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Principles for  
Responsible Banking

# Banking on nature

What the Kunming-Montreal  
Global Biodiversity Framework Means  
for Responsible Banks

May 2023

## 2023 United Nations Environment Programme Finance Initiative

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# Contents

- Acknowledgements ..... iv
- Foreword ..... v
- Introduction ..... 1
- The GBF for banks ..... 2
- Bank-wide GBF implementation: risk, opportunities, dependencies, impacts..... 5
  - Risk..... 5
  - Opportunities..... 6
  - Dependencies..... 7
  - Impacts ..... 7
- Illustrative actions by parts of the bank ..... 8
- Exemplary key sector for banks: food and agriculture ..... 11
- Next steps for responsible banks ..... 12



# Acknowledgements

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Review does not imply endorsement.



# Foreword

The Kunming-Montreal Global Biodiversity Framework was adopted by 196 Parties to the Convention on Biological Diversity at COP15 in December 2022. It is a major milestone in the international effort to halt and reverse the loss of biodiversity and contribute to nature-based solutions, beginning a new era for nature in the way the 2015 Paris Conference did for climate.

The world is facing a triple planetary crisis: climate change, nature loss and pollution. Governments are starting to respond but they can't succeed in this task alone—we need a full transformation of our economies to zero emissions, nature positive, and circularity.

The stakes could not be higher: the planet is experiencing a dangerous decline in nature as a result of human activity. At least one million plant and animal species are now threatened with extinction, many within the near future, while wildlife populations have dropped on average by 70% in the past 50 years.<sup>1</sup> For humans, the erosion of diversity in genes, species, habitats and the interactions between them means we are at risk of a cascading unraveling of our economies and life support systems, which is both accelerating and accelerated by global climate change.<sup>2</sup>

The Kunming-Montreal Global Biodiversity Framework is a clear call to banks to act on nature as they have on climate—but in an even more compressed timeframe. With over 300 signatory banks representing almost half of the global banking industry, the Principles for Responsible Banking are the world's foremost sustainable banking framework. Through the Principles, banks take action to align their core strategy, decision-making, lending and investment with the UN Sustainable Development Goals, and international agreements such as the Paris Climate Agreement. Encouraged and supported by an active civil society advisory body, the world's largest community of banks dedicated to sustainability confirms it has heard the call.

During 2023, UNEP FI will be supporting members to respond fully and rapidly. Already before the GBF was finalised, version 1.0 target-setting guidance was prepared with our members to ready their peers for the new agreement and allowed them to plan their response. Nearly 100 member banks have started learning about biodiversity through the PRB Biodiversity Community, more than 30 are engaged in target-setting scoping.

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1 IPBES (2019) Global assessment report, and WWF (2022) Living Planet Report.

2 IPBES (2019).Global assessment report

Many PRB signatories have already committed to “net zero by 2050” yet at least a third of the climate solution can come from nature.<sup>3</sup> This means that there is space in the banking community to do more on nature, in a joined-up approach with climate targets.

This thought-leadership gives banks a first overview of how the GBF applies to their industry, through the axes of risk, opportunities, dependencies and impacts. It provides practical examples for the various departments of a bank of immediate actions that can be taken.

We welcome the ongoing engagement between the UN, civil society and leading banks to shape an industry-wide response so that by 2030, finance provided by banks is aligned with the essential goal of halting and reversing nature loss.



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3 Griscom, Adams, et al. (2017), Natural Capital Solutions. Retrieved from [pnas.org/doi/10.1073/pnas.1710465114](https://doi.org/10.1073/pnas.1710465114)

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# Introduction

The Kunming-Montreal Global Biodiversity Framework (GBF), adopted in December 2022, aims to guide global action on biodiversity and nature. In the face of unprecedented biodiversity loss, the GBF provides a framework for action to halt and reverse this unprecedented decline in our natural assets and life support system. The GBF is relevant to all types of financial institutions including banks, who should align themselves with its objectives, to help them manage nature-related risks and benefit from new opportunities in nature-related sectors and markets.

