



Stepping Up on Biodiversity

What the Kunming-Montreal
Global Biodiversity
Framework means for
responsible investors

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This report provides an overview of what the Kunming-Montreal Global Biodiversity Framework means for responsible investors, and is mirrored by similar reports for both banks and insurers currently under development

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Investment Leadership Programme

The Investment Leadership Programme is a joint initiative between UNEP FI and PRI. It has been created to accelerate the pace of collaboration amongst leading investors and boost action on achieving key global sustainability objectives such as the Paris Climate Agreement and the Sustainable Development Goals. The ILP brings together small groups of leading responsible investors to incubate initiatives that are considered leading best-practice, but too ambitious for immediate mainstream investment adoption. The programme enables the investment industry to work with UNEP FI's network of banks and insurers, and by connecting them with policy makers, help to catalyse change across the entire finance industry.

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The United Nations Environment Programme Finance Initiative (UNEP FI) is a partnership between UNEP and the global financial sector to mobilise private sector finance for sustainable development. UNEP FI works with more than 450 members—banks, insurers and investors—and over 100 supporting institutions to help create a financial sector that serves people and planet while delivering positive impacts. UNEP FI aims to inspire, inform and enable financial institutions to improve people's quality of life without compromising that of future generations. By leveraging the UN's role, UNEP FI accelerates sustainable finance. For more information, visit: unepfi.org

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The Principles for Responsible Investment (PRI) is the world's leading proponent of responsible investment. Supported by the United Nations, it works to understand the investment implications of environmental, social and governance factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole. Launched in New York in 2006, the PRI has grown to more than 5,000 signatories, managing over USD121trn. For more information, visit unpri.org.

Finance for Biodiversity Foundation

The Finance for Biodiversity Foundation is the convening body of 126 financial institutions—representing 21 countries and over EUR18trn in assets—now signatories to the Finance for Biodiversity Pledge that calls on global leaders to reverse nature loss and commit to protecting and restoring biodiversity through their finance activities and investments. The foundation runs several working groups to stimulate knowledge and collaborative action on biodiversity between financial institutions and has been an observer of the UN Convention of Biological Diversity (CBD) since 2021. For more information, visit financeforbiodiversity.org

In collaboration with





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Foreword

Leading investors increasingly realise that nature is next on the agenda. In the run-up to the UN Biodiversity Conference COP15, over 150 financial institutions—representing nearly USD 25 trillions of assets under management—signed a statement of ambition coordinated by the UNEP Finance Initiative (UNEP FI), Finance for Biodiversity Foundation, and the Principles for Responsible Investment (PRI). This report is now a call to action for these financial institutions and the rest of the financial sector.

Adopted at COP15, the Kunming-Montreal Global Biodiversity Framework (GBF) provides a framework for bold action and policy alignment across economic sectors. Private sector actors, including financial institutions, must play a key part in realising its apex target of ‘halting and reversing biodiversity loss’, by aligning their portfolios with the GBF goals and targets and shifting financial flows urgently towards a sustainable and just transition. The financial sector has a critical role in ensuring the stability of the economy by taking biodiversity into account in its financing, underwriting and investment decisions.

The GBF represents a significant step forward for the conservation and restoration of nature, as did the recognition of the role of nature-based solutions at the UN Climate COP27. There is no net-zero future without a reversal of biodiversity loss, as climate change and biodiversity are intrinsically linked. We have the full expectation that governments around the world will look to implement this landmark GBF and



provide an enabling environment for better decision-making, including for finance.

Across the membership and signatory-base of UNEP FI, Finance for Biodiversity Foundation and PRI, we are witnessing a growing awareness of, and concern about, the world's unprecedented loss of biodiversity. Investors are increasingly recognising the need to connect their investments to real-world sustainability outcomes for a prosperous future. The joint Investment Leadership Programme between UNEP FI and PRI aims to bridge finance and sustainability issues, driving practical, science-based action on global environmental frameworks such as the GBF. The Finance for Biodiversity Foundation will stay active in engaging with policymakers on implementing the GBF via their Public Policy Advocacy working group.

There is no time to lose. We urge investors and other financial actors to take action now and demonstrate leadership in delivering on the GBF. We hope this report will help investors jumpstart their action to understand, manage, and act upon nature-related risks and opportunities with the urgency required for us to halt and reverse biodiversity loss by 2030.

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Executive summary

The Kunming-Montreal Global Biodiversity Framework (GBF), adopted in December 2022, aims to guide global action on biodiversity and nature. In the face of unprecedented biodiversity loss, the GBF provides a framework for action to halt and reverse the loss of biodiversity: investors wishing to show leadership in responsible investment should seek to align themselves with its objectives, to help them manage nature-related risks and opportunities.

This report, from the UNEP Finance Initiative (UNEP FI), the Principles for Responsible Investment (PRI) and the Finance for Biodiversity Foundation, provides an overview of the key implications for investors of the goals and targets of the GBF, to support them in managing associated risks and preparing for anticipated policy developments.

