



12/06/2024

UNEP Finance Initiative

# PRB Nature capacity building programme

Africa & Middle East

Workshop #2

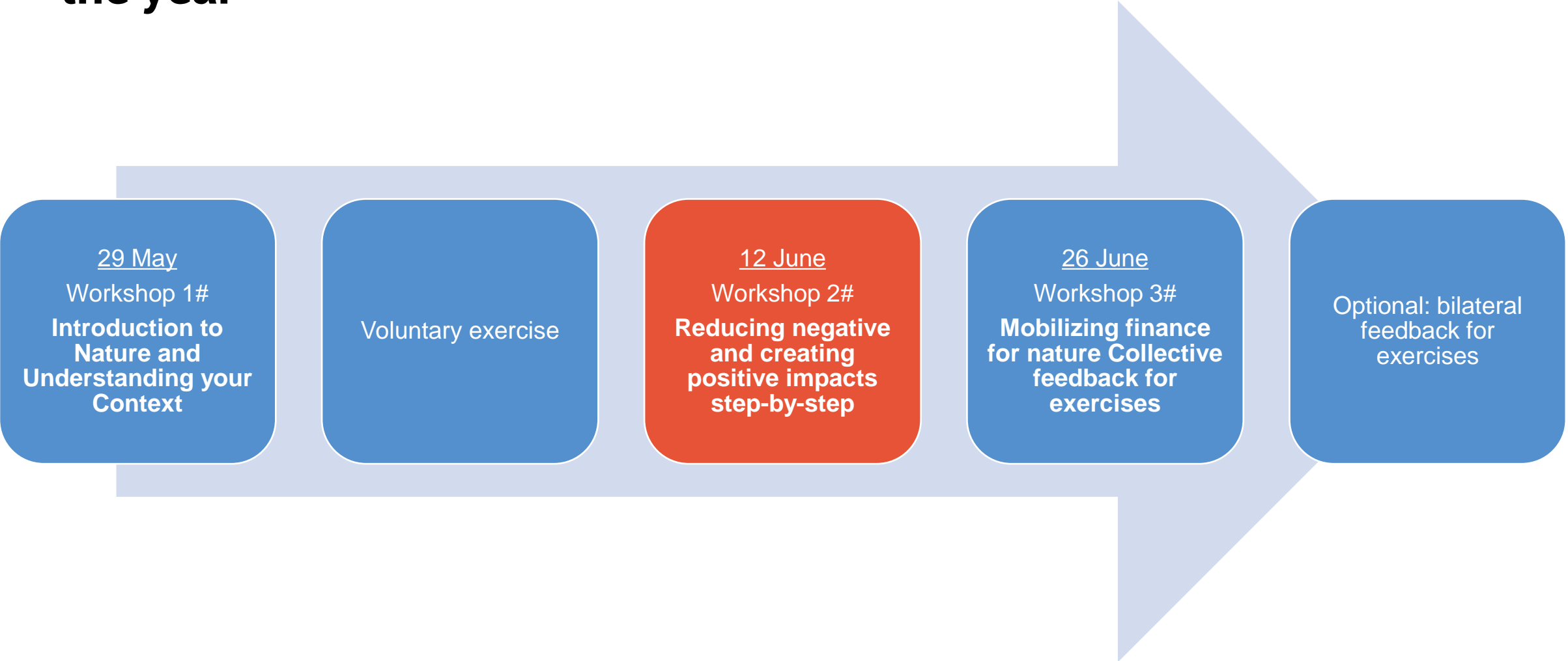




# MINISTERO DELL'AMBIENTE E DELLA SICUREZZA ENERGETICA

We would like to thank the Italian Ministry of Environment and Energy Security for supporting the UN system's contribution to a green and inclusive recovery by harnessing the power of financial systems to support the SDG Decade of Action, access of developing countries to sustainable finance and Multilateral Environmental Agreements.

# Programme – 3 workshops and other activities during the year



29 May  
Workshop 1#  
Introduction to Nature and Understanding your Context

Voluntary exercise

12 June  
Workshop 2#  
Reducing negative and creating positive impacts step-by-step

26 June  
Workshop 3#  
Mobilizing finance for nature Collective feedback for exercises

Optional: bilateral feedback for exercises

# Housekeeping rules & other information

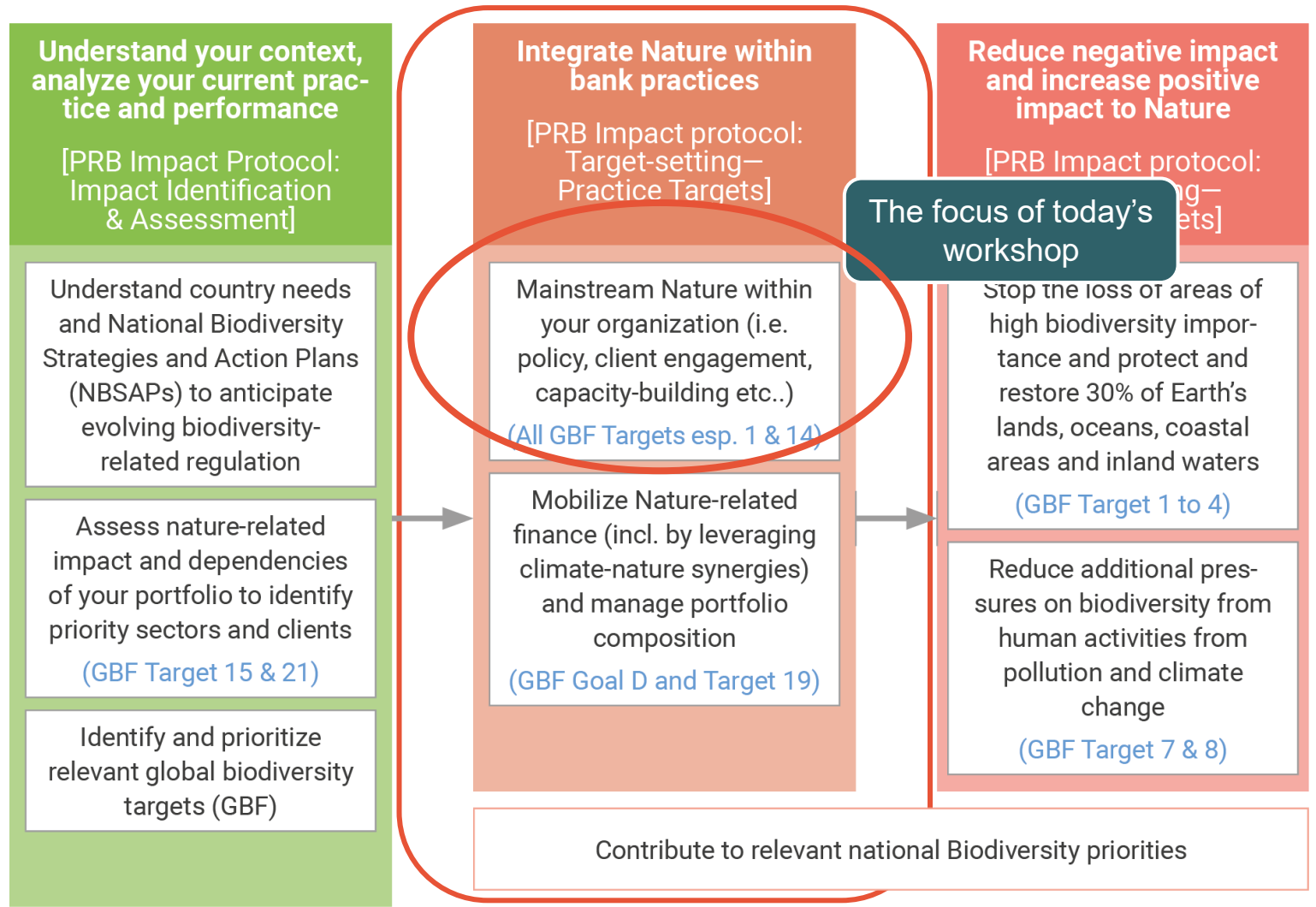
- Slides and the recording will be shared after the workshop
- Please mute yourself during the workshop to avoid background noise
- Question and comments highly welcome during the session! You can
  - Raise your hand in Webex if you want to speak up (anytime)
  - Post questions in Webex's chat (anytime)
  - Post questions on Slido.com (voting code: **999444**) (anytime) – Slido is anonymous, so you don't even need to mention your name

# Recap: what we covered at Workshop 1#

- Overview of the PRB Nature Guidance
- Understand the fundamentals of nature & biodiversity
- Understanding the role of nature in banking and the importance of biodiversity
- The Global Biodiversity Framework and how it interacts with your national policies
- Assessing nature-related impacts and dependencies, risks and opportunities
- The TNFD LEAP approach

**Don't forget: while we encourage you to work on practice and impact targets, your bank can have positive impacts on nature even if your bank is not planning to set nature targets in the near future.**

# High-level PRB approach in the context of the Global biodiversity framework



# Today's agenda

Opening and recap 10'

Integrating nature within practices and processes 60'

- Policies and processes 20'
- Capacity Building, Culture & Governance 5'
- Client engagement 20'
- Stakeholder engagements 15'

Client engagement in practice: bank examples 30'

Closing 5'

# Integrating nature within practices and processes: Mainstreaming nature within the organisation





# Mainstreaming nature within the organisation

Strengthen your bank's internal knowledge and processes to take into account nature in a more systematic way.

