SUSTAINABLE FINANCE LAB

PATHWAYS TO BIODIVERSITY FINANCE

Learnings from a collaborative project between institutional investors and academics

In this paper

Institutional investors are increasingly exposed to loss of biodiversity and can contribute to solutions through their investments.

In the Financing Biodiversity project, Utrecht University has collaborated with Dutch institutional investors to integrate biodiversity in investment practices.

This paper summarises the key lessons learned from this co-learning initiative.

Sustainable Finance Lab
November 2025

POLICY BRIEF

Colofon

Utrecht, November 2025

The Sustainable Finance Lab (SFL) is an academic think tank whose members are mostly professors from different universities in the Netherlands. The aim of the SFL is to contribute to a financial system that serves people and planet. To this end the SFL develops ideas and provides a platform to discuss them, thus bridging science and practice.

This Policy Brief summarises key insights from the 'Financing Biodiversity' project organised by Utrecht University. It was drafted by Gerdie Knijp (Sustainable Finance Lab). We thank the Utrecht University team, the participating institutional investors and supporting organisations for their active engagement in this project, and for their valuable input to this paper.

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- Institutional investors: Achmea Investment Management, MN, PGGM, PME, PMT and Robeco;
- Supporting organisations: WWF-NL, Sustainable Finance Lab, and Pensioenfederatie and Deep Transitions.

Policy Brief

Sustainable Finance Lab publishes different types of publications. This is a Policy Brief. Policy Briefs are concise reports produced by SFL members or employees that contain specific proposals and recommendations for the financial sector or policy makers.

CONTENT

1. INTRODUCTION

Biodiversity is declining at an alarming rate worldwide and the need for action has never been more urgent. Institutional investors are directly exposed to these systemic risks through their portfolios. Examples of such risks are agricultural supply chain disruptions due to pollinator decline, deforestation-driven ecosystem collapse or water scarcity and decreased water quality.

Dutch pension funds are, with substantial assets under management and a long-term investment horizon, uniquely positioned to address biodiversity concerns. By actively addressing biodiversity loss, they not only mitigate material financial risks but can also unlock opportunities to drive sustainable transitions in critical sectors such as food, energy, and infrastructure. In doing so, they can align fiduciary responsibility with broader societal value creation.

While institutional investors are increasingly seeking opportunities to limit their impact on biodiversity and create positive impact, the integration of sustainable practices remains a challenge. Biodiversity does not always get high priority, and it is a complex topic.

In 2025, as part of the 'Financing Biodiversity' project, part of Utrecht University's Pathway to Sustainability (PtS) initiative, academics worked with a group of Dutch institutional investors to explore how biodiversity can be integrated into investment practices. By combining academic and practical insights, the project aims to build knowledge and help investors to act on biodiversity-related issues and accelerate investment strategies that contribute to biodiversity. This paper summarises the main lessons learned from this co-learning project.

2. COLLABORATION FOR IMPACT

The Financing Biodiversity project started in January 2025 and the collaborative part with institutional investors is with this paper and a closing event coming to an end. The project takes a transdisciplinary approach, combining diverse academic insights with practice, to improve the integration of biodiversity in investment processes. The goals of the project are:

- Strengthen the use of science-based approaches in investment and engagement decisions
- Support investors in shaping biodiversity targets by developing shared processes
- Build institutional capacity for biodiversity investment for impact

"Through collaborating with academic institutes such as Utrecht University, we can integrate financial expertise with ecological impact, providing much needed valorisation of both disciplines."

MN

Pathway to Sustainability at Utrecht University

Pathways to Sustainability is a university wide programme of Utrecht University. Utrecht University is convinced it has a special role to play with regards to the sustainability crisis, which is amongst the biggest challenges society faces in the 21st century. Being the home to groups of top academics in a range of fields of sustainability research, Utrecht University wants to stimulate collaboration across different disciplines and with societal stakeholders.

