Biodiversity Metrics for Business and Finance, update and next steps
EU B@B Platform workshop
18 September 2018, Brussels

- Public minutes -

Objectives and introduction
This EU B@B Platform workshop on biodiversity accounting metrics was organised by the Platform’s Natural Capital Accounting Workstream and Workstream Finance (EU CoP Finance@Biodiversity). About 40 participants from finance, business, science and NGOs shared ten different metrics that are in development. The meeting gathered developers and roadtesting companies and financial institutions. In advance of the workshop, participants received the draft discussion paper ‘Assessment of Biodiversity Accounting Approaches for Businesses’ (Arcadis, EU Business & Biodiversity Platform, 5 Sept 2018). The workshop’s specific objectives were to:

■ Inform on available and emerging ‘biodiversity metrics for business and finance’ approaches, gain deeper understanding of what is taken into account within each metric.
■ Explore the extent to which current metrics under development are meeting the needs of business and finance;
■ Identify needs and next steps for further work including future research and innovation needs.

Part I: First exploration of metrics to support business and finance applications
■ The fact that many initiatives on biodiversity metrics for business and/or finance are in development in parallel, demonstrates that the time has come for the development of solid approaches and for concerted action. Also most methodologies are developed via collaboration between academics and business (including finance);
■ Sector specific approaches are included in the draft assessment report, but it’s worth looking at company specific approaches too;
■ Most approaches focus on (avoiding and minimising) negative impacts. Dependencies and positive impacts are still too much under the radar. An additional interesting approach is explored at the Wageningen University, partly based on TEEB, which is another framework that could be used to valuate positive impact;
■ Most of the assessed approaches have been developed or are being developed in close cooperation with companies, so it’s not a mainly academic exercise
■ Many approaches are high level and serve as a compass to identify biodiversity hotspots (in the sense of focus areas for the company to work on). A stepwise approach from ‘Shine a light’ to ‘Deep dive’ and ‘Focus action’ is preferred;
■ We should seek for maximum complementarity between high level scale and local scale and data;
■ Some approaches include future changes, (e.g. Globio covers future trends and is scenario based)
■ In terms of the link between natural capital and biodiversity, first focus on natural capital and then to zoom in on biodiversity;
■ Reference was made to the AERM project which combines LCA and ESS valuation. It provides a link to a database. It includes ESS dependency between stocks, materials, and flows (see http://www.naturalcapitalfinancealliance.org/aerm-project).
Business Applications

The draft assessment report (Arcadis, EU B&B Platform, 5 Sept 2018) puts much emphasis on the types of business applications that are supported by each metrics approach. The report identified 6 different types of business applications which are covered by one or more approaches:

- Assessing biodiversity performance
- Comparing options
- Going for No Net Loss or Biodiversity Net Gain
- Communicating internally or externally
- Assessing RoI of investments in biodiversity restoration
- Offering financial products based on high biodiversity performance

Apart from the business applications that were identified in the report, workshop participants came up with further specifications and additional applications:

- Comparing options (of products, materials or investments)
- Performance = include risks & opportunities
- ESG -> for ESG- screening of equity / investments
- The scope ‘product level’ needs to comprise services as well
- Shared resource: identity other stakeholders that share the same resource or ESS
- Communication & reporting, this includes also engagement, via finance and supply chain
- Biodiversity footprinting of products as input for setting a price (or tax)
- Compliance to legal obligations or FI safeguards
- Providing more transparency
- To be ahead of legislation
- Include ESS dependencies as well
- Activating stakeholders by NGOs and governments
- To feed into the Sustainable Finance Taxonomy (EU process)

Recently University of Oxford in cooperation with IUCN has elaborated a taxonomy on business applications. It’s worth exploring consistency with this taxonomy. More details will become available in a final briefing note presenting the spectrum of business applications for biodiversity indicators, which will be published in the second half of November 2018 and will be put online on the Platform website.

Part II: Recent developments in the finance sector

- The Biodiversity Footprint collaboration of EU CoP Finance@Biodiversity members ASN Bank, Actiam, CDC Biodiversité and Finance in Motion is shaping up under the name of ‘Biodiversity Footprint Financial Institutions’ (BFFI);

- BFFI considers the whole value chain. It is based on Exiobase, which only provides sector averages for pressures. Therefore, BFFI adds a qualitative assessment as well: “What do you miss to inform the right interpretation? What does it say? Is the result accurate?” Know your footprint when setting an objective;

- A remaining challenge for the BFFI group is how to include positive impacts; for example by including parameters such as certifications in the rating of biodiversity performance of sectors/companies e.g. FSC certification, RSPO (Round Table Sustainable Palm Oil);
Based on the footprint results, engagement with investees might be more powerful than shifting investment to another investee (exclusion). Shifting investment to less damaging sectors or companies, doesn’t solve the biodiversity impact problem which those investees cause.