The overarching aim of the GBF is to halt and reverse nature loss by 2030. It contains four overarching goals to be achieved by 2050 (see page 3), underpinned by 23 action-oriented targets for 2030 (see Annex 1, page 11). These targets will be translated into national-level policy through National Biodiversity Strategy and Action Plan updates. To meet its goals and targets, the GBF emphasises a “whole of society approach”, including private sector actors such as financial institutions. These 23 targets are all relevant to the activities of financial institutions and provide a framework for aligning financial flows with the goals of the GBF. Some are directed primarily at economic activities that negatively affect biodiversity and nature, and others are intended to create the enabling environment to align financial flows with biodiversity protection.

A framework for action by the financial sector

We recommend three broad actions that investors can take to address risks and opportunities associated with the biodiversity crisis, to build resilience and long-term value for themselves and their underlying portfolios, and to prepare for anticipated policy and market developments as governments look to implement the Global Biodiversity Framework:

- **Integrate biodiversity into investment decision-making**, recognising the importance of biodiversity within policy, strategy, governance, risk management, operations and targets, and encourage action among clients, peers and policy makers; to catalyse alignment with the GBF.
- **Invest in innovative financial solutions** to help mobilise the USD200bn/year needed to meet the GBF’s objective and scale up new investment opportunities. These solutions include blended finance; impact funds; payments for ecosystem services; green bonds; and biodiversity credits.

- **Disclose nature-related dependencies, impacts, risks and opportunities**, engaging with voluntary initiatives such as the Taskforce on Nature-related Financial Disclosures (TNFD) and anticipating likely regulatory developments, to improve investment decision-making.

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

For investors looking to align themselves with the goals of the GBF, a number of investor groups—in addition to those responsible for this paper—have provided guidance and advice. These are summarised on page 10.

Introduction

In December 2022, at the 15th Conference of the Parties to the UN Convention on Biological Diversity (COP15), 196 countries adopted the Kunming-Montreal Global Biodiversity Framework (GBF).¹ This landmark agreement sets out to guide global action on biodiversity and nature.² As biodiversity loss reaches unprecedented levels, the GBF provides a framework for bold action and policy alignment to halt and reverse the loss of biodiversity, restore ecosystems and build resilience within society and the economy. Some consider that the GBF is analogous to the Paris Agreement on climate.

Investors who wish to show leadership in responsible investment are encouraged by the UNEP Finance Initiative (UNEP FI), the Principles for Responsible Investment (PRI) and the Finance for Biodiversity Foundation to take positive and immediate action to protect nature, in line with the GBF. There is a clear investment case to do so. By acting now, they will better manage physical and transition risks related to nature, as well as seize opportunities linked to the shift towards economies with positive outcomes on nature. This paper provides a brief overview of the key implications for investors of the goals and targets of the GBF, to help them prepare for anticipated policy and market developments.

The GBF has been welcomed across the financial sector. Prior to COP15, over 150 financial institutions, including banks, investors and insurers, representing over USD24trn in assets under management, signed a statement calling for an ambitious framework to be adopted at the conference.³ That statement recognised the growing scientific consensus that reaching net-zero emissions to mitigate climate change will not be possible without reversing biodiversity loss. The private sector more broadly has welcomed the framework, although some were disappointed that COP15 neither agreed a concrete definition of ‘nature positive’, nor included the phrase in the final agreement.⁴

While there are concerns around vague wording in parts of the GBF, it has succeeded in setting an ‘apex target’ to guide action, including from the private sector, in the years ahead—namely to halt and reverse nature loss by 2030. In addition, the GBF vision of “living in harmony with nature” includes four overarching goals to be achieved by 2050 (see page 3), supported by 23 action-oriented targets for 2030 (see Annex 1, page 11).

1 The full text and preamble are available here.

2 Biodiversity refers to the diversity within and between species, genes and habitats. Nature is broader in scope and covers all elements of the Earth’s realms (land, freshwater, oceans and atmosphere). The GBF covers both, with an emphasis on biodiversity but recognising the interrelationships.

3 PRI [press release](#), 13 December 2022, ‘150 financial institutions, managing more than \$24 trillion, call on world leaders to adopt ambitious Global Biodiversity Framework at COP15’.

4 See this [article](#) from the World Economic Forum for further discussion of the potential role of ‘nature positive’ as a goal. However, the lack of consensus on how to define or measure ‘nature positive’ prevents meaningful and science-based uptake by the private sector.

Meeting the ambition set out by the GBF will, however, come down to how the goals and targets are interpreted at the national level and implemented by actors across society.

The GBF itself is one of six key decisions adopted as part of the ‘Kunming-Montreal biodiversity package’, which also include a resource mobilisation (funding) plan and a monitoring framework.⁵ The GBF has a strong emphasis on ecosystem and species conservation and restoration, as well as on the importance of nature as an essential condition for livelihoods and socio-economic development. It also recognises the rights of and important contributions made by indigenous peoples and local communities (IPLCs) in protecting and making sustainable use of nature, as well as the equal rights and need for access to land and natural resources for women and girls. This perspective is critically important as IPLCs and women are important stewards of biodiversity, with various studies suggesting that indigenous peoples in particular make an outsized contribution to protecting nature.⁶

The GBF calls for a “whole of society approach” whereby all actors within society, including private financial institutions, have a role to play in achieving the 2030 targets and the 2050 goals and vision. These objectives are to be translated into national plans, through National Biodiversity Strategy and Action Plan (NBSAP) updates, supported by relevant UN bodies and the Global Environment Facility.⁷ The deadline for signatory countries to update their NBSAPs is COP16, to be held in late 2024, but many countries are trying to move faster to ensure they can meet the short timeframe of the GBF’s overall objectives. Similarly, private actors can—and should—move rapidly to take action to align themselves with the goals and targets of the GBF, thereby anticipating upcoming regulatory shifts and building resilience and long-term value in line with other commitments, such as net-zero goals.

