Healthy Ecosystem Metric

EU B@B Platform

18 September 2018
Natural capital

- Biodiversity
- Soil
- Water
Healthy Ecosystem Metric

The Healthy Ecosystem Metric will help companies to

- **Understand the impacts** that their sourcing decisions have on natural capital
- **Set targets** to reduce their impact
- **Apply a meaningful**, scientifically rigorous approach to enable decision making
Biodiversity Metric

The Biodiversity Impact Metric is a quantifiable measure that can be used to assess and track the impact of a company’s land use activities on biodiversity in a given area.
## Metric Principles

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Meaningful</strong></td>
<td>Meaningful to business and investor communities so it can be used to drive decision making. Methodology is clearly understood.</td>
</tr>
<tr>
<td><strong>Measurable and comparable</strong></td>
<td>Allows for comparison across geographies and time.</td>
</tr>
<tr>
<td><strong>Possible to aggregate</strong></td>
<td>Can be aggregated from site-level to regional and global scales.</td>
</tr>
<tr>
<td><strong>Practical</strong></td>
<td>Data is accessible, measurable by company or using free, globally available data. Ability to substitute better information where available.</td>
</tr>
<tr>
<td><strong>Replicable and credible</strong></td>
<td>Based on a reputable scientific method.</td>
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<tr>
<td><strong>Context based</strong></td>
<td>Considers local conditions/levels to reflect ‘impact’ (beyond ‘usage’).</td>
</tr>
<tr>
<td><strong>Responsive</strong></td>
<td>Responds to changes in company activities, both short and long term.</td>
</tr>
</tbody>
</table>
Experts Consulted in Development

UNEP WCMC
FAUNA & FLORA INTERNATIONAL
IUCN
Predicts
UEA
BirdLife International
The Biodiversity Consultancy
UCL
University of Oxford
Wildlife Friendly Network
SEI Stockholm Environment Institute
TRAFFIC
RSPB
Natural Capital Impact Group
Luc Hoffmann Institute
Biodiversity Metric

Biodiversity impact = land area x quantity impacted x quality impacted

Area (ha) of land needed to produce commodity
Company data on amount of commodity and source location
Data on country level yield

Proportion of biodiversity lost through production
Mean species abundance values for land-use types

Relative global importance of the biodiversity lost
Global datasets on range rarity and commodity production by country ecoregion component
Scale of assessment
Ecoregions in Liberia
Quality - Range rarity

Biodiversity impact = land area x quantity impacted x quality impacted
Quality – Sourcing from eco regions
Biodiversity impact = land area x quantity impacted x quality impacted

<table>
<thead>
<tr>
<th>LAND USE</th>
<th>Minimal</th>
<th>Light</th>
<th>Intense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managed forests</td>
<td>0.15</td>
<td>0.30</td>
<td>0.50</td>
</tr>
<tr>
<td>Plantations</td>
<td>0.70</td>
<td>0.75</td>
<td>0.80</td>
</tr>
<tr>
<td>Pasture</td>
<td>0.20</td>
<td>0.40</td>
<td>0.70</td>
</tr>
<tr>
<td>Cropland</td>
<td>0.60</td>
<td>0.70</td>
<td>0.90</td>
</tr>
<tr>
<td>Urban</td>
<td>0.90</td>
<td>0.92</td>
<td>0.95</td>
</tr>
</tbody>
</table>
Application

• *Level 1*: Identifying high risk commodities in a supply chain

• *Level 2*: Assessing different production intensities for the same commodity
Conventional Farms

Low intensity farms

Compare potential the impacts of different land use intensities for the same commodity

I.e. organic versus conventional
The metric has a number of potential uses

- Establishing an overall potential impact score from commodity sourcing

- **Flagging geographic sources** of potential elevated impacts in a commodity supply chain

- **Comparing** potential impacts of different commodities – within a company’s supply chains or more generally

- **Comparing** potential impacts of different companies sourcing the same commodity(ies)
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Company data</th>
<th>Measure of resource appropriation</th>
<th>Measure of impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biodiversity</td>
<td>Quantity of raw material sourced</td>
<td>Land area</td>
<td>Biodiversity lost</td>
</tr>
<tr>
<td></td>
<td>Source location</td>
<td></td>
<td>Relative importance of biodiversity lost</td>
</tr>
<tr>
<td>Soil</td>
<td>Source location</td>
<td>Land area</td>
<td>Change in potential soil degradation</td>
</tr>
<tr>
<td>Water</td>
<td>Volume of water consumed</td>
<td>Change in water resource availability</td>
<td></td>
</tr>
</tbody>
</table>
Natural Capital Protocol

Approaches to reporting e.g.,
- How to report - CDSS, IRRC
- What to report - GRI, SASB, CDP, GHG Protocol

Strategic initiatives e.g.,
- UN Sustainable Development Goals
- Climate targets, commitments or declarations
- The Circular Economy
- Net Positive Impact

The Protocol helps to integrate natural capital into existing decision making processes

Depending upon the decision that you want to inform there are various tools and methodologies to help you value natural capital

Measurement approaches e.g.,
- Environmental Management Systems (ISO 14001)
- GHG Protocol

CDP - Carbon Disclosure Project
CDSS - Climate Disclosure Standards Board
IRRC - International Integrated Reporting Council
ISO - International Organization for Standardization
GHG - Greenhouse Gas
GRI - Global Reporting Initiative
SASB - Sustainability Accounting Standards Board

THE NATURAL CAPITAL PROTOCOL

Value

Decision making

Measure

Strategy

By understanding value you are able to systematically account for the cost or creation of your natural capital

The Protocol helps you understand the impact your business has on natural capital

By integrating natural capital into decision making

INTEGRATING NATURAL CAPITAL INTO BUSINESS DECISION MAKING

This landscape is not exhaustive. The Natural Capital Coalition will continue to explore the landscape as it evolves.
Contact

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