



INTEGRATING BIODIVERSITY INTO NATURAL CAPITAL ASSESSMENTS

Introduction

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



**CAPITALS
COALITION**

CambridgeConservationInitiative

This Guidance is an output of the Integrating Biodiversity into Natural Capital Assessments project run in collaboration between the Cambridge Conservation Initiative and the Capitals Coalition. The Cambridge Conservation Initiative is the focal point of research and advice on biodiversity issues for the Coalition.

Developing this guidance has been a collaborative effort, with many partners involved in workshops and activities around the world. UNEP-WCMC has led the final stages to formalize this guidance and the Cambridge Conservation Initiative partners that have contributed to this project include:



The project team would like to extend our thanks to the Project Steering Group for their review and input into this Guidance. For a full list of individuals and organizations who have contributed to this Guidance please see the Acknowledgements.



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Foreword

Businesses are beginning to recognise there is a clear competitive advantage to understanding the value of their impact and dependency on nature, and in integrating their relationships with biodiversity into decision-making.

Once considered a separate issue to climate change, biodiversity loss is now regarded as an equally urgent crisis, and its connection to climate adaptation and mitigation are increasingly understood. Biodiversity builds resilience against climate change, supports communities and livelihoods, and fundamentally underpins our broader society and global economy. However, a lack of consistent tools and frameworks to effectively integrate its value into internal corporate decision making has hampered efforts to date.

This new biodiversity guidance to the Natural Capital Protocol aims to address this vital component of natural capital, through biodiversity-inclusive natural capital assessments. It provides a practical way for organisations to navigate the available approaches and to help them understand and operationalise their relationships with biodiversity in their internal decision-making. It also marks an important milestone towards further standardisation of measurement approaches.

To ensure this additional information is robust, practical and fit for purpose across organisations around the world, a global, cross-sector collaborative process was undertaken. We would like to thank all of those who contributed to its development by participating in workshops, consultations and drafting as well as our partners who funded this project over the last three years. Special thanks to those businesses that piloted the Guidance and dedicated significant resources to ensure that their peers will understand and benefit from this work. This Guidance would not have been possible without the tireless efforts of the project team, who stayed the course despite COVID-19 during the final stages.

Today, the need to halt and reverse biodiversity loss – for our own well-being and the health of the planet – has never been greater. We hope this Guidance will enable users across businesses, financial institutions, policy makers and beyond to bring the value of biodiversity to the forefront, and help them to accelerate their sustainable journey.

Gerard Bos, IUCN & Lars Müller, European Commission. Co-chairs of the Biodiversity Guidance Steering Group.

The Co-chairs of the Biodiversity Guidance Steering Group

Gerard Bos, Director Global Business and Biodiversity Programme, IUCN & Lars Müller, Policy Officer Business@Biodiversity – DG ENV – European Commission.

0.1 Orientation

The Natural Capital Protocol (the Protocol) is a decision making framework that enables organizations to identify, measure and value their direct and indirect impacts and dependencies on natural capital. The Protocol Framework covers four Stages, “Why” (Frame), “What” (Scope), “How” (Measure and Value), and “What Next” (Apply). These Stages contain specific questions to be answered when integrating natural capital concepts into organizational processes.

Through the development and launch of the Protocol in 2016, it became obvious that the complexity of biodiversity meant further guidance was required to ensure that biodiversity and its role in delivering the benefits we derive from nature could be more easily reflected in corporate natural capital assessments.

In recognition of these challenges, the Cambridge Conservation Initiative (CCI) has led a Capitals Coalition project to address gaps and develop guidance for completing a biodiversity-inclusive natural capital assessment.

This Guidance does not replace the Protocol, but is meant to be used alongside it. The Protocol can be found at www.naturalcapitalcoalition.org/protocol. For financial institutions it will also be useful to have a copy of the Connecting Finance and Natural Capital supplement which can be found at www.naturalcapitalcoalition.org/finance.