5 The six decisions are: 1) Kunming-Montreal Global Biodiversity Framework; 2) Mechanisms for planning, monitoring, reporting and review; 3) Monitoring framework; 4) Resource mobilization; 5) Capacity-building and development and technical and scientific cooperation; 6) Digital sequence information on genetic resources.

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

7 NBSAPs are the CBD’s equivalent to Nationally Determined Contributions (NDCs) under the Paris Agreement. More detail on early action to update NBSAPs, including finance plans, can be found here, and via the UNDP BIOFIN initiative.

The GBF's long-term goals

The long-term vision of the GBF is that, “[b]y 2050, biodiversity is valued, conserved, restored and widely used, maintaining ecosystem services, sustaining a healthy planet and delivering benefits essential for all people”. It is underpinned by four goals with direct relevance to the private sector, in particular Goal D which explicitly references private finance. The implementation requirements to achieve those goals are further detailed in the 2030 targets, described on page 5.

Summary of GBF 2050 goals	Relevance to financial institutions
<p>Goal A: The integrity, connectivity and resilience of all ecosystems are maintained, enhanced or restored.</p> <p>Extinction rates and risks for all species are reduced tenfold.</p> <p>Genetic diversity within species' populations is maintained.</p>	<p>Halting and reversing biodiversity loss, including both ecosystem degradation and species extinction, is the 'apex goal' of the GBF. Reducing harmful financial flows will have the greatest overall contribution to achieving the GBF's objectives.</p> <p>This goal provides an overarching ambition with which financial institutions should seek to align their portfolios—both by financing measures to promote conservation, but more importantly by reducing the financing of activities that harm biodiversity. Reducing harmful financial flows should be based on impact measurement⁸ and engagement with investees and clients.</p>
<p>Goal B: Biodiversity is sustainably used and managed, with nature's contributions to people (including ecosystem functions and services) valued, maintained and enhanced.</p>	<p>This goal emphasises the need for a societal shift in our economies to ensure sustainable development which, by preserving and restoring the services that nature provides to society and the economy, benefits both present and future generations. To meet this goal, financial institutions should embed nature into their decision-making processes, internalising environmental externalities and seeking opportunities to invest in the maintenance of land and seascapes that they and their investee companies source from.</p> <p>Again, this provides an overarching goal for financial institutions to align with, so that their financing and investment activities support the sustainable use of nature and its resources.</p>

8 The [Align project](#) recommends that impact measurement encompasses both ecosystems and species, noting that genetic diversity is currently a difficult component of biodiversity to measure.

Summary of GBF 2050 goals	Relevance to financial institutions
<p>Goal C: Monetary and non-monetary benefits of genetic resources are shared fairly and equitably, including with IPLCs.</p> <p>Internationally agreed access and benefit-sharing instruments are used.</p> <p>Traditional knowledge is protected.</p>	<p>This goal seeks to ensure justice and equity in the use of biodiversity resources. It underlines the importance of social topics linked to biodiversity, such as sharing benefits from the utilisation of genetic resources, digital sequence information on genetic resources, and intellectual property, including traditional knowledge. It also emphasises the rights of IPLCs as beneficiaries of services provided by nature and their important role in nature conservation and restoration.</p> <p>Financial institutions should ensure proper stakeholder engagement is applied throughout the life of financed activities and across supply chains, and that free, prior and informed consent (FPIC) principles are applied when indigenous peoples are affected.⁹ Financial institutions could promote the role of IPLCs in nature-related enterprises and as project proponents, as less than 1% of nature finance currently reaches them.</p>
<p>Goal D: Adequate financial resources are made available to implement the GBF, particularly for developing countries.</p> <p>The USD700bn per year finance gap for biodiversity is progressively closed.</p> <p>All financial flows—public and private—are aligned to deliver the objectives of the GBF.</p>	<p>This goal constitutes the equivalent to Article 2.1c in the Paris Agreement, calling for public and private financial institutions to align their financial flows—including investment and financing activities—to urgently support the implementation of the GBF.</p> <p>“Aligning all financial flows” refers to all financial flows from the private sector and public sources, with the aim of reducing negative impacts (e.g., by eliminating harmful subsidies and ceasing to finance activities that harm biodiversity) and ensuring that new financial flows do not harm nature, but instead support it across economic sectors.¹⁰</p> <p>This means that private financial institutions, including investors, have a role in reducing harmful financial flows they are responsible for, scaling up financing for solutions to biodiversity loss and contributing to closing the finance gap, including in developing and emerging markets.¹¹</p>

9 For further information on FPIC, see this [web page](#) from the UN Food and Agriculture Organisation.

10 For further information, see Finance for Biodiversity (2022), [Aligning flows with biodiversity goals and targets, part II](#).

