clients to reduce biodiversity risk and increase biodiversity impact, or as one workgroup member phrased it: *“Although we already have much knowledge, nudges and stimulus are required to make progress. Appropriate incentives should be introduced by organizations.”*



Table 2 Market engagement, the second step of the virtuous cycle

Level	Practice	Initiatives	Guidance
Exploring	<ol style="list-style-type: none"> 1. Increase biodiversity related knowledge of employees (trainings) 2. Entering into a dialogue with companies 3. Learning by engaging with stakeholders and peers 	<ul style="list-style-type: none"> ■ F@B Overview for biodiversity initiatives ■ EU F@B – Finance @ biodiversity Community ■ Finance for Biodiversity Pledge and foundation 	<ul style="list-style-type: none"> ■ NN IP example ■ Biodiversity Opportunities and Risks for the financial sector – The Sustainable Finance Platform ■ The PBAF Standard
Managing	<ol style="list-style-type: none"> 1. Collaborate and share knowledge on pathways and progress 2. Engaging with companies to reduce their negative and increase positive impacts on biodiversity 3. Identification of biodiversity loss drivers 	<ul style="list-style-type: none"> ■ Data sharing with GBIF ■ Principles for Responsible investment (PRI) ■ Principles for Responsible Banking 	<ul style="list-style-type: none"> ■ IFC Performance Standard 6 ■ In development: a tool by AXA Investment Managers for client engagement ■ The PBAF Standard
Excelling	<ol style="list-style-type: none"> 1. From engagement with NGOs to collaboration with NGOs 2. Agreeing financial incentives with clients 3. Set up credit lines that stimulate biodiversity impact and reduce biodiversity risk 	<ul style="list-style-type: none"> ■ F4B – Finance for Biodiversity Initiative 	<ul style="list-style-type: none"> ■ The PBAF Standard

Case study

In 2019, the ASN Bank initiated the Partnership for Biodiversity Accounting Financials (PBAF) and together with ACTIAM, Triple Jump, Triodos, Robeco and FMO the partnership was established. PBAF is a partnership of financial institutions that cooperate to explore the opportunities and challenges surrounding the assessment and disclosure of the impact on biodiversity associated with their loans and investments.

Through discussions, exchanging experiences and case studies, PBAF partners can learn and improve their practices, and establish a set of harmonized principles underlying biodiversity impact management that will feed into the PBAF Standard. In 2021 three working groups focused on the topics Asset Management, Agriculture and Positive Impact. At the beginning of 2022, the PBAF Partners will choose the topics that PBAF will further develop in 2022.

As of now, a total of 30 financial institutions have joined PBAF, with a total financial assets value of \$ 6.7 Trillion

More information can be found on www.pbaglobal.com



Source: <https://www.pbaglobal.com/page/about-pbaf>



“We want to take our share of responsibility and contribute to the protection and restoration of biodiversity and ecosystems through our activities and investments.”

– Arie Koornneef (CEO ASN Bank)

Case study

Robeco's investment stewardship includes leveraging its influence as share- and bondholders to influence how companies and sovereigns impact the society and environment through their activities.

In 2019 Robeco initiated a dedicated engagement program with its investee companies focused on biodiversity. Land use change is one of the major contributors to biodiversity loss, and much of this is driven by crop commodity production. The engagement program focuses on the impact on biodiversity of deforestation that is linked to five high-risk crop commodities – cocoa, natural rubber, soy, beef, and tropical timber and pulp. Robeco outlined five key expectations to be addressed in its engagement dialogue, including that companies commit to zero deforestation and to conduct biodiversity impact assessments.



Zero Deforestation



Biodiversity Impact Assessment



Biodiversity Restoration & Circular Economy



Sustainability Reporting



Social Management

Whilst engaging with companies is important, halting deforestation also requires government action. Robeco has been involved in the Investor Policy Dialogue on Deforestation (IPDD) initiative since it was founded in early 2020. This collaborative initiative focuses on mitigating the risk to investors posed by the increasing rates of deforestation around the globe. IPDD seeks to engage directly with governments (or related organizations), to convince them of the value attached to preserving natural assets and to discourage potentially unsustainable land use. The first sovereign engagement initiated by the IPDD was in June 2020 with Brazil, and since October 2020 it has expanded to Indonesia.

