ACTION PLAN OF THE 1. GLOBAL ASSET OWNER MEETING 2024

Actions on Biodiversity Investing

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Content

Introduction

An active working session with a concrete result

The inaugural Global Asset Owner Meeting on Biodiversity, held from June 4-6, 2024 at Villa Bonn in Frankfurt, marked a significant milestone in addressing the critical issue of biodiversity investment. This groundbreaking event brought together international asset owners in a focused, private setting to collaboratively develop a new investment framework and guidelines tailored to the needs of all investors.

The result of these efforts is this Action Plan, which encapsulates the collective wisdom, insights, and commitments of the participants.

The meeting was characterized by an exceptional level of engagement and energy, fostering intense, constructive, and creative discussions. Participants shared knowledge and explored strategies to accelerate the flow of capital into biodiversity-related investments. The gathering showcased exemplary practices from pension funds from the Netherlands, Switzerland, Austria and the US, providing inspiration for wider adoption across the industry.

Key findings from the meeting revealed that while sustainable finance has become more mainstream, biodiversity investments are still in their infancy, requiring significant investor capacity building.

Monitoring and measurement of biodiversity impact emerged as a primary challenge, highlighting the need for alignment with EU standards, international frameworks from the IFRS/ISSB, and proactive self-regulation of Swiss Pension fund based on industry best practices.

The event featured notable commitments, including the European Investment Bank's pledge to elevate biodiversity to the same priority level as climate issues and to shift lending standards towards a "no loss" approach for biodiversity. Discussions centered on risk assessment, impact measurement, and the integration of biodiversity considerations into industry value chains and financial markets.

Participants identified several **crucial factors** influencing asset owners' decisions to commit capital to biodiversity investments, including **conviction, persuasion, responsibility, and regulatory pressure**. The need for regulatory adaptation of fiduciary duties to incorporate nature considerations was emphasized, along with the potential for regulatory sandboxes to foster innovation.

This Action Plan serves as a guide and roadmap for implementing investment solutions and fostering collaboration in biodiversity conservation and restoration. It aims to establish regulatory, ecological, and economic targets for the investment opportunity universe, creating a structured and prioritized list of key parameters to chart the course forward.

As we embark on this journey to protect and restore Earth's vital ecosystems, this Action Plan represents the collective engagement of global asset owners to drive meaningful change through strategic investments in biodiversity. It marks the start of a transformative effort to align financial power with the urgent need to preserve and regenerate our planet's natural capital.

Executive Summary

The Global Asset Owner Meeting on Biodiversity responded to the growing awareness of the importance of biodiversity, driven by public attention, regulatory changes, and personal commitment.

Participants recognised that biodiversity investing is an emerging field building on the experiences of climate-related strategies. Many investors, having already invested in renewable energy, are now seeking ways to make a positive impact on nature. To drive meaningful change and increase investments in nature and biodiversity, asset owners developed a comprehensive action plan with key actions for asset owners.

It involves developing a compelling and **positive narrative** that highlights both the urgency and opportunities of biodiversity investment. **Integrating biodiversity considerations into economic decision-making** through the development of quantifiable metrics was deemed essential**.** Equally important is creating a clear **theory of change** to guide investments towards desired biodiversity outcomes.

Participants emphasised the need for **cross-sector collaboration** to scale biodiversity investments and overcome common challenges. They recommended seeking expert guidance to navigate the complexities of biodiversity investment strategies and incorporating sustainability expertise into investment decision-making processes. **Building investor confidence** through transparent reporting, reliable data, and successful case studies was considered crucial.

Furthermore, asset owners support the development of **standardised, comprehensive metrics** specifically for nature and biodiversity investments. They committed to setting clear and measurable **investment targets** that reflect their commitment to biodiversity and sustainable finance.

The action plan also addresses regulators and policymakers. Participants called for biodiversity action to be more prominently featured in public and policy discussions. They recommended regulations that encourage stakeholders to address biodiversity issues and invest in positive solutions. The establishment of **regulatory sandboxes** to test frameworks and incentives for biodiversity investment was proposed, rather than creating more bureaucratic regulations.

Asset owners also called for **more regulatory leeway for asset owners** to invest in biodiversity projects. They emphasised the need for increased education in policy, business, and finance on sustainable finance and biodiversity investing. Finally, they recommended requiring investors to integrate biodiversity considerations into their risk management, engagement and proxy voting policies.

By implementing these actions, asset owners can develop **robust and effective strategies** for biodiversity investing that align environmental goals with financial objectives. The action plan represents a collective engagement to addressing the challenges and opportunities in biodiversity investing, considering both marine and terrestrial dimensions. It provides a roadmap for asset owners to effectively channel capital into biodiversity-positive investments, balancing financial returns with meaningful environmental impact

Expectations
Charting a Course for Biodiversity Investments

The Global Asset Owner Meeting on Biodiversity brought together a diverse group of investors, each carrying their own set of expectations and hopes for the future of biodiversity investment. This chapter outlines the collective aspirations of the participants, highlighting the shared vision that emerged from our discussions.

1. Fostering Knowledge and Collaboration

At the heart of our gathering was a strong desire for exchange and learning. Participants expressed eagerness to share experiences, best practices, and effective engagement strategies. This collaborative spirit aims to break down silos and create a unified front in addressing biodiversity challenges. By pooling our collective wisdom, we hope to accelerate the learning curve for all involved.

2. Seeking Measurement Solutions

A key expectation was the search for tangible measures to integrate biodiversity into investment strategies. Participants sought to deepen their understanding of biodiversity as an investment theme, with a particular focus on discussing metrics and key performance indicators (KPIs) with peers, such as an open source data platform to support decision making.

3. Navigating Regulatory Landscapes

Understanding and adapting to evolving regulatory frameworks, particularly EU regulations, was a key concern. Participants expressed a need for clarity and guidance in aligning their investment strategies with emerging biodiversity-related regulations.

4. Transforming the narrative - Fear into Action

A strong theme that emerged was the desire to transform fear and uncertainty about biodiversity loss into facts and hope. An important factor is the narrative: there is a strong focus on biodiversity loss and worst-case scenarios, whereas solutions and success stories may be more inspiring to others. Participants would like to see more positive impulses and solution-oriented communication so that this can also be used in internal discussions.

5. Shareholder Engagement and Education

Participants recognized the critical role of shareholder engagement in driving corporate behavior towards biodiversity conservation. There was a strong emphasis on sharing effective engagement strategies, providing recommendations and education within peer groups and developing training programs for investment professionals and all stakeholder.

Status Quo Analysis & Outlook

During the asset owner meeting on the first day, working groups discussed the state of knowledge and experience, investment strategy in general and on biodiversity, as well as investors' current objectives.

