

Finance for Biodiversity Pledge

Reporting Guidance for Signatories



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1. Foreword

The global biodiversity crisis presents an urgent challenge that requires coordinated and decisive action from all sectors of society, including the finance industry. As signatories to the Finance for Biodiversity (FfB) Pledge, we have recognised the pivotal role the financial sector must play in protecting and restoring biodiversity.

However, a commitment alone is not enough. To drive meaningful change, transparency and accountability are essential. This is where public reporting comes in. Through clear, comprehensive, and consistent disclosure of actions and progress toward the pledge, our signatories can demonstrate that the commitments are not just words on paper but concrete steps toward a sustainable future.

This **Reporting Guidance for Signatories** is designed to support the disclosure of progress on commitments made under the Finance for Biodiversity (FfB) Pledge. It outlines good practices for reporting on key areas such as impact assessment, target-setting, and engagement with companies. By following this guidance, signatories can work towards ensuring that their reports are not only transparent but also comparable, actionable, and aligned.

Publishing progress does more than fulfill a requirement; it strengthens the movement toward taking concrete action. Reporting is a key step in transforming our industry's relationship with nature, and through this transparency, we can catalyse further innovation, collaboration, and accountability in protecting the biodiversity upon which we all depend.

I would like to thank all signatories for their dedication to this cause and encourage the reader to use this guidance as a tool to ensure that our collective efforts translate into measurable and lasting impact.

By working together, we can harness the power of finance to reverse nature loss this decade.

Anita de Horde
Co-Founding Executive Director



2. Introduction: Reporting publicly

Pledge commitment: We will report annually and be transparent about the significant positive and negative contributions to global biodiversity goals linked to our financing activities and investments in our portfolios.

Signing the Finance for Biodiversity (FfB) Pledge is a voluntary commitment. Therefore, each signatory is responsible for fulfilling this commitment independently. This guidance document sets out expectations, recommendations and suggested additional resources for each Pledge commitment with best-practice Case Studies from FfB member institutions. Given the diverse and complex nature of the organisational structures and financial activities among our signatories, the guidelines provided in this document are intended as recommended best practices, not strict criteria.

Please note that, although the FfB Foundation offers internal assessments and reporting support to its members, it does not or will not score or evaluate reports from non-member signatories based on the guidance set out within this publication.

Reporting expectations

This section outlines key recommendations for signatories of the FfB Pledge to enhance the transparency, completeness, and impact of their annual reporting on biodiversity-related financing activities. By following

these guidelines, financial institutions can ensure their reports are aligned with legal requirements, demonstrate accountability, and link biodiversity considerations to institutional decision-making:

- **Annual Reporting:** Signatories of the FfB Pledge are expected to report annually on the significant positive and negative impacts of their financing activities and investments on biodiversity.
- **Transparency:** It is recommended that reports remain transparent and be published, ensuring openness about the effects of your activities.
- **Compliance with Legislation or Frameworks:** Reporting needs to align with jurisdictional legal obligations and signatories are encouraged to incorporate voluntary frameworks, such as [Taskforce for Nature-Related Financial Disclosure's \(TNFD's\) LEAP approach](#) (Locate, Evaluate, Assess, Prepare). Structuring your reports according to these standards ensures compliance with legal requirements while promoting best practices for clarity and effective communication.

- **Incomplete Information:** In cases where complete information isn't available across all financing activities, it's suggested to include a justification and/or detailed methodologies for any estimates used. Offering an explanation for any exclusions maintains credibility and promotes transparency, even if full data isn't available.
- **Link to Decision-Making:** It is useful to explain how the reported information relates to decision-making at the institutional level. Demonstrating this link shows how biodiversity considerations are integrated into your financial institutions' strategic decisions.

Type of disclosure

To maintain transparency and accountability, we recommend that signatories develop a comprehensive plan for publicly reporting on the Pledge commitments. Financial institutions are free to choose the appropriate channels and formats for their disclosures as long as they are publicly available, including:

- Impact/Sustainability/ESG reports
- Annual reports
- Website disclosures

Covering drivers of biodiversity loss

The FfB Foundation encourages signatories to report on a broad range of material topics to their portfolios, addressing the key drivers of biodiversity loss as overarching themes. As identified by the Intergovernmental [Science-Policy Platform on Biodiversity and Ecosystem Services \(IPBES\)](#), these drivers include:

- Land and sea use change
- Direct exploitation of organisms
- Climate change
- Pollution
- Invasive alien species

By addressing these multiple interconnected drivers, rather than focusing on a single issue, signatories can provide a more comprehensive view of their biodiversity impact and contributions to solutions. This may include an assessment on the level of positive impact generated, rather than assessing mitigative actions towards negative impacts alone. When reporting on positive impact, we encourage signatories to explain the extent to which their portfolio strategies align within the typology put forward in the [Finance for Nature Positive: Building A Working Model discussion paper](#).

Reporting timeline

Signatories are committed to report on their progress using data from the previous year.

- Financial institutions that **signed the Pledge** in 2023 or earlier are committed to begin annual reporting on the five commitments starting in 2025, using data from 2024.
- Financial institutions that **sign the Pledge in 2024 or later** will have two years to implement the commitments. For example, those signing in 2024 will publicly report by 2027 using 2026 data, and those signing in 2025 will report by 2028 using 2027 data, and so on.

This two-year extension for new signatories aims to encourage more financial institutions to join the biodiversity movement, allowing them additional time to meet the Pledge commitments, become FfB members, engage in working groups, and collaborate on biodiversity initiatives.



3. Collaboration and knowledge sharing

Pledge commitment: We will collaborate and share knowledge on assessment methodologies, biodiversity-related metrics, targets and financing approaches for positive impact.

Financial institutions play a critical role in addressing biodiversity loss by financing initiatives that restore ecosystems, conserve biodiversity, and reduce the drivers of biodiversity loss. Given that biodiversity is a relatively new topic for many financial institutions, collaboration and knowledge-sharing are essential for building expertise and driving effective action.

To succeed, financial institutions can work closely with peers in the financial sector as well as corporates, scientists, NGOs, and other stakeholders. Pledge signatories are expected to report on their internal and public knowledge-sharing activities throughout the reporting period, including insights on assessment methodologies, biodiversity metrics, target-setting, and financing approaches aimed at reducing negative and increasing positive biodiversity outcomes.

