

Framing Guidance

Part of a series of Biodiversity Guidance to accompany the
Natural Capital Protocol

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Key messages

- This Guidance explains why biodiversity requires additional consideration when you conduct a natural capital assessment using the Natural Capital Protocol.
- Natural capital is the stock of renewable and non-renewable natural resources (e.g. plants, animals, air, water, soils, minerals) that combine to yield a flow of benefits to people (Natural Capital Coalition 2016). Biodiversity refers to the variety within the living part of this stock.
- All businesses impact and depend upon biodiversity. This leads to costs and benefits for your business and also for wider society.
- In general, higher levels of biodiversity generate a greater quantity and quality of goods and services, and more resilience to change.
- Integrating biodiversity into a natural capital assessment allows you to identify business risks and opportunities.
- However, biodiversity values are often not included, underestimated or hidden in natural capital assessments.
- Underestimation of biodiversity values can result in the consequences of your business impacts and dependencies on biodiversity being underestimated or overlooked. This can lead to inadequate responses to the results of your natural capital assessment.

What is the Frame Stage?

This Guidance helps you to establish why you should conduct a natural capital assessment that incorporates biodiversity. This includes providing clarity on the links between natural capital and biodiversity, why biodiversity may be missed from natural capital assessments, and why this is relevant to business. This Guidance also helps to identify and describe biodiversity related impacts/dependencies and risks/opportunities relevant to your business. To prepare for the Scope Stage of your assessment, this Stage ends with guidance on identifying potential business applications for your assessment results. It helps to identify the decision you are attempting to inform and how your business may benefit from better information on natural capital and biodiversity.

How does the Biodiversity Guidance map to the Protocol?

Table 1 provides an overview of the questions and actions of Step 01 of the Frame Stage in the Protocol that relate to why you should undertake a natural capital assessment, and outlines the actions for which the Biodiversity Guidance provides additional information.

This Guidance has been developed to address questions related to why you should conduct a natural capital assessment that incorporates biodiversity.

Table 1

Key questions addressed and their relation to the Natural Capital Protocol

Protocol Step	Questions this Step will answer	Protocol Actions	Additional biodiversity guidance included?
01 Get started	Why should you conduct a natural capital assessment that incorporates biodiversity?	1.2.1 Familiarize yourself with the basic concepts of natural capital and biodiversity	Yes See Action 1.2.1
		1.2.2 Apply these concepts to your business context	Yes See Action 1.2.2
		1.2.3 Prepare yourself for a natural capital assessment	Yes See Action 1.2.3

Step 01 Guidance: Get started

This section of the Guidance provides actions to answer the following question:

Why should you conduct a natural capital assessment that incorporates biodiversity?

In particular, it will help you undertake the following actions:

1.2.1 Familiarize yourself with the basic concepts of natural capital and biodiversity

1.2.2 Apply these concepts to your business context

1.2.3 Prepare for your natural capital assessment

1.2.1 Familiarize yourself with the basic concepts of natural capital and biodiversity

What is biodiversity and how does it relate to natural capital?

The presence of, and interactions between, natural capital stocks generate a flow of goods and services. These goods and services create value through the benefits they provide to business and society (Natural Capital Coalition 2016).

So where does biodiversity come in? Biodiversity is an integral part of natural capital stocks, and underpins the goods and services that they generate (Figure 1).

Box 1: Definitions of biodiversity, natural capital and ecosystem services

Biodiversity: The variability among living organisms from all sources including, inter alia, terrestrial, marine, and other aquatic ecosystems and the **ecological complexes** of which they are a part; this includes **diversity within species, between species, and of ecosystems** (Art 2, CBD 1992).

Natural capital: The **stock** of renewable and non-renewable **natural resources** (e.g. plants, animals, air, water, soils, minerals) that combine to yield a **flow of benefits** to people (Natural Capital Coalition 2016).

Ecosystem services: The **flows of benefits** to people from ecosystems, commonly divided into the following categories: provisioning, regulating, cultural, and supporting (MA 2005).



