

NEFCO

A photograph of a fox sitting in a field of tall grass and yellow flowers. The fox is looking to the left. The background is a soft-focus green field.

# Biodiversity Pilot Programme 2022-2024

Final report

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# Introduction

Nefco, the Nordic Green Bank, acknowledges that biodiversity—the diversity of all life on Earth, from ecosystems to species and genetic—is in peril. We also recognise that biodiversity loss has the potential to affect our investment portfolio, sectors and geographic regions of activity.

As a green financier, it is important for Nefco to consider the long-term risks related to biodiversity and natural capital.

[Nefco's Biodiversity Pilot Programme](#) was created in 2022 to test and develop concrete biodiversity solutions co-created with small and medium-sized companies (SMEs) in the private sector. The programme is funded by the Nordic Environmental Development Fund (NMF), which currently receives contributions from [the Nordic Council of Ministers](#). Nefco has managed the NMF fund on behalf of its member countries since 1996.

Environmental issues are important for SMEs for several reasons. In the aggregate, SMEs have a significant environmental footprint. Environmental degradation can also generate challenges for SMEs' survival and growth.

The programme has enabled SMEs to learn about biodiversity-related risks and opportunities for their businesses and to test scalable solutions to address them. Our approach was to start working with biodiversity management rather than waiting for established methodologies. We believe that focusing the pilot programme on SMEs has the potential to lead the way for future biodiversity work with organisations of all sizes.

This report presents the key learnings and results of Nefco's first Biodiversity Pilot Programme from 2022 to 2024.

## Financial institutions can create positive momentum

Nearly one million species are at risk of extinction due to human activities, and 75% of the land surface has been significantly altered by human actions. According to the World Economic Forum, biodiversity loss is currently considered the third most severe global risk, after climate action failure and extreme weather. It threatens not only global health and food security but also economic stability.

The protection of natural resources, species and ecosystems is therefore just as important as tackling the climate crisis. Diverse, well-functioning and resilient ecosystems are also better able to provide society with ecosystem services and benefits that support climate change mitigation, adaptation and disaster risk reduction.

In December 2022, the United Nations Biodiversity Conference in Montréal (COP15) agreed to stop biodiversity loss by 2030. This sent an important signal to the private sector about the need to start assessing and reporting on their impacts and dependencies on nature.

As financial institutions worldwide effectively control the global distribution of funds, they can use this to benefit nature. Each financial institution can set its own agenda for directing investments and project funding. Aligning these agendas with global biodiversity goals can create significant positive momentum. It is also important to directly involve the private and financial sectors to close the financial gap needed to halt nature loss.

## Immediate action is needed

The main barrier to scaling up biodiversity action globally is the complexity of data and metrics used. There are many approaches to measuring biodiversity, but currently no scientific consensus on their accuracy. While reporting and metrics are being developed, action needs to be taken immediately. One of the first steps for companies is to build an understanding of their impacts and dependencies on nature, both in direct operations and throughout their value chains.



*“The protection of natural resources, species and ecosystems is just as important as tackling the climate crisis.”*