- This requires understanding how your bank's financing activities interact with nature, through their clients, counterparties and financial portfolios. (<- see previous workshop)

Building capacity at all levels of the organisation, including up to the level of senior management and the *Board of Directors*.

As the understanding of your bank increases, you can move to

- risk and impact management activities that may include (among others) setting restrictions or exclusions for certain sectors or activities (either on an entity or transactional level),
- as well as requirements for enhanced due diligence in response to specific identified issues of potential concern.

All of these need to be supported by robust client engagement, aiming to support the implementation of the policies and supporting your clients' transition to nature positive and ultimate alignment of investments with the GBF.

Your bank should also increase your own transparency through external commitments and disclosures.

**We are going to look at these elements in the following slides.**

# Integrating nature within practices and processes



slido



**How much is nature integrated within your bank's practices and processes?**

ⓘ Start presenting to display the poll results on this slide.

# Policies and processes (All GBF Targets esp. 1 & 14)

- In many cases nature is a topic within the broader context of environmental and social issues in these policies.
- We encourage you to develop a **specific nature-related policy** that specifically considers how your business drives exposure to nature-related impacts and dependencies, risks and opportunities.
- For example, these include investment/lending policies related to sectors or commodities that drive **deforestation**, such as agriculture, meat and dairy, palm oil, soy, as well as sectors with important **environmental footprints**, such as mining, and specific policies on protected areas.

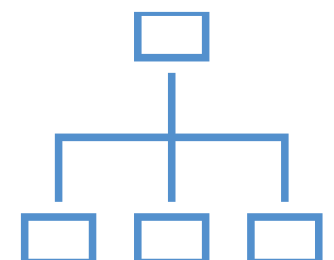
## Such a policy should

- be based on your bank's high-level position on nature and
- refer to a set of internal guidelines, processes and rules,
- express how your bank governs its operations, decision-making processes and client relationships in light of nature.

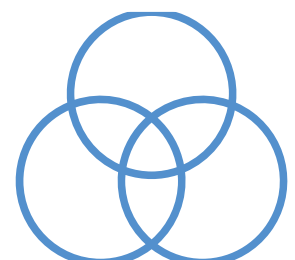
# Key building blocks of nature policies / strategies



Vision



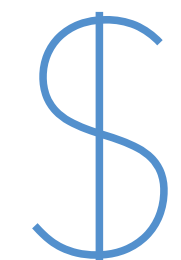
Rationale



Scope



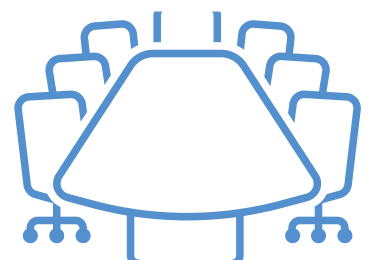
Policy commitments



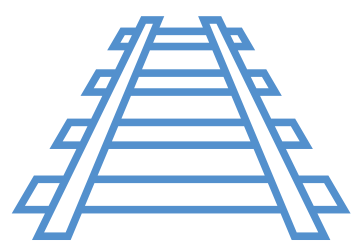
Portfolio  
commitments/targets



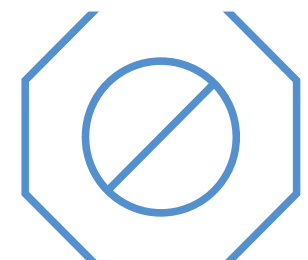
Reporting  
commitments



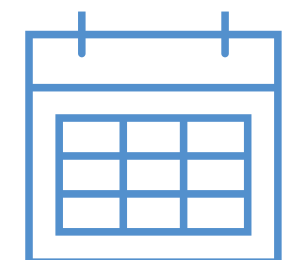
Culture and  
governance



Resources and  
timelines



Risk management  
and due diligence



Update mechanisms



Potentially also  
impact targets

# Example

## DBSA'S INTEGRATED BIODIVERSITY STRATEGIC FRAMEWORK (IBSF)

### DBSA'S DRAFT INTEGRATED BIODIVERSITY STRATEGIC FRAMEWORK (IBSF)

#### Methodology and design

- Alignment with global, African and South African frameworks and policies
- Identification of stakeholders
- Risk /Opportunity and shared learning/dialogue
- Sector assessment
- Geographic assessment
- Client assessment
- Connected to external working groups on global good practices
- Key strategic choices- sector, geographic scope and metrics
- Reiterative process involving all actors who have a role to play whilst using the process to empower people to engage and grow a nature positive organization
- Using scenarios and linking with other DBSA corporate strategic planning processes
- Promoting a learning organisation/cultural change

#### Trajectory

- Biodiversity exposure of DBSA loanbook based on Encore, TNFD, WWF Water and Biodiversity Risk Filter and GBF (Impact, risk and dependency methodology)
- Client risk and dependency exposure based on external information and client biodiversity plan information and other available information

# Example

## DBSA'S INTEGRATED BIODIVERSITY STRATEGIC FRAMEWORK (IBSF)

### Alignment IBSF framework

- Reference scenario choices
- Portfolio/Sector target setting: financing green, greening finance, halting harmful investments, supporting positive partnerships and supply chains
- Steering financial flows so they track with end goal
- Governance
- Establishing two sets of targets: public commitments and inhouse more detailed targets for ongoing stretching, testing and experimenting
- Promoting inclusivity by seeking ways to engage even the most vulnerable and organizations that represent them
- Institutional arrangements. Determining Roles and Responsibilities

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### Monitoring and evaluation

- Regular methodology reassessment through the Development Results Framework and Template
- Monitoring and Evaluation
- Reporting and improving transparency and accountability
- Governance
- Client /NGO/recipient knowledge sharing and dialogue
- Global good practice support

# Example



FirstRand environmental  
and social risk  
assessment process  
—  
2023



# Example

The group's environmental and social risk assessment (ESRA) transactional due diligence process was implemented in 2009 and is integrated into the credit risk governance process. It identifies and assesses environmental, social, regulatory and reputational risks, to either FirstRand or its clients, with the potential to cause severe societal and environmental degradation as well as to negatively impact the ability of clients to meet their credit commitments.

### Climate and biodiversity screening

- The group has enhanced the review of climate-sensitive industries, in particular fossil fuels.
- The group uses externally developed tools to help with the identification and management of nature-related risk in credit transactions and investment decisions. Examples include Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE), the Integrated Biodiversity Assessment Tool (IBAT) and the Partnership for Biodiversity Accounting Financials (PBAF) Standard.

## ESRA:

- 1 Evaluates individual transactions and the client's ability to manage environmental and social impacts associated with the funded activity, allowing the group to monitor its potential exposure to liability or risk.
- 2 Includes a built-in exclusion list and a restricted list of sensitive activities that the group will finance within limits (negative screening).
- 3 Requires compliance with all relevant local and national environmental, labour, health and safety and human rights legislation, as well as formal impact assessments, permitting and public commentary processes.
- 4 Includes climate- and biodiversity-related assessments to analyse key dependencies and impacts.
- 5 Transactions are automatically risk rated by means of an online ESRA process based on activity, which is followed by a judgement review by ESRA specialists who engage clients to ensure compliance with applicable regulatory requirements.

The ESRA process is housed within the group environmental risk management team, which has resources in each of the business areas, allowing business unit specific transactional reviews. ESRA teams provide risk advice to the relevant credit committees regarding the environmental and social risks related to transactions.

The ESRA 2.0 system is an online platform which is accessible to all employees across FirstRand's businesses and subsidiaries. The updated tool can be used on any group platform or interface, and provides automated workflows and time-stamped audit trails.

FirstRand conducts an annual ESRA monitoring review to measure the effectiveness of ESRA as an environmental and social risk management tool.

### Broader Africa ESRA

ESRA is fully operational across the broader Africa subsidiaries. Within each subsidiary the ESRA process is supported by a localised policy which is governed by the group's applicable frameworks and guidelines, national laws and regulations, industry best practices and international principles.

### Training provided to employees:

To ensure continued effectiveness and to streamline efficiencies within the ESRA process, all new and existing employees involved in the ESRA process are provided with refresher training to assist them in fulfilling their responsibilities.

Each segment defines the training requirements for applicable staff members and, in conjunction with the FirstRand environmental risk team, develops relevant training programmes.

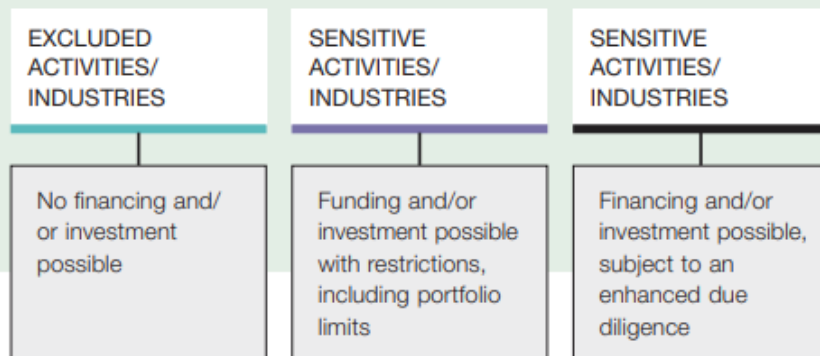
ESRA specialists also attend external courses, such as legal and risk courses that will assist with the application of the ESRA process.

