



Nature Benchmark Investor Guidance

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Introduction

It is estimated that 1 million species are currently at risk of extinction. From driving land- and sea-use change to the production of harmful pollutants, companies contribute to biodiversity loss in most major value chains.

As nature underpins global economic activity, there is a systemic risk to financial markets if this is not urgently and adequately addressed, with over half of the world's GDP, or \$44 trillion, being dependent on nature¹. Furthermore, related regulations are also rapidly evolving, for instance with the Post-2020 Global Biodiversity Framework and deforestation-related legislation from the European Union, thus creating an environment of enhanced legal risk and operational complexity.

A tool for investors: WBA's Nature Benchmark and Methodology

WBA's Nature Benchmark tracks and measures the extent to which companies are reducing their negative impacts on nature, and contributing to the protection and restoration of ecosystems, aligned with the goals of the draft Global Biodiversity Framework. In 2022, close to 400 companies across 8 industries were assessed and [the results published in December](#), with the aspiration of increasing to 600 additional companies in 2023-2024. The Benchmark provides publicly available, evidence-based insights into where the world's most influential companies stand on their contributions to a nature-positive future. The evidence gathered so far shows that much work remains to be done, as 97% of companies have yet to commit to a nature-positive trajectory by 2030.

The [Nature Benchmark Methodology](#) was developed through an extensive multistakeholder consultation, and is built on existing standards and best practices while recognising developing concepts, such as the [Taskforce on Nature-related Financial Disclosures \(TNFD\)](#) and the [Science Based Targets Network \(SBTN\)](#). The development was supported by WBA's [Nature Expert Review Committee](#), which includes representatives from these two organisations, as well as other key actors and experts in this rapidly evolving space. The measurement areas include Governance and Strategy, Ecosystems and Biodiversity, and Social Inclusion and Community Impact.

Consistent to our values on transparency WBA methodologies and results are publicly available:

- [Methodology](#)
- [Scoring guidelines](#)
- [Full data set on all companies and all indicators scoring justification](#)
- [Five key findings](#)

Recommended ways to use this document

This resource elaborates on the five key findings from WBA's 2022 Nature Benchmark. Under each finding are a series of assessment questions which investors can use in their stewardship activities. Questions can be used for example in engagement, and evidence from the benchmark can inform the

¹ <https://www.weforum.org/reports/nature-risk-rising-why-the-crisis-engulfing-nature-matters-for-business-and-the-economy>



engagement rationale. These introductory questions are meant to be a start, to get investors and companies alike moving on their journeys towards becoming nature-positive. As further investor actions using the WBA benchmark are being planned for 2023, we encourage stakeholders and particularly investors to let us know your interest in joining such efforts.

For additional context and information to the questions included in this document, we encourage users to reference our Nature Benchmark and Nature Methodology. Looking at results in the Benchmark will provide context to the key findings while the ranking can inform prioritised engagements. Within the Methodology Report, indicator rationale and indicator elements can equip investors to understand what is specifically being asked of companies and why.



Key findings for investor action

Key finding one: A nature-positive future demands that companies look beyond climate goals

Rationale: The first step for a company to contribute to a nature-positive economy is to understand how its value chain and business model interacts with nature. Currently, only 5% of companies assessed have carried out a science-based assessment looking at the impact of their operations and business model on nature and biodiversity.

Key questions to ask companies:

- Have you assessed how your operations have an impact on nature, including biodiversity, and disclose the results and methods used?
 - Have you done a similar assessment for your upstream value chain?
- Have you quantified your impacts and dependencies on nature?

Corresponding indicators in WBA Nature Benchmark: B1 & B2

Key finding two: Companies can and must take direct action to halt biodiversity loss

Rationale: Companies can tackle biodiversity loss by committing to avoid ecosystem conversion, for example by reducing deforestation or protecting wetlands. However, less than 5% of companies assessed currently have this in place. Companies should also adopt a science-based management plan for the species they exploit, but currently only a handful of companies do so. Similarly, on pollution, companies must increase their efforts to curb air and water pollutants, as well as reducing plastic use and waste, but only a third of companies currently show relevant efforts on these.

