Global Partnership for Business and Biodiversity Annual Meeting

The Biological Diversity Protocol (Draft 1.0)

Fundación Biodiversidad
November 5th, 2019

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Introducing the Biological Diversity Protocol (BD Protocol)

- Address gap in corporate biodiversity impact disclosures
- Call for business contributions to **Post 2020 framework**
- Designed as a comprehensive biodiversity accounting and reporting framework
- Helps business **consolidate biodiversity impact data** needed for disclosure purposes

- The BD Protocol is an output of the Biodiversity Disclosure Project (BDP), managed by the National Biodiversity and Business Network (NBBN) of South Africa and hosted by the EWT.
- Financed by Eskom
- Aligned to the Natural Capital Protocol of the Natural Capital Coalition
- Benchmark for aim and structure: GHG Protocol Corporate Accounting and Reporting Standard

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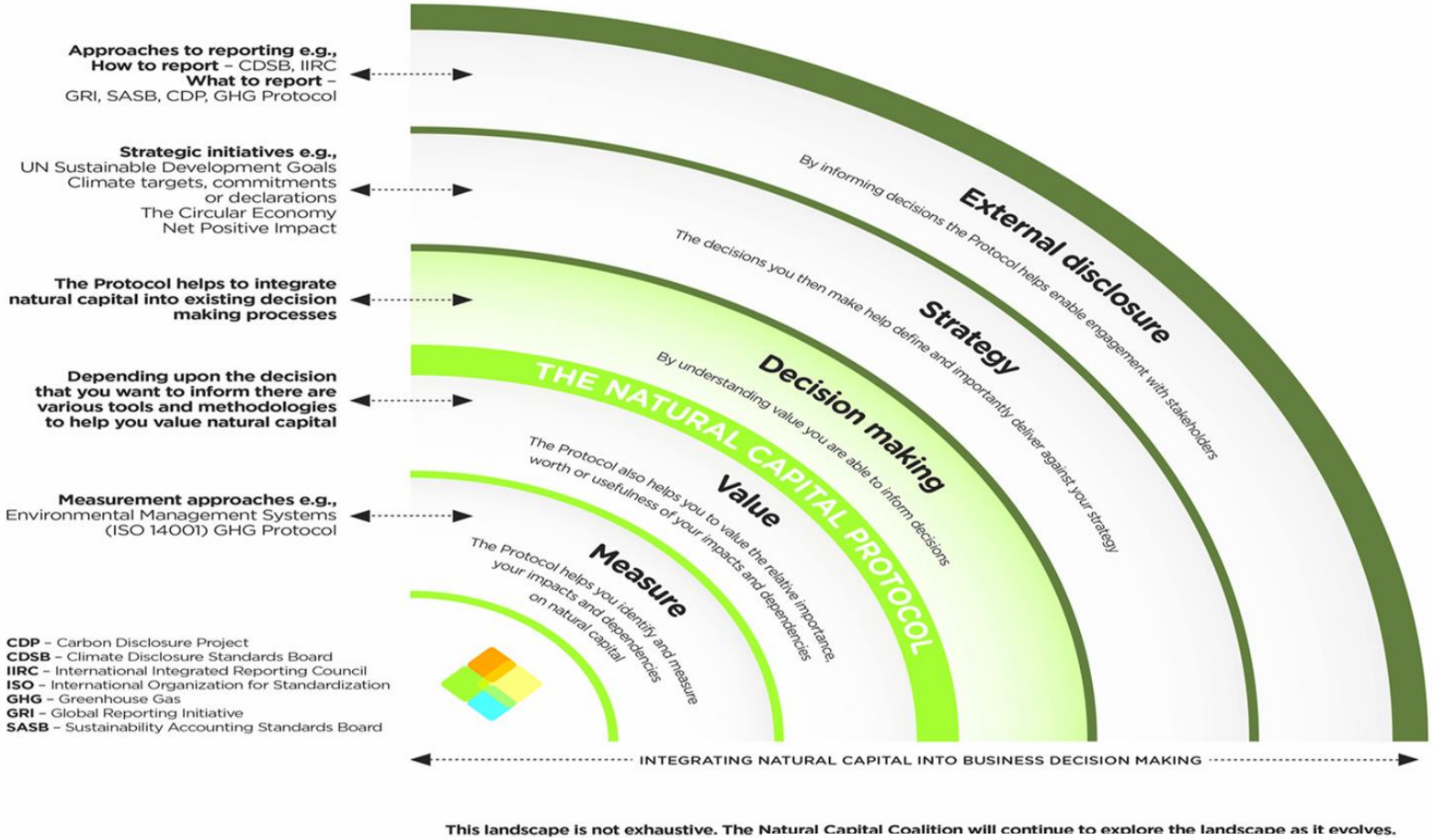
The BD Protocol helps consolidate biodiversity impact data for reporting / disclosure



