

**Community of Practice**  
**Financial institutes & Natural Capital**  
Factsheet and summaries of meetings  
April 2015

## Introduction

A part of making both society and economic growth more sustainable is the inclusion of the impact on ecosystems and/or use of natural capital in the economic system. For a large number of companies healthy ecosystems are vital. The awareness of this has led to the set up of various international initiatives directed at making the relationship between business and biodiversity visible and to include the subject of ecosystems in the strategy and practice of companies. Within the [Biodiversity Strategy](#) of the EU and the Convention on Biological Diversity (CBD) of the UN, for example, companies play an important role. And organizations such as the United Nations Environmental Programme (UNEP), the World Business Council on Sustainable Development (WBCSD) and the World Resources Institute (WRI) work on instruments that support the integration of biodiversity in the decision-making of companies ([TEEB](#), [ESR](#)). The WBCSD signals an important role for banks and accountants as change agents in the transition to the incorporation of natural and social capital in the governance of companies ([CEV](#)).

## CoP Financial institutes & Natural Capital (CoP FiNC)

Financial institutions are beginning to realize that companies having less impact on natural capital are performing better on financial indices. This is why several leaders in the sector have joined the Natural Capital Declaration ([NCD](#)), Natural Value Initiative ([NVI](#)) and/or the [UNEP-FI](#). Within financial institutions, there is a need to share best practices on how the financial sector can contribute to maintaining and enhancing biodiversity. A Community of Practice (CoP) can accelerate the process of learning. A CoP can support implementation on strategic level and in practical products by sharing knowledge and experience. A CoP can also help to identify opportunities and bottlenecks in policy, and can establish better communication with governments.

That is why the ASN Bank initiated CoP FiNC. ASN Bank has, for example, elaborated on investment criteria for biodiversity in its [Issue paper Biodiversity](#), which it applies for all its investment policies. Sectors that have a negative impact on biodiversity are excluded or are required to show more engagement. However, the bank has not yet established a policy which takes into account the positive impact of companies on biodiversity. The ASN Bank wishes to develop such a policy together with other financial institutions interested in making a positive impact on natural capital. The main goal of the CoP Financial institutes & Natural Capital is to increase knowledge and to make it easier for financial institutes to evaluate investments or develop new (insurance) products. Participants share their best greening practices with each other by exchanging knowledge and experience in private meetings. Furthermore, through discussions participants can find (common) answers to their questions and generate a common definition.

### Definition natural capital, ecosystems and biodiversity

**Natural capital** involves the ability of nature to provide useful goods and services. These are called ecosystem services (source: [Natural capital as a new policy concept](#), Environmental Balance 2014; PBL, PBL publication number: 1545). Dunes that purify water, pollination by bees, food and timber production or relaxation in nature, these are services that ecosystems provide. People dependent on ecosystem services and influence them.

An **ecosystem** is a defined unit consisting of living organisms and non-living material. Connection and interaction between all organisms, and between inanimate objects like rocks and water, is an important feature of an ecosystem. Ecosystems with great diversity of species (biodiversity) are usually more resilient than systems with fewer species.

The [Convention on Biological Diversity](#) defines **biodiversity** as "life in all its manifestations" or the variety of all life forms. These life forms are divided into three levels. The first level relates to the genetic material in the world, the second level is about species and the third level about the variety of ecosystems.

The following companies participate in CoP FiNC:

ABN AMRO, Achmea, ASN Bank, FMO Bank, De Friesland Zorgverzekeraar, ING, J. Safra Sarasin, NPM-Capital, Rabobank, SPF Beheer, StartGreen Capital, Tonicc and Triodos.

Examples of questions that emerged from the preparatory interviews are: What do financial institutions already do to contribute to the preservation and enhancement of biodiversity? Which tools can be used for which decision-

making/investment process? In what way is data being gathered and what is accessible, up-to-date, reliable data? During the kick-off meeting the following strategic agenda was formulated:

- What does biodiversity mean for financial institutions?
- What is the (financial) value of ecosystems?
- How can the impact and dependence on natural capital be measured?
- What strategy (impact investing, ESG, exclusion) should be chosen to implement the value of natural capital?

Participants take turns hosting the meetings at a location that illustrates their financial practice concerning natural capital. The group has met four times in 2014 and will continue with 4 meetings in 2015. The Ministry of Economic Affairs (EZ) supports the CoP by providing professional process facilitators from the Netherlands Enterprise Agency. The facilitators will help the group to formulate the strategic agenda based on their own practice. Moreover, they will support the availability and sharing of knowledge.

## Green Table

It is important that developments within the EU and on a wider international level are taken into account. The insights from the CoP FiNC will be shared internationally through the relationships of the participants with international forums and a Green Table (international sounding board). The Green Table consists of representatives from NGO's (IUCN NL, True Price, WRI, WNF, VBDO), business associations (MVO Nederland / CSR NL, De Groene Zaak / Green Business), science (PBL, SFL, IDH, Avans Hogeschool) en government (Ministry Economic Affairs, Ministry Infrastructure & Environment, PBL, Green Deal board).