Current Investment Status & Knowledge

The current landscape of biodiversity investment among asset owners is characterized by a wide spectrum of knowledge and experience.

On a scale of 0-100, the know-how levels range from 10 to 80, indicating significant disparities in understanding and implementation. While some investors are just beginning to acquire initial knowledge, others have already made their first investments in areas such as labeled bonds and venture capital.

A strong majority of asset owners acknowledge a **significant knowledge gap** and are actively seeking collaboration to bridge this divide. However, there are clear global leaders among the attendees, such as ABP and TIAA, who have already incorporated comprehensive impact and ESG strategies into their long-term investment approaches.

The majority of asset owners have either started or taken initial steps to address nature and biodiversity in their investment strategies. However, most do not yet have a specific impact strategy focused on biodiversity. Some have implemented full ESG or net-zero strategies, while others are still in the early stages of consideration.

Measurement Experience

The measurement and reporting of biodiversity investments present a complex challenge for all asset owners. While there is a growing recognition of the importance of biodiversity metrics, the current landscape is characterized by a mix of general sustainability monitoring and emerging biodiversity-specific approaches.

Nature-related Sustainable Development Goals (SDGs) form the basis for many measurement frameworks, with asset owners assessing their contributions to biodiversity-related SDGs. This approach provides a broad, internationally recognized framework for evaluating impact.

Sector risk assessments are increasingly being employed to identify and mitigate biodiversity risks across different industries. This method allows for a more nuanced understanding of biodiversity impacts within specific economic sectors.

Some asset owners are gradually aligning their measurement practices with the **Technical Criteria of the EU Taxonomy**, which provides a standardized classification system for environmentally sustainable economic activities. This alignment is helping to create a more consistent approach to biodiversity measurement across the European investment landscape.

Innovative approaches are being tested, with some investors exploring models for investing **in "Nature Positive" investments**. These models aim to go beyond harm reduction to actively contribute to biodiversity gains.

Regulatory compliance is a key factor, with all projects requiring alignment with regulatory standards such as the Integrated Biodiversity Assessment Tool (IBAT). This ensures that biodiversity investments meet minimum legal and environmental requirements.

Despite these advancements, the **current state of measurement** is still evolving:

1. Most monitoring and reporting remains focused on **general sustainability metrics** rather than being biodiversity-specific.
2. **Negative ESG screenings** are commonly applied, but often without distinguishing between different sustainability factors.
3. **Key Performance Indicators (KPIs)** for biodiversity are typically **only applied to specific investments** rather than across entire portfolios.

Investment Outlook and targets

As asset owners increasingly recognize the importance of biodiversity investments, a range of ambitious targets are emerging. This chapter outlines the diverse investment targets and strategies that participants have set, demonstrating the growing commitment to biodiversity and sustainable finance.

The investment objectives of participating asset owners reflect a mix of traditional financial goals and emerging sustainability targets:

1. **LDI-driven investment systems** remain a core focus for many asset owners, particularly pension funds.
2. **Strategic Asset Allocation (SAA)** is identified as a key driver in shaping investment strategies.
3. **Net-zero targets** are becoming increasingly common among asset owners.
4. Some investors have already **allocated capital to impact** and biodiversity investments.

Institutional investors are setting progressive targets for green and impact investments. One notable example aims to increase their allocation from 18% currently to 25% by 2030, with an interim target of 20% in the near term.

Specific allocation targets reported by some participants include (no defined time horizon):

- 40% impact/ESG investments, with 3.8% specifically in biodiversity
- 18% impact investments
- 25% green bonds
- 30% food-related investments
- 60% emerging markets
- 83% venture capital funds

One prominent investment area is **real estate**, particularly with a focus on urban farming. This approach aims to integrate sustainable agricultural practices within urban environments, thereby enhancing food security and promoting green spaces within cities.

Another critical area is **social impact initiatives**. These investments target projects that have a positive effect on communities, such as improving access to education, healthcare, and other essential services, while simultaneously supporting biodiversity and sustainable practices.

Natural capital solutions are also gaining traction among investors. These solutions involve investing in the preservation and restoration of natural ecosystems, such as forests, wetlands, and grasslands, which provide essential services like carbon sequestration, water purification, and habitat for wildlife.

Marine and agriculture projects represent another thematic area of interest. Investments in this sector focus on sustainable fishing practices, aquaculture, and regenerative agricultural techniques that protect marine biodiversity and enhance soil health, thereby contributing to overall ecosystem resilience.

Infrastructure development is also a key focus for biodiversity investments. This involves creating and upgrading infrastructure in a manner that supports sustainable growth and development while minimising environmental impact. Projects may include the construction of green buildings, renewable energy facilities, and transportation systems that reduce carbon emissions and support biodiversity.

Furthermore, the pension fund emphasises **human capital**, investing in **education and workforce development** to enhance skills and productivity. Resilient communities are another priority, with investments aimed at strengthening community infrastructure and social systems to withstand environmental and economic shocks.

Most pressing Challenges

As we strive to enhance investments in biodiversity, several significant challenges have emerged that must be addressed to facilitate meaningful progress. This chapter outlines these challenges, providing a framework for understanding the obstacles we face and the necessary steps to overcome them.

Defining Biodiversity

A clear and consistent definition of biodiversity is necessary for effective measurement and reporting. The current ambiguity surrounding the term can lead to confusion and misalignment among stakeholders. A common understanding of biodiversity will facilitate better communication and collaboration.

Awareness of Biodiversity Importance and Transition Narrative

There remains a significant gap in awareness regarding the importance of biodiversity among investors and the general public. Education and outreach efforts are needed to highlight the critical role of biodiversity in economic stability, ecosystem health, and overall well-being.

The prevailing crisis narrative surrounding biodiversity loss can create a sense of despair and inaction. In contrast, a transition narrative that emphasizes the opportunities and benefits of investing in

biodiversity can inspire action and engagement. Shifting the narrative is essential for mobilizing support and resources.

Policy Framework

A comprehensive internal and political policy framework is needed to support biodiversity investments. This framework should include clear guidelines, incentives, and support mechanisms that encourage stakeholders to prioritize biodiversity in their investment strategies.

Regulation

Regulatory frameworks play a crucial role in shaping investment behaviors, yet current regulations present several challenges:

- **Clear Communication of Schedule:** There is often a lack of clarity regarding regulatory timelines and expectations, which can hinder investment planning and decision-making. Stakeholders need a clear communication strategy that outlines when new regulations will be implemented and how they will impact biodiversity investments.

- **Obligation to Invest for Future Generations:** Policymakers must consider establishing regulations that obligate asset owners to invest in initiatives that safeguard the future for the next generation. This obligation can create a sense of responsibility and urgency among investors.