11 Biodiversity loss could reduce developing countries’ GDP by 10% annually (as a conservative estimate) as their economies are more highly dependent on nature, according to a study by the World Bank.

Action-oriented targets by 2030

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

Below is a summary of targets of particular relevance to investors. Broadly speaking, targets 1 to 13 can help investors and other financial institutions address biodiversity risks and opportunities associated with key sectors and companies in their portfolios. Targets 14 to 19 are intended to create an enabling environment to align financial flows with the GBF and give information on what is expected from financial institutions and businesses themselves. Targets 20 to 23 focus on fostering capacity and knowledge, including through the meaningful participation and representation of IPLCs and women and girls. A full breakdown of the 23 targets and associated investor actions is provided in Annex 1 (page 11).

Important biodiversity targets for key economic sectors

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

Important biodiversity targets for aligning financial flows

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

A framework for action on biodiversity for the financial sector

Given the urgency of addressing the interlinked nature and climate crises, and the lack of time before 2030, implementation of the GBF and alignment with its targets must start as soon as possible in 2023. There are three broad actions that investors can take to address risks and opportunities associated with the crisis in nature. Doing so will help them build resilience and create long-term value, both for themselves and the exposed sectors in which they lend and invest.

1. Integrating biodiversity into investment decision-making (Target 14)

Target 14 underlines the need for financial institutions to strengthen their awareness and understanding of biodiversity and their ability to make appropriate decisions that support the alignment of their financial flows with the goals of the GBF. As for climate and other environmental, social and governance matters, recognising the importance of biodiversity within an organisation's policy, strategy, governance, risk management, operations and targets is critical to support an effective shift in its investments and operational culture. Investors have, through their active ownership and influence, a unique opportunity to encourage and drive change within their clients, catalysing the alignment of corporates, other financial institutions and policy makers with the GBF.

2. Investing in innovative financial solutions (Target 19)

To support the achievement of the objectives of the GBF, Target 19 requires the mobilisation of USD200bn per year by 2030. As well as calling for the mobilisation of domestic and overseas public finance, it makes specific reference to encouraging blended finance (leveraging and scaling-up private investment through public financing and philanthropy); impact funds; and innovative financial mechanisms, including payments for ecosystem services, green bonds, biodiversity offsets and credits, and benefit-sharing mechanisms. This creates opportunities for investors to support the expansion of biodiversity-positive

investment products and markets, by co-developing or participating in public-private financial solutions and institutionally backed innovative financial products. Such financial mechanisms should be in addition to reducing financial flows that have a negative impact on biodiversity and increasing financing towards key stewards of biodiversity.

Importantly, Target 19 strengthens the business case for financial institutions to engage with policy makers and public financial institutions to incentivise private investment through concessional, patient and/or first loss capital, guarantees, and commercial or fiscal incentives for positive investment.

Target 19 also makes explicit reference to “optimizing the co-benefits and synergies of finance targeting the biodiversity and climate crises”. This is particularly meaningful in a context where a vast and growing number of investors now recognise the importance of climate change as a source of risk in their investments and are actively engaged in addressing climate-related risks within their portfolios. Investors should build upon existing efforts and achievements related to climate, reducing the learning curve and need to develop new processes to effectively integrate biodiversity. Investors should ensure action on climate change does not contribute to biodiversity loss (e.g., monocultural tree plantations to sequester carbon) and instead look to maximise co-benefits between climate and biodiversity investments. This can be done using nature-based solutions and projects focused on ecosystem restoration, reforestation, mangrove rehabilitation, and sustainable and regenerative agriculture, among others. Nature-based solutions were explicitly referenced in the Sharm El Sheikh Implementation Plan in November 2022, the outcome of the COP27 climate talks, highlighting their role in addressing both climate change and biodiversity loss.

Finally, it should be noted that Target 18 calls for the elimination and reform of incentives harmful to biodiversity (fairly and equitably), reducing them by at least USD500 billion per year by 2030, and the scaling up of incentives to generate positive outcomes for biodiversity—which may create new investment opportunities.

3. Disclosure of nature-related dependencies, impacts, risks and opportunities (Target 15)

A better understanding of nature-related dependencies and impacts across portfolios of assets and economic value chains, and of the associated risks and opportunities, is essential for making investment decisions that take into account the need to protect and restore biodiversity. Target 15 calls on governments to establish disclosure requirements for companies and financial institutions of a certain size—adding to the momentum towards mandatory disclosure that is already building in jurisdictions such as the European Union, and strengthening the existing institutional and policy backing to voluntary disclosure initiatives such as the Taskforce on Nature-related Financial Disclosures (TNFD). Investors should prepare for further disclosure requirements and, wherever possible, anticipate those by adopting methodologies for the assessment and reporting of nature-related dependencies and impacts and their resulting risks and opportunities, while calling for enhanced corporate disclosure.

Resource mobilisation and monitoring

The GBF is supported by additional decisions to support its implementation. Two important ones cover the monitoring framework, which sets out which elements of the framework's implementation will be reported back to the Parties, and resource mobilisation, which details the funding that will be put in place to ensure the framework can be implemented. The CBD Secretariat will release guidance for state and non-state actors (including those in the private sector) to align their actions and report accordingly. Major finance sector platforms, including the Principles for Responsible Banking and the Finance for Biodiversity Foundation, will release guidance to help financial institutions report in accordance with the expectations of the CBD Secretariat and signatory governments.