## Predecessor Community of Practice Business & Biodiversity

The CoP FiNC is one of the results of the Community of Practice Business & Biodiversity in which 14 companies from different sectors participated. In 10 meetings over a period of two years the CoP B&B resulted in:

- An acceleration of the implementation of policies and practices of the participating companies
- A [publication](#) for companies that want to start working on biodiversity
- A better understanding of problems and opportunities related to stakeholders, such as the government and NGOs
- New coalitions and a new (digital) network
- Insights in the needs for systemic change and transition and a dialogue with government concerning legislation

The conditions for a successful CoP include a group of people with practice, the commitment of the participants, a group based on mutual trust, the openness to exchange knowledge and experience, and process management on a system level.

## Contact

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## Ongoing results 2014 - 2015

CoP FiNC met four times in 2014. For every meeting homework was made, an inspirational speaker invited and dilemma's and practical solutions were discussed in small groups. The themes of the meetings were:

0. Getting to know each other in the kick-off session
1. The value of natural capital and biodiversity / ecosystems
2. The way to measure impact on natural capital
3. The business case of natural capital for a financial institution

In 2015 the CoP will again be organised four times on the following theme's:

4. Investment strategies for doing less harm or doing good for natural capital
5. How to measure impact revisited (to be held in June)

The other two are still to be decided by the group. Of all the meetings a public summary is made available and forms de rest of this document.

The Green Table had its first meeting in March 2015 and made an inventory of systemic changes for accelerating the greening of the financial system. A public document is not made (yet).

## Kick-off session

### Opening

Interface hosted the Community of Practice (CoP) kick-off session on behalf of the ASN Bank, who co-invests in Interface. Moreover, the initiative for this community came from the ASN Bank, as a direct result of their experience with an earlier CoP for Business and Biodiversity. They had indicated their interest in a CoP for the financial sector in order to learn more about the relationship between investment and Natural Capital in conjunction with the rest of the sector. The Ministry of Economic Affairs (EZ) has approved this initiative and the “Rijksdienst voor Ondernemend Nederland” has been assigned as process facilitator. The purpose of the kick-off session is to get to know each other and to jointly give shape to the strategic agenda.

### Welcoming words by host Jan Hasselman, CFO of Interface

“Banks are enablers of green growth. Companies like interface have been engaged in green growth, sustainability and social innovation for a long time already. Our investors, such as the ASN Bank, know that. We would like to share our knowledge. I warmly welcome the fact that financial institutes come together in this CoP in order to try to figure out how the value of Natural Capital can be taken into account for investments.” Interface is a manufacturer of carpet tiles, it has an annual turnover of 1 billion euros and it is listed on the NASDAQ. CEO Ray Anderson presented and implemented the company’s Mission Zero in 1994, inspired by the book “The Ecology of Commerce” by Paul Hawken. Mission Zero is Interface’s ambition to eliminate any negative impact the company may have on the environment by the year 2020. The company is stirred by this mission via strategic goals, budgets and incentives. Interface started a fishnet-recycling project [Net-Works](#), where Nylon6 from fishnets is recycled to make new yarn.

Jan Hasselman indicated that the economic feasibility of Mission Zero results in new partners and supply chains, striking investments and new business models. For the constant supply of nets, for example, it was necessary to work with new partners, institutionalize this relationship and make a new revenue model for local fisherman. The fishermen earn money by collecting discarded nets.

### Tour at Interface

Geanne van Arkel showed how carpet tiles are made, how they are cut with an ultrasonic cutting machine, and how materials are extracted from its business. Interface is preparing for what the future will bring them, and by doing so it believes it can become a truly restorative enterprise.

### **CoP FiNC: An instrument for transition**

Caroline explained the features of the CoP FiNC: “This CoP is not a network of financial institutes, but a network of people who are intrinsically motivated, who are open to cooperate and discover new pathways. You can bring knowledge and take knowledge back to your own business, then get your colleagues involved.”

- *Practice* is key in a CoP and is what makes it distinctive;
- A CoP is a route towards transition and fits into the social policy-instruments of EZ, which focuses on Green Growth.
- The process Facilitation provided by RVO.nl fits into the vision of the new working method of the government: participants set the agenda, the government then connects the participants with the context, helps to enrich the process, creates conditions and takes away system barriers.

### Sharing CoP-experiences ASN Bank - Interface

Jeroen Loots and Geanne Arkel were both participants at the Community of Practice Business & Biodiversity (2012-2013). What did the CoP B&B bring them? What is the best working method?

Jeroen said that Geanne / Interface and Ray Anderson’s book taught him that it is both inspiring and feasible to set a quantitative target for climate policy. This inspiration also led to the creation of a quantitative target for the ASN Bank: 'Carbon neutral by 2030' for investments.