- **Complexity of Current Regulations:** Many existing regulations are perceived as overly complex, granular, and sometimes ambiguous. This complexity can deter investors from engaging in biodiversity initiatives, as they may struggle to navigate the regulatory landscape.

Missing Data

A significant barrier to effective biodiversity investment is the lack of comprehensive and reliable data. Without accurate data, it is challenging to assess the impacts of investments and make informed decisions. Efforts must be made to improve data collection, sharing, and accessibility among stakeholders.

Measurement Challenges

Developing robust metrics for measuring biodiversity impacts is a pressing need. Investors require reliable tools to quantify their contributions to biodiversity and assess the effectiveness of their investments. This includes establishing Key Performance Indicators (KPIs) that are specific to biodiversity outcomes.

The measurement of biodiversity impacts presents a multifaceted challenge:

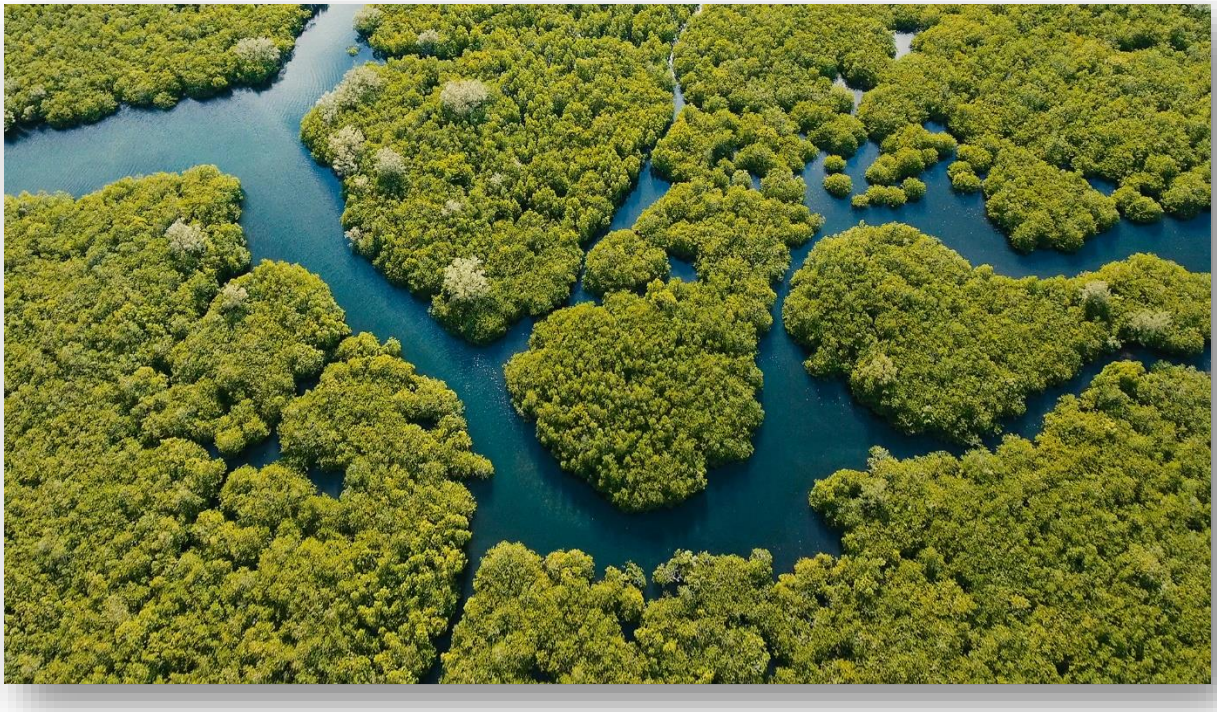
- **Short-Term vs. Long-Term Focus:** Investors often face pressure to deliver short-term financial returns, which can conflict with the long-term nature of biodiversity benefits. Balancing these competing priorities is essential for fostering sustainable investment practices.

- **Aggregation on Portfolio Level:** The challenge of aggregating biodiversity impacts at the portfolio level complicates the assessment of overall performance. Investors need tools and frameworks that allow for effective aggregation and reporting of biodiversity metrics.

- **Comparability of Different Assets and Sectors:** Establishing comparability across various asset classes and sectors is critical for evaluating biodiversity impacts. The absence of standardized metrics makes it difficult to assess and compare the effectiveness of different investments.

Changing Mindsets

Finally, changing mindsets among investors and stakeholders is a crucial challenge. There is a need to foster a culture that values biodiversity and recognizes its intrinsic and economic worth. This cultural shift will require ongoing education, advocacy, and engagement efforts.



Asset Class specific challenges & solutions

The asset class specific workshop broke into different groups to discuss the possibilities of implementing biodiversity investments in different asset classes such as private equity and venture capital, blended finance, real assets, infrastructure and green and labelled bonds. The aim was to discuss key challenges and formulate actionable solutions to improve sustainable investment practices.

Private Equity and Venture Capital

The workshop on exploring investment opportunities in private equity (PE) and venture capital (VC) concerning biodiversity, yielding insightful discussions and strategic directions.

Challenges

Current Status and Allocation: Venture capital often offers small-scale investment opportunities, making it difficult for large institutional investors to achieve the necessary economies of scale. Additionally, venture capital is perceived as a high-risk asset class, resulting in low or no allocations in pension fund portfolios.

Incorporating Impact in Decision-Making: Effectively including impact considerations in investment decision-making processes remains a challenge. Assessing impact rationally requires the development of measurement frameworks and processes to quantify impact effectively.

Investment in First-Time Funds: Many institutional investors avoid investing in first-time funds due to the perceived higher risk. This limits the flow of capital to emerging fund managers.

Minimum Fund Size Restrictions: Minimum fund size requirements can restrict investment opportunities in biodiversity projects. This challenge is particularly acute for smaller-scale initiatives.

Exit Opportunities: The difficulty of exiting investments through company sales is a concern, as the lack of a well-developed secondary market can limit liquidity.

Capital-Intensive Projects: For capital-intensive biodiversity projects, the high capital expenditure requirements can deter investment.

Transparency Issues: A lack of transparency in biodiversity investments is a significant challenge, making it difficult for investors to assess the impact of their investments.

Proposed Solutions

Target Setting and General Objectives: Developing a comprehensive biodiversity strategy and learning from the experiences of other asset owners can help guide investment decisions. Establishing an investment platform to facilitate collaborative investments in biodiversity projects can also be beneficial.

Incorporating Impact in Decision-Making: Integrating impact considerations into the overall governance model of both investors and investees can help prioritize biodiversity goals. Quantifying impact through measurement frameworks can also inform decision-making.

Investment in First-Time Funds: Public sector support, similar to the European Commission's BlueInvest platform, can help emerging funds attract institutional investment. Venture capital philanthropy and a review of restrictions, considering team experience, can also encourage investment in first-time funds.

