

## Taking Biodiversity Seriously Across Corporate Value Chains: Requirements – Standards – Practical Business Action

*Executive Roundtable Summary*

*The Hague, Netherlands | January 30-31, 2024*

### Background

According to the [New Nature Economy Report](#), published by the World Economic Forum, businesses are highly dependent on nature and biodiversity, with around half of the world's GDP moderately or highly constrained by the ecosystem's ability to provide water, water filtration, pollination for crops, climate regulation, etc. As nature loses its capacity to provide such services, the economy could be significantly disrupted. For society in general, the crisis is extremely profound – the [Living Planet Index \(LPI\)](#) reveals an average 69% decrease in monitored wildlife populations since 1970. Latest science also tells that about 25% of the world's assessed plant and animal species are now threatened by human actions, with a million species facing extinction, many within decades.

Reversing the global biodiversity degradation by mid-century is the goal of the 2022 agreed-upon [Kunming Montreal Global Biodiversity Framework](#). For the first time in the Convention's history there is a clear and defined role for business. Success is in companies' greatest interest and pioneers have a central role to play.

The WEC Executive Roundtable convened 45 senior sustainability experts from eight countries – with 71% from large companies of various industries, 25% from Think Tanks/NGOs, and 4% from specialized consulting firms.

### Participants

#### Hosts and Partners

**AECOM**



Robert Spencer, Global Lead – ESG Advisory, AECOM  
Carrie Houtman, CSO, Dow

#### Moderators

ABN Amro: Niina Pussinen  
Biodiversify: Dr. Michel Burgass  
ERM: Dr. Alexandra Fraser  
Greenbiz: Theresa Lieb  
Jacobs: Dr. Sally Fraser  
UNEP FI: Jan Raes  
WEC: Margaret O'Gorman

#### Speakers

AECOM: Robert Spencer, Tony Marshall  
Bayer: Delf Bintakies  
Boehringer Ingelheim: Vasileios Markantonis  
Capitals Coalition: Martin Lok  
CRH: Dr. Carolyn Jewell  
Dow: Carrie Houtman  
GRI: Bastian Buck  
IUCN: Dr. Frank Hawkins  
Ingka Group (IKEA): Simon Henzell-Thomas  
Land Life: Kathleen Ceulemans  
Philips: Martine van de Laar  
Roche: Dr. Jutta Hellstern  
Shell: Karen Westley  
Synesqo: Dominique Debecker  
TNFD: Tony Goldner

## Key Points

**1 Nature is a strategic business risk for future value creation. A thriving business and constant cashflow depends on the continuous access to ecosystem services, and often, on certain substances that nature provides.** If the impact doesn't show directly in a company's own operations the risk can be found in its value chain. That is why every CEO and company Board must take biodiversity seriously. Further pressure comes from 196 governments who declared during COP-15 (2022) in Montreal that they will introduce requirements which will lead to mandatory reporting on biodiversity, as well as action on the impacts, dependencies, and risks. In parallel, robust standards and frameworks that help companies are now available for practical action. [Capitals Coalition](#), [IUCN](#), [SBTN](#), and [TNFD](#) – some of the key organizations in this space – participated in the Roundtable. They can help companies analyse where their pressures on nature can be found and how to assess baselines and set targets against ecological thresholds. They also help to measure and evaluate the specific risks that a company brings about for biodiversity through its commodity use, what alternative substances are available, and how companies can develop nature-positive practices.\* Overall, it is advised that input and dependencies on biodiversity should be reviewed in a holistic way. One of the most obvious examples is how the loss of soil and vegetation increases water risk for specific sites.

**2 Published in September 2023, the TNFD recommendations** help businesses and financial institutions to better understand their nature related impacts, dependencies, risks, and opportunities. TNFD affirms that it incorporates the important existing work for companies and financial institutes to act on biodiversity. It builds on the major existing frameworks, tools and metrics – all still important with their special roles – such as CDP, CSDB, EFRAG, GRI, IFRS, ISO, IUCN, OECD, SASB, SBTN, TCFD, etc., and aligns to global policy goals and emerging regulation developed through [IPCC](#) and [IPBES](#). TNFD builds

on the TCFD's language system and methodologies (developed for climate) to inform about assets and business value key terms that CEO's and investors understand. That is why the TNFD framework clearly goes beyond disclosing information but also serves as a tool to manage risks, impacts, and dependencies on nature. TNFD is strongly aligned with the Global Reporting Initiative (GRI) and its new [GRI 101: Biodiversity](#), the [EU Corporate Sustainability Reporting Directive \(CSRD\)](#), and the [International Sustainability Standards Board \(ISSB\)](#), with the latter sharing the language to make it globally accessible.