Photo: Johannes Jansson

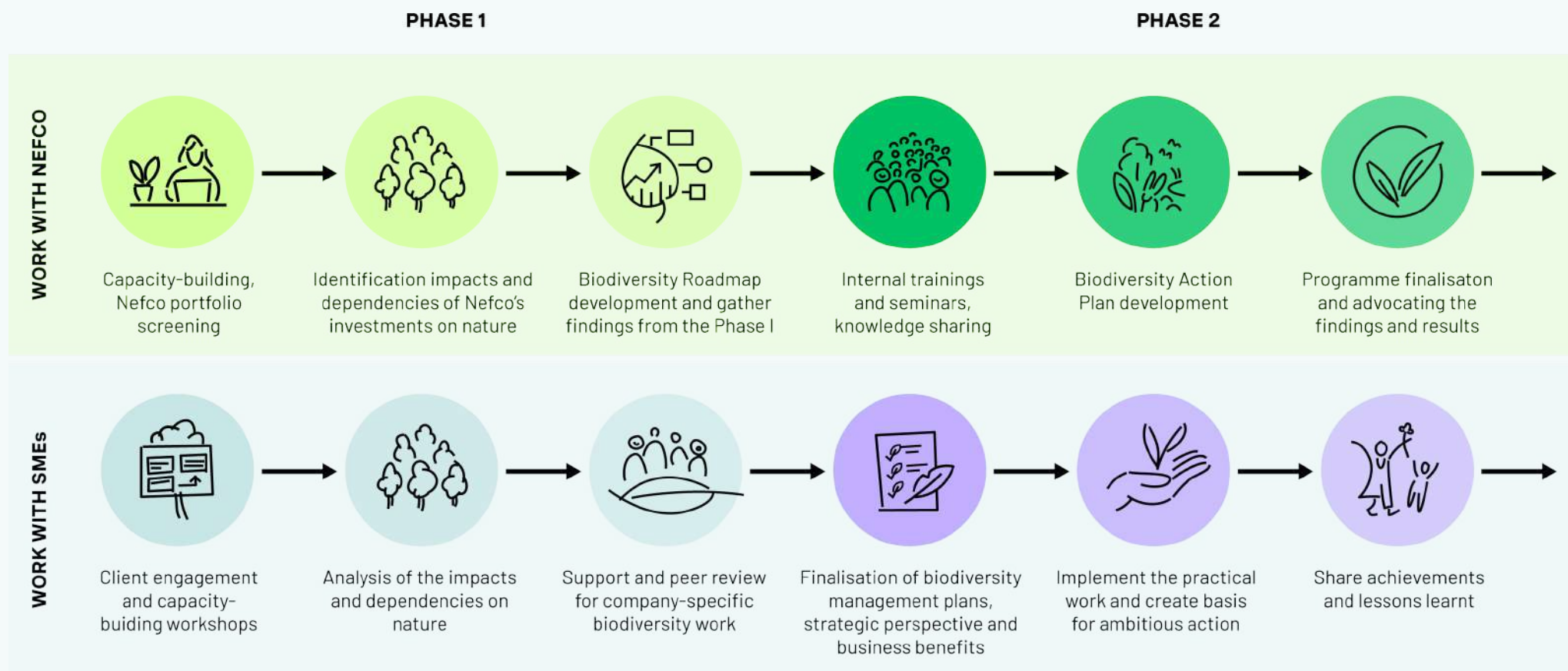
## Programme structure

The Biodiversity Pilot Programme was divided into two phases. The first phase aimed to create knowledge and establish a framework for subsequent pilot initiatives. The results of the first phase formed the base for phase two, which focused on developing ideas into scalable solutions and generating action.

In addition to working with pilot companies, the programme also focused on Nefco's own impact on biodiversity in accordance with Nefco's existing Biodiversity Roadmap created in 2022, and outlined the next steps for its implementation. Read more about the [roadmap published in 2022](#).



## Overview of the project phases and workstreams



### Phase 1:

#### Creating knowledge

The main objective of the first phase was to improve the understanding of both Nefco's and the pilot companies' impacts and dependencies on nature and to lay the groundwork for planning and implementing projects.

The first phase also included biodiversity assessments for Nefco's SME portfolio and the pilot companies. This work deepened understanding of the biodiversity risks associated with different companies' operations, as well as the opportunities for aligning biodiversity work with their business strategies. This can help companies differentiate themselves from their competitors and create a competitive advantage.

### Phase 2:

#### Accelerating action

In the second phase, the pilot companies developed Biodiversity Management Plans aimed at integrating biodiversity considerations into their business strategies and value chains and implementing the planned actions.

# Nefco's Biodiversity Roadmap

Nefco's Biodiversity Roadmap was first outlined in 2022. In the Biodiversity Pilot Programme, the roadmap and its implementation were further developed.

1



## Ambition level and commitment

- Defining the main objective— What does Nefco want to achieve in biodiversity and nature (how to integrate)
- Align Nefco key stakeholders' expectations and priorities for the future

2



## Integrating biodiversity into financing and financial mechanisms

- Main lessons and findings from the Nefco Biodiversity Pilot Programme
- Further developing biodiversity assessment of investments
- The results of the screening: conclusions and recommendations (prioritisation of high-risk sectors, development of sector-specific actions)
- Exploring financial instruments

3



## Capacity-building, partnerships and innovation

- Good practices and scaling up of lessons learned through pilot projects
- Developing and utilising training materials from Nefco Pilot Programme
- Financing innovative biodiversity pilot projects
- Recommendations for actors to identify potential partners and actors to collaborate with

4



## Monitoring and reporting

- Develop assessment tools and reporting method
- Adapt monitoring framework to track progress (e.g. TNFD metrics)

*“Biodiversity work can help companies differentiate themselves from their competitors and create a competitive advantage.”*



Photo: Norsepower

## Participating companies

Through the Biodiversity Pilot Programme, Nefco aimed to provide best practices and prepare its clients for rapid policy developments.

The participating companies, all part of Nefco's SME portfolio, committed voluntarily to the programme. The programme was facilitated by AFRY, an international engineering, design, and advisory services company, and steered by Nefco.