Figure 1

Relationship between natural capital, biodiversity and ecosystem services (adapted from figure 1.1 of the Natural Capital Protocol 2016)

Biodiversity describes the variety of the living component of a natural capital stock. It can refer to the level of genetic variation, the variety of species present, or the variety of groups of species or ecosystems. In many ways, you can see biodiversity as a measure of the quality and resilience of a natural capital stock.

Biodiversity is in unprecedented decline on a global scale. The rate of species extinction is already tens to hundreds of times higher than in the past and is increasing. The majority of natural ecosystems are deteriorating or have been destroyed, for example, 85% of wetland habitats have been lost (IPBES 2019).

Biodiversity's decline has important negative implications for business and society. The current rate of loss exceeds a planetary boundary (Steffen et al 2015) meaning that it poses a high risk of deleterious or even catastrophic environmental change.

Furthermore, biodiversity loss will prevent us from achieving international objectives such as the Sustainable Development Goals (UN 2015), and is considered to be one of the greatest risks facing humanity on a global scale, in terms of both likelihood of occurring and potential negative impact (WEF 2020).

There is an important and complex relationship between biodiversity and the generation of goods and services, often described through ecosystem services. In many cases, biodiversity affects the quantity, quality, and resilience of the goods and services delivered from natural capital stocks:

- **Quantity:** More biodiversity, in general, has the potential to deliver a greater number of ecosystem services to a wider range of beneficiaries. For example, a biodiverse woodland may have high cultural and recreational values, deliver regulating services like water filtration, soil stabilization and carbon sequestration, and be sustainably harvested for timber. In comparison, a plantation woodland made up of a small number of species might only provide timber and some regulating services.
- **Quality:** In many instances, biodiversity is linked with the quality of ecosystem service delivery. For example, the level of water filtration, soil stabilization and

carbon sequestration provided by a plantation woodland is likely to be lower than that provided by a biodiverse woodland.

- **Resilience:** Biodiversity also contributes to the resilience of natural capital stocks and the stability of ecosystem service provision. For example, biodiverse coral reefs (which contribute to ecosystem services such as maintaining fish stocks and coastal defence) are more resilient to changes in reef temperature. The variety and genetic diversity of species and ecosystems present affects the ability of a reef to resist and adapt to the effects of climate change and other disturbances.

Thinking about it in this way, you can broadly equate the benefits of biodiversity to the benefits of a diverse portfolio of financial stock. The more diverse the stock, the greater the spread of risk.

[Click here for Frequently Asked Questions about biodiversity and natural capital.](#)

Why might biodiversity be underestimated in a natural capital assessment?

Despite the benefits biodiversity provides to business and society, many of its values are often underestimated in natural capital assessments.

So what are the values of biodiversity? They can be summarised as follows:

1. **Direct value:** In some instances, biodiversity itself has value to business, for example in tourism based on wildlife watching.
2. **Underpinning value:** More commonly, biodiversity has value through its role in the delivery of ecosystem services. Systems such as water cycles, carbon cycles, and crop production rely on the interactions of living things, and the diversity of these living things will influence the quantity and quality of the services delivered.
3. **Insurance and options value:** Some goods and services can be delivered with relatively low biodiversity, but are vulnerable to changes such as pests, diseases or climatic instability. More biodiversity increases the resilience of a system and also provides options for the delivery of different ecosystem services in the future.
4. **Intrinsic value:** Biodiversity has value independent of human use of the goods and services it provides. This value is associated with the moral right of living things to exist. Some people consider intrinsic biodiversity values to also be intertwined with other non-use values, such as sense of place, and other aspects of culture.

Why are some of these values often underestimated in natural capital assessments?

The Protocol focuses primarily on flows of ecosystem services from natural capital, and their value to business and society. Capturing flows is important, however, the full contribution of biodiversity to the quantity, quality and resilience of ecosystem service delivery can be unclear when using this approach (CCI 2016; Mace 2019).

