

## Finance@Biodiversity Community

### -Engagement with companies-

Monday 4 October 2021 – Online Workshop

#### Public minutes

#### Participants

Financial institutions (FIs)	Aegon Nederland N.V., Amundi, AVIVA Plc, AZA, Caisse des Dépôts, Crédit Mutuel Arkéa, Crescent Capital Group LP, European Investment Bank, Federal Finance Gestion, Fidelity International, Fondation, HSBC Global AM, International business of Federated Hermes, Karner Blue Capital, La Banque Postale Group, La Financière de l'Echiquier, Lombard Odier AM, Mandarine Gestion, Mirova, ODDO BHF AM, PGGM, Resona AM, Robeco, SCOR SE, SwedbankRobur.
External speakers and moderators	Heijmans, SBTN, The Livelihood Funds, The PRI, WBCSD, Wienerberger
Supporting team	European Commission, DG Environment; NextGreen

#### Context

- In 2021 the [Finance@Biodiversity Community](#) (part of the [EU Business and Biodiversity Platform](#)) is focusing its sharing of experiences and collective learning on the topic of '**Engagement with companies**'. This covers both the engagement of investors with listed companies, but also the engagement of banks with their clients.
- So far, three workshops were held. The [29 April meeting \(minutes\)](#) was organised around **financial institutions' experiences and needs** for collaborative engagement on biodiversity. In the [23 June meeting \(minutes, Annex to the minutes\)](#), **expert views** from the World Bank, World Benchmarking Alliance, Nature Alpha, IUCN and WWF were shared and discussed in a virtual round table setting. The [22 July meeting \(minutes, slide deck\)](#) was dedicated to looking at **impacts and dependencies at sector level**, and identifying high-impact and high-dependency sectors.
- This fourth workshop focuses on learning from **leading companies** working on biodiversity and the engaging role by financial institutions.

#### Welcome and opening

##### Welcome – Anna Karamat, European Commission, DG Environment

Anna welcomed everybody to the meeting. She explained that the Finance@Biodiversity Community and the Business@Biodiversity Platform are part of the actions under the EU 2030 Biodiversity Strategy. The F@B Community aims to improve the integration of biodiversity into finance. Anna is pleased to note that the Community is growing and doing a lot of interesting things.

##### Workshop series 'Engagement with companies' – Anne-Marie Bor, Lead F@B Community

This workshop is the fourth in a series of workshops on engagement with companies. This workshop is special because we invited speakers from leading businesses to talk about their biodiversity approach, and on the idea of getting nature positive. The break-out sessions allowed for dialogue with the speakers in smaller groups.



## Stories on ‘Nature Positive’ business

### I. Introduction to nature positive business – Nadine McCormick, Manager of Nature Action at WBCSD

WBCSD received many questions from business asking what the global goal of ‘[becoming nature positive](#)’ means for them. A learning journey with three online workshops was organised to find the answers. Starting from what the group knew already, we identified the areas of agreement and potential areas of questions/disagreement on what nature positive means. Then, we tested ideas on the key messages about what nature positive means for businesses. From that, we started developing *building blocks for nature positive value chains*, building on the work that other organizations have been doing already. This all culminated in a presentation at the IUCN Conservation Congress on August 30<sup>th</sup>. It will be followed by a closed WBCSD session (27 Oct) and a public event during COP26 ([9 Nov](#)).

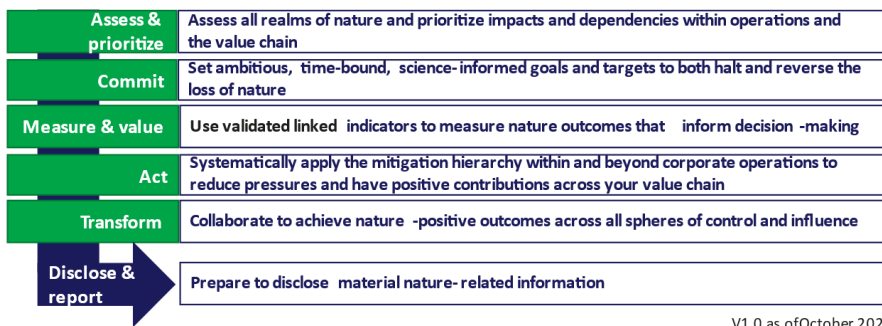
WBCSD’s [Vision 2050](#) sets out a vision for a world in which more than 9 billion people are able to live well, within planetary boundaries, by 2050. We have been working on biodiversity for 15-20 years. But despite all the action, the curves are going in the wrong direction. This decade is critical to meet the SDGs.