**Companies find it valuable that TNFD integrates strategies for biodiversity with the existing climate strategies**, e.g. to highlight that biodiversity is often an important ally to achieve a science-based target for climate. The framework also provides a glossary with definitions of key terms, which is helpful as companies try to define what they are measuring and what else may be worthwhile to pay attention to. If one company refers to "ecosystem quality" based on "species disappeared within one year" it can check if the TNFD has a similar understanding or if adjustments must be made.

**In this context the quality of data was discussed.** Roundtable participants mentioned that generally enough data is available. However, biodiversity data must be comparable, real-time for specific landscapes, and accessible. What has been achieved for carbon data – an understanding of the business case, key terms and business-relevant KPIs – must also be achieved for biodiversity according to some company representatives. There has also been some optimism that traceability in supply chains may be achieved through blockchain, and through an AI provided with the correct, reliable information. Participants learned that efforts are underway to create a global facility for better data sharing. Overall, they are optimistic that complexity, cost, and time needed to frame the work on biodiversity are decreasing quickly and that business is ready to go ahead.

**3 Combatting biodiversity loss in corporate supply chains largely depends on collaboration.** According to company representatives *CERTIFICATION* and *CIRCULARITY* are among the major solutions if they can be scaled. While certification schemes from NGOs have been helpful, the reach of these activities is far too small (FSC, one of the more successful schemes, has a market share of just 20% of wood volumes). Scaling certification seems only be possible through mobilization of private capital, according to companies with large commodity supply chains. If large companies with their combined buying power and control about their supply chains would collaborate to a greater extent – so the assumption suggests – an awareness for the value of biodiversity amongst suppliers could be created and thus a demand for projects and their certification stimulated. Those costs may be shared between global companies and banks as they become aware of the risks through biodiversity loss.

**The complexity of global value chains makes collaboration very challenging, however.**

Thousands of suppliers, little motivation to make them transparent (as competitors may identify the cost structure), little access to data even if it is available at the suppliers themselves, and difficulties in tracing some commodities whose suppliers change locations frequently, among other challenges. The task is huge.

**Government regulation to help restore biodiversity and incentivize circularity through product design rules, is also needed,** according to business representatives. Even though businesses increasingly understand why investments in biodiversity pay off, any further mechanism to speed up action is needed. The European Commission's proposed [EU Nature restoration law](#) and the [UK Biodiversity Net Gain policy \(BNG\)](#) are two of these new attempts.

**4 Nature-based infrastructure solutions are critical** with the dual threats of climate change and accelerated biodiversity loss, especially as most

of the infrastructure that will be required by 2050 is yet to be built ([CDRI, 2023](#)). Instead of aiming for “no net impact” on biodiversity, governments and business are advised to build “nature-positive” infrastructure, according to some roundtable participants. “Nature-positive” infrastructure not only provides biodiversity gains but also stormwater management, mitigates the urban heat effect, improves air quality, provides habitats, prevents the spread of zoonotic diseases, and sequesters carbon. Although several companies have made positive experiences with nature-based infrastructure over the past two decades, and although business has expressed substantial interest, there is a lack of practical insight and awareness of the opportunities. For this reason, a [playbook](#) showcasing examples and highlighting the opportunities has been developed by the International Federation of Consulting Engineers (FIDIC), WWF and AECOM in 2023.

**The implementation of nature-based infrastructure suffers not only from a lack of accessible case studies, but also from a lack of expertise in an engineer's world.** Understanding the interactions within ecosystems is something that engineers are not trained for, so ecologists are needed. The benefits of nature-based solutions develop over time with the plants in the ecosystem and may not be seen in early stages. Business strategies and financial models must integrate these delays and provide time until the benefits show. More stakeholders may have to be involved, thus further increasing costs. At the same time, modernization of older sites must also include the restoration of habitats and local ecosystems to make use of the opportunities. As CEO's and Boards take a more holistic view on the next generation of infrastructure, they must combine a world of engineers with ecologists and ideally also traditional/indigenous knowledge as some companies have already done.

**Gaining an understanding whether the biodiversity on a site is satisfactory and improving can be challenging,** especially when

no baseline is available. For practical reasons roundtable participants advised to take a holistic view on the habitats rather than to count individual species. If the habitat provides the ecosystem services needed and if the numbers of key species are growing, nature is on track. Then safety considerations must also be applied because growing animal populations or plants on the sites can create other dangers.