The biodiversity values likely to be underestimated are outlined below:

- **Underpinning value:** By focussing on flows of final benefits, assessments may fail to recognise the role of biodiversity in delivery of ecosystem services. This is partly due to challenges in untangling the specific contribution of biodiversity to

ecosystem service delivery, for example time lags between the loss of biodiversity and the decline in delivery of goods and services makes it more difficult to establish biodiversity's role. Furthermore, underpinning value can be underestimated where biodiversity contributes to goods and services that we are unable to measure, or may even fail to recognise in the first place.

- **Insurance and options value:** By focussing on flows of immediate and tangible benefits, natural capital assessments may overlook future benefits that biodiversity could provide. These include biodiversity's role in buffering against environmental change, and future option values for prospective benefits that could be provided by biodiversity.
- **Intrinsic value:** Biodiversity's intrinsic value is independent of any use of goods and services by people and therefore will be overlooked when focussing on ecosystem service flows.

Better recognition of the values of biodiversity can be achieved through improvements in assessment methodologies. However, it is important to recognise that gaps will remain and some values will continue to be underestimated. For example, this may be due to limitations in scientific understanding on the relationships between biodiversity and delivery of goods and services. Therefore, you should usually consider the values of biodiversity identified in a natural capital assessment as minimum estimates. You should take a precautionary approach in business decision making, and consider biodiversity values alongside other information and in consultation with stakeholders.

1.2.2 Apply these concepts to your business context

Biodiversity is a fundamental part of natural capital and its ability to deliver goods and services to people. As such, almost every business depends on it to some degree. Furthermore, business activities often have negative impacts on biodiversity. These impacts and dependencies result in costs and benefits for business and society. They generate risks to your business, and can also create opportunities (Figure 2).

