

The Natural Capital Declaration and Roadmap

*Financial sector leadership
on natural capital*



Natural
Capital
Declaration

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on natural capital



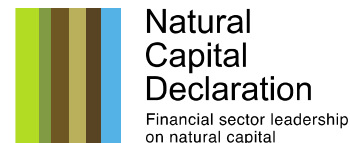
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Agenda

- **Current signatories and supporters**
- **NCD Roadmap for implementation**
- **Governance**
- **Progress to date**
- **Work plans for 2014-2016**
- **Soft commodities project**
- **Pipeline of projects**



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What is natural capital?

- The stock of ecosystems that yields a renewable flow of goods and services that underpin the economy and provide inputs and benefits to businesses and society (e.g. food, fiber, water, energy, timber, climate security).
- One factor of environmental, social and governance (ESG) considerations that can be material to financial institutions, mainly through loans, investments or insurance.



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42 NCD signatories

www.naturalcapitaldeclaration.org



36 NCD supporters



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UNEP Finance Initiative
 Innovative financing for sustainability

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NCD Roadmap and Business Plan

Objectives for implementation 2014-2016

- **Develop understanding** of links between natural capital and financial risk and returns.
- Pilot projects to develop and test tools, metrics and guidance to enable financial institutions to build knowledge and capacity to understand, integrate, account for and report on natural capital factors.
- Develop practical tools, guidance, methodologies, frameworks and indicators.



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Working groups for 4 commitments by 2020

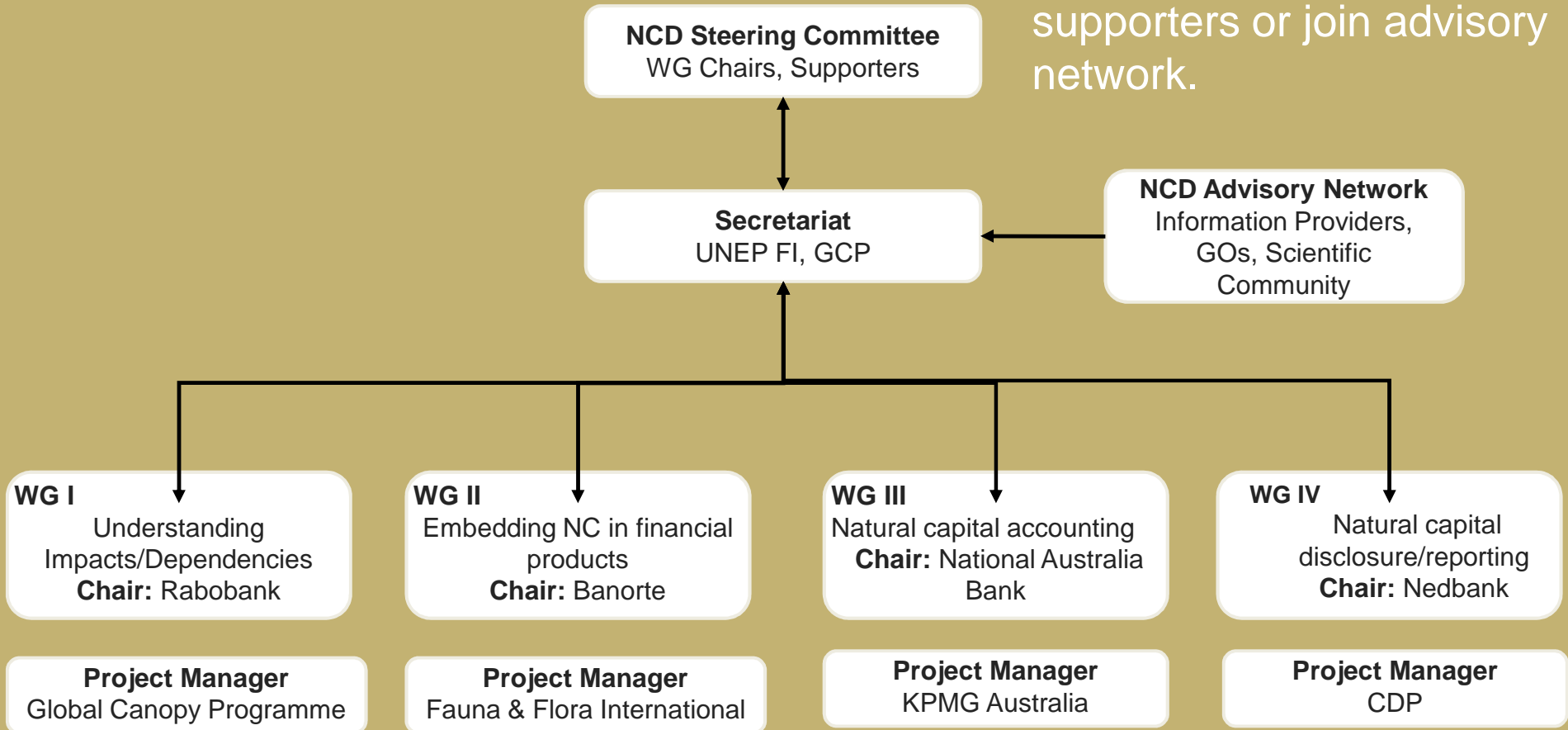
Working Group	NCD commitment
1. Understand	Financial risks and opportunities linked to natural capital impacts and dependencies of company operations and supply chains.
2. Embed	Integrate natural capital factors into financial products and services.
3. Account	Work towards accounting for natural capital.
4. Report	Natural capital information disclosure and reporting using an integrated approach.