Six growth companies were selected to participate in the programme, each taking a different approach to biodiversity management. Including companies from a wide variety of fields and backgrounds contributed to understanding the unique challenges SMEs can face in their biodiversity work.



### BaltCap

The largest private equity and venture capital investor in the Baltics. Nefco is an investor in the BaltCap Infrastructure Fund, which focuses primarily on investments related to renewable energy, energy efficiency, and municipal and social infrastructure projects.

[Read about Nefco's investment](#)



### Klappir

An Icelandic company specialising in software that enables organisations to monitor and track their environmental and other sustainability-related actions and make informed decisions to drive meaningful change towards a sustainable future.

[Read about Nefco's investment](#)





## Meriaura Energy

As a leading provider of large-scale solar thermal systems, the Finnish company helps communities and companies to reduce CO<sub>2</sub> emissions through the use of renewable heat.

[Read more about Meriaura Energy.](#)



## Norsepower

A Finnish cleantech company and leading provider of mechanical sails for large ships. Its technology provides efficient, easy-to-use, and reliable auxiliary wind propulsion for the shipping industry.

[Read about Nefco's investment](#)



## Pure Waste Textiles

A Finnish waste fibre textile company and pioneer in textile recycling. Pure Waste is a forerunner in producing sustainable garments from waste-based textiles.

[Read about Nefco's investment](#)



## Sulapac

A Finnish company developing bio-based, low-carbon footprint alternatives to conventional plastics.

[Read about Nefco's investment](#)

*“Including companies from a wide variety of fields and backgrounds contributed to understanding the unique challenges SMEs can face in their biodiversity work.”*

# Achievements and lessons learnt

The Biodiversity Pilot Programme provided Nefco and the pilot companies with the knowledge and tools to continue integrating biodiversity work into their businesses. As the programme progressed, the work plan also evolved in response to emerging learnings and insights.

Initially, the pilot companies focused on testing and developing solutions to achieve direct, on-the-ground biodiversity improvements. As the companies became more aware of their impacts and dependencies, their focus shifted towards results and outcomes in their work plans and management plans, aligning with long-term biodiversity commitments.

**Company-specific key achievements include the following:**

## **BaltCap**

- Assigned a specialised biodiversity champion and hired an ESG manager in 2024
- Established biodiversity KPIs and a threshold for guiding future investments
- Decided to integrate biodiversity impact data into its investment process
- Started advocating for biodiversity work in various stakeholder events

## **Norsepower**

- Sent an ESG (incl. biodiversity) query to suppliers
- Established local partnerships for biodiversity in China
- Had a Biodiversity Management Plan approved by the management
- Created a group-level ESG Roadmap and established a sustainability task force

## **Klappir**

- Started building biodiversity data based on the European Sustainability Reporting Standard
- Used pilot programme materials to reach out to customers
- Selected energy and maritime companies to pilot the inclusion of biodiversity data
- Aims to test with a few clients in 2024 and scale up to a larger customer base in 2025

## **Pure Waste Textiles**

- Used results from the pilot programme to prioritise efforts and set targets
- Aims to start co-operating with an NGO at its manufacturing site in India to work on biodiversity projects
- Started planning a water conservation initiative and a native plantation and wildlife habitat

## **Meriaura Energy**

- Created a biodiversity checklist for solar heating systems covering sales, system design, project execution and decommissioning
- Found that the programme created competitive value and plans to scale up its learnings in maritime operations
- Included biodiversity in the Sustainability section of its website, social media content and company presentations
- Compiled a list of internal actions taken and showcased biodiversity examples

## **Sulapac**

- Set a biodiversity action plan with short- and long-term targets
- Identified high-impact areas, such as moving away from virgin feedstock
- Plans to showcase circularity, e.g. a closed-loop project, at the Slush conference
- Designated a dedicated individual for sustainability

*“One crucial discovery is that an understanding of biodiversity is essential before advancing any initiatives within a company.”*

## Key findings formed around risk assessment results, strategy development and biodiversity opportunities

The key findings of the programme are based on the outcomes of the risk assessments, strategic development, and biodiversity opportunities in small and medium-sized companies. One crucial discovery is that creating an understanding of biodiversity is essential before advancing any initiatives within a company. Additionally, integrating biodiversity considerations can bring numerous benefits, including gaining a competitive edge and enhancing corporate reputation through effective communication.



These pilot projects will serve as **examples for biodiversity work among SMEs**, addressing a current gap where most illustrative examples often come from larger companies.



**The circular economy** reduces biodiversity impacts from business activities/production, but it may be difficult to prove the benefits and effectiveness.



