



Scaling finance for nature: a primer on what financial institutions are doing today

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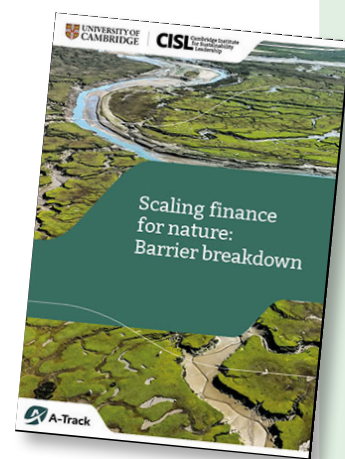
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This primer builds on our previous A-Track report, *Scaling Finance for Nature: Barrier Breakdown*¹². These reports focus on shifting perceptions on nature finance and highlighting existing ‘greening finance’ solutions through mainstream private commercial capital. Future work by CISL in the A-Track project will broaden the scope to include both ‘greening finance’ and ‘financing green’, as well as public, private and blended finance. This will include policy and finance briefings, a practical handbook on using nature-related data and metrics and a comprehensive final report. These outputs aim to influence financial institutions, policymakers and regulators to embed nature considerations into decision-making and unlock scalable finance solutions for nature.



A-Track is a four-year, €11 million project that will accelerate action for nature by business, financial institutions and government.

A-Track brings together leading thought leaders and practitioners who have been driving change in the measurement and valuation of natural capital and biodiversity in business, finance and government. Partners have led the development or implementation of guidelines and standards for measurement of nature impacts and dependencies for improved decision-making, including: biodiversity footprinting, natural capital assessment and accounting, and business models and finance that contribute to nature-positive outcomes.



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CISL is an impact-led institute within the University of Cambridge that activates leadership globally to transform economies for people, nature and climate. Through its global network and hubs in Cambridge, Cape Town and Brussels, CISL works with leaders and innovators across business, finance and government to accelerate action for a sustainable future. Trusted since 1988 for its rigour and pioneering commitment to learning and collaboration, the Institute creates safe spaces to challenge and support those with the power to act.

The Centre for Sustainable Finance

CISL's Centre for Sustainable Finance's focus is to collaborate, co-create research and tools, and build narratives and the human skills and capacity required to accelerate the rewiring of the global financial system to support a sustainable economy. The Centre works closely with international financial organisations and, in particular, hosts three membership groups for private financial institutions – the Banking Environment Initiative for banks, ClimateWise for insurers and the Investment Leaders Group for investors.

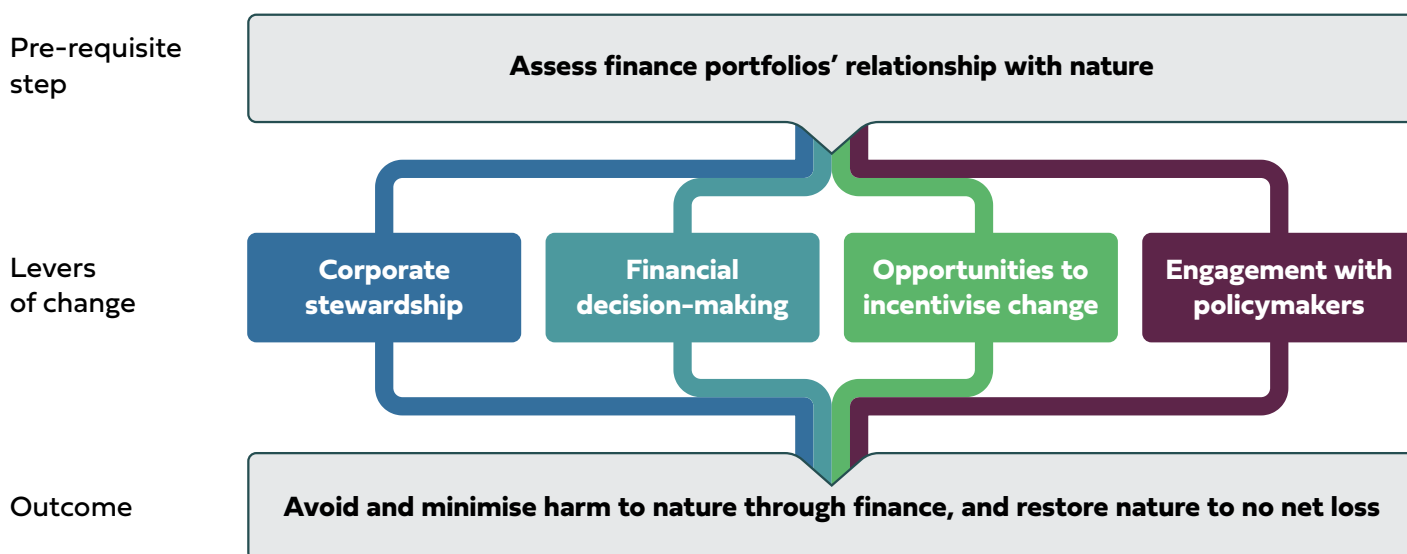
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1 Executive summary

Nature (positive) finance is often narrowly perceived only as **nature conservation finance**, or ‘financing green’ with low financial returns, making it unsuitable and unattractive for private commercial capital at scale.

In this primer, we show that **nature recovery finance** or ‘greening finance’ to avoid and minimise harm to nature, as well as restoring nature to no net loss, can happen today and at scale with existing private commercial capital, through the everyday actions of financiers. The primer identifies one prerequisite step and four levers of change that financial institutions can use to achieve this shift in mainstream finance. These are illustrated with a series of practical, current, concrete examples from financial institutions and other actors. These examples showcase existing approaches to using these levers of change and highlight their potential for scale.



The cumulative positive effects from incremental improvements have the potential to be significant and widespread due to the capacity for greening finance to scale up quickly. Our intention is that practitioners, equipped with this primer and the broad range of example actions it showcases, will be inspired and empowered to act for nature today through mainstream finance practice, whether working in a bank, investment firm or insurance company.

2 Introduction

The need for financial institutions to take action to protect and restore nature, and the gap with the actions currently taken, are well documented^{1–6}. It is also in the self-interest of financial institutions to ensure that the financial materiality of risks to their investment, lending and underwriting portfolios arising from nature – including systemic risks which can undermine long-term portfolio values – are considered alongside the materiality of risks to the environment from those activities, and that opportunities to finance nature-positive activities are not overlooked, such as via taxonomy-aligned bonds.

Banks, for instance, can be exposed to physical risk arising from heavy-industry companies operating in water-stressed areas: credit ratings could be downgraded to speculative if water access were curtailed for even a short period⁷. Investors can face transition risk linked to changes in the policy landscape, eg the EU Farm to Fork Strategy could reduce permissible fertiliser inputs by 20 per cent by 2030, in which case almost 50 per cent of fertiliser producers' equity value could be at risk⁸. Finally, inaccurately pricing nature-related risks can be financially material for insurance underwriters. For example, ecological forestry techniques (forest thinning, prescribed burning) can reduce wildfire risk, thereby leading to lower underwriting payouts for insurers and a 41 per cent decrease in residential insurance premiums⁹.

A relatively small number of companies (just 250) in the MSCI ACWI indexⁱ account for a large proportion (67 per cent) of negative impacts on nature, notably in the food production, mining and energy sectors¹⁰. These impacts include the pollution of air, water and soil; the conversion, degradation and fragmentation of habitats; a changing climate that affects species lifecycles and access to resources; and overexploitation of natural resources (fisheries, timber, water, etc). In 2023, private finance harming nature was estimated at US\$5 trillion for that year alone (ie 5 per cent of global gross domestic product (GDP)), representing 140 times more than that which was nature positive, at just US\$35 billion¹¹. Yet these companies also depend on ecosystem services, so nature loss is harming their long-term value.