Through education, research and collaborations, Pathways to Sustainability contributes to structural solutions and thorough knowledge, opens new pathways for sustainability transformations for a just and liveable future. They challenge existing systems and unsustainable practices, examine (technological) sustainability solutions in real-world contexts, sketch out visions of the future and connect knowledge with action. In doing so, they accelerate and embed transformative sustainability solutions, visible in both concrete results and in new ways of thinking, collaborating and shaping the future.

Find out more at: Mission & Vision Pathways to Sustainability - Pathways to Sustainability - Utrecht University

"Transdisciplinary collaboration is essential for generating robust insights that address grand challenges such as biodiversity loss. Engaging in this collaborative process was deeply enriching as it allowed us to learn from one another and to appreciate the value of diverse perspectives."

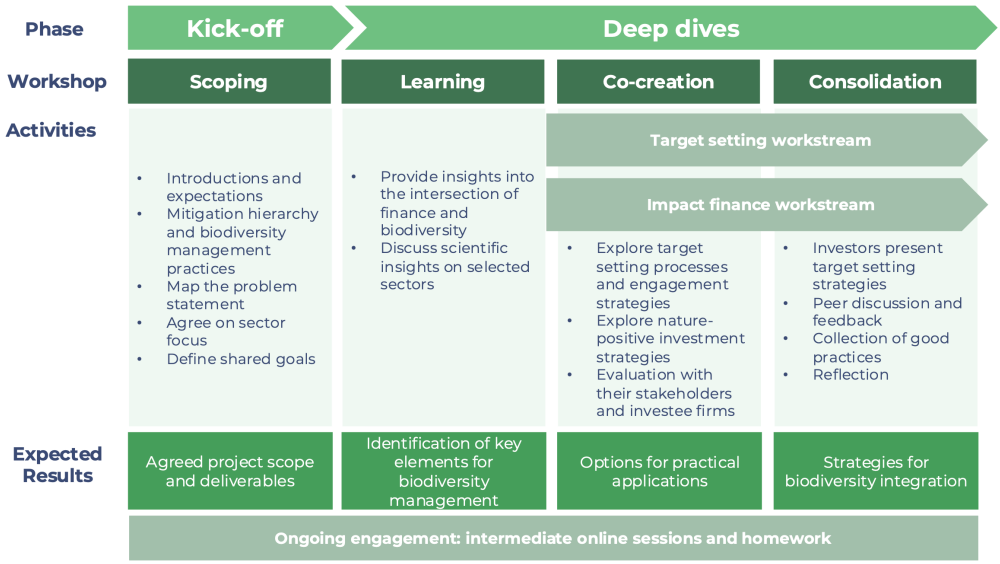
Utrecht University

The first half year of 2025 involved four co-learning workshops, each with a distinct focus: inspiration, academic insights, peer learning, and co-creation. The workshops were a way to stimulate peer exchange between investors and to inform them about the latest scientific insights. The project is built around the workshops but developed in an iterative way. Between the workshops, a group of roughly 20 participants collaborated closely, engaged in discussions and completed assignments. Figure 1 shows an overview of the different workshops and workstreams. Now this part has ended, an event is hosted to share the lessons learned with a broader audience. In addition, there will be several other follow-up activities including ongoing academic research in the coming year.

"It was great to get together with peers, collaborate and innovate, and leverage academic insights through the different workshops. The workshops were energising and thought provoking, and we will continue to use the key takeaways from the sessions moving forward."

Robeco

Figure 1: Overview project set-up



Source: Authors

During the scoping session, participants agreed on to focus on two sectors: food & agriculture and materials. These sectors were selected because they are high-impact and already have relevant data available, such as deforestation data within the food & agriculture sector.

After the first session the participants also agreed on two specific work streams: target setting and impact finance. These were chosen since both are considered fundamental to biodiversity integration (read more below in the box on the mitigation hierarchy). For both topics participants also identified challenges for which academic input could be useful.