The Global Biodiversity Score (GBS) is being developed in the framework of the CBD targets. Therefore, the metric is more directed at strategic level;

Soon, the ‘Common Ground for Biodiversity Accounting’ joint paper by the four EU CoP F@B members (ASN Bank, Actiam, CDC Biodiversité, Finance in Motion) will be published. ASN Bank will include their whole life support system thinking, connecting biodiversity to human rights, the SDGs and the Planetary Boundaries concept;

The IUCN Biodiversity Return on Investment Metric (BRIM) is an interesting approach, focusing on identifying those actions which generate the highest RoI in terms of biodiversity value. So, it’s not a financial tool. The cost of the measures is not included. It is a separate component.

Part III: Recent developments in the business sector

The Biodiversity Impact Metric for measuring land use impacts on biodiversity, is part of the more encompassing Healthy Ecosystem Metric (biodiversity, water, soil), which is developed for finding out about the ‘stock’ of natural capital;

The Product Biodiversity Footprint (PBF) aligns the ecologist world with the LCA world and aims to combine the best of two worlds. It considers 5 pressures;

The PBF approach (spatialized LCA) has complimentary elements to offer to ReCiPe;

The UNEP-WCMC Biodiversity Indicators for Extractive Companies approach is mainly for internal decision-making;

The Agrobiodiversity Index is a proxy for biodiversity impact performance by agribusinesses.

Part IV: Identify and elaborate on next steps

Based on challenges and insights that came forward during the meeting, participants elaborated together on targets, tools, implementation and data.

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<th>Science based baseline &amp; targets</th>
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| Choose tool, methodology, indicator, metric | Coherence betw. macro and micro appr. |
|-----------------------------------------|
| Summary | What is needed at this stage is a guidance on methodology to inform decisions. Different organisations are currently working on that and any efforts should be linked to the NCC work on the Biodiversity Supplement. |
**Implementation, practical use**

| Summary | NCA can be applied for corporate reporting, risk management, project management, communication, etc. and should therefore ‘speak’ the business language. Natural Capital risks, valuation, etc should be aligned with existing instruments in daily business practice and inform decision-making. For mainstreaming NCA uptake by business and FI, NCA should be: 1) linked to the broader sustainability agenda; 2) make use of experiences with carbon and water; 3) standardised (incl. government regulation / procurement) and 4) made more sector-specific (start with pilots). |

| Data | Data quality (lack of standardisation/baseline, location-specificity of biodiversity, company specific data) and availability/price of sufficient data need to be solved for improving biodiversity footprinting of investments, projects and products. Next to transparency on uncertainties, business, finance, biodiversity experts and NGOs should collaborate to provide more and better data for decision-making. |

**Part V: Themes identified that deserve further cooperation and next steps**

The following key conclusions can be drawn from this workshop:

- Fruitful exchange of ideas and interactions between tool developers (also mutually!), businesses, financial institutions, NGOs and academia.

- Despite the fact that many tools are still under development, business uptake is already taking place, as was demonstrated by testimony presentations of road-testing experiences by several companies! This clearly proves the important progress that is going on in this field.

- There was broad consensus with regard to the following:
  - Need for better alignment macro- and micro scale approaches (tiered approach)
  - Need for better alignment business tools and FI tools
  - Need for tools that allow integration of real data
  - Complementarities between tools need to be better articulated
  - Need for guidance on which tools to choose for which company needs (business applications)
  - Need for guidance on how to connect to other NCA approaches (e.g. carbon footprinting, water footprinting) or tools that are aligned with other NCA approaches
  - Need for tools that connect to (or guidance) global biodiversity objectives such as SDGs, Planetary Boundaries in order to set and achieve more science-based targets
  - Need for guidance on how to integrate dependencies, positive impact and ecosystem services, and as such connect to social issues as well (e.g. health)
  - Need for more and more detailed data
  - Need for alignment between data requirements at business level and at national level.

**Areas of further work:**

- Further optimisation of tools to address abovementioned needs, partly via continues process of assessing and joint learning (including new tools, case studies and guidance on selecting).

**Next step:** 29 November 2018, B@B Annual Conference