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37 finance CEOs announce commitment on natural capital at Rio+20

‘Natural Capital Declaration’ calls for policy-makers at global conference to make headway with natural capital accounting framework

Rio de Janeiro, 16 June 2012 – CEOs at the helm of 37 banks, investment funds, and insurance companies announced a far-reaching commitment today to work towards integrating natural capital considerations into their products and services, at the United Nations Conference on Sustainable Development, or “Rio+20”.

With the unveiling of their ‘Natural Capital Declaration’, the financiers commit their companies to help build an understanding of their impacts and dependencies on natural capital; embed natural capital into their products and services; report or disclose on the theme of natural capital; and account for natural capital in accounting frameworks.

It is the first statement of its kind to be signed only by the CEOs of financial institutions—a requirement that aims to ensure that endorsement translates into concrete actions.

The **CEO of Brazilian investor Infraprev, Frederico Aires Duque**, who spoke at the launch in Rio today, said: “As part of a sector that forms the engine of the global economy, the pension fund industry considers itself a key stakeholder in future discussions about valuing and protecting natural capital. The sector also acknowledges that it has a key role to play in the reforms needed.”

The UN Environment Program Executive Director and Under-Secretary General Achim Steiner, who spoke at the launch today, said: “Factoring capital into the bottom line is about bringing the real wealth of the planet from the invisible into the visible spectrum in order to tip the balance from degradation towards sustainable management for communities, businesses, and countries.”

The Declaration also calls for policy-makers gathering at the global conference to make headway in crafting legislation and regulations that can incentivise the development of financial products and services that take account of and sustain the Earth’s natural capital.



It also complements other initiatives also being presented at Rio+20, which are working towards the common purpose of embedding natural capital considerations across business, finance and national accounting systems.

The Natural Capital Declaration is co-convened by the UN Environment Programme Finance Initiative, the Oxford-based tropical-forest group Global Canopy Programme, and the São Paulo-based Center for Sustainability Studies (GVces) of the Business Administration School of the Getulio Vargas Foundation.

The importance of natural capital

In the Declaration, the signatories state that members of their industry, the corporate sector, and governments must all take better stock of the unsustainable stress currently put on ecosystems by the economic activity they manage.

Under a 'business as usual' scenario, they warn, the damage to the planet's ecosystems poses a risk to the wellbeing and environmental security of whole populations.

The Declaration also recognises the value of biodiversity and its ecosystem services in underpinning wealth creation and therefore the global economy.

The text further highlights a growing body of evidence suggesting that the erosion of global natural capital is increasingly leading to business challenges, whether in the form of legal liability, credit, reputational, or regulatory risks.

Leadership from the financial sector

In the Declaration, financial institutions acknowledge their role in prompting a shift from the brown to the green economy that would safeguard the resilience of ecosystems.

But they warn that there is a current lack of understanding among governments and their industry as to how natural capital loss and degradation can impact the bottom line and how consideration of natural capital could guide their decision-making.

The Declaration calls for the public and private sectors to work together to find suitable methods for financial institutions to hardwire natural capital considerations into the risk assessment procedures they undergo before taking a loan, equity, bond or insurance product-related decision.



The endorsers argue a solution must involve regulators issuing clear, credible, and long-term market signals on the necessity for financial institutions, but also other businesses, to account for their use of natural capital.

Their specific recommendations include:

- The implementation of natural capital impact disclosure requirements for companies;
- Enforceable fiscal measures conducive to the valuation of natural capital;
- The implementation of the Convention on Biological Diversity;
- The setting of an example by governments through the requirement for public spending and procurements to report and eventually account for the use of natural capital.

Andrew Mitchell, Executive Director of the Global Canopy Programme said:

“Accepting the need to account for the invisibility of nature in our economy is one of the key milestones that may come out of Rio+ 20. The world is sleepwalking into a natural capital debt crisis at over \$4 trillion a year, and this loss will one day dwarf our current financial woes. This Declaration and its Roadmap set out how such risks and opportunities should be accounted for by the finance sector for the first time. The CEOs who have signed it are making a clear demonstration of their leadership role.”

Roberta Simonetti, Coordinator of the Sustainable Finance Program at GVces, said:

We must take advantage of the historic momentum from Rio+20: it represents a unique opportunity for different sectors to unite behind the goal of agreeing a common future, whatever route each may take to arrive there. All of us recognize the need for change along the way, and valuing and accounting for natural capital will be paramount to making that change a success.”

For more information, please contact:

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Notes to editors:

List of signatories: Banks, investors, and insurance companies that have signed the Declaration span all continents.

They are: Athelia Ecosphere, ASN Bank, Banca Monte dei Paschi di Siena, Banco Multiva, Banco Pichincha, Banorte – Ixe, Caisse des Dépôts, Caixa Econômica Federal, Caledonia Wealth Management, Ltd., Calvert Investments, CDC Climat, China Merchants Bank, CIBanco, Cyrte Investments, Financiera Rural, FIRA – Banco de Mexico, Fundación Social, Infraprev, International Finance Corporation, MN, Mongeral Aegon, Mutualista Pichincha, National Australia Bank, Nedbank, Oppenheim, PaxWorld Management, Rabobank Group, Robeco, Shenzhen Development Bank, SNS Asset Management, Société Forestière, Sovereign, Standard Chartered, Sumitomo Mitsui Trust Holding, UniCredit, Vision Banco, Zevin Asset Management.