Minimum Fund Size Restrictions: Aggregating capital into impact fund of funds can enable more flexible investment opportunities, addressing the challenge of minimum fund size requirements.

Incentives for Fund Managers: Implementing impact carry as an incentive can motivate fund managers to achieve biodiversity impact goals.

Exit Opportunities: Developing portfolios, platforms, or a secondary market can facilitate the sale of investments, improving exit opportunities.

Capital-Intensive Projects: Using venture debt or grants can help reduce capital expenditure requirements for capital-intensive biodiversity projects.

Transparency Issues: Combining governance models, capacity building, and awareness initiatives, with a strong emphasis on measurement, can address transparency challenges. Investors can leverage their influence to demand data from investees.

Measurement and Regulation: Developing measurement standards and data sources is essential to address regulatory challenges and provide a framework for assessing biodiversity investments.

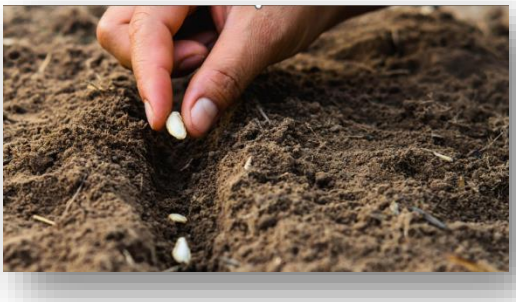
Awareness and Knowledge Gaps: Increasing awareness, understanding, and knowledge of biodiversity investments through education, public relations, success stories, and statistics can enhance capacity building and attract more capital to the sector.

Investing in biodiversity through private equity and venture capital presents both challenges and opportunities. By addressing issues related to scale, risk perception, impact measurement, and transparency, and by implementing innovative solutions such as collaborative investment platforms, incentive structures, and public-private partnerships, the investment community can unlock the potential of private markets to drive positive change in biodiversity conservation.

As awareness grows and measurement frameworks improve, biodiversity investing in private markets is poised to become an increasingly attractive option for investors seeking to generate returns while making a tangible impact on the planet.

Blended Finance

The workshop on investment opportunities in blended finance concerning biodiversity, highlighting the need for enhanced dialogue and collaboration between private investors and international institutions. This dialogue is crucial to bridging understanding gaps and aligning different approaches to financing biodiversity projects.



Challenges

Dynamics of public financing facilities: Private investors typically structure financing rapidly and seek quick returns, often within a few months. In contrast, Development Finance Institutions (DFIs) and international bodies such as the Green Climate Fund (GCF) and the United Nations Development Programme (UNDP), along with European institutions, operate on much longer timelines, often spanning years. This discrepancy necessitates a reevaluation of procedures and a simplification of processes to better align with private sector constraints. Without these adjustments, blended finance projects may continue to rely primarily on philanthropies and other DFIs.

Role Fulfillment: Participants noted that some stakeholders, such as Multilateral Development Banks (MDBs), prioritize their benefits over exceptional project outcomes. To address this, there is a push to capitalize on private finance in line with SDG 17, although this approach has yet to yield the desired results.

Policy Perspective: Policymakers emphasize that blended finance should be additional, not a replacement for existing funding mechanisms. However, the complexity and expense of ratings, along with intricate regulatory frameworks like Solvency II, pose significant challenges.

Proposed Solutions

Blending at Fund Level: To address maturity mismatches between assets and investor expectations, blended finance vehicles at the fund level are proposed. These vehicles can help align the timelines and goals of different investors.

Technical Assistance and Capacity Building: Providing technical assistance and building capacity are essential for fostering impactful investments. This includes enhancing impact reporting and transparency, alongside demonstrating the financial viability of underlying assets.

Direct Engagement: MDBs and International Financial Institutions (IFIs) are encouraged to work directly with asset owners, who in turn must remain open to collaboration. Effective communication and data sharing, such as through the GEMS database, are vital.

Scalability: Funds need to be scalable, ideally exceeding one billion dollars, to attract significant investment and achieve meaningful impact.

Incentives and Exit Strategies: Proper incentives, such as impact carry, can motivate fund managers to achieve impact goals. Additionally, developing portfolios, platforms, or secondary markets can facilitate exit opportunities, making it easier to sell companies or shares.

Capital-Intensive Projects: For projects requiring substantial capital expenditure, venture debt or grants can help reduce upfront costs.

Transparency and Measurement: A combination of governance models, capacity building, and awareness initiatives is necessary to improve transparency. Strong emphasis on measurement standards and data sources is crucial, with investors using their influence to demand comprehensive data.

Awareness and Knowledge: Addressing the lack of awareness and understanding through education, public relations, success stories, and statistics can lead to capacity building and greater engagement with biodiversity investments.

Real Assets – Land and Timber

The workshop for investment opportunities in Investing in land and timber as biodiversity investments presents a unique set of challenges and opportunities. As the urgency to address biodiversity loss grows, understanding these challenges and formulating effective solutions is essential for creating sustainable investment strategies.

Challenges

Strong Lobby of the Petrochemical and Agrochemical Industries: The petrochemical and agrochemical industries exert significant influence over public policy and perception. The prevailing narrative that pesticides and fertilizers are essential for feeding the world's population complicates efforts to promote biodiversity-friendly practices. This strong corporate interest often contradicts the goals of biodiversity investment.

Agricultural Practices and Farmers' Attitudes: Traditional agricultural practices are deeply entrenched, and many farmers may be resistant to change. There is a pressing need to shift state subsidies from conventional practices to support regenerative agriculture, which can enhance biodiversity.

Transition Financing: Transitioning from traditional to regenerative agricultural practices poses financial challenges. Farmers may face income loss during this transition, making it difficult to sustain operations without adequate support.

Creating a Biodiversity Ecosystem: Developing a cohesive ecosystem for carbon credits and biodiversity trading is a complex challenge. There is currently no clear framework for trading biodiversity credits, which limits investment opportunities.

Siloed Asset Classes: Traditional asset classes do not adequately capture the interdependencies between land, timber, and agricultural practices. The need for a more integrated approach, such as agroforestry, is essential for effective biodiversity investment.

Lack of Trackability and Standardization: The absence of standardized metrics and documentation for biodiversity investments complicates the ability to measure impact and replicate successful models. Investors often struggle to track the effectiveness of their investments in promoting biodiversity.

Proposed Solutions

Tighter Regulations and Pro-Biodiversity Policies: Implementing stricter regulations on the use of chemicals and promoting pro-biodiversity policies can help counteract the influence of the agrochemical lobby. These regulations should prioritize sustainable practices that enhance biodiversity.

Education and Training for Farmers: Providing education and training for farmers on regenerative practices can facilitate the transition to biodiversity-friendly agriculture. This includes offering incentives for adopting sustainable management techniques.

