



INTEGRATING BIODIVERSITY INTO NATURAL CAPITAL ASSESSMENTS

How to integrate biodiversity as part of your natural capital assessment

A primer for business and financial institutions

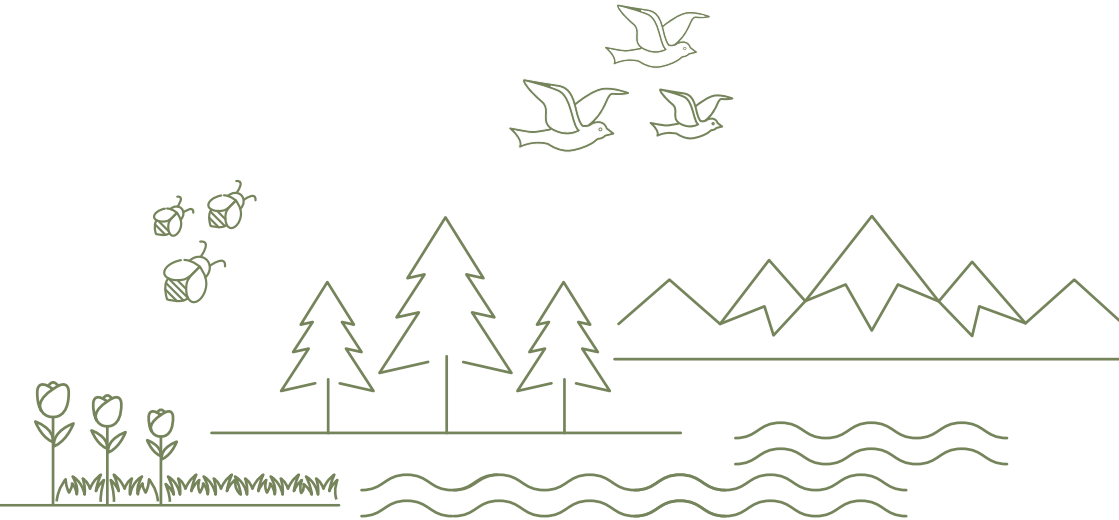


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Introduction

This is a short introduction to the Biodiversity Guidance which accompanies the Natural Capital Protocol. It sets out how to conduct a biodiversity-inclusive natural capital assessment, providing a non-technical summary of the steps provided in the guidance.



What is the Biodiversity Guidance?

The Biodiversity Guidance offers a step-by-step approach to incorporate biodiversity into natural capital assessments.

It is written for businesses and financial institutions who want to incorporate biodiversity in their natural capital assessments or expand their biodiversity assessments to incorporate broader areas of natural capital.

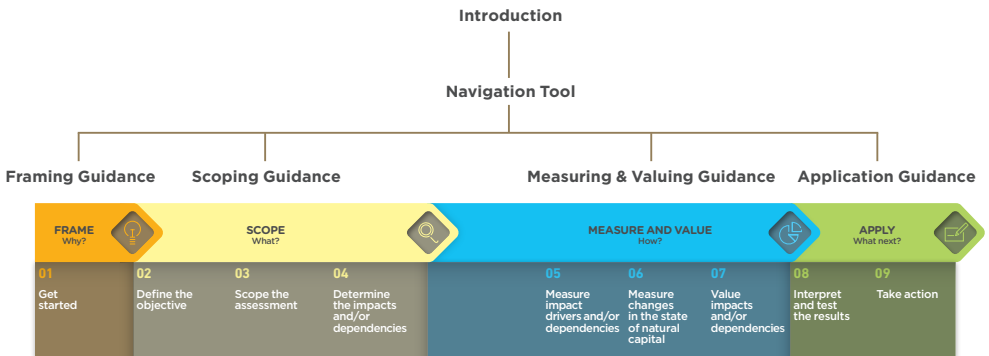
Each step in the Guidance contains **additional biodiversity-specific actions and considerations** to help you follow the Natural Capital Protocol and complete a biodiversity-inclusive natural capital assessment.

The Biodiversity Guidance is accompanied by two introductory primers. The first sets out **Why** you should incorporate biodiversity into your decision-making. This document outlines **How** to undertake a biodiversity-inclusive natural capital assessment.

The Biodiversity Guidance Navigation Tool uses a series of questions to guide you through the guidance.

It follows the steps outlined in the Natural Capital Protocol and suggests tools and methodologies to successfully complete the process.

The Navigation Tool can be used if you are completing a biodiversity-inclusive natural capital assessment for the first time or if you want to include biodiversity within an existing natural capital assessment.



How to conduct a biodiversity-inclusive natural capital assessment

The following pages outline the key actions and biodiversity considerations that are included in the Biodiversity Guidance.