Setting targets and integrating them into engagement and capital allocation processes are key steps to avoid and reduce negative impacts in investors' portfolios. At the same time, integrating biodiversity also involves financing conservation and restoration efforts, as well as initiatives and financial solutions that can improve biodiversity and transform value chains. This calls for new financing strategies which are explored in the impact finance workstream. The impact finance work stream was set up in collaboration with WWF-NL.

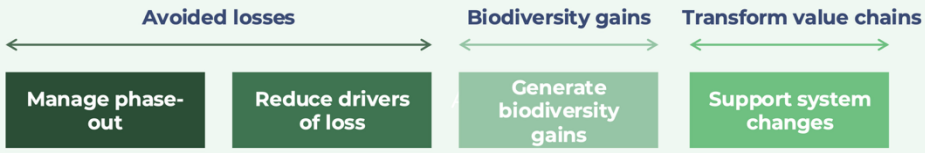
The mitigation hierarchy

The (nature positive) mitigation hierarchy is a long-established framework in environmental management. Its origin traces back to environmental impact

assessment practices in the 1970s and 1980s, where regulators and conservation organisations introduced it as a structured way to manage and limit harm to biodiversity. It is now widely applied in financial frameworks.

The Finance for Nature Positive working model developed by Finance for Biodiversity and UNEP-FI defines the following hierarchy[1]:

- **Avoid** negative impacts (e.g. exclusion of harmful activities such as deforestation-linked companies)
- **Reduce** drivers of loss (e.g. through engagement of high-impact companies)
- **Restore** and regenerate biodiversity (e.g. new financing strategies)
- **Transform** systems (e.g. transform value chains through system-level investing)



[1] This is in line with the AR3T framework developed by the Science Based Targets Network. This includes actions to avoid future impacts, reduce current impacts, regenerate and restore ecosystems, and transform the systems in which companies are embedded. SBTN-initial-guidance-for-business.pdf

3. LESSONS LEARNED

An incoherent regulatory landscape and the current anti-ESG pressure have made it more difficult to advance sustainability related topics. Biodiversity specifically is also a complex topic. Understanding biodiversity requires ecological expertise as it covers a wide range of dimensions and geographical areas. Data quality is improving but is not yet as advanced as climate data. Compared to climate, the business case is less clear. For these reasons integrating biodiversity in investment processes is challenging and not always prioritised by institutional investors.

However, as the project has shown, there are positive developments. There are pension funds and investors that prioritise biodiversity in their strategy. In addition, knowledge levels are increasing and frameworks and methodologies arise, the data available are sufficient to make a start and investment opportunities are emerging.

This section summarises the main lessons learned from the project. These learnings build upon each other: starting from organisational foundations, moving through knowledge development and practical implementation, and concluding with innovations that can accelerate investments. Table 1 provides an overview of these lessons learned, which are further described in the following sections.

Table 1: Overview of lessons learned

Category	Lesson learned
Foundation for biodiversity integration	1. Organisational buy-in is key to getting started 2. Biodiversity integration requires a system-level perspective
Knowledge base and collaborative capacity	3. Leveraging ecological academic insights strengthens investment decision-making 4. Close collaboration with investee firms can help the process
Target setting and implementation	5. A structured target setting process drives progress on biodiversity 6. Target setting comes with challenges, but there is enough information to make a start
Innovation and future opportunities	7. Innovative methodologies based on geospatial data could inform future steps 8. Impact investing and blended finance strategies can support investing with a positive impact on biodiversity

Source: Authors

1. Organisational buy-in is key to getting started

It can be challenging to implement biodiversity, which is a relatively new topic for investors, into an organisational structure. The project has shown that a learning by doing approach is helpful. Investors can build on existing structures already in place for climate.

However, to get started, biodiversity first needs to get the right priority in the organisation. Organisational buy-in is important, particularly in the current political environment. The investors participating in the project all prioritise biodiversity in the organisations' strategy. This includes board-level motivation and commitment. These aspects are key to enable progress in the long run. Consistent communication on the strategy and continuous learning opportunities can support further progress.

