GS4 — Towards common ground in biodiversity measurement approaches for business

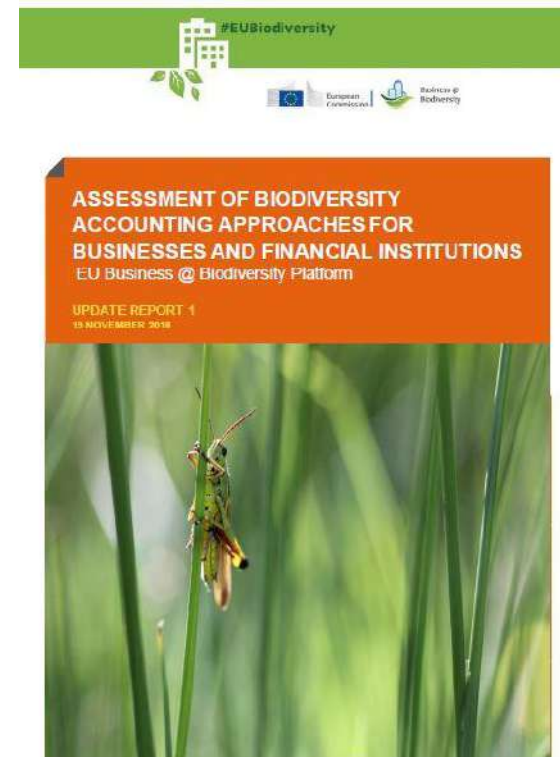# BUSINESS APPLICATIONS & TARGETS – DECISION TREE

European Business and Nature Summit, 7 & 8 Nov 2019, Madrid – Group Session 4

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Annual Update Reports by NCA Workstream EU B&B Platform on biodiversity measurement approaches for business

2O18: first assessment of 10 biodiversity accounting approaches for businesses and FIs which rely on <u>quantitative indicators</u> that provide information on the <u>significance **of** impacts</u> on biodiversity, and which are <u>not case-specific</u>

	Developer	Name of tool
1	CDC Biodiversité	Global Biodiversity Score
2	Cambridge Institute for Sustainable Leadership (CISL)	Biodiversity Impact Metric
3	UNEP-WCMC	Biodiversity Indicators for Extractive Companies
4	I CARE - Sayari	Product Biodiversity Footprint
5	ASN Bank	Biodiversity Footprint approach
6	Bioversity International	Agrobiodiversity Index (ABD)
7	Plans Up	Biodiversity Footprint Calculator
8	LIFE Institute	Impact Index + Positive Scoring
9	Platform BEE (Dutch Ministry)	Bioscope
10	IUCN	Biodiversity Return on Investment Metric (BRIM)

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ASSESSMENT OF BIODIVERSITY ACCOUNTING APPROACHES FOR BUSINESSES AND FINANCIAL INSTITUTIONS
EU Business @ Biodiversity Platform

UPDATE REPORT 1
15 NOVEMBER 2018

Assessment elements

❑Type of business applications (inspired by Natural Capital Protocol)

❑NCP criteria: relevance, rigor, replicability and consistency

❑Methodology and metrics

❑Impact drivers

❑Input data and level of detail / real data or modeling

❑User friendliness

❑Which sectors

❑Development phase and involved stakeholders

❑Etc.

Some findings

Approaches generally follow the same logic:

➢ Step 1: scoping (economic activities, products)
➢ Step 2: linking economic activities to pressures
➢ Step 3: linking pressures to biodiversity impacts (coefficients for linking pressures to impacts, data on biodiversity in the affected area)

Steps 2 and 3 often rely on the same underpinning models or data sources:

➢ For Step 2: Exiobase matrix-based input-output model
➢ For Step 3: GLOBIO and ReCiPe (LCA) for linking pressures to impacts; GLOBIO (global estimates of biodiversity abundance), IUCN Red Lists and IBAT for assessing biodiversity values

=> strengths and weaknesses of approaches to a large extent defined by intrinsic strengths and weaknesses of these models/data sources.

Assessment of case studies is the next step!!

Update Report 2019 to be released soon!!

❑Joint effort by EU B&B Platform and ABMB initiative

❑Additional measurement approaches

❑Updates on existing measurement approaches

❑Specific information on Globio and ReCiPe

❑Full of fresh results from recent technical workshops!

With initial guidance on how to select a tool!