ROBECO

Corporate & sovereign engagement

3 Risk and impact management

Mission

For full integration of biodiversity impact and risk in the operations of the financial institution, a structural approach is essential. The question concerned is: 'How do we manage impact'? In other words, how do we embed nature in decision making?

The proposed jumpstart

Essential to proper risk and impact management is top-management commitment to ensure the availability of sufficient resources including employees with knowledge on biodiversity. The needed resources depend on the prioritized biodiversity drivers - where the potential impact of the institution is considered highest.

The start of integrating biodiversity can be facilitated using qualitative data/ case studies to gain experience on biodiversity management, to determine whether the results collected are meaningful, to understand how measurement of biodiversity concepts relates to climate change indicators, and what data can be provided by investees.

The knowledge gained by case studies can be used for (1) the transfer of insights throughout the organization, (2) improvement of data gathering and management systems to leverage on qualitative and quantitative insights (3) testing different methodologies and tools to decide on the most suitable ones.

On a transaction level, a systematic process should be implemented for evaluating the biodiversity implications of a proposed transaction and biodiversity risk and/or impact should be incorporated in the decision making and due diligence process. In addition, the financial institutions can examine the possibility to manage 'common indicators' at a portfolio level.



Table 3 Risk and impact management, the third step of the virtuous cycle

Level	Practice	Initiatives	Guidance
Exploring	<ol style="list-style-type: none"> 1. Initial biodiversity heatmap to identify and prioritize impact areas (significant harm, no significant harm, substantial contribution) 2. Assess impact methodologies and criteria and identify preferred methods 3. Preparing the biodiversity risk and impact responsibility to be integrated in the respective functions 	<ul style="list-style-type: none"> ■ PBAF ■ Biodiversity impact and ecosystem service dependencies 	<ul style="list-style-type: none"> ■ Biodiversity measurement approaches ■ EU Taxonomy Compass ■ The Biodiversity Footprint for Financial Institutions ■ NCFI framework ■ The PBAF Standard
Managing	<ol style="list-style-type: none"> 1. Tool/ Management dashboard to gather relevant biodiversity data for impact and risk management 2. Request data on biodiversity from clients 3. Assess impact of financing activities and investments for significant positive and negative impacts on biodiversity (double materiality) in the credit and investment processes 4. Integrate biodiversity in the investment process 	<ul style="list-style-type: none"> ■ PBAF ■ Encore ■ ALIGN - aligning accounting approaches for nature ■ TEEB 	<ul style="list-style-type: none"> ■ IUCN STAR Metric ■ Open bodem Index ■ The PBAF Standard
Excelling	<ol style="list-style-type: none"> 1. Off-set unavoidable risks 2. Incentivize behaviour of own staff 	<ul style="list-style-type: none"> ■ Consortium for Biodiversity Footprint ■ Coalition for Private Investment in Conservation ■ Conservation Finance Alliance ■ PBAF 	<ul style="list-style-type: none"> ■ Global Biodiversity score ■ IBAT Databases ■ The PBAF Standard

Case study

Rabobank developed, together with WWF-NL and The Sustainable Dairy Chain the biodiversity monitor for the dairy sector. The monitor is a uniform standard used to quantify biodiversity efforts by dairy farmers on their own farms and beyond. The biodiversity monitor uses Key Performance Indicators (KPIs) to measure the influence of individual dairy farmers on biodiversity. The KPI's are: % of permanent grassland, % of protein produced by own farm, nitrogen soil surplus, ammonia emissions, greenhouse gas emission, % of herb rich grassland and nature & landscape.

The monitor is part of the financing and sustainability policy of Rabobank. Based on this, customers can qualify for a discount on their existing and new finance interest rates. The biodiversity monitor is also integrated in the "On the Way to Planet Proof" certificate. This certificate can be applied to Impact Loans with attractive interest rate conditions. For farmers, this is an interesting financial incentive to become more sustainable.

Rabobank continues their collaboration with stakeholders and their clients. Currently, a Biodiversity Monitor for arable farming is under development by the Branche Organization Arable Farming, Rabobank, Province of Groningen and WWF-NL. A first list of KPIs is available (in Dutch) for the monitor.



