



FINNISH FINANCIAL SECTOR'S Nature Commitment

Finance Finland and its member organisations are committed to give their full support to measures promoting the aims of the Kunming–Montreal Global Biodiversity Framework. The progress of the nature commitment is monitored with a set of indicators and an annual survey. The survey results are public.

Finance Finland represents banks, life and non-life insurers, pension providers, fund managers, finance houses and securities dealers. In November 2023, Finance Finland's Board of Directors gave its full support to measures promoting the aims of the Kunming–Montreal Global Biodiversity Framework.

A working group consisting of representatives from Finance Finland's member organisations compiled a set of indicators to describe and monitor the sector's measures to prevent biodiversity loss between 2024 and 2028. The purpose of these indicators is to show how financial sector companies measure, monitor and disclose their own nature-related risks, dependencies and impacts.

Each member organisation decides which measures it takes to prevent biodiversity loss and how it reports on its nature action. The commitment does not entail specific reporting requirements, but organisations are encouraged to apply the Taskforce on Nature-Related Financial Disclosures (TNFD) reporting framework.

Survey on the Finnish financial sector's nature commitment

1. Which part of your organisation steers your nature action?
 - A. A grouping that includes parts outside of Finland
 - B. A grouping in Finland
 - C. Bank
 - D. Insurance company
 - E. Fund management company or investment firm
 - F. Authorised pension company
 - G. Other, please specify

Commitments and guidelines

2. Is your organisation a member in or otherwise committed to the following frameworks or nature commitments?
 - A. TNFD
 - B. PBAF
 - C. SBTN
 - D. IPDD
 - E. Other, please specify
3. Does your organisation have a biodiversity roadmap, strategy or similar guidelines? (yes/no)

Governance and strategy

4. Does your organisation's strategy include nature-related targets?
5. Does your organisation's decision-making or strategy consider nature-related
 - A. dependencies (yes/no)
 - B. impacts (yes/no)
 - C. risks (yes/no)
 - D. opportunities (yes/no)?
6. Is the achievement of the nature-related targets that are defined in your strategy supervised at the executive level? (yes/no)
7. Is a specific party at the executive level responsible for ensuring the achievement of the nature-related targets? (yes/no)
8. Does the achievement of nature-related targets or the manifestation of nature-related risks impact executive compensation? (yes/no)
9. Has your organisation identified nature-related dependencies or risks in its operations? (yes/no)
10. Does your organisation have processes in place for dealing with the dependencies and risks that have been identified? (yes/no)

Survey on the Finnish financial sector's nature commitment

11. Does your organisation seek to influence the operations of its stakeholder groups in the following areas?
- A. Investment: (yes/no) If yes, how? (e.g. engagement or cooperative projects with investors)
 - B. Financing: (yes/no) If yes, how? (e.g. by financing projects that promote biodiversity)
 - C. Insurance: (yes/no) If yes, how? (e.g. consideration of circular economy solutions in claims settlement, nature risk consideration in corporate clients and claim services, nature risk consideration in insurance premiums)

Monitoring and disclosure

12. Does your organisation measure and monitor the nature-related dependencies, impacts, risks and opportunities related to its investment, financing or insurance operations? (yes/no)
13. Does your organisation report on its nature-related
- A. dependencies (yes/no)
 - B. impacts (yes/no)
 - C. risks (yes/no)
 - D. opportunities (yes/no)?
14. Does your organisation report on the achievement of its nature-related targets? (yes/no)

The economy depends on nature capital – Background of the nature commitment

In November 2023, Finance Finland's Board of Directors gave its full support to measures promoting the aims of the Kunming–Montreal Global Biodiversity Framework. The Kunming–Montreal framework is part of an agreement adopted by 196 countries in the UN Biodiversity Conference held in December 2022 in Montreal, Canada. It sets targets for the halting and reversing of biodiversity loss by 2030.

The agreement has four long-term goals that must be reached by 2050. Of these, goal D highlights the financial sector's role similarly to the Paris climate accord. The objective is to eventually have all public and private financial flows support the framework's aims, which include e.g. reducing the financing of nature-negative activity and allocating more financing to solutions that seek to halt biodiversity loss.

Biodiversity is fundamental to life and functioning ecosystems. Our economy is dependent on natural capital, which consists of resources such as soil, minerals, water, air and living organisms. In fact, biodiversity as natural capital forms an indispensable piece in our economic system and is essential to the productivity and resilience of ecosystems.

Nature provides ecosystem services such as crop pollination and the processing of coal, water and nutrients in the soil, which are vital for human society. Biodiversity is a resource applied in the development of new medications and other innovations, and it also increases resilience against the impact of diverse natural phenomena. At the moment, however, the stability of our global ecosystem is threatened by the acute and accelerating loss of biodiversity.

Financial sector participants such as banks, insurers and investors play a key role in safeguarding biodiversity: as a financier of growth and insurer of risks, the sector holds considerable influence. Finance Finland and its member organisations want to use this influence to help build a sustainable future where the consideration of risks related to biodiversity and nature capital is an integral part of business. At the moment, the majority of global financial flows is directed into business activities that have an adverse environmental impact. To secure biodiversity, it is crucial to steer these financial flows into nature-positive activities instead. In this shift, financial sector participants are some of the most vital players.

The financial sector is already actively promoting biodiversity in various ways. For example, financial companies expect their clients and portfolio companies to operate in ways that protect and support biodiversity. The financial sector is also working towards increasing its corporate financing to projects that are specifically aimed at mitigating adverse impacts on biodiversity.

Financial sector participants can influence biodiversity also through their active ownership in real economy companies. This can also unlock financial benefits as

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biodiversity ensures different kinds of ecosystem services. According to the European Central Bank (ECB), the majority of euro area bank loans are granted to companies that can be considered to be dependent on at least one ecosystem service. When ecosystem services form the basis for economic activity, safeguarding biodiversity is essential also from an economic point of view.

Going forward, the financial sector seeks to meet the milestones and target deadlines laid out in the Kunming–Montreal agreement. The sector seeks to integrate biodiversity consideration into its governance, stakeholder engagement and the services and products it provides to its customers. As it develops its operations in a quickly evolving operating environment, the financial sector will also take into account any potential international agreements made in the future.

A working group consisting of representatives from Finance Finland's member organisations has compiled a set of indicators that describe and monitor the sector's measures to prevent biodiversity loss between 2024 and 2028. The purpose of these indicators is to show how the companies measure, monitor and disclose their own nature-related risks, dependencies and impacts. The indicators were modelled after various existing biodiversity frameworks.

One of the key inspirations for the Finnish set of indicators is the Taskforce on Nature-related Financial Disclosures (TNFD) framework. The TNFD framework allows companies to report on their key nature-related impacts, dependencies, risks and opportunities. For the financial sector, the framework is highly useful not just as a reporting framework the sector can use in its own reporting but also because of the data that companies in other sectors provide through it. The TNFD makes it easier to assess the economic impact of nature-related risks and opportunities.

Many of Finance Finland's member organisations have already gone a long way in developing and implementing their own biodiversity policies, roadmaps and strategies. The indicators introduced in the Finnish financial sector's commitment enable the comprehensive assessment of the sector's measures for the prevention of biodiversity loss. Each company can independently decide how it applies these indicators.

The purpose of the nature commitment and the related indicators is to function as a sector-wide monitoring tool, and it is not intended to establish any new reporting obligations in the sector. The nature commitment is a continuation of the climate commitment and climate reporting model published by Finance Finland in 2018.