0.2 Why is biodiversity important?

Biodiversity describes the variety of life and is the living component of what can be thought of as natural capital stocks. It plays an important role in the provision of the services we receive from nature. The terms “capital” and “stocks” are used as metaphors to help describe the role of nature within the economy. 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. Biodiversity is an integral part of natural capital and underpins the goods and services that natural capital generates. It is important to note that biodiversity is not an asset, rather a descriptive feature of assets we call natural capital.

Biodiversity includes the variety of all living things, from genes through species and populations to habitats and ecosystems. Many of the flows of benefit from natural capital come directly from the interactions within and between biodiversity and non-living resources. The interactions that generate these benefits are vast, complex, and often poorly understood.

Sometimes values can be measured, for example the value a specific insect species provides in pollinating a crop, or the value a forest ecosystem may provide in watershed maintenance. Many values, particularly those related to underlying ecosystem function, resilience to change, or the intrinsic values of nature, can be hidden or missed altogether if your natural capital assessment is solely focused on final ecosystem services.

Natural capital approaches provide a holistic framework for understanding business and societal relationships with nature, but assessments focused on natural capital can struggle to capture the values of biodiversity. We have therefore developed this Biodiversity Guidance to accompany the Protocol; enabling businesses to better incorporate biodiversity into natural capital assessments and decision-making.

Further discussion on the links between natural capital and biodiversity, why biodiversity may be missed from natural capital assessments, and why this is relevant to business can be found within the **Framing Guidance**.

0.3 Audience

The intended audience of this Guidance is the same as the Protocol, covering all business sectors, including finance and accountancy. It is targeted primarily at managers from sustainability, environment, health and safety, and operations departments.

The Guidance is written for businesses and financial institutions who already recognize the importance of natural capital and wish to ensure their assessments incorporate biodiversity, as well as businesses and financial institutions who are managing their relationship with biodiversity and want to expand those considerations to a broader natural capital perspective. The Guidance is appropriate for terrestrial, freshwater, and marine realms.

The Guidance also aims to help civil society, government, multi-stakeholder organizations, standard setters, disclosure organizations, and academia to engage with business in support of efforts to embed the value of nature into decision-making.

0.4 Biodiversity Guidance structure

The Biodiversity Guidance builds on the Protocol. It consolidates existing materials rather than seeking to create new tools or methods. As well as an overarching Biodiversity Guidance Navigation Tool, additional guidance has been produced for each Stage of the Protocol to allow the completion of a biodiversity-inclusive natural capital assessment.

Navigation Tool

Using a series of questions, the **Navigation Tool** will guide you through the **Frame, Scope, Measure and Value**, and Apply Stages of the Protocol and Biodiversity Guidance in order to carry out a biodiversity-inclusive natural capital assessment. It follows the Steps outlined in the Protocol and suggests a number of biodiversity-specific tools and methodologies along the way. The content of the Guidance will be linked to as you go through the **Navigation Tool**. Ultimately, the **Navigation Tool** will be added as an additional resource of the Natural Capital Protocol Toolkit and linked to the MIT SHIFT website (a platform where you can find and compare various sustainability frameworks and environmental, social, and governance tools).

Framing Guidance

The **Framing Guidance** helps you to establish why you would need to conduct a natural capital assessment that incorporates biodiversity. It covers the concept of biodiversity, how biodiversity relates to natural capital, why biodiversity may be missed from natural capital assessments, and why this is relevant to business (Step 01).

Scoping Guidance

The **Scoping Guidance** describes how to set and incorporate biodiversity-inclusive objectives and define the scope of your assessment (Steps 02–04). This includes aligning natural capital assessments with existing corporate biodiversity commitments or policies and key technical considerations when defining the scope of an assessment that considers biodiversity.