Learning by doing

- **Finance-led, CEO-endorsed to mainstream** natural capital across loans, bonds, equities and insurance.
- **Visualise and integrate natural capital in financial accounts** of companies, including finance institutions.
- Work with relevant business teams to manage risk and stimulate **innovation** to develop new products.
- **Not a logo initiative:** Focus on quality and having impact (not # of Fis).

Governance NCD

Seek multidisciplinary knowledge and expertise by inviting non-financial organizations to become supporters or join advisory network.



Progress to date

- Consulted on work plans for 2014-2016 for step-by-step implementation.
- Steering Committee chaired by the IFC contributing to decision-making - finance-sector led.
- Survey of signatories to identify asset classes and sectors to focus on.
- Pipeline of pilot projects under development.
- Financial institutions engaging in projects.
- Establishing Advisory Network.
- Fundraising to support implementation.



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Work plans for 2014-2016

Working Group 1: Understanding

Chair: Olaf Brugman, Rabobank

Project Manager: Global Canopy Programme

Next steps:

- Scoping study with survey of supporters to identify approaches to benchmarking companies and sectors on natural capital indicators. Identify gaps and options to structure work to understand natural capital risks.
- Pilot project to develop capabilities to evaluate natural capital risks in loans and investments.

Planned outputs: Report, methodology and guidance



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Working Group 2: Integrating

Chair: Marcos Mancini, Banorte (Mexico);

Project Manager, Fauna and Flora International

- Focus on corporate banking (lending, project finance) and investment (public and private equities, fixed income).
- Work streams (1) Risk management; (2) Opportunities/innovation to develop products.
- Sector focus: Food and agriculture (100%); energy and electric utilities; forest/timber and mining.



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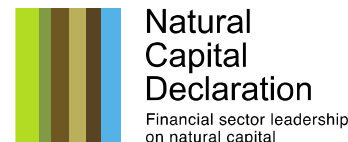


WG3 work plan to account for natural capital

Chair: Rosemary Bissett, National Australia Bank

Project Manager: Susan Staples + team, KPMG Australia

- Work stream 1: Develop finance sector supplement for the Natural Capital Protocol in partnership with the Natural Capital Coalition and other stakeholders.
- Work stream 2: Develop application of valuation and accounting projects.
- Pilot project proposed by NAB: Accounting for natural value to assess credit risk assessment in agri sector.



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WG4 work plan: Disclosure/reporting

Chair: Vicky Beukes, Nedbank (South Africa)

Project Manager: CDP

Aims:

- Develop voluntary disclosure programme with questionnaire to build capacity and general internal benefits within FIs.
- Guidance for reporting on indirect use of and effect on natural capital as providers of financial capital.
- Climate Disclosure Standards Board to develop guidance on integrating material information on natural capital in primary reports (align Integrated Reporting).



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