2. Biodiversity integration requires a system-level perspective

Biodiversity involves local ecological characteristics, nonlinear dynamics, and complex interdependencies among natural systems. For such a broad and interconnected topic, a system-level lens can help to drive real-world change and address portfolio risks.

Modern societies can be viewed as collections of interrelated socio-technical systems, such as food, energy and mobility. System change requires changes in political, economic, social and cultural domains. Challenges like climate change, biodiversity loss and increased inequality arise from these interconnected systems. To achieve change and drive transitions, there is a need to focus on multiple systems in parallel. Although complex, such an approach has the potential to deliver lasting change.[2]

For institutional investors, applying a system-level perspective includes developing a clear vision of the world and the societal transitions that are needed. This helps improving the understanding of the long-term impacts the investor seeks to achieve and identifying potential interventions. Such a holistic and system-level perspective strengthens organisational buy-in and ensures a focus on long-term value creation. It also supports in addressing system-wide risks created from these changing systems, affecting long-term portfolio performance.

3. Leveraging ecological academic insights and research strengthens investment decision-making

As biodiversity is multidimensional and context-specific, academic ecological research focused on specific topics or geographical areas can be helpful for investors. Participants found such academic ecological insights especially useful in a discussion on forest management certification schemes and on the relationship between biodiversity and agricultural systems.

"The academic insights deepened our understanding of biodiversity and supported our internal governance process, helping us turn complex research into informed decision making and strategic direction."

PMT

Research into the effect of FSC certification on wildlife

Researchers at Utrecht University conducted a study into the effectiveness of the Forest Stewardship Council (FSC) certification on biodiversity, particularly on wildlife protection. More than a quarter of the world's tropical forests are exploited for timber. Logging impacts biodiversity in these ecosystems, primarily through the creation of forest roads. The research was conducted using 1.3 million camera-trap photos of 55 mammal species in 14 logging concessions in western equatorial Africa. The researchers observed higher mammal encounter rates in FSC-certified compared to non-FSC logging

[2] More information on system thinking and investing by Deep Transitions: Transformative Investment

concessions. This study provides compelling evidence that FSC-certified forest management or equivalently stringent requirements are beneficial to wildlife.

Source: Zwerts, J.A., Sterck, E.H.M., Verweij, P.A. et al. FSC-certified forest management benefits large mammals compared to non-FSC. Nature 628, 563–568 (2024). https://doi-org.utrechtuniversity.idm.oclc.org/10.1038/s41586-024-07257-8

Research on biodiversity and ecosystem services in agricultural systems

The agricultural sector is one of the key drivers of biodiversity loss. Three interdependent actions to reduce biodiversity impacts food systems have been proposed; (1) reduce demand, (2) land sparing: set-aside nature; and (3) land sharing: making room for biodiversity within agricultural systems.

However, in general, there is a trend towards increased intensification and expansion of agricultural practices, especially for soy, cattle and palm oil in recent decades. Biodiversity is essential for the delivery of many ecosystem services, on which agriculture also relies. Some examples of biodiversity-inclusive farming systems were presented, including shaded coffee and cocoa systems that provide bundles of ecosystem services. While the relationship between productivity and financial performance is straightforward for intensified monoculture land-use systems, this relationship is more complicated for diversified systems such as shaded coffee and cocoa plantations. This uncertainty can be a barrier to upscaling.

Sources:

De Leijster, V., Santos, M. J., Wassen, M. W., Camargo García, J. C., Llorca Fernandez, I., Verkuil, L., Scheper, A., Steenhuis, M., & Verweij, P. A. (2021). *Ecosystem services trajectories in coffee agroforestry in Colombia over 40 years*. Ecosystem Services, 48, 101246. https://doi.org/10.1016/j.ecoser.2021.101246

Jezeer, R. E., Verweij, P.A., Santos, M.J., & Boot, R.G.A. (2017). *Shaded coffee and cocoa – double dividend for biodiversity and small-scale farmers*. Ecological Economics, 140, 136–145. https://doi.org/10.1016/j.ecolecon.2017.04.019

Investors can more structurally leverage these academic insights. For example, through the creation of knowledge networks, collaborations with academic partners and NGOs and to set up internal monitoring processes to closely follow academic research.