Reporting recommendations

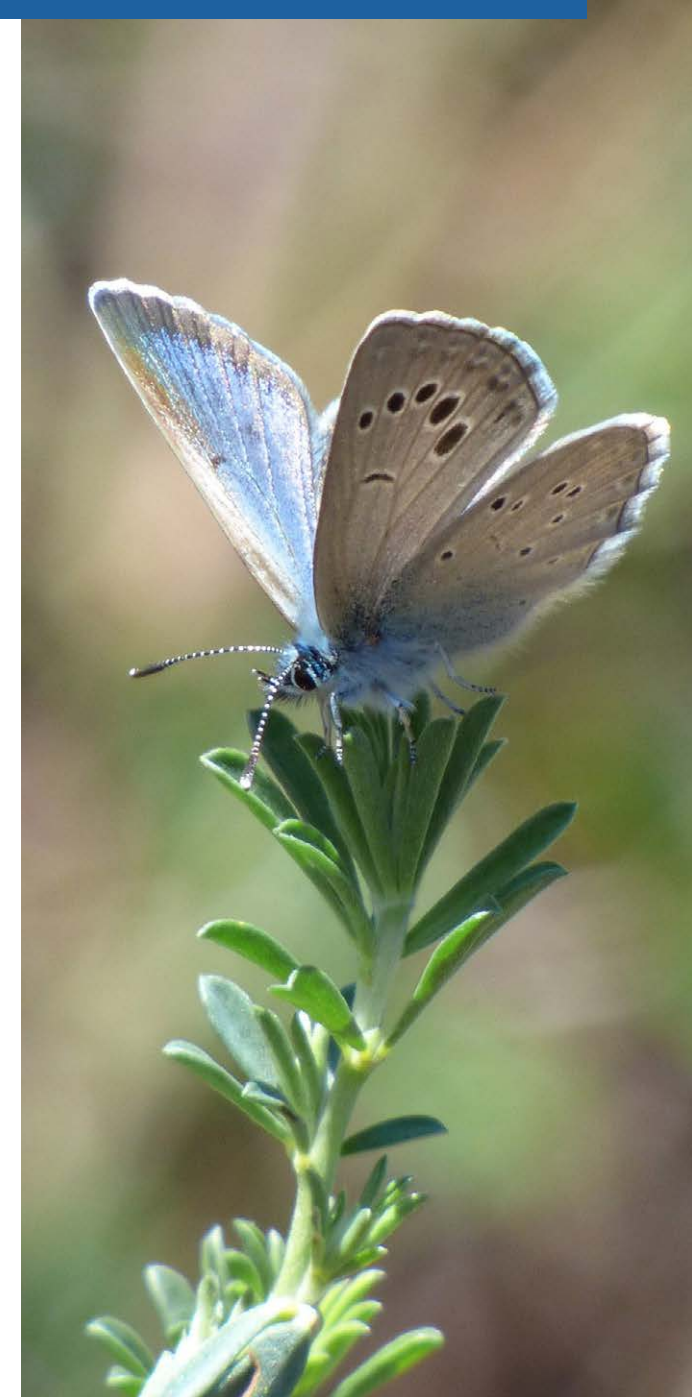
Within their reporting, the FfB Foundation recommends that signatories disclose the following key elements:

- **Name and format of collaborative initiative(s)**
e.g. *Membership of collaborative initiatives, platforms, organisations etc.*

- **Types of institutions collaborated with**
e.g. *Other financial institutions, corporations, policymakers, NGOs, academic departments etc.*
- **Key activities**
e.g. *Active participation in working groups, provide feedback to consultation papers on policy and legislation etc.*
- **Tangible outcomes**
e.g. *Production of technical guidance publications for other financial institutions etc.*

Additional resources

All Pledge signatories can become members and collaborate within the working groups, programmes and events of FfB Foundation. Signatories can also refer to the [Overview of Initiatives for Financial Institutions](#) for a detailed matrix of global collaborative initiatives for financial institutions on biodiversity. Please note that this compilation is not exhaustive and participation in local or otherwise not included initiatives is welcomed.



Good practice example

In addition to actively partaking in various collaborative initiatives such as the FfB Foundation, PRI, FAIRR, CDP, and the Cambridge Institute for Sustainable Leadership - Nature Positive Hub, Manulife Investment Management has identified and showcased nature-related existing collaborative initiatives within a **Nature Positive Ecosystem Map**. This mapping exercise is designed to support investors and financial institutions in their understanding of nature-related initiatives within a broader ecosystem rather than as isolated players acting independently.

Furthermore, Manulife Investment Management's expanding collaborative work into different industries is reflected in their participation in their internal **Global Engagement Research Initiative (GERI)**. This programme consists of bimonthly meetings with equity, fixed-income, and sustainable investment professionals to present pertinent research for different sectors, including deforestation regulations and data sources, as well as sustainability scoring within the industrials sector. These meetings provide a dynamic learning environment in which decision makers are exposed to, and can challenge, new investment ideas and enhance their active ownership practices.

'No one company can evaluate and understand every framework, tool, and metric in the context of all of its investment activities. We recognise that full-scale collaboration with every organisation represented in the nature-positive ecosystem map isn't possible, but we continue to learn by participating in workshops and webinars. In short, companies must have partners that can share best practices and lessons learned as they apply developing resources to their nature-positive journey.'

– Brian J. Kernohan, Chief Sustainability Officer,
Manulife Investment Management



Evidence

[The Nature Positive Ecosystem Stewardship Report 2023](#)

Good practice example

Storebrand Asset Management is an active co-chair of the FfB Foundation's Public Policy Advocacy working group, through which the firm participates in engagement with governments, co-drafting publications and collective statements, and makes significant contributions during global events such as COP. Membership of the FfB Foundation provides Storebrand Asset Management with a platform to continuously share and contribute knowledge on biodiversity topics as industry thought leaders. Storebrand is also a founding member of Nature Action 100+ and the Investor Policy Dialogue on Deforestation (IPDD) Initiative, as well as being an active member of the collaborative engagement platforms SPRING of UN PRI and FAIRR.

'Biodiversity might be new and complex, with tools and methodologies not fully mature yet, but we have what we need to get moving. Get started somewhere, and be open to adapting as market tools, standards, and knowledge evolve – it's going to be an iterative process.'

– Emine Isciel, Head of Climate and Environment,
Storebrand Asset Management



Evidence

[Progress on Nature and Climate 2023](#)



4. Engaging with companies

Pledge commitment: We will incorporate criteria for biodiversity in our ESG policies, while engaging with companies to reduce their negative and increase positive impacts on biodiversity.

This commitment involves two key elements. First, signatories integrate biodiversity criteria into their ESG policies. Second, they actively engage with companies on biodiversity issues.