Objectives of the session

➢ Present and discuss the mapping of measurement approaches against business applications

❑ Providing insight in typology of business applications

❑ Explaining organizational focus areas

❑ Presenting first mapping of measurement approaches

➢ Discuss the refinement of the decision tree

❑ Explaining the concept

❑ Discussing selection criteria

Business applications

Business applications (BAs)	Explanation
BA 1: Assessment of current biodiversity performance	Very common and requirement of effective environmental management, corporate disclosure and risk management. Also links to business application three (tracking progress to targets), four (comparing options) and seven (assessing risks and/or opportunities).
BA 2: Assessment of future biodiversity performance	Potential use for assessing potential effectiveness of positive impact actions (e.g. restoration actions and/or actions that reduce pressures on biodiversity) or changes in its activities.
BA 3: Tracking progress to targets	Companies that have set targets on biodiversity performance will need to track progress periodically. There are many categories of targets.
BA 4: Comparing options	Comparison of different locations, products, services, sourcing, and investment options on biodiversity. This can include an assessment of biodiversity values and can form the basis of economic assessment or of cross-sectoral performance analysis by rating agencies or financial institutions
BA 5: Assessment / rating of biodiversity performance by third parties, using external data	Third party assessment based on biodiversity criteria and fed with external data (in the absence of company data). This can be applied to compare company biodiversity performance across sectors, for example portfolio analysis for a fund.
BA 6: Certification by third parties	Third party certification based on auditing of a clearly established methodological approach, for example Roundtable on Sustainable Palm Oil principles and criteria.
BA 7: Screening and assessment of biodiversity risks and opportunities	Can be used in, e.g. due diligence assessments as part of mergers and acquisitions, or in assessment of different investment options. Might also be undertaken by financial institutions to assess biodiversity risk and inform pricing credit. Impact investors need some indication of biodiversity yield for their investments. Often, but not always, overlaps with business application four (comparing options).

Targets

Target/ Goal
Aichi targets and post 2020 biodiversity targets
Sustainable Development Goals
Planetary Boundaries
No net loss/ net gain
ISO 14001, EMAS
Voluntary standards at sector level or product level
Voluntary biodiversity assessment and reporting frameworks
Voluntary biodiversity agreements
Regulatory and permitting requirements
Lender requirements
Site to landscape level commitments
Specific corporate-level biodiversity commitments or engagements

Organisational Focus Areas

A second entrance, apart from the type of business application, is the **organizational focus area** of the biodiversity measurement. For businesses and FI, the following organizational focus areas are distinguished:

❑ Product or service level

❑ Site and project level

❑ Supply chain level, i.e. upstream part of the value chain

❑ Corporate level, i.e. covering all activities (value chain, all locations)

❑ Sector or portfolio level.

More practical and simplified combination of the separated focus areas distinguished in the Protocol:

❑ organizational focus (corporate, site/project, product) completely covered;

❑ value chain focus (upstream, direct operations, downstream) completely covered;

❑ Portfolio and sector are added as this is a specific focus area for financial institutions.

Mapping – full matrix

Business applications		Organisational focus					
		Product / Service	Site / Project	Supply chain	Corporate	Portfolio / Sector	Country / region
1.Assessment of current biodiversity performance							
ABD Index	Tool allows for measuring/estimating actual biodiversity performance	XX	XX	XX	X	X	XX
	The Agrobiodiversity (ABD) Index is specifically designed to be applicable for multiple organizational foci – at product level, at project level, at corporate level, for a portfolio, and at (sub)national level including the consideration of (sub)national data and policies. *The ABD Index measures status, actions and commitment on ABD for healthy diets, sustainable agriculture, and future options at each of those levels.* *Full ABD Index measurement considers the entire supply chain.* *Part of the ABD Index (commitment and actions) can be used for private and public corporates.* *ABD Index scores allow for comparison, aggregation, ranking and allocation across a portfolio or sector.* *ABD Index can be used to assess government performance overall and in relation to specific policies.*						
BD Protocol	Tool allows for measuring/estimating actual biodiversity performance		XX (2)	XX	XX		
	Using the BD Protocol helps business track changes in biodiversity impacts (land cover, species population) which can help show progress against targets. *Site/project level: 2 case studies in France, soon to be published in academic paper, others planned in South Africa*						
BFFI	Tool allows for measuring/estimating actual biodiversity performance	X	0	X	X	XX (1)	0
	The underlying tools of the BFFI, LCA and ReCiPe, allow for impact calculation on different levels (portfolio, company, supply chain, product/services). However, focus of the BFFI is a biodiversity footprint on portfolio level. Applicable to products/services if product/service-specific data are available. *The BFFI can be used to assess the biodiversity footprint on a portfolio level. Please note that the methodology is based on impact drivers and not on location specific measurement. Therefore, the BFFI assesses the potential impact, not the actual impact (for which field work would need to be conducted)*				.	ASN Bank (annually since 2015)	