This briefing, from the UNEP Finance Initiative (UNEP FI) and its Principles for Responsible Banking (PRB), provides an overview of the key implications for banks of the goals and targets of the GBF. It aims to support the industry in managing associated risks, capturing relevant opportunities and preparing for anticipated policy developments that will yield new compliance and disclosure requirements.

The overarching aim of the GBF is to halt and reverse nature loss by 2030. It contains four overarching goals to be achieved by 2050 (see page 4), underpinned by 23 action-oriented targets for 2030.<sup>4</sup> These targets will be translated into national-level policy through National Biodiversity Strategy and Action Plan (NBSAP) updates taking place before the end of 2024. To meet its goals and targets, the GBF emphasizes a “whole of society approach”, including private sector actors such as financial institutions. These 23 targets are all relevant to the activities of financial institutions and provide a framework for aligning financial flows with the goals of the GBF. Some are directed primarily at economic activities that negatively affect biodiversity and nature, and others are intended to create the enabling environment to align financial flows with biodiversity protection.

The Kunming-Montreal biodiversity package also includes decisions on resource mobilisation and monitoring. These are likely to bear, respectively, on the global financial architecture, targeting multilateral development banks and public financing, and reporting of private financial flows related to biodiversity.

This briefing for banks is a companion piece to GBF briefings for investors (asset owners and managers) and insurers available via [unepfi.org/nature](https://unepfi.org/nature). It will be accompanied by an update to the PRB Biodiversity Target-setting Guidance<sup>5</sup> to be published later in the year after a co-development process with member banks.

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4 UNEP FI. (2023). New guidance on what the Kunming-Montreal Global Biodiversity Framework means for responsible investors.

5 UNEP FI. (2021). Guidance on Biodiversity Target-setting.

# The GBF for banks

The Kunming-Montreal Global Biodiversity Framework was agreed after a considerable negotiation process, wherein 196 countries agreed to turn the tide of nature loss. It holds equivalency to the Paris Agreement for Climate and is different to all preceding strategies and agreements for biodiversity in taking a “whole of society” approach, and very specifically calling on the financial sector as a key actor to bend the curve of nature loss. The following table reviews the headline goals of the agreement, each with direct relevance to finance.

Summary of GBF 2050 goals	Relevance to banks
<b>GOAL A:</b>	
<p>The integrity, connectivity and resilience of all ecosystems are maintained, enhanced or restored</p> <p>Extinction rates and risks for all species are reduced tenfold</p> <p>Genetic diversity within species’ populations is maintained</p>	<p>Halting and reversing biodiversity loss, including both ecosystem degradation and species extinction, is the ‘apex goal’ of the GBF. Reducing harmful financial flows will have the greatest overall contribution to achieving the GBF’s objectives.</p> <p>This goal provides an overarching ambition with which financial institutions should seek to align their portfolios—both by financing measures to promote conservation, but more importantly by reducing the financing of activities that harm biodiversity. Reducing harmful financial flows should be based on impact measurement and engagement with investees and clients.</p>
<b>GOAL B:</b>	
<p>Biodiversity is sustainably used and managed, with nature’s contributions to people (including ecosystem functions and services) valued, maintained and enhanced</p>	<p>This goal emphasizes the need for a societal shift in our economies to ensure sustainable development which, by preserving and restoring the services that nature provides to society and the economy, benefits both present and future generations. To meet this goal, financial institutions should embed nature into their decision-making processes, internalizing environmental externalities and seeking opportunities to invest in the maintenance of land- and seascapes that they and their investee companies source from.</p> <p>Again, this provides an overarching goal for financial institutions to align with, so that their financing and investment activities support the sustainable use of nature and its resources.</p>