- Step 5 (measuring in changes in state of biodiversity)
- Focus on disclosure as a business application, not decision making
- Alignment with various biodiversity impact measurement approaches (e.g., Global Biodiversity Scores)

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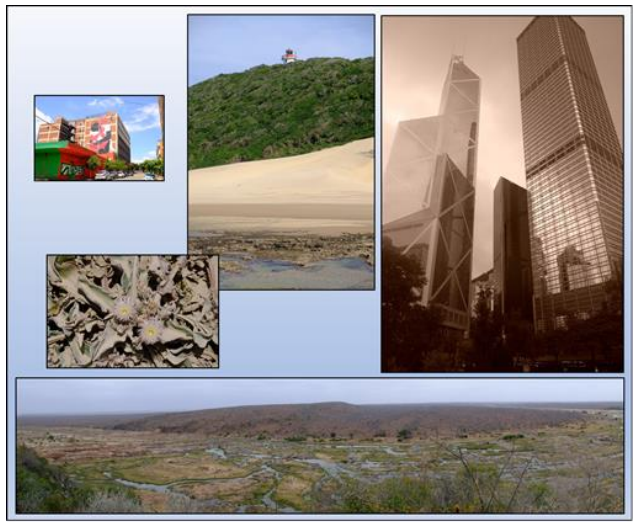
Consultation process



Biological Diversity Protocol

- 1st comprehensive draft completed (V1.1) in early 2019
- Consultation online: https://collaborase.com/bdprotocol
- Hosted by the **Natural Capital Coalition**
- Consultation closed on August 15, 2019
- Stakeholder feedback report in late November 2019
  - Aligning Biodiversity Measures for Business Project
  - UN SEEA workshop on business & national natural capital accounting
  - CBD Post 2020 Global Biodiversity Framework - Informal Advisory Group on Mainstreaming Biodiversity
- Finalised BD Protocol in February 2020
- Preparing for CBD's COP 15 in China in 2020

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Target audiences and uses

Which companies can use it?

- Any sector or industry
- Any value chain boundary, including suppliers and clients

Target audiences:

- Environment / sustainability specialists within companies
- Environmental consultants
- Biodiversity specialists
- Reporting / disclosure specialists

Helps you generate 2 main types of biodiversity information:

1- biodiversity footprint (surface area adjusted for condition);

2- Species level impact data.

Pilot studies:

- 2 Eskom energy generation sites, including transmission
- Others in planning (mining, etc.)

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The BD Protocol includes guidance on how to:

- Develop and manage a biodiversity impact inventory according to the appropriate organizational and value chain boundaries
- Identify and determine material biodiversity impacts
- Assess impacts on biodiversity, considering the nature of the biodiversity components impacted
- Account for net changes in biodiversity, in accordance with the impact mitigation hierarchy and the associated equivalency principle
- Apply the biodiversity accounting framework to build Statements of Biodiversity Position and Performance and account for biodiversity gains and losses over time
- Validate and verify a biodiversity impact assessment
- Disclose or report on an organization's consolidated impacts on biodiversity in a coherent and meaningful manner

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Scoping assessment boundaries

Value chain boundaries:

- **Scope 1: Direct operations** (gate-to-gate), which covers activities over which your business holds ownership or control.
- **Scope 2: Upstream** (cradle-to-gate), which covers the activities of suppliers;
- **Scope 3: Downstream** (gate-to-grave), which covers activities linked to the purchase, use, re-use, recovery, recycling, and final disposal of your business' products and services.