This former CoP was successful because participants came from a large variety of sectors, and cooperation led to accelerating practice. Jeroen expects this to happen in the current CoP as well. Geanne van Arkel learned how the relationship between a business and biodiversity is within other sectors (such as food, ports, estate, energy, contracting, drinking water, etc.). Furthermore, the CoP was effective for entering into unexpected collaboration and knowledge sharing. The ASN Bank now wishes to exchange knowledge with its own peers in order to move forward together. The best way of working is to meet up frequently with all the participants in order to build up trust. The knowledge of each participant will expand if everyone is well prepared content-wise, while having a look at some of the projects where the participants invest in.

### CO<sub>2</sub> policy ASN Bank by Peter Sprengers; let’s pass on to the subject of biodiversity

In his presentation, Peter Sprengers talked about the role and impact of financial institutions around Natural Capital and explained why the ASN Bank has taken the initiative for this CoP. “It’s a new era in which a new

approach is needed for businesses and governments” said Piet. “It would be good if financial institutes can take a similar approach so that the wheel does not have to be re-invented”.

For its three pillars (human rights, climate and biodiversity) the ASN Bank wants to make impact measurable in order to be able to determine the objectives. Something comparable to the climate pillar (neutral CO<sub>2</sub> in 2030), should be created to measure the impact of investments on biodiversity (“no net loss”). To measure the impact of the investment in climate change, Ecofys has created a methodology for carbon footprint (according to the Greenhouse Gas Protocol). The impact of the investments of the ASN Bank in climate change determined the objective of the company: to be climate neutral by 2030 in all its assets (investments, mortgages, green bonds). Through reporting and operational plans the bank is on its way to achieve this goal.

### **Strategic agenda**

Caroline van Leenders indicated that a lot of questions and dilemma’s had arisen from the preparatory interviews. Prior to the kick-off session RVO.nl divided these long-list issues into 10 topics. During the kick-off session participants indicated which topics had their priority and on this basis the program for 2014 was compiled. We made a strategic agenda out of the top three themes: 1) What is the value of biodiversity? 2) What impact do you have and how can this be measured? 3) Which strategy do you want to follow?

### **Green Table**

Around the CoP FiNC a *green table* will be appointed (± 8 persons) in order to secure both national and international involvement and support. The aim of the sounding board is to reflect on the process and content of the CoP, to identify developments in the context of the CoP, and to make sure that the CoP will be embedded in the societal field of the participants and the government.

### **Closing and feedback**

When looking back at the kick-off session, participants concluded that biodiversity is a difficult subject, but important. They wish to collaborate, learn from each other, and give an open and active contribution. There is a need for these kind of meetings, where one does not know in advance what will come out. There is a belief that unexpected moments/people/encounters do help when something big is about to happen, which is exciting with many opportunities to learn, and many new challenges to overcome in a short time. About the process: it runs smoothly and is definitively leading to something, such as the realization of the strategic agenda. It is a nice, diverse and open group. The way of guidance is open and uninhibited, and participants find it positive to switch between activities. We are moving towards a tipping point. There are many paths up the mountaintop. The tour gave an interesting look behind the scenes at a sustainable company, great location. Many terms are still very remote for some participants. Internal support is important for the outcome of the CoP, so participants may definitively bring a colleague to the next meeting.

## Summary first meeting, the 5th of June 2014

### - Natural Capital / Biodiversity and ecosystem value -

#### **Presentation Gooisch Natuurreservaat (GNR)**

Bert van der Moolen, director/steward of the Gooisch Natuurreservaat (2800 hectares, annual operating of €1.9 million) said that it is a challenge for site managers to cover the costs of managing natural and recreational areas. Research shows that nature accelerates a health recovery. Consequently, they are searching for new business models that look at the connection between nature and healthcare or the "Healing Environment". Because of its proximity to nature, Tergooi expects that their new hospital will perform better (e.g. patients require a shorter stay). For this new model to work, a long-term cooperation and new coalition partners are needed. The GNR and its business partners are looking at how nature can be used for preventive and curative care ([www.planmonnikenberg.nl](http://www.planmonnikenberg.nl)).

#### **Opening**

Caroline van Leenders opened this first thematic session of the CoP. More and more attention is being paid to biodiversity, the value of ecosystems and the role of financial institutes. They fit into this new era.

#### **Speaker: Keimpe Wieringa (PBL)**

Keimpe Wieringa of the PBL (Netherlands Environmental Assessment Agency) was invited to give insights into what biodiversity and ecosystem services are and help understand of the role of financial sector when talking about these topics. In 1992, the UN formulated a definition of biodiversity, which includes three indicators: species, ecosystems, and genetic variation. Research shows that biodiversity has declined within all these indicators and on all scales: here in the Netherlands, Europe wide, and globally.

