Private sector perspectives on the use of biodiversity monitoring data – Setting the scene

Biodiversa+ expert workshop

8 November 2022, Johan Lammerant

01 **The business case for biodiversity**

02 Common trends and key policies, regulations and initiatives

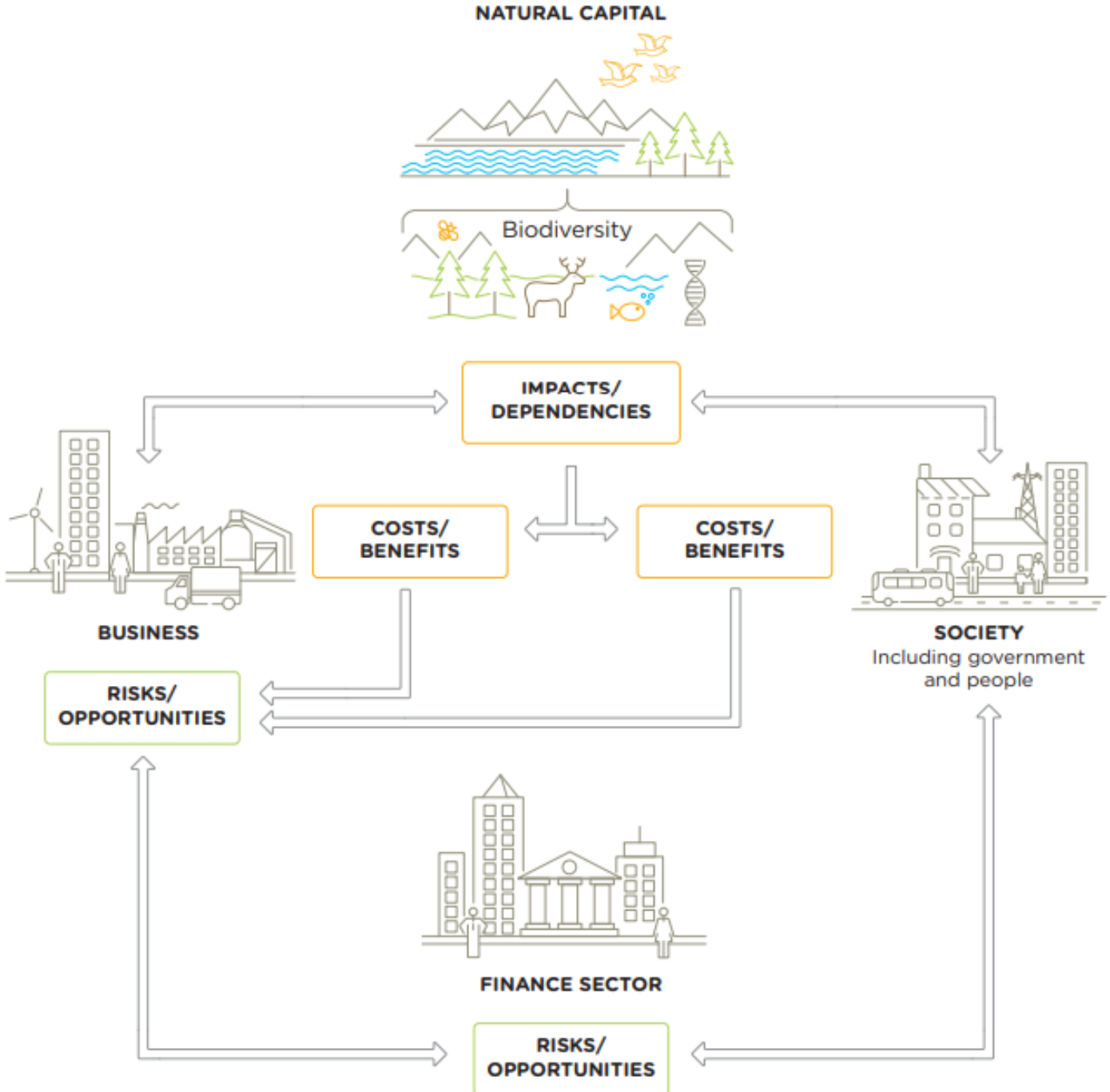
03 Which data do businesses need?

04 Challenges related to biodiversity data

05 Benefits of improved data flows between public and private level

The business case for natural capital and biodiversity

Healthy ecosystems provide benefits to businesses and society. **Degraded ecosystems** create risks. Reducing impacts on ecosystems or **restoring ecosystems** creates opportunities.