"Drawing on on-the-ground data, this study supports the notion that forest management certifications (such as FSC) play a critical role in driving positive biodiversity outcomes. These findings emphasise the value of sustainability measures already adopted by institutional investors in forestry investments."

PME

4. Close collaboration with investee firms can help the process

Close collaboration with investee companies can significantly accelerate the integration of biodiversity considerations. For this project, we have interviewed several investee companies. Many companies report a growing number of biodiversity-related requests from investors, though these questions often remain general rather than specific. They also conduct their own double materiality assessments and often identify biodiversity as a material topic for which action is needed.

Companies value opportunities to learn from peers and benchmark their progress through industry comparisons, which help guide internal decision-making. They also recognise the investors' expertise in identifying and assessing biodiversity-related risks and opportunities and express interest in deeper engagement and guidance in this area. A pragmatic, phased approach to target setting is often preferred by investee companies, starting with an initial target and refining it as data, tools, and understanding improve. Finally, C-level engagement is seen as a critical success factor: strong executive involvement ensures that biodiversity ambitions are aligned with corporate strategy and backed by organisational commitment.

5. A structured target setting process drives progress on biodiversity

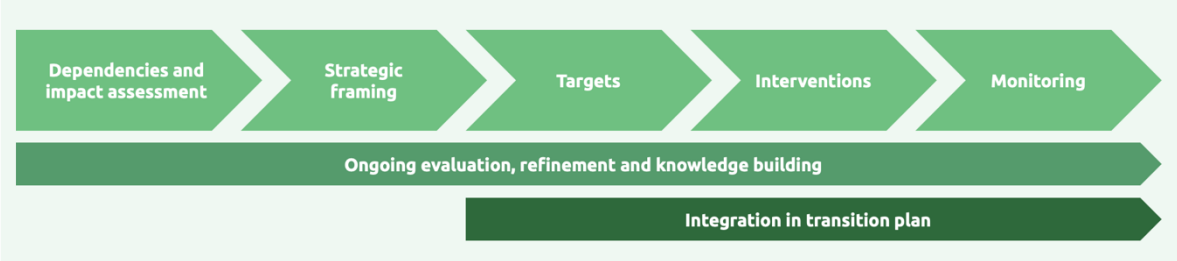
Defining targets for biodiversity can be overwhelming. Target setting for biodiversity is more difficult than for climate because biodiversity is inherently multidimensional and context dependent. While climate goals can be expressed through a single global metric such as greenhouse gas emissions, biodiversity involves diverse components, each requiring distinct indicators and operating on different spatial and temporal scales.

Effective biodiversity targets focus on real-world impact, contributing to halting and reversing biodiversity loss. For investors to start, they can prioritise material sectors and topics and considering where they have most influence. Good targets

are also timebound and transparent, supported by clear methodologies and effective implementation. Investors can draw on different available resources.[3]

A well-structured approach can help define credible biodiversity targets. Figure 2 summarises a high-level process an investor can follow. This is not a standardised process, the target setting approach can be different for different investors. It is an interactive process, requiring ongoing evaluations, refinements and continuous knowledge building in each of the steps.

Figure 2: Example process for target setting



Source: Authors

It begins with assessing **dependencies and impacts** on biodiversity. This is often done using sector screening approaches (using for example ENCORE database) or footprinting approaches. Sector screening approaches offer a more top-down approach, providing sectoral insights into dependencies and impacts. They are used for initial screening, scoping of sectors of activities or identifying priorities for further analysis. The LEAP (Locate, Evaluate, Assess and Prepare) approach as defined by The Taskforce on Nature-related Financial Disclosures (TNFD) can further enhance a sector assessment, adding location specific information to define priorities.

