



5X FOR NATURE

PUBLIC AND PRIVATE EQUITY ROUNDTABLE



Roundtable hosted by:



Nature
Investment Hub

A Solution Space by
Generate Canada

Session Readout

Purpose

Hosted by Nature Investment Hub, this roundtable convened partners and nature finance ecosystem members who are active in the public and private equity space. The objective of the session was to identify trends, limitations, and paths forward to scale equity-based investment products in the Canadian nature finance landscape.

Featured content

- Introductory remarks and context setting from Priya Bala-Miller, Nature Investment Hub
- Comments on the current trends in private finance globally from Jessica Smith, UNEP-FI
- Shared experience from participants on their own focal areas of interest
- Discussion of opportunities to address shared challenges in equity space as well as key distinctions between public and private equity impact pathways and the implications for systems change.

Insights summarised here represent collective views of the session participants and not intended to be interpreted as those of the Nature Investment Hub specifically. Some additional comments were shared by a few participants via email after the session and they have been integrated as well.

Setting the Stage

Takeaway 1: Biodiversity equities market opportunity is no longer theoretical

NIH Managing Director Priya Bala-Miller offered a few grounding remarks that referenced shared responsibilities to advance the **Truth and Reconciliation Commission's Call to Action 92**, through adoption of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) as a reconciliation framework. As it relates to the equities space, the Nature Investment Hub offers as a platform to braid and maximise all forms of capital - social, cultural, technological, financial, ecological - in ways that are mutually reinforcing.

Equity-based instruments for nature represent a significant opportunity space, and global trends are indicative that much more could advance in the Canadian market, referencing recent data from UNEP-FI's analysis of private investment in nature.

- By way of illustration, she drew on the largest private equity impact fund the **EQT Future Fund**, which closed its last round in 2024 at €3.5 billion, and spoke to key aspects of the investment thesis and business case that incited investment in one of the portfolio companies.
- She reviewed **Anticimex**, a Swedish pest control company that is pioneering a digital - sensor-based solution that uses AI to detect when a pest infestation is about to happen and can also predict where it might happen next.
- EQT's bet on Anticimex is based on solid investment analysis of a number of **structural growth drivers** - increased urbanization, globalization and climate change. The market is also fragmented, so there is huge consolidation potential. Plus, the digital solution they've got has **ecosystem benefits** as their solution is toxin-free and lowers GHG emissions because unnecessary trips from field technicians are eliminated.

More Canadian examples need to come to the fore, including at the nexus of tech and nature, that can similarly blend strong benefits and harness growth drivers. Domestically, [Lester Asset Management's Lynx Biodiversity Fund](#) has shown it can be done.

Takeaway 2: A focus on both 'Pure Play' strategies & 'Transition' opportunities can increase space for equities products to come to market

Highlights from Amsterdam: Finance for Biodiversity Summit (Dec 4th) celebrated the 5th anniversary of the Biodiversity Pledge. This initiative has 200+ signatories with over \$23 Trillion in assets under management and serves as an important market signal about appetite for biodiversity-aligned commitments.

- 53 billion Euros have been committed by signatories towards biodiversity positive assets since 2020. Top themes being invested in are agriculture (33%), forestry (31%), water and aquaculture (7%), machinery (5%) and ocean biodiversity (5%).
- Global nature equity leaders include: Mirova Natural Capital (\$1B+), New Forest (\$7.3B), Natural Asset Companies, Nuveen Natural Capital (\$12B).
- These efforts are supplemented by enabling policy decisions. For instance, France has robust disclosure requirements for biodiversity, UK has made a lot of investments through initiatives like Biodiversity Net positive requirements for infrastructure etc. These views are affirmed by scholars such as Oxford University Professor Sophus Zu Ermgassen.
- Need to be realistic about what makes projects investible – one study (Flammer et al., 2025) showed that commercial risk return ratios are needed to attract mainstream investors, which for nature is 14.7% IRR (11.9% if risk adjusted).
- We want to close the nature finance gap but that work should not just focus on the pure play nature opportunities, but also transition opportunities from different sectors as well¹. Canada has unique strengths to leverage with particular consideration of land restoration, the oceans/marine context, and Indigenous leadership

Discussion Highlights - What's top of mind in the Canadian Context?

Takeaway 3: Why Equity, Why Now?

Equity has a key role to play for nature. Patient capital is particularly useful in the nature context, where impact often requires 10-30 year horizons. Equity can also support different types of ownership models, e.g. it can enable Indigenous-led and community structure, and risk capital. There is an argument to be made that early ventures need equity, not loans.

We do need to be mindful that public equity and private equity have very different asset classes, that operate at different scales along the capital continuum, work with differentiated additionality theses, and distinct enabling policy levers. They each focus on different types of solutions.