Source: Natural Capital Protocol

The business case for natural capital and biodiversity

Businesses and financial institutions are getting increasingly aware of the business and financial risks related to ecosystem degradation. Taking care of nature is nothing else than proper risk management.

It even creates opportunities

Operational risks: combined effects of ecosystem degradation and climate change (e.g. droughts, flooding, lack of natural pollinators, reduced fish stocks, …) result in natural capital risks affecting operational and financial performance

Access to Finance: Sustainable Finance – international finance increasingly requires demonstration of 'no harm' to natural (and social) capital. Biodiversity performance is increasingly factored in in ESG data

External disclosure requirements: Non-financial reporting is getting mainstreamed and more demanding. Regulatory (e.g. EU CSR Directive) as well as voluntary (e.g. TNFD, GRI, CDP) disclosure frameworks will require businesses to report on natural capital impacts and dependencies

Stakeholder Expectations: pressure for businesses to demonstrate sustainable consumption and production e.g. reduced carbon emissions but also biodiversity friendly practices

Investing in nature as a business opportunity: creating business value by investing in ecosystem restoration e.g. opportunities related to nature based solutions, surplus assets, …

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Common trends

Knowing the material biodiversity issues

Key request in all assessment and disclosure schemes

Assessment of entire value chain

Double materiality: material from a biodiversity perspective, material from a business perspective

Setting targets and taking action

Key request in all disclosure schemes

Science based targets

Policy driven targets (e.g. GBF, EU Restoration Law)

Mitigation hierarchy (avoid, reduce, restore, compensate)