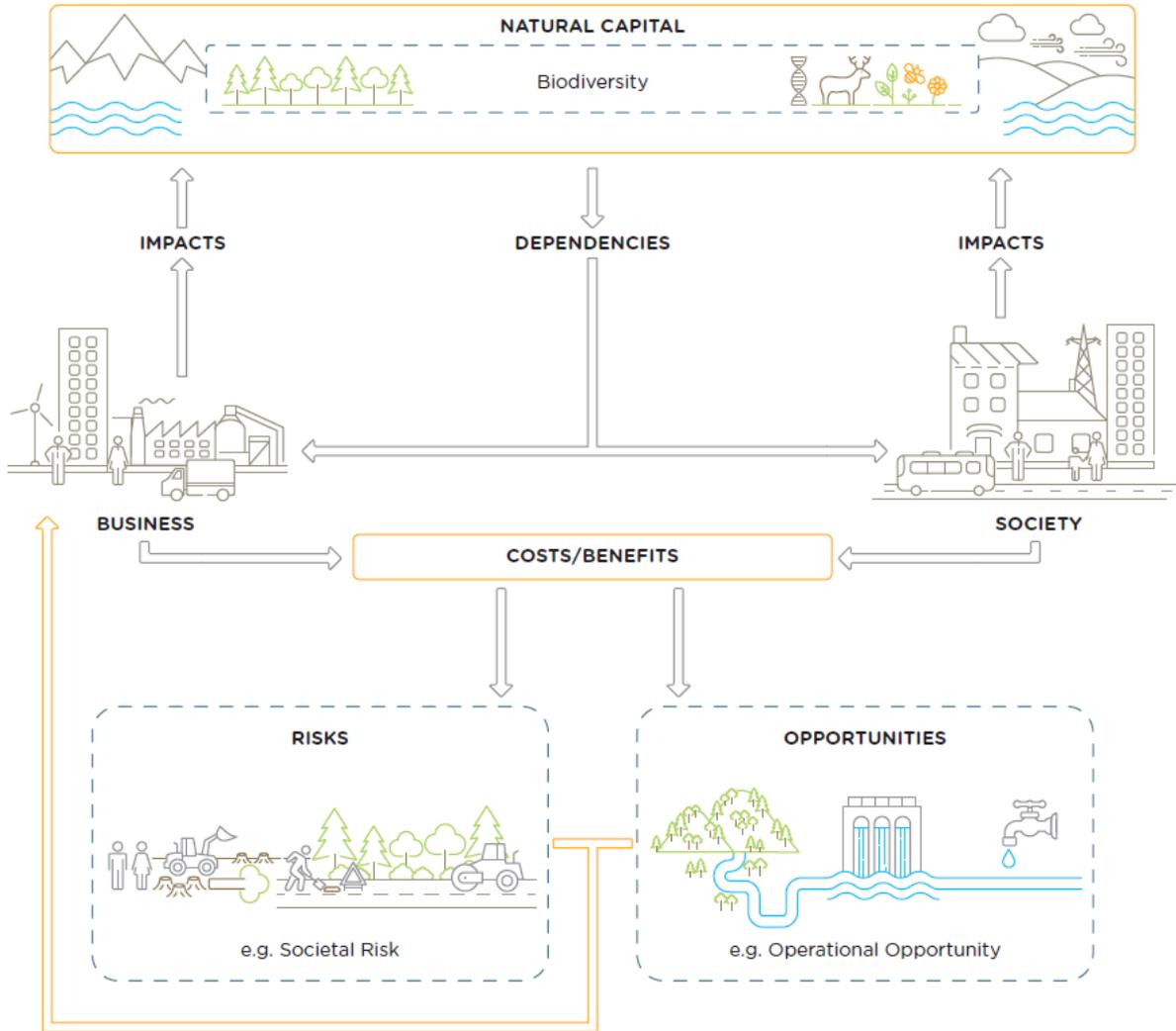


Figure 2

Relationships between business, society and biodiversity (adapted from figure 1.2 of the Natural Capital Protocol 2016)

Business impacts and dependencies on biodiversity

Impacts

Your business activities may have numerous impacts on biodiversity and natural capital, which can have positive or negative effects. As with other aspects of natural capital, your business impacts on biodiversity occur through impact drivers, which include:

1. Business use of natural resources as inputs to production processes, such as water use, terrestrial ecosystem use or marine ecosystem use;
2. Non-product outputs resulting from business activities, such as air pollutants, solid waste, or disturbances.

A single business production process may have impacts on biodiversity through multiple mechanisms. For example, production of natural fibres in the textiles industry requires use of water and large areas of land for growing crops, and may produce air, water and soil pollutants, as well as solid waste. Through degrading and destroying habitats, and harming sensitive species, these impact drivers contribute to reducing biodiversity.

Business impacts on other aspects of natural capital may also affect biodiversity. For example, species are dependent on natural capital stocks such as water and the atmosphere. Therefore, they will be affected by changes in the quantity and/or quality of these stocks as a result of business activities.

Dependencies

The ecosystem services provided by natural capital stocks, such as clean air and water, healthy soils, and raw materials, are ultimately the basis of all economic activity. Biodiversity underpins many of these ecosystem services. A wide range of business activities therefore depend on biodiversity, both in direct operations and in supply chains.

In the Protocol, a dependency is material if consideration of its value, as part of the set of information used for decision making, has the potential to alter that decision. Some business activities have material dependencies on the *presence* of aspects of biodiversity, such as species or habitats. For example, the natural rubber industry depends on sap collected from specific species of tree. In contrast, some production processes depend on the *diversity* of habitats or species. For example, agricultural crops depend on a diverse range of animal pollinators for different types of crops, and for multiple harvests of some crops to be produced in one year.

Business risks and opportunities

Risks

In many instances, the benefits from biodiversity are received by society rather than directly by your business. As a result, where your business activities impact on biodiversity, you face risks associated with societal relationships, reputation, marketing, laws, regulations, and access to finance. These risks are increasing as biodiversity continues to decline, and as pressure from regulators and consumers to slow and reverse this decline continues to grow.