“ *The single most impactful action to reduce and halt nature loss is the realignment of nature-negative finance flows. Due to their massive scale, [such realignment] will have a very significant impact*¹¹. ” United Nations Environment Programme

This report, *Scaling finance for nature: a primer on what financial institutions are doing today*, therefore focuses on the powerful leverage financial institutions have to act **today** by realigning mainstream finance flows towards nature-positive outcomes.

This primer is the natural next step from our previous work focused on *barriers* to scaling finance for nature¹², in which we reported the current misalignment between private commercial capital flows¹³ (notably in terms of scale) and international nature goals such as the Kunming–Montreal Global Biodiversity Framework.

In this previous work, one key barrier arising from interviews with 25 financial institutions (banks, investors and insurers) was that nature (positive) finance was often narrowly perceived only as conservation finance, with low financial returns, making it unsuitable and unattractive for private commercial capital at scale. Due to its potential for scaling, especially within those sectors with the greatest negative impacts, this primer focuses on ‘greening finance’. This refers to actions that are comparatively easier to embed in existing financial processes (e.g. portfolio construction, risk management), and via traditional products, services, investment structures and asset classes (see Annex 1). The complementary approach of ‘financing green’, the mobilisation of additional public and private finance¹⁴ – notably as part of blended finance mechanisms – and connections between business strategy on nature and public policies such as tax incentives and subsidies¹⁵ will be investigated in upcoming work by CISL as part of the A-Track project.

3

Actions that financial institutions can already take today

Financial institutions are hugely influential within the real economy through the way they allocate capital¹⁶, ie the decisions they make about which companies and projects to invest in; what activities and businesses to underwrite; and what financial services to provide and to whom. This puts them in a position to act for nature by reducing their financing of activities that harm nature and increasing finance for activities that contribute to its restoration.

This can be done either by driving improvements in those underlying companies and activities, or by changing which companies and activities they finance. We present four broad levers for financial institutions to scale up action on nature today through greening existing financial activities. These are underpinned by a fundamental prerequisite step to understand their impacts and dependencies (ie reliance) on nature through

the companies and projects they finance (**Figure 1**). Beyond that first step, there is no expectation that the levers must be applied in any specific or sequential order, or that other effective levers should not be used. It is simply important that all financial institutions get started on their nature journey with this prerequisite step, ideally followed by activities applying one or more of the levers.

In what follows, we provide concrete, real-life examples of actions that financial institutions have taken to apply each of these levers and the prerequisite step.

These examples are drawn from across the main branches of finance – broadly categorised into banks, investors (asset owners such as pension funds, and asset managers) and insurers (considering both their investing and underwriting arms), noting that most examples are relevant to several of these branches. The examples may not all necessarily represent best practice, and indeed many leave room for improvement, but they do demonstrate what can already be done, and could be scaled to reduce harmful impacts to, and increase positive impacts on, nature.

Some of the examples provided may also have direct benefits for *conserving* nature (such as sustainability-linked loans), ie there is no clear boundary between greening finance and financing green. Yet, the focus of this primer is on the potential for scaling via commercial products and services, and standard financial products – rather than more complex or bespoke structures and/or arrangements that require additional support from public or philanthropic capital in order to provide commercially attractive returns and/or risk profiles, such as blended finance.

Through this work, we also seek to address common questions that have arisen through our interactions with various financial institutions ⁱⁱⁱ (**Figure 2**).

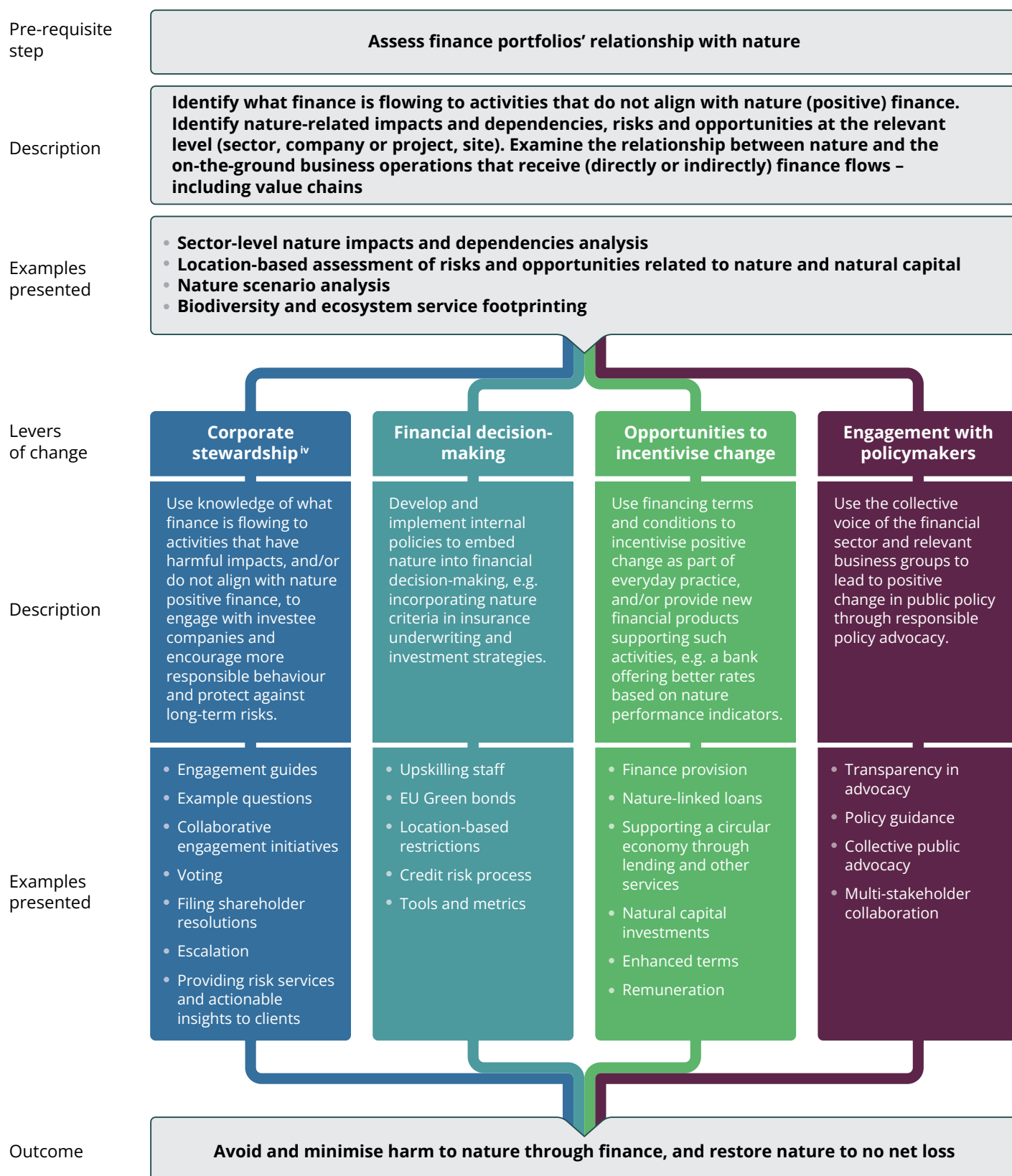
i <https://www.msci.com/indexes/index/892400>

ii In particular, we consider private capital provided and/or managed by financial institutions such as banks, insurers, asset managers and other institutional investors – as opposed to public sources of funds such as governments, or development banks – and use ‘commercial’ to refer to their fundamental business activities and distinguish from private philanthropic capital.

iii See **Annex 1**.