Measuring

Key request in all assessment and disclosure schemes

Biodiversity measurement methods

Biodiversity metrics

Biodiversity data

Baseline and progress measurement

External disclosure

Increased number of external disclosure initiatives, but increased alignment

Stricter and more demanding disclosure obligations

Investor demand is growing rapidly

Portfolio analysis

Engagement programs with individual companies

Financial consequences of natural capital risks

Nature positive

Transforming business models towards a nature positive economy

Positive impacts should outweigh negative impacts for all dimensions of nature

In line with Global Goal for Nature

Strong momentum now at all levels

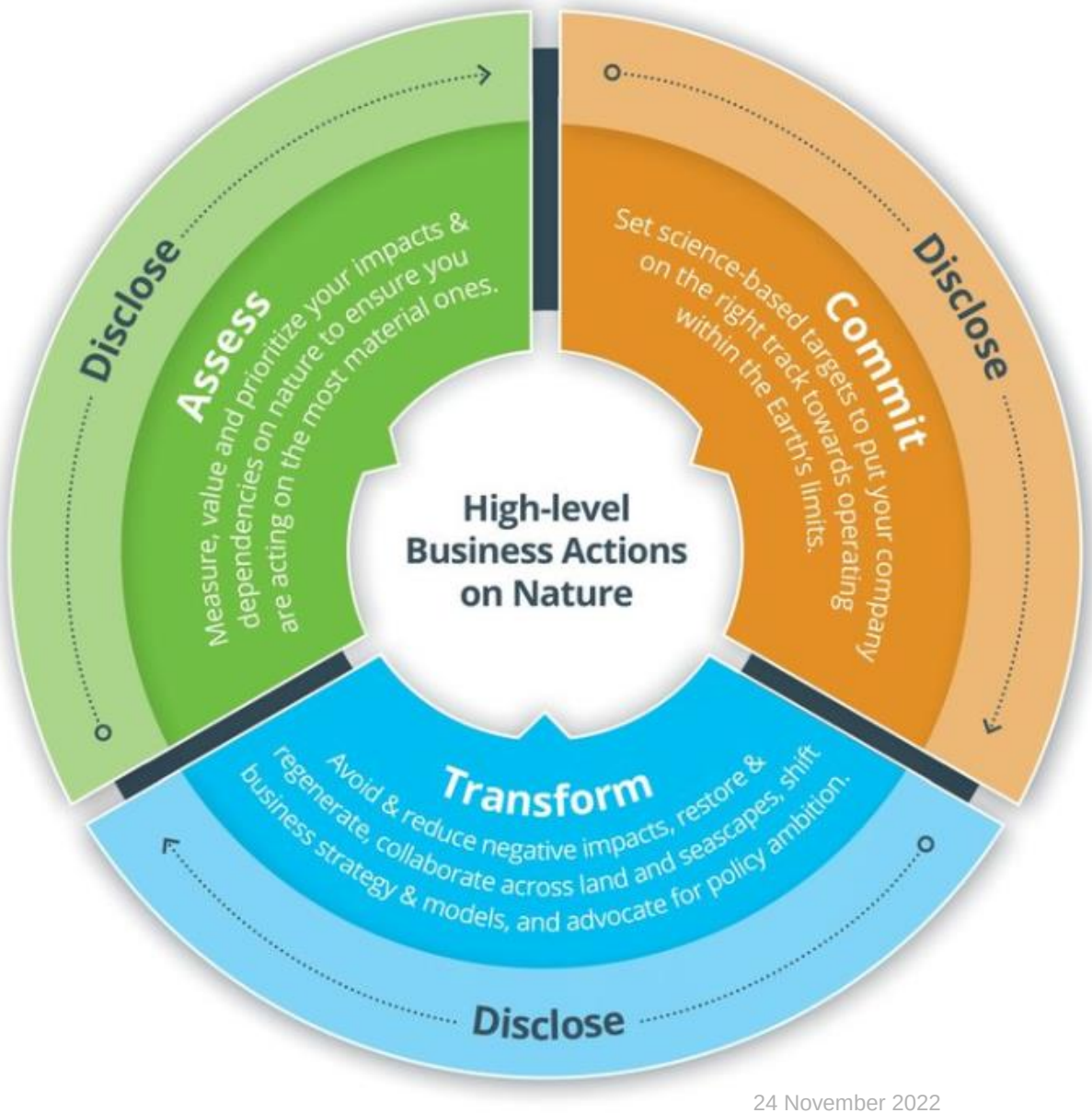
Proactive restoration measures

Assessing, measuring, committing, disclosing…. comes back in all relevant legal and voluntary frameworks

Tendencies well reflected in

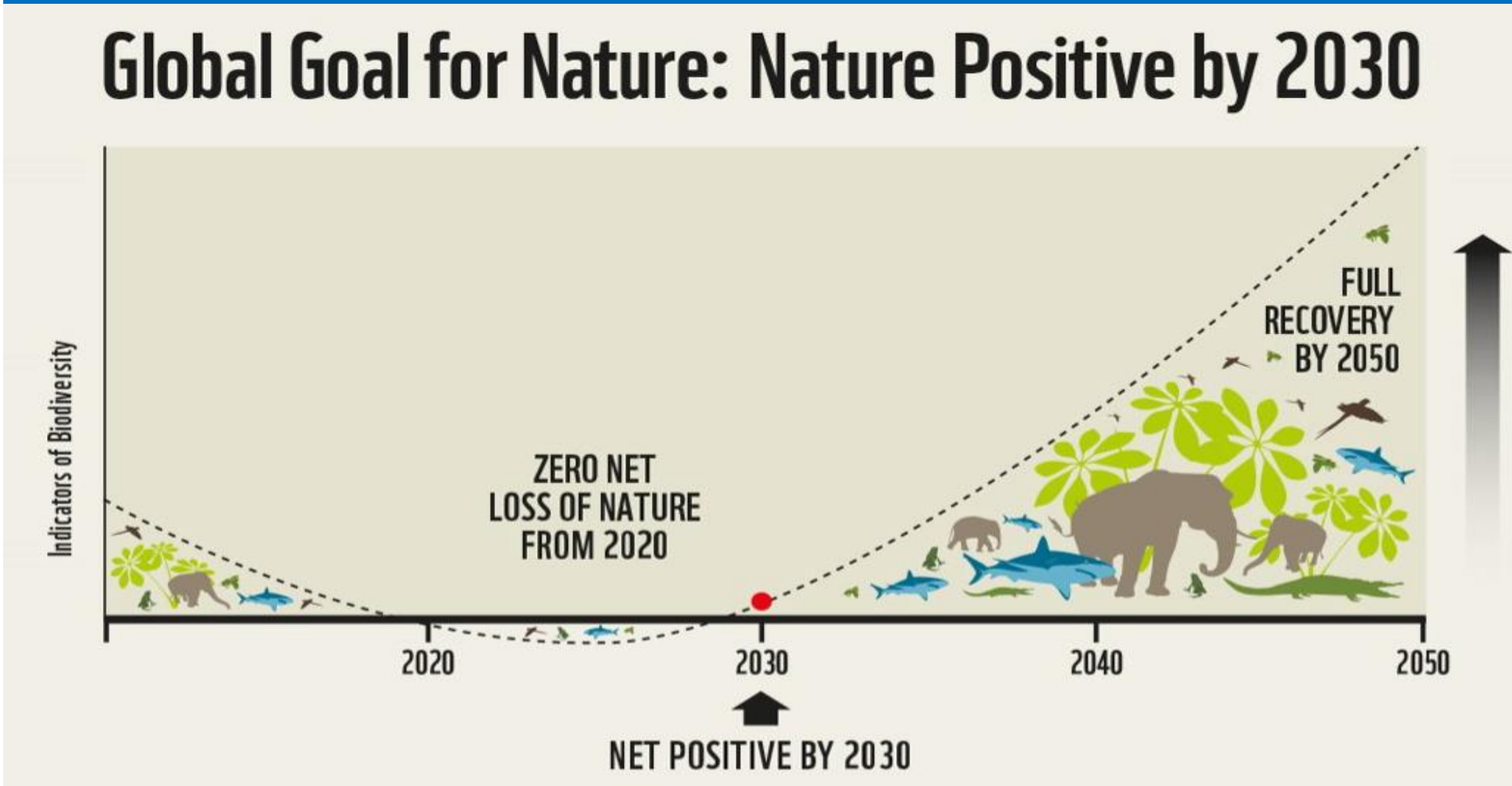
Business for Nature's "high level business actions on nature"