¹ Pure-play investment strategies construct portfolios by focusing on companies that are addressing a specific theme (e.g., clean energy or nature tech). A transition strategy is more complex and nuanced and invests in a wider range of companies (including those that may be high emitters/polluters), as long as they are on a transition pathway towards a desired outcome (lower emissions or increased biodiversity).

Sector diversification is a major consideration for domestic portfolio risk. Many of the mainstream opportunities for “nature investment” are via land-based businesses (public or private) and we currently see an outsized focus on agriculture and forestry industries. This was also a finding in the [NIH 2024 Investor Survey](#), and is reflected in global data as well. There was previously more effort to define nature as an asset class, whereas it seems more useful/relevant to highlight nature as a theme that needs to be surfaced across the investment spectrum. Investors need to be making bets on nature across all major industrial sectors, as virtually none are immune from biodiversity and climate risk.

Takeaway 4: Three factors holding back progress

1. **Access to opportunities is not only a pipeline question:** While the focus is often on whether there are sufficient investable opportunities in the nature space, there is also a barrier to those seeking to invest with more alignment to nature outcomes. An observation on ETF development – when operating in public equities there remains limited access for “everyday” investors who seek to see their values reflected in their investment portfolio.
2. **There is no nature-centric benchmark, and therefore performance is represented as ‘underperforming’ by mainstream financial standards:** As it stands, biodiversity performance is evaluated relative to a benchmark. Typically benchmarking is pegged to broad based stock indexes (S&P 500 or MSCI etc.), which leads to a general perception of underperformance. This speaks to the need for specific benchmarks to discuss performance that is meaningful in a nature context.

Nature impact metrics are often related to reducing the impact of operations, and thus tend not to be a net positive solution. In a portfolio context, this can water down the overall impact story, because the measurable solutions are blended with broader ESG improvements, making it difficult to disaggregate and report meaningful outcomes. This is of particular consequence for impact investors for whom the “impact story” is central.

3. **Targeted guidance and disclosures:** CIOs and PMs need practical guidance on how nature risk affects earnings, margins, supply chains etc. Until mainstream investors understand the pathways, capital will not move. In the short term, Canada is likely to continue to follow European counterparts on TNFD adoption because the materiality of nature risks are already accepted and being incorporated into capital allocation decisions by mainstream investors (especially those exposed to commodity markets). Strengthening the voluntary disclosure regime is one place where institutional investors can leverage shareholder rights to

engage their portfolio companies to improve and report on performance in the short term. Once a critical mass of disclosures is reached, then capital allocation decisions will also follow.

Takeaway 5: Three things the financial sector can do right now to grow equities-based financing for nature

1. **Create financing structures that match and aggregate micro-level innovation in corporate ownership structures:** Participants noted the importance of financial innovation for nature to keep pace with governance innovation in the Canadian context. The Kwaxala example highlighted how policy change can open doors. Living Forest Shares provide a way for investors to deploy capital into projects with securitized outcome-based revenue. It allows deployment of large scale institutional capital into a network of small sovereign Indigenous projects without degrading their sovereignty. This allows capital to make its way to micro projects in a participatory fashion that decolonizes rather than leads to external ownership.
2. **Tap into the ClimatexNature 2 for 1 option:** It has been observed that there are an increasing number of member-based groups with significant capital that is ready to deploy, and balance sheets that are looking to closely align not only towards climate change but towards nature specifically.

Participants signalled an expectation that that attracting institutional investors will involve speaking to the climate benefits (carbon sequestration and improved resilience to physical risks), partnering with sectors that have a large exposure to dependencies on ecosystem services and physical climate risks (e.g. insurance and agriculture), and, ideally, reporting on the project's governance and metrics in a way that can feed into TNFD.

In this regard, practitioners often point to a data challenge on the biodiversity side of the equation. The problem is not necessarily a lack of ecological data, but rather difficulties in making scientific and biocultural data financially relevant. Implementing globally-developed nature-related taxonomies, and leaving some room for supplementing scientific baselines with context-specific impact indicators can be an effective place to start.

3. **Re-think sector bias in private equity dealflow for nature:** In the private equity space there may be an over-emphasis on technology companies. This could inadvertently magnify an unrealistic expectation that we can "monitor our way out" of biodiversity decline, though these tools and associated data certainly have a role to play in the overall accounting and consideration of nature indicators as they relate to businesses productivity, risk exposure, and profitability.

Private equity and venture capital can develop and scale solutions that are deployed into large, resource-intensive companies, the ones whose operations have the greatest impact on land and ecosystems. By focusing capital on innovative, game-changing monitoring tools, we can dramatically improve how extractive business models operate.