Key elements relating to resource mobilisation include:

- A call for the fundamental transformation of the global financial architecture, with the reform of multilateral development banks (MDBs), international financial institutions and investment banks, to ensure that supporting biodiversity is included more explicitly in their mission to support sustainable development, and becomes a higher international priority for investment and safeguards;
- Inviting countries to mobilise private investment for biodiversity, with NBSAPs to include finance plans that account for both public and private financial resources;
- Inviting MDBs to increase their biodiversity funding, through leveraging financial resources from all sources and deploying a full suite of instruments, including new and innovative approaches such as private capital mobilisation and blended finance, providing opportunities for investors for innovative partnerships and access to de-risking products;
- The establishment of an expert group on financial reporting related to biodiversity, with MDBs called upon to report investments in their portfolios contributing to the GBF; and
- The creation of a new Global Biodiversity Fund in 2023, as a special trust fund under the existing Global Environment Facility but with its own governing body, so as to simplify access to financial resources for biodiversity.¹²

¹² See the CBD's Resource mobilisation decision here.

The monitoring framework details specific indicators against which implementation of the GBF can be tracked. The headline monitoring indicator¹³ (which governments will need to report against) related to the private financial sector is D.3 “Private funding (domestic and international) on conservation and sustainable use of biodiversity and ecosystems”; its methodology is yet to be determined. Complementary indicators (which are optional) include:

- foreign direct investment related to biodiversity, as a proportion of total domestic budget;
- the amount and composition of biodiversity-related finance reported to the OECD Creditor reporting system;
- the dollar value of financial and technical assistance, including through North-South, South-South and triangular cooperation. committed to developing countries;
- the amount of biodiversity-related philanthropic funding; and
- the number of countries with payments for ecosystem services programmes, and the number of instruments involved.

13 See the CBD’s Monitoring framework decision here.

Next steps for responsible investors

Responsible investors have the opportunity to take immediate and ambitious action to align their operations and portfolios with the GBF and prepare for anticipated policy developments. Investor groups have provided a number of publications that offer guidance and further information,¹⁴ with key actions summarised below.

Actions	Targets
Build critical capacity internally on biodiversity, and establish ownership at the executive/board level to shape governance	14, 15, 19 and 20
Regularly screen and assess investor portfolios for biodiversity risks (stemming from dependencies and impacts), at sector- and location-level where possible, using tools such as ENCORE, IBAT, WWF Risk Filter Suite, and UNEP-WCMC Nature Risk Profile; ¹⁵ integrate findings into risk management processes	1, 2, 3, 4, 5, 6, 7, 9, 10, 13, 17, 22 and 23
Engage with high-risk investees to access further information (including asset-location data), mitigate risks and explore potential opportunities ¹⁶	1, 2, 3, 4, 5, 6, 7, 9, 10, 13, 17, 21, 22 and 23
Pilot the disclosure recommendations from the TNFD ¹⁷ and build capacity for transparent disclosure and reporting	15
Develop investment policies and strategies related to biodiversity and drivers of biodiversity loss (e.g., deforestation ¹⁸), including sector-specific policies or exclusions where appropriate	1, 2, 3, 10, 14, 15, 19 and 23
Actively identify opportunities to develop or participate in financial mechanisms contributing to the GBF targets and vision	2, 4, 5, 7, 8, 10, 11, 12, 14, 18, 19 and 20
Get involved in relevant initiatives, such as the Finance for Biodiversity Foundation, the TNFD, and Science-based Targets Network	1, 14, 15, 16 and 20
Share lessons learned and mobilise others to take individual and coordinated collective action	2, 14, 20 and 21

14 For example, from ShareAction, PRI and Finance for Biodiversity Foundation.

15 See tools from ENCORE, IBAT, WWF, and UNEP-WCMC.

16 See Finance for Biodiversity's [Guide on engagement with companies](#).

17 The TNFD disclosure recommendations are available here.

18 Guidance on deforestation-free finance policies is available from Global Canopy and WWF.

Annex 1: The 23 GBF targets and their relevance to financial institutions

Summary of GBF target by 2030 ¹⁹	Relevance for financial institutions
<p>Target 1: Loss of areas of “high biodiversity importance” brought as close to zero as possible</p> <p>Spatial planning incorporates biodiversity</p>	<p>For compliance purposes, financial institutions should ensure their investments and their operations (including their supply chains) do not impact negatively areas of high biodiversity importance, such as Protected Areas²⁰ and Key Biodiversity Areas.²¹ The precise meaning of ‘Areas of high biodiversity importance’ is yet to be formally defined by the CBD and its Parties, but it is used as an umbrella term encompassing an array of area designations (e.g. Alliance for Zero Extinction Sites, Key Biodiversity Areas, Important Bird and Biodiversity Areas, Important Plant Areas, Ecologically and Biologically Significant Marine Areas, biodiversity hotspots) as well as other areas which that, even if not yet designated, are remarkable in terms of habitat or species richness, endemism, ecological integrity or for the ecosystem benefits they provide.</p> <p>Financial institutions should eliminate deforestation and other natural land conversion from their portfolios and their supply chains. They should also follow the Sustainable Blue Economy Finance Principles to minimise impacts on the marine environment.²²</p>