A lot of understanding is needed before biodiversity work can be promoted in a company. This underlines the **importance of training and skills**.



Biodiversity aspects should be considered already at the **planning stage**, when it is easiest to minimise the negative impacts of a project and to create positive impacts.



**A step-by-step approach** and deepening the work process over time makes planning easier and "reduces the pain of the job".



Taking care of biodiversity can become a critical selling point and it can become a **competitive advantage** compared to other actors.



**Value chain analysis** has become increasingly important. If the work is done properly, it improves supply chain transparency, which can reduce potential risks to biodiversity impacts and dependencies.



Developing suitable measures to act upon nature-related risks and opportunities creates a strong narrative which can be used for **public communications** and improves the business' reputation.



Biodiversity impacts are often very local. Site-specific analysis is important and provides a good basis for the design, implementation and monitoring of measures. The role of local actors is essential.



Working with different sectors gives a **broad range of opportunities** in which biodiversity-friendly actions can be implemented and from which all participants can learn

## Lessons learnt from Nefco's operations

The portfolio screening provided Nefco with important initial information on the impacts and dependencies of its investments in nature. Based on the screening results, potential high-risk portfolio sectors and projects were identified. This information was used to develop the building blocks of the Biodiversity Roadmap and key actions for Nefco.

Nefco and the pilot companies have also continued to share the programme's experiences and concrete implementation actions through social media and websites. This ongoing communication has contributed to scaling up results and lessons learnt, thereby inspiring others with practical examples.



Photo: Meriaura Energy

## Level of understanding and knowledge sharing

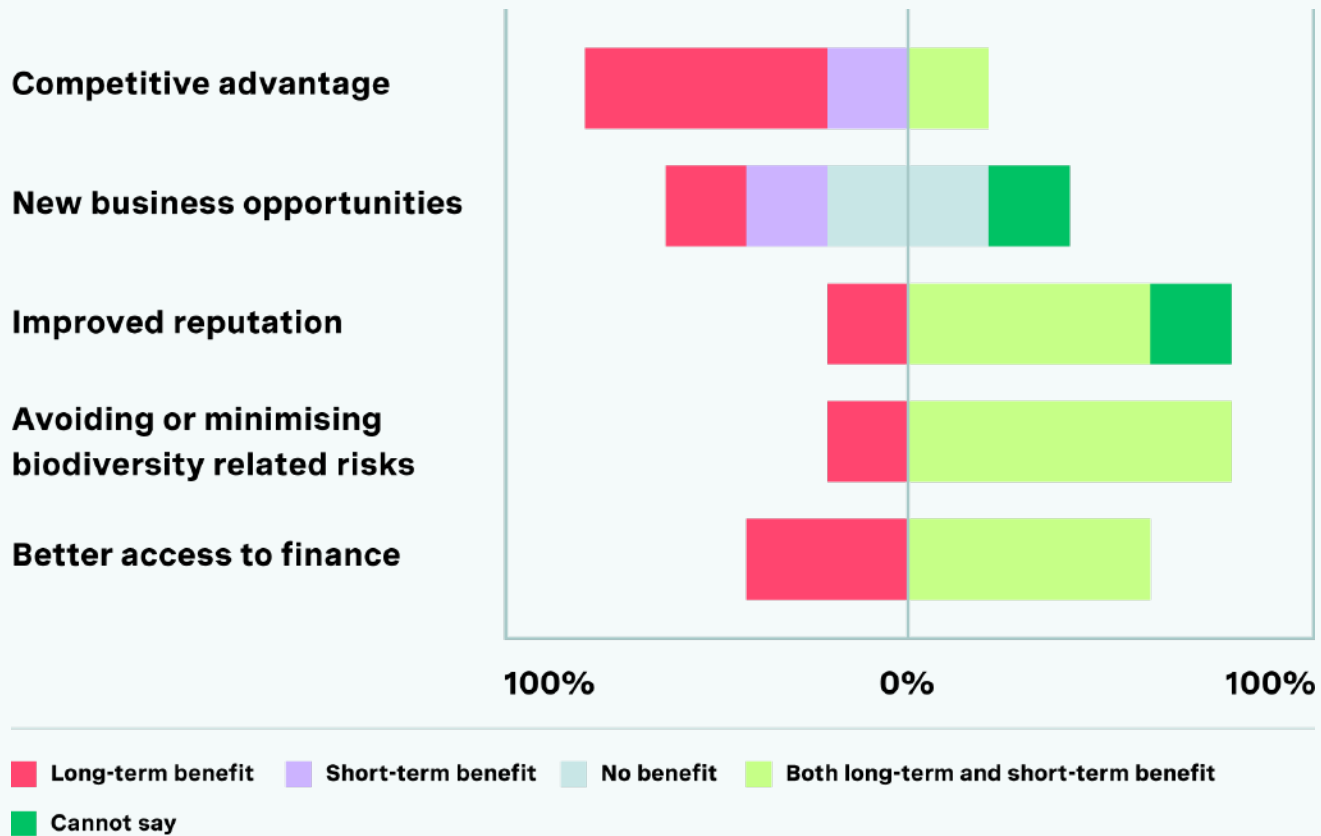
Until now, global biodiversity and nature conservation efforts have mostly been led by governments, policymakers, NGOs and academia. Directly involving the private and financial sectors in biodiversity management by mitigating risks, creating positive impacts, and promoting financing opportunities is crucial to closing the significant financial gap needed to halt nature loss. The key success of the Biodiversity Pilot Programme is its initiation of dialogue between key players in global biodiversity conservation and the private and financial sectors.