Rabobank

Biodiversity monitor for dairy and arable farming

"It is clear that more action is urgently required to reverse nature and biodiversity loss to ensure a living planet."

– Wiebe Draijer (CEO Rabobank)



Source: <http://biodiversiteitsmonitormelkveehouderij.nl/prototype/index.html#/screens/209966070>

Case study

In 2021, biodiversity has been included in ASR's corporate sustainability strategy, as an integral part of its climate strategy. ASR has identified its impact on biodiversity is largest in its investment portfolio and rural real estate.

ASR has developed a biodiversity policy for both company and country investments. To ensure a real world impact as an investor, engagement with investee companies is crucial, as well as impact investments. We have therefore set a company-wide target to increase its impact investments among all asset classes. Engagement on the prevention of biodiversity loss is, for example, guided by satellite imaging.

ASR manages for its policyholders and pension clients a significant farmland portfolio which was built up over more than a century. We aim to create 'perpetual value' through responsible stewardship, by engaging farmers to pass on this valuable asset in a better condition to its next generation farmers. ASR works together with its partners Rabobank and Vitens to create the 'Open Bodem Index' (OBI - www.openbodemindex.nl). This index provides farmers insight in their soil quality based on indicators such as soil structure, biology and chemistry. Based on the functionality of the soil and the current management plan of the farmer, the OBI provides a list with suggestions the farmer could consider to discuss with his agronomist or agricultural consultant in order to improve the soil.



Open soil index and impact investments

4 Reporting

The mission

For structural change in the financial sector, transparency on the integration of biodiversity in operations, and the impact that is realized through these operations, is fundamental. The question “How do we communicate our impact?” is to be answered. In this context, communication is to be defined as a ‘two-way street’. In other words, communication is not limited to sending well formulated, balanced and structured messages to external stakeholders; it is also aimed at capturing stakeholders’ visions and opinions. Received inputs from stakeholders may inform the strategy development of financial institutions and thus the further development of policies and targets. This reporting process creates a feedback loop that allows financial institutions and stakeholders to engage and contribute to a (mutual) learning process.

The proposed jumpstart

It is hard for organizations to report on their learning processes and to be open about things that need to improve. While the forces of (social) media are strong and unpredictable it is difficult or even thought to be unwise to show vulnerability. Moreover, the lack of uniform definitions and the challenges of data generation, makes reporting even harder.

Still, we advocate that financial institutions report on how they evolve in the circle of figure 2. As part of this, qualitative and quantitative data is to be reported and shared. The data and related aggregation processes may initially be suboptimal, but these will mature and improve overtime.

Stakeholder dialogue will be part of the process to strengthen biodiversity management and reporting.