GOAL C:	
<p>Monetary and non-monetary benefits of genetic resources are shared fairly and equitably, including with Indigenous Peoples and Local Communities (IPLCs, alt: IPs and LCs)<sup>6</sup></p> <p>Internationally agreed access and benefit-sharing instruments are used</p> <p>Traditional knowledge is protected</p>	<p>This goal seeks to ensure justice and equity in the use of biodiversity resources. It underlines the importance of social topics linked to biodiversity, such as sharing benefits from the utilisation of genetic resources, digital sequence information on genetic resources, and intellectual property, including traditional knowledge. It also emphasises the rights of IPLCs as beneficiaries of services provided by nature and their important role in nature conservation and restoration.</p> <p>Financial institutions should ensure proper stakeholder engagement is applied throughout the life of financed activities and across supply chains, and that free, prior and informed consent (FPIC) principles are applied when indigenous peoples are affected. Financial institutions could promote the role of IPLCs in nature-related enterprises and as project proponents, as less than 1% of nature finance currently reaches them.</p>
GOAL D:	
<p>Adequate financial resources are made available to implement the GBF, particularly for developing countries</p> <p>The US\$700bn per year finance gap for biodiversity is progressively closed</p> <p>All financial flows—public and private—are aligned to deliver the objectives of the GBF</p>	<p>This goal constitutes the equivalent to Article 2.1c in the Paris Agreement, calling for public and private financial institutions to align their financial flows—including investment and financing activities—to urgently support the implementation of the GBF.</p> <p>“Aligning all financial flows” refers to all financial flows from the private sector and public sources, with the aim of reducing negative impacts (e.g., by eliminating harmful subsidies and ceasing to finance activities that harm biodiversity) and ensuring that new financial flows do not harm nature, but instead support it across economic sectors.</p> <p>This means that private financial institutions, including banks, have a role in reducing harmful financial flows they are responsible for, scaling up financing for solutions to biodiversity loss and contributing to closing the finance gap, including in developing and emerging markets.</p>

The goals in the GBF are supported by 23 action-oriented global targets to be met by 2030—**less than seven years from now**. All targets are relevant to some degree to the activities of banks, and to their exposures to biodiversity risks as well as opportunities. These targets provide a framework for aligning financial flows with the GBF and its efforts to halt and reverse biodiversity loss and make sustainable use of nature, as well as contributing to existing efforts to mitigate and adapt to climate change.

Below is a summary of targets of particular relevance to banks. Broadly speaking, targets 1 to 13 can help banks address biodiversity risks and opportunities associated with key sectors and companies in their portfolios. Targets 14 to 19 are intended to create an enabling environment to align financial flows with the GBF and give information on what is expected from financial institutions and businesses themselves. Targets 20 to 23 focus on fostering capacity and knowledge, including through the meaningful

<sup>6</sup> The UN Permanent Forum on Indigenous Issues is calling for IP and LCs to no longer be described as a single group in the Convention, as detailed in the Twenty-first session report. COP15 decisions 15/10 and 15/21 call for further study on this topic and potentially new arrangements under the Convention going forward

participation and representation of Indigenous Peoples and Local Communities (IPLCs, or IPs and LCs) and women and girls.

### **Important biodiversity targets for key economic sectors:**

- Targets 1 to 4 focus on stopping the loss of areas of high biodiversity importance and protecting and restoring 30% of Earth’s lands, oceans, coastal areas and inland waters. This is most relevant for sectors that have a direct physical footprint within such areas or in their supply chains (e.g., agriculture, energy and mining). Meeting the targets will deliver co-benefits for climate mitigation and adaptation through, for example, the conservation or restoration of carbon sinks (e.g., peatlands) and protective habitats (e.g., mangroves).
- Targets 5 to 8 focus on reducing other pressures on biodiversity from human activities, including from plastic pollution, fertilizers, pesticides and other hazardous chemicals (as detailed in target 7) and from climate change (target 8). This is most relevant to sectors with high pollution potential (e.g., agriculture, chemicals, manufacturing and mining) and with high greenhouse gas emissions (e.g., energy and transportation).
- Targets 9 to 13 focus on meeting people’s needs in relation to nature, including through the sustainable management of agriculture, aquaculture, fisheries and forestry (as detailed in target 10).