Footprinting approaches are model-based impact measurement approaches aiming to quantify the impact of a company or portfolio to biodiversity. This is a bottom-up approach where biodiversity impact is aggregated towards one measure. The outcomes of these approaches can differ based on the methodological and database choices made in the process.

[3] Such as the Finance for biodiversity Nature target framework for asset managers and owners: PRB Nature Target Setting Guidance – United Nations Environment – Finance Initiative, TNFD sector guidance: Publications – TNFD, UNEP-WCMC / Global Canopy, steps for financial institutions to set targets on nature: Six steps for financial institutions to set biodiversity targets – Global Canopy, PBAF and Impact Institute Finance & Nature Toolbox: A Biodiversity Accounting Standard for the Financial Industry | PBAF - Partnership for Biodiversity Accounting Financials

Footprinting approach by Achmea Investment Management

Achmea Investment Management (Achmea IM) developed a biodiversity footprinting approach to calculate the biodiversity footprint of their investments in listed equity and corporate bonds. The approach is based on Iceberg Data Lab's Corporate Biodiversity Footprint score. This is a set of biodiversity impact data that gives, per company, per driver of biodiversity loss (5 drivers) and scope (direct or indirect impact), how the company's activities lead to biodiversity loss. Using information about the size of the investment per company, the biodiversity impact of the total portfolio is calculated. This is measured in loss of biodiversity (Mean Species Abundance) per squared kilometre (MSA Km2).

The insights from this footprint analysis form the starting point for developing an approach to reducing this footprint. Following the conclusion that through the operations of their investee companies, land use change is a key driver of loss, Achmea IM started a new engagement program aiming to reduce deforestation. And they will most likely focus their portfolio impact reduction targets on the identified sectors with the highest impact (largest footprint).

High-dependency sectors typically include food and beverage, chemicals, and IT (for ecosystem services such as water, soil, and flood protection), while high-impact sectors, such as mining, chemicals, and agriculture, contribute most to biodiversity loss through deforestation, pollution or emissions.

Once the material sectors and topics are identified, investors can assess the system-wide challenge or themes they aim to address and linking it to a long-term vision. This is done in the **strategic framing** step. Examples are: “supporting the transition to regenerative agriculture” or “achieving a deforestation-free portfolio by 2030”. It is important to align this vision with frameworks such as the Global Biodiversity Framework (GBF) or national biodiversity plans.

Next, investors can define **targets**. They could start with most material topics or sectors for which there is sufficient data availability. It is also important to consider which real-world impact the investor aims to achieve with this target.

The Nature Target Setting Framework for Asset Managers and Asset Owners (Finance for Biodiversity Foundation) distinguishes three target types, reflecting different stages of maturity. Table 2 shows examples of these categories.

- Initiation targets aim to build internal capacity (e.g. governance, training, assessments)
- Monitoring targets aim to track and disclose sector-relevant insights

- Portfolio steering targets aim to achieve real-world change, such as reducing deforestation or improving water quality. Targets can be set on different levels: portfolio level, sector or topic level or asset class level

Table 2: Example targets

Target category	Objective	Example target
Initiation	Build internal capacity	• By 2026, a dependencies and impact assessment will be conducted and disclosed • By 2026, all employees are trained on biodiversity loss in relation to investments
Monitoring	Track and disclose	• Monitor number of companies with a plastic reduction target • Monitor number of companies with zero-deforestation commitments
Portfolio steering	Achieve real-world change	• By 2030, all companies in relevant sector have a policy in place to reduce plastic use • By 2030, all companies in relevant sectors will have a zero-deforestation policy

Source: Authors

With targets defined, investors can determine **interventions**, for example company engagement, impact investing or selective divestment. Investors should select engagement target companies using the insights from the impact and dependencies. These could for instance be those operating in water-stressed regions or sourcing deforestation-linked commodities. Interventions may also include policy advocacy, leveraging the investor's influence to strengthen governmental policies, market standards and regulation.

