

Nature Target Setting Framework

for Asset Managers and Asset Owners



On Listed
Equities and
Corporate
Bonds

Executive summary

Biodiversity loss presents a material systemic financial risk. The interactions between asset managers and asset owners with nature are born primarily through their asset allocation and investment decisions. As such, investors have a crucial role in redirecting financial flows away from nature-negative impacts towards positive outcomes for nature.

This is the **second version of the guidance document of the Nature Target Setting Framework for Asset Managers and Asset Owners**, developed with the members of the Finance for Biodiversity (FfB) Foundation.

This latest version builds on the first beta version of the framework published in November 2023, which marked a new milestone in the FfB Foundation's efforts to help and support financial institutions to share knowledge and collaborate to halting and reversing biodiversity loss by 2030. The focus of the beta version was to provide investors with an overview of the framework's structure and guide investors on getting started by setting initiation targets.

The framework provides guidance for Finance for Biodiversity Pledge signatories and the broader investor community to set targets on nature. Setting targets is one of the five commitments under the FfB Pledge. This is not a prescriptive methodology that investors must fully adhere to. The final scope and structure of targets are left to the discretion of each investor.

This document seeks to create a shared understanding and common language for investors, which will evolve in scope and depth over time. The scope of the beta and the second version is limited to the **asset categories listed equity and corporate bonds**. Additional asset classes, including

sovereign debt, will be integrated into the guidance in future iterations.

This guidance proposes three types of nature targets for asset managers and asset owners.

Initiation targets enable investors to analyse their exposure to nature-related impacts, dependencies, risks, and opportunities and how these relate to their fiduciary duty, as they incorporate the results in the governance, strategy, and activities of the organisation.

Monitoring and Portfolio targets are structured such that investors establish sector-relevant KPIs and stewardship actions to address the potential key impact drivers of their portfolio on nature. Initially focusing on ten priority sectors, but in total 20 key sectors are identified.

We are inviting all asset owners and asset managers, including those who are not signatories to the FfB Pledge, to use this guidance document and contribute to its future development, to set, disclose and report progress on targets for nature as soon as feasible for their organisations.

This guidance document responds directly to Targets 14 and 15 of the Global Biodiversity Framework, the expectation that financial institutions align financial flows with the

goals of the Kunming-Montreal Agreement and has been developed in alignment with key initiatives on nature and climate change, including the TNFD, SBTN, UNEP FI, UNEP PRI, NZIF, NZAOA, GFANZ, amongst others.

In developing this guide, we have collaborated closely with SBTN as a crucial partner and with UNEP FI, which has crafted analogous guidance for signatories of the Principles for Responsible Banking.

As we focus on asset managers and asset owners, this framework is not applicable to banks. We encourage all banks to look at the [PRB Target Setting Guidance of the United Nations Environmental Programme Finance Initiative \(UNEP FI\)](#) for assistance in establishing nature targets.

Target Setting

This framework guides investors in setting targets to address key impact drivers of nature change across their portfolios through an iterative approach. We adapted the key targets from the beta version of the guidance, transitioning from initiation, sector and engagement targets to a step-by-step approach that includes Initiation targets, and Monitoring targets as an option before defining Portfolio targets.

The three types of targets to progress toward the implementation of Portfolio targets are described in the following three steps:

Step 1: Initiation targets

These targets can be developed to understand the importance of and analyse exposure to, nature-related impacts, dependencies, risks, and opportunities. In turn, this understanding can be embedded in the governance, strategy, and activities of the organisation, in line with the asset manager's or asset owners' fiduciary duty.

Step 2 (optional): Monitoring targets

These targets can be developed to deploy the required resources to be able to monitor sector-relevant KPIs across priority sectors, complemented by stewardship actions to address key impact drivers. This is an optional step of targets before delving into portfolio targets.

Step 3: Portfolio targets

These targets are the final step in reducing the potential negative impact of the portfolio. They involve setting targets on the previously monitored KPIs and defining a clear action plan to achieve these through stewardship sub-targets.