19 The targets are presented in summary. The full official wording is available here for reference.

20 See the World Database on Protected Areas.

21 See the KBA partnership website.

22 See www.unepfi.org/blue-finance/the-principles.

Summary of GBF target by 2030 ¹⁹	Relevance for financial institutions
<p>Target 2: 30% of degraded terrestrial, freshwater, coastal and marine areas are under active restoration</p>	<p>Financial institutions should expect increased incentives to support ecosystem restoration through blended finance and other financial mechanisms.</p> <p>Financial institutions should adapt their investment time-horizons to account for restoration opportunities.</p> <p>Financial institutions should also account for potential transition risks to existing investments located within areas with high restoration potential and which may therefore be targeted for active restoration.</p>
<p>Target 3: At least 30% of terrestrial, freshwater, coastal and marine areas are protected, recognising and respecting the rights of IPLCs</p>	<p>Financial institutions should consider legal risks related to financing activities within Protected Areas and areas subject to other effective area-based conservation measures²³ (including newly-designated areas), and the exclusion of certain high-impact activities.</p> <p>Financial institutions should recognise IPLCs as key stewards of the land and ensure they adhere to FPIC principles throughout their operations and investments (see Goal C).</p> <p>Financial institutions might find opportunities in insuring ecosystems or sovereign lending related to meeting this target.²⁴</p> <p>Financial institutions might find opportunities to proactively contribute to multi-stakeholder processes related to the establishment of protected areas.</p>
<p>Target 4: Human-induced extinction of threatened species are halted, including through efforts to minimise human-wildlife conflict</p>	<p>Financial institutions should assess and mitigate the impacts on threatened species of their financing activities, as well as through their operations and supply chains.</p> <p>Financial institutions might find opportunities in efforts to reduce and compensate for human-wildlife conflict, such as human-wildlife conflict insurance/ re-insurance,²⁵ and through new incentives to support wildlife coexistence (e.g., biodiversity credits).²⁶</p>

23 For more information on other effective area-based conservation measures, see the [Protected Planet website](#).

24 See, for example, a debt conversion for nature in Barbados.

25 See, for example, nature positive insurance in Bhutan.

26 See WEF (2022) [Biodiversity Credits: Unlocking Financial Markets for Nature-Positive Outcomes](#).

Summary of GBF target by 2030 ¹⁹	Relevance for financial institutions
<p>Target 5: Use, harvesting and trade of wild species is sustainable, safe and legal</p> <p>Customary sustainable use by IPLCs is respected and protected</p>	<p>For compliance purposes, financial institutions should ensure their operations and investments do not contribute to the illegal trade of species (whether plants or animals), or products thereof, in violation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).</p> <p>Financial products including debt, equity and insurance should be recast to align incentives for the sustainable use of biodiversity (e.g., through pricing), and to fairly reward those who steward and manage nature. This may involve nature-linked key performance indicators in loans and bonds.²⁷</p> <p>Financial institutions could contribute to industry-wide efforts to reduce wildlife trafficking.</p>
<p>Target 6: Impacts of invasive alien species are eliminated, minimised, reduced or mitigated. Rates of introduction of invasive species are reduced by at least 50%</p>	<p>Financial institutions associated with high-risk sectors, such as transport (e.g., shipping), forestry, food and agriculture, and tourism, should ensure invasive species risks are assessed and mitigated by their investments.</p>
<p>Target 7: Pollution risks and impacts are reduced, including reducing by at least half excessive nutrients lost to the environment and the overall risk from pesticides and highly hazardous chemicals</p>	<p>For compliance purposes, financial institutions associated with high-risk sectors²⁸ (e.g., food and agriculture) should monitor new obligations linked to nutrient cycling and use, pesticides and hazardous chemicals management, as well as preventing, reducing and working towards eliminating plastic pollution.</p> <p>Financial institutions should increase engagement with chemicals companies and reduce exposure in their financing activities to the production, sale and use of harmful agricultural chemicals.</p> <p>Financial institutions might find investment opportunities related to agro-ecology or other biodiversity-friendly practices (see Target 10).</p>
<p>Target 8: Impact of climate change and ocean acidification on biodiversity is minimised through mitigation, adaptation and disaster risk reduction</p> <p>Positive impacts of climate action on biodiversity are fostered</p>	<p>Financial institutions should address climate change and biodiversity loss together, recognising that the two issues are linked and mutually reinforcing, and aim for their investments to do the same, integrating nature-based solutions and/or ecosystem-based adaptation in their operations and investments.</p> <p>Financial institutions should take into account the Sustainable Blue Economy Finance Principles, including its exclusion lists and opportunities for sustainable investments.</p>