Figure 1: Key levers and actions that financial institutions can use for greening finance, underpinned by assessment of their portfolios' relationship with nature (pre-requisite step). *The same colours are used throughout the report to refer to the respective levers.*



iv Stewardship in this context refers to the ways financial institutions oversee their investee companies.

Figure 2: Common questions about greening finance that have arisen through our interactions with various financial institutions, and how the primer can help.

Resources mentioned: *ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure)*¹⁹, see *ShareAction et al*³ for a guide; *WWF Biodiversity Risk Filter*²⁰; *IBAT (Integrated Biodiversity Assessment Tool)*²¹; *GIST Impact*²²; *GeoAsset*²³.

	EXAMPLES	JUMP TO
<p>“</p> <p>How to get started?</p> <p>”</p>	High-level materiality assessment – e.g. using the ENCORE tool – to understand which sectors cause the most pressure and have the biggest impacts on nature	p. 13–14
	Initial nature engagement discussion questions	p. 17–18
<p>“</p> <p>What's next after ENCORE?</p> <p>”</p>	Conduct deeper analysis using geospatial data and advanced tools (e.g. biodiversity footprinting, natural capital assessment, WWF Biodiversity Risk Filter, IBAT, GIST Impact) to understand impacts and dependencies on nature – especially in important locations for nature	p. 13–15; 24
	Use results of this analysis to identify risks and opportunities arising from impacts and dependencies	p. 23–25
	Develop policies to manage risks	p. 23–26
	Consider opportunities to incentivise nature positive business conduct	p. 28–30
	Collaborate with policy makers (e.g. as part of a collective group)	p. 32–34
<p>“</p> <p>How to know where investee companies are operating?</p> <p>”</p>	Use available data via tools such as IBAT, GeoAsset, and GIST Impact	p. 13–15; 24
	Where data are not available, set clear expectations to companies through engagement that they identify and disclose significant biodiversity impacts and dependencies across their value chains	p. 17–21
<p>“</p> <p>What engagement questions to ask?</p> <p>”</p>	Initial nature engagement discussion questions	p. 17–18
	In-depth engagement guides for specific high risk (to nature) sectors: e.g. mining; hydropower	p. 18; 20
	Consider joining coordinated collaborative engagements	p. 18
	Collaborate with other stakeholders, including non-governmental organisations	p. 32–34

3.1 Prerequisite: Assess financing portfolios' relationship with nature

In contrast to climate, nature is highly localised – this means that any in-depth assessment of an investment portfolio with nature will, at some stage, require deep dives to examine the relationship between nature and the on-the-ground business operations that receive (directly or indirectly) finance flows^{24–27}. Nevertheless, much can be done ahead of this, to begin identifying what finance is flowing to business activities that do not align with nature (positive) finance, and where risks and opportunities lie. This knowledge is key to informing where to prioritise attention^{28, 29} and what actions to take. It therefore underpins application of the levers of change that will be highlighted in subsequent sections, and is also reinforced and deepened via dialogues with companies as part of corporate engagement³⁰ (p. 5) – which is itself one of the levers of change.

Table 1: Examples presented in this section of actions towards the **Pre-requisite: Assess financing portfolios' relationship with nature.**

Example actions Pre-requisite: Assess financing portfolios' relationship with nature	See page	Institution(s)	Also relevant to (either directly or by analogy)
Rapid natural capital risk assessments	p. 13	Bank	All
Deeper risk analysis (beyond ENCORE); informing engagement	p. 13	Bank	All
Deeper risk analysis (beyond ENCORE); informing engagement	p. 14	Asset manager	All
Geospatial data assessment	p. 14	Asset manager	All
Biodiversity footprinting	p. 15	Insurer	All





3.1.1 Examples from banks

Rapid natural capital risk assessments

Banks can use rapid natural capital risk assessments to uncover how natural capital disruption can put their borrowers' operations at risk if, for instance, the operations they finance depend on natural capital assets such as clean water and air, healthy soil, timber or pollinators. The assessment process identifies business dependencies on these assets, threats to these assets (eg from overexploitation, degradation or a changing climate) and the resulting risks to the banks. Five banks in Colombia, Peru and South Africa piloted this risk assessment approach, with focus ranging from qualitative to quantitative, and from project to portfolio level³¹. Banks reported that the rapid assessment was useful to cut through the complexity of natural capital risk and get an initial understanding of their risk exposure to inform financial decision-making such as credit risk^v.

Deeper risk analysis (beyond ENCORE); informing engagement

Norinchukin Bank has considered the materiality of nature loss for both its investment and loan portfolios. Starting with a high-level sectoral analysis of the dependencies on nature of the direct operations of investees and borrowers³² (p. 58–63) using ENCORE¹⁹, the bank complemented this with a deeper analysis (p. 64–66) of the relationship with nature across value chains of investees and borrowers. Findings in the food and agriculture sector were then used to inform engagement discussions (a lever of change), for example with Japanese livestock feed industries on procurement methods to reduce blue water usage (ie from fresh surface and groundwater, such as rivers and lakes). Using geospatial data (p. 69–70), the bank also assessed location-specific risks and opportunities, notably of their borrowers operating in critical sites with regard to nature (eg factory operations in or near protected areas and in flood-prone areas). Their nature approach extends to scenario analysis (eg water shortage, pollination risks), and portfolio-level footprinting using Life Cycle Assessment (LCA), taking both climate and nature into account. Footprinting is an advanced and data-intensive approach^{vi} that is usually the remit of financial institutions that are advanced in their nature journey.

v See p. 23 of this Primer

vi See TecNALIA *et al* The BES footprint approach for an overview (to be published)



3.1.2 Examples from asset managers

Deeper risk analysis (beyond ENCORE); informing engagement

MUFG Asset Management³³ (p. 37–43) uses ENCORE¹⁹ to identify sectors with high impacts and dependencies on ecosystem services. By separating the analysis into specific ecosystem services, it can gain more detailed insights about the materiality of these impacts and dependencies for different sectors, thereby facilitating more effective dialogue with investee companies. This analysis is then combined with geospatial data from the WWF Biodiversity Risk Filter²⁰ to enable more precise management of specific nature-related potential risks, using tools such as scenario analysis and stress testing.

Geospatial data assessment

Norges Bank Investment Management (NBIM) manages the Norwegian Government Pension Fund Global, which is highly significant for its size: US\$1.7 trillion of assets under management in April 2025³⁴, and owning on average 1.5 per cent of all shares in the world's listed companies³⁵. NBIM recently assessed the fund's exposure to nature, how it depends on certain ecosystem services (eg provision of water) and/or how it can negatively impact nature (eg habitat degradation)³⁶ (p. 37–40). Using geospatial data through GIST Impact²², which maps the intersection between natural assets and individual company operations, NBIM estimated the proportion of their portfolio companies' operations that are near to Key Biodiversity Areas (KBAs), which are areas of extreme importance for species and their habitats³⁷. Similarly, NBIM's geospatial assessment extended to water (a non-living component of nature), specifically areas under significant water stress and demand.

Financial institutions have found the LEAP (Locate, Evaluate, Assess, Prepare) approach³⁸ useful to organise data sources and tools, many of which are listed in Finance for Biodiversity Foundation & EU Business & Biodiversity Platform²⁵ and TNFD³⁹. Franklin Templeton for instance, does so to organise a wide range of geospatial data on asset- and nature-sensitive locations, as well as ecoregions for contextual information⁴⁰.