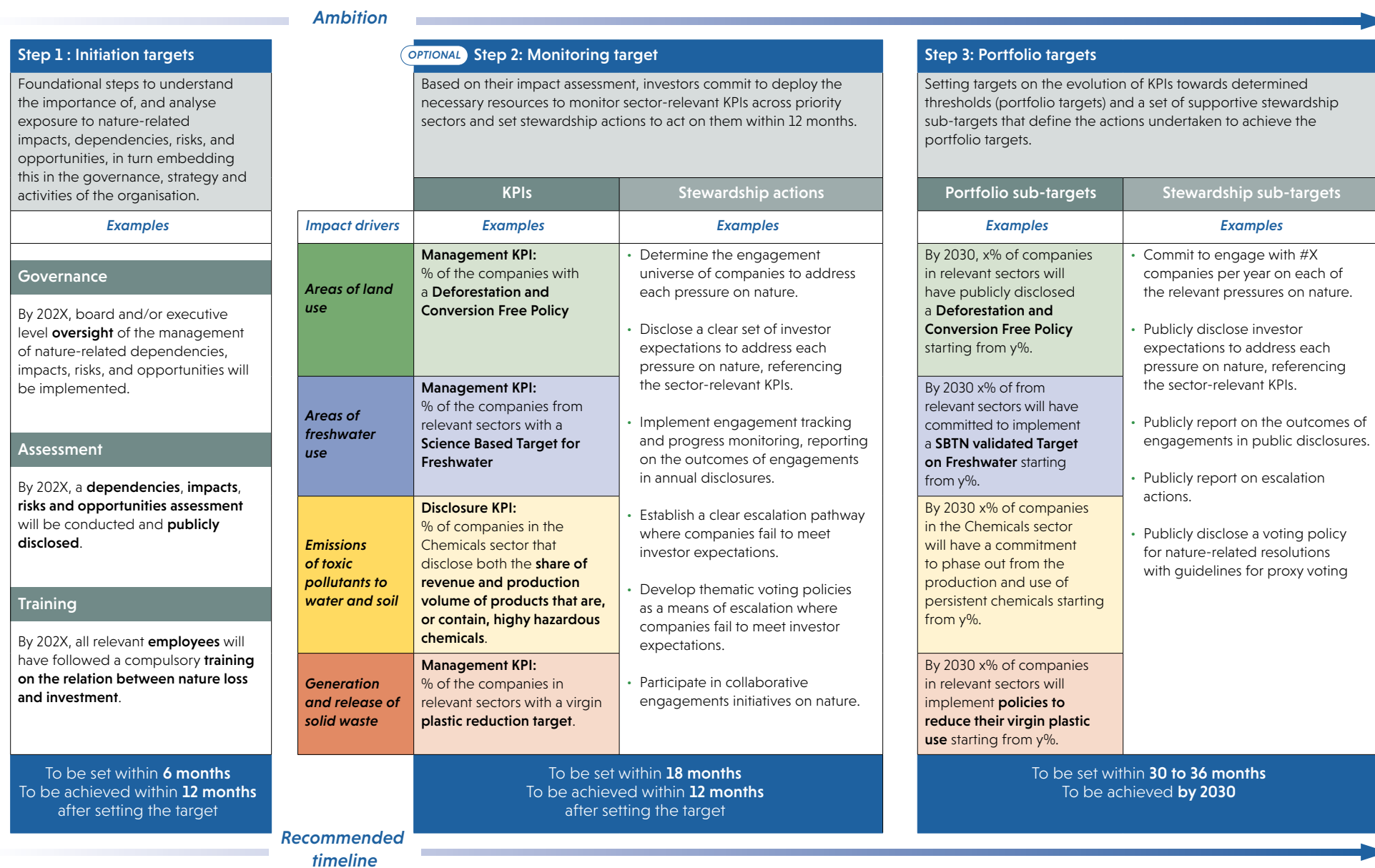
The overall process of setting targets according to the step-by-step approach of this second version of the framework is described in detail in the figure below.

Investors are encouraged to implement and achieve their initiation targets imminently, as these constitute the base assessment required to set Monitoring and Portfolio targets.

We revised the initial concept of offering beginner and advanced tracks with concrete years for setting targets, as outlined in the previous beta version of the framework. Instead, we now advocate for a unified approach to applying these targets over time. This adjustment ensures that all targets are set to be achieved by 2030, in alignment with the Global Biodiversity Framework's mission to halt and reverse biodiversity loss. However, investors retain the flexibility to target shorter timeframes according to their specific goals.



Table 1: The overall process of setting targets according to the step-by-step approach of this framework



Note for FfB Pledge signatories

FfB Pledge signatories promised to set and disclose targets as part of their commitment and therefore need to do the following:

Target Types and Scope

The framework provides guidance but allows flexibility. FfB Pledge signatories can choose the scope (such as which proportion of their portfolio will be covered) and the type of target (whether it's an initiation target, monitoring target, or portfolio target). This flexibility recognises that different investors may have varying strategies, speeds and capabilities.

Disclosure Timeline

- Financial institutions that **signed the FfB Pledge before 2024** are required to set one or more types of targets before December 31, 2024. These targets can be reported in their 2025 disclosures, which will include data from 2024.
- Financial institutions that have **signed the FfB Pledge in or after 2024** are required to set one or more types of targets within a two-year timeframe. Specifically:
 - Signatories who joined in **2024** are encouraged to set their targets before December 31, 2026. They will report their progress in 2027, reflecting data from 2026.
 - Signatories who joined in **2025** are encouraged to set their targets before December 31, 2027. They will report their progress in 2028, reflecting data from 2027.
 - This pattern continues for subsequent signatories.