Bridge Financing for Transition: Establishing bridge funding mechanisms can support farmers during the transition from traditional to regenerative agriculture. This funding can help mitigate income loss and encourage the adoption of sustainable practices.

Creating a Commercial Engine for Carbon Credits: Developing a robust market for carbon credits can incentivize biodiversity investments. By establishing a commercial engine for trading carbon and biodiversity credits, investors can generate additional income while promoting ecological health.

Agroforestry as an Integrated Asset Class: Combining land, timber, and agroforestry into a single asset class can break down silos and facilitate a more holistic approach to biodiversity investment. Agroforestry systems can provide risk reduction and enhance resilience while promoting biodiversity.

Standardization and Templates for Documentation: Developing templates and standardized documentation for biodiversity investments can enhance trackability and facilitate replication of successful models. This standardization can also improve transparency and accountability in reporting.

Leveraging Successful Examples: Using successful case studies and examples of effective biodiversity investments can provide a roadmap for replication. This approach can help build confidence among investors and demonstrate the viability of biodiversity-focused strategies.

Shifting State Subsidies: Redirecting state subsidies towards training, education, and support for regenerative agriculture can encourage more farmers to adopt sustainable practices. This shift can create a more conducive environment for biodiversity investments.

Regenerative agriculture methods for land and forestry: Regenerative agriculture methods for land and forestry present a significant opportunity to enhance biodiversity while achieving sustainable financial returns. This approach not only addresses environmental degradation but also offers viable economic benefits for farmers and investors alike. Investing in regenerative agriculture not only benefits biodiversity but also offers substantial economic advantages:

> **Cost Savings:** Regenerative practices often lead to reduced input costs for farmers. Healthier soils require fewer chemical fertilizers and pesticides, which can significantly enhance profitability over time. Additionally, improved soil health can lead to higher and more stable yields, further contributing to financial success.
>
> **Market Demand for Sustainable Products:** There is a growing consumer demand for sustainably produced food. By adopting regenerative practices, farmers can position

themselves to capitalize on this trend, potentially commanding higher prices for their products. This shift in consumer behavior can lead to increased revenues for regenerative farms.

Access to Financial Incentives: Many governments and organizations are beginning to offer financial incentives for farmers who adopt regenerative practices. These can include subsidies, grants, and access to carbon credit markets, providing additional revenue streams for farmers transitioning to sustainable methods.

Long-Term Resilience: Farms practicing regenerative agriculture tend to be more resilient to climate change and market fluctuations. By enhancing soil health and biodiversity, these farms can better withstand extreme weather events and other environmental stresses, ensuring long-term viability and profitability

Regenerative agriculture methods present a compelling opportunity for investments in land and forestry that prioritize biodiversity. By focusing on soil health, ecosystem restoration, and community resilience, these practices not only contribute to environmental sustainability but also offer significant economic benefits. As the demand for sustainable products grows and technological innovations emerge, investors have the chance to lead the way in transforming agricultural practices while achieving competitive financial returns.

Investing in land and timber for biodiversity presents a complex landscape marked by significant challenges and opportunities. By addressing the influence of the petrochemical and agrochemical industries, transforming agricultural practices into regenerative methods, and creating integrated ecosystems for biodiversity and carbon credits, investors can enhance their impact on biodiversity conservation.

Implementing solutions such as regenerative methods, tighter regulations, education for farmers, and standardized documentation will be crucial for fostering a sustainable investment environment.

Infrastructure

Investing in biodiversity through infrastructure projects presents a complex set of challenges and opportunities for asset owners and investors. This chapter explores the challenges faced in biodiversity investing within infrastructure and proposes solutions to enhance the effectiveness of these investments.

Challenges

Key Performance Indicators (KPIs): One of the primary challenges is the need for simple and pragmatic KPIs for measuring biodiversity impacts. Current metrics are often complex and not universally applicable, making it difficult for investors to assess the biodiversity outcomes of their projects effectively.

Potential Harm from Infrastructure: Infrastructure projects can inadvertently harm biodiversity, leading to habitat destruction, pollution, and fragmentation of ecosystems. This necessitates careful planning and the implementation of mitigation strategies to minimize negative impacts.

Awareness and Siloed Business Models: There is a pervasive lack of awareness regarding the biodiversity impacts of infrastructure projects. Existing business models are often siloed, focusing on financial returns without adequately considering ecological consequences, which can lead to uninformed decision-making.

Lack of Pricing for Biodiversity Risks: Currently, there is no established pricing model for biodiversity risks, complicating investment decisions. Without a clear valuation of biodiversity, investors may struggle to justify the costs associated with integrating biodiversity considerations into their projects.

Guidelines for Harmonized Reporting: The absence of standardized guidelines for reporting biodiversity-related information makes it challenging for investors to assess and compare the impacts of different projects. This lack of uniformity can hinder transparency and accountability.

Avoiding Offshoring: Investors must ensure that biodiversity risks are not simply offshored to other regions, which can exacerbate global biodiversity loss. This requires a more holistic approach to investment that considers the broader ecological context.

Proposed Solutions

To address these challenges, several solutions have been proposed:

Learning from Other Jurisdictions: Adopting successful practices from other regions, such as the UK's 10% biodiversity net gain rule, can provide valuable insights. This rule mandates that infrastructure projects contribute positively to biodiversity, setting a precedent for future developments.

J-Curve Considerations: Infrastructure projects often require significant upfront investment before reaching a break-even point. Emphasizing long-term planning and investment strategies can help ensure the sustainability of biodiversity outcomes.

Inclusion of Biodiversity in Tenders: Integrating biodiversity requirements into tender processes can ensure that externalities are priced in and accounted for. This approach encourages contractors to prioritize biodiversity in their project designs.

Transparency and Knowledge Sharing: Improving transparency and sharing knowledge across sectors can help align interests and enhance biodiversity outcomes. Collaborative efforts among stakeholders can lead to more informed decision-making.

Alignment of Interests: Developing pricing models that include biodiversity considerations can help align the interests of all stakeholders involved in infrastructure projects. This alignment can incentivize responsible investment practices.

Defining Requests by Limited Partners (LPs): Limited partners should clearly define their biodiversity-related requests, ensuring that investments align with their sustainability goals. This clarity can guide investment decisions and promote accountability.

Incentives and Liabilities: Implementing tax reductions as positive incentives for biodiversity-friendly practices, alongside liabilities for negative impacts, can discourage harmful practices and promote sustainable investment.

Using Best Practices from Agriculture: Learning from successful practices in the agricultural sector, such as sustainable land management, can inform infrastructure development. These practices can enhance biodiversity while ensuring productive land use.

Test Practices and Standardization: Implementing test practices and standardizing documentation can facilitate the replication of successful biodiversity investments. This approach can help build a body of evidence supporting effective strategies.