Furthermore, biodiversity loss can directly threaten your business operations where you have dependencies on the goods and services that biodiversity generates, both directly

and within supply chains. The risk of disruption will continue to intensify if biodiversity continues to be lost.

It is important that you apply a broad approach to natural capital assessments that considers the multiple ways in which biodiversity has value to different stakeholders. You should carry out assessments over a suitable scale and time period for your impacts to be identified, including impacts that accumulate over time, indirect impacts, and impacts that occur as a result of the interaction of activities of different organizations operating in a landscape.

[Click here to see how a fashion company is looking to integrate biodiversity as part of a natural capital assessment to identify risks in their operations and supply chain.](#)

Two theoretical examples in Table 2 illustrate potential consequences of overlooking certain aspects of a business’s relationship with biodiversity in your natural capital assessment.

Table 2
Examples of potential consequences of overlooking certain biodiversity values or business impacts from a natural capital assessment

Aspect overlooked	Example of potential consequence
Biodiversity values	The costs and benefits associated with biodiversity loss often affect others outside the business. For example, threats to charismatic species affect societies who place value upon them for cultural, ethical, and/or philosophical reasons. Threats to these species resulting from business operations can create reputational risks for business. For example, clearing rainforest habitats to grow oil palm may destroy the habitat of the orangutan, a culturally important species. Including societal values in the scope of a business’s natural capital assessment is therefore needed to identify reputational risks.
Business impacts	The contribution of a farm’s pesticide use adds to the cumulative impacts of surrounding farms, which in aggregate can affect the ecosystem’s predator-prey balance, risking future pest outbreaks or a decline in access to wild pollinators and associated pollination services. Including cumulative impacts in the scope of a business’s natural capital assessment is needed to ensure risks of future crop losses or increased pest control costs can be mitigated.

Opportunities

Understanding biodiversity as an integral part of natural capital stocks allows you to identify and manage potential new business opportunities, business models that are viable in the long-term, cost savings, and increases in operational efficiency. If your business is able to demonstrate minimal impacts, or biodiversity enhancements, you are likely to secure benefits such as preferential access to resources and financing, better relationships with stakeholders, maintaining a social license to operate, and retaining high-quality employees.

[Click here to see how a financial institution has integrated biodiversity as part of a natural capital assessment to identify opportunities for sustainable and socially responsible investment.](#)

Further examples of potential business risks and opportunities relating to biodiversity are provided in

Table 3.

Table 3
Examples of biodiversity risks and opportunities for business

Category	Risk example	Opportunity example
Operational Regular business activities, expenditures, and processes	Overexploitation in an important fishery has caused depletion of fish stocks. The reduction in fish population has had a cascading effect through the ecosystem, leading to conditions that are no longer suitable for development of juveniles. The fishing industry has collapsed, with knock-on implications for fishermen, processing plants, distributors and seafood retailers.	Climate change threatens to reduce the dry-season water supply to a hydroelectric dam. The energy company operating the dam have funded restoration of wetlands high in the watershed with diverse native vegetation in order to increase water storage. This is expected to improve the consistency of downstream water flows throughout the year, despite climate uncertainty.
Legal and regulatory Laws, public policies, and regulations that affect business performance	A chemical used in pesticides is harmful to bees and other insects that pollinate agricultural crops. New laws have been brought in banning its use. Agrochemical companies that were using the chemical are no longer able to manufacture and sell several of their products.	New legislation requires that a fraction of land is set aside for biodiversity on all farms within the next 10 years. Farming businesses that already have areas set aside will easily comply with this regulation. This will give them an advantage over competitors who now face higher compliance costs.
Financing Costs of, and access to, capital including debt and equity	A mining company is seeking investment to expand its operations in a mineral-rich forest. The forest has high biodiversity value and supports the livelihoods of local communities by providing services such as food, fuel and water. The company lacks systematic information on their impacts on biodiversity and ecosystem services. Financial organizations are unwilling to lend to or invest in the company as risks are unknown.	A small forestry company has become the first operator in a developing country to receive environmental certification. These environmental credentials have enabled the company to access a long-term loan to monitor and report on their sustainable forestry practices, and make investments to improve the efficiency of forestry management.
Reputational and marketing Company trust and relationships with direct business stakeholders, such as customers, suppliers, and employees	A multi-national oil company have suffered a spill around an offshore drilling rig, causing extensive damage to surrounding ecosystems and mass mortality of seabirds and turtles. Public and investor confidence has fallen rapidly, with the company seeing a huge reduction in market value.	For the first year following release of a new range of products, a cosmetics company is donating part of their income from each purchase to a biodiversity conservation project focused on protecting habitat for a charismatic eagle. Through linking the product range to this culturally important species the company are expecting to attract new customers into their stores.
Societal Relationships with the wider society (e.g. local communities, NGOs, government agencies, and other stakeholders)	A development bank is supporting a road-building project through a remote area of tropical forest. The biodiversity impacts of this project are expected to be negative, particularly for large mammals which are harvested by local communities for food and rituals. The bank are under pressure from an alliance of international NGOs and local communities to abandon the project.	A water company has restored habitat for wetland bird species around the margins of one of its reservoirs. The area is now well used by both local and more distant visitors for nature-based recreation, benefiting the company's public image and stakeholder relationships.