The global loss of biodiversity is measured on the basis of Mean Species Abundance (MSA), which assumes that all ecosystems have the same value per hectare. Ecosystem degradation is mainly caused by the food and the timber sectors, for which land productivity will be a key aspect for future survival. The fastest growing sectors in CO2 emissions, and thus the major cause of global loss of biodiversity, are the sectors of energy and transport. Climate change contributes to the decline of biodiversity.

Ten years ago, the concept of ecosystem services was introduced in order to express the utility of nature to mankind. There are four types of ecosystem services:

- Production Services (food, timber, water, etc.)
- Regulating services (pest control, pollination, carbon sequestration, etc.)
- Cultural services (recreation, health, etc.)
- Support services (nutrient cycle, soil, etc.)

The goal is to keep these ecosystem services up to standard. Many goods and services come from Dutch ecosystems. However, the use of foreign ecosystems is increasing because we import of food and other goods. This leads to risks with regard to supply security and underlines the urgency of reducing pressure on foreign ecosystems (for more info. see the PBL study on [sustainable supply chains](#))

In the Netherlands, there are various policy options available such as tax benefits, subsidies, payments for ecosystem services, and investments in natural capital. The WBSCD/OECD has indicated the effectiveness and feasibility of these policy options. It also outlined the need for greater political urgency on the topic than is currently the case.

There are perspectives for sustainable supply chains involving a different distribution of roles between public and private parties:

- 1) Strengthening voluntary sustainability (working towards self-regulation and transparency)
- 2) Assuring that a sustainable supply chain becomes the norm (having no indication of permissiveness nor lower boundaries)
- 3) Scaling up sustainable production elsewhere (professionalizing farmers and steering on conditions?)
- 4) Having an integral look at the supply chain (using raw materials efficiently and having a critical regard on consumption)

The participants recognized the issues that were discussed. Keimpe indicated that it is important to screen your own supply chain in order to know where your impact on ecosystems lies and to develop strategies to reduce this impact by, for example, subsidizing commodities. Keimpe urged the public to showcase their best practices as a way of highlighting the sense of urgency with politicians and citizens. There is an on-going search for the best way to get the message across to society. Accessible programs such as Spring Watch (BBC2) or a documentary about the underwater world of Bonaire can help.

### **Discussing the definition and biodiversity value of ecosystems**

In order to prepare for this meeting, participants answered questions about biodiversity and the relationship of biodiversity with their businesses as homework. Several insights were provided while sharing this information in small groups:

- In order to create urgency, good stories are needed
- Biodiversity is a prerequisite to be able to achieve your mission
- Focus on sectors with the greatest impact
- Biodiversity = resilience = robust = low risk
- Climate and biodiversity are connected and, by default, the CO2 and MSA indicators

New questions also arose, such as:

- Should we leave nature policies to the market?
- How far do you go in your mission?
- Should biodiversity be treated in isolation or as a by-product of other issues?

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### **Mapping international organizations**

Intern Nierika Hamaekers has mapped the international organizations that potentially could be relevant for this CoP. In her mind map she distinguishes several categories: sustainability, sustainability and financial institutes, natural capital, natural capital and financial institutes. She asked the participants which organizations they believed are the most important for CoP FiNC from the perspective of gaining knowledge or to becoming a member as a way of increasing their impact. The contributions of the participants were incorporated in the final version of the mind map, which was attached to the report of this meeting and was shared on the [LinkedIn group](#) CoP Financial Institutes and Natural Capital.

### **Organizational issues**

Participants want to continue with CoP FiNC in 2015. Desired direction:

- 1) The focus and range of biodiversity (impact and monetizing, value and strategy)
- 2) Cooperation on financial flows
- 3) Dialogue with companies and communication

### **Closing and feedback**

At the end of the meeting an evaluation round provided the following feedback:

- The Monnikenberg project accurately connected nature with healthcare
- The presentation of PBL was insightful and yielded interesting definitions and figures
- The role of financial institutions should be further developed
- More attention should be given to cooperation
- This could be done through presenting a concrete investment case
- Diversity in the group is good and makes CoP FiNC powerful

## Summary of the Second meeting on the 16th of September 2014

### -Impact measurement-

#### **Opening** Host of the location Triodos Foundation

Ted van den Bergh, director of Triodos Foundation, explained the challenge to invest in biodiversity. The foundation has financed the [Bee Paradise](#) to explore the strength of nature. Since the 1,5 years biodiversity has been returning because of the cooperation of Triodos Foundation, [Landgoed Roggebotstaete](#), landscape architects and University of Wageningen. The business case is still being developed. [Green Organics](#) is an association that takes an inventory of the farmers' organically grown supply and connects them to packaging companies, distributors, retail and customers.