# Example

The group's excluded and sensitive activities and industries matrix was developed to guide the ESRA screening process. The matrix defines the industries which the group will not finance or invest in and provides restrictions for sensitive industries.

**Restrictions are primarily based on the following considerations:**

- **activities may be illegal** in terms of national or international laws and treaties;
- the group has agreed to **financing restrictions** imposed by financing agreements with Development Finance Institutions (DFIs);
- the group has made an **ethical/moral decision** not to be involved in certain industries which may be controversial, and which may cause reputational damage;
- **internal risk appetite**; and
- alignment with **group strategy**.



Screening at customer onboarding stage in conjunction with the "know your customer" process, with ongoing monitoring of client desirability

Screening at ESRA review stage

**INDUSTRIES WITH STRICT EXCLUSIONS** – FirstRand will not finance and/or invest in the following industries:

Forced labour or child labour	Activities that are illegal by host country law or international agreement	Activities involving ozone-depleting substances	Trade in endangered wildlife, flora and fauna	Unsustainable fishing methods
Cross-border trade in waste (Basel Convention)	Human rights violations	Unbonded asbestos fibres*	Prostitution and pornography	Activities involving the destruction of high-value conservation areas
Seal hunting	Racist and anti-democratic media	* Financing exception for unbonded asbestos fibres where it forms less than 10% of client activities and is considered non-substantial.		

**SENSITIVE INDUSTRIES WITH RESTRICTIONS/LIMITED EXCLUSIONS** – FirstRand will limit the extent to which finance and/or investment is provided to the following industries:

Alcoholic beverages	Tobacco	Gambling, casinos and equivalent enterprises	Commercial logging in tropical moist forests and unsustainably sourced wood products	Radioactive materials
Thermal coal	Oil and gas	Nuclear power generation	Weapons and ammunition	Production of biofuels
Cannabis-based and -related products for medicinal and scientific use	Hydraulic fracturing	Activities relating to animal welfare	Palm oil	Conflict mining and minerals
Hazardous waste	Forestry	Wildlife and trophy hunting		

# Zooming on deforestation I.

## Deforestation is a primary threat to biodiversity

- Avoiding deforestation and protecting of forests is **critical to meet the Paris Agreement & Global Biodiversity Framework**: ~ 2.6 billion tonnes of carbon dioxide, equivalent to one third of the CO2 released from burning fossil fuels, is [absorbed](#) by forests every year
- Forest ecosystems **hold 80% of terrestrial biodiversity**.
- **Agricultural expansion** continues to be the **main driver of deforestation** and forest fragmentation and the associated loss of forest biodiversity. 40% of global deforestation is [driven](#) by commodity production especially soy, palm oil, beef and timber.

## Why does it matter to banks

- Banks have a considerable indirect ecological footprint linked to clients they finance.
- Deforestation is a key source of nature-related risks and impact to banks (e.g., in South-east Asia bank lending [represents](#) 66% of financing to forest risk commodity supply chains)
- Regulation is rapidly picking up for (e.g., EU April 2023 [law](#) on global deforestation and EU Deforestation [Regulation](#))



# Zooming on deforestation II.

## Progress so far & action needed

- Despite rapid progress in commitment over the last years, only a small [proportion](#) of financial institutions most exposed to deforestation risks to are addressing deforestation.
- Banks exposed to deforestation should
  - 1) publicly recognize deforestation as a material and financial risk for their business and
  - 2) establish robust deforestation and/or high-risk commodities policies including associated human rights abuses and undertake processes to manage and mitigate their deforestation risk.

Such as: client engagement, monitoring their risk exposure and developing products to transition away from sustainable land use through financing nature-based solutions.



# Illustrative examples of nature-related practices and policies [1/2]

## Sector-specific policies

- **For example, agri policies for high-risk commodities to reduce deforestation:** Corporate and/or project-level exclusion or restriction for clients involved in the production of high-risk commodities: beef, soy, palm oil, cotton, coffee, tea, cocoa, wood, timber (see e.g., BNP Paribas [deforestation policy](#) and Barclays [statement on Forestry & Agricultural Commodities](#))
- **For example, water-related policies for water intensive sectors to ensure water security:** Corporate and / or project level policies related to water for clients working in water stressed regions where the bank is present. ([CDP's guidance on water related disclosures for Oil and Gas, coal and metals and mining sectors, electric utilities sector](#))

## E&S risk assessment

- Due-diligence commitments for asset-based finance, such as Equator principles (with Due Diligence framework based on IFC performance standards)
- Nature-related standards (e.g., water, biodiversity) into E&S risk assessment framework for high-impact sectors (see e.g., ING E&S risk [framework](#) and SEB environmental [policy](#) on biodiversity and freshwater)
- Client engagement & assessment

# Bank policies on nature - examples

## Case study 1: Toughening deforestation rules for the beef sector

Case Study Summary Box	
Ecosystem	Terrestrial, forests
Sector	Beef sector/food processing
Region	South America
Type of initiative	Mainstreaming nature
Nexus	Nature x climate
GBF target in focus	Target 1-4, 8, 15, 19, 21

### What?

Barclays introduced a Forestry & Palm Oil Statement in 2019. As the sector evolves, the Bank has also been updating its approach to reflect ongoing developments.

In 2023, Barclays significantly enhanced the Statement to cover South American Beef, and strengthen the existing provisions for palm oil, soy and timber. Barclays' updated approach is consistent with industry guidance that companies in these sectors commit to eliminate deforestation across commodity supply chains by 2025.

### Why?

Barclays recognises that deforestation is a key driver of climate change and biodiversity loss and is frequently linked with significant adverse human rights impacts. They are a signatory to the New York Declaration on Forests and its objectives of ending deforestation by 2030. They seek to support clients that promote sustainable land management practices while respecting the rights of workers and local communities.

A major cause of deforestation is the production of agricultural commodities such as timber products, palm oil and soy, for which they have established a position statement and due diligence approach that applies to clients involved in these activities.

## Barclays toughens deforestation rules for beef sector clients

By Simon Jessop and Tommy Wilkes

May 3, 2023 1:09 PM GMT+2 · Updated a year ago



See Reuters news: [Barclays toughens deforestation rules for beef sector clients](#)

Forestry & Agricultural Commodities Statement



April 2023

# Bank policies on nature - examples

## Forestry and Agricultural Commodities Restrictions

Barclays has **no appetite** for providing Financial Services to soy, beef, palm oil, forestry and timber companies that are directly involved in:

- I. Illegal logging or related trading activities.
- II. Use of fire in forestry or plantation operations, including for land clearance and preparation.
- III. Acts of violence against or exploitation of people and local communities, including through forced or child labour, modern slavery and human trafficking.

In addition, for clients covered by this statement we apply the following requirements and expectations:

### Beef companies:

#### Requirements

We require beef companies to:

- I. Prohibit the production or primary processing of beef on/from areas in the Amazon cleared or converted after 2008.
- II. Commit to achieving full traceability of their South American beef supply chain (direct and indirect) by December 2025 in Areas at High-Risk of Deforestation and Conversion, which include the Amazon, Cerrado and Chaco Biomes.
- III. Commit to achieving a Deforestation-Free South American beef supply chain (direct and indirect) by December 2025 in Areas at High-Risk of Deforestation and Conversion, which include the Amazon, Cerrado and Chaco Biomes.
- IV. Monitor, verify and report on Deforestation-Free beef volumes by December 2025.
- V. Have a policy commitment to respect human rights across their operations and supply chain.

#### Expectations

We expect beef companies to:

- I. Commit to achieving a Conversion-Free South American beef supply chain (direct and indirect) by December 2025 in areas at High Risk of Deforestation and Conversion, which include the Amazon, Cerrado and Chaco Biomes and we will encourage clients to do so during annual client due diligence.
- II. Undertake human rights due diligence across their operations and supply chain and we will encourage clients to do this during annual client due diligence.