Business for Nature is the 'business voice' in international policy development on biodiversity (e.g. COP15 in Montreal)



BUSINESS FOR NATURE

Tendency for ‘nature positive’ approaches



Natural capital data	Serving specific business needs
Ecosystem types (location, extent, tendency over time e.g. change in land cover)	Baseline mapping, understanding natural capital state, biodiversity footprint of sites, projects, supply chain
Ecosystem condition (information needs to include condition score e.g. on a scale of 0 to 1, condition indicators, evolution over time and the reasons for changes in condition i.e. impact drivers)	
Sensitivity of ecosystems and species to typical business-related impact drivers (e.g. water extraction, nitrogen emissions)	Understanding changes in natural capital due to company pressures. Risk screening. Identification of mitigation measures.
Presence of protected areas and protected species/habitats	Risk screening. Identification of mitigation measures. Identification of opportunities for restoration/offsets.
Ecological thresholds and **safe operating space** (including 'distance to threshold' or 'level of exceedance of threshold')	Risk screening. Identification of mitigation measures.
Science-based targets for nature at a landscape level	Target setting.
Scenarios on ecosystem degradation and ecosystem restoration	Risk screening. External disclosure of financial and non-financial business risks. Identification of opportunities.
Typical ecosystem services associated with specific ecosystem types and **local importance of these ecosystem services**	Identification of opportunities for Nature Based Solutions. Societal valuation of impacts.
Priority areas for ecosystem restoration including nature-based solutions	Identification of opportunities for offsets (as part of Nature Positive ambition) or for Nature Based Solutions

Data always for specific needs

Characteristics of decision useful data *(adapted from the TNFD for use in EU B@B Platform Thematic Report on Biodiversity Data, 2022)*

- Appropriate to the decision context
- Formal recognition for application in the decision context

- Suitable accuracy to enable companies to make decisions with reasonable assurance as to the integrity of the assessment results

- Spatial and non-spatial i.e. fit for use at the right scale for the decision

- Must represent the appropriate timescales for decision making

- Regularly updated or updated over an appropriate timescale for the decision context

- Easily accessible in different formats (including languages) and consideration of costs

- Facilitates comparison through inter-operable formats and be consistent and comparable within and between sectors

- Permit aggregation and disaggregation to allow for attribution across portfolios, footprints

- Should include pressures on nature, state of nature and response

- From authoritative (peer reviewed, published) or verifiable source (subject to third party audit)

