

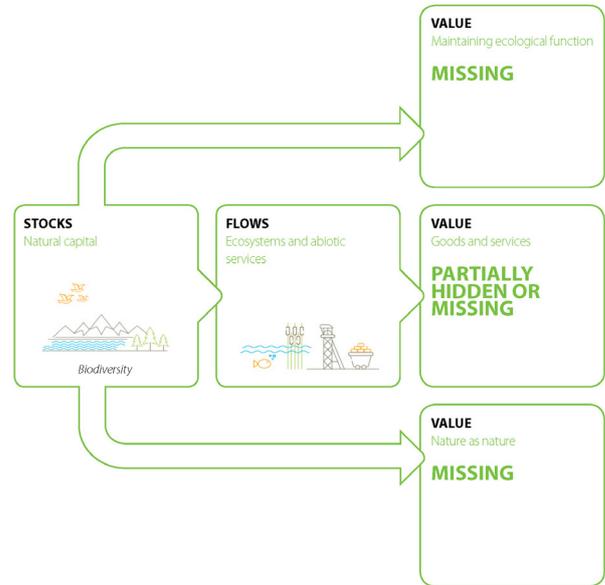


# BIODIVERSITY AND NATURAL CAPITAL

## The challenge

**Framing nature as 'natural capital' is a way of looking at the environment from an economic perspective.** It views nature as a 'stock' of living and non-living components from which numerous benefits or 'flows' are derived that benefit society. Recognising these benefits allows values, sometimes financial, to be attributed to the environment. Whilst a wholly anthropocentric way of looking at the environment, this approach can be useful for informing economic-based decisions, such as in business and government, to ensure impacts and dependencies on nature are recognised, taken into account and managed.

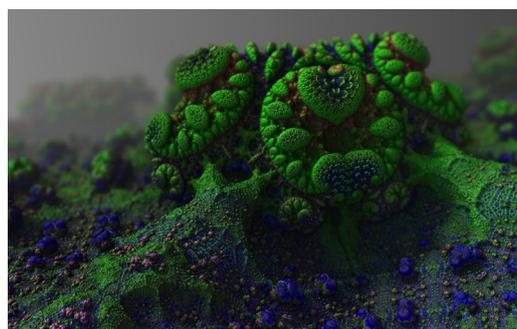
**Biodiversity constitutes the living component of natural capital but is extremely difficult to fully value.** Whilst often perceived as simply representing exotic, endangered species, biodiversity includes all living things, from genes through species and populations to ecosystems. It is the interactions within and between biodiversity and non-living resources that generate most of the benefits that flow from natural capital. The interactions that generate these benefits are vast, complex and often poorly understood. Sometimes values can be attributed – for example for the role a specific insect species has in pollinating a crop, or the role a forest ecosystem may have in watershed maintenance - but many values, particularly those related to underlying ecosystem function, resilience to change or the 'intrinsic' values of nature, tend to be hidden or missing altogether. <sup>1</sup>



*Many of the values derived from biodiversity can be missing or hidden, meaning biodiversity is often undervalued (CCI, 2016).*

The [Natural Capital Protocol](#) is a guide for businesses looking to better understand and manage their relationships with the environment using a natural capital framework. Increasingly accepted as the standard framework for companies looking to understand natural capital, the Protocol recognises the importance of biodiversity as an underlying component of natural capital, but also recognises the challenges in capturing the specific values of biodiversity. These challenges were underlined by the public consultation to the Protocol where concerns were raised that biodiversity and its relationship to natural capital was insufficiently covered, that not enough attention was given to non-financial values and that, ultimately, companies would struggle to manage or even recognise impacts and dependencies on biodiversity as a result. The pilot studies to the Protocol supported this. Although most stated the guidance was sufficient with respect to biodiversity, in practice the focus was on the more tangible relationships with water and carbon and none included impacts or dependencies on biodiversity as part of their assessment.

<sup>1</sup> For a more comprehensive review, please see Cambridge Conservation Initiative (2016) [Biodiversity at the Heart of accounting for natural capital: the key to credibility](#). CCI, Cambridge, UK.



