

Community of Practice

Financial institutes & Natural Capital

Fact sheet March 2015, Caroline van Leenders, RVO.nl

Introduction

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

CoP Financial institutes & Natural Capital (CoP FINC)

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

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

Definition natural capital, ecosystems and biodiversity

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

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

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

The following companies participate in CoP FiNC: ABN AMRO, Achmea, ASN Bank, FMO Bank, De Friesland Zorgverzekeraar, ING, J. Safra Sarasin, NPM-Capital, Rabobank, SPF Beheer, StartGreen Capital, Tonicc and Triodos.

Examples of questions that emerged from the preparatory interviews are: What do financial institutions already do to contribute to the preservation and enhancement of biodiversity? Which tools can be used for which decision-making/investment process? In what way is data being gathered and what is accessible, up-to-date, reliable data?

During the kick-off meeting the following strategic agenda was formulated:

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

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

Green Table

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

Predecessor Community of Practice Business & Biodiversity

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

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

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

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