Supporters of the Natural Capital Declaration (as opposed to signatories): Aldersgate Group, CDP, Conservation International, Eurosif, Fauna & Flora International, Forum for the Future, Fundação Grupo Boticário, Global Reporting Initiative, ICAEW, IISD, ISO, Natural Capital Initiative, SIF Japan, SPVS, UKSIF, UNDP, VBDO, US SIF, WWF

Other Natural Capital Declaration events at Rio+20: At 5:15 pm on 18 June at Rio+ 20, the conveners of the Declaration will also launch their “NCD Roadmap to Account for Nature” for the finance industry, setting out ambitious plans to develop a methodology in four steps by 2015, and a global standard by 2020. At 1:00 pm on 20 June the UK Government, the World Bank and the Natural Capital Declaration will co-convene the High-level Dialogue on Natural Capital in Rio Centro (room T-4).

Background on natural capital: Ecosystem goods and services have been estimated to be worth on average USD \$33 trillion per year (Costanza, 1997) in food, fiber, water, health, energy, climate security and other essential services.

Scientists have warned that at the current rate 11 per cent of the natural areas listed in 2000 could be lost by 2050 (TEEB, 2008). Much of this damage may be irreversible.

Meanwhile, the costs associated with the loss of biodiversity in forests only have been estimated at USD \$2 - 4.5 trillion per year (TEEB, 2008), a figure that amounts to nearly 7.5 per cent of global GDP.

More information on the Natural Capital Declaration can be found at:

<http://www.naturalcapitaldeclaration.org>.



The Natural Capital Declaration is available for download in English, Chinese, French, Italian, Japanese, Korean, Portuguese, and Spanish at: <http://www.naturalcapitaldeclaration.org/the-declaration/>.

Additional Quotes

William Bulmer, Director of IFC's Environment, Social, and Governance Department, who spoke at the launch, said: “There is a fundamental business case for sound environmental management that recognizes the value of our natural resources. Launching the NCD in the context of Rio+20 provides an opportunity for private sector lending institutions to emphasize the importance of natural capital in their decision-making and project planning. Ultimately, this can help protect our natural resources and contribute to long-term economic growth.”

Calvert Investments CEO and UNEP FI co-Chair Barbara Krumsiek said at the launch: “The Natural Capital Declaration will offer a new platform to enhance our current methods of integrating Earth's natural assets into our financial valuations. Calvert is pleased to join others in launching this important collaboration, which we believe will create tools to engage a wide range of investors and companies that are considering biodiversity, ecosystem services, and the concerns of Indigenous communities in their decision making.”

Additional quotes from endorsers of the Natural Capital Declaration can be found by clicking on the name of endorsers at: www.naturalcapitaldeclaration.org/category/signatories/.

The United Nations Environment Programme Finance Initiative (UNEP FI) is a global partnership between the financial sector and the United Nations Environment Programme (UNEP). UNEP FI works closely with over 200 financial institutions to carry-out the mandate of identifying, promoting, and mainstreaming the adoption of best environmental and sustainable practices by financial institutions policy-makers. The backbone of the partnership is the *UNEP Statement of Commitment by Financial Institutions on Sustainable Development*, through which members openly recognize the role of the financial services sector in making the global economy sustainable, and commit to integrating environmental and social considerations into all aspects of their operations. UNEP FI's activities include research, training, and advocacy. Visit www.unepfi.org or follow us [@UNEP_FI](https://twitter.com/UNEP_FI).

The Global Canopy Programme: Founded in 2000, GCP works to demonstrate the scientific, political, and financial case for safeguarding forests as natural capital essential to human wellbeing and economic prosperity. Its pioneering initiatives such as the Forest



Footprint Disclosure Project, the Natural Capital Declaration, the Little Book Series, and the REDD Desk have focused on finding new solutions to address this urgent problem. Visit www.globalcanopy.org or follow us [@GlobalCanopy](https://twitter.com/GlobalCanopy).

The Center for Sustainability Studies (GVces) of the Business Administration School of the Getulio Vargas Foundation (FGV-EAESP) is a place of study, learning, reflection, innovation and knowledge production, staffed by professionals with a wide range of multidisciplinary expertise and a tremendous capacity for creativity, who are engaged and committed, curious and daring and, in particular, who have a genuine desire to change the world. GVces works on the formulation and monitoring of public policies, the construction of self-regulation instruments and the development of business management tools and strategies for sustainability, on a local, regional, national and international level. Visit www.fgv.br/ces or follow [@GVces](https://twitter.com/GVces).

The Instituto Infraero de Seguridade Social – Infraprev, the first Brazilian company to sign the Natural Capital Declaration, is committed to promoting the discussion about the economic development within the pension industry, through sustainable use of the planet's natural assets. Infraprev is associated to good social and environmental practices, as is inherent in the business of pension funds to pursue a quality of life for its participants, in a balanced environment, with a healthy economy and a fair society. Visit www.infraprev.org.br/

The International Finance Corporation, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector. We help developing countries achieve sustainable growth by financing investment, providing advisory services to businesses and governments, and mobilizing capital in the international financial markets. In fiscal 2011, amid economic uncertainty across the globe, we helped our clients create jobs, strengthen environmental performance, and contribute to their local communities – all while driving our investments to an all-time high of nearly USD \$19 billion. Visit www.ifc.org.

Calvert Investments is an investment management company serving institutional investors, workplace retirement plans, financial intermediaries and their clients, Calvert Investments offers more than 40 equity, bond, cash, and asset allocation strategies, of which many feature integrated environmental, social, and governance research. By combining rigorous analysis with independent thinking, our disciplined approach to money management goes beyond traditional factors in order to discover investment opportunities with greater long-term potential. Founded in 1976 and based in Bethesda, Maryland, Calvert Investments manages over USD \$11.5 billion in assets. Visit www.calvert.com.