To address the first element, signatories can enhance their ESG policies by incorporating biodiversity into climate or net-zero strategies and including it in exclusion and engagement policies. This integration is essential for halting and reversing biodiversity loss within investment portfolios.

For the second element, signatories are encouraged to improve communication with companies on biodiversity and set objectives to mitigate negative impacts and boost positive contributions. Part of this may include developing and reporting on a comprehensive engagement approach, conducted directly or through partners, that aligns with investment strategies and sector exposure, including qualitative and quantitative objectives related to biodiversity loss. This process can be used to strengthen ESG policies and decision-making processes on biodiversity by incorporating feedback from engagements and ESG data as a direct result of the engagement practices carried out.

Key reporting recommendations

We recommend that signatories disclose the following elements in their reporting to demonstrate alignment with this Pledge commitment:

1. Identified biodiversity topics and challenges
2. Goals and objectives
3. Mode(s) of engagement action
4. Engagement outcomes
5. Escalation (if applicable)

Below is a list of explanations, based on the five elements outlined above, that we recommend signatories include in their reporting to align with this Pledge commitment:

(1) BIODIVERSITY TOPICS AND CHALLENGES

- **Drivers of biodiversity loss or ecosystem service:** e.g. one or multiple ecosystem services or the five drivers of biodiversity loss identified by [IPBES \(2019\)](#).
- **Geography and biomes:** e.g. particular continent, country or region including terrestrial, freshwater or marine biomes or specific biomes such as tropical forest, temperate grassland, wetlands, agricultural land or deep sea.

(2) GOALS AND OBJECTIVES

- Identify and report on one or two goals per biodiversity topic, by considering what can be done to address the physical, transition and other nature-related risks that result from the loss of biodiversity and the opportunities from ecosystem restoration:
 - a) mitigate negative impacts
 - b) manage risks
 - c) adapt to dependencies
 - d) promote positive solutions and sector pathways
 - e) drive systemic change e.g. policy engagement
 - f) improve the transparency and access to information
- Define and report on the scope of the engagement approach:
 - Direct versus indirect exposure e.g. direct versus indirect impacts or dependencies of the engaged companies upstream or downstream the value chain.
 - A specific part of the value chain(s) or sector(s); if sector specific; or sector agnostic engagement e.g. prioritise sectors downstream in the value chain to drive systemic change throughout the entire value chain, prioritise sectors with high dependency on biodiversity to measure and optimise dependencies, prioritise sectors with high impact on biodiversity to mitigate negative impact or create positive impact.

(3) MODES OF ENGAGEMENT ACTION

- **Individual or collaborative engagement:** Signatories can disclose individual and/or collaborative engagement activities, reporting on lead or support positions within engagement practices. The FfB Foundation encourages signatories to engage collaboratively through FfB membership and participation in the FfB Engaging with Companies working group, in addition to other initiatives such as Nature Action 100+. Please refer to the [Collaborative Engagements Overview](#) for a concise list of collaborative engagement initiatives across the industry.
- **Selection and prioritisation process of issuers to be engaged:** Selection will be based on the scope and the signatory's financial exposure, impact indicators etc.
- **Engagement expectations:** Signatories can disclose the expectations expressed to companies and frequency of engagement activities with companies on a specific topic and different actions e.g.
 - Due diligence approach
 - Letters addressed to and/or direct dialogue with management and/or Board of Directors
 - Voting practices i.e. proxy voting records or votes for/against nature-related resolutions
 - Shareholder proposals (SHP) and resolution filling
 - AGM agenda items
- **Metrics and KPIs:** To measure progress and track targets towards the engagement objectives within specific timelines.

(4) ENGAGEMENT OUTCOMES

We encourage signatories to monitor and report on the results and outcomes of their engagement activities including the listed elements below to demonstrate the outcomes of engagement practices:

- Frequency of contact with the targeted issuer/ issuers.
- Documented improvements occurring in line with targets and timelines as a potential result of engagement. Please note, however, that double counting of biodiversity improvements is a risk when multiple parameters and stakeholders are involved, making it difficult to determine the true impact. To avoid misleading aggregated calculations, case-based reporting that is verifiable and reflects measurable improvements tied to agreed-upon targets is recommended for disclosing actual effects from biodiversity-related engagement.
- Direct links between engagement results and investment/financing decisions made, including portfolio re-allocation, exclusion and divestment.

Additional resources

Please refer to the [Guide on Engagement with Companies](#) for further detailed support on how to carry out and report on company engagement. Within the guidance, signatories will also find the following support materials:

- Ready-made templates for signatories to utilise to plan, structure, perform and monitor engagement activities.
- An up-to-date overview of collaborative engagements that signatories can get involved in.

(5) ESCALATION

We recommend signatories to disclose the methods and nature of any escalation attempts including:

- Unsuccessful engagement attempts, including disclosure of geographies and sectors. Details on escalation processes in the case of issuers being unresponsive to engagement requests can also be disclosed.
- Confirmation and justification on whether the engagement practice remains open or has been closed.





Good practice example

In addition to firmly incorporating biodiversity criteria into their ESG Policy and addressing different drivers of nature loss, AXA Investment Managers is deeply engaged in a wide range of biodiversity topics and meticulously tracks their engagement on these matters. Utilising a sophisticated approach outlined comprehensively in a report dedicated to stewardship, they track the progress of their engagements, the results and outcomes of which are shared extensively.

'Engagement was a key area for us last year as many of the initiatives on nature we had joined were up and running in 2023 – NA100, IIHC, FAIRR – and we continued piloting biodiversity footprinting to engage with relevant corporates in our portfolios in addition to other engagements. As an industry, we can't advance on biodiversity alone. Engagement is an important lever to be able to advance in tandem, particularly at this stage.'

– Benoît Galaup, ESG Analyst, Nature & Biodiversity, AXA Investment Managers



Evidence
[AXA IM Stewardship Report 2023](#)



Good practice example

The stewardship team at Federated Hermes Limited engages directly with companies on material nature-related issues and is actively involved in collaborative engagement initiatives. Notably, it co-chairs the Engagement with Companies and Public Policy Advocacy working groups of the FfB Foundation and was a launching investor of the collaborative engagement initiative Nature Action 100+. In addition, the firm also participates in other initiatives, including:

- Ceres Valuing Water Initiative
- FAIRR Collaborative Investor Network
- Finance Sector Deforestation Action
- PRI Spring Advisory Committee
- Investor Initiative on Hazardous Chemicals (IIHC) Steering Committee

The firm's stewardship team publishes an annual [Engagement Plan](#) and tracks company progress against various topics. It sets clear and specific objectives within company engagements, focused on achieving positive outcomes. It systematically measures the progress of engagements using a milestone framework.