FRAME STAGE

Why?



01 Get started

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

Step 01 helps you identify which biodiversity impacts and/or dependencies are relevant to your business, the risks and/or opportunities that a biodiversity-inclusive natural capital assessment can help address, and the potential uses of assessment results.

Actions to take	Additional biodiversity considerations
Familiarize yourself with the basic concepts of natural capital and biodiversity	✓ Biodiversity can be an indicator of the condition and resilience of natural capital stocks - higher levels of biodiversity generate a greater quantity and quality of goods and services, and more resilience to change
Apply these concepts to your business context	✓ Integrating biodiversity values into a natural capital assessment allows you to identify risks and opportunities for your business or financial institution that might otherwise be hidden or missed
Prepare for your natural capital assessment	✓ How you will use the results of the assessment will help inform the scope of your biodiversity-inclusive natural capital assessment

SCOPE

What?



02 Define the objective

How can biodiversity objectives be set as part of my natural capital assessment?

Step 02 helps you identify the audience of your biodiversity-inclusive natural capital assessment, the people you should involve, and an articulated objective.

Actions to take	Additional biodiversity considerations
Identify the target audience	✘ None in addition to the Protocol
Identify stakeholders and the appropriate level of engagement	✔ You should consider whether the relevant stakeholders vary when including biodiversity (e.g. external stakeholders who may have specific dependencies on biodiversity such as fishers or farmers)
Articulate the objective of your assessment	✔ Consider any business applications of your assessment specific to biodiversity (e.g. compliance with no net loss or assessment of biodiversity performance)

SCOPE

What?



03

Scope the assessment

What is an appropriate scope to meet my biodiversity objectives and what key technical issues need to be considered?

Step 03 helps you plan for your assessment by setting out some of the key scoping considerations that may affect the results.

Actions to take	Additional biodiversity considerations
Determine the organizational focus	✘ None in addition to the Protocol
Determine the value-chain boundary	✔ Biodiversity dependencies and impacts can affect both your downstream (e.g. mismanaged waste) and upstream (e.g. pollination reliance) value chain
Specify whose value perspective	✔ Both business and societal value perspectives should be considered when incorporating biodiversity ✔ Biodiversity's intrinsic value is difficult to capture, so values are likely to be minimum estimates
Decide on assessing impacts and/or dependencies	✔ Due to the relationship between biodiversity and ecosystem services, both impacts and dependencies should be included in your biodiversity-inclusive natural capital assessment

Actions to take	Additional biodiversity considerations
Decide which types of value you will consider	✓ Before proceeding with valuation, you should address any stakeholder concerns with valuing biodiversity, especially in monetary terms
Consider other technical issues (baselines, boundaries, and time horizons)	✓ Including biodiversity will influence your baseline, as well as your spatial and temporal boundaries, meaning a broader scope will likely be required
Address key planning issues	✗ None in addition to the Protocol

SCOPE

What?



04 Determine the impacts and/or dependencies

How can the materiality of biodiversity-related impact drivers and dependencies be assessed?

Step 04 helps you decide which impacts and/or dependencies are most relevant in your biodiversity-inclusive natural capital assessment.

Actions to take	Additional biodiversity considerations
List potentially material impacts and/or dependencies	✓ Potentially material impacts and dependencies will need to take into account hidden biodiversity values, business impacts that also affect dependencies, and a societal value perspective (impacts may appear more material because of regulation and consumer pressure as concern for biodiversity grows)
Identify the criteria for your materiality assessment	✓ The criteria for assessing materiality may vary when including biodiversity (e.g. for operational criteria, particular upstream operations may be specifically dependent on biodiversity; while reputational criteria may have higher materiality weighting due to the intrinsic value of biodiversity to many stakeholders)
Gather relevant information	✗ None in addition to the Protocol
Complete the materiality assessment	✗ None in addition to the Protocol

MEASURE AND VALUE

How?



05 Measure impact drivers and/or dependencies

How can your impact drivers and/or dependencies be measured?

Step 05 helps you measure your relevant impact drivers and/or dependencies by providing examples of a range of appropriate indicators and methods for analysis.