*Biodiversity is often understood as being restricted to exotic, endangered species with little relevance to everyday business. In fact biodiversity encompasses all life, from soil microorganisms to urban woodlands, and directly or indirectly underpins almost every aspect of human society.*

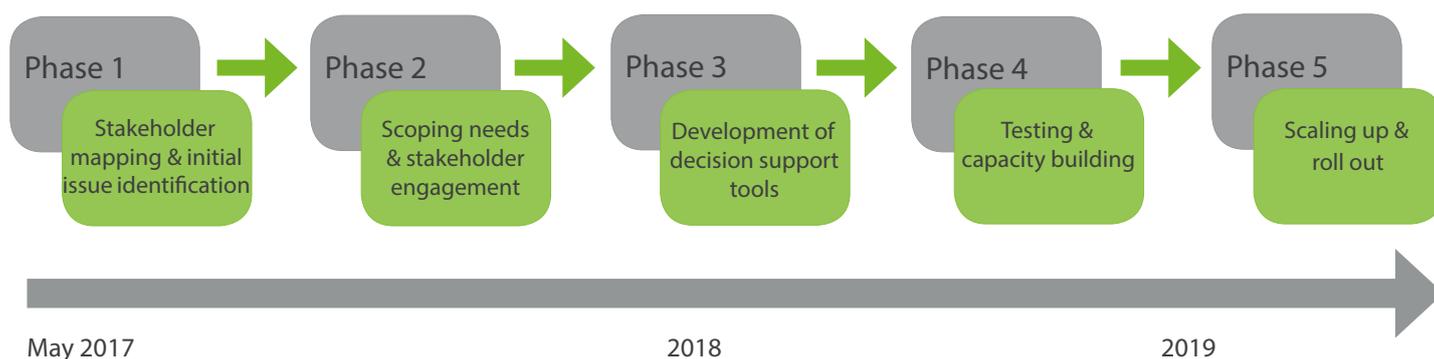
## The response

The [Natural Capital Coalition](#) recognises the need to strengthen the way the Protocol deals with biodiversity. It has therefore partnered with the [Cambridge Conservation Initiative](#) (CCI), a collaboration between the University of Cambridge and leading biodiversity-focused conservation organisations, to address this challenge. Working with the European Business and Biodiversity Platform and other partners, CCI will build a cohort of experts who can act as change agents to define, develop and ultimately deliver more robust, biodiversity-inclusive natural capital assessments.

The goal of the joint project is to improve the incorporation of biodiversity into natural capital assessments. To achieve this, five objectives have been identified:

1. To determine the extent of corporate activity on biodiversity within natural capital assessments, perceived limitations of current approaches and secure broad support for an initiative to address those limitations by identifying and engaging with key stakeholders.
2. To identify appropriate responses to better integrating biodiversity into corporate natural capital assessments, barriers to those responses and means of overcoming them by using stakeholder needs and concerns identified in objective 1.
3. To ensure better representation of biodiversity within the natural capital assessments by developing a set of guidance documents or approaches in response to the findings of objective 2. A supplement to the Protocol will be one option, but the final decision will depend upon the requirements of the end users.
4. To build the business case for, and ability of, key stakeholder groups to better integrate the value of nature into corporate natural capital assessments by testing the developed product(s) from objective 3.
5. To increase and improve the integration of biodiversity into corporate natural capital assessments by disseminating the product(s) developed and lessons learned in objective 4 to key stakeholders.

The objectives will be tackled in a phased approach, designed to build support and engagement from stakeholders across a range of sectors and disciplines and to fully utilise work and tools already available. Funding has been secured for Phase I, partial funding has been secured for Phase II and further support is being sought for the rest of the project.



For further information or to register interest in getting involved with this project please visit <http://naturalcapitalcoalition.org/projects/biodiversity/> or email [thomas.maddox@fauna-flora.org](mailto:thomas.maddox@fauna-flora.org) or [info@naturalcapitalcoalition.org](mailto:info@naturalcapitalcoalition.org)