### **Important biodiversity targets for implementation by banks:**

- Target 14 calls for policies, regulations and an enabling environment for the alignment of private and public financial flows to ensure that financial institutions and businesses start aligning their activities across all sectors with the goals and targets of the GBF.
- Target 15 calls for large businesses and financial institutions to regularly monitor, assess and fully and transparently disclose risks, dependencies and impacts on biodiversity, along their operations, value chains and portfolios, with the aim of reducing negative impacts on biodiversity and increasing positive impacts.
- Target 19 requires an increase of the level of financial resources from all sources, including by: leveraging private finance; promoting blended finance; implementing strategies for raising new and additional resources; and encouraging the private sector to invest in biodiversity, including through impact funds and other instruments.

The relevance of each of the targets to banking—and associated bank-relevant indicators and recommended exclusions—will be further detailed in the forthcoming update to the PRB target-setting guidance.

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# Bank-wide GBF implementation: risk, opportunities, dependencies, impacts

The bank's implementation of the GBF will occur mainly along three axes: risk, return and impact. We recommend a number of broad actions that banks can take immediately to prepare for new expectations and requirements in response to the GBF throughout their various departments.

## Risk

Evidence is emerging that bank exposure to nature-related financial risks is quite high. A recent World Bank study suggested at least 50% of bank activity in emerging markets is directly dependent on nature,<sup>7</sup> and financial risks are therefore quite high. Most responsible banks are already considering biodiversity risk particularly for project-related finance and wherever use of proceeds is known as part of their implementation of the Equator Principles and other recognised safeguards and standards. The UNEP FI pilot saw 42 financial organisations trial the TNFD's locate, evaluate, assess and prepare (LEAP) approach between July 2022 to February 2023. The institutions taking part in the pilot ranged from local banks to some of the world's largest financial institutions, including: AXA; Amundi Asset Management; HSBC; Robeco; and Shinhan Financial Group. The pilot process showed that financial institutions are ready and able to apply the proposed recommendations set out by the TNFD.<sup>8</sup>

All banks should now broaden their E&S risk screening processes to topics beyond the definition of biodiversity risk in IFC PS6 to a definition of natural capital aligned with the TNFD and its realms across all relevant ecosystems. Deforestation has been overlooked by many banks for example as it tends to occur outside protected areas. Currently 62% of FIs most exposed to forest-related risks do not have a deforestation policy covering their investments and lending to companies in key forest-risk commodity supply chains.<sup>9</sup> This blindspot poses a significant material financial risk.<sup>10</sup>

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7 Calice, Diaz, et al. (2023). Biodiversity and Finance: A Preliminary Assessment of Physical Risks for the Banking Sector in Emerging Markets. Retrieved from [documents1.worldbank.org/curated/en/099526305022388443/pdf/IDU0e52335a30e0f804949088f30d8c4eee5cee8.pdf](https://documents1.worldbank.org/curated/en/099526305022388443/pdf/IDU0e52335a30e0f804949088f30d8c4eee5cee8.pdf)

8 UNEP FI. (2023). [Unboxing Nature-related Risks: Insights from the UNEP FI-led TNFD Piloting Programme](#).

9 Forest 500. (2022). 2022 Annual Report.

10 CISL. (2022). Nature-related financial risk: use case.

## Nature-related risks and banks: the case is growing

The Cambridge Institute for Sustainability Leadership (CISL) has detailed cases of nature-related risks with banks including Robeco, HSBC, Deutsche Bank, Union Bancaire Privée (UBP), and NatWest Group in their recommended 2022 publication, *Integrating Nature: The case for action on nature-related financial risks*.<sup>11</sup> Detailed use cases are available as reference.