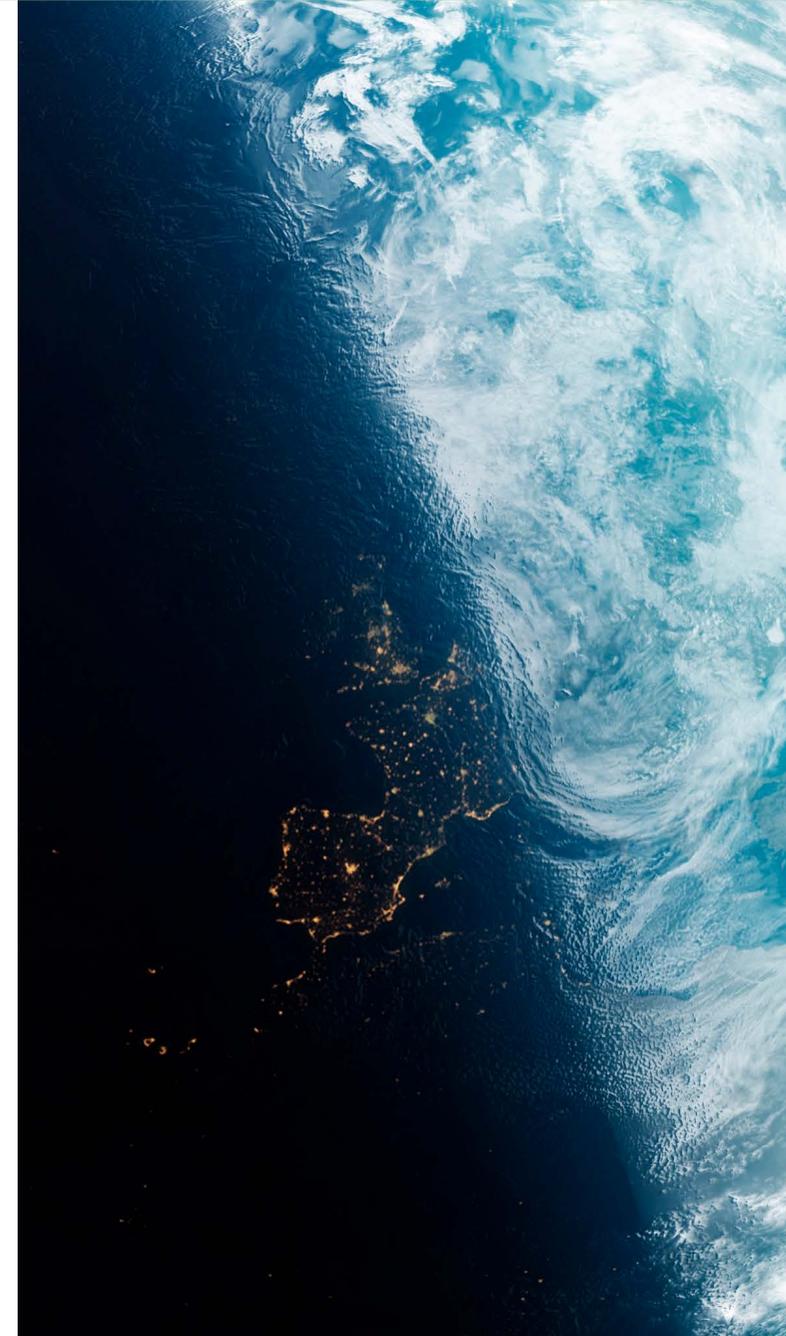


Table 4 Reporting, the fourth step of the virtuous cycle

Level	Practice	Initiatives	Guidance
Exploring	<ol style="list-style-type: none"> 1. Be transparent on your biodiversity aspirations 2. Reporting as a means for engagement and learning 3. Learn from reporting frameworks and standards 	<ul style="list-style-type: none"> ■ PBAF 	<ul style="list-style-type: none"> ■ Taskforce Nature-related Financial Disclosures (TNFD, 2023) ■ The PBAF Standard
Managing	<ol style="list-style-type: none"> 1. Annual reporting for transparency, engagement and learning 2. Annual reporting covering qualitative information and quantitative impact results as far as possible 3. Transparency on significant positive and negative contribution to global biodiversity goals linked to financing activities and portfolio's 	<ul style="list-style-type: none"> ■ PBAF ■ IFRS Sustainability Standards Board 	<ul style="list-style-type: none"> ■ NFRD ■ Taskforce Nature-related Financial Disclosures (TNFD, 2023) ■ IFRS Sustainability Disclosure Standards (to be developed) ■ EU Taxonomy ■ The PBAF Standard ■ CDSB Application guidance for biodiversity related disclosures
Excelling	<ol style="list-style-type: none"> 1. Internalize a 'feedback loop' for learnings and improvements 2. Report on quantified impact 	<ul style="list-style-type: none"> ■ Global Reporting Initiative ■ PBAF 	<ul style="list-style-type: none"> ■ Taskforce Nature-related Financial Disclosures (TNFD, 2023) ■ The PBAF Standard

Case study

Since 2014, the NWB Bank has been issuing Water Bonds (Green Bonds), which have become an indispensable part of their business operations. The proceeds from water bonds are being used to finance projects by the water authorities that contribute to climate change mitigation, climate adaptation and biodiversity. Every year, the bank publishes a Water Bond Newsletter, an in-depth report detailing performance indicators to demonstrate how the water authorities are helping to enhance sustainability, to inform investors on how their money is spent.

To enhance impact reporting in the water bond newsletters NWB Bank co-finances the annual “*klimaatmonitor*” of the Water Authorities that is coordinated by the Unie van Waterschappen since 2017. The *klimaatmonitor* reports the climate footprint of the Dutch water authorities.