27 See, for example, the Climate Bonds Initiative's Agri-Food Transition Principles.

28 See UNEP FI (2022) [Prioritising Nature-related Disclosures](#) for a list of high-risk sectors.

Summary of GBF target by 2030 ¹⁹	Relevance for financial institutions
<p>Target 9: Management and use of wild species is sustainable, thereby providing social, economic and environmental benefits for people, especially those in vulnerable situations and those most dependent on biodiversity.</p>	<p>Financial institutions associated with sectors sourcing and using wild species should consider both environmental and social key performance indicators to account for risks to both biodiversity and IPLCs who depend on those species.</p>
<p>Target 10: Areas under agriculture, aquaculture, fisheries and forestry are managed sustainably, including through an increase in biodiversity-friendly practices.</p>	<p>Financial institutions financing the food and agriculture, fisheries and forestry sectors (or that are otherwise dependent on them through their supply chains) should eliminate deforestation, other ecosystem conversion, and unsustainable or illegal fishing from their portfolios. Financial institutions should ensure sustainable management, including in terms of pollution risks.</p> <p>Financial institutions should engage, individually and collectively, with actors in those sectors to encourage good practice. Engagement should influence the entire value chain and escalate appropriately to address laggard practices.</p> <p>Financial institutions might consider developing new financial products or investment strategies (e.g., sustainability-linked bonds and loans, risk-adjusted insurance premiums) to incentivise regenerative agriculture and agro-ecology, sustainable fisheries, certified or indigenous-managed forestry, and other good practices.</p>
<p>Target 11: Nature's contributions to people, including through ecosystem functions and services, are restored and maintained, through nature-based solutions and ecosystem-based approaches.</p>	<p>Financial institutions should assess and mitigate negative impacts from their operations and investments, reducing the associated physical risks.</p> <p>Financial institutions could promote restoration of ecosystem functions and services through regenerative agriculture practices and new financial products such as conservation-based bonds,²⁹ or by pricing incentives for their clients to manage environmental and social risks.</p>
<p>Target 12: The area and quality of green and blue spaces in urban and densely populated areas is significantly increased.</p>	<p>Financial institutions might seek opportunities to provide new financial products associated with urban planning, for example focusing on sustainable buildings and mixed urban space, and nature-based solutions in the urban environment (e.g., bioswales or green roofs).</p>

29 For example, the World Bank's 'Rhino Bonds'.

Summary of GBF target by 2030 ¹⁹	Relevance for financial institutions
<p>Target 13: Benefits from the utilisation of genetic resources, digital sequence information and traditional knowledge are fairly and equitably shared, through effective legal, policy, administrative and capacity-building measures at all levels.</p>	<p>Financial institutions should ensure proper stakeholder engagement is applied throughout the life of financed activities and across supply chains, and FPIC principles are applied when indigenous peoples are affected. Financial institutions could promote the role of IPLCs in nature-related enterprises and as project proponents.</p> <p>Financial institutions should align with relevant national legislation related to the Nagoya Protocol on Access and Benefit Sharing for transactions related to the use of genetic resources.³⁰ Further guidance and a potential new financial mechanism related to digital sequence information (e.g., DNA)—of relevance to pharmaceuticals, chemicals, research, etc.—will be provided in 2024 at COP16.</p>
<p>Target 14: Biodiversity values are fully integrated into policies, regulations, planning and development processes, poverty eradication strategies, strategic environmental assessments, environmental impact assessments and national accounting.</p> <p>All relevant public and private activities and fiscal and financial flows are progressively aligned with the goals and targets of the GBF.</p>	<p>Financial institutions should align their investments, lending, underwriting and insurance activities with the goals and targets of the GBF, as detailed in this document.</p> <p>Financial institutions can expect systems of national accounts and global accounting standards³¹ to increasingly include biodiversity and ecosystem-related values, and should consider how to reflect these appropriately in their risk analyses and impact assessments.</p> <p>Metrics exist that can help financial institutions, including investors, to assess their contribution towards global efforts to reverse biodiversity loss.³² These are in their early stages and will develop further in coming years through ongoing initiatives such as the Principles for Responsible Banking, the TNFD and the Science-based Targets Network.</p>

30 See www.cbd.int/abs.

31 For example, the International Sustainability Standards Board [announced in December 2022](#) its intention to complement its Climate-related Disclosures Standard with disclosures relating to nature.