Mapping – condensed version

BUSINESS APPLICATIONS SUPPORTED	ORGANISATIONAL FOCUS					
	PRODUCT/SERVICE	SITE/PROJECT	SUPPLY CHAIN	CORPORATE	PORTFOLIO/SECTOR	COUNTRY/REGION
1. Current performance	ABD, PBF	ABD, LIFE, BIE, STAR, BD, BMS, BMT	ABD, LIFE, BD, PBF, BIM, BMS, EPL	BD, GBS, BIE, LIFE, BIM, BMS, EPL	BFFI, LIFE, GBS	ABD, LIFE
2. Future performance	PBF	LIFE, STAR, BMT	LIFE, PBF	GBS, LIFE	BFFI, LIFE, GBS	LIFE
3. Tracking target progress	ABD, PBF	ABD, BIE, BD, LIFE, STAR	ABD, STAR, BD, LIFE	ABD, BIE, BD, LIFE, GBS, STAR	ABD, LIFE, BFFI, STAR, GBS	ABD, STAR
4. Comparing options	ABD, PBF	ABD, STAR, BIE	ABD, LIFE, BIM, EPL	ABD, BIM, BIE, GBS, EPL	ABD, GBS, BFFI, LIFE	ABD, LIFE
5. Third party assessments/ratings		LIFE		GBS, LIFE	GBS, LIFE, BFFI	LIFE
6. Third party certification		BD, LIFE, BMS	BD, LIFE, BMS	BD, LIFE, BMS	LIFE	LIFE
7. Risk & opportunity assessment	ABD	ABD, BIE, BMT	ABD, EPL	ABD, BIE, EPL	ABD	ABD

Legend:

- ABD — Agrobiodiversity index
- BFFI — Biodiversity Footprint Financials
- BIM — Biodiversity Impact Metric
- BMS — Biodiversity Monitoring System for the Food Sector
- BIE — Biodiversity Indicators for extractives
- BD — Biological Diversity Protocol
- GBS — Global Biodiversity Score
- EPL — Environment Profit & Loss
- LIFE — LIFE Impact Index
- PBF — Product Biodiversity Footprint
- STAR — Species Threat Abatement & Recovery
- BPT — Biodiversity performance tool

ARCADIS — Design & Consultancy for natural and built assets

General findings so far

> Risk of 'over-selling' for some approaches → very important to have evidence (case studies)

> Overall, the proposed typology has proved to work.

> All BA are covered by one or more tools.

> Site/project, supply chain and corporate are most covered OFA by tools throughout the different BA

> All targets under BA 3 are covered by one or more biodiversity tools

> Some tools only cover targets in a qualitative way. This is the case for tools which are partly based on checklists.

> Increasing number of case studies.

> Case studies cover all OFAs. No case studies are reported for public policy.

> Case studies mainly cover BA 1 and BA 2.

> Typical niche approaches (e.g. sector, OFA) while other approaches are more generic

Decision tree

➢ Need for a simple decision tree for businesses to navigate through the complex landscape of measurement approaches!!

➢ The work in progress to produce Supplementary Guidance on Biodiversity for the Natural Capital Protocol could serve as a location for such a decision tree.

➢ Key questions that could be posed in such a decision tree include:

❑ What is the business decision that you are trying to inform i.e. what is the business application?

❑ At what organisational level is this decision being made?

❑ What data is available for your assessment?

❑ What impact drivers are covered?

❑ Is the approach open source or commercial?

❑ Other?

1. What business application are you interested in?

| 1: Current performance | 2: Future performance | 3: Tracking targets | 4: Comparing options | 5: Rating by third parties | 6: Certification | 7: Risks and opportunities |

2. If the application is a target, which one?

| 3.1 Societal | 3.2. Planetary boundaries | 3.3. No net loss/ net gain | 3.4. EMS criteria | 3.5. Voluntary | 3.6. Regulatory | 3.7. Financing criteria | 3.8. Collective impact | 3.9. Corporate |

3. What is the organisational focus?

| 1. Product | 2. Site/project | 3. Supply chain | 4. Corporate | 5. Sector/portfolio | 6. National/ regional |

4. What data is available? And can it be used to track trends over time?

| 1. User-derived, time-series | 2. User-derived, no time-series | 3. Externally collected, time-series | 4. Externally collected, no time-series |

Suggested measurement approach:

| ABD | BD | BFFI | BIM | BIE | EP&L | GBS | LIFE | PBF | STAR |

1. Are the current questions the right ones? Is anything missing?

2. How could this be made most useful for developers and users of measurement approaches?

3. What further work is required?

Key questions for discussion

1. Do you agree with the proposed classification of business applications and measurement approaches?

2. Do you think the decision tree might be a powerful instrument and how can we refine it?

3. Which further steps do you expect from us?

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