



SUSTAINABLE SUPPLY CHAIN ALLIANCE

BIODIVERSITY QUICK START GUIDE

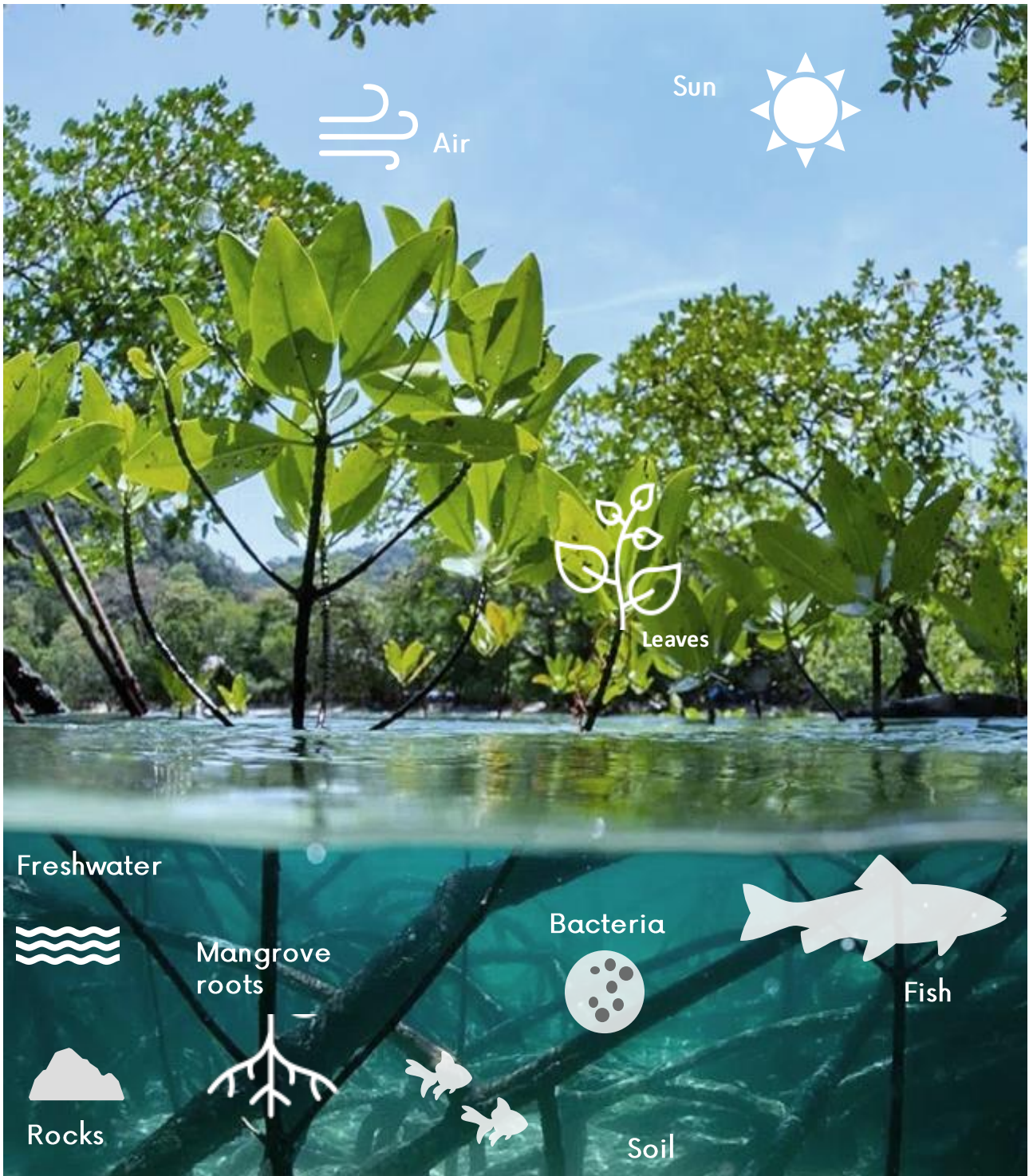
SSCA Guidance for Electric Utility Supply Chain
Professionals

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WHAT IS BIODIVERSITY?



Nature

We define nature as the natural, physical and material world around us, including the *air we breathe*, the *water we drink*, and the *forests, land and oceans* we rely on.

Ecosystem

A distinct set of abiotic and biotic components and their interactions (e.g., freshwater ecosystem).

Biodiversity

Measures the quality of this nature through its diversity. We can look at the diversity of species, diversity of genes within a species or population, or diversity of how an ecosystem is organized.