Key questions to ask companies:

On ecosystem conversion:

- Do you have time-bound conversion-free targets for all high-risk commodities?
 - If you do not source or supply high-risk commodities, do you have time-bound conversion-free targets across realms (land, fresh water and marine) that your company's value-chain affects?
- Do you have a system in place to monitor, review and improve your performance on minimising the footprint across ecosystems affected by your direct and indirect activities?

High-risk commodities

As palm oil, cocoa, coffee, soy, timber, cattle products, rubber. More details on high-risks areas in the [scoring guidelines](#).

On resource exploitation:



- Have you analysed your dependency on water-stressed areas AND do you have time-bound target to reduce water withdrawal in your own operations?
- Do you have a clear view of your inputs, notably the animal and plant species you exploit?
 - If applicable, do you disclose a management plan related to the direct exploitation of resources, to avoid overexploitation and the use of threatened species which includes science-based metrics, such as maximum sustainable yield?

On pollution:

- Do you disclose your monitoring system for water quality, air pollution and soil health?
- Do you report on your hazardous and plastic waste according to an international standard?

Corresponding indicators in WBA Nature Benchmark: Ecosystem conversion – B5& B6; Resource exploitation – B7, B8 & B9; Pollution - B10, B11 & B12

Key finding three: Companies' transparency on biodiversity hotspots and endangered species is low

Rationale: While 50% of companies in the 2022 benchmark disclose the location of their operational sites, only 14% clearly indicate whether these are located in or near areas of high ecological value, making it difficult to hold the majority of companies accountable for their impacts in these high priority areas. This mapping exercise is an accessible and essential first step for companies in order to address their impact on biodiversity loss. Additionally, knowing and tracking species living next to a company's location is a powerful tool to protect species at risk. However, only 7% of companies disclose the conservation status of the threatened and endangered species found near their operations.

Key questions to ask companies:

- Do you disclose all the locations (owned and controlled) where you conduct activities, as well as whether they are in or adjacent to areas important to biodiversity?
- Do you disclose the species existing in or adjacent to your operations as well as their status according to national and international conservation lists?
- Do you provide similar information for your upstream business relationships?

Corresponding indicators in WBA Nature Benchmark: B3 & B4

Key finding four: There is no credible pathway towards nature-positive without respecting the rights of Indigenous Peoples and Local Communities.

Rationale: Less than 13% of companies assessed express a clear commitment to respect Indigenous Peoples' rights. To carry out projects with the potential to affect Indigenous Peoples and Local Communities, companies must commit to obtaining their Free, Prior and Informed Consent (FPIC) to ensure their agency in the future of their territories. Additionally, despite the regular persecution of environmental- and rights-defenders, only a handful of companies assessed have a policy in place to prevent such violent outcomes.

Key questions to ask companies:



- Do you have a commitment to respect the rights of Indigenous Peoples?
- Can you describe how you obtain Indigenous Peoples and Local Communities' free, prior and informed consent (FPIC) regarding whether and how to carry out projects?
- Do you require your business relationships to have a similar process?

Corresponding indicators in WBA Nature Benchmark: C1, C2 & C3

Key four : Companies need to cultivate responsible lobbying on nature

Rationale: Companies can be strong advocates for nature-positive policies when their advocacy is rooted in meaningful stakeholder engagement. Yet, while more than 58% of companies assessed survey their stakeholders' interests, only 8% appear to incorporate their stakeholders' feedback strategically. Moreover, companies may unknowingly undermine their advocacy efforts by not holding their own industry associations accountable.

Key questions to ask companies:

- Do you interact regularly and meaningfully with all your stakeholders, beyond (bi-)annual surveys and questionnaires, and are you clear on how you integrate this feedback strategically?
- Do you disclose the full list of your industry associations?
- Do you have a clear and detailed framework for assessing alignment of these industry associations with nature-positive policies and can demonstrate of annually applying it?

Corresponding indicators in WBA Nature Benchmark: A3 & A4

Term Sheet

Biodiversity: the variability among living organisms, including the diversity within species, across species and of ecosystems.

Biodiversity hotspots: areas characterized by high species richness or with a high concentration of species that are found nowhere else on the planet.

Footprint: a measure of the amount of land, water and air that are required to support a company's activities.