3.1.3 Example from an insurer

Biodiversity footprinting

Since 2022, AXA Group⁴¹ (p. 28) has used the Corporate Biodiversity Footprint (CBF) approach to measure investment-related negative impacts on biodiversity, considering land use, climate change, and air and water pollution. It is based on an indicator called Mean Species Abundance (MSA), which measures the average percentage abundance of native species in a given area subjected to pressure, compared to pristine nature⁴². The MSA is computed for individual companies, aggregated at portfolio level, and then expressed as a surface area that can be used as a proxy for the extent of the portfolio's footprint on nature. The approach has some limitations⁴¹ (p. 54), but is useful for identifying economic activities contributing most to biodiversity loss.



3.2 Lever 1: Embed nature into corporate stewardship approach

Having assessed which capital flows are likely to have the most material impacts and dependencies on nature, the first key lever available to financial institutions is to encourage these companies to reduce their negative impacts, and/or increase their positive ones, with a view of protecting and enhancing long-term value and reducing risk. This lever is often referred to as *stewardship*, and includes activities such as: corporate engagement (dialogue with companies); setting behavioural expectations, along with timebound milestones where improvement is required; voting; filing shareholder resolutions; and imposing conditions prior to investment. Where expectations are not met, milestones for improvement are missed, or progress is too slow, a robust escalation policy should set out the financial institution's response with steps of increasing severity.

Table 2: Examples presented in this section of actions towards **Lever 1: Embed nature into corporate stewardship approach.**

Example actions Lever 1: Embed nature into corporate stewardship approach	See page	Institution(s)	Also relevant to (either directly or by analogy)
Engagement including goal-setting	p. 17	Bank	All
Getting started on nature engagement and general questions	p. 17	Asset manager	All
Engagement with sectors with high impacts and dependencies on nature (mining)	p. 18	Asset manager	All
Joining collaborative engagement initiatives	p. 18	Asset manager	Other investors
Setting clear expectations, monitoring, and escalation (if necessary)	p. 19	Asset manager	Other investors
Voting guidelines, data disclosure, and escalation policy	p. 19	Asset manager	Other investors
Filing a shareholder resolution	p. 20	Asset manager	Other investors
Engagement with sectors with high impacts on nature (hydropower)	p. 20	Insurer	All
Framework for engagement with underwriting clients	p. 21	Insurer	Investors
Providing risk management services and actionable insights on nature to clients	p. 27	Insurer	Banks



3.2.1 Example from a bank

Engagement including goal-setting

In 2021, BNP Paribas committed to encouraging its clients producing or buying beef or soy from Brazil's Amazon and Cerrado to adopt zero deforestation practices and transparently show progress. By the end of 2025, BNP Paribas will only finance companies with a clear zero deforestation strategy for their production and supply chains⁴³ (p. 5–6). The bank will not finance those sourcing from land cleared after 2008 in the Amazon and discourages sourcing from land cleared after January 2020 in the Cerrado. The policy also emphasises dialogue with producers and traders to boost commodity traceability, value chain transparency and implementation of best practices. Since 2017, palm oil clients have been required to commit to NDPE (No Deforestation, No Peat, No Exploitation) and HCS (High Carbon Stock Approach) standards.



3.2.2 Examples from asset managers

Getting started on nature engagement and general questions

Finance for Biodiversity Foundation presents a useful guide to get started on this topic and highlights various actions financial institutions are already taking⁴⁴. These include, for example, ten high-level questions that Amundi claim “*proved useful to raise awareness, encourage companies to examine the topic within their own context, and help them to take action*” (**Box 1**). Financial institutions can also use their knowledge and expertise on climate issues to engage companies about nature. For instance, CISL⁴⁵ focuses on accelerating action on nature protection and restoration through existing climate mitigation efforts. Supplementing this, TNFD *et al* identify 12 questions that boards of companies should be asking internally about their company's approach to nature⁴⁶. Although aimed at directors, these questions could also be used as a basis for financial institutions to ask of the companies they serve and finance.

Box 1: Amundi's initial engagement questions to start the conversation with companies in high-impact sectors.
Reproduced courtesy of Finance for Biodiversity Foundation ⁴⁴ (p. 17).

- 1 Is biodiversity discussed at the board level?
- 2 How has the company formalized its biodiversity strategy?
- 3 Has the company assessed its biodiversity impacts?
- 4 What are the biodiversity-linked measures that the company has already implemented?
- 5 Does the company refer to biodiversity dependencies such as material benefits and ecosystem services?
- 6 Does the company identify biodiversity as a risk?
- 7 How is the company measuring risk linked to biodiversity?
- 8 Has the company identified opportunities linked to preventing biodiversity loss?
- 9 Does the company have any metrics or targets linked to biodiversity?
- 10 How is the company collectively addressing the reporting gaps linked to biodiversity?

Engagement with sectors with high impacts and dependencies on nature (mining)

Similarly, VBDO (Dutch Association of Investors for Sustainable Development) has produced guides on engagement specifically with mining companies – a sector with high impacts and dependencies on nature – covering biodiversity ⁴⁷, water management ⁴⁸, and reclamation and closure ⁴⁹. Each of these guides provides a broad range of example engagement questions and suggested good practice across key topics.

Joining collaborative engagement initiatives

FAIRR is a collaborative initiative focused on the global food system that facilitates engagements on behalf of its investor members ⁵⁰. It provides an opportunity for stewardship or engagement teams with more limited capacity to gain support and access to subject expertise to engage companies in their portfolio, and provides company-level analysis to its members. Engagements topics have included sustainable aquaculture, waste and pollution, and antibiotic use. FAIRR has signed up over 400 investor members representing over US\$80 trillion in assets, with members able to sign up to individual engagement phases. By building wider support, both in numbers of investors and assets under management, FAIRR can collectively send a strong signal to target companies and the wider market on behalf of its members.

Setting clear expectations, monitoring and escalation (if necessary)

Aviva Investors sets out the following expectations for companies⁵¹ (p. 33):

- Identify and disclose significant biodiversity impacts and dependencies across their value chains;
- Set ambitious, SMART^{vii} targets for the most material biodiversity impacts; and
- Show progress on critical, company-specific, unaddressed impacts on nature.

This is complemented by sector-specific expectations (nature, water, circular economy; p. 34–35). Crucially, companies are monitored and assessed against these expectations to determine if escalation is warranted, and this is backed up by a voting policy, eg in case of significant exposure to commodity-driven deforestation risk (p. 36), in line with their public commitment⁵².

Voting guidelines, data disclosure, and escalation policy

Robeco sets voting guidelines on deforestation risk management, using third-party data⁵³ (p. 39). The policy expects companies highly exposed to deforestation-linked commodities (eg palm oil, soy, beef, timber, paper, pulp) to address these risks in their operations and supply chains. If companies lack adequate policies or are involved in serious deforestation-related controversies, Robeco would vote against relevant agenda items. Mitigating actions are evaluated using benchmarks like Forest 500⁵⁴ (p. 21). The policy includes a three-year engagement timeline, with escalation steps if goals are missed, potentially leading to exclusion (p. 10–11).

Another specific action Robeco takes in its engagement is to encourage companies to disclose location-level data when they operate or source in high-risk areas, so that this information can be incorporated in its proprietary biodiversity assessment of companies⁵³ (p. 35–36). Data availability and quality are often cited as major challenges by financial institutions, so engaging on this subject is important⁶ (p. 53).

vii SMART stands for Specific, Measurable, Achievable, Relevant, and Time-bound.

Filing a shareholder resolution

In 2024, BNP Paribas Asset Management acted as the lead filer of a shareholder resolution to McDonald's requesting a public report on how its supply chains and operations impact and depend on biodiversity⁵⁵. The mere filing of a resolution is a strong signal that can lead to dialogue with companies: in this case, an undisclosed agreement was reached with the company after the resolution's withdrawal. However, we found few public examples of nature-related resolutions being filed by investors – whether withdrawn or proceeding to a vote⁵⁶ – indicating this lever is currently underutilised. In another example, McDonald's had seen an earlier resolution filed by four shareholders including Allianz Global Investors and the New York State Common Retirement Fund⁵⁷. It asked to assess the feasibility of implementing targets for reducing water consumption in McDonald's supply chain. The resolution's withdrawal led to McDonald's committing to additional water-related disclosures in the short term and to collaboratively developing a strategy for operations in water-stressed areas.