Biodiversity underpins the health, abundance and resilience of our natural resources and ecosystems

WHY IS IT IMPORTANT?



01 — New Regulatory Frameworks



Following the UN Biodiversity Conference (COP-15) and the release of the [Global Biodiversity Framework](#) that is intended to incite action around protecting natural capital and incorporating reporting practices into, pressure to include biodiversity in planning and reporting is skyrocketing. The EU has developed a [comprehensive strategy](#) that is likely to jumpstart commitment from other regulatory bodies towards more rigorous goals.

02 — Increased Investor Expectation



As nature and biodiversity become an increased point of opportunity and risk, investors are becoming hyper aware to the efforts made by organizations in the space. With this increased scrutiny, frameworks are being developed for investor ease. The Taskforce for Nature-Related Financial Disclosures (TNFD) released their [framework](#) and CDP has released plans to expand disclosure requirements to encompass both climate-related disclosures and the full range of nature-related disclosures.

03 — Reputational, Financial, and Operational Risk



Organizations face risks to their reputation, finances, and operations when they fail to address nature and biodiversity loss. Loss of capital access, a damaged social license, inability to attract or retain talent are some of the risks organizations could be facing if they do not act on biodiversity.

WHERE SHOULD YOU START?

The number one priority for addressing nature-related risks within the supply chain is ensuring suppliers are aligned with your organization's biodiversity goals, are contributing metrics and information for relevant reporting frameworks, and are working with their corporate teams to understand biodiversity goals. It will ultimately be important to verify that suppliers are operating according in alignment with your biodiversity standards and goals. Ensuring those goals exist and are communicated so that suppliers understand the requirements and requests is an important first step.

ORGANIZATIONAL RISK MANAGEMENT PRACTICES



ACT-D: High-Level Business Actions on Nature

ACT-D stands for Assess, Commit, Transform and Disclose. Developed in a collaboration by leading organizations including the Capitals Coalition, [Business for Nature](#), [WBCSD](#) (World Business Council for Sustainable Development), [TNFD](#) (Taskforce for Nature Related Disclosures), [Science Based Targets Network](#), [WEF](#) (World Economic Forum) and [WWF](#) (World Wild Fund for Nature), ACT-D guides businesses through the various tools, frameworks and initiatives available in the market to support them in assessing their relationships with nature, committing to action and target setting, transforming their practices and guiding nature-related disclosure.

The IUCN and Enel

The work that the IUCN (International Union for Conservation of Nature) in collaboration with the international energy company Enel conducted, explores how to measure and manage biodiversity for a positive benefit in the company's energy infrastructures. The purpose of this work was to identify opportunities for increasing biodiversity values around key sites and raise awareness in the broader energy utility sector about best management practices. The scope focused on energy infrastructure, excluding transmission, and consisted of biodiversity risk and opportunity screenings, best practices for implementation of the mitigation hierarchy for energy infrastructure with biodiversity offsets, and biodiversity reporting at a corporate level.

SBTN's AR3T Action Framework

The [Science Based Targets Network's \(SBTN\) Action Framework \(AR3T\)](#) covers actions to avoid future impacts, reduce current impacts, regenerate and restore ecosystems, and transform the systems in which companies are embedded. The framework expands upon the mitigation hierarchy set out in the International Finance Corporation's Performance Standard 6, to also include the conservation hierarchy, which outlines proactive, positive steps to regenerate, restore and transform nature.

Utility Specific Programs, Initiatives, & Assessments

- Developing programs aimed at supporting capacity building and improving suppliers' ability to meet reporting requirements
- Conducting an initial assessment of new suppliers to gather information about their understanding of nature-related impact and dependencies aligned to [TNFD's LEAP Framework](#) – how do their economic activities from direct operations and sourcing impact biodiversity? Following initially, periodic risk screening of suppliers based on generalized information about risk hotspots. These assessments should inform changing suppliers' impacts and dependencies on biodiversity.
- Ensuring suppliers are engaged and informed on current events, news updates, and legislative happenings with regard to biodiversity. A focus on milestone check-ins for high-risk suppliers.

Key Purchasing Practices



1

Understand likely impacts and dependencies across your direct operations and supply chain, relying on tools like [ENCORE \(Exploring Natural Capital Opportunities, Risks and Exposure\)](#)

2

Follow guidance from [Science-Based Targets Network](#) to estimate your company's contributions to key environmental pressures across the value chain and estimate the state of nature in locations from which your company sources raw materials.

3

Analyze the location from which you are sourcing and check that areas are not in proximity to [Key Biodiversity Areas](#).

4

Work with suppliers of high-impact commodities to better understand and act upon nature-related risks and opportunities in your organization's supply chain.