1.2.3 Prepare for your assessment

Identify potential applications of your assessment results

A key step to framing your natural capital assessment is to identify the business application of the assessment or the intended use of the results of your assessment. Framing a natural capital assessment to incorporate biodiversity will focus the selection of the business applications. The Aligning Biodiversity Measures for Business collaboration sets out eight business applications specifically for biodiversity assessments (EU Business @ Biodiversity Platform 2019). Table 4 lists how these biodiversity-inclusive business applications map to the applications listed in the Protocol, with examples of the types of decisions that can be informed when biodiversity is included in an assessment.

Table 4
Business applications for a biodiversity-inclusive natural capital assessment

Business applications (Table 3.4 in the Protocol)	Business applications from Aligning Measures	Relevance of business application to your biodiversity-inclusive natural capital assessment
Assess risk and opportunities	BA7: Screening and assessment of biodiversity risks and opportunities	This application is relevant for assessing business risk, for example for due diligence assessments as part of mergers and acquisitions, or assessments undertaken by investors to differentiate between investment options, either based on the biodiversity performance or return on investment of different companies. This might also be undertaken by financial institutions to assess biodiversity risk and inform pricing credit. This application is also relevant for assessing business opportunities related to nature restoration, for example investing in nature based solutions.
	BA4: Comparing options	This application is relevant if you want to compare the impact and dependency of different business options on biodiversity, including economic considerations.
Assess impacts on stakeholders	BA1: Assessment of current biodiversity performance	This application is relevant if you want to demonstrate to stakeholders that your company is doing well in terms of biodiversity performance, or simply to know the company's current performance in relation to biodiversity.
	BA3: Tracking progress to targets	This application is relevant if your company has set targets which are important to specific stakeholder groups, or relate to fulfilling stakeholder expectations.
Estimate total value and/or net impact	BA1: Assessment of current biodiversity performance	This application is relevant if you want to know the current net biodiversity impact of your company in terms of biodiversity performance.
	BA2: Assessment of future biodiversity performance	This application is relevant if you are interested in assessing future biodiversity performance as a result of, for instance, positive impact actions (e.g. restoration actions and/or actions that reduce pressures on biodiversity) or changes in your activities.
	BA5: Assessment/rating of biodiversity performance by third	This application is relevant if a third party is comparing company biodiversity performance across a sector, based on criteria and external data.

	parties, using external data	
	BA6: Certification by third parties	This application is relevant for third party certification based on auditing of a clearly established methodological approach.
	BA3: Tracking progress to targets	This application is relevant if you have set targets on biodiversity performance that require progress to be tracked periodically.
Communicate internally and/or externally	BA8: Biodiversity accounting for internal reporting and/or external disclosure	This application is relevant if you are compiling consistent, comparable and regularly produced data using an accounting approach framework, such as the Biological Diversity Protocol.
	BA1 to BA7	For all other types of business applications, you can communicate about the findings of your assessment.