While the number of examples of nature-related risks continues to grow, very few banks currently have dedicated policies to address these and many of the policies that do exist are classed (for example by ShareAction<sup>12</sup>) as inadequate to manage risks.

Banks should immediately **set exclusions for the most harmful activities** such as deep sea mining, unregulated fishing and activities that have been identified as having no potential transition pathways wherever products allow.

New products where use of proceeds is not known need to innovate ways of screening for nature-related risks. Banks can join together in working groups in industry associations to consider on a product-by-product basis how these concepts can be operationalised throughout the portfolio of the bank. This will also help create a level playing field, which is critically important for banks in the local economy.

Banks should be preparing the internal capacity to assess and disclose nature-related dependencies, impacts, risks and opportunities, first of all by supporting voluntary initiatives such as the Taskforce on Nature-related Financial Disclosure (TNFD) and by piloting the TNFD draft recommendations in sectors and products of relevance to their portfolio. All banks should anticipate likely regulatory developments particularly in major jurisdictions.

## Opportunities

The GBF provides direct encouragement to banks to innovate new products that create returns from nature-related revenue streams. Banks are encouraged to invest staff time to innovate sustainable financial solutions relevant to their clients, that will help to mobilise the US\$200bn/year needed to meet the GBF's objective. The finance solutions proposed include blended finance; sovereign lending, debt for nature conversions, impact finance; green and "blue"<sup>13</sup> bonds; and indexes linked to biodiversity.

There are many examples of such products having come to market recently, and examples of product innovations are shared on an annual basis with UNEP FI and PRI

11 CISL. (2022). Integrating Nature: The case for action on nature-related financial risks.

12 ShareAction. (2022). In Debt to the Planet: An assessment of the 25 largest European banks' biodiversity and climate strategies.

13 The International Capital Market Association (ICMA) in its Principles considers blue a theme under green bonds.

members through the “New Green Shoots” series.<sup>14</sup> Research is also underway on how to scale such products; for example NatureFinance’s sovereign debt hub recommends seven pathways to scaling debt for nature conversions including credit enhancement for lower-rated sovereigns, harmonising KPIs and standardising sustainability-linked bonds/sustainable performance bond (SPB) frameworks to accelerate ‘go-to-market’.

Guidelines and guidance are forthcoming for example for bonds to finance the sustainable blue economy which will create clarity on what kinds of sustainable projects can be financed and what are appropriate impact KPIs.

## Dependencies

More than half (55%) of the world’s gross domestic product (GDP)—equivalent to an estimated USD 58 trillion—is moderately or highly dependent on nature, rising from USD 44 trillion in 2020.<sup>15</sup> While there is a growing recognition that business dependencies on nature are associated with material risks and opportunities for businesses and financial institutions, there is a lack of clarity on how these dependencies should be measured. The Kunming-Montreal Global Biodiversity Framework (GBF) and the Taskforce on Nature-related Financial Disclosures (TNFD) are bringing reporting and disclosure of business dependencies on nature to the forefront, alongside impacts. However, approaches to measuring dependencies are less well developed than approaches to measuring business impacts on nature. A forthcoming UNEP FI-UNEP-WCMC publication will provide further detail on nature-related dependencies for financial institutions.

## Impacts

All banks should heed the call to align their portfolios through target-setting and attainment in line with Goal D (the Paris 2.1c equivalent). This will involve integrating biodiversity across transaction types, recognising the importance of biodiversity within policy, strategy, governance, risk management, operations and targets, and encouraging action among clients, peers and policy makers. During 2023, the PRB will release an update to its biodiversity target-setting guidance.<sup>16</sup>

During the year leading up to the GBF adoption, the PRB has been preparing its member banks to respond quickly, based on the evolving draft text of the agreement as it proceeded through rounds of negotiations. Preliminary guidance for target setting was published with a leading group of 30 banks, to ready leading banks to set and attain targets within the 2030 timeframe. More broadly, UNEP FI’s Impact Protocol provides all necessary steps to analyse and manage bank portfolio impacts and in conformity with the requirements of the Principles for Responsible Banking.