For all scopes, need to distinguish:

- A: Direct biodiversity impacts;
- B: Indirect biodiversity impacts;

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Building your biodiversity impact inventory

The BD Protocol recommends that your business accounts for:

- **All its impacts on land cover** => critical to produce the biodiversity footprint of your business, the headline key performance indicator for reporting or disclosure purposes
- Only its **impacts on taxa** (species and sub-species) that are **important** to its internal and/or external stakeholders.

NB1: You should use the land cover concept applicable to the jurisdiction(s) the business interest or operation is operating in.

NB2: There are several criteria worth considering in order to determine whether a taxon should be included in your biodiversity impact inventory, including whether:

- The taxon is legally protected;
- The taxon is recognised as a threatened species (e.g. IUCN red list);
- Your business impacts on the taxon are likely to result in a change in its overall population or viability;
- The effective management (or lack thereof) of the taxon generates significant financial revenues (or receivables) and/or expenses (or liabilities);
- The taxon plays a critical role in the ecosystem, and can thus be defined as a keystone, umbrella or engineer species;
- The taxon plays a significant cultural or economic role (e.g. hunting, harvesting) for your stakeholders.

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Biodiversity accounting framework based on adaptations to Double-Entry BookKeeping (DEBK)

Statement of Biodiversity Position (or Biodiversity Balance Sheet):

Biodiversity assets *(ecosystem extent accounts in hectares) (A) =*

accumulated positive impacts *(condition-adjusted ecosystem extent accounts in hectares equivalent) (B) +*

accumulated negative impacts *(condition-adjusted ecosystem extent accounts in hectares equivalent) (C)*

or

$A = B + C$

Statement of Biodiversity Performance (or Biodiversity Net Impact statement):

Net biodiversity impacts (hectares equivalent) (X) =

periodic Positive Impacts/Gains *(condition-adjusted ecosystem extent accounts in hectares equivalent) (Y) –*

periodic Negative Impacts / Losses (condition-adjusted ecosystem extent accounts in hectares equivalent)

or

$X = Y - Z$

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Case studies (from Houdet *et al.*, to be published soon)

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Land artificialized:

- Fallow land: 4.04 Ha;
- *Brachypodium phoenicoides* grasslands: 2.15 Ha;
- Agricultural lands: 4.76 Ha;
- Diverse land uses with no or very low ecological value (e.g., built areas): 7.11 Ha.

Offset areas (27.00 Ha) purchased (habitats used as proxy for species occurrence)

Cossure 'habitat banking' project

Basic restoration activities (e.g., exotic tree species and infrastructure removal) for 357.00 ha

3 additional measures tested to further accelerate the return of the Coussoul steppe:

- The seeding of various species (60.00 Ha);
- The spreading of hay obtained from other Coussoul properties (24.00 Ha);
- The addition of mycorrhizae and vegetative parts to seed mixes (3.00 Ha).

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Nimes-Manduel-Redessan train station

Statement of Biodiversity Position

Assets (A)			Accumulated negative impacts (C)		
Ecosystem accounts	Hectares (Ha)	Percentage (%)	Ecosystem accounts	Hectares equivalents (Ha eq.)	Percentage (%)
			Garrigue-type condition 0	26,11	49%
			Garrigue-type condition 1	21,60	41%
			Accumulated positive impacts (B)		
Garrigue-type condition 0	26,11	49%	Ecosystem accounts	Hectares equivalents (Ha eq.)	Percentage (%)
Garrigue-type condition 1	27,00	51%	Garrigue-type condition 1	5,40	10%
Total	**53,11**	100%	**Total**	**53,11**	100%

Statement of Biodiversity Performance

Journal entries	Periodic gains (Y)		Hectares equivalents (Ha eq.)
1	Accounting for reference state of ecosystem assets to be developed, which underpins their subsequent condition scoring	Garrigue-type condition 5	26,11
3	Before development, recording gains associated to existing ecosystem asset condition scores	Garrigue-type condition 1	2,19
6	Accounting for reference state of new ecosystem assets purchased as part of offset measures, which underpins their subsequent condition scoring	Garrigue-type condition 5	27,00
8	After offset measures, recording condition-adjusted gains associated to new ecosystem asset condition scores	Garrigue-type condition 1	5,40
		Sub-total periodic gains (Y)	60,70