# Illustrative examples of nature-related practices and policies [1/2]

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- Client engagement & assessment



# Example



## SECTION 1 INTRODUCTION

- 1.1 Background
- 1.2 Sector challenges and emerging trends
- 1.3 The Bank's engagement in the water sector
  - 1.3.1 Implementation of the Bank's IWRM Policy (2000) and rationale for the new policy
  - 1.3.2 Bank's support to the water sector over the period 2005-2016
  - 1.3.3 Bank Group's additionality

## SECTION 2 WATER SECURITY FOR AFRICA'S GROWTH AND DEVELOPMENT

- 2.1 Vision
- 2.2 Goal
- 2.3 Objectives
- 2.4 Key guiding principles
  - 2.4.1 Attainment of water security at household, national and regional levels should be recognised as a fundamental requirement for inclusive and sustainable growth
  - 2.4.2 Equitable social welfare and economic growth require application of the IWRM approach
  - 2.4.3 Promoting sustainable and equitable access to water services helps to achieve the SDGs
  - 2.4.4 Transboundary water resources management and development should be recognised as a key driver for regional economic integration

## SECTION 3 KEY OPERATIONAL DIMENSIONS OF THE POLICY

- 3.1 Economic valuation of water, pricing of water services and cost recovery
- 3.2 Sustainable, smarter and resilient infrastructure
- 3.3 Governance and enabling environment
- 3.4 Financing and investments
- 3.5 The multi-purpose use of water and ecosystem approach
- 3.6 Knowledge management, innovation, technology and research
- 3.7 Participation and inclusiveness

# Example



## SECTION 4 PRIORITY AREAS

- 4.1 Water supply and sanitation
- 4.2 Agricultural water management
- 4.3 Sustainable water use for energy production
- 4.4 Other areas of intervention
  - 4.4.1 Urban development
  - 4.4.2 Transportation
  - 4.4.3 Industry and tourism
  - 4.4.4 Water-related disaster risk management

## SECTION 5 CROSS-CUTTING AREAS

- 5.1 Private sector participation
- 5.2 Gender and youth empowerment
- 5.3 Environmental and social responsibility
- 5.4 Climate change

## SECTION 6 POLICY IMPLEMENTATION

- 6.1 Water sector and related strategies
- 6.2 Mainstreaming water security in Bank policies, strategies, guidelines and operations
- 6.3 Internal coordination
- 6.4 External coordination and partnerships
- 6.5 Monitoring and evaluation
- 6.6 Policy review
- 6.7 Implementation risks

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- Client engagement & assessment

# Policies and processes – Example: the Equator Principles (All GBF Targets esp. 1 & 14)

- For project finance, 14 financial institutions in AME countries are now members of the Equator Principles, thereby committing to applying the International Finance Corporation’s environmental and social performance standards (PS) to their project financing, including PS6 on biodiversity, a demanding set of requirements for avoiding, mitigating and offsetting impacts to biodiversity.

Bank name	Signing date	Last report
Absa Group Limited	22 Oct 2009	<a href="#">2022</a>
Access Bank Plc	04 Jun 2009	<a href="#">2023</a>
Ahli United Bank B.S.C.	01 May 2011	<a href="#">2022</a>
Arab African International Bank	25 Jan 2009	<a href="#">1 May 2022 -31 March 2023</a>
Bank of Africa	10 May 2010	<a href="#">2022</a>
Commercial International Bank (CIB)	05 Apr 2021	<a href="#">2022</a>

Bank name	Signing date	Last report
Ecobank Transnational Incorporated	01 Jan 2012	<a href="#">2022</a>
Fidelity Bank Plc	01 Nov 2012	<a href="#">2022</a>
First Abu Dhabi Bank (FAB)	20 Sep 2015	<a href="#">2022</a>
FirstRand Limited	13 Jul 2009	<a href="#">1 Jan 2023 to 30 Jun 2023</a> <a href="#">1 Jul 2022 to 31 Dec 2022</a>
Mauritius Commercial Bank Ltd.	15 May 2012	<a href="#">1 Jan 2023 - 30 Jun 2023</a> <a href="#">1 July 2022 - 31 Dec 2022</a>
Nedbank Limited	10 Nov 2005	<a href="#">2023</a>
Qatar Islamic Bank	12 Jun 2023	First Year Grace
Standard Bank Group	02 Feb 2009	<a href="#">2022</a>

# Illustrative examples of nature-related practices and policies [2/2]

## Covenants

- E.g. that clients will share relevant biodiversity data from projects in a timely manner with national data portals and GBIF per Equator Principles guidance

**Policies related to protected areas/sensitivities:** Corporate and project-level exclusion, restriction, or enhanced due diligence for clients with activities in or near important biodiversity areas, including (widely adopted by banking industry):

- Ramsar wetlands: considered to be of international importance to conserving global biodiversity and sustaining human life;
- UNESCO World Heritage Sites: recognized sites of outstanding universal value based on their natural and/or cultural values,;
- IUCN Category I – IV protected areas: strict nature reserves; wilderness areas largely unmodified by human activity; and large natural or near natural area
- Critical Habitat (IFC Performance Standard 6):
- Key Biodiversity Areas
- Alliance for Zero Extinction (AZE) sites

**Policies related to societal issues (in line with GBF):** Human Rights, Free, Prior, and Informed Consent (FPIC) for Indigenous Peoples and affected communities, in line UN Guiding [Principles](#) on Business and Human Rights.

- General exclusion for clients involved in violating Human Rights. Same for exposure to violation of rights of Indigenous groups + commitment to applying free, prior, and informed consent – FPIC (see e.g., [BBVA](#))
- Requirement for clients in priority sectors

slido



**What is the biggest challenge in developing a nature-related policy at your bank?**

ⓘ Start presenting to display the poll results on this slide.

# slido



**If you wanted to develop a nature-related policy for your bank, which sectors should be prioritized?**

ⓘ Start presenting to display the poll results on this slide.

# Integrating nature within practices and processes





# Capacity Building, Culture & Governance



- Nature and biodiversity may be perceived as topics **without direct relevance** to the daily activities by some personnel within your bank.
- This is why you should work to **build awareness** and **capabilities** of personnel, fostering the development of a “nature-positive” culture where the vision on nature action is shared and understood **by all personnel.**
- This is essential to ensure broad support and effective implementation of the nature policy within the organisation, and building collective effort to achieve nature-related targets.
- This should be ideally laid out in your overall nature policy.

# Capacity Building, Culture & Governance – what can your bank do? (Possible internal targets)

- **Train** [XX]% of **all staff** on the causes and consequences of the global crisis of nature loss, how the financial sector contributes to nature loss through financed activities, and the types of action that may be taken to reduce risks and impacts and increase positive outcomes, in line with international policies and applicable regulations;
- Additionally seek to **further train** [YY]% of **front office, sustainability and risk staff** in more detail on emerging frameworks, standards and regulations (e.g. TNFD, ISSB) as well as emerging nature related data, tools, metrics, and methodologies.
- Hold [ZZ] times per year an **Executive Management board or Board of Directors discussion** on the business case, strategy, key actions, plans, progress and available approaches for proactively understanding and managing nature-related impacts and dependencies, risks and opportunities within the institution's scope of business.
- Seek to incorporate nature into in the **remuneration policy for senior management** in the organization, including for their executive committees and board members.

# Example



ING's nature approach

## Contents

<b>CEO foreword</b>	<b>3</b>
<b>Executive summary</b>	<b>3</b>
<b>Introduction</b>	<b>4</b>
<b>Governance</b>	<b>5</b>
<b>Strategy</b>	<b>6</b>
Managing nature-risks and impacts	7
Steering our portfolio and engaging with clients to halt and reverse nature loss	8
Promoting nature mainstreaming internally and externally	8
<b>Risk and impact management</b>	<b>10</b>
Our approach to nature-related risks	10
Our approach to nature-related opportunities	11
<b>Metrics and targets</b>	<b>12</b>
Hotspot analysis	12
Methodology	13
<b>Looking forward</b>	<b>15</b>
<b>Annex</b>	<b>16</b>
Glossary	16
TNFD alignment table	17
Important legal information	18

# Example

## Governance

At ING, governance on nature is integrated in the Environmental, Social and Governance (ESG) governance approach.<sup>5</sup> In March 2022, when ING updated the overall strategy to put sustainability at the heart, we also updated our ESG governance approach, integrating and aligning ESG governance within the bank. As a result of our new approach, we believe our ESG governance supports long-term value creation. These changes provide clearer ownership of and leadership on ESG topics, increasing our effectiveness, efficiency and accountability as we strive to be a banking leader in financing the transition to a sustainable future for our customers, our colleagues, our company, society and the environment.

### Board-level governance

As a result of the updated strategy, ESG is now a regular subject on the agenda of [ING's Management Board Banking \(MBB\)](#), which includes the members of the Executive Board (EB). ING's Supervisory Board (SB) includes an ESG Committee that assists the SB with the supervision of matters relating to ESG, including, but not limited to, the development and integration of ESG across the company and its strategy. In addition to their regular meetings, in the first half of 2023 the ESG Committee participated in a full day of climate-focused training, which included deep-dives on climate change, nature/biodiversity and sustainable finance. In 2023 the MBB approved the updated approach to nature.

# Example Strategy

The overarching ambition of our approach to nature, is to empower our clients<sup>6</sup> to contribute to halting and reversing nature loss. With this ambition we aim to support the goals of the Kunming-Montreal Global Biodiversity Framework (GBF).

## Our ambition

**Empower our clients to contribute to halting and reversing nature loss**

## External context

Nature underpins our society, economy and wellbeing      The world is undergoing a major nature crisis caused by human activities      Nature, climate change and human rights are intricately connected      A transition is needed to halt and reverse nature loss      Nature can be a risk and opportunity for business

## Our objectives

Manage nature-risks and impacts      Steer our portfolio and engage with clients to halt and reverse nature loss      Promote nature-mainstreaming internally and externally

## Core initiatives

- Environmental and social risk framework & policies
- Client engagement and sustainable finance solutions
- Identification of measures and metrics
- Upskilling & governance
- Reporting
- Contribute to standard-setting

# Example

## Promoting nature-mainstreaming internally and externally

'Nature-mainstreaming' is the concept of ensuring that nature and biodiversity, and the associated risks and opportunities, are appropriately and adequately factored into policies and practices that are nature-related and have a possible impact on it.