Through this programme, Nefco has successfully created an environment for engaging with SMEs on biodiversity issues. The participating companies already have a strong sustainability mindset, making them more receptive to these new

challenges. Despite their existing knowledge, they face difficulties in fully understanding the issue. Additionally, the abundance of information on biodiversity may be a hurdle in getting more companies on board in the future.

Overall, the participating companies were very satisfied with the programme, giving the experience an average rating of 4.4 out of 5. They perceived various benefits, including competitive advantage, new business opportunities, improved reputation, avoidance or minimisation of biodiversity-related risks, and better access to finance. However, there were differences in whether the companies viewed these as short or long-term benefits.

**Perception of different business benefits gained from the Biodiversity Pilot Programme**



**4.4/5**  
Average rating given to the programme by participating companies

*“Through this programme, Nefco has successfully created an environment for engaging with SMEs on biodiversity issues.”*



Photo: Niklas Sandström for Nefco

## Feedback from participating companies

The participating companies' overall satisfaction with the programme was reflected in their feedback. The companies viewed the programme as well organised and beneficial to their businesses. While the diversity of the companies was seen as fostering an understanding of different approaches to biodiversity work, some participants felt that there could have been even more opportunities to learn from others.

### Feedback on workshops

*"The momentum is now! Biodiversity has great momentum with huge global interest."*

*"There are very different perspectives you can take on the biodiversity analyses: some have a location-specific approach, and we will, at least for now, take a more general view."*

*"Fast movers will benefit the most."*

*"Awareness raising is the crucial first step."*

### Feedback on the programme as a whole

*"Finding out about the different tools and ways to classify the impacts and assess their intensity was extremely good and a type of knowledge that would be difficult to gain elsewhere independently. Hearing about the other companies' initiatives was also valuable."*

*"Communication worked very well and the approach of the programme was active."*

### Suggestions for improvement

*"Now that we have action plans in place, it would be great to receive support in the implementation stage and follow-up of the progress."*

*"The legislative changes and upcoming reporting demands were mentioned several times, but it would have been good to address these on a bit more concrete level. For someone who is not familiar with all the regulative frameworks, the topic remained somewhat blurry."*

# Outlook and possible next steps

The pilot companies will continue their work individually with the support of the materials produced during the programme. They have also received well-structured materials summarising the results, lessons learnt and guidance on continuing their biodiversity efforts, including insights on reporting.

The programme outlines four key building blocks Nefco can use to further develop its existing [Biodiversity Roadmap](#):

1. Ambition level and commitment
2. Integrating biodiversity into financing and financial mechanisms
3. Capacity building, partnerships and innovation
4. Monitoring and reporting

To define the outlook and possible next steps, three main categories of actions have been identified within the roadmap building blocks:

1. Setting targets and objectives
2. Portfolio analysis and research
3. Partnerships

In the areas of capacity building, partnerships and innovation, Nefco has a great opportunity to foster a positive organisational culture for biodiversity. By continuing dialogue with key organisations and exploring possible participation in biodiversity-related pledges, Nefco can make significant strides.

Other next steps for Nefco could include further portfolio analysis to assess the presence of biodiversity-enhancing measures in supported projects and to prioritise biodiversity-relevant components, as well as benchmarking results against other financial institutions. Developing an extended biodiversity programme to scale up the results and lessons learnt from the pilot projects could also be beneficial.

## Key actions and processes for Nefco's biodiversity work



*“Nefco has a great opportunity to foster a positive organisational culture for biodiversity.”*

# NEFCO

*The Nordic Green Bank*

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