Actions to take	Additional biodiversity considerations
Map your activities against impact drivers and/or dependencies	<ul style="list-style-type: none">✓ Biodiversity impact drivers can be direct (wastewater pollution, agricultural runoff) or indirect (increase in human population, species trade) - both need to be considered along with cumulative impacts✓ Species and habitats are the most easily quantifiable measures for biodiversity, however, as biodiversity is more than species and habitats alone, it is important to include aspects that may be hidden or harder to quantify
Define which impact drivers and/or dependencies you will measure	<ul style="list-style-type: none">✗ None in addition to the Protocol
Identify how you will measure impact drivers and/or dependencies	<ul style="list-style-type: none">✓ Key data gaps and uncertainties related to biodiversity should be considered before undertaking measurement of impact drivers (depending on the impact driver these could include: timescales, assessment boundaries, seasonal/spatial variations, value chain, underlying assumption and limitations of secondary data, gap in marine measurement approaches, etc.)
Collect data	<ul style="list-style-type: none">✗ None in addition to the Protocol

MEASURE AND VALUE

How?



06 Measure changes in the state of natural capital

What are the changes in the state and trends of biodiversity related to your business impacts and/or dependencies?

Step 06 explains how external factors can affect natural capital and the necessary considerations when measuring or estimating these changes.

Actions to take	Additional biodiversity considerations
Identify changes in biodiversity associated with your business activities and impact drivers	✘ None in addition to the Protocol
Identify changes in biodiversity associated with external factors	✔ Your assessment should consider how external factors could result in changes to the state of biodiversity within the bounds of your assessment (this could be either directly e.g. reduction in water supply to your business due to a river dam; or indirectly e.g. loss of fire/flood protection to your business due to forest degradation)
Assess trends affecting the state of biodiversity	✔ You should distinguish between changes in biodiversity caused by impact drivers over which your organization has some control, versus changes over which you do not have control

Actions to take	Additional biodiversity considerations
Select methods for measuring changes	<ul style="list-style-type: none"> ✓ Several measurement approaches are available to quantify impacts on biodiversity across the value chain ✓ Methods to measure dependencies on biodiversity remain a gap, with most approaches to date focused on measuring flows (ecosystem services) and not biodiversity itself
Undertake or commission measurement	<ul style="list-style-type: none"> ✓ Limitations in underlying metrics of corporate biodiversity measurement approaches need to be taken into account when undertaking or commissioning measurement (e.g. extinction risk metrics such as STAR measures only threatened species and does not consider common species)

MEASURE AND VALUE

How?



07 Value impacts and/or dependencies

What is the value of your biodiversity impacts and/or dependencies?

Step 07 describes the main valuation techniques and helps you select the most appropriate one(s) for your assessment.

Actions to take	Additional biodiversity considerations
Define the consequences of impacts and/or dependencies	✘ None in addition to the Protocol
Determine the relative significance of associated costs and/or benefits	✘ None in addition to the Protocol
Select appropriate valuation technique(s)	<ul style="list-style-type: none">✔ There are a variety of valuation approaches available for biodiversity (qualitative, quantitative, and monetary), all of which have advantages and disadvantages✔ Some aspects of biodiversity's values cannot be captured with monetary techniques
Undertake or commission measurement	<ul style="list-style-type: none">✔ Recognize limitations such as double counting, subjectivity, incommensurability, economic uncertainty, commoditization and that values for biodiversity are likely to represent minimum estimates✔ Interpret biodiversity values with caution and alongside other information to assist (rather than replace) in decision-making

APPLY

What next?



08 Interpret and test the results

How can you interpret, validate, and verify your assessment process and results?

Step 08 helps you interpret and test the results of your assessment, including guidance on validation and formal verification.

Actions to take	Additional biodiversity considerations
Test key assumptions	✘ None in addition to the Protocol
Identify who is affected	✘ None in addition to the Protocol
Collate results	✘ None in addition to the Protocol
Validate and verify the assessment process and results	✘ None in addition to the Protocol
Review the strengths and weaknesses of the assessment	✘ None in addition to the Protocol

APPLY

What next?



09

Take action

How will you apply your results and integrate biodiversity into existing processes?

Step 09 helps you act upon the results, communicate them to inform decisions and engage stakeholders, and build biodiversity-inclusive natural capital assessments into your company's policies and processes on an ongoing basis.

Actions to take	Additional biodiversity considerations
Apply and act upon the results	<ul style="list-style-type: none">✓ There are many business actions that can be taken as a result of the assessment, including biodiversity-informed procurement strategy, disclosure, biodiversity certification, biodiversity restoration, and natural infrastructure investment✓ Biodiversity target setting is another important strategy business can pursue, with existing approaches that can be used to develop targets in line with global, regional, and national biodiversity goals
Communicate internally and externally	✗ None in addition to the Protocol
Make biodiversity-inclusive natural capital assessments part of how you do business	✓ To optimize the value of a biodiversity-inclusive natural capital assessment, you should consider embedding biodiversity within your business model

Acknowledgments

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<https://www.cambridgeconservation.org/about/partners/>



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