We encourage signatory financial institutions that signed in or after 2024 to not only establish initiation targets but also promptly consider monitoring and portfolio targets. We recommend following the timeline below, to ensure that targets are ambitious and align with the mission of the Global Biodiversity Framework to halting and reversing biodiversity loss by 2030

Within 6 months	Within 18 months	Within 30 to 36 months
Set initiation targets; report against these the following year; aim to achieve them within 18 months.	Set a monitoring target; aim to achieve it within 12 months , and report publicly against it the following year.	Set portfolio targets with the subsequent stewardship sub-targets. Aim to achieve these by 2030 and report publicly against these annually.

Table 2. Recommended timeline for setting targets according to the FfB guidance on Target Setting on Nature as of the signature of the Pledge for the institutions having joined after the 01/01/2024



Acknowledgements

This guidance is based on discussions and work undertaken by the members of the Target Setting working group of the Finance for Biodiversity (FfB) Foundation.

Authors

The authors of this second edition of the framework are:

- Charlotte Apps (Fidelity International)
- Jeanne Fernandez (Pictet AM)
- Diane Roissard (FfB Foundation)
- Francisco Botero (FfB Foundation)
- Anita de Horde (FfB Foundation)

Coordination and contributions

This second edition framework is coordinated by:

- The FfB Foundation Secretariat:
 - Diane Roissard (Head of Engagement and Data) and
 - Francisco Botero (Associate Technical and Data)
- The co-chairs of the FfB Target Setting working group:
 - Charlotte Apps (Fidelity International)
 - Lucian Peppelenbos (Robeco)

We are grateful for the valuable discussions and contributions from the co-chairs of the Target Setting working group as mentioned above, as well as the subgroup members listed below, which helped shape the content and outcome of this document:

- Chris Hart (Phoenix Group)
- Clinton Adas (HSBC GAM)
- Deepshikha Singh (La Française Group)
- Jeanne Fernandez (Pictet AM)

- Jean-Francois Coppenolle (Abeille Assurances - Aéma Groupe)

Collaborating partners

We want to acknowledge our collaboration with the following two key partner organisations: Miriam van Gool of SBTN and Jessica Smith and Oualid Rokneddine of UNEP FI.

We would also like to thank Christine Gurdon (Quantis) and Blaisiane Blanchard (Boston Consulting Group) for the data study they conducted in 2023.

Reviewers

The following reviewers have contributed to the process by giving feedback on the guidance:

- Åsa Mossberg (AP2)
- Thomas Viegas (Aviva) and Kiran Sehra (Aviva Investors)
- Mariana Villanueva and Benoît Gallup (AXA Investment Managers)
- Kate Fowler (Federated Hermes Limited)
- Joanne Lee (First Sentier Investors)
- Marie Henniges and Joy Williams (GFANZ)
- Sophie Lawrence (GreenBank)
- Kiley Hannan (Manulife)
- Mel Peh (Net-Zero Asset Owner Alliance - UNEP FI)
- Stephen Verheul (NN Group)
- Wijnand Broer (PBAF)
- Dimitrios Dimopoulos (Piraeus Holdings)
- Sylvaine Rols (Principles for Responsible Investment)

- Stephanie Williams (Schroders)
- Miriam van Gool (SBTN)
- Günther Herndlhofer and Linda Seghezzi (VBV-Vorsorgekasse)
- Mark Schravense (VP Capital)
- Neve Mazzoleni and Marina Gomboc (UniCredit)
- Tom Hegarty (TNFD)
- Sebastian Bekker and Sharon Brooks (UNEP-WCMC)
- Nicolas Poolen, Craig Beatty, and Katja Kirchstein (WWF Global)
- Romie Goedicke; Oualid Rokneddine; Verena Kraus (UNEP FI)

Disclaimer

This document solely serves as voluntary guidance for financial institutions. The members of the Finance for Biodiversity Foundation (FfB) have not specifically verified the information contained herein, nor can they be held responsible for any subsequent use that may be made of this information by any party. FfB Foundation and its members are committed to complying with all laws and regulations that apply to them. This includes, amongst others, antitrust and other regulatory laws and regulations and the restrictions on information exchange and other collaborative engagements they impose. Further, each FfB member is responsible for setting their own individual targets, strategies and policies, making unilateral decisions as designed and guided by their business activities, assessments and country context. Any information shared with members is done so on an anonymised basis, and no transaction level information is shared.

Invitation to join

This executive summary provides a sneak peek into the second edition of the Nature Target Setting Framework for Asset Managers and Asset Owners. You can download the full version of this framework on our website. We encourage all asset owners and asset managers worldwide, regardless of whether you are a Finance for Biodiversity Pledge signatory, to start setting and disclosing targets concerning nature.

Get in touch

Responses and ideas? Please reach out to Finance for Biodiversity Foundation via info@financeforbiodiversity.org

July 2024 © www.financeforbiodiversity.org