Target setting approach by Robeco, using the Biodiversity Traffic Light

As part of their Nature Target Setting, Robeco identified 274 high-impact companies, responsible for 38% of Robeco's biodiversity footprint, based on water use, hazardous waste, and deforestation. Over 70% are biodiversity laggards, and around 50 fall short of their minimum risk management expectations. Robeco will prioritise these companies in their stewardship activities by:

- Initiating enhanced engagement with those that are absolute laggards (Misaligned on their Biodiversity Traffic Light) and fail to meet their minimum expectations;
- Using their voting rights to hold accountable those that are laggards (Misaligned or Partially Aligning on our Biodiversity Traffic Light) and do not meet their minimum expectations; and
- Expanding their standard nature engagement work with companies that are laggards but meet their minimum standards.

To **monitor progress**, investors need clear metrics and tools. These could measure both outcomes (e.g. percentage of companies that source from sustainable sources for high-risk commodities) and process indicators (e.g. number of companies implementing zero-deforestation policies).

Continuous monitoring and feedback loops are essential to refine targets and interventions as data and practices evolve. Ongoing knowledge building is key too, as the organisation needs to fully understand what setting a target entails and what the organisation tries to achieve with those targets. Biodiversity targets can be integrated into a broader nature transition plan, potentially combined with climate targets. This ensures an overarching process linked to the organisational strategy.

6. Target setting comes with challenges, but there is enough information to make a start

There are challenges around target setting. Some challenges mentioned by the participants relate to the granularity and quality of data, as well as uncertainty about which datasets to use. Biodiversity data is still relatively undeveloped compared to carbon or financial data. Databases often do not yet capture company or location specific information. Or they lack information on the full supply chain, certain asset classes or specific topics such as marine biodiversity. Transition pathways for certain themes remain uncertain too. The choice of data has implications for the prioritisation of sectors and companies, and influences portfolio construction, engagement and exclusion policies.

Investors may also face internal concerns. For instance, about setting ambitious biodiversity targets alongside existing climate targets, as they can also conflict each other. It is also challenging to strike a balance between specific, measurable sector- or asset class-specific targets and high-level portfolio ambitions (e.g. “halting biodiversity loss”, or “achieving a biodiversity-positive portfolio”).

Despite these challenges, defining clear biodiversity targets is essential to drive change. Data availability and methodologies are improving quickly, allowing investors to identify key sectors, select meaningful metrics, and continuously evaluate their targets.

“We recognise that biodiversity loss is a complex issue, but that should no longer be an excuse that the sector can hide behind. The data is good enough to start acting.”

Achmea Investment Management

7. Innovative methodologies based on geospatial data could inform future steps

An emerging topic in relation to biodiversity finance is the use of geospatial data. It offers potential to advance biodiversity integration in investment decision-making. By linking portfolio exposures to specific locations, it enables investors to assess how companies’ operations intersect with protected areas or regions under high environmental pressure. It also allows for a more context-specific assessment of biodiversity impacts, and it can support the identification of investment opportunities in nature-based solutions.

The spatial dimension helps moving from broad sector-level assessments to granular, location-based insights on biodiversity dependencies and impacts. Emerging geospatial tools, such as satellite monitoring, and spatial risk mapping, can enhance screening, engagement, and target setting. While these approaches are still very much in development for biodiversity, they offer a promising next step for investors.

Leveraging satellite data for deforestation-free supply chains by MN

MN, acting on behalf of PME and PMT, works alongside a coalition of international investors to engage major corporations in the mission to achieve deforestation-free supply chains. This engagement focuses on soft commodity-driven deforestation—particularly from palm oil and soy

production—which remains one of the primary drivers of global forest loss. To reinforce this effort, the investors collaborate with geodata analytics firm Satelligence. By combining satellite imagery with advanced data analysis, Satelligence enables investors to detect, validate, and quantify changes in vegetation cover across natural landscapes. These insights are linked to companies through publicly available supply chain data, providing a risk-based view of potential deforestation exposure within food and materials supply chains. Through monitoring specific incidents of deforestation, MN evaluates the robustness of zero-deforestation policies and the effectiveness of corporate actions—ultimately determining whether these measures are delivering real progress in reducing deforestation across high-risk regions and key suppliers.