To accelerate our efforts and increase our impact, we need to continue building our organisational governance, knowledge and culture to ensure that nature-related dependencies, impacts, risks and opportunities are understood and addressed by our internal and external stakeholders.

### What we do internally

- At ING, governance on nature is integrated in the ESG governance approach. More details on this can be found in the [Governance section](#).
- We seek to raise awareness and equip colleagues with the relevant knowledge and skills to put sustainability, including nature, at the heart of what we do. In support of this goal, we developed the e-learning called 'Putting sustainability at the heart', made available to the global ING organisation in April 2023. This e-learning covers the fundamentals of our sustainability approach, including a chapter on Biodiversity. As of end-November 2023, more than 41,000 employees had completed the course. We've also put in place a Climate and Environmental Risks Upskilling programme to build knowledge and skills. This programme includes an overview of environmental risks and opportunities that arise from nature-related issues, namely loss of biodiversity, pollution and use of marine resources.
- Our main impact comes from our lending activities. We monitor and manage the impact of our own operations, including nature-related elements like water use, via our [Environmental Programme](#).

We also have the ambition to collaborate with external stakeholders to contribute to advancing knowledge, standards and methodologies on nature.

slido



**How can your bank foster the development of a “nature-positive” culture?**

ⓘ Start presenting to display the poll results on this slide.

# slido



**What is the most effective way to integrate nature-related topics into the bank's daily operations?**

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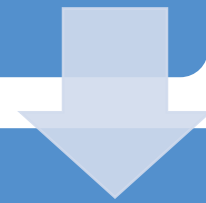


# Integrating nature within practices and processes

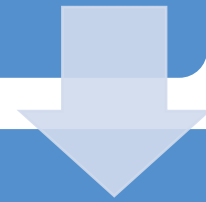


# Client engagement (GBF Targets 7, 8 & 14)

Client engagement on nature entails establishing dialogue and collaboration with the bank's clients, to help them mainstream nature related considerations within *their* business, in particular those active in key sectors.



This, in aggregate, will support alignment between the bank's business with its clients and the goals and targets of the GBF.



This engagement should also be done in harmony with efforts on climate (and other linked topics such as circular economy and human rights) as far as possible.

## Client engagement II. (GBF Targets 7, 8 & 14)

Client engagement on nature entails establishing dialogue and collaboration with the bank's clients, to help them mainstream nature related considerations within *their* business, in particular those active in key sectors.

This, in aggregate, will support alignment between the bank's business with its clients and the goals and targets of the GBF.

This engagement should also be done in harmony with efforts on climate (and other linked topics such as circular economy and human rights) as far as possible.

- One important aspect of client engagement is to understand client's nature plan (if there is one!) and transition needs to identify opportunities for transition
- Note dual angle: both clients in key sectors AND key locations matter.
- Note also TNFD's core metrics for FI:
  1. Exposure to high impact sectors
  2. Financial exposure to clients operating in sensitive locations.

# Client engagement – how to make it work? (GBF Targets 7, 8 & 14)

The success of your bank in this regard will largely depend on the quality of its identification process, as well as on the relationship and constructiveness of dialogue with your clients.

We will look at such products in Workshop 3.

Clients can be encouraged to disclose traceability, so even if your client does not yet disclose impacts, these data can allow your bank to have a more accurate picture of risk.

Your bank should seek to support clients in transitioning their practices and/or business models by strategically accompanying them through a variety of client relationship channels, such as:

awareness raising campaigns

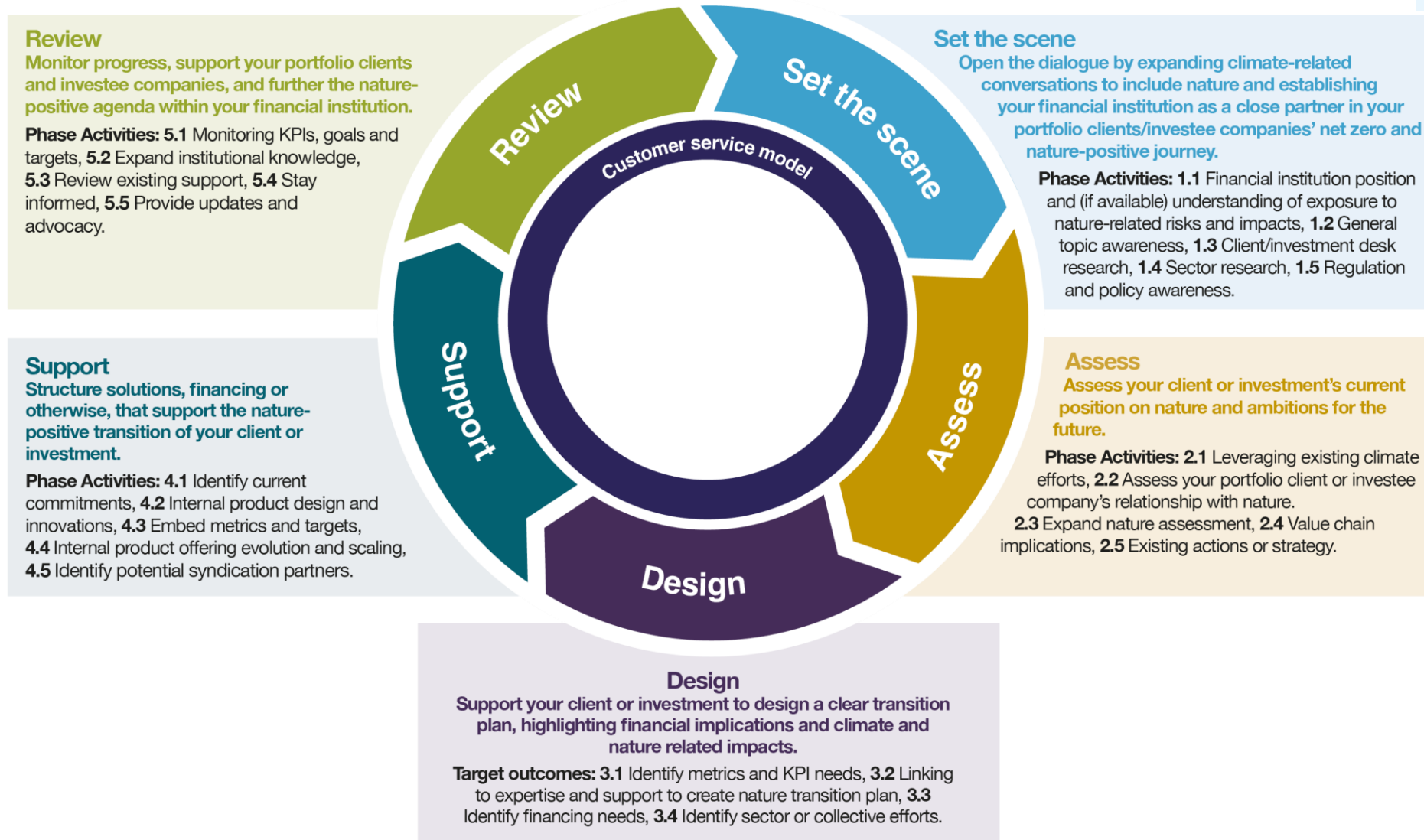
trainings and advisory services

engaging specific clients to work on transition plans,

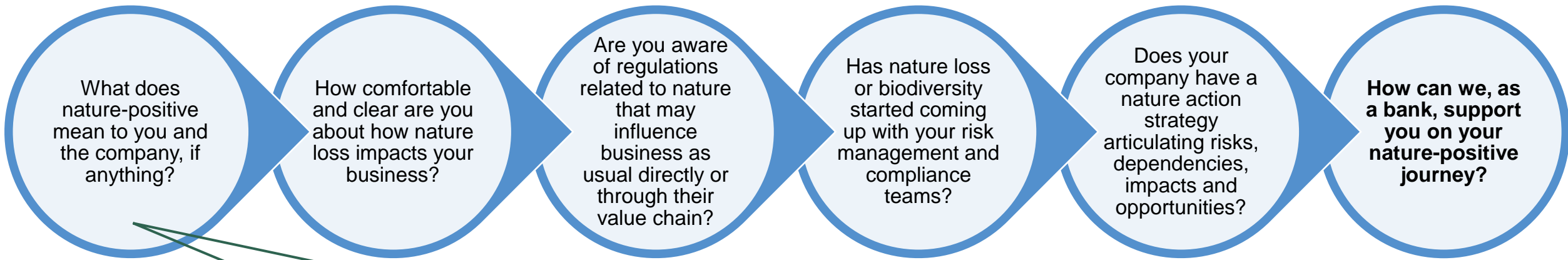
structuring tailored financing solutions for your clients' green transition

requesting clients to disclose certain aspects that better enable your bank to assess nature-related impact and risk

# Client engagement – recommended resource



# Client engagement – recommended resource – extract: Good questions to start engagement



Please note that the term “nature-positive” is not defined in the Global Biodiversity Framework

Broadly speaking, the term is used to describe a world *where nature—especially biodiversity comprising species, genes, and ecosystems—is being restored and is regenerating rather than declining.*

# Mock example

## ABC Bank's Sustainable Agriculture Initiative

**Background:** ABC Bank, based in Kenya, launched a Sustainable Agriculture Initiative to support local farmers in adopting more sustainable practices.