Journal entries	Periodic losses (Z)		Hectares equivalents (Ha eq.)
3	Before development, recording losses associated to existing ecosystem asset condition scores	Garrigue-type condition 5	26,11
5	After development, recording condition-adjusted losses associated to changes in ecosystem asset condition scores	Garrigue-type condition 1	2,19
8	After offset measures, recording condition-adjusted losses associated to new ecosystem asset condition scores	Garrigue-type condition 5	27,00
		Sub-total periodic losses (Z)	55,30
		Net ecosystem impacts (X = Y - Z)	5,40

Cossure offset project

Statement of Biodiversity Position

Assets (A)			Accumulated negative impacts (C)		
Ecosystem accounts	Hectares (Ha)	Percentage (%)	Ecosystem accounts	Hectares equivalents (Ha eq.)	Percentage (%)
			Coussoul condition 2	163,80	46%
			Coussoul condition 3	33,60	9%
			Accumulated positive impacts (B)		
			Ecosystem accounts	Hectares equivalents (Ha eq.)	Percentage (%)
Coussoul condition 2	273,00	76%	Coussoul condition 2	109,20	31%
Coussoul condition 3	84,00	24%	Coussoul condition 3	50,40	14%
Total	357,00	100%	Total	357,00	100%

Statement of Biodiversity Performance

Journal entries	Periodic gains (Y)		Hectares equivalents (Ha (eq.)
1	Accounting for reference state of ecosystem assets on purchase, which underpins their subsequent condition scoring	Coussoul condition 5	357,00
5	After restoration measures, recording condition-adjusted gains associated to new ecosystem asset condition scores	Coussoul condition 2	109,20
5	After restoration measures, recording condition-adjusted gains associated to new ecosystem asset condition scores	Coussoul condition 3	50,40
		Sub-total periodic gains (Y)	**516,60**

Journal entries	Periodic losses (Z)		Hectares equivalents (Ha (eq.)
3	On purchase of ecosystem assets, recording condition-adjusted losses associated to existing ecosystem asset condition scores	Coussoul condition 5	357,00
		Sub-total periodic losses (Z)	**357,00**
		Net ecosystem impacts (X = Y - Z)	**159,60**

Consolidated accounts for both case studies

Key points

Consolidation of impact data at group level possible through:

- Impact inventory for each biodiversity asset;
- Adherence to the equivalency principle (like-for-like);
- New conventions applied to DEBK.

NB: Adaptation of DEBK enables true net impact assessment, as other methods focus on annual net changes with no balance sheet contra-accounts.

Statement of Biodiversity Position

Assets (A)			Accumulated negative impacts (C)		
Ecosystem accounts	Hectares (Ha)	Percentage (%)	Ecosystem accounts	Hectares equivalents (Ha eq.)	Percentage (%)
			Garrigue-type condition 0	26,11	6%
Garrigue-type condition 0	26,11	6%	Garrigue-type condition 1	21,60	5%
			Coussoul condition 2	163,80	40%
Garrigue-type condition 1	27,00	7%	Coussoul condition 3	33,60	8%
			Accumulated positive impacts (B)		
Coussoul condition 2	273	67%	Ecosystem accounts	Hectares equivalents (Ha eq.)	Percentage (%)
			Garrigue-type condition 1	5,40	1%
Coussoul condition 3	84,00	20%	Coussoul condition 2	109,20	27%
			Coussoul condition 3	50,40	12%
Total	410,11	100%	Total	410,11	100%

Supporting biodiversity measurement approaches for business

Accounting / disclosure principles

- Relevance
- Equivalency
- Completeness
- Consistency
- Transparency
- Accuracy
- Time period assumption

Direct measurement approaches more compatible ?

Key points towards final BD Protocol V1.0 in 2020 towards COP in China

- Supply chain / upstream and downstream guidance (indirect measurement approaches?)
- Impact inventory: ecosystem assets (SEEA), species (IUCN)
- Condition rating methodologies (convergence with different measurement approaches)
- Species assessment methods (population vs habitat approaches)
- Pilot projects

=> Preparing for Phase 2

Any questions?

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