Free, Prior and Informed Consent (FPIC): a principle protected by international human rights which establishes the need to consult Indigenous Communities prior to the beginning of development on their ancestral lands or territories. FPIC allows Indigenous communities to give or withhold consent to any project that may affect them.

High-risk commodities: palm oil, cocoa, coffee, soy, timber, cattle products, rubber

Nature-positive: describes a future in which species and ecosystems are regenerating rather than declining.



Science-based: Used to describe assessments, methods, management plans and metrics that are in line with the latest scientific evidence.

Links to further resources

Science Based Targets Network (SBTN) - Resources: Latest guidance from the Science Based Targets Network for companies to take ambitious and measurable action for nature.

Taskforce on Nature-related Financial Disclosures (TNFD) – V0.3 beta framework: Latest version of the market-led and science-based framework which seeks to enable companies and financial institutions to integrate nature into decision making.

The direct drivers of recent global anthropogenic biodiversity loss: Latest research which synthesizes empirical comparisons of the dominant drivers linked to biodiversity loss.

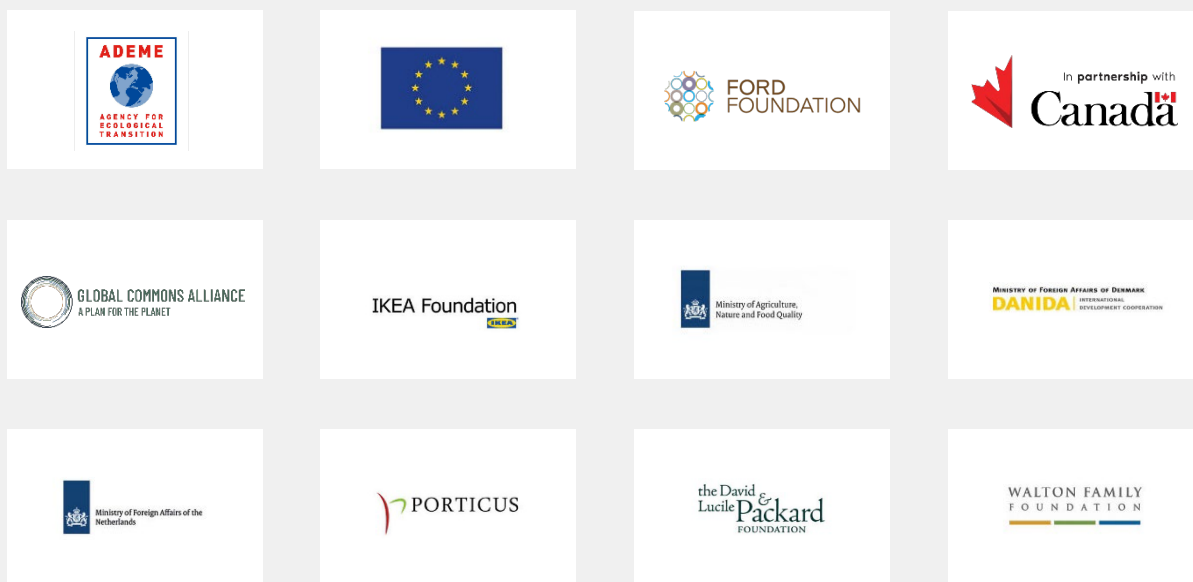
InfluenceMap - Industry Influence on Biodiversity Policy: Latest research demonstrating how industry associations representing key sectors and some of the largest companies in the world are lobbying to delay, dilute and rollback critically policy aimed at preventing and reversing biodiversity loss.

Finance for Biodiversity - Guide on biodiversity measurement approaches: Provides a comprehensive overview of seven tools for measuring biodiversity currently in use by financial institutions: BFFI, BIA-GBS, CBF, GBSFI, GID, ENCORE and IBAT.

WEF - The Post-2020 Global Biodiversity Framework and What it Means for Business: Provides context and potential implications for 10 of the draft GBF's 22 proposed action targets that are most likely to result in changes to business strategies and operations.

United Nations Declaration on the Rights of Indigenous Peoples: Universal framework of minimum standards for the survival, dignity and well-being of the indigenous peoples of the world.





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