Takeaway 6: Two things the Public Sector can do right now to incent the creation of equity-based financial products for nature

1. **Align Major Project Fast Tracking with Domestic Nature Strategy Priorities:** The UK's [Biodiversity Net Gain \(BNG\)](#) regulation was briefly touched on, to illustrate how mandatory regulation (10% increase in biodiversity outcomes at the planning stage) has shifted demand for nature positive outcomes from developers. These types of regulatory interventions require improved and consistent impact assessment, and creates price signals and revenue certainty for biodiversity impacts.

Alongside long term obligations (important for nature outcomes) which increase asset value and a strategy for portfolio diversification, a market for nature-backed equities can grow. Some caution regarding the applicability of this regulation in the Canadian context – Canada's distinct public ownership, particularly by Indigenous communities and rights holders, in areas with intact biodiversity limit the comparison to the UK context where much of the land in question is privately owned and previously degraded.

What's clear however is that the fast-tracking of major projects by federal and provincial governments can be coupled with robust requirements for ensuring that major projects account for natural assets, disclose impact, and if linked to net gain or related regulations, how corporate performance on biodiversity and associated assurance can inform nature-backed equities in Canada. Regulating publicly listed companies in a way that catalyzes and incents pro-biodiversity behaviour and performance can be done, as the UK has demonstrated.

2. **Favour Public Derisking Strategies that Centre Indigenous Leadership and Asset Ownership:** Within the domestic Canadian context, one risk of advancing too rapidly on traditional equities financing solutions is that they risk duplicating structural barriers for Indigenous leadership and Indigenous pools of capital to be recognized appropriately. For instance, there is global interest in the potential of natural asset companies to serve as a vehicle to increase capital allocation to nature (particularly if there are a sufficient critical mass of such companies to group into a themed fund). However, current systemic distortions around

land-rights that have resulted from colonialism could be magnified if care is not taken to ensure that securitization of natural assets that underpin natural asset companies works in a way that enables community ownership and capital sovereignty. Other systems enablers such as Indigenous loan guarantee programs that facilitate Indigenous equity ownership in larger nature-based infrastructure projects rather than extractive economy would also be a welcome addition in this space.

What's Next?

The observations and reflections made in this session will be augmented by individual interviews and other NIH engagements (e.g. in-person sessions hosted to date, individual interviews, the NIH investor survey) to inform content in the Canadian Nature Finance Roadmap to be released in 2026. It will be launched first as a draft for comment at which time your renewed engagement and comments will be most welcome as we work towards a co-created final product.

Resources Shared

Capital continuum for nature:

https://www.cpicfinance.com/wp-content/uploads/2023/10/CPIC-report_Buidling-a-capital-continuum-for-nature-positive-investments.pdf

Caroline Flammer on Biodiversity Finance:

<https://www.sciencedirect.com/science/article/abs/pii/S0304405X24002101>

The very first venture capital firm entirely dedicated to nature is

<https://www.superorganism.com/>, they have a lot of work done in the tech and MRB space, they are really trying to encourage market growth there and a lot of other venture capital providers are seeking to add nature themes.

<https://www.triodos-im.com/> is another investment management firm that just announced that they are working with Quebec facing Fondation Gestion d'actifs on a nature based fund, one would be in emerging markets and one would be in diversified markets

Social utility trust in Quebec

<https://www.cmhc-schl.gc.ca/nhs/nhs-project-profiles/2021-nhs-projects/deploying-consolidating-social-utility-trust-models>

MDBs Launch New Guidance to Measure Nature and Scale Its Financing:

<https://www.iadb.org/en/news/mdbs-launch-new-guidance-cop30-measure-nature-and-scale-its-financing>

Another interesting resource on metrics:

<https://www.gov.uk/guidance/biodiversity-metric-calculate-the-biodiversity-net-gain-of-a-project-or-development>

Guidebooks designed for governments, businesses, and project developers, providing practical insights into proven models that can unlock private sector investment in nature restoration, nature-based solutions, and conservation:

<https://hive.greenfinanceinstitute.com/gfihive/revenues-for-nature/guidebooks/>

Nature Investment Hub

This session is part of a series of roundtables and events focussed on specific financial instruments to inform the development of [5X for Nature - Canada's Nature Finance Roadmap](#). Technical experts can continue feeding into this process by contacting Paige Olmsted: paige@smartprosperity.ca

In addition, partners of the Nature Investment Hub can form working groups or participate in our [Nature Finance Action Labs](#) to iterate novel solutions that will help grow Canada's nature finance market. Please contact Courtney Kehoe to learn more about the labs: ckehoe@natureinvestmenthub.ca