3.2.3 Examples from insurers

Engagement with sectors with high impacts on nature (hydropower)

Insurance companies, through the Principles for Sustainable Insurance initiative, have produced industry guidance on nature-related risks posed to World Heritage sites, notably highlighting hydropower as a high materiality sector^{58, 59}. Insurers face direct losses when physical risks materialise and so ought to consider a range of issues prior to granting insurance cover, for instance: avoiding projects in protected areas; requiring credible social and environmental impact assessments; applying stringent frameworks and standards; and a comprehensive range of engagement questions, with potential red flags and recommended assessment criteria by which to judge good practice⁶⁰ (p. 27–29).

Framework for engagement with underwriting clients

Swiss Re outlines its underwriting priorities and restrictions for activities causing severe environmental harm – such as biodiversity loss in key areas, major pollution or climate damage⁶¹. It may require independent environmental impact assessments to inform its decisions. Furthermore, Swiss Re encourages clients to adopt goals-based environmental strategies, pursue recognised sustainability certifications, and continuously disclose and improve their environmental performance (p. 11). The policy also details sector-specific (agriculture, forestry and food, hydro dams, mining, oil and gas, and thermal coal) underwriting considerations (p. 15–19).

Providing risk management services and actionable insights on nature to clients

Insurance companies can support nature by working with their clients to identify activities or sectors that present a particular threat to nature and develop risk mitigation measures. Zurich Insurance has raised awareness among its clients and started to train risk engineers to identify and manage clients' risks from per- and polyfluoroalkyl substances (PFAS), a large class of persistent chemicals (colloquially called 'forever chemicals') with links to serious health impacts on humans and wildlife⁶². Swiss Re provides its clients with a range of geospatial nature-related insights allowing them to assess nature risks, dependencies and impacts²⁸ (p. 26).



3.3 Lever 2: Embed nature into financial decision-making

This lever is informed by knowledge of a portfolio's relationship with nature, and is about embedding nature considerations across day-to-day working practices^{1,2}. For instance, financial institutions can develop and implement internal policies that incorporate/address nature-related issues, noting that some of these policies can then be used to inform stewardship activities with investee companies (another lever of change, see above).

Table 3: Examples presented in this section of actions towards **Lever 2: Embed nature into financial decision-making**.

Example actions Lever 2: Embed nature into financial decision-making	See page	Institution(s)	Also relevant to (either directly or by analogy)
Restrictions based on geographic location and highly polluting substances	p. 23	Bank	All
Embedding nature in credit risk process	p. 23	Bank	Other investors
Alignment with the EU Taxonomy for sustainable activities	p. 24	Bank	All
Using biodiversity tools and metrics	p. 24	Asset manager	All
Embedding nature across group policies	p. 25	Financial institution	All
Policies on risk management	p. 25	Financial institution	All
Engaging and upskilling staff	p. 26	Financial institution	All





3.3.1 Examples from banks

Restrictions based on geographic location and highly polluting substances

Rabobank's Nature Policy⁶³ (p. 4–5) applies to all clients and business partners with actual or potential material impacts on nature, including via their value chains. Its strict 'acceptance requirements' exclude operations in nationally designated protected areas or key international sites such as IUCN categories I and II areas, UNESCO World Heritage sites⁶⁴ (considered to have Outstanding Universal Value in terms of culture and/or nature), and Ramsar wetlands⁶⁵. It also rejects activities that could harm IUCN Red List species⁶⁶ and bans financing for products with PCBs (polychlorinated biphenyls), other POPs (persistent organic pollutants), or ODS (ozone depleting substances) under international bans. The Policy includes site-level performance monitoring expectations.

Embedding nature in credit risk process

Building on a 2023 assessment showing that environment and nature was a material risk, Lloyds Banking Group has taken initial steps to integrate nature into the credit risk process⁶⁷ (p. 128). Direct risk could take the form of the bank becoming liable for site remediation after repossession, while indirect risk could come from a borrower being fined or unable to trade as a result of pollution or non-compliance with regulation.

Standard Bank conducts environmental risk screening during pre-credit checks and incorporates environmental factors into due diligence and ongoing monitoring for all corporate and investment banking transactions⁶⁸ (p. 38). These annual assessments cover biodiversity, critical habitats, air and water quality, resource use and waste management. Screening determines the need and depth of further due diligence, with outcomes reviewed by relevant risk and approval committees, potentially resulting in transaction conditions.

Alignment with the EU Taxonomy for sustainable activities

Banks help corporate businesses to raise capital. One way they can work towards greening finance is to support the issuance of bonds in alignment with robust green taxonomies. For example, the green energy company Iberdrola issued one of the first European Green Bonds. A key requirement of this recently launched standard ⁶⁹ is that at least 85 per cent of proceeds (ie funds raised) need to be allocated to activities aligned to the EU Taxonomy for sustainable activities. In parallel, Iberdrola's Biodiversity Plan 2030 ⁷⁰ makes clear commitments towards biodiversity and nature more broadly – these commitments are referenced throughout the bond's technical documentation ⁷¹, indicating that business operations are likely to be mindful of nature and biodiversity, in line with 'greening finance'. As a key tool of the EU Green Deal ⁷², the Taxonomy creates transparency around the alignment of private finance with sustainability goals ⁷³ and hence supports the implementation of international commitments such as the Kunming-Montreal Global Biodiversity Framework.



3.3.2 Examples from asset managers

Using biodiversity tools and metrics

UBP (Union Bancaire Privée) uses biodiversity-related scores from several leading data providers and sources, including Nature and Biodiversity Metrics ⁷⁴, the WWF Risk Filter Suite ²⁰ and SPOTT ⁷⁵, to inform its investment decisions, as part of a broader ESG (environmental, social and governance) assessment of businesses it invests in. The assessment allows the classification of companies into two categories ⁷⁶: 'Biodiversity laggards' have poor performance with regard to biodiversity, meaning that they are either exposed to high nature-related risk and/or have a disproportionate impact on nature; investment teams are encouraged to limit exposure. 'Biodiversity leaders', in contrast, are deemed to have high biodiversity performance and positive impact on biodiversity. While this approach is used across all UBP funds, stricter criteria apply to its sustainable and impact strategies.

Robeco has developed a Biodiversity Traffic Light approach to identify 'leaders' and 'laggards' in the nature space, the insights from which can be incorporated into investment strategies, such as positive and negative screening, and portfolio weighting ⁷⁷. Specifically, the approach helps

investors allocate capital towards companies that are making meaningful progress in mitigating their impacts on nature (current performance), while also considering their plans to transition towards a more nature-positive business model (future performance). Current performance is evaluated against a range of metrics such as water consumption, air pollution and waste generation, as well as proxies (eg sales of ruminant meat as a proxy for land use change), which are modulated by sector. Future performance is itself assessed via governance aspects (eg board oversight, disclosure) and targets, which must be specific and timebound.



3.3.3 Examples from financial institutions

Embedding nature across group policies

AXA Group has developed policies on Ecosystem Conversion and Deforestation and Natural World Site Heritage ⁷⁸. In particular, it does not support Property and Construction insurance underwriting at World Heritage sites ⁶⁴. The policies are implemented at group level (all AXA entities, ie including investment activities), under the oversight of both the Responsible Investment and Group Underwriting committees, and supported by an underwriting referrals process to control/monitor implementation ⁴¹ (p.14).