**Clients Involved:** Smallholder farmers, agricultural cooperatives, and agribusinesses.

### Engagement Strategies:

1. Conducted needs assessments to understand the challenges faced by farmers, such as soil degradation and water scarcity.
2. Developed tailored loan products with favorable terms for investments in sustainable farming techniques, like drip irrigation and organic fertilizers.
3. Organized workshops and training sessions in collaboration with agricultural experts to educate farmers on sustainable practices.
4. Established a monitoring system to track the environmental and financial performance of funded projects.

### Outcomes:

- Significant increase in the adoption of sustainable farming practices among clients.
- Improved crop yields and resilience to climate change, enhancing farmers' livelihoods.
- Positive environmental impact, including reduced water usage and improved soil health.
- Strengthened relationships with clients, leading to increased loyalty and trust in the bank.

# Recap – benefits of client engagement on nature

- **Alignment with GBF Goals:** Ensures that the bank's business aligns with the goals and targets of the Global Biodiversity Framework.
- **Risk Management:** Helps identify and mitigate nature-related risks associated with clients' operations.
- **Opportunities for Transition:** Supports clients in transitioning to more sustainable practices, creating new business opportunities.
- **Reputation and Trust:** Builds trust and enhances the bank's reputation as a responsible and sustainable financial institution.



# slido



**What is the most significant barrier to client engagement on nature-related issues in your markets?**

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**How could your bank best support clients in developing and implementing nature-related transition plans?**

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**Which client relationship channel is most effective for promoting nature-positive practices?**

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# Integrating nature within practices and processes



# Stakeholder engagement

- As part of a broader set of activities and overall strategy, your bank may consider engaging in advocacy work with policy makers and develop partnerships with others, particularly those that can provide scientific expertise and knowledge that your bank itself may not have.



- Your bank might also do stakeholder engagement to support further research and other activities to improve understanding of nature impacts and dependencies, risks and opportunities.

# Stakeholder engagement – what can your bank do?

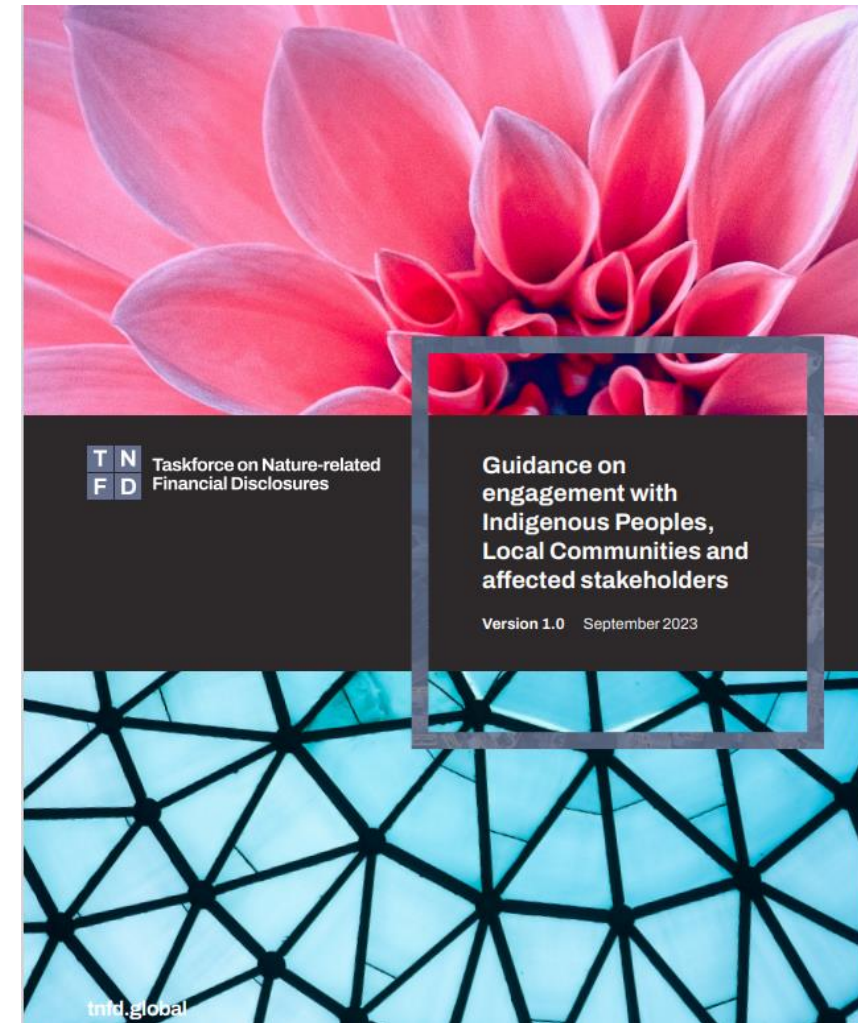
- **Priority Action:** Engage with policymakers to provide inputs as they develop/revise and implement their **National Biodiversity Strategy and Action Plans (NBSAPs)** and **National Biodiversity Finance Plans (NBFPs)** to support ambitious, transformative, and pragmatic plans of action and financial policies to drive financial flows and resource mobilization towards meeting the vision, goals and targets of the GBF.
- **Additional action:** Given the important role of women, Indigenous Peoples and Local Communities in successful biodiversity and ecosystems management, seek active engagement with these communities to determine how to reflect concerns and issues into bank nature strategies and to more effectively link to nature conservation and ecosystem management activities in the given context. PRB banks should seek to proactively promote community-led solutions.
- **Additional action:** Proactively collaborate with civil society, research groups, institutes, universities, international organisations and governments (national and sub-national) to support efforts to improve understanding of nature impacts and dependencies, risks and opportunities including scientific research and data provision.
- **Additional action:** Collaborate with peers and data providers to support development of robust and commonly acceptable nature-related data and metrics that enable identification and analysis of nature-related impacts and dependencies, risks and opportunities.

# Stakeholder engagement – what can your bank do?

## II. Recommended resource

- Meaningful engagement with Indigenous Peoples and Local Communities and affected stakeholders is a critical part of any organisation’s identification and assessment of nature-related issues.
- You can find many useful and practical insights on stakeholder management in TNFD’s guidance:

<https://tnfd.global/publication/guidance-on-engagement-with-indigenous-peoples-local-communities-and-affected-stakeholders/>



# slido



**Which of the following should be a priority action for your bank in supporting public policy changes towards nature-positive activities?**

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**Which partnerships are most beneficial for your bank to improve understanding of nature-related impacts and dependencies?**

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# Stakeholder engagement – example

Rabobank in engaging with WWF, farmers’ organisations, food supply chain partners, land users, consumers, academia and (local) governments, to develop a Biodiversity monitor for sustainable dairy and crop farming

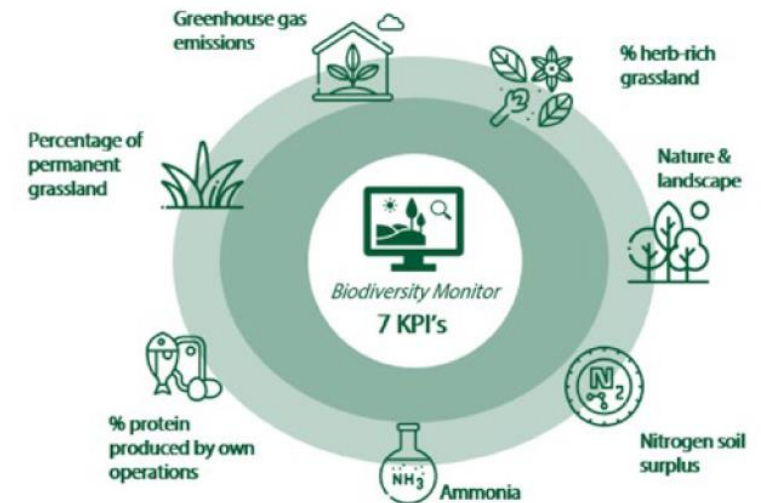
## What?

Rabobank played a pivotal role in funding, co-developing and operationalising the Biodiversity Monitor for Crop Farming<sup>9</sup> and Dairy Farming.<sup>10</sup> This tool serves as a means to measure and reward biodiversity preservation in the dairy and farming sector, with the goal of restoring biodiversity in these areas. The tool provides insights through metrics which quantify efforts of dairy farmers in improving biodiversity on their farms and in broader contexts, and it also aims to develop new revenue models across the supply chain to reduce dairy farmers’ dependence on government funding.

## How?

The Biodiversity Monitor is an innovative tool designed to support regenerative agriculture among dairy and crop farmers. It quantifies, measures, facilitates and rewards continuous improvement in on-farm biodiversity performance. This is achieved through the measurement of seven target-based KPIs aimed at measuring and rewarding biodiversity.