'Biodiversity loss and the decline of ecosystem services expose companies and investors to a range of risks. That is why we have deepened and accelerated our ongoing engagement with companies on nature-related issues, aligned with the goal of halting and reversing biodiversity loss by 2030.'

– Bruce Duguid, Head of Stewardship, EOS Federated Hermes Limited



Evidence
[Stewardship Report 2023](#)

5. Assessing impact

Pledge commitment: We will assess our financing activities and investments for significant positive and negative impacts on biodiversity and identify drivers of its loss.

With regulatory bodies and central banks beginning to incorporate biodiversity impact assessments into reporting and disclosure, the FfB Foundation recommends that signatories assess their portfolios across the entire value chain, using methodologies and tools prudently and seeking collaboration in using reliable and widely accepted data.

Within this practice, signatories are expected to publish transparent information on biodiversity impact assessments – including methodologies, tools, data, sources and results – on all the investments where material negative and positive biodiversity impact occurs. There is no 'one size fits all' approach to impact assessment, as different objectives, applications and required levels of detail will require different methodologies. Therefore, although signatories will be required to decide which assessment tools and methodologies are most appropriate for their financing activities, the following steps and recommendations can be applied within their reporting to ensure the results of impact assessments are disclosed appropriately against the Pledge.

Key recommendations

Step (1): Disclose the impact assessments conducted on your investments and financing activities

Signatories should assess and disclose the identified positive and negative impacts on biodiversity from financing activities and investments. We recommend that the identified dependencies on ecosystem services and their associated risks are also assessed and disclosed. In both instances, we recommend addressing both direct operations and the value chain. It is strongly encouraged that signatories clearly disclose the methodologies, tools, and data sources used to perform the assessments, including as to why they were selected as the most appropriate and include a discussion on the limitations.

The measurement approaches that signatories can follow may include the following:

- **Sector screening and prioritisation**
Signatories can assess their level of exposure to sectors with significant nature-related nature-related risks derived from impacts and dependencies. This materiality

screening or sectoral heatmapping allows financial institutions to identify and prioritise industries from their portfolios. Useful tools that financial institutions can use to conduct sector screening include [ENCORE](#) and [SBTN Materiality Screening Tool](#).

- **Company-level assessments for priority sectors**
Signatories can utilise this approach to quantify a practical estimate of portfolio companies' impacts, including value chains, using readily available data. Various approaches exist for financial institutions to conduct company-level data assessments, including footprinting tools.
- **Location-specific assessments and exposure to sensitive locations**
Signatories are encouraged to assess their exposure to companies with assets and/or activities in sensitive locations for biodiversity. Given the gaps in biodiversity data, signatories may encounter challenges in conducting this type of assessment. However, we encourage them to explore available metrics that consider biodiversity impacts from a spatial perspective, such as the [Integrated Biodiversity Assessment Tool \(IBAT\)](#).
- **Assessment of nature-related risks**
Signatories that follow the previous steps will have adequate information to identify nature-related risks associated with their portfolios and investments. According to the [TNFD](#), nature-related risks can be categorised into physical, transition, and systemic risks.

Although there are currently only a limited number of tools available for directly quantifying nature-related risks, the [WWF's Biodiversity Risk Filter](#) provides financial institutions and companies with a suitable corporate and portfolio-level tool to assess nature-related risks.

Step (2): Report on how decision-making is influenced by the results of the impact assessments

Signatories are encouraged to take into account the information gathered through impact assessments when making investment decisions. This approach aims to align financial flows with biodiversity policy requirements, mitigate investment pressures on biodiversity, and promote investments that yield nature-positive outcomes.

Therefore, we recommend that signatories disclose details on their firm-wide and portfolio-level decision-making based on the impact assessment results. within their reporting, including on-going and/or completed examples and case studies. Decision-making may be reflected in the following activities, although this list is not exhaustive:

- Investor engagement efforts, including active shareholder engagement to set nature-related goals at company and industry levels.
- Portfolio management and investment strategies, such as minimising exposure to high-risk industries and launching thematic vehicles that contribute to nature-positive solutions.

Additional resources

In addition to the reporting recommendations set out in this guidance document, members of the FfB Foundation have exclusive access to the latest footprinting assessment of over 2,300 globally listed companies. For the wider community, the FfB Foundation has produced a [Guide on Biodiversity Measurement Approaches](#) which identifies a list of approaches and data sources that are scientifically robust and relevant to the financial sector that align with current frameworks to assess the biodiversity impacts and dependencies of their portfolios and assets. The 4th Edition was released on October 26th 2024. Further information on integrating biodiversity measurement and metrics into reporting and decision-making is also available within the [ACT NOW! The Why and How of Biodiversity Integration by Financial Institutions](#) guide.



Good practice example

Climate Asset Management has developed three investment vehicles focused on natural capital assets and nature-based carbon projects. They assess and report on impacts, both negative and positive across the entirety of the assets under management through location screening, footprinting and others by utilising a variety of tools, including IBAT, ENCORE, WWF risk filters, among others, as well as through on the ground data collection. The assessment is carried out against four positive impact categories: Biodiversity; Water; Community; and Climate - based on the following;

1. Intensity of impact: % increase versus a pre-project baseline
2. Scope of impact: Extent of landscape or population affected