Policies on risk management

One commitment under Aviva's Biodiversity Policy ⁷⁹, covering its operations, underwriting and investment activities, is to formally assess its portfolios for deforestation risk, especially commodity-driven deforestation. Risk assessment is informed by third-party data, complemented by a qualitative analysis leading to country- and sector-level mapping of deforestation risk ⁸⁰ (p. 12 – 13). Aviva notes a caveat to their methodology: the need to incorporate site-based location data on their assets, which would in the future be sourced from site-specific data obtained during the investment and underwriting decision-making process. Sharing such lessons learned when faced with challenges in the nature journey is a rare but useful thing to do, as it highlights common yet solvable barriers to action on nature.

Engaging and upskilling staff

Engaging and upskilling staff is a powerful lever of change within organisations. A number of financial institutions are implementing large-scale, ambitious staff training programmes on sustainability (eg BNP Paribas Asset Management⁸¹ (p. 93); AXA Group⁸²), but to date the curricula tend to be strongly based on climate (and social) components, with nature remaining an emerging topic. Even if an organisation is not running its own upskilling programme on nature, a wealth of training materials, guidance, worked examples and resources are readily and freely available online^{83, 84}, including Train-the-trainer versions⁸⁵ designed to cascade knowledge within organisations.



3.4 Lever 3: Take opportunities to provide products and services to incentivise change

This third lever is about *making finance available* (where it would not otherwise be) and *using financing terms* within mainstream finance to incentivise positive change in companies receiving your finance flows, for the purpose of avoiding and minimising harm on nature, as well as restoring nature to no net loss. This includes actions such as making sure existing financial products are available to activities and companies that are shifting the balance towards nature positive; developing new products to support this where there are gaps; offering preferential terms for nature-positive activities; and making sure that incentives for key decision-makers, such as executive management, are aligned with a strategy for improved nature outcomes.

Such opportunities can significantly scale up finance for nature, but they tend to be overlooked. Following 280 engagements with companies about nature, Danske Bank highlighted that most companies lack incentives for managing nature- and biodiversity-related impacts more progressively, and that political and regulatory uncertainty undermines business confidence to pursue this ³⁰ (p. 6).

Table 4: Examples presented in this section of actions towards **Lever 3: Take opportunities to provide products and services to incentivise change.**

Example actions Lever 3: Take opportunities to provide products and services to incentivise change	See page	Institution(s)	Also relevant to (either directly or by analogy)
Provision of finance	p. 28	Bank	Other investors
Nature-linked loans	p. 28	Bank	Other investors
Supporting a circular economy through lending practices, training and innovation	p. 28	Bank	Other investors
Targeted natural capital funds	p. 36	Asset manager	All
Sustainability targets as part of remuneration incentives	p. 36	Asset manager	All
Reduced premiums to incentivise nature positive approaches that also reduce financial risk	p. 36	Insurer	Banks
New products to restore nature and increase its resilience	p. 37	Insurer	—
Encouraging sustainable customer behaviour	p. 37	Insurer	—



3.4.1 Examples from banks

Provision of finance

NatWest Group ringfenced and subsequently largely allocated a target of £100 billion for climate and sustainable finance. This was supported by a set of Climate and Sustainable Finance Inclusion Criteria⁸⁶, spanning a range of industries that are crucial in supporting the sustainable transition. Two of these criteria directly refer to nature and biodiversity, namely 'built environment' (*"Activities that maximise environmental net gains by promoting biodiversity and nature-based solutions"*), and 'environmental impact' (*"Creation, protection, management, and restoration of biodiversity, habitat, and ecosystems by taking mitigation and compensation measures"*).

Nature-linked loans

Wedgetail provides competitive nature-linked loans that aim to have nature-positive impacts on the landscapes they operate in, for instance cacao businesses in South America⁸⁷. The loan commences with a competitive interest rate and a series of co-designed nature milestones, eg achieving conservation efforts, biodiversity monitoring, land rehabilitation and building knowledge in climate resilience. As these milestones are reached, the interest rate decreases. This scheme illustrates well the absence of a neat boundary between greening finance (eg 'land rehabilitation') and financing green (eg 'conservation efforts'), using mainstream financial instrument frameworks such as sustainability-linked loans.

Supporting a circular economy through lending practices, training and innovation

Pollution and waste are major drivers of biodiversity loss, and circular economy initiatives are key to addressing them⁸⁸. Intesa Sanpaolo, partnering with the Ellen MacArthur Foundation and Bocconi University, is exploring how finance can support the circular transition, especially through de-risking⁸⁹. From 2018 to 2021, it lent €7.7 billion to companies adopting circular practices – such as using recycled or organic materials, reusing urban organic waste, and extending product life cycles. Its Circular Economy Lab promotes broader system-level change through training and innovation, connecting businesses with start-ups, small and medium-sized enterprises (SMEs), universities and research centres.



3.4.2 Examples from asset managers

Targeted natural capital funds

UBP's Biodiversity restoration fund⁹⁰ targets investment in companies whose products and supply chains protect and restore species and nature habitats. Investment themes include sustainable management of natural resources, green cities and sustainable food production. One (of approximately 50) company currently included in the fund is Sumitomo Forestry. It is recognised for its best-in-class practices in forest management, including biodiversity aspects, for which they take an avoid, reduce, restore and regenerate approach⁹¹ (p. 229–231), which is analogous to the mitigation hierarchy, and in line with greening finance.

Sustainability targets as part of remuneration incentives

In 2022, SEB Asset Management contacted 100 Swedish investee companies to encourage integrating sustainability targets into executive pay schemes⁹² (p. 6). They believe that linking these targets to incentive programmes signals a company's commitment and drives organisational change. By 2024, 22 companies had ESG metrics in long-term incentives (up from 14 in 2022), and 16 in short-term incentives (up from 12).



3.4.3 Examples from insurers

Reduced premiums to incentivise nature-positive approaches that also reduce financial risk

Approaches that combine environmental benefits with reductions to financial risk can represent compelling opportunities. For example, a wind power infrastructure in Pakistan was at risk of high maintenance costs due to environmental hazards such as tidal erosion, and storm surges and typhoons. These risks were worsened by the degradation of local mangroves, less able to act as a natural barrier. A hybrid solution integrating mangrove restoration with asset protection insurance was developed, in which saved maintenance costs justified reduced (and hence more competitive) insurance premiums⁹³ (p. 21).

Chubb encourages farmers to consider practices promoting soil health and biodiversity, such as no-till farming, which involves cultivating crops without disturbing the soil, typically by leaving crop residue from the previous harvest on the surface^{94,95}. This approach aims to reduce soil erosion, improve soil structure and conserve water. Chubb charges reduced premiums for crop insurance where this is done.

New products to restore nature and increase its resilience

Through its Green Business Program, AXA Group aims to offer products that limit biodiversity loss and encourage environmentally sustainable behaviour⁹⁶. These include, for example, products covering the costs of environmental clean-up or restoration following pollution or extreme weather, and that promote or protect natural resilience such as healthy mangroves. In France, it offers property insurance with a green guarantee aiming to provide more environmentally friendly replacements, including solar panels and heat pumps if a property is damaged by fire or storm⁴¹ (p. 16), in line with avoiding and minimising harm to nature.