Existing commitments and actions aren’t enough. A group of organizations came together two years ago and asked the question: If *net zero* is working so well to motivate climate action by businesses, governments and civil society, why can’t we have an *equivalent for nature*? They elaborated the idea and published [A Nature-Positive World: A Global Goal for Nature](#) in May this year.

WBCSD is now elaborating what this means for business. There is a lot of guidance out there already. We see it as our task to help businesses understand what implications the global goal for nature has for the steps that they know already. These steps are, for example, those of the Infinity loop of the [Capitals Coalition](#), the steps of the [SBTN process](#) and Business for Nature’s [steps for becoming nature-positive](#).

Based on them, we developed the following building blocks:

### What does nature positive mean for business?



This overview is accompanied by a lot of references and resources linked to all of these steps.

Two key remarks:

- For the building block ‘*assess and prioritize*’: businesses should understand their impacts and dependencies across the whole value chain, including all realms of nature (land, freshwater, oceans) and all dimensions of biodiversity (genes, species, ecosystems, ecosystem services)... but then prioritize what to focus on.
- Initially, businesses often think of nature-positive at a site level. But SBTN’s initial guidance helps companies to act not just in their direct operations, but also in their *value chain* and in the broader landscape, with awareness of all levels of the *system* they are in.

The next step, building on the strategic common approach of the building blocks, is to get into the details of different value chains (e.g. agriculture and forestry, build environment, energy). We will be looking into the specific question these sectors have, and work on actions, indicators and tools that can help them to become nature positive.

Relevant sources of information:

[New Nature Economy](#) report series (WEF)

[The Biodiversity Crisis is a Business Crisis](#) (BCG)

#### Takeaways from break-out group moderated by Nadine:

1. **Diversity** - Companies are in different stages of their nature journey. Many are addressing their operations but find it complex to address their value chain.
2. **Need for education** - The intersection between business/finance and biodiversity is a fast-moving space. It is challenging for business as well as finance people to stay up to date with new developments and resources. As an ESG specialist working on biodiversity, you have to educate both your colleagues and the companies you are investing in. There is a great need for education, training, and technical assistance. This can be at a generic level (e.g. what do we mean with biodiversity?), but it becomes sector- and region-specific quite quickly as well. A lack of resources is not the main problem –the challenge is rather to navigate and find them, and to make them understandable.

#### II. Climate adaptation and biodiversity in the building sector – Jan Willem Burgmans, Heijmans

[Heijmans](#) is one of the biggest building companies in the Netherlands. We have the mission to create a healthy living environment for everyone (animals, plants and mankind). As a building company, Heijmans has a big impact on climate change and biodiversity loss, so it has to be part of the solution. Improving sustainability is one of the three ambitions (alongside quality improvement and digitalization). Within this ambition, we are working on energy and materials, as well as on climate adaptation and biodiversity.

Heijmans made the following bold promise to its stakeholders: “By 2023, all our *interventions in the built environment will improve local biodiversity, climate adaptation and safety.*” We know it is very hard to realize this already in 2023, but the bold statement led to a situation in which everyone in the company is aware of the problem and the impact we have. It is great to see how everyone is going for it.

Now the goal is set, we are figuring out how to monitor our progress towards it. We mainly work with [NL Greenlabel](#), a monitoring tool for urban and spatial development that includes all aspects of sustainability. However, it is hard to apply to our infrastructure projects. Therefore, we are working on our own environmental impact ladder for infrastructure. It will distinguish between five performance levels (1. ‘comply with rules and regulations’, 2. ‘minimum impact’, 3. ‘neutral impact’, 4. ‘nature inclusive’, 5. ‘regenerative nature’) and monitor progress in the areas of leadership, policy & process integration and concrete measures. It is hard that we as a company have to make our own monitoring tools for reaching our goals. This is a problem I would like to share with the financial sector today. I invite you to look very critical at us as a company, but also to *help us to create the right monitoring tools.*

#### Takeaways from break-out group moderated by Sonya Likhtman, the international business of Federated Hermes:

1. **Alignment of metrics** - Ecologists and biologists have their own metrics to measure biodiversity, whereas the financial sector might be looking at different approaches to measurement. These communities have to speak to each other and collaborate on aligning KPIs and agreeing what should be measured and how.
2. **Green corridors and public-private collaboration** - Building and infrastructure companies can collaborate with local authorities in order to create green and blue corridors between biodiversity-rich areas. Infrastructure itself can be a corridor for wildlife.
3. **Technology and digitalization** - Technological advances (e.g. cameras and AI to identify species) will be very important and can enable companies’ biodiversity strategies.
4. **Value chain transformation** - For companies, it is more complicated to address their value chain biodiversity impacts than to address their direct operations. Most companies are starting with adjusting their operations, even while acknowledging that most impacts occur in the supply chain.
5. **Finance engagement is welcome** - Even though a company might have a biodiversity strategy in place, a lot of work often still needs to be done on implementation and measurement of progress. Investors can help with that. Any sort of collaboration, discussion, or encouragement on biodiversity from investors is welcomed by leading companies.



