

# Annex C. Targets, goals, metrics, indicators and measurement approaches of biodiversity for businesses and financial organisations

## Targets and goals

Biodiversity goals and targets for businesses and financial institutions include:

- Societal targets and international biodiversity goals, i.e. the Aichi Targets and the SDGs (especially SDG 14 and 15). The Aichi Targets and post-2020 framework could further emphasise their relevance to businesses and investors. There is also an opportunity to build on businesses' increasing awareness of the SDGs. As of 2015, 92% of businesses were already aware of the SDGs (Smith et al., 2018<sup>[24]</sup>).
- No Net Loss (NNL) or Net Positive Impact (NPI; or Net Gain) goals on biodiversity, which are increasingly being adopted by businesses (and are closely linked to biodiversity offsets). As of 2015, 32 companies had adopted similar goals, mostly in the mining sector, and including 18 with specific biodiversity considerations (Rainey et al., 2015<sup>[25]</sup>).
- Science-based targets. The industry-led EU High-Level Expert Group (HLEG) on Sustainable Finance recommended to develop science-based targets for biodiversity, natural capital management and restoration (HLEG, 2018<sup>[26]</sup>).
- Corporate-level biodiversity commitments. Kering for instance adopted a target, as part of its 2025 Sustainability Strategy, to reduce its Environment Profit & Loss (EP&L) footprint by 40% across its supply chain by 2025, relative to its growth, using a 2015 baseline (Box A C.1.) (Kering, 2017<sup>[27]</sup>).
- Other targets linked to regulator and permitting requirements (e.g. in site-level environmental impact assessments of biodiversity state, pressure and response), voluntary standards and agreements, and lender requirements (e.g. guarantees).

## Metrics and indicators

Key metrics for biodiversity include:

- Mean Species Abundance (MSA), an indicator of naturalness or biodiversity intactness, defined as the mean abundance of original species relative to their abundance in undisturbed ecosystems;
- Potentially Disappeared Fraction (PBF), the rate of species loss in a particular area of land or volume of water during a particular time due to unfavourable conditions associated with e.g. land change, toxicity or increase in average global temperature;
- Risk of extinction, measured for instance by the Biodiversity Return on Investment Metric (BRIM); and
- Natural capital value, whether expressed in monetary terms or using Environment Profit & Loss (EP&L) Account (Box A C.1).

### Box A C.1. Environment Profit & Loss (EP&L) Account

A few industry leaders like Kering have developed Environment Profit & Loss (EP&L) accounts to value and monetise the costs associated with the impacts and dependencies of their activities on biodiversity and the environment. An EP&L account is “a business management tool providing an in depth analysis of the resulting impacts a company’s activities have on the environment, which also helps decision makers consider this valuable information alongside traditional financial metrics.” Kering’s EP&L follows key steps: decide what to measure; map the supply chain; identify priority areas; collect primary and secondary data; determine the monetary value of the data; and calculate and analyse the results. Using its EP&L, Kering estimated the impacts of its operations and supply chains on the environment to be EUR 482 million annually in 2017.

Kering’s EP&L builds on the first EP&L completed by Puma in 2011, which then belonged to PPR (Kering’s former name). Puma’s EP&L valued environmental impacts at EUR 145 million in 2010, including: EUR 51 million from land use, air pollution and waste across the value chain; and EUR 94 million for GHG emissions and water consumption. Stella McCartney, which was owned by Kering until 2018, published two annual global EP&L reports in 2016 and 2015; estimated its EP&L account at EUR 7 million per year. Other companies with EP&L accounts include: Philips, which valued its EP&L account at EUR 7.2 billion in 2017, based on a Life-Cycle Assessment; and AkzoNobel, which used a 4-Dimensional Profit & Loss (4D P&L) accounting methodology (human, social, natural, and financial capitals) to assess its operations since 2014.