Sample RFx Questions

1. Does the company have a formalized pre-construction wilderness, wildlife, and general ecological survey to identify site vulnerabilities and create site-specific construction strategies to minimize detrimental impact to the surrounding environment?
2. Does the company have any internal commitments, pledges, or goals related to minimizing impacts to nature and biodiversity?
3. How is your company mitigating contamination, pollution, and other areas as to avoid causing adverse effects on biodiversity?
4. Does the company have a policy and/or supplier code of conduct which promotes biodiversity in areas surrounding existing and prospective operations?



NOTABLE UTILITY SC CONCERNS

CONSISTENCY THROUGH OUTSOURCED LABOR

- Construction projects frequently include hiring a main contractor who then outsources work to several subcontractors and/or labor providers without necessarily having the same commitment to or alignment of biodiversity goals and reporting measures. When working on long-term construction projects, it's essential to continually engage with contractors and subcontractors to ensure consistent recognition and compliance with biodiversity standards, regulations, and frameworks.

LOCATION & SUPPLY BASED BIODIVERSITY IMPACT ASSESSMENTS

- Biodiversity related threats to the supply chain are extremely varied, depending on geographic location, location type, and environment type, and activities performed in that location. For example, physical operations in an urban space likely require fewer interventions than extractive, remote, or remote and rural operations.
- Utilizing datasets like Protected Planet and the IUCN Red List to understand what geographies within your operations and your supply chain locations are at most risk is essential in understanding business areas that may need more intensive management and intervention to minimize risk and negative impact.
- The electric utility sector often operates in rural areas, swamps, grasslands, and has large footprints of transmission and distribution construction equipment and infrastructure. The sector also purchases significant volumes of raw and processed materials like woods, metals, and plastics, all of which are extracted and processed in ways typically utilizing large equipment, potent chemicals, and intensive processes. Examining each of these processes and their associated risks and opportunities with regard to biodiversity.

LEAP FRAMEWORK

Nature-related risk and opportunity assessment tool as provided by the TNFD.

"The LEAP approach is voluntary guidance intended to support internal, nature-related risk and opportunity assessments within corporates and financial institutions. LEAP is not a mandated process to adhere to the disclosure recommendations put forward by the TNFD. As such, not everything that is identified, assessed and evaluated using the LEAP approach is recommended by the TNFD to be disclosed." Overview from the TNFD Website, [here](#).

- **Locating** your interface with nature;
- **Evaluating** your dependencies and impacts;
- **Assessing** your risks and opportunities; and
- **Preparing** to respond to nature-related risks and opportunities and report.

TOOLS AND RESOURCES



Frameworks

- [CDSB Framework Application for Biodiversity Related Disclosures](#)
- [Equator Principles Framework \(EP4\)](#)
- [Taskforce on Nature-Related Financial Disclosures \(TNFD\)](#)
- [Natural Capital Protocol](#)
- [Nature Based Solutions](#)
- [Science Based Targets Network's \(SBTN\) Action Framework \(AR3T\)](#)
- [Global Diversity Framework](#)
- [Science-Based Targets for Nature](#)



01

Assessment Guidance

[Corporate Biodiversity Reporting and Indicators](#)

French legislature currently demands many corporate organizations include biodiversity reporting in yearly ESG documentation. The requirements detailed in the document above will likely be, in some form or fashion, implemented in the United States in the near future.

[Biodiversity Measures for Businesses](#)

A resource detailing some of the reasons that reporting on business impacts to biodiversity is essential in addition to some of the existing regulatory and voluntary frameworks that guide disclosure practices.

[Sector Specific International Finance Corporation Guide](#)

A guide crafted by the International Finance Corporation Guide (a World Bank Group,) meant to highlight drivers for change and key sustainability initiatives and good practices.

[Get Nature Positive](#)

A handbook that was developed (primarily for UK companies), that provides resources and sector specific tools for specific actions for businesses. This was developed by the Council for Sustainable Business (CSB) to gather research from government, academics, and NGOs to design a guidebook for business.



Further Information

- [The Relationship of Business to Biodiversity](#)
- [The Biodiversity Crisis Is a Business Crisis](#)
- [Business and Biodiversity: Opportunities and Challenges](#)
- [Why Biodiversity May Be More Important To Your Business Than You Realize](#)
- [Protect Planet Dataset](#)
- [The Business Case for Biodiversity](#)
- [Key Biodiversity Areas](#)
- [ENCORE](#)
- [EU- Biodiversity Strategy](#)
- [Biodiversity: What Does it Mean For Businesses?](#)



03