#### **Impact measurement**

The central topic of this second meeting of the CoP is "Impact measurement". Reflection on the preparatory questions and answers of the participants makes clear that:

- Goals for measuring impact differ from no goal to relatively concrete goals and timeframes (i.e. halve the footprint in 2020).
- Indicators for measurement (CO<sub>2</sub>, water, TJ etc.) are reported but there is no agreement.
- Methods vary from existing certification schemes to self-made instruments.
- Talks with organizations that work on monetization have started.
- All agree on the situation that relevant data of companies are not easily obtained.

The participants discussed the preparatory questions on impact measurement in small groups. This resulted in specific questions to be shared with the speakers:

<b>Aim and focus</b>
Measurable, what and why?
What are the major pitfalls on biodiversity when the focus is on energy?
Is impact measurement more than an instrument to make positive impact mainstream?
<b>Investment</b>
How are mainstream investors dealing with natural capital?
Do scalable investments in biodiversity already exist?
How to use energy to finance nature?
<b>Indicators and data</b>
What experience do others have with obtaining data from companies?
Which simple parameters could we use in accounting?
Are land use and water use the best indicators for financial institutes?
Data collection on water and land use; what will be done by certified bodies and what by companies?
How to stimulate demand for data?

#### Speaker: Geert Bergsma (CE Delft)

Caroline invited Geert Bergsma of CE in Delft to present the [Benchmark Biodiversity](#) study commissioned by the Dutch Ministry of Infrastructure & Environment. Goal of the study was to explore the methodologies available for quantifying the impact of business activities on biodiversity. He presents the lessons learned on impact methods that financial institutes can use to measure impact on ecosystems from their investments/participations.

Biodiversity is decreasing in tropical areas and seems stable in The Netherlands, figures: 70% impact by import, 30% impact in the Netherlands. Impact in the tropics is caused by procurement/imports of Dutch companies. Impact has to be reduced with 67 to 75% to achieve a sustainable level. The question is who has the right to use the ecosystem services?

CE has searched for an ideal biodiversity indicator with criteria such as quantitative, one, world, scales, local differences, time to benchmark companies. An ideal indicator doesn't exist and will not be on the market for the next ten years. Geert Bergsma: "Measuring biodiversity is never perfect, but we tried to do it in the best way." A combination of most suitable methods to gain insight into the impact of Dutch business sectors on biodiversity was selected: ReCiPe (a LCA methodology) and water scarcity (Pfister). ReCiPe starts with pressure factors. The endpoint for measuring biodiversity is: 1) Human health 2) Ecosystems species/year (how quick species arrive/disappear) 3) Resources. The ReCiPe method gives insight into:

1. Impacts: sector analysis, case studies, quantitative.
2. Trends, developments and policy.



- Quantitative sector analysis for 6 sectors: food and stimulant industry 26% impact, agriculture 19%, wood industry 8%, chemical industry 8%, energy industry 8% and metal industry 8% impact in The Netherlands.

The study Benchmark Biodiversity delivered successful cases studies at Dow Benelux, Tata Steel and Unilever. The results are based on the data of the companies and supplied recognizable insights for them. The contribution of import is significant. The largest impact comes from climate change and land-use. Companies in key sectors report almost all on CO2-eq but land use is not included at all in their annual reports. These are the two most important pressure factors, land-use needs more attention. GRI biodiversity indicators are not yet included. Sector trends point out there is no sector policy on biodiversity, little understanding of the value of biodiversity and no sense of urgency.

Main conclusion is that the ReCiPe indicator supplemented with the water stress indicator is useful to measure the impact of companies on global biodiversity and can be used by financial institutes. Sectors can be compared. Benchmarking can be done by making a chain performance indicator by adding biodiversity impact and sourcing and dividing it by turnover. Benchmarking of companies with a company performance indicator (biodiversity impact without sourcing / added value) is not yet possible for the lack of public available data. Large companies can easily calculate their own score with use of company data. Some companies keep ReCiPe results private, as they are not obliged to publicise. For smaller companies data is not easily available.

#### Reflections on impact measurement by Hedda Eggeling (Steward Redqueen)

Caroline invited Hedda to reflect on the discussions in CoP FiNC and to explain about the way Steward Redqueen measures social issues for clients in the financial sector. They work for development banks and commercial banks mainly in developing countries. Data is derived from the GTAP database (Global Trade Analysis Project). An investment has impacts on direct clients but also on the economy as a whole:

direct economic output (by local procurement), supplier revenues (by expenditures) and suppliers' revenues (their expenditures). They have started to measure CO2 emissions. There are trade-offs between People, Planet and Profit (CO2, jobs, added value).

Tips and observations for CoP FiNC:

- Take your time to decide on your impact goal.
- Financial Institutes are engines of economic growth and externalities come with development. How do you take that responsibility?
- Measuring financial impact is hard, quantifying social & environmental elements is even harder.
- Measure as much as possible with as little as possible.
- Determine sphere of control and sphere of influence. Where to draw the line in impact quantifications?

#### Lessons learned

Anne-Marie Bor moderates the outcome of this afternoon. What are main lessons learned?