32 See Finance for Biodiversity's [Guide on biodiversity measurement approaches](#).

Summary of GBF target by 2030 ¹⁹	Relevance for financial institutions
<p>Target 15: To progressively reduce negative impacts on biodiversity and increase positive impacts, companies and financial institutions, in particular large and transnational ones, are encouraged to use legal, administrative or policy measures to:</p> <p>(a) regularly monitor, assess and transparently disclose their risks, dependencies and impacts on biodiversity along their operations, supply and value chains and portfolios;</p> <p>(b) provide information needed to consumers to promote sustainable consumption patterns; and</p> <p>(c) report on compliance with access and benefit-sharing regulations and measures.</p>	<p>Large³³ and transnational financial institutions should assess and transparently disclose their dependencies and impacts on biodiversity and resulting risks and opportunities using frameworks under development.³⁴</p> <p>Other financial institutions should also look to start assessing and disclosing their nature-related dependencies and impacts and resulting risks and opportunities, in particular for key sectors and geographies.³⁵</p> <p>Financial institutions should reduce negative impacts on biodiversity through their operations and portfolios by: adopting relevant investment policies; engaging with their clients and investees; and supporting market-led initiatives driving corporate reporting.</p>
<p>Target 16: The global footprint from consumption is reduced in an equitable manner, with global food waste halved and overconsumption and waste generation significantly reduced.</p>	<p>Financial institutions should ensure their operations and investments align with circular economy and sustainable production principles.³⁶</p> <p>Financial institutions should mobilise participation in regional, sectoral and multi-stakeholder efforts to mitigate cumulative footprints related to financed activities.³⁷</p> <p>Financial institutions might consider pricing incentives to encourage their clients and investees to manage environmental and social risks.</p>
<p>Target 17: Biosafety measures for the handling of biotechnology are implemented.</p>	<p>Financial institutions should ensure compliance across their operations and investments with relevant legislation on living modified organisms and dangerous biological agents.</p>
<p>Target 18: Incentives (including subsidies) harmful to biodiversity identified by 2025.</p> <p>Harmful incentives are substantially and progressively reduced by at least USD500bn per year.</p> <p>Positive incentives for the conservation and sustainable use of biodiversity are scaled up.</p>	<p>Financial institutions should assess which operations and investments may be affected by the elimination of subsidies, such as those related to food and agriculture, and they should monitor potential opportunities arising from the repurposing of subsidies to activities and industries supporting biodiversity protection and restoration.</p>

33 It should be noted that 'large' has yet to be defined by the CBD and its Parties.

34 See, for example, the disclosure framework being developed by the TNFD.

35 See UNEP FI (2022) [Prioritising Nature-related Disclosures](#) for a list of high-risk sectors.

36 For further guidance, see PRI (2022) [Closing the loop: Responsible investment and the circular economy](#).

37 See, for example, the Amazon Soy Moratorium, organised by FAIRR.

Summary of GBF target by 2030 ¹⁹	Relevance for financial institutions
<p>Target 19: The level of financial resources from all sources is substantially and progressively increased to implement national biodiversity strategies and action plans (NBSAPs), mobilising at least USD200bn per year, including by:</p> <p>(a) increasing total biodiversity-related international financial resources to developing countries to more than USD20bn per year by 2025, and to at least USD30bn per year by 2030;</p> <p>(b) developing national biodiversity finance plans;</p> <p>(c) leveraging private finance, promoting blended finance, implementing strategies for raising new and additional resources, and encouraging the private sector to invest in biodiversity, including through impact funds and other instruments;</p> <p>(d) stimulating innovative schemes such as payment for ecosystem services, green bonds, biodiversity offsets and credits, and benefit-sharing mechanisms, with environmental and social safeguards;</p> <p>(e) optimising co-benefits and synergies of finance targeting the biodiversity and climate crises;</p> <p>(f) enhancing the role of collective action, including by IPLCs and community-based natural resource management.</p>	<p>Increased public and private financial resources will be needed to close the biodiversity finance gap.</p> <p>Financial institutions should assess linkages between financing activities targeting climate change and biodiversity loss, including biodiversity co-benefits from high-integrity voluntary carbon markets.</p> <p>Financial institutions might seek to support the development of NBSAPs in each country, aligning their operations and portfolios with relevant national targets and initiatives (e.g., relating to Targets 2 and 3).</p> <p>Financial institutions might identify greater blended finance opportunities with de-risking support or concessional capital from development banks.</p> <p>Financial institutions might identify new approaches to biodiversity finance domestically, including lending to, investing in, and insuring/re-insuring sectors and enterprises with a positive impact on biodiversity.</p>
<p>Target 20: Capacity, including for scientific research and monitoring, is strengthened through global cooperation.</p>	<p>Financial institutions might support the development of such capacity through grant funding to global research initiatives.</p>
<p>Target 21: The best available data, information and knowledge is accessible to decision makers, practitioners and the public to guide effective and equitable governance and the integrated and participatory management of biodiversity.</p> <p>Traditional knowledge from IPLCs should be accessed according to FPIC principles.</p>	<p>Financial institutions should ensure FPIC principles are adhered to in their operations and by their investments.</p> <p>Financial institutions should encourage data providers and require their investees to contribute to open global biodiversity datasets.³⁸</p>

38 For example, through the Global Biodiversity Information Facility.

Summary of GBF target by 2030 ¹⁹	Relevance for financial institutions
<p>Target 22: Full, equitable, inclusive, effective and gender-responsive representation and participation is ensured for IPLCs and other vulnerable groups in decision-making.</p> <p>Access to justice and information related to biodiversity is ensured, and environmental defenders are protected.</p>	<p>Financial institutions should apply best practice in consultation and engagement with projects, and ensure investees and clients fulfil the GBF's expectations, if necessary beyond the requirements of existing local legislation.³⁹</p> <p>Financial institutions should conduct appropriate due diligence to ensure the safety of environmental defenders at projects they finance or insure, or those related to their clients and investees and their supply chains.</p>
<p>Target 23: Gender equality is ensured, including by recognising the equal rights and access to land and natural resources of all women and girls.</p>	<p>Financial institutions should specifically recognise the role of women and girls in their biodiversity-related policies and investment strategies.</p>

39 For more information, see PRI (2020) [Why and how investors should act on human rights](#).



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