Integrating biodiversity into infrastructure investment strategies is essential for promoting ecological health and sustainability. While challenges such as the need for clear KPIs, awareness gaps, and the lack of pricing models for biodiversity risks persist, the proposed solutions offer pathways to enhance the effectiveness of biodiversity investments. By learning from successful practices, fostering transparency, and aligning interests across stakeholders, asset owners can play a significant role in promoting biodiversity through infrastructure projects.

Multi Use Infrastructure:

Investors are increasingly recognizing the potential of multi-use infrastructure projects that integrate renewable energy with nature-based solutions, such as algae and mussel farms or fruit tree cultivation. These innovative projects not only address the urgent need for sustainable energy but also enhance biodiversity and create economic opportunities. The demand for such integrated approaches is growing, driven by the need for sustainable development and the recognition of the interconnectedness of ecological and economic systems.

Investors need to actively demand and support these initiatives from their asset managers and regulators in order to effectively promote multi-use infrastructure projects.

Advocacy for Policy Support: Investors can advocate for policies that encourage the development of multi-use infrastructure projects. This includes supporting regulations that incentivize the integration of renewable energy with biodiversity-enhancing practices, such as tax breaks or subsidies for sustainable projects.

Investment in Research and Development: Funding research into best practices for integrating renewable energy and nature-based solutions can provide valuable insights and frameworks for successful project implementation. This investment can help mitigate risks and enhance the effectiveness of multi-use projects.

Education and Awareness: Raising awareness about the benefits of multi-use infrastructure projects among investors and the public can drive demand. Sharing success stories and case studies can illustrate the potential for positive environmental and economic impacts, encouraging further investment.

Multi-use infrastructure projects that combine renewable energy with nature-based solutions represent a significant opportunity for enhancing biodiversity while achieving sustainable financial returns.

Labelled & Green Bonds

The workshop on Labelled and Green Bond investments related to biodiversity highlighted several innovative strategies and challenges in investing for nature. The discussions emphasized the need for a multifaceted approach to protect and restore natural environments while aligning investments with measurable biodiversity outcomes. The following topics were discussed in the workshop:

Challenges

Overcoming Timeline Mismatches: One significant challenge identified was the potential mismatch between the timelines of investment returns and the long-term nature of biodiversity projects. Investors often expect financial returns within a shorter timeframe, which can hinder their commitment to initiatives with longer-term ecological benefits. Addressing this issue will require innovative financing mechanisms and a shift in investor mindsets to prioritize the intrinsic value of nature as an asset class.

Knowledge Gap and Lack of Responsibility for Nature: Many investors lack a clear understanding of their role in preserving biodiversity and the potential impact of their investments on natural ecosystems. This knowledge gap can lead to uninformed decision-making and a lack of prioritization of biodiversity in investment strategies.

No Price on Nature: The absence of a clear market price for natural capital and ecosystem services complicates the valuation of biodiversity projects. Without a standardized pricing mechanism, investors struggle to assess the potential returns on their investments in biodiversity. The workshop explored several financial instruments designed to align investments with measurable biodiversity outcomes. Nature Outcome Related Bonds and Project Related Bonds were discussed as tools to directly link investment capital to specific conservation and restoration initiatives.

Lack of Strategic Local Angle: Many biodiversity projects require a tailored, local approach to address specific ecological and social contexts. However, investors may lack the knowledge or resources to develop localized strategies, leading to suboptimal outcomes. Participants stressed the importance of investments that support both the protection of existing natural habitats and the restoration of

degraded ecosystems. This dual focus recognizes the value of conserving biodiversity in pristine areas while also addressing the urgent need to revive damaged environments.

Inadequate Regulation: Current regulations related to sustainability and solvency may not provide sufficient incentives or guidelines for investors to prioritize biodiversity in their portfolios. Clearer regulatory frameworks are needed to drive investment in biodiversity-friendly projects

Measurement and Impact Data Framework Lacking: The absence of robust, standardized frameworks for measuring the impact of investments on biodiversity makes it difficult for investors to track the effectiveness of their capital allocation. This lack of measurable outcomes can deter investment in biodiversity projects. The workshop also addressed the evolution of data frameworks in biodiversity investments. Participants noted a shift from a "no harm" perspective to a "positive impact" approach, suggesting that investments should be evaluated based on their ability to generate measurable ecological benefits. This shift aligns with the growing recognition of nature's intrinsic value and the need for investments that actively contribute to biodiversity conservation and restoration.

Monitoring and Reporting of Use of Proceeds: Investors require clear and transparent reporting on how the proceeds from green bonds are being used to support biodiversity projects. Inadequate monitoring and reporting can lead to concerns about greenwashing and a lack of trust in the effectiveness of these investments.

Lack of Track Record at Scale: With limited examples of successful, large-scale biodiversity investments, investors may be hesitant to commit significant capital to these projects due to perceived risks and uncertainties.

Liquidity Concerns: Biodiversity projects may not offer the same level of liquidity as traditional investments, which can be a deterrent for investors seeking more flexible capital allocation strategies.

Proposed Solutions

Education and Visibility: Increasing awareness and understanding of the importance of biodiversity investments among investors, policymakers, and the general public can help drive capital allocation towards these projects.

Mapping Beneficiaries: Identifying and mapping the beneficiaries of biodiversity projects, both human and non-human, can help investors align their investments with the needs of local communities and ecosystems.

Leveraging Local Capital for Local Solutions: Encouraging the use of local capital to fund biodiversity initiatives can lead to more tailored and effective solutions that address specific ecological and social contexts.

Pricing Nature: Establishing mechanisms to assign a price to natural capital and ecosystem services can facilitate investment in biodiversity projects by providing a clearer valuation framework.

Regulatory Frameworks for Monitoring and Reporting: Implementing regulations that require clear monitoring and reporting of the use of proceeds from green bonds can enhance transparency and accountability, building investor confidence in biodiversity investments.

Incentives and Regulations for Green Bond Offerings in Biodiversity: Governments and financial institutions can provide incentives and regulations to encourage the issuance of green bonds specifically targeted towards biodiversity projects, expanding the investment universe and driving capital allocation.

Engaging NGOs in Project Implementation: Collaborating with non-governmental organizations (NGOs) that have expertise in biodiversity conservation can help investors develop and implement effective strategies for their green bond investments.

Leveraging Digital Solutions for Measurement: Utilizing digital technologies, such as satellite monitoring and artificial intelligence, can enhance the measurement and tracking of the impact of green bond investments on biodiversity, providing investors with more robust data to inform their decision-making.

Fiduciary Duty Encompassing Finance and Nature: Redefining fiduciary duty to include both financial and ecological responsibilities can encourage investors to prioritize biodiversity in their investment strategies. This can be achieved through education, policy changes, and the establishment of regulatory sandboxes to foster innovation in biodiversity-friendly financial products.