### III. Sustainability and innovation in the building materials sector – Mark van Loon, Wienerberger

[Wienerberger](#) is a stock-listed building materials company, known for ceramic materials and piping. Independent from the sales operations, Wienerberger has 197 production locations of different sizes and 200 quarries. So, the production is very much distributed across Europe and the US.

Climate change is one of the key trends that is driving innovation and shaping our business. It is interlinked with challenges in water management (both water scarcity and flooding) and biodiversity loss. *Water management is often a backbone for biodiversity.* For example, we offer systems that collect rainwater from roofs so that it can be used to irrigate green roofs, green facades, or gardens. So, on the side of product innovation, climate change is an opportunity.

But we also clearly have a footprint that needs to be solved. We have set short-term ESG targets for 2023. The environmental targets focus on reducing GHG emissions, circular economy, and – new for us – creating *biodiversity action plans* for all our quarries and production locations. We have always worked on restoring quarries, for example through recreating biodiversity-rich nature areas in former claypits in the Netherlands. New is our *focus on nature in urban areas*. There is a huge opportunity to bring biodiversity into our - often grey - production areas. Doing so *sparks creativity* and enthusiasm amongst our employees and local organizations and enables us to apply and demonstrate our own products. A new internal guide facilitates the drafting of the biodiversity action plans. It highlights the need to consider safety, the local ecosystem, and the legal context in biodiversity integration. We use GIS to map current functions and biodiversity potential, and train internal biodiversity ambassadors for monitoring.

Next steps:

- More detailed presentation on the biodiversity action plans on November 25<sup>th</sup>, during the [Capital Market Days](#)
- First implementation results can be shown during field visits in May 2022.

#### Takeaways from break-out group moderated by Siobhan Cleary, SBTN:

What financial institutions can look for when they assess the credibility of companies and their activities:

1. **Targets** – Targets alone are not enough; companies should make targets tangible with enough granular detail and plan for how that target will be reached.
2. **KPI's** - Financial institutions can inquire which KPI's will be measured, from which baseline, what monitoring systems and processes are in place, and how progress will be reported.
3. **Location specific** - Companies should understand the need for location-specific plans.
4. **Full implementation / governance** - Biodiversity should be integrated throughout the whole organization, and not just be the responsibility of a specific team
5. **Transformative engagement** - Financial institutions can help companies to identify longer term opportunities for transformation, like upstream and downstream transformation of the value chain.

### IV. Transformation in the agricultural sector – Bernard Giraud, President & Co-Founder of the Livelihoods Funds and former Vice President of Sustainability at Danone

The [Livelihoods Funds](#) are impact investment funds launched in 2011 by European corporates who joined forces to combat climate change and transform their supply chains while improving the lives of rural and agricultural communities. The initiative pre-finances large-scale projects on ecosystem restoration, agroforestry, sustainable rural energy, or regenerative agriculture using two different models. The purpose of both models is to accompany large corporations in their transition towards sustainability that will help both nature and people thrive.

1. Through the [Livelihoods Carbon Funds](#) companies invest equity in a mutual fund, share risks and participate in the Funds' strategic decisions to support projects that are implemented during 10 to 20 years. This investment is used to finance projects in three main areas: restoration of key natural ecosystems which are rich in biodiversity, agroforestry & regenerative agriculture, but also carbon-saving technology projects. Investing companies get high-quality carbon credits in return, which are used directly to compensate for their unavoidable carbon emissions, in addition to their emission reduction efforts.



2. The [Livelihoods Fund for Family Farming](#) starts from the need of committed brands to source their raw materials sustainably. It mainly works with food corporations, entrusted suppliers and local grassroots NGOs who are close to their communities and ecosystems. This fund provides a new approach to transform agricultural supply chains (e.g. coconut, vanilla, shea, palm oil...) while improving the lives of vulnerable smallholder farmers, in order to address issues of environmental degradation, climate change, and rural poverty simultaneously.

The basis of success in the projects that we fund, is gaining support from farmers in rural communities. That is why we are called the *livelihoods* funds. It is not just about carbon or biodiversity, but about how we can leverage the motivation of farmers to change their own livelihoods through a systemic change in the way they practice farming. In every concrete project, we are looking for ways to help farmers improve their livelihoods, through the restoration of soil, forests, mangroves, etc. If we invest in planting trees, the fruits and timber from those trees are *always owned by the farmers*. As a fund, we never purchase land. Instead, we invest to train or equip farmers to plant trees. And we put in place *incentives* for farmers who adopt regenerative agricultural practises.