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14 UNEP FI. (2022). New green shoots—the latest innovations in nature finance.

15 PwC.(2023). Update on World Economic Forum (WEF) 2020 study, using ENCORE.

16 UNEP FI. (2021). Guidance on Biodiversity Target-setting.

# Illustrative actions by parts of the bank

The GBF is relevant to all activities of the bank, with the following groups highlighted as examples. Note that banks have different set-ups and requirements in various jurisdictions and should take note of the policy and legal requirements in their own markets, as well as the evolution of good practice and safeguards internationally.

Part of the bank	Headline relevance of the GBF	Key targets
Board	<p>The “nature positive” concepts embodied in the GBF are as profoundly “disruptive” as the shift to net zero, in terms of their relevance across all societies and economies. Per WEF, the shift to living in harmony with nature “forces us to think differently about our place in the world.” Overall, it is crucial for banks to improve their understanding of impacts on biodiversity and necessary mitigation measures. The bank’s board is particularly well-positioned to guide the bank to understand the relevance of the topic for the business, set an appropriate level of ambition and identify where the bank can most effectively lead in this space.</p> <p>A survey by Deloitte found that half of board executives consider themselves ‘climate-literate’. With the GBF taking on the parallel significance for nature as the Paris Agreement for climate change, boards of directors should also become ‘biodiversity-literate’.</p> <p>Boards may wish to set biodiversity-related impact targets in line with the Principles for Responsible Banking and/or targets linked to USD sums of sustainable finance the bank will transact by 2030 in line with the GBF.</p>	15, 14
Risk	<p>Most responsible banks already handle biodiversity in risk teams particularly linked to project finance and where use of proceeds is known, in line with international norms and standards such as the IFC Performance Standards and Equator Principles. Natural Habitat requirements in PS6 are reportedly often overlooked, so capacity should be built for this aspect of in particular.</p> <p>One aspect is the financial risks caused by dependencies on nature and another thing is considering the risks/impacts on nature as caused by project finance. It is important to keep this distinction clear as the two might be unrelated. The concept of dependencies on ecosystem services had already appeared in PS6 but is not always applied</p>	4, 5, 6, 7, 15, 18

Part of the bank	Headline relevance of the GBF	Key targets
Risk cont.	<p>Banks should be aware of the increasing proclamation of protected areas to meet the 30x30 target, and ensure they are accessing the latest data on protected areas through portal such as IBAT.</p> <p>Some leading banks have been piloting the TNFD recommendations and readying their risk teams to assess and disclose nature-related risks as the majority currently do for climate.</p>	4, 5, 6, 7, 15, 18
Strategy/ sustainability strategy	<p>This is a key part of the bank to convert the GBF elements of most relevance to the bank into its core strategy. However the teams involved in strategy are currently larger not familiar with this topic and considerable up-skilling is needed to play this role most effectively. Sustainability strategy teams should also be informed on the contributions of nature towards meeting the net zero commitments already made by the majority of responsible banks.</p>	8, all
Sustainable finance	<p>As banks have identified a range of new products and supported new markets linked to the net-zero transition, banks can engage in development of new products and support new 'nature-positive' markets linked to biodiversity. Examples of new products have been highlighted by UNEP FI and partners through the 'new green shoots' series, focused on structuring solutions in 2022 and capital market solutions in 2023.</p> <p>It's important to note that existing financial products (i.e. vanilla loans or fairly well developed green finance products) can also be well suited for nature-related finance. It is not only relevant what is the financial instrument, but what economic activity the financing goes towards. The IFC Biodiversity Finance Reference Guide provides an indicative list of investment activities that address the key drivers of biodiversity loss. Most of those could be financed through regular and tested financial products.<sup>17</sup></p>	19 esp. 19c
Investment banking/capital markets	<p>Debt for nature "swaps" or conversions have become an established transaction type with a market value estimated at \$800 billion. Other products such as sustainability-linked bonds and loans can also integrate biodiversity-relevant KPIs even if the product has another investing theme. Terrestrial and aquatic biodiversity is an eligible green project category under the Green Bond Principles, for example.</p> <p>Attention to greenwashing has increased and banks must ensure that they are using the most robust KPIs for such products.</p>	19, 1–3, 5–8, 11
Private banking/wealth management	<p>High and Ultra High Net Worth Individual, or (U)HNWI, clients especially in the younger/next generation are particularly interested in sustainability. The bank should inquire how do their (U)HNWI clients view nature-positive investing, what do (U)HNWIs need in order to embark on a journey toward investing with nature-positive impact, and therefore what products are relevant to this market segment.</p>	19, 11