You may only just be starting to consider biodiversity, and may not have set biodiversity commitments. Or you may have undertaken a natural capital assessment that does not yet consider biodiversity. In these cases, a biodiversity-inclusive assessment will help you understand your relationship with biodiversity, and associated risks and opportunities.

In addition, the results of a natural capital assessment can also inform the setting of corporate biodiversity targets. This might include commitments to 'No net loss' and 'Net gain' of biodiversity (Box 2), but there are also a number of other global biodiversity target-setting initiatives (Table 5). Understanding alignment and contributions to these targets could be the objective of your natural capital assessment. By not incorporating biodiversity commitments within your natural capital assessment objective, you may miss a strategic opportunity to clearly demonstrate the value of your net contributions to biodiversity to both your business and to society.

Table 5
Example target setting initiatives for biodiversity

Biodiversity target	Description
Science Based Targets for Nature	Targets which define and promote best practice for businesses by responding to five Earth systems; Climate, Freshwater, Land, Ocean and Biodiversity (SBTN 2020).
Post-2020 Biodiversity Framework	The Convention on Biological Diversity's Post-2020 Global Biodiversity Framework will replace the Aichi Targets, to provide a stepping stone towards achieving the 2050 Vision of " Living in harmony with Nature ".
UN Sustainable Development Goals (14 and 15)	Goals 14 and 15 focus on the protection of biodiversity and ecosystems within the marine and terrestrial environments.

Box 2. Potential business application for a biodiversity-inclusive natural capital assessment - tracking progress towards 'No net loss' and 'Net gain' commitments.

The concepts of 'no net loss' and 'net gain' stem from the mitigation hierarchy (CSBI, 2015). This hierarchy is often applied to screen the biodiversity impact of development projects, but has since been expanded to consider many business operations, including impacts of a supply chain. For companies already adopting the mitigation hierarchy, a biodiversity-inclusive natural capital assessment can strengthen the business case for action by clearly demonstrating the value of biodiversity at all stages of its implementation.

The mitigation hierarchy consists of four stages comprising a sequence of actions to anticipate and avoid impacts on biodiversity:

- 1. Avoid** biodiversity impacts during business operations, by first anticipating the potential impacts of a business activity, then putting in place measures to prevent these adverse impacts. This may include for example, selecting alternative raw materials that do not have negative impacts upon biodiversity or working with supply chains so they avoid the use of chemicals or non-sustainable practices.
- 2. Minimize** any impacts, where they cannot be immediately avoided. This could include for example measures to maintain habitat connectivity at the site level.
- 3. Restore** biodiversity that has been impacted at the site level, for example through reforestation or the enhancement of important habitats.
- 4. Offset** impacts in areas not affected by the project, when residual impacts occur on-site. This could include protection of habitat off-site that is under threat, or the restoration of habitat previously impacted. For example, restoring coastal saltmarsh to offset impacts of a coastal development.

After planning and implementing the mitigation hierarchy, 'no net loss' refers to the point at which project-related impacts on biodiversity are balanced by mitigation measures, so that no loss remains. Where gains are greater than losses, 'net gain' targets are achieved.

The relationships between biodiversity, natural capital, and risks and opportunities for business may be quite complex. However, as you have seen, it is important that the role of biodiversity is explicitly considered within a natural capital assessment.

Continue to the **Scoping Guidance** to read more about how biodiversity can be integrated as part of a natural capital assessment, or return to the landing page **here**.

Box 3: Frequently asked questions**Is biodiversity the same as natural capital?**

No. Natural capital refers to a stock of living and non-living components that combine to yield a flow of benefits to people. Biodiversity refers to the variety within the living components of this stock, and therefore can be seen as an indicator of its condition.

Is biodiversity just about threatened species and protected areas?