### 7 KPIs to measure and reward biodiversity



These multiple rewards by stakeholders act as an important incentive for dairy farmers to meet KPIs. The biodiversity monitor for dairy is part of the “on the way to planet proof” certificate. Within Rabobank the biodiversity monitor is the standard for measuring sustainability performance, the frontrunners are rewarded by a interest discount as part of the multiple rewarding.

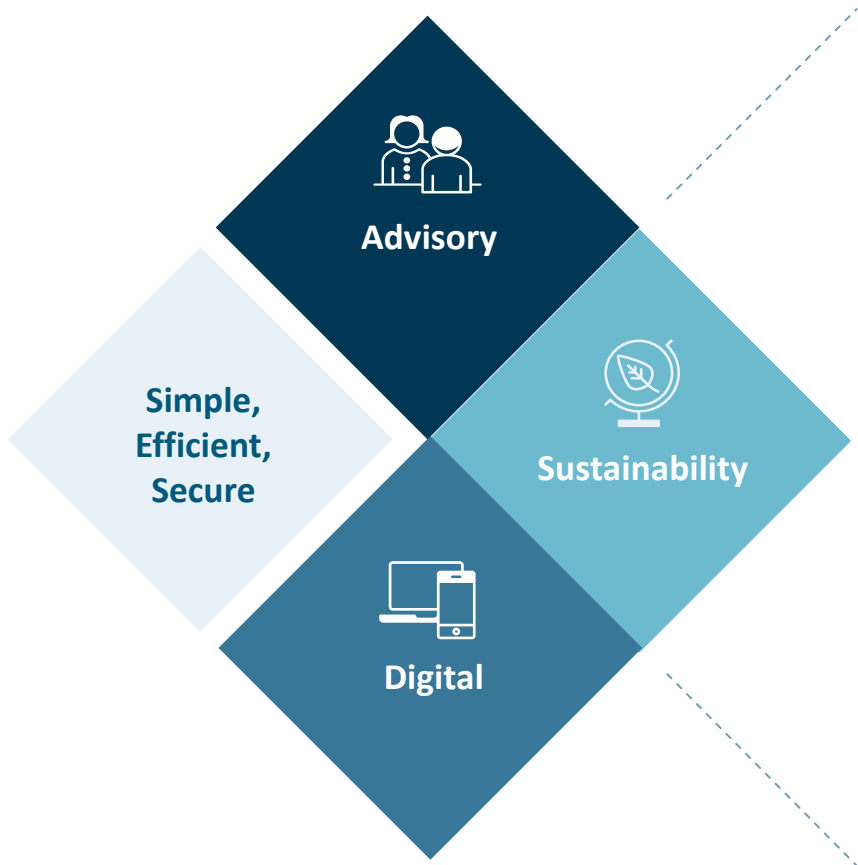
# — Client engagement in practice: bank examples

# Biodiversity engagements at Danske Bank

# Danske Bank has identified Nature & Biodiversity as a core part of its strategy towards 2028

Sustainability is a key component of Danske Bank's commercial strategy

'Nature & biodiversity' is one of three key impact themes within Danske's sustainability strategy



## 1. Climate change

Supporting the transition towards net zero

## 2. Nature & biodiversity

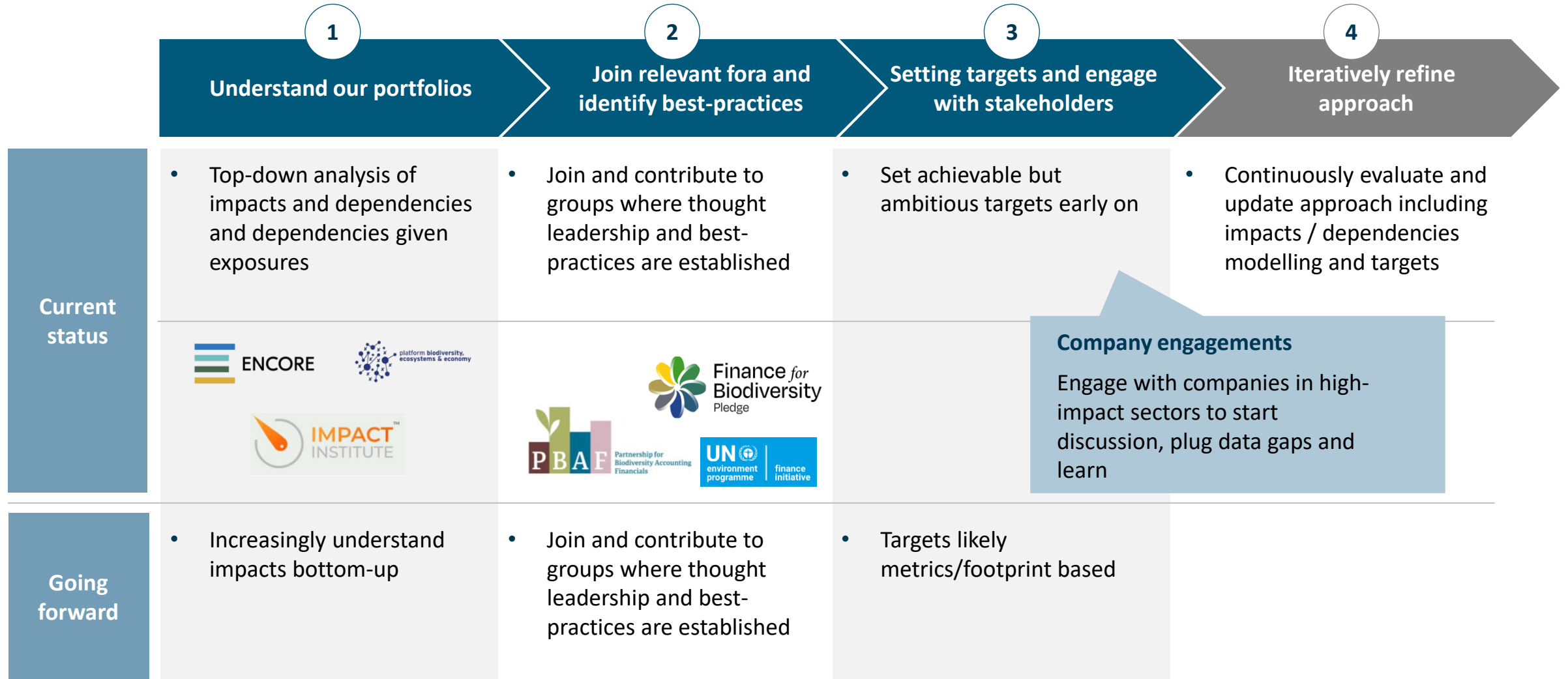
Supporting the protection of nature and ecosystems

## 3. Human rights & Social impact

Supporting the protection of human rights across our value chain

# To address the nature and biodiversity agenda we follow a four-step approach

Deep-dives next slides



# Through our engagement targets we commit ourselves externally and initiate a dialogue on the nature agenda

**Engage with our clients on “biodiversity indicators”** – proxies that give a sense of how companies are managing operations

## Purpose

- Initiate dialogue
- Assess company readiness for reducing nature-related risks, TNFD, SBTN
- Gather data for our next target-setting phase

## Targets

### Asset Management

**By 2025, we will engage 30 companies** with a potential significant impact or dependency on nature.

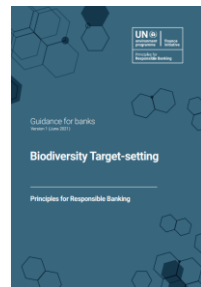
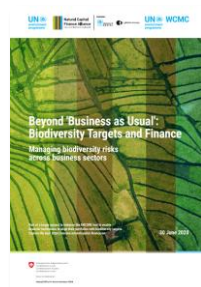
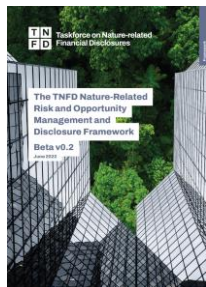
### Lending

**By 2025, engage with 50+ LC&I and 300+ Business Customers** across:

- Agriculture
- Forestry
- Shipping

Represents between 1/3 & 2/3s of lending volumes in identified sectors

**Best practices currently WIP**



Slight difference in approach between business units but same governing thought – engage with customers at risk of generating high biodiversity impacts