The challenges of investing in labelled and green bonds for biodiversity are not insurmountable. By addressing knowledge gaps, aligning return expectations, and developing robust measurement frameworks, the investment community can unlock the potential of biodiversity investments. One of the primary advantages of green bonds is their alignment with the financial expectations of asset owners.

Moreover, the accountability of green bonds is enhanced by the ongoing development of measurement frameworks and reporting standards. As the market for biodiversity-focused green bonds continues to expand, asset owners have a unique opportunity to play a pivotal role in financing initiatives that protect and restore ecosystems. By investing in these bonds, they can align their financial goals with their commitment to sustainability, ultimately contributing to a healthier planet while achieving competitive returns. In conclusion, the favorable risk-return profile and the emphasis on accountability make investing in green bonds for biodiversity a strategic choice for asset owners committed to fostering environmental stewardship.

Fundamental Questions for Discussion

In an increasingly complex and dynamic investment landscape, asset owners face a myriad of challenges and opportunities that require thoughtful and strategic consideration.

As stewards of significant capital, they must navigate not only financial performance but also the broader implications of their investment choices on society and the environment.

This chapter of the Action Plan aims to explore the fundamental questions that asset owners should engage in at a strategic level within their organizations.

By fostering a culture of inquiry and reflection, asset owners can enhance their decision-making processes, ensuring that their investment strategies are not only financially sound but also socially responsible and environmentally sustainable.

For internal discussions and solutions

What is a Sustainable Economy?

Understanding the concept of a sustainable economy is crucial for aligning investment strategies with long-term ecological and social goals. A sustainable economy balances economic growth with environmental stewardship and social well-being. It prioritizes renewable resources, minimizes waste and emissions, and ensures that economic activities do not deplete natural capital. To define and measure sustainability within investment portfolios, organizations should conduct research on existing definitions and frameworks, organize workshops to develop a consensus definition, and identify key indicators and metrics to measure progress.

How Can We Integrate Biodiversity into Our Investment Strategy?

Integrating biodiversity into investment strategies involves recognizing the value of natural capital and the risks associated with biodiversity loss. This requires a comprehensive approach that includes policy development, risk assessment, and identifying investment opportunities that support biodiversity. Steps to develop a biodiversity investment policy include assessing current portfolios for biodiversity

impacts, developing a biodiversity screening process, and creating guidelines for incorporating biodiversity considerations into due diligence processes.

How Can Passive (ESG) and Active (SDG) Investment Decisions Be Developed?

Balancing passive ESG strategies with active SDG-focused investments is essential for achieving broad sustainability goals and specific impact outcomes. Passive strategies typically involve screening and exclusion, while active strategies focus on targeted investments that drive measurable change. Enhancing ESG screening processes to address biodiversity risks, identifying criteria for SDG-aligned investments, and developing a framework for balancing passive and active approaches are key steps in this process.

How Can We Resolve the Trade-off Between Nature and Human Needs?

Investors often face a trade-off between preserving natural ecosystems and meeting human development needs. Finding a balance requires innovative solutions that promote sustainable development while protecting biodiversity. Researching case studies of successful nature-based solutions, engaging with stakeholders to understand local perspectives, and developing criteria for assessing investments that balance ecological and social outcomes are essential actions.

Is There a Willingness to Design a Common Investment Strategy/Platform?

Creating a common investment strategy or platform for biodiversity can enhance collaboration and amplify impact. This requires a collective commitment from asset owners to share resources, knowledge, and best practices. Initiating discussions with peer organizations, exploring existing platforms, and assessing internal readiness for collaborative investment strategies are necessary steps.

What Data is Already Available and What is Needed?

Reliable data is essential for making informed investment decisions and measuring impact. Identifying existing data sources and gaps can help develop robust biodiversity metrics and reporting frameworks. Conducting an inventory of existing biodiversity data, identifying key data gaps, and exploring partnerships to improve data collection and sharing are critical actions.

How Do We Achieve the Right Goal?

Setting clear, achievable goals for biodiversity investments is critical for success. These goals should align with international standards and frameworks, such as the SDGs and the EU Taxonomy. Reviewing global biodiversity targets, engaging with scientific experts, and developing organization-specific goals aligned with global targets are important steps.

How Can We Leave a Viable Planet (Including Peace) to Our Children?

Ensuring a sustainable and peaceful future for the next generation requires long-term thinking and proactive investment in biodiversity and social stability. Assessing long-term risks and opportunities, developing scenarios for future planetary conditions, and engaging with youth organizations to understand their perspectives are essential actions.

How to Increase Private Investment?

Private investment is crucial for closing the funding gap in biodiversity conservation. Identifying incentives and reducing barriers can help attract more private capital. Analyzing barriers to private investment, exploring innovative financial mechanisms, and developing case studies to demonstrate the business case for biodiversity investment are necessary steps.

Compensation vs. Action?

Balancing compensation for environmental damage with proactive conservation actions is a key challenge. Prioritizing action over compensation can lead to more sustainable outcomes. Evaluating the effectiveness of compensation-based approaches, identifying opportunities for proactive biodiversity investments, and developing guidelines for balancing compensation and proactive action are essential actions.

Short-term vs. Long-term Investment Strategies?

Balancing short-term financial returns with long-term sustainability goals is a common challenge for investors. Assessing the time horizons of current investment strategies, developing scenarios for long-term impacts, and creating a framework for balancing short-term and long-term outcomes are necessary steps.

How Do We Integrate Biodiversity into the Risk Framework?

Incorporating biodiversity risks into the overall risk management framework is essential for identifying and mitigating potential impacts on investment portfolios. Reviewing existing risk assessment frameworks, developing biodiversity-specific risk indicators, and training risk management teams on biodiversity risks are critical actions.

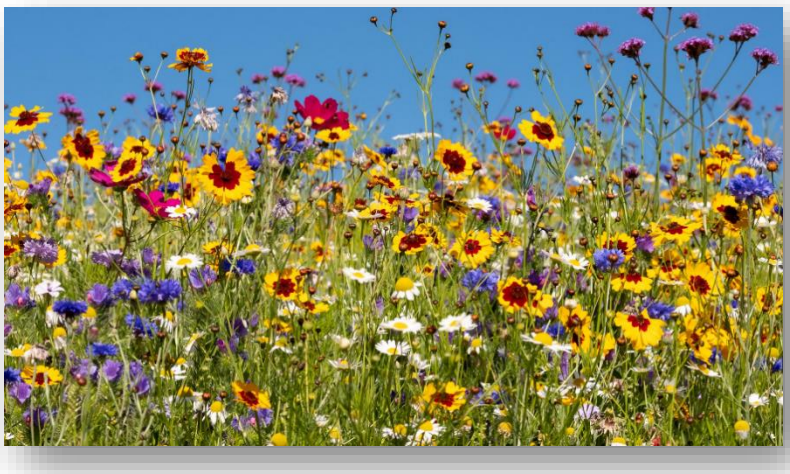
How Do We Get Reliable Measurement?