<b>Target</b>
Single target versus multiple targets? Take your time to decide
<b>Measuring</b>
Measuring = knowing. It starts the consciousness about impacts on biodiversity, and thus the need for action
Starting point to show that aspects of biodiversity are measurable
<b>Aspects / indicator</b>
Land use & water are aspects for measuring and setting a target
CO2-target can be formulated apart from water and land use
<b>Method</b>
The ReCiPe method is an eye-opener. The use depends on your goals (local vs global)
<b>Data</b>
More company data available at multinationals than expected
<b>Cooperation</b>
Co-operation between governments, NGO's, universities and business is essential to solve today's problems
We need more exchange of knowledge: economy / ecology / finance / biology / governance / politics / psychology / communication / etc.

## Summary third meeting, November 6th, 2014

### - Business case Natural Capital -

#### Opening

Caroline van Leenders opens the third meeting of CoP FiNC and presents some observations. There is a growing interest in natural capital in the financial sector, the market for Green Bonds is developing, more and more companies are looking into CO2, and various parties are sharing methodologies. But the value of natural capital is not easily translated into business models. Caroline states that natural capital for the financial sector is complex because of the large distance to ecosystems. Since the last meeting, talks on natural capital were held with the NCC, EU Platform Business & Biodiversity, the EU NNL Initiative, Sustainable Finance Lab, VBDO and BuZa (iMVO). CEOs of these organisations will be brought together around the CoP in a "green table" chaired by Jolande Sap.

#### Presentation ABN AMRO on their real estate policy

ABN AMRO presents its new policy on real estate; the combination of life cycle and cash flow. As a result of this combination the usual period of return perspective of 3-5 years will be longer. A reversal is also introduced: no longer buying at the lowest cost, but a switch to who can build the best for a given budget. Unsustainable property will no longer be possible to sell. Real estate that is at the end of its life cycle will be paid off and demolished. The new policy was initiated based on the observation that companies, that have a vision of sustainability, create higher returns with lower risk. ABN AMRO realized that cooperation with these customers leads to adaptability, durability and marketability of property. To be able to understand the performance of these customers, the bank had to invest in knowledge. ABN AMRO will use this knowledge to improve the performance of customers with lower returns and greater risks. Moreover, a new innovation fund is established to support ABN AMRO customers financially in achieving sustainable innovations. To get bank personnel on board, taking them out on trips to sustainable innovations in buildings (like Park 2020) proved effective. Another experience is that municipalities should be involved because the area around a building is important for its value. ABN AMRO has approached the Dutch Green Building Council to encourage municipalities to invest further in the public space around property. For the business case on real estate, EU legislation is an important driver. By 2020, the EU will prohibit real estate with a score lower than C label. All in all, ABN AMRO is inspired by this new policy and thinks that they are going in the right direction.

Comments: A smart idea to follow successful entrepreneurs. We have built 50 years based on efficiency and lost sight of people's needs and their surroundings; that must come back again. This is a nice turn in policy that inspires employees and leads to new knowledge and relationships.

#### Presentation Zwitserleven on learning from carpet tiles for pension

What can ZwitserLeven learn from Interface's approach and transfer that to the way they organise pension funds? Interface started working on a circular economy in 1994. The vision of CEO Ray Anderson has created space for innovation. People at Interface are intrinsically motivated. They realize that everything the company needs comes from nature. They use knowledge from nature to close material cycles as part of Mission Zero. A good example is the approach of the raw material for carpets. Carpet tiles are made of Nylon 6. Interface boosted the recycling of old carpet tiles and also sought other sources of nylon 6, such as discarded fishing nets. This created new markets and business models. Read more in Dutch about their approach to their raw materials in the E-book "business and biodiversity" under publications at [www.duurzaamdoor.nl](http://www.duurzaamdoor.nl). Furthermore, Zwitserleven is working with the Sustainable Finance Lab on social capital (OECD better life index), and with ING and Rabobank on circular criteria for their lending policy. The story on [YouTube](https://www.youtube.com/watch?v=...) by Marshall Clemens on how the financial sector has become separated from the real world is also relevant and interesting.

#### Lessons of Interface for Zwitserleven:

- Eliminate the waste in products and processes. Zwitserleven can reduce the number of products. They must make three movements: from simple to complex, from guaranteed to investment and from collective to individual.
- The intrinsic motivation of staff is important, as is the support from the top. The new leadership program at Zwitserleven focuses on cooperation, innovation and entrepreneurship.
- Through practical cooperation with clients, new insights and drive are gained.
- Look for trends and customer needs. How long will a pension last? Start with the basic needs of customers: an adequate income, health care, a green and liveable environment. Then co-create

an investment strategy with investors and users. Climate change, human rights and biodiversity are fundamental. Learn from patterns in nature.