Measuring and Valuing Guidance

The **Measuring and Valuing Guidance** describes how to measure (Steps 05 and 06) and value (Step 07) biodiversity impacts and dependencies as part of a natural capital assessment. In this Guidance, valuation may involve qualitative, quantitative, or monetary approaches, or a combination of these. Valuation is not solely a monetary approach.

Application Guidance

The **Application Guidance** covers how to interpret, apply, and act on the results of a natural capital assessment to help set informed biodiversity targets. This Guidance aims to inform biodiversity target setting by exploring how to interpret and test the results (Step 08) and take action (Step 09).

Figure 0.1 shows what each Guidance note covers in relation to the Stages within the Protocol.

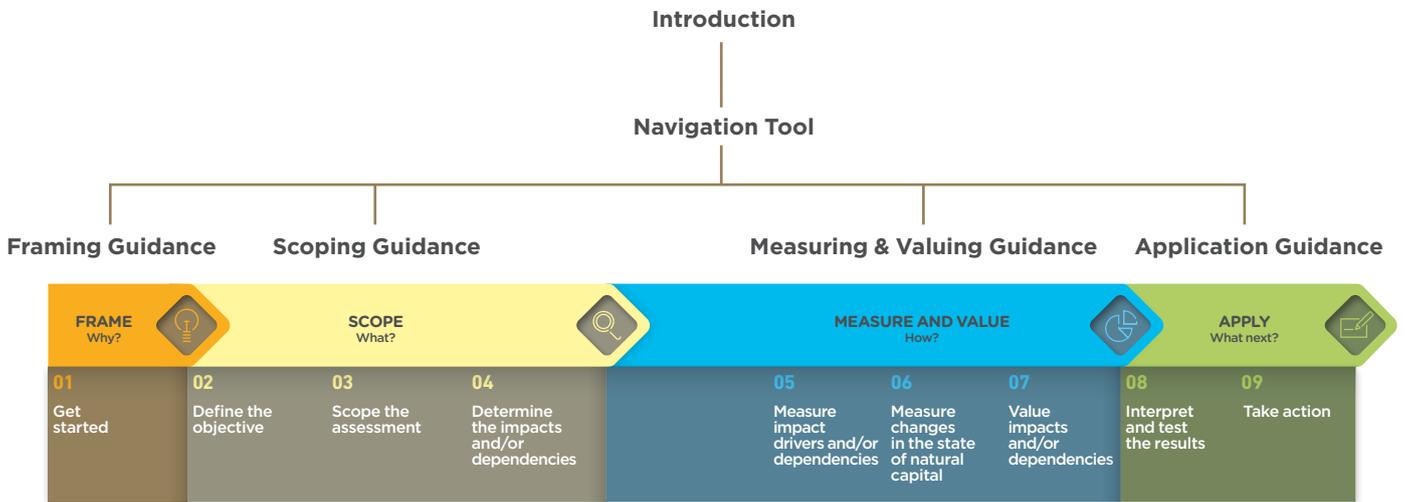


Figure 0.1: Biodiversity Guidance and the corresponding Protocol Steps

Please note:

- The Stages and Steps above are iterative, and you should expect to revisit previous Steps as necessary. For example, after identifying your most material biodiversity impacts and dependencies in Step 04 you may need to go back and change the objective or scope of your assessment in Steps 02 and 03.
- The Biodiversity Guidance follows the overarching Protocol Framework and does not introduce any additional Stages or Steps.
- Each Step in the Guidance contains additional biodiversity-specific guidance that will help your business complete the actions within that Step and navigate through the Protocol Framework. For some actions, additional biodiversity-specific guidance may not be appropriate. At the beginning of each Stage and Step, the Guidance outlines the actions for which additional biodiversity-specific guidance is provided.
- To help bring biodiversity-specific Business Applications to life, this Guidance includes real-life and hypothetical examples to describe how your business could complete each of the Stages.

Useful definitions of key terms are provided when they are first introduced. For a complete glossary, please refer to the Protocol.

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