Reliable measurement of biodiversity impacts is crucial for tracking progress and demonstrating the effectiveness of investments. Evaluating existing measurement tools, engaging with scientific experts, and implementing pilot projects to test and refine measurement approaches are necessary steps.

Are We Even on the Right Track?

Regularly assessing progress and adjusting strategies is essential for ensuring effective contributions to biodiversity conservation. Establishing regular review processes, developing key performance indicators, and engaging with external stakeholders for independent evaluation are important actions.

By addressing these key questions and implementing the associated actions, asset owners and investors can develop more comprehensive, effective, and impactful biodiversity investment strategies. This approach will contribute to the conservation of biodiversity while also creating long-term value for investors and society as a whole.



Key messages

Several key messages emerged from the conference that reflect the current state of the field and the urgent need for action. These statements encapsulate the collective understanding and concerns of the participants, providing a clear picture of the challenges and opportunities for biodiversity conservation and investment.

1. First and foremost, there was a unanimous agreement that **biodiversity is extremely critical** and interlinked with multiple aspects of our ecosystem and economy. This recognition underlines the far-reaching implications of biodiversity loss and the need for a holistic approach to addressing it.

2. Despite the widespread recognition of the urgency of the situation, participants highlighted a significant gap in practical options for action. This **gap between awareness and implementation** is a major obstacle to advancing biodiversity conservation efforts.

3. The meeting emphasized that action on biodiversity investing is not only critical, but also **central for achieving the Sustainable Development Goals** (SDGs). This link between biodiversity and broader sustainability objectives underscores the cross-cutting nature of the issue.

4. **Leadership and collaboration** emerged as key themes, with participants highlighting the need for coordinated efforts across sectors and industries. The lack of a common standard for biodiversity investing was identified as a significant obstacle, highlighting the need for standardized metrics and approaches.

5. The urgency of the situation requires a fundamental shift in the way we approach biodiversity. Participants agreed that this requires both a **change in mindset** and a strong will to act, emphasizing the need for bold and decisive action.

6. A key finding of the conference was the prioritization of **effectiveness over efficiency** in biodiversity efforts. This suggests a shift towards focusing on effective action rather than getting caught up in perfecting processes.

7. Finally, the conference echoed the sentiment that **"the perfect is the enemy of the good"**. This pragmatic approach encourages immediate action, even if current methods and measurements are not perfect. The consensus was that it's better to start with imperfect solutions than to delay action in pursuit of perfection.

Taken together, these key messages paint a picture of a field that recognizes the critical importance of biodiversity, the urgent need for action, and the challenges that lie ahead.

They also provide a roadmap for moving forward, emphasizing practical action, collaboration, and a willingness to start with imperfect solutions in the face of pressing environmental challenges.

Call to Action

For Asset Owners:

1. **Develop Biodiversity Strategies:** Design and implement a theory of change for your organization and comprehensive biodiversity investment strategies within your portfolios.

2. **Collaborate and Share Knowledge:** Actively participate in industry collaborations and be open to sharing best practices and lessons learned to address the biodiversity challenge together.

3. **Demand Better Data:** Use your influence to demand better biodiversity data and reporting from investee companies.

4. **Integrate Biodiversity in Decision-Making Structures:** Integrate biodiversity considerations into investment decisions by reforming internal processes and structures.

5. **Support Innovative Solutions:** Allocate capital to innovative biodiversity-focused investment vehicles and technologies.

6. **Engage with Policymakers:** Advocate for supportive policy frameworks that enable increased investment in biodiversity.

For Regulators and Policymakers:

1. **Address and Communicate:** Biodiversity must be addressed at the policy level, and the scale of the problem should be clearly communicated to the public.

2. **Develop Supportive Regulations:** Implement regulations that encourage stakeholders to address biodiversity issues.

3. **Create Regulatory Sandboxes:** Establish regulatory sandboxes to test frameworks and incentives for biodiversity investment**.**

4. **Involve Local Communities:** Develop policies that involve local communities in biodiversity conservation efforts, such as programs that pay fishermen to monitor and protect oceans instead of overfishing.

5. **Price Externalities:** Implement regulations to price in positive and negative externalities, possibly through biodiversity credits.

6. **Increase Regulatory Flexibility:** Provide traditional asset owners with more regulatory leeway to invest in biodiversity projects, possibly coupled with an obligation to assume responsibility.

7. **Support Blended Finance:** Facilitate blended finance structures with appropriate ticket sizes to limit risk and encourage private investment.

8. **Promote Education:** Increase education on sustainable finance and biodiversity investing.

9. **Mandate Biodiversity Integration:** Require asset managers to integrate biodiversity considerations into their engagement and proxy voting policies.

10. **Set Clear Goals:** Set clear, measurable goals and targets for biodiversity conservation and restoration at national and international levels.

By implementing these actions, we can accelerate the pace of biodiversity investment and make significant progress toward achieving our sustainable development goals.

"Our shared challenge is to mobilize collective action now from governments, international financial institutions, regulators, the private sector, philanthropists, and civil society by unlocking finance for nature and demonstrating nature-positive outcomes"

Closing Statement

The Global Asset Owner Meeting Conference has left participants with a rich tapestry of emotions and impressions, providing a strong foundation for future action.

The prevailing sentiment is that communication is key, with an emphasis on maintaining a positive outlook despite concerns about ESG backlash. This optimism is intertwined with a sense of hope and curiosity, creating an atmosphere where attendees feel both relaxed and ready to take a leap of faith towards innovative solutions. The meeting highlighted the importance of adaptability and creativity in addressing complex challenges. Participants recognized that diligence is crucial and that every action counts in the pursuit of sustainable goals.

This problem-solving mindset was evident, with great thinkers contributing to a vibrant and colorful audience. Success stories shared during the conference underscored the interconnectedness of biodiversity and reinforced the idea that everything is connected, encouraging a learning mentality among attendees.

As we set sail on this journey, it is clear that the commitment demonstrated by asset owners at this meeting is just the beginning. The collaborative spirit fostered during the event lays the foundation for ongoing dialogue and partnership among stakeholders.

With a shared vision and a collective determination to drive meaningful change, asset owners are poised to play a crucial role in safeguarding our planet's biodiversity for future generations. The path ahead is filled with opportunities to refine strategies, implement best practices, and ultimately create lasting value for both investors and the ecosystems that sustain us all.

Let's continue the journey….

Sincerely yours

Antje