### **Presentation Achmea on responsible investing**

Achmea has incorporated 'nature' within its responsible investment strategy. Achmea is working sustainably in the area of its real estate portfolio (by Syntrus), its offices and the waste they produce. The focus is on five core themes of the 'Eerlijke Bankwijzer' ([www.eerlijkebankwijzer.nl](http://www.eerlijkebankwijzer.nl)). Biodiversity is an important topic in the core nature theme under the Enhanced Engagement Program. A second key theme is health. Biodiversity is linked to health, for example, because the tropical rainforest supplies the raw materials for drugs. Questions from CoP participants were: does Achmea also take into account the relationship between nature and prevention, is it possible to assure nature and how would a reversal as presented by ABN AMRO and Zwitserleven work out for Achmea?

### **Developing a business case for natural capital**

Central to this CoP meeting is the exploration of the business case for natural capital on the basis of the "Green to Gold" model ([www.eco-advantage.com](http://www.eco-advantage.com)). Facilitated by Anne-Marie Bor, the CoP comes to the following insights:

- *Benefits:* The involvement of natural capital in financial goods and services creates new value(s), drives innovation and opens new markets. However, because the benefits are, often for another party, it requires new business models and new partnerships. New concepts are developed such as Total Cost of Ownership, the life cycle of buildings, and quality as a starting point rather than budget. Nature can serve as inspiration for innovation.
- *Reputation:* [Research](#) shows that negative events regarding natural capital have a large impact on reputation. Using nature enhances a positive image. Developments such as legislation, fair banking and insurance, put natural capital within the company on the agenda.
- *Savings:* Very little is known about savings in relation to natural capital in the financial sector. In real estate investment, savings can be found in reducing energy and water consumption. Learning from nature can also mean less financial products, more simplicity in the products and therefore lower costs in IT and back office.
- *Risks:* We are totally dependent on nature. To become future-proof a long-term vision is important. There are several risks around natural capital such as the risk of loss of value (real estate), risks on supply (medicine), the risk of yield loss (investments) and image risks (investments).

The theme of 'people' is added to the model because it came back in several presentations.

- *People:* Permanent intrinsic motivation of the CEO and employees is important. Make biodiversity visible, tangible and close. Embed the relevant aspects in a dashboard for anchoring.

True Price: Caroline mentions that a recent [draft report](#) from True Price on the business cases of true pricing is put on their website. Caroline emphasizes that we will monitor the development of True Price for CoP FiNC. Especially its activities on monetisation and its attention to the P of Planet. Four quarters are used in their business model: 1. Better decision making, 2. Better risk management, 3. Stimulus for innovation and

4. Reputation interest. The model is partly consistent and partly different from the Green to Gold model. Based on the understanding of the business case, the project team has applied this model in three product / service combinations namely: 1) investing in real estate, 2) pensions and 3) insurance.

### - Investing Strategy -

#### Opening

Central question in this meeting is which investment strategy improves the impact on natural capital the best? Caroline van Leenders summarizes the developments since the previous session (November):

- The focus on natural capital increases: meeting on Impact investing at Triodos, WRI about finance for climate at SER ([New Climate Economy](#)), [iMVO Covenant](#) and the [Natuurtop](#).
- International developments in natural capital: [presentation EU Platform B@B workstream Finance](#), participation CoP FINC participants in Natural Capital Protocol.
- The Green Table FINC starts on 19<sup>th</sup> of March and aims to mobilize system actors around FINC for upscaling. Participants: IUCN, True Price, WRI, WWF, VBDO, MVO NL, Green Business, PBL, SFL, IDH, Avans University, Ministry of Economic Affairs, Ministry IenM, PBL and Green Deal board.
- Caroline and Anne-Marie published the findings of the Community of Practice Business and Biodiversity (2011-2013). The [publication](#) provides insight into the relationships of dependence and impact on natural capital from business. It gives insights for financial institutions as enablers of green growth.

#### Presentation Annona, Nathalie Brouwer-Fast

Host SPF Beheer has asked one of its funds to give a presentation about their methods regarding natural capital. [Annona](#) ("Goddess of the Harvest") is a venture capital fund that wants to show that positively investing is possible. Annona invests in agricultural SMEs from Africa and Latin America to achieve economic growth in areas with labor-intensive processes. The funds running for 5 years now and the exits are expected to be realized within a period of 5 to 8 years. Annona chooses companies that have a track record; companies with customers and suppliers in countries where legislation exists. The whole chain must be traceable; it comes to long-term relationships with suppliers and customers and to shorter chains. Annona has a social purpose, but also wants to meet a required return for its shareholders. The social goal is a higher price for the farmers and training in order to prevent diseases. Natural capital is preserved by preventing land degradation by set aside land for a year. Depending on the situation, companies pay 5 to 13% interest on loans. And there are equity loans for a period of 5-8 years. Annona is a closed-end fund, because SPF Beheer at one time needs money to pay pensions. Annona is an "alternative investment fund" with a report obligation to DNB. DNB sees it as an investment fund, although pension funds are the owners, and annual detailed reports have to be delivered to the supervisor. Together with the quarterly reports to shareholders, this poses a substantial administrative burden.