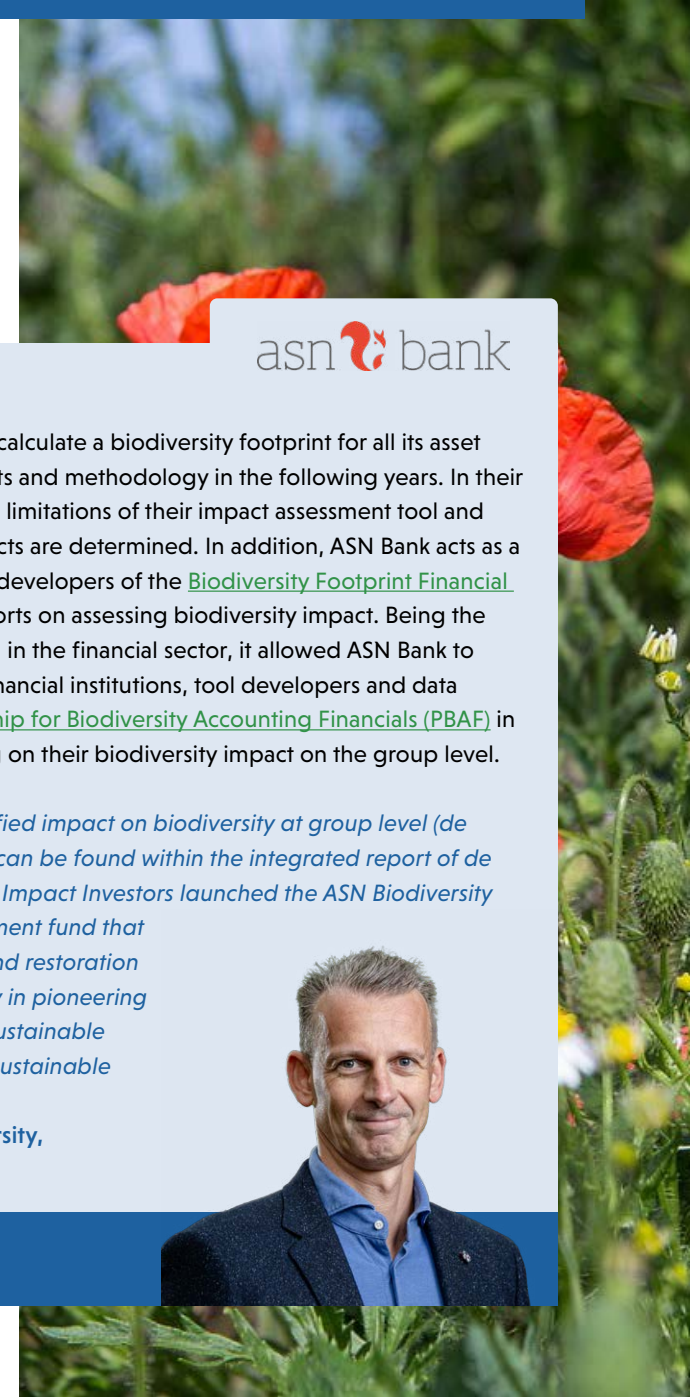
Climate Asset Management reports using the Taskforce on Nature-related Financial Disclosures (TNFD) framework, including a detailed and thorough assessment of their impacts and dependencies, and explanation of how material impacts are determined. These insights are used to assess risks, decision-making, planning, brand reputation and stakeholder engagement.

'Climate Asset Management's strategy on biodiversity centres on an active, data driven and adaptive approach to avoiding and mitigating potential negative impacts while identifying and investing in opportunities to deliver positive impacts on biodiversity within the landscapes in which our assets are located. We set objectives for all our assets to ensure that they contribute towards nature-positive outcomes while balancing trade-offs to ensure local communities also benefit. Our active approach enables us to engage a range of stakeholders in order to generate, measure and report on positive impacts to biodiversity across our portfolio.'

– Leo Murphy, Impact Manager,
Climate Asset Management



Evidence
TNFD LEAP Pilot Update



Good practice example

In 2016 ASN Bank started a pilot to calculate a biodiversity footprint for all its asset classes and it reported on the results and methodology in the following years. In their reporting they clearly indicated the limitations of their impact assessment tool and explain in detail how material impacts are determined. In addition, ASN Bank acts as a pioneer on this commitment as co-developers of the [Biodiversity Footprint Financial Institutions \(BFFI\)](#) among other reports on assessing biodiversity impact. Being the first to use biodiversity footprinting in the financial sector, it allowed ASN Bank to exchange knowledge with other financial institutions, tool developers and data providers, resulting in the [Partnership for Biodiversity Accounting Financials \(PBAF\)](#) in 2019. In 2023 they started reporting on their biodiversity impact on the group level.

'In 2023 we reported on our quantified impact on biodiversity at group level (de Volksbank) for the first time, which can be found within the integrated report of de Volksbank. In November 2021, ASN Impact Investors launched the ASN Biodiversity Fund, the first retail focused investment fund that globally invests in the protection and restoration of biodiversity, investing exclusively in pioneering companies and projects active in sustainable forestry, sustainable agroforestry, sustainable fishing and seas and eco-tourism.'

– Roel Nozeman, Head of Biodiversity,
ASN Bank



Evidence
ASN Biodiversity Fund Reporting

6. Setting targets

Pledge commitment: We will set and disclose targets based on the best available science to increase significant positive and reduce negative impacts on biodiversity.

Targets act as an accounting mechanism to help financial institutions track and evaluate progress in reducing negative impacts on nature. They evolve incrementally to align with emerging scientific consensus, expanding in scope and depth (e.g., sectors covered, impact drivers addressed, stewardship actions deployed). This ongoing assessment ensures that targets remain relevant and effective as new data becomes available.

The FfB Pledge signatories have the flexibility to determine the scope (e.g., the proportion of their portfolio covered) and the type of target (e.g., initiation, monitoring, or portfolio targets). This flexibility acknowledges the varying strategies, speeds, and capabilities of different investors.

Resources

FfB Foundation developed a [Target Setting Framework for Asset Managers and Asset Owners](#) with the members of the Target Setting working group. In this guidance we describe three types of targets; initiation, monitoring and portfolio targets. We encourage signatories to establish iteratively/progressively initiation targets, then monitoring and portfolio targets initial targets but also to consider monitoring and portfolio targets to ensure ambition and alignment with [Global Biodiversity Framework](#) (GBF) and its mission of halting and reversing biodiversity loss by 2030.

Our guidance provides a framework aligned with the GBF and other global frameworks, including the Taskforce on Nature-related Financial Disclosures (TNFD), Science-Based Targets Network (SBTN), and various Net Zero frameworks (NZAOA, NZAMi, GFANZ, SBTi), to support an integrated approach to nature and climate change.

Banks and insurers can create nature targets with support of the [PRB Nature Target Setting Guidance](#) developed by the United Nations Finance Initiative (UNEP FI) in 2023.

Types of targets

We recommend signatories that are asset managers and owners to report on the following types of targets:

- **Initiation targets (required):** These targets should be developed to understand the importance of and analyse the exposure to nature-related impacts, dependencies, risks and opportunities. We independently recommend setting and disclosing concrete and time-bound initiation targets on the following topics:
 - Governance, education & strategy
 - Impact and dependency assessment

In case signatories have already achieved the content of the initiation targets, they can immediately go to monitoring or portfolio targets.

- **Monitoring targets:** Monitoring targets are designed to structure the deployment of the required resources to be able to monitor sector-relevant KPIs across priority sectors identified during the impact assessment stage and implement stewardship actions to address the identified key impact drivers on nature. These targets should be achieved within 12 months. This is an optional step before delving into portfolio targets.
- **Portfolio targets:** These targets are the final step in formalising ambitions to reduce the potential negative impact of the portfolio. They involve establishing thresholds to reach on the previously monitored KPIs which then become portfolio sub-targets and defining a clear action plan to achieve these through stewardship sub-targets.