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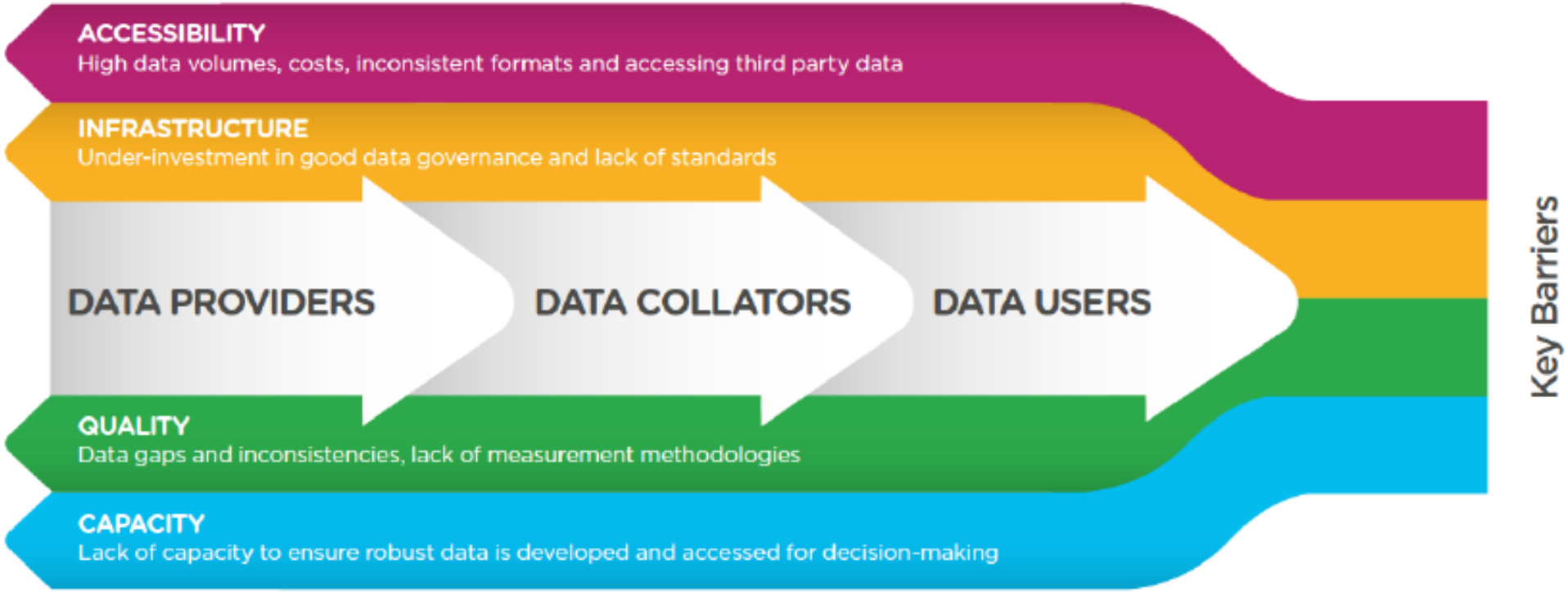
Challenges related to data



Source: Capitals Coalition, 2019

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Examples of benefits (1)

- Increased access by businesses to high quality natural capital data, i.e. **contextual information and integrated narratives** on the **state of natural capital at a landscape level**, will lead to increased quality of internal decision-making and external disclosure; in turn, this will strengthen public level decision-making;
- Driven by the development of **environmental markets**, some companies are now collecting site level data that will be relevant in compiling condition accounts and other accounts (e.g. estimates of soil carbon); there is clearly an opportunity here to work more collectively between public and private level;
- Somehow similar might be the **data flow driven by external disclosure obligations**; if there is a mechanism to harvest corporate external disclosure data for feeding public level data sources (e.g. NSOs), this in turn will result in improved understanding of the impacts and dependencies of the private sector on natural capital and improved decision-making at governmental level; the CSR Directive is offering a tremendous opportunity here
- There is a huge opportunity in providing **information on ecosystem restoration opportunities**; impact investors as well as individual businesses are increasingly looking for concrete projects in which they can invest, either for offsets or as bankable projects; governments/NSOs are best placed to define priority areas for restoration, based on objective and comparable data;

Examples of benefits (2)

- A growing number of companies is committing to walk **a 'nature-positive' journey** (e.g. by 2030); this will drive **demand for ecosystem extent and condition data** (baseline setting); at the same time, there is hope that the 'nature-positive' concept will be embedded in national policies in line with the CBD post 2020 biodiversity targets, which means that national governments will be responsible for setting targets at country level and tracking progress to target; in the interest of all stakeholders, **extent and condition maps with a sufficient level of granularity, will become increasingly necessary**;
- The same applies to the **science-based targets for nature** idea, which is increasingly taken up by the business community; this will **require specific natural capital data/information** (e.g. data related to **safe operating space, threshold values**, environmental flows); there is an opportunity for governments / NSOs to translate science-based targets which have been established at a supranational level to concrete targets at national and subnational level and connect these to the spatially explicit contextual information on natural capital at a landscape level (e.g. river basin).

Some useful links

- Improving the natural capital data flow between governments and businesses in the EU | We Value Nature
- Improving_Natural_Capital_Data_Flow_Between_Governments_and_Businesses.pdf (wevaluenature.eu)

- Business Accounting | System of Environmental Economic Accounting
  - Scoping Workshop on the SEEA and Business Accounting | System of Environmental Economic Accounting
  - case_study_report_ambuja_cement_india_14july2021.pdf (un.org)
  - case_study_report_holcim_spain_14july2021.pdf (un.org)