Encouraging sustainable customer behaviour

Circular economy initiatives can play an important role in avoiding and minimising harm to nature and biodiversity⁸⁸. Allianz⁹⁷, Tokio Marine Holdings⁹⁸ (p. 137) and NFU Mutual⁹⁹ (p. 26) offer products that incentivise repair over replacement, and/or encourage customers to choose recycled parts, often related to auto insurance. In 2022, Flood Re (a joint initiative between the UK insurance industry and the UK government) launched its Build Back Better scheme, offered by participating insurers to home insurance customers in the UK¹⁰⁰. The scheme enables householders to claim up to £10,000 for installing flood resilience and mitigation measures when repairing their properties after a flood. The aims are to (a) ensure homes are better prepared to keep as much water out as possible in future floods, and (b) enable quicker and easier clean-ups if water does enter. The former can additionally be achieved through nature-based solutions (eg rain gardens and green roofs can jointly mitigate stormwater runoff¹⁰¹), while the latter would require less resources and materials. Flood Re's [Flood Resilient Garden](#) has been one of its initiatives to raise public awareness of how householders can use natural features to manage flood risk.

3.5 Lever 4: Engage with policymakers

The fourth lever is about using the voice of the financial sector to lead to positive change in public policy and standard-setting bodies, both nationally and internationally. Legislation, regulations and standards shape the environment in which businesses and financial institutions operate. This is especially crucial where financial institutions are otherwise unable or unwilling to act in nature-positive ways. Collaboration between financial institutions and corporates can amplify calls for government policies that support long-term business and environmental goals – such as promoting nature-positive investments and ending harmful subsidies ^{11, 102, 103}.

Policymakers can also foster financier–corporate collaborations by clarifying that antitrust laws should not prevent shareholder co-operation on ESG issues ¹⁰⁴. General guidance for financial institutions on responsible policy engagement is also becoming more available, for example for banks ¹⁰⁵.

Table 5: Examples presented in this section of actions towards **Lever 4: Engage with policymakers**.

Example actions Lever 4: Engage with policymakers	See page	Institution(s)	Also relevant to (either directly or by analogy)
Multi-stakeholder collaboration	p. 32	Bank	All
Collective public advocacy	p. 32	Investor	All
Government engagement	p. 33	Insurer	All
Working with Non-Governmental Organisations	p. 33	Insurer	All
Multi-stakeholder collaboration; using members' expertise	p. 34	Insurer; bank	All
Transparency in advocacy	p. 34	Financial institution	All





3.5.1 Example from a bank

Multi-stakeholder collaboration

Rabobank's Nature Policy⁶³ commits to ongoing dialogue with authorities and stakeholders to advance the United Nations (UN) Sustainable Development Goals. It collaborates with non-governmental organisations and others to develop tools and initiatives, particularly in agriculture. Examples include a biodiversity monitor for dairy and arable farming, a soil quality index in the Netherlands, and ecosystem restoration projects in the Cerrado and Amazon¹⁰⁶ (p. 12).



3.5.2 Examples from investors

Collective public advocacy

Bringing together a diverse group of businesses and investors with substantial combined assets under management (AUM) amplifies their voice and demonstrates a desire for policymakers to act in the long-term interests of asset owners and the planet.

The Corporate Leaders Group Europe (CLG Europe), European Sustainable Investment Forum (Eurosif), Institutional Investors Group on Climate Change (IIGCC), Principles for Responsible Investment (PRI), Global Reporting Initiative (GRI) and E3G coordinated a statement with 477 signatories – including 132 investors and financial institutions – regarding the EU's sustainable finance framework¹¹⁵. The statement urges the EU to uphold strong sustainability rules in the Omnibus package, warning that weakening them risks competitiveness, investor confidence and long-term growth. It outlines five clear recommendations to preserve the integrity of the EU's sustainability legislation while simplifying its implementation.

CLG Europe was also active in helping to mobilise businesses and financial institutions' call to the Council of the EU to ensure the adoption of the Nature Restoration Law¹¹⁶. This letter, submitted during a period of deadlock in which some countries revoked their support, reiterated the signatories' support for the law and reminded decision-makers about the strong business case for nature restoration in Europe. The law was subsequently adopted by the Council on 17 June 2024 and entered into force on 18 August 2024¹¹⁷.

Five pension investors (AP7, Sweden; CDPQ, Canada; the Church of England Pensions Board, UK; HESTA, Australia; and USS, UK) led an international group of 27 investors (collectively representing approximately US\$2.5 trillion AUM) calling on governments to take ambitious policy and regulatory action to halt and reverse global biodiversity loss at the 16th UN Biodiversity Conference of the Parties in Cali, Colombia ¹⁰⁷. The letter sets out specific policy positions reviewed by independent experts, linked to the goals and targets of the Kunming–Montreal Global Biodiversity Framework. These cover the topics of national targets and plans; corporate disclosure and transition plans; regulation to protect nature; and finance for nature. The Investor Policy Dialogue on Deforestation ¹⁰⁸ is another investor-led initiative worth mentioning, with 84 institutional investors and US\$11 trillion AUM.



3.5.3 Examples from insurers

Government engagement

AXA UK's engagement with the UK government resulted in mandatory sustainable drainage systems for all new housing developments in England ¹⁰⁹. As well as mitigating flood risks (aggravated by climate change and urbanisation), sustainable drainage systems help enhance biodiversity: they employ natural features, such as permeable surfaces and wetlands to manage rainfall, thereby offering additional benefits such as green spaces in urban settings.

Working with non-governmental organisations

Aviva has joined WWF in advocating for the UK government to develop sectoral pathways at a national level that transition towards net-zero and a nature-positive economy, with an illustration of how this might be approached in the UK's agricultural sector ¹¹⁰. Separately, it has lobbied the governments of the UK and EU countries to strengthen the deterrents against corporate environmental pollution. It has done so by increasing penalties for directors, in particular to ensure that there is personal jeopardy for them if this occurs deliberately or recklessly, including the possibility of disqualification for holding that post ⁸⁰ (p. 36).

The example given of Chubb's crop insurance in the previous section^{viii} involves a collaboration with the US Federal Crop Insurance Corporation and the US states of Iowa, Illinois and Indiana. This illustrates how financial institutions and policymakers can work together to achieve mutually beneficial nature-positive outcomes.

Multi-stakeholder collaboration; using members' expertise

NFU Mutual uses its expertise in agriculture to engage with its farming members, the UK farming unions, the UK government's Department for Environment, Food and Rural Affairs (Defra), Natural England and other agencies across the UK to understand the role it can have in supporting biodiversity initiatives, and has contributed to the Association of British Insurers' (ABI) guide to nature risks⁹⁹ (p. 20).

Joint research between CISL's Banking Environment Initiative and ClimateWise leverages its members' expertise to examine the socioeconomic and resilience benefits of building retrofit, and proposes business case for banks, insurance companies and the government¹¹⁸. The research shows how retrofit influences mortgage stability, insurance claims, property values and future growth and thus should be considered as not only a tool for climate mitigation but also a strategic investment in long-term financial stability, people's well-being and economic resilience. It calls for a co-ordinated effort across government and the financial sector, underpinned by shared data, common standards and aligned incentives.



3.5.4 Example from a financial institution

Transparency in advocacy

BNP Paribas publishes its advocacy positions on key banking and broader financial regulations, and commits to aligning its advocacy with its environmental and climate commitments¹¹¹. BNP Paribas Asset Management discloses its memberships and policy goals^{112, 113}, including support for anti-deforestation in Latin America and Asia, water stewardship, single-use plastic bans and circular economy laws, a global plastic treaty, hazardous chemical phase-outs, and sustainable food system reforms. This transparency promotes its goals, builds accountability and encourages alignment with like-minded institutions.

viii See p. 30 of this Primer

Concluding reflections and next steps

Getting started on a nature journey, or progressing on it, may look difficult. However, **many financial organisations will have already made good progress on their climate journey and there is much opportunity to build on that for nature, especially given the inherent linkages between nature and climate**⁴⁵.