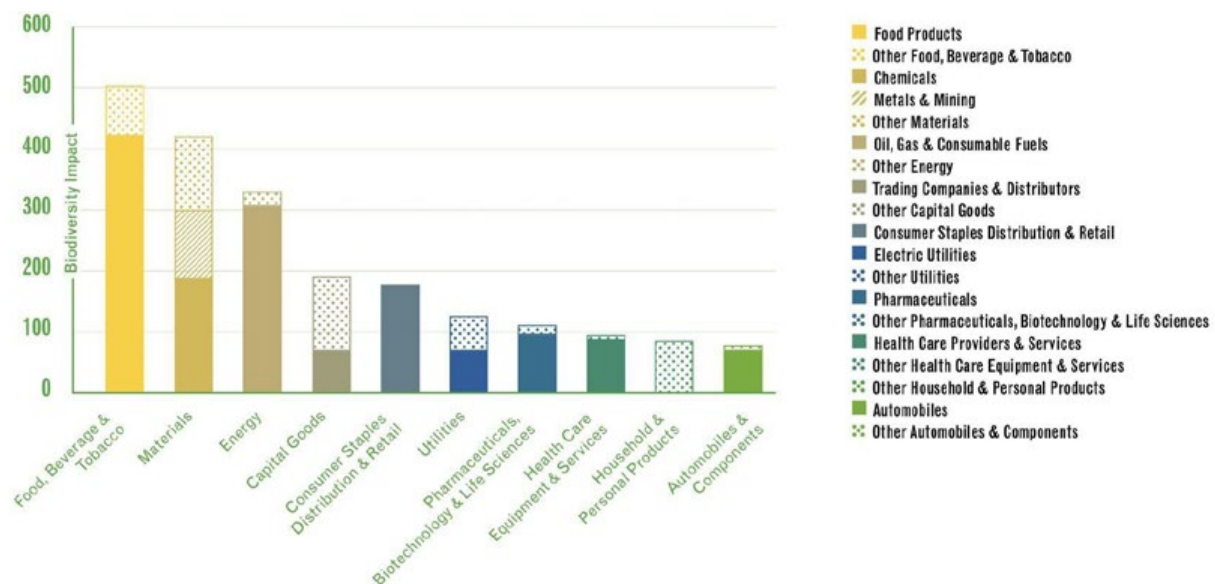
17 IFC 2022. *IFC Biodiversity Finance Reference Guide* [ifc.org/wps/wcm/connect/publications\\_ext\\_content/ifc\\_external\\_publication\\_site/publications\\_listing\\_page/biodiversity-finance-reference-guide](https://www.ifc.org/wps/wcm/connect/publications_ext_content/ifc_external_publication_site/publications_listing_page/biodiversity-finance-reference-guide)