Annual updates of the targets

Signatories are recommended to provide annual updates on progress towards achieving initiation, monitoring, and portfolio targets in public reporting documents. This process could be done as follows:

- **Description of the target:** Date set, anticipated target achievement date, KPIs and reference values, baseline data sources, and actions to be achieved
- **Scope of the targets:** Which portion of the global portfolio the targets will be set on and why

- **Data and Methodologies:** Metrics, calculation methods, assumptions or limitations
- **Challenges and Actions:** Challenges faced, and strategies implemented
- **Evolution of the targets:** Supporting commentary on any updates made to targets and methodologies over time as a result of progress monitoring, including frequency, dates, and reference levels, as well as any stewardship actions or targets accomplished within the period.

Timeline

Targets are expected to be reported publicly at least annually.

Signatories that signed the Pledge during 2023 or earlier are expected to:

- Set one or more target(s) on nature prior to 31 December 2024.
- Publicly report on the nature target(s) in 2025 disclosures based on 2024 data and should be achieved no later than 31 December 2025.

Signatories that signed the Pledge during or after 2024 are expected to:

- Set one or more target(s) within a two-year timeframe. For example, signatories that signed the Pledge in 2024 must set targets prior to 31 December 2026.
- Publicly report on the nature target(s) within one year. For example, signatories that signed the Pledge in 2024 and set target prior to 31 December 2026 will report on their progress in 2027 based on 2026 data. This pattern continues for subsequent signatories.

Additional resources

For further detailed guidance on setting nature-based targets, please refer to the [Nature Target Setting Framework for Asset Managers and Asset Owners](#) launched in July 2024. We encourage all banks to look at the '[PRB Target Setting Guidance of UNEP FI](#)' for assistance on establishing nature targets

We recommend that signatories assess the suitability of their targets no later than three years after they are set, with subsequent reviews carried out at three-year intervals. This is to ensure that the targets remain appropriate in line with scientific consensus of thresholds and pathways.

Within 6 months*

Set initiation targets and report against them the following year. Aim to achieve them within 18 months.

Within 18 months*

Set a monitoring target and aim to achieve it within 12 months, reporting publicly against it the following year.

Within 30 to 36 months*

Set portfolio targets with the subsequent stewardship sub-targets. Aim to achieve these by 2030 and report publicly against these annually.

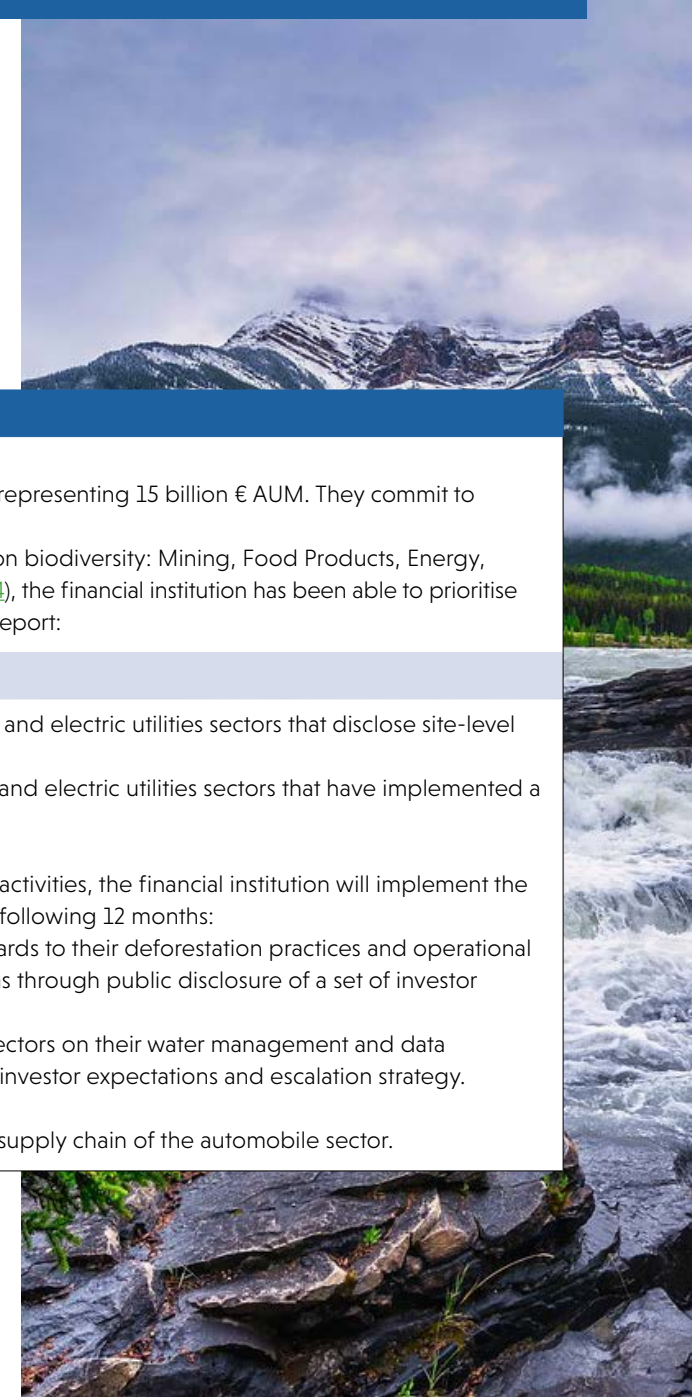
*as of the signature of the Pledge or the beginning of the Target Setting journey





Hypothetical Case Studies

Although a number of FfB member institutions have taken steps to set nature initiation targets, the FfB Foundation is yet to observe a financial institution having set ambitious monitoring and portfolio targets in line with the current recommendations. Therefore, we have outlined two hypothetical Case Studies on the following pages which demonstrate appropriate implementation of the guidance.



Financial Institution #1

Good practice example: Implementation of Monitoring targets

This hypothetical financial institution has defined within their public reporting that they wanted to take action on all their open funds, representing 15 billion € AUM. They commit to deploy the necessary resources to be able to monitor some KPIs and reflect their value through stewardship actions.