While nature is more localised and complex than climate, materiality analysis can help prioritise attention on sectors and companies with the most harmful impacts, (see eg *Tables 3* and *4* respectively, in Finance for Biodiversity Foundation¹⁰ or the priority actions for banking clients in the agriculture, forestry and mining sectors identified in UNEP¹¹⁹). Similarly, using location-level data for the most important places for nature can provide helpful focus for restricting harmful activities. As well as focusing on specific sectors or locations, many institutions were found to narrow their focus within nature by considering specific aspects such as water or biodiversity (the living part of nature), or specific topics such as deforestation. These approaches can be helpful as starting steps, or where an organisation's resources are more limited, but should be broadened in due course. **Through its concrete examples of what is already being done by financial institutions, this work shows how others can act for nature today through mainstream finance.**

While financial institutions may face certain constraints – such as commercial sensitivities – many have still managed to share the knowledge and experience they have gained during their nature journey. **We have found remarkable amounts of useful information, inspiration and experience-sharing in their publicly available reports on sustainability and/or disclosure, and their annual reports.** It was rarer to find full, specific details of methodologies in public disclosures – in particular the explicit sharing of caveats – and derived lessons learned^{ix}. More generally, and based on informal interactions with financial institutions, we have found that a lot more is actually being done for nature than is described in their public reports.

Moreover, although we found much evidence in public reports by financial institutions of their use of nature-related datasets and tools, our interactions with them revealed a range of internal expertise. **While some had dedicated nature teams with ecologists and spatial data analysts, quite a few financial institutions are relying on finance experts broadening their skills to include nature, and building robust and effective approaches to assessing nature impacts and dependencies.** Although there is not one size fits all when it comes to how an institution should equip itself for a successful nature journey, partnering with academia, specialised consultancies and solutions providers, and joining communities of practice (eg Revenues for Nature ¹¹⁴) can all help *move the dial*.

Based on the few examples that we were able to source, **advanced approaches such as biodiversity footprinting and natural capital assessment/evaluation have some way to go before becoming mainstream in financial institutions.** A pragmatic initial step for financial institutions is to build their understanding of these approaches, which they can then use to engage with corporates that compile data on footprint and natural capital assessment/ evaluation.

Beyond all of these steps there is an increased societal understanding that nature loss has to a large extent been driven by our current economic model that neither recognises nor accounts for nature's value in business and financial decision-making. A whole-society approach that includes the finance sector is needed to start embedding the value of nature (and people) in financial and economic decisions to maintain financial and economic stability as well as increase resilience to nature and climate-related shocks.

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Annexes

Annex 1. The role of greening finance

In our previous work ¹², we found that the mitigation hierarchy ¹³ offers a useful lens through which to view nature (positive) finance. This helps clarify that nature finance has two interrelated and complementary branches:

- **Nature conservation finance, or ‘financing green’**: restore nature to net gain and conserve intact and/or high-quality nature that should be protected from any development, and
- **Nature recovery finance, or ‘greening finance’** (also often referred to as ‘nature mainstreaming finance’): avoid and minimise harm to nature, and restore nature to no net loss. The ultimate goal is to recognise the value of nature, and embed it into both corporate and financial decision-making, making it an integral part of the economy, ie internalising rather than externalising nature.

This dual definition is broadly consistent with that of others (eg World Bank Group ¹⁴ (p. 3–4); Finance for Biodiversity Foundation and UNEP ¹⁵ (p. 13)) in which nature finance is not only what contributes to positive gains for nature, but also what enables a transition of economic activity away from practices that are harmful to nature.

In the context of nature, ‘financing green’ and ‘greening finance’ both have important, necessary and complementary roles to play in the transition to a nature-positive economy:

‘Financing green’ is often necessary to address specific environmental issues, such as targeted conservation and restoration projects. Yet, these mechanisms are typically localised, can require the involvement of multiple stakeholders (ie not just private financial institutions) with different visions and goals, and are often specific to the issue, which can make them complicated and time consuming to replicate elsewhere (*Figure 3, left-hand column*).

‘Greening finance’ involves actions that are comparatively easier to embed in existing financial processes (eg portfolio construction, risk management), and via traditional products, services, investment structures and asset classes (eg insurance, banking activities, equities, corporate bonds – including green, blue and sustainability-linked bonds – and real assets). This offers the potential to effectively and rapidly scale through mainstream private commercial capital, and thus achieve significant positive impact for nature through incremental, cumulative gains (*Figure 3, right-hand column*).

Figure 3: Characteristics of ‘financing green’ and ‘greening finance’, considering private commercial capital. Greening finance presents a comparatively much higher potential to scale up, effectively and rapidly through mainstream finance, in contrast to financing green. *Annex 2* provides background on how this figure was arrived at.

	‘Financing green’	‘Greening finance’
Main purpose	Protect nature (where not earmarked for development) Restore nature (to net gain)	Avoid and minimise harm to nature (where earmarked for development) Restore nature (to no net loss)
Nature interventions (examples)	Protect intact nature (species, habitats); rewilding, reseedling, respawning; artificial habitat creation; invasive species removal	Avoid operation in/near protected areas; limit business footprint (e.g. responsible water use, replant cleared areas, pollution prevention/ remediation); regenerative agriculture
Spatial scale of nature interventions	Spatially restricted (project-based)	Can be widespread (cumulatively at portfolio-level, and/or along value chains)
Project-level impact on nature	Very high	Incremental
Potential for private commercial capital to scale up	Limited (new teams/skills, new/ bespoke products, complex or project-specific, reliance on public/ blended finance)	Very high (by embedding nature in existing practice; can be replicated at scale with marginal effect on commercial returns)
OVERALL IMPACT ON NATURE	Crucial for some high priority nature conservation and restoration contexts, but less easy to replicate and scale	POTENTIALLY VERY HIGH

Annex 2. Methodological notes

The case for focusing on greening finance, the information presented in Figure 4 (Characteristics of ‘financing green’ and ‘greening finance’) and the choice of levers that financial institutions can already use today (see Figure 1) were derived/iterated from a range of sources and fora, as follows:

- Several discussions involving members of A-Track’s Work Package 6 (*Finance that contributes to nature positive outcomes*), notably via a scoping workshop (November 2024) and monthly touchpoints (December 2024 to June 2025).
- Review of peer-reviewed (academic) publications, and publications such as sustainability/disclosure reports and policies of financial institutions, online information (eg whitepapers by practitioners), various reports (by non-governmental organisations, intergovernmental organisations, think tanks, etc) and technical documentation (eg of financial mechanisms such as bonds). All sources used are listed in the References.
- Interviews with finance practitioners as part of CISL *et al.* ¹².
- Knowledge, feedback and input shared during quarterly meetings of groups convened by CISL, bringing together sustainability practitioners from the banking (Banking Environment Initiative), investment (Investment Leaders Group) and insurance (ClimateWise) branches of finance.
- Written feedback received from the External Advisory Steering Group.
- Participants of the March 2025 A-Track-hosted ‘Accelerating Nature Finance’ session at the Nature Action Dialogues.

The examples illustrating each of the four levers (and the prerequisite step) were initially sourced, as a long list, from our review of publications (see above), and requests for input from the A-Track consortium and the practitioners’ groups convened by CISL. We asked:

- for concrete, real-life examples of ‘greening finance’, by which we meant approaches for avoiding and minimising harm to nature, and for helping restore it to no net loss
- that examples be about what financial institutions are already doing, not what they should be doing (to avoid repeating existing guidance)
- for named sources for these examples, eg sustainability/disclosure/annual reports, webpage, personal communication, etc.

We then examined sources and iteratively worked towards shortening the long list to a selection of examples that showed a good range of financial institutions in terms of:

- sector
- size
- geographic location
- level of progress on the nature journey.

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