NWB Bank’s ambition is to develop a biodiversitymonitor that reports the biodiversity footprint of the Dutch water authorities. An initial biodiversity footprint case study was conducted earlier in 2021. The NWB Bank is now working on elaborating this biodiversity footprint after which the ambition is to scale the footprinting method to the broader sector.



Annual Green Bond Newsletter

“We feel the need to set an example as NWB Bank by integrating biodiversity into our primary processes. Our clients and especially water authorities fully appreciate the importance of biodiversity recovery, so assessing our biodiversity impact is a logical next step for us.”

– Lidwin van Velden (CEO NWB Bank)

Source: https://nwbbank.com/download_file/673/554

Let's go!

Actions speak louder than words

Preserving biodiversity is not CSR, or about being nice. It is about protecting life on earth, ultimately protecting human existence. Therefore, and this may resonate better to some, it is also essential for protecting the economy and the financial institutions themselves.

Research on the need for mankind to get its act together and reduce negative impact, is clear beyond doubt. An economy and society that does not take the preservation and restoration of biodiversity seriously, is not sustainable.

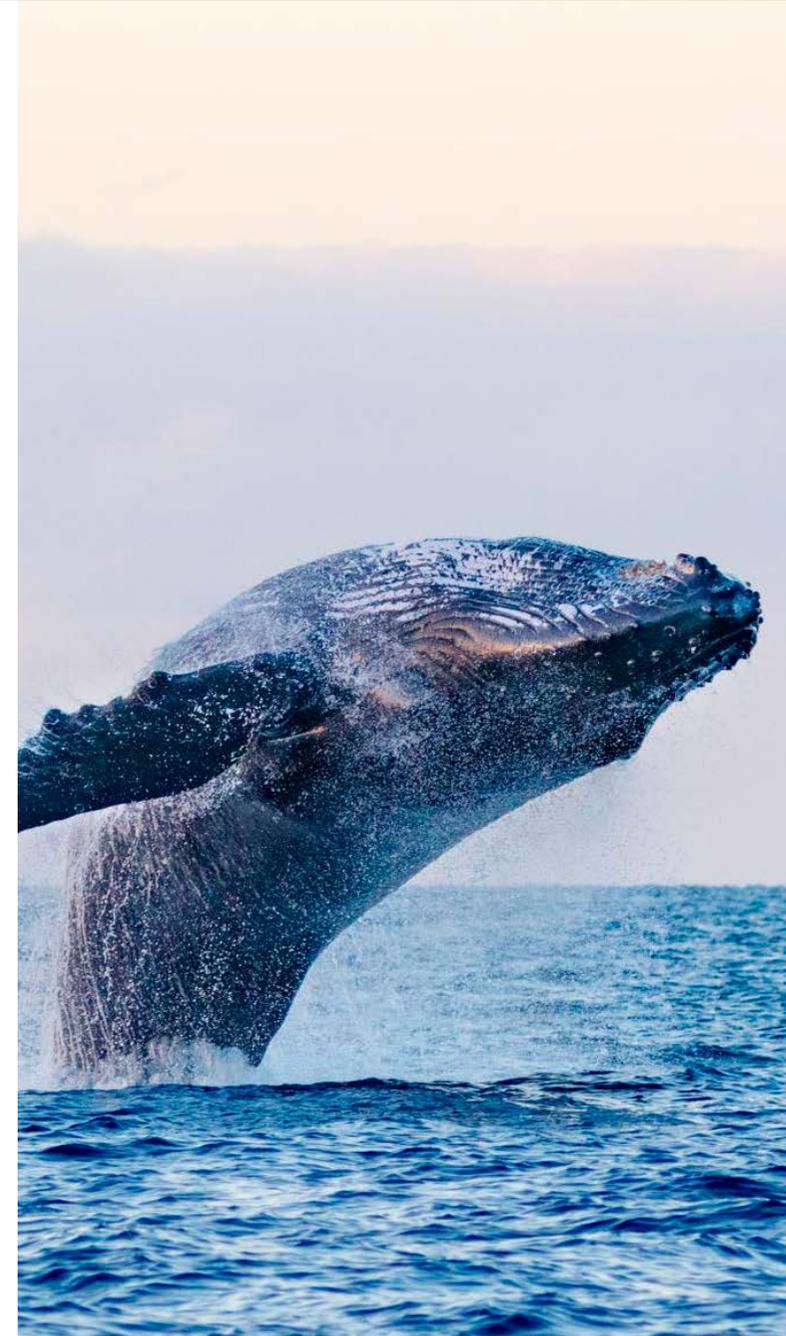
The financial sector, as a driver for positive change, has a role to play and the Dutch financial sector has joined forces to make a difference.