No. The term biodiversity applies to the variety of all living organisms. Threatened species and protected areas are specific designations granted to species and habitats that are considered important or endangered, to support their conservation. However, taking account of all components of biodiversity is challenging, so threatened species or protected areas are often used as proxies for biodiversity.

How does biodiversity relate to ecosystem services?

Ecosystem services are provided by the presence and interactions of natural capital stocks. Biodiversity forms a fundamental part of natural capital stocks and their ability to deliver goods and services to business and society. In many cases, the relationship between biodiversity and the goods and services produced is complex. In general, more biodiversity equates to a higher quantity, quality and resilience of ecosystem service provision. Less biodiverse systems can still be very productive, but generally offer fewer and lower quality goods and services, and are more vulnerable to change.

I have included ecosystem services in my natural capital assessment. Doesn't that mean I've automatically included biodiversity?

No. Ecosystem services are flows of goods and services, while biodiversity refers to the variety of the living component of a natural capital stock. Natural capital assessments that focus only on the flow of benefits (ecosystem services) rather than the condition of the stock (biodiversity) can lead to poor business decisions. For example, a sole focus on ecosystem services could lead to investments in maximising highly valued flows in the short-term while stocks are left to deteriorate. Biodiversity's contribution to ecosystem services is complex, and often poorly understood. Natural capital assessments need to explicitly include biodiversity as the stock that generates benefits.

Case studies

Company example: Supply chain (fashion industry)

Kering S.A. have developed an Environmental Profit and Loss accounting methodology for measuring and quantifying the impacts of their activities on natural capital. The methodology aims to capture both the impacts of the Group's direct operations and those of their supply chain. It measures carbon emissions, water consumption, air and water pollution, land use, and waste production. These impacts are converted into monetary values for comparison and use in guiding sustainability decisions.

To date, application of the methodology has provided insights and increased transparency around the environmental impacts of different aspects of Kering's business. For example, it has revealed that the majority of impacts lie in their supply chain. This has enabled Kering to focus on strategies that address their greatest sources of environmental impact, such as regenerative agriculture in the production of raw materials.

While biodiversity is not explicitly included in the Environmental Profit and Loss accounting methodology, ecosystem services supported by biodiversity sit at the base of the supply chain for many of Kering's products. The methodology is continually evolving, and Kering are seeking to expand it in several ways – integration of biodiversity is a key priority for the organization. By integrating biodiversity as part of the methodology, Kering will be able to identify and implement actions to reduce biodiversity impacts, hence reducing the risk of disruption to their supply chains.

Company example: Finance

ASN Bank are a finance organization committed to sustainable and socially responsible investment. Using natural capital thinking they have developed ambitious long term goals associated with a three pillar sustainability framework: climate change, biodiversity and human rights. Consistent with their natural capital approach, ASN Bank sees important interconnections between these three pillars, for example they recognise that when investing in biodiversity you can also create benefits associated with mitigating climate change and human rights.

ASN Bank acknowledge that their operations might be contributing to the loss of biodiversity. Their goal is to reverse this, where 'all investments and loans of ASN Bank result in a net positive effect on biodiversity in 2030'. To assess progress against this goal, they need to be able to measure their biodiversity impacts. They have developed a methodology for calculating the biodiversity footprint of their loans and investments, which was first applied in 2014 and subsequently refined in annual assessments. Insights from this assessment can be used to tailor ASN Bank's investment portfolio to its long-term biodiversity goal, through identifying 'impact hotspots' (risks), and sectors and investments that will have a positive impact on biodiversity (opportunities).

Furthermore, ASN Bank are planning to establish a 'Partnership for Biodiversity Accounting Financials' initiative (PBAF), which aims to bring together financial institutions to develop and refine methodologies for biodiversity foot printing. This will draw upon the bank's experience of establishing and running a similar initiative for assessing greenhouse gas emissions, the 'Partnership for Carbon Accounting Financials' (PCAF), which is a global initiative adopted by 50+ financial institutions.

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