With corporates committed to greening/transforming their supply chains and being ready to pay part of the needed transition we have a *sound business model* for helping these corporates with sustainable palm oil, or cocoa, or wheat. We help in creating operational coalitions, sometimes with the co-funding from public bodies. In the Fund's model, the investing corporates commit to source their products from the farmers we are working with for 10 years, which decreases the risks associated with our projects. In this way, we receive a fair return on investment, and we can reinvest the revenue in other projects.

The difficulty with engaging the financial sector is that this is not a traditional model. As we are working with farmers instead of investing in companies, there are no assets. Furthermore, it takes time to transform our agricultural models, or restore natural ecosystems. Nature-based solutions take between ten and twenty years to mature. Our carbon projects are based on *twenty-year contracts*. This is very long, and not the usual way of investment.

We are now working to scale up our two models with a coalition of large businesses for biodiversity, called [One Planet Business for Biodiversity \(OP2B\)](#). One key point for us is that it is not just about money; it is about structuring and designing projects with social, economic, and environmental impact to invest in. We never find projects that are ready to be invested in. Instead, it takes time and effort to assemble coalitions and co-design projects adapted to the local needs and realities.

### **Takeaways from break-out group moderated by Gemma James, the PRI:**

1. **Long-term contracts and commitments are needed** – Strong commitments from both sides are a key to success This is challenging, as many corporates are not comfortable with having long-term contracts with farmers. It is about having contractual agreements and supporting them socially.
2. **Find a valid and feasible scale** - One should find a business model and a value model at a scale that is economically, technically, and socially valid and feasible. For scaling the Livelihoods Funds' projects, having a strong quality project implementation might be more important to create impact than only looking into increasing biodiversity and promoting smallholder livelihoods as urgent matter.
3. **Select KPI's that fit the local context** - Valid monitoring of change requires that KPI's are selected carefully and are monitored with partners on the ground. Every project, as well as the KPI's through which its success is measured, should be adapted to the local context, mentalities, and cultural backgrounds.



## Summary

**Key learnings on engagement with companies**, structured according to WBCSD building blocks

1. **Assess & prioritize:**

- a. Companies should understand their impacts and dependencies across the whole value chain and all realms of nature, and then prioritize what to focus on. (WBCSD)
- b. Companies are in different stages of their biodiversity journey. Many are addressing their operations but find it complex to address their value chain. (WBCSD)
- c. Investors can help companies to define the key issues to focus on. This help is very much welcomed by companies. (Heijmans)

2. **Commit:**

- a. A bold, ambitious statement can motivate change and bring awareness throughout the whole company. (Heijmans)
- b. Biodiversity should be integrated throughout the whole organization, and not just be the responsibility of a specific team. (Wienerberger)
- c. Long term contracts and commitments are key to success. (Livelihood Ventures)

3. **Measure & value:**

- a. Financial institutions can inquire which KPI's will be measured, what monitoring systems are in place, etc. (Wienerberger)
- b. A suitable monitoring system does not always exist. Support from the financial sector to create the right monitoring tools is appreciated. (Heijmans)
- c. There is a need to align biodiversity metrics by ecologists, financial institutions, corporates and others. (Heijmans)
- d. Technological advance will shape biodiversity monitoring (Heijmans)
- e. KPI's should fit the local context, mentalities, and cultural backgrounds (Livelihood Ventures)

4. **Act:**

- a. There is a great need for education, training, and technical assistance (both within the financial sector and within companies) (WBCSD)
- b. Companies need to have a tangible and location-specific plan to implement their targets (Wienerberger)
- c. We should find business and value models at a scale that is economically, technically and socially valid and feasible (Livelihood Ventures)
- d. Public-private collaboration can lead to e.g. the creation of green-blue corridors (Heijmans)

5. **Transform:**

- a. Most companies are focusing their biodiversity efforts on their direct operations. However, it is both necessary and complex for companies to address upstream and downstream impacts in their value chain (All)
- b. The urban biodiversity lense creates opportunities for transforming production areas (Wienerberger)
- c. Financial institutions can help companies to identify longer term opportunities for transformation, e.g. value chain transformation (Wienerberger)
- d. In order to transform the agricultural system, we need to focus on farmers' livelihoods rather than looking narrowly at biodiversity or carbon (Livelihood Ventures)

## Contact

[Finance@Biodiversity Community](#), part of the [EU Business@Biodiversity Platform](#), [becoming a member](#)

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