# Engagement topics (impact areas) and underlying indicators

**Deforestation focus**

<p><b>1</b> <b>Regulation (EUDR)</b></p> <ul style="list-style-type: none"> <li>Compliance with the EU Deforestation Regulation</li> </ul>	<p><i>Drivers of biodiversity loss:</i></p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  Climate change         </div> <div style="text-align: center;">  Land use change         </div> <div style="text-align: center;">  Resource use/replenishment         </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">  Pollution         </div> <div style="text-align: center;">  Invasive alien species         </div> <div style="text-align: center;">  ipbes         </div> </div>	<p><i>Mitigation action:</i></p>
<p><b>2</b> <b>Animal fodder</b></p> <ul style="list-style-type: none"> <li>Soy alternatives for animal feed</li> <li>RTRS certified soy in animal feed</li> <li>RSPO certified palm oil in animal feed</li> </ul>	<p><i>Drivers of biodiversity loss:</i></p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  Climate change         </div> <div style="text-align: center;">  Land use change         </div> <div style="text-align: center;">  Resource use/replenishment         </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">  Pollution         </div> <div style="text-align: center;">  Invasive alien species         </div> <div style="text-align: center;">  ipbes         </div> </div>	<p><i>Mitigation action:</i></p>
<p><b>3</b> <b>Certified food products</b></p> <ul style="list-style-type: none"> <li>RTRS (Roundtable on Responsible Soy)</li> <li>RSPO (Roundtable on Sustainable Palm Oil)</li> <li>EU organic label</li> <li>GlobalG.A.P.</li> <li>FAIRTRADE</li> <li>Rainforest Alliance</li> <li>Global Coffee Platform</li> <li>Bonsucro</li> <li>Any other ISEAL Code Compliant schemes</li> </ul>	<p><i>Drivers of biodiversity loss:</i></p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  Climate change         </div> <div style="text-align: center;">  Land use change         </div> <div style="text-align: center;">  Resource use/replenishment         </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">  Pollution         </div> <div style="text-align: center;">  Invasive alien species         </div> <div style="text-align: center;">  ipbes         </div> </div>	<p><i>Mitigation action:</i></p>

**4** **Sustainable farming practices**

- Regenerative farming
- Circular agriculture
- Organic farming
- Other/similar agroecological approaches

**5** **GHG emissions**

- Absolute emissions (CO2e) GHG emission
- Science-based reduction targets (scope 1, 2, 3)

**6** **Circularity & waste**

- Generated (hazardous) waste
- Circularity initiatives

**7** **Water use**

- Water consumption
- Water consumption in areas of high-water stress
- Water footprint

<p><i>Drivers of biodiversity loss:</i></p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  Climate change         </div> <div style="text-align: center;">  Land use change         </div> <div style="text-align: center;">  Resource use/replenishment         </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">  Pollution         </div> <div style="text-align: center;">  Invasive alien species         </div> <div style="text-align: center;">  ipbes         </div> </div>	<p><i>Mitigation action:</i></p>
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**Key takeaways**

# Key takeaways

## Policy and Processes:

- **Develop Specific Nature-Related Policies:** Addressing nature-related impacts and dependencies, and setting clear guidelines for sectors like agriculture, forestry, and mining.
- **Key Strategy Building Blocks:** Vision, rationale, policy commitments, risk management, and reporting mechanisms.

## Capacity Building, Culture & Governance:

- **Building Awareness and Capabilities:** Training staff at all levels to understand and act on nature-related risks and opportunities.
- **Embedding Nature in Governance:** Integrating nature considerations into the bank's overall governance and decision-making processes.

## Client Engagement:

- **Establishing Dialogue and Collaboration:** Helping clients integrate nature-related considerations into their business practices.
- **Strategic Support for Clients:** Offering advisory services, tailored financing solutions, and support for transition plans.

## Stakeholder Engagement:

- **Engaging with Policymakers and Communities:** Collaborating to support policy changes and community-led solutions.
- **Collaborating for Research and Data:** Working with civil society, research groups, and data providers to improve understanding and metrics for nature impacts.



—  
Q&A



# — Closing

# Any questions about the practical exercise we circulated?

Categories	Questions	Additional support information	Your input
Bank name	<i>[Please insert your bank's name]</i>		Please provide your responses in the below cells. Note that you will be able to continuously build upon these questions throughout your participation in the capacity building workshops.
Name and Role of Respondent	<i>[Please insert your name and role]</i>		
Analysed country	Please complete the analysis for at least one country where you have significant operations. If you want to cover more countries, please create a copy of this sheet.		
State of Nature	Examine the critical nature and biodiversity issues within your country, such as key biodiversity areas and protected regions, impacts of invasive species, habitat fragmentation, and pollution on biodiversity . Identify the most pressing challenges and areas of significant ecological value. These elements will provide a comprehensive background for understanding how various economic activities or sectors contribute to nature loss	As a first step, it is recommended to review the country's profile on the CBD webpage: <a href="https://www.cbd.int/countries">https://www.cbd.int/countries</a>	
Evolving policy and regulatory framework on Nature and Biodiversity	National priorities: Identify your country's National Biodiversity Strategy and Action Plan and any other relevant strategies and/or designed to mitigate, protect or restore nature and biodiversity.		
Existing/emerging ESG-related frameworks and requirements with nature component relevant to the banking sector	Nature in bank/corporate ESG regulations: Identify if nature is/planned to be included in your national/regional bank regulatory framework (e.g. regulatory requirement to set up processes to identify nature risks) and also if corporations are/planned to be subject to ESG regulations that include nature (e.g. disclosure requirements that include nature related issues)		

# Coming soon...

## Workshop 3# – 26 June

- Categorization of clients
- Mobilizing financial resources for nature
- Categorizing clients and projects
- Products and innovative solutions
- Target setting
- Case studies
- Reporting and disclosures

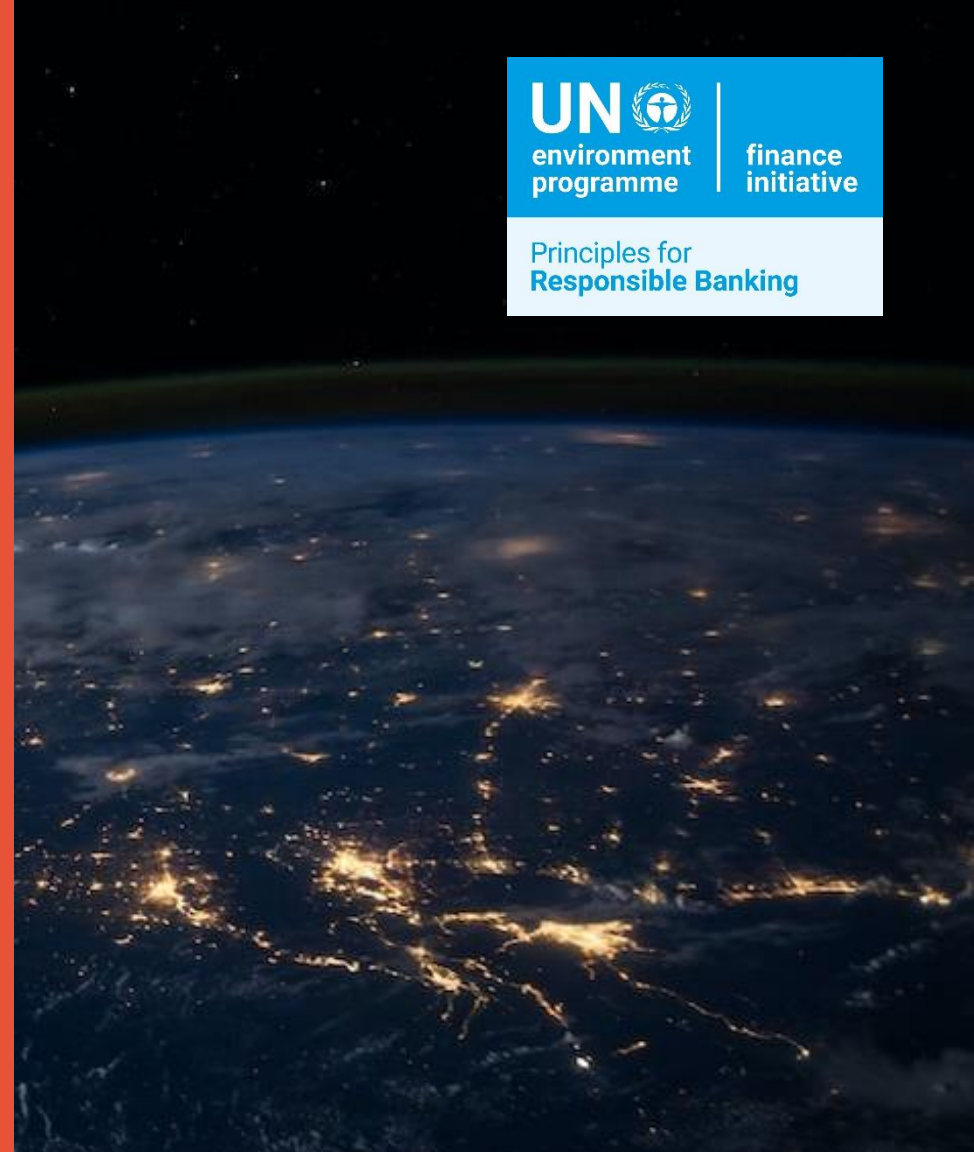
# Thank you for your attention!

Slides will be shortly shared in email.

General UNEPFI contact: [nuran.atef@un.org](mailto:nuran.atef@un.org) and [kwa.fosah@un.org](mailto:kwa.fosah@un.org) (Regional Coordinators)

Specifically for the climate capacity building:  
[gabor.gyura@un.org](mailto:gabor.gyura@un.org)  
(Capacity building consultant)

Please stay with us for 2 more minutes and evaluate the session on Slido (see next slide). This is important for us to further develop the programme



# slido



## Evaluation survey

ⓘ Start presenting to display the poll results on this slide.