In order to achieve this, they assessed their open funds composition and identified that the following sectors are the most impactful on biodiversity: Mining, Food Products, Energy, Beverages, Electric Utilities, Automobiles. By utilising the overview of high impact drivers (Table 3: [Nature Target Setting Framework p. 24](#)), the financial institution has been able to prioritise

Land Use and Water Use as two drivers of loss, selecting five KPIs to monitor which they have disclosed within their annual sustainability report:

Land Use	Water Use
<ul style="list-style-type: none"> • % of companies from the mining, food, and automobiles sectors with a deforestation- and conversion-free policy (DCF). • % of companies from the mining, food, energy, electric utilities, and automobiles sectors that have set a SBT target on land use. • % of companies from the mining, food, and energy sectors that carry out activities within Key Biodiversity Areas and/or other protected areas. 	<ul style="list-style-type: none"> • % of companies in the mining, food, energy, beverages, and electric utilities sectors that disclose site-level information on their water use for their direct activities. • % of companies in the mining, food, energy, beverages and electric utilities sectors that have implemented a policy on water management for water stressed areas. <p>To reflect on the evolution of these KPIs in their investment activities, the financial institution will implement the following list of stewardship actions to be set up within the following 12 months:</p> <ol style="list-style-type: none"> 1. Engage with companies from the mining sector with regards to their deforestation practices and operational presence in Key Biodiversity Areas and/or protected areas through public disclosure of a set of investor expectations and an escalation strategy. 2. Engage with companies from the food and beverages sectors on their water management and data disclosure processes through implementation of a set of investor expectations and escalation strategy. 3. Create a voting policy on nature-related resolutions. 4. Publish a statement on deforestation and conversion for supply chain of the automobile sector.

Financial Institution #2

Good practice example: Implementation of Portfolio targets

The hypothetical financial institution has defined within their public reporting that they wanted to take action on their ESG and impact funds, representing €10 billion AUM by conducting an assessment of their sectoral exposure. Through the results of the assessment, they identified that the following sectors are the most impactful on biodiversity: Food Products, Paper and Forest Products, Textiles, Chemicals, and Pharmaceuticals.

By using the FfB overview of high impact drivers (Table 3: [Nature Target Setting Framework p. 24](#)), the financial institution has been able to prioritise two drivers of loss that are common to these sectors: **Emissions of Toxic Soil and Water Pollutants and Areas of Land Use**. By using the accessible data and computing levels of coverage, the financial institution has been able to select four KPIs and set Portfolio Sub-Targets for each, reporting on the data within their annual sustainability report as per the results set out below:

Emissions of Toxic Soil and Water Pollutants	Areas of Land Use
<ul style="list-style-type: none"> • % of companies in the food products, textiles, chemicals, and pharmaceuticals sectors that have implemented a comprehensive chemical management policy. <ul style="list-style-type: none"> - Data Source: Provider X, Indicator Y - Baseline Date: 01/06/2024 - Reference Value: 15% - Initial Coverage: 75% - Target Date: 01/06/2030 - Target Value: 70% • % of companies in the food products and chemicals sectors that have committed to reducing their use of harmful pesticides by 50%. <ul style="list-style-type: none"> - Data Source: Provider X, Indicator Y - Baseline Date: 01/06/2024 - Reference Value: 10% - Initial Coverage: 72% - Target Date: 01/06/2030 - Target Value: 100% 	<ul style="list-style-type: none"> • % of companies in paper and forest products and food products sectors that disclose to CDP Forests. <ul style="list-style-type: none"> - Data source: CDP, Indicator Y - Baseline Date: 01/01/2024 - Reference Value: 60% - Initial coverage: 100% - Target Date: 01/06/2030 - Target Value: 100% • % of companies in the food products, paper and forest products, and textiles sectors that have set science-based targets on land use. <ul style="list-style-type: none"> - Data source: Provider X, Indicator Y - Baseline Date: 01/01/2024 - Reference Value: 0% - Initial coverage: 100% - Target Date: 01/06/2030 - Target Value: 50% <p>To support the achievement of these targets, the financial institution has set the following Stewardship Sub-Targets:</p> <ol style="list-style-type: none"> 1. Join the collaborative "Investor Initiative on Hazardous Chemicals (IIHC)" from ChemSec and engage annually with five companies from the chemicals sector through it. 2. Join the collaborative engagement on pesticides from ShareAction and engage annually with five companies from the food products sector through it. 3. Be part of the CDP Non-Disclosure Campaign every year and engage with at least five companies on the Forest Questionnaire annually. 4. Engage bilaterally with five companies from the textiles sector on their impact on nature, including the setting up of science-based targets on land use and their policies on chemicals management.

7. Next steps and Q&A

All FfB Pledge signatories are required to report annually on their adherence to the pledge, with a two-year grace period following their initial signing. The inaugural cohort will commence their reporting obligations in 2025.

In September 2025, the FfB Foundation plans to release a first repository detailing the performance of the first cohort of Pledge signatories, based on survey input. This survey will be distributed to all signatories and will request information on their progress and performance regarding the Pledge commitments. Signatories will be asked to provide a brief description of their achievements for each commitment and include a URL for further details. Participation in this repository is voluntary and aims to enhance transparency and accountability among Pledge signatories.

Below you can find some key questions and answers on the communications of the Pledge commitments.

(Q) When will signatories be expected to report?

(A) All signatories are required to report against the Pledge on an annual basis, with a two-year grace period after signing the Pledge. The inaugural cohort of signatories that will report against the Pledge will commence in 2025. During Q2 of each reporting year, signatories should anticipate receiving a survey from the FfB Foundation requesting submission of their annual reporting against the Pledge commitments.

(Q) Will the reporting be assessed or scored?

(A) Whilst FfB Foundation members will receive on-going reporting support and scoring, please note that the FfB Foundation will not assess or score the reporting of signatories who are not also members of the FfB Foundation. It is the responsibility of the signatory to ensure that their reporting against the Pledge is carried out and disclosed transparently using appropriate frameworks and data sources. For full accountability and transparency, the FfB Foundation will be building a public repository of reports on the FfB Foundation website, where each of our signatory's disclosures for the respective reporting years will be showcased and available to third parties and investors.

(Q) What should financial institutions do if they cannot comply with one or more of the Pledge commitments?

(A) Signatories are expected to report against all five of the Pledge commitments year on year. If a signatory is unable to achieve this for one or more of the commitments, they will be expected to leverage a comply or explain approach within their reporting, highlighting the following:

1. Why the commitment(s) was/were unable to be met during the reporting period;
2. Actions the signatory plans to implement to comply with the commitment(s) in the subsequent period.

(Q) Where can signatories receive additional support?

(A) If signatories have any questions regarding Pledge reporting not covered within this guidance document, please contact info@financeforbiodiversity.org to receive additional support.