Sources: (Kering, 2017<sup>[27]</sup>); (Puma, 2011<sup>[28]</sup>); (Stella McCartney, 2017<sup>[29]</sup>) (Philips, 2017<sup>[30]</sup>) (WBCSD, 2019<sup>[31]</sup>).

## Biodiversity measurement approaches for businesses and financial institutions

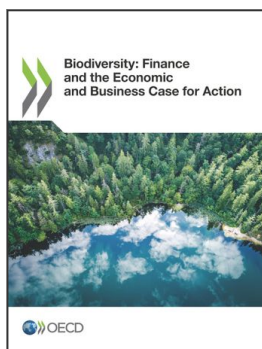
Key ongoing measurement approaches and indicators are summarised in Table A.C.1 below (Lammerant et al., 2018<sup>[32]</sup>) (Lammerant et al., 2019<sup>[33]</sup>). There are other assessments under the Life Cycle Assessments and the Natural Capital Protocol. While there are some data available, what is currently missing is a harmonised methodology to measure, assess and aggregate data across sectors and segments of the value chains.

Table A C.1. Measurement approaches of biodiversity for businesses and financial institutions

Name	Lead Organisation	Description	Status (as of March 2019)	Private Sector Engagement
Global Biodiversity Score	CDC Biodiversité	Estimate corporate's or portfolio's biodiversity footprint based on economic activities	Under development until early 2020	B4B+ Club
Biodiversity Impact Metric	Cambridge Institute for Sustainability Leadership (CISL)	Measure companies' impact on biodiversity from land use to produce a commodity	Piloting with members of CISL's Natural Capital Impact Group	Natural Capital Impact Group members*
Biodiversity Indicators for Extractives	UNEP-WCMC, Conservation Fauna & Flora International, supported by IPIECA	Screen operations to identify sites with potentially high biodiversity sensitivity, using state-pressure-response (SPR) framework	Piloting with extractive companies	Proteus Partners and some ICMM members**
Product Biodiversity Footprint	I Care & Consult, Sayari	Quantify the impacts of a product on biodiversity along product's life cycle by identifying biodiversity hotspots	Tested for agriculture, ongoing testing for other sectors	Kering, Avril and L'Oréal
Biodiversity Footprint Approach	ASN Bank	Provide an overall biodiversity footprint of financial institutions	Operational	ACTIAM and Finance in Motion, originated from ASN Bank
Biodiversity Return on Investment	IUCN	Measure change in risk of species extinction attributable to investment	Piloting completed and reports being finalised	Smallholder agriculture
Agrobiodiversity Index	Biodiversity International	Focus on agricultural biodiversity at genetic, species and landscape levels to detect material agrobiodiversity-related risks and opportunities	Ongoing development	Clarmondial AG
Biodiversity Footprint Calculator	Plansup	Assess biodiversity footprint of a company's product at landscape level	Operational	Public funding
LIFE Impact Index	LIFE Institute	Identify impacts and design strategic plan to reduce, mitigate and compensate them	Operational in Brazil and Paraguay, plan to expand in Europe and Latin America	28 companies or organisations
Bioscope	Platform BEE	Provide information on biodiversity impacts in supply chain	Operational	n/a

Notes : \*\* Members include Kering, ASDA, Mondì, Volac, Mars, The Crown Estate, Anglian Water, Yorkshire water and Primark; \* And IPIECA Biodiversity and ecosystem service working group.

Source: Adapted from (Lammerant et al., 2018<sup>[32]</sup>) (Lammerant et al., 2019<sup>[33]</sup>).



**From:**  
**Biodiversity: Finance and the Economic and Business Case for Action**

**Access the complete publication at:**

<https://doi.org/10.1787/a3147942-en>

**Please cite this chapter as:**

OECD (2019), "Targets, goals, metrics, indicators and measurement approaches of biodiversity for businesses and financial organisations", in *Biodiversity: Finance and the Economic and Business Case for Action*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/e9b14b67-en>

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