Part of the bank	Headline relevance of the GBF	Key targets
Front office/ client engagement	<p>A key role for banks is engagement with investees and clients in corrective actions to reduce negative impacts. Nature-related engagement activities linked to target 21 are a major role for banks as they can influence real economy actors. Banks should at a minimum focus their engagement efforts on large, transnational clients particularly in high-impact and/or high-dependency sectors.</p> <p>For all transactions where biodiversity data is collected, banks should insist that their clients disclose relevant data to public portals following Equator Principles guidance.</p> <p>As banks are training front office staff in climate/net zero transition, they should also train in nature positive transitions.</p>	14, 19, 21
CSR and communications	<p>The bank's commitment to biodiversity should be communicated in a fact-based manner, avoiding greenwashing.</p> <p>CSR teams should consider participating in the development of NBSAPs in the markets that they work in, and bank foundations should consider biodiversity-related philanthropy such as BNP Paribas Foundation's contribution to IPBES. More communications and philanthropic investments can translate to positive pressure on peers in the industry to compete in this respect.</p>	15, 1–3, 5–8, 11
Compliance and legal	<p>Teams should be aware of changes in policy and regulation in most of the world's jurisdictions in line with updated National Biodiversity Strategy and Actions Plans (NBSAPs). Countries are expected to develop national biodiversity finance plans by the end of 2024 as well.</p>	15
Audit	<p>Climate is increasingly a regular topic for banks' audit committees. Similarly auditors will need to establish norms for ensuring biodiversity-related commitments are being met by the bank.</p>	14, 19, All
IT department	<p>Many aspects of managing biodiversity and nature-related topics across the bank, including as linked to climate change, require data and IT systems. For TNFD-related assessment and disclosures, for example, a precedent exists with the TCFD that can be built upon.</p>	15, 21



# Exemplary key sector for banks: food and agriculture

Research has consistently shown that food and agriculture-related businesses present the most negative impact for biodiversity, as traditionally conceived. Most recently the Finance for Biodiversity Foundation and partners created a biodiversity footprint ranking of companies, industries and sectors,<sup>18</sup> which reinforces this message. This sector is of specific relevance to banks given their large role in financing this sector, through the entire value chain.



The former Chairman of Rabobank, Wieber Driajer, called on his peers in banking to find long-term lending possibilities for food finance transition. A new UNEP publication, Driving sustainable food finance,<sup>19</sup> provides a roadmap in response to this call. Furthermore, the Good Food Finance Network<sup>20</sup> has published illustrative targets for banks who wish to shift their portfolios with the goals of net zero, nature positive and other impact themes linked to food.

18 Finance for Biodiversity Foundation. (2023). Top 10 biodiversity-impact ranking [of company industries](#).

19 UNEP (2023). Driving Finance for Sustainable Food Systems. A Roadmap to Implementation for Financial Institutions and Policy Makers

20 [Good Food Finance Network](#). (GFFN).



# Next steps for responsible banks

Responsible banks have the opportunity to take immediate and ambitious action to align their operations and portfolios with the GBF and pre-empt policy and regulatory developments in the markets that they operate. Key steps include:

- Build critical capacity internally on nature and biodiversity, and establish ownership at the executive/board level to shape governance
- Map and assess the bank's exposure to risks, dependencies and impacts including for priority sectors including food and agriculture
- Engage in target-setting on nature and exchange with peers in the PRB community
- Develop policies and strategies related to biodiversity and drivers of biodiversity loss (e.g., deforestation), including sector-specific policies or exclusions where appropriate
- Mobilise internal and external stakeholders especially clients in high impact, high dependency sectors on nature transition planning and to ensure that nature is reflected within related net-zero transitions
- Share lessons learned and contribute to continuous improvement of efforts to combat nature loss

The Principles for Responsible Banking is the largest community of banks dedicated to sustainability and will support its member banks in the journey ahead.

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UNEP Finance Initiative brings together a large network of banks, insurers and investors that collectively catalyses action across the financial system to deliver more sustainable global economies. For more than 30 years the initiative has been connecting the UN with financial institutions from around the world to shape the sustainable finance agenda. We've established the world's foremost sustainability frameworks that help the finance industry address global environmental, social and governance (ESG) challenges.

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