8. Appendix: Reporting Recommendations Summary

	Commitment	Recommendations
1	We will collaborate and share knowledge on assessment methodologies, biodiversity-related metrics, targets and financing approaches for positive impact	<p>FfB Pledge signatories are expected to report on their internal and public knowledge-sharing activities with the financial sector, corporates, scientists, NGOs and other stakeholders throughout the reporting period. They may wish to include the following elements:</p> <ul style="list-style-type: none"> • Name and format of collaborative initiative(s) e.g. Membership of collaborative initiatives, platforms, organisations etc. • Types of institutions collaborated with e.g. Other financial institutions, corporations, policymakers, NGOs, academic departments etc. • Key activities and topics e.g. Active participation in working groups and providing feedback to consultation papers on policy and legislation etc on assessment methodologies, biodiversity metrics, target-setting, and financing approaches aimed at reducing negative and increasing positive biodiversity outcomes. • Tangible outcomes e.g. Production of technical guidance publications for other financial institutions etc. <p>Key resources: Overview of Initiatives for Financial Institutions</p>
2	We will incorporate criteria for biodiversity in our ESG policies, while engaging with companies to reduce their negative and increase positive impacts on biodiversity	<p>Signatories are expected to integrate biodiversity criteria into their ESG policies and actively engage with companies on biodiversity issues with both clear qualitative and quantitative objectives clearly set out. The FfB Foundation recommends that signatories disclose the following elements in their reporting to demonstrate alignment with this Pledge commitment:</p> <ul style="list-style-type: none"> • Identified biodiversity topics and challenges • Goals and objectives • Mode(s) of engagement action • Engagement outcomes • Escalation (if applicable) <p>Key resources: Guide on Engagement with Companies</p>

	Commitment	Recommendations
3	We will assess our financing activities and investments for significant positive and negative impacts on biodiversity and identify drivers of its loss	<p>Signatories are expected to assess their impacts on biodiversity across all investments where material positive or negative biodiversity impacts occur. The FfB Foundation recommends that signatories publicly disclose transparent information through detailed impact assessments, encompassing methodologies, tools, data sources, and assessment results. Signatories are also encouraged to measure their dependencies on ecosystem services on ecosystem services. Signatories should report against the following steps:</p> <p>Step (1): Disclose the impact assessments conducted on your investments and financing activities Step (2): Report on how decision-making is influenced by the results of the impact assessments</p> <p>Signatories are encouraged to go beyond sector-level assessments and quantify their interactions with biodiversity using more granular scales and scopes, such as portfolio-level assessments, geographical or regional assessments, and issuer-level assessments.</p> <p>Key resources: Guide on Biodiversity Measurement Approaches</p>
4	We will set and disclose targets based on the best available science to increase significant positive and reduce negative impacts on biodiversity	<p>The FfB Foundation encourages signatories to establish initiation, monitoring and portfolio targets to ensure ambition and alignment with Global Biodiversity Framework (GBF) and its mission of halting and reversing biodiversity loss by 2030. It is recommended to provide annual updates on progress towards achieving each target in public reporting documents, reporting on:</p> <ul style="list-style-type: none"> • Description of the target incl. date set, anticipated target achievement date, KPIs and reference values, baseline data sources, and actions to be achieved • Scope of the targets • Data and methodologies • Challenges and actions • Evolution of the targets <p>Key resources: Asset managers and owners can refer to the Nature Target Setting Framework for Asset Managers and Asset Owners for further guidance. Banks and insurers can create nature targets with support of the PRB Nature Target Setting Guidance developed by the United Nations Finance Initiative (UNEP FI) in 2023.</p>
5	We will report annually and be transparent about the significant positive and negative contributions to global biodiversity goals linked to our financing activities and investments in our portfolios	<p>Signatories are expected to report annually and transparently on the significant positive and negative impacts of their financing activities and investments on global biodiversity goals. It is recommended that the reporting encompasses a broad range of material topics to their portfolios addressing the key drivers of biodiversity loss as identified by IPBES:</p> <ul style="list-style-type: none"> • Land and sea use change • Direct exploitation of organisms • Climate change • Pollution • Invasive alien species <p>To maintain transparency and accountability, the reporting on the Pledge commitments may be disclosed within any of the following channels:</p> <ul style="list-style-type: none"> • Impact/Sustainability/ESG reports • Annual reports • Website disclosures <p>It is anticipated that reporting be done based on best available information and include a substantiation if not all financing activities are included. The reporting should also explain how the content reported on for each commitment is linked to decision making at institutional level.</p> <p>Signatories should complete inaugural reporting against the FfB Pledge commitments no later than two years after signing the Pledge.</p>

Disclaimer

The Finance for Biodiversity (FfB) Foundation and its members are committed to complying with all laws and regulations that apply to them. This includes, amongst others, antitrust and other regulatory laws and regulations and the restrictions on information exchange and other collaborative engagements they impose. The choice to adopt guidance prepared by the FfB Foundation is always at the ultimate discretion of individual FfB members based on their own strategies, agendas, starting points and regulatory considerations from which and with which, they make their own unilateral internal decisions regarding the ways and means with which they measure their impact, risks and opportunities, and set and reach their targets. These materials serve as a guidance only and must not be used by competing companies to reach anti-competitive agreements.

FfB members will not coordinate views, strategies or conduct in such a way that could restrict competition between FfB members or act in a way that would cause them to be acting in concert. FfB members will refrain from entering into any discussion, accord, agreement or understanding, or concerted action that could restrict or distort competition between them, and from disclosing any strategic or competitively sensitive information to each other. In particular, FfB members will not be asked for and must not disclose or exchange data or information that reduces uncertainty as to how the members intend to act commercially now or in the future (e.g. pricing, volumes, detailed costs, detailed customer or supplier information, business strategy, investment plans), unless this information is already fully in the public domain.

Finance for Biodiversity Pledge

The Finance for Biodiversity Pledge was launched by a group of 26 financial institutions on 25 September 2020. The number of Pledge signatories has grown since then and currently stands at 177. These financial institutions have committed to collaborating and sharing knowledge, engaging with companies, assessing their own biodiversity impacts, setting targets and reporting publicly on these commitments.

Information on the latest round of signatories and video statements made by signatory CEOs can be found at www.financeforbiodiversity.org.

Invitation to join

Financial institutions from all continents are warmly encouraged to sign the [Finance for Biodiversity Pledge](#) and communicate their commitment at the next celebration events. You are invited to take part in this collaboration and to help shape the next steps towards reversing nature loss in this decade.

Get in touch

We welcome your feedback, questions or ideas. Please reach out to Finance for Biodiversity Foundation via info@financeforbiodiversity.org.

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