## **5 Deforestation and wetland loss in corporate supply chains is continuing,**

despite international agreements and heavy fines on companies that have not obeyed stricter national laws. Ending net forest loss by 2030 is a specific international goal. However, Brazil and Indonesia lost 13% and 18%, respectively, of tree cover since 2000/2001, which is a combined loss of more than seven times the size of Greece (Global Forest Watch, 2023). Part of the problem is insufficient corporate action. According to CDP's Global Forest Report 2023 only 3% of requested companies conduct comprehensive forest-related risk assessments such as mapping and reporting locations of operations and suppliers, while only 12% monitor the deforestation or conversion footprint of their full consumption in their supply chain. Without monitoring it can be assumed that even less implementation of measures to stop deforestation is currently implemented. With too little information available and key players not in the room, Roundtable participants were asked to meet in small groups and share barriers for action and best practices that they came across. The key challenge seems to be how to add additional value for those who are in a position to preserve forests, wetlands, and biodiversity in general. A major problem to be solved quickly.

**6 Disclosing corporate impact on biodiversity is guided through the GRI, TNFD, and the EU CSRD.** Each of these has been newly developed and GRI affirms that its new [GRI 101: Biodiversity](#) Standard is consistent and aligned with expectations set in the Global Biodiversity Framework, TNFD and SBTN. Being aware of the

challenges around data collection on biodiversity, the GRI recommends a step-by-step approach that allows for qualitative information on policies and management systems first before the company's estimated impact on a habitat, and quantitative data, are next steps to be disclosed. While the EU CSRD is mandatory for all companies that participated in this roundtable, it is advisable for reporters to also review the GRI and ideally also disclose according to the GRI standards. This helps to fully understand the topic, develop strategies, and address more stakeholders. The global reach of TNFD into investor's needs and language makes its consideration obvious.

One participant advised that sustainability teams give the reporting responsibility to the CFO's team, who speak the language of investors, are used to reporting details with accuracy, and often have a passion for this kind of work. However, sustainability teams should make sure that their expertise on evaluating the data, on qualitative information, and their influence on the company strategy with non-financial expertise will not erode.

**Reporting on biodiversity is fundamentally different from CO<sub>2</sub>-disclosure and a net positive gain is not possible:** the impact is on local habitats in a certain area and thus can't always just be aggregated. Furthermore, negative impact metrics can't be aggregated with positive impact metrics. The reduction of a certain species (or even extinction) may reduce the ecosystem's ability to provide desired services and can't be compensated. But the complexity is even greater as it is difficult to measure hundreds of species in a habitat. And if this habitat is used by several entities, who is responsible for any biodiversity change? In practice, a landscape approach is suggested by most companies. Some key species in the habitat must be identified and monitored, in addition to the most important ecosystem services. Collaboration reduces costs and saves time, especially as data must be collected locally. Government regulation stimulates collaboration.

An overall integration of managing biodiversity together with water and circularity helps to convince internally that biodiversity is embedded into a broader context. That way resources to gather data can easier be leveraged than if biodiversity is made an additional topic.

## **7 Restoring biodiversity is already being addressed by all companies in the room.**

**Scales are still small in most industries,**

**however.** The more advanced companies have developed KPI's, e.g. as part of their Environmental Profit & Loss (EP&L) accounting. Their experience shows that creating a baseline is time-consuming and so they advise to involve suppliers early on for the design of projects at larger scales. Landscapes used for restoration projects can go far beyond nature sites and can include cities, the built infrastructure, homes, etc., but they must consider legislative aspects, people affected, etc. When companies' intention for restoration of biodiversity is to compensate a loss somewhere else, they must take the time factor into account. There is always a disconnect between the newly added contribution and the time needed for the restoration to compensate for the loss.

*Overall, the private sector is engaged in biodiversity in ways it has never been before. From aligning with regulatory and voluntary frameworks to designing nature-based solutions with multiple co-benefits and committing to on-the-ground restoration efforts, participants at the Roundtable showed that while challenges remain, meaningful action for nature is still possible.*

*Other resources mentioned during the event:*

- [Natural Capital Protocol](#), a decision-making framework that enables organisations to identify, measure and value their direct and indirect impacts and dependencies on natural capital.
- [Nature Strategy Handbook](#), a practical guide to support all businesses in developing a nature strategy.
- The important role of [Business for Nature](#) was highlighted.
- [Climate Resilient Infrastructure Report \(ISCI\)](#)

*Related recent WEC Executive Roundtable: [ESG Disclosure: Navigating the Complexity of New Financial Requirements in the U.S. and Europe](#)*

*WEC Executive Roundtables are conducted under the Chatham House Rule, which is why no statements are attributed to any participants.*