#### Presentation Sustainalytics, Wilco van Heteren

[Sustainalytics](#) analyzes ESG data for investment decisions. The presentation concentrates on which investment approaches (exclude, best-in-class, impact investing, active ownership and ESG integration) work well for different asset classes (listed equity, non-listed and private equity, corporate bonds, sovereign bonds and lending / project finance). Important is the question "why you invest". Is the aim is to pay retirement later, or is it to contribute to a better world? Achieving two objectives with one instrument is tricky. You need long term thinking and enough opportunities to connect these goals. Some highlights:

1. **Exclude:** Research by Sustainalytics shows that exclusion has little to no effect on behaviour of large companies, because they can attract investors elsewhere.
2. **ESG:** the impact of ESG (particularly considering the impact on, and the dependency of companies on natural capital) shows limited impact on investment decisions of listed companies.
3. **Best-in-class:** there appears to be limited influence.
4. **Sovereign bonds:** there appears to be a relationship between companies and countries. This is not yet reflected in models of investors. With government bonds the degree of dependence of an economic structure in a country can affect the creditworthiness of a country. Therefore government bond investors also look at impact of companies and sectors that are of great economic importance for a country.
5. **Lending:** not many new conditions are set with regard to natural capital.

The [Global Sustainable Investment Review 2014](#) by GSIA shows the growth of sustainable investing per strategy from 2012 to 2014: Exclusion 74%, ESG integration 117%, Best-in-class -1%. Also

mentioned are Sustainability Themed Investing 136% growth, Impact Investing 26%, Engagement 54% and norms-based screening 82%.

## Lessons exploring Investment Strategy improving the impact on natural capital

### Strategy

- There should be more focus on *resilience* and dependency on natural capital.
- When the relationship between *risk and return* and attention for natural capital are demonstrated to be positive, there will be more for natural capital positive investment decisions.
- *Exclusion* can precede commitment. In an era of change, one should continue to exert influence and not exclude too quickly.
- You can achieve much with a *combination* of strategies. For example, combine impact investing with best-in-class, active ownership and possibly exclusion beforehand.
- Global Compact violators are 2 years on the ‘watch-list’ of Sustainalytics. You can apply *ESG engagement* with companies that violate before investing in them.
- An intensive and *long-term dialogue* with companies is crucial. This calls for an increase in knowledge and training for the investor and the investee. An example is the [Strategic Equity Portfolio](#) a portfolio with 60 to 80 companies and a scope of 7 years. Companies are positively selected and regular meetings take place on the structure and operations.
- Impact is possible by applying *positive selection*.
- With *best-in-class* check the relevance of available data.
- *Voting* at shareholders' meetings may have an impact, but the voting chain is used so far on governance, bonuses and appointments.
- By ‘doing good’ you create demand (pull, impact investing), by ‘doing less harm’ you stimulate divestment (push).

### Targets, criteria, data and measurement

- ESG investors should not only look at *impacts* on biodiversity, but also at how to know / measure the *dependence* of a company of natural capital.
- How transparent are *indices* and do they really work? Do companies adapt to it? They are based on the company policy and do not look at the actual implementation and results.
- Formulate *pro-biodiversity targets* in impact investing
- *Models* do not fit investments in biodiversity with regard to risks, time frame, size etc.
- There is a lot of *data* available to set goals.
- Avoid an unnecessary and complex measurement culture by too much focus on monitoring policies of financial institutions.
- Use *criteria* that have causality with natural capital, such as CO2, water, land use and pollution.
- [GIIN](#) (Global Impact Investing Network) is working on with *measurement methods*.

### Awareness

- Increasing awareness is necessary at *asset owners*. They do the job and should be more involved.
- The demand for sustainability among *consumers* is increasing. What does natural capital mean for them?

### Knowledge return and risk

- On what *scale* can you invest and generate *impact*?
- What is known on *risks* and *returns* of investments in companies that deal with their dependence and impact on natural capital compared with “index investments”.
- It is difficult to act on *impact investing*; what are the risks and returns? And short-term liabilities and long-term results?
- *Climate risks* are not in the models. The appropriate language, correlations and examples are needed.
- Should risks related to natural capital / climate be reported as *systemic risks*?

### Context / system aspects

- 15 years ago renewable energy was a form of impact investing. Now it is almost *mainstream investing*.
- There is a lot of *money available for sustainable investment*. Investors (including wealthy families) don't find their values reflected in current portfolios and ask for more sustainable investments.
- The role of *regulators* is crucial. Members of CoP FiNC want a dialogue with DNB (institutional investors) and AFM (consumer products) in order to adapt the system.
- More *collaboration* and knowledge sharing is needed.