For financial institutions it can be challenging to kick-start their biodiversity action plan in an effective and efficient way. The amount of available information is vast, which can make it overwhelming and hard for some to know where to start.

With this short guide we aim to provide some practical outlines and examples that may support the acceleration of biodiversity management. In no way does it replace the available research or roadmaps, rather it encourages institutions to start. Actions speak louder than words.

Although many pathways to solutions may be unclear or challenging, institutions can not afford waiting to embrace those challenges. Being in control by 2024 requires a can-do mentality and accepting learning by doing as a fact. No better way to prepare than by acting.

The leadership challenge is enormous. It is not about producing more paperwork, but about making a significant contribution to biodiversity preservation and restoration. The stakes are high, the goal is clear, the time to act is now.



Annex 1 A selection of biodiversity facts



About one million plant and animal species face the threat of extinction (IPBES)



Climate change interacts with threats such as habitat loss and overharvesting to further exacerbate species declines. The decline of species and ecosystems can then accelerate climate change, creating a feedback loop that further exacerbates the situation (IUCN)



Deforestation is responsible for just over 10% of global greenhouse gas emissions. Biodiversity loss is therefore considered to be one of the greatest risks to society and the economy (Quote from: Indebted to nature, DNB, June 2020)



The ocean plays a central role in regulating the Earth's climate. It has thus far absorbed 93% of the extra energy from the enhanced greenhouse effect (IPCC)



More than 75% of global food crop types, including fruits and vegetables and some of the most important cash crops, such as coffee, cocoa and almonds, rely on animal pollination. (IPBES)



The worldwide loss of all pollinators (including bees, butterflies, moths and other insects) would lead to a drop in annual agricultural output of about US\$ 217 billion (Quote website Paulson Institute)



Of investments by Dutch financial institutions, a total of EUR 510 billion is highly or very highly dependent on one or more ecosystem services (Indebted to nature, DNB, June 2020)



More than 70% of people living in poverty are at least partly dependent on natural resources to earn their livelihoods. (Quote from: biodiversity summit factsheet)



Current negative trends in biodiversity and ecosystems show that we will not meet 80% of the assessed targets of the Sustainable Development Goals concerning poverty, hunger, health, etc (IPBES)

Annex 2 List of interviews and a selection of literature used for this report

Table 5 Overview of interviewees

Name	FI	Date
Booy Rodermond	ING	August 18 th
Arjan Ruijs	ACTIAM	August 18 th
Laura Bosch Ferreté	Robeco	August 19 th
Eduardo Carriles Gozalves	FMO	August 27 th
Roel Nozeman	ASN Bank	September 3 rd
Merel Hendriks	NWB Bank	September 9 th
Eloisa Menguzzo & Andres van der Linden	PGGM	September 10 th
Narina Mnatsakanian	Van Lanschot Kempen	September 14 th

Table 6 Selection of literature

Name	Institution	Published
Science based targets for nature – Initial Guidance for Business	Science based target network	2020
Common Ground Paper - The Partnership for Biodiversity Accounting Financials	PBAF	2020
Methods for analyses in Indebted to nature – Exploring biodiversity risks for the Dutch financial sector	De Nederlandsche Bank (DNB)	2020
Finance Sector and Biodiversity Conservation – Best Practice Benchmarking	Business @ Biodiversity	2010
The economics of biodiversity: the Dasgupta review	HM Treasury	2021
Financial sector guide for the convention on biological diversity	Finance for Biodiversity pledge	2021
Biodiversity Footprint for Financial Institutions - Exploring Biodiversity Assessment	Netherlands Enterprise Agency	2021
Biodiversity Opportunities and Risks for the Financial Sector	DNB sustainable finance platform Working group biodiversity	2020
A Guideline on the use of Deforestation Risk Mitigation Solutions for Financial Institutions	DNB sustainable finance platform Working group biodiversity	2020