Landscape based engagement

A landscape (or land/seascape) approach is a place-based, collaborative framework in which multiple stakeholders, local communities, governments, businesses, NGOs, work together within a defined geographic area to reconcile social, economic, and environmental goals.

Investors can play a central role in landscape-based engagement: they can help fund priority landscape interventions (e.g., sustainable agriculture, restoration, community enterprises) via a variety of instruments, from concessional debt, blended finance, bonds, to performance-linked deals.

The Landscape Finance Approach (LFA), developed by WWF defines a step-by-step process: first map risks, dependencies, and opportunities in the landscape (“understand”), then match those to suitable financial instruments (“match”), implement coordinated finance aligned with the conservation strategy (“implement”), and finally scale the model to other landscapes or through policy and financial system changes (“scale”).

Read more at: lfa-guide.pdf

8. Impact investing and blended finance strategies can support investing with a positive impact on biodiversity

Institutional investors have increasingly started to explore alternative instruments that could facilitate improvements for biodiversity. In the project, impact investing was identified as particularly promising, including blended finance structures. These are mostly concentrated in private markets.

Impact investing strategy PGGM

Nature and biodiversity are focus themes for impact investing of PGGM. The investing strategy focusses on contributing to nature restoration and halting biodiversity loss by investing in solutions to food transition, materials transition and nature restoration.

PGGM uses the Theory of Change (ToC) as a framework for their impact investments. All impact investments need a ToC to show in advance how a company or organization contributes to the impact goal and what the investors' role is. The purpose of a ToC is to ensure that the impact is measurable and directly linked to the actions of the companies invested in. Impact investments must make a real-world outcome-level change by providing solutions to the identified transitions. Potential outcome-level metrics that could be used to measure positive impact are hectares of land conserved or restored, litres of water saved and kilogrammes of waste.

PGGM tries to leave enough room for learning while doing and giving enough guidance to investment teams. Impact investments in nature & biodiversity will likely entail investing in more innovative financial vehicles, such as blue or outcome bonds. PGGM is currently further defining their impact investing strategy.

However, investors face challenges in implementing these approaches. Often, it does not fit within existing mandates. Ticket sizes are not large enough; track records are missing and there is a perception of low returns and high risks.

Some solutions to these challenges are creating a separate mandate, making exceptions to existing requirements and collaborating with NGOs and other knowledge providers. By interacting directly with the structures and stakeholders of these financial mechanisms, investors can accelerate their learning process and gain a clearer understanding of how risks are distributed and mitigated.

"We learned that we are not the only institutional investor still finding out how to best contribute to biodiversity through impact investments."

PGGM

4. CONCLUSION

The Financing Biodiversity project demonstrated that integrating biodiversity into investment decision-making is both possible and increasingly necessary. By combining academic insights with practical experience, participating investors built a shared understanding of how to translate biodiversity challenges into actionable investment strategies.

The lessons learned, ranging from securing organisational buy-in and applying a system-level perspective to setting structured, science-based targets, show that meaningful progress requires a clear strategy, collaboration across disciplines, and continuous learning. While data and methodologies remain imperfect, there is already sufficient knowledge to act.

Looking ahead, investors can build on these insights by embedding biodiversity into their broader investing frameworks. This involves refining target-setting processes, deepening engagement with investee companies, and exploring innovative tools such as geospatial data and blended finance structures.

Strengthening partnerships with academia, civil society, and policymakers will be essential to improve data quality, harmonise standards, and scale investment opportunities.

This is a Sustainable Finance Lab publication
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